ANNUAL REPORT 2015

hot chili limited

ACN 130 955 725

2015

HIGHLIGHTS

Mineral Resources of over 1.2Mt of contained copper and 1M oz of gold

Productora – Developing a potential "Tier 1" copper project

PFS completion expected in 2015 and DFS set to commence

Landmark deal with Chilean resource major CMP provides infrastructure and project partner

On-track to become one of the few major ASX-listed copper producers

Chairman's Letter

Dear Shareholder,

Our Company has taken great strides during the past year towards achieving our objective of creating a premier ASX-listed copper house. While the market winds continue to blow cold over the resource sector, Hot Chili has positioned itself as one of the leading emerging global copper producers.

The highlight of the year was undoubtedly the pivotal partnership arrangement Hot Chili formed with Chilean resources major CMP. This deal will underpin development of our Productora copper project, giving our Company scale and security in the process.

I believe this partnership is the key to realising our goal of being one of the few ASX-listed copper producers with meaningful size and low costs.

I was delighted that the significant progress we have made on our journey was recognised at this year's Diggers & Dealers mining conference in Kalgoorlie, where Hot Chili was awarded the "Emerging Company of the Year Award".

Hot Chili has never been better positioned. Our major shareholders have continued to strongly support our funding requirements and our partnership with CMP promises to secure long-term value and a foundation from which to lever even greater opportunity for the Company.

While copper prices have declined over the past year and many of our peers have retreated, Hot Chili has continued to advance in a counter cyclical move aimed at delivering future copper production into a rising copper price environment. It is this approach that will ultimately drive strong returns for our shareholders.

We now look forward to advancing toward a decision to mine with our Chilean partners over what is arguably one of the most exciting, new, coastal range copper developments in Chile.

Murray Edward Black
Chairman

Hot Chili, CMP, CAP and Mitsubishi team at a recent Productora project tour

"...building a Tier 1 copper project..."

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, in Chile's Region III. The project benefits greatly from its proximity to existing infrastructure including the Pan-American Highway, rail, grid power, and established port facilities (40km distance) as shown in Figure 1.

Over 275,000m of drilling has been completed by the Company since exploration commenced in 2010, with a large-scale, bulk tonnage copper-gold-molybdenum deposit amenable to open pit mining successfully defined, and a large geotechnical and metallurgical drill programme completed as part of the well advanced Pre-feasibility Studies.

Resource & Reserve Growth in Parallel with PFS Advancement

A comprehensive exploration targeting exercise was undertaken early in the year which included integration of results from a large soil geochemical campaign which successfully identified +6km-long porphyry footprint at Productora.

A drill programme totalling 38,000m of RC drilling and 3,350m of Diamond drilling was completed during the year, with three key objectives:

1. Ore Reserve growth – targeting extensions to the planned central pit and satellite oxide pit areas, and classification upgrades in areas of lower confidence;
2. Mineral Resource growth – drill testing of priority exploration targets within the larger Productora project; and
3. Pre-feasibility study (PFS) completion – Diamond drilling to complete scheduled metallurgical and geotechnical work streams.

Mineral Resource growth drilling proved extremely successful with the discovery of the Alice copper porphyry deposit, just 400m west of the planned central pit design. Alice was discovered as part of the first exploration drilling to be completed in almost two years at Productora, and highlights the potential for further similar discoveries at the project.

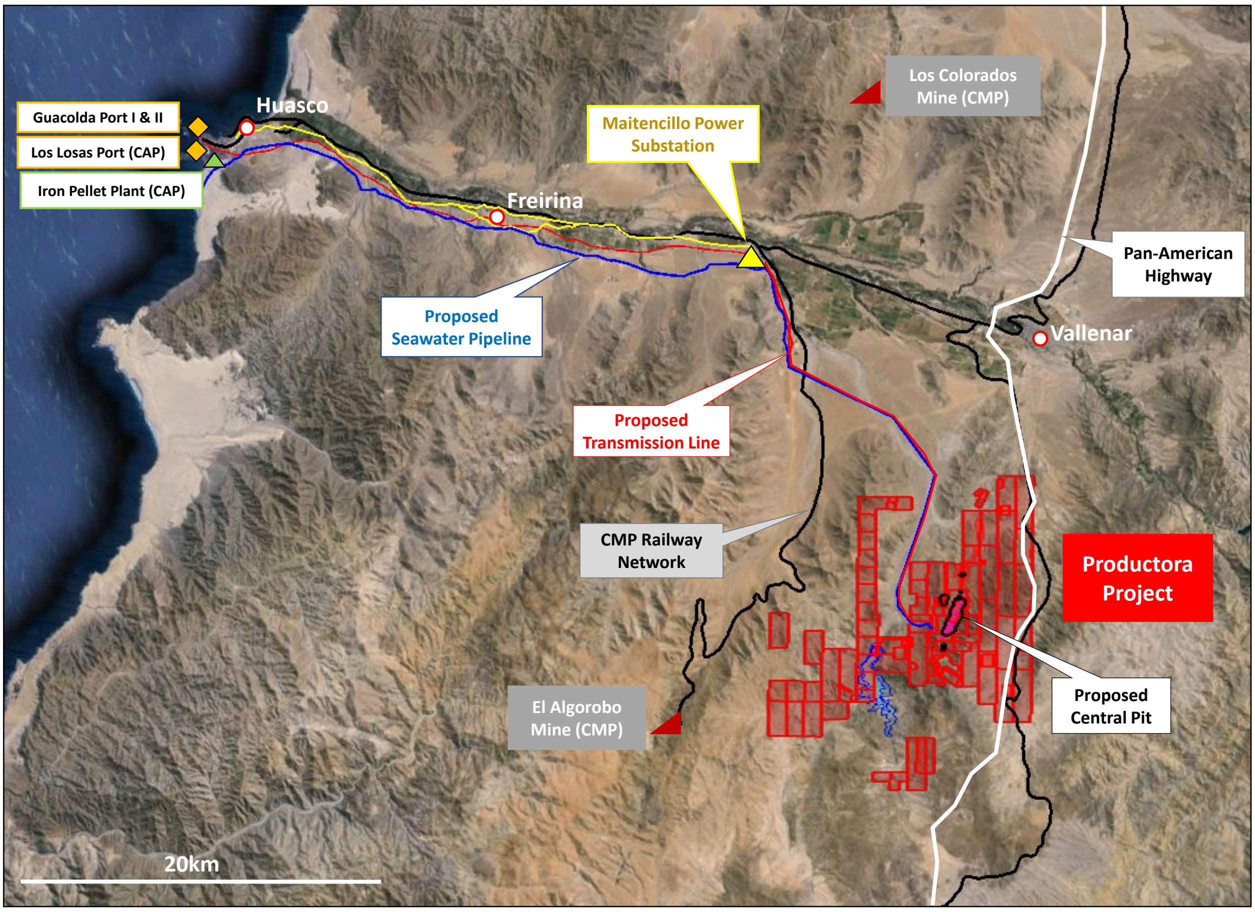

Figure 1. Location and existing infrastructure surrounding the Productora copper project, Region III Chile

"Alice Porphyry Discovery – New phase of discovery begins"

Diamond drilling at Alice, May 2015

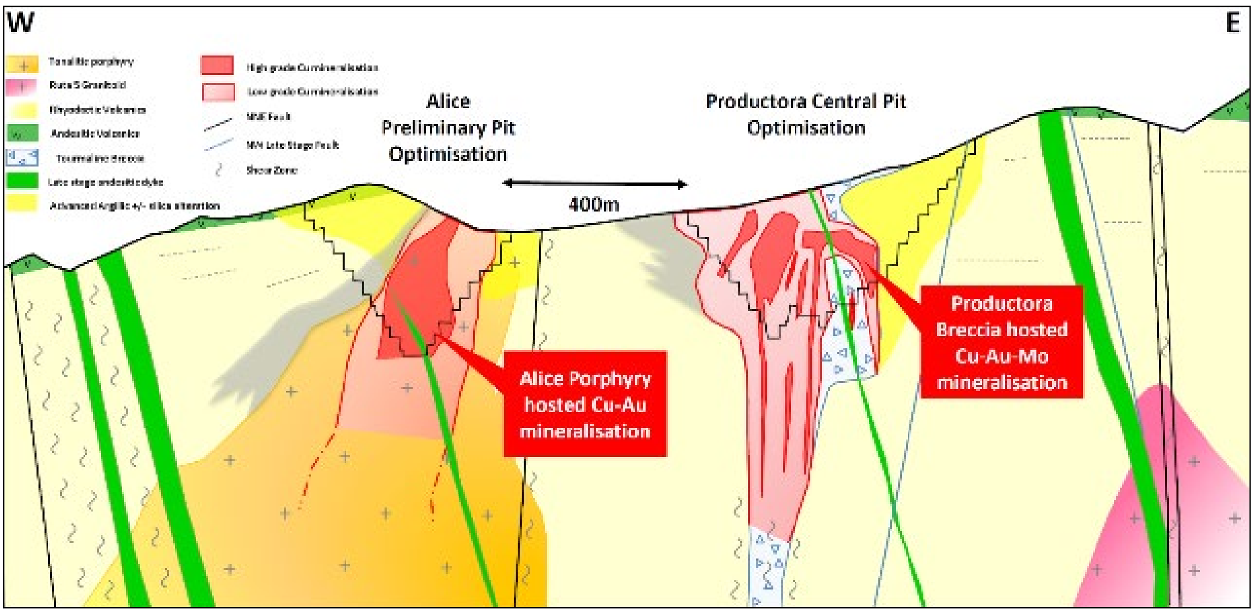

Figure 2. Schematic cross section across the Productora Project displaying Alice and Productora Main Zone, looking north

Review of Operations (cont'd)

Productora Copper Project (cont'd)

Resource & Reserve Growth in Parallel with PFS Advancement (cont'd)

Selected significant intersections reported to the ASX from Alice include:

- 151m grading 0.4% copper from 116m down-hole depth, including 54m grading 0.5% copper and 0.1g/t gold)
- 204m grading 0.6% copper and 0.1g/t gold from within a broader intersection of 237m grading 0.5% copper and 0.1g/t gold from surface
- 129m grading 0.6% copper from 188m depth, including 8m grading 1.2% copper and 0.1g/t gold

Productora's entire Mineral Resource of more than 1Mt of copper and 675,000 ounces of gold is a breccia style deposit hosted within a structural corridor known as the Main Zone.

The Company's confirmation of Alice as a porphyry-style copper deposit adjacent to the breccia hosted Main Zone is an exciting development in the growth of Productora into a multi-deposit copper project, and demonstrates the exploration potential of the wider project.

The Alice discovery strengthens further resource additions into the PFS and highlights the potential for Productora to elevate into a new class of much larger emerging copper developments.

Hot Chili is now reviewing its exploration and drilling results over other potential porphyry footprints identified at Productora. The Company believes there is strong evidence to suggest that Productora may host a cluster of deposits, as is the case at other known copper porphyry systems globally and within Chile.

Generative exploration efforts during 2014 identified three large-scale, multi-element surface geochemical footprints typical of zoned copper porphyry deposits. First pass drilling completed late on 2014 over two of these footprints in the western extent of the project have confirmed extensive distal alteration zones associated with large porphyry deposits.

Late in the year an Induced Polarisation (IP) and Magnetotelluric (MT) geophysical survey was commissioned at Productora. The IP and MT survey will assist in refining exploration targets in advance of drill testing, as the Company continues to pursue Mineral Resource and Ore Reserve growth in parallel with development of the Productora project.

The use of a "Deep penetrating IP" geophysical technique at Productora will provide a valuable additional dataset to assess the overall potential of the large porphyry system that has been identified.

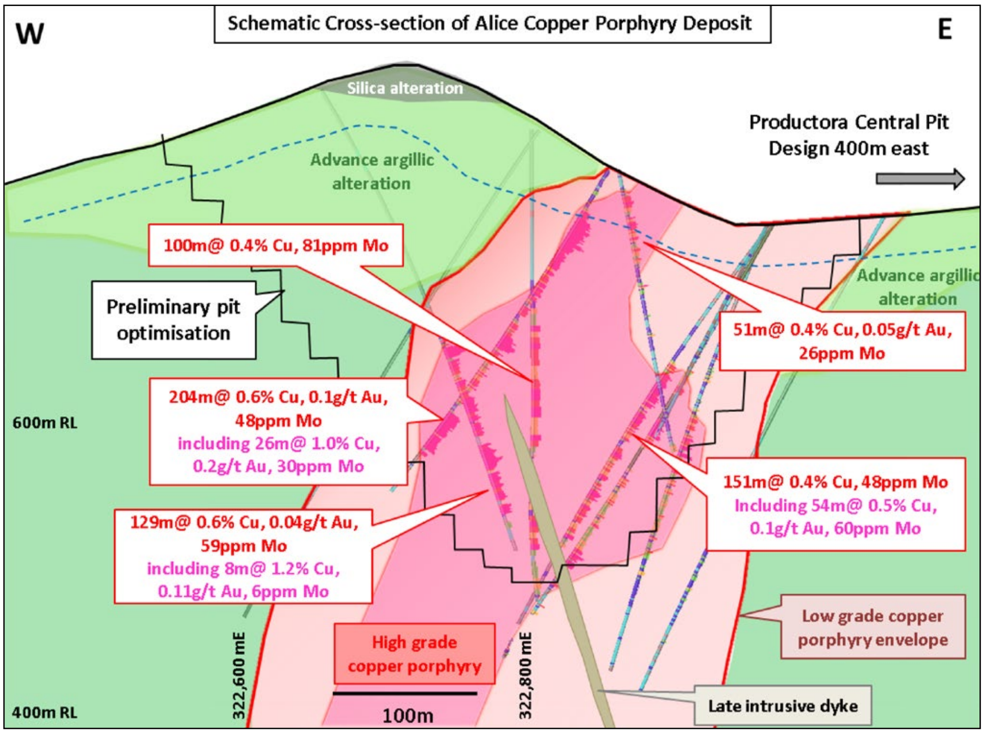

Figure 3. Schematic cross section of the Alice copper porphyry deposit looking north

Productora Pre-feasibility Study Nearing Completion

Productora Development Strategy

Hot Chili's strategy of project development and de-risking in parallel with resource and reserve growth at Productora is shaping towards another significant uplift as the Company progresses closer to a decision to mine.

On 31 March 2014, Hot Chili announced that Productora's Mineral Resources had grown to over 1 Mt of copper, 675,000 ounces of gold and 29,000 tonnes of molybdenum. In addition, the Company also announced a first Probable Ore Reserve estimate for Productora of 90.5Mt grading 0.48% copper, 0.11g/t gold and 172ppm molybdenum containing 433,000 tonnes of copper, 308,000 ounces of gold and 15,500 tonnes of molybdenum.

The open pit Ore Reserve estimate was stated as conservative at the time and only estimated for the planned central pit at Productora. Owing to the level of advancement of certain PFS work streams, the estimate was based on conservative assumptions and inputs including:

1. All oxide Mineral Resource material was treated as waste.
2. No transitional ore was used to drive pit optimisations ensuring the pit design process was considered robust against fresh sulphide ore types only.
3. Metallurgical recoveries applied to gold, molybdenum and transitional copper ore types were conservatively applied considering both benchmarking of other similar Chilean copper operations and limited test work results available at that time.

Pit modelling as part of the final stages of PFS will now contemplate the optimisation of both oxide and sulphide Mineral Resources at Productora, which is expected to deliver a significant reduction to overall mining strip ratio and lower pre-strip related start-up capital.

Given Hot Chili's PFS advancements and Scoping study confirmation that the addition of a copper oxide project is robust, the Company expects to report significant growth in open pit Ore Reserves and Mineral Resources with the Productora PFS. This expanded metal inventory will also include the addition of the Alice Porphyry copper discovery, 400m west of the planned central pit.

Hot Chili is confident of delivering a strong PFS result in advance of commencing a Definitive Feasibility Study (DFS) for Productora in 2015.

Hot Chili and CMP team reviewing development layout plans at Productora

Review of Operations (cont'd)

Productora Pre-feasibility Study Nearing Completion (cont'd)

Oxide project set to boost scale of Productora

The Productora Mineral Resource estimate contains copper oxide resources of 25.6Mt grading 0.52% copper, for 132,000 tonnes of copper metal from surface. The in-pit portion (currently treated as waste and not considered in the current Ore Reserve) represents 15.4Mt grading 0.58% copper.

Positive results of a copper oxide Scoping Study have confirmed that a substantial copper oxide project may be economically exploitable at Productora. The independent Scoping Study, completed by EPCM Group Mintrex, found the addition of an oxide operation to be attractive as a complement to the existing Productora copper sulphide project, indicating the potential to increase the scale of copper production, further boosting Productora's economics.

In light of the Scoping Study findings, the PFS has been expanded to include the study of a heap leach operation followed by a Solvent Extraction Electrowinning (SX-EW) circuit with the potential to produce 8,000 to 10,000 tonnes of cathode copper production annually for six to eight years, in addition to the targeted annual copper-in-concentrate production of approximately 45,000 to 55,000 tonnes.

Development Drilling Activities

Development drilling undertaken during the year supported continuing metallurgical and geotechnical work streams. Metallurgical diamond holes were directed into the high-grade Habanero zone of the central pit area, and also the newly discovered Alice porphyry deposit and will be used to facilitate sulphide flotation variability testwork for the project as part of the PFS. Diamond drilling was also focussed toward a nine-hole geotechnical programme to further refine the Productora central pit design's slope angle model.

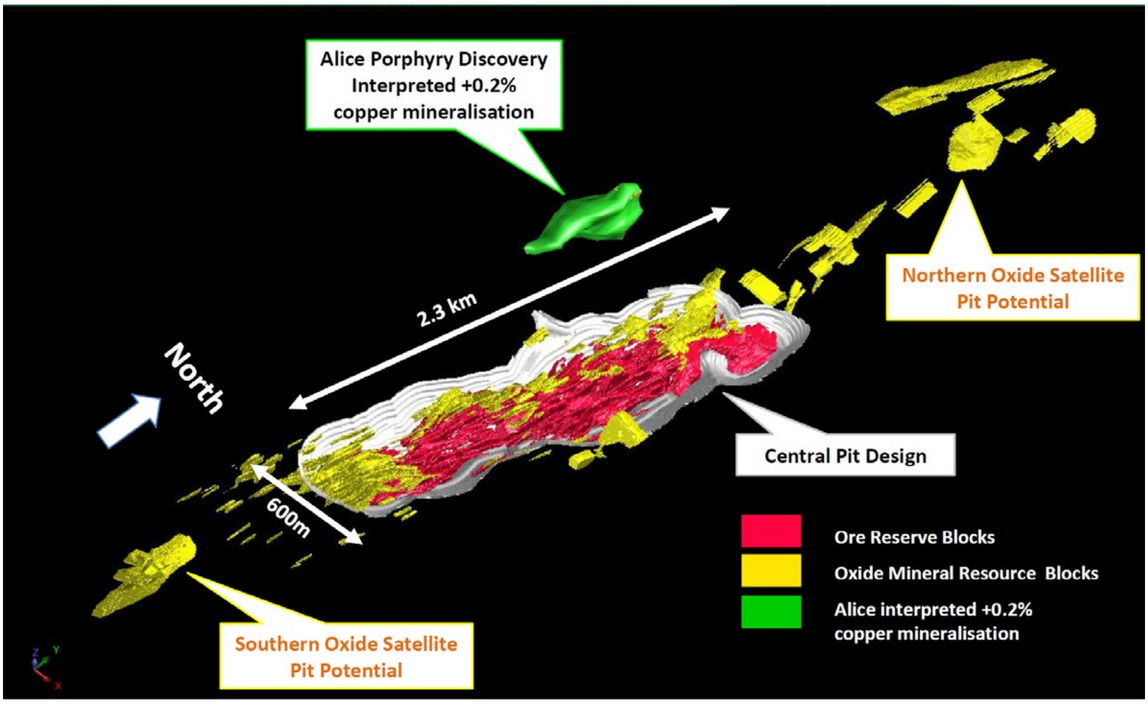

Figure 4. Central pit design displaying Ore Reserve blocks (pink) against oxide Mineral Resource blocks (yellow) and the +0.2% copper mineralisation interpretation at the Alice porphyry discovery

"Scoping study confirms oxide resources are amenable to conventional heap leaching, will reduce overall costs and pre-strip capex"

Geometallurgy Study to Refine Ore Reserve for PFS

A significant geometallurgical study has been initiated at the Productora project, with the key objectives of the study being to investigate relationships between alteration patterns, geochemical zonation and ore textures, and to assess the impact on liberation behaviour and recovery response.

Quantitative and predictive geometallurgical models integrating a range of geological and geometallurgical data are being developed to reflect variability across the deposit, and will allow for quantification of and modelling of process behaviour.

Proxies have been developed which allow for ore classification to be extrapolated across the deposit, in turn allowing predictive models for comminution and recovery parameters to be assigned to the Productora Mineral Resource.

The results of this geometallurgical study will be used to refine the PFS Mineral Resource and Ore Reserve estimates.

Preparation of samples for the Productora Geometallurgical PhD study

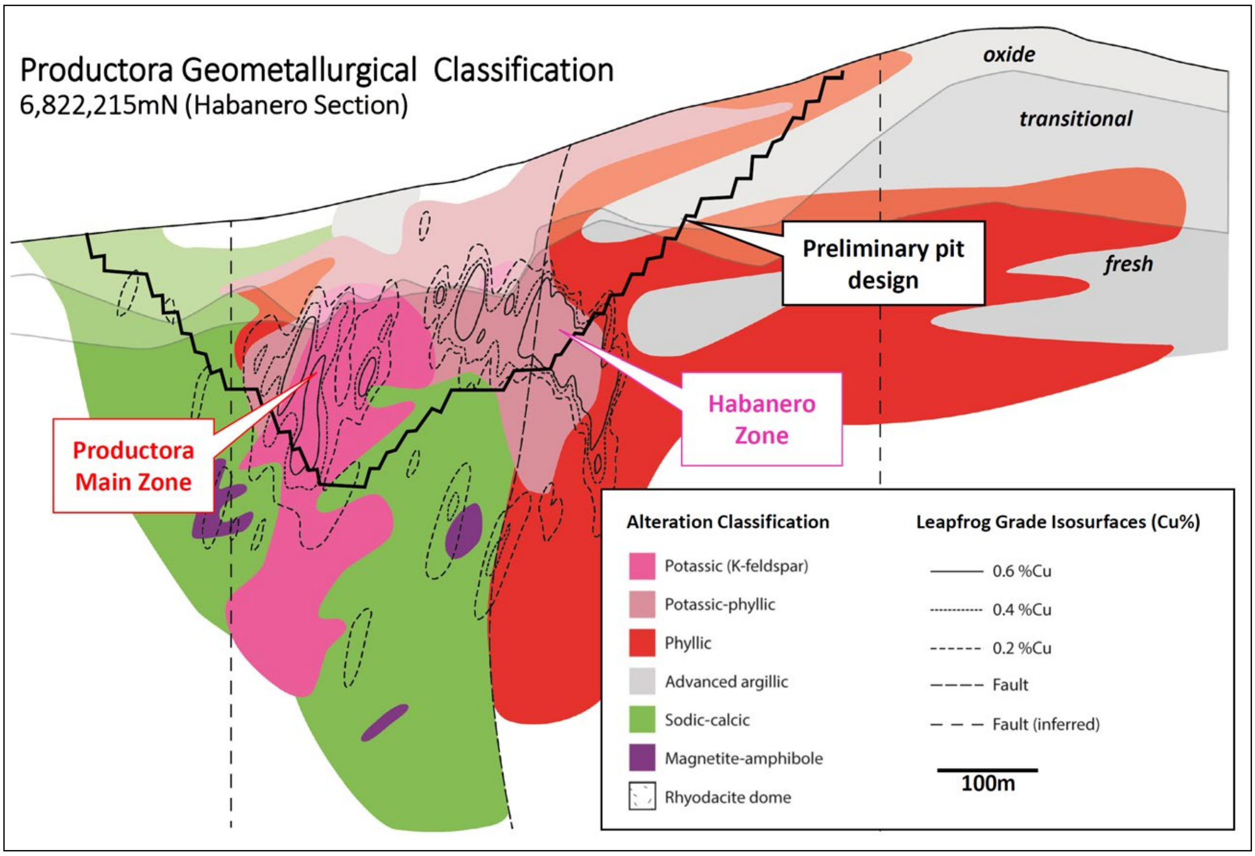

Figure 5. Alteration assemblages have been modelled and can be used to define geometallurgical domains

Review of Operations (cont'd)

Frontera Copper Project

The Frontera project lies 50km directly south of Productora in Region IV of Chile and is located adjacent to the Pan-American Highway and existing power transmission corridor. The project is located within a linear trend of porphyry intrusions which include the Dos Amigos copper-gold mine (approximately 10km NNE of Frontera).

The Company announced a substantial maiden Mineral Resource at Frontera in March 2014, following completion of a 16,175m drilling campaign. The maiden Mineral Resource estimate totalling 50.5Mt grading 0.4% copper and 0.2g/t gold for 187,000 tonnes of copper and 356,000 ounces of gold, demonstrates success in the Company's strategy to build a multi-project copper production hub centred around Productora.

Aerial view of the Frontera project

The first resource estimate is confined to leases located within the centre of a larger identified cluster of copper-gold porphyries. The Frontera porphyry system has previously been drill tested by Noranda during the early 1990's and was identified to extend significantly into surrounding areas. Efforts to expand the Company's landholding are being pursued through discussions with surrounding landholders.

Addition of the Frontera Mineral Resource to the Company's portfolio is significant as it highlights that there are substantial resource opportunities in this region which can be leveraged against the Productora copper project and the associated infrastructure which Hot Chili intends to establish in partnership with CMP.

The Mineral Resource estimate was completed by Hot Chili in accordance with the guidelines of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012), and has been audited by independent consultants Coffey Mining Pty Ltd.

The Mineral Resource estimate is classified as 33% Indicated and 67% Inferred, with the majority of the Indicated material lying within the first 140m from surface. A small campaign of diamond drilling designed to verify existing RC drill holes below the water table, will have a significant likelihood of upgrading a large portion of the Inferred classification material to Indicated.

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 a large-scale alteration system.

Extensive mapping and surface geochemical sampling programmes completed by the Company have identified several high-priority targets within the core area of the project. These targets comprise historical high-grade copper workings, outcropping surface mineralisation and large surface geochemical anomalies which have not previously been drill tested.

A comprehensive soil geochemical campaign, collected on a 200m by 200m offset grid pattern was completed in 2014. Results from this soil geochemical campaign have refined exploration targeting at the project, with an initial drill campaign designed to test four high priority targets.

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.

"Bulk-tonnage, porphyry mineralisation transforms the size potential of Productora"

Review of Operations (cont'd)

Los Mantos Copper Project

The Los Mantos copper project is located in Region IV, on the coastal range of Chile, approximately 60km south of La Serena. The Company has executed an option to earn 60% of an expansive land package at Los Mantos under a joint venture earn-in agreement with a wholly owned subsidiary of CODELCO, the world's largest copper producer.

The agreement allows Hot Chili to joint venture into a substantial exploration land position immediately adjacent to Teck's large-scale Andacolla copper-gold operation.

Los Mantos is at an early exploration stage, and the Company is assembling foundation datasets over the large joint venture exploration tenement package.

Inspecting mineralised porphyry core

"On-track to become substantial copper producer in partnership with Chilean resources major CMP"

Qualifying Statements

JORC Compliant Ore Reserve Statement

Table 1. Productora Open Pit Probable Ore Reserve Statement – Reported 31 March 2014

Ore Type	Category		Grade			Contained Metal			Payable Metal		
		Tonnage	Cu	Au	Mo	Cu	Au	Mo	Cu	Au	Mo
		(Mt)	**(%)**	**(g/t)**	**(ppm)**	**(tonnes)**	**(ounces)**	**(tonnes)**	**(tonnes)**	**(ounces)**	**(tonnes)**
Transitional	Probable	10.2	0.54	0.10	128	55,000	34,000	1,300	27,000	13,000	1,000
Fresh	Probable	80.3	0.47	0.11	177	378,000	274,000	14,200	323,000	139,000	8,000
Total	Probable	**90.5**	**0.48**	**0.11**	**172**	**433,000**	**308,000**	**15,500**	**350,000**	**152,000**	**9,000**

Note 1: Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC code 2012 guidance on mineral resource and ore reserve reporting

Note 2: Average recoveries applied to Probable Ore Reserve estimate are: Fresh Cu – 88.8%; Fresh Au – 65%; Fresh Mo – 60%, Transitional Cu – 50%, Transitional Au – 50% and Transitional Molybdenum – 50%. Payability factors applied for Cu – 96.5%, Au – 78% and Mo – 98%

JORC Compliant Mineral Resource Statements

Table 2. Productora Mineral Resource Statement – Reported 31 March 2014

		Grade			Contained Metal		
Classification	Tonnage	Copper	Gold	Molybdenum	Copper	Gold	Molybdenum
(+0.25% Cu)	**(Mt)**	**(%)**	**(g/t)**	**(ppm)**	**(tonnes)**	**(ounces)**	**(tonnes)**
Indicated	158.6	0.50	0.11	152	799,000	540,000	24,000
Inferred	55.6	0.41	0.08	97	229,000	133,000	5,000
Total	**214.3**	**0.48**	**0.10**	**138**	**1,029,000**	**675,000**	**29,000**

Note: Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC Code 2012 guidance on Mineral Resource and Ore Reserve reporting

Table 3. Frontera Mineral Resource Statement – Reported 11 March 2014

		Grade		Contained Metal	
Classification	Tonnage	Copper	Gold	Copper	Gold
(+0.25% Cu)	**(Mt)**	**(%)**	**(g/t)**	**(tonnes)**	**(ounces)**
Indicated	16.1	0.4	0.2	61,000	116,000
Inferred	34.4	0.4	0.2	125,000	239,000
Total	**50.5**	**0.4**	**0.2**	**187,000**	**356,000**

Note: Figures in the above table are rounded and are reported to one significant figure, and classified in accordance with the Australian JORC Code 2012 guidance on Mineral Resource and Ore Reserve reporting

Mineral Resource and Ore Reserve Confirmation

Mineral Resources and Ore Reserves have all been reported to the Joint Ore Reserves Committee (JORC) 2012 standard. Accordingly, the information in these sections should be read in conjunction with the respective explanatory "Hot Chili Mineral Resource and Ore Reserve statement as at 30 June 2015" (ASX release dated 30 September 2015).

While Hot Chili does not have a dedicated governance group, the Mineral Resource and Ore Reserve estimation processes followed internally are well established and are subject to systematic internal peer review. Independent technical reviews and audits are undertaken during estimation and signoff, and on an as-required basis.

The information in this report that relates to Mineral Resources and Ore Reserve estimates on the Productora an Frontera copper projects were originally reported in ASX announcements "Maiden Ore Reserve at Productora Set for Strong Growth in 2014", dated 31 March 2014 and "Hot Chili emerging as significant Chilean copper house with maiden resource at its second project", dated 11 March 2014.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in those announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

While there were no material changes to Hot Chili's Mineral Resource and Ore Reserve estimates, during the period between the end of the annual reporting date (30 of June 2015) and the date of the MROR review (18 September, 2015), there were changes to the overall tenement ownership structure at the Productora Project. The details of this change were announced to the ASX on 19 March 2015, approved by Hot Chili shareholders on 30 April 2015, with the transaction taking effect on 27 August 2015. The changes in tenement ownership structure does not have any material impact on the Productora Mineral Resource and Ore Reserve reporting.

Competent Person's Statement – *Exploration Results*

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

Competent Person's Statement – *Mineral Resources*

The information in this announcement that relates to the Productora and Frontera Mineral Resources are based on information compiled by Mr J Lachlan Macdonald and Mr N Ingvar Kirchner. Mr Macdonald is a full-time employee of Hot Chili Limited. Mr Macdonald is a Member of the Australasian Institute of Mining and Metallurgy. Mr Kirchner is employed by Coffey Mining Pty Ltd (Coffey). Coffey has been engaged on a fee for service basis to provide independent technical advice and final audit for the Productora Mineral Resource estimate. Mr Kirchner is a Fellow of the Australasian Institute of Mining and Metallurgy and is a Member of the Australian Institute of Geoscientists. Both Mr Macdonald and Mr Kirchner have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2012). Mr Macdonald and Mr Kirchner consent to the inclusion in the ASX announcements "Maiden Ore Reserve at Productora Set for Strong Growth in 2014", dated 31 March 2014 and "Hot Chili Adds First Resource at Frontera", dated 6 March 2014, of the matters based on their information in the form and context in which it appears.

/ Qualifying Statements (cont'd)

Mineral Resource and Ore Reserve Confirmation (cont'd)

Competent Person's Statement – *Ore Reserves*

The information in this announcement that relates to Productora Ore Reserves is based on information compiled by Mr Carlos Guzmán who is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM), a Registered Member of the Chilean Mining Commission (RM- a 'Recognised Professional Organisation' within the meaning of the JORC Code 2012) and a full time employee of NCL Ingeniería y Construcción SpA. NCL has been engaged on a fee for service basis to provide independent technical advice and final audit for the Productora Ore Reserve estimate. Mr. Guzmán 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Guzmán consents to the inclusion in the ASX announcements "Maiden Ore Reserve at Productora Set for Strong Growth in 2014", dated 31 March 2014 of the matters based on their information in the form and context in which it appears.

"Independently audited Mineral Resources and Ore Reserves"

Forward Looking Statements

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

Field inspection of Alice copper porphyry outcropping at surface

Corporate Activities

Hot Chili Shareholders Approve CMP Transaction

Hot Chili has taken another key step towards development of its flagship Productora copper project in Chile, with shareholders approving a pivotal transaction with Chilean resources major CMP.

The CMP Transaction, which was approved by shareholders at a General Meeting held on the 30th April and is now fully implemented, opens the door to funding options and provides access to vital infrastructure, saving time and money in the development of Productora.

CMP is a subsidiary of Compañia de Aceros del Pacifico S.A. (CAP), Chile's largest iron ore miner and integrated steel business, and is also Hot Chili's second-largest shareholder.

CMP now has a 17.5 percent stake in Productora in exchange for Productora securing access to critical infrastructure and CMP's interest in certain mining rights at the project. CMP also has an Option to increase its stake in Productora to 50.1 per cent at a price of between US$80 million and US$110 million (see separate ASX announcement re Notice of Meeting and full Independent Expert's Report dated 19 March 2015).

The CMP Transaction has provided significant advantages, in particular:

1. Providing the Company with the critical infrastructure necessary to develop the Productora Project faster than otherwise;
2. Providing the Company with funds that it can useto contribute to its portion of development costs for the Productora Project;
3. Introducing a partner at a project level with operational strength and significant local knowledge and experience to assist with the development of the Productora Project; and
4. Reducing the development risk of the Productora Project.

The Company is now strongly positioned to develop a large-scale copper business in partnership with one of Chile's largest mining groups.

The Productora PFS is on track for completion this calendar year, triggering a US$26 million tranche 1 payment should CMP exercise its option to increase its stake in Productora.

The CMP Transaction is the outcome of over two years of co-operation, due diligence and negotiation between Hot Chili and CMP, and is considered a fundamental milestone for the Company.

Technical and Executive teams on a recent tour of Productora

Corporate Activities (cont'd)

Hot Chili executes MOU to initiate port access studies for Productora

During February 2015 Sociedad Minera El Corazon Limitada (SMECL – Hot Chili's wholly owned Chilean subsidiary company) executed a Memorandum of Understanding (MOU) with Puerto Las Losas SA (PLL) to jointly study the provision of port services from PLL's facilities located at Huasco, adjacent to the Company's flagship Productora copper project in Chile.

SMECL and PLL have agreed to carry out Pre-feasibility level studies necessary to evaluate the basic engineering feasibility for PLL to provide SMECL port services from its Las Losas facilities. The Studies will be carried out by PLL, under its management within a 12 month period starting from the date an activities program and cost estimate has been issued to SMECL.

In advance of the execution of the MOU, PLL has been granted a favourable Environmental Approval by the Chilean Environmental Evaluation Service. The approval allows PLL to construct and to operate the new copper concentrate port facilities ancillary to the already existing facility. For further detail refer to ASX announcement "Hot Chili Completes Agreement to Initiate Port Access Studies for Productora", dated 17 February 2015.

> "Landmark deal clears path to production"

Hot Chili Raises A$8.1 million via Placement

The Company successfully completed a capital raising in June 2015 which saw major shareholders, including strategic partner CAP, underpin the placement – ensuring the Productora PFS will be completed with no additional debt to be drawn. Hot Chili raised A$8.1 million at A$0.12 per share via a placement to seven of its major shareholders.

CAP, the parent company of Compañía Minera del Pacífico S.A. (CMP), the Chilean resources major and Hot Chili's JV partner at the Productora copper project, participated in the placement, with other major shareholders, including Taurus, affiliates of Sprott Inc and Megeve Investments, also taking part.

Proceeds from the capital raising will be used to complete the Productora PFS and resource definition drilling at Alice, meaning that Hot Chili will not need to draw down the remaining US$8.5 million of its credit facility with Sprott Resource Lending Partnership (Sprott Facility).

The balance on the Sprott Facility will remain at US$10 million, with the repayment deadline extended by 12 months to 30 June 2016.

Hot Chili Successful with Second VAT Recovery Application to Chilean Taxation Authority

The Company received a VAT refund payment of A$1.75 million equivalent in Chilean pesos in July 2014.

The VAT refund payment relates to the future exporting capacity of Hot Chili's Productora copper project in Chile. Hot Chili is able to claim VAT Refund Payments for ongoing expenditure up to US$643 million over the course of its development activities at Productora (see ASX announcement dated 11 July 2014 for further details).

The VAT refund payment by the Chilean Ministry of Economy and by the Chilean Tax Authority is very pleasing, and reinforces Chile's proactive stance towards providing a stable and attractive destination for foreign investment.

Las Losas Port terminal, Huasco

CMP and HCH technical teams discussing general development layout and the proposed Tailings Storage Facility design and location

“Building a coastal range copper production hub”

/ Directors' Report

Directors' Report

Your Directors have pleasure in presenting their report, together with the financial statements, for the year ended 30 June 2015 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-Exectutive Director

Dr Allan Trench
Independent Non-Exectutive Director

Roberto de Andraca Adriasola
Non-Exectutive Director

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 40 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 17 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 eight 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 Trench is a geologist/geophysicist and business management consultant with over 24 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 Pioneer Resources Ltd, commenced 5 September 2008, Enterprise Metals Ltd, commenced 3 April 2012, Trafford Resources Ltd, commenced 7 May 2012, resigned 22 May 2015, and Emmerson Resources Ltd, commenced 3 March 2015.

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 a Professor of Mineral & Energy Economics, Graduate School of Business, Curtin Business School, Curtin University of Technology.

Dr Michael Anderson
Non-Executive Director

Dr Anderson has more than 22 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.

Dr Anderson joined specialist resource investor Taurus Funds Management Pty Ltd as a Director in August 2011. He was appointed as a Non-Exectutive Director of Base Resources Ltd on 28 November 2011 and also as a Non-Executive Director of Ampella Mining Ltd on 18 June 2012, resigned 26 February 2014 and P M I Gold Corporation on 15 May 2013. He resigned on 6 February 2014.

Directors' Report (cont'd)

Roberto de Andraca Adriasola
Non-Exectutive Director

Mr de Andraca Adriasola is a business manager with 22 years' experience in the financial and mining business. Over the past five years he has been working for CAP S A, the main iron ore miner and steel producer in Chile, and is currently the Vice President of Business Development overseeing infrastructure development and new business related to noncore assets. He also oversaw the construction of the first desalination plant dedicated 100% to producing water for mining companies in the north of Chile. Mr de Andraca Adriasola 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 2015 was a loss of $8,654,770 (2014: loss $8,613,562).

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 8 to 20.

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

On 3 August 2015 a General Meeting of shareholders approved the issue of 21,645,017 shares at 12 cents per share to Blue Spec Sondajes Chile SpA, a related party of Mr Black a Director of Hot Chili Limited, to raise $2,597,402. The funds were received and the shares were issued on 7 August 2015.

On 27 August 2015, a merger agreement with Compañía Minera del Pacífico S.A. (CMP) has been executed, that establishes an incorporated joint venture arrangement, to advance and develop the Productora Project into a mine. CMP is currently free-carried (ie. not required to contribute to funding) until a Preliminary Feasibility Study of the Productora Project is completed.

As part of the CMP transaction, an Option fee of US$1.5 million was released subsequent to year end, following confirmation of the executed merger agreement.

Joint Venture Transaction

Material terms of CMP Transaction

In June 2015, Hot Chili entered into binding contracts with its joint venture partner, Compañía Minera del Pacífico S.A (CMP), and its wholly owned subsidiary, CMP Productora SpA (CMP Productora), to undergo a restructure of its joint venture arrangements with CMP (CMP Transaction).

The CMP Transaction saw the establishment of an incorporated joint venture to develop the Productora Project to production. The incorporated joint venture company is Hot Chili's Chilean subsidiary, Sociedad Minera El Águila SpA (SMEA).

The material terms of the CMP Transaction are as follows:

a) Acquisition of assets and establishment of joint venture

CMP Productora exchanged the following assets for a 17.5% interest in Hot Chili's subsidiary, SMEA:

i) CMP's mining concessions at Productora;
ii) contractual rights to be the beneficiary of mining easements over CMP controlled land related to a proposed water pipeline and electricity lines from Productora to the coast near Huasco; and
iii) certain surface rights over the proposed mining development area of the Productora Project.

CMP Productora merged with SMEA under a Chilean legal process known as merger by incorporation, following which SMEA became a special purpose joint venture company that holds and operates the Productora Project. SMEA is now owned by Hot Chili's subsidiary SMECL (82.5%) and CMP (17.5%).

CMP is currently free-carried (i.e. not required to contribute to funding) until a preliminary feasibility study of the Productora Project (PFS) is completed. CMP will then be responsible for funding its proportionate share of expenditure or it will be subject to dilution of its interest.

b) Grant of Option

SMEA granted CMP an option to acquire further shares in SMEA such that upon exercise of the option, CMP will be entitled to acquire a further 32.6% interest, taking its total interest up to 50.1%, by acquiring existing shares from SMECL (Option).

CMP paid US$1.5 million for the grant of the Option. This fee and the balance of any loan provided by CMP to Hot Chili or its subsidiaries is to be off-set against any exercise price payable.

The additional 32.6% shareholding interest in SMEA that CMP may acquire (Option Shares) will be determined by reference to a valuation (discussed below) and will have a minimum value of US$80 million and a maximum value of US$110 million.

The Option will be exercisable in two separate tranches on key milestones being satisfied.

Tranche 1

The exercise price for the first tranche of the Option is US$26 million (Tranche 1).

The number of SMEA shares to be acquired under Tranche 1 is to be calculated by dividing US$26 million by the value of SMEA shares.

For this purpose, the price per share will be determined by dividing the total number of shares on issue by the higher of US$245,398,733 and the value determined by an independent valuation of SMEA (Valuation) capped at US$337,423,313.

If Tranche 1 is exercised, CMP's percentage interest in SMEA will be between:

- 10.6% (based on the minimum Valuation of the Option Shares of US$80 million); and
- 7.71% (based on the maximum Valuation of the Option Shares of US$110 million).

Tranche 1 can be exercised following completion of a preliminary feasibility study of the Productora Project, the Valuation being completed and a preliminary decision to mine at Productora being made.

Tranche 2

Tranche 2 of the Option allows CMP to increase its shareholding in SMEA to 50.1%, being an acquisition of between:

- 22% for US$54 million if the results of the Valuation are at the low end of the price range; and
- 24.89% for US$84 million if the results of the Valuation are at the high end of the price range.

The Tranche 2 exercise price will be the balance of the amount of the Valuation. The price per share will be the same value as that determined for Tranche 1.

Tranche 2 is exercisable following completion of a definitive/ bankable feasibility study of the Productora Project, final project finance being secured and a final decision to mine at Productora being made.

c) US$13 million loan under CMP facility

CMP is to make a US$13 million secured loan facility available to SMECL following receipt of the exercise price for Tranche 1 (CMP Facility).

The CMP Facility will have a term of up to 24 months from first draw down. The loan will be repayable in full on the earlier of 24 months from becoming available for drawdown and the date on which the exercise price for Tranche 2 is payable.

Interest will accrue on the drawn portion of the loan facility per semester. The interest rate will be, at Hot Chili's election, either a fixed rate of 10% per annum or a rate of 8% per annum with a 1% upfront payment commitment.

The CMP Facility will be secured against substantially all real and personal property assets of SMECL. Both Hot Chili and SMEA will provide secured guarantees.

d) Exit rights

CMP has certain rights to exit its investment in the joint venture by selling its SMEA shares to SMECL in the following circumstances:

If CMP elects not to exercise Tranche 1 but a preliminary decision to mine is made by Hot Chili, CMP will have the right to either retain its shareholding interest (subject to standard dilution provisions) or to transfer its shareholding interest in SMEA to SMECL for an amount equal to 17.5% of the Valuation (capped at US$59,049,080), payable within 24 months after 4 January 2016.

- If CMP elects not to exercise Tranche 2, it may:
  - retain its shareholding interest (subject to standard dilution provisions);
  - transfer its shareholding interest in SMEA to a third party; or
  - sell its shareholding interest in SMEA to SMECL for an amount proportionate to the interest it holds in SMEA as a percentage of the Valuation amount, with the purchase price to be paid upon project financing for the Productora Project being secured.

If both parties determine not to proceed prior to exercise of Tranche 1, then: the merger between SMEA and CMP Productora will be terminated and deemed not to have had effect; SMEA must transfer back the assets acquired from CMP Productora under the merger; and SMECL must return the US$1.5 million fee paid for the Option.

The exit rights are structures such that if Hot Chili is unable to proceed with the development of the Productora Project for whatever reason, Hot Chili will not be required to pay cash for the acquisition of CMP's interest in SMEA, and may instead transfer back the merger assets to CMP.

At the date of this report there are no other matters or circumstances which have arisen since 30 June 2015 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 2015.

Directors' Report (cont'd)

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.

Corporate Governance Statement

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. It is committed to administering its corporate governance structures to promote integrity and responsible decision making.

The Company's corporate governance structures, policies and procedures are described in its Corporate Governance Statement which is available on the Company's website at http://www.hotchili.net.au/about/corporate-governance-procedures-and-policies/

Security Holding Interests of Directors

	Ordinary Shares		Options Over Ordinary Shares	
Directors	**Direct Interest**	**Indirect Interest**	**Direct Interest**	**Indirect Interest**
Murray E Black	-	16,750,000	-	-
Christian E Easterday	300,000	16,750,000	-	-
Dr Allan Trench	-	41,400	-	-
Michael Anderson	-	-	-	-
Roberto de Andraca Adriasola	-	40,000	-	-

Shares under Option

There were 11,000,000 ordinary shares under option at 30 June 2015.

Shares Issued on the Exercise of Options

There were 15,758 ordinary shares of Hot Chili Limited issued during the year ended 30 June 2015 from the exercise of options.

Options Lapsed/Cancelled During the Year

43,738,339 options lapsed or were cancelled during the year.

Directors Benefits

Since 30 June 2015, 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.

Company Secretary – John Sendziuk

John Sendziuk is a Chartered Accountant. He has 28 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.

Indemnification and Insurance of Auditor

The consolidated entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or related entity.

Directors' Meetings

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

Directors	Eligible Meetings while in office	Eligible Meetings attended
Murray E Black	14	14
Michael Anderson	15	15
Christian E Easterday	15	15
Dr Allan Trench	15	13
Roberto de Andraca Adriasola	15	10

Environmental Issues

The consolidated entity's exploration and mining operations are subject to environment regulation under the law of Chile. No bonds are necessary in respect of the consolidated entity's tenement holdings.

The Directors advise that during the year ended 30 June 2015 no claim has been made by any competent authority that any environmental issues, condition of license or notice of intent has been breached.

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 2014 to 30 June 2015, the Directors have assessed that there are no current reporting requirements but may be required to do so in the future.

Occupational Health and Safety

Health and Safety actions are framed within the "Quality, Environment, Safety and Occupational Health Integrated Policy" that states people´s health and safety is safeguarded within the different fields of our activity. Hot Chili Limited strictly follows the Chilean safety rules and communicates a set of key performance indicators to the Chilean Mining Safety Authority on a monthly basis. Health and Safety activities follow an action plan aimed to prevent and control different forms of risk at company operations. The plan covers specific areas such as the Compliance of Legal and Other Standards, Risk Assessment and Control, Occupational Health, Emergency Response, Training, Incidents – Corrective and Preventive Action, Management of Contractors and Suppliers, Audit and Management Review.

Hot Chili Limited provides continuous training to enable employees to perform their work safely and efficiently. Training focuses on six areas where the risks are more evident according to the nature of our operations: Safe Driving, Drilling Platform Operations, Emergency Plans and Protection from Ultraviolet Radiation, Dust and Noise Emissions.

In terms of Safety performance, "Lost Time Incident Frequency Rate (LTIFR*)" is the main indicator we monitor to make sure our action plan remains effective and relevant. Our LTIFR during the last 24 months (until 30 June 2015) is 16.7.

*LTIFR: number of lost time injuries in accounting period/total hours worked in accounting period * 1,000,000

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 16.

Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2015 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 2013. All Director fees are periodically recommended for approval by shareholders.

The consolidated entity's policy regarding executive's 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:

	Short-term				Post Employment	Share-based Payments	
Name	**Consulting Fees Related Parties $**	**Salary $**	**Directors' Fee $**	**Other Benefits $**	**Super-annuation $**	**Options $**	**Total $**
2015							
Murray E Black	-	-	71,000	-	8,520	-	**79,520**
Dr Michael Anderson	47,040	-	-	-	-	-	**47,040**
Roberto de Andraca Adriasola	-	-	51,660	-	-	-	**51,660**
Christian E Easterday	-	342,000	-	-	41,040	-	**383,040**
Dr Allan Trench	-	-	42,000	-	5,040	-	**47,040**
	47,040	**342,000**	**164,660**	**-**	**54,600**	**-**	**608,300**
2014							
Murray E Black	-	-	71,583	-	8,590	-	**80,173**
Dr Michael Anderson	58,054	-	-	-	-	-	**58,054**
Geoff Laing (Resigned 1 August 2013)	-	223,963	-	-	24,500	-	**248,463**
Christian E Easterday	-	363,333	-	-	43,600	-	**406,933**
Dr Allan Trench	-	-	42,333	-	5,080	-	**47,413**
Roberto de Andraca Adriasola (Appointed 1 August 2013)	-	-	38,500	-	-	-	**38,500**
	58,054	**587,296**	**152,416**	**-**	**81,770**	**-**	**879,536**

Other Transactions with Directors

MRA Consulting Pty Ltd, a company associated with Dr Anderson, a Director, was paid $47,040 in directors and consulting fees.

Blue Spec Sondajes Chile Limitada, a company in which Mr Black is a Director, was paid $7,249,756 (2014: $9,544,327) for drilling, out of this balance $908,343 (2014: $2,052,128) was still owing to the related party at the end the financial year.

All payments were made at recognised commercial rates.

Remuneration of Key Management Personnel

	Short-term			Post Employment	Share-based Payments	
Name	**Consulting Fees Related Parties $**	**Salary $**	**Other Benefits $**	**Super-annuation $**	**Options $**	**Total $**
2015						
Rodrigo Diaz (Manager Chile)	-	209,896	-	-	-	**209,896**
John Sendziuk (Company Secretary)	-	60,000	-	7,200	-	**67,200**
Melanie Leighton (Corporate Projects Manager)	-	225,000	-	27,000	-	**252,000**
Jose Ignacio Silva (Chief Legal Counsel)	-	209,896	-	-	-	**209,896**
	-	**704,792**	**-**	**34,200**	**-**	**738,992**
2014						
Rodrigo Diaz (Manager Chile)	-	209,350	-	-	-	**209,350**
John Sendziuk (Company Secretary)	-	60,000	-	7,200	-	**67,200**
Melanie Leighton (Corporate Projects Manager)	-	227,083	-	27,250	-	**254,333**
Jose Ignacio Silva (Chief Legal Counsel)	-	186,268	-	-	-	**186,268**
	-	**682,701**	**-**	**34,450**	**-**	**717,151**

Remuneration Report (Audited) (cont'd)

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 30 June 2015, by each Key Management Personnel of Hot Chili Limited, including their personally related parties, is set out below. There were no shares granted as compensation during the year.

2015	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	16,750,000	-	-	16,750,000
Christian E Easterday	17,050,000	-	-	17,050,000
Dr Allan Trench	41,400	-	-	41,400
Dr Michael Anderson **	-	-	-	-
Roberto de Andraca Adriasola	20,000	-	20,000	40,000
	33,861,400	**-**	**20,000**	**33,881,400**
Key Management Personnel				
John Sendziuk	1,150,000	-	(180,000)	970,000
Rodrigo Diaz	31,511	-	-	31,511
Melanie Leighton	40,000	-	-	40,000
Jose Ignacio Silva	-	-	270,000	270,000
	1,221,511	**-**	**90,000**	**1,311,511**
	35,082,911	**-**	**110,000**	**35,192,911**

2014	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	13,250,000	-	3,500,000	16,750,000
Christian E Easterday	13,450,000	-	3,600,000	17,050,000
Dr Allan Trench	31,400	-	10,000	41,400
Dr Michael Anderson **	-	-	-	-
Roberto de Andraca Adriasola	-	-	20,000	20,000
	26,731,400	**-**	**7,130,000**	**33,861,400**
Key Management Personnel				
John Sendziuk	1,055,000	-	95,000	1,150,000
Rodrigo Diaz	31,511	-	-	31,511
Melanie Leighton	40,000	-	-	40,000
Jose Ignacio Silva	-	-	-	-
	1,126,511	**-**	**95,000**	**1,221,511**
	27,857,911	**-**	**7,225,000**	**35,082,911**

** There are no shares held during the financial year and up to 30 June 2015 by the Director.

Options

The number of options over ordinary shares in the Company held during the financial year, and up to 30 June 2015, by each Key Management Personnel of Hot Chili Limited including their personally related parties is set out below:

2015	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	-	-	-	-	-	-
Christian E Easterday	-	-	-	-	-	-
Dr Allan Trench	-	-	-	-	-	-
Dr Michael Anderson **	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**
Key Management Personnel						
John Sendziuk	300,000	-	-	300,000	-	-
Rodrigo Diaz	700,000		-	700,000	-	-
Melanie Leighton	300,000	-	-	300,000	-	-
Jose Ignacio Silva	500,000	-	-	500,000	-	-
	1,800,000	**-**	**-**	**1,800,000**	**-**	**-**
Total	**1,800,000**	**-**	**-**	**1,800,000**	**-**	**-**

2014	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	3,500,000	-	3,500,000	-	-	-
Christian E Easterday	3,600,000	-	3,600,000	-	-	-
Dr Allan Trench	10,000	-	10,000	-	-	-
Dr Michael Anderson **	-	-	-	-	-	-
Roberto de Andraca Adriasola	-	-	-	-	-	-
	7,110,000	**-**	**7,110,000**	**-**	**-**	**-**
Key Management Personnel						
John Sendziuk	650,000	-	350,000	-	300,000	300,000
Rodrigo Diaz	700,000	-	-	-	700,000	700,000
Melanie Leighton	335,000	-	35,000	-	300,000	300,000
Jose Ignacio Silva	500,000	-	-	-	500,000	500,000
	2,185,000	**-**	**385,000**	**-**	**1,800,000**	**1,800,000**
Total	**9,295,000**	**-**	**7,495,000**	**-**	**1,800,000**	**1,800,000**

** There are no options over ordinary shares held during the financial year and up to 30 June 2015 by the Director.

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

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.

Remuneration Report (Audited) (cont'd)

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 $360,000, 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 9 October 2013. 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.

[End of Remuneration Report]

Dated this 23rd day of September 2015 in accordance with a resolution of the Directors and signed for on behalf of the Board by:

Christian E Easterday
Managing Director

Auditors' Indpendence Declaration

RSM Bird Cameron Partners

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 2015, 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

AWhyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 23 September 2015

Independent Auditors' Report

RSM Bird Cameron Partners

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

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 consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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, 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.

RSM Bird Cameron Partners

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 2015 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company and consolidated entity incurred losses of $8,594,379 and $8,654,770 respectively and the consolidated entity had cash outflows from operating activities of $6,014,270 for the year ended 30 June 2015. As at that date, the company and consolidated entity had net current liabilities of $6,538,111 and $7,524,789 respectively. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and therefore, the company and consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners.
RSM BIRD CAMERON PARTNERS

AWhyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 23 September 2015

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 2015 and of its performance for the year ended on that date; and

2. 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.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001*.

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 2015

FOR THE YEAR ENDED 30 JUNE 2015

Statement of Comprehensive Income

		Consolidated Entity	
		2015	2014
	Note	$	$
Interest income	4	35,475	164,267
Other income	5	36,126	374,279
		71,601	**538,546**
Depreciation		(108,415)	(122,109)
Consulting fees		-	(20,000)
Exploration expenses written off		(1,703,888)	(3,523,732)
Corporate fees		(115,629)	(140,684)
Legal and professional		(403,939)	(298,456)
Employee benefits expense		(1,177,518)	(1,757,664)
Administration expenses		(888,154)	(580,371)
Accounting fees		(69,444)	(90,516)
Travel costs		(235,074)	(333,118)
Other expenses		(745,112)	(336,816)
Foreign exchange loss		(1,023,656)	-
Finance costs		(2,255,542)	(1,948,642)
Loss before income tax		(8,654,770)	(8,613,562)
Income tax expense	6	-	-
Loss after income tax		(8,654,770)	(8,613,562)
Other comprehensive income		-	-
Total comprehensive income attributable to members of Hot Chili Limited		**(8,654,770)**	**(8,613,562)**
Basic earnings per share (cents)	15	(2.47)	(2.67)
Diluted earnings per share (cents)	15	(2.47)	(2.67)

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

Statement of Financial Position

		Consolidated Entity	
		2015	2014
	Note	$	$
Current assets			
Cash and cash equivalents	7	7,112,498	12,762,430
Other current assets	8	43,880	9,407,086
Total current assets		7,156,378	22,169,516
Non-current assets			
Plant and equipment	9	406,358	483,748
Exploration and evaluation expenditure	10	83,626,283	69,805,477
Total non-current assets		84,032,641	70,289,225
Total assets		**91,189,019**	**92,458,741**
Current liabilities			
Trade and other payables	11	1,660,334	2,777,323
Borrowings	12	13,020,833	10,596,588
Total current liabilities		14,681,167	13,373,911
Total liabilities		14,681,167	13,373,911
Net assets		**76,507,852**	**79,084,830**
Equity			
Contributed equity	13	112,746,883	106,669,091
Option reserve	14(b)	1,125,616	2,114,926
Foreign currency translation reserve	14(c)	1,222	1,222
Accumulated losses	14(a)	(37,365,869)	(29,700,409)
Total equity		**76,507,852**	**79,084,830**

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

FOR THE YEAR ENDED 30 JUNE 2015

Statement of Changes in Equity

Consolidated Entity	Contributed Equity	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	$	**$**	**$**	**$**	**$**
Balance at 1 July 2014	106,669,091	2,114,926	1,222	(29,700,409)	79,084,830
Loss for the year	-	-	-	(8,654,770)	(8,654,770)
Total comprehensive income for the year	**-**	**-**	**-**	**(8,654,770)**	**(8,654,770)**
Shares issued	6,114,433	-	-	-	6,114,433
Transfer from reserve	-	-	-	989,310	989,310
Share issue costs	(36,641)	-	-	-	(36,641)
Options issued	-	-	-	-	-
Transfer to accumulated losses	-	(989,310)	-	-	(989,310)
Balance at 30 June 2015	**112,746,883**	**1,125,616**	**1,222**	**(37,365,869)**	**76,507,852**
Balance at 1 July 2013	90,775,673	1,051,304	1,222	(21,086,847)	70,741,352
Loss for the year	-	-	-	(8,613,562)	(8,613,562)
Total comprehensive income for the year	**-**	**-**	**-**	**(8,613,562)**	**(8,613,562)**
Shares issued	16,586,500	-	-	-	16,586,500
Transfer from reserve	72,310	-	-	-	72,310
Share issue costs	(765,392)	-	-	-	(765,392)
Options issued	-	1,135,932	-	-	1,135,932
Transfer to capital	-	(72,310)	-	-	(72,310)
Balance at 30 June 2014	**106,669,091**	**2,114,926**	**1,222**	**(29,700,409)**	**79,084,830**

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

Statement of Cash Flows

		Consolidated Entity	
		2015	2014
	Note	$	$
Cash flows from operating activities			
Payments to suppliers and employees		(6,085,871)	(3,203,222)
Interest received		35,475	164,267
R&D refund		36,126	-
Net cash (used in) operating activities	18(b)	**(6,014,270)**	**(3,038,955)**
Cash flows from investing activities			
Payments for plant and equipment		(33,118)	(103,306)
Payments for exploration and evaluation		(15,572,023)	(21,283,448)
VAT refund		11,123,573	-
Net cash (used in) investing activities		**(4,481,568)**	**(21,386,754)**
Cash flows from financing activities			
Proceeds from issue of shares		5,463,471	16,586,500
Share issue costs		(36,641)	(765,392)
Finance costs		(148,090)	-
Proceeds from borrowings		-	10,596,588
Interest paid on borrowings		(1,456,490)	-
Net cash provided by financing activities		**3,822,250**	**26,417,696**
Net (decrease)/increase in cash held		(6,673,588)	1,991,987
Cash and cash equivalents at the beginning of the financial year		12,762,430	11,144,722
Effects of exchange rates on cash holdings in foreign currencies		1,023,656	(374,279)
Cash and cash equivalents at the end of the financial year	18(a)	**7,112,498**	**12,762,430**

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 principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 ('AASB') that are mandatory for the current reporting period.

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

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 *Financial Instruments*	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2018

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*.

These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial report was authorised for issue on 23 September 2015 by the Board of Directors.

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

Going concern

The Directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the normal course of business.

As disclosed in the financial statements, the Company and consolidated entity incurred net losses of $8,594,379 and $8,654,770 respectively and the consolidated entity had cash outflows from operating activities of $6,014,270 and from exploration and evaluation activities of $15,572,023 for the year ended 30 June 2015. As at that date, the Company and consolidated entity had net current liabilities of $6,538,111 and $7,524,789 respectively.

These factors indicate significant/material uncertainty as to whether the Company and consolidated entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe there are reasonable grounds to believe that the Company and consolidated entity will be able to continue as going concerns, after consideration of the following factors:

- As disclosed in Note 21, on 27 August 2015, a merger agreement with Compañía Minera del Pacífico S.A. (CMP) was executed, that establishes an incorporated joint venture arrangement, to advance and develop the Productora Project into a mine. All agreements to the CMP transaction are being implemented and exercise of Tranche 1 of the associated Additional Purchase Option would enable the settlement of the debt facility and provide significant cash flow to the Company and consolidated entity. CMP is currently free-carried (ie. not required to contribute to funding) until a preliminary feasibility study of the Productora Project is completed. As part of the CMP transaction, an Option fee of US$1.5 million has been received following confirmation of the executed merger agreement.
- As disclosed in Note 21, on 7 August 2015, Blue Spec Sondajes Chile SpA subscribed to new shares in a private placement approved by shareholders on 3 August 2015. The Company received funds totalling $2,597,402. The Company will continue to assess opportunities to issue additional shares under the *Corporations Act 2001* to raise further working capital on an ongoing basis.
- The Company and consolidated entity will continue to manage their ongoing expenditure prudently. Internal cost reduction initiatives have significantly reduced working capital requirements in the areas of staff wages, corporate overheads and operational overheads. Significant renegotiation with all major contractors and consultants has significantly lowered the operating cost base of the Company and consolidated entity's exploration, development and corporate activities.

1 Summary of Significant Accounting Policies (cont'd)

a) Basis of preparation (cont'd)

Accordingly, the Directors believe that the Company and consolidated entity will be able to continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The Company and consolidated entity entity's ability to continue as going concerns is mainly dependent on the following factors:

- The successful completion of the preliminary feasibility study and exercise of Tranche 1 of the Additional Purchase Option by CMP; and
- Obtaining additional working capital through the issue of equity and extension of debt facilities as and when required.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Company and consolidated entity do not continue as going concerns.

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) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 26.

c) 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.

d) 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.

e) 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.

f) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

g) Exploration and evaluation expenditure

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

1 Summary of Significant Accounting Policies (cont'd)

h) 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:

Class of Fixed Asset	*Depreciation Rate*
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.

i) 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.

j) 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.

k) 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.

l) 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.

m) 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).

n) 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.

o) 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.

p) 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.

q) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

r) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on short-term and long-term borrowings

s) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events; management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

3 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 (2014: 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 Information	Geographical Non-current assets 2015 $	2014 $
Australia	81,297	107,646
Chile	83,951,344	70,181,579
	84,032,641	**70,289,225**

4 Interest Income

	Consolidated Entity 2015 $	2014 $
Interest income	35,475	164,267
	35,475	**164,267**

5 Other Income

Foreign exchange gain	-	374,279
R&D tax rebate	36,126	-
	36,126	**374,279**

6 Income Tax Expense

a) Reconciliation of income tax expense to prima facie tax payable		
Loss before income tax	(8,654,770)	(8,613,562)
Prima facie income tax at 30% (2014: 30%)	(2,596,431)	(2,584,069)
Tax-effect of amounts not assessable in calculating taxable income	-	-
Tax-effect of amounts not deductible in calculating taxable income	1,353,533	1,670,551
Tax loss not recognised	(1,242,898)	(913,518)
Income tax expense	**-**	**-**

b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	13,236,073	9,434,282
Potential tax benefit at 30%	**3,970,822**	**2,830,285**

c) The Directors estimate that the potential deferred tax asset at 30 June 2015 in respect of tax losses not brought to account is $3,970,822 (2014: $2,830,285).

In addition, Chilean subsidiaries of Hot Chili Limited also have tax losses that are a potential deferred tax asset of $7,803,717 (2014: $4,242,543).

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.

7 Cash and Cash Equivalents

	Consolidated Entity 2015 $	Consolidated Entity 2014 $
Cash at bank	7,112,498	12,762,430
	7,112,498	**12,762,430**

8 Other Current Assets

	2015 $	2014 $
Prepayment	43,880	34,730
VAT receivable	-	9,372,356
	43,880	**9,407,086**

The VAT receivable was received in cash on 11 July 2014.

9 Plant and Equipment

	2015 $	2014 $
Plant and equipment at cost	835,275	806,197
Less provision for depreciation	(428,917)	(322,449)
	406,358	**483,748**
Reconciliations:		
Plant and equipment		
Carrying amount at the beginning of the year	483,748	502,540
Additions	33,118	103,306
Disposals	(2,093)	-
Depreciation	(108,415)	(122,098)
Carrying amount at the end of the year	**406,358**	**483,748**

10 Exploration and Evaluation Expenditure

	2015 $	2014 $
Mining tenements at cost	10,860,712	10,860,712
Capitalised mineral exploration and evaluation	72,765,571	58,944,765
	83,626,283	**69,805,477**
Tenements		
Carrying amount at the beginning of the year	69,805,477	63,056,905
Purchase of mineral tenements	-	514,916
Exploration costs written off	(1,703,888)	(3,523,732)
Transfer to VAT receivable	-	(9,372,205)
Capitalised mineral exploration and evaluation	15,524,694	19,129,593
Carrying amount at the end of the year	**83,626,283**	**69,805,477**

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

11 Trade and Other Payables

	2015 $	2014 $
Trade payables	1,660,334	2,777,323
	1,660,334	**2,777,323**

12 Borrowings

	Consolidated Entity 2015 $	Consolidated Entity 2014 $
Non-bank loan	13,020,833	10,596,588
	13,020,833	**10,596,588**

Refer to Notes 19 and 25 for further information on finance facilities.

13 Contributed Equity

	No. Shares 2015	No. Shares 2014	Consolidated Entity 2015 $	Consolidated Entity 2014 $
a) Share capital				
At the beginning of the financial year	347,732,196	297,462,196	106,669,091	90,775,673
Transfer from reserve	-	-	-	72,310
Shares issued during the financial year	45,493,126	50,270,000	5,469,103	16,586,500
Shares issued for the extension of the finance facility	5,246,590	-	645,330	-
Less cost of issue	-	-	(36,641)	(765,392)
At the end of the financial year	**398,471,912**	**347,732,196**	**112,746,883**	**106,669,091**

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.

	2015 Options	2014 Options
c) Movement in unlisted options		
Balance at beginning of financial year	54,754,097	68,394,097
Issued during the financial year	-	11,000,000
Options exercised during the financial year	(15,758)	(24,140,000)
Options lapsed/cancelled during the financial year	(43,738,339)	(500,000)
Balance at end of financial year	**11,000,000**	**54,754,097**

Listed options

There are no listed options over ordinary shares in the Company at 30 June 2015 (2014: 39,754,097).

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.

14 Reserves and Accumulated Losses

	Consolidated Entity 2015 $	2014 $
a) Accumulated losses		
Accumulated losses at the beginning of the year	(29,700,409)	(21,086,847)
Net loss for the year	(8,654,770)	(8,613,562)
Transfer from Reserves	989,310	-
Accumulated losses at the end of the year	**(37,365,869)**	**(29,700,409)**
b) Reserves		
Options reserve		
The options reserve is used to recognise the fair value of options issued. As at 30 June 2015, no options to which the reserve relates have been exercised.		
Balance at the beginning of the year	2,114,926	1,051,304
Transfer to Accumulated Losses	(989,310)	-
Transfer to Share Capital	-	(72,310)
Movement during the year	-	1,135,932
Balance at the end of the year	**1,125,616**	**2,114,926**
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	**(36,239,031)**	**(27,584,261)**

15 Loss Per Share

Loss after tax attributable to members of Hot Chili Limited	(8,654,770)	(8,613,562)
Basic loss per share (cents)	(2.47)	(2.67)
Diluted loss per share (cents)	(2.47)	(2.67)
Unexercised options are not dilutive		
The weighted average number of ordinary shares on issue used in the calculation of basic loss per share	349,687,286	322,885,861
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	349,687,286	322,885,861

16 Remuneration of Auditors

Remuneration of the auditor for:		
Auditing and reviewing of financial reports	46,550	38,500
Tax services	19,228	32,135
	65,778	**70,635**

17 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-Exectutive Director)
Roberto de Andraca Adriasola	(Non-Executive Director)

b) Company Secretary

John Sendziuk

c) Country Manager

Rodrigo Diaz Borquez

d) Corporate Projects Manager

Melanie Leighton

e) Chief Legal Counsel

Jose Ignacio Silva

Details of Remuneration of Key Management Personnel for the year ended 30 June 2015:

	Consolidated Entity	
	2015	**2014**
	$	**$**
Directors		
Short-term benefits	553,700	797,766
Post-employment benefits	54,600	81,770
Share based payment	-	-
	608,300	**879,536**
Key Management Personnel		
Short-term benefits	704,792	682,701
Post-employment benefits	34,200	34,450
Share based payment	-	-
	738,992	**717,151**
Total	**1,347,292**	**1,596,687**

18 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	
	2015	**2014**
	$	**$**
Cash and short term deposits	7,112,498	12,762,430
	7,112,498	**12,762,430**
b) Reconciliation of net cash used in operating activities to operating loss after income tax		
Loss for the year	(8,654,770)	(8,613,562)
Depreciation	108,415	122,109
Effect of exchange rates on holdings in foreign currencies	1,023,656	374,279
Exploration expenditure written off	1,703,888	3,523,732
Finance costs (share based payments)	650,962	1,135,932
Net cash flows from operating activities before change in assets and liabilities	**(5,167,849)**	**(3,457,510)**
Change in assets and liabilities during the financial year:		
Other current assets	(9,163)	-
Payables	(837,258)	418,555
Net cash outflow from operating activities	**6,014,270**	**(3,038,955)**

c) Non cash investing and financing activities

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

19 Finance Facilities

The Consolidated Entity received a credit facility of twenty five million USD on 27 June 2014 from Sprott Resource Lending Partnership. At balance date the amount drawn against the facility was ten million USD with the balance remaining to be drawn by 30 June 2015. This has been extended to 30 June 2016.

The key terms of the Credit Agreement are as follows:

- Total facility amount of US$25 million;
- Term of 12 months, with an option to extend for a further 12 months subject to certain conditions and an Extension fee of 2% of the amount outstanding, payable in Hot Chili shares;
- Repayable prior to maturity, in full or in part, at the option of Hot Chili without penalty, provided a minimum of 6 months of interest has been paid;
- Interest rate of 12% per annum, payable monthly;
- Establishment fee of 1% of the facility amount payable in cash, plus 11 million Hot Chili equity options with an Exercise price of A$0.30 and a maturity of 5 years; and
- Security package including general security over the property of the Company and guarantees from the Company's Chilean subsidiaries.

The Company may draw down the US$8.5 million balance of the Facility in tranches of not less than US$5 million each (Subsequent Advances), subject to:

- The grant of further security, including security directly over the Productora Project mining concessions and other assets held by Sociedad Minera El Aguila SpA (Aguila- the holder of the Company's Productora Project assets); and
- The Company reaching agreement and substantially implementing the proposed joint infrastructure agreement with Compania Minera Del Pacifico S.A. (CMP), which the Company and CMP are presently working towards finalising.

The Facility is subject to change of control and management change covenants whereby:

1. The Facility is immediately repayable if a party acquires control of 30% or more of the voting shares in the Company, or if the majority of the Board comprises persons who were not nominated by the Board or persons whose nomination resulted from an actual or threatened solicitation of proxies with a view to removing one or more of the existing Directors;
2. The Facility is repayable within 30 days in the event both Murray Black ceases to be a Director and the Chairman of the Company and Christian Easterday ceases to be the Managing Director.

The Facility is subject to various market covenants, including restrictions on incurring further debt and granting security interests in respect of its assets, and minimum working capital covenants, which are considered usual for a facility of this nature.

20 Commitments for Expenditure

	Consolidated Entity	
	2015	**2014**
	$	**$**
a) Exploration commitments		

IIn 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	3,211,505	6,815,286
Later than one year but not later than five years	7,447,583	2,392,781
	10,659,088	**9,208,067**

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	138,528	128,081
Later than one year but not later than five years	92,352	224,128
Later than five years	-	-
	230,880	**352,209**

21 Events Occurring after Reporting Date

On 3 August 2015 a General Meeting of shareholders approved the issue of 21,645,017 shares at 12 cents per share to Blue Spec Sondajes Chile SpA, a related party of Mr Black a Director of Hot Chili Limited, to raise $2,597,402. The funds have been received and the shares were issued on 7 August 2015.

On 27 August 2015, a merger agreement with Compañía Minera del Pacífico S.A. (CMP) had been executed, that established an incorporated joint venture arrangement, to advance and develop the Productora Project into a mine. CMP is currently free-carried (ie. not required to contribute to funding) until a preliminary feasibility study of the Productora Project is completed. As part of the CMP transaction, an Option fee of US$1.5 million has been received following confirmation of the executed merger agreement.

On 27 August 2015, (CMP) acquires a 17.5% interest in the Hot Chili subsidiary, Sociedad Minera El Águila SpA (SMEA) from the issue of shares by SMEA in exchange for assets sold by CMP comprising surface rights, easements and mining leases (CMP Assets). Hot Chili will recognise the fair value of the non-controlling interest in SMEA ($47.25 million) the fair value of the CMP Assets acquired ($21.98 million) and a loss on asset acquisition ($25.27 million).

SMEA also granted CMP an option (Additional Purchase Option) to acquire further shares in SMEA such that upon exercise of the option, CMP will be entitled to acquire a further 32.6% interest, taking its total interest up to 50.1%, by acquiring existing shares from Hot Chili subsidiary, SMECL. The additional 32.6% shareholding interest in SMEA that CMP may acquire may be exercised in two tranches and determined by reference to a valuation and will have a minimum value of US$80 million and a maximum value of US$110 million.

There are no other matters or circumstances that have arisen since 30 June 2015 that have significantly affected or may significantly affect the operations, the results of those operations, or the state of affairs of the consolidated entity.

22 Related Parties

- MRA Consulting Pty Ltd, a company associated with Mr Anderson, a Director, was paid $47,040 in directors and consulting fees.
- Blue Spec Sondajes Chile Limitada, a company in which Mr Black is a Director, was paid $7,249,756 (2014: $9,544,327) for drilling services, out of this balance $908,343 (2014: $2,052,128) was still owing to the related party at the end the financial year.
- All payments were made at recognised commercial rates.

23 Contingent Liabilities

Hot Chili Limited received a VAT refund payment of $9,372,356 on 11 July 2014 and $1,751,217 on 19 January 2015. Under the terms of the VAT refund payment, the consolidated entity has until the 31 December 2019 to commercialise production from Productora and meet certain export targets. Hot Chili also has the right to extend this term. In the event that the term is not extended and Hot Chili does not meet certain export targets, Hot Chili will be required to re-pay the VAT refund payments to the Chilean Tax Authority subject to certain terms and conditions. However, if Hot Chili achieves the export targets from Productora within that timeframe or its renewal, if required, any VAT refund payments will not be required to be repaid.

The consolidated entity has no other contingent liabilities.

24 Investment in Controlled Entities

			Equity Holding	
Name of Entity	Country of Incorporation	Class of Shares	2015 %	2014 %
Sociedad Minera El Corazon Limitada	Chile	Ordinary	100	100
Sociedad Minera El Aguila SpA	Chile	Ordinary	100	100
Sociedad Minera El Huerto Limitada	Chile	Ordinary	100	100
Sociedad Minera Los Mantos SpA	Chile	Ordinary	100	100
Sociedad Minera Frontera SpA	Chile	Ordinary	100	100
Sociedad Minera Bandera SpA	Chile	Ordinary	100	100

25 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 summarized 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 is not exposed to interest rate risk. Borrowings are issued at fixed rates (Note 19).

The consolidated entity's bank loans outstanding, totaling $13,020,833 (2014: $10,596,588), are principal and interest payment loans. An official increase/decrease in interest rates of 100 (2014: 100) basis points would have an adverse/favourable effect on profit before tax of $130,208 (2014: $105,966) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. In addition, the term of the facility is 12 months, with an option to extend for a further 12 months subject to certain conditions and an extension fee of 2% of the amount outstanding, payable in Hot Chili shares.

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 recognized, 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.

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.

25 Financial Risk Management (cont'd)

c) Liquidity risk (cont'd)

	Consolidated Entity	
	2015	2014
	$	$
Financing arrangements		
Unused borrowing facilities at the reporting date:		
Finance facilities	USD 8,500,000	USD 15,000,000
	USD 8,500,000	**USD 15,000,000**

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated	Weighted average interest rate	1 year or less	Remaining contractual maturities
Non-derivatives	%	$	$
2015			
Non-interest bearing:			
Trade payables	-	1,660,334	1,660,334
Interest-bearing – fixed rate:			
Finance facilities	12	13,020,833	13,020,833
Total non-derivatives		**14,681,167**	**14,681,167**
2014			
Non-interest bearing:			
Trade payables	-	2,777,323	2,777,323
Interest-bearing – fixed rate:			
Finance facilities	12	10,596,588	10,596,588
Total non-derivatives		**13,373,911**	**13,373,911**

d) Market risk

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**
	$	**$**
2015		
AUD/USD + 10%	139,636	139,636
AUD/USD – 10%	(139,636)	(139,636)
2014		
AUD/USD + 10%	1,031,824	1,031,824
AUD/USD – 10%	(1,031,824)	(1,031,824)

26 Parent Entity Disclosures

Financial position

	2015	**2014**
	$	**$**
Assets		
Current assets	6,826,265	12,647,812
Non-current assets	83,106,364	77,478,827
Total assets	**89,932,629**	**90,126,639**
Liabilities		
Current liabilities	13,364,376	11,041,809
Total liabilities	**13,364,376**	**11,041,809**
Equity		
Issued capital	112,746,883	106,669,091
Reserves	1,125,616	2,114,926
Accumulated losses	(37,304,246)	(29,699,187)
Total equity	**76,568,253**	**79,084,830**

Financial performance

Loss for the year	(8,594,379)	(8,599,439)
Other comprehensive income	-	-
Total comprehensive income	**(8,594,379)**	**(8,599,439)**

Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2015 or 30 June 2014.

Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2015 (30 June 2014: $Nil), the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment.

27 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 Employee Share Option Plan.

Set out below is a summary of options on issue as at 30 June 2015:

Issue date	Expiry date	Balance at start of year	Number issued during year	Number expired during year	Exercised during the year	Balance at end of year	Number exercisable at end of year
20/07/2011	19/07/2014	3,500,000	-	3,500,000	-	-	-
30/01/2012	29/01/2015	500,000	-	500,000	-	-	-
27/06/2014	27/06/2019	11,000,000	-	-	-	11,000,000	11,000,000

b) Fair value of options issued (Financier – 27 June 2014):

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 2014 included:

i) options are granted for no consideration
ii) exercise price – $0.30
iii) issue date – 27 June 2014
iv) expiry date – 27 June 2019
v) expected price volatility of the Company's shares: 72%
vi) risk-free interest rate: 3.50%
vii) spot price at date of valuation: $0.195

c) Expenses arising from share-based payment transactions:

On the 17 June 2015 the Company issued 5,246,590 shares to Sprott Resource Lending Partnership valued at 12.3 cents AUD per share on a 20 day VWAP basis as a previously agreed fee of US$500,000 to extend the Credit Facility to 30 June 2016. The exchange rate on the 2 June 2015 when the application was made was 0.7748.

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

	2015 $	2014 $
Expenses related to options issued to consultants	-	1,125,616
Financing		
Expenses related to extension of finance facility	645,330	-
	645,330	**1,125,616**

Shareholder Information

Information Required by the Australian Stock Exchange Limited

Shareholder Information as at 28 August 2014

	Shareholders	Units
a) Spread of holdings		
1 - 1,000	107	37,497
1,001 - 5,000	383	1,154,695
5,001 - 10,000	261	2,201,260
10,001 - 100,000	808	29,576,026
100,001 & Over	232	387,147,451
	1,791	**420,116,929**

b) Substantial shareholders	
Kalgoorlie Auto Service Pty Ltd	16,750,000
Westralian Diamond Drillers Pty Ltd	16,750,000
R Leighton	16,750,000
C Easterday	17,050,000
J P Morgan Nominees Australia Ltd	51,975,805
Port Finance Ltd NV	53,887,911
Merrill Lynch Australia Nominees Pty Ltd	32,302,476
Citicorp Nominees Pty Ltd	22,602,919
Blue Spec Sondajes Chile	21,645,017

c) Directors' shareholdings

	Shares Held Directly	Held by Companies in which Directors have a beneficial interest
Murray E Black	-	16,750,000
Christian E Easterday	300,000	16,750,000
Dr Allan Trench	-	41,400
Dr Michael Anderson	-	-
Roberto de Andraca Adriasola	-	40,000

/ Shareholder Information (cont'd)

Information Required by the Australian Stock Exchange Limited

Shareholder Information as at 18 August 2015

d) The names of the twenty largest shareholders as at 18 August 2015 who between them held 75.79% of the issued capital are listed below:

		Number of Ordinary Shares	%
1	Kalgoorlie Auto Service Pty Ltd	67,000,000	15.95
2	J P Morgan Nominees Australia Ltd	51,975,805	12.37
3	Port Finance Ltd NV	38,515,388	9.17
4	Merrill Lynch Australia Nominees Pty Ltd	32,302,476	7.69
5	Citicorp Nominees Pty Ltd	22,602,919	5.38
6	Blue Spec Sondajes Chile	21,645,017	5.15
7	National Nominees Ltd	17,055,974	4.06
8	Port Finance Ltd NV	15,372,523	3.66
9	Fratelli Investments Ltd	10,822,511	2.58
10	HSBC Custody Nominees Australia Ltd	6,398,450	1.52
11	Catholic Church Insurance Ltd	5,887,600	1.40
12	M & H Investments WA Pty Ltd	4,378,467	1.04
13	HSBC Custody Nominees Australia Ltd	4,211,530	1.00
14	Peralillo Fondo D P	4,000,000	0.95
15	Nero Resource Fund Pty Ltd	3,075,136	0.73
16	Graham John Woolford	3,000,000	0.71
17	Campari Holdings Pty Ltd	2,730,000	0.65
18	Sprott Resource Lending Partnership	2,623,295	0.62
19	Resource Income Partners Ltd	2,581,322	0.61
20	BO & EJ Stephens Bell Potter Nominees Ltd	2,310,000	0.55
		318,488,413	**75.79**

Tenement Schedule

Project	Licence ID	Holder	% Interest/ % Earn In	Ownership Type	Licence Type	Area (ha)
Productora	FRAN 1, 1-48	SMEA SpA	82.5%	Joint Venture	Exploitation concession	300
Productora	FRAN 2, 1-20	SMEA SpA	82.5%	Joint Venture	Exploitation concession	300
Productora	FRAN 3, 1-60	SMEA SpA	82.5%	Joint Venture	Exploitation concession	300
Productora	FRAN 4, 1-20	SMEA SpA	82.5%	Joint Venture	Exploitation concession	300
Productora	FRAN 5, 1-20	SMEA SpA	82.5%	Joint Venture	Exploitation concession	300
Productora	FRAN 6, 1-60	SMEA SpA	82.5%	Joint Venture	Exploitation concession	300
Productora	FRAN 7, 1-37	SMEA SpA	82.5%	Joint Venture	Exploitation concession	300
Productora	FRAN 8, 1-30	SMEA SpA	82.5%	Joint Venture	Exploitation concession	300
Productora	FRAN 12, 1-40	SMEA SpA	82.5%	Joint Venture	Exploitation concession	200
Productora	FRAN 13, 1-40	SMEA SpA	82.5%	Joint Venture	Exploitation concession	200
Productora	FRAN 14, 1-40	SMEA SpA	82.5%	Joint Venture	Exploitation concession	200
Productora	FRAN 15, 1-60	SMEA SpA	82.5%	Joint Venture	Exploitation concession	300
Productora	FRAN 18, 1-60	SMEA SpA	82.5%	Joint Venture	Exploitation concession	300
Productora	FRAN 21, 1-60	SMEA SpA	82.5%	Joint Venture	Exploitation concession	300
Productora	FRAN 22	SMEA SpA	82.5%	Joint Venture	Exploration concession	400
Productora	ALGA 7A, 1-32	SMEA SpA	82.5%	Joint Venture	Exploitation concession	89
Productora	ALGA VI, 5-24	SMEA SpA	82.5%	Joint Venture	Exploitation concession	66
Productora	MONTOSA 1-4	SMEA SpA	82.5%	Joint Venture	Exploitation concession	35
Productora	CHICA	SMEA SpA	82.5%	Joint Venture	Exploitation concession	1
Productora	ESPERANZA 1-5	SMEA SpA	82.5%	Joint Venture	Exploitation concession	11
Productora	LEONA SEGUNDA 1-4	SMEA SpA	82.5%	Joint Venture	Exploitation concession	10
Productora	CARMEN I, 1-60	SMEA SpA	82.5%	Joint Venture	Exploitation concession	222
Productora	CARMEN II, 1-60	SMEA SpA	82.5%	Joint Venture	Exploitation concession	274
Productora	ZAPA 1, 1-10	SMEA SpA	82.5%	Joint Venture	Exploitation concession	100
Productora	ZAPA 3, 1-23	SMEA SpA	82.5%	Joint Venture	Exploitation concession	92
Productora	ZAPA 5A, 1-16	SMEA SpA	82.5%	Joint Venture	Exploitation concession	80
Productora	ZAPA 7, 1-24	SMEA SpA	82.5%	Joint Venture	Exploitation concession	120
Productora	CABRITO, CABRITO 1-9	SMEA SpA	82.5%	Joint Venture	Exploitation concession	50
Productora	CUENCA A, 1-51	SMEA SpA	82.5%	Joint Venture	Exploitation concession	255
Productora	CUENCA B, 1-28	SMEA SpA	82.5%	Joint Venture	Exploitation concession	139
Productora	CUENCA C, 1-51	SMEA SpA	82.5%	Joint Venture	Exploitation concession	255
Productora	CUENCA D	SMEA SpA	82.5%	Joint Venture	Exploitation concession	3
Productora	CUENCA E	SMEA SpA	82.5%	Joint Venture	Exploitation concession	1
Productora	CHOAPA 1-10	SMEA SpA	82.5%	Joint Venture	Exploitation concession	50
Productora	ELQUI 1-14	SMEA SpA	82.5%	Joint Venture	Exploitation concession	61
Productora	LIMARÍ 1-15	SMEA SpA	82.5%	Joint Venture	Exploitation concession	66
Productora	LOA 1-6	SMEA SpA	82.5%	Joint Venture	Exploitation concession	30
Productora	MAIPO 1-10	SMEA SpA	82.5%	Joint Venture	Exploitation concession	50
Productora	TOLTÉN 1-4	SMEA SpA	82.5%	Joint Venture	Exploitation concession	70
Productora	CACHIYUYITO 1, 1-60	SMEA SpA	82.5%	Joint Venture	Exploitation concession	300
Productora	CACHIYUYITO 2, 1-60	SMEA SpA	82.5%	Joint Venture	Exploitation concession	300
Productora	CACHIYUYITO 3, 1-60	SMEA SpA	82.5%	Joint Venture	Exploitation concession	300
Productora	LA PRODUCTORA 1-16	SMEA SpA	82.5%	Joint Venture	Exploitation concession	75
Productora	BUENA SUERTE 1-6	SMEA SpA	100.0%	Purchase Option	Exploitation concession	30
Productora	PILAR 1-2	SMEA SpA	100.0%	Purchase Option	Exploitation concession	10
Productora	ORO INDIO I, 1-20	SMEA SpA	100.0%	Purchase Option	Exploitation concession	82
Productora	AURO HUASCO I, 1-8	SMEA SpA	100.0%	Purchase Option	Exploitation concession	35
Productora	URANIO, 1-70	SMEA SpA	100.0%	30 Year Lease	Exploitation concession	350

/ Tenement Schedule (cont'd)

Project	Licence ID	Holder	% Interest/ % Earn In	Ownership Type	Licence Type	Area (ha)
Productora	JULI 1	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULI 2	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULI 3	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULI 4	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULI 5	SMEA SpA	82.5%	Joint Venture	Mining Petition	100
Productora	JULI 6	SMEA SpA	82.5%	Joint Venture	Mining Petition	200
Productora	JULI 7	SMEA SpA	82.5%	Joint Venture	Mining Petition	200
Productora	JULI 8	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULI 9	SMEA SpA	82.5%	Joint Venture	Mining Claim	300
Productora	JULI 10	SMEA SpA	82.5%	Joint Venture	Mining Claim	300
Productora	JULI 11	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULI 12	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULI 13	SMEA SpA	82.5%	Joint Venture	Mining Petition	100
Productora	JULI 14	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULI 15	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULI 16	SMEA SpA	82.5%	Joint Venture	Mining Claim	300
Productora	JULI 17	SMEA SpA	82.5%	Joint Venture	Mining Claim	200
Productora	JULI 18	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULI 19	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULI 20	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULI 21	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULI 22	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULI 23	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULI 24	SMEA SpA	82.5%	Joint Venture	Mining Claim	300
Productora	JULI 25	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULI 26	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULI 27	SMEA SpA	82.5%	Joint Venture	Mining Petition	200
Productora	JULI 28	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULIETA 1	SMEA SpA	82.5%	Joint Venture	Mining Petition	100
Productora	JULIETA 2	SMEA SpA	82.5%	Joint Venture	Mining Petition	200
Productora	JULIETA 3	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULIETA 4	SMEA SpA	82.5%	Joint Venture	Mining Petition	200
Productora	JULIETA 5	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULIETA 6	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULIETA 7	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULIETA 8	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULIETA 9	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULIETA 10	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULIETA 11	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULIETA 12	SMEA SpA	82.5%	Joint Venture	Mining Petition	300
Productora	JULIETA 13	SMEA SpA	82.5%	Joint Venture	Mining Claim	300
Productora	JULIETA 14	SMEA SpA	82.5%	Joint Venture	Mining Claim	300
Productora	JULIETA 15	SMEA SpA	82.5%	Joint Venture	Mining Claim	200
Productora	JULIETA 16	SMEA SpA	82.5%	Joint Venture	Mining Petition	200
Productora	JULIETA 17	SMEA SpA	82.5%	Joint Venture	Mining Petition	200
Productora	JULIETA 18	SMEA SpA	82.5%	Joint Venture	Mining Claim	200
Productora	JULIETA 19	SMEA SpA	82.5%	Joint Venture	Mining Petition	200
Productora	ARENA 1	SMEA SpA	82.5%	Joint Venture	Exploration concession	100

Project	Licence ID	Holder	% Interest/ % Earn In	Ownership Type	Licence Type	Area (ha)
Productora	ARENA 2	SMEA SpA	82.5%	Joint Venture	Exploration concession	200
Productora	ZAPA 1 - 6	SMEA SpA	82.5%	Joint Venture	Exploitation concession	6
Banderas	RENACIMIENTO 1-10	SMB SpA	65%	Purchase Option	Exploitation Concession	44
Banderas	ESCONDIDA 1-10	SMB SpA	65%	Purchase Option	Exploitation Concession	50
Banderas	BANDERITA 1-5	SMB SpA	100%	Purchase Option	Exploitation Concession	5
Banderas	RESGUARDO 1, 2, 3, 4, 5, 6, 7, 8, 12, 13, 14 y 20	SMB SpA	100%	Purchase Option	Exploitation Concession	60
Banderas	RESGUARDO 9, 10, 11, 15, 16, 17, 18 y 20	SMB SpA	100%	Purchase Option	Exploitation Concession	40
Banderas	CONEJA 1-10	SMB SpA	100%	Purchase Option	Exploitation Concession	100
Banderas	COTOTO 1, 1-60	SMB SpA	65%	Purchase Option	Exploitation Concession	300
Banderas	COTOTO 2, 1-60	SMB SpA	65%	Purchase Option	Exploitation Concession	300
Banderas	COTOTO 3, 1-60	SMB SpA	65%	Purchase Option	Exploitation Concession	300
Banderas	COTOTO 4, 1-60	SMB SpA	65%	Purchase Option	Exploitation Concession	300
Banderas	COTOTO 5, 1-60	SMB SpA	65%	Purchase Option	Exploitation Concession	300
Banderas	COTOTO 6, 1-60	SMB SpA	65%	Purchase Option	Exploitation Concession	300
Banderas	COTOTO 7, 1-60	SMB SpA	65%	Purchase Option	Exploitation Concession	300
Banderas	COTOTO 8, 1-60	SMB SpA	65%	Purchase Option	Exploitation Concession	300
Banderas	PIMPOLLA 1, 1-60	SMB SpA	65%	Purchase Option	Exploitation Concession	300
Banderas	PIMPOLLA 2, 1-60	SMB SpA	65%	Purchase Option	Exploitation Concession	300
Banderas	PIMPOLLA 3, 1-60	SMB SpA	65%	Purchase Option	Exploitation Concession	300
Banderas	PIMPOLLA 4, 1-60	SMB SpA	65%	Purchase Option	Exploitation Concession	300
Banderas	PIMPOLLA 5, 1-60	SMB SpA	65%	Purchase Option	Exploitation Concession	300
Banderas	PIMPOLLA 6, 1-60	SMB SpA	65%	Purchase Option	Exploitation Concession	300
Banderas	PIMPOLLA 7, 1-60	SMB SpA	65%	Purchase Option	Exploitation Concession	300
Banderas	PIMPOLLA 8, 1-60	SMB SpA	65%	Purchase Option	Exploitation Concession	300
Banderas	BLANCA 1	SMB SpA	100%	Wholly Owned	Exploration concession	200
Banderas	BLANCA 2	SMB SpA	100%	Wholly Owned	Exploration concession	300
Banderas	BLANCA 3	SMB SpA	100%	Wholly Owned	Exploration concession	300
Banderas	BLANCA 4	SMB SpA	100%	Wholly Owned	Exploration concession	300
Banderas	BLANCA 5	SMB SpA	100%	Wholly Owned	Exploration concession	300
Banderas	BLANCA 6	SMB SpA	100%	Wholly Owned	Exploration concession	300
Banderas	BLANCA 7	SMB SpA	100%	Wholly Owned	Exploration concession	300
Banderas	BLANCA 8	SMB SpA	100%	Wholly Owned	Exploration concession	300
Banderas	BLANCA 9	SMB SpA	100%	Wholly Owned	Exploration concession	300
Banderas	BLANCA 10	SMB SpA	100%	Wholly Owned	Exploration concession	100
Banderas	BLANCA 11	SMB SpA	100%	Wholly Owned	Exploration concession	100
Banderas	BLANCA 12	SMB SpA	100%	Wholly Owned	Exploration concession	200
Banderas	BLANCA 13	SMB SpA	100%	Wholly Owned	Exploration concession	100
Banderas	KAYA 4	SMB SpA	100%	Wholly Owned	Exploration concession	300
Banderas	KAYA 5	SMB SpA	100%	Wholly Owned	Exploration concession	300
Banderas	KAYA 6	SMB SpA	100%	Wholly Owned	Exploration concession	300
Frontera	LA UNION 1-2	SMF SpA	100%	Purchase Option	Exploitation Concession	10
Frontera	JOTA 1	SMF SpA	100%	Purchase Option	Exploration concession	1
Frontera	MADRID 2, 1-60	SMF SpA	100%	Purchase Option	Mining claim	300
Los Mantos	LEONOR F3	SML SpA	60%	Joint Venture Earn In	Exploration	200
Los Mantos	LEONOR E8	SML SpA	60%	Joint Venture Earn In	Exploration	200
Los Mantos	LEONOR E9	SML SpA	60%	Joint Venture Earn In	Exploration	400
Los Mantos	HAPI F1	SML SpA	60%	Joint Venture Earn In	Exploration	900

/ Tenement Schedule (cont'd)

Project	Licence ID	Holder	% Interest/ % Earn In	Ownership Type	Licence Type	Area (ha)
Los Mantos	HAPI F2	SML SpA	60%	Joint Venture Earn In	Exploration	900
Los Mantos	HAPI G1	SML SpA	60%	Joint Venture Earn In	Exploration	600
Los Mantos	HAPI F4	SML SpA	60%	Joint Venture Earn In	Exploration	300
Los Mantos	HAPI G3	SML SpA	60%	Joint Venture Earn In	Exploration	200
Los Mantos	HAPI F5	SML SpA	60%	Joint Venture Earn In	Exploration	400
Los Mantos	HAPI F6	SML SpA	60%	Joint Venture Earn In	Exploration	200
Los Mantos	HAPI F7	SML SpA	60%	Joint Venture Earn In	Exploration	300
Los Mantos	JADABA E1	SML SpA	60%	Joint Venture Earn In	Exploration	200
Los Mantos	JADABA E2	SML SpA	60%	Joint Venture Earn In	Exploration	200
Los Mantos	JADABA E5	SML SpA	60%	Joint Venture Earn In	Exploration	400
Los Mantos	JADABA E6	SML SpA	60%	Joint Venture Earn In	Exploration	600
Los Mantos	JADABA E7	SML SpA	60%	Joint Venture Earn In	Exploration	300
Los Mantos	JADABA E8	SML SpA	60%	Joint Venture Earn In	Exploration	400
Los Mantos	JADABA E9	SML SpA	60%	Joint Venture Earn In	Exploration	1200
Los Mantos	JADABA E10	SML SpA	60%	Joint Venture Earn In	Exploration	1200
Los Mantos	JADABA E11	SML SpA	60%	Joint Venture Earn In	Exploration	800
Los Mantos	JADABA E12	SML SpA	60%	Joint Venture Earn In	Exploration	600
Los Mantos	JADABA E13	SML SpA	60%	Joint Venture Earn In	Exploration	800
Los Mantos	JADABA E14	SML SpA	60%	Joint Venture Earn In	Exploration	300
Los Mantos	JADABA E15	SML SpA	60%	Joint Venture Earn In	Exploration	200
Los Mantos	MONICA E1	SML SpA	60%	Joint Venture Earn In	Exploration	200

* The Productora CMP Joint Venture transaction was executed subsequent to the end of financial year, on 27 August 2015.

Holder

SMEA SpA	Chilean Subsidiary Company for Productora (Sociedad Minera El Aguila SpA)
SMB SpA	Chilean Subsidiary Company for Banderas (Sociedad Minera Bandera SpA)
SMF SpA	Chilean Subsidiary Company for Frontera (Sociedad Minera Frontera SpA)
SML SpA	Chilean Subsidiary Company for Los Mantos (Sociedad Minera Los Mantos SpA)

Ownership Type

Wholly Owned	Wholly owned by relevent Chilean subsidiary company
Joint Venture	Joint venture agreement executed
Joint Venture Earn In	Joint venture agreement, earning 60%
Purchase Option	Purchase option agreement
30 Year Lease	30 year lease agreement with CCHEN (Comisión Chilena de Energía Nuclear)

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)

Roberto de Andraca Adriasola
(Non-Executive Director)

Company Secretary

John E Sendziuk

Principal Place of Business and Registered Office

Level 1, 768 Canning Highway
APPLECROSS WA 6153

Telephone: +61 8 9315 9009
Facsimile: +61 8 9315 5004

Email: admin@hotchili.net.au
Web: www.hotchili.net.au

Solicitors

Jackson McDonald
Level 17, 225 St Georges Terrace
PERTH WA 6000

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Telephone: +61 8 9315 0933
Facsimile: +61 8 9315 2233

Auditors

RSM Bird Cameron Partners
8 St George's Terrace
PERTH WA 6000

Principal Banker

Westpac Banking Corporation
Hannan Street
KALGOORLIE WA 6430

ASX Code

HCH

www.hotchili.net.au