Production Path

Annual Report
2014

hot chili limited

ACN 130 955 725

"Hot Chili is positioned for continued success into an anticipated rising copper market.."

Chairman's Letter

Dear Shareholder,

In my fifth year as Chairman of the Board of Hot Chili Limited (Hot Chili or the Company) since listing the Company on the Australian Securities Exchange (ASX), I am fortunate to have vantage over yet another year of delivery for our shareholders.

The ability to consistently deliver upon our Company's ambitious growth and development strategy sets Hot Chili apart from many of its peers. This is the result of our talented teams' determination and persistence, but above all- the quality of our underlying copper assets and the support the Company continues to receive from its major partners and key stakeholders.

Once again, the year has seen continuing challenges in global equity markets for the resource sector. While these challenges have eroded shareholder value and confidence for many, several companies including Hot Chili have been able to navigate this shifting landscape. The ability of Hot Chili to be responsive and dynamic, has ensured that long-term value is preserved and the Company remains positioned as one of the leading emerging copper producers on the ASX.

Our Chilean coastal asset base now stands at over 1.2 million tonnes of contained copper and 1 million ounces of gold, and in early 2014 we established our first reserve underpinning an initial nine years of open pit mine life. This is set to grow significantly over the ensuing year, establishing Productora as one of the largest new coastal range Chilean copper developments.

On top of our technical team's achievements, our corporate team have closed several deals which have been pivotal in securing value for our shareholders and positioning Hot Chili for continued success into an anticipated rising copper market over the coming years.

The recent announcement of a proposed joint venture with Chilean resource major Compañía Minera del Pacífico S.A (CMP) to develop Productora is one of the most important corporate deals undertaken by Hot Chili. The deal, which is yet to be approved, outlines a blue print for the joint development of Productora at a lower cost and in a shortened timeframe. In addition to securing the necessary CMP assets required for Productora's infrastructure, the proposed joint venture looks to capture major operational synergies for both companies.

I now look forward to presiding over another exciting year for shareholders as the Company moves closer towards its goal of transforming Hot Chili into a significant new player in the global copper market.

Murray Edward Black
Chairman

Image (right): View over drill platforms at Productora

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

Managing Director's Report

Hot Chili has completed another very active year of investment in advancing its portfolio of coastal copper projects in Chile. All of these projects are located to the north of Santiago, close to existing coastal infrastructure at low altitude (<1,000m elevation).

During the year, the Company continued to grow and de-risk its flagship Productora copper project as well as establish a maiden Mineral Resource estimate at its Frontera copper project, 50km south of Productora. The Company now has a coastal copper resource base in excess of 1.2 million tonnes of copper and 1 million ounces of gold.

Productora has remained the focus for Hot Chili's strategy to establish a new large scale copper business along the Chilean coastal range. In addition to growing Productora's bulk tonnage Mineral Resource estimate to over 1 million tonnes of copper and 675,000 ounces of gold, the Company was able to complete an initial Ore Reserve estimate to underpin the first 9 years of mine life.

In less than four years since exploration efforts were initiated, Productora is now well positioned as a rapidly emerging long-life, bulk-tonnage Chilean copper mine. The Company is poised to deliver further substantial increases in resources and reserves through targeted drilling and the delivery of a robust pre-feasibility study in the coming year. To achieve this, Hot Chili has continued to secure strong funding.

In mid-2014, Hot Chili executed a Credit Agreement with Canadian resource financier Sprott Resource Lending Partnership (Sprott) for a US$25 million debt facility (Facility) (see ASX announcement dated June 30, 2014). Importantly, the Facility provides funding to advance Productora into Definitive feasibility study (DFS). The Facility represents the first step in project financing for Productora and was a strong vote of confidence in the Company's strategy to advance Productora.

The Company was able to further strengthen its cash position through the receipt of approximately US$8.7 million equivalent in Chilean pesos rom the Chilean Tax Authority following approval by the Chilean Ministry of Economy on the 11th of July. The VAT refund exporting benefit payment (VAT Refund Payment) relates to the future exporting capacity of Hot Chili's Productora copper project in Chile. Hot Chili is now able to claim VAT Refund Payments for ongoing expenditure up to US$643 million over the course of its development activities at Productora.

The VAT Refund Payment by the Chilean Ministry of Economy and by the Chilean Tax Authority reinforces Chile's proactive stance towards providing a stable and attractive destination for foreign investment. It will greatly assist in lowering a component of Productora's pre-production capital expenditure.

More recently, Hot Chili announced the execution of a landmark deal with its project partner, Chilean resource major Compañía Minera del Pacífico S.A (CMP) to form a Joint Venture to develop the Productora copper project in Chile. The agreement requires board approval by CMP and shareholder approval Hot Chili following an independent experts report.

Under the terms of the deal, CMP will emerge with an initial 17.5% stake in Productora by contributing their surface rights, easements and a 35% interest CMP hold in certain Productora tenements. The CMP assets will help save time and reduce costs associated with the infrastructure needed to underpin Productora.

In addition, Hot Chili will grant CMP an option to acquire (Additional Purchase Option) a further 32.6% interest in Productora following the completion of a PFS study for a minimum of US$80 million.

"... building a large-scale copper business..."

"Major Productora milestones expected in the first half of 2015."

The proposed Joint Venture agreement will combine Hot Chili's copper expertise with the experience and operational strength of CMP, allowing both companies to extract significant operational synergies and co-operate to help bring the project into production.

CMP's parent company, Compañia de Aceros del Pacifico (CAP), is Chile's largest iron ore producer and integrated steel business. CAP is also Hot Chili's second largest shareholder.

Hot Chili has now embarked on a major activity programme involving some 33,000m of drilling and multiple work streams associated with the completion of a PFS in the first half of 2015. The Company is looking forward to a strong flow of news over the coming year as we approach the final phase of investment at Productora in advance of a decision to mine and into an anticipated rising copper market. Major Productora milestones expected in the first half of 2015 include a Mineral Resource revision, Ore Reserve revision, completion of PFS and commencement of a DFS. The development timeline for Productora is outlined in Figure 1 below.

The Company is well funded with a clear strategy to emerge as a new large-scale copper producer in the coming years. We anticipate an increasing focus on the Company's other grow projects as Hot Chili looks to expand its planned future copper production hub in Chile.

Christian Ervin Easterday
Managing Director

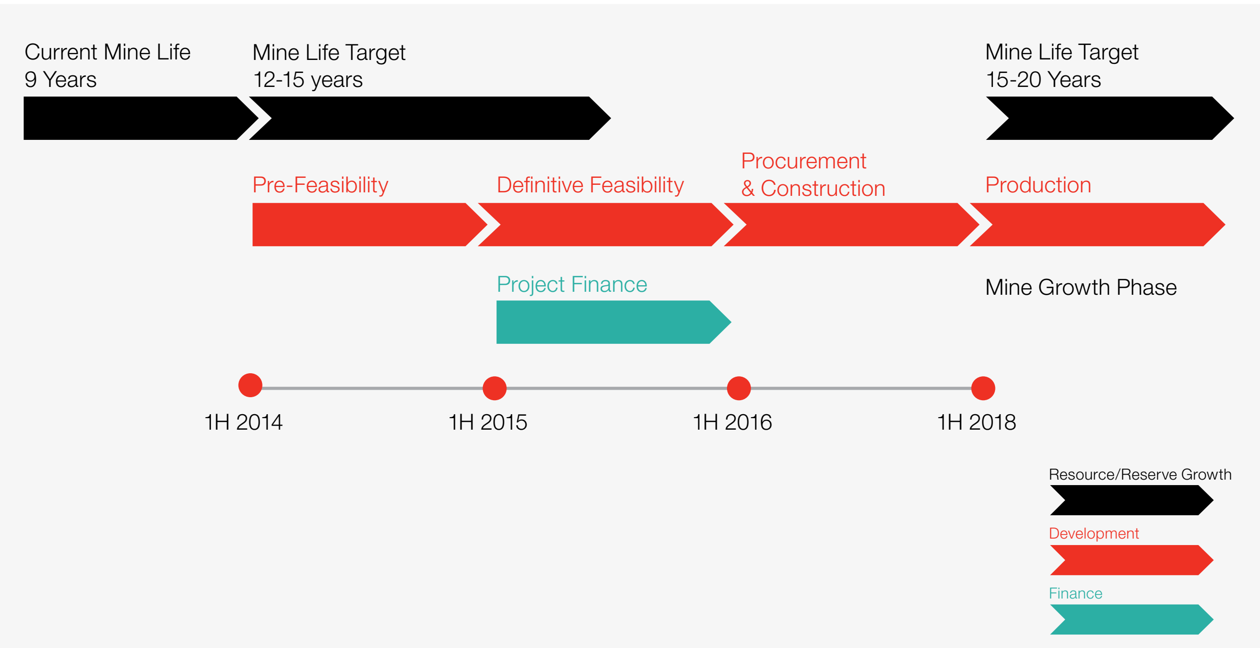


Figure 1. Productora development timeline

Figure 2. Hot Chili's coastal range project portfolio in the third and fourth regions of Chile

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 3.

Since drilling commenced in August 2010, the Company has completed over 240,000m of drilling and outlined a large-scale, bulk tonnage copper-gold-molybdenum deposit amenable to open pit mining.

In March 2014, The Company announced a maiden Ore Reserve estimate of 90.5Mt grading 0.48% copper, 0.1g/t gold and 172 ppm molybdenum with payable metal comprising 350,000 tonnes of copper, 152,000 ounces of gold and 9,000 tonnes of molybdenum. The maiden open pit Ore Reserve at Productora underpins a substantial initial mine life of 9 years which is set to see significant growth during 2014.

The maiden Ore Reserve paves the way for Hot Chili to complete its Pre-feasibility study on Productora in the first half of 2015.

A major copper oxide opportunity has been identified at Productora which has the potential to significantly reduce pre-strip capital expenditure and overall strip ratios and add also another revenue stream to the front-end of the project. Development studies will now be expanded to include the assessment of adding a potential copper oxide project to Productora.

Importantly, a large component of the oxide Mineral Resource already lies within the central pit design and is currently treated as waste (pre-strip material) in open pit Ore Reserve estimation.

Work to date has indicated that the copper oxide Mineral Resource at Productora has potential to be economically exploited, pending the outcomes of further successful and more detailed study work. The Company has initiated a detailed study into the definition of a potential copper oxide project for Productora during the second half of 2014.

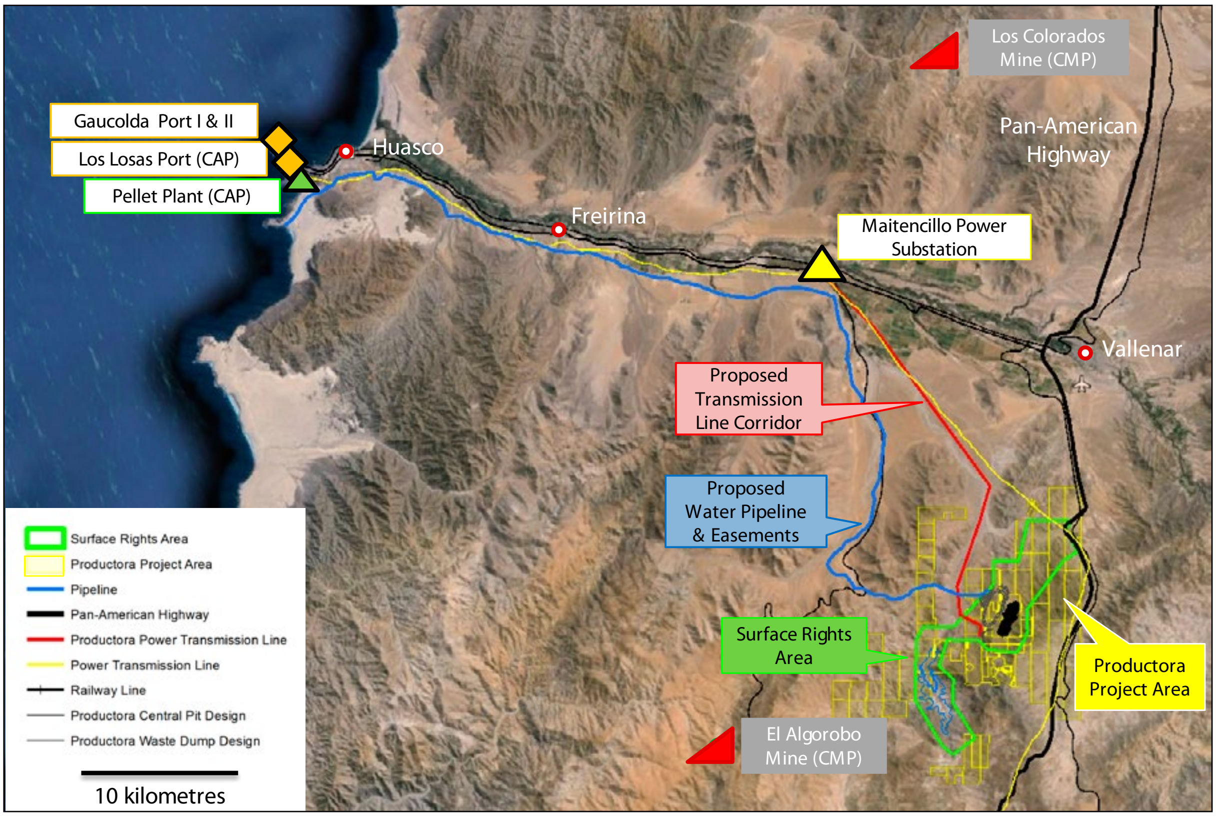
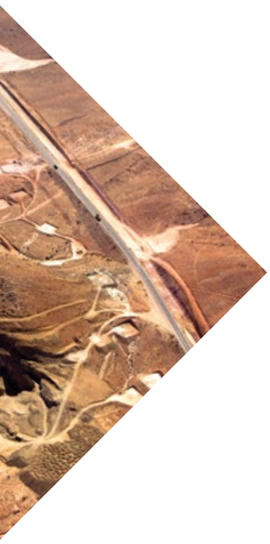


Figure 3. Location and existing infrastructure surrounding the Productora copper project, Region III Chile

“Joint Infrastructure Agreement Paves Way for Productora Development.”



During 2013, Hot Chili ceased all exploration drilling at Productora and focussed on a large resource definition programme over the central pit area. This programme was successful in increasing in the classification of the Productora resource to dominantly Indicated, facilitating the completion of the Company's initial Ore Reserve estimate for the 3km strike extent central pit area.

The total Mineral Resource base (inclusive of Ore Reserves) at Productora now stands at 214.3Mt grading 0.48% copper, 0.1g/t gold and 138ppm molybdenum for 1,029,000 tonnes of copper, 675,000 ounces of gold and 29,000 tonnes of molybdenum.

The level of systematic resource drilling undertaken within the central pit area is evident in the aerial photo view over the Productora project on page 8.

In the past year, Hot Chili's generative geology team have undertaken a comprehensive review of the Productora copper project and exploration potential of the larger mineral system. Part of this work culminated in the development of a predictive 3D alteration targeting mode, generated from an extensive database of down-hole multi-element geochemistry the Company has invested in collecting. The predictive alteration targeting model was directly responsible for the high-grade Habanero and Rocoto discoveries at Productora in late 2013.

Drill planning for 2014 is complete and a major 33,000m drilling programme is planned to commence in August over a number of high priority zones that lie close to or adjacent to the central pit design. The Company intends to expand the projects Mineral Resource and Ore Reserve base in parallel with the completion of Pre-feasibility studies.

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 16,175 metre 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.

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.

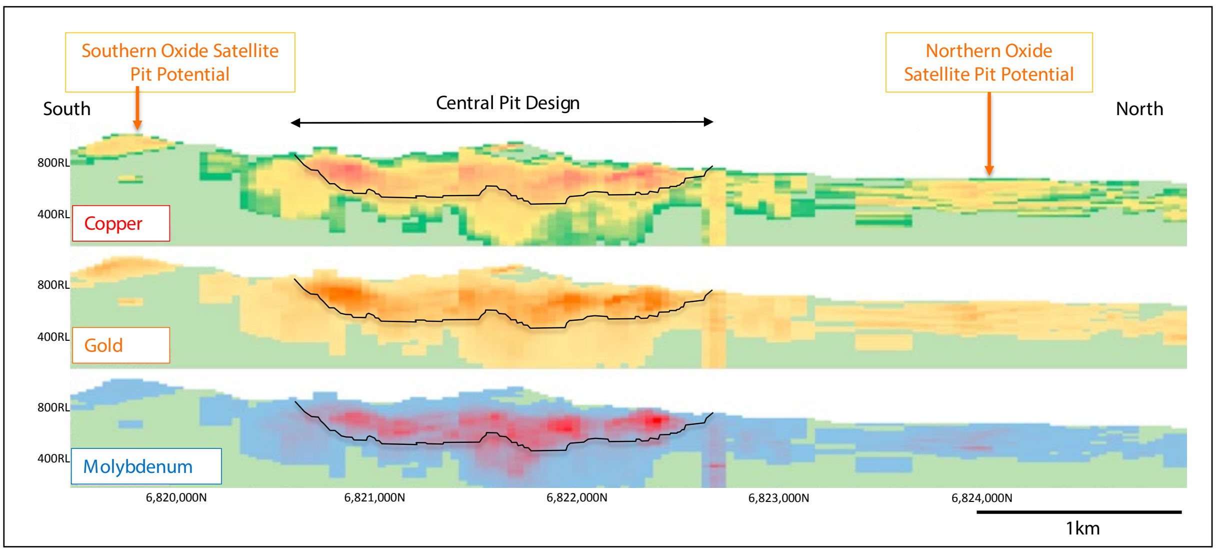


Figure 4. Productora contained metal distribution for copper, gold and molybdenum projected in long section

"Drill platforms and existing open pit at the Frontera copper project."

"Substantial exploration land position immediately adjacent to Teck's large-scale Andacolla copper-gold operation."

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.

The Banderas project is dominated by andesite volcanic and volcaniclastic rocks with a sedimentary sequence to the west. The dominant structural trend follows a north-northeast to south-southwest trending foliation. This trend is cut by east-west to southwest-northeast trending brittle faults. Mineralisation is structurally hosted in narrow quartz-carbonate breccia veins, where observed copper mineralisation is associated with bornite and chalcopyrite.

A comprehensive soil geochemical campaign comprising 1,250 samples, taken over a 200m by 200m offset grid pattern was completed in early 2014. Results from this soil geochemical campaign are being reviewed in conjunction with surface mapping and geophysical datasets, with the aim to refine exploration targets for drill testing planned for late 2014 to early 2015.

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

Los Mantos Copper Project

The Los Mantos 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, where Hot Chili is assembling foundation datasets over the large joint venture exploration tenement package. Work completed at the Los Mantos project area during the year included surface geochemical sampling and geological mapping. A total of 1,870 samples were collected on a 400m by 200m offset grid pattern.

Geophysical datasets will be combined with surface mapping and multi-element geochemical surface sampling to define prospective target areas. It is anticipated that drill targeting exercises will occur in late 2014 to early 2015 following receipt of results from the regional soil geochemical campaign.

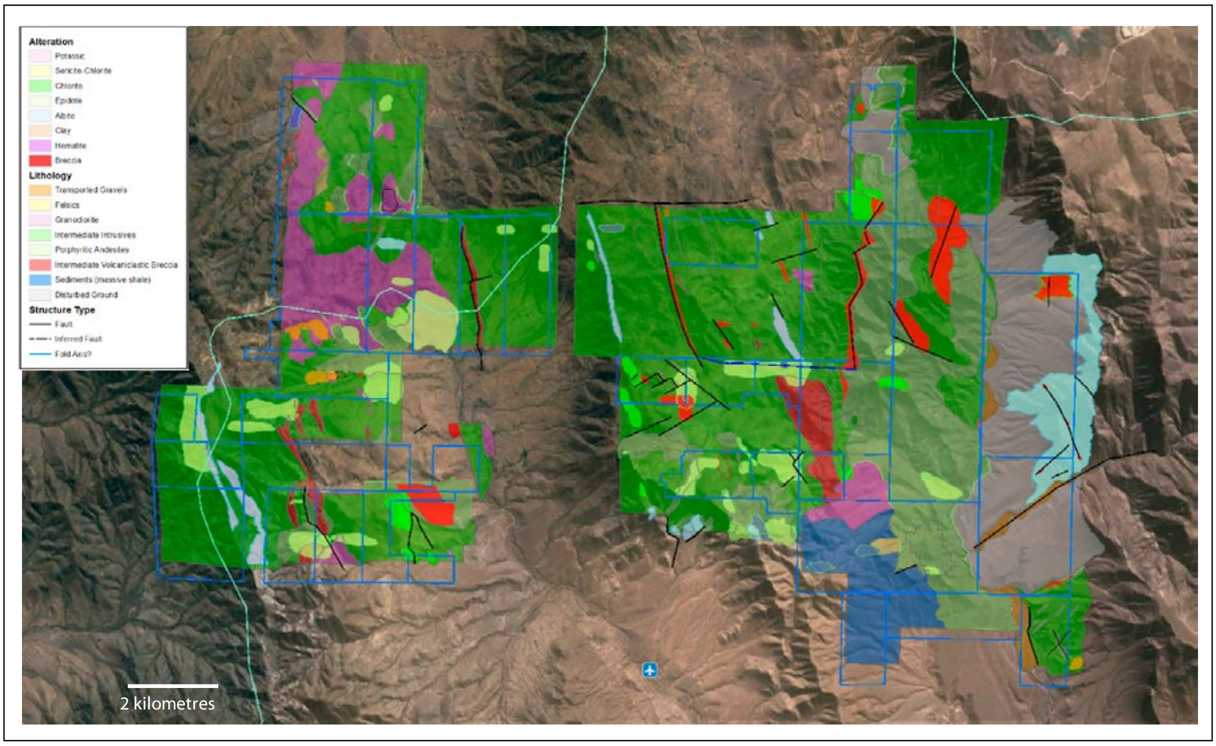


Figure 5. Plan displaying surface geological mapping completed at the Los Mantos Project

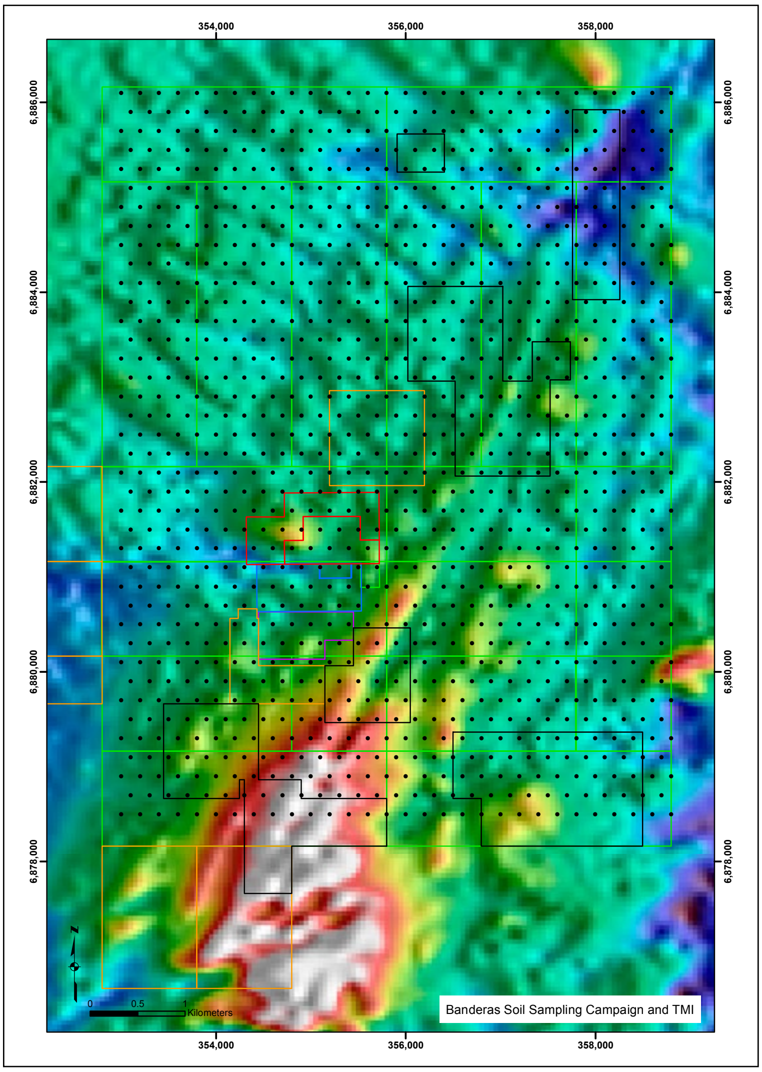


Figure 6. Plan displaying soil sampling locations and total magnetic intensity at the Banderas project

Productora Project

“Productora to be developed in a shortened timeframe.”

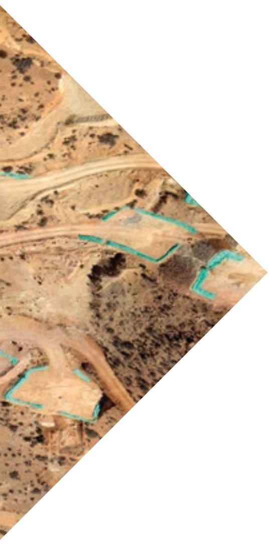
Productora Copper Project

Strategic Alignment Forged – Hot Chili and CMP Execute Joint Infrastructure Agreement for Productora

Early in August 2014 Hot Chili and project partner, Chilean resource major Compañía Minera del Pacífico S.A (CMP) executed a Memorandum of Understanding (MOU) to form a Joint Venture to develop the Productora copper project in Chile. The agreement remains subject to CMP board approval and Hot chili shareholder approval.

Hot Chili and CMP have agreed that CMP will exchange its assets at Productora for 17.5% of the total shares in Sociedad Minera El Aguila SpA (SMEA SpA – Hot Chili’s Chilean subsidiary company which holds the Productora Project). These assets include:

1. CMP controlled easements related to the proposed water pipeline route from Productora to the coast near Huasco (Figure 7);
2. Certain surface rights over the proposed mining development area of Productora (Figure 8); and
3. Remaining 35% interest that CMP holds in certain mining rights at Productora.



In addition, CMP shall be free-carried to completion of a PFS – (within the meaning of the JORC Code). Following completion of a PFS, CMP will be responsible for funding its share of expenditure in accordance with its ownership in the shares of SMEA SpA.

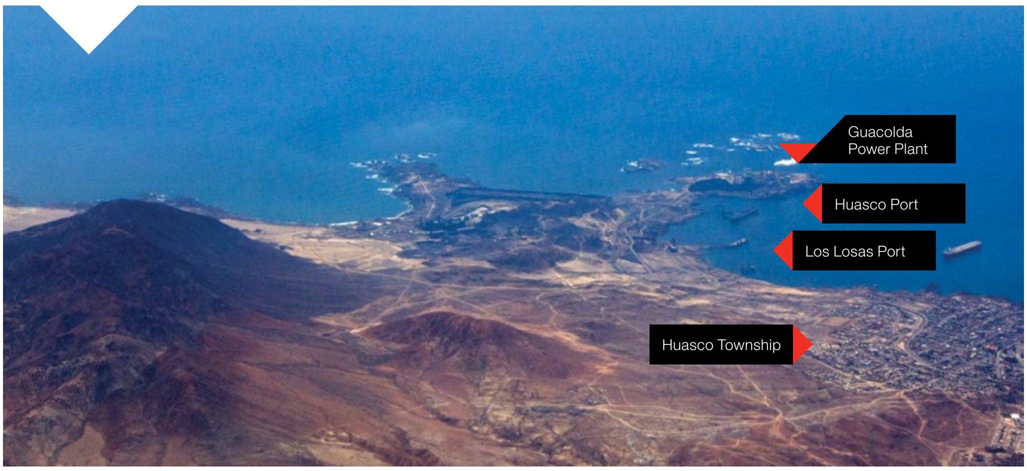
The transfer of CMP’s 35% interest in certain mining rights will represent the final item of ownership consolidation at Productora. This, together with the advantage of necessary surface and easement rights, is expected to enable Productora to be developed in a shortened timeframe.

Securing the timeframe advantages offered by CMP’s surface and easement rights has been central to the Company’s long term strategy of bringing Productora into production against a rising copper price environment, anticipated by consensus market forecasts.

Under the terms of the MOU, Hot Chili has also agreed to grant CMP an option (Additional Purchase Option) to acquire further shares in SMEA SpA such that upon exercise of the Additional Purchase Option CMP will be entitled to acquire a further 32.6% interest, for a total 50.1% shareholding interest in SMEA SpA. The Additional Purchase Option will have a minimum exercise price of US$80 million.

The MOU will be subject to approval by the board of CMP. The transactions contemplated by the MOU, including the grant and exercise of the Additional Purchase Option, will also be subject to an Independent Experts Report (IER) and Hot Chili shareholder approval.

View over CMP and CAP’s port, rail and iron pellet plant operations at Huasco, Chile



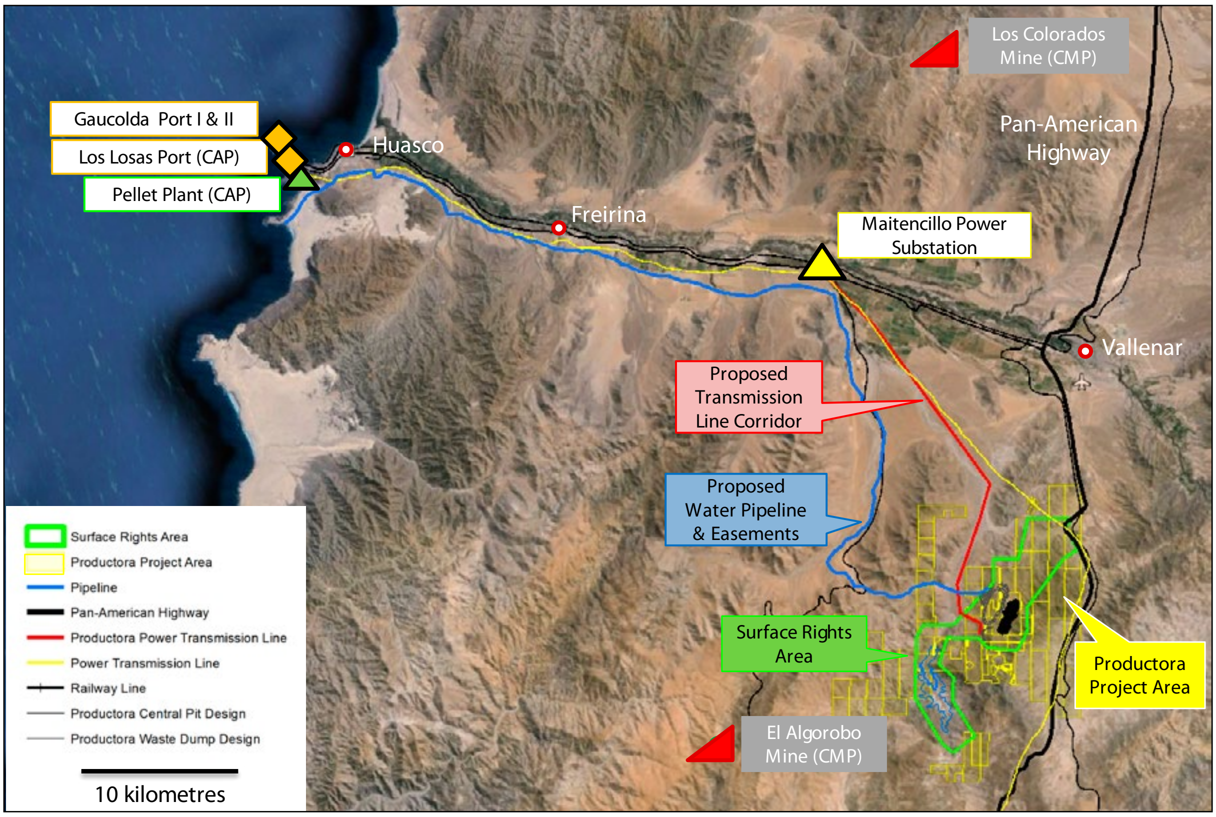


Figure 7. Location and existing infrastructure surrounding the Productora copper project, Region III Chile. Note the proposed water pipeline corridor from Productora to the coast near Huasco. CMP control several areas of easement required to facilitate this proposed pipeline route under the definition of the Joint Infrastructure agreement.

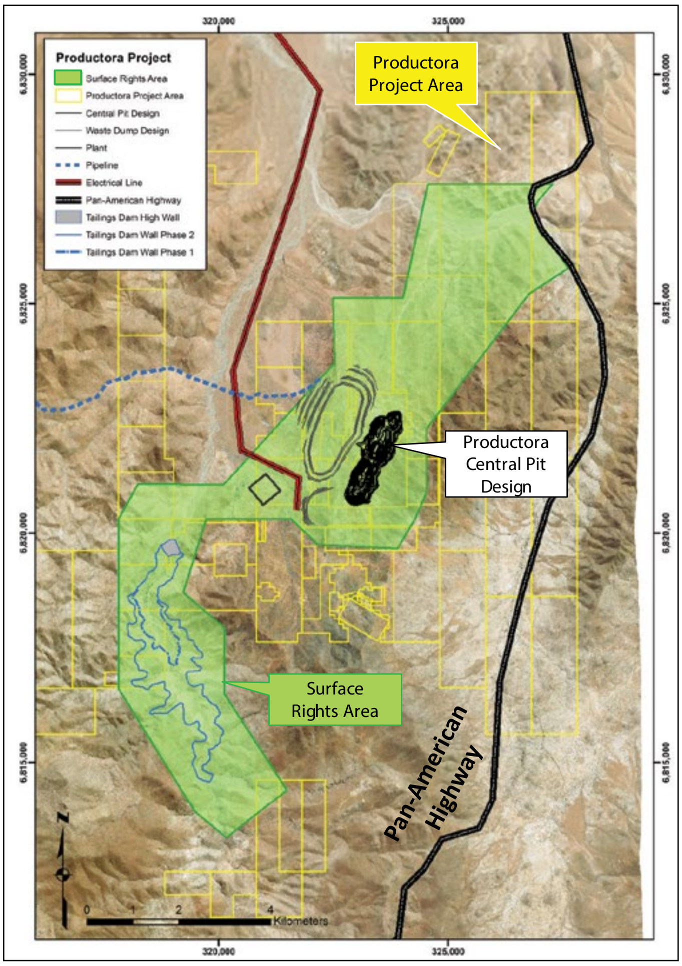


Figure 8. Defined surface rights to be transferred to SMEA SpA as a term of the Joint Infrastructure agreement.

Maiden Ore Reserve Estimate for Productora, 31st March 2014

Early in 2014, Hot Chili focussed its development studies on completing the first open pit Ore Reserve for Productora. This work was successful in securing the first nine years of mine life for the Company's sulphide operational plans, from a single central pit.

Productora's maiden open pit Ore Reserve is classified totally as Probable and estimated at 90.5Mt grading 0.48% copper, 0.1g/t gold and 172ppm molybdenum. Payable metal comprises 350,000 tonnes of copper, 152,000 ounces of gold and 9,000 tonnes of molybdenum.

The Ore Reserve estimate was completed by leading independent Chilean mining engineering firm NCL Ingeniería y Construcción SpA (NCL) and is summarised in Table 1.

The key focus areas in completing the first Ore Reserve estimate included geotechnical characterisation and slope angle design, mining methodology, mining cost estimation, mine optimisation and design, dilution studies and metallurgical assessment.

The Probable Ore Reserve was estimated using price assumptions of US$3.00/lb copper, US$1,250/oz gold and US$10/lb molybdenum and an exchange rate (AUD:USD) of 0.88.

Bulk tonnage mining utilising large fleet selection has been determined to be optimal for the mining development of Productora. Large excavators and ultra-class trucks for haulage, with drill and blast practices for rock breakage and wall control have indicated average mining costs to be US$1.80/t. An average processing cost of US$10.90/t was applied.

At this stage, Hot Chili has only estimated an Ore Reserve for the central pit development at Productora and no copper oxide resources have been included within the Ore Reserve estimate. Without the recovery of any oxide resources from within the pit design, strip ratio is determined to be approximately 4:1. The recovery of any oxide resources into future Ore Reserve estimates has the potential to reduce overall strip ratio at Productora.

Figure 9 displays a view of the central pit design which contains the first Ore Reserve estimate for Productora.

Major Copper Oxide Project Opportunity

A major copper oxide opportunity has been identified at Productora which has the potential to significantly reduce pre-strip capital expenditure, overall strip ratios, and add another revenue stream to the front-end of the project.

Copper oxide Mineral Resources have not previously been considered in the Company's sulphide operational plans for Productora.

Productora Oxide Mineral Resources now stand at 25.6Mt grading 0.52% copper for 132,000t of copper metal from surface.

A large component of the oxide Mineral Resource already lies within the central pit design, and is currently treated as waste in the current Ore Reserve estimate. This in-pit portion of oxide material represents 15.4Mt grading 0.58% copper, which the company had previously considered as pre-strip material to be removed prior to accessing transitional and fresh sulphide ore.

Table 1. Productora Ore Reserve Statement

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%

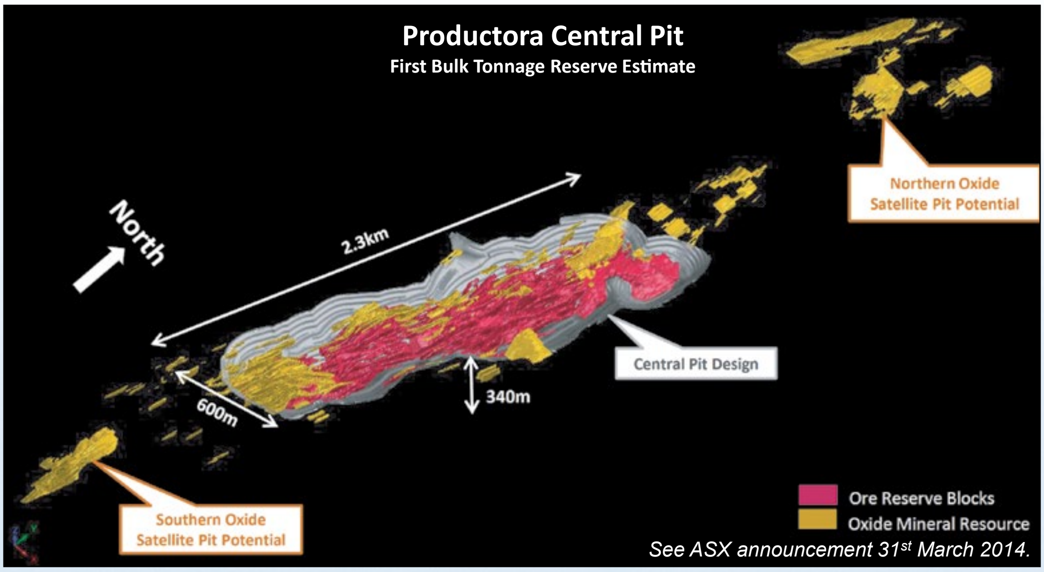


Figure 9. Central pit design displaying Ore Reserve blocks (pink) against oxide Mineral Resource blocks (yellow)

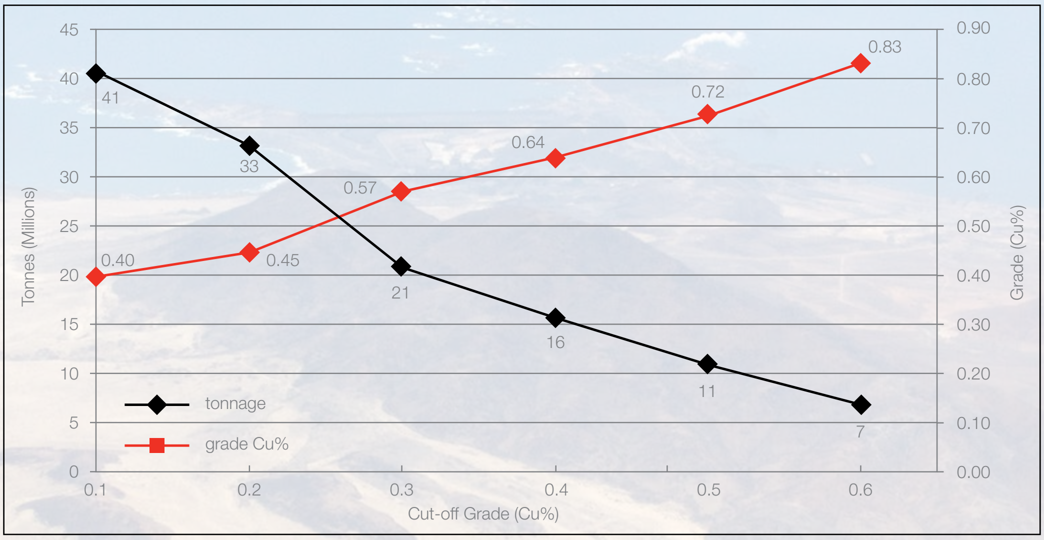


Figure 10. Grade-Tonnage curve of total copper oxide Mineral Resource base at the Productora copper project as reported March 2014

Over the past year, Hot Chili has grown its understanding of the oxide component of the Productora Mineral Resource base. Early geochemical analysis has been undertaken to understand the distribution and mineralogy of copper oxide species within the Mineral Resource. This work also included preliminary acid consumption tests and sequential leach geochemical analysis, along with robust characterisation for the base of complete oxidation for the Mineral Resource.

Work to date has indicated that the copper oxide Mineral Resources have potential to be economically exploited, pending the successful outcome of additional detailed studies.

As shown in Figure 10, copper oxide Mineral Resources at Productora provide scalability at lower cut-off grades should further study into low-cost leaching options (such as heap leach or dump leach) prove successful. Multiple pit optimisation scenarios using conservative benchmark comparisons to other Chilean oxide leaching operations have highlighted the potential for several satellite pits to become available north and south of the central pit design.

Productora Project

Copper oxide Mineral Resources at Productora now represent one of the largest opportunities to be recently identified at the project. The Company has initiated a detailed study into the definition of a potential copper oxide project for Productora, which involves an escalation in the study and analysis of transitional sulphide Mineral Resources in order to demonstrate a robust definition for early revenue stream.

Bulk Tonnage Mineral Resource Grows to Over 1Mt of Copper Metal

During 2013, Hot Chili completed a further 95,571m of resource development drilling at Productora. The large drilling programme was successful in achieving two important objectives:

1. Increase the JORC classification of the Productora Mineral Resource to dominantly Indicated.
2. Complete remaining drill coverage across the 3km central pit area focussing on the eastern flank extensions to more accurately quantify strip ratio, and identify additional mineralisation potential.

In addition, the drilling also added further Mineral Resources in the shallower levels of the deposit.

The total Mineral Resource (inclusive of Ore Reserves) at Productora now stands at 214.3Mt grading 0.48% copper, 0.1g/t gold and 138ppm molybdenum for 1,029,000 tonnes of copper, 675,000 ounces of gold and 29,000 tonnes of molybdenum.

The Mineral Resource estimate was completed by Hot Chili in co-operation with independent consultants Coffey Mining Pty Ltd (Coffey), and is summarised in Table 2 below.

The Mineral Resource estimate is the second major revision since Hot Chili established its first Mineral Resource at the project in early September 2011. Importantly, the Mineral Resource has seen a 90% increase in Indicated resources since the first major revision released in February 2013.

Mineralisation at Productora is associated with a series of vertical lodes and some minor sub-horizontal lodes (mantos zones) within a felsic volcanic country rock which has been extensively intruded by a tourmaline breccia along the main mineralised north-east trend. Mineralisation is pre-dominantly hosted by steeply west-dipping lodes; however, steep easterly-dipping lodes were also recognised late in 2013, with the discovery of the high-grade Habanero zone within the eastern flank of the central pit area.

Reserve and Resource Growth Focus for 2014 Drilling with Further Exploration Growth Potential Identified

A predictive 3D alteration model highlighting strong alteration associations to copper metal has been constructed by the generative geology team for the Productora copper project. The alteration model was a catalyst in the Company's decision to drill-test the Habanero east dipping target, which has since been confirmed as a significant new zone of high-grade copper and gold.

Drilling at the end of 2013 produced the Company's second discovery at Rocoto, a large-scale, copper-gold zone located immediately below the planned central pit. Figures 12 and 13 on page 20 display the discovery cross-sections of the Habanero and Rocoto zones at Productora.

Both discoveries have confirmed the predictive nature of Hot Chili's advanced targeting approach which has now led to a new phase of discovery at Productora.

Early in 2014, Hot Chili completed a systematic review of all target potential at the Productora project area. In total 28 targets, including near-pit resource growth targets and satellite exploration targets were identified, of which 15 are considered priority. Drilling of these priority targets is planned to commence in August 2014.

Table 2. Productora Mineral Resource Statement – 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 reporting

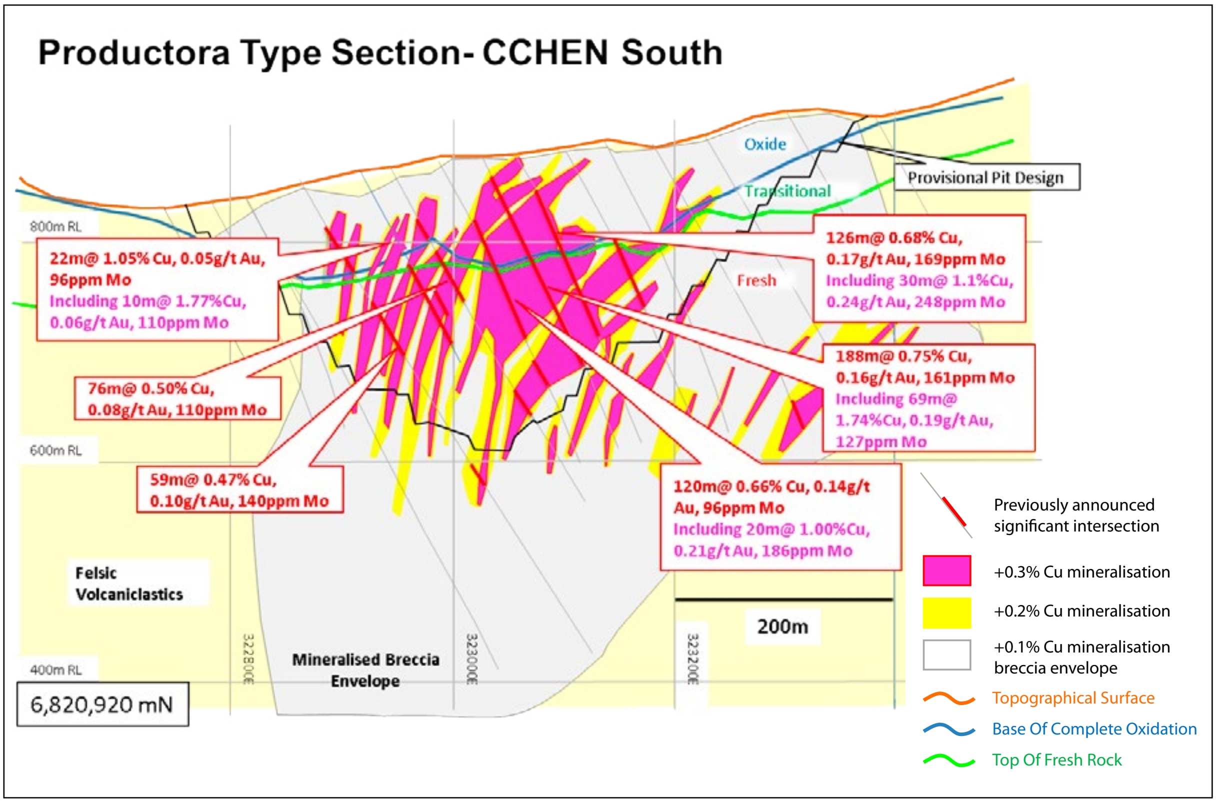


Figure 11. Cross section view looking north of the grade-shell model of the Mineral Resource in relation to geology, weathering and the central pit design. Section 6820920mN, southern extent of the central pit design. Significant intersections published in previous ASX Releases.

"Advanced targeting has been very successful at Productora."

Hot Chili considers that the Productora copper project has considerable Mineral Resource and Ore Reserve growth up-side. Advanced targeting has been very successful at Productora and the Company is focussed on drilling a series of exciting targets that will contribute towards establishing a long-life copper operation at Productora.

The Company intends to continue building on its Mineral Resource and Ore Reserve base in parallel with the completion of Pre-feasibility studies during 2014.

Reverse Circulation (RC) Drill rigs in action at Productora

Productora Project

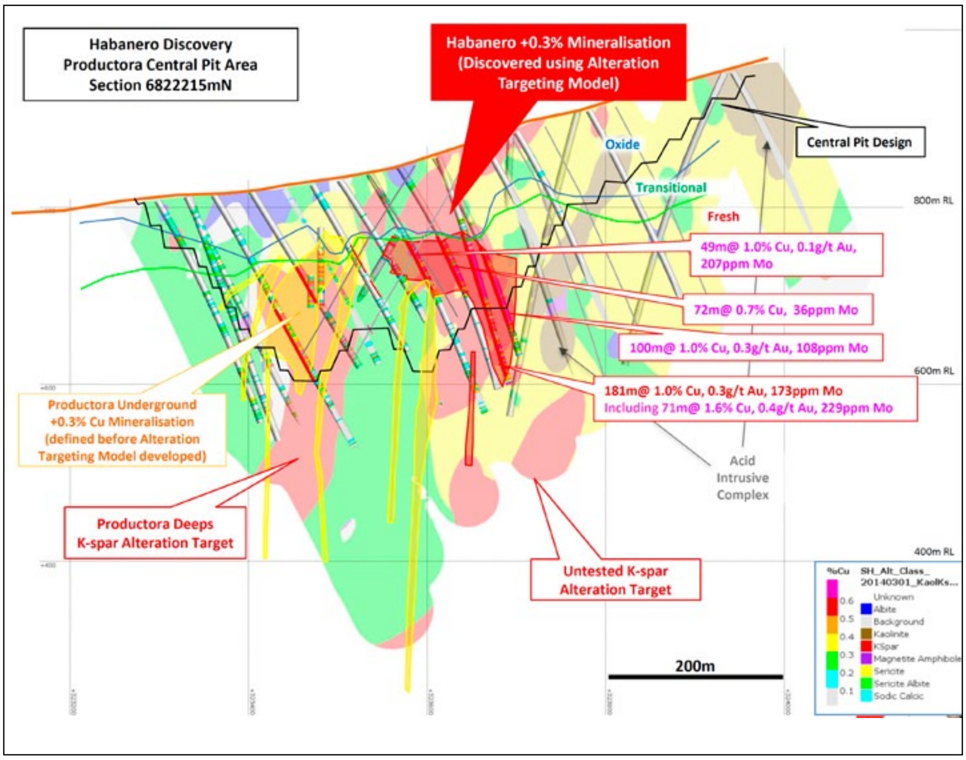


Figure 12. Discovery drilling intersections at Habanero in relation to the planned central pit design at Productora. Significant Intersections published in previous ASX Releases

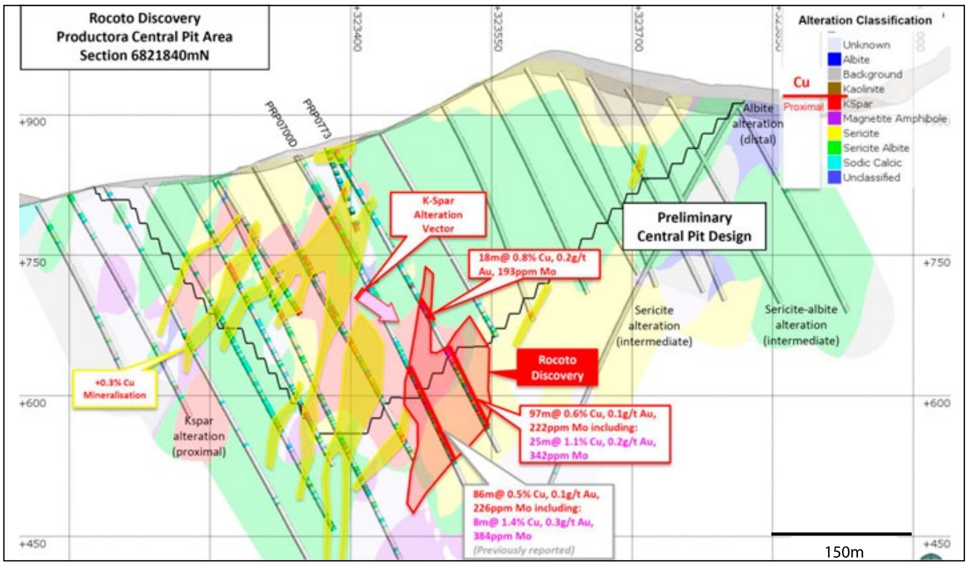
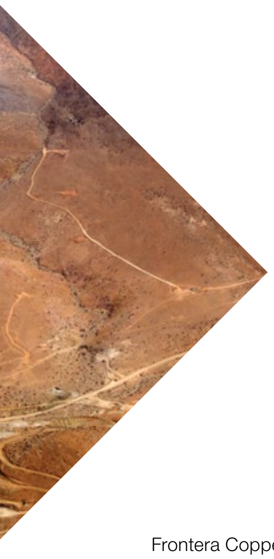


Figure 13. Discovery drilling intersections at Rocoto in relation to the planned central pit design at Productora. Significant Intersections published in previous ASX Releases

"Hot Chili considers that the Productora copper project has considerable Mineral Resource and Ore Reserve growth up-side..."

Frontera Project



Frontera Copper Project

Frontera Maiden Resource Adds to Company's Coastal Copper Resource Base

In mid-2012, Hot Chili executed a purchase-option agreement over a lease (La Union 1-2 exploitation concession) containing the centre of a previously discovered large copper-gold porphyry deposit, 50km directly south of the Productora copper project. Since executing this agreement for the Frontera copper project, the company has completed 16,175m of drilling along with detailed geological work streams.

This work culminated in establishing a first resource estimate for Frontera comprising 50.5Mt grading 0.4% copper and 0.2g/t gold for 187,000 tonnes of copper and 356,000 ounces of gold from surface.

The first resource estimate was confined to leases located within the centre of a larger identified cluster of copper-gold porphyries. The Frontera porphyry system had 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.

The Mineral Resource estimate was completed by Hot Chili in cooperation with independent consultants Coffey Mining Pty Ltd and is summarised in Table 3.

The Mineral Resource has been estimated in accordance with the guidelines of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012).

The Mineral Resource estimate is classified as 33% Indicated material and 67% Inferred material with the majority of the Indicated material lying within the first 140m from surface. The current classification limits Indicated Mineral Resources to above the water table. Additional diamond drilling below the water table has a significant likelihood of upgrading a large portion of the Inferred classification material.

A nominal +0.1% and +0.3% copper grade shell model was utilised to constrain the block model resource estimation. The average depth of the Mineral Resource estimate base is approximately 500m from surface.

The Mineral Resource extends from surface with transitional and sulphide material dominant and accessible from near-surface owing to the limited distribution of surface oxide material over the deposit.

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

Mineralisation at Frontera is hosted within an andesitic volcanic/volcaniclastic pile intruded by multiple phases of variably hornblende-rich dioritic porphyry intrusions. Copper and gold mineralisation is commonly located in or proximal to potassic alteration zones characterised by intense veining and biotite-magnetite alteration. Sulphide copper mineralogy is associated with finely disseminated chalcopyrite, vein-related chalcopyrite and bornite.

Copper distribution at Frontera is characteristic of a typical mid-level porphyry stock with a distinct annulus of copper surrounding a barren intrusive centre as displayed in Figure 14. A cross-section showing the strong plunge continuity of the Frontera resource is also displayed in Figure 15.

Frontera Copper Project adjacent to Pan American Hwy, looking south

Table 3. Frontera Mineral Resource Statement – 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 in accordance with Australian JORC code 2012 guidance on mineral resource reporting

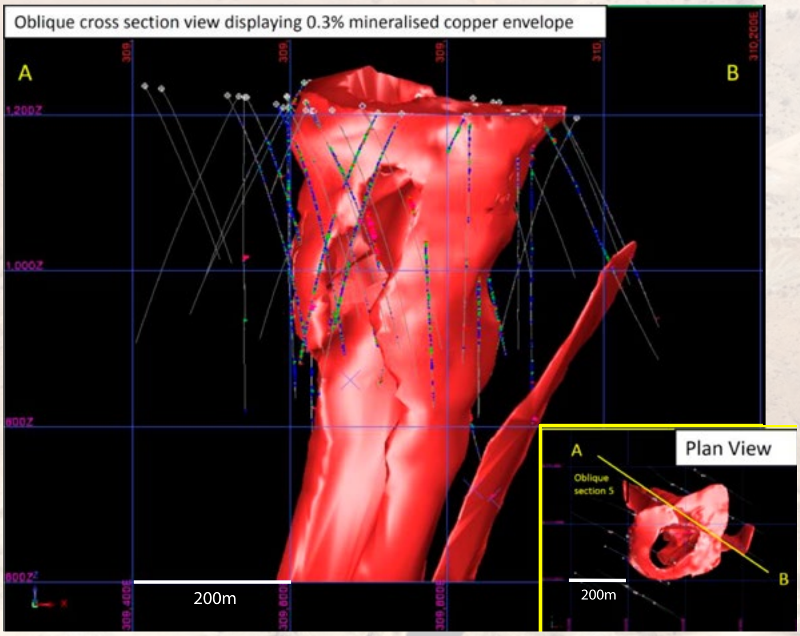


Figure 14. Oblique view of resource model for the Frontera copper project, Chile

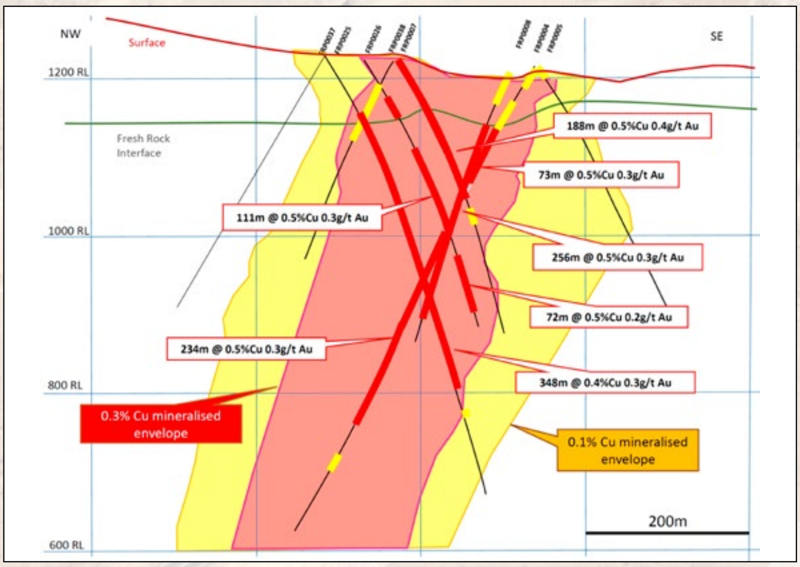


Figure 15. Cross-section of the Frontera resource in association with drilling results

Qualifying Statements

Mineral Resource and Ore Reserve Confirmation

Mineral Resource 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 30th June 2014" (ASX release dated 26 September 2014).

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 copper projects were originally reported in the ASX announcements "Maiden Ore Reserve at Productora Set for Strong Growth in 2014", dated 31st March 2014 and "Hot Chili emerging as significant Chilean copper house with maiden resource at its second project: dated 11th 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 announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Competent Person's Statement – Exploration Results

Exploration information in this report 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 report that relates to the Productora Mineral Resource is based on information compiled by Mr J Lachlan Macdonald and Mr N Ingvar Kirchner. Mr Macdonald is a full-time employee of Hot Chili Ltd. 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). Both 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 31st March 2014 and "Hot Chili emerging as significant Chilean copper house with maiden resource at its second project: dated 11th March 2014" of the matters based on their information in the form and context in which it appears.

Competent Person's Statement – Ore Reserves

The information in this report 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 31st March 2014 of the matters based on their information in the form and context in which it appears.

Forward Looking Statements

This report 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.

JORC Compliant Ore Reserve Statement

Table 4. Productora Open Pit Probable Ore Reserve Statement – Reported 31st 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 Statement

Table 5. Productora Mineral Resource Statement – Reported 31st 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 reporting

Table 6. Frontera Mineral Resource Statement – Reported 11th 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 in accordance with Australian JORC code 2012 guidance on mineral resource reporting

Tenement Schedule and Details

“Hot Chili has established close working relationships with both government and private stakeholders.”

Productora Tenement Details

Outside of the Company’s own landholding, Hot Chili has executed agreements with several private parties, government organisations and major miners. Importantly, these parties together with Hot Chili control 100% of the strike extent of defined mineralisation within this land position.

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

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

The details of the tenement holding for the Productora project are listed in Table 7.

Table 7. Productora project tenement schedule

Licence ID	Holder [1]	Interest (%)	Licence Type	Area (ha)	Mining Patents 2014-2015 ($) [2]	US$ [3]	Mining Patents 2015-2016 ($) [4]	US$ [5]	Exploration and Expenditure Commitment-Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
FRAN 1, 1-48	SMEA SpA	100%	Exploitation concession	300	1,209,780	2,335.48	1,261,560	2,291.25	None		Constituted
FRAN 2, 1-20	SMEA SpA	100%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25	None		Constituted
FRAN 3, 1-60	SMEA SpA	100%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25	None		Constituted
FRAN 4, 1-20	SMEA SpA	100%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25	None		Constituted
FRAN 5, 1-20	SMEA SpA	100%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25	None		Constituted
FRAN 6, 1-60	SMEA SpA	100%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25	None		Constituted
FRAN 7, 1-37	SMEA SpA	100%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25	None		Constituted
FRAN 8, 1-30	SMEA SpA	100%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25	None		Constituted
FRAN 12, 1-40	SMEA SpA	100%	Exploitation concession	200	806,520	1,556.98	841,040	1,527.50	None		Constituted
FRAN 13, 1-40	SMEA SpA	100%	Exploitation concession	200	806,520	1,557.00	841,040	1,527.50	None		Constituted
FRAN 14, 1-40	SMEA SpA	100%	Exploitation concession	200	806,520	1,557.00	841,040	1,527.50	None		Constituted
FRAN 15, 1-60	SMEA SpA	100%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25	None		Constituted
FRAN 18, 1-60	SMEA SpA	100%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25	None		Constituted
FRAN 21, 1-60	SMEA SpA	100%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25	None		Constituted
FRAN 22	SMEA SpA	100%	Mining Petition	400	322,608	622.70	336,416	611.00	None		Constituted
ALGA 7A, 1-32	SMEA SpA	100%	Exploitation concession	89	358,901	692.85	374,263	679.74	None		Constituted
ALGA VI, 5-24	SMEA SpA	100%	Exploitation concession	66	266,152	513.80	277,543	504.07	None		Constituted
MONTOSA 1-4	SMEA SpA	100%	Exploitation concession	35	141,141	272.47	147,182	267.31	None		Constituted
CHICA	SMEA SpA	100%	Exploitation concession	1	4,033	7.78	4,205	7.64	None		Constituted
ESPERANZA 1-5	SMEA SpA	100%	Exploitation concession	11	44,359	85.63	46,257	84.01	None		Constituted
LEONA SEGUNDA 1-4	SMEA SpA	100%	Exploitation concession	10	40,326	77.84	42,052	76.37	None		Constituted
CARMEN I, 1-60	SMEA SpA	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25	None		Being processed
CARMEN II, 1-60	SMEA SpA	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25	None		Being processed
ZAPA 1, 1-10	SMEA SpA	100%	Exploitation concession	100	403,260	778.49	420,520	763.75	None		Constituted
ZAPA 3, 1-23	SMEA SpA	100%	Exploitation concession	92	370,999	716.21	386,878	702.65	None		Constituted
ZAPA 5A, 1-16	SMEA SpA	100%	Exploitation concession	80	322,608	622.79	336,416	611.00	None		Constituted
ZAPA 7, 1-24	SMEA SpA	100%	Exploitation concession	120	483,912	934.19	504,624	916.50	None		Constituted

Licence ID	Holder (1)	Interest (%)	Licence Type	Area (ha)	Mining Patents 2014-2015 ($) (2)	US$ (3)	Mining Patents 2015-2016 ($) (4)	US$ (5)	Exploration and Expenditure Commitment-Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
CABRITO, CABRITO 1-9	SMEA SpA	80%	Exploitation concession	50	201,630	389.24	210,260	381.87	None		Constituted
CUENCA A, 1-51	CMP	65%	Exploitation concession	255	1,028,313	1,985.16	1,072,326	1,947.56	Total Exploration Expenditure Commitment of US$4,000,000 over 5 years (Yr1 US$750,000, Yr2 US$500,000, Yr3 US$500,000, Yr4 US$1,000,000, Yr5 US$1,250,000). Already satisfied. Exercise Payment (price) of US$100,000		5 Year 65% JV Earn-in option Agreement executed Expiration date October 5th, 2014
CUENCA B, 1-28	CMP	65%	Exploitation concession	139	560,531	1,082.10	584,523	1,061.61			
CUENCA C, 1-51	CMP	65%	Exploitation concession	255	1,028,313	1,985.16	1,072,326	1,947.56			
CUENCA D	CMP	65%	Exploitation concession	3	12,098	23.35	12,616	22.91			
CUENCA E	CMP	65%	Exploitation concession	1	4,033	7.78	4,205	7.64			
CHOAPA 1-10	CMP	65%	Exploitation concession	50	201,630	389.24	210,260	381.87			
ELQUI 1-14	CMP	65%	Exploitation concession	61	245,989	474.88	256,517	465.89			
LIMARÍ 1-15	CMP	65%	Exploitation concession	66	266,152	513.81	277,543	504.07			
LOA 1-6	CMP	65%	Exploitation concession	30	120,978	233.50	126,156	229.12			
MAIPO 1-10	CMP	65%	Exploitation concession	50	201,630	389.24	210,260	381.87			
TOLTÉN 1-4	CMP	65%	Exploitation concession	70	282,282	544.94	294,364	534.62			
CACHIYUYITO 1, 1-60	CMP	65%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25			
CACHIYUYITO 2, 1-60	CMP	65%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25			
CACHIYUYITO 3, 1-60	CMP	65%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25			
LA PRODUCTORA 1-16	SMEA SpA	100%	Exploitation concession	75	302,445	583.87	315,390	572.81			
BUENA SUERTE 1-6	SLM BUENA SUERTE	100%	Exploitation concession	30	120,978	233.50	126,156	229.12	None		Constituted
BUENA SUERTE 1-6	SLM BUENA SUERTE	100%	Exploitation concession	30	120,978	233.50	126,156	229.12	Total price of US$1,000,000. US$20,000 paid upon signature. Payments of US$50,000 pa for Yr. 1, 2, 3 already done. A further payment of US$ 600,000 (payment term may 2016). Exploration Expenditure Commitment of US$230,000 since the signature of the contract modification.		5 Year – 100% Purchase-option Agreement executed. Expiration date November 18th, 2014. Contract modification date November 13th, 2013
PILAR 1-2	SLM PILAR	100%	Exploitation concession	10	40,326	77.84	42,052	76.37			
ORO INDIO I, 1-20	JGT	100%	Exploitation concession	82	330,673	638.36	344,826	626.27	Total price of USD 500,000. US$100,000 paid upon signature. Payments of US$80,000 pa for Yr. 1, 2, 3, 4. Payment of US$80,000 for Yr. 1 and Yr 2 already done. Exercise payment of US$80,000 at the end of Yr 5.		5 Year – 100% Purchase-option Agreement executed. Expiration date February 13th, 2017
AURO HUASCO I, 1-8	JGT	100%	Exploitation concession	35	141,141	272.47	147,182	267.31			
URANIO, 1-70	CCHEN	100%	Exploitation concession	350	1,411,410	2,724.70	1,471,820	2,673.12	Exploration phase US$100,000 per Yr plus US$6,000,000 minimum exploration commitment. Already completed. Exploitation phase US$250,000 per Yr plus 2% NSR all but gold; 4% NSR gold; 5% NSR non-metallic		5 year – (renewable to 30) lease agreement Termination date August 22nd, 2042

Licence ID	Holder [1]	Interest (%)	Licence Type	Area (ha)	Mining Patents 2014-2015 ($) [2]	US$ [3]	Mining Patents 2015-2016 ($) [4]	US$ [5]	Exploration and Expenditure Commitment-Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
JULI 1	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	12.11.2015	Constituted
JULI 2	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	21.10.2015	Constituted
JULI 3	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	21.10.2015	Constituted
JULI 4	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	21.10.2015	Constituted
JULI 5	SMEA SpA	100%	Exploration concession	100	80,652	155.60	84,104	152.75	None	12.11.2015	Constituted
JULI 6	SMEA SpA	100%	Exploration concession	200	161,304	311.30	168,208	305.50	None	5.11.2015	Constituted
JULI 7	SMEA SpA	100%	Exploration concession	200	161,304	311.30	168,208	305.50	None	21.10.2015	Constituted
JULI 8	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	21.10.2015	Constituted
JULI 9	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	21.10.2015	Constituted
JULI 10	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	12.11.2015	Constituted
JULI 11	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	12.11.2015	Constituted
JULI 12	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	21.10.2015	Constituted
JULI 13	SMEA SpA	100%	Exploration concession	100	80,652	155.60	84,104	152.75	None	12.11.2015	Constituted
JULI 14	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	12.11.2015	Constituted
JULI 15	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	21.10.2015	Constituted
JULI 16	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	21.10.2015	Constituted
JULI 17	SMEA SpA	100%	Exploration concession	200	161,304	311.30	168,208	305.50	None	21.10.2015	Constituted
JULI 18	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	21.10.2015	Constituted
JULI 19	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	12.11.2015	Constituted
JULI 20	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	20.11.2015	Constituted
JULI 21	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	21.10.2015	Constituted
JULI 22	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	21.10.2015	Constituted
JULI 23	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	21.10.2015	Constituted
JULI 24	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	5.11.2015	Constituted
JULI 25	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	12.11.2015	Constituted
JULI 26	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	21.10.2015	Constituted
JULI 27	SMEA SpA	100%	Exploration concession	200	161,304	311.30	168,208	305.50	None	21.10.2015	Constituted
JULI 28	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	21.10.2015	Constituted
JULIETA 1	SMEA SpA	100%	Exploration concession	100	80,652	155.60	84,104	152.75	None	5.11.2015	Constituted
JULIETA 2	SMEA SpA	100%	Exploration concession	200	161,304	311.30	168,208	305.50	None	5.11.2015	Constituted
JULIETA 3	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	12.11.2015	Constituted
JULIETA 4	SMEA SpA	100%	Exploration concession	200	161,304	311.30	168,208	305.50	None	5.11.2015	Constituted
JULIETA 5	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	5.11.2015	Constituted
JULIETA 6	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	5.11.2015	Constituted
JULIETA 7	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	12.11.2015	Constituted
JULIETA 8	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	12.11.2015	Constituted
JULIETA 9	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	5.11.2015	Constituted
JULIETA 10	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	5.11.2015	Constituted
JULIETA 11	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	5.11.2015	Constituted
JULIETA 12	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	12.11.2015	Constituted
JULIETA 13	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	12.11.2015	Constituted
JULIETA 14	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	5.11.2015	Constituted
JULIETA 15	SMEA SpA	100%	Exploration concession	200	161,304	311.30	168,208	305.50	None	5.11.2015	Constituted
JULIETA 16	SMEA SpA	100%	Exploration concession	200	161,304	311.30	168,208	305.50	None	5.11.2015	Constituted
JULIETA 17	SMEA SpA	100%	Exploration concession	200	161,304	311.30	168,208	305.50	None	12.11.2015	Constituted
JULIETA 18	SMEA SpA	100%	Exploration concession	200	161,304	311.30	168,208	305.50	None	12.11.2015	Constituted
JULIETA 19	SMEA SpA	100%	Exploration concession	200	161,304	311.30	168,208	305.50	None	5.11.2015	Constituted

Licence ID	Holder [1]	Interest (%)	Licence Type	Area (ha)	Mining Patents 2014-2015 ($) [2]	US$ [3]	Mining Patents 2015-2016 ($) [4]	US$ [5]	Exploration and Expenditure Commitment-Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
ARENA 1	SMEA SpA	100%	Mining petition	100	80,652	155.60	84,104	152.75	None		Being processed
ARENA 2	SMEA SpA	100%	Mining petition	200	161,304	311.30	168,208	305.50	None		Being processed
					41,035,738	**79,213.45**	**43,044,427**	**78,177.31**	**Total Exercise Payment Commitments (or price) US$940,000**		
									Total lease price next 4 Yrs US$300,000		

Obs.: (1) CMP= Compañía Minera del Pacífico; SLM Productora= Sociedad Legal Minera La Productora 1 de la Sierra Coyigualles; SLM Buena Suerte= Sociedad Legal Minera Buena Suerte 1 de la Sierra Tamarico; SLM Pilar= Sociedad Legal Minera Pilar 1 de la Sierra Tamarindo; SLM Cabrito= Sociedad Legal Minera Cabrito de la Sierra Zapallo; JGT= Julio Godoy Torres; CCHEN= Comisión Chilena de Energía Nuclear. (2) In accordance with the August 2013 UTM, which amounts 40326 CL. (3) In accordance with an approximate dollar exchange rate (CH$518). (4) In accordance with the June 2014 UTM, which amounts 42052 CL. (5) In accordance with an approximate dollar exchange rate (CH$550,6).

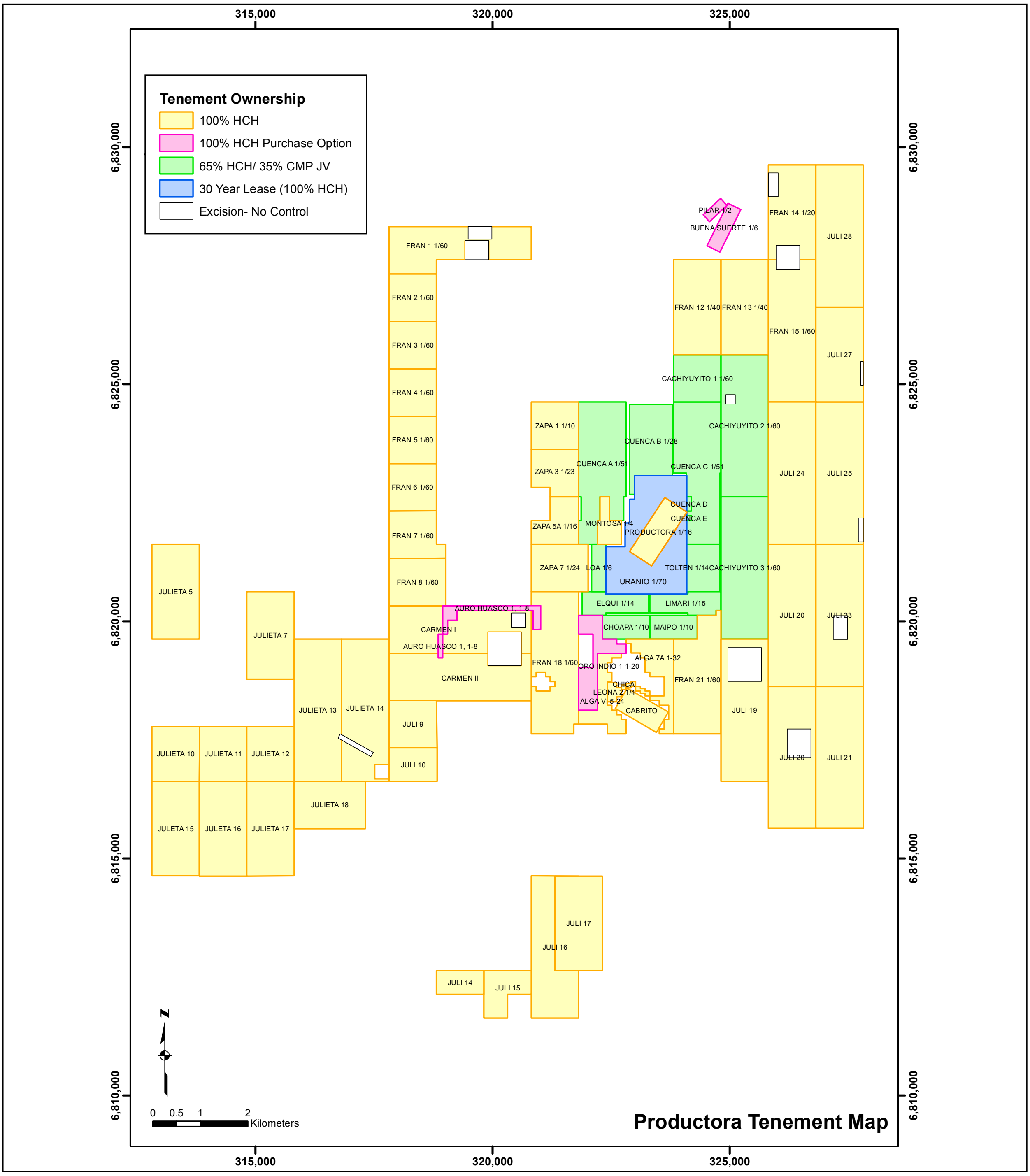


Figure 16. Productora project tenement location plan

Frontera Tenement Details

The Frontera project lies 50km directly south of Productora in Region IV of Chile.

SMEA SpA, Hot Chili's wholly owned Chilean subsidiary, has entered into a 30 month, 100% purchase-option agreement with private Chilean company Compañía Minera Taruca SCM. The agreement was executed with a US$600,000 payment in June 2012.

Table 8. Frontera project tenement details

Licence ID	Holder [1]	Interest (%)	Licence Type	Area (ha)	Mining Patents 2014-2015 ($) [2]	US$ [3]	Mining Patents 2015-2016 ($) [4]	US$ [5]	Exploration and Expenditure Commitment-Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
LA UNION 1-2	Compañía Minera Taruca SCM	100%	Exploitation Concession	10	40,326	77.84	42,052	76.37	Total price of US$5,900,000. US$255,000 paid prior to the signature. US$344,000 paid upon the signature. US$300,000 once 18 month after the execution of the agreement already satisfied. Exercise payment of US$5,000,000 at the end of month 30.		30 month – 100% Purchase-option Agreement executed Expiration date November 30th, 2014
JOTA 1	Compañía Minera Taruca SCM	100%	Exploration concession	1	4,033	7.78	4,205	7.64			
MADRID 2, 1-60	Compañía Minera Taruca SCM	100%	Mining claim	300	1,209,780	2,335.40	1,261,560	2,291.25			
					1,254,139	**2,421.02**	**1,307,817**	**2,375.26**	**Total Exercise Payment Commitments (or price) due US$5,000,000**		

Obs.: (1) In accordance with the August 2013 UTM, which amounts 40326 CL. (2) In accordance with an approximate dollar exchange rate (CH$518). (3) In accordance with the June 2014 UTM, which amounts 42052CL. (4) In accordance with an approximate dollar exchange rate (CH$550).

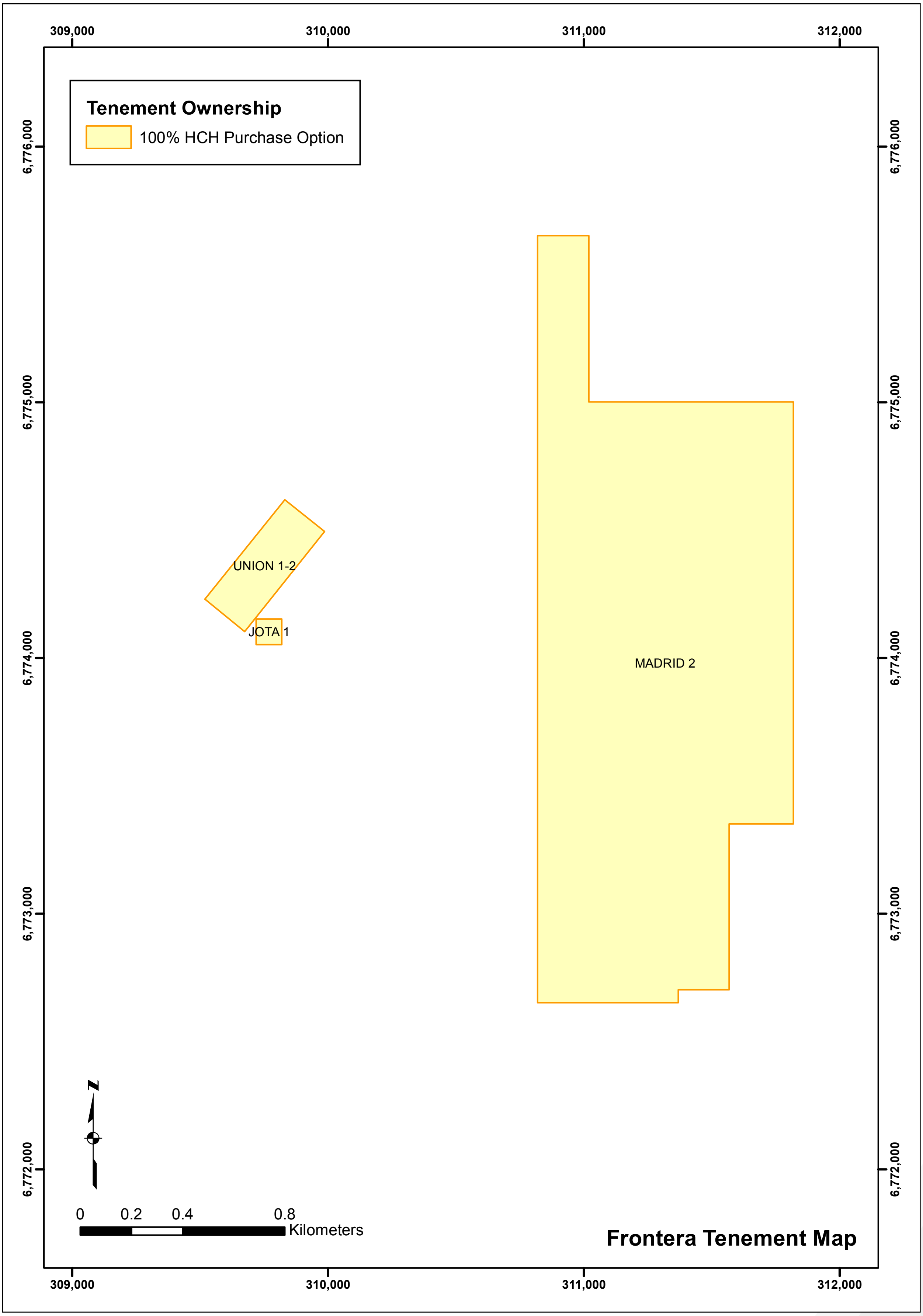


Figure 17. Frontera project tenement plan

Banderas Tenement Details

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

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

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

In addition, SMEA SpA has 100% ownership over some 3250 hectares of tenements in the area.

Table 9. Banderas project tenement schedule

Licence ID	Holder [1]	Interest (%)	Licence Type	Area (ha)	Mining Patents 2014-2015 ($) [2]	US$ [3]	Mining Patents 2015-2016 ($) [4]	US$ [5]	Exploration and Expenditure Commitment- Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
TITIRUTA 2, 1-14	SMEA SpA	100%	Mining claim	57	229,858	443.74	239,696	435.34	None		Being proccesed
RENACIMIENTO 1-10	JSR	65%	Exploitation Concession	44	177,434	342.53	185,029	336.05	Total price of USD 180,000. US$30,000 paid upon signature. Payments of US$30,000 pa for Yr. 1, 2, 3, 4. Exercise payment of US$30,000 at the end of Yr 5. Payment for Yr 1 and Yr 2 already satisfied.		5 Year – 65% JV Earn-in option Agreement executed Expiration date December 12th, 2016
ESCONDIDA 1-10	ADC	65%	Exploitation Concession	50	201,630	389.24	210,260	381.87	Total price of US$180,000. US$30,000 paid upon signature. Payments of US$30,000 pa for Yr 1, 2, 3, 4. Payment for Yr 1 and Yr 2 already satisfied. Exercise payment of US$30,000 at the end of Yr 5.		5 Year – 65% JV Earn-in option Agreement executed Expiration date February 28th, 2017
BANDERITA 1-5	SLM BANDERITA	100%	Exploitation Concession	5	20,163	38.92	21,026	38.19	Total price of US$480,000. US$42,000 paid upon signature. Payments of US$42,000 pa for Yr 1, 2. Payment US$70,000 pa year 3. Exercise payment of US$284,000 at the end of Yr 4. Payment for year 1 and year 2 already satisfied.		4 Year – 100% Purchase-option Agreement executed Expiration date November 29th, 2015
RESGUARDO 1, 2, 3, 4, 5, 6, 7, 8, 12, 13, 14 y 20	SLM RESGUARDO	100%	Exploitation Concession	60	241,956	467.09	252,312	458.25			
RESGUARDO 9, 10, 11, 15, 16, 17, 18 y 20	SLM RESGUARDO	100%	Exploitation Concession	40	161,304	311.39	168,208	305.50			
CONEJA 1-10	SMEA SpA	100%	Exploitation Concession	100	403,260	778.49	420,520	763.75	None		Constituted

Licence ID	Holder [1]	Interest (%)	Licence Type	Area (ha)	Mining Patents 2014-2015 ($) [2]	US$ [3]	Mining Patents 2015-2016 ($) [4]	US$ [5]	Exploration and Expenditure Commitment-Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
COTOTO 1, 1-60	IPL	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25	Total price of USD 180,000. USD 30,000 paid upon signature. Payments of US$30,000 pa for Yr. 1, 2, 3, 4. Payment for Yr 1 and Yr 2 already satisfied. Exercise payment of US$30,000 at the end of Yr 5. (5 Year – 65% JV Earn-in option Agreement executed). Expiration date July 23rd, 2017		Being proccesed
COTOTO 2, 1-60	IPL	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25			Being proccesed
COTOTO 3, 1-60	IPL	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25			Being proccesed
COTOTO 4, 1-60	IPL	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25			Being proccesed
COTOTO 5, 1-60	IPL	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25			Being proccesed
COTOTO 6, 1-60	IPL	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25			Being proccesed
COTOTO 7, 1-60	IPL	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25			Being proccesed
COTOTO 8, 1-60	IPL	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25			Being proccesed
PIMPOLLA 1, 1-60	IPL	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25			Being proccesed
PIMPOLLA 2, 1-60	IPL	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25			Being proccesed
PIMPOLLA 3, 1-60	IPL	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25			Being proccesed
PIMPOLLA 4, 1-60	IPL	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25			Being proccesed
PIMPOLLA 5, 1-60	IPL	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25			Being proccesed
PIMPOLLA 6, 1-60	IPL	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25			Being proccesed
PIMPOLLA 7, 1-60	IPL	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25			Being proccesed
PIMPOLLA 8, 1-60	IPL	100%	Mining Claim	300	1,209,780	2,335.40	1,261,560	2,291.25			Being proccesed
BLANCA 1	SMEA SpA	100%	Exploration concession	200	161,304	311.30	168,208	305.50	None	11.02.2016	Constituted
BLANCA 2	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	11.02.2016	Constituted
BLANCA 3	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	11.02.2016	Constituted
BLANCA 4	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	11.02.2016	Constituted
BLANCA 5	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	11.02.2016	Constituted
BLANCA 6	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	11.02.2016	Constituted
BLANCA 7	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	11.02.2016	Constituted
BLANCA 8	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	11.02.2016	Constituted
BLANCA 9	SMEA SpA	100%	Exploration concession	300	241,956	467.00	252,312	458.25	None	11.02.2016	Constituted
BLANCA 10	CNP	100%	Mining petition	100	80,652	155.60	84,104	152.75	None		Constituted
BLANCA 11	CNP	100%	Mining petition	100	80,652	155.60	84,104	152.75	None		Being processed
BLANCA 12	CNP	100%	Mining petition	200	161,304	311.30	168,208	305.50	None		Being processed
BLANCA 13	CNP	100%	Mining petition	100	80,652	155.60	84,104	152.75	None		Being processed
					23,292,298	**44,963.20**	**24,289,235**	**44,114.12**	**Total Exercise Payment Commitments due (or price) US$ 624,000**		

Obs.: (1) JIS= José Ignacio Silva; SMEAL= Sociedad Minera El Águila Ltda.; JSR= Julio Salomon Richards; ADC= Arnaldo Del Campo; SLM Banderita Uno de la Sierra Algarrobo; and, SLM Resguardo= Sociedad Legal Minera Resguardo Uno de la Sierra Algarrobo; CNP= Camila Noguera Pantoja; (2) In accordance with the August 2013 UTM, which amounts 40326 CL. (3) In accordance with an approximate dollar exchange rate (CH$518). (4) In accordance with the June 2014 UTM, which amounts 42052 CL. (5) In accordance with an approximate dollar exchange rate (CH$550,6).

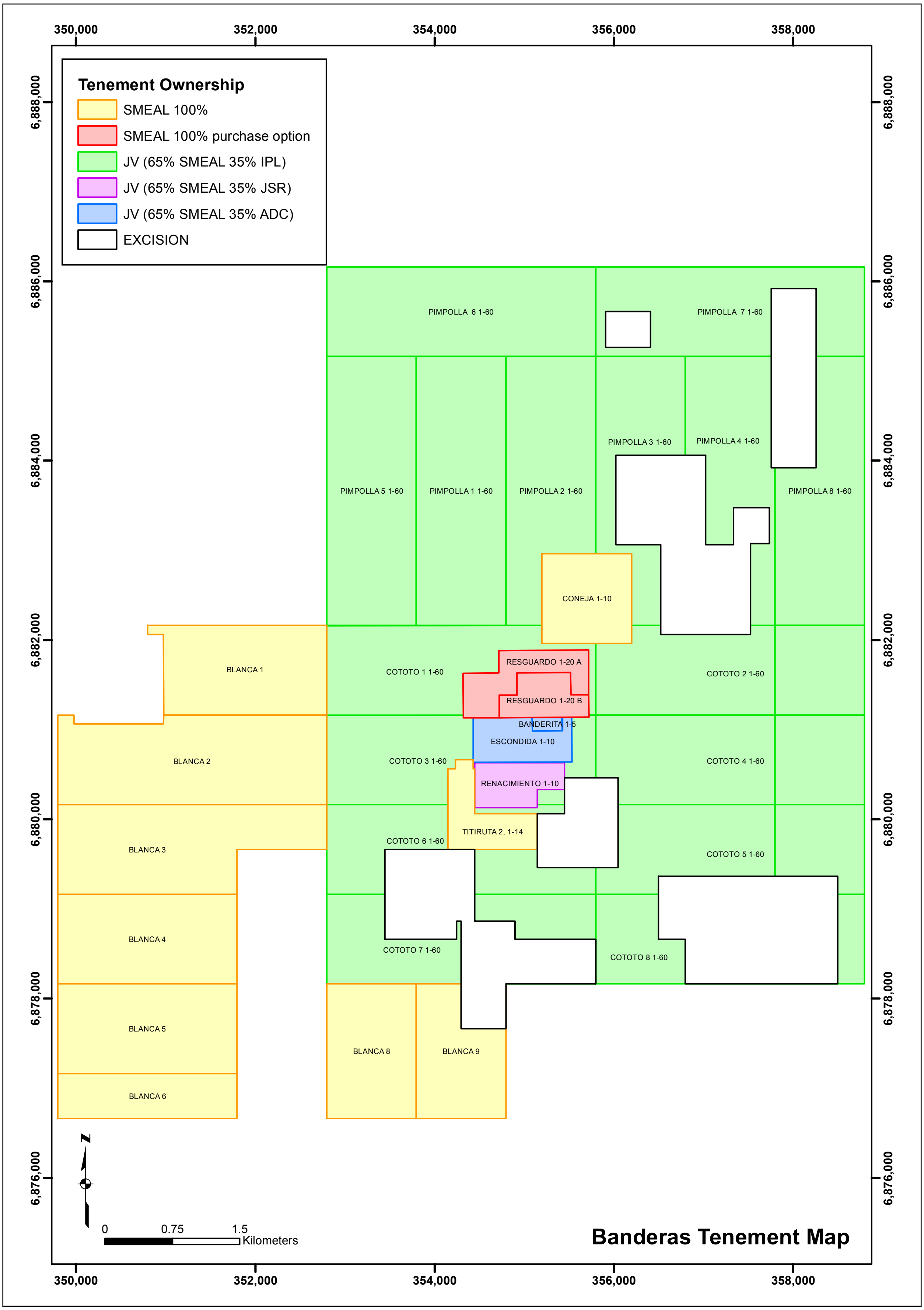


Figure 18. Banderas project tenement plan

Los Mantos Tenement Details

Los Mantos is located, at low altitude in the coastal range of Region IV, Chile, 240 km south of Hot Chili´s flagship project Productora.

The Company terminated the option agreement over the original central portion of the Los Mantos project on the 4th June 2014. However Hot Chili retains a large package of tenements at Los Mantos under a farm-in agreement with Compañia Contractual Minera Los Andes (CCMLA), a subsidiary of the Chilean major CODELCO, the world's largest copper producer.

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

Under the terms of the 60% earn-in Joint Venture (JV) between CCMLA, a subsidiary of CODELCO, and Hot Chili's 100% operating subsidiary SMEA SpA, Hot Chili is required to commit to a minimum expenditure of US$2 million during the first five years of the earn-in phase. During the sixth year of the JV agreement, Hot Chili also commits to completing a definitive feasibility study, adopt a Decision to Construct and pay the additional sum of US$100,000 in order to exercise the JV.

In addition to this latest JV agreement, further consolidation of the Los Mantos project area is planned.

Table 10. Los Mantos project tenement schedule

Licence ID	Holder [1]	Interest (%)	Licence Type	Area (ha)	Mining Patents 2014-2015 ($) [2]	US$ [3]	Mining Patents 2015-2016 ($) [4]	US$ [5]	Exploration and Expenditure Commitment-Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
LEONOR F3	MLA	60%	Exploration	200	161,304	311.30	168,208	305.50	I. Promise of incorporation value US$2,000,000. II. Exploration expenses: (i) Between November 6th, 2012, and November 5th, 2013 US$150,000; (ii) Between November 6th, 2013, and November 5th, 2014, US$300,000; (iii) Between November 6th, 2014		5 Year – 60% JV Option Agreement executed
LEONOR E8	MLA	60%	Exploration	200	161,304	311.30	168,208	305.50			
LEONOR E9	MLA	60%	Exploration	400	322,608	622.79	336,416	611.00			
HAPI C1, 1-30	MLA	60%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25			
HAPI C3, 1-60	MLA	60%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25			
HAPI C4, 1-30	MLA	60%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25			
HAPI C5, 1-30	MLA	60%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25			
HAPI C14, 1-30	MLA	60%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25			
HAPI D1, 1-60	MLA	60%	Exploitation concession	600	2,419,560.00	4,670.96	2,523,120	4,582.49			
HAPI D2, 1-60	MLA	60%	Exploitation concession	588	2,371,168.80	4,577.50	2,472,658	4,490.84			
HAPI D5, 1-30	MLA	60%	Exploitation concession	300	1,209,780	2,335.40	1,261,560	2,291.25			
HAPI D7, 1-60	MLA	60%	Exploitation concession	60	241,956	467.09	252,312	458.25			
HAPI D8, 1-10	MLA	60%	Exploitation concession	100	403,260	778.49	420,520	763.75			
HAPI D9, 1-30	MLA	60%	Mining claim	244	983,954.40	1,899.50	1,026,069	1,863.55			
JADABA B1, 1-20	MLA	60%	Exploitation concession	200	806,520	1,556.98	841,040	1,527.50			
JADABA B2, 1-30	MLA	60%	Mining claim	292	1,177,519.00	2,273.20	1,227,918	2,230.15			
JADABA B3, 1-20	MLA	60%	Exploitation concession	172	693,607.20	1,339.00	723,294	1,313.65			
JADABA B15, 1-10	MLA	60%	Exploitation concession	99	399,227.40	770.07	416,315	756.11			
JADABA C2, 1-20	MLA	60%	Exploitation concession	200	806,520	1,556.98	841,040	1,527.50			

Licence ID	Holder [1]	Interest (%)	Licence Type	Area (ha)	Mining Patents 2014-2015 ($) [2]	US$ [3]	Mining Patents 2015-2016 ($) [4]	US$ [5]	Exploration and Expenditure Commitment-Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
JADABA C3, 1-60	MLA	60%	Exploitation concession	504	2,032,430.40	3,923.60	2,119,421	3,849.29			
JADABA C12, 1-80	MLA	60%	Exploitation concession	723	None	None	3,040,360	5,521.90			
JADABA C14, 11-20	MLA	60%	Exploitation concession	100	403,260	778.49	420,520	763.75			
JADABA C15, 1-10	MLA	60%	Exploitation concession	100	403,260	778.49	420,520	763.75			
LEONOR C9, 1-20	MLA	60%	Exploitation concession	200	806,520	1,556.98	841,040	1,527.50			
HAPI F1 (OVERLAPS HAPI E1)	MLA	60%	Exploration	900	736,830	1,347.00	756,936	1,374.75			
HAPI F2 (OVERLAPS HAPI E2)	MLA	60%	Exploration	900	736,830	1,347.00	756,936	1,374.75			
HAPI G1(OVERLAPS HAPI E3)	MLA	60%	Exploration	600	491,220	898.00	504,624	916.50			
HAPI F4 (OVERLAPS HAPI E4)	MLA	60%	Exploration	300	245,610	449.00	252,312	458.25			
HAPI G3 (OVERLAPS HAPI E5)	MLA	60%	Exploration	200	163,740	299.30	168,208	305.50			
HAPI F3 (OVERLAPS HAPI E6)	MLA	60%	Mining petition	200	163,740	299.30	168,208	305.50			
HAPI E7, 1-20 (OVERLAPS HAPI E7)	MLA	60%	Mining petition	200	163,740	299.30	168,208	305.50			
HAPI F5 (OVERLAPS HAPI E8)	MLA	60%	Exploration	400	327,480	598.60	336,416	611.00			
HAPI F6 (OVERLAPS HAPI E9)	MLA	60%	Exploration	200	163,740	299.30	168,208	305.50			
HAPI F7 (OVERLAPS HAPI E10)	MLA	60%	Exploration	300	245,610	449.00	252,312	458.25			
HAPI F8 (OVERLAPS HAPI E11)	MLA	60%	Mining petition	300	245,610	449.00	252,312	458.25			
HAPI F9 (OVEROLAPS HAPI E12)	MLA	60%	Mining petition	400	327,480	598.60	336,416	611.00			
HAPI F10 (OVERLAPS HAPI E13)	MLA	60%	Mining petition	600	491,220	898.00	504,624	916.50			
HAPI F11 (OVERLAPS HAPI E14)	MLA	60%	Mining petition	200	163,740	299.30	168,208	305.50			
JADABA E1 (OVERLAPS JADABA D1)	MLA	60%	Exploration	200	163,740	299.30	168,208	305.50			
JADABA E2 (OVERLAPS JADABA D2)	MLA	60%	Exploration	200	163,740	299.30	168,208	305.50			
JADABA E3 (OVERLPS JADABA D3)	MLA	60%	Mining petition	300	245,610	449.00	252,312	458.25			
JADABA E4 (OVERLAPS JADABA D4)	MLA	60%	Mining petition	200	163,740	299.30	168,208	305.50			
JADABA E5 (OVERLAPS JADABA D5)	MLA	60%	Exploration	400	327,480	598.60	336,416	611.00			
JADABA E6 (OVERLAPS JADABA D6)	MLA	60%	Exploration	600	491,220	898.00	504,624	916.50			
JADABA E7 (OVERLAPS JADABA D7)	MLA	60%	Exploration	300	245,610	449.00	252,312	458.25			
JADABA E8 (OVERLAPS JADABA D8)	MLA	60%	Exploration	400	327,480	598.60	336,416	611.00			
JADABA E9 (OVERLAPS JADABA D9)	MLA	60%	Exploration	1200	982,440	1,796.00	1,009,248	1,833.00			
JADABA D9, 1-60 (OVERLAPS JADABA D9)	MLA	60%	Mining claim	600	2,456,100	4,490.00	2,523,120	4,582.49			

Licence ID	Holder [1]	Interest (%)	Licence Type	Area (ha)	Mining Patents 2014-2015 ($) [2]	US$ [3]	Mining Patents 2015-2016 ($) [4]	US$ [5]	Exploration and Expenditure Commitment-Payments	Expiration date of the concession (dd.mm.yyyy)	Comments
JADABA E10 (OVERLAPS JADABA D10)	MLA	60%	Exploration	1200	982,440	1,796.00	1,009,248	1,833.00			
JADABA D10, 1-20 (OVERLAPS JADABA D10)	MLA	60%	Mining claim	200	818,700	1,496.70	841,040	1,527.50			
JADABA E11 (OVERLAPS JADABA D11)	MLA	60%	Exploration	800	654,960.00	1,197.30	672,832	1,222.00			
JADABA E12 (OVERLAPS JADABA D12)	MLA	60%	Exploration	600	491,220	898.00	504,624	916.50			
JADABA E13 (OVERLAPS JADABA D13)	MLA	60%	Exploration	800	654,960.00	1,197.30	672,832	1,222.00			
JADABA E14 (OVERLAPS JADABA D14)	MLA	60%	Exploration	300	245,610	449.00	252,312	458.25			
JADABA E15 (OVERLAPS JADABA D15)	MLA	60%	Exploration	200	163,740	299.30	168,208	305.50			
MONICA E1 (OVERLAPS MONICA D1)	MLA	60%	Exploration	200	163,740	299.30	168,208	305.50			
					36,261,779	**68,525.82**	**40,630,642**	**73,793.39**	**Total Exploration Expenditure Commitment (5 Yrs) – US$1,642,000**		

Obs.: (1) ICS = Irwin Cordova Sepulveda; ACG = Aldo Cordero Godoy; MLA = Compañía Minera Los Andes. (2) In accordance with the August 2013 UTM, which amounts 40326 CL. (3) In accordance with an approximate dollar exchange rate (CH$518) (4) In accordance with the June 2014 UTM, which amounts 42052 CL. (5) In accordance with an approximate dollar exchange rate (CH$550,6)

Figure 19. Los Manos project tenement plan

“Productora is now well positioned as a raplidy emerging long-life, bulk-tonnage Chilean copper mine.”

Corporate Governance Statement

Corporate Governance Procedures and Policies

The Board

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

Board charter

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

a) setting the strategic direction of the Company, establishing goals to ensure that these strategic objectives are met and monitoring the performance of management against these goals and objectives;

b) ensuring there are adequate resources available to meet the Company's objectives;

c) appointing the managing director and company secretary and chief financial officer of the Company;

d) evaluating the performance and determining the remuneration of senior executives, and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;

e) approving and monitoring financial reporting and capital management;

f) approving and monitoring the progress of business objectives;

g) ensuring that any necessary statutory licences are held and compliance measures are maintained to ensure compliance with the law and licences;

h) ensuring that adequate risk management procedures exist and are being used;

i) ensuring that the Company has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility;

j) ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company; and

k) ensuring procedures are in place for ensuring the Company's compliance with the law.

Conflicts of interest

In accordance with the *Corporations Act 2001* and the Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the Director concerned will not receive the relevant papers and will not be present at the Board meeting whilst the matter is being considered.

Independent professional advice

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

Corporate governance policies

The Board has adopted the corporate governance policies described below.

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

Code of conduct

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

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

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

a) conflicts;

b) fair dealing;

c) company assets and property;

d) computer, email and internet use;

e) health, safety and environment;

f) employment practices; and

g) gifts and entertainment.

In addition to their obligations under the *Corporations Act 2001* in relation to inside information, all Directors, employees and consultants have a duty of confidentiality to the Company in relation to confidential information they possess.

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

Continuous disclosure policy

The Company is a "disclosing entity" pursuant to section 111AR of the *Corporations Act 2001* and, as such, complies with the continuous disclosure requirements of Chapter 3 of the ASX Listing Rules and Section 674 of the *Corporations Act 2001*. Subject to the exceptions contained in the ASX Listing Rules, the Company is required to disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is committed to observing its disclosure obligations under the *Corporations Act 2001* and its obligations under the ASX Listing Rules. All relevant information provided to ASX will be posted on the Company's website.

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

a) ensure that the Company, as a minimum, complies with its continuous disclosure obligations under the *Corporations Act 2001* and the ASX Listing Rules and, as much as possible, seeks to achieve and exceed best practice;

b) provide Shareholders and the market with timely, direct and equal access to information issued by the Company; and

c) promote investor confidence in the integrity of the Company and its securities.

Securities dealing policy

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

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

Shareholder communication policy

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

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

Risk management policy

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

a) provide a framework for identifying, assessing, monitoring and managing risk;

b) communicate the roles and accountabilities of participants in the risk management system; and

c) highlight the status of risks to which the Company is exposed, including any material changes to the Company's risk profile.

The Board is responsible for:

a) risk management and oversight of internal controls;

b) establishing procedures which provide assurance that business risks are identified, consistently assessed and adequately addressed; and

c) for the overseeing of such procedures.

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

Corporate governance – exceptions to ASX recommendations

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

Corporate Governance (continued)

Corporate Governance Procedures and Policies (continued)

Recommendations 1.2 and 2.5 (process for evaluation)

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

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

Recommendation 2.1 (independent directors)

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

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

Recommendation 2.2 (independent chairman)

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

Recommendation 2.4 (nomination committee)

There is no nomination committee. The full Board, which comprises four (4) Non-Executive Directors and one (1) Executive Director, considers the matters and issues that would fall to the nomination committee. The Board considers that, given the current size and scope of the Company's operations, no efficiencies or other benefits would be gained by establishing a separate nomination committee. The Board intends to reconsider the requirement for, and benefits of, a separate nomination committee as the Company's operations grow and evolve.

Recommendation 3.4 (gender diversity)

The Company has a policy to employ the best available person for the position. Appointments are made on ability and availability, not necessarily on gender. However, the policy has enabled the Company to employ a Corporate Projects Manager, one Senior Geologist, a Data Base Manager, an Engineer and three administration staff, who are women and comprise approximately 30% of all the staff and almost 50% of the technical staff.

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

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

There is no audit committee. The role of the audit committee is undertaken by the full Board, which comprises three (4) Non-Executive Directors and one (1) Executive Director. The Board considers that, given the current size and scope of the Company's operations and that only one (1) Director holds an executive position in the Company, no efficiencies or other benefits would be gained by establishing a separate audit committee at present.

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

Recommendation 8.1 (remuneration committee)

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

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

Directors' Report

Your Directors have pleasure in presenting their report together with the financial statements for the year ended 30 June 2014 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 Allan Trench (Independent Non-Executive Director)	
Dr Michael Anderson (Non-Executive Director)	
Geoff Laing (Executive Director resigned, 1 August 2013)	
Roberto de Andraca Adriasola (Non-Executive Director, appointed 1 August 2013)	

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

Directors' Information

Murray Edward Black
Non-Executive Chairman

Mr Black has over 39 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 16 years' experience in the mineral exploration and mining industry. He holds an Honours Degree in Geology from the University of Western Australia, a Masters degree in Mineral Economics from Curtin University of Technology and a Masters Degree in Business Administration from Curtin's Graduate School of Business. Mr Easterday has held several senior positions and exploration management roles with top-tier gold companies including Placer Dome, Hill 50 Gold and Harmony Gold, specialising in structural geology, resource development and mineral economic valuation. For the past five years, Mr Easterday has been involved in various aspects of project negotiation drawing together his commercial, financial and project valuation skills. This work has involved negotiations and valuations covering gold, copper, uranium, iron ore, nickel, and tantalum resource projects in Australia and overseas. Mr Easterday is a Member of The Australian Institute of Geoscientists.

Dr Allan Trench
Independent Non-Executive Director

Dr Allan Trench is a geologist/geophysicist and business management consultant with over 23 years experience across a broad range of commodities. His minerals sector experience spans strategy formulation, exploration, project development and mining operations. Allan 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 2003, Navigator Resources Ltd, commenced 14 November 2005, resigned 31 December 2013. Enterprise Metals Ltd, commenced 3 April 2012, Trafford Resources Ltd, commenced 7 May 2012.

Allan 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.

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

Dr Michael Anderson
Non-Executive Director

Dr Michael Anderson has more than 21 years industry experience, largely in southern Africa and Australia. His career commenced as a geologist with Anglo American, followed by roles in the metallurgical and engineering industries with Mintek, Bateman and Kellogg Brown & Root. Dr Michael 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 Michael Anderson joined specialist resource investor Taurus Funds Management Pty Limited as a Director in August 2011. He was appointed as a Non-Executive Director of Base Resources Ltd on 28 November 2011 and also as a Non-Executive Director of Ampella Mining Ltd on 18 June 2012, resigned 26 February 2014 and P M I Gold Corporation on 15 May 2013, resigned 6 February 2014.

Directors' Report (continued)

Geoff Laing
Executive Director (Resigned 1 August 2013)

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

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

Mr de Andraca Adriasola is a business manager with 21 years' experience in the financial and mining business. Over the last five years he has been working in the main Iron Ore and Steel Producer in Chile, CAP S A and is currently the Vice President of Business Development overseeing infrastructure development and new business related to non-core assets. He also managed 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 2014 was a loss of $8,613,562 (2013: loss $4,367,746).

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 23.

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

In July the company's subsidiary in Chile received a refund of VAT amounting to $9,372,356.

At the date of this report there are no other matters or circumstances which have arisen since 30 June 2014 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 2014.

Likely Developments and Expected Results of Operations

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

Security Holding Interests of Directors

Directors	Ordinary Shares Direct Interest	Ordinary Shares Indirect Interest	Options Over Ordinary Shares Direct Interest	Options Over Ordinary Shares Indirect Interest
Murray E Black	-	16,750,000	-	-
Christian E Easterday	300,000	16,750,000	-	-
Dr Allan Trench	-	31,400	-	10,000
Dr Michael Anderson	-	-	-	-
Geoff Laing (Resigned 1 August 2013)	-	-	-	-
Roberto de Andraca Adriasola (Appointed 1 August 2013)	20,000	-	-	-

Shares Under Option

There were, 54,754,097 ordinary shares under option at 30 June 2014.

Shares Issued on the Exercise of Options

There were 24,140,000 ordinary shares of Hot Chili Limited issued during the year ended 30 June 2014 from the exercise of options.

Directors' Benefits

Since 30 June 2014, 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 27 years' experience in providing corporate secretarial, taxation and business advice to a diverse group of business clients and public companies.

Indemnification and Insurance of Directors and Officers

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

Directors' Meetings

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

Director	No. of Meetings while in office	No. of Meetings attended
Murray E Black	19	19
Christian E Easterday	19	19
Dr Allan Trench	19	19
Dr Michael Anderson	19	19
Geoff Laing (Resigned 1 August 2013)	3	3
Roberto de Andraca Adriasola (Appointed 1 August 2013)	12	11

Directors' Report (continued)

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 2014 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 2013 to 30 June 2014, 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 30th June 2014) is 16.4 with a downward trend visible during the last seven months.

Shares under Option

At the date of this report, there were 54,754,097 unissued ordinary shares under options.

Options Lapsed/Cancelled During the Year

500,000 options were cancelled during the year.

*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 2014 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 executives remuneration is that the executives are paid a commercial salary and benefits based on the market rate and experience.

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

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

	Short-term				Post Employment	Share-based Payments	
Name	Consulting Fees Related Parties $	Salary $	Directors' Fee $	Other Benefits $	Super-annuation $	Options $	Total $
2014							
Murray E Black	-	-	71,583	-	8,590	-	**80,173**
Christian E Easterday	-	363,333	-	-	43,600	-	**406,933**
Dr Allan Trench	-	-	42,333	-	5,080	-	**47,413**
Dr Michael Anderson	58,054	-	-	-	-	-	**58,054**
Geoff Laing (Resigned 1 August 2013)	-	223,963	-	-	24,500	-	**248,463**
Roberto de Andraca Adriasola (Appointed 1 August 2013)	-	-	38,500	-	-	-	**38,500**
	58,054	**587,296**	**152,416**	**-**	**81,770**	**-**	**879,536**
2013							
Murray E Black	-	-	78,000	-	9,360	-	**87,360**
Christian E Easterday	-	371,250	-	-	44,550	-	**415,800**
Dr Allan Trench	-	-	46,000	-	5,520	-	**51,520**
Dr Michael Anderson	57,825	-	-	-	-	-	**57,825**
Geoff Laing (Appointed 21 January 2013)	-	159,294	-	-	19,115	-	**178,409**
	57,825	**530,544**	**124,000**	**-**	**78,545**	**-**	**790,914**

Other Transactions with Key Management Personnel

- Blue Spec Mining, a business in which Mr Black is a Director, was paid $60,000 for administration and bookkeeping.
- MRA Consulting Pty Ltd, a company associated with Dr Michael Anderson, a Director, was paid $58,054 in directors and consulting fees.
- Blue Spec Sondajes Chile Limitada, a company in which Mr Black is a Director, was paid $9,544,327 for drilling services, out of this balance $2,052,128 was still owing to the related party at the end the financial year (2013: $18,292,308).
- 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 $
2014						
Rodrigo Diaz (Country Manger)	-	209,350	-	-	-	209,350
John Sendziuk (Company Secretary)	-	60,000	-	7,200	-	67,200
Melanie Leighton (General Manager – Technical Services Group)	-	227,083	-	27,250	-	254,333
	-	**496,433**	**-**	**34,450**	**-**	**530,883**
2013						
Rodrigo Diaz (Country Manger)	-	223,471	-	-	47,294	270,765
John Sendziuk (Company Secretary)	-	58,200	-	25,800	28,377	112,377
Melanie Leighton (General Manager – Technical Services Group)	-	167,982	-	18,868	28,377	215,227
	-	**449,653**	**-**	**44,668**	**104,048**	**598,369**

Remuneration Report (Audited) (continued)

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 2014, by each Key Management Personnel of Hot Chili Limited, including their personally related parties, are set out below. There were no shares granted as compensation during the year.

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	-	-	31,400
Dr Michael Anderson **	-	-	-	-
Geoff Laing **	-	-	-	-
Roberto de Andraca Adriasola	-	-	20,000	20,000
	26,731,400	**-**	**7,120,000**	**33,851,400**
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
	1,126,511	**-**	**95,000**	**1,221,511**
Total	**27,857,911**	**-**	**7,215,000**	**35,072,911**

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

** There are no shares held during the financial year and up to 30 June 2014 by the Director.

Options

The number of options over ordinary shares in the company held during the financial year, and up to 30 June 2014, by each Key Management Personnel of Hot Chili Limited including their personally related parties are set out below:

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	-	-	-	10,0000	10,0000
Dr Michael Anderson **	-	-	-	-	-	-
Geoff Laing **	-	-	-	-	-	-
Roberto de Andraca Adriasola	-	-	-	-	-	-
	7,110,000	**-**	**7,100,000**	**-**	**10,000**	**10,000**
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
	1,685,000	**-**	**385,000**	**-**	**1,300,000**	**1,300,000**
Total	**8,795,000**	**-**	**7,485,000**	**-**	**1,310,000**	**1,310,000**

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

** There are no options over ordinary shares held during the financial year, and up to 30 June 2014 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 was a termination benefit of $186,000 paid during the year to Geoff Laing.

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) (continued)

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 2001*. The termination benefits (including any amount of payment in lieu of notice) must not exceed the amount equal to one times the executive's average annual base salary in the last 3 years' of service with the Company, unless the benefit has first been approved by Shareholders in a general meeting.

Post termination restraints

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

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

Remuneration

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

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

Mr Laing resigned on 1 August 2013.

[End of Remuneration Report]

Dated this 25th day of September 2014 in accordance with a resolution of the Directors and signed for on behalf of the Board by:

Christian E Easterday
Managing Director

Auditors' Reports

Auditors' Indpendence Declaration

RSM Bird Cameron Partners
8 St George's Terrace Perth WA 6000
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Hot Chili Limited for the year ended 30 June 2014, 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

TUTU PHONG
Partner

Perth, WA
Dated: 25 September 2014

Independent Auditors' Report

RSM Bird Cameron Partners

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

Report on the Financial Report

We have audited the accompanying financial report of Hot Chili Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

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 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 25 September 2014

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 2014 and of its performance for the year ended on that date;
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 25th day of September 2014

Financial Report

Statement of Comprehensive Income

For the year ended 30 June 2014

	Note	Consolidated Entity 2014 $	2013 $
Interest income	4	164,267	208,525
Other income	5	374,279	-
		538,546	**208,525**
Depreciation		(122,109)	(90,647)
Consulting fees		(20,000)	(147,341)
Exploration expenses written off		(3,523,732)	-
Corporate fees		(140,684)	(142,133)
Legal and professional		(298,456)	(186,939)
Employee benefits expense		(1,757,664)	(1,755,722)
Administration expenses		(580,371)	(651,356)
Accounting fees		(90,516)	(67,751)
Travel costs		(333,118)	(485,974)
Other expenses		(336,816)	(300,486)
Foreign exchange loss		-	(436,269)
Share based payments		-	(311,653)
Finance costs		(1,948,642)	-
Loss before income tax		(8,613,562)	(4,367,746)
Income tax expense	6	-	-
Loss after income tax		(8,613,562)	(4,367,746)
Other comprehensive income		-	-
Total comprehensive income attributable to members of Hot Chili Limited		**(8,613,562)**	**(4,367,746)**
Basic earnings per share (cents)	14	(2.67)	(1.68)
Diluted earnings per share (cents)	14	(2.67)	(1.68)

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

Statement of Financial Position

As at 30 June 2014

		Consolidated Entity	
	Note	2014 $	2013 $
Current assets			
Cash and cash equivalents	7	12,762,430	11,144,722
Other current assets	8	9,407,086	27,121
Total current assets		22,169,516	11,171,843
Non-current assets			
Plant and equipment	9	483,748	502,540
Exploration and evaluation expenditure	10	69,805,477	63,056,905
Total non-current assets		70,289,225	63,559,445
Total assets		**92,458,741**	**74,731,288**
Current liabilities			
Trade and other payables	11	2,777,323	3,989,936
Borrowings	12	10,596,588	-
Total liabilities		13,373,911	3,989,936
Net assets		**79,084,830**	**70,741,352**
Equity			
Contributed equity	13	106,669,091	90,775,673
Option reserve	14(b)	2,114,926	1,051,304
Foreign currency translation reserve	14(c)	1,222	1,222
Accumulated losses	14(a)	(29,700,407)	(21,086,847)
Total equity		**79,084,830**	**70,741,352**

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

Statement of Changes in Equity

As at 30 June 2014

Consolidated Entity	Contributed Equity	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$
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**
Balance at 1 July 2012	48,566,232	739,651	1,222	(16,719,101)	32,588,004
Loss for the year	-	-	-	(4,367,746)	(4,367,746)
Total comprehensive income for the year	**-**	**-**	**-**	**(4,367,746)**	**(4,367,746)**
Shares issued	44,524,930	-	-	-	44,524,930
Share issue costs	(2,315,489)	-	-	-	(2,315,489)
Options issued	-	311,653	-	-	311,653
Balance at 30 June 2013	**90,775,673**	**1,051,304**	**1,222**	**(21,086,847)**	**70,741,352**

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

Statement of Cash Flows

For the year ended 30 June 2014

		Consolidated Entity	
		2014	2013
	Note	$	$
Cash flows from operating activities			
Payments to suppliers and employees		(3,203,222)	(3,564,130)
Interest received		164,267	208,525
Net cash (used in) operating activities	18(b)	**(3,038,955)**	**(3,355,605)**
Cash flows from investing activities			
Payments for plant and equipment		(103,306)	(268,343)
Payments for exploration and evaluation		(21,283,448)	(43,865,822)
Net cash (used in) investing activities		**(21,386,754)**	**(44,134,165)**
Cash flows from financing activities			
Proceeds from issue of shares		16,586,500	44,524,930
Share issue costs		(765,392)	(2,315,489)
Proceeds from borrowings		10,596,588	-
Net cash provided by financing activities		**26,417,696**	**42,209,441**
Net increase/(decrease) in cash held		1,991,987	(5,280,329)
Cash and cash equivalents at the beginning of the financial year		11,144,722	16,861,320
Effects of exchange rates on cash holdings in foreign currencies		(374,279)	436,269
Cash and cash equivalents at the end of the financial year	18(a)	**12,762,430**	**11,144,722**

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 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

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 25th of September 2014 by the Board of Directors.

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

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.

Notes to the Financial Statements (continued)

1 Summary of Significant Accounting Policies (continued)

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.

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.

Notes to the Financial Statements (continued)

1 Summary of Significant Accounting Policies (continued)

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.

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 (2013: 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.

Financial Report

Notes to the Financial Statements (continued)

3 Segment Information (continued)

	Geographical Non-current assets	
	2014	2013
Geographical Information	$	$
Australia	107,646	141,918
Chile	70,181,579	63,417,527
	70,289,225	**63,559,445**

4 Interest Income

	Consolidated Entity	
	2014	2013
	$	$
Interest income	164,267	208,525
	164,267	**208,525**

5 Other Income

Foreign exchange gain	374,279	-
	374,279	**-**

6 Income Tax Expense

a) Reconciliation of income tax expense to prima facie tax payable		
Loss before income tax	(8,613,562)	(4,367,746)
Prima facie income tax at 30% (2013: 30%)	(2,584,069)	(1,310,324)
Tax-effect of amounts not assessable in calculating taxable income	-	-
Tax-effect of amounts not deductible in calculating taxable income	1,670,551	604,756
Tax loss not recognised	(913,518)	(705,568)
Income tax expense	**-**	**-**
b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	9,434,282	6,718,618
Potential tax benefit at 30%	**2,830,285**	**2,015,585**

c) The directors estimate that the potential deferred tax asset at 30 June 2014 in respect of tax losses not brought to account is $2,830,285 (2013: $2,015,585).

In addition, Chilean subsidiaries of Hot Chili Limited also have tax losses that are a potential deferred tax asset of $4,242,543 (2013: $2,856,420).

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 2014 $	Consolidated Entity 2013 $
Cash at bank	12,762,430	11,144,722
	12,762,430	**11,144,722**

8 Other Current Assets

Prepayment	34,730	26,725
VAT receivable	9,372,205	-
Other assets	151	396
	9,407,086	**27,121**

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

9 Plant and Equipment

Plant and equipment at cost	806,197	702,891
Less provision for depreciation	(322,449)	(200,351)
	483,748	**502,540**
Reconciliations:		
Plant and equipment		
Carrying amount at the beginning of the year	502,540	324,844
Additions	103,306	268,903
Disposals	-	(560)
Depreciation	(122,098)	(90,647)
Carrying amount at the end of the year	**483,748**	**502,540**

10 Exploration and Evaluation Expenditure

Mining tenements at cost	10,860,712	10,891,988
Capitalised mineral exploration and evaluation	58,944,765	52,164,917
	69,805,477	**63,056,905**
Tenements		
Carrying amount at the beginning of the year	63,056,905	15,821,745
Purchase of mineral tenements	514,916	520,410
Exploration costs written off	(3,523,732)	-
Transfer to VAT receivable	(9,372,205)	-
Capitalised mineral exploration and evaluation	19,129,593	46,714,750
Carrying amount at the end of the year	**69,805,477**	**63,056,905**

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

Trade payables	2,777,323	3,989,936
Other payables	10,596,588	-
	13,373,911	**3,989,936**

Notes to the Financial Statements (continued)

12 Borrowings

	Consolidated Entity	
	2014	2013
	$	$
Non-bank loan	10,596,588	-
	10,596,588	**-**

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

13 Contributed Equity

	No. Shares	No. Shares	Consolidated Entity	
	2014	2013	2014	2013
			$	$
a) Share capital				
At the beginning of the financial year	297,462,196	199,676,224	90,775,673	48,566,232
Transfer from reserve	-	-	72,310	-
Shares issued during the year	50,270,000	97,785,972	16,586,500	44,524,930
Shares cancelled during the year	-	-	-	-
Less cost of issue	-	-	(765,392)	(2,315,489)
At the end of the financial year	**347,732,196**	**297,462,196**	**106,669,091**	**90,775,673**

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.

	2014	2013
	Options	Options
c) Movement in unlisted options		
Balance at beginning of year	28,640,000	56,756,336
Issued during the year	11,000,000	500,000
Options exercised during the year	(24,140,000)	(18,277,778)
Options lapsed during the year	(500,000)	(10,338,558)
Balance at end of year	**15,000,000**	**28,640,000**

Listed options

There are 39,754,097 listed options over ordinary shares in the company at 30 June 2014 (2013: 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 2014 $	Consolidated Entity 2013 $
a) Accumulated losses		
Accumulated losses at the beginning of the year	(21,086,847)	(16,719,101)
Net loss for the year	(8,613,562)	(4,367,746)
Accumulated losses at the end of the year	**(29,700,409)**	**(21,086,847)**
b) Reserves		
Options reserve		
The options reserve is used to recognise the fair value of options issued. As at 30 June 2014, no options to which the reserve relates have been exercised.		
Balance at the beginning of the year	1,051,304	739,651
Transfer to Share capital	(72,310)	-
Movement during the year	1,135,932	311,653
Balance at the end of the year	**2,114,926**	**1,051,304**
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	**(28,664,523)**	**(20,034,321)**

15 Loss Per Share

	2014	2013
Loss after tax attributable to members of Hot Chili Limited	(8,613,562)	(4,367,746)
Basic loss per share (cents)	(2.67)	(1.68)
Diluted loss per share (cents)	(2.67)	(1.68)
Unexercised options are not dilutive		
The weighted average number of ordinary shares on issue used in the calculation of basic loss per share	322,885,861	259,129,505
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	322,885,861	259,129,505

16 Remuneration of Auditors

	2014	2013
Remuneration of the auditor for:		
Auditing and reviewing of financial reports	38,500	41,500
Tax services	32,135	18,142
	70,635	**59,642**

Financial Report

Notes to the Financial Statements (continued)

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 Allan Trench	(Independent Non-Executive Director)
Dr Michael Anderson	(Non-Executive Director)
Geoff Laing	(Executive Director, resigned 1 August 2013)
Roberto de Andraca Adriasola	(Non-Executive Director, appointed 1 August 2013)

b) Company Secretary

John Sendziuk

c) Country Manager

Rodrigo Diaz Borquez

d) General Manager – Technical Services Group

Melanie Leighton

Details of Remuneration of Key Management Personnel for the year ended 30 June 2014:

	Consolidated Entity	
	2014 $	2013 $
Directors		
Short-term benefits	797,766	712,369
Post-employment benefits	81,770	78,545
Share based payment	-	-
	879,536	**790,914**
Key Management Personnel		
Short-term benefits	496,433	449,653
Post-employment benefits	34,450	44,668
Share based payment	-	104,048
	530,883	**598,369**
Total	**1,410,419**	**1,389,283**

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	
	2014	2013
	$	$
Cash and short-term deposits	12,762,430	11,144,722
	12,762,430	**11,144,722**
b) Reconciliation of net cash used in operating activities to operating loss after income tax		
Loss for the year	(8,613,562)	(4,367,746)
Depreciation	122,109	90,647
Effect of exchange rates on holdings in foreign currencies	374,279	436,269
Exploration expenditure written off	3,523,732	-
Finance costs	1,135,932	-
Share based payments	-	311,653
Net cash flows from operating activities before change in assets and liabilities	**(3,474,115)**	**(3,529,177)**
Change in assets and liabilities during the financial year:		
Other current assets	-	(11,314)
Payables	418,555	184,886
Net cash outflow from operating activities	**(3,038,955)**	**(3,355,605)**

c) Non cash investing and financing activities

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

Notes to the Financial Statements (continued)

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 27 June 2015.

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$15 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 Mr Black ceases to be a Director and the Chairman of the Company, and Mr 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 2014 $	Consolidated Entity 2013 $
a) Exploration commitments		
In order to maintain current rights of tenure to exploration and mining tenements, the consolidated entity has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations are not provided for in the financial statements and are payable:		
Within one year	6,815,286	3,174,344
Later than one year but not later than five years	2,392,781	9,471,720
	9,208,067	**12,646,064**
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	128,081	203,717
Later than one year but not later than five years	224,128	360,445
Later than five years	-	-
	352,209	**564,162**

21 Events Occurring after Reporting Date

In July the company's subsidiary in Chile received a refund of VAT amounting to $9,372,356.

At the date of this report there are no other matters or circumstances which have arisen since 30 June 2014 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 2014.

22 Related Parties

- Blue Spec Mining, a business in which Mr Black is a director, was paid $60,000 for administration and bookkeeping.
- MRA Consulting Pty Ltd, a company associated with Dr Michael Anderson, a Director, was paid $58,054 in directors and consulting fees.
- Blue Spec Sondajes Chile Limitada, a company in which Mr Black is a Director, was paid $9,544,327 for drilling services, out of this balance $2,052,128 was still owing to the related party at the end the financial year (2013: $18,292,308).
- All payments were made at recognised commercial rates.

23 Contingent Liabilities

As disclosed in Note 21 the company received a VAT Refund Payment of $9,372,356 in July 2014.

Under the terms of the VAT Refund Payment, the Company has until the 31st of 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 re-paid.

The company has no other contingent liabilities (2013: Nil).

24 Investment in Controlled Entities

			Equity Holding	
Name of Entity	Country of Incorporation	Class of Shares	2014 %	2013 %
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	0
Sociedad Minera Frontera SpA	Chile	Ordinary	100	0
Sociedad Minera Bandera SpA	Chile	Ordinary	100	0

Notes to the Financial Statements (continued)

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 summarised below.

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

Risk Exposures and Responses

a) Interest rate risk exposure

Interest rate risk

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, totalling $10,596,588 (2013: $Nil), are principal and interest payment loans. An official increase/decrease in interest rates of 100 (2013: Nil) basis points would have an adverse/favourable effect on profit before tax of $105,966 (2013: $Nil) 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 Chilli 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 recognised, credit worthy third parties and as such collateral is not requested nor is it the Company's policy to securities it trades and other receivables.

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

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

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.

	Consolidated Entity 2014 $	Consolidated Entity 2013 $
Financing arrangements		
Unused borrowing facilities at the reporting date:		
Finance facilities	USD 15,000,000	-
	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 2014	Weighted average interest rate	1 year or less	Remaining contractual maturities
Non-derivatives	%	$	$
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**

Consolidated 2013	Weighted average interest rate	1 year or less	Remaining contractual maturities
Non-derivatives	%	$	$
Non-interest bearing:			
Trade payables	-	3,989,936	3,989,936
Total non-derivatives		**3,989,936**	**3,989,936**

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 $	Consolidated Entity Equity $
2014		
AUD/USD + 10%	1,031,824	1,031,824
AUD/USD – 10%	(1,031,824)	(1,031,824)
2013		
AUD/USD + 10%	560,466	560,466
AUD/USD – 10%	(560,466)	(560,466)

Notes to the Financial Statements (continued)

26 Parent Entity Disclosures

Financial position

	2014 $	2013 $
Assets		
Current assets	12,647,812	11,099,560
Non-current assets	77,478,827	59,873,675
Total assets	**90,126,639**	**70,973,235**
Liabilities		
Current liabilities	11,041,809	246,006
Total liabilities	**11,041,809**	**246,006**
Equity		
Issued capital	106,669,091	90,775,673
Reserves	2,114,926	1,051,304
Accumulated losses	(29,699,187)	(21,099,748)
Total equity	**79,084,830**	**70,727,229**

Financial performance

Loss for the year	(8,599,439)	(4,381,869)
Other comprehensive income	-	-
Total comprehensive income	**(8,599,439)**	**(4,381,869)**

Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2013.

Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2014 (30 June 2013: $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 a consultant as part payment of share issue costs in 2010.

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 2014:

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
01/05/2009	29/10/2013	200,000	-	-	200,000	-	-
10/01/2010	29/10/2013	140,000	-	-	140,000	-	-
29/04/2010	29/10/2013	400,000	-	-	400,000	-	-
20/07/2011	19/07/2014	3,500,000	-	-	-	3,500,000	3,500,000
30/01/2012	29/01/2015	500,000	-	-	-	500,000	500,000
27/09/2012	22/09/2015	500,000	-	500,000	-	-	-
27/06/2014	27/06/2019	-	11,000,000	-	-	11,000,000	-

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

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

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

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

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

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

The model inputs for options granted during the year ended 30 June 2014 included:

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

d) 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: 72.04%
vi) risk-free interest rate: 3.50%
vii) spot price at date of valuation: $0.195

e) Expenses arising from share-based payment transactions

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

	2014 $	2013 $
Expenses related to options issued to consultants	-	311,653
Capitalised mineral exploration costs	-	-
Financing	1,125,616	-
	1,125,616	**311,653**

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	111	43,588
1,001 - 5,000	447	1,359,915
5,001 - 10,000	289	2,420,636
10,001 - 100,000	881	32,100,671
100,001 & Over	224	311,807,386
	1,952	**347,732,196**

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	44,935,037
Port Finance Ltd NV	40,900,898
Merrill Lynch Australia Nominees Pty Ltd	28,971,655

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	-	31,400
Dr Michael Anderson	-	-
Roberto de Andraca Adriasola	20,000	-

d) The names of the twenty largest shareholders as at 28 August 2014, who between them held 70.56% of the issued capital are listed below:

		Number of Ordinary Shares	%
1	Kalgoorlie Auto Service Pty Ltd	67,000,000	19.27
2	J P Morgan Nominees Australia Ltd	44,935,037	12.92
3	Port Finance Ltd NV	38,515,388	11.08
4	Merrill Lynch Australia Nominees Pty Ltd	28,971,655	8.33
5	Citicorp Nominees Pty Ltd	13,102,470	3.77
6	National Nominees Ltd	11,139,900	3.26
7	Catholic Church Insurance Ltd	6,325,000	1.82
8	M & H Investments WA Pty Ltd	4,378,467	1.26
9	Peralillo Fondo D P	4,000,000	1.15
10	Fitel Nominees Ltd	3,766,250	1.08
11	Graham John Woolford	3,000,000	0.86
12	Campara Holdings Pty Ltd	2,730,000	0.79
13	Jason Rich	2,650,000	0.76
14	BO & EJ Stephens Bell Potter Nominees Ltd	2,610,000	0.75
15	Port Finance Ltd NV	2,385,510	0.69
16	HSBC Custody Nominees Australia Ltd	2,319,908	0.67
17	PL Feldkirchen	2,200,000	0.63
18	Nero Resource Fund Pty Ltd	1,896,951	0.55
19	UBS Wealth Management Australia Nominees	1,656,477	0.48
20	Fabrite Australia Pty Ltd	1,545,000	0.44
		245,128,013	**70.56**

Information Required by the Australian Stock Exchange Limited (continued)

Listed Optionholder Information as at 28 August 2014 (Expiring 30 November 2014)

e) The names of the twenty largest optionholders as at 28 August 2014, who between them held 87.59% of the issued options are listed below:

		Number of Options	%
1	Merrill Lynch Australia Nominees Pty Ltd	10,041,950	25.26
2	J P Morgan Nominees Australia Ltd	7,038,711	17.71
3	Citicorp Nominees Pty Ltd	6,413,554	16.13
4	Port Finance Ltd NV	4,254,097	10.70
5	James Broomhead	1,110,000	2.79
6	BO & EJ Stephens	1,000,000	2.52
7	Feldkirchen Pty Ltd	887,624	2.23
8	Bell Potter Nominees Ltd	506,024	1.27
9	Catholic Church Insurance Ltd	450,000	1.13
10	UBS Nominees Pty Ltd	375,000	0.94
11	Baroy Industries Pty Ltd	355,524	0.89
12	Yarandi Investments Pty Ltd	300,000	0.75
13	Botsky Pty Ltd	300,000	0.75
14	Stephens Group Pty Ltd	292,000	0.73
15	Fabrite Australia Pty Ltd	285,000	0.72
16	Martin Gregory Paul	256,024	0.64
17	National Nominees Ltd	254,550	0.64
18	Kimberley Jason Charles	250,000	0.63
19	Marford Group Pty Ltd	230,000	0.58
20	JJ & SC Quigley	230,000	0.58
		34,830,058	**87.59**

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, appointed 1 August 2013)

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 St Georges Square
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

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