



## **ASX Announcement**

Thursday 23<sup>rd</sup> November 2017

# **High Grade Copper Confirmed at San Antonio**

## ***Drilling to Commence Early in 2018***

### **Key Points**

- San Antonio “Parallel Lode” confirmed by surface sampling and 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
- Extensive mapping and in-fill soil sample programme underway across four +1km copper targets located immediately south of the high grade San Antonio copper-gold mine
- San Antonio project size doubled following land consolidation efforts
- Drilling and earthmoving quotations received, with drill planning and environmental submissions nearing completion
- First-pass drilling programme scheduled to commence early in 2018 initially targeting near-mine extensions in what will be the first drilling undertaken at San Antonio in over 20 years



Hot Chili Limited (ASX code HCH) (“Hot Chili” or “Company”) is pleased to provide an update on exploration activities underway at its San Antonio project located within 20 km trucking distance of the Company’s Productora copper project in Chile.

The update follows positive due diligence and confirmation last week of the execution of a formal agreement to earn a 90% interest in the high grade satellite copper project (San Antonio Secured and Unveiled, ASX release, 8th November, 2017).

Hot Chili has now mobilised its exploration team to site to undertake further detailed surface mapping and sampling ahead of drilling scheduled to commence early in the New Year.

In addition, the Company is very pleased to confirm that it has doubled the size of the San Antonio project through successful exploration lease applications (100% HCH) over available prospective land positions around the project.

### **ASX CODE**

HCH

### **Contact**

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

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) of the consolidated project.

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

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 exclusively focussed in and around the mine area.

Hot Chili's technical team draws upon almost a decade of copper exploration in Chile, and looks forward to executing a prescriptive exploration strategy and commencing an exciting first pass drilling campaign early in 2018.

### **High Grade Copper Mineralisation Confirmed- Project Potential Growing**

Hot Chili continues to advance its exploration efforts at San Antonio, having recently completed a first pass mapping and surface sampling campaign, initially focussing on the northern extent of the project.

Results returned from preliminary surface sampling have confirmed the presence of a "Parallel Lode", first identified in CODELCO drilling, which intersected 20m grading 1.0% copper from 310.5m downhole. Rock chips immediately up-dip of the historical CODELCO drilling intersection returned grades up to 2% copper, confirming the potential for a San Antonio "re-make" zone.

The Parallel Lode and extensional areas of the San Antonio underground mine provide initial high priority, near-mine drill targets as displayed in figures 1 and 2 below.

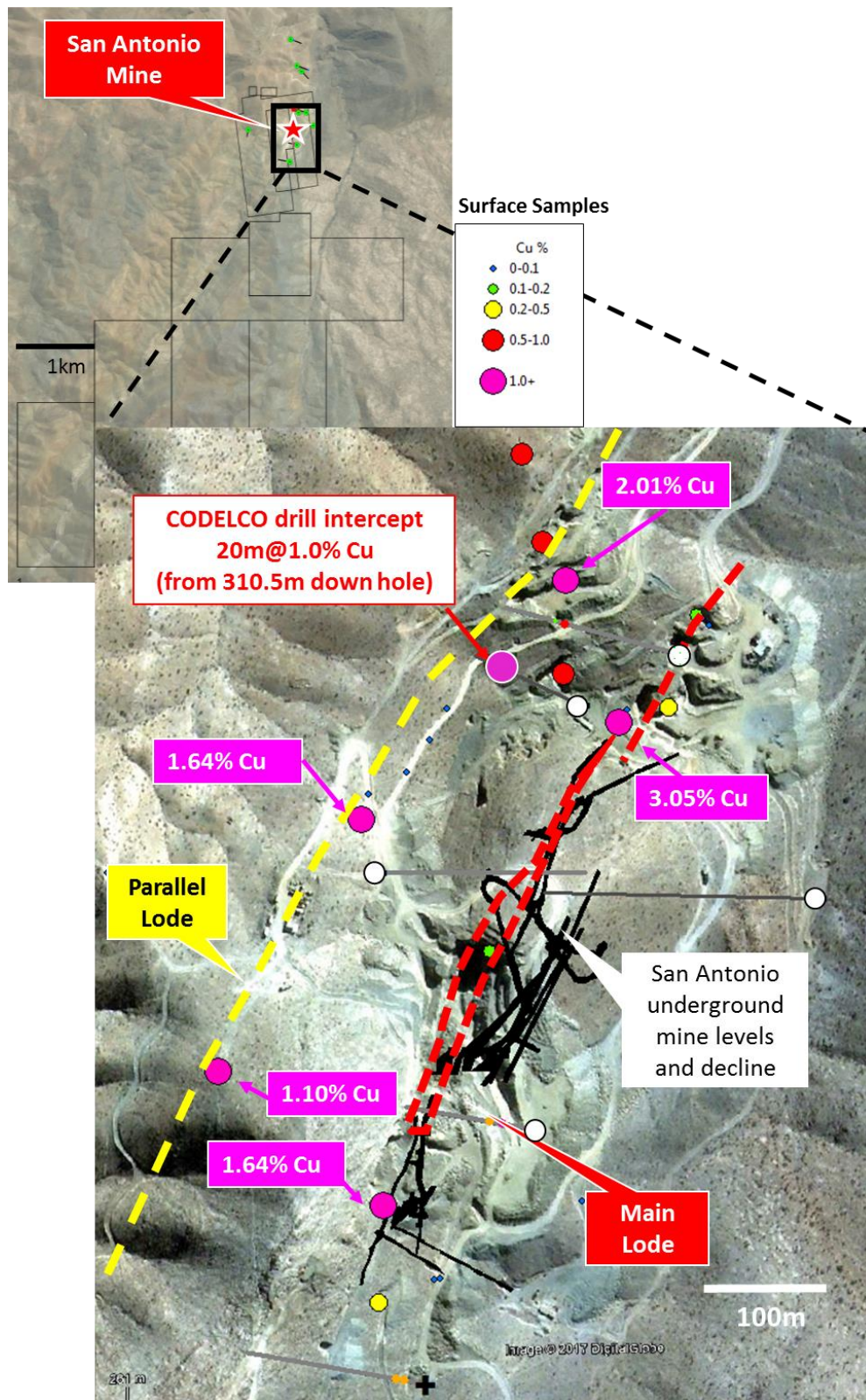
In addition, multiple rock chip results grading over 1% copper have been returned from areas not previously recognised as prospective, significantly enhancing the Company's view of the wider project potential.

High grade surface samples were largely coincident with andesite units (host rock to the San Antonio mine), exhibiting quartz +/-carbonate veining, and skarn alteration assemblages comprising quartz, epidote, chlorite, hematite, and garnet. Significant rock chip samples are tabulated in Table 1.

Hot Chili's exploration team have now initiated an expanded surface mapping and sampling campaign at San Antonio. This includes an extensive in-fill soil sampling programme over each of the identified large-scale soil copper anomalies located south of the mine area.

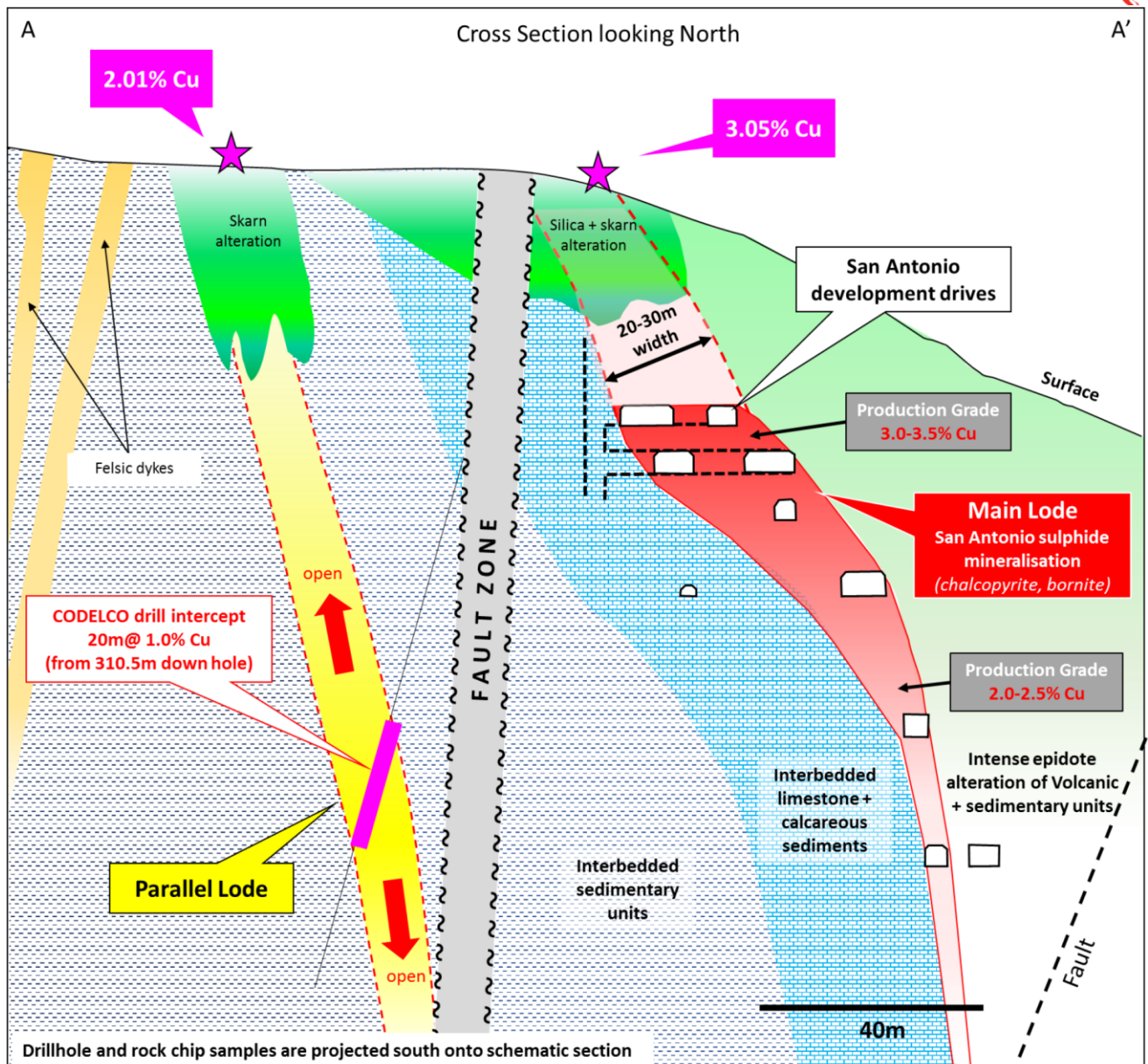






**Figure 1** Plan view of the San Antonio underground mine area displaying two identified mineralised lodes, mine development, limited historical drill data and recent Hot Chili rock chip sample results.





**Figure 2 Schematic cross-section of the San Antonio Mine area showing the location of the Parallel Lode, looking north. Sulphide copper grades of approximately 3% to 3.5% were exploited in the upper levels of the underground (from surface), gradually decreasing to 1.5 to 2% at the base of development (130m vertical depth).**





## Drilling Set to Commence Early in 2018- Contractor Quotes Received & Drill Design Complete

Following compilation of the San Antonio 3D geological model, Hot Chili geologists have finalised the design of a first pass drilling campaign to be undertaken early in the New Year. Initial drilling will focus on testing extensions to the underground mine area "Main Lode" and also the recently confirmed "Parallel Lode" as shown in Figure 3.

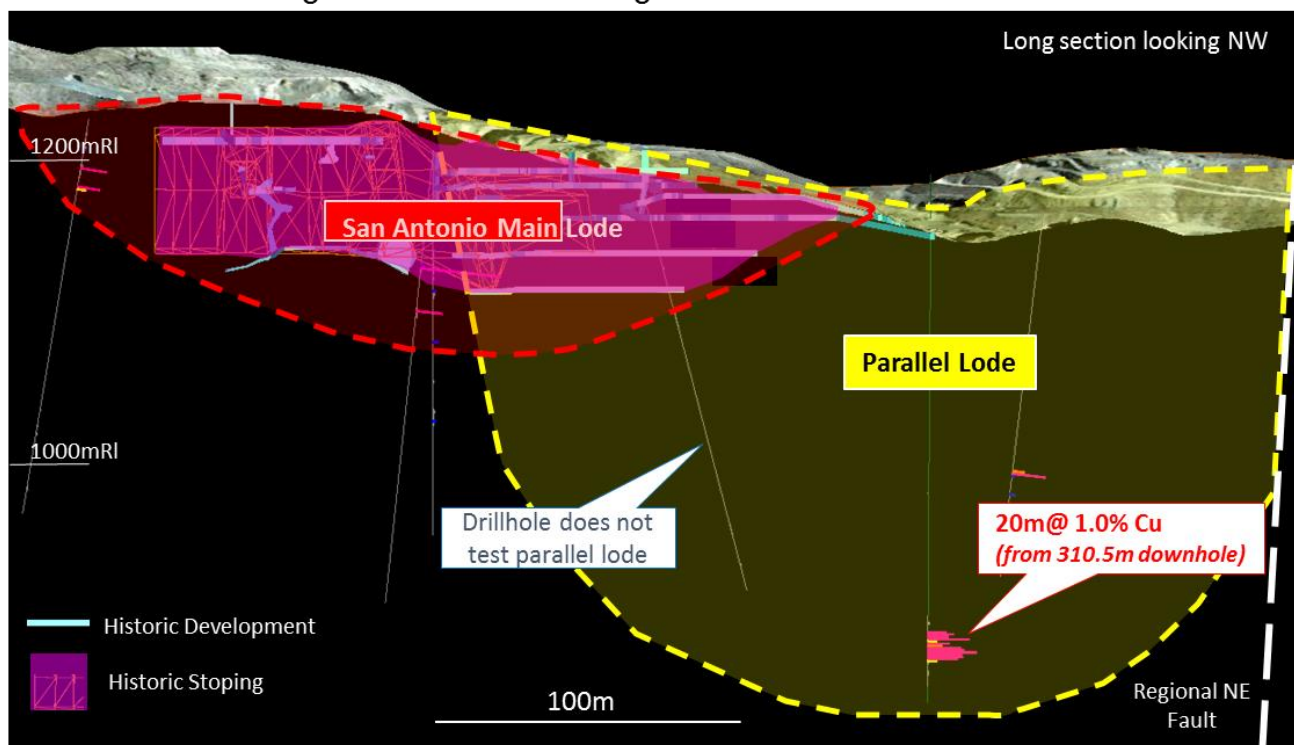
Detailed mapping of the San Antonio underground mine has also been undertaken, further enhancing the Company's understanding of high grade copper mineralisation controls.

Quotations have now been received from drilling and earthmoving contractors, and these have been incorporated into logistics planning and budgeting for the upcoming drilling campaign.

Field checks of proposed first-pass drill platform locations are currently being undertaken to ensure optimal drill design, and to assist with preparation of environmental applications.

The Company is very excited to soon be embarking upon the first drilling to be undertaken at the San Antonio project in over 20 years.

### San Antonio Underground Mine Area Long Section



**Figure 3 Long section displaying recently completed 3D mine model and interpretation of two mineralised lodes at San Antonio**

## Large-Scale Copper Anomalies- Detailed Investigation Commenced

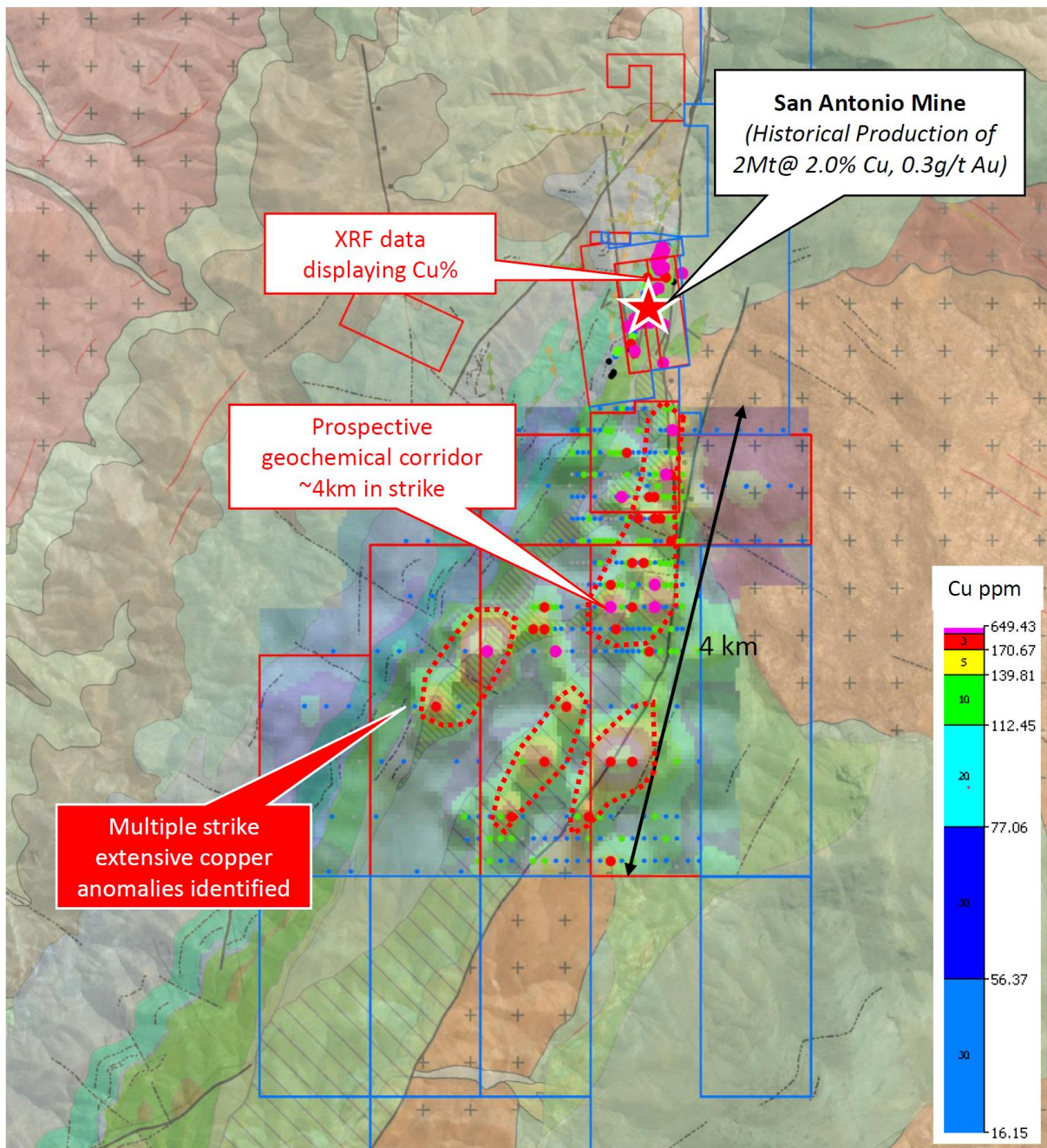
Exploration is being accelerated over a 4km long corridor of large-scale copper anomalism identified from a recently completed soil geochemical campaign. The anomalies, which are located immediately south of the San Antonio mine area, display strike extents of 1km or greater and can be seen in figure 4.



Considering that the San Antonio underground mine has a strike extent of ~200m, and reportedly produced 2Mt grading 2.0% copper, 0.3g/t gold and up to 15g/t silver (from surface to 130m vertical depth), these identified anomalies are considered to have significant potential to host multiple San Antonio style repetitions over a prospective corridor which extends over 4km.

An infill soil sampling campaign has been initiated over these target areas in an effort to refine and gather further information ahead of a planned phase 2 drilling campaign next year. The infill campaign is expected to be completed in the next two weeks, with results and interpretation to follow thereafter.

Once this additional field work is completed over the regional target areas the Company will be well positioned to prioritise its 2018 drilling strategy at San Antonio.



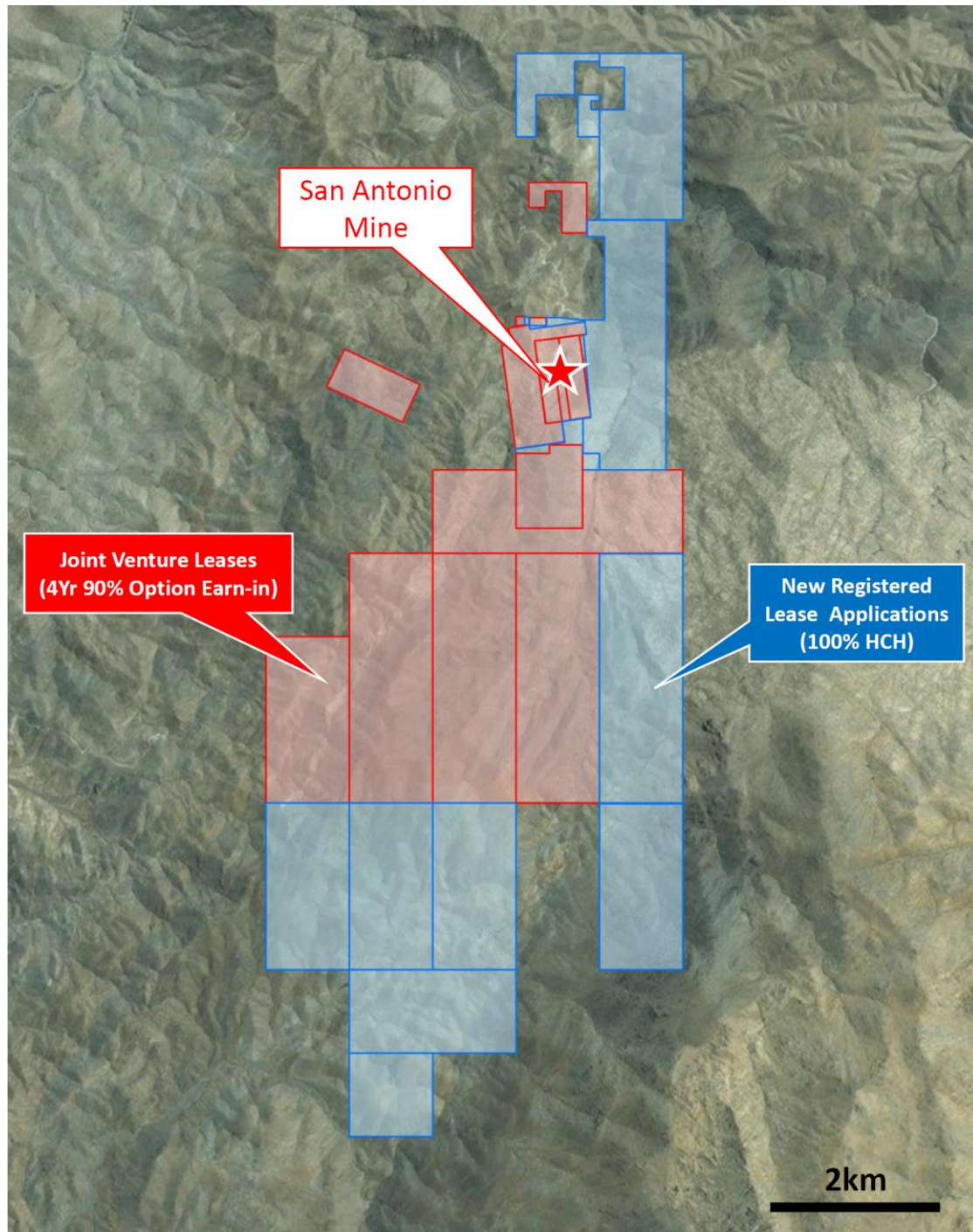
**Figure 4 Soil geochemistry copper anomalies defined within the wider San Antonio copper project.**



## Large Prospective Landholding Added- Land Consolidation Strategy

The Company has been actively pursuing freehold land acquisition opportunities, and is very pleased to have doubled its landholding at San Antonio with the addition of several new registered exploration lease applications. These new leases are being constituted through Hot Chili's 100% Chilean subsidiary company Frontera SpA.

The San Antonio project now covers a considerable area of approximately 10km by 4km, and stands at almost 4000 hectares, as displayed in figure 5.

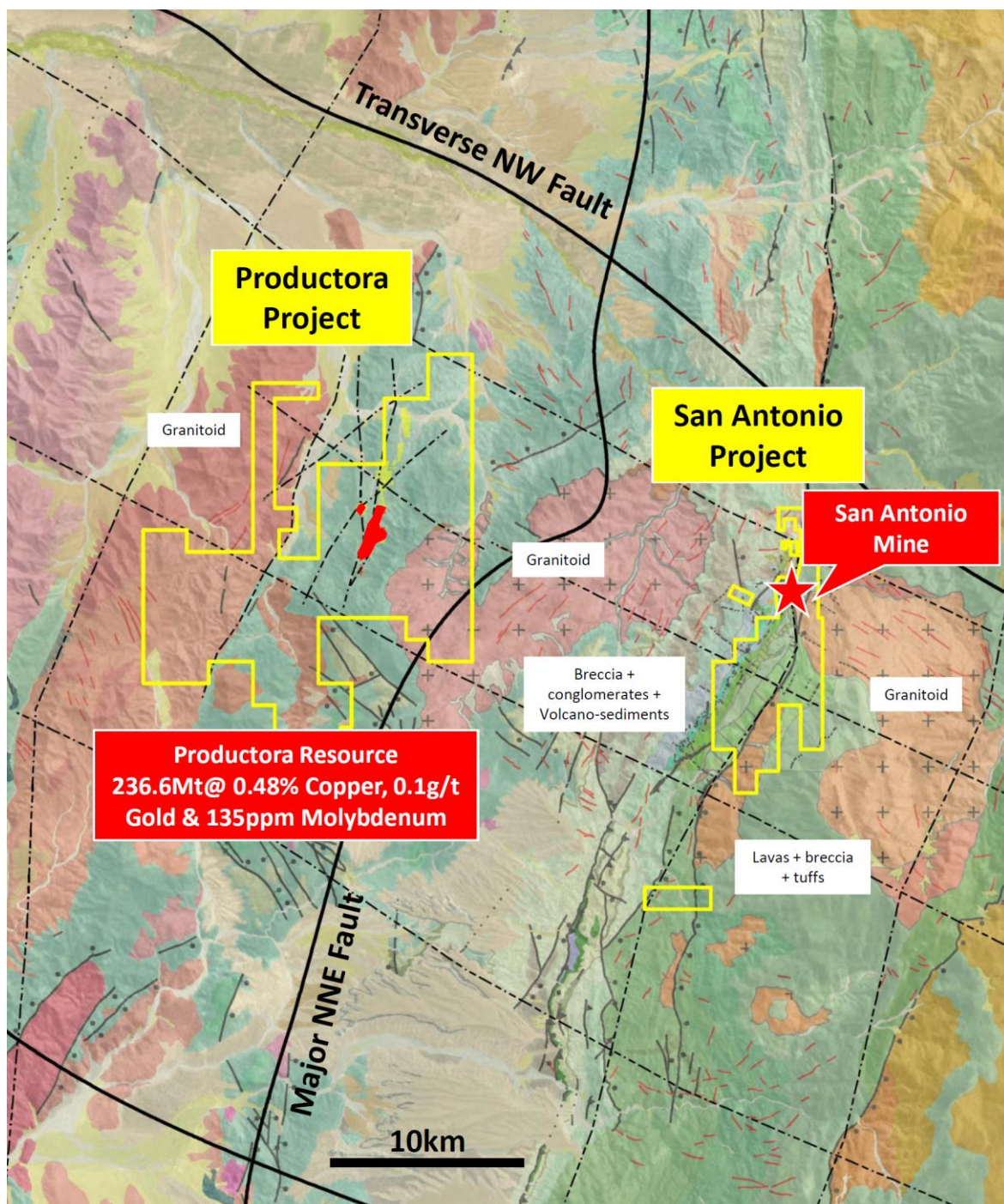


**Figure 5 San Antonio project landholding (red leases are part of Hot Chili's 90% earn-in option agreement, blue leases are 100% controlled exploration leases).**



Hot Chili's technical team continues to compile historical and new data sets from San Antonio into its regional assessment. This consolidation of geological information is integral to the Company's assessment of any other potential project acquisitions in the region.

Of importance to note is the litho-structural and architectural setting of San Antonio, and its likeness to that of Productora, which boasts contained resources of approximately 1.5Mt of copper and 1Moz of gold. Both coastal range projects are located between two major batholiths (bound to the east and west by granitoid complexes), exhibit significant influence from NNE-trending (arc-parallel) fault sets (Atacama Fault Zone), and are bounded and intersected by second order NW-trending (arc-normal) fault sets.



**Figure 6 Regional geology compilation in relation to the Productora and San Antonio projects**



## **Lulu Project Update**

The Company has also been active at its Lulu copper project, with surface sampling and mapping being undertaken at Hot Chili's second high grade satellite copper project. A progress update on exploration activities completed and forthcoming work streams for the Lulu project is expected to be released shortly.

### **For more information please contact:**

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**Table 1. Significant Rock Chip Samples returned from San Antonio Preliminary Surface Assessment**

Easting	Northing	Cu %	Au ppm	Ag ppm	Mo ppm	Prospect	Sample Description
342,032	6,818,820	0.26	0.01	3.5	2	Regional	Calcite vein Ca+Qtz+Oc+Hm
342,185	6,817,239	0.43	0.02	3.4	0	Regional	
342,015	6,819,320	1.75	0.11	7.1	2	Regional	
342,461	6,818,292	0.12	0.01	1.1	2	Regional	Andesite Ep+Si+Ch with Ep veins
342,463	6,819,212	2.01	0.03	2.9	0	Parallel Lode	Volcanic rock with visible chrysocolla
342,295	6,819,016	1.64	0.03	6	11	Parallel Lode	Fault vein (3m wide) with presence of porphyry intrusive with hornblende
342,177	6,818,809	1.10	0.02	2.1	4	Parallel Lode	Qtz-Hm-Ep vein on faulted contact between andesite (east) and limestone (west)
342,427	6,819,316	0.64	0.01	1.3	0	Parallel Lode	Volcanic rock
342,444	6,819,244	0.52	0.02	0.8	1	Parallel Lode	Volcanic rock
342,427	6,819,316	0.52	0.01	0	0	Parallel Lode	
342,506	6,819,096	3.05	0.01	1.5	1	San Antonio	Mine working
342,313	6,818,699	1.64	0.01	0	2	San Antonio	Limestone faulted Qtz-Ep veining
342,461	6,819,135	0.67	0.03	2.5	0	San Antonio	Fault zone with Ep-Si-Oc
342,547	6,819,108	0.31	0	3.3	1	San Antonio	Fault zone Qtz-Gn-Ep
342,309	6,818,619	0.20	0	0	1	San Antonio	Limestone+andesite +Qtz+Ep+Cb
342,400	6,818,908	0.19	0	0	2	San Antonio	Skarn Qtz+Gn+Ep with qtz veins
342,570	6,819,184	0.14	0	0	1	San Antonio	Mine working
342,309	6,818,619	0.11	0.02	0	9	San Antonio	Andesite Hm+Gh +Qtz+Ep with hematite veins
342,215	6,818,385	1.72	0.03	4.4	3	San Antonio South	Qtz-Ep-Hm-Co vein associated with faulting





## Qualifying Statements

### JORC Compliant Ore Reserve Statement

Productora Open Pit Probable Ore Reserve Statement – Reported 2<sup>nd</sup> 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
<b>Total</b>	<b>Probable</b>	<b>166.9</b>	<b>0.43</b>	<b>0.09</b>	<b>138</b>	<b>716,800</b>	<b>470,700</b>	<b>23,100</b>	<b>562,900</b>	<b>191,900</b>	<b>11,200</b>

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 2<sup>nd</sup> 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
	<i>Sub-total</i>	<i>218.7</i>	<i>0.48</i>	<i>0.10</i>	<i>142</i>	<i>1,059,000</i>	<i>708,000</i>	<i>31,000</i>
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
	<i>Sub-total</i>	<i>17.9</i>	<i>0.41</i>	<i>0.04</i>	<i>39</i>	<i>73,000</i>	<i>23,000</i>	<i>700</i>
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
	<b>Total</b>	<b>236.6</b>	<b>0.48</b>	<b>0.10</b>	<b>135</b>	<b>1,132,000</b>	<b>730,000</b>	<b>32,000</b>

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 2<sup>nd</sup> 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
	<i>Sub-total</i>	<i>201.6</i>	<i>0.16</i>	<i>0.04</i>	<i>60</i>	<i>320,000</i>	<i>241,000</i>	<i>12,000</i>
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
	<i>Sub-total</i>	<i>16.4</i>	<i>0.13</i>	<i>0.02</i>	<i>27</i>	<i>22,000</i>	<i>9,000</i>	<i>400</i>
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
	<i>Total</i>	<i>218.0</i>	<i>0.16</i>	<i>0.04</i>	<i>58</i>	<i>341,000</i>	<i>250,000</i>	<i>13,000</i>

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.



# JORC Code, 2012 Edition – Table 1 report template

## Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <li><i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></li> <li><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li><i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></li> </ul>	<p>Hot Chili Limited ("Hot Chili" or the "Company") has undertaken surface chip sampling. Samples were taken by geologists from existing workings, or from surface outcrop. These samples were crushed and split at the laboratory, with ~1kg pulverised, with ~150g used for ICP-AES assay determination (for multi-elements including Cu). A 50g charge taken for fire assay fusion (for gold).</p> <p>The sampling techniques used are deemed appropriate for early stage exploration and this type of mineralisation.</p> <p>Drilling, underground development and historical mine production was compiled for the San Antonio project from historical documents. The standard protocols used by the various companies for drilling, sampling, spatial position, assay determination and QA/QC results (if any) are unavailable.</p> <p>Hot Chili Limited ("the Company") has not been able to verify the location, orientation, splitting or sampling methods, analytical technique or any QA/QC related to the reported drill hole samples.</p> <p>The Company is not aware of any retained drilling samples, sample photographs or detailed logging that relate to the reported drilling or surface results.</p> <p>To the Company's best knowledge, the drilling results provided in this report were drilled circa 2005, by reverse circulation drilling (RC) to produce a 1.5m length samples. Method of splitting in the field or at the laboratory is unknown.</p> <p>To the Company's best knowledge, the surface soil sample results provided in this report were collected by handheld Niton XRF. The date of this field programme has not been confirmed. The Company has not verified the location, nor quality of the field programme. The Company has yet to establish repeatability of this data set.</p> <p>No geological logging data is available for either the drilling or surface sampling data.</p>



<i>Drilling techniques</i>	<ul style="list-style-type: none"> <li>• <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i></li> </ul>	<p>To the Company's best knowledge, the drilling results provided in this report were drilled circa 2005, by reverse circulation drilling (RC) to produce a 1.5m length samples.</p> <p>Drill size and specific drill method, as well as standard protocols used by previous companies is unknown.</p>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>• <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>	<p>Recovery, splitting method, sample condition, representivity of historic samples and any relationship between grade, recovery or sample weight is unknown and has not be verified by the Company.</p> <p>The standard protocols used by previous companies for either drilling or surface soil sampling is unknown.</p> <p>The Company is not aware of any twinned drilling at the project.</p>
<i>Logging</i>	<ul style="list-style-type: none"> <li>• <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<p>All Hot Chili samples were logged using company logging standards.</p> <p>The Company is not aware of any retained historic drill samples, sample photographs or detailed logging that related to the reported drilling or surface results.</p> <p>The reported results are for historical context and exploration purposes only, and are not under consideration for any Mineral Resource, mining study or metallurgical study.</p> <p>The total length of the relevant mineralised interval(s) is provided in the main body of the report.</p>
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> </ul>	<p>For the Hot Chili surface rock chips, the average weight of sample was 1.7kg, with all ranges of sample weighing between 0.7-3.6kg.</p> <p>All samples were submitted to ALS Coquimbo for multi-element analysis. The sample preparation included:</p> <p>Rock chip samples were crushed such that a minimum of 70% is less than 2mm,</p>

	<ul style="list-style-type: none"> <li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>• <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></li> <li>• <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul> <p>Samples were then split via rotatory splitter to achieve ~1kg split,</p> <p>This split was then pulverised such that a minimum of 85% passes 75um and 150g was used for analytical pulp (ICP-AES), also 30g was used for fire assay fusion (gold).</p> <p>Standard protocols used by previous companies for either drilling or surface soil sampling is unknown.</p> <p>The Company has not been able to verify the historic location, orientation, splitting or sampling methods, analytical technique or any QA/QC related to the reported historic drill hole.</p> <p>The reported results are for historical context and exploration purposes only, and are not under consideration for any Mineral Resource, mining study or metallurgical study.</p>
<p><i>Quality of assay data and laboratory tests</i></p>	<ul style="list-style-type: none"> <li>• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li>• <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></li> <li>• <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></li> </ul> <p>All Hot Chili samples were assayed by industry standard methods through commercial laboratories in Chile (ALS Coquimbo):</p> <p>150g pulps derived from sample preparation (outlines in the previous sections) were used for multi-element analysis. ALS method ME-ICP61 involves a 4-acid digestion (Hydrochloric-Nirtic-Perchloric-Hydrofluoric) followed by ICP-AES determination.</p> <p>Samples that returned Cu grades &gt;10,000ppm were analysed by ALS “ore grade” method Cu-OG62, which is a 4-acid digestion, followed by AES measurement to 0.001%Cu</p> <p>Pulp samples were subsequently analysed for gold by ALS method Au-ICP21; a 30g lead-collection Fire Assay, followed by ICP-OES to a detection limit of 0.001ppm Au.</p> <p>Hot Chili did not submit any standards or blanks. The analytical laboratory (ALS) provided their own routine quality controls within their own practices. The results from their own validation were provided to Hot Chili.</p> <p>Historic drilling, underground development and mine production was compiled for the San Antonio project is from historical documents. The standard protocols used by the various companies for drilling, sampling, spatial positon, assay determination and QA/QC results (if any) are unavailable.</p>

		<p>The Company has not been able to verify the historic location, orientation, splitting or sampling methods, analytical technique or any QA/QC related to the reported historic drill hole.</p> <p>The surface soil sampling results were provided to the Company as part of a historic data compilation. To the Company's best knowledge, the surface soil sample results provided in this report were collected by handheld Niton XRF. The date of this field programme has not been confirmed. The Company has not verified the location, quality, scan parameters, reading times, nor calibration factors of the field programme.</p> <p>The Company has yet to establish repeatability, bias or overall quality of these historic data set.</p>
<p><i>Verification of sampling and assaying</i></p>	<ul style="list-style-type: none"> <li>• <i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li>• <i>The use of twinned holes.</i></li> <li>• <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li>• <i>Discuss any adjustment to assay data.</i></li> </ul>	<p>No verification of sampling or assaying has been undertaken in the Company as relate to the surface rock chip sampling programme, nor historic drilling programmes.</p> <p>The Company is not aware of any twinned drilling at the project.</p> <p>The Company is not aware of any retained historic samples, sample photographs or detailed logging that related to the reported drilling or surface soil results.</p> <p>No adjustments were made to the historical data as supplied to the Company. The Company is unable to verify if any adjustments were made to the data prior to receipt.</p> <p>Limited adjustments were made to the returned assay data for the Hot Chili rock chip samples; values that returned lower than detection level were set to the methodology's detection level and copper values were converted from ppm to %.</p>
<p><i>Location of data points</i></p>	<ul style="list-style-type: none"> <li>• <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></li> <li>• <i>Specification of the grid system used.</i></li> <li>• <i>Quality and adequacy of topographic control.</i></li> </ul>	<p>The location of Hot Chili samples was via handheld GPS in WGS84 UTM zone 19S.</p> <p>The method of historic coordinate capture for drill collars and surface sampling is unknown. The method of downhole survey is unknown.</p> <p>Drill collars and surface sample location were provided to the Company as part of a historic data compilation and appear to have been provided in the PSAD56 UTM coordinate system. These were transformed by the company to WGS84 UTM zone 19S via the following method (PSAD easting minus 184.13m, PSAD northing minus 375.38m). This shift is considered appropriate for the project location and early nature of exploration.</p>



<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> <li>• <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></li> <li>• <i>Whether sample compositing has been applied.</i></li> </ul>	<p>The surface rock chips sample spacing was variable due to the preliminary stages of exploration and outcrop occurrence.</p> <p>The historic drilling at the San Antonio project is very limited with no specific spacing.</p> <p>The historic surface soil sampling spacing is variable between 50m to 200m in easting, with sections 200m to 500m apart in northing.</p> <p>The reported results are for historical context and exploration purposes only, and are not under consideration for any Mineral Resource, mining study or metallurgical study.</p> <p>The drilling data (as provided) was in equal lengths (1.5m). No adjustments were made to the historical data as supplied to the Company. The Company is unable to verify if any adjustments were made to the data prior to receipt.</p>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li> </ul>	<p>A list of the historic drillhole(s) and orientations as reported with significant intercepts is provided in the main body of the report and in previous media releases.</p> <p>The location of the surface sampling is provided in images in the main body of the report.</p> <p>Considering the types of mineralisation at the projects and the drilling orientation, apparent sampling is considered to be adequate in its representation for exploration reporting purposes.</p>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>• <i>The measures taken to ensure sample security.</i></li> </ul>	<p>Hot Chili has strict chain of custody procedures that are adhered. All samples have the sample submission number/ticket inserted into each bulk polyweave sample bag with the id number clearly visible. The sample bag is stapled together such that no sample material can spill out and no one can tamper with the sample once it leaves Hot Chili's custody.</p> <p>The standard protocols used by previous companies for either drilling or surface sampling is unknown.</p>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>• <i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<p>None completed.</p>

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<p>Hot Chili, through its 100% owned subsidiary Sociedad Minera Frontera SpA ("Frontera"), executed a non-binding LOI with a private party to earn a 90% interest in the San Antonio copper-gold project over a four-year period. The proposed JV involves an Option agreement over 12 exploitation leases (~1,566ha), whereby full ownership of 90% of the mining rights of the project will 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.</p> <p>Exploration by Frontera at San Antonio shall be at its discretion and the owner will have the right to lease to any third party the exploitation of the mining rights with an annual cap of 50,000 tonnes of ore until exercise of the Option.</p> <p>Frontera also has other 100% owned leases around the project.</p> <p>The location of the leases in the JV Option, as well those 100% owned, are shown in images in the main body of the report.</p>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<p>The San Antonio project has been privately owned since 1953 and has been mined by several operators over this time via lease from the owners. Limited historic documents provided the following production data:</p> <p>1965-1972: produced 100,000t at ~2.5% Cu soluble (3%Cu total).</p> <p>1980: 30,000t of 3.0% Oxide and 25,000t at 2.0% Cu sulphide mineralisation</p> <p>1988-1995: ~399,000t at 1.6% Cu.</p> <p>The current owner has indicated that total historic production is approximately 2Mt of material grading approximately 2% copper and 0.3 g/t gold.</p> <p>There is current small-scale mining activity at the project.</p> <p>There has been very limited exploration activity in areas beyond the San Antonio mine.</p>
<i>Geology</i>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<p>Copper mineralisation is associated with a sequence of moderately east-dipping sandstone and limestone/andesite units which have seen extensive skarn alteration adjacent to a granitic contact along the projects eastern margin. The</p>

		<p>zone of skarn alteration has been recognised over a 2.5km strike extent within the Project.</p> <p>Andesite units host the majority of the mineralisation which was exploited underground at true widths ranging between 7m and 30m (10m average). Sulphide copper is associated with chalcopyrite, minor bornite, pyrrhotite and magnetite.</p>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li>• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> <li>○ easting and northing of the drill hole collar</li> <li>○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>○ dip and azimuth of the hole</li> <li>○ down hole length and interception depth</li> <li>○ hole length.</li> </ul> </li> <li>• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	<p>Any quoted results in the main report body, from historic or previous company drilling or sampling programmes, has been provided for historic and qualitative purposes only.</p> <p>Any historic or previous company drilling results not included may be due to; a) uncertainty of result, location or other unreliability, b) yet to be assessed by the Company, c) unmineralised, d) unsampled or unrecorded, or e) not considered material.</p>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li>• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>• The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<p>No top-cutting of high grade assay results has been applied, nor was it deemed necessary for the reporting of the Hot Chili rock chip sample.</p> <p>The drilling data (as provided) was in equal lengths (1.5m). No adjustments were made to the historical data as supplied to the Company. The Company is unable to verify if any adjustments were made to the data prior to receipt.</p> <p>No metal equivalent values have been reported.</p>



<p><i>Relationship between mineralisation widths and intercept lengths</i></p>	<ul style="list-style-type: none"> <li>• <i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li>• <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li>• <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i></li> </ul>	<p>The relationship of mineralisation widths to the intercepts of any historic drilling or drilling undertaken by other previous companies is unknown. As such all significant intercepts shall be considered down hole lengths, true widths unknown.</p>
<p><i>Diagrams</i></p>	<ul style="list-style-type: none"> <li>• <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></li> </ul>	<p>Refer to figures in announcement.</p>
<p><i>Balanced reporting</i></p>	<ul style="list-style-type: none"> <li>• <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></li> </ul>	<p>It is not practical to report all exploration results as such unmineralised intervals. Low or non-material grades have not been reported. The location of all Hot Chili surface samples is provided in the supplied report diagrams.</p> <p>There has been selective sampling of historic holes where mineralisation is observed. The grades (or lack thereof) in unsampled material is unknown.</p> <p>The confidence in reported historic assays, results or drill productions is unknown.</p> <p>Any historic or previous company drilling results not included may be due to; a) uncertainty of result, location or other unreliability, b) yet to be assessed by the Company, c) unmineralised, d) unsampled or unrecorded, or e) not considered material.</p>
<p><i>Other substantive exploration data</i></p>	<ul style="list-style-type: none"> <li>• <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></li> </ul>	<p>Available data from historic or previous exploration parties includes some soil sampling, geological mapping, and historic production figures.</p> <p>As yet, the Company has not been able to verify the location, orientation, sampling methods, analytical technique or any QA/QC related to the reported drill hole or surface samples.</p> <p>The Company has not been able to verify historic production data.</p>

<p><i>Further work</i></p>	<ul style="list-style-type: none"> <li>• <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li>• <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li> </ul>	<p>Potential work across the Project may include detailed geological mapping and surface sampling, ground or airborne geophysics as well as confirmatory, exploratory or follow-up drilling.</p>
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