

# Quarterly Report

Period Ending March 31st 2016

## Highlights and Summary of Activities

### **PFS Completion Demonstrates Productora is Well Positioned Against Global Peers & Poised to Grow**

- Pre-feasibility study (PFS) confirms Productora as one of the best low-altitude and infrastructure-rich copper developments in Chile with strong potential to add further mine life and scale
- At PFS level, Productora already demonstrates competitive financial metrics for return on investment and capital intensity against global peers
- 10 year mine life with first 8 years production averaging 66kt copper and 25koz gold annually
- Mineral Resource expanded to 1.47Mt contained copper and 0.98Moz gold and growing, and Ore Reserve tonnage near-doubled to 166.9Mt
- Planning underway to pursue immediate value-drivers in advance of Definitive Feasibility Study (DFS), including:
  - Lower cost Owner-Operator mining option and capital/operating cost reduction trade-off studies
  - Exploration drill testing of large-scale copper porphyry potential immediately adjacent to the planned central pit

### **Completion of A\$1.6 Million Placement to Strategic Shareholders**

- Placement subscribed by two of Hot Chili's largest shareholders - Taurus Funds Management (Taurus) and CAP, the parent company of Compañía Minera del Pacífico S.A. (CMP), Hot Chili's joint venture partner at Productora

#### ASX CODE

HCH

#### Contact

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## Hot Chili Delivers Productora PFS

During the Quarter, Hot Chili (ASX Code: HCH) achieved a series of major milestones in the development of its flagship Productora copper project, located along the coastal range 600km north of Santiago, Chile. These included:

- **Completion of Pre-feasibility Study (PFS)-** Demonstrating a robust blueprint to develop one of Chile's next large-scale coastal copper mines using a Contractor mining option. Ten years of mine life secured with production over the first eight years averaging 66kt copper and 25koz gold annually.
- **Upgrade of Productora's Mineral Resource base-** The project now stands at 1.47Mt contained copper and 0.98Moz gold from surface.
- **Significant expansion of open pit Ore Reserve-** Productora's Ore Reserve has near-doubled to 166.9Mt (an 84% increase in Ore Reserve tonnage).

When compared to other leading large-scale copper developments, Productora already benchmarks very competitively on key financial metrics as outlined in Hot Chili's corporate presentation as released to the ASX on 2nd March 2016.

Studies centred on open-pit mining of Productora via two large sulphide open pits and five smaller oxide open pits. Processing utilised conventional technology for a 14Mtpa sulphide concentrator and a 3.3Mtpa heap leach and Solvent Exchange and Electro-Winning (SX-EW) circuit.

**Importantly the PFS was released using a Contractor mining option. A lower cost Owner-operator mining option was not finalised at the time the PFS was released and stands as a key improvement that the PFS will benefit from in the coming months once finalised.**

Productora project definition benefits significantly from:

- **Sea water processing advantages** - Environmentally and economically preferable with increased recoveries in oxide ore, and significant capital cost savings associated with low-cost water pipeline (62km long pipeline and one pump station)
- **Ease of connection to grid power** - Only 25km of 220Kv transmission lines required to connect to the Maintencillo power substation.
- **Nearby port capacity** - Las Losas port facility just 40km directly west of Productora. Environmental approval already received to upgrade to a copper export terminal with PFS study scheduled to commence in co-



operation with Puerto Las Losas - a Joint Venture between CAP S.A. (51%) and Agrocomercial A.S. Ltda. (49%) (see ASX announcement dated 17th February 2015).

The above advantages have positioned Productora as a low-risk development option with significant infrastructure advantages already secured through completion of the Joint Infrastructure Agreement with the Company's 17.5% Joint Venture (JV) project partner Compañía Minera del Pacifico S.A (CMP) (see ASX announcement dated 1st May 2015).

At this stage of development, Productora is underpinned by 10 years of mine life with production over the first 8 years averaging 66kt copper and 25koz gold annually. Pre-production capital of US\$725 million equates to one of the lowest capital intensity projects (less than US\$10,000/t annual copper equivalent production) in the global copper development pipeline.

Financially, Productora achieves a US\$220 million post-tax Net Present Value (NPV) and Internal Rate of Return (Real IRR) of 15% assuming a long-term price deck of US\$3.00/lb copper, US\$1,250/oz gold and US\$14.00/lb molybdenum at a real discount rate of 7% (nominal discount rate of 9.5%).

Cost-wise, the project is considered very competitive when compared to global copper producers with C1 cash costs of US\$1.47/lb paid metal (including credits) and C3 cash costs of US\$2.28/lb paid metal (including credits).

With project revenue of US\$4.3 billion and a pay-back period of 3.9 years the project is highly leveraged to any increase in copper price, mine life extension and operating cost improvements.

## **Productora Next Steps to Drive Immediate Value**

### **Interim Engineering Study- Finalise Lower Cost Mining Option**

Hot Chili was able to achieve or beat guidance on all of its targeted goals for the PFS. This is particularly pleasing given that a number of key study improvements had not been completed at the time the PFS was released and so were not incorporated into the study. These included the completion of a lower cost mining approach (Owner-operator) and specific capital and operating cost reduction strategies.

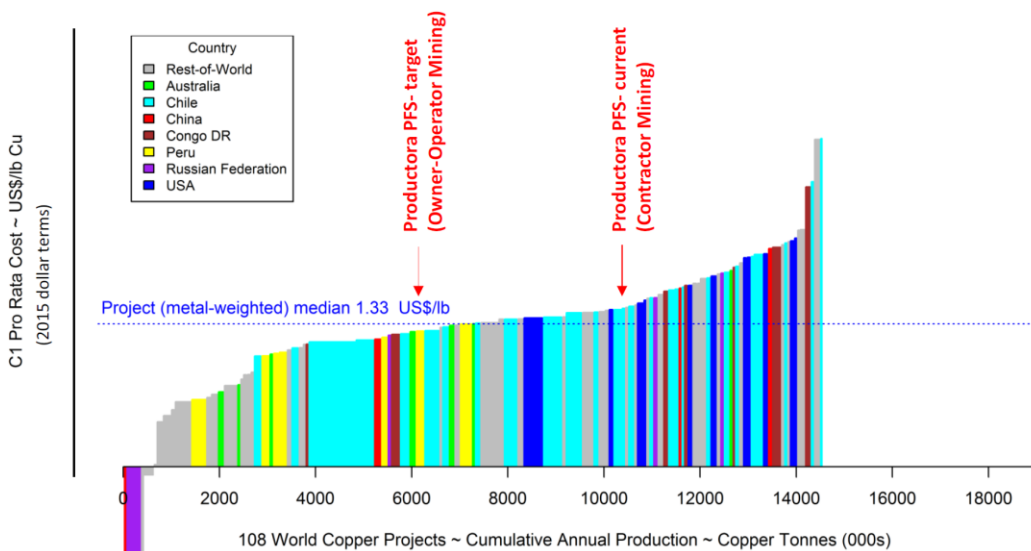
Despite these remaining improvements not being captured, financial benchmarking against some of the world's leading copper developments already indicates Productora is a stand-out for capital intensity, with competitive return on investment and cash costs when compared with existing long-life, large-scale global copper producers.



Planning is now underway to pursue and capture these remaining PFS opportunities through an interim engineering study which is likely to strengthen Productora's standing in relation to peer projects in the global copper development pipeline.

Preliminary assessment of work already undertaken has indicated that key metrics for the Productora PFS, including NPV, rate of return, cash costs and payback, will see significant improvement should these improvements be confirmed and captured.

In-particular, Hot Chili is targeting to shift Productora's already competitive cash cost (currently US\$1.47/lb including credits) into the second quartile of global copper producers (as shown in figure 1) in advance of the commencement of the final DFS phase of investment at the project.



- **Currently- Productora C1 Cost (Normal) is US\$1.47/lb (Mid 3<sup>rd</sup> Quartile)**
- **Productora C1 Cost Target (Normal) is US\$1.27/lb (Upper 2<sup>nd</sup> Quartile)**
- Median C1 Cost (Normal) of Producers (>80Mlb/y) is US\$1.33/lb.
- Normal cost includes credits (Au and Mo)

Sources: Wood Mackenzie, Q4-2015 Producers; Hot Chili, Productora; Amec Foster Wheeler, excluded producers <80Mlb/a

**Figure 1. Productora's C1 cash cost (Normal) as per Contractor Mining approach studied in the recent PFS against Productora's targeted C1 cash cost (Normal) utilising an Owner-Operator Mining approach.**

### Planning Underway to Test Large-scale Copper Porphyry Potential

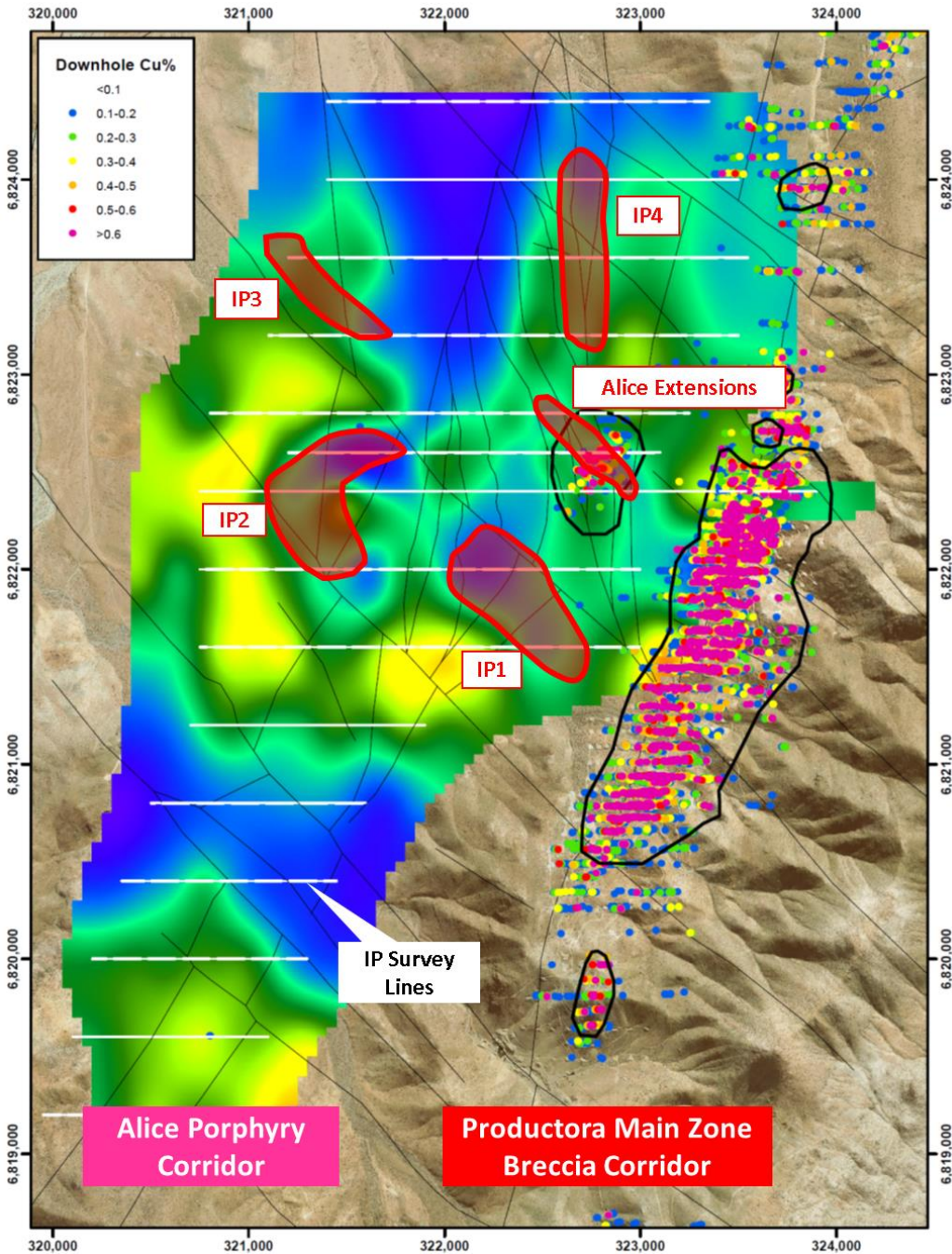
Productora is now positioned with a very strong Ore Reserve and Mineral Resource base at the beginning of an exciting phase of new growth for the project.







The detection of several potential large-scale copper porphyries has transformed Productora's growth outlook and the Company is now commencing planning of its next phase of exploration activities in advance of first pass drilling over a number these targets which lie immediately adjacent to the Company's planned central pit. These targets are outlined on figure 2 below.



**Figure 2. Location of copper porphyry IP targets in relation to the planned Productora central pit.**



Significant exploration has been undertaken over the +6.5km long Productora copper porphyry corridor over the past 18 months since the discovery and definition of the Alice copper porphyry resource. This work has included extensive litho-structural mapping, surface geochemical surveys, geochemical drilling programmes, advanced IP/MT (Induced Polarisation & Magneto-Telluric) geophysical surveys, diamond core analysis, 3-dimensional integrated litho-chemical modelling, age dating of copper mineralisation, advanced 3-dimensional keyhole modelling as well as field work by some of the world's leading geological authorities on copper porphyry deposits.

The definition of four large-scale copper porphyry IP targets within the same NW-trending structural corridor that bounds the highest grade section of the Main Zone mineralisation (containing the planned central pit) has provided confidence as to the potential source for copper bearing fluids within the Productora mineral system.

The Company is now planning a prescriptive exploration work programme in advance of drill testing these targets. Exploration activities being planned include:

1. An in-fill IP/MT survey to provide further resolution and allow more accurate modelling of internal chargeability features for specific drill testing.
2. Further target refinement by Hot Chili's exploration team and global copper porphyry specialists to optimise drill planning.

Hot Chili will provide ongoing updates to the market as the Company progresses with its exploration activities at Productora in advance of its plan to commence drilling these exciting copper porphyry IP targets.

## **CORPORATE ACTIVITIES**

### **Hot Chili Completes \$1.6 Million Placement to Strategic Shareholders**

During the Quarter Hot Chili closed a A\$1.6 million placement to two of its major shareholders with new shares issued at A\$0.07 each.

The placement was subscribed by two of Hot Chili's largest shareholders-Taurus Funds Management (Taurus) and CAP, the parent company of Compañía Minera del Pacifico S.A. (CMP), Hot Chili's joint venture partner at Productora.

On 4<sup>th</sup> February, 11,168,202 fully paid ordinary shares were issued to Taurus following the receipt of A\$781,774.17.



Funds from the placement assisted in providing further working capital for the Company, including the completion of the Productora Pre-feasibility Study (PFS). The Productora PFS was completed and announced on the 2nd March 2016.

The issue of placement shares to CAP was subject to CAP board ratification of CAP's agreement to participate in the placement.

CAP's Board ratified participation in the placement and on 17th March, Hot Chili issued 11,837,385 fully paid ordinary shares to CAP following the receipt of A\$828,616.99.

## Health, Safety, Environment and Quality

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

The company is pleased to report that there were no incidents recorded for the quarter. Field operations during the period were limited to geology field tours and general site maintenance to existing drilling platforms and access tracks.

The Company's HSEQ quarterly performance is summarised below:

**HSEQ Quarter 1 2016 Performance and Statistics**

Item	Jan-March /16	Last 24 Months
LTI events	0	2
NLTI events	0	1
Days lost	0	0
LTIFR index	0	16.4
ISR index	0	420.3
Thousands of mh (1)	0.1	304.5
Environmental incidents	0	0
Headcount (1)	2	-

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



## Tenement Changes during the Quarter

During the quarter, Hot Chili rationalised its tenement holdings in Chile to ensure its expenditure could be focussed more efficiently towards the development of its Productora copper project. Importantly, the Company has discontinued all Option agreements which involved ongoing expenditure commitments or Option payments to third parties not related to the Productora copper project.

### Productora Copper Project

No changes in their tenements positions.

### Frontera Copper Project

Hot Chili has discontinued its Purchase-Option agreement over the Frontera copper project. The Company remains in negotiation with its partner CMP in relation to securing a Joint Venture agreement to explore and develop the surrounding tenement positions containing the majority of the Frontera copper porphyry deposit as defined by previous exploration undertaken by Noranda.

The following exploitation leases have been dropped:

LA UNION 1-2, JOTA 1 and MADRID 2, 1-60

The lease LA UNION 1-2 contains a JORC compliant resource of 50.5Mt grading 0.4% copper and 0.2g/t gold for 187,000 tonnes of contained copper and 356,000 ounces of gold. The Company considers it very unlikely that this resource will be able to be commercially exploited without consolidation of the surrounding tenement holdings.

Given its ongoing negotiation with CMP regarding the surrounding landholding, Hot Chili did not consider it prudent to continue with its schedule of Option payments associated with such a limited tenement position at the Frontera copper project.

The Company will review the potential to undertake further discussions with the owners of these tenements in the future.

### Los Mantos Copper Projects

The Company has notified its partner CODELCO that it will no longer be continuing with its Joint Venture exploration commitments over the early exploration stage Los Mantos copper project.

The following exploitation leases have been dropped:



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LEONOR F3, LEONOR E8- E9, HAPI C1 – C5, C14, D2, D5, D7 – D9, JADABA B1 – B3, B15, C2, C3, C12, C14, C15, C9, HAPI F1 – F11, HAPI G1, G3, HAPI E7, JADABA E1 – E9, JADABA D9 – D10, JADABA E10 – E15 and MONICA E1

### **Banderas Copper Project**

The Company has notified a number of third parties that it will not be continuing with a series of Option agreements over the Banderas copper project. The Company will maintain its exploration efforts over its own 100% tenement holdings at the Banderas copper project.

The following exploitation leases have been dropped:

RENACIMIENTO 1-10, ESCONDIDA 1-10, COTOTO 1-8 and PIMPOLLA 1-8



## Qualifying Statements

### JORC Compliant Ore Reserve Statement

Productora Open Pit Probable Ore Reserve Statement – Reported 2<sup>nd</sup> March 2016

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

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

### JORC Compliant Mineral Resource Statements

Productora Higher Grade Mineral Resource Statement, Reported 2<sup>nd</sup> March 2016

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

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



**Productora Low Grade Mineral Resource Statement, Reported 2<sup>nd</sup> March 2016**

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

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

**Mineral Resource and Ore Reserve Confirmation**

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

**Competent Person’s Statement- Exploration Results**

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

**Competent Person’s Statement- Mineral Resources**

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

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### **Competent Person's Statement- Ore Reserves**

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

### **Forward Looking Statements**

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

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



## Appendix 5B- Mining Exploration Entity Quarterly Cash Flow Report

Name of entity

Hot Chili Ltd

ABN

91 130 955 725

Quarter ended ("current quarter")

31 March 2016

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(542)	(4,223)
(b) development	(413)	(2,710)
(c) production	(498)	(1,674)
(d) administration		(297)
Research and Development		
1.3 VAT credit received	650	650
1.4 Interest and other items of a similar nature received	2	13
1.5 Interest and other costs of finance paid	(444)	(1,401)
1.6 Income taxes paid		
1.7 Other GST and R and D refund	141	141
	(1,104)	(9,501)
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	(277)
(b) equity investments	-	
(c) other fixed assets		-
1.9 Proceeds from sale of: (a) Easment	41	41
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other Option Fee	-	2,139
	41	1,903
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(1,063)	(7,598)





1.13	Total operating and investing cash flows (brought forward)	(1,063)	(7,598)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	1,610	4,492
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	( 659)	(659)
1.18	Cost of capital raising		
1.19	Other (provide details if material)(Borrowing costs)		(68)
	<b>Net financing cash flows</b>	951	3,765
	<b>Net increase (decrease) in cash held</b>	( 112)	(3,833)
1.20	Cash at beginning of quarter/year to date	3,393	7,113
1.21	Exchange rate adjustments to item 1.20	( 50)	(49)
1.22	<b>Cash at end of quarter</b>	3,231	3,231

Payments to directors of the entity and associates of the directors  
 Payments to related entities of the entity and associates of the related entities

		Current quarter
		\$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	90
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Salaries , Directors fees and consulting fees at commercial rates.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest



## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	18.5 Million USD	9.533 Million USD
3.2 Credit standby arrangements		

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	250
4.3 Production	
4.4 Administration	400
<b>Total</b>	<b>800</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,143	3,305
5.2 Deposits at call	88	88
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>3,231</b>	<b>3,393</b>



### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	LA UNION 1-2, JOTA 1 and MADRID 2, 1-60	Purchase Option	100%	0%
	LEONOR F3, LEONOR E8- E9, HAPI C1 – C5, C14, D2, D5, D7 – D9, JADABA B1 – B3, B15, C2, C3, C12, C14, C15, C9, HAPI F1 – F11, HAPI G1, G3, HAPI E7, JADABA E1 – E9, JADABA D9 – D10, JADABA E10 – E15 and MONICA E1	JV earn-in Option	65%	0%
	RENACIMIENTO 1-10, ESCONDIDA 1-10, COTOTO 1-8 and PIMPOLLA 1-8	JV earn-in Option	65%	0%
6.2 Interests in mining tenements acquired or increased				

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				



	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.3	<b>+Ordinary securities</b>	445,723,709	445,723,709	
7.4	Changes during quarter			
	(a) Increases through issues	23,005,587	23,005,587	7 cents
	(b) Decreases through returns of capital, buy-backs			Fully paid
7.5	<b>+Convertible debt securities</b>			
	<i>(description)</i>			
7.6	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through securities matured, converted			
7.7	<b>Options</b>	11,000,000	30 cents	<i>Exercisable on or before 27 June 2019</i>
	<i>(description and conversion factor)</i>			
7.8	Issued during quarter			
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	<b>Debentures</b>			
	<i>(totals only)</i>			
7.12	<b>Unsecured notes</b>			
	<i>(totals only)</i>			



**Compliance statement**

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

A handwritten signature in dark ink, appearing to be "John Sendziuk", written over a horizontal line.

Sign here: .....  
Date 27/4/2016

(Company Secretary)

Print name: John Sendziuk.....

**Notes**

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 Issued and quoted securities The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.

5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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