



Quarterly Report

Period Ending December 31 2017

Highlights

Copper Price Continues to Climb

- Copper price continues to increase, now sitting at over US\$3.20/lb (from lows of US\$2.00/lb in early 2016) and highlighting a lack of advanced, large-scale copper development projects available to meet a growing global supply deficit
- Hot Chili's Productora project, located on Chile's low-altitude coastal range, is one of the largest and most advanced copper developments held by an ASX listed Company
- Given Productora's PFS was completed at US\$3.00/lb, Hot Chili is very encouraged by the rising copper price environment and is actively pursuing value accretive growth and enhancement opportunities that build on the Company's substantial asset base

High Grade Copper Projects Added to Productora

- Formal agreements executed to secure San Antonio and Lulu satellite high grade copper projects, with both new projects located within short trucking distance of Productora, and containing- or directly adjacent to - some of the area's most substantial underground high grade copper mines
- Further opportunities, which can leverage off Productora's planned large-scale, low-cost processing facilities and infrastructure advantages, being assessed

Exploration Activities Accelerate Ahead of Planned Drilling

- San Antonio "Parallel Lode" confirmed by surface sampling, returning significant results up to 2.0% copper, up-dip from a historical CODELCO drilling intersection of 20m grading 1.0% copper from 310.5m downhole
- Grades up to 2.8% copper and 3.9g/t gold returned from surface sampling at the Lulu copper project, confirming an outcropping 800m direct extension to one of the region's most substantial underground high grade copper-gold mines

Share Purchase Plan Complete

- Share Purchase Plan (SPP) successfully completed, with 28,757,205 New Shares issued at A\$0.035 each, for A\$1,006,500

ASX CODE

HCH

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Summary of Activities

Hot Chili has finished 2017 strongly by clearing a path forward in which to advance the Company's flagship Productora copper project through the final stages of growth and development.

Key actions during 2017 included:

- Repayment of all outstanding debt and removal of all securities over the Company and its subsidiaries,
- Commencement of bulk tonnage growth strategy with the completion of reconnaissance drilling over several identified large porphyry targets at Productora,
- Initiation of high grade growth strategy with the execution of formal agreements to earn majority interests in two high grade satellite copper projects within short trucking distance of Productora, and
- Commencement of an internal review of various project optimisation and enhancement opportunities for the Productora PFS.

The final quarter of 2017 has focussed on the commencement of exploration at Hot Chili's newly acquired satellite high grade copper projects; San Antonio and Lulu. This work is being conducted in advance of planned drilling activities in 2018.

The Productora copper project currently stands as one of the largest copper developments controlled by an ASX listed company. Productora's completed PFS (US\$3.00/lb Cu and US\$1,250/oz Au) already outlines a 10 year open pit mine life with the first eight years forecast to produce 66kt of copper metal and 25koz of gold annually, at a strip ratio of 2.7:1.

The Company is now well positioned, with an enriched pipeline of opportunity which builds on the Company's existing large asset base. The addition of a high grade blend from satellite ore sources and extension of the project's bulk tonnage mine life aims to provide critical mass for the expansion of Productora into a higher margin and larger scale copper operating centre.

This represents an opportunity to elevate Productora to a commanding position within the global development pipeline, where large-scale, low cost, long life projects in tier-one mining jurisdictions with very low capital intensities, are rare. Given the heavily discounted market capitalisation of the Company, Hot Chili is excited by the potential share price growth this would underpin into a rising copper price cycle.

Hot Chili enters 2018 with renewed vigour to successfully execute its strategy to significantly re-rate the Company and generate substantial shareholder value in the near term.



Forthcoming Activities- San Antonio The Initial Focus

Exploration activities at Hot Chili's newly acquired high grade satellite projects are planned to continue to ramp-up during the first quarter of 2018. Work will be focussed during this period on the San Antonio copper-gold project where news flow will relate to the following key items in the lead up to the commencement of first drilling:

- Compilation and release of the results of an infill soil geochemical programme completed over four large +1km long soil anomalies immediately south of the San Antonio mine.
- Completion of a detailed litho-structural mapping campaign across key mine and drill target areas to assist in final drill design optimisation. This mapping campaign will be undertaken during February with results expected to be released in March.
- Preparation for commencement of an initial shallow Reverse Circulation drilling programme along extensional and re-make zones identified at San Antonio. Drilling will be scheduled to commence once all regulatory approvals have been received.

High Grade Satellite Copper Projects Secured- Strategic Value Building

Hot Chili is pleased to have executed a formal agreement to earn a 90% interest in the San Antonio high grade satellite copper project. San Antonio is a historical underground copper mine located within a short 20km trucking distance, directly east of the Company's Productora copper project in Chile.

The Company also secured the Lulu high grade satellite copper project, following execution of a formal agreement to earn a 70% interest. Lulu is located within 30km trucking distance, directly west of Productora.

Both projects contain or are adjacent to some of the area's most substantial underground high grade copper mines, which have seen little modern exploration or drilling owing to their private ownership for the past 50 years.



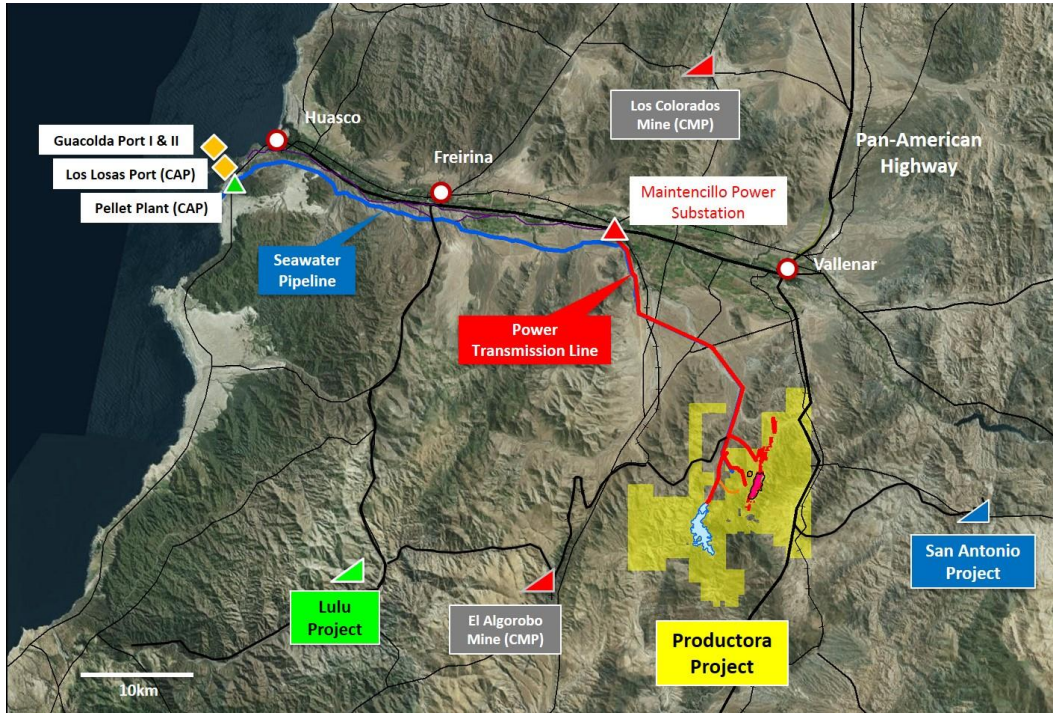


Figure 1 Productora copper project in relation to San Antonio and Lulu satellite projects and coastal range infrastructure position.

In the case of San Antonio, the mine has reportedly produced approximately 2Mt grading 2% copper and 0.3g/t gold and up to 15g/t silver during its operation. Ore was extracted over a 200m strike extent with average production widths of 10m to 30m and developed to a depth of 130m vertical.

Historical mine production adjacent to the Lulu project (direct extension) reportedly graded 6% copper and 3g/t gold over average widths of 1.5 to 2m and developed to a depth of 600m vertical.

Small-scale mining at Lulu and San Antonio is ongoing under a capped production arrangement (50,000 tonnes per annum) as part of the formal option agreements. This allows the owners of these projects to continue deriving lease mining revenue while providing Hot Chili access to active sulphide production areas.

The agreements provide that Hot Chili can exit the projects at any time and the Company only intends on exercising the option agreements in the event of exploration success.

Together, these projects form the beginning of Hot Chili's expanded growth strategy to secure and successfully delineate multiple, high grade satellite resources capable of supplying approximately 1Mtpa or greater of high grade ore into Productora's planned 14-15Mtpa, low-cost production base.

This strategy aims to transform Productora by increasing margins and lowering production costs through higher head grade and expanded metal output.

Please refer to the Tenement Section of this report for further detail on the formal agreement terms.



High Grade Copper Confirmed at San Antonio

Following positive due diligence and confirmation of execution of a formal agreement, Hot Chili mobilised its exploration team to San Antonio to undertake detailed surface mapping and sampling, ahead of drilling scheduled to commence early in 2018.

The San Antonio project has been grossly underexplored as a function of its private ownership spanning several decades, and a distinct lack of modern exploration. Only nine drill holes have been completed at the project during the 1990's and these holes were focussed exclusively in and around the mine area.

The Company's preliminary surface assessment returned very encouraging results which not only confirmed high grade copper mineralisation within the San Antonio mine area (Parallel Lode), but more importantly have identified new prospective areas in the wider project area which point to large-scale exploration potential.

The "Parallel Lode", first identified in CODELCO drilling, which intersected 20m grading 1.0% copper from 310.5m downhole, has been confirmed by rock chips taken immediately up-dip of the historical CODELCO drilling intersection, where grades up to 2% copper were returned, confirming the potential for a San Antonio "re-make" zone.

It is important to note that the San Antonio underground mine, which historically produced 2Mt grading 2.0% copper and 0.3 g/t gold, only accounts for a small portion (200m strike length of exploitation, from surface to 130m vertical depth)) of the consolidated project.

Hot Chili's preliminary work in the wider project area has identified multiple +1km long "San Antonio style" geochemical anomalies extending south from the mine area.

During the quarter an expanded surface mapping and sampling campaign at San Antonio, including an extensive in-fill soil sampling programme over the identified large-scale soil copper anomalies, located south of the mine area. Results of this work are expected early in 2018.

Drilling and earthmoving quotations have been received, and drill planning and environmental submissions are now finalised, ahead of planned drilling commencement in 2018.

The Company has also successfully doubled the size of the San Antonio project through exploration lease applications (100% HCH) over available prospective land positions around the project. The San Antonio project now covers a considerable area of approximately 10km by 4km, and stands at almost 4000 hectares.



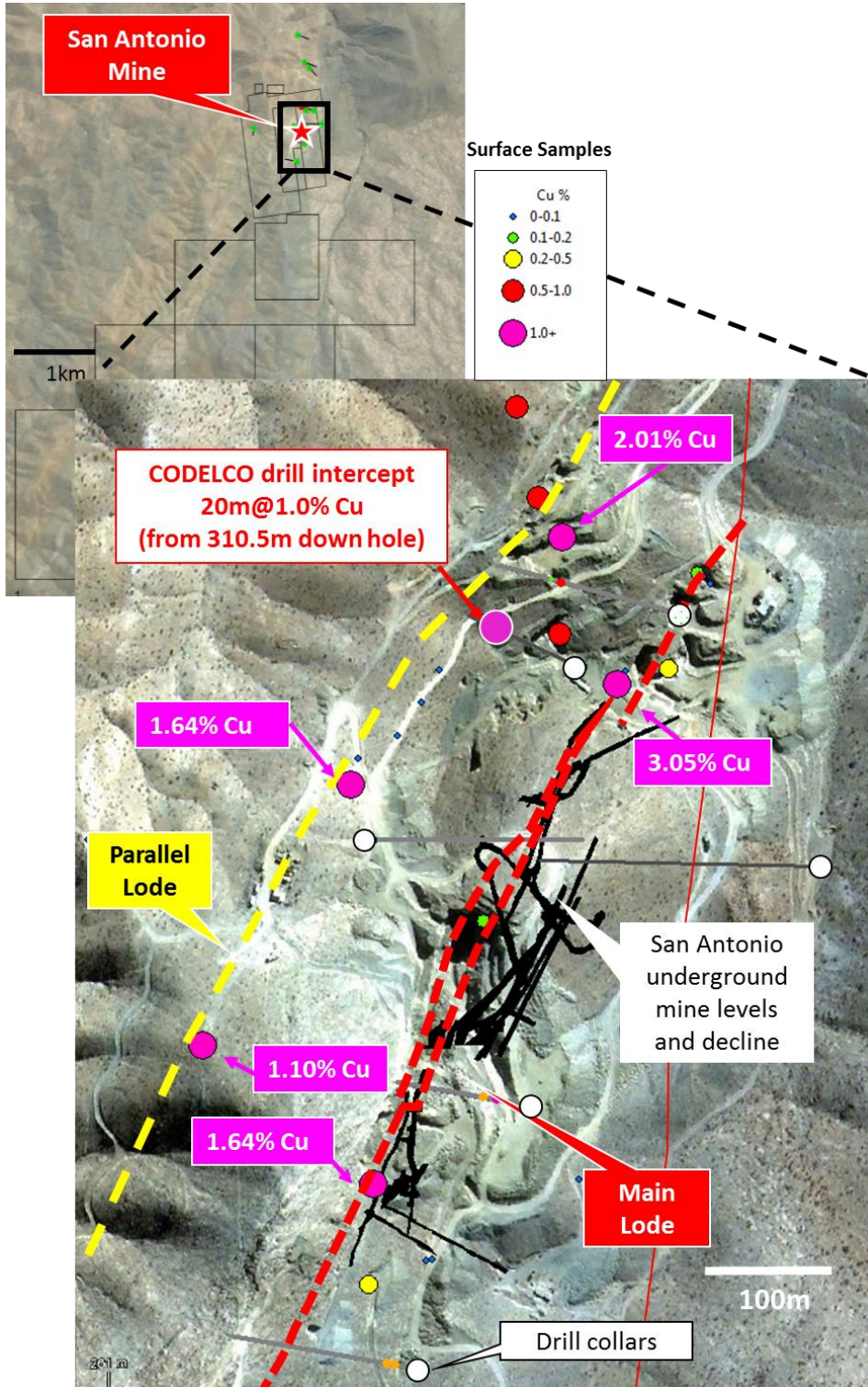


Figure 2 Plan view of the San Antonio underground mine area displaying two identified mineralised lodes, mine development, limited historical drill data and recent HCH rock chip samples.



Impressive Surface Results Returned from Lulu

In addition to San Antonio, the Company has also accelerated its exploration efforts at the Lulu copper project.

Importantly, Lulu has never been subjected to modern exploration and has never been drill tested, a legacy of private ownership for over 50 years prior to the execution of a formal agreement with Hot Chili.

Preliminary surface results have been returned from the Lulu project confirming significant shallow, high grade, copper and gold resource potential, with rock chip samples returning grades of up to 2.8% copper and 3.9g/t gold.

Surface mapping and sampling has confirmed an outcropping 800m direct extension to one of the regions highest grade and most substantial underground mines, which was reportedly exploited to a depth of 600m at average sulphide production grades of 6% copper and 3g/t gold over 1.5m to 2m width.

Hot Chili is very pleased with the preliminary surface results, in particular the gold grades, which add significant value to the economics of any potential ore that may eventually be exploited from the project.

These new surface results demonstrate strong continuity in both width and grade along the strike continuous vein hosted mineralisation, as seen in Figure 3.

The results are considered particularly significant, given that samples were taken from copper oxide material. An elevation in grades may be expected from copper sulphide material similar to that recognised in the adjacent underground mine, with average production grades of 6% copper and 3g/t gold associated with sulphide mineralogy comprising chalcopyrite, bornite pyrrhotite and magnetite.

Evidence of the strike extensive outcropping carbonate vein, and small-scale surface workings can be observed across the Lulu project landholding, as seen in Figure 4.

Additional surface sampling and focussed mapping is planned to commence in the New Year at Lulu to assist with prioritising target areas for drill testing in 2018.



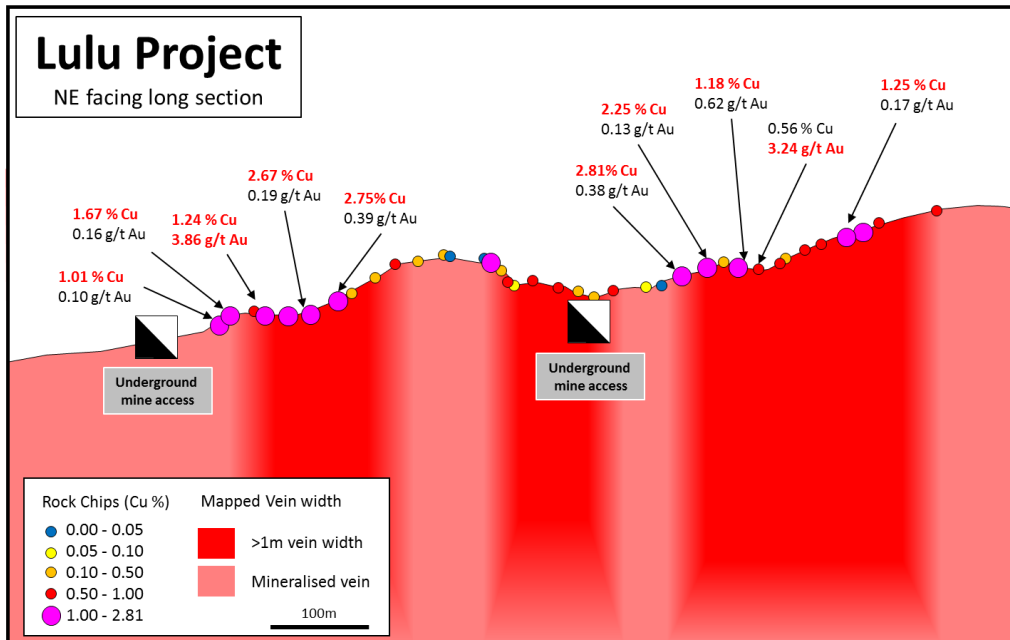


Figure 3. Long section displaying significant surface samples returned over an 800m strike extent

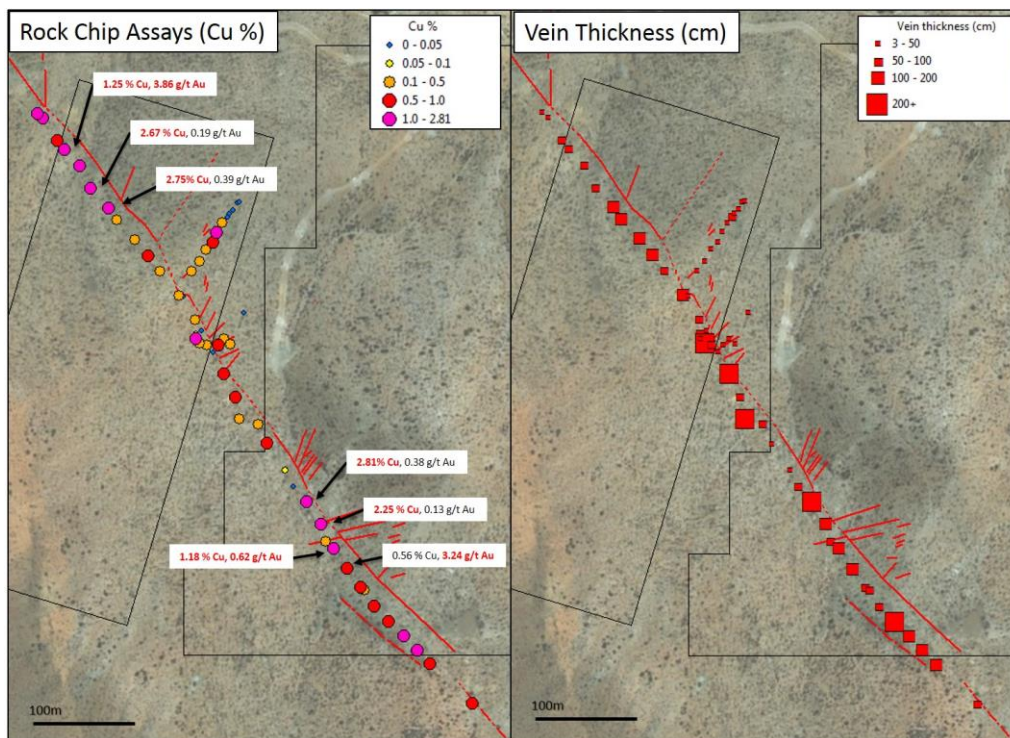


Figure 4. Plan displaying surface rock chip results in relation to vein width mapping across Lulu's 800m copper-gold bearing structure.



Hot Chili Pursuing Further Project Acquisition Opportunities

Hot Chili's technical team continues to compile and incorporate newly acquired data sets into its regional assessment of project opportunities within the orbit of Productora.

Several satellite projects to Productora are considered stranded and currently rely on low-tonnage, high cost processing options in the region.

This work is being undertaken in-parallel with ongoing stakeholder discussions to investigate further potential partnership opportunities where satellite ore sources can take advantage of Productora's planned future large-scale, low-cost processing facilities.

Completion of Share Purchase Plan

Hot Chili closed its \$3 million Share Purchase Plan (SPP Offer) on Monday 20th November.

The SPP Offer was only available to Australian and New Zealand shareholders who were registered as Hot Chili shareholders at 5:00pm (WST) on 30 October 2017 (Eligible Shareholders). Eligible Shareholders were entitled to subscribe for up to \$15,000 of new fully paid ordinary shares in the Company, at an issue price of 3.5 cents each (New Shares).

The Company received valid applications for 28,757,205 New Shares from Eligible Shareholders, raising A\$1,006,500 before costs.

As outlined in Hot Chili's announcement of 31 October 2017, funds from the SPP Offer are intended to be used for general working capital purposes and to commence drilling across Hot Chili's recently acquired high grade copper-gold satellite projects in Chile— San Antonio and Lulu.

Health, Safety, Environment and Quality

Hot Chili's sustainability framework ensures an emphasis on business processes that target long-term economic, environmental and social value. The Company is dedicated to continual monitoring and improvement of health, safety and the environmental systems.

The company is pleased to report that there were no incidents recorded for the quarter. Field operations during the period including geological reconnaissance activities, field mapping and sampling exercises at the San Antonio and Lulu projects, and environmental rehabilitation of drill platforms at the Productora project.





The Company's HSEQ quarterly performance is summarised below:

HSEQ Quarter 4 2017 Performance and Statistics

Item	Oct-Dec /17	Last 24 Months
LTI events	0	0
NLTI events	0	0
Days lost	0	0
LTIFR index	0	0
ISR index	0	0
Thousands of mh (1)	2.2	21.6
Environmental incidents	0	0
Headcount (1)	6.3	5.8

Notes: HSEQ is the acronym for Health, Safety, Environment and Quality. LTIFR per million man hours. Safety performance is reported on a monthly basis to the National Mine Safety Authority on a standard E-100 form; (1) man-hours; (2) Average monthly headcount

Tenement Changes During the Quarter

The Company was very active on the acquisition front during the quarter, and has acquired many new leases in Chile as part of ongoing joint venture option agreements. The Productora project also saw several mining petitions and claims submitted as part of the Company's strategy to maintain its landholding at Productora in good standing.

Productora Copper Project

The following Mining Petitions (pedimentos) have been submitted:

License ID	Holder	% Interest	Licence Type	Area (ha)
JULI 19	SMEA SpA	100%	Exploration concession	300
JULI 20	SMEA SpA	100%	Exploration concession	300
JULI 22	SMEA SpA	100%	Exploration concession	300
JULI 25	SMEA SpA	100%	Exploration concession	300
JULIETA 5	SMEA SpA	100%	Exploration concession	300
JULIETA 6	SMEA SpA	100%	Exploration concession	300
JULIETA 7	SMEA SpA	100%	Exploration concession	300
JULIETA 8	SMEA SpA	100%	Exploration concession	300
JULIETA 9	SMEA SpA	100%	Exploration concession	300
JULIETA 10	SMEA SpA	100%	Exploration concession	300



License ID	Holder	% Interest	Licence Type	Area (ha)
JULIETA 11	SMEA SpA	100%	Exploration concession	300
JULIETA 12	SMEA SpA	100%	Exploration concession	300
JULIETA 16	SMEA SpA	100%	Exploration concession	200
JULIETA 17	SMEA SpA	100%	Exploration concession	200

The following Mining claims (manifestaciones) have been presented:

License ID	Holder	% Interest	Licence Type	Area (ha)
JULI 4	SMEA SpA	100%	Exploitation concession	300
JULI 11	SMEA SpA	100%	Exploitation concession	300
JULI 12	SMEA SpA	100%	Exploitation concession	300
JULI 13	SMEA SpA	100%	Exploitation concession	100
JULI 14	SMEA SpA	100%	Exploitation concession	300
JULI 15	SMEA SpA	100%	Exploitation concession	300
JULI 21	SMEA SpA	100%	Exploitation concession	300
JULI 23	SMEA SpA	100%	Exploitation concession	300
JULI 27	SMEA SpA	100%	Exploitation concession	200
JULI 28	SMEA SpA	100%	Exploitation concession	300
ARENA 1	SMEA SpA	100%	Exploitation concession	100
ARENA 2	SMEA SpA	100%	Exploitation concession	200

The following exploration concessions have expired:

License ID	Holder	% Interest	Licence Type	Area (ha)
FRAN 22	SMEA SpA	100%	Exploration concession	400
JULI 1	SMEA SpA	100%	Exploration concession	300
JULI 2	SMEA SpA	100%	Exploration concession	300
JULI 3	SMEA SpA	100%	Exploration concession	300
JULI 5	SMEA SpA	100%	Exploration concession	100
JULI 6	SMEA SpA	100%	Exploration concession	200
JULI 7	SMEA SpA	100%	Exploration concession	200
JULI 8	SMEA SpA	100%	Exploration concession	300
JULI 18	SMEA SpA	100%	Exploration concession	300
JULI 26	SMEA SpA	100%	Exploration concession	300
JULIETA 1	SMEA SpA	100%	Exploration concession	100
JULIETA 2	SMEA SpA	100%	Exploration concession	200



License ID	Holder	% Interest	Licence Type	Area (ha)
JULIETA 3	SMEA SpA	100%	Exploration concession	300
JULIETA 4	SMEA SpA	100%	Exploration concession	200
JULIETA 19	SMEA SpA	100%	Exploration concession	200

San Antonio Copper Project

Hot Chili's 100% owned subsidiary Sociedad Minera Frontera SpA (Frontera) has executed a formal agreement to earn a 90% interest in the San Antonio copper-gold project over a four-year period. The Joint Venture (JV) Option agreement provides for full ownership of 90% of the mining rights of the project to be transferred upon satisfaction of a payment of US\$300,000 in 36 months and then a final payment of US\$6,700,000 in 48 months.

Importantly, the agreement did not require an execution payment, and provides for no payments and no exploration commitments over the first three years of the JV Option period, allowing flexibility in the Company's exploration approach.

Exploration by Frontera at San Antonio shall be at its discretion and the owner will have the right to lease the exploitation of the mining rights to any third party with an annual cap of 50,000 tonnes of ore until exercise of the Option. A schedule of tenements is below.

License ID	Holder	% Interest	Licence Type	Area (ha)
Santiago 21 al 36	Frontera SpA	90	Exploitation concession	76
Santiago 37 al 43	Frontera SpA	90	Exploitation concession	26
Santiago A, 1 al 23	Frontera SpA	90	Exploitation concession	244
Santiago B, 1 al 20	Frontera SpA	90	Exploitation concession	200
Santiago C, 1 al 30	Frontera SpA	90	Exploitation concession	300
Santiago D, 1 al 30	Frontera SpA	90	Exploitation concession	300
Santiago E, 1 al 30	Frontera SpA	90	Exploitation concession	300
Prima 1	Frontera SpA	90	Exploitation concession	1
Prima 2	Frontera SpA	90	Exploitation concession	1
Santiago 15 al 19	Frontera SpA	90	Exploitation concession	25
San Antonio 1 al 5	Frontera SpA	90	Exploitation concession	25
Santiago 1 al 14 y 20	Frontera SpA	90	Exploitation concession	75
Mercedes 1 al 3	Frontera SpA	90	Exploitation concession	90

Lulu Copper Project

Hot Chili's 100% owned subsidiary Sociedad Minera Frontera SpA (Frontera) has executed a formal agreement to earn a 70% interest in the Lulu copper-gold project over a four-year period. The Joint



Venture (JV) Option agreement provides for full ownership of 70% of the mining rights of the project to be transferred upon satisfaction of the following option payment schedule:

1. US\$75,000 upon execution of a formal JV Option agreement (paid at execution on 3rd November 2017)
2. US\$75,000 12 months from execution of a formal JV Option agreement
3. US\$150,000 24 months from execution of a formal JV Option agreement
4. US\$150,000 36 months from execution of a formal JV Option agreement, and
5. US\$2 million 48 months from execution of a formal JV Option agreement

Exploration by Frontera at Lulu shall be at its discretion and the owner is permitted to exploit up to 50,000 tonnes of ore per year from within the Project during the first 36 months of the JV option period. A schedule of tenements is below.

License ID	Holder	% Interest	Licence Type	Area (ha)
El Sarco 1 al 16	Frontera SpA	70	Exploitation concession	40
La Gringa 23 y 24	Frontera SpA	70	Exploitation concession	10





Qualifying Statements

JORC Compliant Ore Reserve Statement

Productora Open Pit Probable Ore Reserve Statement – Reported 2nd March 2016

Ore Type	Reserve Category	Tonnage (Mt)	Grade			Contained Metal			Payable Metal		
			Cu (%)	Au (g/t)	Mo (ppm)	Copper (tonnes)	Gold (ounces)	Molybdenum (tonnes)	Copper (tonnes)	Gold (ounces)	Molybdenum (tonnes)
Oxide	Probable	24.1	0.43	0.08	49	103,000	59,600	1,200	55,600		
Transitional		20.5	0.45	0.08	92	91,300	54,700	1,900	61,500	24,400	800
Fresh		122.4	0.43	0.09	163	522,500	356,400	20,000	445,800	167,500	10,400
Total	Probable	166.9	0.43	0.09	138	716,800	470,700	23,100	562,900	191,900	11,200

Note 1: Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC Code 2012 guidance on Mineral Resource and Ore Reserve reporting. Note 2: Price assumptions: Cu price - US\$3.00/lb; Au price US\$1200/oz; Mo price US\$14.00/lb. Note 3: Mill average recovery for fresh Cu - 89%, Au - 52%, Mo - 53%. Mill average recovery for transitional; Cu 70%, Au - 50%, Mo - 46%. Heap Leach average recovery for oxide; Cu - 54%. Note 4: Payability factors for metal contained in concentrate: Cu - 96%; Au - 90%; Mo - 98%. Payability factor for Cu cathode - 100%.

JORC Compliant Mineral Resource Statements

Productora Higher Grade Mineral Resource Statement, Reported 2nd March 2016

Deposit	Classification	Tonnage (Mt)	Grade			Contained Metal		
			Cu (%)	Au (g/t)	Mo (ppm)	Copper (tonnes)	Gold (ounces)	Molybdenum (tonnes)
Productora	Indicated	166.8	0.50	0.11	151	841,000	572,000	25,000
	Inferred	51.9	0.42	0.08	113	219,000	136,000	6,000
	Sub-total	218.7	0.48	0.10	142	1,059,000	708,000	31,000
Alice	Indicated	15.3	0.41	0.04	42	63,000	20,000	600
	Inferred	2.6	0.37	0.03	22	10,000	2,000	100
	Sub-total	17.9	0.41	0.04	39	73,000	23,000	700
Combined	Indicated	182.0	0.50	0.10	142	903,000	592,000	26,000
	Inferred	54.5	0.42	0.08	109	228,000	138,000	6,000
	Total	236.6	0.48	0.10	135	1,132,000	730,000	32,000

Reported at or above 0.25 % Cu. Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC Code 2012 guidance on Mineral Resource and Ore Reserve reporting. Metal rounded to nearest thousand, or if less, to the nearest hundred.



Productora Low Grade Mineral Resource Statement, Reported 2nd March 2016

Deposit	Classification	Tonnage (Mt)	Grade			Contained Metal		
			Cu (%)	Au (g/t)	Mo (ppm)	Copper (tonnes)	Gold (ounces)	Molybdenum (tonnes)
Productora	Indicated	150.9	0.15	0.03	66	233,000	170,000	10,000
	Inferred	50.7	0.17	0.04	44	86,000	72,000	2,000
	Sub-total	201.6	0.16	0.04	60	320,000	241,000	12,000
Alice	Indicated	12.3	0.14	0.02	29	17,000	7,000	400
	Inferred	4.1	0.12	0.01	20	5,000	2,000	100
	Sub-total	16.4	0.13	0.02	27	22,000	9,000	400
Combined	Indicated	163.2	0.15	0.03	63	250,000	176,000	10,000
	Inferred	54.8	0.17	0.04	43	91,000	74,000	2,000
	Total	218.0	0.16	0.04	58	341,000	250,000	13,000

Reported at or above 0.1% Cu and below 0.25 % Cu. Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC Code 2012 guidance on Mineral Resource and Ore Reserve reporting. Metal rounded to nearest thousand, or if less, to the nearest hundred. Metal rounded to nearest thousand, or if less, to the nearest hundred.

Mineral Resource and Ore Reserve Confirmation

The information in this report that relates to Mineral Resources and Ore Reserve estimates on the Productora copper projects were originally reported in the ASX announcements "Hot Chili Delivers PFS and Near Doubles Reserves at Productora" dated 2nd March 2016. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Competent Person's Statement- Exploration Results

Exploration information in this Announcement is based upon work undertaken by Mr Christian Easterday, the Managing Director and a full-time employee of Hot Chili Limited whom is a Member of the Australasian Institute of Geoscientists (AIG). Mr Easterday has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'Competent Person' as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). Mr Easterday consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Competent Person's Statement- Mineral Resources

The information in this Announcement that relates to the Productora Project Mineral Resources, is based on information compiled by Mr J Lachlan Macdonald and Mr N Ingvar Kirchner. Mr Macdonald is a part time employee of Hot Chili, and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Kirchner is employed by AMC Consultants (AMC). AMC has been engaged on a fee for service basis to provide independent technical advice and final audit for the Productora Project Mineral Resource estimates. Mr Kirchner is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Member of the Australian Institute of Geoscientists (AIG). Both Mr Macdonald and Mr Kirchner have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2012). Both Mr Macdonald and Mr Kirchner consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.



Competent Person's Statement- Ore Reserves

The information in this Announcement that relates to Productora Project Ore Reserves, is based on information compiled by Mr Carlos Guzmán, Mr Boris Caro, Mr Leon Lorenzen and Mr Grant King. Mr Guzmán is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), a Registered Member of the Chilean Mining Commission (RM- a 'Recognised Professional Organisation' within the meaning of the JORC Code 2012) and a full time employee of NCL Ingeniería y Construcción SpA (NCL). Mr Caro is a former employee of Hot Chili Ltd, now working in a consulting capacity for the Company, and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a Registered Member of the Chilean Mining Commission. Mr Lorenzen is employed by Mintrex Pty Ltd and is a Chartered Professional Engineer, Fellow of Engineers Australia, and is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr King is employed by AMEC Foster Wheeler (AMEC FW) and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). NCL, Mintrex and AMEC FW have been engaged on a fee for service basis to provide independent technical advice and final audit for the Productora Project Ore Reserve estimate. Mr. Guzmán, Mr Caro, Mr Lorenzen and Mr King have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Guzmán, Mr Caro, Mr Lorenzen and Mr King consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Forward Looking Statements

This Announcement is provided on the basis that neither the Company nor its representatives make any warranty (express or implied) as to the accuracy, reliability, relevance or completeness of the material contained in the Announcement and nothing contained in the Announcement is, or may be relied upon as a promise, representation or warranty, whether as to the past or the future. The Company hereby excludes all warranties that can be excluded by law. The Announcement contains material which is predictive in nature and may be affected by inaccurate assumptions or by known and unknown risks and uncertainties, and may differ materially from results ultimately achieved.

The Announcement contains "forward-looking statements". All statements other than those of historical facts included in the Announcement are forward-looking statements including estimates of Mineral Resources. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, copper, gold and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade recovery rates from those assumed in mining plans, as well as political and operational risks and governmental regulation and judicial outcomes. The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of the Announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws. All persons should consider seeking appropriate professional advice in reviewing the Announcement and all other information with respect to the Company and evaluating the business, financial performance and operations of the Company. Neither the provision of the Announcement nor any information contained in the Announcement or subsequently communicated to any person in connection with the Announcement is, or should be taken as, constituting the giving of investment advice to any person.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Hot Chili Ltd

ABN

Quarter ended ("current quarter")

91130955725

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(91)	(309)
(b) development	(9)	(9)
(c) production		
(d) staff costs	(236)	(403)
(e) administration and corporate costs	(203)	(360)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	(5)	(50)
1.6 Income taxes paid (Municipal Tax)		(106)
1.7 GST	(13)	(13)
1.8 Other (provide details if material) Lease rent Payment	128	(187)
1.9 Net cash from / (used in) operating activities	(428)	(1,434)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(12)	(15)
(b) tenements (see item 10) (Option payment and costs)	(130)	(130)
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6months) \$A'000
	(d) other non-current assets CCHEN Bond	(128)	(128)
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(270)	(273)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,007	1,007
3.2	Proceeds from issue of convertible notes		383
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(52)	(608)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	955	782
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,222	2,404
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(428)	(1,434)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(270)	(273)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	955	782

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,479	1,479

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,391	1,134
5.2	Call deposits	88	88
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,479	1,222

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	108
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Directors salaries and superannuation		

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
Payment for drilling at commercial rates		

Mining exploration entity and oil and gas exploration entity quarterly report

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities		
8.2	Credit standby arrangements		
8.3	Other (please specify)		
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	300
9.2	Development	
9.3	Production	
9.4	Staff costs	300
9.5	Administration and corporate costs	200
9.6	Other (provide details if material)	
9.7	Total estimated cash outflows	800

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



(Company Secretary)

Date: 31st January 2018

Print name: John Sendziuk

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.