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ASX ANNOUNCEMENT

Tuesday 11th March 2014

Hot Chili emerging as significant Chilean copper house with maiden resource at its second project

Plus maiden reserve and resource revision at flagship Productora project expected later this month

Maiden Copper-Gold Resource Established at Frontera

- **First resource estimate for Hot Chili's second project, Frontera, of 50.5Mt grading 0.4% copper and 0.2g/t gold**
- **Contained metal at Frontera comprises of 187,000 tonnes of copper, 356,000 oz of gold from surface (no pre-strip)**
- **Copper metal within the Frontera resource classified as 33% Indicated and 67% Inferred**
- **Including Productora, Hot Chili's total coastal copper resource inventory now stands at 215.7Mt grading 0.5% copper, 0.1g/t gold for 1.1Mt of copper metal, 936,000oz of gold**
- **Productora maiden reserve and resource revision being finalised and due to be released in the current quarter**
- **Discussions with Chilean resources major Compañía Minera del Pacífico S.A (CMP) re infrastructure agreement on-track**

Hot Chili (ASX Code: HCH) is pleased to announce the maiden resource estimate for its second copper project, Frontera, in a move which highlights the Company's rapid growth into a substantial Chilean copper house.

The resource at Frontera, which lies 50km directly south of the Company's flagship Productora copper project in Chile, equates to an estimated 50.5 million tonnes at 0.4% copper and 0.2g/t gold for 187,000t of copper and 356,000oz of gold.

ASX Code
HCH

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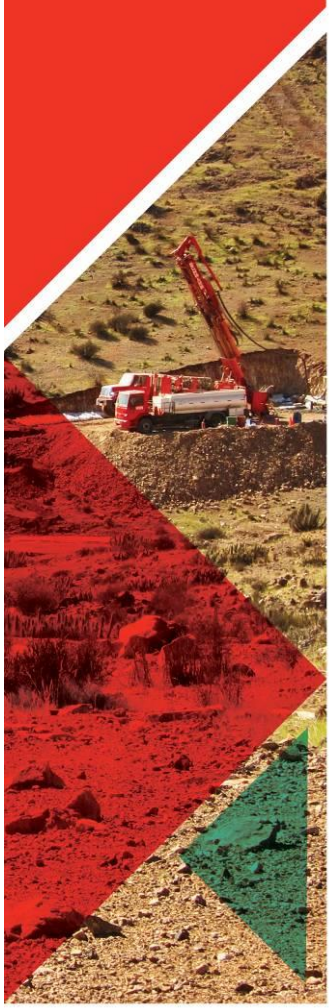


Together, the two projects give Hot Chili a total coastal copper resource base of more than 1.1Mt of copper metal and 940,000oz of gold.

Hot Chili is currently also completing a first reserve estimate and resource revision for Productora. The results of this will be released this month and will mark a significant milestone in the Company's progress towards its objective of establishing a new mid-tier copper mine on the Chilean coastal range.

Hot Chili Chairman Murray Black said the Company was on-track to deliver the results of its 2013 exploration and resource development activities.

"The addition of Frontera into our coastal copper resource base is part of our strategy to build a multi-project copper production hub centred on Productora," Mr Black said.

"We now look forward to establishing our first reserve at Productora which will be at the heart of our planned production hub.

"As the Frontera results show, there are substantial resources in this region which are leveraged against our Productora copper project and the associated infrastructure Hot Chili intends to establish in partnership with CMP".

Frontera Copper Project adjacent to Pan American Hwy, looking south

First Resource at Frontera

In mid-2012, Hot Chili executed a purchase-option agreement over a lease (La Union 1-2 exploitation concession) containing the centre of a previously discovered large copper-gold porphyry deposit, 50km directly south of the Productora copper project. Since executing this agreement for the Frontera copper project, the company has completed some 16,179m of drilling (50 reverse circulation holes for 15,539m & two diamond tails for 636.2m) along with detailed geological work streams.

This work has now culminated in a first resource estimate for Frontera comprising 50.5Mt grading 0.4% copper and 0.2g/t gold for 187,000 tonnes of copper and 356,000 ounces of gold from surface.

The first resource estimate was confined to leases located within the centre of a larger identified cluster of copper-gold porphyries. The Frontera porphyry system had previously been drill tested by Noranda during the early 1990s and was identified to extend significantly into surrounding areas.

The current Frontera mineralisation is open at depth and further drilling may extend the resource beyond the Company's land position. Efforts to expand the Company's landholding are being pursued through discussions with surrounding landholders.

The mineral resource estimate was completed by Hot Chili in co-operation with independent consultants Coffey Mining Pty Ltd (Coffey) and is summarised in Tables 1 and 2 below. The resource estimate includes all RC and DD drilling results completed at the project during 2013.

The resource has been estimated in accordance with the guidelines of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012). A summary of the estimation methodology and competent person statement is included at the end of this announcement.

Table 1 - Frontera Mineral Resource Statement - March 2014

Frontera Resource					
Classification	**Tonnage**	**Grade**		**Contained Metal**	
(>0.25% Copper)		Cu %	Au g/t	Copper (tonnes)	Gold (ounces)
Indicated	16,100,000	0.4	0.2	61,000	116,000
Inferred	34,400,000	0.4	0.2	125,000	239,000
Total	***50,500,000***	***0.4***	***0.2***	***187,000***	***356,000***

Note: Figures in the above table are rounded, reported to one significant figure, and classified in accordance with the Australian JORC code 2012 guidance on mineral resource reporting.

Copper metal within the resource is classified as 33% Indicated material (61,000 tonnes of copper metal) and 67% Inferred material (125,000 tonnes of copper metal) with the majority of the Indicated material lying within 140m from surface. The current classification limits the Indicated resources to above the water table. Further diamond drilling below the water table has a significant likelihood of upgrading a large percentage of Inferred resource material.

A nominal +0.1% and +0.3% copper grade shell model was utilised to constrain the block model resource estimation. The average depth of the resource estimate base is approximately 500m from surface.

Information pertaining to the resource methodology and parameters is summarised in JORC Table 1 at the end of this announcement. All exploration and drilling results relating to the maiden Frontera resource estimate have been previously reported to the Australian Securities Exchange (ASX) on the 24th of April 2013 and 11th of June 2013.

Figure 1 illustrates the distribution of grade and tonnes within the resource estimate using increasing minimum copper cut-off grade.

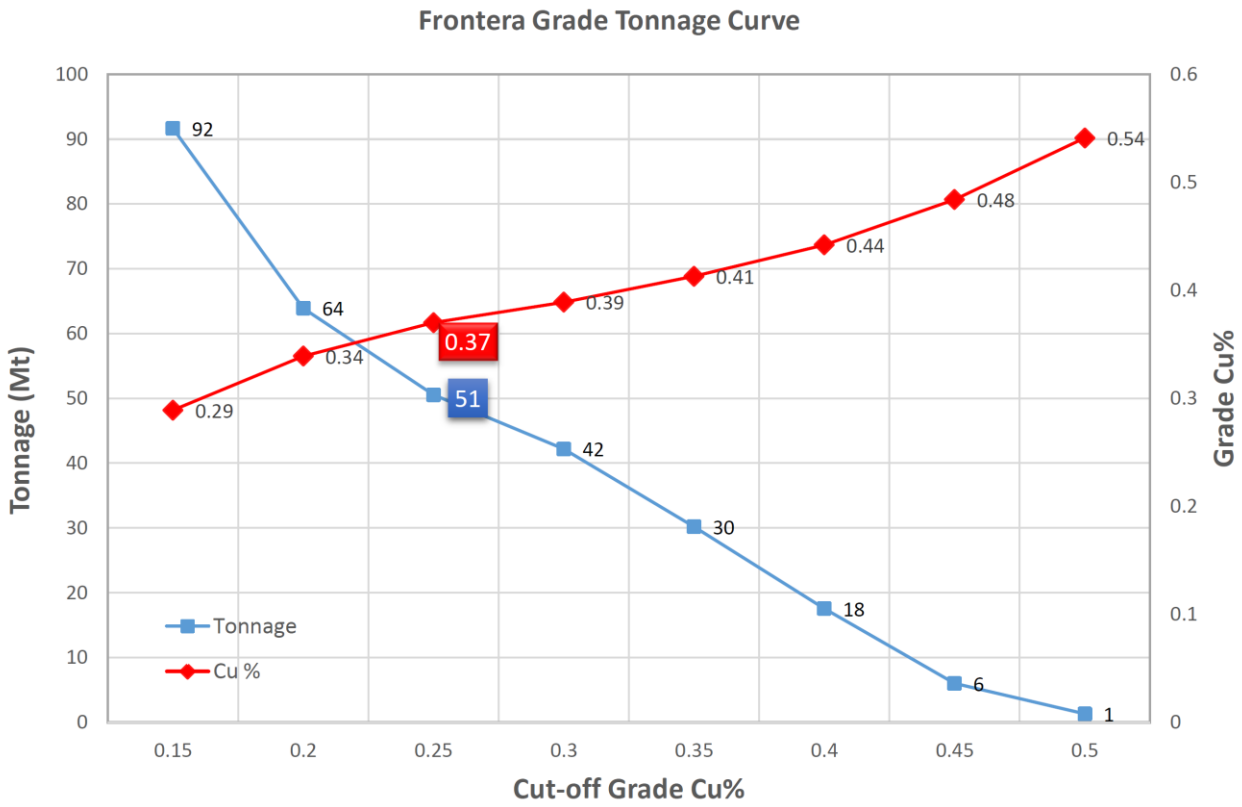


Figure 1 - Distribution of grade and tonnes with increasing copper cut-off grade

The resource extends from surface with transitional and sulphide material dominant and accessible from near-surface owing to the limited distribution of surface oxide material over the deposit. The distribution of sulphide (79%), transitional (19%) and oxide (4%) copper metal within the resource is summarised in figure 2 below.

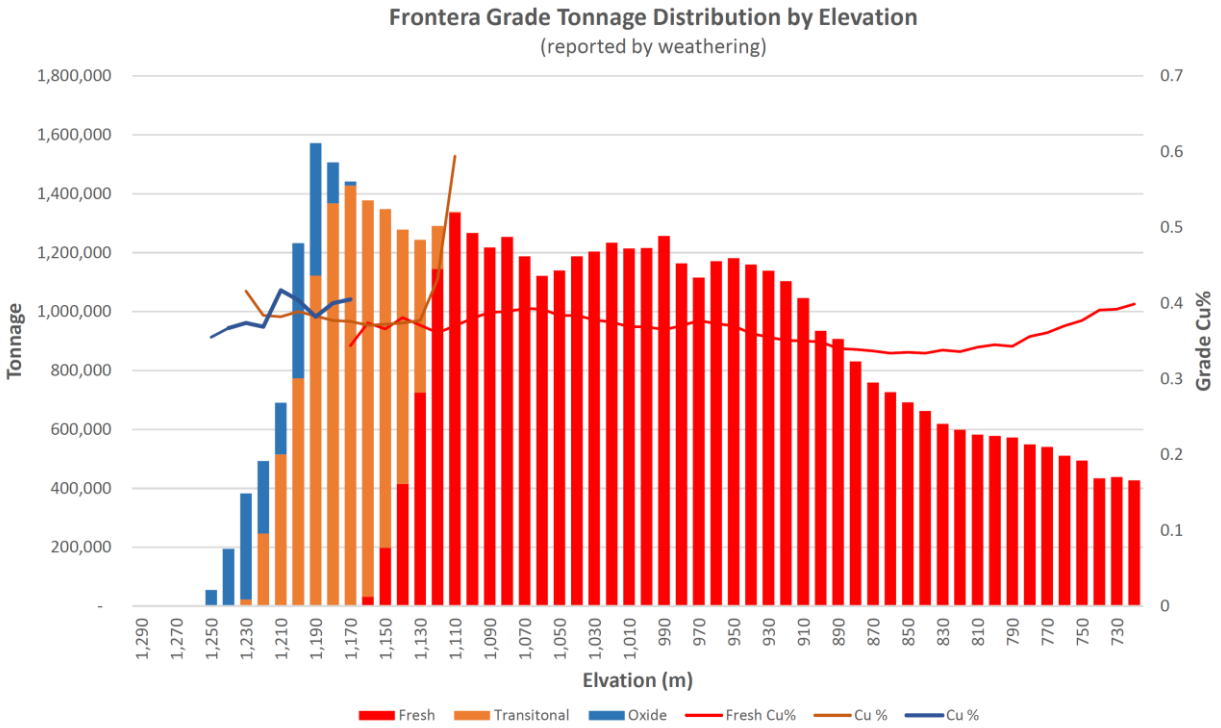


Figure 2 - Distribution of Oxide, Transitional and Fresh grade and tonnes with increasing depth

Frontera is located within a linear trend of porphyry intrusions which include the Dos Amigos copper-gold mine (approximately 10km NNE of Frontera).

Mineralisation at Frontera is hosted within an andesitic volcanic/volcaniclastic pile intruded by multiple phases of variably hornblende-rich dioritic porphyry intrusions. Copper and gold mineralisation is commonly located in or proximal to potassic alteration zones characterised by intense veining and biotite-magnetite alteration.

Sulphide copper mineralogy is associated with finely disseminated chalcopyrite, vein-related chalcopyrite and bornite. At the surface, copper oxides are found sporadically in veinlets within the stockworked zone. Secondary enrichment does not seem to play a significant role at Frontera in regard to copper. Within the weakly enriched zones, minor chalcocite and covellite have been observed, principally as coatings on sulphide grains.

Copper distribution at Frontera is characteristic of a typical mid-level porphyry stock with a distinct annulus of copper mineralisation surrounding a barren intrusive centre as displayed in figure 3. A cross-section showing the strong plunge continuity of the Frontera resource is also displayed in figure 4.

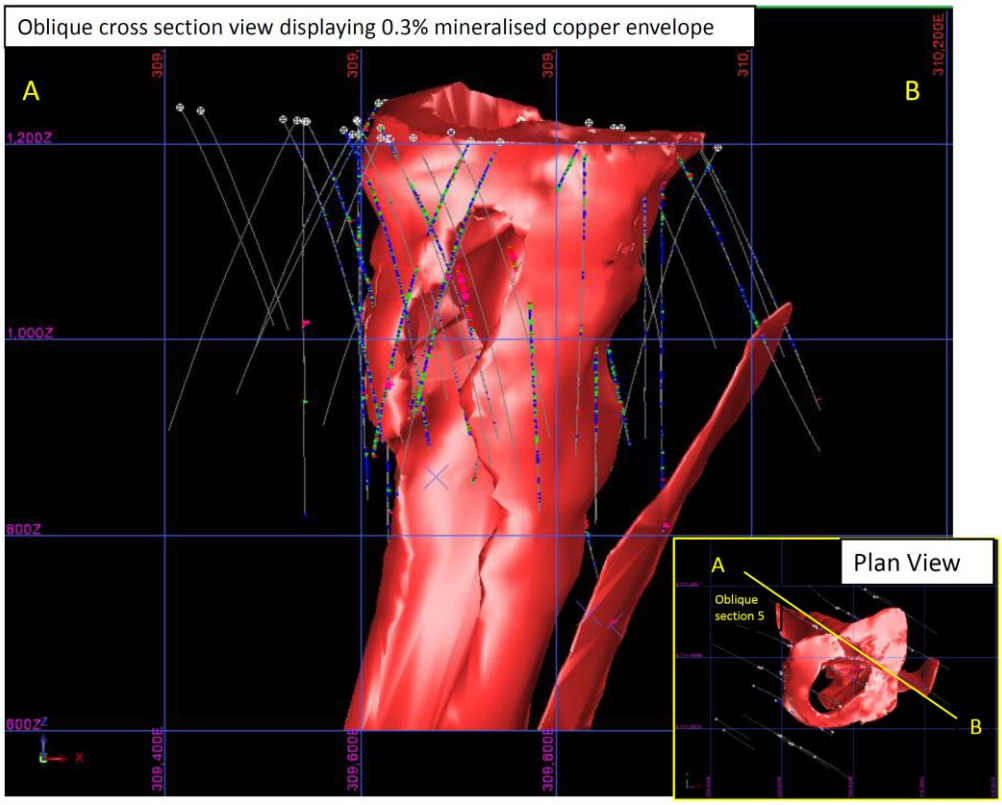
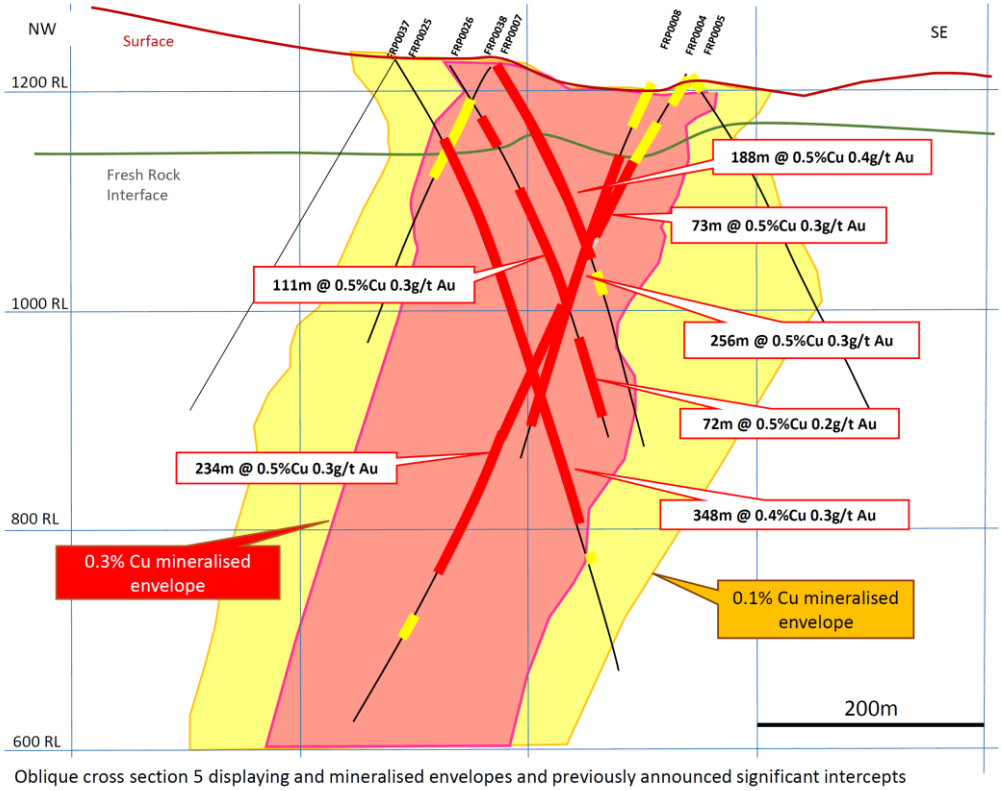


Figure 3 - Oblique view of resource model for the Frontera copper project, Chile



Oblique cross section 5 displaying and mineralised envelopes and previously announced significant intercepts

Figure 4 - Cross-section of the Frontera resource in association with drilling results.

First Reserve for Productora Copper Project Due Q1 2014

Multiple work streams are well advanced towards the completion of the first reserve estimate and a revised resource for the Productora copper project later this month.

The forthcoming release of a reserve estimate will be a significant milestone in the growth and development of the Company's flagship project in Chile.

Once the first reserve estimate for Productora is complete, Hot Chili plans to undertake throughput optimisation and project right sizing activities to determine the optimal definition of the project. The outcome of this work will be a key driver in the Company's activity plans this year.

Joint Infrastructure Negotiations

Discussions between Hot Chili and its project partner Compañía Minera del Pacífico S.A. ("CMP"), Chile's largest iron ore producer and integrated steel business, on establishing a joint infrastructure agreement for the development of the Productora copper project are on-track.

The outcomes of these discussions and negotiations will be announced once they have been finalised and are complete.

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JORC Compliant Productora Resource Statement- Reported 13th February 2013

Classification	Resource Series (+0.3% Cu)	Tonnage	Grade			Contained Metal		
			Cu %	Au g/t	Mo g/t	Copper (Tonnes)	Gold (Oz)	Molybdenum (Tonnes)
INDICATED	Res Upgrade 1	39,400,000	0.6	0.1	124	230,000	150,000	5,000
	Central Resource	31,200,000	0.6	0.1	159	190,000	110,000	5,000
	Total	**70,600,000**	**0.6**	**0.1**	**140**	**420,000**	**260,000**	**10,000**
INFERRED	Res Upgrade 1	40,600,000	0.5	0.1	110	200,000	130,000	4,000
	Central Resource	54,000,000	0.6	0.1	138	300,000	180,000	8,000
	Total	**94,600,000**	**0.5**	**0.1**	**126**	**500,000**	**310,000**	**12,000**
TOTAL	Res Upgrade 1	80,000,000	0.5	0.1	117	440,000	290,000	9,000
	Central Resource	85,200,000	0.6	0.1	146	480,000	290,000	13,000
	Total	**165,200,000**	**0.6**	**0.1**	**132**	**920,000**	**580,000**	**22,000**

Note: Figures in the above table are rounded and are reported to one significant figure in accordance with Australian JORC code 2004 guidance on mineral resource reporting.

This information was prepared and first disclosed under the JORC Code 2004 edition. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Competent Person's Statement

Exploration Results

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

Mineral Resources

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

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

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

Criteria	Commentary

Sampling techniques	• Reverse circulation drilling (RC) was used to drill 1 metre intervals to produce a 1m bulk sample and representative 1m split samples (12.5%, or nominally 3.5kg) were collected using a cone splitter.
	• Geological logging was completed and mineralised intervals were determined by the geologists to be submitted as 1m split samples. 1m split samples were taken directly from the cone splitter, 2m split samples were created by combining two 1m cone split samples (where taken). In logged unmineralised zones 4m composite scoop samples were submitted to the laboratory for analysis. If these 4m composite samples came back with Cu grade > 0.2% the corresponding original 1m (or combined 2m) split samples were submitted to the laboratory for analysis.
	• Diamond drilling was used to produce drill core with a 63.5mm (HQ) diameter. Diamond core was routinely whole sampled on 1m intervals.
	• Both RC and diamond samples were crushed and pulverised from which a 150g pulp was split for multi-element (including copper) assay by ICP-MS61 (or ME-MS61) and gold by 30g fire assay (Au-ICP21).
	  ○ Copper was determined by 4-acid digestion (Hydrochloric-Nitric-Perchloric-Hydrofluoric) followed by ICP-OES determination. Copper grades returned > 10,000ppm were subjected ore grade analysis of four-acid digestion, followed by AAS measurement to 0.001% Cu (ALS method Cu-AA62).
	  ○ Gold was determined by 30-gram lead-collection Fire Assay, followed by ICP-OES to a detection limit of 0.001 ppm Au.
	• Sampling techniques used are deemed appropriate for the style of copper-gold mineralisation and deposit type.

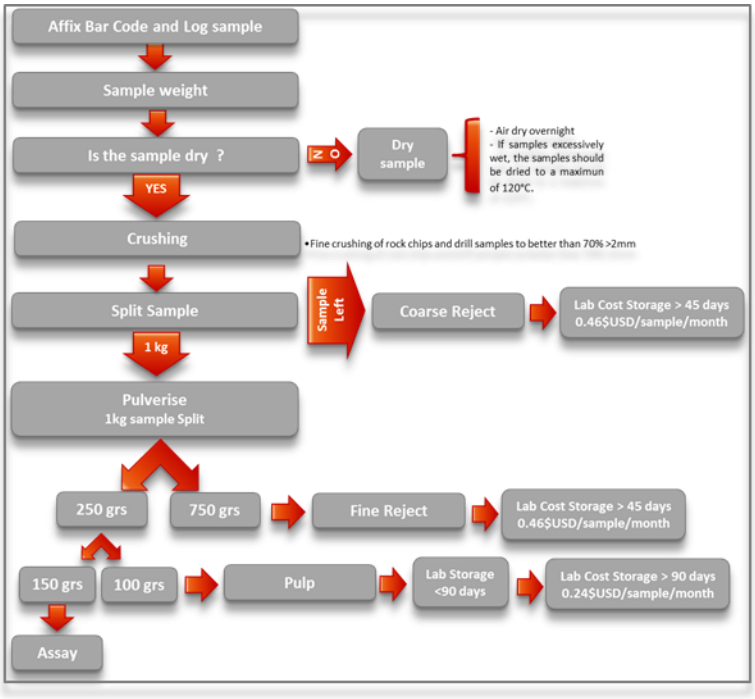
Drilling techniques	• Reverse Circulation drilling used 140 to 130mm diameter drill bits. RC drilling employed face sampling hammers ensuring contamination during sample extraction is minimised. Diamond drilling used HQ drill bits (96mm external and 63.5mm internal diameter). Diamond drilling was double tube. Diamond core was oriented by the Reflex ACT III core orientation tool. • Diamond tails were drilled to test depth extensions of the mineralisation below depths which RC drilling could not penetrate. Diamond tails were completed on RC pre-collars, and not cored from surface.
Drill sample recovery	• Drilling techniques to ensure adequate RC sample recovery and quality included the use of "booster" air pressure. Air pressure used for RC drilling was 700-800psi. • Logging of all samples followed established company procedures which included recording of qualitative fields to allow discernment of sample reliability. This included (but was not limited to) recording: ○ sample condition, sample recovery, sample split method. • Overall logging of RC sample recovery recorded 97% of samples as "good", 2% "moderate" and 1%

	"poor". Geotechnical logging for DD core averaged 99% recovery.
	• These very high sample recoveries give confidence in quality and representivity for both RC and DD samples.
	• Sample weights were routinely measured by ALS laboratory. An analysis of these weights and their corresponding grades did not identify any bias concern.
	• Twin hole data is currently limited. A general comparison between damp/wet and dry RC samples was undertaken to define confidence in sampling wet and to assist potential domain decisions. The statistical characteristics of the copper populations within the 0.1% and 0.3% Cu mineralisation domains were similar. It was determined that the samples were representative for the Cu mineralisation.
	• The comparison of gold populations within these same domains was less robust. While there is potential for possible bias in wet samples for gold, further investigation has suggested that this could also be explained by:
	  ○ gold mineralisation being impacted by supergene events (the majority of dry samples are closer to the surface) or,
	  ○ metal zonation relative to elevation, which may be somewhat expected in similar systems due to mineralisation fluid fractionation or,
	  ○ some combination of the above factors.
	• Further work is required, and it was a material consideration for resource classification.

Logging	• Geological logging of samples followed established company and industry common procedures. Qualitative logging of samples included (but was not limited to) lithology, mineralogy, alteration, veining and weathering. Diamond core logging included additional fields such as structure and geotechnical parameters. • Photography of diamond core was routinely completed and is stored on the company's data server. • A total of 50 drillholes were completed and fully logged (50 RC, for 15,545m, and 2 DD tails for 634m), totalling 16,179m. • Every metre (100%) of RC and DD drilling was geologically logged. • Lithogeochemical logging was undertaken using the assay results from the Me-ICP61 technique (33 elements). Alteration geochemistry characterization was also completed using ME-ICP61 assay data.
Sub-sampling techniques and sample preparation	• Entire whole HQ diamond core was sampled. Splitting of RC samples occurred via a cone splitter by the RC drill rig operators. Cone Splitting of RC drill samples occurred regardless of the sample condition (wet, moist, or dry) • Field duplicate samples were taken at a rate of 1 in every 50 metres of drilling. A second sample bag was used to collect the duplicate sample from the cone splitter. The comparison of primary and field duplicate samples showed no evidence of bias, with a robust correlation achieved between the two datasets for both gold and copper. Correlation coefficients were close to 1, and support confidence in sample repeatability from the drill rig splitter through to assay results. Diamond core was whole sampled, meaning that field duplicates could not be taken. However, duplicate samples were taken after the initial crush at the laboratory, testing the laboratory sample preparation through to assay precision. Once again results showed very good correlation giving confidence in

the precision of laboratory sample preparation and assay results received.

- The condition and recovery of each sample were qualitatively recorded during drilling by field staff. The condition of the sample was recorded as either “dry”, “moist” or “wet” and the recovery (subjectively against other drilling and expectations) as “good”, “moderate” or “poor”.
- A comparison between wet and dry samples was undertaken to define confidence in wet sample quality and to assist potential domain decisions. The comparison of copper populations within the 0.1% and 0.3% Cu mineralisation domains were acceptable. The comparison of Au mineralisation within these same domains was less robust. Due to differences in grade populations between sample condition domains resource classification was downgraded in some areas of the resource. Future QAQC work recommended at Frontera would include a number of diamond holes designed to twin existing RC holes in order to verify RC sample results.
- The majority of the drilling at Frontera has acceptable recovery and expectations on the ratio of wet and dry drilling were met
- All samples were submitted to ALS La Serena for multi-element analyses.
- ALS sample preparation flowchart is below:



- Sample crush (1): to 70% > 2mm, riffle split off 1kg, then pulverize split (2) to better than 85% passing 75 microns to obtain a 150g pulp.
- Sample sizes (width and length) were based on industry best practice. Comparison between grade populations in diamond and RC samples shows a good correlation and supports the use of RC samples as representative of the in-situ material. While very limited, twin population analysis of 10 metre length weighted assay intervals in general shows good correlation.
- Sample length, weight and collection methods of RC samples are considered acceptable for estimation of this style of porphyry hosted copper-gold mineralisation which is characterised by fine

grained, broadly homogenously disseminated chalcopyrite +/- bornite mineralisation.

- The absence of a close spaced DDH and RC twin comparisons is noted. Defining this is a recommendation of future study and was taken into account in resource classification

Quality of assay data and laboratory tests

- All samples (RC chips and DD core) were assayed by industry standard methods through commercial laboratories in Chile (ALS La Serena):
- 150g pulps derived from sample preparation (outlined in the previous section) were used for multi-element analysis. Samples that returned Cu grades >1,000ppm were subsequently analysed for gold by ALS Method Au-ICP21 (30g Fire Assay). Samples that returned Cu grades >10,000ppm were analysed by ALS "ore grade" method Cu-AA62. Details are below:
    - ALS Method **ME-ICP61** involves 4-acid digestion (Hydrochloric-Nitric-Perchloric-Hydrofluoric) followed by ICP-OES determination.
    - ALS Method **ME-MS61** involves the same or a similar digestion, with the analytical step by ICP-MS. Mass Spectrometry achieving lower detection limits for some of the elements.
    - Method **Au-ICP21** is a 30-gram lead-collection Fire Assay, followed by ICP-OES to a detection limit of 0.001 ppm Au.
    - Method **Cu-AA62** is four-acid digestion, followed by AAS measurement to 0.001% Cu.
- Hot Chili utilised four multi-element "mineralised standards" (certified reference material; "CRM") and one certified reference "blank" supplied by Ore Research & Exploration Pty Ltd. One "mineralised standard" was chosen at random and inserted every 50th metre into each batch of samples submitted for analysis. One certified "blank" sample was also inserted every 100th sample. The material types and grade ranges for the CRMs correspond to the rock types and mineralisation grades routinely encountered within the drilling on the Frontera project.

Element	STANDARD				BLANK
	OREAS-501b	OREAS-502	OREAS-503	OREAS-504	OREAS-22c
Cu %	0.260	0.755	0.566	1.137	0.001
Au ppm	0.248	0.491	0.687	1.48	0.00

- Routine Field Duplicates for RC samples were submitted at a rate of 1 in every 50 samples. Diamond core was whole sampled hence field duplicate samples were not able to be taken. However a split sample duplicate was taken after the initial crush stage at the laboratory, whereby the crushed sample was split in half, with one half retained as the primary sample and the second half being used a duplicate sample. This type of duplicate sample cannot test the precision of the primary sampling technique, however it can test the precision of all steps at the laboratory thereafter.
- The comparison of field duplicates to their original samples showed a robust correlation achieved between the two datasets for both gold and copper. Correlation coefficients are close to 1, which were well within acceptable tolerance limits for field duplicates and support confidence in sample repeatability from the rig splitter through to assay.
- Results from CRM (standards, blanks), and results from umpire laboratory test work (ACME), gives confidence that acceptable levels of accuracy and precision of assay data returned for ALS have been obtained.

	• The analytical laboratory (ALS) also provided their own routine quality controls within their own practices. The results from their own validations were provided to Hot Chili Ltd.
Verification of sampling and assaying	• No independent check sampling has been completed at this stage. A full pulp and coarse reject sample library is located at the Productora site, these samples are available for verification sampling if required. • Umpire check assays were performed by an alternative commercial laboratory (ACME). 5% of coarse rejects were submitted for Umpire checks and validation against the primary laboratory. Umpire laboratory results correlate very well with primary laboratory (ALS) results, and no discernible bias was detected. • Verification of RC sampling was limited, as there is only one instance of twinned RC-DD drillholes at Frontera. For that pair of holes, a population to population cross check (via 10m interval weighted averages) was completed; this showed that in general the populations correlate well, with no discernible bias returned from sampling of either of the RC holes. • Hot Chili has strict procedures for data capture, flow and data storage, and validation. A full description of these procedures is included in the resource report. • Limited adjustments were made to returned assay data for the resource estimate; values that returned lower than detection level were set to the methodology's detection level, and this was flagged by code in the database. • Various analytical techniques have been used for analysis of ore grade elements (including Au and Cu). Therefore a ranking has been applied to these elements ensuring the highest priority assay result is used for resource estimation. All assay values (from all analytical techniques) are stored in the database for completeness. • Order of ranking for copper assays: ME-MS61 then ME-ICP61.
Location of data points	• Drill collars were surveyed by contract surveying company Geotopo Exploraciones Limited. Topographical equipment used was a TOPCON HIPER GPS, using dual frequency, Real Time, with +/- 0.1cm accuracy (N, E and RL). • Downhole surveys using a gyroscopic instrument were completed by contract downhole surveying company's Wellfield and North Tracer. All holes at Frontera have gyroscopic DH survey measurements commencing at the start of hole with readings taken every 10th metre until end of hole. Gyroscopic surveys are an accurate form of downhole survey as there is no risk of magnetic interference to the measured survey reading. • All downhole surveys were completed using gyroscope, eliminating the risk of magnetic interference • The WGS84 UTM Zone 19S coordinate system was used for all Hot Chili undertakings. • A detailed topographic survey was completed by Geotopo Exploraciones using a DGPS instrument. A total of ~3060 points were surveyed the project area, with survey readings taken on ~20 x 15m grid spacings. Closer spaced measurements were undertaken in certain areas eg. small scale open pit and areas of undulating topographic relief. This allowed for a high resolution digital terrain model to be constructed. The topographical survey corresponds very well to satellite imagery giving a good level of confidence in its accuracy. • The detail of topography is adequate for modelling and resource estimation purposes.

Data spacing and distribution	• Drillhole spacing at Frontera is on a nominal 80m by 40m oblique grid. • This drillhole spacing has provided a high level of support for robust geological and mineralisation modelling. Geological and grade continuity is sufficient for mineral resource estimation, with both Indicated and Inferred resources being classified at Frontera. • In unmineralised areas, 4 metre composite samples were taken from the RC drill holes. These 4m composite samples represent 8% of the assay sample data, while the 1m and 2m split samples comprise 92% of the samples. The majority of the 4m composite samples lie outside mineralised wireframes.
Orientation of data in relation to geological structure	• Drilling was oriented approximately perpendicular to the overall ENE structural trend of the Frontera project area, with drillholes angled at 60 degrees towards 120 degrees to optimize drill intersections of the steeply plunging mineralisation. • On the margins of the project, where drill rig access was limited some less than optimal vertical drillholes were necessary, as were some scissor holes which were oriented with azimuth towards 300 degrees. • Considering the type of deposit and style of mineralisation, the drilling orientation and subsequent sampling is considered to be unbiased in its representation of reported material for estimation purposes.
Sample security	• Hot Chili has strict chain of custody procedures that are adhered to for drill samples. All samples for each batch have the sample submission number/ticket inserted into each bulk polyweave sample bag with the id number clearly visible. The sample bag is stapled together such that no sample material can spill out and no one can tamper with the sample once it leaves Hot Chili's custody.
Audits or reviews	• Coffey have reviewed similar procedures for data collection methods used by Hot Chili at the Productora project.

Section 2 Reporting of Exploration Results

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

Criteria	Commentary
Mineral tenement and land tenure status	• The Frontera project consists of 3 tenements, with the resource constrained by tenement La Union 1-2. • Hot Chili has a 30 month purchase option agreement to earn a 100% interest in the Frontera project, for a total exercise price of US$5.9M (expiration of agreement is 30th November 2014). • There are no material issues with JV partners, no royalty, or any other tenement issue • The tenement La Union 1-2 is an Exploitation Concession, which allows for mineral extraction and according to Chilean law never expires. (*the Australian equivalent would be a Mining tenement).
Exploration done by other parties	• A shallow, small-scale open pit targeting copper oxide mineralisation was mined in the 1990's. The volume and grade of the extracted material is unknown, but volumes are considered low based on visual inspection. • Noranda completed an extensive campaign of RC and DD drilling at the project in the1990's. This data has not been used by Hot Chili for interpretation or resource estimation as the company cannot verify

	its accuracy.
Geology	• Based on alteration mineralogy, observations from drill core, as well as detailed geochemical alteration classification, the Frontera mineral system exhibits alteration assemblages indicative of the mid-level domain of a typical porphyry Cu-Au system. • Host rocks to the Frontera mineralisation are Intermediate (dioritic-andesitic-dacitic) volcanics, volcaniclastics and potentially porphyries. • Geochemical alteration classification has shown that higher grade copper mineralization is clearly associated with potassic alteration. • There is a strong linear correlation between Cu and Au. There is a bimodal Au distribution, with a statistically meaningful population of higher grade gold assays (>0.4g/t Au) occurring in association with low Cu grades (~0.1% Cu). • Copper-gold mineralisation is associated with fine grained disseminated cpy +/- py, as well as sulphide rich py-cpy veinlets (EDM veins) that contain comparatively higher grade Cu-Au mineralisation. • The greater district demonstrates significant potential to host multiple Frontera-style porphyry systems with significant historical drilling intercepts and strong magnetic, radiometric and surface colour anomalies throughout the area.
Drill hole Information	• Refer to these ASX announcements for exploration drillhole information: ○ HCH 10 2013 Major Copper-Gold Discovery Delivers Second Project for Hot Chili, published 24th April 2013; ○ HCH 11 2013 Frontera Continues to Deliver Wide Drilling Intersections, published 11th June 2013
Data aggregation methods	• No new exploration results are being reported for the Mineral Resource area.
Relationship between mineralisation widths and intercept lengths	• The type of deposit and broad-disseminated style of mineralisation allow the complex intersections of mineralisation by drillholes to be accurately modelled through use of multiple samples and preferred search and estimation parameter orientations within the domains.
Diagrams	• Refer to these ASX announcements for exploration diagrams: ○ HCH 10 2013 Major Copper-Gold Discovery Delivers Second Project for Hot Chili, published 24th April 2013; ○ HCH 11 2013 Frontera Continues to Deliver Wide Drilling Intersections, published 11th June 2013
Balanced reporting	• No new exploration results are being reported for the Mineral Resource Area.
Other	• Other exploration data available:

Substantive exploration data	○ Mapping- geological observations (lithological and structural) ○ Geophysical and radiometric surveys (airborne) ○ Bulk density is completed on every 5th meter of diamond core (118 samples) and pycnometer analysis is performed on every 25th RC meter (644 samples) ▪ Analysis of bulk density and pycnometer results shows very good correlation, supporting a low porosity in the mineralised host rock (as you would expect with a porphyry host). Density assigned to the resource model has been supported by 762 samples: • No metallurgical test work has been completed at Frontera. However a small copper oxide pit was successfully mined in the 1990's and treated by ENAMI (state run process plant).
Further work	• Further extension drilling at the Frontera project will be predicated by successful negotiations with surrounding landholders. • The Frontera project has been well drill defined to approximately 300m vertical depth below surface, with additional diamond drilling required below this depth for upgrading the mineral resource classification. • Dedicated twin diamond holes are required to test the reliability and representivity of RC samples, where the relationship of wet or deeper RC samples on Cu-Au grade needs to be defined.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Commentary
Database integrity	• Hot Chili undertook a drill assessment of the Frontera project between February and July 2013. This was executed in a staged process with three campaigns, resulting with a drilling total of 50 holes for 16,179 metres • The geological database contains: ○ 50 collar records (50 RC, 2 DD tails) ○ 1,543 downhole survey records ○ 11,977 multi-element assay data records (of which there are 11,146 gold assays) ○ 745 lithology (geology) records ○ 493 downhole structural records ○ 240 downhole geotechnical records ○ QA/QC data: ▪ 246 CRM (and 30 blank CRM) samples submitted for analysis (representing ~2% of all samples) ▪ 390 duplicate samples taken for Cu, 288 for Au (representing ~3% of all samples) ▪ Umpire laboratory samples- 427 pulp rejects (representing ~4% of all samples)

	○ Bulk Density/pycnometer data: ▪ 118 bulk density measurements, performed by ALS (ALS Code OA-GRA09) ▪ 644 sample pulps (representing approximately 5% of all samples within wireframes) from RC samples were selected across a range of copper grades for pycnometer density analysis (ALS Code OA-GRA08b). • Hot Chili adheres to strict data capture, flow, storage (database) and export procedures. Data validation procedures include, but are not limited to: ○ Validation through constraints and libraries set in acQuire by database manager eg overlapping/missing intervals, intervals exceeding maximum hole depth, only valid geology codes allowed, missing assays, prioritised assay protocol. ○ Validation through 3D visualisation in Surpac software to check for any obvious collar, downhole survey, or assay import errors. ○ Drill sections plotted with all data including Cu% histograms and used as a tool for assay validation e.g. to identify any potential smearing/ tail effect from high grade assays.
Site visits	• J Lachlan Macdonald (Hot Chili) visited Frontera in July 2013.
Geological interpretation	• The geology and mineralisation is well exposed in outcrop through the region and via the historic open pit workings. Detailed surface mapping has been undertaken at the project. • Dr Scott Halley (Mineral Mapping Pty Ltd) completed litho-geochemical characterisation using ME-MS61 multi-element assay drill data at Frontera. • Mineralisation at Frontera is hosted within an andesitic volcanic/volcaniclastic pile intruded by multiple phases of variably hornblende-rich dioritic porphyry intrusions. Copper and gold mineralisation is commonly located in or proximal to potassic alteration zones characterised by intense veining and biotite-magnetite alteration. Copper is associated with finely disseminated chalcopyrite, vein-related chalcopyrite and bornite. • This characterisation has defined three key lithologies at the Frontera project: 1. Host rocks to the Frontera mineralisation are Intermediate (dioritic-andesitic-dacitic) volcanics, volcaniclastics and potentially porphyries. 2. A largely unaltered and infrequently mineralised hornblende porphyry internal to the main mineralisation core of the deposit. This barren porphyry was used not allowed to be estimated with copper grades from the surrounding mineralised units. 3. A suite of late stage, barren lamprophyric dykes characterised by high Cr, high Ni and/or high Ti have been identified to post-date the mineralisation event. These dykes were used as hard boundaries. • Identified lithological units were used to define barren and mineralised domains for the resource estimate, they were treated as hard boundaries for estimation purposes. • Structural logging from diamond core has identified vein styles, mineralogies and structural orientations. This was useful for identifying dominant mineralised vein sets orientations, and this

	information was applied when modelling variograms. • Based on alteration mineralogy and vein set observations from drill core, as well as detailed alteration geochemistry interpretation, the Frontera mineral system exhibits alteration assemblages indicative of the mid-level domain of a typical porphyry Cu system. Mineralisation was modelled within 0.1% and 0.3% copper grade envelopes. • Current litho-geochemical and alteration modelling has given confidence in geological interpretation and mineral resource estimation. Structural continuity is high along the steeply plunging, broad shoot of mineralisation; it is complicated only by the various barren hornblende porphyry and lamprophyric dykes. • Grade continuity is fairly consistent within the mineralised zones as would be expected from the predominantly disseminated style of mineralisation.
Dimensions	• The mineralisation at Frontera is hosted within a steeply plunging porphyry shoot. The copper mineralisation (+0.1% Cu) extends over ~400m (y) x 500m (x) x 600m (z). The mineralised envelope is intruded (stoped out) by an unmineralised hornblende porphyry unit with dimensions of ~100m (y) x 100m (x) x 600m (z). Several lamprophyric dykes also cross cut mineralisation, these are quite narrow at ~10m wide, although they can extend several 100's of metres. • The geomorphology of the plunging ore shoot is consistent and well defined by drilling.
Estimation and modelling techniques	• Ordinary Kriging (OK) interpolation was used as the resource estimation method. OK allows the spatial continuity of the data to be incorporated into the estimate (through the use of an appropriate variogram model), and is appropriate for the style of mineralisation. Estimation techniques employed by Hot Chili were chosen through consultation with Coffey (independent resource consultant). • Interpolation Parameters: o Block size chosen was 20m by 20m by 10m, this block size compares to a nominal drill spacing of 80m x 40m x 2m downhole composite samples, it maintains resolution of the geological interpretation, and simulates a likely SMU for this style of deposit. o The number of informing samples was 10 (min) and 30 (max), max search distance 150m (1st pass), o The number of informing samples was 4 (min) and 30 (max), max search distance 200m (2nd pass). • Domaining has been completed using a combination of geological units (identified from litho-geochemistry), mineralisation wireframes (0.1% Cu and 0.3% Cu cut-offs as interpreted by geologists), and weathering. These combined domains were treated as hard domains where appropriate for statistical analysis and resource estimation. • Following statistical analysis, top-cuts were chosen to constrain several grade outliers likely to adversely impact estimation. The top-cuts were applied to both the Cu and Au composited data dependent on domains, and are considered appropriate. • There have been no previous resource estimates completed at Frontera. • Reconciliation of the block model against historic production has not been possible due to lack of data from the shallow open cut mine. It is noted that the mineralisation in the open pit mine isn't representative of the sulphide mineralisation that comprises the bulk of the resource. • Software used for geological interpretation, mineralisation wireframing and block modelling was

	Surpac v6.4.1
	• No assumptions have been made regarding recovery of by-products.
	• No deleterious elements have been modelled in the resource estimate. This is something that will be evaluated in the next phase of resource modeling at the scoping study or feasibility study stage. However, geochemical analysis using ME-ICP61 (33 elements) has been completed and no significant concentrations of deleterious elements were noted.
	• Cu and Au show a linear correlation, however, the Au distribution shows a bimodal population where some higher grade gold (>0.4 g/t Au), lies within lower grade Cu domains (<0.1%Cu).
	• The block model parent blocks are 40 x 40 x 10m (X x Y x Z respectively) with subcelling to fit the domain surfaces. The panels are either at or half of the nominal drillhole spacing dimension, and are appropriate for global estimation of the resource model in a bulk open pit mining scenario. No further adjustment for SMU dimension has been applied to this model.
	• Validation of the resource estimate has been conducted in several ways:
	  ○ Check estimates using Inverse Distance with Power 2 were conducted and confirm the tenor of the OK results.
	  ○ Visual drillhole section and plan data comparisons with the block model.
	  ○ Statistical comparison by domain, including declustered data.
	  ○ Swathe plots in appropriate orientations.

Moisture	• Tonnages are estimated on a dry basis.
Cut-off parameters	• Reporting cut-off grades were chosen to reflect reasonable prospect for economic extraction at an appropriate grade population. For Frontera, this was a cut-off at greater than or equal to (>=) 0.25% copper. This lower cut-off grade is similar to that applied to other deposits being mined in the region, and has been verified from benchmarking studies.
Mining factors or assumptions	• The mining method assumed is bulk tonnage conventional open pit mining, as is common for this type of deposit. This assumption has been supported by Hot Chili's mining engineers and benchmarking exercises with similar deposits. • Mining factors such as dilution or ore loss have not been incorporated into the resource estimate.
Metallurgical factors or assumptions	• No metallurgical testwork has been completed at Frontera. However, there is no reason to assume that metallurgical recovery would be significantly different from other similar and nearby Chilean Cu-Au porphyry deposits. • A review of the multi-element data for all drilling assays has not identified any deleterious element associations. • No metallurgical factors or assumptions are incorporated into the resource estimate beyond those early stage observations above.
Environmental factors or assumptions	• No assumptions have been made regarding possible waste and process residue disposal options. The project is at an early stage, and work on environmental aspects have not yet been conducted.
Bulk density	• A significant bulk density and pycnometer database exists, comprising 118 bulk density results and 644

	pycnometer measurements. Both sets of measurements were completed by ALS. • At this stage, the pycnometer data correlates well with the core bulk density measurements. Given the comparisons where the pycnometer data results are actually slightly lower on-average than the bulk densities for deeper core, it is difficult to justify an application of a porosity factor to the results. This is consistent with geological observations that the porosity of the mineralisation and key rock types at Frontera appears relatively low. Therefore, the pycnometer data is used without further factors as being equivalent to bulk density. Further work is required. • Variability of the data is limited and fit for purpose and use in the resource estimate, while confidence in the data was considered in the resource classification. • Mean bulk densities were applied to the appropriate mineralisation/lithology/weathering domain divisions. Bulk densities were either 2.6 t/m^3 for low grade Cu (0.1%) oxide and transitional material or 2.7 t/m^3 for all other mineralisation and rock types. These values are consistent with bulk densities for similar rock types elsewhere.
Classification	• Mineral Resources have been classified in the Indicated and Inferred categories for Frontera. • Classification has been done in accordance with the JORC Code 2012 guidelines. • A range of criteria have been considered in determining the classification, including: o drill data density, o sample/ assay confidence, o water table- wet samples were given a lower confidence, o geological confidence in the interpretations and, similarly geological continuity, o grade continuity of the mineralisation, o estimation method and resulting estimation output variables (e.g. number of informing data, distance to data), o estimation performance through validation, o interaction of applied lower cut-off grades with the structural and grade continuity of the mineralisation, and o prospect for eventual economic extraction. • Reported mineralisation is currently limited to material above 720mRL, pending further mining study and understanding of the economic parameters constraining the deposit. • The Competent Persons endorse the final results and classification for the Frontera deposit.
Audits or reviews	• Mr N Ingvar Kirchner of Coffey has undertaken a peer review, audit and joint CP sign-off of the Frontera resource estimate.
Discussion of relative accuracy/ confidence	• No production data is available for comparison. The project is at an early stage. • Relative accuracy and confidence has been assessed through validation of the model as outlined above. • The resource estimate comprises material categorised as Indicated and Inferred Resource. The resource categories reflect the assumed accuracy and confidence of the model in general.