



Half-Yearly Report

Hot Chili Limited and Controlled Entities

ABN: 91 130 955 725

Interim Financial Report for the
Half-Year Ended 31 December 2022



Hot Chili Limited ACN 130 955 725

First Floor, 768 Canning Highway, Applecross, Western Australia 6153

PO Box 1725, Applecross, Western Australia 6953

Contact

Mr Christian Easterday

Managing Director



Contents

1	Corporate Directory	3
2	Review of Operations	4
3	Tenement Schedule	11
4	Qualifying Statements	17
5	Directors' Report	24
6	Auditor's Independence Declaration	26
7	Independent Auditor's Review Report	27
8	Directors' Declaration	29
9	Statement of Profit or Loss and Other Comprehensive Income	30
10	Statement of Financial Position	31
11	Statement of Changes in Equity	32
12	Statement of Cash Flow	33
13	Notes to the Financial Statements	34

1 Corporate Directory

Directors

Dr Nicole Sheri Adshead-Bell
(Independent Non-Executive Chairman)

Christian E Easterday
(Managing Director)

Roberto de Andraca Adriasola
(Non-Executive Director)

Mark Jamieson
(Non-Executive Director)

CFO & Company Secretary

Penelope Beattie

Executive Management

Jose Ignacio Silva
(Chief Legal Counsel)

Grant King
(Chief Operating Officer)

Principal Place of Business and Registered Office

First Floor, 768 Canning Highway
APPLECROSS WA 6153

Telephone: +61 (0)8 9315 9009
Facsimile: +61 (0)8 9315 5004
Email: admin@hotchili.net.au
Web: www.hotchili.net.au

Stock Exchange Codes

ASX: HCH

TSXV: HCH

OTCQX: HHLKF

Solicitors

Australia

Blackwall Legal LLP
Level 26, 140 St George's Terrace
PERTH WA 6000

Canada

Bennet Jones
3400 One First Canadian Place
P.O. Box 130
Toronto ON, M5X 1A4

Share Registries

Australia

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
PERTH WA 6000

Telephone: +61 (0)8 9323 2000
Facsimile: +61 (0)8 9323 2033

Canada

Computershare Investor Services Inc
100 University Ave, 8th Floor
Toronto ON, M5J 2Y1

Telephone: +1 416 263 9200
Facsimile: +1 888 453 0330

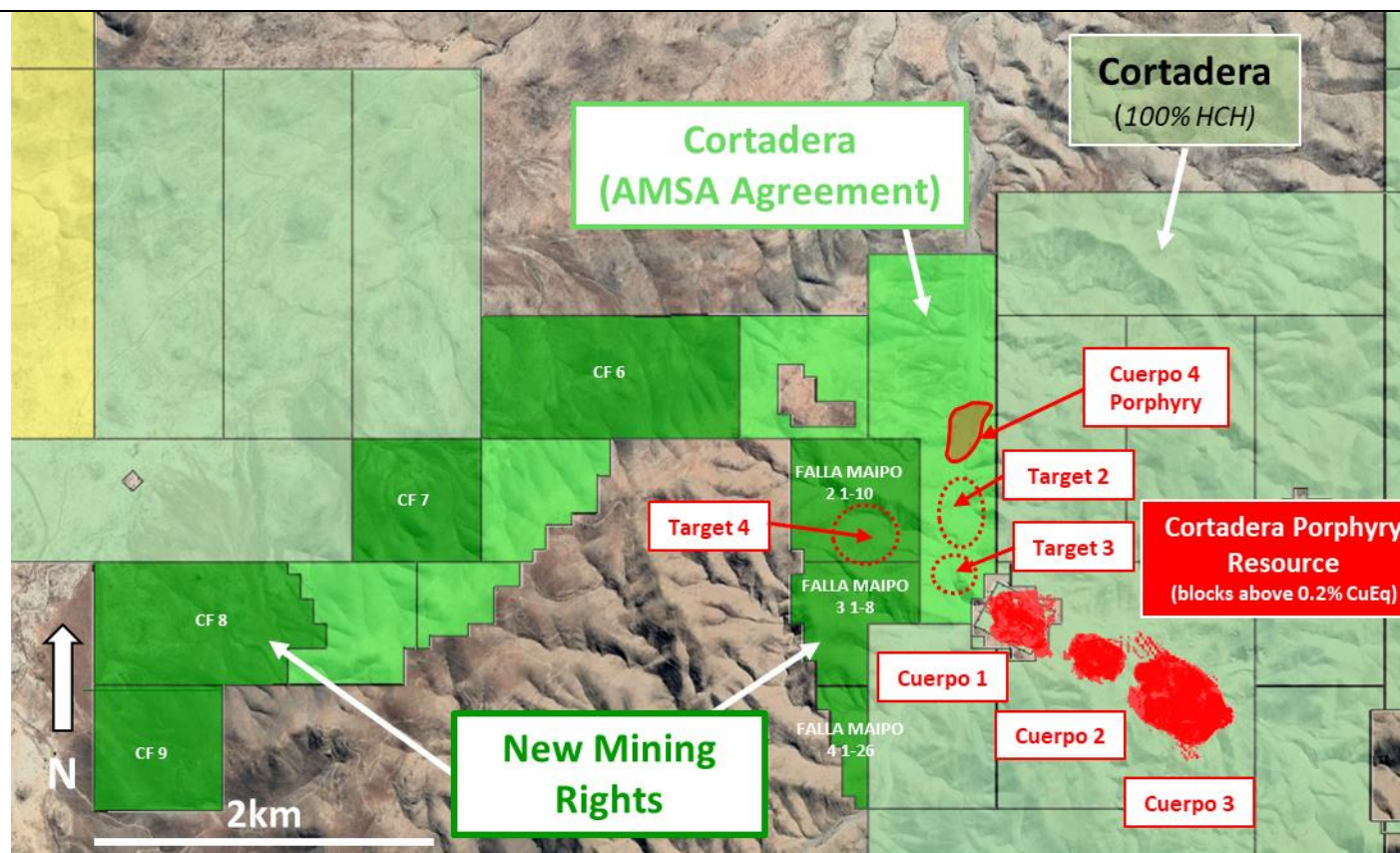
Auditors

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
PERTH WA 6000

Principal Banker

Westpac Banking Corporation
Hannan Street
KALGOORLIE WA 6430

2 Review of Operations



Highlights

- Consolidation efforts secure potential extensions to the Cortadera copper mineral resource, the centre-piece of the Company's low altitude, Cost Fuego copper-gold project in Chile
- Updated development and resource growth timeline for Costa Fuego following pivot toward new growth phase for 2023
- Another set of important permitting advances provide further material de-risking for Costa Fuego including:
 - Grant of an electrical connection to the national grid at the nearby Maintencillo power sub station
 - Land access granted by Chilean Naval Authority for seawater extraction associated with the Company's maritime concession
- Appointment of a new Canadian independent non-executive director Stephen Quin, subject to finalisation of required approvals

2 Review of Operations (Cont'd)

Consolidation Efforts Secure Major Extension to Cortadera

In late November 2022, Hot Chili announced details of successful consolidation efforts to secure additional mining rights covering significant potential extensions to the Cortadera copper-gold porphyry mineral resource, the centre-piece of the Company's Costa Fuego large scale copper project in Chile.

The new landholdings consolidate the potential western extension of Cortadera, more than double the prospective strike length from 2.7km to 5.2km and allow Hot Chili to test a potentially much larger copper porphyry cluster.

Two contiguous landholdings were secured:

1. Potential extension to the Cortadera mineral resource through a two-year Option Agreement with Chilean copper major Antofagasta Minerals S.A. (AMSA) to acquire a 100% interest, and
2. Additional land adjoining the AMSA landholding was secured 100% through successful bidding at a government-run, public auction for the Huasco region of Chile.

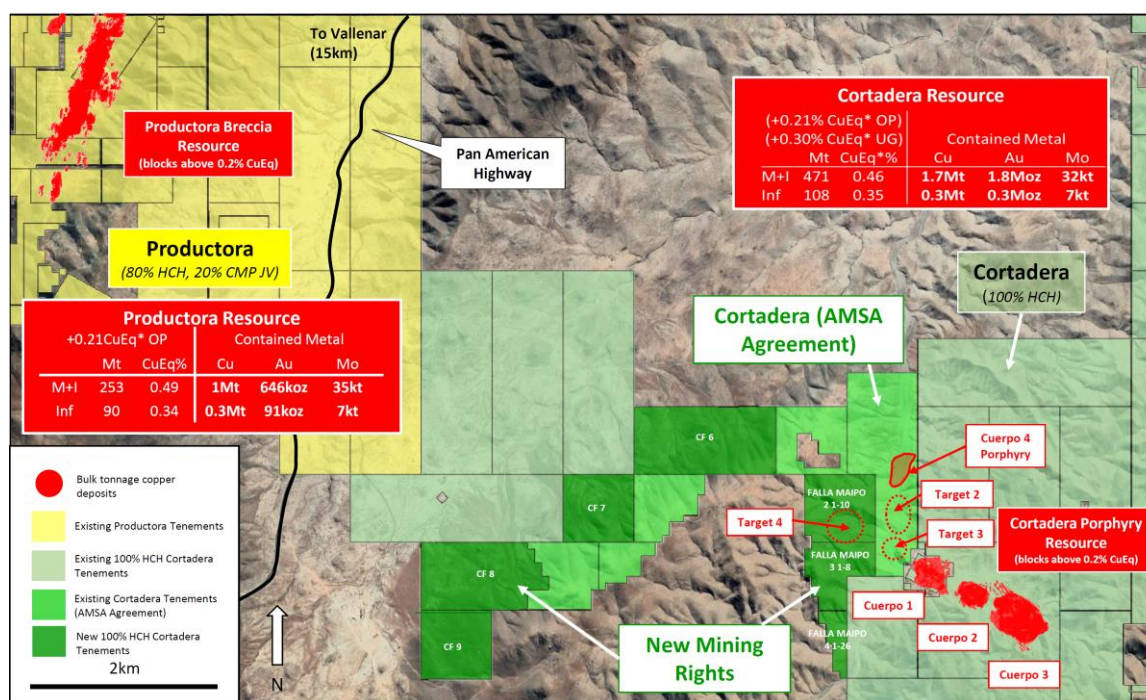


Figure 1. Plan showing additional mining rights secured through successful consolidation (AMSA agreement and government auction) during the quarter. For disclosure of the mineral resources by category, please see Tables 4 and 5 below.

Within the combined newly optioned landholdings, Hot Chili has identified four new large porphyry copper-gold targets adjacent to the existing Cortadera mineral resource (Cuerpo 1, 2 and 3), and added significant prospective strike length across two mineralised trends.

Importantly, AMSA's five mining rights contain a large outcropping mineralised porphyry (Cuerpo 4 - 700m in strike length by 300m in width) with similar dimensions to Cortadera's main copper-gold porphyry deposit (Cuerpo 3).

2 Review of Operations (Cont'd)

In 2005, AMSA intersected significant copper-gold-molybdenum mineralisation at Cuerpo 4 in four of five shallow Reverse Circulation (RC) drill holes completed, including COR-03¹ which recorded 128m grading 0.5% CuEq (0.4% Cu & 0.1g/t Au) from 28m downhole depth, including 16m grading 1.3% CuEq (1% Cu & 0.5g/t Au) from 28m (as announced on 28th November 2022).

The historical drilling across Cuerpo 4 clearly demonstrates open pit mineral resource growth potential, given the shallow nature of copper-gold-molybdenum mineralisation, and near-surface, copper-gold enrichment.

A 10,000m drill programme commenced on January 11th, 2023, testing the four porphyry copper-gold targets within the recently secured western extension to Cortadera.

Updated Development and Mineral Resource Growth Timeline

Following the recent successful consolidation of the potential western extensions to Cortadera, the Company has implemented a pivot toward its next growth phase.

The delivery of the next mineral resource update will include the results of the planned drilling on the AMSA rights and is expected in H2 2023.

The Company has paused the combined Costa Fuego Pre-feasibility Study (PFS) until the impact of mineral resource growth potential at Cortadera can be assessed. The PFS and Environmental Impact Assessment (EIA) studies are well advanced at this time, however, only critical PFS workstreams will be continued to secure long-lead time items (environmental and social) and key value additions (metallurgical).

A Preliminary Economic Assessment (PEA) of the combined Costa Fuego project at the current 20Mtpa sulphide concentrator study scale is now planned to be delivered in H1 2023. The Company's decision to defer the PFS ensures that future expenditure relating to the PFS can be optimised for infrastructure location and allows the results of the ongoing drilling programme to be incorporated into the PFS.

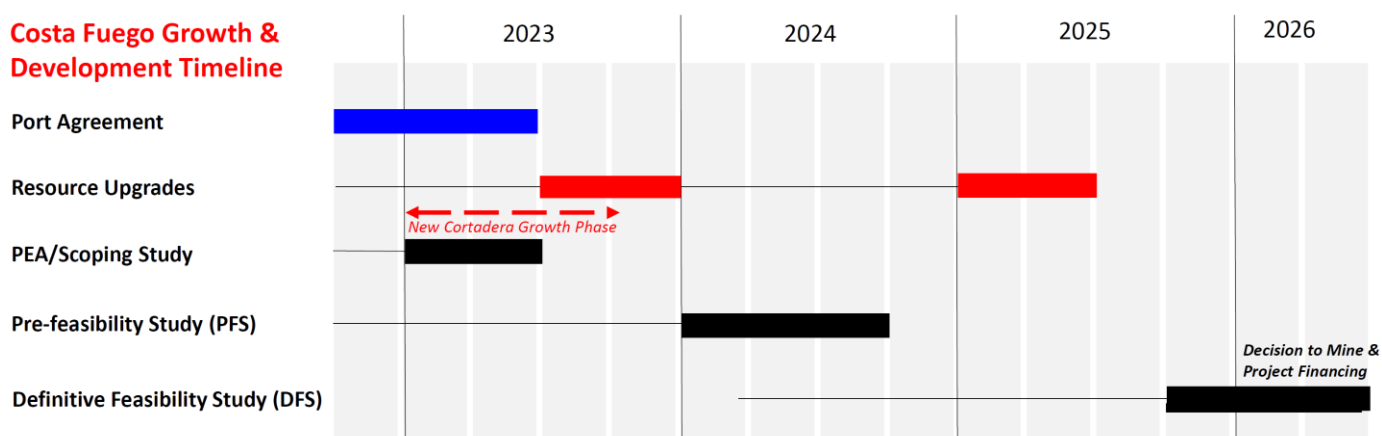


Figure 3 Costa Fuego Growth and Development Timetable

2 Review of Operations (Cont'd)

Electrical Connection Secured for Costa Fuego

In August 2022, Chile's Central Authority Electrical Regulator approved Hot Chili's application for connection to the Maitencillo sub-electrical power station, located 17 km from the centre of its Costa Fuego copper development in Chile.

Connection to Maitencillo is a key step forward for the development of Costa Fuego, providing access to Chile's national energy grid and its multiple renewable energy providers and represents a significant de-risking event for the potential future development of Costa Fuego.

Appointment of Stephen Quin and Board Changes

In December 2022, the Company proposed the appointment of experienced mining executive, Mr Stephen Quin, to the Board of Hot Chili as an independent Non-Executive Director and to also serve on the Company's Audit and Risk, Remuneration and ESG and Nomination Committees.

Mr Quin is a graduate of the Royal School of Mines, London, with a BSc (Honours) in Mining Geology and has 41 years' experience in all stages of the mining industry, from exploration to mine development, operations and closure.

Final appointment is pending receipt of Mr Quin's Australian Director Identification Number as required by Australian law and subject to approval by the TSX Venture Exchange ("TSXV").

In November 2022, the Company announced the departure from the board of independent non-executive directors, Mr George Randall Nickson (who retired on 29 November 2022) and Dr Allan Trench (who resigned on 30 November 2022). Hot Chili expresses its thanks to Mr. Nickson and Mr. Trench for their contribution to the growth of the Company over the years of their tenure.

Access Granted by Chilean Naval Authority to Maritime Concession Land for Costa Fuego

The Company took another important step toward de-risking critical infrastructure for the potential future development of the Costa Fuego Hub during the quarter, confirming that the Chilean Naval Authority have granted Hot Chili access to the physical land of its Maritime Concession for extraction of sea water – 55 kilometres from the proposed location of Costa Fuego's central processing facilities.

Access to the coastal land surrounding the Maritime Concession provides yet another important government approval in the Company's regulatory process for the potential future development of Costa Fuego.

2 Review of Operations (Cont'd)

Table 1 Significant Drill Results Reported in Half Year Ending Dec 31st 2022

Hole_ID	Coordinates			Azim	Dip	Hole Depth	Intersection		Interval (m)	Copper (% Cu)	Gold (g/t Au)	Silver (g/t Ag)	Molybdenum (ppm Mo)	Cu Eq (% Cu Eq)
	North	East	RL				From	To						
MET028 ¹	6822576	322851	790	270	-59	250.1	42	194	152	0.6	0.1	0.2	81	0.6
						<i>Including</i>	46	85	39	1.0	0.1	0.3	31	1.1
							226	250	24	0.8	0.0	0.4	26	0.9
MET025 ²	6820931	323027	884	90	-60	280	23	267	244	0.7	0.2	0.8	144	0.8
						<i>Including</i>	177	248	71	0.8	0.2	0.7	204	1.0
MET026 ³	6822284	323426	816	90	-62	260	101	181	80	0.6	0.2	1.8	211	0.7
						<i>Including</i>	101	124	23	0.9	0.2	5.4	239	1.0
						<i>& Including</i>	135	163	28	0.8	0.2	0.5	342	0.9
MET027 ⁴	6821389	323082	858	90	-62	395	0	15	15	0.3	0.0	0.2	105	0.4
							49	326	277	0.4	0.1	0.4	193	0.5
						<i>Including</i>	49	74	25	0.7	0.1	0.2	127	0.8
						<i>& Including</i>	280	326	46	1.0	0.2	0.6	231	1.1
VAP0004	6823539	342823	946	90	-60	260	163	170	7	1.9	0.0	10.8	2.8	2.0
VAP0007	6823597	342870	942	90	-75	48	46	48	2	1.4	0.0	6.1	3.5	1.5
VAP0009	6823438	342909	947	90	-60	200	27	35	8	5.7	0.1	24.1	1.9	5.9
							46	48	2	1.8	0.0	10.7	1.0	1.9
VAP0011	6823456	342931	947	90	-60	150	4	9	5	0.5	0.0	0.3	2.4	0.5
VALMET-002	6823435	342914	952	90	-60	70.3	27	37	10	5.3	0.0	19.7	2.2	5.4
						or	25	37	12	4.5	0.0	16.5	2.2	4.6
						<i>Including</i>	29	32	3	11.8	0.1	52.6	4.2	12.1
							46	48	2	0.9	0.0	5.6	0.5	1.0
VAP0014	6823505	342957	927	286	-57	150	68	70	2	1.5	0.0	9.3	2.0	1.5

2 Review of Operations (Cont'd)

Table 1 Significant Drill Results Reported in Half Year Ending Dec 31st 2022 (Cont'd)

Hole_ID	Coordinates			Azim	Dip	Hole Depth	Intersection		Interval (m)	Copper (% Cu)	Gold (g/t Au)	Silver (g/t Ag)	Molybdenum (ppm Mo)	Cu Eq (% Cu Eq)
	North	East	RL				From	To						
VAP0015	6823551	342932	910	105	-60	150	0	4	4	0.7	0.0	3.3	1.3	0.8
							24	27	3	1.4	0.0	8.2	0.7	1.5
VAP0016	6823431	342920	945	130	-57	80	28	30	2	1.2	0.0	0.4	5.0	1.2
							41	43	2	0.7	0.0	0.3	3.0	0.7
							45	47	2	1.9	0.0	6.7	1.0	2.0
VAP0017	6823545	342836	947	270	-60	220	179	184	5	1.5	0.0	7.8	0.8	1.5
							179	181	2	3.2	0.0	16.4	1.0	3.3
							189	191	2	0.9	0.0	3.7	0.8	0.9
							196	198	2	1.0	0.0	4.2	1.0	1.0
VAP0027	6823595	342875	934	28	-67	100	46	49	3	1.3	0.0	3.0	1	1.4
VAP0029	6823463	342933	943	265	-64	100	10	16	6	1.3	0.0	0.3	1	1.3
							23	25	2	1.1	0.0	0.8	1	1.1
SAP0042	6819270	342486	1,204	89	-80	150	95	97	2	0.8	0.0	2.5	4.8	0.9
SAP0044	6818761	342438	1,208	240	-60	170	100	104	4	1.7	0.0	3.9	0.5	1.7
						<i>Including</i>	147	150	3	1.2	0.1	4.1	0.3	1.2
SAP0047	6818793	342448	1,213	200	-75	200	146	151	5	1.0	0.0	2.4	1.4	1.0
SAP0048	6818509	342288	1,233	329	-59	100	11	18	7	1.5	0.1	4.8	3.1	1.6
						<i>Including</i>	12	14	2	3.9	0.2	12.9	7.5	4.0
SAP0049	6818601	342317	1,235	15	-60	120	85	88	3	1.3	0.0	3.3	2.0	1.3
SAPMET-001	6818913	342555	1,178	330	-60	165.2	149	150	1	0.8	0.1	0.6	2.8	0.8

2 Review of Operations (Cont'd)

Table 1 Significant Drill Results Reported in Half Year Ending Dec 31st 2022 (Cont'd)

Hole_ID	Coordinates			Azim	Dip	Hole Depth	Intersection		Interval (m)	Copper (% Cu)	Gold (g/t Au)	Silver (g/t Ag)	Molybdenum (ppm Mo)	Cu Eq (% Cu Eq)
	North	East	RL				From	To						
SAPMET-002	6818824	342424	1,211	255	-60	130	54	60	6	1.3	0.0	3.9	1.0	1.3
							74	95	21	1.6	0.0	3.2	1.7	1.6
SAPMET-003	6818628	342432	1,192	321	-61	200	133	146	13	1.3	0.0	3.2	2.2	1.3
						<i>Including</i>	140	142	2	3.5	0.1	7.6	1.0	3.7
							175	177	2	2.0	0.0	3.4	0.7	2.0
SAP0053	6818402	342314	1,267	347	-60	200	115	119	4	1.4	0.2	6.4	18.0	1.6
SAP0054	6818545	342409	1,217	239	-60	162	12	14	2	0.7	0.1	4.1	0.8	0.8
SZP0002	6807370	334541	1,264	280	-60	486	37	40	3	0.0	0.0	5.5	10	0.1
							80	83	3	0.1	0.0	6.3	7	0.1
SZP0003	6807048	333923	1,296	119	-60	420	0	38	38	0.0	0.0	2.9	20	0.0
									<i>Including</i>	24	38	14	0.0	0.0
SZP0004	6806731	334193	1,324	110	61	498	0	30	30	0.0	0.0	4.5	69	0.1
										178	184	6	0.1	0.0

Significant intercepts are calculated above a nominal cut-off grade of 0.1% Cu. Where appropriate, significant intersections may contain up to 30m down-hole distance of internal dilution (less than 0.1% Cu). Significant intersections are separated where internal dilution is greater than 30m down-hole distance. The selection of 0.1% Cu for intersection cut-off grade above is selected on the basis of exploration significance and is not meant to represent potential marginal economic cut-off grade for bulk tonnage polymetallic copper deposits of similar grade in Chile and elsewhere in the world.

Down-hole significant intercept widths are estimated to be at or around true-widths of mineralisation

* Copper Equivalent (CuEq) reported for the drillhole intersections were calculated using the following formula: $CuEq\% = ((Cu\% \times Cu \text{ price } 1\% \text{ per tonne} \times Cu_recovery) + (Mo \text{ ppm} \times Mo \text{ price per g/t} \times Mo_recovery) + (Au \text{ ppm} \times Au \text{ price per g/t} \times Au_recovery) + (Ag \text{ ppm} \times Ag \text{ price per g/t} \times Ag_recovery)) / (Cu \text{ price } 1\% \text{ per tonne} \times Cu_recovery)$. The Metal Prices applied in the calculation were: Cu=3.00 USD/lb, Au=1,700 USD/oz, Mo=14 USD/lb, and Ag=20 USD/oz. The entirety of the intersection is assumed as fresh. The recovery and copper equivalent formula for each deposit is:

- Cortadera – Recoveries of 83% Cu, 56% Au, 83% Mo and 37% Ag. $CuEq(\%) = Cu(\%) + 0.56 \times Au(g/t) + 0.00046 \times Mo(ppm) + 0.0043 \times Ag(g/t)$
- Productora – Recoveries of 84% Cu, 47% Au, 47% Mo and 0% Ag (not reported). $CuEq(\%) = Cu(\%) + 0.48 \times Au(g/t) + 0.00026 \times Mo(ppm)$
- San Antonio and Valentina – Recoveries of 88% Cu, 72% Au, 88% Mo and 69% Ag. $CuEq(\%) = Cu(\%) + 0.68 \times Au(g/t) + 0.00047 \times Mo(ppm) + 0.0076 \times Ag(g/t)$

^{1,2,3,4} Drillholes previously reported only metallurgical samples (see 'New High-Grade Results from Costa Fuego' dated 19th July 2022. Subsequent entire drillhole analysis then completed

3 Tenement Schedule

Table 2. Current Tenement (Patente) Holdings in Chile as at 31 December 2022

Cortadera Landholding

License ID	HCH % Held	HCH % Earning	Area (ha)	Agreement Type & %
MAGDALENITA 1/20	100% Frontera SpA		100	
ATACAMITA 1/82	100% Frontera SpA		82	
AMALIA 942 A 1/6	100% Frontera SpA		53	
PAULINA 10 B 1/16	100% Frontera SpA		136	
PAULINA 11 B 1/30	100% Frontera SpA		249	
PAULINA 12 B 1/30	100% Frontera SpA		294	
PAULINA 13 B 1/30	100% Frontera SpA		264	
PAULINA 14 B 1/30	100% Frontera SpA		265	
PAULINA 15 B 1/30	100% Frontera SpA		200	
PAULINA 22 A 1/30	100% Frontera SpA		300	
PAULINA 24 1/24	100% Frontera SpA		183	
PAULINA 25 A 1/19	100% Frontera SpA		156	
PAULINA 26 A 1/30	100% Frontera SpA		294	
PAULINA 27A 1/30	100% Frontera SpA		300	
CORTADERA 1 1/200	100% Frontera SpA		200	
CORTADERA 2 1/200	100% Frontera SpA		200	
CORTADERA 41	100% Frontera SpA		1	
CORTADERA 42	100% Frontera SpA		1	
LAS CANAS 16	100% Frontera SpA		1	
LAS CANAS 1/15	100% Frontera SpA		146	
CORTADERA 1/40	100% Frontera SpA		374	
LAS CANAS ESTE 2003 1/30	100% Frontera SpA		300	
CORROTEO 1 1/260	100% Frontera SpA		260	
CORROTEO 5 1/261	100% Frontera SpA		261	
ROMERO 1 al 31	100% Frontera SpA		31	
PURISIMA	100% Frontera SpA		20	

3 Tenement Schedule (Cont'd)

Table 2. Current Tenement (Patente) Holdings in Chile as at 31 December 2022 (Cont'd)

Productora Landholding

License ID	HCH % Held	HCH % Earning	Area (ha)	Agreement Type & %
FRAN 1, 1-60	80% SMEA SpA		220	
FRAN 2, 1-20	80% SMEA SpA		100	
FRAN 3, 1-20	80% SMEA SpA		100	
FRAN 4, 1-20	80% SMEA SpA		100	
FRAN 5, 1-20	80% SMEA SpA		100	
FRAN 6, 1-26	80% SMEA SpA		130	
FRAN 7, 1-37	80% SMEA SpA		176	
FRAN 8, 1-30	80% SMEA SpA		120	
FRAN 12, 1-40	80% SMEA SpA		200	
FRAN 13, 1-40	80% SMEA SpA		200	
FRAN 14, 1-40	80% SMEA SpA		200	
FRAN 15, 1-60	80% SMEA SpA		300	
FRAN 18, 1-60	80% SMEA SpA		273	
FRAN 21, 1-46	80% SMEA SpA		226	
ALGA 7A, 1-32	80% SMEA SpA		89	
ALGA VI, 5-24	80% SMEA SpA		66	
MONTOSA 1-4	80% SMEA SpA		35	
CHICA	80% SMEA SpA		1	
ESPERANZA 1-5	80% SMEA SpA		11	
LEONA 2A 1-4	80% SMEA SpA		10	
CARMEN I, 1-50	80% SMEA SpA		222	
CARMEN II, 1-60	80% SMEA SpA		274	
ZAPA 1, 1-10	80% SMEA SpA		100	
ZAPA 3, 1-23	80% SMEA SpA		92	
ZAPA 5A, 1-16	80% SMEA SpA		80	
ZAPA 7, 1-24	80% SMEA SpA		120	
CABRITO, CABRITO 1-9	80% SMEA SpA		50	
CUENCA A, 1-51	80% SMEA SpA		255	
CUENCA B, 1-28	80% SMEA SpA		139	
CUENCA C, 1-51	80% SMEA SpA		255	
CUENCA D	80% SMEA SpA		3	
CUENCA E	80% SMEA SpA		1	
CHOAPA 1-10	80% SMEA SpA		50	
ELQUI 1-14	80% SMEA SpA		61	
LIMARÍ 1-15	80% SMEA SpA		66	
LOA 1-6	80% SMEA SpA		30	
MAIPO 1-10	80% SMEA SpA		50	
TOLTÉN 1-14	80% SMEA SpA		70	
CACHIYUYITO 1, 1-20	80% SMEA SpA		100	
CACHIYUYITO 2, 1-60	80% SMEA SpA		300	
CACHIYUYITO 3, 1-60	80% SMEA SpA		300	

3 Tenement Schedule (Cont'd)

Table 2. Current Tenement (Patente) Holdings in Chile as at 31 December 2022 (Cont'd)

Productora Landholding (Cont'd)

License ID	HCH % Held	HCH % Earning	Area (ha)	Agreement Type & %
LA PRODUCTORA 1-16	80% SMEA SpA		75	
ORO INDIO 1A, 1-20	80% SMEA SpA		82	
AURO HUASCO I, 1-8	80% SMEA SpA		35	
URANIO, 1-70	0%	0%	350	25-year Lease Agreement
JULI 9, 1-60	80% SMEA SpA		300	
JULI 10, 1-60	80% SMEA SpA		300	
JULI 11 1/60	80% SMEA SpA		300	
JULI 12 1/42	80% SMEA SpA		210	
JULI 13 1/20	80% SMEA SpA		100	
JULI 14 1/50	80% SMEA SpA		250	
JULI 15 1/55	80% SMEA SpA		275	
JULI 16, 1-60	80% SMEA SpA		300	
JULI 17, 1-20	80% SMEA SpA		100	
JULI 19	80% SMEA SpA		300	
JULI 20	80% SMEA SpA		300	
JULI 21 1/60	80% SMEA SpA		300	
JULI 22	80% SMEA SpA		300	
JULI 23 1/60	80% SMEA SpA		300	
JULI 24, 1-60	80% SMEA SpA		300	
JULI 25	80% SMEA SpA		300	
JULI 27 1/30	80% SMEA SpA		150	
JULI 27 B 1/10	80% SMEA SpA		50	
JULI 28 1/60	80% SMEA SpA		300	
JULIETA 5	80% SMEA SpA		200	
JULIETA 6	80% SMEA SpA		200	
JULIETA 7	80% SMEA SpA		100	
JULIETA 8	80% SMEA SpA		100	
JULIETA 9	80% SMEA SpA		100	
JULIETA 10 1/60	80% SMEA SpA		300	
JULIETA 11	80% SMEA SpA		300	
JULIETA 12	80% SMEA SpA		300	
JULIETA 13, 1-60	80% SMEA SpA		298	
JULIETA 14, 1-60	80% SMEA SpA		269	
JULIETA 15, 1-40	80% SMEA SpA		200	
JULIETA 16	80% SMEA SpA		200	
JULIETA 17	80% SMEA SpA		200	
JULIETA 18, 1-40	80% SMEA SpA		200	
ARENA 1 1-6	80% SMEA SpA		40	
ARENA 2 1-17	80% SMEA SpA		113	
ZAPA 1 – 6	80% SMEA SpA		6	
JULIETA 1 a1 4	80% SMEA SpA		4	

3 Tenement Schedule (Cont'd)

Table 2. Current Tenement (Patente) Holdings in Chile as at 31 December 2022 (Cont'd)

El Fuego Landholding

Licence ID	HCH % Held	HCH % Earning	Area (ha)	Agreement Type & %
Santiago 21 al 36		90% Frontera SpA	76	90% (HCH) Option Agreement USD 300,000 already paid. USD 300,000 by September 7 th , 2023. USD 6,600,000 by September 7 th , 2024.
Santiago 37 al 43		90% Frontera SpA	26	
Santiago A, 1 al 26		90% Frontera SpA	236	
Santiago B, 1 al 20		90% Frontera SpA	200	
Santiago C, 1 al 30		90% Frontera SpA	300	
Santiago D, 1 al 30		90% Frontera SpA	300	
Santiago E, 1 al 30		90% Frontera SpA	300	
Prima Uno		90% Frontera SpA	1	
Prima Dos		90% Frontera SpA	2	
Santiago 15 al 19		90% Frontera SpA	25	
San Antonio 1 al 5		90% Frontera SpA	25	
Santiago 1 AL 14 Y 20		90% Frontera SpA	75	
Mercedes 1 al 3		90% Frontera SpA	50	
Porfiada A		90% Frontera SpA	200	
Porfiada B		90% Frontera SpA	300	
Porfiada C		90% Frontera SpA	300	
Porfiada D		90% Frontera SpA	300	
Porfiada E		90% Frontera SpA	300	
Porfiada F		90% Frontera SpA	300	
Porfiada G		90% Frontera SpA	200	
Porfiada VII		90% Frontera SpA	300	
Porfiada VIII		90% Frontera SpA	300	
Porfiada IX		90% Frontera SpA	300	
Porfiada X		90% Frontera SpA	200	
Kreta 1-4		90% Frontera SpA	16	
Mary 1-22		90% Frontera SpA	64	
CORTADERA 1	100% Frontera SpA		200	
CORTADERA 2	100% Frontera SpA		200	
CORTADERA 3	100% Frontera SpA		200	
CORTADERA 4	100% Frontera SpA		200	
CORTADERA 5	100% Frontera SpA		200	
CORTADERA 6	100% Frontera SpA		300	
CORTADERA 7, 1-20	100% Frontera SpA		100	
SAN ANTONIO 1	100% Frontera SpA		200	
SAN ANTONIO 2	100% Frontera SpA		200	
SAN ANTONIO 3	100% Frontera SpA		300	
SAN ANTONIO 4	100% Frontera SpA		300	
SAN ANTONIO 5	100% Frontera SpA		300	
DORO 1	100% Frontera SpA		200	
DORO 2	100% Frontera SpA		200	
DORO 3	100% Frontera SpA		300	

3 Tenement Schedule (Cont'd)

Table 2. Current Tenement (Patente) Holdings in Chile as at 31 December 2022 (Cont'd)

El Fuego Landholding (Cont'd)

Licence ID	HCH % Held	HCH % Earning	Area (ha)	Agreement Type & %
SANTIAGO Z		100% Frontera SpA	300	100% (HCH) Option Agreement USD 600,000 by January 22nd, 2024. NSR 1.5%
Porfiada I		100% Frontera SpA	300	
Porfiada II		100% Frontera SpA	300	
Porfiada III		100% Frontera SpA	300	
Porfiada IV		100% Frontera SpA	300	
Porfiada V		100% Frontera SpA	200	
Porfiada VI		100% Frontera SpA	100	
SAN JUAN SUR 1/5		90% Frontera SpA	10	90% (HCH) Option Agreement USD 150,000 by June 1st, 2023. USD 4,000,000 by June 1st, 2024.
SAN JUAN SUR 6/23		90% Frontera SpA	90	
CHILIS 1	100% Frontera SpA		200	
CHILIS 2	100% Frontera SpA		200	
CHILIS 3	100% Frontera SpA		100	
CHILIS 4	100% Frontera SpA		200	
CHILIS 5	100% Frontera SpA		200	
CHILIS 6	100% Frontera SpA		200	
CHILIS 7	100% Frontera SpA		200	
CHILIS 8	100% Frontera SpA		200	
CHILIS 9	100% Frontera SpA		300	
CHILIS 10	100% Frontera SpA		200	
CHILIS 11	100% Frontera SpA		200	
CHILIS 12	100% Frontera SpA		300	
CHILIS 13	100% Frontera SpA		300	
CHILIS 14	100% Frontera SpA		300	
CHILIS 15	100% Frontera SpA		300	
CHILIS 16	100% Frontera SpA		300	
CHILIS 17	100% Frontera SpA		300	
CHILIS 18	100% Frontera SpA		300	
SOLAR 1	100% Frontera SpA		300	
SOLAR 2	100% Frontera SpA		300	
SOLAR 3	100% Frontera SpA		300	
SOLAR 4	100% Frontera SpA		300	
SOLAR 5	100% Frontera SpA		300	
SOLAR 6	100% Frontera SpA		300	
SOLAR 7	100% Frontera SpA		300	
SOLAR 8	100% Frontera SpA		300	
SOLAR 9	100% Frontera SpA		300	
SOLAR 10	100% Frontera SpA		300	
SOLEDAD 1	100% Frontera SpA		300	
SOLEDAD 2	100% Frontera SpA		300	

3 Tenement Schedule (Cont'd)

Table 2. Current Tenement (Patente) Holdings in Chile as at 31 December 2022 (Cont'd)

El Fuego Landholding (Cont'd)

Licence ID	HCH % Held	HCH % Earning	Area (ha)	Agreement Type & %
SOLEDAD 3	100% Frontera SpA		300	
SOLEDAD 4	100% Frontera SpA		300	
CF 1	100% Frontera SpA		300	
CF 2	100% Frontera SpA		300	
CF 3	100% Frontera SpA		300	
CF 4	100% Frontera SpA		300	
CF 5	100% Frontera SpA		300	
Chapulín Colorado	100% Frontera SpA		3	
Doña Felipa 1 al 10	100% Frontera SpA		50	
Elenor Rigby 1 al 10	100% Frontera SpA		100	
Peggy Sue 1 al 10	100% Frontera SpA		100	
CF 6	100% Frontera SpA		200	
CF 7	100% Frontera SpA		100	
CF 8	100% Frontera SpA		200	
CF 9	100% Frontera SpA		100	
MARI 1	100% Frontera SpA		300	
MARI 6	100% Frontera SpA		300	
MARI 8	100% Frontera SpA		300	
FALLA MAIPO 2 1/10	100% Frontera SpA		99	
FALLA MAIPO 3 1/8	100% Frontera SpA		72	
FALLA MAIPO 4 1/26	100% Frontera SpA		26	
ARBOLEDA 7 1/25	Option AMSA	100%	234	100% (HCH) Option Agreement 6,000m drilling commitment USD 1,500,000 to exercise AMSA Buy-back right of 55% within 120 days of exercise.
NAVARRO 1 41/60	Option AMSA	100%	81	
NAVARRO 2 21/37	Option AMSA	100%	78	
MONICA 21/40	Option AMSA	100%	85	
MONICA 41/52	Option AMSA	100%	39	

4 Qualifying Statements

The Mineral Resource summary for the Costa Fuego Project is presented in Table 3. Tables 4 to 6 present the individual deposits that combine to form the Costa Fuego Project.

Table 3. Costa Fuego Copper-Gold Project Mineral Resource Estimate, March 2022

Costa Fuego OP Resource		Grade					Contained Metal				
Classification	Tonnes	CuEq	Cu	Au	Ag	Mo	Copper Eq	Copper	Gold	Silver	Molybdenum
(+0.21% CuEq*)	(Mt)	(%)	(%)	(g/t)	(g/t)	(ppm)	(tonnes)	(tonnes)	(ounces)	(ounces)	(tonnes)
Indicated	576	0.46	0.37	0.10	0.37	91	2,658,000	2,145,000	1,929,000	6,808,000	52,200
M+I Total	576	0.46	0.37	0.10	0.37	91	2,658,000	2,145,000	1,929,000	6,808,000	52,200
Inferred	147	0.35	0.30	0.05	0.23	68	520,000	436,000	220,000	1,062,000	10,000

Costa Fuego UG Resource		Grade					Contained Metal				
Classification	Tonnes	CuEq	Cu	Au	Ag	Mo	Copper Eq	Copper	Gold	Silver	Molybdenum
(+0.30% CuEq*)	(Mt)	(%)	(%)	(g/t)	(g/t)	(ppm)	(tonnes)	(tonnes)	(ounces)	(ounces)	(tonnes)
Indicated	148	0.51	0.39	0.12	0.78	102	750,000	578,000	559,000	3,702,000	15,000
M+I Total	148	0.51	0.39	0.12	0.78	102	750,000	578,000	559,000	3,702,000	15,000
Inferred	56	0.38	0.30	0.08	0.54	61	211,000	170,000	139,000	971,000	3,400

Costa Fuego Total Resource		Grade					Contained Metal				
Classification	Tonnes	CuEq	Cu	Au	Ag	Mo	Copper Eq	Copper	Gold	Silver	Molybdenum
(+0.21% CuEq*)	(Mt)	(%)	(%)	(g/t)	(g/t)	(ppm)	(tonnes)	(tonnes)	(ounces)	(ounces)	(tonnes)
Indicated	725	0.47	0.38	0.11	0.45	93	3,408,000	2,755,000	2,564,000	10,489,000	67,400
M+I Total	725	0.47	0.38	0.11	0.45	93	3,408,000	2,755,000	2,564,000	10,489,000	67,400
Inferred	202	0.36	0.30	0.06	0.31	66	731,000	605,000	359,000	2,032,000	13,400

Refer to ASX Announcement "Hot Chili Delivers Next Level of Growth" (31st March 2022) for JORC Code Table 1 information related to the Costa Fuego JORC-compliant Mineral Resource Estimate (MRE) by Competent Person Elizabeth Haren, constituting the MREs of Cortadera, Productora and San Antonio (which combine to form Costa Fuego).

* Copper Equivalent (CuEq) reported for the mineral resource were calculated using the following formula: $CuEq\% = ((Cu\% \times Cu\ price\ 1\% \text{ per tonne} \times Cu_recovery) + (Mo\ ppm \times Mo\ price\ per\ g/t \times Mo_recovery) + (Au\ ppm \times Au\ price\ per\ g/t \times Au_recovery) + (Ag\ ppm \times Ag\ price\ per\ g/t \times Ag_recovery)) / (Cu\ price\ 1\% \text{ per tonne} \times Cu_recovery)$.

The Metal Prices applied in the CuEq calculation were: Cu=3.00 USD/lb, Au=1,700 USD/oz, Mo=14 USD/lb, and Ag=20 USD/oz. Metallurgical recovery averages for each deposit consider Indicated + Inferred material and are weighted to combine sulphide flotation and oxide leaching performance. The recovery and copper equivalent formula for each deposit is:

Cortadera and San Antonio – Weighted recoveries of 82% Cu, 55% Au, 82% Mo and 37% Ag.
 $CuEq(\%) = Cu(\%) + 0.56 \times Au(g/t) + 0.00046 \times Mo(ppm) + 0.0043 \times Ag(g/t)$

Productora – Weighted recoveries of 84% Cu, 47% Au, 47% Mo and 0% Ag (not reported)
 $CuEq(\%) = Cu(\%) + 0.46 \times Au(g/t) + 0.00026 \times Mo(ppm)$

Costa Fuego – Weighted recoveries of 83% Cu, 53% Au, 69% Mo and 23% Ag
 $CuEq(\%) = Cu(\%) + 0.52 \times Au(g/t) + 0.00039 \times Mo(ppm) + 0.0027 \times Ag(g/t)$

** Reported on a 100% Basis - combining Mineral Resource Estimates for the Cortadera, Productora and San Antonio deposits. Figures are rounded, reported to appropriate significant figures, and reported in accordance with the JORC Code, CIM and NI 43-101. Metal rounded to nearest thousand, or if less, to the nearest hundred. See Section 3 Tenement Schedule for Hot Chili ownership.

Total Mineral Resource reported at +0.21% CuEq for open pit and +0.30% CuEq for underground.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

These mineral resource estimates include inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. It is reasonably expected that the majority of inferred mineral resources could be upgraded to measured or indicated mineral resource with continued exploration.

4 Qualifying Statements (Cont'd)

Table 4. Productora Deposit Mineral Resource Estimate, March 2022

Productora Total Resource		Grade					Contained Metal				
Classification	Tonnes	CuEq	Cu	Au	Ag	Mo	Copper Eq	Copper	Gold	Silver	Molybdenum
(+0.21% CuEq*)	(Mt)	(%)	(%)	(g/t)	(g/t)	(ppm)	(tonnes)	(tonnes)	(ounces)	(ounces)	(tonnes)
Indicated	253	0.49	0.41	0.08		139	1,247,000	1,043,000	646,000		35,100
M+I Total	253	0.49	0.41	0.08		139	1,247,000	1,043,000	646,000		35,100
Inferred	90	0.34	0.29	0.03		75	305,000	259,000	91,000		6,800

* Copper Equivalent (CuEq) reported for the mineral resource were calculated using the following formula: $CuEq\% = ((Cu\% \times Cu\ price\ 1\% \text{ per tonne} \times Cu_recovery) + (Mo\ ppm \times Mo\ price\ per\ g/t \times Mo_recovery) + (Au\ ppm \times Au\ price\ per\ g/t \times Au_recovery) + (Ag\ ppm \times Ag\ price\ per\ g/t \times Ag_recovery)) / (Cu\ price\ 1\% \text{ per tonne} \times Cu_recovery)$.

The Metal Prices applied in the CuEq calculation were: Cu=3.00 USD/lb, Au=1,700 USD/oz, Mo=14 USD/lb, and Ag=20 USD/oz. Metallurgical recovery averages for each deposit consider Indicated + Inferred material and are weighted to combine sulphide flotation and oxide leaching performance. The recovery and copper equivalent formula for each deposit is:

Productora – Weighted recoveries of 84% Cu, 47% Au, 47% Mo and 0% Ag (not reported)

$CuEq(\%) = Cu(\%) + 0.46 \times Au(g/t) + 0.00026 \times Mo(ppm)$

** Reported on a 100% Basis – combining Mineral Resource Estimates for the Cortadera, Productora and San Antonio deposits. Figures are rounded, reported to appropriate significant figures, and reported in accordance with the JORC Code, CIM and NI 43-101. Metal rounded to nearest thousand, or if less, to the nearest hundred. See Section 3 Tenement Schedule for Hot Chili ownership.

Total Resource reported at +0.21% CuEq for open pit

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

These mineral resource estimates include inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. It is reasonably expected that the majority of inferred mineral resources could be upgraded to measured or indicated mineral resource with continued exploration.

4 Qualifying Statements (Cont'd)

Table 5. Cortadera Deposit Mineral Resource Estimate, March 2022

Cortadera OP Resource		Grade					Contained Metal				
Classification	Tonnes	CuEq	Cu	Au	Ag	Mo	Copper Eq	Copper	Gold	Silver	Molybdenum
(+0.21% CuEq*)	(Mt)	(%)	(%)	(g/t)	(g/t)	(ppm)	(tonnes)	(tonnes)	(ounces)	(ounces)	(tonnes)
Indicated	323	0.44	0.34	0.12	0.66	53	1,411,000	1,102,000	1,284,000	6,808,000	17,100
M+I Total	323	0.44	0.34	0.12	0.66	53	1,411,000	1,102,000	1,284,000	6,808,000	17,100
Inferred	53	0.32	0.25	0.08	0.46	62	168,000	132,000	135,000	778,000	3,300

Cortadera UG Resource		Grade					Contained Metal				
Classification	Tonnes	CuEq	Cu	Au	Ag	Mo	Copper Eq	Copper	Gold	Silver	Molybdenum
(+0.30% CuEq*)	(Mt)	(%)	(%)	(g/t)	(g/t)	(ppm)	(tonnes)	(tonnes)	(ounces)	(ounces)	(tonnes)
Indicated	148	0.51	0.39	0.12	0.78	102	750,000	578,000	559,000	3,702,000	15,000
M+I Total	148	0.51	0.39	0.12	0.78	102	750,000	578,000	559,000	3,702,000	15,000
Inferred	56	0.38	0.30	0.08	0.54	61	211,000	170,000	139,000	971,000	3,400

Cortadera Total Resource		Grade					Contained Metal				
Classification	Tonnes	CuEq	Cu	Au	Ag	Mo	Copper Eq	Copper	Gold	Silver	Molybdenum
	(Mt)	(%)	(%)	(g/t)	(g/t)	(ppm)	(tonnes)	(tonnes)	(ounces)	(ounces)	(tonnes)
Indicated	471	0.46	0.36	0.12	0.69	68	2,161,000	1,680,000	1,843,000	10,509,000	32,200
M+I Total	471	0.46	0.36	0.12	0.69	68	2,161,000	1,680,000	1,843,000	10,509,000	32,200
Inferred	108	0.35	0.28	0.08	0.50	62	379,000	301,000	274,000	1,749,000	6,700

Refer to ASX Announcement "Hot Chili Delivers Next Level of Growth" (31st March 2022) for JORC Code Table 1 information related to the Costa Fuego JORC-compliant Mineral Resource Estimate (MRE) by Competent Person Elizabeth Haren, constituting the MREs of Cortadera, Productora and San Antonio (which combine to form Costa Fuego).

* Copper Equivalent (CuEq) reported for the mineral resource were calculated using the following formula: $CuEq\% = ((Cu\% \times Cu\ price\ 1\% \text{ per tonne} \times Cu_recovery) + (Mo\ ppm \times Mo\ price\ per\ g/t \times Mo_recovery) + (Au\ ppm \times Au\ price\ per\ g/t \times Au_recovery) + (Ag\ ppm \times Ag\ price\ per\ g/t \times Ag_recovery)) / (Cu\ price\ 1\% \text{ per tonne} \times Cu_recovery)$.

The Metal Prices applied in the CuEq calculation were: Cu=3.00 USD/lb, Au=1,700 USD/oz, Mo=14 USD/lb, and Ag=20 USD/oz. Metallurgical recovery averages for each deposit consider Indicated + Inferred material and are weighted to combine sulphide flotation and oxide leaching performance. The recovery and copper equivalent formula for each deposit is:

Cortadera – Weighted recoveries of 82% Cu, 55% Au, 82% Mo and 37% Ag.
 $CuEq(\%) = Cu(\%) + 0.56 \times Au(g/t) + 0.00046 \times Mo(ppm) + 0.0043 \times Ag(g/t)$

** Reported on a 100% Basis - combining Mineral Resource Estimates for the Cortadera, Productora and San Antonio deposits. Figures are rounded, reported to appropriate significant figures, and reported in accordance with the JORC Code, CIM and NI 43-101. Metal rounded to nearest thousand, or if less, to the nearest hundred. See Section 3 Tenement Schedule for Hot Chili ownership.

Total Resource reported at +0.21% CuEq for open pit and +0.30% CuEq for underground.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

These mineral resource estimates include inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. It is reasonably expected that the majority of inferred mineral resources could be upgraded to measured or indicated mineral resource with continued exploration.

4 Qualifying Statements (Cont'd)

Table 6. San Antonio Deposit Mineral Resource Estimate, March 2022

San Antonio Total Resource		Grade					Contained Metal				
Classification	Tonnes	CuEq	Cu	Au	Ag	Mo	Copper Eq	Copper	Gold	Silver	Molybdenum
(+0.21% CuEq*)	(Mt)	(%)	(%)	(g/t)	(g/t)	(ppm)	(tonnes)	(tonnes)	(ounces)	(ounces)	(tonnes)
Inferred	4.2	1.2	1.1	0.01	2.1	1.5	48,100	47,400	2,000	287,400	6

* Copper Equivalent (CuEq) reported for the mineral resource were calculated using the following formula: $CuEq\% = ((Cu\% \times Cu \text{ price } 1\% \text{ per tonne} \times Cu_recovery) + (Mo \text{ ppm} \times Mo \text{ price per g/t} \times Mo_recovery) + (Au \text{ ppm} \times Au \text{ price per g/t} \times Au_recovery) + (Ag \text{ ppm} \times Ag \text{ price per g/t} \times Ag_recovery)) / (Cu \text{ price } 1\% \text{ per tonne} \times Cu_recovery)$.

The Metal Prices applied in the CuEq calculation were: Cu=3.00 USD/lb, Au=1,700 USD/oz, Mo=14 USD/lb, and Ag=20 USD/oz. Metallurgical recovery averages for each deposit consider Indicated + Inferred material and are weighted to combine sulphide flotation and oxide leaching performance. The recovery and copper equivalent formula for each deposit is:

San Antonio – Weighted recoveries of 82% Cu, 55% Au, 82% Mo and 37% Ag.

$CuEq(\%) = Cu(\%) + 0.56 \times Au(g/t) + 0.00046 \times Mo(ppm) + 0.0043 \times Ag(g/t)$

** Reported on a 100% Basis - combining Mineral Resource Estimates for the Cortadera, Productora and San Antonio deposits. Figures are rounded, reported to appropriate significant figures, and reported in accordance with the JORC Code, CIM and NI 43-101. Metal rounded to nearest thousand, or if less, to the nearest hundred. See Section 3 Tenement Schedule for Hot Chili ownership.

Total Mineral Resource reported at +0.21% CuEq for open pit

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

These mineral resource estimates include inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. It is reasonably expected that the majority of inferred mineral resources could be upgraded to measured or indicated mineral resource with continued exploration.

Competent Person's Statement - Exploration Results

Exploration information in this Report is based upon work compiled 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, which is relevant to the style of mineralisation and types of deposits under consideration and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves' and is a qualified person for the purposes of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*. 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- Costa Fuego Mineral Resources

The information in this report that relates to Mineral Resources for Cortadera, Productora and San Antonio which constitute the combined Costa Fuego Project is based on information compiled by Ms Elizabeth Haren, a Competent Person who is a Member and Chartered Professional of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Ms Haren is a full-time employee of Haren Consulting Pty Ltd and an independent consultant to Hot Chili. Ms Haren has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves' and is a qualified person for the purposes of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*. Ms Haren consents to the inclusion in the report of the matters based on her information in the form and context in which it appears. For further information on the Costa Fuego Project, refer to the technical report titled "NI 43-101 Resource Report for the Costa Fuego Copper Project Located in Atacama, Chile", dated May 13, 2022 with an effective date of March 31, 2022, which is available for review on SEDAR (www.sedar.com) under Hot Chili's issuer profile.

Scientific and Technical Information

The scientific and technical information contained in this document was reviewed and approved by Ms Kirsty Sheerin, a Member of the Australian Institute of Geoscientists, Hot Chili's Resource Development Manager and a qualified person for the purposes of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

Ms Sheerin has undertaken extensive data verification and is satisfied with the exploration, sampling, security, and QA/QC procedures employed by Hot Chili for Costa Fuego and that their results are sufficient to produce data suitable for the purposes described in the technical report titled "NI 43-101 Resource Report for the Costa Fuego Copper Project Located in Atacama, Chile", dated May 13, 2022 with an effective date of March 31, 2022, as well as for public reporting purposes subsequent to the technical report.

4 Qualifying Statements (Cont'd)

Sampling, Analysis and Data Verification

A fixed cone splitter was used to create two nominal 12.5% samples (Sample "A" and "B"), along with the large bulk reject sample. The "A" sample is always taken from the same sampling chute, and comprises the primary sample submitted to the laboratory. The "B" samples were retained for use as the field duplicate sample. The coarse residues were collected into large plastic bags and were retained on the ground near the drillhole collar, generally in rows of 50 bags.

All RC drillhole sampling was executed at two metre intervals for Costa Fuego. Within logged mineralisation zones, the 2-metre sample ("A" sample) was submitted. Outside the main mineralised zones (as determined by the logging geologist), 4-metre composites were created from scoops of 2-metre sample residues over this interval. The composited 4-metre samples were analysed first and, if required, the individual and original 2-metre "A" samples comprising this 4-metre interval were sent for analysis. This ensured that no mineralisation was missed while minimising analytical costs. The same procedure was applied to RC drilling undertaken across Productora, however, drillhole sampling was executed at 1-metre intervals.

At Costa Fuego, the majority of diamond core has had systematic half-core sampled at 2-metre intervals. Half-core was chosen as the preferred sampling method to ensure a representative sample was submitted for analysis, while also retaining half-core for review of lithology and mineralisation, and for further test work as required.

Prior to the cutting and sample process, two additional samples are also taken for Costa Fuego being Density and Geotechnical samples.

- Density samples are selected every 30 metres if the geological conditions allow it and are provided to the laboratory for testwork.
- Geotechnical samples are taken for tests including triaxial (one sample per 250 m) and uniaxial tests (one sample per 50 m).

Once assigned a sample number, individual samples to be sent to ALS laboratories were sealed using a staple gun and accompanied by three identical sample tickets (one stapled to plastic bag to identify any tampering/breakage of seal prior to opening at the laboratory in preparation and another placed in the bag). Any broken staple seals on samples were to be notified by ALS to Hot Chili. No sealed bags were reported as being opened or broken by ALS.

For both RC and diamond samples, sample bags were placed inside larger plastic bags and delivered by a dedicated truck to the ALS analytical laboratory in Coquimbo (Chile) for sample preparation and routine analysis.

Following analysis at ALS, the RC and diamond drilling coarse rejects were returned to site and stored in sequence in plastic bags under shade cloth at Hot Chili's nearby Productora core farm. The laboratory pulps were returned and stored at the Productora core farm where they are stored in organised, dry and safe storage containers.

Hot Chili has strict chain of custody security procedures for all samples sent to and from the analytical laboratories.

The ALS analytical laboratory in Coquimbo (Chile) completed all sample preparation and specific gravity test work, while ALS Santiago (Chile) completed all gold analysis, and ALS Lima (Peru) completed all other multielement analysis for the Cortadera assays used in the mineral resource estimate. Hot Chili has implemented rigorous sample preparation and analytical procedures for both RC and diamond core samples, following consultation with ALS in Chile, to ensure that mineralised assays were reported with a high degree of confidence and a wide range of appropriate commodities were assessed.

Samples have been analysed by certified laboratories in Chile and Lima, Peru by standard analytical techniques including:

- Copper, silver and molybdenum were analysed by 4-acid digestion (Hydrochloric-Nitric- Perchloric-Hydrofluoric) followed by evaluation using Inductively Coupled Plasma - Optical Emission Spectrometry ("ICP-OES") or Atomic Absorption Spectrometry ("AAS");
- Copper results > 10,000 ppm were analysed by "ore grade" method Cu-AA62 (upper limit 40% Cu);
- Samples within the oxide and transitional weathering domains (as determined by geologists' logging) were analysed for "soluble copper" (upper limit 10% Cu) to detect the leachability of copper oxide minerals within these domains; and
- Gold was analysed by 30 or 50 g lead-collection Fire Assay, followed by ICP-OES or AAS.

The verification of input data included the use of company QA/QC blanks and reference material, field and laboratory duplicates, umpire laboratory checks and independent sample and assay verification.

The Qualified Person has assessed the drillhole database validation work and QAQC undertaken by Hot Chili and was satisfied the input data could be relied upon for the estimation of Indicated and Inferred Classified Mineral Resources.

All laboratories used are independent of Hot Chili and the work is performed under a commercial arrangement.

4 Qualifying Statements (Cont'd)

Forward Looking Statements

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

This document contains certain "forward-looking statements" and "forward-looking information" concerning the business, operations and financial performance and condition of Company. Forward-looking statements and forward-looking information include, but are not limited to, statements with respect to permitting and legal processes in relation to mining permitting and approvals; estimated production and mine life of the various mineral projects of the Company; the ability to obtain permits for operations; synergies; the realisation of mineral resource estimates; the benefits of the development potential of the properties of the Company; the future price of minerals, including gold, copper, and silver; the estimation of mineral reserves and resources; success of exploration activities and the specifications, targets, results, analyses, interpretations, benefits, costs and timing of them; and currency exchange rate fluctuations. Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterised by words such as "plan," "expect," "project," "intend," "believe," "anticipate," "estimate" "deliver", "demonstrate", "optimize", "planned", "potential", "prospective", "target" and other similar words, or statements that certain events or conditions "may", "should" or "will" occur. Forward-looking statements are based on the opinions and estimates of the Company at the date the statements are made and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include variations in ore grade or recovery rates, changes in market conditions, risks relating to the availability and timeliness of permitting and governmental approvals; risks relating to international operations, fluctuating metal prices and currency exchange rates, changes in project parameters, the possibility of project cost overruns or unanticipated costs and expenses, labour disputes, the results of the current drill programs and their impact on current mineral resource estimates, whether or not identified exploration targets represent economic deposits, the Company's ability to convert some or all of the inferred mineral resources to higher classifications in the future, the timing and outcomes of the planned mineral resource update, metallurgical studies, PEA and PFS and other risks of the mining industry, failure of plant, equipment or processes to operate as anticipated.

The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail and are cautioned not to place undue reliance on forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this report should not be unduly relied upon. These statements speak only as of the date of this report.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or the Company's estimates or opinions should change except as required by applicable securities laws. Any comparative market information is as of a date prior to the date of this document.

All persons should consider seeking appropriate professional advice in reviewing this document 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 document nor any information contained in this document or subsequently communicated to any person in connection with this document is, or should be taken as, constituting the giving of investment advice to any person.



4 Qualifying Statements (Cont'd)

Note to US Investors

This report has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. The terms “mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined, in and required to be disclosed by, NI 43-101; however, these terms are not defined terms under the US Securities and Exchange Commission’s (SEC) S-K 1300 and are normally not permitted to be used in reports and registration statements filed with the SEC. In addition, the terms “mineral reserve” and “probable mineral reserve” are also defined in accordance with NI43-101 and not S-K 1300. Investors are cautioned not to assume that all or any part of an “indicated mineral resource” or “inferred mineral resource” will ever be upgraded to a higher category or converted into mineral reserves in accordance with S-K 1300. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of “contained ounces” or “contained tonnes” in a mineral resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC S-K 1300 standards as in place tonnage and grade without reference to unit measures. Accordingly, information contained in this Report contain descriptions of the Company’s mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

5 Directors' Report

The Directors of Hot Chili Limited present their report on Hot Chili Limited ("the Company" or "Hot Chili") and the entities it controlled ("consolidated entity" or "the Group") at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons held office as directors of Hot Chili Limited at the date of this report or were directors at any time during the half-year ended 31 December 2022, unless otherwise stated:

Nicole Sheri Adshead-Bell (Independent Non- Executive Chairman)
Christian Easterday (Managing Director)
Roberto de Andraca Adriasola (Non-Executive Director)
Mark Jamieson (Non-Executive Director)
George Randall Nickson (Independent Non- Executive Director) Retired 29 November 2022
Dr Allan Trench (Independent Non-Executive Director) Resigned 30 November 2022

Principal Activities

The principal continuing activity of the consolidated entity is mineral exploration.

Significant Changes in the State of Affairs

There were no significant changes to the state of affairs of the consolidated entity during the half-year or subsequent to the end of the reporting period.

Results of Operations for the Half-Year Ended 31 December 2022

The results of the consolidated entity from continuing operations after providing for income tax and non-controlling interest for the half-year ended 31 December 2022 was a loss of \$1,826,402 (2021: loss of \$5,130,488).

Dividends

No dividends were paid or declared since the end of the previous year ending 30 June 2022. The Directors do not recommend the payment of a dividend.

Rounding of Amounts

The Company is of a kind referred to in *Corporations Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar, unless otherwise indicated.

Review of Operations and Qualifying Statements

Refer to the Review of Operations report in Section 2 and associated Tenement Schedule and Qualifying Statements in Sections 3 and 4.

Auditors' Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, the Directors have obtained a declaration of independence from RSM Australia Partners, the consolidated entity's auditors, which has been included as part of these financial statements.

5 Directors' Report (Cont'd)

This report is made in accordance with a resolution of the Board of Directors, made pursuant to section 306(3)(a) of the *Corporations Act 2001*.

Signed for on behalf of the Board of Directors by:

A handwritten signature in blue ink, appearing to read 'Christian Easterday'.

Christian Easterday
MANAGING DIRECTOR
14 March 2023



RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 92619100

F +61 (0) 8 92619111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Hot Chili Limited for the half-year ended 31 December 2022, 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 review; and
- (ii) Any applicable code of professional conduct in relation to the review.

Rsm
RSM AUSTRALIA PARTNERS

AIK KONG TING
Partner

Perth, WA
Dated: 14 March 2023

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation



RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 92619100
F +61 (0) 8 92619111

www.rsm.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of HOT CHILI LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Hot Chili Limited, which comprises the statement of financial position as at 31 December 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Hot Chili Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of Hot Chili Limited in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 review report.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Directors' responsibility for the interim financial report

The directors of Hot Chili Limited are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A stylized, handwritten signature of the letters 'RSM' in a cursive script.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read 'AIK KONG TING'.

AIK KONG TING
Partner

Perth, WA
Dated: 14 March 2023

8 Directors' Declaration

In the opinion of the directors:

- a) the attached financial statements and notes thereto comply with the *Corporations Act 2001*, accounting standards including Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- b) the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

Signed for on behalf of the Board of Directors by:

A handwritten signature in blue ink, appearing to read 'Christian Easterday'.

Christian Easterday
MANAGING DIRECTOR
14 March 2023

9 Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2022

	Consolidated	
	December 2022	December 2021
	\$	\$
Interest income	106,769	186
Other Income	-	91,420
Depreciation	(66,913)	(3,999)
Convertible notes compliance	(15,444)	(25,500)
Corporate fees	(84,605)	(218,966)
Legal and professional	(391,033)	(616,868)
Employee benefits expense	(1,039,023)	(1,223,784)
Administration expenses	(495,827)	(323,595)
Accounting fees	(12,386)	(167,362)
Travel costs	(281,696)	(37,222)
Other expenses	(274,689)	(530,486)
Foreign exchange loss	(6,824)	(379,831)
Share-based payments reversal/(expense)	678,892	(330,461)
Loss on revaluation of derivative liability	-	(262,054)
Finance costs	(24,513)	(1,156,400)
Loss before income tax	(1,907,292)	(5,184,922)
Income tax expense	-	-
Loss After Income Tax for the Half-Year	(1,907,292)	(5,184,922)
Other comprehensive income	-	-
Total Comprehensive Loss for the Half Year	(1,907,292)	(5,184,922)
Loss of the Half-Year Attributable To:		
Non-controlling interest	(80,890)	(54,434)
Owners of Hot Chili Limited	(1,826,402)	(5,130,488)
	(1,907,292)	(5,184,922)
Basic and diluted loss per share (cents) attributable to the owners of Hot Chili Limited	(1.53)	(6.39)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

10 Statement of Financial Position

As at 31 December 2022

	Note	Consolidated	
		December 2022	June 2022
		\$	\$
Current Assets			
Cash and cash equivalents		10,813,926	23,721,808
Other current assets		266,288	69,898
Total Current Assets		11,080,214	23,791,706
Non-Current Assets			
Plant and equipment		125,973	75,149
Exploration and evaluation expenditure	3	212,396,253	207,436,542
Right-of-use assets	4	337,981	292,274
Total Non-Current Assets		212,860,207	207,803,965
Total Assets		223,940,421	231,595,671
Current Liabilities			
Trade and other payables		1,164,287	6,376,830
Provisions		118,826	107,368
Lease liabilities	5	112,029	67,081
Total Current Liabilities		1,395,142	6,551,279
Non-Current Liabilities			
Provisions		84,934	9,145
Lease liabilities	5	275,049	263,767
Total Non-Current Liabilities		359,983	272,912
Total Liabilities		1,755,125	6,824,191
Net Assets		222,185,296	224,771,480
Equity			
Contributed equity	6	269,189,573	269,189,573
Share-based payments reserve		4,641,707	5,517,849
Foreign currency translation reserve		1,222	1,222
Accumulated losses		(70,415,086)	(68,785,934)
Capital and Reserves Attributable to Owners of Hot Chili Limited		203,417,416	205,922,710
Non-controlling interests		18,767,880	18,848,770
Total Equity		222,185,296	224,771,480

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

11 Statement of Changes in Equity

For the Half-Year Ended 31 December 2022

Consolidated	Contributed Equity \$	Share- Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Non- Controlling Interest \$	Total Equity \$
Balance at 1 July 2022	269,189,573	5,517,849	1,222	(68,785,934)	18,848,770	224,771,480
Loss for the period	-	-	-	(1,826,402)	(80,890)	(1,907,292)
Total Comprehensive Income for the Half-Year	-	-	-	(1,826,402)	(80,890)	(1,907,292)
Options expired	-	(197,250)	-	197,250	-	-
Share-based payments reversal	-	(678,892)	-	-	-	(678,892)
Balance at 31 December 2022	269,189,573	4,641,707	1,222	(70,415,086)	18,767,880	222,185,296
Balance at 1 July 2021	188,314,123	2,774,476	1,222	(62,179,021)	18,980,873	147,891,673
Loss for the period	-	-	-	(5,130,488)	(54,434)	(5,184,922)
Total Comprehensive Income for the Half-Year	-	-	-	(5,130,488)	(54,434)	(5,184,922)
Shares issued during the period	77,198,331	2,508,211	-	-	-	79,706,542
Share issue costs	(7,516,620)	-	-	-	-	(7,516,620)
Options expired	-	(159,240)	-	159,240	-	-
Share-based payments	-	330,461	-	-	-	330,461
Balance at 31 December 2021	257,995,834	5,453,908	1,222	(67,150,269)	18,926,439	215,227,134

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

12 Statement of Cash Flow

For the Half-Year Ended 31 December 2022

	Consolidated	
	December 2022 \$	December 2021 \$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(2,275,599)	(2,631,838)
Interest received	64,962	186
Interest paid	(20)	-
Other receipts	-	91,420
Net Cash Used in Operating Activities	(2,210,657)	(2,540,232)
Cash Flows from Investing Activities		
Payments for plant and equipment	-	(42,818)
Payments for tenements	(903,365)	(22,361,498)
Payments for exploration and evaluation	(9,716,100)	(12,916,518)
Net Cash Used in Investing Activities	(10,619,465)	(35,320,834)
Cash Flows from Financing Activities		
Proceeds from issue of shares	-	76,411,924
Proceeds from exercise of options	-	467,409
Share issue costs	-	(5,008,409)
Repayment of lease liabilities	(70,936)	-
Net Cash (Used in) / Provided by Financing Activities	(70,936)	71,870,924
Net (decrease)/increase in cash held	(12,901,058)	34,009,858
Cash and cash equivalents at the beginning of the half-year	23,721,808	3,604,625
Foreign exchange differences on cash	(6,824)	(379,831)
Cash and Cash Equivalents at the End of the Half-Year	10,813,926	37,234,652

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

13 Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year consolidated financial statements for the interim half-year reporting period ended 31 December 2022 are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by Hot Chili Limited and its controlled entities during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of Preparation

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, unless otherwise stated. The accounting policies are consistent with Australian Accounting Standards and with IFRS Standards.

New or Amended Accounting Standards and Interpretations Adopted

The consolidated entity has adopted all new or amended accounting standards, interpretations and other accounting pronouncements issued by the Australian Accounting Standards Board ("AASB") that are effective for reporting periods beginning on or after 1 January 2022 and therefore mandatory for the current reporting period.

Any new or amended accounting standards, interpretations and other accounting pronouncements that are not yet mandatory have not been early adopted.

2. 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 (the 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. Segment revenues are allocated based on the country in which the party is located.

Operating non-interest revenue of approximately \$91,420 for half-year ended 31 December 2021 was derived from a single external party. There was no operating non-interest revenue during the half-year ended 31 December 2022.

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

13 Notes to the Financial Statements (Cont'd)

For the Half-Year Ended 31 December 2022

2. SEGMENT INFORMATION (CONT'D)

The following is an analysis of the consolidated entity's revenue and results by reportable operating segment for the half-years under review:

Half-Year Ended 31 December 2022	Australia \$	Chile \$	Total \$
Revenue (non-interest)	-	-	-
EBITDA	(1,238,557)	(684,078)	(1,922,635)
Depreciation expense			(66,913)
Interest income			106,769
Finance costs			(24,513)
Loss Before Income Tax Expense			(1,907,292)
Income tax expense			-
Loss After Income Tax Expense			(1,907,292)

Half-Year Ended 31 December 2021	Australia \$	Chile \$	Total \$
Revenue (non-interest)	-	91,420	91,420
EBITDA	(3,403,391)	(621,318)	(4,024,709)
Depreciation expense			(3,999)
Interest income			186
Finance costs			(1,156,400)
Loss Before Income Tax Expense			(5,184,922)
Income tax expense			-
Loss After Income Tax Expense			(5,184,922)

The following is an analysis of the consolidated entity's assets and liabilities by reportable operating segment:

As at 31 December 2022	Australia \$	Chile \$	Total \$
Segment Assets	10,759,044	213,181,377	223,940,421
Segment Liabilities	(1,129,451)	(625,674)	(1,755,125)

As at 30 June 2022	Australia \$	Chile \$	Total \$
Segment Assets	21,454,201	210,141,470	231,595,671
Segment Liabilities	(636,640)	(6,187,551)	(6,824,191)

13 Notes to the Financial Statements (Cont'd)

For the Half-Year Ended 31 December 2022

3. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	Half-Year Ended 31 December 2022	Year Ended 30 June 2022
	\$	\$
Carrying amount at the beginning of the period	207,436,542	158,329,683
Consideration given for mineral exploration acquisition (i)	903,365	23,254,689
Capitalised mineral exploration and evaluation	4,056,346	25,852,170
Carrying Amount at the End of the Period (ii)	212,396,253	207,436,542

- (i) Capitalised mineral exploration and evaluation is net of reimbursements of VAT recovered following approval for VAT refunds from the Chilean Tax Authorities.
- (ii) Management have determined that the capitalised expenditure relating to the projects in Chile are still in the exploration phase and are to be classified as exploration and evaluation expenditure. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, management have assessed whether there are any indicators of impairment on the capitalised expenditure as at balance date. In making this assessment management have considered whether sufficient data exists to conclude that the exploration and evaluation assets are unlikely to be recovered in full from successful development or sale. Based on this assessment, management are satisfied that there are no impairment indicators as at balance date.

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

13 Notes to the Financial Statements (Cont'd)

For the Half-Year Ended 31 December 2022

4. RIGHT-OF-USE ASSETS

	Consolidated	
	31 December 2022	30 June 2022
	\$	
Right-of-use assets at cost	474,660	371,985
Less: Accumulated depreciation	(136,679)	(79,711)
	337,981	292,274

	Consolidated	
	Half-Year Ended 31 December 2022	Year Ended 30 June 2022
Reconciliation of Right-of-Use Assets	\$	\$
Opening balance	292,274	-
Additions (a)	102,675	371,985
Amortisation	(56,968)	(79,711)
Closing balance	337,981	292,274

- (a) Effective on 1 August 2022, the Company entered into a lease agreement for further floor space (on the ground floor) at its current premises, which will expire on 28 February 2025. This additional lease agreement was previously disclosed in Note 22 of the annual report for the year ended 30 June 2022 as part of the consolidated entity's minimum lease payment commitments.
- (b) In addition, the Company's lease agreement for the ground floor at its current premises (as detailed above), the Company exercised its option to renew its existing lease agreement for the first floor of its current premises for a further 3 years to 28 February 2026.
- (c) The Chilean entities leases their office premises under operating leases. The operating leases are on a month-to-month basis and are not material to the consolidated entity, and therefore have been expensed as incurred and not capitalised as right-of-use assets. Refer to Note 8(c) for details of commitments for minimum lease payments in relation to these operating leases at period end.

13 Notes to the Financial Statements (Cont'd)

For the Half-Year Ended 31 December 2022

5. LEASE LIABILITIES

	Consolidated	
	31 December 2022	30 June 2022
	\$	
Current	112,029	67,081
Non-current	275,049	263,767
	387,078	330,848

	Consolidated	
	Half-Year Ended 31 December 2022	Year Ended 30 June 2022
	\$	\$
(a) Reconciliation of Lease Liabilities		
Opening balance	330,848	-
Additions (refer to Note 4(a))	102,675	371,985
Repayments	(70,933)	(85,639)
Interest	24,488	44,502
Closing balance	387,078	330,848

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
(b) Maturity Analysis		
Year 1	153,490	104,108
Year 2	165,419	110,634
Year 3	126,122	119,905
Year 4	20,445	81,780
	465,476	416,427
Less: Interest portion of lease liabilities	(78,398)	(85,579)
Closing balance	387,078	330,848

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function. Refer to Note 4 for further details of the Group's leases.

13 Notes to the Financial Statements (Cont'd)

For the Half-Year Ended 31 December 2022

6. CONTRIBUTED EQUITY

	Consolidated			
	Half-Year Ended 31 December 2022		Year Ended 30 June 2022	
	No. Shares	\$	No. Shares	\$
(a) Share Capital				
Ordinary shares – fully paid	119,445,206	269,189,573	119,445,206	269,189,573
(b) Movement in Ordinary Share Capital				
Balance at the beginning of the period	119,445,206	269,189,573	3,104,169,531	188,314,123
Shares Issued Pre Share Consolidation				
Shares issued on capital raising during the period	-	-	1,250,100,000	40,003,200
Shares issued in lieu of convertible note costs	-	-	7,693,153	279,065
Shares issued on conversion of convertible notes	-	-	2,043,668	92,673
Shares issued upon exercise of options	-	-	13,378,254	334,456
50 to 1 share consolidation	-	-	(4,289,835,156)	-
Shares Issued Post Share Consolidation				
Shares issued upon TSXV IPO	-	-	21,800,000	36,810,715
Shares issued in lieu of convertible note costs	-	-	284,402	369,615
Shares issued on conversion of convertible notes	-	-	547,451	1,091,107
Shares issued on maturity of convertible notes	-	-	6,473,671	5,975,800
Shares issued upon exercise of options	-	-	2,790,232	3,487,789
Less: Costs associated with issue of share capital	-	-	-	(7,568,970)
Balance at the End of the Period	119,445,206	269,189,573	119,445,206	269,189,573

(c) Listed Ordinary Share Purchase Warrants ('Warrants') Over Ordinary Share Capital

Issue Date	Expiry Date	Balance at 1 July 2022	Issued During the Period	Expiry / Exercise	Balance at 31 December 2022
28 Feb 2022	31 Jan 2024	10,900,000	-	-	10,900,000
		10,900,000	-	-	10,900,000

The Warrants are listed on the Canadian TSX Venture Exchange ("TSXV") and were exercisable at year-end.

13 Notes to the Financial Statements (Cont'd)

For the Half-Year Ended 31 December 2022

6. CONTRIBUTED EQUITY (CONT'D)

(d) Unlisted Options Over Ordinary Share Capital

Grant Date	Expiry Date	Balance at 1 July 2022	Issued During the Period	Expiry / Exercise	Balance at 31 December 2022
14 Jan 2021	30 Nov 2022	500,000	-	(500,000)	-
15 Sep 2021	30 Sep 2024	1,850,001	-	-	1,850,001
31 Jan 2022	28 Jan 2025	1,259,789	-	-	1,259,789
		3,609,790	-	(500,000)	3,109,790

(e) Performance Rights

Grant Date	Expiry Date	Balance at 1 July 2022	Issued During the Period	Expiry / Exercise ⁽ⁱ⁾	Balance at 31 December 2022 ⁽ⁱ⁾
12 Aug 2020	31 Jul 2023	400,002	-	-	400,002
1 Sep 2020	31 Jul 2023	700,002	-	-	700,002
3 Nov 2020	31 Jul 2023	100,002	-	-	100,002
2 Sep 2021	31 Jul 2023	300,000	-	-	300,000
20 Sep 2021	31 Jul 2023	400,002	-	-	400,002
		1,900,008	-	-	1,900,008

During the period, \$678,892 was reversed (2021: \$330,461 expensed) in relation to the vesting of performance rights.

7. CONTINGENT LIABILITIES

As at 31 December 2022, Hot Chili Limited had accumulated:

- VAT refund payments of \$14,922,320 (30 June 2022: \$12,903,932) with respect to VAT recovered as at 31 December 2022 by Sociedad Minera El Águila SpA (refer to the table below); and
- VAT refund payments of \$7,946,339 (30 June 2022: \$5,263,509) with respect to VAT recovered as at 31 December 2022 by Sociedad Minera Frontera SpA (refer to the table below).

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
VAT recovered by Sociedad Minera El Águila SpA (CLP 8,689,535,403; 30 June 2022: CLP 8,178,026,868)	14,922,320	12,903,932
VAT recovered by Sociedad Minera Frontera SpA (CLP 4,627,296,237; 30 June 2022: CLP 3,335,840,009)	7,946,339	5,263,509

13 Notes to the Financial Statements (Cont'd)

For the Half-Year Ended 31 December 2022

7. CONTINGENT LIABILITIES (CONT'D)

Under the initial terms of the VAT refund payment, the consolidated entity initially had until the 31 December 2019 to commercialise production from Productora and meet certain export targets. Hot Chili also had the right to extend this term. The Company exercised its right to extend the date of commercial production from Productora with the Chilean Tax Authority. An extension to the benefit was extended to 30 June 2022 and a further extension until 30 June 2026 was also granted. An agreement with Sociedad Minera Fronteras SpA provides an extension to 31 December 2026 for exports related to the Cortadera deposit.

In the event that the term is not extended further and the Company does not meet certain export targets, the Company 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 within that timeframe or its renewal, if required, any VAT refund payments will not be required to be repaid.

8. COMMITMENTS FOR EXPENDITURE

(a) Exploration Commitments

In order to maintain current rights of tenure to exploration and mining tenements, the consolidated entity has the following discretionary exploration expenditure requirements up until the expiry of leases. These obligations are not provided for in the financial statements and are payable as follows:

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Within one year	3,105,803	555,680
Later than one year but not later than five years	2,466,355	2,222,721
More than five years	5,166,052	5,080,563
	10,738,210	7,858,964

(b) Option Payment Commitments

The mining rights (which vary between 90% to 100%) of the various projects undertaken by Hot Chili will be transferred upon satisfaction of the Option payments committed as at 31 December 2022, as tabled below:

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Within one year	664,207	653,215
Later than one year but not later than five years	18,450,185	16,257,802
More than five years	-	-
	19,114,392	16,911,017

13 Notes to the Financial Statements (Cont'd)

For the Half-Year Ended 31 December 2022

8. COMMITMENTS FOR EXPENDITURE (CONT'D)

(c) Operating Leases

The below reflects the Group's commitments for minimum lease payments in relation to operating leases at period end. Refer to Note 4 for further details of the Group's leases.

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Within one year	1,476	69,535
Later than one year but not later than five years	-	187,731
More than five years	-	-
	1,476	257,266

9. RELATED PARTY TRANSACTIONS

Remuneration, share-based payments and other arrangements of key management personnel are disclosed in the annual financial report for the year ended 30 June 2022. These arrangements with related parties continued to be in place during the period. No further related party arrangements were made, nor were there further related party transactions during the half-year period to 31 December 2022.

10. EVENTS OCCURRING AFTER REPORTING DATE

The directors are not aware of any matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the consolidated entity the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

11. DIVIDENDS

No dividends were paid or declared for the period.