



**> Delivering
Growth**
ANNUAL REPORT

2013

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“Our track record of delivery is something we are very proud of and our future growth milestones are now Hot Chili’s complete focus.”

Chairman’s Letter

Dear Shareholder,

As chairman of the board of Hot Chili Limited (Hot Chili or Company), I am very proud to have presided over a period of such achievement by our Company. The year has seen the Company consolidate its position as one of the leading emerging copper companies on the Australian Securities Exchange (ASX).

This is no simple task, given the discovery of our flagship Productora Copper Project in Chile is not yet three years old and we have achieved this against strong head winds in global equity markets.

Despite these challenges, Hot Chili has delivered another year of strong growth from its Chilean project portfolio while laying solid foundations for the establishment of a new Australian mid-tier copper company on the world stage. This has been through sheer persistence and hard work from our Company’s talented team to rapidly grow a centre of new high quality copper assets along the Chilean coastal range.

Our flagship project La Productora (The Producer), has lived up to its name and continues to produce strong growth for Hot Chili. Over the past year we near doubled our resources at Productora to just under one million tonnes of copper metal and 600,000 ounces of gold from surface. At the same time Hot Chili also gave the go-ahead to Pre-feasibility studies at Productora following the successful completion of a Scoping study, indicating the potential for a low-cost, long-life copper operation to be established within an infrastructure rich area of Chile’s coastal range.

While delivering on our growth milestones this year, the Company’s dedication towards aggressive drilling continues to pay-off in outlining further growth at Productora. The central area of the Productora project has continued to return higher grade drilling intersections within areas likely to have big impacts on our ambitions to establish the project as our first copper production source in Chile.

The Company’s aim to establish a copper production hub centred around Productora took a major step forward when the Company announced the discovery of its second major copper-gold project at Frontera, 70km directly south of Productora. While only early in our drilling assessment, Frontera is shaping to be a major growth project that may support Productora in delivering a future targeted annual production that would position Hot Chili as one of the largest potential future copper producers on the ASX.

These achievements and those that are being targeted in the coming year have been made possible by our strong funding support, principally from Hot Chili’s largest strategic shareholders. Particularly pleasing has been the support and cooperation of Chilean resources major CAP S.A. towards advancing Productora towards development. The two companies are studying joint infrastructure and other potential operational synergies, that if successfully negotiated have the potential to leverage Hot Chili towards production in half the average time taken for the development of other large-scale copper projects in the world.

I would like to thank the efforts of my fellow directors and our loyal and dedicated team who have worked tirelessly to ensure our shareholders are invested in one of the stand-out emerging copper companies in the mid-tier space.



Murray Edward Black
Non-Executive Chairman



“... building a large scale copper business...”

Projects Overview

Hot Chili has assembled a portfolio of four large copper projects in the world class iron-oxide-copper-gold (IOCG) belt of the Chilean coastal range. All of these projects lie to the north of Santiago, are close to existing coastal infrastructure and lie at low altitude (<1,000m elevation).

The majority of Hot Chili's activities were focussed towards the development of its flagship Productora Copper Project, one of Chile's fastest emerging large-scale coastal copper projects. In addition the Company continued to advance its portfolio of coastal copper projects and add further to its project landholdings in Chile. In less than three years since listing the Company on the Australian Securities Exchange (ASX), Hot Chili has transitioned from explorer to project developer through the emergence of a large-scale copper discovery at Productora. The Company is now positioned as one of the leading emerging copper companies on the ASX.

A second major copper-gold project was secured at Frontera where first drilling undertaken by Hot Chili has confirmed a large copper-gold porphyry discovery from surface Hot Chili continues to develop and strengthen its relationships with key Chilean partners Compañía Minera del Pacifico S.A. (CMP – Chile's largest iron ore producer) and CODELCO (the world's largest copper producer). Importantly, Hot Chili and CMP have executed two non-binding letters of intent to negotiate a joint infrastructure and an iron exploitation option to assist in the development of the Productora Copper Project. Chilean resources major CAP S.A. (CAP) is CMP's parent company and is also Hot Chili's major shareholder and strategic project partner at Productora.

Hot Chili is fast-tracking the advancement of Productora as its principal development project while undertaking exploration work at its other projects. Hot Chili's project pipeline and project advancement strategy is summarised in Table 1 below.

Table 1. Hot Chili's copper project development pipeline in Chile

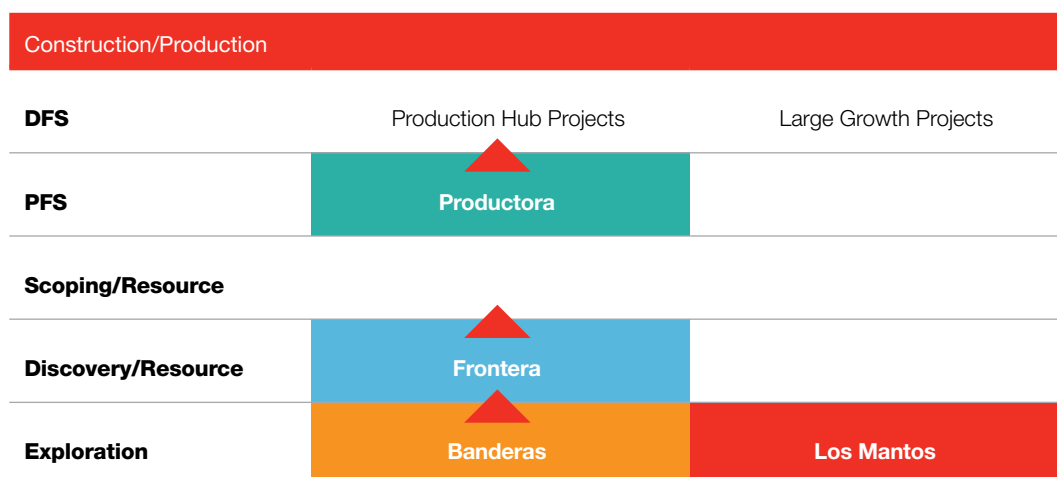




Figure 1. Hot Chili's coastal range project portfolio in the third and fourth region of Chile

“The project benefits from its proximity to existing infrastructure including the Pan-American Highway, rail, grid power and port...”

Review of Operations

Productora Copper Project

The Productora project is Hot Chili's flagship project in Chile. The project is located 15km south of the town of Vallenar, at low altitude (less than 1,000m), in Chile's Region III. The project benefits greatly from its proximity to existing high quality infrastructure including the Pan-American Highway, rail, grid power, and established port facilities (40km distance) as shown in Figure 2.

Since drilling commenced in August 2010, the Company has completed over 180,000m of drilling and outlined a large-scale, bulk tonnage copper-gold-molybdenum deposit amenable to open pit mining. In February 2013, the Company announced a resource upgrade estimate that covers a 7.5 kilometre strike extent at the Productora project. The announcement represents a near-doubling of the Productora JORC compliant resource estimate to now stand at 165.2Mt grading 0.6% copper, 0.1g/t gold and 132ppm molybdenum (0.7% copper equivalent) for 920,000 tonnes of copper, 580,000 ounces of gold, 22,000 tonnes of molybdenum (1,230,000 tonnes of copper equivalent).

The resource is enhanced by a growing component of higher grade, near-surface material now equating to 53Mt grading 0.8% copper and 0.2g/t gold. This material presents an opportunity for potential higher-grade early production at Productora.

Exploration and extensional drilling has confirmed that a further 2km of strike extensions remain at Productora as well as a large zone of ore potential along the eastern flank of the central resource area. A 100,000 metre drilling programme commenced in early 2013 to achieve a second major resource upgrade by late in the year. Hot Chili has continued to release a series of strong drilling results throughout 2013 in advance of this next growth milestone.

Copper-gold-molybdenum mineralisation at Productora is predominantly hosted in a structurally focused breccia and fracture network developed within a larger body of hydrothermal K-feldspar-tourmaline magnetite breccia. Structurally-focused mineralised breccia zones are evident trending broadly sub-parallel to the Productora fault zone.

North plunging high-grade internal shoots are evident within a gently north-plunging mineralised envelope.

Sulphides comprise pyrite, chalcopyrite, bornite and molybdenite developed as breccia, vein and cavity fill, as well as disseminations within the brecciated host rocks. This sulphide distribution creates centimetre to metre-scale higher-grade patches enclosed by moderate-grade disseminated sulphide minerals.

Hot Chili continues to progress its strategy of project development and de-risking, in parallel with an on-going focus on resource growth for the Productora Copper Project. In early 2013, the Company announced the successful completion of a Scoping study into the development of a large mining operation at Productora. The Scoping study concluded that conventional open pit, blast and haul mining methods will be suitable for mining the Productora Copper Project. The planned central pit development contains a large continuous block of resources that is the focus for initial mine design to underpin a nominal processing throughput range of 8-12Mtpa.

Metallurgical test work has demonstrated that conventional processing including crushing, grinding and flotation will be suitable for the recovery of copper, gold and potentially molybdenum minerals. Initial indications are that high copper and gold recoveries (>90%, ~80% respectively) may be achieved with a relatively coarse grind size of 180µm.

The study considered sea water processing to produce a high quality copper concentrate that would support a potential long-life, low cost copper operation at Productora.

The company formally commenced a Pre-feasibility study over Productora immediately following the favourable findings of the Scoping Study.

Leading engineering and project development group Ausenco, who successfully managed the Scoping study, have been commissioned to manage the Pre-feasibility study in conjunction with Hot Chili's own development team.

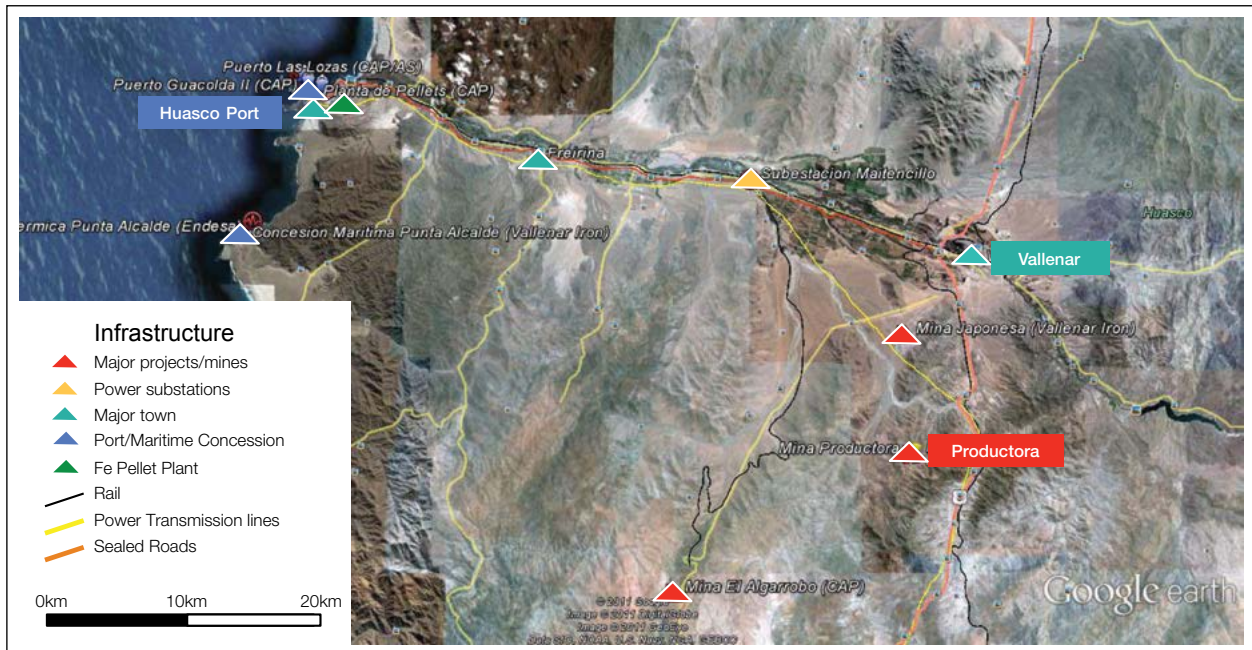


Figure 2. Productora project location and associated coastal infrastructure position

Frontera Copper Project

The Frontera project lies 70km directly south of Productora in Region IV of Chile and is located adjacent to the Pan-American Highway and existing power transmission corridor. Frontera is a relatively advanced exploration stage project with several historical drill holes and a small-scale, historical, copper-oxide open pit within the project. Drilling completed by Noranda in the 1990's indicated the presence of a large copper-gold porphyry system, with a +2 kilometre footprint at surface.

During the year, Hot Chili completed an extensive amount of detailed geological mapping and rock-chip sampling in preparation for a preliminary drilling assessment of the project. Drilling at Frontera commenced in early February of 2013, culminating in approximately 16,000m of drilling being complete by mid-2013.

First results returned from Reverse Circulation (RC) drilling at the Frontera included 348m grading 0.4% copper and 0.3g/t gold, which included 162m grading 0.5% copper and 0.3g/t gold; and 256m grading 0.5% copper and 0.3gpt gold. The location of these drill results are displayed in cross section on Figure 3.

The drilling results confirmed the discovery of second major copper-gold project for Hot Chili, immediately doubling the potential of the company. Frontera adds substantially to Hot Chili's longer term objective of establishing a multi-project Chilean coastal copper production hub, leveraged to existing infrastructure. The company anticipates a resource estimate for Frontera to be released in the second half of 2013.

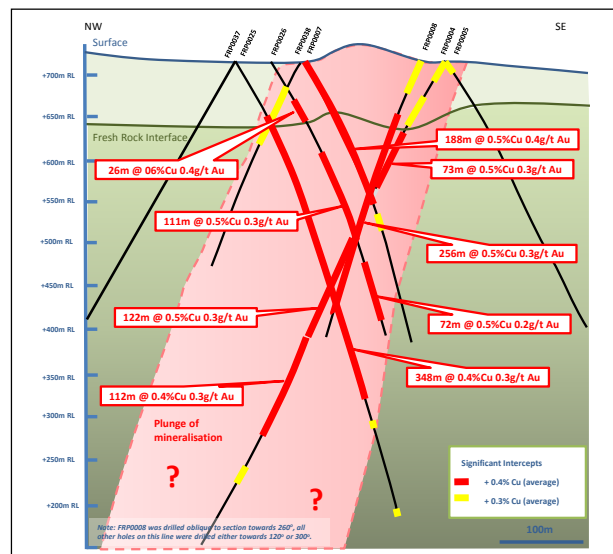


Figure 3. Cross-section of Frontera Copper Project displaying significant drilling intersections

“The drilling results confirmed the discovery of second major copper-gold project for Hot Chili, immediately doubling the potential of the company.”

Review of Operations

continued

Banderas Copper Project

The Banderas Copper Project is located at low altitude (<1,000m) approximately 50km north of Hot Chili's Productora project, adjacent to the Pan American highway in Region III of Chile. The project is at an early exploration stage and has seen some historical, small-scale, copper mining within an extensive, large-scale alteration system.

Extensive mapping and surface sampling programmes continued throughout the year and have now identified several high-priority targets within the core area of the project. These targets comprise historical high-grade copper underground workings, outcropping surface mineralisation and large surface geochemical anomalies which have not previously been drill tested. Further exploration assessment of the project is scheduled for the second half of 2013, prior to the planned commencement of a maiden campaign of drilling early in 2014.

Geological mapping and sampling of the Banderas project has found the mapped area to be dominated by andesite volcanic and volcanoclastic rocks with a sedimentary sequence to the west. The dominant structural trend is a north-northeast to south-southwest trending foliation. This trend is cut by east-west to southwest-northeast trending brittle faults. Mineralisation is structurally hosted in narrow quartz, carbonate breccia veins. Copper is associated with bornite and chalcopyrite where observed. The work completed at Banderas Copper Project can be seen in Figure 4.

Hot Chili intends to explore the potential at Banderas to discover and delineate higher grade copper resources as an additional supply source to a copper production hub centred around Productora.

Los Mantos Copper Project

The Los Mantos project is located in Region IV, Chile approximately 60km south of La Serena.

The project is at an advanced exploration stage with an operating small-scale mine, and extensive historical underground and surface development. Hot Chili have delivered a series of positive drill results across a 1.5km strike extent, successfully intersecting multiple zones of shallow, moderate width, multi-commodity copper mineralisation.

Drilling completed by the company in 2011 confirmed the potential of the Los Mantos project to host significant breccia-hosted bulk-tonnage copper-gold mineralisation, and highlights the strength of the company's future project pipeline. The company intends to progress activities at Los Mantos to deliver another successful coastal range Chilean copper discovery and future development opportunity.

First-pass drilling over Hot Chili's original land position at Los Mantos produced several significant results. One of those drill results returned a wide, high-grade drilling intersection totalling 36m grading 1.4% copper and 0.2g/t gold from 49m down-hole, refer to Figure 5.

Late in 2012 the Company significantly increased the size of its Los Mantos Copper Project under a joint venture earn-in agreement with a wholly owned subsidiary of CODELCO, the world's largest copper producer. The agreement represents the early stages of Hot Chili's strategy to significantly expand the size of its Los Mantos Copper Project and build a substantial exploration land position immediately adjacent to Teck's large-scale Andacolla copper-gold operation. Figure 6 displays Hot Chili's expanded landholding at the Los Mantos Copper Project.

During early 2013, Hot Chili completed an airborne geophysical survey over the expanded Los Mantos project area to assist with geological assessment. The aeromagnetic and radiometric geophysical survey will be used in conjunction with surface mapping and geochemical sampling to define prospective target areas within the expanded project area. It is expected that drill targeting exercises for the Los Mantos project will occur in 2014 following completion of a regional soil geochemical programme.

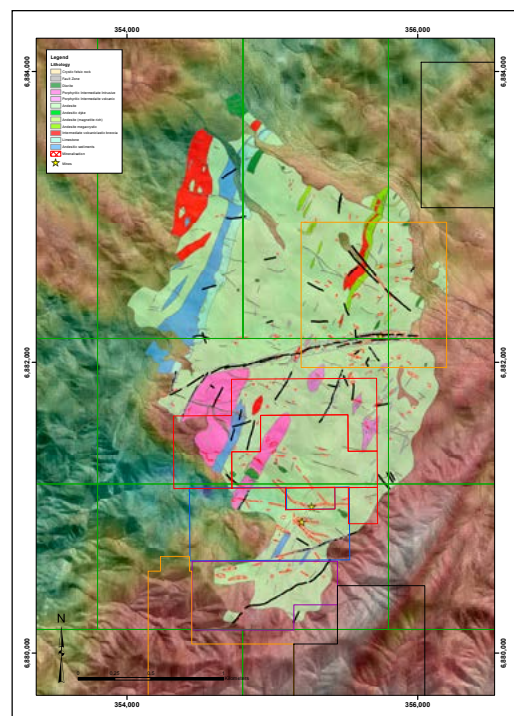


Figure 4. Mapping and aeromagnetics at the Banderas copper project



Review of Operations

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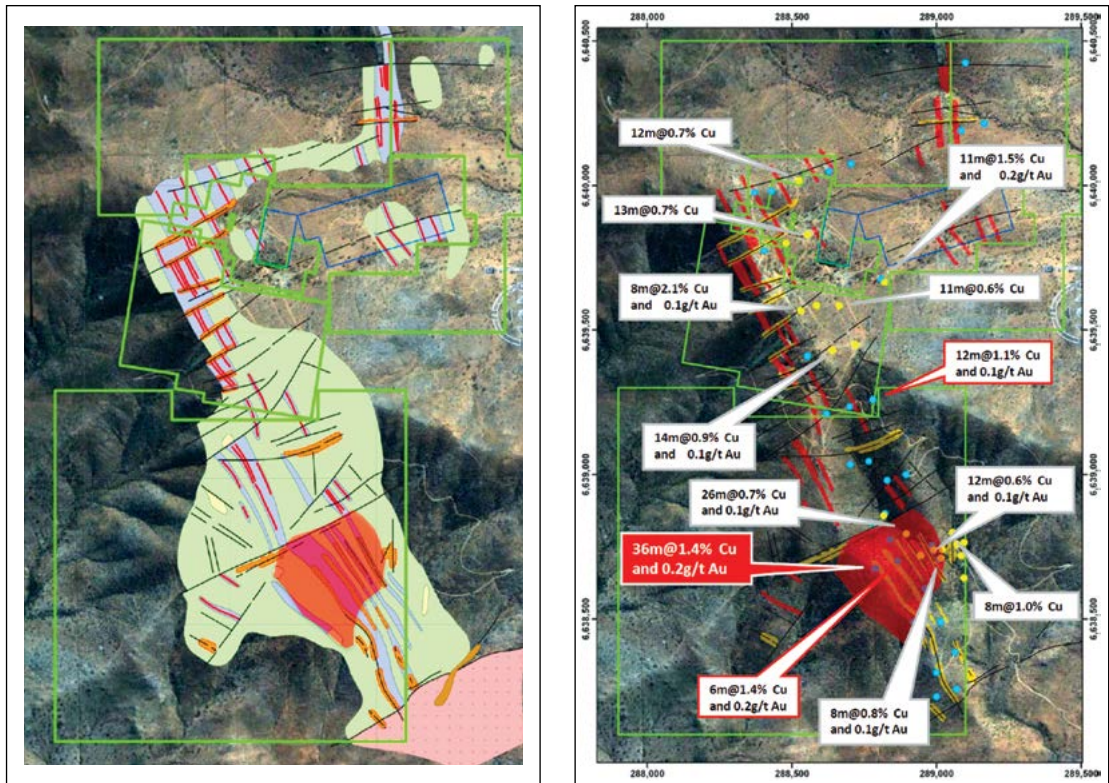


Figure 5. Drilling has confirmed a large tourmaline breccia with significant copper mineralisation at Los Mantos

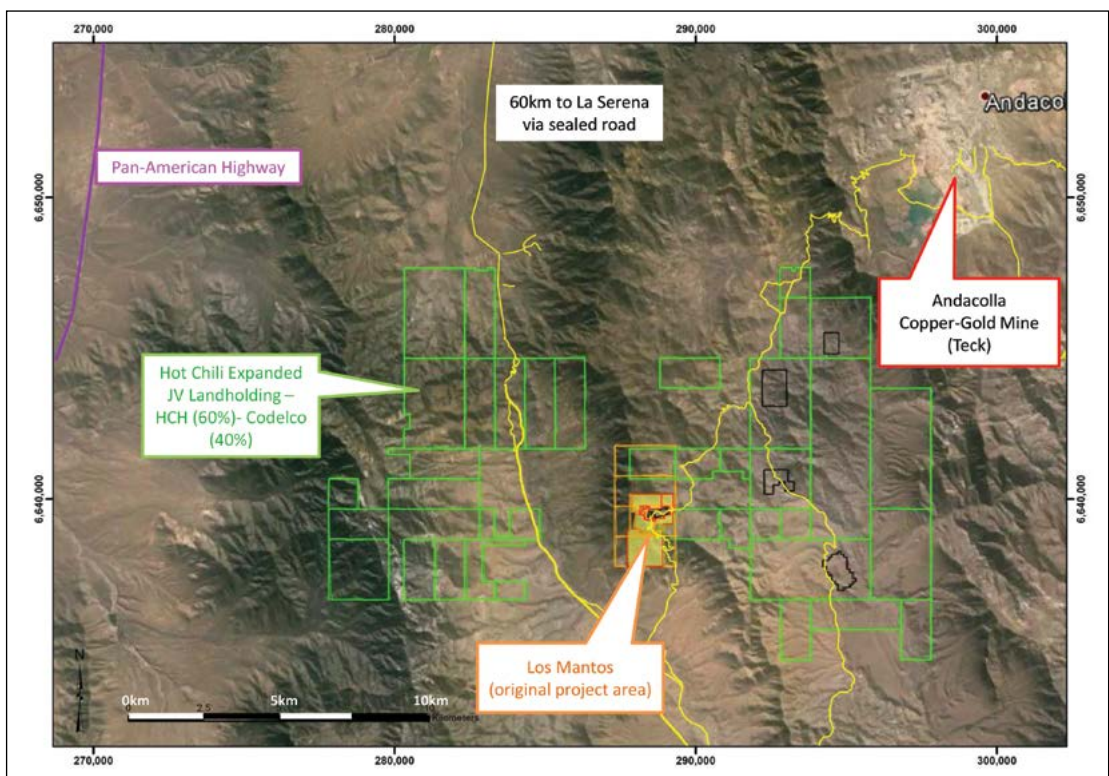


Figure 6. Hot Chili's Expanded Landholding at the Los Mantos copper project, Chile



“... a second, near-surface zone of high grade copper and gold as part of the first resource upgrade has continued to enhance the economic potential of the project.”

Productora Copper Project

First Resource Upgrade at Productora – Existing Resource Near Doubles in Size, February 2013

The initial Productora central resource estimate released in September 2011 (85.1Mt grading 0.6% copper, 0.1g/t gold and 146ppm molybdenum for 483,000 tonnes of copper, 290,000 ounces of gold and 12,418 tonnes of molybdenum), has now been substantially increased. The central resource was confined to the central lease area, equating to 1.4km of strike extent of the Productora Copper Project. The updated resource estimate extends the central area resource to the north and south, and accounts for the definition of at-surface copper resources over a strike extent of approximately 7.5km, as depicted in Figure 7.

Further resource potential remains within the 7.5km of strike extent with several areas of the resource remaining open along strike, on the eastern and western flanks, and at depth.

The mineral resource estimate for Productora now stands at 165.2Mt grading 0.6% copper, 0.1g/t gold and 132g/t molybdenum for 920,000 tonnes of copper, 590,000 ounces of gold and 22,000 tonnes of molybdenum.

The mineral resource estimate was completed by independent consultants Coffey Mining Pty Ltd and is summarised in Table 2. The resource estimate includes all RC and DD drilling results returned from outside of the central resource area since August 2011. The resource has been estimated in accordance with the guidelines of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004).

The resource contains a larger proportion of Indicated material than the first resource estimate, with approximately 43% of the resource estimate now comprising Indicated material and 57% Inferred material. The majority of the Indicated resource lies within the first 250m from surface.



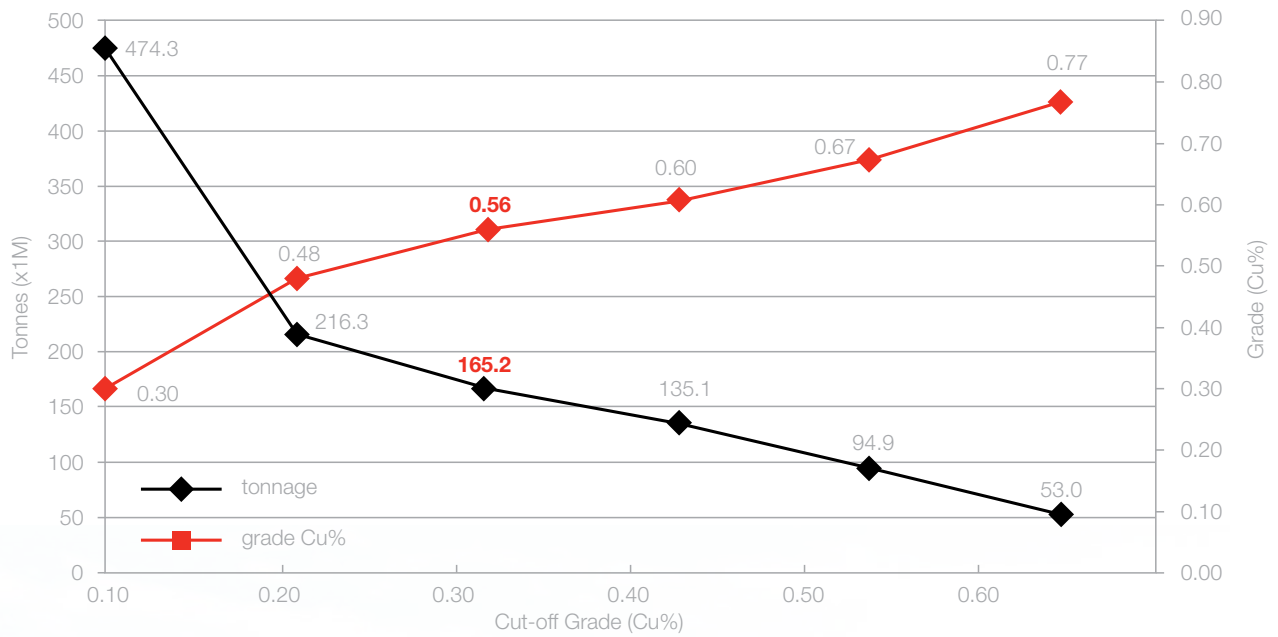


Figure 7. Productora Grade Tonnage Curve

Table 2. Productora Mineral Resource Statement

Category	Grade (>0.3% Cu)					Contained Metal (>0.3% Cu)			
	Tonnage	Cu	Au	Mo	Cu Eq*	Cu	Au	Mo	Cu Eq*
	(Mt)	%	(g/t)	(g/t)	%	(Kt)	(KOz)	(Kt)	(Kt)
Indicated	70.6	0.6	0.1	140	0.8	420	260	10	560
Inferred	94.6	0.6	0.1	126	0.7	500	310	12	670
Total	165.2	0.6	0.1	132	0.7	920	580	22	1,230

Note: Figures in the above table are rounded and are reported to one significant figure in accordance with Australian JORC code 2004 guidance on mineral resource reporting. Refer to ASX announcement released on February 13 2013

Productora Copper Project

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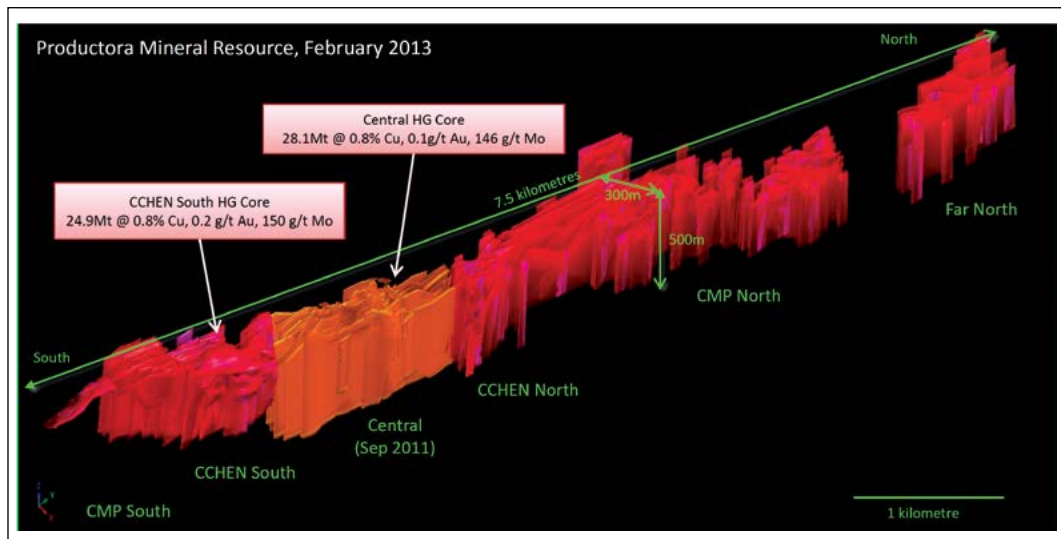


Figure 8. Productora Resource Upgrade 1 oblique long section displaying mineralisation over a 7.5 kilometre strike extent

A nominal +0.3% copper grade shell model was utilised to constrain the block model resource estimation. The average depth of the resource estimate base is approximately 400m from surface. In addition, a low grade +0.1% copper grade shell model was also utilised to calculate the quantity of low-grade material that exists in the surrounding breccia hosting corridor. The company's recently completed scoping study indicated a potential future marginal economic cut-off grade for Productora to be approximately +0.2% copper.

It is important to note that the low grade material surrounding the resource may add further to the definition of additional potential in-pit tonnage at Productora.

The resource is significantly enhanced by the presence of two substantial zones of high grade material located within the planned central pit development at Productora. This material now equates to approximately 53Mt grading 0.8% copper and 0.2g/t gold from surface.

Mineralisation at Productora has remained consistently associated with a series of vertical lodes and some minor sub-horizontal lodes within a felsic volcanic country rock which has been extensively intruded by a tourmaline breccia along the main mineralised north-east trend. Sulphide ore mineralogy comprises pyrite, chalcopyrite, bornite and olivine developed as breccia, vein and cavity fill, as well as disseminations within the brecciated host rocks. Within the oxide zone copper is predominantly associated with malachite.

The identification of a second, near-surface zone of high grade copper and gold as part of the first resource upgrade has continued to enhance the economic potential of the project. The new zone is located within the CCHEN South area and equates to 24.9Mt grading 0.8% copper and 0.2g/t gold from shallow depth as illustrated in Figure 9. This area has the potential to act as a starter-pit location that may allow access to higher revenue material at the beginning of potential future mining operations.

The resource extends from surface with transitional and sulphide material dominant and accessible from near-surface owing to the limited distribution of surface oxide material over the deposit. Figure 10 displays a type-section of the resource in the CCHEN South area.

Second Resource Upgrade Planned – Large Extensional Drilling Programme Underway

Hot Chili has commenced a major extensional drilling programme at Productora for 2013, comprising 85,000m RC and 15,000m of DD drilling. The drilling will focus on the immediate extensions that have been confirmed along the eastern margin of the central area of the Productora resource for over 2km.

The addition of any new resources along the eastern or western margins of the resource and located within the planned central pit development has the potential to rapidly add in-pit tonnes to the project from areas previously considered waste in the company Scoping study. A second major resource upgrade for the Productora Copper Project is planned after completion of the drilling program.



Productora Copper Project

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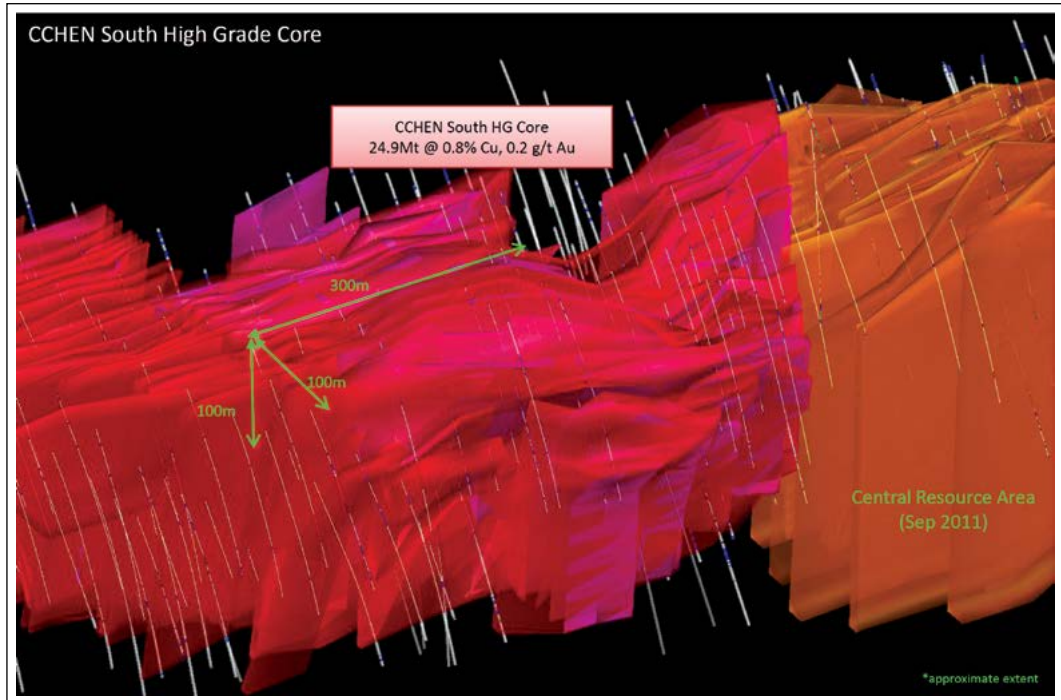


Figure 9. Oblique view of high grade, shallow material boosts inventory for starter pit options

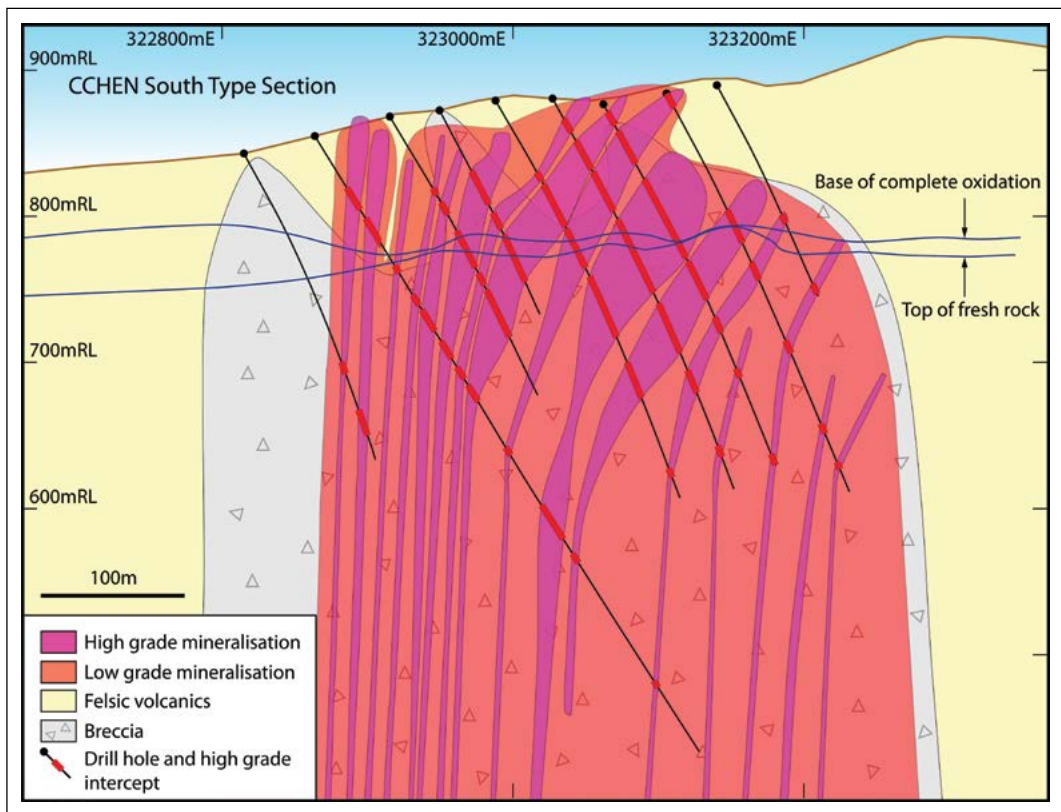


Figure 10. Cross Section displaying schematic geological and mineralisation interpretation In the CCHEN South area

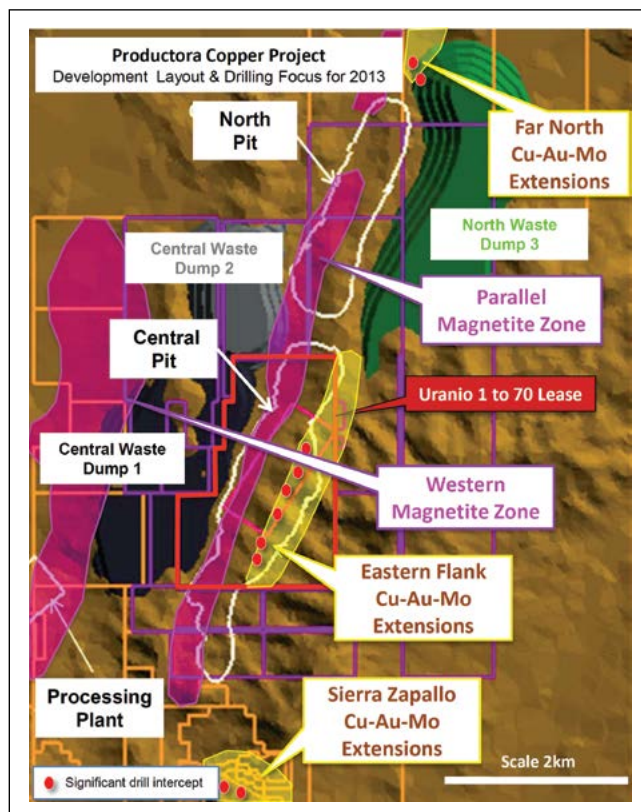
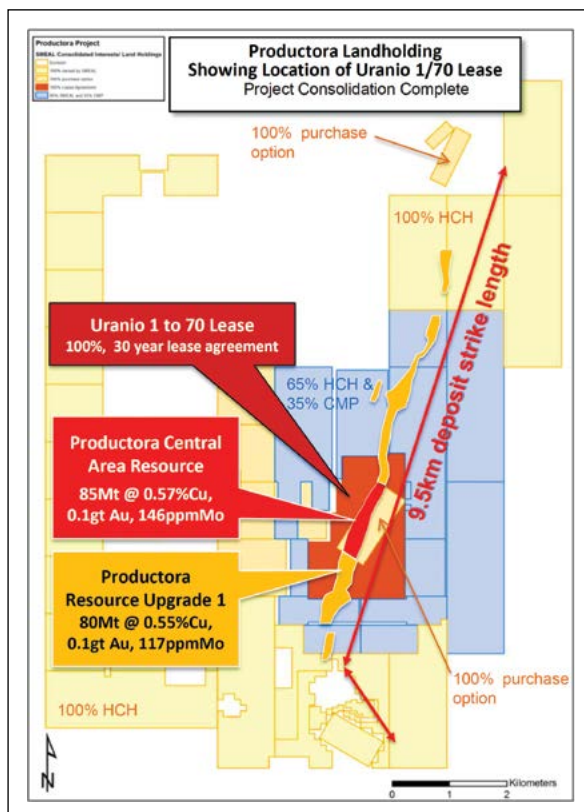


Figure 11. Productora project and scoping study development layout in relation to 2013 drilling programme focus

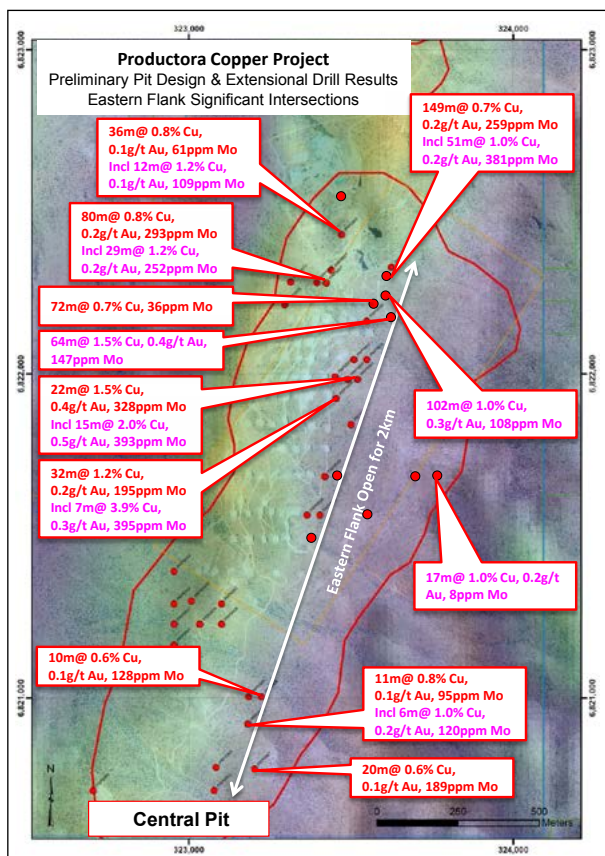


Figure 12. Plan displaying some of the significant intercepts recorded during the year, in relation to the planned central pit design at Productora

Drill results from Hot Chili's 2013 drilling campaign continue to deliver high-grade copper and gold results. Significant intersections have been received from shallow positions both in extensional areas and in-fill areas of the central resource area of Productora.

Drill results returned from the eastern flank of Productora in have recorded some impressive intersections including 64m grading 1.5% copper and 0.4g/t gold from 124m down-hole. Recent results have continued to define the eastern flank of the central resource area as a very significant addition to Productora's forthcoming resource upgrade. To date, extensions being defined along the eastern flank have consistently highlighted higher-grade copper and gold mineralisation.

High grade drilling results have also been recorded from the southern area of the planned central pit development at Productora including 48m grading 1.2% copper and 0.2g/t gold from 42m down-hole and open to end of hole.

The result was from a QA/QC drill hole that was completed to twin an earlier high-grade drilling intersection of 12m grading 1.7% copper and 0.2g/t gold recorded in 2012 from within the resource. The drill result confirmed the location of the high-grade material and in addition recorded twice the length of intersection with the new drill hole ending in 25m grading 1.9% copper and 0.2g/t gold.

Productora Copper Project

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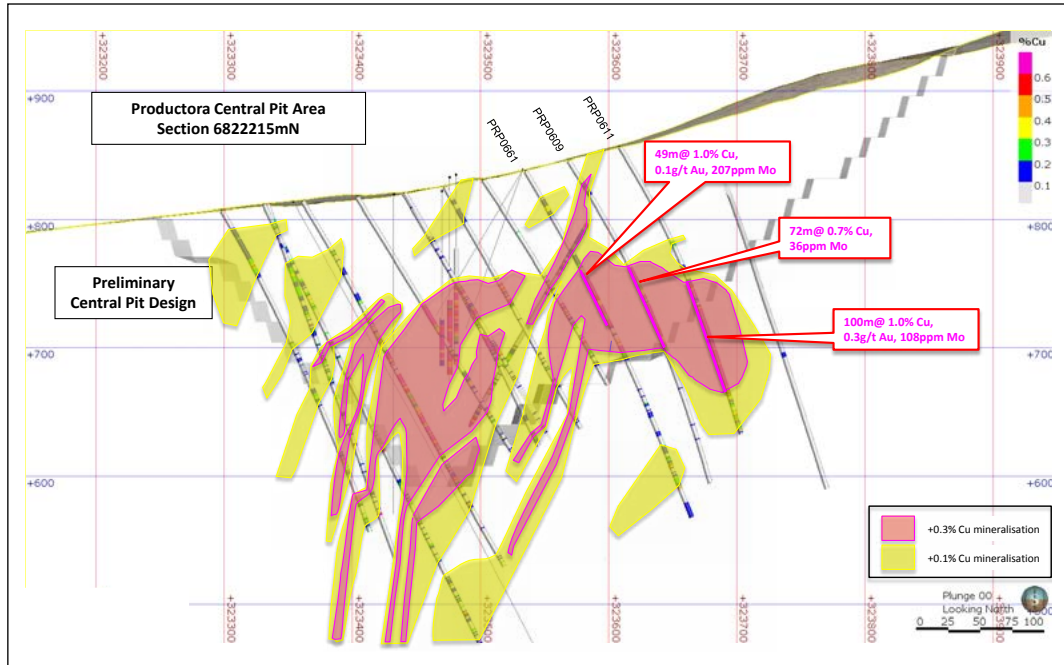


Figure 13. Productora cross section showing significant intersections recorded in a high grade zone discovered on the eastern flank of the planned central pit development

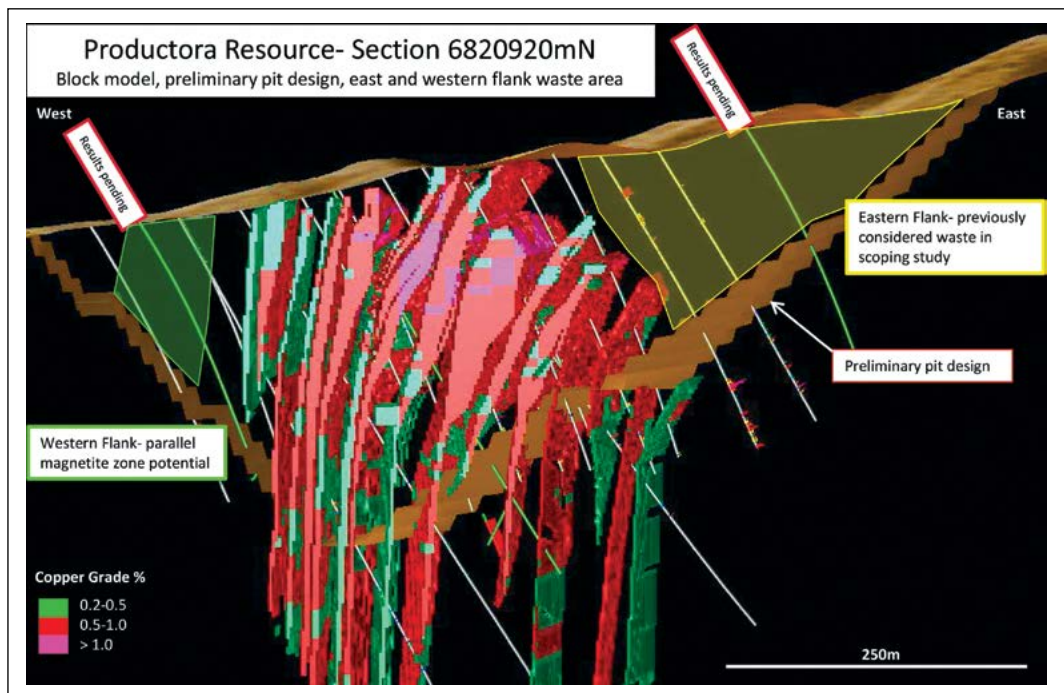


Figure 14. Productora cross section showing eastern flank target area (yellow) and the parallel magnetite zone (green) in relation to the current block model resource at Productora



Importantly, results from this year's drilling campaign highlight that the component of shallow, high grade, copper and gold mineralisation at Productora is continuing to grow. Significant drill results are depicted in plan (Figure 12) and cross section (Figure 13). The location of the eastern and western flanks of the planned central pit area are displayed on Figure 14.

Iron Ore Resource Definition at Productora in 2013

A drilling programme comprising approximately 20,000m of RC is also planned to assess two large zones of magnetite identified within the Productora landholding.

The parallel magnetite zone lies immediately along the western flank of the Productora copper-gold-molybdenum resource with a component of the potential iron zone likely to be within the western waste-rock wall of the Company's planned pit development as displayed in Figure 14.

The Western magnetite zone is approximately 6km in strike extent within Hot Chili's 100%-owned landholdings on the western extent of the project. Preliminary drilling undertaken by Hot Chili has confirmed the presence of a very large, shallowly dipping magnetite zone from surface.

The definition of iron ore resources for the Productora project is a parallel stream of work aimed at facilitating further co-operation with Hot Chili's major shareholder and strategic project partner Compañía de Aceros del Pacifico (CAP) and its operating subsidiary Compañía Minera del Pacifico S.A. (CMP).

In July 2012, CMP and Hot Chili executed two non-binding Letters of Intent (LOI) to co-operate on technical studies and commence negotiation for a joint infrastructure and iron production option for the Productora Copper Project.

Any such future development of an additional iron source in such close proximity to CMP's existing iron processing and transport network (Figure 15) has the potential to add significantly to CMP's current production expansion at its existing operations. It also has the potential to add another valuable revenue stream to Productora.

Completion of Project Consolidation – Purchase of Central Lease at Productora

In February 2013 Hot Chili exercised its purchase option over a major component of the recently expanded resource at the Company's Productora Copper Project in Chile. Hot Chili now holds a 100% interest in the Central Lease (Productora 1/16) at Productora, containing over half of the projects established resources and lying within the Company's planned central pit development.

The Central Lease also contains a large amount of the high grade, shallow component of the Productora resource.

The decision by Hot Chili to exercise its purchase option over the Central Lease finalises the Company's last major commitment at Productora.

Strategic Alignment of CMP and Hot Chili at Productora

CAP is the parent company of Compañía Minera del Pacifico S.A. ("CMP"), Chile's largest iron ore producer and integrated steel business. CMP produces concentrate and iron ore pellets, fines and lumps. Its mining properties and principal deposits, processing plants and projects are in the third and fourth region of the country's iron ore belt district in northern Chile. CAP also owns all the shares in Chile's largest steel producer, located in the southern city of Talcahuano.

Mitsubishi is a 19.3% shareholder of CAP and 25% shareholder of CMP as at December 31, 2012.

Importantly, CMP is a major partner in Productora which lies in the heart of CMP's existing coastal infrastructure, including rail, port, easement corridor, magnetite concentrator and iron pellet plant, which should facilitate project implementation.

In July 2012, Hot Chili executed two non-binding Letters of Intent with CMP to negotiate a joint infrastructure and iron exploitation option for the development of Productora. Such negotiation could result in substantial operational synergies for the two companies.

Negotiation of a joint infrastructure agreement would provide the Productora Copper Project with the potential to be established in a shorter timeframe and at a lower start-up capital cost than other comparable large-scale emerging copper projects. In addition, any future development of an additional iron source in such close proximity to CMP's existing iron processing and transport network has the potential to add significantly to CMP's current production expansion at its existing operations.

The two companies are working towards finalising formal agreements on an infrastructure and iron exploitation option for the development of Productora.

On 10 July 2013, Hot Chili announced an A\$11.7 million capital raising, which was strongly supported by CAP. In association with the raising, the Company also announced the appointment of CAP executive Mr Roberto de Andraca Adriasola to the board of Hot Chili as a Non-Executive Director. The appointment of Mr Andraca Adriasola is a strong indication of the commitment by both companies, in co-operation, to advance the Productora Copper Project towards development.

Hot Chili and CAP are currently investigating other potential avenues in which to co-operate in the development of Productora for the benefit of both companies.

Productora Copper Project

continued

Development Studies

During the year Hot Chili continued to progress its strategy of project development and de-risking, in parallel with an on-going focus on resource growth for the Productora Copper Project.

In February 2013, the Company gave a go-ahead to the commencement of Pre-feasibility studies following the successful completion of a Scoping Study for Productora.

The Productora Pre-feasibility study continues to assess the establishment of an open cut mining operation, a copper concentrator processing facility and other associated infrastructure. The study is managed by Ausenco, with the support from a number of specialised consultants both in Chile and Australia.

Conventional open pit, blast and haul mining methods will be suitable for mining the Productora Copper Project. The planned central pit development contains a large continuous block of resources that will be the focus for mine design. The updated resource has highlighted near surface, high-grade material that presents an opportunity to “high-grade” the early production. The concept mining study indicated strip ratios in the range of 3.5-4.5:1. Initial indications are that both ore and waste are reasonably competent. Further work is expected to reduce strip ratios. This will include:

1. Further resource drilling to target mineralisation along the eastern flank of the resource currently classified as waste;
2. Assessing the addition of a parallel zone of magnetite that looks likely to lie within the western waste-rock wall of the planned central pit development;
3. Addition of further economic low-grade tonnes. Mining studies completed as part of the conceptual/ scoping studies indicated a preliminary marginal cut-off grade of 0.2% copper. A substantial amount of lower grade material surrounds the +0.3% mineral resource estimate within the planned future pit development; and

4. Metallurgical test work has demonstrated that conventional processing including crushing, grinding and floatation will be suitable for the recovery of copper, gold and potentially molybdenum minerals. Initial indications are that high copper and gold recoveries (>90%, ~80% respectively) may be achieved with a relatively coarse grind size of 180um. The ore is classified as hard, though this is somewhat offset by coarse liberation characteristics of the copper and gold minerals. Initial test work has demonstrated that concentrates containing in excess of >25% copper may be produced with two stages of cleaning.

The following key infrastructure areas were reviewed during the Scoping study:

- Power – an extensive high-voltage distribution network exists within the Vallenar region with the major sub-station (Maitencillo) to the central grid just 17km from Productora. Initial indications are that a 25km high-voltage line will be required to connect the site to the central grid. A number of options will be considered through the PFS process.
- Water – Sea water processing has been assessed for Productora. It is anticipated that sea water will be delivered to site through a ~56km pipeline that will draw water from an intake facility located close to the Huasco port facility.
- Accommodation – it is anticipated that construction and operational staff will be housed in the town of Vallenar which has a population of circa 50,000.
- Port – several ports are within a reasonable trucking distance from the site, the closest being the Huasco port, which is 60km to the west and serviced by sealed roads. Hot Chili, in co-operation with CMP, is assessing the construction of a potential copper concentrate loading facility at Huasco port.
- Road – the Pan American highway is located 5km to the east of the proposed project site.
- Rail – existing CMP rail infrastructure runs parallel to the project immediately to the east and west of the resource.



Table 3. Scoping Study parameters, delivered in February 2013

Scoping Study Parameters	
Processing rate	~11Mt/a
Strip ratio	3.5-4.5 : 1 (Target strip ratio of 4:1)
Metallurgical recovery	>90% for copper ~80% for gold ~75% for molybdenum Recoveries achieved from coarse 180um grind size
Flowsheet	Conventional crush-grind-float for sulphide processing plant
Concentrate production	~220kt/a grading approx. >25% Cu and 6g/t Au
Development capex	\$500M-\$700M (contingent on off balance sheet options for mining and certain infrastructure)
Opex (C1 including gold credits)	US\$1.20/lb – US\$1.50/lb
Molybdenum concentrate production	To be evaluated (grading 5,300ppm Mo)
Magnetite mine gate sale	To be evaluated, potentially, from FY2018 onwards
Power requirement	~60MW consumption, ~80MW installed capacity
Power costs	17-21c/kWhr until 2018 and 12-15c/kWhr 2018 and beyond Power cost exposure ~15-20% of opex
Infrastructure	Power – 17km from site Rail – 5km from site (CMP) Road – Pan American Highway 5km from site Accommodation – Town of Vallenar 15km from site Ports – Huasco, 56km from site (CMP) Water – Seawater, ~60km pipeline to be constructed along existing CMP easement corridor

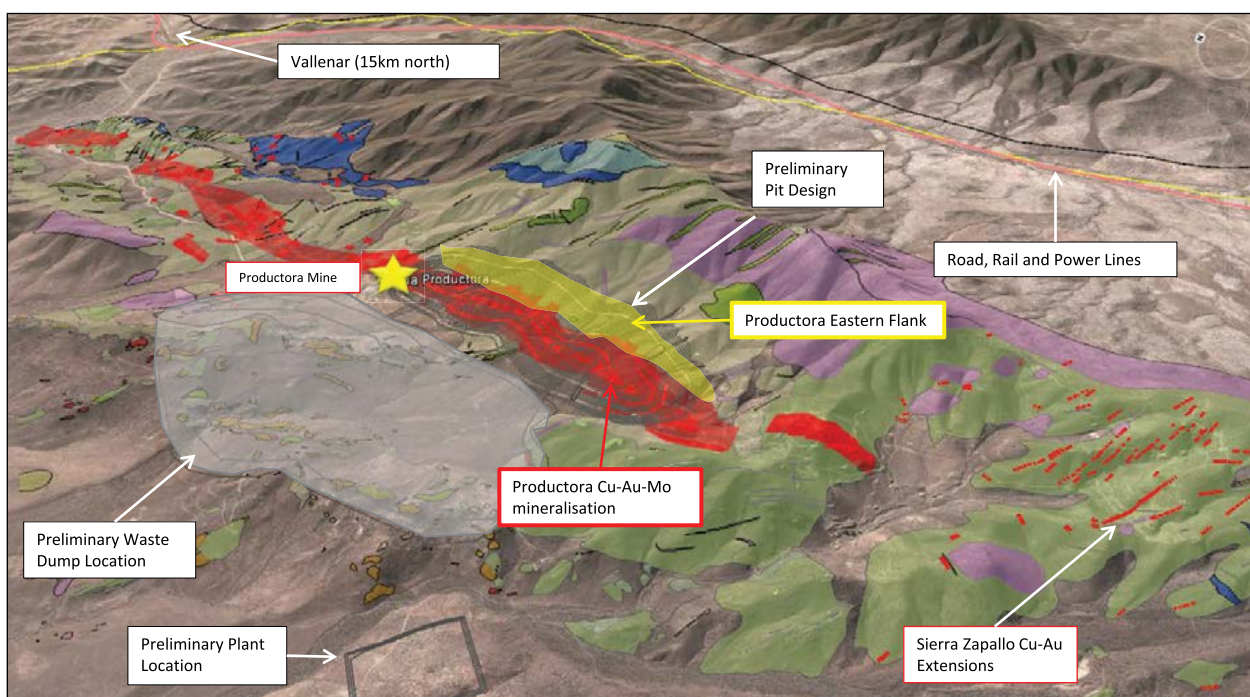


Figure 15. Productora infrastructure location plan

“All results for the first-pass drilling programme have now been received and confirm the discovery of a large copper-gold porphyry deposit.”

Frontera Copper Project

Strong Drill Results Returned – Large Copper-Gold Porphyry Project Emerging

In July 2013 the company completed its first pass drill assessment of the Frontera project. A total of 16,000m of reverse circulation (RC) and diamond (DD) drilling was designed to test an average of 300 metres vertical at the Frontera Copper Project.

Broad zones of copper and gold mineralisation were intersected from surface in several of the drill holes completed by Hot Chili. Copper and gold grades recorded in the initial drill holes were higher than expected, confirming a potentially large future production source in the vicinity of the Company's flagship Productora Copper Project.

A series of outstanding drill results were reported including 256m at 0.5% copper and 0.3g/t gold, and 188m @ 0.5% Cu and 0.4g/t Au (from surface).

Mineralisation at Frontera is hosted within an andesitic volcanic/volcaniclastic pile intruded by multiple phases of variably hornblende-rich dioritic porphyry intrusions. Best drilling results at Frontera have been returned from a potassic alteration zone characterised by intense veining and biotite-magnetite alteration. Copper is associated with finely disseminated chalcopyrite, vein-related chalcopyrite and bornite. Mineralisation at Frontera displays encouragingly high copper-gold ratios where bornite is locally present in higher grade zones within the deposit.

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

All results for the first-pass drilling programme have now been received and confirm the discovery of a large copper-gold porphyry deposit. Given the location of Frontera in relation to Productora, the project may offer Hot Chili a potential second large ore source that would benefit significantly from existing infrastructure.

The company is currently compiling and interpreting all drill results and anticipates a resource estimate to be completed late in 2013.

The location of drilling completed and preliminary interpretation of copper-gold distribution is summarised in Figures 16, 17 and 18.

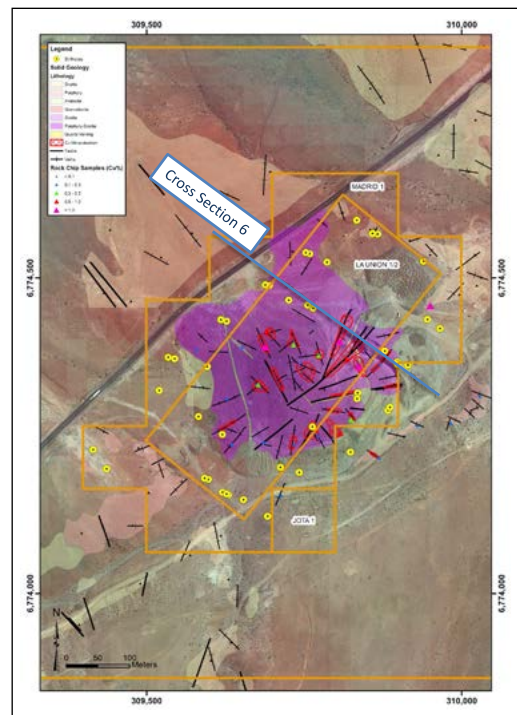


Figure 16. Frontera geological mapping, rock chip sampling and drillhole locations

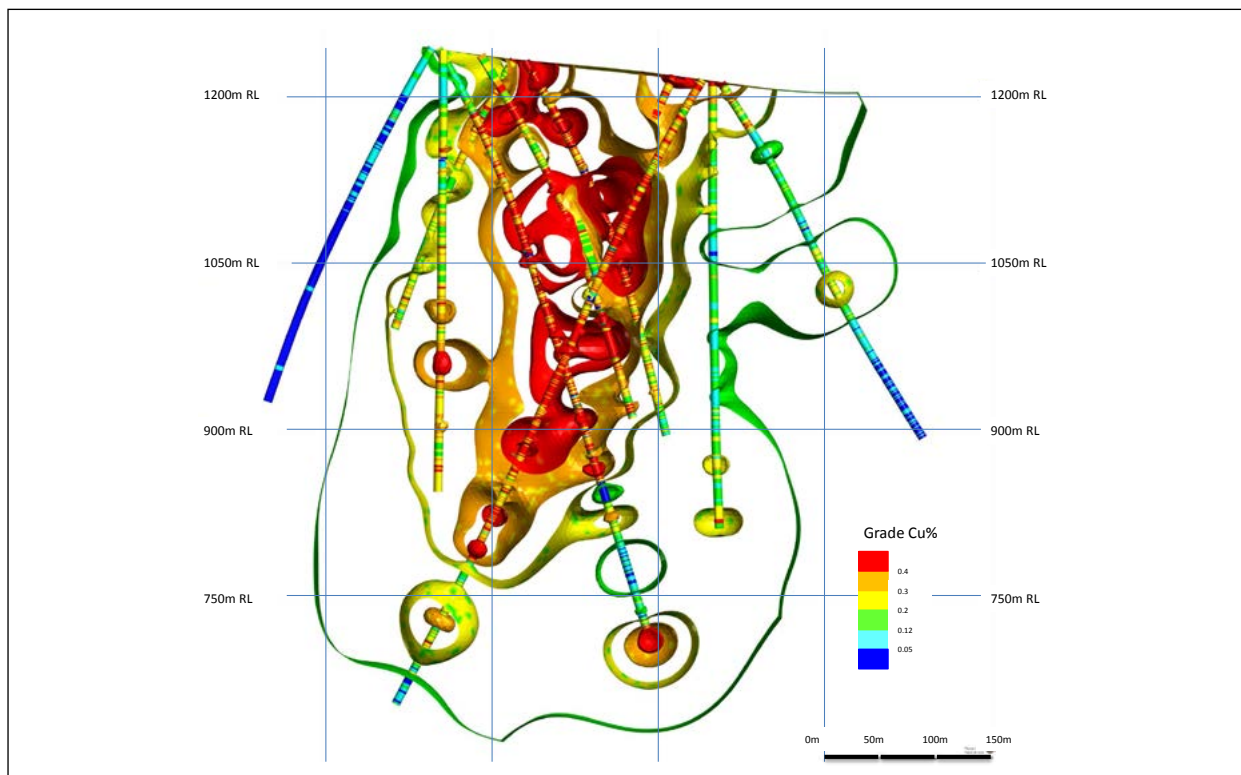


Figure 17. Frontera oblique cross section 6, displaying drilling completed and copper isosurfaces

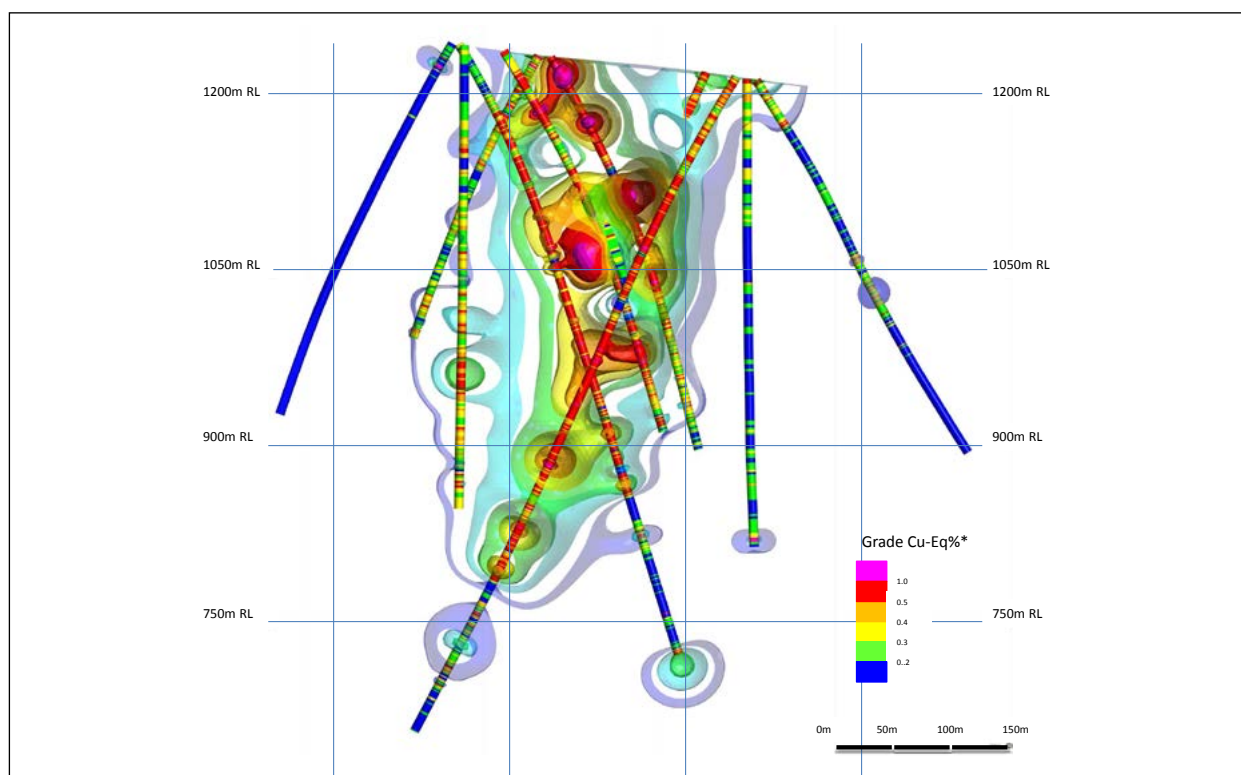


Figure 18. Frontera cross section displaying drilling completed and copper equivalent (Cu-Au) isosurfaces

“Drilling results and resource inventory growth to underpin optimal PFS study.”

Qualifying Statements

* Copper Equivalent Calculation

Copper Equivalent (also Cu Eq*) Calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage. These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result. However it is the company's opinion that elements considered here have a reasonable potential to be recovered as evidenced in similar multi-commodity natured mines elsewhere in the world.

Copper equivalent conversion factors and long-term price assumptions used follow:

- Copper Equivalent Formula= $Cu \% + Mo(ppm) \times 0.0009 + Au(ppm) \times 0.7808$
- Price Assumptions= Cu (US\$1.60/lb), Mo (US\$15/lb), Au (US\$850/oz)

Competent Person's Statement – Exploration Reporting

Information in this announcement that relates to exploration results and mineralisation is based on information compiled by Mr Christian Easterday, a Director, who is a Member of The Australian Institute of Geoscientists. Mr Easterday has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'Competent Person' as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Mr Easterday consents to the inclusion in this presentation of the statements based on his information in the form and context in which they appear.

Competent Person's Statement – Resource Reporting

The information in this report that relates to the Central Mineral Resource, Productora is based on information compiled by Alf Gillman, who is a fellow of the Australasian Institute of Mining and Metallurgy. Alf Gillman is a director of Odessa Resources Pty Ltd, and has sufficient experience in mineral resource estimation, which is relevant to the style of mineralisation and type of deposit under consideration. He is qualified as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Alf Gillman consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Mineral Resource estimates outside of the Central Mineral Resource is based on information compiled by Aloysius Voortman and Fleur Muller. Aloysius Voortman is a Fellow of the Australasian Institute of Mining and Metallurgy, and Fleur Muller is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Aloysius Voortman is an employee of Coffey Mining, and Fleur Muller is an employee of Hot Chili Limited, and both have sufficient experience in mineral resource estimation, which is relevant to the style of mineralisation and type of deposit under consideration. Mr Voortman and Mrs Muller are qualified as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Both Mr Voortman and Mrs Muller consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.





Table 4. JORC Compliant Resource Statement – Reported 11 February 2013

Classification	Resource Series	Tonnage	Grade				Contained Metal (>0.3% Cu)			
			Cu	Au	Mo	Cu Eq	Cu	Au	Mo	Cu Eq*
		(Mt)	%	(g/t)	(g/t)	%	(Kt)	(KOz)	(Kt)	(Kt)
Indicated	Res Upgrade 1	39.4	0.6	0.1	124	0.8	230	150	5	310
	Central Resource	31.2	0.6	0.1	159	0.8	190	110	5	250
	Total	70.6	0.6	0.1	140	0.8	420	260	10	560
Inferred	Res Upgrade 1	40.6	0.5	0.1	110	0.7	200	130	4	270
	Central Resource	54.0	0.6	0.1	138	0.7	300	180	8	400
	Total	94.6	0.5	0.1	126	0.7	500	310	12	670
Total	Res Upgrade 1	80.0	0.5	0.1	117	0.7	440	290	9	580
	Central Resource	85.2	0.6	0.1	146	0.8	480	290	13	650
	Total	165.2	0.6	0.1	132	0.7	920	580	22	1,230

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



“Hot Chili now holds a 100% interest in the Central Lease (Productora 1/16) at Productora...”

Tenement Schedule and Details

Productora Tenement Details

Outside of the Company's own landholding, Hot Chili has executed agreements with several private parties, government organisations and major miners. Importantly, these parties together with Hot Chili control 100% of the strike extent of defined mineralisation within this land position including the central mining lease of Productora which contains an operating underground copper mine.

Importantly, in February 2013, Hot Chili exercised its right to purchase of the Central Lease (Productora 1/16). Hot Chili now holds a 100% interest in the Central Lease (Productora 1/16) at Productora, containing over half of the projects established resources and lying within the Company's planned central pit development.

The decision by Hot Chili to exercise its purchase option over the Central Lease finalises the Company's last major purchase commitment at Productora. Purchase of the Central Lease followed the company's decision to give the go-ahead for full Pre-feasibility studies.

Hot Chili has also successfully acquired further tenements along the western and southern extension to the Productora project. The new tenements expand the area of the Productora project, providing further upside to Hot Chili's plans to delineate and develop significant copper-gold-molybdenum resources at the project.

Hot Chili has established close working relationships with both government and private stakeholders, of particular note is the major local partnership with CMP (Chile's largest iron ore producer).

The details of the tenement holding for the Productora project are listed in Table 5.





Table 5. Productora project tenement details

Licence ID	Holder ⁽¹⁾	Interest (%)	Licence Type	Area (ha)	Mining Patents 2013-2014 (\$) ⁽²⁾	US\$ ⁽³⁾	Mining Patents 2014-2015 (\$) ⁽⁴⁾	US\$ ⁽³⁾	Exploration and Expenditure Commitment- Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
FRAN 1, 1-48	SMEAL	100%	Mining Claim	300	1,170,630	2,414	1,209,780	2,335	None		Being processed
FRAN 2, 1-20	SMEAL	100%	Mining Claim	300	1,170,630	2,414	1,209,780	2,335	None		Being processed
FRAN 3, 1-60	SMEAL	100%	Mining Claim	300	1,170,630	2,414	1,209,780	2,335	None		Being processed
FRAN 4, 1-20	SMEAL	100%	Mining Claim	300	1,170,630	2,414	1,209,780	2,335	None		Being processed
FRAN 5, 1-20	SMEAL	100%	Mining Claim	300	1,170,630	2,414	1,209,780	2,335	None		Being processed
FRAN 6, 1-60	SMEAL	100%	Mining Claim	300	1,170,630	2,414	1,209,780	2,335	None		Being processed
FRAN 7, 1-37	SMEAL	100%	Mining Claim	300	1,170,630	2,414	1,209,780	2,335	None		Being processed
FRAN 8, 1-30	SMEAL	100%	Mining Claim	300	1,170,630	2,414	1,209,780	2,335	None		Being processed
FRAN 12, 1-40	SMEAL	100%	Exploitation concession	200	780,420	1,609.10	806,520	1,557	None		Constituted
FRAN 13, 1-40	SMEAL	100%	Exploitation concession	200	780,420	1,609.10	806,520	1,557	None		Constituted
FRAN 14, 1-40	SMEAL	100%	Exploitation concession	200	780,420	1,609.10	806,520	1,557	None		Constituted
FRAN 15, 1-60	SMEAL	100%	Mining Claim	300	1,170,630	2,414	1,209,780	2,335	None		Being processed
FRAN 18, 1-60	SMEAL	100%	Mining Claim	300	1,170,630	2,414	1,209,780	2,335	None		Being processed
FRAN 21, 1-60	SMEAL	100%	Mining Claim	300	1,170,630	2,414	1,209,780	2,335	None		Being processed
FRAN 22	SMEAL	100%	Exploration concession	400	312,168	644	322,608	623	None	06.02.2014	Constituted
ALGA 7A, 1-32	SMEAL	100%	Exploitation concession	89	347,286.90	716	358,901	692.85	None		Constituted
ALGA VI, 5-24	SMEAL	100%	Exploitation concession	66	257,538.60	531	266,152.00	513.8	None		Constituted
MONTOSA 1-4	SMEAL	100%	Exploitation concession	35	136,574	281.5	141,141	272.47	None		Constituted
CHICA	SMEAL	100%	Exploitation concession	1	3,902	8.04	4,033	7.78	None		Constituted
ESPERANZA 1-5	SMEAL	100%	Exploitation concession	11	42,923.10	88.5	44,358.60	85.63	None		Constituted
LEONA SEGUNDA 1-4	SMEAL	100%	Exploitation concession	10	39,021	80.45	40,326	77.84	None		Constituted
CARMEN I, 1-60	SMEAL	100%	Mining Claim	300	1,170,630	2,414	1,209,780	2,335	None		Being processed
CARMEN II, 1-60	SMEAL	100%	Mining Claim	300	1,170,630	2,414	1,209,780	2,335	None		Being processed
ZAPA 1, 1-10	SMEAL	100%	Exploitation concession	100	390,210	804.5	403,260	778.49	None		Constituted
ZAPA 3, 1-23	SMEAL	100%	Exploitation concession	92	358,993.20	740.1	370,999.20	716.21	None		Constituted
ZAPA 5A, 1-16	SMEAL	100%	Exploitation concession	80	468,252	965.4	322,608	622.79	None		Constituted
ZAPA 7, 1-24	SMEAL	100%	Exploitation concession	120	468,252	965.4	483,912	934.19	None		Constituted
CABRITO, CABRITO 1-9	SLM CABRITO	80%	Exploitation concession	50	195,105	402.2	201,630	389.24	None		Constituted
CUENCA A, 1-51	CMP	65%	Exploitation concession	255	995,036	2,051.60	1,028,313	1,985.16	Total Exploration Expenditure Commitment of US\$4,000,000 over 5 years (Yr 1 US\$750,000, Yr 2 US\$500,000, Yr 3 US\$500,000, Yr 4 US\$1,000,000, Yr 5 US\$1,250,000). Already satisfied. Exercise Payment (price) of US\$100,000		5 Year 65% JV Earn-in option Agreement executed Expiration date October 5, 2014
CUENCA B, 1-28	CMP	65%	Exploitation concession	139	542,392	1,118	560,531	1,082			
CUENCA C, 1-51	CMP	65%	Exploitation concession	255	995,036	2,051.60	1,028,313	1,985.16			
CUENCA D	CMP	65%	Exploitation concession	3	11,706.30	24.1	12,097.80	23.35			
CUENCA E	CMP	65%	Exploitation concession	1	3,902	8.04	4,033	7.78			
CHOAPA 1-10	CMP	65%	Exploitation concession	50	195,105	402.2	201,630	389.24			
ELQUI 1-14	CMP	65%	Exploitation concession	61	238,028.10	490.7	245,988.60	474.88			
LIMARÍ 1-15	CMP	65%	Exploitation concession	66	257,538.60	531	266,151.60	513.806			
LOA 1-6	CMP	65%	Exploitation concession	30	117,063	241	120,978	234			
MAIPO 1-10	CMP	65%	Exploitation concession	50	195,105	402.2	201,630	389.24			
TOLTÉN 1-4	CMP	65%	Exploitation concession	70	273,147	563.1	282,282	544.94			
CACHIYUYITO 1, 1-60	CMP	65%	Mining Claim	300	1,170,630	2,414	1,209,780	2,335			
CACHIYUYITO 2, 1-60	CMP	65%	Exploitation concession	300	1,170,630	2,414	1,209,780	2,335			
CACHIYUYITO 3, 1-60	CMP	65%	Exploitation concession	300	1,170,630	2,414	1,209,780	2,335			
LA PRODUCTORA 1-16	SMEAL	100%	Exploitation concession	75	292,658	603.4	302,445	583.87	None		Constituted

Tenement Schedule and Details

continued

Licence ID	Holder ⁽¹⁾	Interest (%)	Licence Type	Area (ha)	Mining Patents 2013-2014 (\$) ⁽²⁾	US\$ ⁽³⁾	Mining Patents 2014-2015 (\$) ⁽⁴⁾	US\$ ⁽⁵⁾	Exploration and Expenditure Commitment- Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
BUENA SUERTE 1-6	SLM BUENA SUERTE	100%	Exploitation concession	30	117,063	241.3	120,978	234	Total price of US\$1,000,000. US\$20,000 paid upon signature. Payments of US\$50,000 pa for Yr 1, 2, 3 already done. A further payment of US\$ 50,000 for Yr 4. Exercise payment of US\$780,000 at the end of Yr 5.		5 Year 100% Purchase-option Agreement executed Expiration date November 18, 2014
PILAR 1-2	SLM PILAR	100%	Exploitation concession	10	39,021	80.4	40,326	77.84			
ORO INDIO I, 1-20	JGT	100%	Exploitation concession	82	319,972.20	659.7	330,673.20	638.36			
AURO HUASCO I, 1-8	JGT	100%	Exploitation concession	35	136,574	281.5	141,141	272.47	Total price of US\$500,000. US\$100,000 paid upon signature. Payments of US\$80,000 pa for Yr 1, 2, 3, 4. Payment of US\$80,000 for Yr 1 already done. Exercise payment of US\$80,000 at the end of Yr 5.		5 Year 100% Purchase-option Agreement executed Expiration date February 13, 2017
URANIO, 1-70	CCHEN	100%	Exploitation concession	350	1,365,735	2,815.90	1,411,410	2,724.70	Exploration phase US\$100,000 per Yr plus US\$6,000,000 minimum exploration commitment. Already completed Exploitation phase US\$250,000 per Yr plus 2% NSR all but gold; 4% NSR gold; 5% NSR non-metallic		5 year (renewable to 30) lease agreement Termination date August 22, 2042
JULI 1	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULI 2	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None	25.06.2015	Constituted
JULI 3	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None	25.06.2015	Constituted
JULI 4	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None	25.06.2015	Constituted
JULI 5	SMEAL	100%	Mining Petitions	100	None	None	80,652	156	None		Being processed
JULI 6	SMEAL	100%	Mining Petitions	200	None	None	161,304	311	None		Being processed
JULI 7	SMEAL	100%	Mining Petitions	200	None	None	161,304	311	None	25.06.2015	Constituted
JULI 8	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None	25.06.2015	Constituted
JULI 9	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None	25.06.2015	Constituted
JULI 10	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULI 11	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULI 12	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None	25.06.2015	Constituted
JULI 13	SMEAL	100%	Mining Petitions	100	None	None	80,652	156	None	25.06.2015	Constituted
JULI 14	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed



Licence ID	Holder ⁽¹⁾	Interest (%)	Licence Type	Area (ha)	Mining Patents 2013-2014 (\$) ⁽²⁾	US\$ ⁽³⁾	Mining Patents 2014-2015 (\$) ⁽⁴⁾	US\$ ⁽⁵⁾	Exploration and Expenditure Commitment-Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
JULI 15	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULI 16	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None	25.06.2015	Constituted
JULI 17	SMEAL	100%	Mining Petitions	200	None	None	161,304	311	None	25.06.2015	Constituted
JULI 18	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None	25.06.2015	Constituted
JULI 19	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULI 20	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULI 21	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None	25.06.2015	Constituted
JULI 22	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None	25.06.2015	Constituted
JULI 23	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None	25.06.2015	Constituted
JULI 24	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULI 25	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULI 26	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None	25.06.2015	Constituted
JULI 27	SMEAL	100%	Mining Petitions	200	None	None	161,304	311	None	25.06.2015	Constituted
JULI 28	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None	25.06.2015	Constituted
JULIETA 1	SMEAL	100%	Mining Petitions	100	None	None	80,652	156	None		Being processed
JULIETA 2	SMEAL	100%	Mining Petitions	200	None	None	161,304	311	None		Being processed
JULIETA 3	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULIETA 4	SMEAL	100%	Mining Petitions	200	None	None	161,304	311	None		Being processed
JULIETA 5	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULIETA 6	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULIETA 7	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULIETA 8	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULIETA 9	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULIETA 10	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULIETA 11	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULIETA 12	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULIETA 13	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULIETA 14	SMEAL	100%	Mining Petitions	300	None	None	241,956	467	None		Being processed
JULIETA 15	SMEAL	100%	Mining Petitions	200	None	None	161,304	311	None		Being processed
JULIETA 16	SMEAL	100%	Mining Petitions	200	None	None	161,304	311	None		Being processed
JULIETA 17	SMEAL	100%	Mining Petitions	200	None	None	161,304	311	None		Being processed
JULIETA 18	SMEAL	100%	Mining Petitions	200	None	None	161,304	311	None		Being processed
JULIETA 19	SMEAL	100%	Mining Petitions	200	None	None	161,304	311	None		Being processed
					30,186,646	62,244.43	31,034,890	59,911.35			
											Total Exercise Payment Commitments (or price) US\$1,250,000
											Total lease price next 4 Yrs. US\$400,000

Obs.: (1) CMP= Compañía Minera del Pacífico; SLM Productora= Sociedad Legal Minera La Productora 1 de la Sierra Coyigualles; SLM Buena Suerte= Sociedad Legal Minera Buena Suerte 1 de la Sierra Tamarico; SLM Pilar= Sociedad Legal Minera Pilar 1 de la Sierra Tamarindo; SLM Cabrito= Sociedad Legal Minera Cabrito de la Sierra Zapallo; JGT= Julio Godoy Torres; CCHEN= Comisión Chilena de Energía Nuclear. (2) In accordance with the December UTM, which amounts 39021 CL. (3) In accordance with an approximate dollar exchange rate (CH\$485). (4) In accordance with the August 2013 UTM, which amounts 40326 CL. (5) In accordance with an approximate dollar exchange rate (CH\$518).

Tenement Schedule and Details

continued

Frontera Tenement Details

The Frontera project lies 70km directly south of Productora in Region IV of Chile. Frontera is an advanced exploration stage project with historical drilling and a small-scale, historical, copper-oxide open pit within the project. Hot Chili has also completed an extensive drill programme over the La Union 1-2 lease.

Sociedad Minera El Aguila (SMEAL – Hot Chili's wholly owned Chilean subsidiary) has entered into a 30 month, 100% purchase-option agreement with private Chilean company Compañía Minera Taruca SCM. The agreement has been executed with a US\$600,000 payment. Future outstanding payments include US\$300,000 due in 18 months and a final purchase price of US\$5,000,000 due 12 months later. In addition, SMEAL has committed to complete 10,000m of drilling at the project within the first 24 month period.

Table 6. Frontera project tenement details

Licence ID	Holder ⁽¹⁾	Interest (%)	Licence Type	Area (ha)	Mining Patents 2013-2014 (\$) ⁽²⁾	US\$ ⁽³⁾	Mining Patents 2014-2015 (\$) ⁽⁴⁾	US\$ ⁽⁵⁾	Exploration and Expenditure Commitment- Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
LA UNION 1-2	Compañía Minera Taruca SCM	100%	Exploitation Concession	10	39,021	80.4	40,326	77.84	Total price of US\$5,900,000. US\$255,000 paid prior to the signature. US\$344,000 paid upon the signature. US\$300,000 once 18 month after the execution of the agreement. Exercise payment of US\$5,000,000 at the end of month 30.		Jota 1, Madrid 1 and Madrid 2 Being processed. 30 month – 100% Purchase-option Agreement executed Expiration date November 30, 2015
JOTA 1	Compañía Minera Taruca SCM	100%	Mining Claim	1	3,902	8.04	4,033	7.78			
MADRID 1	Compañía Minera Taruca SCM	100%	Mining Petition	100	78,042	160.9	80,652	156			
MADRID 2	Compañía Minera Taruca SCM	100%	Mining Petition	300	234,126	482.7	241,956	467			
					355,091	732.04	366,967	708.22	Total Exercise Payment Commitments (or price) due US\$5,300,000		

Obs.: (1) In accordance with the December UTM, which amounts 39021 CL. (2) In accordance with an approximate dollar exchange rate (CH\$485). (3) In accordance with the August 2013 UTM, which amounts 40326 CL. (4) In accordance with an approximate dollar exchange rate (CH\$518).



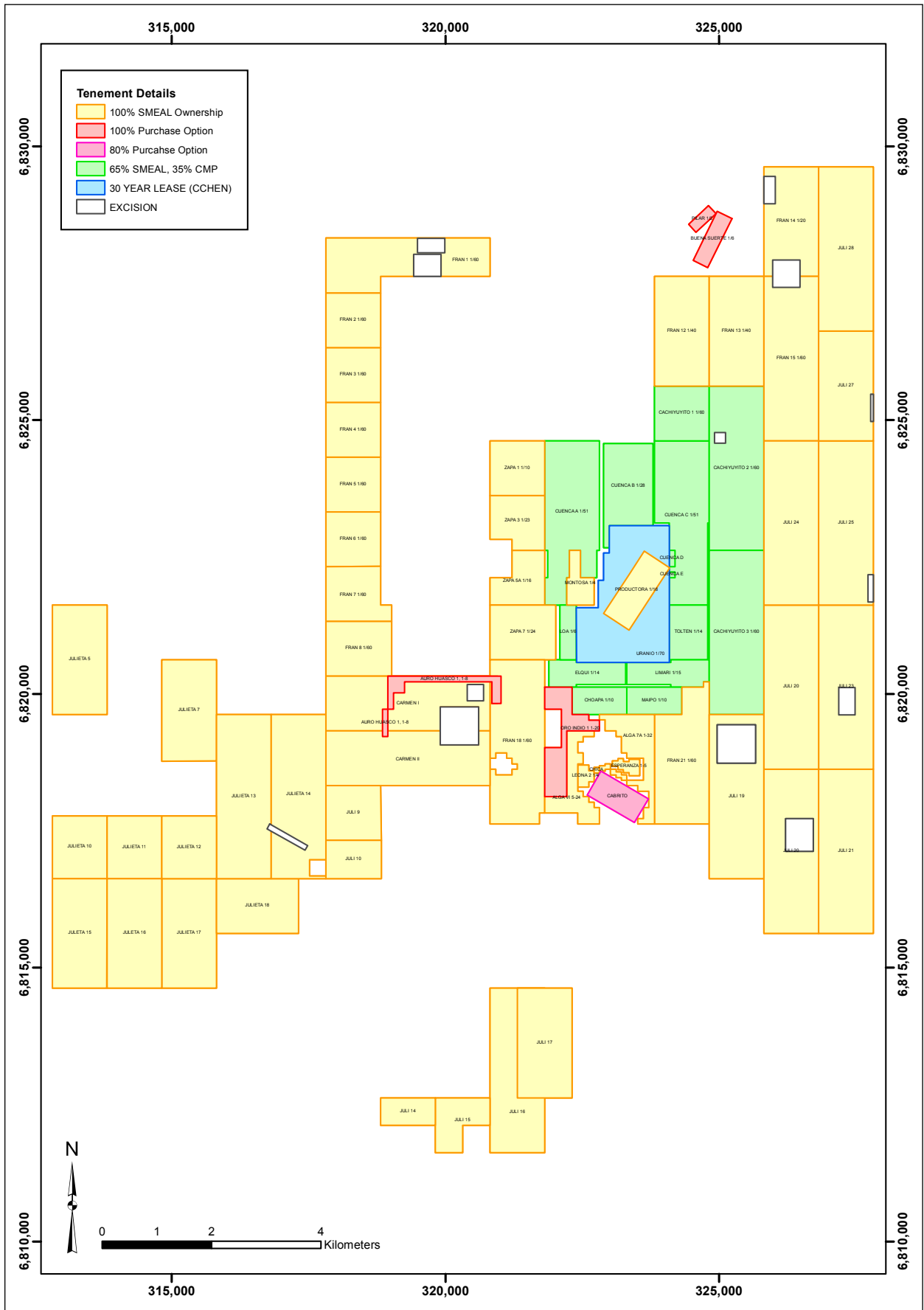


Figure 19. Productora project tenement location plan

Tenement Schedule and Details

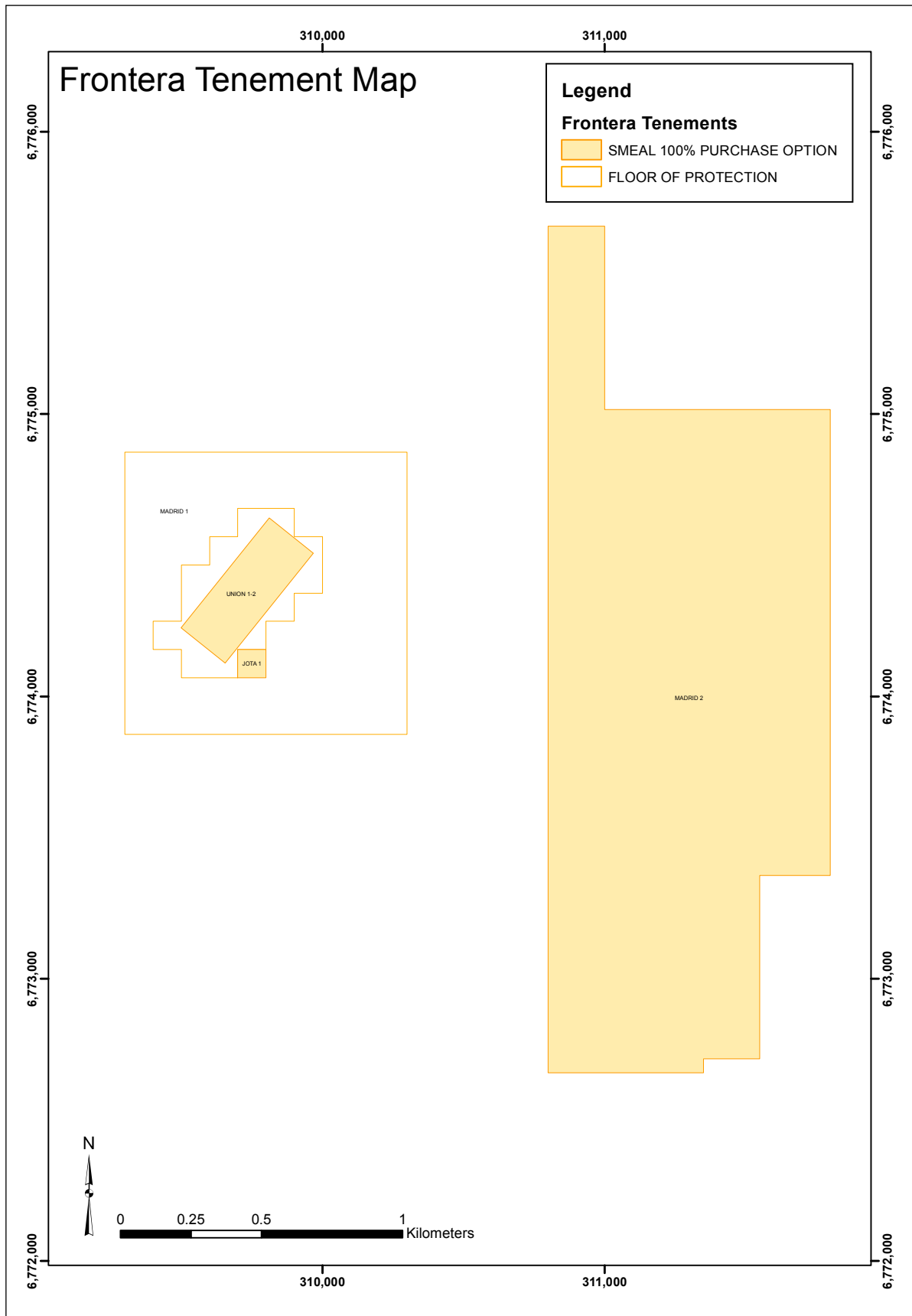


Figure 20. Frontera project tenement plan



Banderas Tenement Details

The Banderas project is located at low altitude (<1,000m) approximately 50km north of Hot Chili's Productora project, adjacent to the Pan American highway in Region III of Chile. The project is at an early exploration stage and has seen some historical, small-scale, copper mining within an extensive, large-scale alteration system.

Sociedad Minera El Aguila (SMEAL – Hot Chili's wholly owned Chilean subsidiary) has entered into several option agreements to purchase 65% and 100% interests in each of the mining exploitation and exploration concessions at the Banderas project owned by a number of private Chilean individuals.

The option exercise period for each of the 65% purchase-option agreements is five years, while the exercise period for the 100% purchase-option agreement is four years.

In addition, SMEAL has 100% ownership over some 1900ha of tenements in the area.

Table 7. Banderas project tenement details

Licence ID	Holder ⁽¹⁾	Interest (%)	Licence Type	Area (ha)	Mining Patents 2013-2014 (\$) ⁽²⁾	US\$ ⁽³⁾	Mining Patents 2014-2015 (\$) ⁽⁴⁾	US\$ ⁽⁵⁾	Exploration and Expenditure Commitment-Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
COTOTO 1	IPL	65%	Exploration concession	200	156,084	321.8	161,304	311	Total price of US\$180,000. US\$30,000 paid upon signature. Payments of US\$30,000 pa for Yr 1, 2, 3, 4. Payment for Yr 1 already satisfied. Exercise payment of US\$30,000 at the end of Yr 5.	13.04.2014	5 Year 65% JV Earn-in option Agreement executed Expiration date July 23, 2017
COTOTO 2	IPL	65%	Exploration concession	200	156,084	321.8	161,304	311		31.01.2014	
COTOTO 3	IPL	65%	Exploration concession	200	156,084	321.8	161,304	311		13.04.2014	
COTOTO 4	IPL	65%	Exploration concession	200	156,084	321.8	161,304	311		31.01.2014	
COTOTO 5	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467		31.01.2014	
PIMPOLLA 1	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467		31.04.2014	
PIMPOLLA 2	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467		31.01.2014	
PIMPOLLA 3	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467		27.04.2014	
PIMPOLLA 4	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467		31.01.2014	
COTOTO A1	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467		20.12.2013	
COTOTO A2	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467		05.01.2014	
COTOTO A3	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467		05.01.2014	
COTOTO A4	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467		05.01.2014	
COTOTO A5	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467		06.01.2014	
COTOTO A6	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467		06.01.2014	
COTOTO A7	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467		10.01.2014	
COTOTO A8	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467		10.01.2014	
PIMPOLLA A1	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467		10.01.2014	
PIMPOLLA A2	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467		10.01.2014	
PIMPOLLA A3	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467		10.01.2014	
PIMPOLLA A4	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467	26.12.2013		
PIMPOLLA A5	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467	26.12.2013		
PIMPOLLA A6	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467	26.12.2013		
PIMPOLLA A7	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467	26.12.2013		
PIMPOLLA A8	IPL	65%	Exploration concession	300	234,126	482.7	241,956	467	26.12.2013		
TITIRUTA 2, 1-20	SMEAL	100%	Mining claim	57	222,419.70	458.5	229,858.20	443.74	None		Being processed
RENACIMIENTO 1-10	JSR	65%	Exploitation Concession	44	171,692.40	354	177,434.40	342.53	Total price of US\$180,000. US\$30,000 paid upon signature. Payments of US\$30,000 pa for Yr 1, 2, 3, 4. Exercise payment of US\$30,000 at the end of Yr 5. Payment for year 1 already satisfied.		5 Year- 65% JV Earn-in option Agreement executed Expiration date December 12th, 2016

Tenement Schedule and Details

continued

Licence ID	Holder ⁽¹⁾	Interest (%)	Licence Type	Area (ha)	Mining Patents 2013-2014 (\$) ⁽²⁾	US\$ ⁽³⁾	Mining Patents 2014-2015 (\$) ⁽⁴⁾	US\$ ⁽⁵⁾	Exploration and Expenditure Commitment- Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
ESCONDIDA 1-10	ADC	65%	Exploitation Concession	50	195,105	402.2	201,630	389.24	Total price of US\$180,000. US\$30,000 paid upon signature. Payments of US\$30,000 pa for Yr. 1, 2, 3, 4. Exercise payment of US\$ 30,000 at the end of Yr 5.		5 Year 65% JV Earn-in option Agreement executed Expiration date February 28, 2017
BANDERITA 1-5	SLM BANDERITA	100%	Exploitation Concession	5	19,511	40.2	20,163	38.92	Total price of US\$480,000. US\$42,000 paid upon signature. Payments of US\$42,000 pa for Yr 1, 2. Payment US\$70,000 pa year 3. Exercise payment of US\$ 284,000 at the end of Yr 4. Payment for year 1 already satisfied.		4 Year 100% Purchase-option Agreement executed Expiration date November 29, 2015
RESGUARDO 1, 2, 3, 4, 5, 6, 7, 8, 12, 13, 14 y 20	SLM RESGUARDO	100%	Exploitation Concession	60	234,126	482.7	241,956	467.09			
RESGUARDO 9, 10, 11, 15, 16, 17, 18 y 20	SLM RESGUARDO	100%	Exploitation Concession	40	156,084	321.8	161,304	311.39			
CONEJA 1-10	SMEAL	100%	Exploitation Concession	100	390,210	804.5	403,260	778.49	None		Constituted
COTOTO 1, 1-60	IPL	100%	Mining Claim	300	None	None	1,209,780	2,335	None		Being processed
COTOTO 2, 1-60	IPL	100%	Mining Claim	300	None	None	1,209,780	2,335	None		Being processed
COTOTO 3, 1-60	IPL	100%	Mining Claim	300	None	None	1,209,780	2,335	None		Being processed
COTOTO 4, 1-60	IPL	100%	Mining Claim	300	None	None	1,209,780	2,335	None		Being processed
COTOTO 5, 1-60	IPL	100%	Mining Claim	300	None	None	1,209,780	2,335	None		Being processed
COTOTO 6, 1-60	IPL	100%	Mining Claim	300	None	None	1,209,780	2,335	None		Being processed
COTOTO 7, 1-60	IPL	100%	Mining Claim	300	None	None	1,209,780	2,335	None		Being processed
COTOTO 8, 1-60	IPL	100%	Mining Claim	300	None	None	1,209,780	2,335	None		Being processed
PIMPOLLA 1, 1-60	IPL	100%	Mining Claim	300	None	None	1,209,780	2,335	None		Being processed
PIMPOLLA 2, 1-60	IPL	100%	Mining Claim	300	None	None	1,209,780	2,335	None		Being processed
PIMPOLLA 3, 1-60	IPL	100%	Mining Claim	300	None	None	1,209,780	2,335	None		Being processed
PIMPOLLA 4, 1-60	IPL	100%	Mining Claim	300	None	None	1,209,780	2,335	None		Being processed
PIMPOLLA 5, 1-60	IPL	100%	Mining Claim	300	None	None	1,209,780	2,335	None		Being processed
PIMPOLLA 6, 1-60	IPL	100%	Mining Claim	300	None	None	1,209,780	2,335	None		Being processed
PIMPOLLA 7, 1-60	IPL	100%	Mining Claim	300	None	None	1,209,780	2,335	None		Being processed
PIMPOLLA 8, 1-60	IPL	100%	Mining Claim	300	None	None	1,209,780	2,335	None		Being processed
BLANCA 1	SMEAL	100%	Mining Petition	200	None	None	161,304	311	None		Being processed
BLANCA 2	SMEAL	100%	Mining Petition	300	None	None	241,956	467	None		Being processed
BLANCA 3	SMEAL	100%	Mining Petition	300	None	None	241,956	467	None		Being processed
BLANCA 4	SMEAL	100%	Mining Petition	300	None	None	241,956	467	None		Being processed
BLANCA 5	SMEAL	100%	Mining Petition	300	None	None	241,956	467	None		Being processed
BLANCA 6	SMEAL	100%	Mining Petition	300	None	None	241,956	467	None		Being processed
BLANCA 7	SMEAL	100%	Mining Petition	300	None	None	241,956	467	None		Being processed
BLANCA 8	SMEAL	100%	Mining Petition	300	None	None	241,956	467	None		Being processed
BLANCA 9	SMEAL	100%	Mining Petition	300	None	None	241,956	467	None		Being processed
					6,930,130	14287.8	28,615,330	55,237	Total Exercise Payment Commitments due (or price) US\$756,000		

Obs.: (1) JIS= José Ignacio Silva; SMEAL= Sociedad Minera El Águila Ltda.; JSR= Julio Salomon Richards; ADC= Arnaldo Del Campo; SLM Banderita Uno de la Sierra Algarrobo; and, SLM Resguardo= Sociedad Legal Minera Resguardo Uno de la Sierra Algarrobo. (2) In accordance with the December UTM, which amounts 39021 CL. (3) In accordance with an approximate dollar exchange rate (CH\$485). (4) In accordance with the August 2013 UTM, which amounts 40326 CL. (5) In accordance with an approximate dollar exchange rate (CH\$518).

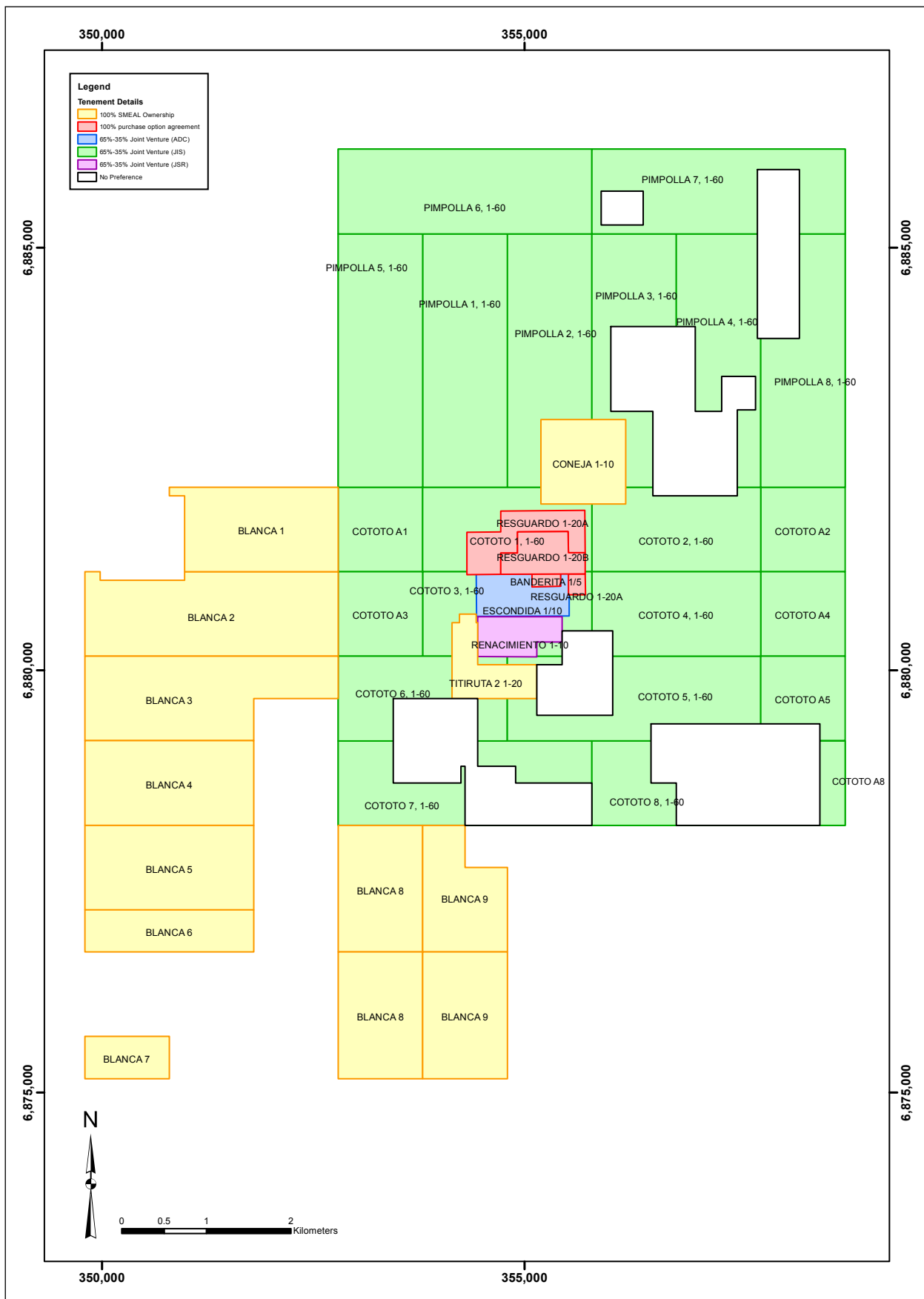


Figure 21. Banderas project tenement plan

Tenement Schedule and Details

continued

Los Mantos Tenement Details

Los Mantos is located, at low altitude (<1,000m elevation), in the coastal range of Region IV, Chile, 240km south of Hot Chili's flagship project Productora and immediately adjacent to Teck's large-scale Andacolla copper-gold operation.

The Los Mantos project comprises 71 licences in total, and the landholding now covers an area of more than 10,000ha.

Hot Chili, through its Chilean subsidiary company Sociedad Minera El Aguila (SMEAL), has entered into a five year option agreement for the 100% purchase of the Los Mantos project. The private purchase-option agreement with local Chilean landholder and mine operator Mr. Aldo Cordero Godoy was executed on 11 June 2009, with the payment of US\$220,000. The right to purchase 100% of the Aldo Cordero concession is exercisable at any time within the five year option period following satisfaction of all remaining yearly option payments and an exercise payment of US\$2,000,000.

Late in 2012 Hot Chili significantly increased the size of its Los Mantos copper project in Chile under a farm-in agreement with Compañía Contractual Minera Los Andes (CCMLA), a subsidiary of the Chilean major CODELCO, the world's largest copper producer.

The agreement represents the start of Hot Chili's efforts to significantly expand the size of its Los Mantos copper project and build a substantial exploration land position immediately adjacent to Teck's large-scale Andacollo copper-gold operation. Under the agreement Hot Chili can earn up to 60% of an additional 10,000 hectares at Los Mantos over six years.

Under the terms of the 60% earn-in Joint Venture (JV) between CCMLA, a subsidiary of CODELCO, and Hot Chili's 100% operating subsidiary Sociedad Minera El Aguila (SMEAL), the Company made an upfront payment of US\$ 50,000 upon execution.

In addition, Hot Chili will be required to commit to a minimum expenditure of US\$2 million during the first five years of the earn-in phase including US\$150,000 in the first year. During the sixth year of the JV agreement, Hot Chili also commits to completing a definitive feasibility study, adopt a Decision to Construct and pay the additional sum of US\$100,000 in order to exercise the JV.

Since 2011, Hot Chili has pursued discussions with CODELCO (through its subsidiary) to expand the Company's planned future exploration activities to include CODELCO's large landholding in the area. In addition to this latest agreement, further consolidation of the Los Mantos project area is planned.

Table 8. Los Mantos project tenement details

Licence ID	Holder ⁽¹⁾	Interest (%)	Licence Type	Area (ha)	Mining Patents 2013-2014 (\$) ⁽²⁾	US\$ ⁽³⁾	Mining Patents 2014-2015 (\$) ⁽⁴⁾	US\$ ⁽⁵⁾	Exploration and Expenditure Commitment-Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
FELIZ DIECIOCHO 1	ICS	100%	Exploration	200	156,084	321.8	161,304	311	None	03.05.2014	Floor of Protection licences only. Currently being transferred to SMEAL
FELIZ DIECIOCHO 2	ICS	100%	Exploration	200	156,084	321.8	161,304	311	None	12.06.2014	
FELIZ DIECIOCHO 3	ICS	100%	Exploration	200	156,084	321.8	161,304	311	None	12.06.2014	
FELIZ DIECIOCHO 4	ICS	100%	Exploration	200	156,084	321.8	161,304	311	None	12.06.2014	



Licence ID	Holder ⁽¹⁾	Interest (%)	Licence Type	Area (ha)	Mining Patents 2013-2014 (\$) ⁽²⁾	US\$ ⁽³⁾	Mining Patents 2014-2015 (\$) ⁽⁴⁾	US\$ ⁽⁵⁾	Exploration and Expenditure Commitment- Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
ANTONIO 1-29	ACG	100%	Exploitation	139	542,392	1,118	560,531	1,082	Total of US\$2,470,000. US\$220,000 paid upon signature; Payments of US\$50,000 pa at the end of Yr 1-2,3 already done. US\$100,000 in Yr 4 already done. Exercise Payment of US\$2,000,000 at the end of Yr 5. Total Exercise Payment Commitments due (or price) US\$2,100,000		5 Year 100% Purchase-option Agreement executed. Expiration date July 4 2014
ESPADÁ 1-12	ACG	100%	Exploitation	36	140,476	290	145,173	280			
ROSITA 1-6	ACG	100%	Exploitation	30	117,063	241	120,978	234			
ALINDERAMIENTO Y OTRAS	ACG	100%	Exploitation	9	25,119	72	36,293	70			
ENSUEÑO 1-11	ACG	100%	Exploitation	50	195,105	402.2	201,630	389.24			
HAPI E1	MLA	60%	Exploration	900	702,378	1,448.20	725,868	1,401.20	i. Promise of incorporation value US\$2,000,000. ii. Exploration expenses: (i) Between November 6, 2012, and November 5, 2013 US\$150,000; (ii) Between November 6, 2013, and November 5, 2014, US\$300,000; (iii) Between November 6, 2014, and November 5, 2015, US\$300,000; (iv) Between November 6, 2015, and November 5, 2016, US\$500,000; (v) Between November 6, 2016, and November 5, 2017, US\$750,000.	23.06.2013 (Expired)	5 Year 60% JV Option Agreement executed
HAPI E2	MLA	60%	Exploration	900	702,378	1,448.20	None	None		23.06.2013 (Expired)	
HAPI E3	MLA	60%	Exploration	300	234,126	482.7	241,956	467		23.11.2013	
HAPI E4	MLA	60%	Exploration	300	234,126	482.7	241,956	467		16.09.2013	
HAPI E5	MLA	60%	Exploration	200	156,084	321.8	161,304	311		23.11.2013	
HAPI E6	MLA	60%	Exploration	600	468,252	965.4	483,912	934.19		18.08.2013 (Expired)	
HAPI E7	MLA	60%	Exploration	200	156,084	321.8	161,304	311		18.08.2013 (Expired)	
HAPI E8	MLA	60%	Exploration	400	312,168	644	322,608	623		18.08.2013 (Expired)	
HAPI E9	MLA	60%	Exploration	200	156,084	321.8	161,304	311		18.08.2013 (Expired)	
HAPI E10	MLA	60%	Exploration	300	234,126	482.7	241,956	467		18.08.2013 (Expired)	
HAPI E11	MLA	60%	Exploration	300	234,126	482.7	241,956	467		18.08.2013 (Expired)	
HAPI E12	MLA	60%	Exploration	400	312,168	644	322,608	623		18.08.2013 (Expired)	
HAPI E13	MLA	60%	Exploration	600	468,252	965.4	483,912	934.19		18.08.2013 (Expired)	
HAPI E14	MLA	60%	Exploration	200	156,084	321.8	161,304	311		18.08.2013 (Expired)	
JADABA D1	MLA	60%	Exploration	200	156,084	321.8	161,304	311		24.08.2013 (Expired)	
JADABA D2	MLA	60%	Exploration	200	156,084	321.8	161,304	311		24.08.2013 (Expired)	
JADABA D3	MLA	60%	Exploration	300	234,126	482.7	241,956	467		18.08.2013 (Expired)	
JADABA D4	MLA	60%	Exploration	200	156,084	321.8	161,304	311		18.08.2013 (Expired)	
JADABA D5	MLA	60%	Exploration	400	312,168	644	322,608	623		24.08.2013 (Expired)	
JADABA D6	MLA	60%	Exploration	600	468,252	965.4	483,912	934.19		24.08.2013 (Expired)	
JADABA D7	MLA	60%	Exploration	300	234,126	482.7	241,956	467		24.08.2013 (Expired)	
JADABA D8	MLA	60%	Exploration	400	312,168	644	322,608	623		24.08.2013 (Expired)	
JADABA D9	MLA	60%	Exploration	1200	936,504	1,930.90	None	None		24.08.2013 (Expired)	
JADABA D10	MLA	60%	Exploration	1200	936,504	1,930.90	None	None		24.08.2013 (Expired)	
JADABA D11	MLA	60%	Exploration	800	624,336	1,287.20	645,216.00	1,245.59		24.08.2013 (Expired)	
JADABA D12	MLA	60%	Exploration	600	468,252	965.4	None	None		24.08.2013 (Expired)	
JADABA D13	MLA	60%	Exploration	800	624,336	1,287.20	645,216.00	1,245.59		24.08.2013 (Expired)	
JADABA D14	MLA	60%	Exploration	300	234,126	482.7	None	None		24.08.2013 (Expired)	
JADABA D15	MLA	60%	Exploration	200	156,084	321.8	None	None		24.08.2013 (Expired)	
MONICA D1	MLA	60%	Exploration	200	156,084	321.8	161,304	311		23.11.2013	
LEONOR E7	MLA	60%	Exploration	200	156,084	321.8	161,304	311		09.04.2014	
LEONOR E8	MLA	60%	Exploration	200	156,084	321.8	161,304	311	09.04.2014		
LEONOR E9	MLA	60%	Exploration	400	312,168	644	322,608	623	09.04.2014		
HAPI C1, 1-30	MLA	60%	Exploitation concession	300	1,170,630	2,414	None	None			

Tenement Schedule and Details

continued

Licence ID	Holder ⁽¹⁾	Interest (%)	Licence Type	Area (ha)	Mining Patents 2013-2014 (\$) ⁽²⁾	US\$ ⁽³⁾	Mining Patents 2014-2015 (\$) ⁽⁴⁾	US\$ ⁽⁵⁾	Exploration and Expenditure Commitment- Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
HAPI C3, 1-60	MLA	60%	Exploitation concession	300	1,170,630	2,414	1,209,780	2,335	I. Promise of incorporation value US\$2,000,000. II. Exploration expenses: (i) Between November 6, 2012, and November 5, 2013 US\$150,000; (ii) Between November 6, 2013, and November 5, 2014, US\$300,000; (iii) Between November 6, 2014, and November 5, 2015, US\$300,000; (iv) Between November 6, 2015, and November 5, 2016, US\$500,000; (v) Between November 6, 2016, and November 5, 2017, US\$750,000.		5 Year 60% JV Option Agreement executed
HAPI C4, 1-30	MLA	60%	Mining claim	300	1,170,630	2,414	1,209,780	2,335			
HAPI C5, 1-30	MLA	60%	Mining claim	300	1,170,630	2,414	1,209,780	2,335			
HAPI C14, 1-30	MLA	60%	Exploitation concession	300	1,170,630	2,414	1,209,780	2,335			
HAPI D1, 1-60	MLA	60%	Exploitation concession	600	2,341,260	4,827.30	2,419,560	4,670.96			
HAPI D2, 1-60	MLA	60%	Exploitation concession	588	2,294,434.80	4,730.70	2,371,168.80	4,577.50			
HAPI D5, 1-30	MLA	60%	Mining claim	300	1,170,630	2,414	1,209,780	2,335			
HAPI D7, 1-60	MLA	60%	Mining claim	60	234,126	482.7	241,956	467.09			
HAPI D8, 1-10	MLA	60%	Mining claim	100	390,210	804.5	403,260	778.49			
HAPI D9, 1-30	MLA	60%	Mining claim	244	952,112.40	1,963.10	983,954.40	1,899.50			
JADABA B1, 1-20	MLA	60%	Exploitation concession	200	780,420	1,609.10	806,520	1,557			
JADABA B2, 1-30	MLA	60%	Mining claim	292	1,139,413.20	2,349.30	1,177,519	2,273.20			
JADABA B3, 1-20	MLA	60%	Exploitation concession	172	671,161.20	1,383.80	693,607.20	1,339			
JADABA B15, 1-10	MLA	60%	Exploitation concession	99	386,307.90	796.5	399,227.40	770.07			
JADABA C2, 1-20	MLA	60%	Exploitation concession	200	780,420	1,609.10	806,520	1,557			
JADABA C3, 1-60	MLA	60%	Exploitation concession	504	1,966,658.40	4,054.90	2,032,430.40	3,923.60			
JADABA C12, 1-80	MLA	60%	Exploitation concession	723	2,821,218.30	5,816.90	None	None			
JADABA C14, 11-20	MLA	60%	Exploitation concession	100	390,210	804.5	403,260	778.49			
JADABA C15, 1-10	MLA	60%	Exploitation concession	100	390,210	804.5	403,260	778.49			
LEONOR C9, 1-20	MLA	60%	Mining claim	200	780,420	1,609.10	806,520	1,557			
JADABA E12 (overlaps Jadaba D12)	MLA	60%	Mining petition	600	None	None	483,912	934.19			
JADABA E13 (overlaps Jadaba C12, 1-80)	MLA	60%	Mining petition	723	None	None	583,113.96	1,125.70			
JADABA E14 (overlaps Jadaba D14)	MLA	60%	Mining petition	300	None	None	241,956	467			
JADABA D15 (overlaps Jadaba D15)	MLA	60%	Mining petition	200	None	None	161,304	311			
JADABA D9, 1-60 (overlaps Jadaba D9)	MLA	60%	Mining claim	1200	None	None	4,839,120	1,868.30			
JADABA D10, 1-20 (overlaps Jadaba D10)	MLA	60%	Mining claim	1200	None	None	967,824	9,341.90			
HAPI F1 (overlaps Hapi C1, 1-30)	MLA	60%	Mining petition	300	None	None	241,956	467			
HAPI F2 (overlaps Hapi E2)	MLA	60%	Mining petition	900	None	None	725,868	1,401.20			
					36,302,943	74,872	38,098,391	73,545	Total Exploration Expenditure Commitment (5 Yrs) - US\$2,100,000		
									Total Exercise Payment Commitment (or price) US\$2,100,000		

Obs.: (1) ICS = Irwin Cordova Sepulveda; ACG = Aldo Cordero Godoy; MLA = Compañía Minera Los Andes. (2) In accordance with the December UTM, which amounts 39021 CL. (3) In accordance with an approximate dollar exchange rate (CH\$485). (4) In accordance with the August 2013 UTM, which amounts 40326 CL. (5) In accordance with an approximate dollar exchange rate (CH\$518).

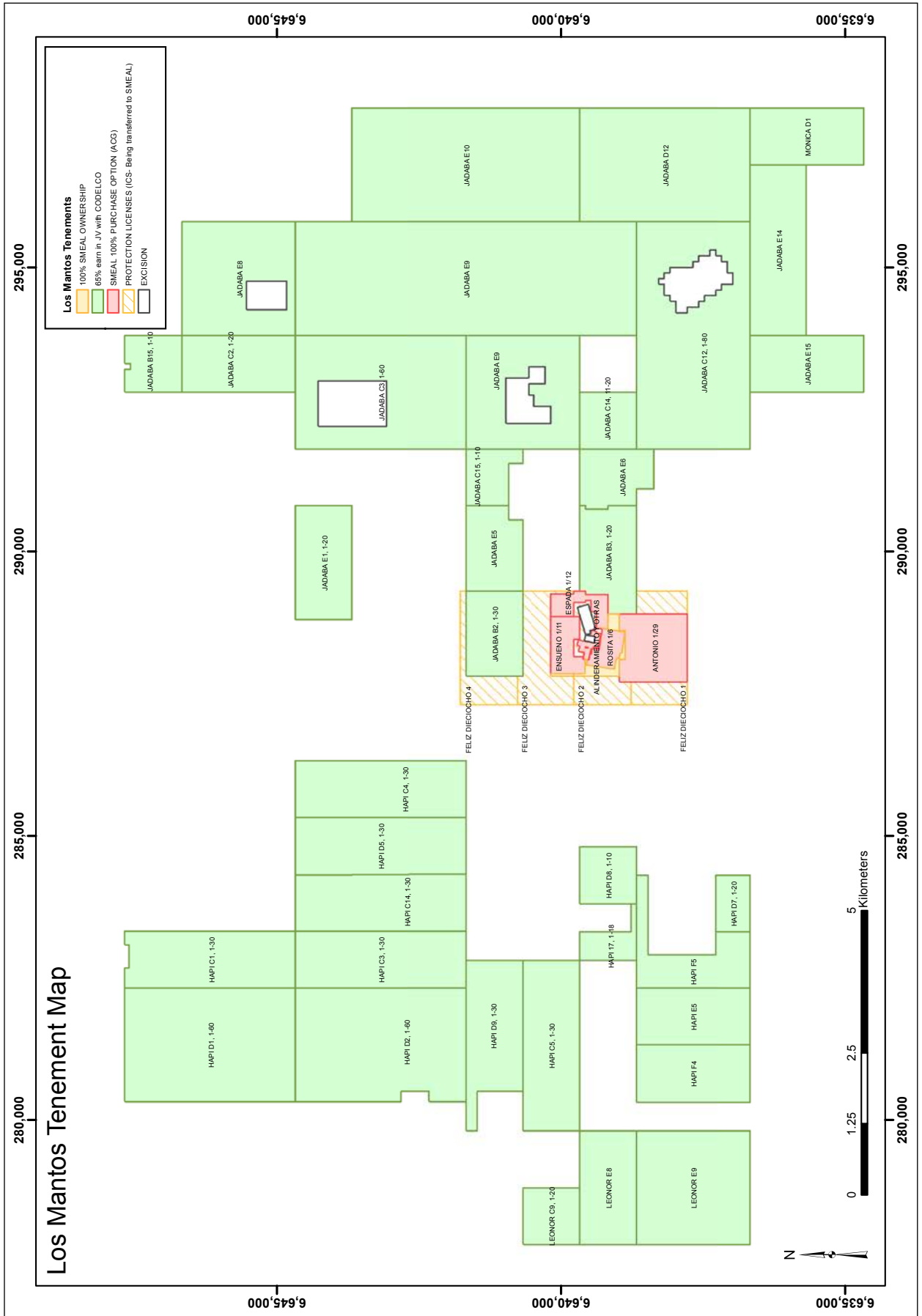


Figure 22. Los Mantos project tenement plan

Corporate Governance Statement

Corporate Governance Procedures and Policies

The Board

The Board is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. The Board is committed to administering its corporate governance structures to promote integrity and responsible decision making.

Board charter

The Board has adopted a board charter. Under the board charter, the Board is responsible for the overall operation and stewardship of the Company and its subsidiaries and, in particular, is responsible for:

- a) setting the strategic direction of the Company, establishing goals to ensure that these strategic objectives are met and monitoring the performance of management against these goals and objectives;
- b) ensuring there are adequate resources available to meet the Company's objectives;
- c) appointing the managing director and company secretary and chief financial officer of the Company;
- d) evaluating the performance and determining the remuneration of senior executives, and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
- e) approving and monitoring financial reporting and capital management;
- f) approving and monitoring the progress of business objectives;
- g) ensuring that any necessary statutory licences are held and compliance measures are maintained to ensure compliance with the law and licences;
- h) ensuring that adequate risk management procedures exist and are being used;
- i) ensuring that the Company has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility;

- j) ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company; and
- k) ensuring procedures are in place for ensuring the Company's compliance with the law.

Conflicts of interest

In accordance with the *Corporations Act* and the Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the Director concerned will not receive the relevant papers and will not be present at the Board meeting whilst the matter is being considered.

Independent professional advice

In fulfilling their duties, each Director dealing with corporate governance matters may obtain independent professional advice at the Company's expense, subject to prior approval of the Chairman, whose approval will not be unreasonably withheld.

Corporate governance policies

The Board has adopted the corporate governance policies described below. Copies of the policies are available on the Company's website at: www.hotchili.net.au.

As the Company's activities develop in size, nature and scope, the implementation of additional corporate governance policies will be given further consideration.

Code of conduct

The Board believes that the success of the Company has been and will continue to be enhanced by a strong ethical culture within the organisation.

The Company has established a corporate code of conduct (**Code**) which aims to develop a consistent understanding of, and approach to, the desired standards of conduct and behaviour with which the Directors, officers, managers, employees and consultants of the Company are expected to comply.



The Code sets out the Company's policies on various matters, including the following:

- a) conflicts;
- b) fair dealing;
- c) company assets and property;
- d) computer, email and internet use;
- e) health, safety and environment;
- f) employment practices; and
- g) gifts and entertainment.

In addition to their obligations under the *Corporations Act* in relation to inside information, all Directors, employees and consultants have a duty of confidentiality to the Company in relation to confidential information they possess.

The Code also outlines the procedure for reporting any breaches of the Code and the possible disciplinary action the Company may take in respect of any breaches.

Continuous disclosure policy

The Company is a "disclosing entity" pursuant to Section 111AR of the *Corporations Act* and, as such, complies with the continuous disclosure requirements of Chapter 3 of the ASX Listing Rules and Section 674 of the *Corporations Act*. Subject to the exceptions contained in the ASX Listing Rules, the Company is required to disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is committed to observing its disclosure obligations under the *Corporations Act* and its obligations under the ASX Listing Rules. All relevant information provided to ASX will be posted on the Company's website.

The Company has adopted a continuous disclosure policy, the purpose of which is to:

- a) ensure that the Company, as a minimum, complies with its continuous disclosure obligations under the *Corporations Act* and the ASX Listing Rules and, as much as possible, seeks to achieve and exceed best practice;
- b) provide Shareholders and the market with timely, direct and equal access to information issued by the Company; and
- c) promote investor confidence in the integrity of the Company and its securities.

Securities dealing policy

The Company has in place a securities dealing policy which sets out the requirements for all Directors, Executives, employees, contractors, consultants and advisers of the Company dealing in the Company's securities.

Directors and Senior Executives of the Company may not deal in the Company's securities without first notifying the Managing Director and the Company Secretary of the intention to trade. There is a blackout period of two weeks before the periodic reports are lodged with the ASX and twenty four hours after the reports are lodged, during which trading is prohibited. The Managing Director may not deal in the Company's securities without prior approval of the Chairman, and notifying the Company Secretary of the intention to trade. The Company Secretary must be subsequently notified of any trade that has occurred.

Shareholder communication policy

The Company has adopted a shareholder communication policy which outlines the processes through which the Company will endeavour to ensure timely and accurate information is provided equally to all Shareholders and the broader market.

The Company supports Shareholder participation in general meetings. Mechanisms for enabling Shareholder participation will be reviewed regularly to encourage the highest level of Shareholder participation.

Risk management policy

The Company has established a risk management policy, the purpose of which is to:

- a) provide a framework for identifying, assessing, monitoring and managing risk;
- b) communicate the roles and accountabilities of participants in the risk management system; and
- c) highlight the status of risks to which the Company is exposed, including any material changes to the Company's risk profile.

The Board is responsible for:

- a) risk management and oversight of internal controls;
- b) establishing procedures which provide assurance that business risks are identified, consistently assessed and adequately addressed; and
- c) for the overseeing of such procedures.

The Board will review assessments of the effectiveness of risk management and internal compliance and control on an annual basis.

Corporate governance – exceptions to ASX recommendations

The Company sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practice departs from the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (second edition) (**Recommendations**) to the extent that they are currently applicable to the Company.

Corporate Governance Statement

continued

Corporate Governance Procedures and Policies (continued)

Recommendations 1.2 and 2.5 (process for evaluation)

The Company does not have in place a formal process for evaluation of the Board, its committees, individual Directors and key executives.

The small size of the Board and the nature of the Company's activities make the establishment of a formal performance evaluation strategy unnecessary. Performance evaluation is a discretionary matter for consideration by the entire Board and in the normal course of events the Board will review performance of the management, Directors and the Board as a whole.

Recommendation 2.1 (independent directors)

At present, the Board does not comprise a majority of "independent directors". There is one Director who satisfies the criteria for independence as outlined in Recommendation 2.1. Dr Allan Trench holds a small number of shares in the company and is not involved in the day-to-day management of the company. However, given the size and scope of the Company's operations, the Board considers that it has the relevant experience in the exploration and mining industry and is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its Shareholders from both a long-term strategic and operational perspective.

The Board intends to appoint further independent Non-Executive Directors as suitably qualified candidates are identified, and the size and scale of the Company's operations determine.

Recommendation 2.2 (independent chairman)

The Chairman of the Company, Mr Murray Black, is not an independent director in accordance with the criteria for independence as outlined in Recommendation 2.1. However, given the size and scope of the Company's operations, the Board considers that Mr Black has the relevant experience in the exploration and mining industry and his appointment as Chairman is in the best interests of the Company and its Shareholders.

Recommendation 2.4 (nomination committee)

There is no nomination committee. The full Board, which comprises four (4) Non-Executive Directors and one (1) Executive Director, considers the matters and issues that would fall to the nomination committee.

The Board considers that, given the current size and scope of the Company's operations, no efficiencies or other benefits would be gained by establishing a separate nomination committee. The Board intends to reconsider the requirement for, and benefits of, a separate nomination committee as the Company's operations grow and evolve.

Recommendation 3.4 (gender diversity)

The Company has a policy to employ the best available person for the position. Appointments are made on ability and availability, not necessarily on gender. However, the policy has enabled the Company to employ a Corporate Projects Manager, a Resource Development Manager, one Senior Geologist, one Junior Geologist and four administration staff and an engineer, who are women and comprise approximately 35% of all the staff and almost 50% of the technical staff.

The Directors are aware of their responsibility to the community, the staff and the Company.

Recommendations 4.1, 4.2, 4.3 and 4.4 (audit committee)

There is no audit committee. The role of the audit committee is undertaken by the full Board, which comprises three (3) Non-Executive Directors and one (1) Executive Director. The Board considers that, given the current size and scope of the Company's operations and that only one (1) Director holds an executive position in the Company, no efficiencies or other benefits would be gained by establishing a separate audit committee at present.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate audit committee.

Recommendation 8.1 (remuneration committee)

The Company has not established a separate remuneration committee and does not have a formal remuneration policy in place. The role of the remuneration committee is undertaken by the full Board. The Board considers that, given its current size and that only one (1) Director holds an executive position in the Company, no efficiencies or other benefits would be gained by establishing a separate remuneration committee.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate remuneration committee.

Directors' Report

Directors' Report

Your Directors have pleasure in presenting their report together with the financial statements for the year ended 30 June 2013 and the auditor's report thereon.

Directors

The names of the Directors of Hot Chili Limited during the financial year and to the date of this report are:

Murray E Black	(Chairman)
Christian E Easterday	(Executive Director)
Dr Michael Anderson	(Non-Executive Director)
Dr Allan Trench	(Non-Executive Director)
Geoff Laing	(Executive Director, appointed 21 January 2013; resigned 1 August 2013)
Roberto de Andraca Adriasola	(Non-Executive Director, appointed 1 August 2013)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Directors' Information

Murray Edward Black, Non-Executive Chairman

Mr Black has over 38 years' experience in the mineral exploration and mining industry and has served as an executive director and chairman for several listed Australian exploration and mining companies. He part-owns and manages a substantial private Australian drilling business, has interests in several commercial developments and has significant experience in capital financing.

Christian Ervin Easterday, Managing Director

Mr Easterday is a geologist with over 15 years' experience in the mineral exploration and mining industry. He holds an Honours Degree in Geology from the University of Western Australia, a Masters degree in Mineral Economics from Curtin University of Technology and a Masters Degree in Business Administration from Curtin's Graduate School of Business. Mr Easterday has held several senior positions and exploration management roles with top-tier gold companies including Placer Dome, Hill 50 Gold and Harmony Gold, specialising in structural geology, resource development and mineral economic valuation. For the past five years, Mr Easterday has been involved in various aspects of project negotiation drawing together his commercial, financial and project valuation skills. This work has involved negotiations and valuations covering gold, copper, uranium, iron ore, nickel, and tantalum resource projects in Australia and overseas. Mr Easterday is a Member of The Australian Institute of Geoscientists.

Dr Allan Trench, Non-Executive Director

Dr Allan Trench is a geologist/geophysicist and business management consultant with over 23 years experience across a broad range of commodities. His minerals sector experience spans strategy formulation, exploration, project development and mining operations. Dr Trench holds degrees in geology, a doctorate in geophysics, a Masters degree in Mineral Economics and a Masters degree in Business Administration. He currently acts or acted as independent director to Venturix Resources Ltd, commenced 12 November 2008, resigned April 2013. Pioneer Resources Ltd, commenced 5 September 2008, Navigator Resources Ltd, commenced 14 November 2005, Kimberley Rare Earths Ltd, commenced 2 December 2010, resigned February 2013. Enterprise Metals Ltd, commenced 3 April 2012, Trafford Resources Ltd, commenced 7 May 2012.

Dr Trench has previously worked with McKinsey & Company as a management consultant, with Woodside Petroleum in strategy development and with WMC both as a geophysicist and exploration manager. He is an Associate Consultant with international metals and mining advisory firm CRU Group and has contributed to the development of that company's uranium practice, having previously managed the CRU Group global copper research team.

Dr Trench maintains academic links as an Adjunct Professor to the Western Australian School of Mines, Curtin University of Technology. Dr Allan Trench's appointment adds considerable experience and expertise to Hot Chili's board.

Dr Michael Anderson, Non-Executive Director

Dr Anderson has more than 21 years' industry experience, largely in southern Africa and Australia. His career commenced as a geologist with Anglo American, followed by roles in the metallurgical and engineering industries with Mintek, Bateman and Kellogg Brown & Root. Dr Anderson subsequently held senior management positions including Corporate Development Manager at Gallery Gold Limited and, most recently, as Managing Director at Exco Resources Limited where he oversaw the successful development of the White Dam Gold Project and the sale of the Company's Cloncurry Copper Project to Xstrata. He had joined the Board in April 2006 and resigned on 5 August 2011.

Dr Anderson joined specialist resource investor Taurus Funds Management Pty Limited as a Director in August 2011. He was appointed as a Non-Executive Director of Base Resources Ltd on 28 November 2011 and also as a Non-Executive Director of Ampella Mining Ltd on 18 June 2012 and PMI Gold Corporation on 15 May 2013.

Directors' Report

continued

Geoff Laing, Executive Director (Appointed 21 January 2013, resigned 1 August 2013)

Mr Laing is an engineer with more than 20 years' experience in the mining business. Over the past five years, Mr Laing was involved in the successful development and operation of Exco Resources Ltd as both Managing Director and General Manager of Corporate and Business Development. Most recently, Mr Laing oversaw the successful conversion of a hostile bid for Exco Resources to an agreed takeover of the company. Prior to that, Mr Laing was involved in the development of a number of major projects including the Tenke Fungurume project in the DRC and Norilsk Nickel Refining Projects. Mr Laing has operational experience in base and precious metals in both Africa and Australia.

Roberto de Andraca Adriasola, Non-Executive Director (Appointed 1 August 2013)

Mr de Andraca is a business manager with 20 years' experience in the financial and mining business. Over the last four years he has been working in the main Iron Ore and Steel Producer in Chile, CAP S A and is currently the Vice President of Business Development overseeing infrastructure development and new business related to non core assets. He is also overseeing the construction of the first desalination plant dedicated 100% to producing water for mining companies in the north of Chile. Mr de Andraca has finance experience working at Chase Manhattan Bank, ABN Amro and Citigroup, working both in Chile and in New York and holds an MBA from the Adolfo Ibanez Business School of Chile. He is currently a director of Puerto Los Losas, a port in the Atacama Region of Chile.

Corporate Information

Hot Chili Limited is a Company limited by shares and is domiciled in Australia.

Principal Activities

During the year, the consolidated entity was involved in mineral exploration.

Results of Operations

The results of the consolidated entity for the year ended 30 June 2013 was a loss of \$4,367,746 (2012: loss \$2,894,482).

Dividends

No dividends were paid or declared since the end of the previous year. The Directors do not recommend the payment of a dividend.

Review of Operations

Refer to Operations Report on pages 6 to 10.

Significant Changes in the State of Affairs

There were no significant changes to the state of affairs, subsequent to the end of the reporting period, other than what has been reported in other parts of this report.

Matters Subsequent to the End of the Financial Year

After the reporting date, the company raised \$11.7m through private placement of 26,130,000 shares at \$0.45 per share. At the date of this report there are no other matters or circumstances which have arisen since 30 June 2013 that has significantly affected or may significantly affect:

- i) the operations of the consolidated entity;
- ii) the results of its operations; or
- iii) the state of affairs of the consolidated entity subsequent to 30 June 2013.

Likely Developments and Expected Results of Operations

Further information on the likely developments in the operations of the consolidated entity and the expected results of operations have been included in the review of operations.

Security Holding Interests of Directors

Directors	Ordinary Shares		Options Over Ordinary Shares	
	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest
Murray E Black	-	13,250,000	-	3,500,000
Christian E Easterday	200,000	13,250,000	100,000	3,500,000
Dr Allan Trench	-	31,400	-	10,000
Dr Michael Anderson	-	-	-	-
Geoff Laing (Appointed 21 January; resigned 1 August 2013)	-	-	-	-
Roberto de Andraca Adriasola (Appointed 1 August 2013)	-	-	-	-

Shares Under Option

There were 68,394,097 ordinary shares under option at 30 June 2013.

Shares Issued on the Exercise of Options

There were 18,277,778 ordinary shares of Hot Chili Limited issued during the year ended 30 June 2013 from the exercise of options.

Directors Benefits

Since 30 June 2013, no Director of the consolidated entity has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements) by reason of a contract made by the consolidated entity with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' Meetings

The number of directors' meetings attended and number of written resolutions signed by each of the Directors of the Company during the year were:

Director	No. of Meetings while in office	No. of Meetings attended
Murray E Black	22	22
Dr Michael Anderson (Appointed 12 December 2011)	22	22
Christian E Easterday	22	21
Dr Allan Trench	22	21
Geoff Laing (Appointed 21 January; resigned 1 August 2013)	5	5
Roberto de Andraca Adriasola (Appointed 1 August 2013)	-	-

Company Secretary – John Sendziuk

John Sendziuk is a Chartered Accountant. He has 26 years' experience in providing corporate secretarial, taxation and business advice to a diverse group of business clients and public companies.

Indemnification and Insurance of Directors and Officers

During the financial year, the consolidated entity maintained an insurance policy which indemnifies the Directors and Officers of Hot Chili Limited in respect of any liability incurred in connection with the performance of their duties as Directors or Officers of the consolidated entity. The consolidated entity's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

Directors' Report

continued

Environmental Issues

The consolidated entity's exploration and mining operations are subject to environment regulation under the law of Chile. The consolidated entity holds exploration/mining tenements in Chile thus is subject to the Mining Acts of that country each with specific conditions relating to environmental management. In some jurisdictions Cash Bonds must be lodged with the relevant Department until conditions are fulfilled. There are no bonds currently in place in respect of the consolidated entity's tenement holdings.

The Directors advise that during the year ended 30 June 2013 no claim has been made by any competent authority that any environmental issues, condition of license or notice of intent has been breached, and no claim has been made for increase of bond.

The Directors have considered compliance with the *National Greenhouse and Energy Reporting Act 2007* which requires entities to report annual greenhouse gas emissions and energy use. For the measurement period, 1 July 2012 to 30 June 2013, the Directors have assessed that there are no current reporting requirements but may be required to do so in the future.

Shares under Option

At the date of this report, there were 59,926,407 unissued ordinary shares under options.

Options Lapsed During the Year

10,338,558 options lapsed during the year.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings.

The consolidated entity was not a party to any such proceedings during the year.

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Non audit services that have been provided by the entity's auditor, RSM Bird Cameron Partners, have been disclosed in Note 14.

Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2013 has been received and is included within this annual report.

Remuneration Report (Audited)

The information provided in this remuneration report has been audited.

Principles used to determine amount and nature of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that executive reward satisfies the following key criteria for good reward governance practises:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency

The current base remuneration for Directors was last reviewed with effect from 1 July 2012. All director fees are periodically recommended for approval by shareholders.

The consolidated entity's policy regarding executives remuneration is that the executives are paid a commercial salary and benefits based on the market rate and experience.

Details of Remuneration of Key Management Personnel of the consolidated entity and Remuneration of Directors

Details of the nature and amount of each element of remuneration of each Director of the consolidated entity for the financial year are as follows:

Name	Short-term			Post Employment	Share-based Payments	Total	
	Consulting Fees Related Parties	Salary	Directors' Fee	Other Benefits	Super-annuation		Options
	\$	\$	\$	\$	\$	\$	
2013							
Murray E Black	-	-	78,000	-	9,360	-	87,360
Dr Michael Anderson	57,825	-	-	-	-	-	57,825
Geoff Laing (Appointed 21 January 2013)	-	159,294	-	-	19,115	-	178,409
Christian E Easterday	-	371,250	-	-	44,550	-	415,800
Dr Allan Trench	-	-	46,000	-	5,520	-	51,520
	57,825	530,544	124,000	-	78,545	-	790,914
2012							
Murray E Black	-	-	78,000	-	9,360	-	87,360
Dr Michael Anderson (Appointed 12 December 2011)	40,088	-	-	-	-	-	40,088
Christian E Easterday	-	285,000	-	8,164	34,200	-	327,364
Dr Allan Trench	-	-	46,000	-	5,520	-	51,520
	40,088	285,000	124,000	8,164	49,080	-	506,332

Remuneration of Key Management Personnel

Name	Short-term			Post Employment	Share-based Payments	Total
	Consulting Fees Related Parties	Salary	Other Benefits	Super-annuation	Options	
	\$	\$	\$	\$	\$	\$
2013						
Rodrigo Diaz (Manager Chile)	-	223,471	-	-	47,294	270,765
John Sendziuk (Company Secretary)	-	58,200	-	25,800	28,377	112,377
Melanie Leighton (Corporate Projects Manager)	-	167,982	-	18,868	28,377	215,227
	-	449,653	-	44,668	104,048	598,369
2012						
Rodrigo Diaz (Manager Chile)	-	212,684	-	-	106,767	319,451
John Sendziuk (Company Secretary)	-	20,000	-	40,000	45,757	105,757
	-	232,684	-	40,000	152,524	425,208

Directors' Report

continued

Remuneration Report (Audited) (continued)

The employee options issued to the key management personnel have a strike price of 90 cents and are exercisable by 19 July 2014.

Fair value of options issued

The fair value at issue date was determined using a Black-Scholes option pricing model that takes into account the exercise price, the share price at issue date and expected price volatility of the underlying share and the risk free interest rate for the term of the loan.

The model inputs for options granted during the year ended 30 June 2013 included:

- a) options are granted for no consideration
- b) exercise price – \$0.90
- c) issue date – 20 July 2011
- d) expiry date – 19 July 2014
- e) expected price volatility of the Company's shares – 80%
- f) risk-free interest rate – 5.25%
- g) spot price at date of valuation – \$0.58.

There were no termination benefits paid during the year to any director or key management personnel.

There were no key management personnel employed by the Company during the year for which disclosure of remuneration is required, apart from the remuneration details disclosed above.

At the date of this report, the Company had no employees that fulfilled the role of key management personnel, other than those disclosed above.

Service Contracts

a) The Company has entered into an executive service agreement with Mr Christian Easterday, as Managing Director of the Company.

Remuneration

Under the agreement, Mr Easterday will receive an annual salary of \$400,000, plus superannuation at the rate of 12% and other entitlements. Mr Easterday's remuneration is subject to annual review.

Term and termination

Mr Easterday is employed for an initial term of 3 years, commencing on 5 April 2010. At least 6 months' before the End Date, either party may give notice that the agreement will terminate on the End date.

After the initial term, the agreement will continue until either Mr Easterday terminates by giving the Company 6 months' notice or the Company terminates by giving Mr Easterday 6 months' notice or payment in lieu of notice up to an amount equivalent to 6 months' remuneration.

The Company may terminate the agreement summarily for any serious incidents or wrongdoing by Mr Easterday.

Termination entitlements

Upon termination of the agreement, Mr Easterday will be entitled to termination benefits in accordance with Part 2D.2 of the *Corporations Act*. The termination benefits (including any amount of payment in lieu of notice) must not exceed the amount equal to one times the executive's average annual base salary in the last 3 years' of service with the Company, unless the benefit has first been approved by Shareholders in a general meeting.

Post termination restraints

Mr Easterday is subject to post termination non-competition restraints up to a maximum of 12 months from the date of termination.

b) The Company has entered into an executive service agreement with Mr Geoffrey Laing, as Technical Executive Director of the Company.

Remuneration

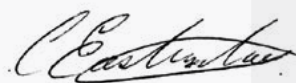
The Company had entered into an executive service agreement with Mr Geoffrey Laing, as Technical Executive Director of the Company, commencing on 21 January 2013.

Under the agreement, Mr Laing would receive an annual salary of \$350,000, plus superannuation at the rate of 12% and other entitlements.

Mr Laing resigned on 1 August 2013.

[End of Remuneration Report]

Dated this 23rd day of September 2013 in accordance with a resolution of the Directors and signed for on behalf of the Board by:



Christian E Easterday
Managing Director

Auditor's Independence Declaration



RSM Bird Cameron Partners
8 St George's Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Hot Chili Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

A handwritten signature in black ink, appearing to read "Tutu Phong".

TUTU PHONG
Partner

Perth, WA
Dated: 23 September 2013

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under Professional
Standards Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

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Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOT CHILI LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Hot Chili Limited, which comprises the statement of financial position as at 30 June 2013, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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ABN 36 965 185 036

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Hot Chili Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Hot Chili Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Hot Chili Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

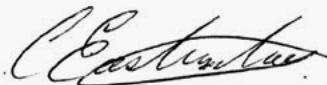
Perth, WA
Dated: 23 September 2013

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1(a) to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards; and
 - b) give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - a) the financial records of the consolidated entity for the financial year have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*;
 - b) the financial statements and notes for the financial year comply with Australian Accounting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view; and
3. in the Directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Christian E Easterday
Managing Director

Dated this 23rd day of September 2013

Statement of Comprehensive Income

For the year ended 30 June 2013

	Note	Consolidated Entity	
		2013 \$	2012 \$
Interest income	2	208,525	57,295
Other income	3	-	762,772
		208,525	820,067
Depreciation		(90,647)	(8,520)
Consulting fees		(147,341)	(147,248)
Exploration expenses		-	(464,300)
Corporate fees		(142,133)	(141,890)
Legal and professional		(186,939)	(178,146)
Employee benefits expense		(1,755,722)	(938,038)
Administration expenses		(651,356)	(409,667)
Accounting fees		(67,751)	(76,122)
Travel costs		(485,974)	(400,606)
Other expenses		(300,486)	(333,257)
Foreign exchange loss		(436,269)	-
Share based payments		(311,653)	(616,755)
Loss before income tax		(4,367,746)	(2,894,482)
Income tax expense	5	-	-
Loss after income tax		(4,367,746)	(2,894,482)
Other comprehensive income		-	-
Total comprehensive income attributable to members of Hot Chili Limited		(4,367,746)	(2,894,482)
Basic earnings per share (cents)	13	(1.68)	(1.64)
Diluted earnings per share (cents)	13	(1.68)	(1.64)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2013

	Note	Consolidated Entity	
		2013 \$	2012 \$
Current assets			
Cash and cash equivalents	6	11,144,722	16,861,320
Other current assets	7	27,121	15,807
Total current assets		11,171,843	16,877,127
Non-current assets			
Plant and equipment	8	502,540	324,844
Exploration and evaluation expenditure	9	63,056,905	15,821,745
Total non-current assets		63,559,445	16,146,589
Total assets		74,731,288	33,023,716
Current liabilities			
Trade and other payables	10	3,989,936	435,712
Total current liabilities		3,989,936	435,712
Total liabilities		3,989,936	435,712
Net assets		70,741,352	32,588,004
Equity			
Contributed equity	11	90,775,673	48,566,232
Option reserve	12(b)	1,051,304	739,651
Foreign currency translation reserve	12(c)	1,222	1,222
Accumulated losses	12(a)	(21,086,847)	(16,719,101)
Total equity		70,741,352	32,588,004

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

As at 30 June 2013

Consolidated Entity

	Contributed Equity	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2012	48,566,232	739,651	1,222	(16,719,101)	32,588,004
Loss for the year	-	-	-	(4,367,746)	(4,367,746)
Total comprehensive income for the year	-	-	-	(4,367,746)	(4,367,746)
Shares issued	44,524,930	-	-	-	44,524,930
Share issue costs	(2,315,489)	-	-	-	(2,315,489)
Options issued	-	311,653	-	-	311,653
Balance at 30 June 2013	90,775,673	1,051,304	1,222	(21,086,847)	70,741,352
Balance at 1 July 2011	19,239,321	72,308	1,222	(13,824,619)	5,488,232
Loss for the year	-	-	-	(2,894,482)	(2,894,482)
Total comprehensive income for the year	-	-	-	(2,894,482)	(2,894,482)
Shares issued	30,299,401	-	-	-	30,299,401
Share issue costs	(972,490)	-	-	-	(972,490)
Options issued	-	667,343	-	-	667,343
Balance at 30 June 2011	48,566,232	739,651	1,222	(16,719,101)	32,588,004

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2013

	Note	Consolidated Entity	
		2013 \$	2012 \$
Cash flows from operating activities			
Payments to suppliers and employees		(3,564,130)	(2,390,582)
Interest received		208,525	57,295
Net cash (used in) operating activities	16(b)	(3,355,605)	(2,333,287)
Cash flows from investing activities			
Payments for plant and equipment		(268,343)	(228,108)
Payments for exploration and evaluation		(43,865,822)	(14,887,628)
Net cash (used in) investing activities		(44,134,165)	(15,115,736)
Cash flows from financing activities			
Proceeds from issue of shares		44,524,930	30,299,401
Share issue costs		(2,315,489)	(972,490)
Net cash provided by financing activities		42,209,441	29,326,911
Net (decrease)/increase in cash held		(5,280,329)	11,877,888
Cash and cash equivalents at the beginning of the financial year		16,861,320	4,220,660
Effects of exchange rates on cash holdings in foreign currencies		436,269	762,772
Cash and cash equivalents at the end of the financial year	16(a)	11,144,722	16,861,320

The above Statement of Cash Flows should be read on conjunction with the accompanying notes.

Notes to the Financial Statements

1 Summary of Significant Accounting Policies

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial statements.

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

The financial report was authorised for issue on 23 September 2013 by the Board of Directors.

The functional and presentation currency of Hot Chili Limited is Australian Dollars.

Compliance with IFRSs

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the financial statements of Hot Chili Limited comply with International Financial Reporting Standards.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2013. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Reference	Title	Summary
AASB 10	Consolidated Financial Statements	This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement	These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2014 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the <i>Corporations Act</i> or other legislation, it is expected that the amendments will not have a material impact on the consolidated entity.

Notes to the Financial Statements

continued

1 Summary of Significant Accounting Policies (continued)

a) Basis of preparation (continued)

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

Critical accounting estimates

The preparation of financial statements in conformity of AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to the financial statements.

b) Principles of consolidation

The consolidated financial statements comprise the financial statements of Hot Chili Limited and its controlled entities. Control exists where the consolidated entity has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with the consolidated entity to achieve the objectives of the consolidated entity. All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits and losses have been eliminated on consolidation.

Non-controlling interests in the results and equity of the consolidated entities are shown separately in the consolidated statement of comprehensive income and consolidated statement of financial position respectively.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of comprehensive income from the date on which control commences. Where control ceases, de-consolidation occurs from that date.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post-acquisition profits or losses of associates is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control. Investments in subsidiaries are recognised at cost less impairment losses.

c) Income tax

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the statement of balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Hot Chili Limited and its wholly-owned Chilean subsidiaries have not formed an income tax consolidated group under the Tax Consolidation Regime.

d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for major business activities as follows:

i) Interest Income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

ii) Other Services

Other debtors are recognised at the amount receivable and are due for settlement within 30 days from the end of the month in which services were provided.

e) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against operating results in the year in which the decision to abandon the area is made.

When production commences the accumulated costs for the relevant area of interest are amortised over the life of the project area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Notes to the Financial Statements

continued

1 Summary of Significant Accounting Policies (continued)

f) Plant and equipment

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a diminishing value over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and Equipment	10-33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

g) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid, together with assets ordered before the end of the financial year. The amounts are unsecured and are usually paid within 30 days of recognition.

h) Equity-based payments

Equity-based compensation benefits can be provided to Directors and Executives.

The fair value of options granted to directors and executives is recognised as an employee benefit expense with a corresponding increase in contributed equity. The fair value is measured at grant date and recognised over the period during which the directors and/or executives becomes unconditionally entitled to the options.

The fair value at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected divided yield and the risk-free interest rate for the term of the option.

i) Earnings per share

i) Basic earnings per share

Basic earnings per share is determined by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

j) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

k) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

l) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

m) Provisions

Provisions are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

n) GST

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated as inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Notes to the Financial Statements

continued

2 Interest Income

	Consolidated Entity	
	2013	2012
	\$	\$
Interest income	208,525	57,295
	208,525	57,295

3 Other Income

	Consolidated Entity	
	2013	2012
	\$	\$
Foreign exchange gain	-	762,772
	-	762,772

4 Segment Information

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The consolidated entity operates as a single segment which is **mineral exploration**.

The consolidated entity is domiciled in Australia. All revenue from external parties is generated from Australia only. Segment revenues are allocated based on the country in which the party is located.

Operating revenues of approximately Nil (2012 – Nil) are derived from a single external party.

All the assets relate to mineral exploration. Segment assets are allocated to segments based on the purpose for which they are used.

	Geographical Non-current assets	
	2013	2012
	\$	\$
Australia	141,918	70,932
Chile	63,417,527	16,075,657
	63,559,445	16,146,589

5 Income Tax Expense

	Consolidated Entity	
	2013	2012
	\$	\$
a) Reconciliation of income tax expense to prima facie tax payable		
Loss before income tax	(4,367,746)	(2,894,482)
Prima facie income tax at 30% (2012: 30%)	(1,310,324)	(868,345)
Tax-effect of amounts not assessable in calculating taxable income	-	(240,573)
Tax-effect of amounts not deductible in calculating taxable income	604,756	573,563
Tax loss not recognised	(705,568)	(535,354)
Income tax expense	-	-
b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	6,718,618	4,205,296
Potential tax benefit at 30%	2,015,585	1,261,589

- c)** The directors estimate that the potential deferred tax asset at 30 June 2013 in respect of tax losses not brought to account is \$2,015,585 (2012: \$1,261,589).

In addition, Chilean subsidiaries of Hot Chili Limited also have tax losses that are a potential deferred tax asset of \$2,856,420 (2012: \$2,652,062). The companies will be taxed independently in Chile.

- d)** The benefit for tax losses will only be obtained if:
- i) The consolidated entity and the subsidiaries derive income, sufficient to absorb tax losses.
 - ii) There is no change to legislation to adversely affect the consolidated entity and its subsidiaries in realising the benefit from the deduction of the losses.

Notes to the Financial Statements

continued

6 Cash and Cash Equivalents

	Consolidated Entity	
	2013	2012
	\$	\$
Cash at bank	11,144,722	16,861,320
	11,144,722	16,861,320

7 Other Current Assets

Prepayment	26,725	-
Other assets	396	-
	27,121	-

8 Plant and Equipment

Plant and equipment at cost	702,891	434,912
Less provision for depreciation	(200,351)	(110,068)
	502,540	324,844

Reconciliations:

Plant and equipment

Carrying amount at the beginning of the year	324,844	243,984
Additions	268,903	145,324
Disposals	(560)	-
Depreciation	(90,647)	(64,464)
Carrying amount at the end of the year	502,540	324,844

9 Exploration and Evaluation Expenditure

Mining tenements at cost	10,891,988	3,300,184
Capitalised mineral exploration and evaluation	52,164,917	12,521,561
	63,056,905	15,821,745

Tenements

Carrying amount at the beginning of the year	15,821,745	2,342,138
Purchase of mineral tenements	520,410	1,420,346
Exploration costs written off	-	(462,300)
Capitalised mineral exploration and evaluation	47,183,120	12,521,561
Carrying amount at the end of the year	63,056,905	15,821,745

The future realisation of these non-current assets is dependent on further exploration and funding necessary to commercialise the resources or realisation through sale.

10 Trade and Other Payables

	Consolidated Entity	
	2013	2012
	\$	\$
Trade payables	3,989,936	342,601
Other payables	-	93,111
	3,989,936	435,712

11 Contributed Equity

	No. Shares	No. Shares	Consolidated Entity	
	2013	2012	2013	2012
			\$	\$
a) Share capital				
At the beginning of the financial year	199,676,224	149,043,888	48,566,232	19,239,321
Shares issued during the year	97,785,972	50,632,336	44,524,930	30,299,402
Less cost of issue	-	-	(2,315,489)	(972,491)
At the end of the financial year	297,462,196	199,676,224	90,775,673	48,566,232

b) Terms and condition of contributed equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

	2013	2012
	Options	Options
c) Movement in unlisted options		
Balance at beginning of year	56,756,336	40,590,000
Issued during the year	500,000	16,366,336
Options exercised during the year	(18,277,778)	(200,000)
Options lapsed during the year	(10,338,558)	-
Balance at end of year	28,640,000	56,756,336

Listed options

There are 39,754,097 listed options over ordinary shares in the company at 30 June 2013 (2012: Nil).

Notes to the Financial Statements

continued

11 Contributed Equity (continued)

d) Capital risk management

The consolidated entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares, pay dividends or return capital to shareholders.

Capital is calculated as 'equity' as shown in the statement of financial position, and is monitored on the basis of funding exploration activities.

12 Reserves and Accumulated Losses

	Consolidated Entity	
	2013	2012
	\$	\$
a) Accumulated losses		
Accumulated losses at the beginning of the year	(16,719,101)	(13,824,619)
Net loss for the year	(4,367,746)	(2,894,482)
Accumulated losses at the end of the year	(21,086,847)	(16,719,101)
b) Reserves		
Options reserve		
The options reserve is used to recognise the fair value of options issued. As at 30 June 2013, no options to which the reserve relates have been exercised.		
Balance at the beginning of the year	739,651	72,308
Movement during the year	311,653	667,343
Balance at the end of the year	1,051,304	739,651
c) Foreign transaction reserve		
Balance at the beginning of the year	1,222	1,222
Additions during the year	-	-
Balance at the end of the year	1,222	1,222
Total reserves and accumulated losses	(20,034,321)	(15,978,228)

13 Loss Per Share

	Consolidated Entity	
	2013	2012
	\$	\$
Loss after tax attributable to members of Hot Chili Limited	(4,367,746)	(2,894,482)
Basic loss per share (cents)	(1.68)	(1.64)
Diluted loss per share (cents)	(1.68)	(1.64)
Unexercised options are not dilutive.		
The weighted average number of ordinary shares on issue used in the calculation of basic loss per share	259,129,505	176,957,302
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	259,129,505	176,957,302

14 Remuneration of Auditors

Remuneration of the auditor for:		
Auditing and reviewing of financial reports	41,500	43,000
	41,500	43,000

Notes to the Financial Statements

continued

Note 15 Key Management Personnel Disclosures

a) Directors

The following persons were Directors of Hot Chili Limited during the financial year and up to the date of this report:

Murray E Black	(Chairman)
Christian E Easterday	(Executive Director)
Dr Michael Anderson	(Non-Executive Director)
Dr Allan Trench	(Non-Executive Director)
Geoff Laing	(Executive Director, appointed 21 January 2013; resigned 1 August 2013)
Roberto de Andraca Adriasola	(Non-Executive Director, appointed 1 August 2013)

b) Company Secretary

John Sendziuk

c) Country Manager

Rodrigo Diaz Borquez

d) Corporate Projects Manager

Melanie Leighton

Details of Remuneration of Key Management Personnel for the year ended 30 June 2013:

	Consolidated Entity	
	2013	2012
	\$	\$
Directors		
Short-term benefits	712,369	457,252
Post-employment benefits	78,545	49,080
Share based payment	-	-
	790,914	506,332
Key Management Personnel		
Short-term benefits	449,653	232,684
Post-employment benefits	44,668	40,000
Share based payment	104,048	152,524
	598,369	425,208
Total	1,389,283	931,540

e) Key management personnel interests in the shares and options of the company

Shares

The number of shares in the company held during the financial year, and up to 30 June 2013, by each Key Management Personnel of Hot Chili Limited, including their personally related parties, are set out below. There were no shares granted as compensation during the year.

2013	Balance at the start of the year	Granted as compensation	Other changes during the year	Balance at the end of the year
Directors				
Murray E Black	10,000,000	-	3,250,000	13,250,000
Christian E Easterday	10,200,000	-	3,250,000	13,450,000
Dr Allan Trench	-	-	31,400	31,400
Dr Michael Anderson **	-	-	-	-
Geoff Laing **	-	-	-	-
	20,200,000	-	6,531,400	26,731,400
Key Management Personnel				
John Sendziuk	1,090,000	-	(35,000)	1,055,000
Rodrigo Diaz	31,511	-	-	31,511
Melanie Leighton	-	-	40,000	40,000
	1,121,511	-	5,000	1,126,611
Total	21,321,511	-	6,536,400	27,857,911

** There are no shares held during the financial year and up to 30 June 2013 by the Director.

2012	Balance at the start of the year	Granted as compensation	Other changes during the year	Balance at the end of the year
Directors				
Murray E Black	10,000,000	-	-	10,000,000
Christian E Easterday	10,200,000	-	-	10,200,000
Dr Allan Trench	-	-	-	-
Dr Michael Anderson	-	-	-	-
	20,200,000	-	-	20,200,000
Key Management Personnel				
John Sendziuk	1,000,000	-	90,000	1,090,000
Rodrigo Diaz	-	-	31,511	31,511
	1,000,000	-	121,511	121,511
Total	21,200,000	-	121,511	21,321,511

Notes to the Financial Statements

continued

15 Key Management Personnel Disclosures (continued)

e) Key Management Personnel Interests in the Shares and Options of the Company (continued)

Options

The number of options over ordinary shares in the company held during the financial year, and up to 30 June 2013, by each Key Management Personnel of Hot Chili Limited including their personally related parties are set out below:

2013	Balance at start of the year	Acquired during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors						
Murray E Black	6,750,000	-	3,250,000	-	3,500,000	3,500,000
Christian E Easterday	6,850,000	-	3,250,000	-	3,600,000	3,600,000
Dr Allan Trench	-	10,000	-	-	10,000	10,000
Dr Michael Anderson **	-	-	-	-	-	-
Geoff Laing **	-	-	-	-	-	-
	13,600,000	10,000	6,500,000	-	7,110,000	7,110,000
Key Management Personnel						
John Sendziuk	-	650,000	-	-	650,000	500,000
Rodrigo Diaz	350,000	350,000	-	-	700,000	350,000
Melanie Leighton	-	335,000	-	-	335,000	185,000
	350,000	1,335,000	-	-	1,685,000	1,035,000
Total	13,950,000	1,345,000	6,500,000	-	8,795,000	8,145,000

** There are no options over ordinary shares held during the financial year, and up to 30 June 2013 by the Director.

2012	Balance at start of the year	Acquired during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors						
Murray E Black	6,750,000	-	-	-	6,750,000	6,750,000
Christian E Easterday	6,850,000	-	-	-	6,850,000	6,850,000
Dr Allan Trench	-	-	-	-	-	-
	13,600,000	-	-	-	13,600,000	13,600,000
Key Management Personnel						
John Sendziuk	350,000	300,000	-	-	650,000	350,000
Rodrigo Diaz	-	700,000	-	-	700,000	-
	350,000	1,000,000	-	-	1,350,000	350,000
Total	13,950,000	1,000,000	-	-	14,950,000	13,950,000

16 Notes to Statement of Cash Flows

a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated Entity	
	2013	2012
	\$	\$
Cash and short-term deposits	11,144,722	16,861,320
	11,144,722	16,861,320
b) Reconciliation of net cash used in operating activities to operating loss after income tax		
Loss for the year	(4,367,746)	(2,894,482)
Depreciation	90,647	147,248
Effect of exchange rates on holdings in foreign currencies	436,269	(762,772)
Write off of mining lease option payments	-	464,300
Share based payments	311,653	616,755
Net cash flows from operating activities before change in assets and liabilities	(3,529,177)	(2,428,951)
Change in assets and liabilities during the financial year:		
Other current assets	(11,314)	(6,656)
Payables	184,886	102,320
Net cash outflow from operating activities	3,355,605	(2,333,287)

c) Non cash investing and financing activities

There were no non cash investing and financing activities during the year.

17 Finance Facilities

No credit standby facility arrangement or loan facilities existed at 30 June 2013.

Notes to the Financial Statements

continued

18 Commitments for Expenditure

	Consolidated Entity	
	2013	2012
	\$	\$
a) Exploration commitments		
In order to maintain current rights of tenure to exploration and mining tenements, the consolidated entity has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations are not provided for in the financial statements and are payable:		
Within one year	3,174,344	483,682
Later than one year but not later than five years	9,471,720	16,127,956
	12,646,064	16,611,638

b) Operating leases

The consolidated entity leases office premises in Applecross (5 Years) and Santiago (3 Years) under operating leases. The leases have various terms and renewal rights and commenced on 1 March 2012 and 1 October 2011 respectively.

Commitments for minimum lease payments in relation to operating leases are payable as follows:		
Within one year	203,717	192,887
Later than one year but not later than five years	360,445	538,733
Later than five years	-	-
	564,162	731,620

19 Events Occurring after Reporting Date

After the reporting date, the company raised \$11.7m through private placement of 26,130,000 shares at \$0.45 per share.

There are no other matters or circumstances that have arisen since 30 June 2013 that have significantly affected or may significantly affect the operations, the results of those operations, or the state of affairs of the consolidated entity.

20 Related Parties

- Blue Spec Mining, a business in which Mr Black is a Director, was paid \$60,000 for administration and bookkeeping.
- MRA Consulting Pty Ltd, a company associated with Dr Anderson, a Director, was paid \$57,825 in Directors and consulting fees.
- Blue Spec Sondajes Chile Limitada, a company in which Mr Black is a Director, was paid \$18,292,308 for drilling services.
- All payments were made at recognised commercial rates.

21 Contingent Liabilities

There are no contingent liabilities at reporting date (2012: Nil).

22 Investment in Controlled Entities

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2013	2012
			%	%
Sociedad Minera El Corazon Limitada	Chile	Ordinary	100	100
Sociedad Minera El Aguila Limitada	Chile	Ordinary	100	100
Sociedad Minera El Huerto Limitada	Chile	Ordinary	100	100

23 Financial Risk Management

The consolidated entity's principal financial instruments comprise receivables, payables cash and short-term deposits. The consolidated entity manages its exposure to key financial risks in accordance with the consolidated entity's financial risk management policy. The objective of the policy is to support the delivery of the consolidated entity's financial targets while protecting future financial security.

The main risks arising from the consolidated entity's financial instruments are interest rate risk, credit risk and liquidity risk. The consolidated entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Risk Exposures and Responses

a) Interest rate risk exposure

The consolidated entity's exposure to market interest rates relates primarily to the consolidated entity's cash balances and short-term deposits. The consolidated entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates.

The consolidated entity's cash balance is available at call and is held at a floating interest rate, all creditors and debtors are non-interest bearing and are payable and receivable on commercial terms.

The consolidated entity has considered the sensitivity relating to its exposure to interest rate risk at reporting date. This analysis considers the effect on current year results and equity which could result in a change in this risk. Management have considered the potential impact on the profit and equity and considered that it would not be a material amount.

b) Credit risk exposure

Credit risk arises from the financial assets of the consolidated entity, which comprise deposits with banks and trade and other receivables. The consolidated entity's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the statement of financial position represents the consolidated entity's maximum exposure to credit risk in relation to those assets.

The consolidated entity does not hold any credit derivatives to offset its credit exposure.

The consolidated entity trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Company's policy to securities it trades and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the consolidated entity does not have a significant exposure to bad debts.

There are no significant concentrations of credit risk within the consolidated entity.

Notes to the Financial Statements

continued

23 Financial Risk Management (continued)

Risk Exposures and Responses (continued)

c) Liquidity risk

Liquidity risk arises from the financial liabilities of the consolidated entity and the consolidated entity's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and, the availability of funding through the ability to raise further equity or through related party entities. Due to the dynamic nature of the underlying businesses, the Board aims at maintaining flexibility in funding through management of its cash resources. The consolidated entity has no financial liabilities at the year-end other than normal trade and other payables incurred in the general course of business.

d) Fair values

The fair values of the consolidated entity's financial assets and liabilities are summarised in the table below:

	Consolidated Entity	
	Carrying amount	Fair value
2013	\$	\$
Cash and cash equivalents	11,144,722	11,144,722
Trade and other receivables	27,121	27,121
Trade and other payables	3,989,936	3,989,936
2012		
Cash and cash equivalents	16,861,320	16,861,320
Trade and other receivables	-	-
Trade and other payables	435,712	435,712

e) Foreign exchange risk

The consolidated entity has considered the sensitivity relating to its exposure to foreign currency risk at reporting date. This sensitivity analysis considers the effect on current year results and equity which could result in a change in the USD/AUD rate. The consolidated entity is exposed to foreign exchange risk through its USD cash holdings at reporting date.

The table below summarises the impact of +/- 10% strengthening/weakening of the AUD against the USD on the consolidated entities post tax profit for the year and equity. The analysis is based on a 10% strengthening/weakening of the AUD against the USD at reporting date with all other factors remaining equal.

	Consolidated Entity	
	Post tax profit	Equity
2013	\$	\$
AUD/USD + 10%	560,466	560,466
AUD/USD - 10%	(560,466)	(560,466)
2012		
AUD/USD + 10%	1,662,178	1,662,178
AUD/USD - 10%	(1,662,178)	(1,662,178)

24 Critical Accounting Estimates and Judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of exploration expenditure

The directors' test annually whether the exploration and evaluation expenditure incurred in identifiable areas of interest is expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of reserves and further work is expected to be performed. All expenditure that does not meet these criteria is expensed to the statement of comprehensive income.

25 Parent Entity Disclosures

Financial position

	2013	2012
	\$	\$
Assets		
Current assets	11,099,560	16,774,286
Non-current assets	59,873,675	15,980,830
Total assets	70,973,235	32,755,116
Liabilities		
Current liabilities	246,006	167,112
Total liabilities	246,006	167,112
Equity		
Issued capital	90,775,673	48,566,232
Reserves	1,051,304	739,651
Accumulated losses	(21,099,748)	(16,717,879)
Total equity	70,727,229	32,588,004

Financial performance

Loss for the year	(4,381,869)	(2,894,482)
Other comprehensive income	-	-
Total comprehensive income	(4,381,869)	(2,894,482)

Notes to the Financial Statements

continued

25 Parent Entity Disclosures (continued)

Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2013 or 30 June 2012.

Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2013 (30 June 2012 – \$Nil), the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment.

26 Share Based Payments

Below are details of share based payments made during the current year and prior financial years.

a) Options issued

The Company issued options to employees and consultants pursuant to the Company's Share Option Plan.

Set out below is a summary of options on issue as at 30 June 2013:

Issue date	Expiry date	Balance at start of year	Number issued during year	Number expired during year	Balance at end of year	Number exercisable at end of year
01/05/2009	29/10/2014	200,000	-	-	200,000	200,000
10/01/2010	29/10/2014	140,000	-	-	140,000	140,000
29/04/2010	29/10/2014	400,000	-	-	400,000	400,000
20/07/2011	19/07/2014	-	-	-	3,500,000	1,750,000
30/01/2012	29/01/2015	-	-	-	500,000	-
27/09/2012	22/09/2015	-	500,000	-	500,000	-

b) Fair value of options issued (Employee – 29 January 2012):

The fair value at issue date was determined using a Black-Scholes option pricing model that takes into account the exercise price, the share price at issue date and expected price volatility of the underlying share, and the risk free interest rate for the term of the loan.

The model inputs for options granted during the year ended 30 June 2012 included:

- i) options are granted for no consideration
- ii) exercise price – \$1.00
- iii) issue date – 30 January 2012
- iv) expiry date – 29 January 2015
- v) expected price volatility of the Company's shares: 67%
- vi) risk-free interest rate: 4.50%
- vii) spot price at date of valuation: \$0.625.

c) Fair value of options issued (Consultants and Employees – 27 September 2012):

The fair value at issue date was determined using a Black-Scholes option pricing model that takes into account the exercise price, the share price at issue date and expected price volatility of the underlying share, and the risk free interest rate for the term of the loan.

The model inputs for options granted during the year ended 30 June 2013 included:

- i) options are granted for no consideration
- ii) exercise price – \$1.00
- iii) issue date – 27 September 2012
- iv) expiry date – 26 September 2015
- v) expected price volatility of the Company's shares: 54%
- vi) risk-free interest rate: 3.25%
- vii) spot price at date of valuation: \$0.53.

d) Expenses arising from share-based payment transactions

Total transactions arising from share-based payment transactions recognised during the year were as follows:

	2013	2012
	\$	\$
Expense recognised related to options issued to employees and consultants	311,653	616,755
Capitalised mineral exploration costs	-	50,588
	311,653	667,343

Shareholder Information

Information Required by the Australian Stock Exchange Limited
Shareholder Information as at 19 August 2013

	Shareholders	Units
a) Spread of holdings		
1 - 1,000	124	61,869
1,001 - 5,000	407	1,213,536
5,001 - 10,000	265	2,203,695
10,001 - 100,000	774	28,680,256
100,001 & Over	196	277,770,530
	1,766	309,929,886

b) Substantial shareholders

Kalgoorlie Auto Service Pty Ltd	15,250,000
Westralian Diamond Drillers Pty Ltd	15,250,000
R Leighton	15,250,000
C Easterday	15,450,000
J P Morgan Nominees Australia Ltd	41,406,675
Citicorp Nominees Pty Ltd	31,850,035
Merrill Lynch Australia Nominees Pty Ltd	27,228,213
Port Finance Ltd NV	18,770,898
Peter Moore	10,185,000
Fenice Investments Inc	9,435,240

c) Directors' shareholdings

	Shares Held Directly	Held by Companies in which Directors have a beneficial interest
Murray E Black	-	15,250,000
Christian E Easterday	200,000	15,250,000
Dr Allan Trench	-	31,400
Dr Michael Anderson	-	-
Roberto de Andraca Adriasola	-	-

d) The names of the twenty largest shareholders as at 19 August 2013, who between them held 73.31% of the issued capital are listed below:

	Number of Ordinary Shares	%
1 Kalgoorlie Auto Service Pty Ltd	61,000,000	19.68
2 J P Morgan Nominees Australia Ltd	41,406,675	13.36
3 Citicorp Nominees Pty Ltd	31,850,035	10.28
4 Merrill Lynch Australia Nominees Pty Ltd	27,228,213	8.79
5 Port Finance Ltd NV	16,385,388	5.29
6 Peter Moore	10,185,000	3.29
7 Fenice Investments Inc	9,435,240	3.04
8 M & H Investments WA Pty Ltd	4,378,467	1.41
9 Fitel Nominees Ltd	3,789,750	1.22
10 Catholic Church Insurance Ltd	3,125,000	1.01
11 Graham John Woolford	2,477,000	0.80
12 Port Finance Ltd NV	2,385,510	0.77
13 Campara Holdings Pty Ltd	2,230,000	0.72
14 Bell Potter Nominees Ltd	1,845,381	0.60
15 BO & EJ Stephens	1,820,000	0.59
16 National Nominees Ltd	1,789,867	0.58
17 UBS Nominees Pty Ltd	1,690,000	0.55
18 Ajava Holdings Pty Ltd	1,600,000	0.52
19 Lim Lian Choo	1,300,000	0.42
20 Stephens Group Pty Ltd	1,204,000	0.39
	227,125,526	73.31

Shareholder Information

continued

Listed Optionholder Information as at 19 August 2013 (Expiring 30 November 2014)

e) The names of the twenty largest option holders as at 19 August 2013, who between them held 87.47% of the issued capital are listed below:

	Number of Options	%
1 Merrill Lynch Australia Nominees Pty Ltd	10,079,450	25.35
2 J P Morgan Nominees Australia Ltd	7,020,000	17.66
3 Citicorp Nominees Pty Ltd	6,407,530	16.12
4 Port Finance Ltd NV	4,254,097	10.70
5 BO & EJ Stephens	1,000,000	2.52
6 James Broomhead	1,000,000	2.52
7 Feldkirchen Pty Ltd	887,625	2.23
8 Bell Potter Nominees Ltd	506,024	1.27
9 Catholic Church Insurance Ltd	450,000	1.13
10 UBS Nominees Pty Ltd	375,000	0.94
11 Baroy Industries Pty Ltd	355,524	0.89
12 Yarandi Investments Pty Ltd	300,000	0.75
13 Botsky Pty Ltd	300,000	0.75
14 Stephens Group Pty Ltd	292,000	0.73
15 Fabrite Australia Pty Ltd	285,000	0.72
16 National Nominees Ltd	280,574	0.71
17 Martin Gregory Paul	256,024	0.64
18 Kimberley Jason Charles	250,000	0.63
19 Fenice Investment Inc	249,000	0.63
20 Marford Group Pty Ltd	230,000	0.58
	34,777,847	87.47

Unlisted Optionholder Information as at 19 August 2013 (Expiring 3 November 2013)

f) The names of the twenty largest option holders as at 19 August 2013, who between them held 93.75% of the issued capitals are listed below:

	Number of Options	%
1 Kalgoorlie Auto Service Pty Ltd	6,000,000	39.10
2 Peralillo Fondo D P	3,000,000	19.55
3 BO & EJ Stephens	800,000	5.21
4 Campari Holdings Pty Ltd	500,000	3.26
5 Miro & Helen Cecich	500,000	3.26
6 Romulus Pty Ltd	350,000	2.28
7 Jacqueline Tracey Hunter	300,000	1.961
8 Gary Dene Gale	250,000	1.63
9 L & TE King Russell	250,000	1.63
10 Oregonwood Pty Ltd	250,000	1.63
11 Talltree Holdings Pty Ltd	250,000	1.63
12 Douglas James Coote	250,000	1.63
13 Oakstream Pty Ltd	230,000	1.50
14 Ian William Dorrington	230,000	1.50
15 Rowan Radford	227,810	1.48
16 Lisa Ersilia Reilly	200,000	1.30
17 Milwal Pty Ltd	200,000	1.30
18 AK Herath and KH Soysa	200,000	1.30
19 F & CA Short James	200,000	1.30
20 Lim Lian Choo	200,000	1.30
	14,387,810	93.75

“Our vision is ambitious, our strategic positioning, strong funding support and dedication to move quickly, ensures that this vision is achievable.”

Corporate Directory

Directors

Murray E Black
(Non-Executive Chairman)

Christian E Easterday
(Managing Director)

Dr Allan Trench
(Independent Non-Executive Director)

Dr Michael Anderson
(Non-Executive Director)

Geoff Laing
(Executive Director, appointed 21 January 2013;
resigned 1 August 2013)

Roberto de Andraca Adriasola
(Non-Executive Director, appointed 1 August
2013)

Company Secretary

John E Sendziuk

Principal Place of Business

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Share Registry

Security Transfer Registrars Pty Ltd
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Auditors

RSM Bird Cameron Partners
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PERTH WA 6000

Principal Banker

Westpac Banking Corporation
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