

Hot Chili Limited

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ASX Announcement

Monday 4th February 2019

Hot Chili Arranges \$3.2M Placement and Rights Issue

ASX CODE

HCH

Contact

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Hot Chili Limited (ASX Code: HCH) ("Hot Chili" or the "Company") is pleased to announce that it has successfully arranged a \$1 million private placement to sophisticated and professional investors through the issue of New Shares at 1 cent per share (the "Placement").

The Placement saw strong demand and was cornerstoned by existing major shareholders (Exploration Capital Partners (affil. Sprott), Taurus Funds Management and Blue Spec Drilling (an associate of Hot Chili's chairman Murray Black)).

In parallel, the Company also announces a \$2.2 million non-renounceable entitlements offer of new shares on a 2 for 7 basis, at an issue price of 1 cent per share (the "Rights Issue"). The Rights Issue will provide an opportunity for all eligible shareholders to participate in the capital raising on the same terms as the Placement.

Funds from the Placement and Rights Issue will be used for general working capital requirements.

These funds will allow the Company to focus on preparations to commence drilling across key areas of the Cortadera discovery within the coming months while also advancing our project-level, strategic funding discussions with key stakeholders in relation to the proposed Carola transaction (as announced separately to the Australian Securities Exchange (ASX) today).

Christian Easterday, Managing Director of Hot Chili, said the strong response to the Placement was a vote of confidence in the Company's consolidation strategy in Chile.

"These funds will provide working capital to crystallise the biggest opportunity our Company has ever identified.

"Successful acquisition of Cortadera would capture one of the most exciting new large-scale, copper-gold discoveries of recent times and simultaneously unlock over US\$100 million of investment into our existing large-scale Productora copper project, which is located 14kms away." Mr Easterday said.





Details of the Placement

The Placement will be undertaken in two tranches:

- The first tranche of 44,047,674 new shares, will not be subject to shareholder approval and will fall within the Company's 15% placement capacity under ASX Listing Rule 7.1 ("**Tranche 1 Placement**")
- The second tranche of 55,952,326 new shares to related parties will be conditional upon shareholder approval, and amongst others will apply to shares subscribed by Roberto de Andraca Adriasola (non-executive director and CAP representative to Hot Chili's board) and Blue Spec Drilling Pty Ltd (an entity associated with Hot Chili's chairman Murray Black) ("**Tranche 2 Placement**").

Following the issue of the Tranche 1 Placement shares, the Company's remaining placement capacity under listing rule 7.1 will be 72,343,743 ordinary securities, and remaining placement capacity under listing rule 7.1A will be 77,594,278 ordinary securities.

Each new share will be issued at a price of 1 cent.

Settlement and allotment of the Tranche 1 Placement shares is expected to occur on or around Wednesday 13th February 2019.

Hot Chili will convene a general meeting of shareholders to approve the issue of the Tranche 2 Placement shares as soon as possible. The general meeting is expected to take place on or around Tuesday 19th March 2019, with the issue of the Tranche 2 Placement shares expected to take place shortly after the meeting, subject to shareholder approval.

Details of the Rights Issue

The Rights Issue will be offered to all eligible shareholders registered on the record date for the Rights Issue pursuant to an offer document and a notice under section 708AA(2)(f) of the Corporations Act.

The Rights Issue will be non-renounceable and will not be underwritten.

The issue of the Rights Issue shares and placement of any shortfall to the Rights Issue to non-related parties of the Company is not subject to shareholder approval.

In respect to any potential shortfall to the Rights Issue, the directors of Hot Chili will reserve the right to allocate any, all, or none of the shortfall to sophisticated and professional investors at their sole discretion.

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The proposed timetable* for the Rights Issue is as follows:

Item	Indicative Date
Lodgement of offer document and section 708AA(2)(f) notice with ASX	Tuesday, 5 February (or before ASX market opens 6 February)
Shares quoted on a "ex-rights" basis	Friday, 1 February
Record date to determine entitlements to Rights Issue	Monday, 11 February
Offer document and entitlement and acceptance form sent to eligible shareholders	Wednesday, 13 February
Offer opens	Wednesday, 13 February
Offer closes (5pm, WST)	Friday, 22 February
New shares quoted on a deferred settlement basis	Monday, 25 February
Issue date – despatch of holding statements for new shares	Friday, 1 March
Ordinary trading of new shares commences	Monday, 4 March

*The above timetable is indicative and may change, subject to the Corporations Act and ASX Listing Rules.

An Appendix 3B notice in respect of the Placement and Rights Issue accompanies this announcement.

For more information please contact:

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Competent Person's Statement- *Exploration Results*

Exploration information in this Announcement is based upon work compiled 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.

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.