

Hot Chili Limited
ACN 130 955 725



PROSPECTUS

Share Offer

For the offer to the public of 1,000 Shares at an issue price of \$0.05 per Share to raise \$50. Refer to Section 1.1 of this Prospectus for more information in respect of the Share Offer.

The Share Offer opens on Wednesday, 13 July 2016 and closes at 5:00pm (WST) on Thursday, 25 August 2016.

Broker Offer

For the offer to the Broker (or its nominees) of up to 8,000,000 Options at an issue price of nil pursuant to the Broker Engagement. Refer to Section 1.2 of this Prospectus for more information in respect of the Broker Offer.

The Broker Offer opens on Wednesday, 13 July 2016 and closes at 5:00pm (WST) on Wednesday, 20 July 2016.

Secondary Trading Restrictions

This Prospectus has also been prepared for the purposes of section 708A(11) of the Corporations Act to remove any trading restrictions on Shares issued prior to the date of this Prospectus.

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

General

This Prospectus is dated 13 July 2016 and was lodged with the Australian Securities and Investment Commission (**ASIC**) on the same date. Neither ASIC nor ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange (**ASX**) takes 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 an offer of 'continuously quoted securities' (as defined in the Corporations Act) and options to subscribe for continuously quoted securities prepared in accordance with section 713 of the Corporations Act. In preparing this Prospectus, regard has been had to the fact that the Company is a 'disclosing entity' for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers.

Offer Securities will not be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Electronic prospectus

This Prospectus may be viewed in electronic form at www.hotchili.net.au 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 an Offer Period by contacting the Company. The information on the Company's website does not form part of this Prospectus.

Risk factors

Before deciding to invest in the Company, potential investors should read the entire Prospectus. In considering the prospects for the Company, potential investors should consider the assumptions underlying the prospective financial information and the risk factors that could affect the performance of the Company. Potential investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from a stockbroker, accountant or other independent financial adviser before deciding to invest.

Applications

Applications for Offer Securities by eligible participants may only be made on printed copies of an Application Form attached to or accompanying the 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 your stockbroker or otherwise arranging for payment for Offer Securities in accordance with the instructions on the Application Form, an Applicant will be taken to acknowledge that they have received and read this Prospectus, have acted in accordance with the terms of the Offer to which the application applies and agreed to all of the terms and conditions as detailed in this Prospectus.

Applicants from overseas

This Prospectus does not make any offer to investors who reside outside of Australia. The distribution of this Prospectus and the Application

Form (including electronic copies) outside Australia may be restricted by law. This Prospectus does not, and is not intended to, constitute an offer or invitation in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. Please refer to Section 1.11 for further information.

Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including the ASX website at www.asx.com.au). The contents of any website or filing with ASIC or ASX by the Company are not incorporated into this Prospectus and do not constitute part of an Offer unless otherwise expressly stated. 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 the Company or subscribe for Offer Securities.

The Company has not authorised any person to give any information or make any representation in connection with an Offer which is not contained in this Prospectus. Any such extraneous information or representation may not be relied upon.

Forward-looking statements

This Prospectus includes forward-looking statements that have been based on current expectations about future acts, events and circumstances, such as 'intends', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects'. These 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.

Accordingly, the Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur. Further, except during an Offer Period and otherwise as required by law, the Company may not update or revise any forward-looking statement if events subsequently occur or information subsequently becomes available that affects the original forward-looking statement.

Meaning of Terms

Capitalised terms and certain other terms used in this Prospectus are defined in the Glossary in Section 8.

Currency

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

Time

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

Corporate Directory

Directors

Murray Edward Black
(Non-Executive Chairman)

Christian Ervin Easterday
(Managing Director)

Allan Trench
(Non-Executive Director)

Michael Anderson
(Non-Executive Director)

Roberto de Andraca Adriasola
(Non-Executive Director)

Melanie Jane Leighton
(Alternate Director for Murray Black)

Company Secretary

John Edward Sendziuk

Registered Office and Principal Office

First Floor
768 Canning Highway,
Applecross, Western Australia 6153

Telephone: +61 8 9315 9009
Facsimile: +61 8 9315 5004
Email: admin@hotchili.net.au

ASX Code

HCH

Website

www.hotchili.net.au

Solicitors to the Offers

Jackson McDonald
Level 17, 225 St Georges Terrace
Perth, Western Australia 6000

Telephone: +61 8 9426 6611
Facsimile: +61 8 9321 2002

Securities Registry*

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, Western Australia 6153

Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Auditor

RSM Australia Partners
8 St Georges Terrace
Perth, Western Australia 6000

Telephone: +61 8 9336 1266
Facsimile: +61 8 9430 6744

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

Contents

	Page
Important information	i
Key Offer Information	1
1. Details of the Offer	2
2. Purpose and effect of the Placement and Offers	10
3. Risk Factors	16
4. Rights and liabilities attached to Offer Securities	21
5. Continuous disclosure documents	26
6. Additional information	29
7. Directors' statement	36
8. Glossary of Terms	37

Key Offer Information

Indicative Timetable

Event	Target Date ¹
Lodgement of Prospectus with ASIC	Wednesday, 13 July 2016
Opening Date of the Offers	Wednesday, 13 July 2016
Issue of Shares under Placement – Tranche 1	Thursday, 14 July 2016
Closing Date of the Broker Offer	Wednesday, 20 July 2016
General Meeting	Wednesday, 24 August 2016
Issue of Shares under Placement – Tranche 2	Wednesday, 24 August 2016
Closing Date of the Share Offer	Thursday, 25 August 2016
Issue of Offer Securities under the Offers	Friday, 26 August 2016
Despatch of Holding Statements	Friday, 26 August 2016

Note: These dates are indicative only and subject to change. 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, without notification. Investors who wish to submit an Application and subscribe for Offer Securities under an Offer are encouraged to do so as soon as possible after the Offers open.

Key Offer Details

Offer	Details
Share Offer	
Price per Share under the Share Offer	\$0.05
Shares offered under the Share Offer	1,000
Cash proceeds of the Share Offer (before costs)	\$50
Broker Offer	
Price per Broker Option under the Broker Offer	Nil
Broker Options offered under the Broker Offer	8,000,000
Cash proceeds of the Broker Offer (before costs)	Nil

Note: The figures in the table above assume full subscription under each Offer.

1. Details of the Offer

1.1 Share Offer

(a) Offer

This Prospectus invites investors to participate in an offer of 1,000 Shares at \$0.05 per Share to raise up to \$50 (before costs) (**Share Offer**).

All Shares issued pursuant to this Prospectus will be issued as fully paid and will rank equally in all respects with the existing Shares on issue. Further details of the rights attaching to Shares are set out in Section 4.1.

The Company reserves the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for.

The Company reserves the right to withdraw the Share Offer at any time before Shares are issued under it.

Please refer to Section 1.6(a) for details on how to apply for Shares under the Share Offer.

(b) Minimum subscription

The Share Offer is not subject to any minimum subscription condition or requirement.

(c) Underwriting

The Share Offer is not underwritten.

(d) Shortfall

Any Shares not subscribed for under the Share Offer will form part of the shortfall (**Shortfall**).

The Company reserves the right (in its sole discretion) to allocate the Shortfall in any manner that it sees fit, subject to any applicable provisions of the Corporations Act and the ASX Listing Rules.

1.2 Broker Offer

(a) Offer

This Prospectus invites the Broker (or its nominees) to participate in an offer of 8,000,000 Broker Options at a cash issue price of nil, in accordance with the Broker Engagement (**Broker Offer**).

All Broker Options issued pursuant to this Prospectus will entitle the holder to subscribe for 1 Share at an exercise price of \$0.10 within 2 years of the issue date, and will otherwise be issued on the terms set out in Section 4.2.

Please refer to Section 1.6(b) for details on how to apply for Broker Options under the Broker Offer.

(b) Conditions

The Broker Offer is conditional upon the Company obtaining approval to issue the Broker Options under ASX Listing Rule 7.1 at the General Meeting (see Section 6.1).

If this condition is not satisfied, the Company may seek to issue the Broker Options under its issuing capacity pursuant to ASX Listing Rule 7.1. This may occur progressively over time subject to the Company's issuing capacity being replenished.

(c) **Minimum subscription**

The Broker Offer is not subject to any minimum subscription condition or requirement.

(d) **Underwriting**

The Broker Offer is not underwritten.

1.3 Purpose of Offers

(a) **Share Offer**

The primary purpose of the Share Offer is not to raise capital. Rather, the Share Offer is made to remove secondary trading restrictions that would otherwise apply to the Placement Shares and the Extension Shares (see Section 2.1).

Neither the Extension Shares nor the Placement Shares will be issued with disclosure under Chapter 6D of the Corporations Act.

Section 708A(11) of the Corporations Act provides that an offer of securities for sale does not need disclosure to investors if:

- (i) the relevant securities are in a class of securities that are quoted securities of the body;
- (ii) either:
 - A. 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
 - B. 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.

The issue of this Prospectus will remove secondary trading restriction that would otherwise apply to the Extension Shares and the Placement Shares.

In addition, any secondary trading restrictions that would otherwise apply to Shares issued prior to the Closing Date of the Share Offer will be removed by the issue of this Prospectus.

(b) **Broker Offer**

The primary purpose of the Broker Offer is for the Company to fulfil its obligation to under the Broker Engagement to issue the Broker Options to the Broker or its nominee.

By this Prospectus, the Broker Options will be issued with disclosure under Chapter 6D of the Corporations Act. Accordingly, neither the Broker Options nor the Shares issued on their exercise will be subject to secondary trading restrictions.

1.4 Timetable

The Offers will open for receipt of Applications on **Wednesday, 13 July 2016**.

The Broker Offer will close at **5.00 (WST) on Wednesday, 20 July 2016**.

The Share Offer will close at **5.00 (WST) on Thursday, 25 August 2016**.

The Directors reserve the right to extend the Offer Periods or close an Offer prior to the Closing Date for that Offer, subject to the requirements of the Corporations Act and the ASX Listing Rules.

The full indicative timetable for the Offers is set out in the Key Offer Information section on page 1 of this Prospectus.

1.5 Key risks

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. In addition to the risks described in detail in Section 3, prospective investors should be aware of the following (non-exhaustive) key risks which have particular application to the Company's operations and projects.

Risk	Description
Finance	The Company's ability to perform its obligations under the Sprott Facility may be affected by external factors and other matters outside of its control (e.g. its ability to raise capital). If the Company or its affiliates are unable to perform their respective obligations under the Sprott Facility, it may become immediately repayable and other enforcement action may be taken by Sprott (including enforcement of security) which could have an adverse impact on the Company and its operations.
Transactions with CMP	The successful operation and development of the Company's flagship Productora Project is in part reliant upon the continued support of the Company's project partner, CMP. CMP holds various rights under the project transaction agreements with the Company (and its subsidiaries SMECL and SMEA) which include an option to exit its investment in the Productora Project by requiring the purchase of its shares in SMEA in certain circumstances (see the Company's Notice of General Meeting and Independent Expert's Report announced to ASX on 19 March 2015). The effect on the Company from the exercise of these rights by CMP will largely depend upon the Company's financial and operational circumstances at that time. The Board considers that the Company has a strong relationship with CMP and it does not have any reason to believe that CMP will exercise such exit rights. However, CMP is an independent entity and the Company cannot guarantee that CMP will not exercise its exit rights at some time in the future.
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. 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.
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.
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. 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.
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. The Company may be adversely impacted by such employees ceasing their employment with the Company.
Future capital requirements	The Company will most likely require further financing for its future business activities, in addition to amounts raised pursuant to 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.
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.
Exchange rate fluctuations	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.

1.6 Applications for Offer Securities

(a) Share Offer

Applications for Shares will only be accepted on Share Offer Application Form that accompanies this Prospectus. The Share Offer Application Form must be completed in accordance with the instructions set out on the back of the form.

The Share Offer Application Form must be accompanied by a personal cheque, payable in Australian dollars, for an amount equal to the number of Shares for which the Applicant wishes to apply, multiplied by the Offer Price for Shares (i.e. \$0.05 per Share).

Cheques must be made payable to "Hot Chili Limited – Business Cash Reserve Account" and should be marked "Not Negotiable".

Brokerage or transfer/stamp duty is not payable in relation to the Offers.

Completed Share Offer Application Forms and accompanying cheques must be received by the Company before the Closing Date for the Share Offer at either of the following addresses:

Post	Delivery
Hot Chili Limited c/- Security Transfer Registrars 770 Canning Highway APPLECROSS WA 6153	Hot Chili Limited c/- Security Transfer Registrars PO Box 535 APPLECROSS WA 6953

Applicants who wish to apply under the Share Offer are urged to lodge their Share Offer Application Form as soon as possible as the Share Offer may close early without notice.

The Company reserves the right to accept a lesser amount to the total number of Shares applied for by an Applicant on the Share Offer Application Form, at the Company's complete discretion.

An original, completed and lodged Share Offer Application Form together with a cheque for the Application Money constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in that Share Offer Application Form. The Share Offer Application Form does not need to be signed to be valid.

If a Share 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. The Directors' decision as to whether to treat such a Share Offer Application Form as valid and how to construe, amend or complete a form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the Application Money.

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

(b) **Broker Offer**

Applications for Broker Options may only be submitted by the Broker (or its nominees) and be made using the Broker Offer Application Form that accompanies this Prospectus. The Broker Offer Application Form must be completed in accordance with the instructions set out on the back of the form.

Completed Broker Offer Application Forms and accompanying cheques must be received by the Company before the Closing Date for the Broker Offer at either of the following addresses:

Post	Delivery
Hot Chili Limited c/- Security Transfer Registrars 770 Canning Highway APPLECROSS WA 6153	Hot Chili Limited c/- Security Transfer Registrars PO Box 535 APPLECROSS WA 6953

An original, completed and lodged Broker Offer Application Form constitutes a binding and irrevocable offer to subscribe for the number of Broker Options specified in that Broker Offer Application Form. The Broker Offer Application Form does not need to be signed to be valid.

If a Broker Offer 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

a Broker Offer Application Form as valid and how to construe, amend or complete a form is final.

1.7 Application Money to be held on trust – Share Offer

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 Share 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.

1.8 Issue of Offer Securities

(a) Share Offer

Shares under the Share Offer are expected to be issued on the date specified in the timetable in Key Offer Information section on page 1 of this Prospectus, and in any event as soon as practicable following the Closing Date for the Share Offer.

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

The Directors reserve the right to allocate the Shares as they see fit.

(b) Broker Offer

Broker Options under the Broker Offer are expected to be issued on the date specified in the Key Offer Information section on page 1 of this Prospectus, and in any event as soon as practicable following the Closing Date for the Broker Offer.

The sale by the Broker (or its nominees) of Broker Options prior to the receipt of a Holding Statement is at the Applicant's own risk.

1.9 ASX quotation

(a) Share Offer

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

If the Shares offered under this Prospectus are not admitted to Official Quotation within 3 months after the date of this Prospectus (i.e. by 13 October 2016), the Company will not issue any Shares under the Share Offer. Application Moneys received by the Company for Shares will be refunded in full without interest in accordance with the Corporations Act.

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 Securities.

(b) Broker Offer

The Company does not intend to apply for Official Quotation on ASX of the Broker Options issued pursuant to this Prospectus. The Broker Options will form a class of unquoted Securities.

1.10 Withdrawal

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

1.11 Applicants outside of Australia

This Prospectus does not constitute an offer of Offer Securities 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 Securities. 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 Securities or an Offer, or otherwise to permit a public offering of the Offer Securities, in any jurisdiction outside Australia.

1.12 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 ASX 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 Securities. Instead, the Company provides holders with a Holding Statement (similar to a bank account statement) that sets out the number of Offer Securities 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 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.

1.13 Taxation implications

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for Offer Securities 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 an Offer. Potential Applicants should, therefore, consult their own tax adviser in connection with the taxation implications of the Offers.

1.14 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 Security holding 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 Securities 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 (**Privacy Act**):

- (a) the Securities Registry for ongoing administration of the Company's register;
- (b) the Company's related bodies corporate (as that term is defined in the Corporations Act), agents, contractors and third party service providers, as well as to ASX, ASIC and other regulatory authorities (including the Australian Taxation Office); and
- (c) 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 Security holder 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 even if that person ceases to be a Security holder of the Company. Information contained in the Company's register 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 Securities Registry. An Applicant can request access to their personal information by writing to the Company through the Securities Registry.

1.15 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.

2. Purpose and effect of the Placement and Offers

2.1 Placement

On 8 July 2016, the Company announced a capital raising of \$2,500,000, with capacity to accept oversubscriptions of up to an additional \$1,900,000 (i.e. a total of \$4,400,000), by way of private placement of Shares to Exempt Investors (**Placement**).

The Company intends to issue 72,000,000 Shares under Tranche 1 of the Placement on or about 14 July 2016 using its issuing capacity under ASX Listing Rules 7.1 and 7.1A (**Tranche 1**).

The Company further intends to issue 16,000,000 Shares under Tranche 2 of the Placement on or about 24 August 2016 subject to obtaining Shareholder approval at the General Meeting to do so (**Tranche 2**). Please refer to Section 6.1 for further details.

As at the Prospectus Date, the Company has received full oversubscription under the Placement for \$4,400,000.

Please refer to Sections 6.2(a) and (b) for further details on the Placement subscription terms.

2.2 Use of funds

The Company is only seeking to raise nominal funds under the Share Offer, as the Share Offer is being made for the reasons outlined in Section 1.3(a). Accordingly, any such funds raised will be applied by the Company to the same purposes as funds raised under the Placement.

The Company will not raise any funds under the Broker Offer. Any funds raised on exercise of the Broker Options (up to \$800,000) will be applied by the Company to its general working capital requirements at that time.

The Company intends to use the funds raised from the Placement and the funds raised from the Share Offer as follows:

	Amount
Funds available	
Cash on hand	\$224,697
Funds from the Placement (before costs)	\$4,400,000
Funds from Share Offer (before costs)	\$50
Total funds available	\$4,624,747
Use of funds	
Exploration and resource definition of the historical Sierra Zapallo high-grade gold deposit at the Productora Project	\$2,300,000
Repayment of interest on Sprott Facility	\$858,000
Costs of the Placement and the Offers	\$255,613
General working capital	\$1,211,134
Total	\$4,624,747

Notes:

- Working capital costs comprise the Company's administration and overhead costs, and include operating expenses, accounting costs, auditing costs, insurance costs, legal costs, securities registry costs, Directors' fees, ASX fees and regulatory compliance costs and expenses.
- The stated use of funds is current as at the Prospectus Date. The use of funds may change depending on any intervening events or changes in the Company's circumstances. The Board reserves the right to change the way funds are used and applied.

2.3 Capital structure

On completion of the Placement and the Offers, the capital structure of the Company is expected to be as follows.

Security type	Number	Percentage of total
Shares		
Shares on issue at the Prospectus Date	445,723,709	82,0733%
Extension Shares to be issued to Sprott or its nominees	9,355,569	1.7227%
Tranche 1 of the Placement	72,000,000	13.2577%
Tranche 2 of the Placement	16,000,000	2.9462%
Shares to be issued under the Share Offer	1,000	0.0002%
Total Shares following completion of the Offers	543,080,278	100%
Options – unquoted		
Options on issue at the Prospectus Date (exercisable at \$0.30 each on or before 27 June 2019)	11,000,000	57.89%
Broker Options to be issued under the Broker Offer	8,000,000	42.11%
Total Options on issue following the Option Offer	19,000,000	100%

Notes:

- The figures in the table assume:
 - additional Shares are not issued after to the Prospectus Date;
 - that none of the Options on issue at the Prospectus Date are exercised;
 - the Offers close fully subscribed; and
 - approval to issue Placement Shares under Tranche 2 is obtained at the General Meeting.
- The Extension Shares will be issued to Sprott in consideration for Sprott agreeing to extend the term of the Sprott Facility. Please refer to the Company's announcement of 8 July 2016 ('CMP Purchases additional stake in Productora') for further details.

2.4 Effect on control**(a) Placement**

The shareholding interests of existing Shareholders will be diluted by the issue of the 88,000,000 Placement Shares.

This represents a dilutive effect (post issue of the Extension Shares) of approximately 19.34%, assuming that the Company does not issue any other additional Shares.

Noting the anticipated substantial holdings after the Placement as outlined in Section 2.5 below, the Company does not consider that the Placement will have a material impact on the control of the Company.

(b) **Share Offer**

The shareholding interests of existing Shareholders will not be materially diluted by the Share Offer as only an additional 1,000 Shares will be issued if full subscription is reached. This represents a dilutive effect (post the issue of the Extension Shares and the Placement Shares) of approximately 0.0000018%, assuming that the Company does not issue any other additional Shares.

Accordingly, the Share Offer should not have a material impact upon the control of the Company and any dilutive effect on existing Shareholders is negligible.

(c) **Broker Offer**

The shareholding interests of existing Shareholders will not be materially diluted by the Broker Offer. Shares will not be issued under it.

The shareholding interests of existing Shareholders may be diluted if the Broker Options issued under the Broker Offer are exercised, as this would result in up to 8,000,000 new Shares being issued if full subscription under that offer is reached.

This represents a dilutive effect (post the issue of the Extension Shares, the Placement Shares and Shares under the Share Offer) of approximately 1.47%, assuming that the Company does not issue any other additional Shares.

Accordingly, the Broker Offer (and subsequent issue of Shares on exercise of the Broker Options) should not have a material impact upon the control of the Company.

(d) **Extension Shares**

The shareholding interests of existing Shareholders will be diluted by the issue of the 9,355,569 Extension Shares.

This represents a dilutive effect (post issue of the Placement Shares and Shares under the Share Offer) of approximately 2.1%, assuming that the Company does not issue any other additional Shares.

Accordingly, the Company does not consider that the issue of Extension Shares will have a material impact on the control of the Company.

2.5 Substantial holdings

A “substantial holding” is defined under section 9 of the Corporations Act to mean a relevant interest in 5% or more of the voting shares of a company.

The table below sets out the Shareholders with a substantial holding as at the Prospectus Date.

Name	Shares in which relevant interest is held at Prospectus Date	Percentage interest at Prospectus Date	Shares in which relevant interest is held post Placement and Offers	Percentage interest post Placement and Offers
Port Finance Ltd N.V.	65,725,296	14.75%	65,725,296	12.10%
Taurus SM Holdings Pty Ltd	62,009,758	13.91%	68,959,750	12.70%

Mr Murray Edward Black	40,996,210	9.20%	56,996,210	10.49%
Fratelli Investments Limited	31,432,753	7.05%	31,432,753	5.79%
Blue Spec Sondajes SpA	24,246,210	5.44%	24,246,210	4.46%

Notes:

1. The figures in the table assume:
 - (a) additional Shares are not issued after to the Prospectus Date;
 - (b) that none of the Options on issue at the Prospectus Date are exercised; and
 - (c) the Offers close fully subscribed.
2. Taurus SM Holdings Pty Ltd's relevant interest arises through the following:
 - (a) 1,556,782 Shares held at the Prospectus Date by Taurus Funds Management Pty Ltd as investment manager for the Taurus Resources No. 2 Trust, an associate of Taurus SM Holdings Pty Ltd;
 - (b) 60,452,976 Shares held by Taurus Resources Ltd GP No. 2 LLC as investment manager for the Taurus Resources No. 2 Trust, an associate of Taurus SM Holdings Pty Ltd; and
 - (c) 87,122 Shares that are to be issued to Taurus Funds Management Pty Ltd as investment manager for the Taurus Resources No. 2 Trust, an associate of Taurus SM Holdings Pty Ltd, under Tranche 1 of the Placement; and
 - (d) 6,852,878 Shares that are to be issued to Taurus Resources Ltd GP No. 2 LLC as investment manager for the Taurus Resources No. 2 Trust, an associate of Taurus SM Holdings Pty Ltd, under Tranche 1 of the Placement.
3. Mr Black's relevant interest arises through the following:
 - (a) 24,246,210 Shares held at the Prospectus Date by Blue Spec Sondajes SpA, a Chilean company of which Mr Black is the sole Administrator and a shareholder;
 - (b) 16,750,000 Shares held at the Prospectus Date by Kalgoorlie Auto Service Pty Ltd, a company controlled by Mr Black; and
 - (c) 16,000,000 Shares that are to be issued to Blue Spec Drilling Pty Ltd, a company controlled by Mr Black, under Tranche 2 of the Placement, the issue of which is subject to Shareholder approval at the General Meeting.

2.6 Effect on financial position of the Company

The Company will raise \$50 if the Offers close fully subscribed. Accordingly, the Offers will not have a material effect on the Company's financial position.

However, the Placement will have an effect on the Company's financial position.

Set out below is:

- (a) the unaudited consolidated statement of financial position of the Company as at 30 June 2016; and
- (b) the unaudited pro forma consolidated statement of financial position of the Company as at 30 June 2016, incorporating the effect of the Placement and the Offers.

The statement of financial position has been prepared to provide potential Applicants with information on the assets and liabilities of the Company and pro forma assets and liabilities of the Company as noted below. The historical and pro forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The consolidated statement of financial position below is to be read in conjunction with the notes to the financial statements as published in the Company's 2015 Annual Financial Report.

Unaudited Consolidated Statement of Financial Position

As at 30 June 2016

	Unaudited 30 June 2016	Pro Forma Adjustments	Unaudited Pro Forma 30 June 2016
	\$	\$	\$
Current Assets			
Cash and cash equivalents	224,564	4,400,000	4,624,564
Other current assets	133	-	133
Total Current Assets	224,697	4,400,000	4,624,697
Non-Current Assets			
Property, plant and equipment	365,387	-	365,387
Exploration and evaluation expenditure	105,239,214	-	105,239,214
Total Non-Current Assets	105,604,601	-	105,604,601
Total Assets	105,829,298	4,400,000	110,229,298
Current Liabilities			
Trade and other payables	2,156,762	255,613	2,412,375
Borrowings	8,753,030	-	8,753,030
Total Current Liabilities	10,909,792	255,613	11,165,405
Total Liabilities	10,909,792	255,613	11,165,405
Net Assets	94,919,506	4,144,387	99,063,893
Equity			
Contributed equity	117,209,608	4,400,000	121,609,608
Share issue costs	-	-	-

		(255,613)	(255,613)
Option reserve	1,125,616	-	1,125,616
Foreign currency translation reserve	1,222	-	1,222
Accumulated losses	(72,404,553)	-	(72,404,553)
Non-Controlling Interest	48,987,613	-	48,987,613
Total equity	94,919,506	4,144,387	99,063,893

The unaudited pro forma consolidated statement of financial position represents the Company's consolidated statement of financial position as at 30 June 2016, adjusted on the basis that there has not been any material movement in the assets and liabilities of the Company between 30 June 2016 and the Closing Date of the Share Offer (i.e. the last Closing Date) save for:

- (a) raising \$50 on full subscription under the Share Offer;
- (b) raising \$4,400,000 on full subscription under the Placement; and
- (c) the Company incurring \$255,613 in relation to the costs of undertaking the Placement and the Offers.

3. Risk Factors

3.1 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 Entitlement, Eligible Shareholders should read the entire Prospectus and review announcements made by the Company to ASX (at 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 Securities should be considered speculative. Securities carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those Securities.

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

3.2 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) **Sprott Facility**

The Sprott Facility is a US\$25 million credit facility provided by Sprott to the Company which is secured against the assets of the Company and its subsidiaries, SMECL and SMEA. As of 30 June 2016, the balance owing under this facility was US\$6.5 million (approximately A\$8,731,351).

Whilst the Company is confident it will continue to make payments when due under the Sprott Facility, its ability to do so may be affected by external factors or other matters outside of the Company's control, such as its ability to raise capital and other risks outlined in this Section 3. A failure by the Company or its affiliates to perform their obligations under the Sprott Facility may result in the loan becoming immediately repayable and other enforcement action being taken by Sprott, including enforcement of security. Default or enforcement action would have an adverse effect on the Company and its operations.

(b) **Transactions with CMP**

The Company is party to various agreements with its project partner, CMP, in relation to the Productora Project. Please refer to the Company's Notice of General Meeting and Independent Expert's Report announced to ASX on 19 March 2015 for further details. Whether the Productora Project can be successfully developed and operated will rely in part on the continued support of CMP.

CMP holds various rights under the project transaction agreements with the Company (and its subsidiaries SMECL and SMEA) which include an option to exit its investment in the Productora Project by requiring the purchase of its shares in SMEA under certain circumstances. Whether any such rights are exercised is ultimately at CMP's discretion. The effect on the Company from the exercise of these rights by CMP will largely depend upon the Company's financial and operational circumstances at that time. The Company cannot accurately predict these circumstances nor the extent to

which the exercise of CMP's rights may adversely affect the Company or its operations. However, the Board considers that the Company has a strong relationship with CMP and it does not have any reason to believe that CMP will exercise such exit rights.

(c) **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.

(d) **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.

(e) **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.

(f) **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.

(g) **Future capital requirements**

The Company will most likely require further financing for its future business activities, in addition to amounts raised pursuant to 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.

(h) **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.

(i) **Exchange rate fluctuations**

The expenditure 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.

3.3 Mining industry risks

Mineral exploration and mining may be hampered by circumstances beyond the control of the Company 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 3.2(b), 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.

(g) **Other**

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 causes, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Company.

3.4 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 Offer Price under the Share Offer.

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 shares 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. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid for the Shares.

(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, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk, and other matters that may interfere with the business or trade of the Company.

4. Rights and liabilities attached to Offer Securities

4.1 Rights and liabilities attaching to Shares

The Shares offered under this Prospectus will be fully paid ordinary shares in the capital of the Company and will rank equally with the existing Shares on issue.

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 ASX Listing Rules, the ASX Settlement Rules and the common law. The Constitution is available for inspection free of charge at the Company's registered office and on the Company's website (www.hotchili.net.au).

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to the Shares:

(a) Share capital

All issued ordinary fully paid 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 (1) vote on a show of hands and on a poll, one (1) vote for each Share held, and for every partly paid Share held, a fraction of a vote equivalent to the proportion which the amount paid (not credited) on the Share is of the total amounts paid and payable (excluding amounts credited) on the Share. Where there is an equality of votes, the chairperson has a casting vote.

(c) Dividend rights

Subject to the rights of persons (if any) entitled to Shares with special rights as to dividend (at present there are none), all dividends as declared by the Directors shall be payable on all Shares out of the Company's profits:

- (i) in accordance with the Corporations Act; and
- (ii) 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 dividend is paid.

Directors may authorise the payment or crediting by the Company to the Shareholder of such a dividend.

The Directors may, before declaring any dividend, set aside out of the profits of the Company such amounts as they may determine as reserves. 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.

(d) Rights on winding-up

If the Company is wound up, the liquidator may, 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 the 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.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other Securities in respect of which there is any liability.

(e) **Transfer of Shares**

Shares in the Company may be transferred by such means in accordance with the Constitution, the Corporations Act, Listing Rules and ASX Settlement Rules.

The Directors may, by providing their written notice, refuse to register a transfer of Shares (other than a market transfer) only in those circumstances permitted by the Constitution, the ASX Listing Rules and ASX Settlement Rules.

(f) **Further increases in capital**

Subject to the Constitution, the Corporations Act and Listing Rules, 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, at such price and on such terms, as the Directors think fit.

Subject to the ASX Listing Rules, the Directors have the right to grant Options or other Securities with rights of conversion to Shares or pre-emptive rights to any Shares, to any person, for any consideration and for any stock.

(g) **Variation of rights attaching to Shares**

The rights attaching to any class of Shares (unless otherwise provided by their terms of issue) may 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.

(h) **General meeting**

Subject to the ASX Listing Rules, the provisions of the Corporations Act and the Constitution relating to special resolutions and agreement for short notice, each holder of Shares will be entitled to receive at least 28 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which notice is given), 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 Corporations Act and the ASX Listing Rules.

4.2 Terms and conditions of Broker Options

The Broker Options offered pursuant to this Prospectus will be issued on the following terms and conditions:

(a) **Entitlement**

Each Broker Option entitles the holder (**Option Holder**) to subscribe for 1 fully paid ordinary Share in the Company.

(b) **No payment on grant**

The Option Holder is not required to pay any amount on the grant of a Broker Option.

(c) **Exercise price**

The exercise price of each Broker Option is \$0.10 (**Exercise Price**).

(d) **Expiry date**

Each Broker Option may be exercised at any time before 5.00pm (WST) on the date falling 2 years from its issue date (**Expiry Date**). Any Broker 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 Broker Options issued to the Option Holder;
- (ii) the Exercise Price of the Broker Options; and
- (iii) the date of issue of the Broker Options.

(f) **Transfer**

The Broker Options are transferable, subject to any restrictions on transfer under the Corporations Act or the ASX Listing Rules.

Subject to the Corporations Act or the ASX Listing Rules, the Option Holder may transfer some or all of the Broker Options at any time before the Expiry Date by:

- (i) a proper ASX Settlement transfer or any other method permitted by the Corporations Act; or
- (ii) a prescribed instrument of transfer.

(g) **Instrument of transfer**

An instrument of transfer of a Broker Option must be:

- (i) in writing;
- (ii) in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
- (iii) subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee; and
- (iv) 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 Broker Option to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Broker Option, the right of the transferor to transfer that Broker Option and the proper execution of the instrument of transfer.

(h) **Quotation of Broker Options**

The Directors may determine, at their sole discretion, that the Company will apply to ASX for Official Quotation of Broker Options if the requirements for quotation under the ASX Listing Rules as satisfied. Until such an application is made, the Broker Options will form a class of unquoted Securities.

(i) **Quotation of Shares**

The Company will apply to ASX for Official Quotation of the Shares issued on exercise of Broker Options.

(j) **New issues**

The Option Holder is not entitled to participate in any new issue to Shareholders of Securities in the Company unless they have exercised their Broker 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 ASX Listing Rules.

(k) **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 the Broker Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Broker Option is exercisable will be increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the Broker Option before the record date for determining entitlements to the issue.

(l) **Pro rata issues**

If the Company makes a pro rata issue of Shares (except a bonus issue) to Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and a Share has not been issued in respect of the Broker Option before the record date for determining entitlements to the issue, the Exercise Price of each Broker Option will be reduced in accordance with the ASX Listing Rules.

(m) **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 Broker Options to which the Option Holder is entitled to and the Exercise Price) will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

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.

The Company must, within a reasonable period, give to the Option Holder notice of any change to the Exercise Price of any Broker Options held by the Option Holder or the number of Shares which the Option Holder is entitled to subscribe for on exercise of a Broker Option.

(n) **Exercise**

To exercise Broker Options, the Option Holder must give the Company or its Securities Registry, at the same time:

- (i) a written exercise notice (in the form approved by the board of the Company from time to time) specifying the number of Broker Options being exercised and Shares to be issued;
- (ii) payment of the Exercise Price for the Shares, the subject of the exercise notice, by way of bank cheque or by other means of payment, approved by the Company; and
- (iii) any certificate for the Broker Options.

The Option Holder may only exercise Broker Options in multiples of 10,000 Broker Options unless the Option Holder exercises all Broker Options held by the Option Holder.

Broker Options will be deemed to have been exercised on the date the exercise notice is lodged with the Directors.

(o) **Re-issue of certificate or Holding Statement**

If the Option Holder exercises less than the total number of Broker Options registered in the Option Holder's name:

- (i) the Option Holder must surrender their Broker Option certificate (if any); and

- (ii) the Company must cancel the Broker Option certificate (if any) and issue the Option Holder a new Broker Option certificate or Holding Statement stating the remaining number of Broker Options held by the Option Holder.

(p) **Issue**

Within 10 days after receiving an application for exercise of Broker 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.

Subject to the Constitution, all Shares issued on the exercise of Broker 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.

(q) **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.

5. Continuous disclosure documents

5.1 Continuous disclosure obligations

This is a Prospectus for the offer of 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 ASX 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 enquires as are reasonable, the Company believes that it has complied with the provisions of the ASX 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 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. Further, the Broker Options to be issued under this Prospectus are options to subscribe for continuously quoted securities (i.e. Shares).

5.2 Documents available for inspection

The Company has lodged the following announcements with ASX since the lodgement of the Company’s 2015 annual financial report to shareholders on 30 September 2015:

Date	Description of ASX Announcement
08/07/2016	July Corporate Presentation
08/07/2016	CMP Purchases additional stake in Productora
08/07/2016	Reinstatement to Official Quotation
08/07/2016	Hot Chili announces \$4.4 million placement
24/06/2016	Suspension from Official Quotation
22/06/2016	Trading Halt Request
22/06/2016	Trading Halt Request
18/05/2016	CMP to Purchase Additional Stake in Productora
28/04/2016	Board Room Radio Interview – Productora Front of the Queue
27/04/2016	Quarterly Report for Period Ending 31 March 2016
06/04/2016	Pulso Article on CAP and HCH in Chilean Press
05/04/2016	El Mercurio Article on Hot Chili and CAP in Chilean Press
24/03/2016	Change in substantial holding
17/03/2016	Cleansing Notice
17/03/2016	Appendix 3B

Date	Description of ASX Announcement
17/03/2016	Closure of \$1.6 Million Placement
14/03/2016	Half Year Accounts
02/03/2016	Productora Development Blueprint Presentation
02/03/2016	Hot Chili Delivers PFS and Near Doubles Productora Reserves
04/02/2016	Change in Substantial Holding
04/02/2016	Cleansing Notice
04/02/2016	Appendix 3B
01/02/2016	Reinstatement to Official Quotation
01/02/2016	Completion of Placement to Strategic Shareholders
28/01/2016	Quarterly Report ending 31 December 2015
27/01/2016	Suspension from Official Quotation
25/01/2016	Trading Halt
23/12/2015	Productora PSF Advancing to Completion
10/11/2015	Initial Director's Interest Notice
10/11/2015	Alternate Director Appointment
06/11/2015	Results of Meeting
30/10/2015	Quarterly Report for Period Ending 30 September 2015
21/10/2015	Change of Director's Interest Notice
21/10/2015	Appendix 3B
21/10/2015	Cleansing Notice
16/10/2015	Hot Chili and CMP Execute LOI on Second Copper Project
12/10/2015	Major Exploration Breakthrough at Productora
01/10/2015	Notice of AGM/Proxy Form
30/09/2015	Appendix 4G and Corporate Governance Statement
30/09/2015	Annual Report to Shareholders
30/09/2015	Mineral Resource and Ore Reserve Statement

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

Copies of documents lodged with ASX, in relation to the Company, may be obtained from the Company's website (www.hotchili.net.au) or at ASX's website (www.asx.com.au) using ASX Code 'HCH'.

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

- (a) the annual financial report of the Company for the financial year ended 30 June 2015, being the annual financial report of the Company most recently lodged with the ASIC before the issue of this Prospectus;

- (b) the half year financial report of the Company for the half year ended 31 December 2015, being the half year financial report of the Company most recently lodged with ASIC before the issue of this Prospectus; and
- (c) 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 Section 5.2(a) above until the issue of the Prospectus in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act.

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.

6. Additional information

6.1 General Meeting

The Board intends hold the General Meeting of its Shareholders on or about 24 August 2016 at which Shareholder approval will be sought for the following (amongst other things):

- (a) approval under ASX Listing Rule 10.11 for the issue of Shares under Tranche 2 of the Placement to a related party of the Company, being Blue Spec Drilling Pty Ltd which is a company controlled by the Company's Chairman, Mr Murray Black; and
- (b) approval under ASX Listing Rule 7.1 for the issue of Broker Options under the Broker Offer.

The final date of the General Meeting may change, but Board intends to convene the meeting as early as practicable.

6.2 Material and related party contracts

(a) Share Subscription Agreements for Tranche 1 of the Placement

The Company entered into various Share Subscription Agreements with the Exempt Investors who participated in Tranche 1 of the Placement. These agreements have substantially the same terms and conditions.

The material terms of these Share Subscription Agreements include:

- (i) Each investor applied for a specific allocation of Placement Shares set out in the agreement.
- (ii) The issue price of the Placement Shares is split between \$0.036 and \$0.06, with an average price of \$0.05, so that the Company will comply with the requirements of the ASX Listing Rules.
- (iii) The investor warrants that the investor is a person to whom an offer and issue of Securities can be made without disclosure as a consequence of the operation of section 708 of the Corporations Act (i.e. an Exempt Investor).
- (iv) Within 5 business days after settlement under each agreement, the Company is required to lodge a prospectus with ASIC offering Shares (i.e. this Prospectus) for the purpose of removing secondary tradition restrictions from the Placement Shares by operation of section 708A(11) of the Corporations Act.

The Share Subscription Agreements otherwise contained terms and conditions considered standard for agreements of that nature.

(b) Share Subscription Agreement with Blue Spec Drilling Pty Ltd for Tranche 2 of the Placement

The Company entered into a Share Subscription Agreement with Blue Spec Drilling Pty Ltd in relation to Tranche 2 of the Placement under which Blue Spec Drilling Pty Ltd subscribed for \$800,000 worth of Placement Shares.

This agreement is on substantially the same terms and conditions as the Share Subscription Agreements for Tranche 1 of the Placement, save that:

- (i) it is conditional upon all legal, regulatory and Shareholder approvals being obtained to issue the Placement Shares applied that are for under the agreement; and

- (ii) the issue price of each Placement Share is fixed at \$0.05, being the average price of the Placement Shares subscribed under Tranche 1.

As outlined above, Blue Spec Drilling Pty Ltd is controlled by the Company's Chairman, Mr Murray Black, and is therefore a related party of the Company for the purposes of the Corporations Act and the ASX Listing Rules.

The Directors consider that the Share Subscription Agreement with Blue Spec Drilling Pty Ltd reflects arm's length terms as it is substantially the same as the Share Subscription Agreements for Tranche 1 of the Placement which were entered with non-related parties.

(c) **Broker Engagement**

The Company entered into a corporate advisory and capital raising engagement with the Broker (Hartleys Limited) under which (amongst other things) the Broker was appointed lead broker to the Placement (**Broker Engagement**).

The material terms of the Broker Engagement are as follows:

- (i) The Broker has been engaged to provide corporate advisory and capital raising services, including acting as lead broker to the Placement.
- (ii) The term of the Broker Engagement is 12 months from its execution.
- (iii) The Company must pay or issue (as the case may be) the following to the Broker:
 - A. **Broker Options:** The Company must issue the Broker Options to the Broker or its nominee within 7 days of obtaining Shareholder approval to do so.
 - B. **Advisory fee:** Subject to the Company and the Broker determining when it will commence, a monthly advisory fee of between \$5,000 and \$10,000.
 - C. **Capital raising fee:** A capital raising fee of 6% of the gross amount subscribed under an equity or hybrid capital raising undertaken by the Company during the term of the Broker Engagement. If the Broker undertakes any such capital raising as a joint lead manager, then the joint lead managers will be paid this capital raising fee, provided that the Broker is to receive at least half of the fee.
 - D. **Execution fee:** A one-off payment of \$50,000 upon executing the Broker Engagement.
 - E. **M&A fee:** If the Company (or its related bodies corporate) enters into a material transaction (e.g. takeover, merger, farm-in arrangement, material acquisition or joint venture), the Company will look to engage the Broker on an exclusive basis in relation to that transaction and must pay fees in line with market practice. This excludes matters relating to the CMP or any of its affiliated entities.

The Broker Engagement otherwise contains terms and conditions considered standard for agreements of this nature.

(d) **Capital raising engagements**

The Company engaged two stockbroking firms to assist raising investment under the Placement.

Under this engagement, each firm is to be paid a fee of 6% on the gross amount of subscriptions made under the Placement by investors introduced to the Company through firm. This amount totals approximately \$51,000.

Neither stockbroking firm will be paid any fees in relation to this Prospectus or the Offers.

(e) **Executive service agreement – Mr Christian Easterday**

The Company has entered into an executive service agreement with Mr Christian Easterday, as Managing Director. Under this agreement, Mr Easterday originally received an annual salary of \$360,000, plus superannuation at the rate of 12% and other entitlements. Mr Easterday's remuneration is subject to annual review.

Mr Easterday's salary and superannuation entitlement under this agreement has been adjusted by mutual agreement with the Company as set out in Section 6.5.

(f) **Consulting agreement – Mr Michael Anderson**

The Company has entered into a consulting services agreement with MRA Consulting Pty Ltd (**MRA**), a company associated with Mr Michael Anderson, for the provision of technical consulting services.

MRA has been paid, or is entitled to be paid approximately of \$83,972 (plus GST) by the Company in relation to technical consulting services provided under the agreement in period 2 years prior to the Prospectus Date.

(g) **Drilling services contract with Blue Spec Sondajes Chile SpA**

The Company's Chilean subsidiary, SMEA, has entered into a drilling services contract with Blue Spec Sondajes Chile SpA (**Blue Spec Chile**), a company associated with Mr Murray Black, for the provision of drilling services at the Company's projects in Chile on terms and at rates considered by the Directors (other than Mr Black) to be reasonable arm's length commercial terms.

The agreement operated until 31 December 2015. However, the parties may mutually agree to extend the term of the agreement.

The Company, SMEA and Blue Spec Chile agreed to vary the agreement in 2015 so as to allow the Company to satisfy, on behalf of SMEA, up to \$1,667,667 worth of drilling fees through the issue of Shares. Please refer to the Company's Notice of General Meeting announced to ASX on 19 March 2015 for further details in this respect.

The Company subsequently issued 2,601,193 Shares to Blue Spec Chile on 21 October 2015 in satisfaction of \$285,460 of drilling fees owed by SMEA.

Blue Spec Chile has been paid approximately \$8,763,600 by SMEA in relation to services provided under the agreement in period 2 years prior to the Prospectus Date. This figure is inclusive of the \$285,460 satisfied by the issue of Shares as outlined above.

(h) **Directors' indemnity and insurance deeds**

The Company has entered into deeds of access, indemnity and insurance with each Director.

Under the deeds, the Company has undertaken, subject to the restrictions in the Corporations Act, to:

- (i) indemnify each Director and officer in certain circumstances;

- (ii) maintain directors' and officers' insurance cover (if available) in favour of each Director whilst a Director and for 7 years after the Director or officer has ceased to be a Director;
- (iii) cease to maintain directors' and officers' insurance cover in favour of each Director if the Company reasonably determines that the type of coverage is no longer available; and
- (iv) provide access to any Company records which are relevant to the Director's holding of office with the Company, for a period of 7 years after the Director has ceased to be a Director.

The deeds otherwise contain terms and conditions considered standard for deeds of this nature.

6.3 Litigation

As at the date of this Prospectus, 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.

6.4 Security holding interests of Directors

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

Director	Shares		Options	
	Direct	Indirect	Direct	Indirect
Mr Murray Edward Black	Nil	56,996,210	Nil	Nil
Mr Christian Ervin Easterday	300,000	16,750,000	Nil	Nil
Dr Allan Trench	Nil	31,400	Nil	Nil
Mr Michael Anderson	Nil	Nil	Nil	Nil
Mr Roberto de Andraca Adriasola	Nil	80,000	Nil	Nil
Mrs Melanie Jane Leighton	40,000	Nil	Nil	Nil

Notes:

1. Mr Black has an indirect relevant interest in 38,395,017 issued Shares at the Prospectus Date. However, the figure in the table above comprises:
 - (a) 24,246,210 Shares held by Blue Spec Sondajes SpA, a Chilean company of which Mr Black is the sole Administrator and a shareholder;
 - (b) 16,750,000 Shares held by Kalgoorlie Auto Service Pty Ltd, a company controlled by Mr Black; and
 - (c) 16,000,000 Shares that are to be issued to Blue Spec Drilling Pty Ltd, a company controlled by Mr Black, under Tranche 2 of the Placement, the issue of which is subject to Shareholder approval at the General Meeting.
2. Mr Easterday has an indirect relevant interest in Shares held by Kalgoorlie Auto Service Pty Ltd on bare trust for Mr Easterday.
3. Mr Trench's Shares are held by Mr Trench and Suzanne Trench as trustees for the Trench Super Fund Account.
4. Mr de Andraca's Shares are held by Charles Schwab on trust for Mr de Andraca.

6.5 Remuneration of Directors

The Constitution provides that the Directors may be paid for their services as Directors, as determined by the Company prior to the first annual general meeting. Such payment, in relation to Non-Executive Directors, is to be paid by way of a fixed sum and not by a commission or percentage of operating revenue or Company profits. The sum fixed, which is currently \$600,000, may be divided amongst the Directors as they may from time to time agree or, in the absence of agreement, in equal shares.

Subject to the provisions of any contract between the Company and any Executive Director, the remuneration for Executive Directors may be fixed by the Directors from time to time.

A Director may be paid fees or other amounts as the Directors determine, where a Director performs duties or provides services outside the scope of their normal duties. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The table below sets out the current cash remuneration of each Director.

Director	Cash remuneration – financial year ended 30 June 2015 (exclusive of superannuation)	Cash remuneration – financial year ended 30 June 2016 (exclusive of superannuation)
Mr Murray Edward Black	Director fee of \$71,000	Director fee of \$29,583
Mr Christian Ervin Easterday	Salary of \$342,000 under executive services agreement with the Company (see Section 6.2(e))	Salary of \$291,600 under executive services agreement with the Company (see Section 6.2(e))
Dr Allan Trench	Director fee of \$42,000	Director fee of \$37,800
Mr Michael Anderson	Consultancy fee of \$47,040 under consultancy services agreement between MRA Consulting Pty Ltd and the Company (see Section 6.2(f))	Consultancy fee of \$41,986 under consultancy services agreement between MRA Consulting Pty Ltd and the Company (see Section 6.2(f))
Mr Roberto de Andraca Adriasola	Director fee of \$51,660	Director fee of \$19,600
Mrs Melanie Jane Leighton	Salary of \$225,000 pursuant to employment agreement with the Company	Salary of \$202,500 pursuant to employment agreement with the Company

Notes:

1. Mr Black and Mr Andraca agreed with the Company to cease payment of their director fees from 1 December 2015.
2. Mr Easterday's salary was reduced to \$259,200 plus the minimum statutory superannuation (currently 9.5%) from January 2016.

Further information relating to the remuneration of Directors can be found in the Company's 2015 Annual Report, which can be found on the Company's website (www.hotchili.net.au) or ASX announcements webpage for the Company (ASX Code: HCH).

6.6 Expenses of the Placement and Offers

The expenses of the Placement and the Offers (assuming full subscription) are expected to comprise the following estimated costs.

Expense	Amount
ASIC fees	\$2,350
ASX fees	\$12,350
Broker and capital raising fees	\$214,790
Legal fees (exclusive of GST)	\$20,000
Promotion, printing, distribution and Securities Registry expenses	\$3,723
Miscellaneous fees	\$2,400
TOTALS	\$255,613

6.7 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus:

- (a) 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:
- (i) the formation or promotion of the Company;
 - (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
 - (iii) the Offers; and
- (b) amounts have not been paid or agreed to be paid (whether in cash, Securities or otherwise), and other benefit have not 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 or the Offers.

Expert/advisor	Service or function	Amount paid or to be paid
Hartleys Limited	Lead Broker to the Placement	<p>Hartleys Limited has been paid or is entitled to be paid the following in relation to its role as lead broker to the Placement:</p> <ul style="list-style-type: none"> • a one-off engagement fee of \$50,000; • a capital raising fee of approximately \$113,790 in relation to the subscriptions that it arranged under the Placement; and • the Broker Options in relation to its role as lead broker to the Placement. <p>Hartleys Limited will not be paid any fees in relation to this Prospectus or the Offers specifically.</p>
Jackson McDonald (a partnership)	Solicitors to the Offers	<p>Jackson McDonald will be paid approximately \$20,000 (plus GST) for services related to this Prospectus and the Offers.</p> <p>Jackson McDonald has been paid or is entitled to be paid approximately</p>

		\$295,000 (plus GST) for legal services provided to the Company in the period 2 years prior to the Prospectus Date.
RSM Australia Partners	Auditing and tax services	RSM Australia Partners has been paid approximately \$126,574 for the provision of professional auditing and tax services to the Company in the period 2 years prior to the Prospectus Date.
Security Transfer Registrar Pty Ltd	Share Registrar	Security Transfer Registrars will be paid approximately \$3,723 for services to be provided in relation to receiving and managing subscriptions under the Offers. Security Transfer Registrars has been paid or is entitled to be paid approximately \$39,899 for the provision of share registry services to the Company in the period 2 years prior to the Prospectus Date.

6.8 Consents and liability statements

The following persons have given their written consent to be named in the 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:

Party	Capacity in which named	Statement or report in this Prospectus
Hartleys Limited	Lead Broker to the Placement	Not applicable
Jackson McDonald (a partnership)	Solicitors to the Offers	Not applicable
RSM Australia Partners	Auditor and taxation advisor	Not applicable
Security Transfer Registrar Pty Ltd	Securities Registry	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 6.8; 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 6.8.

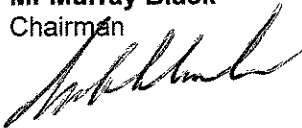
7. Directors' statement

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:

Mr Murray Black
Chairman



Date: 13 - 7 - July 2016

8. Glossary of Terms

Applicant	A person who applies for Offer Securities under and in accordance with this Prospectus.
Application	A valid application for Offer Securities offered under this Prospectus.
Application Form	The Share Offer Application Form or the Broker Offer Application Form.
Application Moneys	Money received from an Applicant in respect of an Application.
ASIC	The Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) trading as the 'Australian Securities Exchange'.
ASX Listing Rules	The official listing rules of ASX.
ASX Settlement	ASX Settlement Pty Limited (ACN 008 504 532).
ASX Settlement Rules	The settlement rules of ASX Settlement.
Blue Spec Drilling Pty Ltd	Blue Spec Drilling Pty Ltd (ACN 601 943 364).
Board	The board of Directors of the Company.
Broker	Hartleys Limited (ACN 104 195 057), AFSL 230052.
Broker Engagement	The letter of engagement from the Broker to the Company under dated 1 July 2016 and countersigned by the Company on that date, under which the Company engaged the Broker to provide corporate advisory and capital raising services.
Broker Offer	The offer to the Broker (or its nominees) of 8,000,000 Broker Options a cash issue price of nil pursuant to the Broker Engagement.
Broker Offer Application Form	The Application Form for the Broker Offer that accompanies this Prospectus.
Broker Option	An Option on the terms and conditions set out in Section 4.2.
CHESS	Clearing House Electronic Sub-register System operated by ASX Settlement.
CHESS Statement or Holding Statement	A statement of shares registered in a CHESS account.
Closing Date	The closing date of an Offer, being: (a) for the Share Offer, 5:00pm (WST) on Thursday, 25 August 2016; and (b) for the Broker Offer, 5:00pm (WST) on Wednesday, 20 July 2016.
Company or Hot Chili	Hot Chili Limited (ACN 130 955 725).

Constitution	The constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
CMP	Compañía Minera del Pacífico S.A., a corporation organised and existing under the laws of Chile, and includes affiliated entities.
Director	A director of the Company as at the date of this Prospectus.
Executive Director	An executive Director of the Company.
Exempt Investor	An investor to whom a Security may be issued without giving disclosure under Chapter 6D of the Corporations Act, including: <ul style="list-style-type: none"> (a) 'professional investor' as that term is defined in section 9 of the Corporations Act; (b) a 'sophisticated investor' for the purposes of sections 708(8) to (10) of the Corporations Act; (c) a person senior manager or a body corporate controlled by a senior manager for the purposes of section 708(12) of the Corporations Act.
Extension Shares	The 9,355,569 Shares to be issued by the Company to Sprott (or its nominees) on or about 13 July 2016 in consideration of Sprott granting an extension of the Sprott Facility.
General Meeting	A general meeting of Shareholders to be held on or about Wednesday, 24 August 2016 to approve the issue Shares under Tranche 2 of the Placement and the Broker Offer.
GST	Goods and services tax.
Non-Executive Director	A non-executive Director of the Company.
Offer Period	In relation to an Offer, the period commencing on the Opening Date and ending on the Closing Date for that Offer.
Offer Price	In relation to the Share Offer, \$0.05 per Share.
Offer Security	A Share or a Broker Option, as the context requires.
Official Quotation	The admission of Securities to the official list of the ASX.
Opening Date	The opening date of the Offers, being 13 July 2016.
Option	An option to subscribe for a Share.
Placement	The placement by the Company of 88,000,000 Shares to Exempt Investors to raise up to \$4,400,000 (before costs), comprising Tranche 1 and Tranche 2, as outlined in Section 2.1.
Privacy Act	<i>Privacy Act 1988</i> (Cth).
Productora Project	The Productora copper project owned by SMEA and operated by the Company, located near Vallenar, Chile.
Prospectus	This document, including the Application Forms.

Prospectus Date	The date of lodgement of this Prospectus with ASIC, being 13 July 2016.
Section	A section of this Prospectus.
Securities	Has the meaning given to that term in section 92(4) of the Corporations Act and includes a Share or an Option.
Securities Registry	The Company's securities registry, Security Transfer Registrars Pty Ltd (ACN 008 894 488).
Share	A fully paid ordinary share in the capital of the Company.
Share Offer	The offer to the public of up to 1,000 Shares at an issue price of \$0.05 per Share, to raise up to \$50 (before costs).
Share Offer Application Form	The Application Form for the Share Offer that accompanies this Prospectus.
Shareholder	The holder of a Share.
SMEA	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.
SMECL	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.
Sprott	Sprott Resource Lending Partnership (a general partnership organised and existing under the laws of the Province of Ontario).
Sprott Facility	The secured credit facility between the Company, SMECL and SMEA and Sprott entered into on or about 30 June 2014.
Tranche 1	The placement by the Company of 72,000,000 Shares to Exempt Investors that is scheduled to complete on 14 July 2016, as outlined in Section 2.1.
Tranche 2	The placement by the Company of 16,000,000 Shares to Blue Spec Drilling Pty Ltd that is scheduled to complete on or about 24 August 2016 subject to Shareholder approval at the General Meeting, as outlined in Section 2.1.
WST	Western Standard Time, being the time in Perth, Western Australia.

SHARE OFFER APPLICATION FORM

+

+

RETURN FORM TO:
 Hot Chili Limited
 c/- Security Transfer Registrars
 770 Canning Highway
 Applecross, Western Australia 6153
 PO Box 535
 Applecross, Western Australia 6953

HOT CHILI LIMITED

ABN 93 130 955 725

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

REGISTERED OFFICE:
 First Floor, 768 Canning Highway
 Applecross, Western Australia 6153

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM

This Share Offer Application Form (**Application Form**) relates to the offer of fully paid ordinary shares (**Shares**) in Hot Chili Limited ACN 130 955 725 (**Company**) at an issue price of \$0.05 per Share pursuant to the prospectus issued by the Company dated 13 July 2016 (**Prospectus**). You should read the Prospectus in full before completing and returning this form.

I/We apply for:

, ,

Shares at \$0.05 per Share = AUD\$

in HOT CHILI LIMITED (ACN 130 955 725) or such lesser number of Shares which may be allocated to me/us by the Directors.

I/We lodge full Application Monies of:

AUD \$, , .

For the above Shares.

Full Name (please print using BLOCK LETTERS)

B L O C K L E T T E R S

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

Postal Address (please print using BLOCK LETTERS)

Suburb/Town/City

State

Postcode

Contact Name

Contact Number – Business Hours

CHESS HIN (where applicable)

Tax File Number, ABN or Exemption

TFN of Applicant #2

TFN of Applicant #3

Email Address

B L O C K

@ L E T T E R S . C O M

Cheque Details

Drawer	Cheque Number	BSB	Amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	AUD\$
<input type="text"/>	<input type="text"/>	<input type="text"/>	AUD\$

Declaration and Statements:

By lodging this Share Offer Application Form:

I/We declare that all details and statements made by me/us are complete and accurate;

I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company;

I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus;

I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and

I/We have received personally a copy of the Prospectus accompanied by or attached to this Application Form or a copy of the Application Form or a direct derivative of the Application Form before applying for Shares.

I/We acknowledge that returning the Application Form with the Application Monies will constitute my/our offer to subscribe for Shares in the Company and that notice of acceptance of the Application will not be provided.

IMPORTANT

To meet the requirements of the Corporations Act 2001 (Cth), this Share Offer Application Form (**Application Form**) must not be handed to any person unless it is attached to or accompanied by the Prospectus dated 13 July 2016 (**Prospectus**) and any relevant supplementary prospectus issued by HOT CHILI LIMITED ACN 130 955 725 (**Company**).

This Application Form relates to the offer of fully paid ordinary shares (**Shares**) in the Company pursuant to the Prospectus.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESSE participants should complete their name and address in the same format as they are presently registered in the CHESSE system.

Insert the number of Shares you wish to apply for. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

Notice of acceptance of the Application will not be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the Application.

Please provide us with a telephone contact number (including the person responsible in the case of an Application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your Application as valid, and how to construe, amend or complete it shall be final.

PAYMENT

Applications for Shares must be accompanied by the Application Money of \$0.05 per Share (in Australian currency). Cheques should be made payable to HOT CHILI LIMITED – BUSINESS CASH RESERVE ACCOUNT and crossed "Not Negotiable".

Do not forward cash as receipts will not be issued.

LODGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Delivered to:

Hot Chili Limited
c/- Security Transfer Registrars
770 Canning Highway
Applecross, Western Australia 6153

OR

Posted to:

Hot Chili Limited
c/- Security Transfer Registrars
PO Box 535
Applecross, Western Australia 6953

Applications must be received by no later than 5.00pm WST on the Closing Date of the Share Offer as set out in the Prospectus.

TAX FILE NUMBERS

The collection of tax file number (TFN) information is authorised and the tax laws and the *Privacy Act 1988* (Cth) strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the Application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to HOT CHILI LIMITED. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR	CORRECT FORM OF REGISTRATION	INCORRECT FORM OF REGISTRATION
Individual <i>Use given names in full, not initials</i>	Mr John Alfred Smith	J A Smith
Company <i>Use the company's full title, not abbreviations</i>	ABC Pty Ltd	ABC P/L or ABC Co
Joint holdings <i>Use full and complete names</i>	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts <i>Use trustee(s) personal name(s), Do not use the name of the trust</i>	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates <i>Use the executor(s) personal name(s)</i>	Ms Jane Mary Smith & Mr Frank William Smith <Estate John Smith A/C>	Estate of Late John Smith, or John Smith Deceased
Minor (a person under the age of 18) <i>Use the name of a responsible adult with an appropriate designation</i>	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships <i>Use the partners' personal names. Do not use the name of the partnership</i>	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son

BROKER OFFER APPLICATION FORM

+

+

RETURN FORM TO:
Hot Chili Limited
c/- Security Transfer Registrars
770 Canning Highway
Applecross, Western Australia 6153
PO Box 535
Applecross, Western Australia 6953

HOT CHILI LIMITED

ABN 93 130 955 725

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

REGISTERED OFFICE:
First Floor, 768 Canning Highway
Applecross, Western Australia 6153

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM

This Broker Offer Application Form (Application Form) relates to the offer by Hot Chili Limited ACN 130 955 725 (Company) to Hartleys Limited ACN 104 195 057 (or its nominees) of options to subscribe for fully paid ordinary shares in the Company, each with an exercise price of \$0.10 and an expiry date of 2 years from the date of issue (Broker Options), in an issue price of nil pursuant to the prospectus issued by the Company dated 13 July 2016 (Prospectus). You should read the Prospectus in full before completing and returning this form.

I/We apply for:

Grid for entering the number of Broker Options, including commas and spaces.

Broker Options

in HOT CHILI LIMITED (ACN 130 955 725) or such lesser number of Broker Options which may be allocated to me/us by the Directors.

Full Name (please print using BLOCK LETTERS)

Grid for entering the full name in block letters.

Joint Applicant #2 or <designated account>

Grid for entering joint applicant #2 details.

Joint Applicant #3 or <designated account>

Grid for entering joint applicant #3 details.

Postal Address (please print using BLOCK LETTERS)

Grid for entering the postal address in block letters.

Suburb/Town/City

Grid for entering suburb/town/city.

State

Grid for entering state.

Postcode

Grid for entering postcode.

Contact Name

Grid for entering contact name.

Contact Number - Business Hours

Grid for entering contact number.

CHESS HIN (where applicable)

Grid for entering CHES HIN.

Tax File Number, ABN or Exemption

Grid for entering tax file number.

TFN of Applicant #2

Grid for entering TFN of applicant #2.

TFN of Applicant #3

Grid for entering TFN of applicant #3.

Email Address

Grid for entering email address in block letters.

Declaration and Statements:

By lodging this Broker Offer Application Form:

I/We declare that all details and statements made by me/us are complete and accurate;

I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company;

I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus;

I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Broker Options to me/us; and

I/We have received personally a copy of the Prospectus accompanied by or attached to this Application Form or a copy of the Application Form or a direct derivative of the Application Form before applying for Broker Options.

I/We acknowledge that returning the Application Form with the Application Monies will constitute my/our offer to subscribe for Broker Options in the Company and that notice of acceptance of the Application will not be provided.

IMPORTANT

To meet the requirements of the Corporations Act 2001 (Cth), this Broker Offer Application Form (**Application Form**) must not be handed to any person unless it is attached to or accompanied by the Prospectus dated 13 July 2016 (**PROSPECTUS**) and any relevant supplementary prospectus issued by HOT CHILI LIMITED ACN 130 955 725 (**Company**).

This Application Form relates to the offer by the Company to Hartleys Limited ACN 104 195 057 (or its nominees) of options to subscribe for fully paid ordinary shares in the Company, each with an exercise price of \$0.10 and an expiry date of 2 years from the date of issue (**Broker Options**), in an issue price of nil pursuant to the Prospectus.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHES participants should complete their name and address in the same format as they are presently registered in the CHES system.

Insert the number of Broker Options you wish to apply for. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Broker Options equal to or less than the number of Broker Options indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

Notice of acceptance of the Application will not be provided by the Company prior to the allotment of Broker Options. Applicants agree to be bound upon acceptance by the Company of the Application.

Please provide us with a telephone contact number (including the person responsible in the case of an Application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your Application as valid, and how to construe, amend or complete it shall be final.

LODGING OF APPLICATIONS

Completed Application Forms must be:

Delivered to:

Hot Chili Limited
c/- Security Transfer Registrars
770 Canning Highway
Applecross, Western Australia 6153

OR

Posted to:

Hot Chili Limited
c/- Security Transfer Registrars
PO Box 535
Applecross, Western Australia 6953

Applications must be received by no later than 5.00pm WST on the Closing Date of the Broker Offer as set out in the Prospectus.

TAX FILE NUMBERS

The collection of tax file number (TFN) information is authorised and the tax laws and the *Privacy Act 1988* (Cth) strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the Application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to HOT CHILI LIMITED. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR	CORRECT FORM OF REGISTRATION	INCORRECT FORM OF REGISTRATION
Individual <i>Use given names in full, not initials</i>	Mr John Alfred Smith	J A Smith
Company <i>Use the company's full title, not abbreviations</i>	ABC Pty Ltd	ABC P/L or ABC Co
Joint holdings <i>Use full and complete names</i>	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts <i>Use trustee(s) personal name(s), Do not use the name of the trust</i>	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates <i>Use the executor(s) personal name(s)</i>	Ms Jane Mary Smith & Mr Frank William Smith <Estate John Smith A/C>	Estate of Late John Smith, or John Smith Deceased
Minor (a person under the age of 18) <i>Use the name of a responsible adult with an appropriate designation</i>	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships <i>Use the partners' personal names. Do not use the name of the partnership</i>	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son