



## Hot Chili Limited

ACN 130 955 725

# Prospectus

### Share Purchase Plan Offer

For the offer to each Eligible Shareholder to subscribe for up to \$15,000 of Shares at an issue price of \$0.032 each, to raise up to \$5,000,000 before costs (**SPP Offer**), and for the offer of the Shortfall to the SPP Offer (**Shortfall Offer**).

The SPP Offer opens on Tuesday, 17 August 2021 and closes at 5.00pm (WST) on Friday, 10 September 2021.

The SPP Offer is conditionally underwritten by Veritas Securities Limited (AFSL: 297043).

### Lead Manager Offer

For the offer to Veritas Securities Limited and iA Private Wealth Inc. (or their nominees) to subscribe for 92,500,000 Options, at an issue price of nil, for their services as Lead Managers to the Placement and the SPP Offer (**Lead Manager Offer**).

### Ancillary Share Offer

For the offer of 100,000 Shares at an issue price of \$0.032 each, to raise up to \$3,200 before costs (**Ancillary Share Offer**). The purpose of the Ancillary Share Offer is to enable this Prospectus to operate under section 708A(11) of the Corporations Act to remove any secondary trading restrictions that would otherwise apply to Placement Shares issued by the Company prior to the Ancillary Share Offer Closing Date.

### IMPORTANT NOTICE

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This is an important document that should be read in its entirety. Please read the instructions in this document and on the accompanying Application Forms regarding acceptance of each Offer. If you do not understand this document, you should consult your professional adviser. The Securities offered by this Prospectus should be considered as a speculative investment.

# Important information

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## Prospectus

This Prospectus is dated 13 August 2021 and was lodged with ASIC on that date. Neither ASIC, ASX nor their officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus is a transaction specific prospectus for the offer of continuously quoted securities (as defined in the Corporations Act) and options to acquire continuously quoted securities and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

No securities will be issued on the basis of this Prospectus later than 13 months after the Prospectus Date. Application for quotation of the New Shares will be made to ASX within 7 days after the Prospectus Date.

## Electronic prospectus

This Prospectus may be viewed in electronic form at <https://www.hotchili.net.au/investors/prospectus/> by Australian investors only. The electronic version of this Prospectus is provided for information purposes only. A paper copy of the Prospectus may be obtained free of charge on request during the Offer Period by contacting the Company. The information on <https://www.hotchili.net.au/investors/prospectus/> does not form part of this Prospectus.

## Risk factors

Investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors are set out in Sections 1.6 and 6.2 of this Prospectus. These risks, together with other general risks applicable to all investments in quoted securities not specifically referred to, may affect the value of the Securities in the future. An investment in the Company should be considered speculative. Investors should consider these risk factors in light of personal circumstances and should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

## Overseas Shareholders

This Prospectus is not, and is not intended to constitute, an offer, invitation or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer, invitation or issue. By applying for New Securities, including by submitting the Application Form or making a payment using BPay@ you represent and warrant that there has been no breach of such laws.

The distribution of this Prospectus and accompanying Application Form (including electronic copies) outside Australia may be restricted by laws and persons who come into possession of it should observe any such restrictions. Any failure to comply with such restrictions

may contravene applicable securities laws. The Company disclaims all liability to such persons.

No action has been taken to register or qualify this Prospectus, the New Securities or the Offers, or otherwise to permit a public offering of the New Securities, in any jurisdiction outside Australia.

## Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website [www.asx.com.au](http://www.asx.com.au)). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offers. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in New Securities of the Company.

No person is authorised to give any information or make any representation in connection with the Offers that is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company in connection with this Prospectus.

## Forward-looking statements

This Prospectus may contain forward-looking statements that have been based on current expectations about future acts, events and circumstances. Any forward-looking statements are subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

## Applications

Applications for New Securities offered by this Prospectus can only be made on an original Application Form accompanying this Prospectus. Please read the instructions in this Prospectus and on the accompanying Application Forms regarding the acceptance of an Offer.

By returning an Application Form, lodging an Application Form with a stockbroker or otherwise arranging for payment of New Securities in accordance with the instructions on the Application Form, an Applicant acknowledges that they have received and read this Prospectus, acted in accordance with the terms of the Offer to which the Application Form relates and agree to all of the terms and conditions as detailed in this Prospectus.

## Meaning of terms and references

Capitalised terms and certain other terms used in this Prospectus are defined in the Glossary in Section 10.

References to "\$", "A\$", "AUD", or "dollar" are references to Australian currency, unless otherwise stated.

References to time relate to the time in Perth, Western Australia, unless otherwise stated.

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# Corporate Directory

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## Directors

Murray Edward Black  
(Non-Executive Chairman)

Christian Ervin Easterday  
(Managing Director)

Dr Allan Trench  
(Non-Executive Director)

Roberto de Andraca Adriasola  
(Non-Executive Director)

George (Randall) Nickson  
(Non-Executive Director)

Melanie Jane Leighton  
(Alternate Director for Murray Black)

## Company Secretary

Lloyd Alan Flint

## Registered and Principal Office

First Floor  
768 Canning Highway  
Applecross WA 6153  
Telephone: +61 8 9315 9009  
Facsimile: +61 8 9315 5004  
Email: admin@hotchili.net.au

## Share Registry\*

Automic Group  
Perth Office:  
Level 2, 267 St Georges Terrace, Perth WA 6000

Sydney Office:  
Level 5, 126 Phillip Street, Sydney NSW 2000

Correspondence:  
GPO BOX 5193, Sydney NSW 2001

Telephone:

Within Australia: 1300 288 664  
Outside Australia: +61 02 9698 5414

Web: [www.automicgroup.com.au](http://www.automicgroup.com.au)

**ASX Code:** HCH

## Website

[www.hotchili.net.au](http://www.hotchili.net.au)

## Underwriter of SPP Offer

Veritas Securities Limited  
Level 4, 175 Macquarie Street  
Sydney NSW 2000

## Solicitors to the Company

Blackwall Legal LLP  
Level 26, 140 St Georges Terrace  
Perth WA 6000

## Auditors\*

RSM Australia Partners  
Level 32, Exchange Plaza  
2 The Esplanade  
Perth WA 6000

\*Included for information purposes only. This entity has not been involved in the preparation of this Prospectus.

## SPP Offer – Key Information

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### Indicative timetable

Event	Date
Record Date for entitlement to SPP Offer	5.00pm (WST), Thursday 5 August 2021
Notice of Meeting released	Friday, 13 August 2021
Prospectus for SPP Offer lodged with ASIC and ASX	Friday, 13 August 2021
Prospectus and Notice of General Meeting sent to Shareholders	Monday, 16 August 2021
Opening Date - SPP Offer opens	Tuesday, 17 August 2021
Closing Date - SPP Offer closes	Friday, 10 September 2021
Announcement of results of SPP Offer	Tuesday, 14 September 2021
General Meeting to approve issue of Shortfall Shares	Wednesday, 15 September 2021
Issue Date – Issue of Offer Shares	Friday, 17 September 2021
Quotation of Offer Shares on ASX	Monday, 20 September 2021

The above dates are indicative only and subject to change. Subject to compliance with the Listing Rules, the Company may vary these dates without notice, including whether to close an Offer early, extend an Offer, or accept late Applications, either generally or in particular cases. Eligible Shareholders who wish to submit an Application and subscribe for Shares under the SPP Offer are encouraged to do so as soon as possible after the Opening Date.

### SPP Offer details

Offer	Details
Price per Offer Share under the SPP Offer and Shortfall Offer	\$0.032
Shares offered under the SPP Offer and Shortfall Offer	156,250,000
Cash proceeds of the SPP Offer and Shortfall Offer (before costs)	\$5,000,000

# 1. Investment overview

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## 1.1 Capital Raising

On 6 August 2021 the Company announced a \$40 million capital raising comprising:

- a \$35 million (before costs) capital raising by private placement of 1,093,750,000 fully paid ordinary shares in the Company (**Placement Shares**), at an issue price of \$0.032 per Placement Share (**Placement**); and
- a share purchase plan offer to Eligible Shareholders to raise \$5 million (before costs) of 156,250,000 Shares at an issue price of \$0.032 per Share (**SPP Offer**).

The Placement participants comprise:

- (a) various institutional, professional and sophisticated investors in Australia and overseas, as arranged by Veritas Securities Limited, as co-Lead Manager to the Placement;
- (b) various institutional and accredited investors in the United States and Canada, as arranged by independent broking firm iA Private Wealth Inc., as co-Lead Manager to the Placement;
- (c) Glencore Australia as a strategic investor in the Company; Glencore Australia will acquire a 9.99% shareholding interest in the Company on completion of the Placement; and
- (d) Blue Spec Sondajes SpA, which is a company associated with the Company's Chairman, Mr Murray Black, and therefore a Related Party of the Company.

The Placement has been and will be conducted in two tranches as follows:

- (a) **Tranche 1 Placement:** the placement and issue of 665,004,511 Shares (**Tranche 1 Placement Shares**) to the Placement Participants who are not Related Parties of the Company at an issue price of \$0.032 each, raising approximately \$21.28 million (before costs); and
- (b) **Tranche 2 Placement:** a proposed issue of a total of 428,745,489 Shares (**Tranche 2 Placement Shares**) at an issue price of \$0.032 each, comprising:
  - (i) 334,995,489 Shares to the Placement Participants who are not Related Parties of the Company; and
  - (ii) 93,750,000 Shares to Blue Spec,

to raise approximately \$13.72 million (before costs), subject to Shareholder approval at the General Meeting.

The Tranche 1 Placement Shares were issued by the Company on 12 August 2021 using its issuing capacities under Listing Rules 7.1 and 7.1A.

The Tranche 2 Placement Shares are proposed to be issued by Company on or about 17 September 2021 following the General Meeting.

The Company engaged the Lead Managers to arrange and manage the Placement.

## 1.2 Offers

Under this Prospectus, the Company makes the following offers (**Offers**):

- an offer to Eligible Shareholders to participate in the SPP Offer by subscribing for up to a maximum of \$15,000 worth of the Company's Shares at an issue price of \$0.032 per Share (468,750 Shares); the minimum parcel of Shares that Eligible Shareholders can apply for is \$2,000 (62,500 Shares) (**SPP Offer**);
- an offer to professional and sophisticated investors who are not Related Parties of the Company, as determined by the Underwriter and the Directors, to subscribe for the Shortfall, at an issue price of \$0.032 per Share (**Shortfall Offer**);
- an offer to the Lead Managers (or their nominees) to subscribe for 92,500,000 Lead Manager Options at an issue price of nil (**Lead Manager Offer**); and
- a nominal offer of 100,000 Shares the purpose of which is to facilitate the "cleansing" of the issue of Tranche 2 Placement Shares by this Prospectus (**Ancillary Share Offer**).

## 1.3 General Meeting

The Company has issued the Notice of Meeting to convene a General Meeting of its Shareholders to be held on 15 September 2021 at which Shareholder approval will be sought for:

- (a) ratification of the issue of 665,004,511 Tranche 1 Placement Shares (Resolutions 1 and 2 of the Notice of Meeting);
- (b) approval to issue 334,995,489 Tranche 2 Placement Shares to the Placement Participants who are not Related Parties of the Company (Resolution 3 of the Notice of Meeting);
- (c) approval to issue 93,750,000 Shares to Blue Spec Sondajes SpA, a Related Party of the Company, as part of the Tranche 2 Placement (Resolution 4 of the Notice of Meeting);
- (d) approval to issue Shortfall Shares (Resolution 5 of the Notice of Meeting); and
- (e) approval of the issue of 92,500,000 Lead Managers Options to the Lead Managers (Resolution 6 of the Notice of Meeting).

The issue of Shortfall Shares under the Shortfall Offer is conditional on the approval of Shareholders being obtained at the General Meeting.

The issue of the Lead Managers Options under the Lead Manager Offer is conditional on the approval of Shareholders being obtained at the General Meeting.

The Company has released the Notice of Meeting to ASX (refer Company's announcement to ASX dated 13 August 2021). The Notice of Meeting is available on the Company's website ([www.hotchili.net.au](http://www.hotchili.net.au)) and on ASX's website ([www.asx.com.au](http://www.asx.com.au)) using ASX code "HCH").

## 1.4 Purpose of the Capital Raising and proposed use of funds

The purpose of the Placement, the SPP Offer and the Shortfall Offer is to raise up to \$40,000,000 (before costs). The Company intends to apply these funds as follows:

Use	Amount
Stage 3 US\$15.0m (approx. A\$20.0m) payment under the SCM Carola Option Agreement, for the acquisition of a 100% interest in the Cortadera Project.	\$20,000,000
Repayment of Compañía Minera del Pacifico SA (CMP) Option Fee US\$1.5m for termination of CMP's option over Sociedad Minera El Águila SpA.	\$2,000,000
Up to 40,000 metres of diamond and RC drilling for: <ul style="list-style-type: none"><li>○ Cortadera resource expansion drilling;</li><li>○ Growth targets within the Cortadera discovery zone;</li><li>○ Resource definition drilling of nearby high-grade satellite deposits; and</li><li>○ Exploration drilling at the Cortadera North Prospect and other priority targets within a 20km radius of Cortadera.</li></ul>	\$10,000,000
Delivery of an updated mineral resource at Cortadera and maiden resources at the San Antonio and Valentina deposits.	\$500,000
Completion of Pre-feasibility Study for the Costa Fuego Copper Project in Q3 2022.	\$2,000,000
Costs of the Placement and the Offers.	\$2,500,000
Working capital	\$3,000,000
<b>Total</b>	<b>\$40,000,000</b>

Notes:

1. The information in the above table reflects the Company's intentions as at the Prospectus Date. The actual use of funds may differ from the stated intentions depending on developments, exploration results and circumstances arising after the Prospectus Date. The Board reserves the right to change the way funds are used and applied.
2. Costs of the Placement and the Offers include the Lead Managers' fees in relation to the Placement and the underwriting fees and other costs identified in Sections 8.1, 8.2 and 8.8.

No funds will be raised from the issue of Lead Manager Options under the Lead Manager Offer. However, the Company may receive up to approximately \$4,162,500 (before costs) if all of these Lead Manager Options (92,500,000 Options) are issued and exercised. Such funds will be applied by the Company to its working capital requirements at that time.

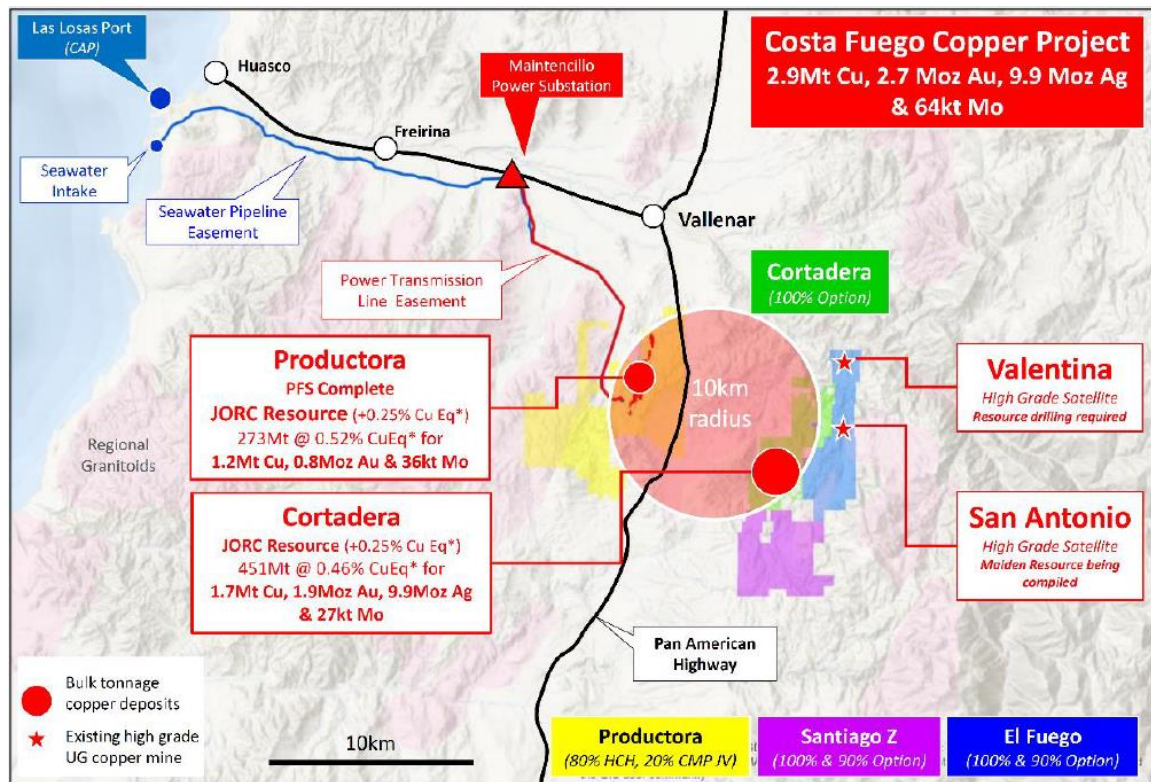
## 1.5 Company background

Hot Chili is one of the top ASX listed copper developers with an advanced Chilean coastal range portfolio and a resource base of 2.9Mt copper, 2.7Moz gold and 9.9Moz



silver already established including the exciting and rapidly emerging Costa Fuego Copper Project, comprising the Cortadera and Productora Projects.

Costa Fuego is located near the town of Vallenar, in the coastal range of northern Chile.



**Location of Productora and the Cortadera discovery in relation to the consolidation of new growth projects and coastal range infrastructure**

The independent JORC Code combined mineral resources of the Costa Fuego Copper Project, reported as at 12 October 2020 are as follows.

**Independent JORC Code Costa Fuego Combined Mineral Resource (Reported 12th October 2020)**

Costa Fuego Combined Resource			Grade					Contained Metal				
Deposit	Classification (+0.25% CuEq*)	Tonnage (Mt)	CuEq (%)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (ppm)	Copper Eq (tonnes)	Copper (tonnes)	Gold (ounces)	Silver (ounces)	Molybdenum (tonnes)
Cortadera	Indicated	183	0.49	0.40	0.15	0.7	43	905,000	728,000	889,000	4,227,000	7,900
	Inferred	267	0.44	0.35	0.12	0.7	73	1,181,000	935,000	1,022,000	5,633,000	19,400
	<b>Sub Total</b>	<b>451</b>	<b>0.46</b>	<b>0.37</b>	<b>0.13</b>	<b>0.7</b>	<b>61</b>	<b>2,086,000</b>	<b>1,663,000</b>	<b>1,911,000</b>	<b>9,860,000</b>	<b>27,300</b>
Productora	Indicated	208	0.54	0.46	0.10		140	1,122,000	960,000	643,000	-	29,200
	Inferred	67	0.44	0.38	0.08		109	295,000	255,000	167,000	-	7,200
	<b>Sub Total</b>	<b>273</b>	<b>0.52</b>	<b>0.44</b>	<b>0.09</b>		<b>133</b>	<b>1,417,000</b>	<b>1,215,000</b>	<b>810,000</b>	-	<b>36,400</b>
Costa Fuego (Combined)	Indicated	391	0.52	0.43	0.12		95	2,027,000	1,688,000	1,533,000	-	37,000
	Inferred	334	0.44	0.36	0.11		80	1,476,000	1,191,000	1,189,000	-	26,700
	<b>Total</b>	<b>724</b>	<b>0.48</b>	<b>0.40</b>	<b>0.12</b>	<b>0.7**</b>	<b>88</b>	<b>3,503,000</b>	<b>2,879,000</b>	<b>2,722,000</b>	<b>9,860,000</b>	<b>63,700</b>

The information in this Section 1.5 referring to mineral resources is taken from the Company’s announcement to ASX dated 12 October 2021 entitled ‘Costa Fuego Becomes a Leading Global Copper Project’. The announcement contains information relating to the reporting of exploration results, mineral resources, data and techniques in accordance with the requirements of the JORC Code. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement and that all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

## 1.6 Key risks

In addition to risks specific to the Company as described in detail in Section 6, the risks set out below have been identified as being key risks specific to an investment in the Company. These risks may adversely affect the Company's financial position, prospects and price of its securities.

<b>Risk</b>	<b>Description</b>
<b>Operational risk associated with Covid-19</b>	The Company has previously suspended drilling and other operational activities at the Cortadera Project during the current Covid-19 pandemic for the safety of its personnel. The Company is currently drilling and performing other operational activities. There is a risk that drilling and other operational activities might be affected or delayed by reason of Chilean government requirements for the health and safety of personnel in relation to Covid-19. Any prolonged delay to drilling activities might have a material adverse effect on the Company.
<b>Exploration</b>	The success of the Company depends on the delineation of economically mineable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. The actual costs of exploration may materially differ from those estimated by the Company. The Company cannot give any assurance that the cost estimates and the underlying assumptions used as a basis for those estimates will be realised in practice. This may materially and adversely affect the Company's viability.
<b>Sovereign risks</b>	While Chile is considered to be one of South America's most politically stable and prosperous nations, it may nonetheless be subject to social and economic uncertainty. Civil and political unrest and outbreaks of hostilities in Chile could affect the Company's access to its projects and subsequent exploration and development. Adverse changes in government policies or legislation in Chile affecting foreign ownership of mineral interests, taxation, profit repatriation, royalties, land access, labour relations, and mining and exploration activities, may affect the operations of the Company.
<b>Resource estimates</b>	Resource estimates are expressions of judgment based on knowledge, experience and industry practice. These estimates were appropriate when made but may change significantly when new information becomes available. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Company's future plans and ultimately its financial performance and value.
<b>Key personnel</b>	Recruiting and retaining qualified personnel is important to the Company's success. The number of persons skilled in the exploration and development of mining properties is limited, and competition for such persons is strong. The Company may be adversely impacted by such employees ceasing their employment with the Company.

<b>Risk</b>	<b>Description</b>
<b>Future capital requirements</b>	The Company will most likely require further financing for its future business activities, in addition to the amounts raised pursuant to the Offers and the Placement. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or the issue price under the Placement) or may involve restrictive conditions which limit the Company's operations and business strategies. There cannot be any assurance that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all.
<b>Market volatility</b>	The price at which the Shares may trade may be affected by market sentiment arising from factors including changes in interest rates and economic conditions and movements in the Australian and international financial markets.
<b>Commodity price fluctuations</b>	In the event of exploration and development success, any future revenue derived through the future sale of copper, gold, iron ore and molybdenum exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for such commodities, forward selling by producers and the level of production costs. Moreover, prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, these commodities.
<b>Exchange rate fluctuations</b>	The expenditure of the Company is and will be taken into account in Australian, US and Chilean currencies, exposing the Company to the fluctuations and volatility of the rates of exchange between the US dollar, the Australian dollar and Chilean currencies as determined in international markets.

## 1.7 The Board

- Murray Edward Black (Non-Executive Chairman)
- Christian Ervin Easterday (Managing Director)
- Allan Trench (Non-Executive Director)
- Roberto de Andraca Adriasola (Non-Executive Director)
- George (Randall) Nickson (Non-Executive Director)
- Melanie Jane Leighton (Alternate Director for Murray Black)

## 2. Details of the Offers

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### 2.1 SPP Offer

#### (a) Offer

By this Prospectus, the Company invites Eligible Shareholders to participate in the SPP Offer.

Under the SPP Offer, the Company offers to Eligible Shareholders a total of 156,250,000 Shares at an issue price of \$0.032 each, to raise up to \$5,000,000 (before costs).

Eligible Shareholders may apply for Shares under the SPP Offer but are not required to do so.

The SPP Offer is subject to the terms and conditions set out in this Prospectus.

Each Eligible Shareholder is entitled to apply for up to 468,750 Shares at an Offer Price of \$0.032 each, for a total of \$15,000, regardless of the number of Shares held by that Eligible Shareholder.

#### (b) Eligibility to participate

Shareholders who were registered in the Company's register of Shareholders with an Australian or New Zealand address at the Record Date (i.e. 5.00pm (WST) on 5 August 2021) will be Eligible Shareholders and may participate in the SPP Offer, except in respect of any Shares such registered Shareholder holds on behalf of another person who resides outside of Australia or New Zealand.

Due to foreign securities laws, it is not practical for Shareholders resident in countries other than Australia and New Zealand to be offered the opportunity to participate in the SPP Offer.

#### (c) Joint holders

Shareholders who are joint holders of Shares are taken to be a single registered Shareholder for the purposes of the SPP Offer and the certification in the Application Form by any joint holder is taken to have been given by all joint holders.

A Shareholder who receives more than one invitation to participate in the SPP Offer (e.g. if the Shareholder holds Shares in more than one capacity) may not apply for Shares:

- with an aggregate value of more than \$15,000; or
- which would result in the aggregate value of the Shares applied for (including through a Custodian (see Section 3.8 below)) under the SPP Offer and any similar arrangement in the last 12 months being more than \$30,000.

(d) **Custodians**

An Eligible Shareholder who holds Shares as Custodian (see Section 3.8 below) for one or more persons on the Record Date (**Beneficiaries**) may apply for up to the maximum number of Shares for each Beneficiary for whom the Custodian holds Shares.

The Custodian must annex a certificate (**Custodian Certificate**) to its Application Form setting out the following information:

<b>Item</b>	<b>Requirements</b>
<b>Nature of relationship</b>	Either or both of the following: <ul style="list-style-type: none"><li>• that the Custodian holds Shares on behalf of one or more persons who are residents in Australia or New Zealand (each a <b>Participating Beneficiary</b>) who are not Custodians; or</li><li>• that another Custodian (<b>Downstream Custodian</b>) holds beneficial interests in Shares on behalf of one or more Participating Beneficiaries, and the Custodian holds the Shares to which those beneficial interests relate on behalf of the Downstream Custodian or another Custodian, on the Record Date and that each Participating Beneficiary has instructed the Custodian or the Downstream Custodian (as applicable) to apply for Shares under the SPP Offer on their behalf.</li></ul>
<b>Participating Beneficiary details</b>	The number of Participating Beneficiaries as well as their names and addresses.
<b>Holding</b>	Either: <ul style="list-style-type: none"><li>• the number of Shares that the Custodian holds on behalf of each Participating Beneficiary; and/or</li><li>• in the case of a Downstream Custodian, the number of Shares to which each Participating Beneficiary's beneficial interest relates.</li></ul>
<b>Application amount</b>	The number or dollar amount of Shares that each Participating Beneficiary has instructed the Custodian or the Downstream Custodian (as applicable) to apply for on behalf of each Participating Beneficiary.
<b>Confirmation that maximum application not exceeded</b>	That the total Application Moneys for Shares applied for under the SPP Offer for each Participating Beneficiary for whom the Custodian acts, directly or indirectly through a Downstream Custodian does not exceed \$15,000.
<b>Provision of Prospectus to Beneficiaries</b>	That a copy of the Prospectus was given to each Beneficiary.
<b>Downstream Custodians</b>	In the case where Shares are held for a Downstream Custodian, the name and address of each Downstream Custodian.

Custodians should request a Custodian Certificate when making an Application on behalf of Participating Beneficiaries.

To request a Custodian Certificate or further information on how to apply, a Custodian should contact the Share Registry at any time from 8.30am to 5.00pm (WST) Monday to Friday during the Offer Period, using the contact details set out in the Corporate Directory section above.

(e) **Allocation and scale-back**

The Directors will have discretion as to how to allocate the Shares under the SPP Offer. The Directors will generally allocate Shares in a manner that they consider to be fair and reasonable to Eligible Shareholders.

In the event that Applications for Shares under the SPP Offer exceed the total amount of Shares offered under the plan, then Applications will be scaled back. The Directors propose to allocate Shares to Eligible Shareholders equally up to a minimum of \$2,000, then scale back if required.

The Company cannot guarantee that all Eligible Shareholders to the SPP Offer will receive the number of Shares applied for. If an Eligible Shareholder does not receive any or all of the Shares applied for, the excess Application Moneys will be returned to the Eligible Shareholder without interest.

## 2.2 Shortfall Offer

(a) **Shortfall**

Any Shares not subscribed for under the SPP Offer will form the Shortfall and will be offered under the Shortfall Offer to professional and sophisticated investors who are not Related Parties of the Company, as determined by the Underwriter and the Directors, to subscribe for the Shortfall.

(b) **Offer**

The Shortfall Offer is a separate offer under this Prospectus. The issue price of the Shares under the Shortfall Offer is \$0.032, being equal to the issue price under the SPP Offer.

The Shortfall Offer is made only to certain professional and sophisticated investors by invitation to those investors as determined by the Underwriter and the Directors.

(c) **Placement of balance**

If, after the close of the SPP Offer and the Shortfall Offer, any Shortfall has not been subscribed for under the SPP Offer or the Shortfall Offer, the Directors reserve the right to place some or all of those Shares within 3 months after the close of the SPP Offer.

(d) **Allocation and scale-back**

The Directors will have discretion as to how to allocate the Shortfall both under the Shortfall Offer, and after the close of the SPP Offer.

The Directors propose to allocate the Shortfall to professional and sophisticated investors who are not Related Parties of the Company as determined by the Underwriter and the Directors having regard to the best interests of the

Company and the Company's desire to maximise the amount of funds raised under the SPP Offer and the Shortfall Offer (\$5,000,000).

(e) **Shortfall Offer is conditional**

The issue of Shares under the Shortfall Offer is conditional on Shareholder approval being obtained at the General Meeting for the issue of up to 156,250,000 Shares under the Shortfall to the SPP Offer.

If this condition is not satisfied, no Shares will be issued under the Shortfall Offer and Application Moneys for Shortfall Shares will be refunded in full without interest.

## **2.3 Timetable**

The SPP Offer and the Shortfall Offer will open on Tuesday, 17 August 2021 (**Opening Date**) and will close at 5.00pm (WST) on Friday, 10 September 2021 (**Closing Date**).

The indicative timetable for the SPP Offer and the Shortfall Offer is set out in the Timetable.

The Directors reserve the right to extend the Offer Period in relation to one or more of the Offers, or to close an Offer prior to the Closing Date, subject to the requirements of the Corporations Act and the Listing Rules.

The Directors may withdraw an Offer at any time prior to the issue of Shares pursuant to that Offer.

## **2.4 Minimum subscription to the Offers**

There is no minimum subscription requirement for the Offers, however as the SPP Offer is underwritten, the Company seeks to raise the full \$5,000,000 from the SPP Offer and the Shortfall Offer.

The minimum number of Shares under the SPP Offer for which an Eligible Shareholder can subscribe is \$2,000 worth of Shares (62,500 Shares).

## **2.5 Maximum subscription to the Offers**

The maximum subscription to the SPP Offer and the Shortfall Offer is 156,250,000 Shares.

The maximum number of Shares under the SPP Offer for which an Eligible Shareholder can subscribe is \$15,000 worth of Shares (468,750 Shares).

## **2.6 SPP Offer underwriting**

The SPP Offer is conditionally underwritten by Veritas Securities pursuant to the Underwriting Agreement on the terms described in Section 8.1.

## **2.7 No brokerage**

No brokerage or transfer/stamp duty is payable in relation to any Offer.

## 2.8 Lead Manager Offer

The Lead Manager Offer made under this Prospectus invites the Lead Managers (or their nominees) to subscribe for 92,500,000 Lead Manager Options at an issue price of nil.

The Lead Manager Offer is made only to the Lead Managers and their nominees.

The primary purpose of the Lead Manager Offer is for the Company to fulfil its obligations under the Lead Manager Engagements to issue 80,000,000 Lead Manager Options to the Lead Managers (or their nominees) and under the Underwriting Agreement to issue 12,500,000 Lead Manager Options to Veritas Securities.

By offering the Lead Manager Options under this Prospectus, the Lead Manager Options will be issued with disclosure under Chapter 6D of the Corporations Act. Accordingly, Shares issued on the exercise of the Lead Manager Options will not be subject to secondary trading restrictions.

The issue of the Lead Managers Options is conditional upon the Company obtaining Shareholder approval for the issue of the Lead Managers Options pursuant to Listing Rule 7.1 (and any other applicable Corporations Act or Listing Rule provisions) at the General Meeting.

The full terms and conditions of the Lead Manager Options are set out in Section 5.2.

## 2.9 Cleansing of Placement Shares – Ancillary Share Offer

An ancillary purpose of this Prospectus is to remove any trading restrictions that may have attached to Placement Shares issued by the Company before a Closing Date (“cleansing”).

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
  - (i) a prospectus is lodged with ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
  - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

For the purposes enabling the “cleansing” of Tranche 2 Placement Shares proposed to be issued by the Company after the Prospectus Date, the Ancillary Share Offer is made pursuant to this Prospectus. The Ancillary Share Offer will remain open until the Ancillary Share Offer Close Date, being the proposed date of issue of Tranche 2 Placement Shares.



The Ancillary Share Offer is an offer of 100,000 Shares at an issue price of \$0.032 per Share made by invitation only to persons as identified by the Directors. The Ancillary Share Offer is not open to the public or to Shareholders.

The Company does not anticipate issuing any Shares offered under the Ancillary Share Offer.

## **2.10 Enquiries**

This Prospectus provides information for potential investors in the Company and should be read in its entirety.

If after reading this Prospectus you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or financial advisor.

### 3. Applications for Shares

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#### 3.1 SPP Offer and Shortfall Offer – Applications by Eligible Shareholders

##### (a) Making an Application

An Eligible Shareholder that would like to participate in the SPP Offer can do so by completing and lodging the SPP Offer Application Form which accompanies this Prospectus.

Applications for Shares under the SPP Offer may be made with respect to any one of the following amounts:

Parcel	Subscription amount	Number of Shares
A	\$2,000	62,500
B	\$5,000	156,250
C	\$10,000	312,500
D	\$15,000	468,750

If a SPP Offer Application Form is not completed correctly or if the accompanying payment is for an incorrect amount, it may be treated by the Company as valid at its discretion. If the exact amount of required Application Moneys are not tendered with a SPP Offer Application Form, the Company reserves the right to either:

- return the SPP Offer Application Form and/or Application Moneys received and not issue any Shares to the Applicant; or
- issue to the Applicant the maximum number of Shares represented by the Application Moneys received and refund any excess amount to that Applicant by cheque or electronic funds transfer as soon as possible, without interest.

Eligible Shareholders that have not received their Prospectus and personalised SPP Offer Application Form, or require a replacement via post or email, should contact the Share Registry using the contact details set out in the Corporate Directory section of this Prospectus above.

Alternatively, Eligible Shareholders can access their personalised Application Form online from 17 August 2021 at <https://investor.automic.com.au/#/home>.

The Company reserves the right to accept a lesser amount to the total number of Shares applied for by an Eligible Shareholder on the SPP Offer Application Form (including if the SPP Offer closes oversubscribed), at the Company's complete discretion.

##### (b) Payment using BPAY®

Eligible Shareholders who wish to submit an Application and make payment using BPAY® under the SPP Offer should follow the instructions on the SPP

Offer Application Form which includes the 'Biller Code' and the Applicant's individual 'Customer Reference Number'.

Eligible Shareholders can only make payment using BPAY® with respect to the SPP Offer, and if they have an account with an Australian financial institution that supports such transactions.

Eligible Shareholders must ensure to use the specific 'Biller Code' and 'Customer Reference Number' on their individual SPP Offer Application Form. An Application may not be accepted if these details are incorrect. The 'Customer Reference Number' is used to identify each Eligible Shareholder's holding.

Eligible Shareholders with more than one holding of Shares may receive multiple 'Customer Reference Numbers'. Such Eligible Shareholders can apply under one or more of their holdings, provided that they do not apply for more than \$15,000 worth of Shares in total for all holdings.

Payments must be made in Australian dollars for an amount equal to the number of Shares for which the Eligible Shareholder wishes to apply, multiplied by the Offer Price (\$0.032).

If an Applicant makes a payment using BPAY®, a paper copy of the SPP Offer Application Form does not need to be submitted to the Company. However, by paying Application Moneys by BPAY®, the Eligible Shareholder will be taken to have made the declarations on the Application Form.

BPAY® payments of Application Moneys must be received before **5.00pm (WST) on the Closing Date.**

Eligible Shareholders should take into account when making an Application that their individual financial institutions may implement earlier cut-off times for BPAY® payments. It is an Eligible Shareholder's responsibility to ensure that the Application Moneys are received by the Company before the Closing Date.

(c) **Payment by electronic funds transfer (EFT)**

Eligible Shareholders who wish to submit an Application and make payment using electronic funds transfer (EFT) should follow the instructions set out in the enclosed Application Form.

Eligible shareholders are not required to provide their completed Application form to the Company's share registry to apply for shares under the SPP.

Making a payment via EFT or BPAY® constitutes acknowledgment of the Important Information noted on the SPP Offer application form which accompanies this Prospectus.

You must quote your unique reference number as shown on your Application Form as your payment reference/description when processing your EFT payment. Failure to do so may result in your funds not being allocated to your application and shares subsequently not issued.

Payment must be received by no later than 5.00pm (WST) on the Closing Date. You should be aware that your own financial institution may implement earlier cut-off times or associated fees with regard to processing a funds transfer, and you should therefore take this into consideration when making payment. It is

your responsibility to ensure that funds transferred via EFT are received by the Closing Date.

### **3.2 Effect of making an Application**

A completed and lodged Application constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application. Once an Application has been made, it cannot be revoked.

An Application Form does not need to be signed to be valid. If an Application Form is not completed correctly, it may be treated by the Company as valid at its discretion. The Directors' decision as to whether to treat such an Application as valid and how to construe, amend or complete a form is final. However, in relation to the SPP Offer and the Shortfall Offer an Applicant will not be treated as having applied for more Shares than is indicated by the amount of Application Money.

The Company reserves the right to refuse a completed Application if it has reason to believe that an Applicant has not received a copy of this Prospectus in paper or electronic form, or the Prospectus or Application Form provided to the Applicant has been altered or tampered with in any way.

If a person makes an Application, that person:

- irrevocably and unconditionally agrees to the terms of the relevant Offer set out in this Prospectus;
- acknowledges that their Application is irrevocable and unconditional;
- if the Application has been made under the SPP Offer or Shortfall Offer, agrees to pay the Offer Price for each Share which they have applied for, subject to any scale back (refer to Sections 2.1(e) and 2.2(d)); and
- if the Application has been made under the SPP Offer, warrants and represents to the Company that they are an Eligible Shareholder entitled to participate in the SPP Offer.

### **3.3 Application Money to be held on trust**

Application Money will be held by the Company on trust in accordance with the requirements of the Corporations Act until the Shares to which the Application Money pertains are issued under the SPP Offer and/or the Shortfall Offer, or a refund of Application Money occurs in the circumstances described in this Prospectus. The Company will retain any interest earned on Application Money, including in the event of any refund of Application Money.

### **3.4 Issue of Offer Shares**

Offer Shares are expected to be issued on the date specified in the Timetable.

The sale by an Applicant of Offer Shares prior to the receipt of a Holding Statement is at the Applicant's own risk.

### **3.5 ASX quotation – Shares**

Application for Official Quotation on ASX of Shares offered pursuant to this Prospectus will be made within 7 days after the Prospectus Date.

If permission for quotation of Shares is not granted by ASX within 3 months after the Prospectus Date, the Offer Shares will not be allotted, and Application Moneys will be refunded (without interest) as soon as practicable.

The fact that ASX may agree to grant Official Quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or its Shares.

### **3.6 Withdrawal**

The Directors may decide to withdraw this Prospectus or an Offer at any time before the issue of any Offer Shares.

### **3.7 Applicants outside of Australia**

#### **(a) General**

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offers.

It is the responsibility of any Applicant who is resident outside Australia to ensure compliance with all laws of any country relevant to their Application, and any such Applicant should consult their professional adviser as to whether any government or other consents are required, or whether any formalities need to be observed to enable them to apply for and be issued Offer Shares. Return of a duly completed Application Form will constitute a representation and warranty by an Applicant that there has not been any breach of such regulations.

The Company has not taken any action to register or qualify the Offer Shares or an Offer, or otherwise to permit a public offering of the Offer Shares, in any jurisdiction outside Australia.

#### **(b) New Zealand resident Eligible Shareholders**

The Offer Shares offered under this Prospectus are not being offered or sold to the public within New Zealand other than to Eligible Shareholders with registered addresses in New Zealand and to whom the SPP Offer is being made in reliance on the *Financial Markets Conduct (Securities Offered under Securities Act 1978 Exemptions Recognising Overseas Regimes) Exemption Notice 2016* (New Zealand).

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand).

This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

#### **(c) Other overseas resident Shareholders**

This Prospectus may not be released or distributed in any country other than Australia and New Zealand. The Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any country other than Australia and New Zealand.

Neither the Offers nor the Offer Shares have been, and nor will they be, registered under the *Securities Act* of 1933 of the United States of America (as amended) (**US Securities Act**). The Offer Shares may not be offered or sold in the United States of America, except in transactions exempt from, or otherwise not subject to, registration under the US Securities Act and applicable securities laws in any States of the United States of America.

The distribution of this Prospectus and accompanying Application Forms (including electronic copies) outside Australia or New Zealand may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### 3.8 Determination of Custodians – SPP Offer

A Shareholder is a Custodian if they satisfy any of the following:

Category	Requirements
<b>Licensee</b>	That Shareholder holds an Australian financial services licence (under the Corporations Act) that covers: <ul style="list-style-type: none"> <li>the provision of a custodian or depositary service; or</li> <li>the operation of an IDPS (as that term is defined in ASIC Class Order 13/763).</li> </ul>
<b>Exempt by regulation or legislative instrument</b>	That Shareholder is exempt under: <ul style="list-style-type: none"> <li>regulation 7.6.01(1)(k) of the <i>Corporations Regulations 2001</i> (Cth) (<b>Corporations Regulations</b>);</li> <li>regulation 7.6.01(na) of the Corporation Regulations;</li> <li>ASIC Class Order 14/1000 or 14/1001;</li> <li>Schedule 2 to the <i>ASIC Corporate (Repeal and Transitional) Instrument 2017/396</i>;</li> <li>an instrument, not being a legislative instrument, made by ASIC and which applies to the person on terms similar to Schedule 2 of <i>ASIC Corporate (Repeal and Transitional) Instrument 2017/396</i> or any of the ASIC Class Orders repealed by that legislative instrument; or</li> <li>paragraph 911A(2)(h) of the Corporations Act,</li> </ul> <p>from the requirement to hold an Australian financial services licence for the provision of a custodial or depositary service.</p>
<b>Superannuation trustee</b>	That Shareholder is the trustee of a self-managed superannuation fund or a superannuation master trust (as those terms are defined in <i>ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547</i> ).
<b>Responsible entity</b>	That Shareholder is a responsible entity of an IDPS-like scheme (as that term is defined in <i>ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547</i> ).
<b>Registered holder</b>	That Shareholder is noted on the Company's register of Shareholders as holding the Shares on account of another person.

If a Shareholder holds Shares as a trustee or nominee for another person or persons but is not a Custodian as defined above, that Shareholder cannot participate in the SPP Offer for beneficiaries for whom they hold Shares in the manner described above. In such instance, the rules for multiple single holdings (above) apply.

The Company reserves the right to reject any Application to the extent that it considers that the Application (whether alone or in conjunction with other Applications) does not comply with the requirements set out above.

The Company also reserves the right to reject Applications in accordance with the terms and conditions of this Prospectus.

### **3.9 CHESS and issuer sponsorship**

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**), operated by ASX Settlement (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASX Settlement Rules. The Company operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of its Securities.

Under CHESS, the Company does not issue certificates to the holders of Shares. Instead, the Company provides holders with a Holding Statement (similar to a bank account statement) that sets out the number of Offer Shares allotted and issued to them under this Prospectus.

This Holding Statement also advises investors of either their Holder Identification Number (**HIN**) in the case of a holding on the CHESS sub-register or Security Holder Reference Number (**SRN**) in the case of a holding on the issuer sponsored sub-register.

A Holding Statement is routinely sent to holders at the end of any calendar month during which their holding changes. A holder may request a statement at any other time; however, a charge may be incurred for additional statements.

### **3.10 Taxation implications**

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for Offer Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions for potential Applicants.

Neither the Company nor any of its advisers or officers accept any responsibility or liability for any taxation consequences to potential Applicants in relation to the Offers. Potential Applicants should, therefore, consult their own tax adviser in connection with the taxation implications of the Offers.

### **3.11 Privacy disclosure**

The Company collects information about each Applicant from the Application Forms for the purpose of processing the Application and, if the Applicant is successful, for the purposes of administering the Applicant's Shareholding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement.

The Company and the Share Registry may disclose an Applicant's personal information for purposes related to the Applicant's investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act:

- the Share Registry for ongoing administration of the Company's register;
- the Company's Related Bodies Corporate, agents, contractors and third party service providers, as well as to ASX, ASIC and other regulatory authorities (including the Australian Taxation Office); and
- the printers and the mailing house for the purposes of preparing and distributing Holding Statements and for the handling of mail.

If an Applicant becomes a Shareholder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the Securities held) in its public register. This information must remain in the Company's register of Shareholders even if that person ceases to be a Shareholder of the Company. Information contained in the Company's register of Shareholders is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Security holders) and compliance by the Company with legal and regulatory requirements.

If an Applicant does not provide the information required on the Application Form, the Company may not be able to accept or process their Application.

Under the Privacy Act, a person may request access to their personal information held by (or on behalf of) the Company or the Share Registry. An Applicant can request access to their personal information by writing to the Company through the Share Registry.



## 4. Effect of the Offers and the Placement

### 4.1 Principal effect of the Offers and the Placement on the Company

The principal effects of the Offers and the Placement, assuming all Tranche 2 Placement Shares are issued, and the Offers are fully subscribed, will be to:

- (a) increase the number of Shares on issue from 3,773,200,826 Shares as at the Prospectus Date to 4,358,296,315 Shares;
- (b) increase the number of Options on issue from 339,446,276 as at the Prospectus Date to 431,946,276 Options; and
- (c) increase cash reserves by up to approximately \$40 million immediately after completion of the Placement, the Offers and payment of the costs and expenses set out in Sections 8.7 and 8.9, including the estimated expenses of the Offers and the Placement.

### 4.2 Effect on capital structure

The capital structure of the Company following completion of the Placement and the Offers (assuming the Offers are fully subscribed) is set out below:

Shares	Full subscription
Shares on issue at the Prospectus Date (includes Tranche 1 Placement Shares)	3,773,200,826
Shares issued under the SPP Offer and/or the Shortfall Offer	156,250,000
Shares to be issued under the Tranche 2 Placement	428,745,489
<b>Total Shares on issue at completion of the Offers and Placement</b>	<b>4,358,296,315</b>
Options	
Options on issue at the Prospectus Date <sup>1</sup>	339,446,276
Lead Manager Options to be issued to Lead Managers <sup>2</sup>	92,500,000
<b>Total Options on issue at completion of the Offers and Placement</b>	<b>431,946,276</b>
Other Securities	
Convertible Notes <sup>3</sup>	69,453
Performance rights granted to Company managers	80,000,000

Notes:

1. Unquoted Options comprise:
  - (a) 12,000,000 Options exercisable at \$0.07 each on or before 19 December 2021;
  - (b) 15,000,000 Options exercisable at \$0.10 each on or before 15 November 2021
  - (c) 287,446,276 Options exercisable at \$0.025 each on or before 20 May 2022; and
  - (d) 25,000,000 Options exercisable at \$0.10 each on or before 30 November 2022.
2. Options exercisable at \$0.045 each on or before 30 September 2024.

3. Unsecured Convertible Notes with a face value of \$100 each, convertible to Shares at a price of \$0.03333 per Share.

#### **4.3 Effect on financial position of the Company**

The effect of the Placement and the Offers will be to increase the cash held by the Company as at the Prospectus Date by an amount of approximately \$40,000,000 (before costs of the Placement).

#### **4.4 Pro forma statement of financial position**

Set out below is:

- (a) the reviewed consolidated statement of financial position of the Company as at 31 December 2020; and
- (b) the unaudited pro forma consolidated statement of financial position of the Company as at 31 December 2020 incorporating the effect of the Placement, the Offers and the Lead Manager Offer at full subscription.

The unaudited pro forma consolidated statement of financial position has been derived from the financial statements of the Company and adjusted to reflect pro forma assets and liabilities of the Company as if completion of the Offers and the Lead Manager Offer had occurred by 31 December 2020. The historical and pro-forma information is presented in an abbreviated form. It does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

The pro forma statement of financial position has been prepared on the basis that there are no material movements in the assets and liabilities of the Company between 31 December 2020 and the completion of the Offers and the Lead Manager Offer except for:

- the issue of 1,093,750,000 Shares under the Placement to raise \$35,000,000;
- the issue of 156,250,000 Shares under the SPP Offer and/or the Shortfall Offer to raise \$5,000,000; and
- costs of the Placement and the Offers will be approximately \$2,500,000.

The unaudited consolidated pro forma statement of financial position has been prepared taking into account material movements in the assets and liabilities of the Company between 31 December 2020 and the completion of the Offers and the Lead Manager Offer except for those noted above.

Allowance has been made for expenditure incurred in the normal course of business from 31 December 2020 to the Closing Date.

**Hot Chili Limited**  
**Unaudited Pro Forma Statement of Financial Position**  
**as at 31 December 2020**

	Reviewed 31 December 2020 (\$)	Adjustments (\$)	Pro Forma unaudited 31 December 2020 (\$)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	24,108,182	16,871,200	40,979,382
Other current assets	133		133
<b>TOTAL CURRENT ASSETS</b>	<b>24,108,315</b>		<b>40,979,515</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	36,146	2,000	38,146
Exploration and evaluation expenditure	135,622,685	19,869,000	155,491,685
<b>TOTAL NON-CURRENT ASSETS</b>	<b>135,658,831</b>		<b>155,529,831</b>
<b>TOTAL ASSETS</b>	<b>159,767,146</b>		<b>196,509,346</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	3,256,362		3,256,362
Derivative financial statements	5,015,309		5,015,309
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,271,671</b>		<b>8,271,671</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	4,688,521		4,688,521
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,688,521</b>		<b>4,688,521</b>
<b>TOTAL LIABILITIES</b>	<b>12,960,192</b>		<b>12,960,192</b>
<b>NET ASSETS</b>	<b>146,806,954</b>		<b>183,549,154</b>
<b>EQUITY</b>			
Contributed equity	186,084,772	39,312,200	224,605,972
Reserves	2,369,055		2,369,055
Accumulated losses	(60,675,080)	(1,779,000)	(62,454,080)
Capital and reserves attributable to owners of Company	127,778,747		164,520,947
Non-controlling interests	19,028,207		19,028,207
<b>TOTAL EQUITY</b>	<b>146,806,954</b>		<b>183,549,154</b>

## Notes

1.	Cash and cash equivalents	31/12/2020(reviewed)	Subscription to Placement and Offer
		\$	\$
<b>Adjustments to arise at the pro-forma balance:</b>			
	Balance of Company at 31 December 2020	24,108,182	
<b>Pro-forma adjustments</b>			
	Operating, investing and financing activities		(20,632,000)
	Cash raised from the Placement		35,000,000
	Cash raised from the Offers		5,003,200
	Costs of the Capital Raising		(2,500,000)
	Pro-forma balance after issue		<u>40,979,382</u>

2.	Contributed equity	31/12/2020 (reviewed)	Subscription to Placement and Offer
<b>Adjustments to arise at the pro-forma balance:</b>			
	Fully paid ordinary share capital of Company as at 31 December 2020	186,084,772	
<b>Pro-forma adjustments:</b>			
	Financing activities		1,018,000
	Cash raised from the Placement		35,000,000
	Cash raised from the Offers	-	5,003,200
	Costs of the Offers		(2,500,000)
	Pro-forma balance		<u>224,605,972</u>

#### 4.5 Details of substantial Shareholders

The current relevant interests of the substantial Shareholders (persons who have informed the Company that they have a relevant interest in 5% or more of the total Shares on issue) as at the Prospectus Date, are as follows:

<b>Substantial Shareholder (includes associated entities)</b>	<b>Number of Shares held</b>	<b>% of total Shares on issue</b>
Murray Black <sup>1</sup>	216,266,943	5.73%
Glencore Australia Holdings Pty Ltd	376,942,763	9.99%

Notes:

1. Murray Black has an indirect relevant interest in the following entities' shareholdings in the Company, as follows:
  - (a) Kalgoorlie Auto Service Pty Ltd (16,750,000 Shares) - Murray Black is the sole director and controlling shareholder of this entity.
  - (b) Blue Spec Sondajes (97,262,085 Shares) – Murray Black is a sole administrator and controller of 20% of this entity's shares. Murray Black controls this entity within the meaning of section 50AA of the Corporations Act.
  - (c) Blue Spec Drilling (102,254,858 Shares) - Murray Black is a director and controller of 25% of the shares in this entity. Murray Black controls this entity within the meaning of section 50AA of the Corporations Act.

#### 4.6 Effect of the Placement and the Offers on control of the Company

As at the Prospectus Date, the Company has 3,773,200,826 Shares on issue.

The potential change to the voting power of each of the substantial Shareholders as a result of the Placement is set out in the table below.

Blue Spec Sondajes has agreed with the Company to subscribe for 93,750,000 Shares at \$0.032 per Share in the Tranche 2 Placement, subject to the approval of Shareholders at the General Meeting.

The interests of the substantial Shareholders are anticipated to be as follows as a result of completion of the issue 428,745,489 Shares under the Tranche 2 Placement and the issue of 156,250,000 Shares under the Offers.

<b>Name</b>	<b>Percentage of total Shares as at Prospectus Date</b>	<b>Percentage of total Shares after completion of the Tranche 2 Placement and Offers</b>
Murray Black & Associates	5.73%	7.11%
Glencore Australia Holdings Pty Ltd	9.99%	9.99%

Note:

Assumes that no Options are exercised or Convertible Notes are converted before completion of the Offers.

#### **4.7 Effects of the Placement and the Offers on activities of the Company**

The issue of Shares under the Placement and the Offers will provide funds for the purposes set out in Section 1.4.

Following completion of the Placement and the Offers, the Company intends to:

- (a) pay US\$15 million (approx. A\$20 million) to SCM Carola to acquire a 100% interest in the Cortadera Project;
- (b) continue drilling activities at the Cortadera copper project;
- (c) update the mineral resource estimate for Cortadera, San Antonio and Valentina copper projects; and
- (d) complete a pre-feasibility study for the Costa Fuego Copper Project in the 3<sup>rd</sup> quarter of 2022.

## 5. Rights and liabilities attaching to Securities

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### 5.1 Rights and liabilities attaching to Shares

The New Shares issued under this Prospectus will be fully paid ordinary shares in the capital of the Company and will rank equally with the Existing Shares.

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to the Shares. Full details of the rights and liabilities attaching to the Shares are contained in the Constitution and, in certain circumstances, are regulated by the Corporations Act, the Listing Rules, the ASX Settlement Rules and common law. The Constitution is available for inspection free of charge at the Company's registered office.

- (a) **Share capital:** All issued Shares rank equally in all respects.
- (b) **Voting rights:** At a general meeting of the Company, every holder of Shares present in person, by an attorney, representative or proxy has one vote on a show of hands and on a poll, one vote for each Share held, and for every contributing share (i.e. partly paid) held, a fraction of a vote equal to the proportion which the amount paid up bears to the total issue price of the contributing share. Where there is an equality of votes, the chairperson has a casting vote.
- (c) **Dividend rights:** Subject to the Corporations Act, the ASX Listing Rules and any right of persons entitled to shares with special rights to dividends (at present there are none), all dividends as declared by the Directors are to be payable on all such shares in proportion to the amount of capital paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividends is paid, unless the share is issued on terms providing to the contrary.
- (d) **Payment of dividends:** Dividends are payable out of the assets of the Company in accordance with section 254T of the Corporations Act and as determined by the Directors, which shall be conclusive. The Directors may direct that payment of the dividend be made wholly or in part by the distribution of specific assets or other Securities of the Company.
- (e) **Rights on winding-up:** Subject to the Corporations Act, the Listing Rules and any rights or restrictions attached to a class of Shares, a liquidator may on winding-up of the Company, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company and may for that purpose set such value as any liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.
- (f) **Transfer of Shares:** Subject to the Constitution, Shares may be transferred by:
  - (i) a proper ASX Settlement transfer or any other method of transferring or dealing in shares introduced by the ASX or operated in accordance with the ASX Settlement Rules or the Listing Rules as recognised under the Corporations Act; or

- (ii) an instrument in writing in any usual or common form or in any other form that the Directors, in their absolute discretion, approve from time to time.
- (g) **Refusal to transfer Shares:** The Directors may refuse to register a transfer of Shares (other than a proper ASX Settlement transfer) only where:
  - (i) the law permits it;
  - (ii) the law requires it; or
  - (iii) the transfer is a transfer of restricted securities (as defined in Listing Rule 19.12) which is, or might be, in breach of the Listing Rules or any escrow agreement entered into by the Company in respect of those restricted securities.
- (h) **Further increases in capital:** Subject to the Constitution, the Corporations Act and the ASX Listing Rules:
  - (i) Shares in the Company are under the control of the Directors, who may allot or dispose of all or any of the Shares to such persons, and on such terms, as the Directors determine; and
  - (ii) the Directors have the right to grant options to subscribe for Shares, to any person, for any consideration.
- (i) **Variation of rights attaching to shares:** The rights attaching to the shares of a class (unless otherwise provided by their terms of issue) may only be varied by a special resolution passed at a separate general meeting of the holders of those shares of that class, or in certain circumstances, with the written consent of the holders of at least seventy-five percent (75%) of the issued shares of that class.
- (j) **General meeting:** Each holder of Shares will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

## 5.2 Terms and conditions of Lead Manager Options

The Lead Manager Options offered pursuant to this Prospectus are regulated by the Constitution, the Corporations Act, the Listing Rules and common law.

Each New Option will be issued on the following terms:

- (a) **Entitlement:** Each Option entitles the holder (**Option Holder**) to subscribe for one fully paid ordinary Share.
- (b) **No payment on grant:** The Option Holder is not required to pay any amount on the grant of an Option.
- (c) **Exercise price:** The exercise price of each Option is \$0.045 (**Exercise Price**).
- (d) **Expiry date:** Each Option may be exercised at any time before 5.00pm (WST) on 30 September 2024 (**Expiry Date**). Any Option not exercised by the Expiry Date will automatically expire.



- (e) **Certificate or Holding Statement:** The Company must give the Option Holder a certificate or Holding Statement stating:
- (i) the number of Options issued to the Option Holder;
  - (ii) the Exercise Price of the Options; and
  - (iii) the date of issue of the Options.
- (f) **Transfer:**
- (i) The Options are transferable, subject to applicable law.
  - (ii) Subject to the Listing Rules and the Corporations Act, the Option Holder may transfer some or all of the Options at any time before the Expiry Date by:
    - A. a proper ASTC regulated transfer (as defined in the Corporations Act) or any other method permitted by the Corporations Act; or
    - B. a prescribed instrument of transfer.
  - (iii) An instrument of transfer of an Option must be:
    - A. in writing;
    - B. in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
    - C. subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee; and
    - D. delivered to the Company, at the place where the Company's register of option holders is kept, together with the certificate (if any) of the Option to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Option, the right of the transferor to transfer that Option and the proper execution of the instrument of transfer.
- (g) **Quotation of Options:** The Company will not apply to ASX for Official Quotation of Options.
- (h) **Quotation of Shares:** The Company will apply to ASX for Official Quotation of the Shares issued on exercise of Options.
- (i) **New issues:** The Option Holder is not entitled to participate in any new issue to Shareholders of Securities in the Company unless it has exercised its Options before the record date for determining entitlements to the new issue of Securities and participate as a result of holding Shares. The Company must give the Option Holder notice of the proposed terms of the issue or offer in accordance with the Listing Rules.
- (j) **Bonus issues:** If the Company makes a bonus issue of Shares or other Securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and a Share has not been issued in respect of an Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which an Option is exercisable will be increased by the number of Shares which the Option Holder would have

received if the Option Holder had exercised an Option before the record date for determining entitlements to the issue.

- (k) **Reorganisation:** If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option Holder (including the number of Options to which the Option Holder is entitled to and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (l) Any calculations or adjustments which are required to be made will be made by the Company's Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option Holder.
- (m) The Company must, within a reasonable period, give to the Option Holder notice of any change to the Exercise Price of any Options held by the Option Holder or the number of Shares which the Option Holder is entitled to subscribe for on exercise of an Option.
- (n) **Exercise of Options:**
  - (i) To exercise Options, the Option Holder must give the Company or its Securities Registry, at the same time:
    - A. a written exercise notice (in the form approved by the board of the Company from time to time) specifying the number of Options being exercised and Shares to be issued;
    - B. payment of the Exercise Price for the Shares, the subject of the Exercise Notice, by any means of payment approved by the Company; and
    - C. any certificate for the Options.
  - (ii) The Option Holder may only exercise Options in multiples of 10,000 Options unless the Option Holder exercises all Options held by the Option Holder.
  - (iii) Options will be deemed to have been exercised on the date the Exercise Notice and Exercise Price are received by the Company.
  - (iv) If the Option Holder exercises less than the total number of Options registered in the Option Holder's name:
    - A. the Option Holder must surrender their Option certificate (if any); and
    - B. the Company must cancel the Option certificate (if any) and issue the Option Holder a new Option certificate or Holding Statement stating the remaining number of Options held by the Option Holder.
- (o) **Issue of Shares on exercise of Options:**
  - (i) Within five Business Days after receiving an application for exercise of Options and payment by the Option Holder of the Exercise Price, the Company must issue the Option Holder the number of Shares specified in the application.

- (ii) Subject to the Constitution, all Shares issued on the exercise of Options will rank in all respects (including rights relating to dividends) equally with the existing ordinary shares of the Company at the date of issue.
- (p) **Governing law:** These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

## **6. Risk factors**

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### **6.1 Introduction**

Activities in the Company and its controlled entities, as in any business, are subject to risks which may impact on the Company's future performance. There can be no guarantee that the Company will achieve its stated objectives.

Prior to deciding whether to take up their Entitlements, Shareholders should read the entire Prospectus and review announcements made by the Company to ASX (at [www.asx.com.au](http://www.asx.com.au) under the code HCH) in order to gain an appreciation of the Company, its activities, operations, financial position and prospects.

An investment in New Shares should be considered speculative. New Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

Shareholders should consider the risk factors set out in Sections 6.2 and 6.3 below which the Directors believe represent some of the key, specific and general risks that Shareholders should be aware of when evaluating the Company and deciding whether to increase their shareholding in the Company. These risk factors are not intended to be an exhaustive list of all of the risk factors to which the Company is exposed.

### **6.2 Key Company specific risks**

The following risks have been identified as being key risks specific to an investment in the Company. These risks may adversely affect the Company's financial position, prospects and price of its quoted Securities.

#### **(a) Operational risk associated with Covid-19**

The Company has previously suspended drilling and other operational activities at the Cortadera Project during the current Covid-19 pandemic for the safety of its personnel. The Company is currently drilling and performing other operational activities. There is a risk that drilling and other operational activities might be affected or delayed by reason of Chilean government requirements for the health and safety of personnel in relation to Covid-19. Any prolonged delay to drilling activities might have a material adverse effect on the Company.

#### **(b) Exploration**

The success of the Company depends on the delineation of economically mineable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

The actual costs of exploration may materially differ from those estimated by the Company. There cannot be any assurance that the cost estimates and the underlying assumptions used as a basis for those estimates will be realised in practice, which may materially and adversely affect the Company's viability.

#### **(c) Sovereign risks**

While Chile is considered to be one of South America's most politically stable and prosperous nations, it may nonetheless be subject to social and economic

uncertainty. Civil and political unrest and outbreaks of hostilities in Chile could affect the Company's access to its projects and subsequent exploration and development.

Adverse changes in government policies or legislation in Chile affecting foreign ownership of mineral interests, taxation, profit repatriation, royalties, land access, labour relations, and mining and exploration activities may affect the operations of the Company.

(d) **Resource estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. These estimates were appropriate when made but may change significantly when new information becomes available.

There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Company's future plans and ultimately its financial performance and value.

(e) **Key personnel**

Recruiting and retaining qualified personnel is important to the Company's success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong. If such persons cease to be employed or otherwise engaged by the Company for whatever reason, the Company may be adversely affected.

(f) **Future capital requirements**

The Company will require further financing for its future business activities, in addition to amounts raised pursuant to the Offers and the Placement. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or the issue price under the Placement) or may involve restrictive conditions which limit the Company's operations and business strategies.

There cannot be any assurance that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operation and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

(g) **Commodity price fluctuations**

In the event of exploration and development success, any future revenue derived through the future sale of copper, gold, iron ore and molybdenum exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for such commodities, forward selling by producers and the level of production costs. Moreover, prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, these commodities.

(h) **Market volatility**

The price at which the Shares may trade may be affected by market sentiment arising from factors including changes in interest rates and economic conditions and movements in the Australian and international financial markets.

(i) **Exchange rate fluctuations**

The expenditures of the Company are and will be taken into account in Australian, US and Chilean currencies, exposing the Company to the fluctuations and volatility of the rates of exchange between the US dollar, the Australian dollar and Chilean currencies as determined in international markets.

### 6.3 Industry specific risks

Mineral exploration, development and mining activities are high-risk undertakings and there can be no assurance that any exploration or development activity in regard to Hot Chili's current properties, or any properties that may be acquired in the future, will result in the discovery or exploitation of an economic resource.

Mineral exploration, development and mining may be hampered by circumstances beyond the control of Hot Chili and are speculative operations which by their nature are subject to a number of inherent risks, including the following:

(a) **Ability to exploit successful discoveries**

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as those of the Company.

(b) **Mining and development risks**

Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Mining and development operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events.

(c) **Title risks**

The Company's interests in tenements in Chile are governed by legislation in that jurisdiction and are evidenced by the granting of mining concessions. Each mining concession is granted subject to conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if the tenement conditions are not met.

(d) **Environmental risks**

The operations and activities of the Company in Chile are subject to its environmental laws and regulations. As with most exploration projects and mining operations, the Company's operations and activities are expected to

have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(e) **Joint venture parties, agents and contractors**

In addition to the risks outlined in Section 6.2(a), there is a risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party, or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(f) **Competition**

The Company competes with other companies, including major mining companies in Australia and internationally. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There cannot be any assurance that the Company will be able to compete effectively with these companies.

#### **6.4 General investment risks**

(a) **Securities market conditions**

As with all securities market investments, there are risks associated with an investment in the Company. Share prices may rise or fall and the price of Shares might trade below or above the price payable for New Shares.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(b) **Liquidity risk**

There cannot be any guarantee that there will continue to be an active market for Shares or that the price of Shares will increase. There may be relatively few buyers or sellers of securities on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell Shares held by them.

(c) **Securities investment risk**

Applicants should be aware that there are risks associated with any Securities investment. Securities quoted on a securities market, and in particular securities of mining and exploration companies, have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the Securities regardless of the Company's performance.

(d) **Other risks**

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, pandemics, insurable and non-insurable risks, delay in resumption of activities following the occurrence of a risk and other matters that may interfere with the business or operations of the Company.



## 7. Continuous disclosure documents

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### 7.1 Continuous disclosure obligations

This is a prospectus for the offer of continuously quoted securities and options to acquire continuously quoted securities (as defined in the Corporations Act) of the Company and is issued pursuant to section 713 of the Corporations Act as a transaction specific prospectus. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

The Company is a “disclosing entity” for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the Listing Rules which require it to immediately notify ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Shares, subject to certain exceptions.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 12 months before the issue of this Prospectus.

The New Shares to be issued under this Prospectus are in a class of securities that were quoted on the stock market of ASX at all times in the 12 months before the issue of this Prospectus.

### 7.2 Documents available for inspection

The Company has lodged the following announcements with ASX since the lodgement of the Company’s half-yearly financial report on 31 December 2020:

Date	Description of ASX Announcements
13/08/2021	Notice of General Meeting/Proxy Form
13/08/2021	Appendix 2A – Issue of tranche 1 securities
13/08/2021	Application for quotation of securities - HCH
06/08/2021	Reinstatement to Official Quotation
06/08/2021	Proposed issue of securities
06/08/2021	Proposed issue of securities
06/08/2021	\$40M Arranged to Acquire Cortadera & Deliver Resource Growth
04/08/2021	Suspension from Official Quotation
02/08/2021	Presentation - Diggers and Dealers Forum
02/08/2021	Hot Chili Welcomes Glencore Investment
02/08/2021	Trading Halt
02/08/2021	Quarterly Activities/Appendix 5B Cash Flow Report
14/07/2021	Change of Director's Interest Notice
12/07/2021	Application for quotation of securities - HCH
12/07/2021	Convertible Notes quarterly interest June 2021

<b>Date</b>	<b>Description of ASX Announcements</b>
09/07/2021	Hot Chili Commences TSXV Dual Listing Process
18/06/2021	Ceasing to be a substantial holder
17/06/2021	Costa Fuego Copper-Gold PFS Underway
16/06/2021	Hot Chili Reports 144m Grading 1.0% CuEq
04/06/2021	Change of Directors Interest Notice- M Black option exercise
03/06/2021	Appendix 2A - Note conversion and option exercise
27/05/2021	Costa Fuego Adds High Grade Development Option
18/05/2021	Big 836m Intercept at 0.5% CuEq* at Cortadera
07/05/2021	Appendix 2A - Conversion of notes and option exercise
07/05/2021	Hot Chili Commences Trading on OTCQB venture market
03/05/2021	Quarterly Activities and Cashflow reports - 31 March 2021
16/04/2021	Change of Director's Interest Notice - M Black
16/04/2021	Cortadera Drilling Update - More Copper and More Gold
09/04/2021	Appendix 2A- Interest shares, Option and Note exercise
09/04/2021	Second Large Copper Porphyry System Confirmed
18/03/2021	Outstanding 813m Cu-Au Intercept at Cortadera -Amended
18/03/2021	Outstanding 813m Cu-Au Intercept at Cortadera

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Copies of documents lodged with ASX, in relation to the Company, including the Company's corporate governance policies, may be obtained from the Company's website at [hotchili.net.au](http://hotchili.net.au) or at ASX's website at [www.asx.com.au](http://www.asx.com.au).

The Company will provide a copy of each of the following documents, free of charge, to any person on request from the Prospectus Date until the Closing Date:

- (a) the half-year financial report of the Company for the half-year ended 31 December 2020, being the half-year financial report of the Company most recently lodged with ASIC before the issue of this Prospectus; and
- (b) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (a) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

## 8. Additional information

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### 8.1 Underwriting Agreement

The Company and Veritas Securities (**Underwriter**) have entered into an underwriting agreement (**Underwriting Agreement**) pursuant to which the Underwriter has agreed to fully underwrite the SPP Offer for a total of up to 156,250,000 New Shares at \$0.032 per Share, being a total commitment of \$5,000,000.

The Underwriting Agreement also appoints the Underwriter as lead manager to the Offers.

The Underwriter is entitled to:

- (a) a capital raising fee equal to 3% of the aggregate funds raised by the Company under the SPP Offer, being a fee of \$150,000;
- (b) a management fee equal to 2% of the aggregate funds underwritten by the Underwriter under the SPP Offer, being a fee of \$100,000; and
- (c) the grant of 12,500,000 Lead Manager Options, subject to Shareholder approval of the grant of the Lead Manager Options.

In addition, the Company must pay or reimburse the Underwriter for its reasonable costs, professional fees and expenses in relation, and incidental, to the Offer.

The Company has given warranties and covenants to the Underwriter which are of the type and form that are usual in an underwriting agreement of this nature.

The Underwriter's obligation to underwrite the SPP Offer is conditional the Company's shareholders in general meeting approving the issue of the Shortfall Securities in accordance with the requirements of ASX Listing Rule 7.1.

The Underwriter may terminate its obligations immediately by written notice to the Company in the following circumstances (where not defined in this Prospectus, capitalised terms are defined in the Underwriting Agreement):

- (a) (**Offer Materials**) the Underwriter forms the opinion, acting reasonably, that:
  - (i) a statement contained in the Offer Materials is or becomes misleading or deceptive or likely to mislead or deceive;
  - (ii) a matter is omitted from the Offer Materials that is required to be included in that document (having regard to the provisions of the Corporations Act, the Listing Rules and any other applicable legal requirements);
  - (iii) the Offer Materials do not comply with the Corporations Act, any ASIC Class Order or modification of the Corporations Act which is applicable to the SPP Offer or the Offer Materials; or
  - (iv) corrective action is required to be taken by the Company under the Corporations Act, and the Company fails to take that action to the reasonable satisfaction of the Underwriter;

- (b) **(Forecasts)** any material statement in the Offer Materials which relates to future matters is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the forecast time;
- (c) **(Notifications)** any of the following notifications are made:
  - (i) ASIC gives notice of an intention to hold a hearing or issues an order or interim order in relation to the SPP Offer or the Offer Materials;
  - (ii) an application is made by ASIC for an order in relation to the SPP Offer or the Offer Materials, or ASIC commences any investigation or hearing in relation to the SPP Offer or the Offer Materials; or
  - (iii) any person (other than the Underwriter) gives a notice, or any person (other than the Underwriter) who has previously consented to the inclusion of its name in the Offer Materials, or to be named in the Offer Materials, withdraws that consent;
- (d) **(Prosecution)** any director of the Company is charged with a criminal offence relating to any financial or corporate matter, or any director of the Company is disqualified from managing a corporation under the Corporations Act;
- (e) **(Winding up and insolvency)** an Insolvency or Winding Up Event occurs in respect of any member of the Company Group;
- (f) **(Prescribed Occurrence)** a Prescribed Occurrence occurs;
- (g) **(Indexes)** on any particular trading day during the term of the agreement any of:
  - (i) the S&P/ASX Small Resources Index (XSR.ASX); or
  - (ii) the United States dollar denominated spot price for Gold (SPTGLD.FX, defined as one troy oz)); or
  - (iii) the LME US\$ Denominated Copper Grade A Cash Contract Price (IRESS code: COPP.LME);

(each as quoted on IRESS, respectively an “Index”),

is for a period of at least one day more than 10% below that Index as at the close of normal trading on the trading day immediately preceding the date of formation of the agreement;
- (h) **(Quotation)** unconditional approval (or conditional approval, provided such condition would not, in the reasonable opinion of the Underwriter, have a material adverse effect on the success or settlement of the SPP Offer) by the ASX for official quotation of the SPP Offer Shares is refused, or is not granted, to the official quotation of all of:
  - (i) the Accepted Securities and the Shortfall Securities on ASX on or before 10am on the Trading Date or if granted, the approval is subsequently withdrawn, qualified or withheld; or
  - (ii) the Accepted Securities and the Shortfall Securities on ASX on or before 10am on the Trading Date or if granted, the approval is subsequently withdrawn, qualified or withheld,

or ASX makes an official statement to any person or indicates to the Company or the Underwriter that official quotation of the SPP Offer Shares will not be granted;

- (i) **(Certificate)** a Certificate is not furnished when required to be furnished by the Company under the agreement or a statement in that Certificate is untrue, incorrect or misleading or deceptive (including by omission);
- (j) **(Listing)** the Company ceases to be admitted to the official list of ASX or the Shares are suspended from trading on, or cease to be quoted on ASX (which, for the avoidance of doubt, does not include the trading halt requested by the Company for the purposes of conducting the SPP Offer or any other period of trading halt agreed between the Company and the Underwriter);
- (k) **(Director)** a director of the Company:
  - (i) is charged with an indictable offence or any regulatory body commences any public action against the director in his or her capacity as a director of the Company or announces that it intends to take any such action; or
  - (ii) is disqualified from managing a corporation under sections 206B, 206C, 206D, 206E, 206 F or 206G;
- (l) **(Misleading or deceptive conduct)** civil or criminal proceedings are brought against the Company or any officer of the Company in relation to any fraudulent, misleading or deceptive conduct relating to the Company whether or not in connection with the SPP Offer;
- (m) **(Withdrawal)** the Company withdraws the SPP Offer (or any part of it);
- (n) **(Debt facilities)**
  - (i) the Company breaches, or defaults under, any provision, undertaking, covenant or ratio or a material debt or financing arrangement or any related documentation to which that entity is a party; or
  - (ii) an event of default or review event has resulted in a lender or financier exercising its right to accelerate or require repayment of the debt or financing or other similar event occurs under or in respect to any such debt or financing arrangement or related documentation;
- (o) **(Illegality)** there is an event or occurrence, including any statute, order, rule or regulation, official directive or request (including on compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any Government Agency which makes it illegal for the Underwriters to satisfy the obligations under the agreement, or to market, promote or settle the SPP Offer in accordance with the terms of the agreement;
- (p) **(Material adverse change)** there is a material adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company Group including:
  - (i) any material adverse change in the earnings or future prospects of the Company Group from those disclosed in the Offer Materials; or
  - (ii) any material adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company Group from those disclosed in the Offer Materials;

- (q) **(Disclosures)** any information supplied by or on behalf of the Company to the Underwriters in relation to the Company, any member of the Company Group or the SPP Offer is untrue, incorrect, misleading or deceptive;
- (r) **(Change in management)** there is a change in the membership of the board of directors of the Company;
- (s) **(Default)** a default by the Company in the performance of any of its obligations under the agreement occurs;
- (t) **(Warranties)** a warranty or representation contained in the agreement on the part of the Company proves to be, or has been, or becomes, untrue or incorrect;
- (u) **(Fraud)** the Company or any of its directors or officers (as that term is defined in the Corporations Act) engage in any fraudulent conduct or activity whether or not in connection with the SPP Offer;
- (v) **(Material adverse change)** any material adverse change occurs in the assets, liabilities, financial position, performance, prospects or standing of the Company Group (only in so far as the position in relation to an entity in the Company Group affects the overall position of the Company) including:
  - (i) any change in the earnings, future prospects or forecasts of the Company Group from those disclosed in the Offer Materials;
  - (ii) any change in the nature of the business conducted by the Company Group;
  - (iii) any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company Group from those respectively disclosed in the Offer Materials;
- (w) **(Change of law)** there is introduced, or there is a public announcement of a proposal to introduce, a new law or regulation or government policy in Australia (including a policy of the Reserve Bank of Australia) or in New Zealand (including a policy of the Reserve Bank of New Zealand) or in the United States or the United Kingdom or in Chile (other than a law or policy which has been publicly announced before the date of the agreement);
- (x) **(Moratorium)** either of the following occurs:
  - (i) a general moratorium on commercial banking activities in Australia, New Zealand, the United States of America, the United Kingdom or Chile is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
  - (ii) trading in all securities quoted or listed on ASX, New Zealand Stock Exchange, the London Stock Exchange, the New York Stock Exchange or the Chile Stock Exchange is suspended or limited in a material respect for one day on which that exchange is open for trading (trading day) or substantially all of one trading day;
- (y) **(Market disruption)** any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, New Zealand the United States of America, the United Kingdom, the European Union, Chile or the international financial markets or any change in national or international

political, financial or economic conditions from those existing at the date of the agreement;

- (z) **(Hostilities)** hostilities not existing at the date of the agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving one or more of Australia, New Zealand the United Kingdom, the United States of America, Japan, North Korea, South Korea, the People's Republic of China, the Russian Federation, Iran or Chile, or a national emergency is declared in any of those countries, or a significant terrorist act is perpetrated anywhere in the world; or
- (aa) **(Supplementary Offer Document)** after lodgement of the Offer Document with ASIC, the Company becomes required to issue a Supplementary Offer Document because of a circumstance set out in section 719 of the Corporations Act;
- (bb) **(Timetable)**
  - (i) at any time before the Settlement Date, an event specified in the Timetable (other than the Despatch Date) is delayed for any length of time, regardless of the cause of such delay; and
  - (ii) the Despatch Date, or following the Settlement Date, an event specified in the Timetable, is delayed for 2 or more Business Days, regardless of the cause of such delay,

in either case, unless such delay is wholly attributable to the negligence, wilful misconduct, recklessness or fraud of the Underwriters or any delay agreed between the Underwriter and the Company;

- (cc) **(Due diligence)** the Underwriter forms the view (acting reasonably) that the information supplied by or on behalf of the Company to the Underwriter is or becomes misleading or deceptive or likely to mislead or deceive whether by omission or otherwise; or
- (dd) **(Rating)** a rating agency withdraws or downgrades the Company's credit rating or places the Company on negative watch (or if the Company is on negative watch on the Opening Date and ceases to be on negative watch during the Offer Period it is subsequently placed on negative watch).

The Underwriter may not exercise its rights under paragraphs (q) to (dd) above unless, in the reasonable opinion of the Underwriter, the occurrence of the event has or is likely to have:

- (a) a material adverse effect; or
- (b) could give rise to a liability of the Underwriter under the Corporations Act or otherwise; or
- (c) a material adverse effect on the price at which the SPP Offer Shares may trade on ASX after their quotation or on the willingness of investors to pay the Offer Price for the SPP Offer Shares.

## 8.2 Lead Manager Engagements

Under engagement agreements with each Lead Manager, the Lead Managers were jointly engaged by the Company on an exclusive basis to:

- (a) to advise and assist in relation to the pricing, structure and timetable for the Placement;
- (b) to assist in the preparation of required ASX announcements and offer documentation;
- (c) to manage and co-ordinate the Placement;
- (d) procure investors to the Placement; and
- (e) provide such other assistance to the Company with the Placement as agreed from time to time.

For performing these services, Lead Managers have been or will be paid as follows:

- (a) payment of a cash fee 6% to IAPW and 5% to Veritas Securities of the gross proceeds of the Placement arranged by each Lead Manager, other than the \$3,000,000 subscribed for by Blue Spec Sondajes under the Tranche 2 Placement; and
- (b) the grant of the Lead Manager Options.

On completion of the Tranche 2 Placement, the Lead Managers (or their nominees) will be entitled to be granted 80,000,000 Options (**Lead Manager Options**), subject to Shareholder approval of the grant of the Lead Manager Options.

In addition, the Company must pay or reimburse the Lead Managers for their reasonable costs, professional fees and expenses in relation, and incidental, to the Placement.

### **8.3 Litigation**

As at the Prospectus Date, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

### **8.4 Interests of Directors**

Other than as set out below or elsewhere in this Prospectus, no Director nor any entity in which a Director is a partner or director, has or has had in the 2 years before the Prospectus Date, any interest in:

- (a) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers or the Lead Manager Offer; or
- (b) the Offers or the Lead Manager Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any Director or proposed director or to any entity in which such a Director or proposed director is a partner or director, either to induce him to become, or to qualify as, a Director or otherwise for services rendered by him or by the entity in connection with the formation or promotion of the Company, the Offers or the Lead Manager Offer.



## 8.5 Security holding interests of Directors

At the Prospectus Date the relevant interest of each of the Directors and in the Shares and Options of the Company are as follows:

Director	Shares		Options		Convertible Notes	Performance Rights
	Direct	Indirect	Direct	Indirect		
Murray Black	Nil	216,266,943 <sup>1</sup>	Nil	Nil	3,384	Nil
Christian Easterday	21,921,429	5,160,941 <sup>2</sup>	Nil	6,000,000 <sup>3</sup>	Nil	20,000,000
Dr Allan Trench	Nil	257,653 <sup>4</sup>	Nil	16,803 <sup>4,5</sup>	Nil	Nil
Roberto de Andraca Adriasola	6,000,000	Nil	Nil	Nil	Nil	Nil
George (Randall) Nickson	Nil	Nil	Nil	Nil	Nil	Nil
Melanie Leighton (alternate for Murray Black)	180,000	Nil	3,000,000	Nil	Nil	15,000,000

Notes:

- Murray Black holds an indirect relevant interest in the following entities' shareholdings in the Company, as follows:
  - Blue Spec Sondajes (97,262,085 Shares) – Murray Black is a sole administrator and controller of 20% of this entity's shares. Murray Black controls this entity within the meaning of section 50AA of the Corporations Act.
  - Kalgoorlie Auto Service Pty Ltd (16,750,000 Shares) - Murray Black is the sole director and controlling shareholder of this entity.
  - Blue Spec Drilling (102,254,858 Shares) - Murray Black is a director and controller of 25% of the shares in this entity. Murray Black controls this entity within the meaning of section 50AA of the Corporations Act.

Blue Spec Sondajes has also agreed with the Company to subscribe for 93,750,000 Shares at \$0.032 per Share, subject to the approval of Shareholders at the General Meeting.
- Christian Easterday's relevant interest in Shares and Options comprises:
  - 21,921,429 Shares held by Christian Easterday personally;
  - 2,073,083 Shares held by Ostertag Holdings Pty Ltd (Ostertag) as trustee for the Easterday Family Super Fund; and
  - 3,087,858 Shares held by Ostertag as trustee for the Easterday Family Trust.
- Options exercisable at \$0.07 each on or before 19 December 2021.
- Held by Dr Allan Trench and Suzanne Trench as trustees for the Trench Super Fund Account.
- Options exercisable at \$0.025 each on or before 20 May 2022.

Directors or their associated entities who are registered as Shareholders on the Record Date may participate in the SPP Offer.

## 8.6 Remuneration of Directors

The Constitution provides that the Directors may be paid for their services as Directors. Non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum set by the Company in a general

meeting. The aggregate maximum is presently set at \$600,000 per annum. The Managing Director may receive such remuneration as the Directors determine.

A Director may be reimbursed for out-of-pocket expenses incurred as a result of their directorship.

Details of remuneration provided to Directors and former Directors during the current financial year and past two financial years is as follows:

Director	Financial year to 30 June 2021	Financial year to 30 June 2020
Murray Black	Director fee of \$66,267	Director fee of \$56,800
Christian Easterday	Salary of \$353,066 under executive services agreement with the Company	Salary of \$259,200 under executive services agreement with the Company
Dr Allan Trench	Director fee of \$39,200	Director fee of \$33,600
Roberto de Andraca Adriasola	Director fee of \$42,924	Director fee of \$36,792
George (Randall) Nickson	Director fee of \$42,924	Director fee of \$36,792
Melanie Leighton	Salary of \$226,667 pursuant to employment agreement with the Company	Salary of \$180,000 pursuant to employment agreement with the Company

Note: Figures are exclusive of superannuation.

Further information relating to the remuneration of Directors can be found in the Company's 2020 Annual Report, which can be found on the Company's website ([www.hotchili.net.au](http://www.hotchili.net.au)) or the ASX announcements webpage for the Company (ASX Code: HCH).

## 8.7 Market prices of Shares on ASX

Information about the closing market price of Shares quoted on ASX during the 3 months period before the Prospectus Date is set out in the table below.

	Price	Date
Highest	\$0.046	6/8/2021
Lowest	\$0.032	9/7/2021
Latest	\$0.042	12/8/2021

Note: Trading data prepared by ASX, who has not consented to its use in this Prospectus.

## 8.8 Expenses of the Offers

The estimated expenses payable in cash by the Company in respect of costs associated with this Prospectus and the Offers, including offer management, broking fees, legal, accounting, corporate advisory, printing, ASIC and ASX fees and other costs will be approximately \$350,000 assuming the Offers are fully subscribed.

## 8.9 Interests of advisers

Other than as set out below or elsewhere in this Prospectus, all other persons named in this Prospectus as performing a function in a professional, advisory or other capacity

in connection with the preparation or distribution of this Prospectus do not have, and have not had in the 2 years before the Prospectus Date, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers or the Lead Manager Offer; or
- (c) the Offers or the Lead Manager Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company, the Offers or the Lead Manager Offer.

Adviser	Service or function	Amount paid or to be paid
Automic Group	Securities registry	Automic Pty Ltd (t/as Automic Group) will be paid approximately \$15,000 (excluding GST) for share registry services to be provided in relation to the Offers. Automic Group has been paid or is entitled to be paid approximately \$116,366 (excluding GST) for the provision of share registry services to the Company in the period 2 years prior to the Prospectus Date.
Blackwall Legal LLP (a partnership)	Solicitors to the Company	Blackwall Legal is entitled to be paid approximately \$20,000 (excluding GST) in respect of legal services to the Company in relation to the Offers. In addition, Blackwall Legal LLP has provided other legal services to the Company in the period 2 years prior to the Prospectus Date and has been paid, or is entitled to be paid, fees totaling approximately \$22,168 (excluding GST) for those other services.
Veritas Securities Limited	Underwriter	Veritas Securities will be paid underwriting fees and granted Lead Manager Options for underwriting the SPP Offer on the terms described in Section 8.1. In addition, Veritas Securities has provided other advisory services to the Company in the period 2 years prior to the Prospectus Date and has been paid fees for those other services.
RSM Australia Partners	Auditor to the Company	RSM has been paid or is entitled to be paid approximately \$109,250 (excluding GST) for audit services provided to the Company in the period 2 years prior to the Prospectus Date.

## 8.10 Consents and liability statements

The following persons have given their written consent to be named in this Prospectus in the form and context in which they are named and to the inclusion of a statement or report in this Prospectus in the form and context in which it is included:

<b>Party</b>	<b>Capacity in which named</b>	<b>Statement or report in this Prospectus</b>
Automic Pty Ltd (t/as Automic Group)	Securities registry	Not applicable
Blackwall Legal LLP (a partnership)	Solicitors to the Company	Not applicable
Veritas Securities Limited	Underwriter	Not applicable
RSM Australia Partners	Auditor to the Company	Not applicable

Each of the parties named above as providing their consent:

- (a) did not authorise or cause the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than as specified in this Section 8.10; and
- (c) to the maximum extent permitted by law, expressly disclaims any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with consent of that party as specified in this Section 8.10.

## 9. Directors' consent

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The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company pursuant to a resolution of the Board by:

:



**Christian Easterday**  
Managing Director

Date: 13 August 2021

## 10. Glossary of Terms

<b>Ancillary Share Offer</b>	The offer of 100,000 Shares pursuant to this Prospectus on the terms described in Section 2.9.
<b>Ancillary Share Offer Closing Date</b>	17 September 2021, being the propose dated of issue of Tranche 2 Placement Shares, or such other date as the Directors may determine.
<b>Applicant</b>	A person who applies for New Securities in accordance with this Prospectus.
<b>Application</b>	A valid application for New Securities offered under this Prospectus.
<b>Application Form</b>	An application form accompanying this Prospectus.
<b>Application Monies</b>	The monies payable by Applicants to the Offers.
<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.
<b>ASX Settlement</b>	ASX Settlement Pty Ltd ACN 008 504 532.
<b>ASX Settlement Rules</b>	The settlement rules of ASX Settlement.
<b>Blue Spec Drilling</b>	Blue Spec Drilling Pty Ltd (ACN 601 943 364).
<b>Blue Spec Sondajes</b>	Blue Spec Sondajes SpA.
<b>Board</b>	The board of Directors of the Company.
<b>Business Day</b>	A day: (a) that is a business day as defined in the Listing Rules; and (b) which is not a Saturday, Sunday, public holiday or bank holiday in Perth, Western Australia.
<b>Capital Raising</b>	The capital raising under the Placement and the Offers.
<b>CHESS</b>	Clearing House Electronic Sub-register System operated by ASX Settlement.
<b>Closing Date</b>	The closing date of the SPP Offer and the Shortfall Offer as set out in Section 2.3.
<b>CMP</b>	Compañía Minera del Pacífico S.A., a corporation organised and existing under the laws of Chile, and includes affiliated entities.
<b>Company or Hot Chili</b>	Hot Chili Limited (ACN 130 955 725).
<b>Company Group</b>	The Company and its subsidiaries.
<b>Company Secretary</b>	The company secretary of the Company.
<b>Constitution</b>	The constitution of the Company.
<b>Convertible Notes</b>	The convertible notes issued by the Company on the terms set out in in section 4.1 of the Company's prospectus dated 20 June 2017, with a face value of \$100 each and convertible to Shares at conversion price of \$0.03333 per Share.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).

<b>Cortadera or Cortadera Project</b>	The concessions located near Vallenar, Chile, owned by SCM Carola, which the Company's subsidiary Frontera has an option to acquire.
<b>Costa Fuego Copper Project</b>	The Company's combined projects in Chile comprising the Cortadera Project, Productora Project, San Antonio deposit and Valentina deposit.
<b>Custodian</b>	A custodian, trustee or nominee holder of Shares within the meaning of "custodian" in ASIC Class Order 09/425.
<b>Director</b>	A director of the Company as at the Prospectus Date.
<b>Eligible Shareholder</b>	A Shareholder who is registered as the holder of Shares on the Record Date and is resident in Australia or New Zealand.
<b>Existing Share</b>	A Share issued before the Prospectus Date.
<b>Frontera</b>	Sociedad Minera La Frontera SpA, a corporation organised and existing under the laws of Chile, with taxpayer identification number 76.362.859-0 and a subsidiary of the Company.
<b>General Meeting or Meeting</b>	A general meeting of Shareholders or any adjournment thereof, to approve the matters described in Section 1.3.
<b>GST</b>	Goods and services tax levied under the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
<b>IAPW</b>	iA Private Wealth Inc., a leading independent broking firm based in Toronto, Canada.
<b>Issue</b>	The issue of New Shares and Lead Manager Options under the Offers.
<b>JORC Code</b>	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia (JORC).
<b>Lead Managers</b>	The lead managers to the Placement, Veritas Securities and IAPW.
<b>Lead Manager Engagements</b>	The engagement agreements between the Company and the Lead Managers for the provision of capital raising and corporate advisory services by the Lead Managers as described in Section 8.2.
<b>Lead Manager Offer</b>	The offer of 92,500,000 Lead Manager Options to the Lead Managers under this Prospectus as described in Section 2.8.
<b>Lead Manager Options</b>	Options exercisable at \$0.045 each on or before 30 September 2024 and issued on the terms set out in Section 5.2 offered to the Lead Managers and/or their respective nominees.
<b>Listing Rules</b>	The listing rules of ASX.
<b>New Securities</b>	Shares and Lead Manager Options offered under this Prospectus.

<b>New Shares</b>	The Shares that may be issued under this Prospectus on the terms set out herein.
<b>Notice of Meeting</b>	The Company's notice of general meeting for the General Meeting.
<b>Offer Period</b>	The period commencing on the Opening Date and ending on the Closing Date.
<b>Offer Price</b>	\$0.032 per Share.
<b>Offer Shares</b>	Shares offered by the is Prospectus, including SPP Offer Shares.
<b>Offers</b>	The SPP Offer and the Shortfall Offer under this Prospectus.
<b>Official List</b>	The official list of ASX.
<b>Official Quotation</b>	Official quotation by ASX.
<b>Opening Date</b>	The opening date of the Offers as set out in Section 2.3.
<b>Option</b>	An option to subscribe for a Share in the Company.
<b>Option Holder</b>	The holder of an Option.
<b>Placement</b>	The Tranche 1 Placement and the Tranche 2 Placement, pursuant to which the Company will issue a total of 1,093,750,000 Shares to raise \$35 million (before costs).
<b>Placement Participant</b>	A participant in the Placement, being an investor described in Section 1.1.
<b>Placement Shares</b>	A Share issued or to be issued under the Placement and <b>Placement Shares</b> means the total number of Shares issued the Placement.
<b>Privacy Act</b>	<i>Privacy Act 1988</i> (Cth).
<b>Productora Project</b>	The Productora copper project owned by SMEA and operated by the Company, located near Vallenar, Chile.
<b>Prospectus</b>	This prospectus, including any electronic or online version of this prospectus.
<b>Prospectus Date</b>	The date this Prospectus was lodged with ASIC.
<b>Record Date</b>	The date at which entitlement of Shareholders to participate in the SPP Offer is determined, being 5.00pm (WST) on Thursday, 5 August 2020.
<b>Related Party</b>	A person who is a 'related party' of the Company within the meaning of the Listing Rules.
<b>Resolution</b>	A resolution set out in the Notice of Meeting.
<b>SCM Carola</b>	Sociedad Contractual Minera Carola, a Chilean mining company which holds the concessions comprising the Cortadera Project.
<b>Section</b>	A section of this Prospectus.
<b>Securities</b>	Shares and/or Options.
<b>Share</b>	A fully paid ordinary share in the capital of the Company.
<b>Share Registry</b>	The Company's share registry, Automic Group.
<b>Shareholder</b>	The holder of a Share.



<b>Shortfall Shares</b>	The Shares offered under the SPP Offer for which Applications by Eligible Shareholders are not received and accepted.
<b>Shortfall Shares</b>	The shortfall to the SPP Offer proposed to be offered to non-Related Party investors under the Shortfall Offer.
<b>Shortfall Offer</b>	Has the meaning given to that term in Section 1.2
<b>SMEA</b>	Sociedad Minera El Águila SpA, a corporation organised and existing under the laws of Chile, with taxpayer identification number 76.032.211-3, being a subsidiary of the Company and CMP.
<b>SMECL</b>	Sociedad Minera El Corazón Limitada, a corporation organised and existing under the laws of Chile, with taxpayer identification number 76.032.199-0 and a subsidiary of the Company.
<b>SPP Offer</b>	The offer to each Eligible Shareholder of up to 468,750 Shares at an issue price of \$0.032 per Share totalling \$15,000.
<b>SPP Offer Shares</b>	156,250,000 Shares offered under the SPP Offer.
<b>Timetable</b>	The timetable for the Offers as set out in the “SPP Offer – Key Information” section of this Prospectus.
<b>Tranche 1 Placement</b>	The placement by the Company of 665,004,511 Shares issued at an issue price of \$0.032 each, to non-Related Party sophisticated and professional investors, raising approximately \$21.28 million (before costs).
<b>Tranche 1 Placement Shares</b>	The 665,004,511 Shares issued under the Tranche 1 Placement.
<b>Tranche 2 Placement</b>	The placement by the Company of up to 428,745,489 Shares at an issue price of \$0.032 each to Placement Participants, to raise approximately \$13.72 million (before costs), subject to Shareholder approval at the General Meeting.
<b>Tranche 2 Placement Shares</b>	The Shares to be issued under the Tranche 2 Placement.
<b>Underwriter</b>	Veritas Securities.
<b>Underwriting Agreement</b>	The underwriting agreement between the Company and Veritas Securities for the underwriting of the SPP Offer as described in Section 8.1.
<b>Veritas Securities</b>	Veritas Securities Limited (ACN 117 124 535) AFSL 297043
<b>WST</b>	Western Standard Time, being the time in Perth, Western Australia.