



COSTA FUE GO

Timing is everything

ANNUAL REPORT 2022



Productora



Chile Coastal
Range Projects

Australian
Head Office

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Valentina

Costa Fuego

Copper Super-Hub

San Antonio

CortADERA

Significant copper-gold porphyry discovery

-  **CortADERA Project**
-  **Productora Project**
-  **El Fuego Project**
(Valentina & San Antonio)

2022 Key Highlights

OPERATIONAL

Upgraded Mineral Resource Estimate for Costa Fuego

Total Resource^{1,2}

- Indicated - 725Mt grading 0.47% CuEq for 2.8Mt Cu, 2.6Moz Au, 10.5Moz Ag & 67kt Mo
- Inferred - 202Mt grading 0.36% CuEq for 0.6Mt Cu, 0.4Moz Au, 2.0Moz Ag & 13kt Mo

High Grade Resource^{1,2} (Reported +0.6% CuEq)

- Indicated - 156Mt grading 0.79% CuEq for 1.0Mt Cu, 0.85Moz Au, 2.9Moz Ag & 24kt Mo
- Inferred - 11Mt grading 0.93% CuEq for 0.1Mt Cu, 0.04Moz Au, 0.3Moz Ag & 1kt Mo

Development Study Drilling Completed

- Stand-out drill intersections from the Development Study drilling programme at Cortadera include:

CORMET003 - 552m grading 0.6% CuEq³ (0.4% Cu, 0.2g/t Au) from 276m downhole including 248m grading 0.8% CuEq (0.6% Cu, 0.2g/t Au) from 574m

CORMET004 - 484m grading 0.5% CuEq (0.4% Cu, 0.1g/t Au) from 548m downhole including 56m grading 1.0% CuEq (0.8% Cu, 0.3g/t Au) from 644m and including 206m grading 0.7% CuEq (0.5% Cu, 0.2g/t Au) from 800m

CORMET005 - 658m grading 0.6% CuEq (0.4% Cu, 0.2g/t Au) from 232m downhole including 134m grading 0.8% CuEq (0.6% Cu, 0.2g/t Au) from 470m and including 130m grading 0.9% CuEq (0.6% Cu, 0.2g/t Au) from 662m

CORMET006 - 876m⁴ grading 0.5% CuEq (0.4% Cu, 0.1g/t gold Au) from 246m downhole including 206m⁵ grading 0.9% CuEq (0.7% Cu, 0.3g/t Au) from 414m

- Stand-out drill intersections from the metallurgical drilling programme at Productora include:

MET027 - 45m grading 1.2% CuEq (1.0% Cu, 0.2g/t Au) from 280m downhole including 8m grading 3.6% CuEq* (3.0% Cu, 0.8g/t Au) from 280m

MET028 - 39m⁶ grading 1.1% CuEq (1.0% Cu, 0.1g/t Au) from 46m downhole including 12m grading 1.5% CuEq (1.4% Cu, 0.2g/t Au) from 60m

MET026 - 39m 0.9% CuEq (0.7% Cu, 0.2g/t Au) from 141m downhole

MET025 - 39m 0.8% CuEq (0.7% Cu, 0.2g/t Au) from 78m downhole

¹ Reported on a 100% Basis - combining Mineral Resource Estimates for the Cortadera, Productora and San Antonio deposits. Figures are rounded, reported to appropriate significant figures, and reported in accordance with the JORC Code, CIM and NI 43-101. Metal rounded to nearest thousand, or if less, to the nearest hundred. Total Resource reported at +0.21% CuEq for open pit and +0.30% CuEq for underground.

² Copper Equivalent (CuEq) reported for the resource were calculated using the following formula: $CuEq\% = ((Cu\% \times Cu\ price\ 1\% \text{ per tonne} \times Cu_recovery) + (Mo\ ppm \times Mo\ price\ per\ g/t \times Mo_recovery) + (Au\ ppm \times Au\ price\ per\ g/t \times Au_recovery) + (Ag\ ppm \times Ag\ price\ per\ g/t \times Ag_recovery)) / (Cu\ price\ 1\% \text{ per tonne} \times Cu_recovery)$.

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

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

³ Copper Equivalent (CuEq) reported for the drillhole intersections are described in the document in the table of Significant Drill Results Reported in 2022.

⁴ Excluding 18m unsampled due to geotechnical test work

⁵ Excluding 4m unsampled due to geotechnical test work

⁶ Including 3m unsampled outside of metallurgical test area



Resource Definition Drilling Underway at San Antonio and Valentina

- **Stand-out drill results at San Antonio include:**

SAPMET002 - **21m grading 1.6% CuEq (1.6% Cu, 3.2g/t Ag)** from 74m downhole

SAPMET003 - **13m grading 1.3% CuEq (1.3% Cu, 3.2g/t Ag)** from 133m downhole
including 2m grading 3.7% CuEq (3.5% Cu, 7.6g/t Ag) from 140m

SAP0048 - **7m grading 1.6% CuEq (1.5% Cu, 4.8g/t Ag)** from 11m downhole
including 2m grading 4.0% CuEq (3.9% Cu, 12.9g/t Ag) from 12m

- **Importantly, several drill holes recorded higher grades than estimated in the current San Antonio Inferred resource model.**

- **Stand out drill results from Valentina include:**

VALMET0002 - **12m grading 4.6% CuEq (4.5% Cu & 16.5g/t Ag)** from 25m downhole
including 3m grading 12.1% CuEq (11.8% Cu & 52.6g/t Ag) from 29m

VAP0009 - **8m grading 5.9% CuEq (5.7% Cu, 24.1g/t Ag)** from 27m downhole
and 2m grading 1.9% CuEq (1.8% Cu, 11g/t Ag) from 46m

VAP0004 - **7m grading 2.0% CuEq (1.9% Cu, 11g/t Ag)** from 163m downhole

Regional Exploration Update

- Exploration drilling during the year focussed on targets proximal to the Productora resource and the 4km long by 2km wide Santiago Z porphyry target, where a first-pass Reverse Circulation drill programme has commenced.

PFS Expansion and Updated Timeline

- The Costa Fuego Pre-feasibility Study (PFS) is now expected to be complete in Q1 2023
- Drilling operations have been reduced, following completion of the development study drilling, from three drill rigs to one drill rig.
- The revised timeline ensures the Company is fully funded into late 2023.

2022 Key Highlights (cont'd)

CORPORATE

Strong Funding, Acquisition of Cortadera, Glencore Investment & Offtake Agreement and New Chairman

- The Company continued to be strongly supported by shareholders and new investors, raising \$40 million during the reporting period from a A\$5 million Share Purchase Plan and A\$35 million Share Placement.
- This funding allowed the final payment for the 100% acquisition of Cortadera, continued growth and development of Costa Fuego, and the repayment of the CMP option to remove its right to purchase a further interest in Productora.
- Glencore, one of the world's largest natural resource companies, becomes Hot Chili's largest shareholder at 9.99% through its strategic investment in the \$40 million funding and adds representative Mr Mark Jamieson to the Board of Hot Chili.
- In March 2022, Hot Chili Limited and Glencore completed negotiations and executed an offtake agreement which covers 60% of copper concentrate for the first eight years of future production from the Costa Fuego copper-gold project.

Trading in North America - TSX Venture Exchange & US Based OTCQX

- Hot Chili lodged a final prospectus with the securities regulatory authorities in the provinces of Canada, excluding Quebec, in connection with its initial public offering (the "Offering") on the TSX Venture Exchange (the "TSXV") on 21 December 2022 and issued Tranche One of the shares on 23 December 2022 and Tranche 2 of the shares, following final shareholder approval at a general meeting, on 31 January 2022, raising in total C\$33.8 million before costs. The raising was well-supported by North American and international funds as well as some of the Company's largest shareholders, including Glencore.

- Shares commenced trading on the TSXV under the trading symbol TSXV:HCH on 4 January 2022 and warrants on 4 March 2022 under the symbol HCH.WT.
- The Company commenced trading on the OTCQX Best market on 7 April 2022 under the ticker OTCQX: HHLKF.

Dr Nicole Adshead-Bell joins the Hot Chili board and is appointed Chairman

- North American mining executive and capital markets expert Dr Nicole Adshead-Bell joined the board as a non-executive director in January. Dr Adshead-Bell was subsequently appointed Independent Chairman following the retirement of founding Chairman Mr Murray Black in March.



Hot Chili
commenced trading
in North America on
the TSXV and OTCQX
in 2022



1 Chairman's Letter

To Our Shareholders,

On behalf of the entire Hot Chili team, our shareholders and stakeholders, I would like to thank our former Chairman, Murray Black, who retired on 1 March 2022, for his significant contribution since founding the Company in 2008. Few leaders in our industry have worked as tirelessly as Murray, both in embedding a culture of excellence in Hot Chili and in his willingness to support the Company financially, becoming the second largest shareholder. Murray has retired with big shoes to fill.

I joined Hot Chili's board as chairman earlier this year because I was attracted by Hot Chili's combination of commodity exposure, project size and overall quality, favourable location, and fit-for-purpose managerial talent. Hot Chili's leadership team, led by Managing Director Christian Easterday in Australia and supported by Country Manager Jose Silva in Chile, combined with our committed employees and contractors, have demonstrated a strong drive to build long-term value through the following initiatives:

- Consolidation over the past decade of high-quality copper-gold assets in an accessible region of Chile during a period of volatile commodity prices.
- Realization that water security in Chile was an exogenous risk ten years ago, then spending seven years to secure a maritime concession granting seawater extraction rights and materially de-risking the future development of the Costa Fuego copper-gold hub. This is now an under-appreciated asset of the Company.
- Attracting Glencore, a major copper producer, as a strategic shareholder.

Copper is a critical commodity due to its electrical and chemical properties delivering superior electrical and thermal conductivity. Copper is inextricably linked to the global commitment to de-carbonization. The red metal is the building block for all renewable power systems and electric vehicles. A lack of investment in copper exploration and development, combined with several large copper mines reaching the end of their life, has resulted in a predicted global copper deficit of 4.7 million tonnes by 2030¹. CRU Group estimated that the copper industry needs to spend more than US\$100 billion to bridge this supply gap. Data from S&P Global Market Intelligence shows that porphyry copper head grades have been in decline over the last 18 years, resulting in high capital and operating costs per pound of new copper capacity. Supply side issues are further constrained by the fact that the average timeline from any new discovery to production is now 25-30 years¹. All of this means that the incentive price for new copper development and production must move higher over the medium term. Hot Chili is well positioned to benefit from this price move as it has the resources to contribute to the future supply of a critical commodity for global decarbonization.

The last year has been dominated by global events that have, and will continue to have, long term social and economic impacts. These include the COVID-19 pandemic and the ongoing ground war in eastern Europe. We have also seen the installation of a new Chilean Government and increased risk around what this means for Chile's mining industry as the world's largest producer of copper and second largest producer of lithium. The recent strong rejection by Chileans to the proposed changes to their constitution indicates the country is in favour of maintaining Chile's attractiveness as a leading mining investment destination. This sentiment was reinforced by President Boric's "Invest in Chile" plan announced following the recent constitutional defeat.

Despite the challenging macro environment, Hot Chili achieved multiple milestones over the last year, above and beyond high grade copper drill intervals at Cortadera and Valentina:

- Confirmation of the quality and strategic nature of Hot Chili's Costa Fuego copper-gold hub with Glencore's initial 9.9% investment. Glencore is one of the world's largest globally diversified natural resource companies and the third largest copper producer.
- Consolidation of the Cortadera copper-gold discovery for 100% ownership, enabling a more efficient, lower carbon emissions footprint and cost-effective approach to the integrated development of the Cortadera and Productora deposits.
- Share consolidation of 50 to 1 to tighten the Company's share structure in alignment with its Canadian copper development peer group ahead of secondary listings in Canada and the USA. Canada is a natural stock market for Hot Chili as 11% of its total mining industry assets (spread over 55 Canadian listed companies) operate in Chile.

¹ Information compiled from S&P Global Market Intelligence, Woodmac, CRU Group, Goldman Sachs Research, Altius Minerals Corp. presentation.

- Execution of the Offtake Agreement with Glencore for future copper concentrate production from the Company's Costa Fuego copper-gold hub. Importantly this agreement only covers 60% of Costa Fuego's copper concentrate at commercially competitive benchmark terms for 8 years from the start of commercial production. Hot Chili retains optionality over the remainder of its concentrate production.
- Material upgrade and de-risking of the Costa Fuego copper-gold hub resource estimate with the Indicated copper resource now representing approximately 82% of the total resource estimate. The Costa Fuego copper-gold hub is now one of the largest copper-gold resources controlled by a junior, with Indicated resources of 2.8 million tonnes (6.2 billion pounds) of contained copper and 2.6 million ounces of contained gold and Inferred resources of a further 0.6 million tonnes (1.3 billion pounds) of contained copper and 0.4 million ounces of contained gold. In addition, Costa Fuego also contains by-product silver and molybdenum.


On behalf of our board of directors and Hot Chili team in Australia and Chile, we appreciate the ongoing support from all our stakeholders, including the owners of our Company, our shareholders. We will continue to work towards delivering value per share for our shareholders in the context of where we are in the commodity cycle.

One final note: the biggest challenge the mining industry faces is reputation. Many government regulators and voters do not grasp that their quality of life is inextricably linked to the products of mining. I am proud of our industry and believe that one of our key issues has been a lack of willingness by the leaders of our sector to promulgate the positives of our industry (of which there are many). This is a recommendation to those working in extractive industries to engage with the public and ensure that our awareness efforts are based on fact and not topical emotion.

Yours sincerely,



Dr Nicole Adshead-Bell
Independent Non-Executive Chairman



Perfectly
positioned in
copper-critical
to global
decarbonisation



2 Review of Operations

Upgraded Mineral Resource Estimate for Costa Fuego

This year the Company released a major resource upgrade for its Chilean coastal range Costa Fuego copper-gold project, comprising the Cortadera, Productora and San Antonio deposits. Mineral resources at Costa Fuego have been materially upgraded with a 67% increase in the total Indicated Resource and a 53% increase in the high grade Indicated Resource:

Total Resource*

- **Indicated - 725Mt grading 0.47% CuEq for 2.8Mt Cu, 2.6Moz Au, 10.5Moz Ag & 67kt Mo**
- **Inferred - 202Mt grading 0.36% CuEq for 0.6Mt Cu, 0.4Moz Au, 2.0Moz Ag & 13kt Mo**

High Grade Resource* (Reported +0.6% CuEq)

- **Indicated - 156Mt grading 0.79% CuEq for 1.0Mt Cu, 0.85Moz Au, 2.9Moz Ag & 24kt Mo**
- **Inferred - 11Mt grading 0.93% CuEq for 0.1Mt Cu, 0.04Moz Au, 0.3Moz Ag & 1kt Mo**

Highlights from the Costa Fuego Mineral Resource Estimate (MRE) upgrade include:

- The resource upgrade cements Costa Fuego's position as a top-ten copper development project (based on S&P 2022 using project criteria of Active, PFS level or greater and low operating risk) with one of the shortest timeframes to potential first production amongst senior copper development projects globally
- Over 80% of Costa Fuego's global resource estimate is now classified as Indicated (previously 56%), providing a strong platform to deliver a combined Pre-feasibility Study with a large ore reserve
- High grade Indicated resources (+0.6% CuEq) account for one third of contained copper and gold, improving on the previous amount of 20%.
- The Productora MRE has been re-estimated, increasing high grade Indicated resources reported above 0.6% CuEq
- A maiden San Antonio MRE has been added to the Costa Fuego Hub

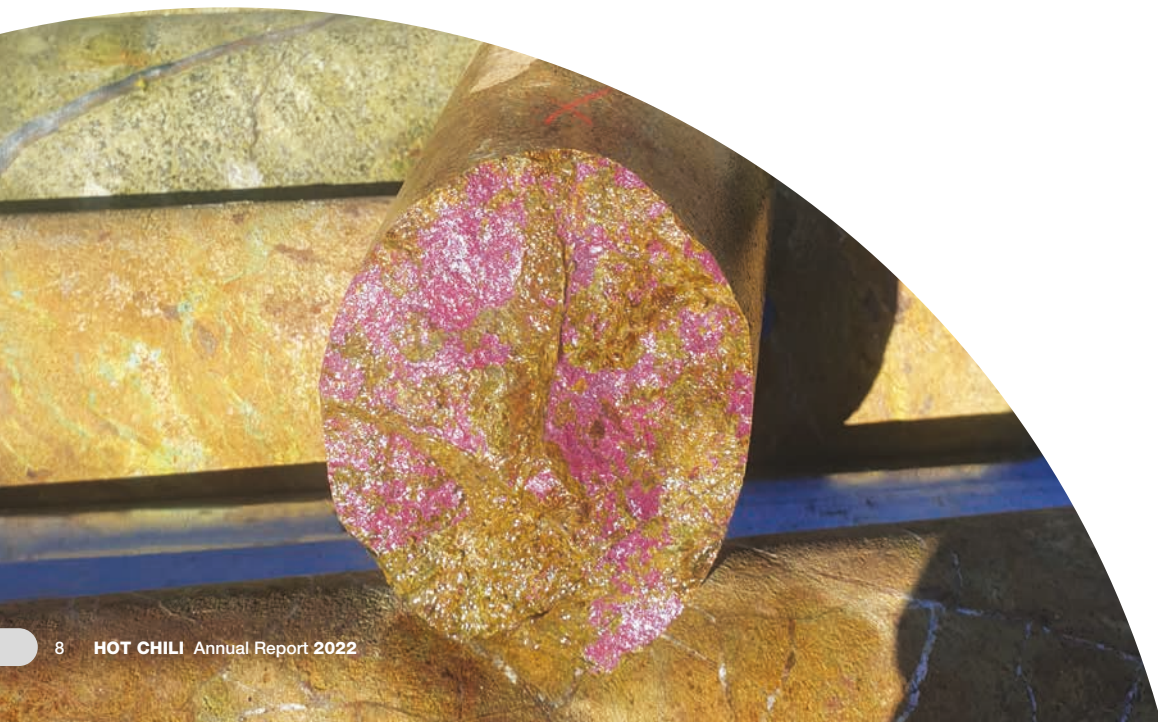


Table 1 Independent JORC Code Costa Fuego Mineral Resource Estimate, March 2022

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

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

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

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

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

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

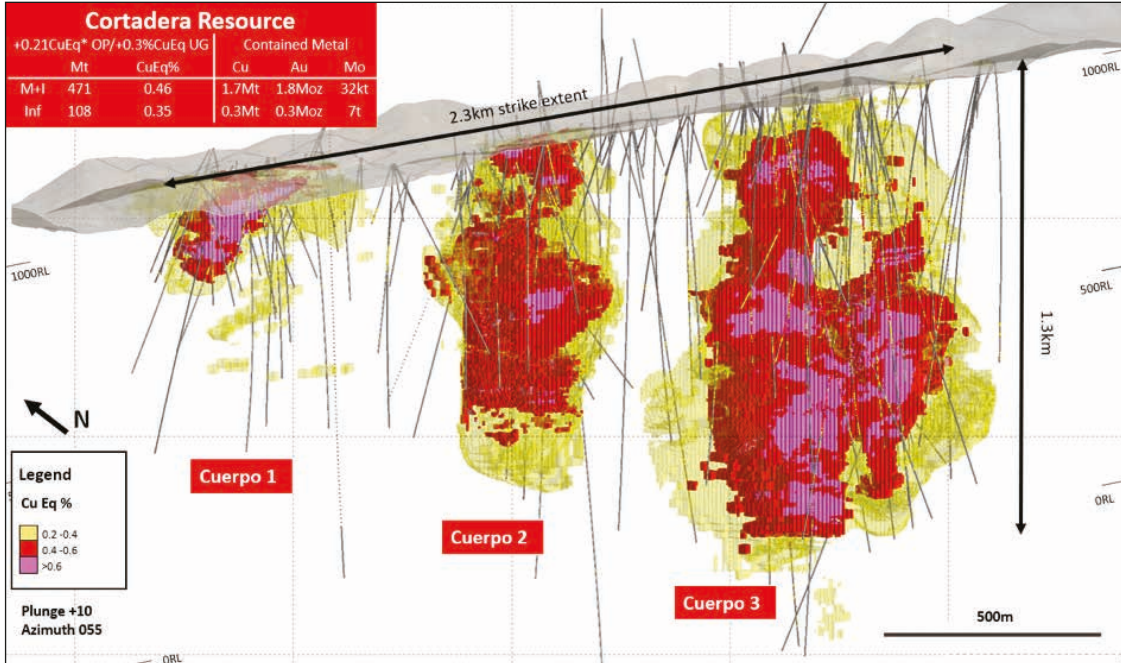
Reported on a 100% Basis - combining Mineral Resource Estimates for the Cortadera, Productora and San Antonio deposits. Figures are rounded, reported to appropriate significant figures, and reported in accordance with the JORC Code, CIM and NI 43-101. Metal rounded to nearest thousand, or if less, to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

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



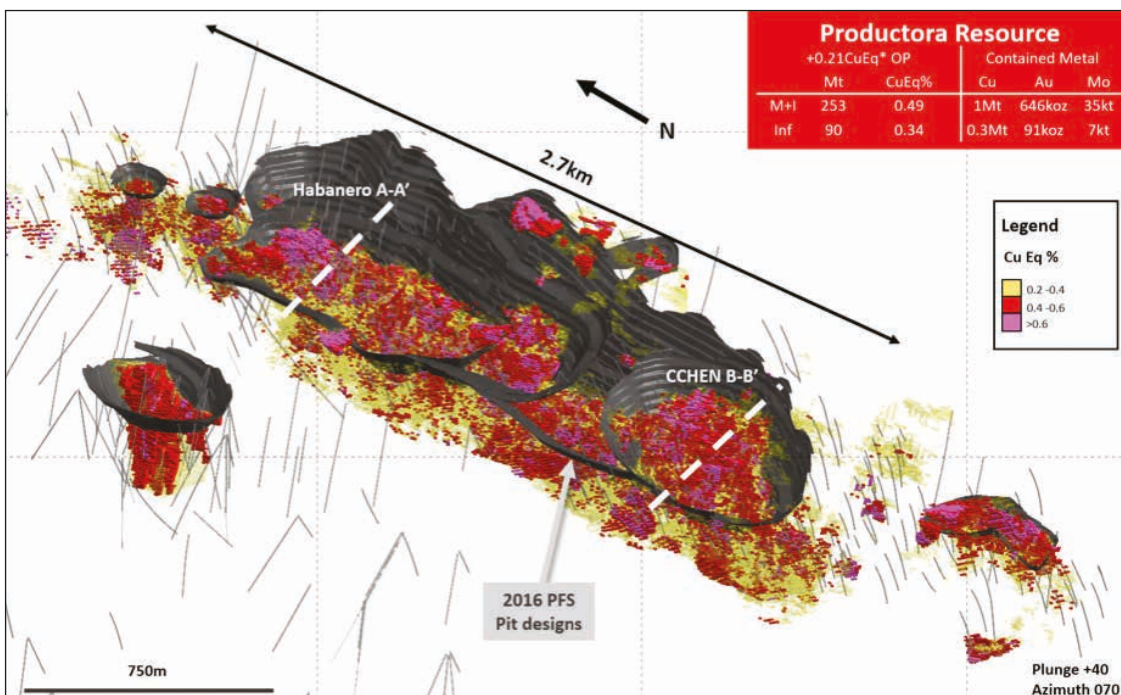
2 Review of Operations (cont'd)

The Cortadera Mineral Resource Estimate (MRE) has delivered the majority of resource growth for Costa Fuego. Cortadera is defined by over 92,000m of drilling and this has delivered a 134% increase in the Indicated Resource at Cortadera from the 2020 MRE.



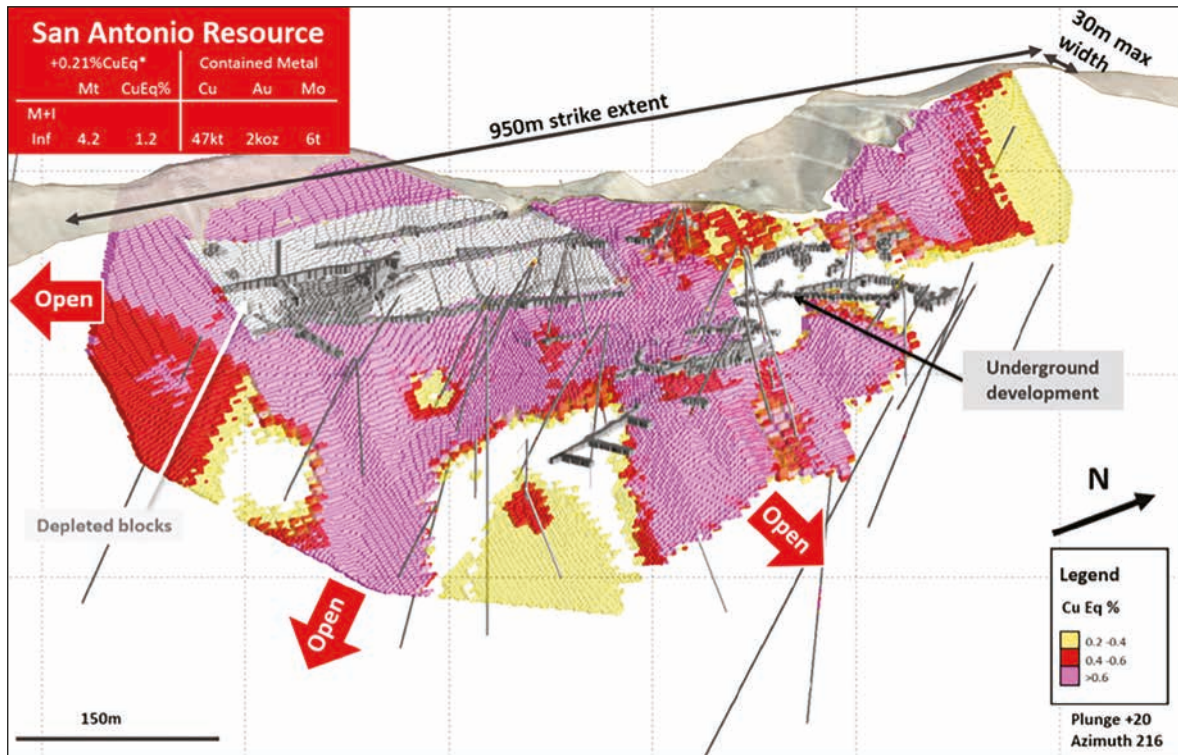
Oblique long section of the upgraded Cortadera Mineral Resource Model, March 2022 illustrating the CuEq grade distribution in relation to drilling coverage

The Productora MRE has been re-estimated, resulting in a material increase in high grade Indicated resources reported above 0.6% CuEq. High grade open pit resources from Productora are a key focus for the combined PFS and are expected to feature prominently in the early mine schedule for Costa Fuego.

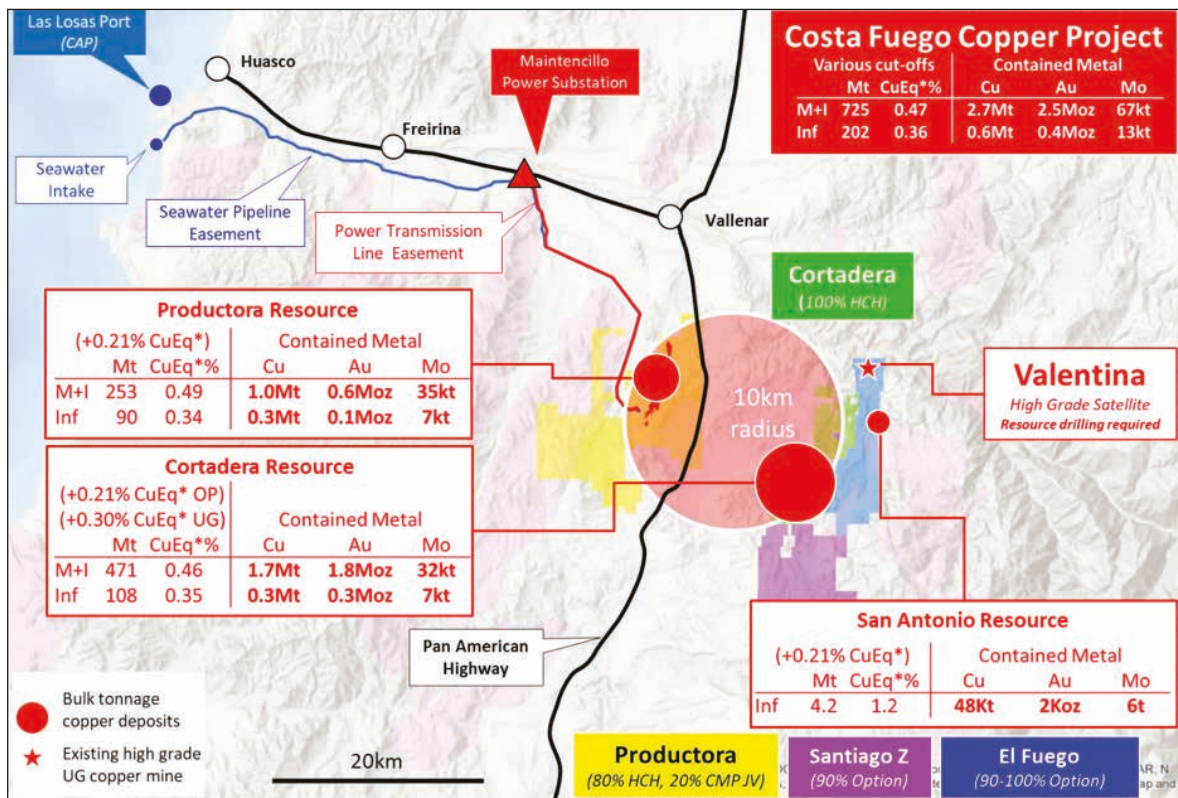


Oblique view of the Productora MRE in relation to drill coverage and 2016 PFS pit design

A maiden San Antonio MRE of 4.2Mt grading 1.2% CuEq has also been added to the Costa Fuego Hub. The Company is encouraged by the initial Inferred resource. The high-grade, shallow nature of San Antonio provides an additional open pit deposit for Costa Fuego's potential early mine schedule.



Oblique view of the San Antonio MRE in relation to drilling, underground voids and mine development



Location and infrastructure of the Costa Fuego copper project, located along the Chilean coastal range 600km north of Santiago

2 Review of Operations (cont'd)

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

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

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

Cortadera and San Antonio –	Weighted recoveries of 82% Cu, 55% Au, 82% Mo and 37% Ag. CuEq(%) = Cu(%) + 0.56 x Au(g/t) + 0.00046 x Mo(ppm) + 0.0043 x Ag(g/t)
Productora –	Weighted recoveries of 84% Cu, 47% Au, 47% Mo and 0% Ag (not reported) CuEq(%) = Cu(%) + 0.46 x Au(g/t) + 0.00026 x Mo(ppm)
Costa Fuego –	Weighted recoveries of 83% Cu, 53% Au, 69% Mo and 23% Ag CuEq(%) = Cu(%) + 0.52 x Au(g/t) + 0.00039 x Mo(ppm) + 0.0027 x Ag(g/t)

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

Development Study Drilling Completed

In January, Hot Chili commenced a programme of six technical drill holes – CORMET holes - at Cortadera to collect geotechnical, hydrogeological and metallurgical information. This included packer tests downhole to assess ground permeability in different domains, plus the collection of samples for laboratory assessment of rock strength and in situ ground stress.

Following completion of the CORMET holes, four diamond drillholes - MET holes - were also drilled across the Productora resource (three into the Productora central pit area and one into the Alice satellite pit area) for metallurgical testwork.

• Stand-out drill results from the CORMET programme include:

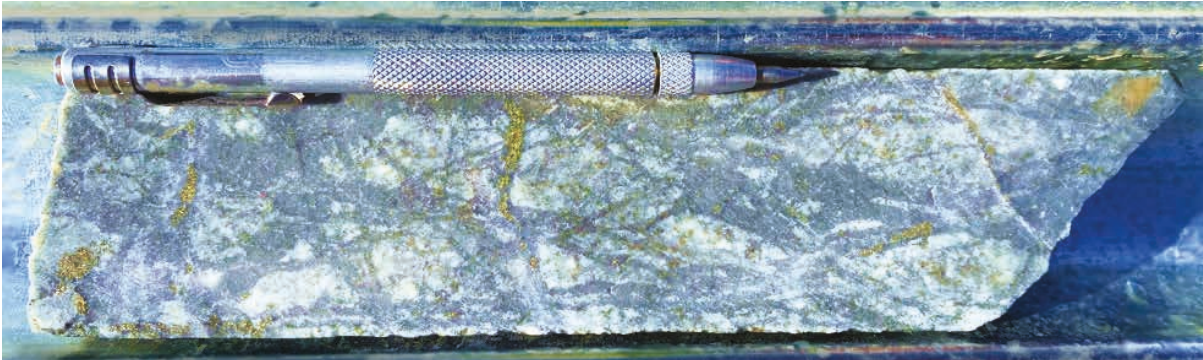
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- CORMET004 - 484m grading 0.5% CuEq (0.4% Cu, 0.1g/t Au) from 548m downhole **including 56m grading 1.0% CuEq (0.8% Cu, 0.3g/t Au)** from 644m **and including 206m grading 0.7% CuEq (0.5% Cu, 0.2g/t Au)** from 800m
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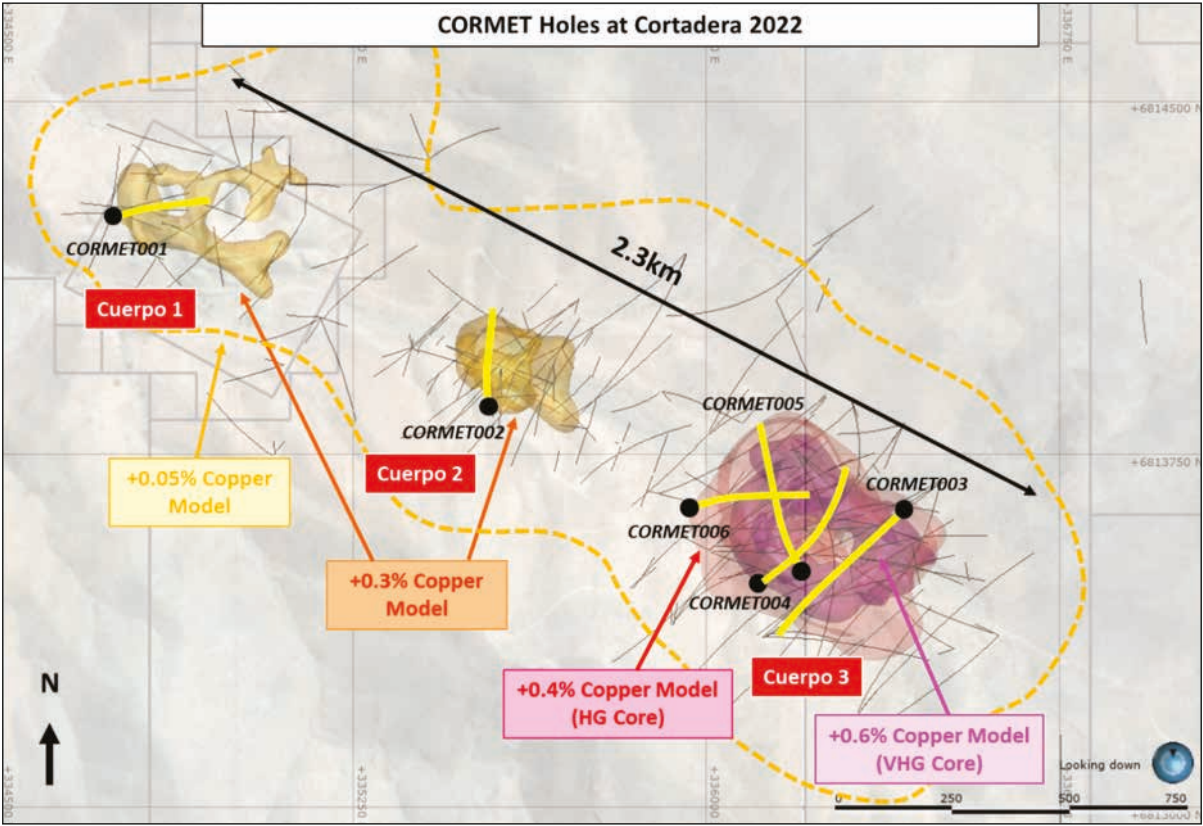
New high grade ore sources provide optionality for Costa Fuego

All four of these development study drill holes were drilled through Cuerpo 3 and confirm an expansion of the high-grade core. The CORMET holes are not included in the Mineral Resource Estimate for Cortadera (published in March 2022). An updated MRE expected in late 2022 will include these CORMET holes to quantify the impact of this expansion.

Results from drill hole CORMET001 also outperformed expectations, with the hole ending in 6m grading 0.6% Cu below the current interpreted extents of Cuerpo 1.



CORMET006 (579m depth down-hole) – 1.1% copper, 0.6g/t gold, 4.0g/t silver and 81 ppm molybdenum. Early-stage porphyry, sericite-chlorite-biotite alteration with 5% A-B vein abundance



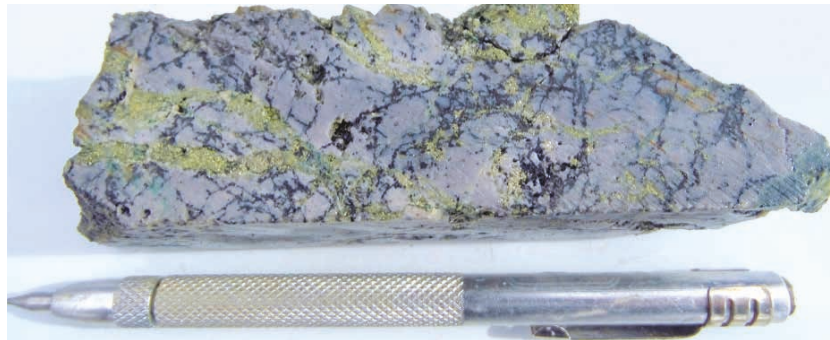
Location of development study diamond drill holes at Cortadera

2 Review of Operations (cont'd)

- **Stand-out drill results from the MET drilling at Productora include:**

- MET027 - **45m grading 1.2% CuEq (1.0% Cu, 0.2g/t Au) from 280m downhole including 8m grading 3.6% CuEq* (3.0% Cu, 0.8g/t Au) from 280m**
- MET028 - **39m grading 1.1% CuEq (1.0% Cu, 0.1g/t Au) from 46m downhole including 12m grading 1.5% CuEq (1.4% Cu, 0.2g/t Au) from 60m**
- MET026 - **39m 0.9% CuEq (0.7% Cu, 0.2g/t Au) from 141m downhole**
- MET025 - **39m 0.8% CuEq (0.7% Cu, 0.2g/t Au) from 78m downhole**

The intersection in MET028 is particularly exciting as it is located near-surface in the higher-grade Alice porphyry satellite pit.



MET0027 (286.4m depth). Tourmaline breccia host rock at Productora. 5.4% Cu, 1.2g/t Au, 3.5g/t Ag, 594ppm Mo



Resource Definition Drilling Underway at San Antonio and Valentina

Following San Antonio's maiden Inferred resource, reported in March 2022, a further 13 drill holes – including three diamond drill holes – were completed at San Antonio to upgrade the categorisation of the resource from Inferred to Indicated, as well as testing for down-plunge mineralisation extensions.

- **Stand-out drill results include:**

SAPMET002 - **21m grading 1.6% CuEq (1.6% Cu, 3.2g/t Ag)** from 74m downhole

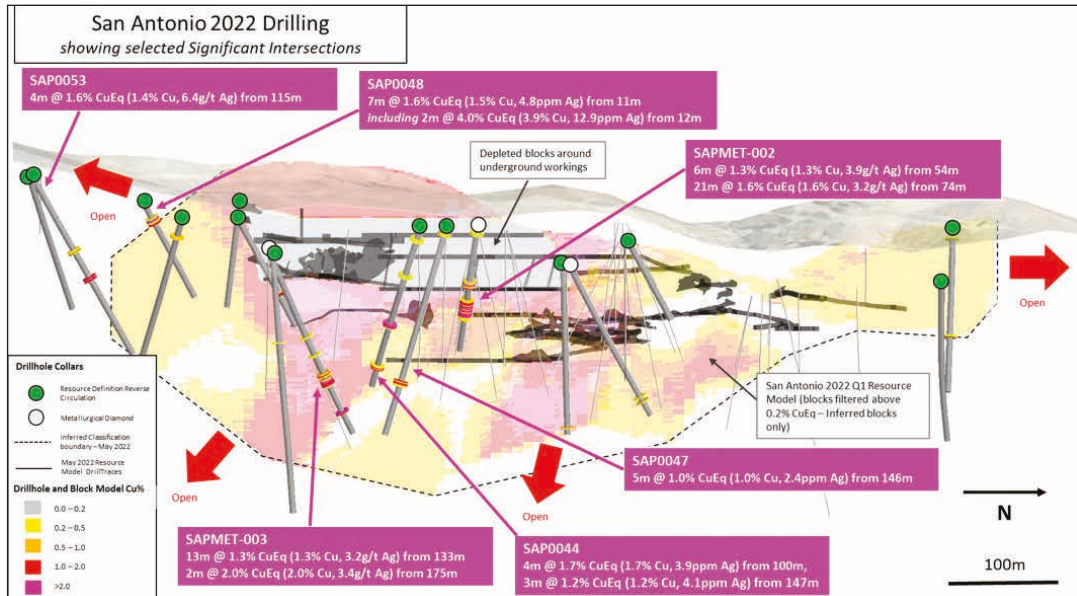
SAPMET003 - **13m grading 1.3% CuEq (1.3% Cu, 3.2g/t Ag)** from 133m downhole
including 2m grading 3.7% CuEq (3.5% Cu, 7.6g/t Ag) from 140m

SAP0048 - **7m grading 1.6% CuEq (1.5% Cu, 4.8g/t Ag)** from 11m downhole
including 2m grading 4.0% CuEq (3.9% Cu, 12.9g/t Ag) from 12m

Importantly, several drill holes recorded higher grades than estimated in the current San Antonio Inferred resource model.



2 Review of Operations (cont'd)



Long section (along the plane of mineralisation) showing significant intersections from phase 1 RC drilling at San Antonio. Current Resource Model (May 2022) shown for reference (filtered to show Inferred blocks above 0.2% CuEq*). Note southern high-grade drill intersections (SAP0048 and SAP0053) recorded outside resource envelope.

The high-grade Valentina copper mine was also drilled in two phases, with 17 drill holes – 2 of them diamond – completed during the year. Initial drilling confirmed a strong visual drilling intersection approximately 120m south of the underground mine workings. Mineralisation at Valentina is now defined over approximately 300m of strike and is open at depth and along strike. Work is underway to create detailed geological and mineralisation models to assess the resource potential of Valentina ahead of a maiden MRE in the second half of 2022.

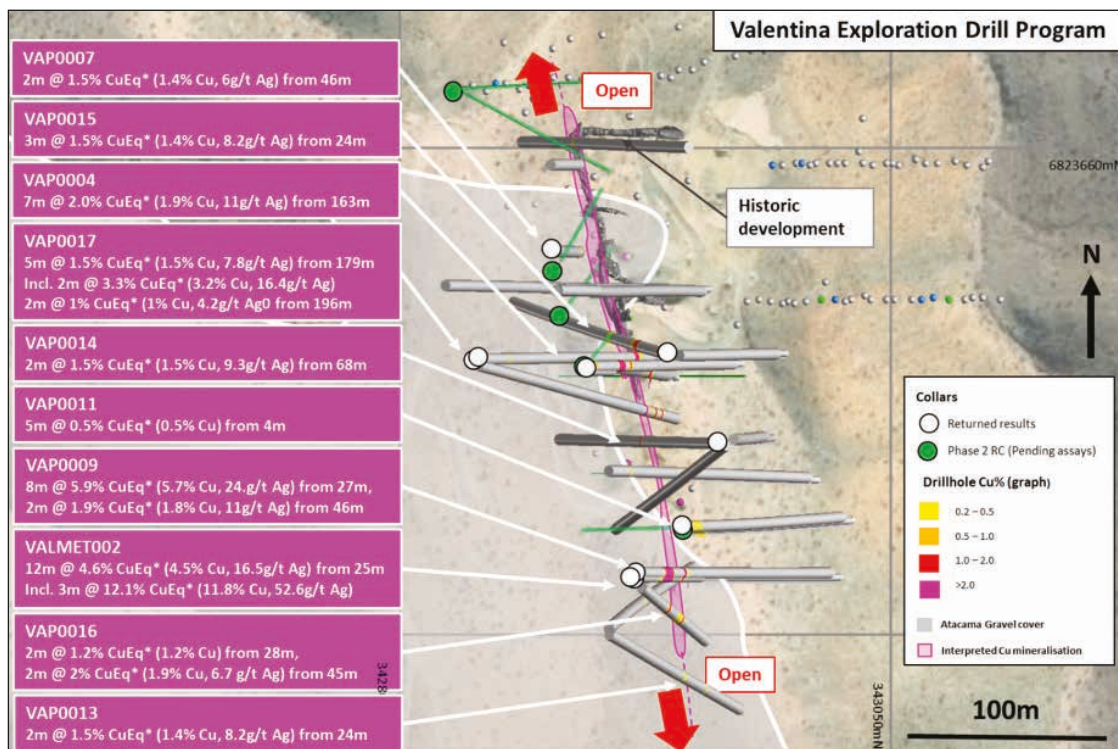
Copper soluble analysis has confirmed that mineralisation at Valentina is principally sulphide (chalcocite, chalcopyrite, covellite) and amenable to flotation recovery, thus key to Valentina's potential to contribute to early sulphide cash flow generation.





• **Stand out drill results from Valentina include:**

- VALMET0002 - **12m grading 4.6% CuEq (4.5% Cu & 16.5g/t Ag) from 25m downhole including 3m grading 12.1% CuEq (11.8% Cu & 52.6g/t Ag) from 29m**
- VAP0009 - **8m grading 5.9% CuEq (5.7% Cu, 24.1g/t Ag) from 27m downhole and 2m grading 1.9% CuEq (1.8% Cu, 11g/t Ag) from 46m**
- VAP0004 - **7m grading 2.0% CuEq (1.9% Cu, 11g/t Ag) from 163m downhole**



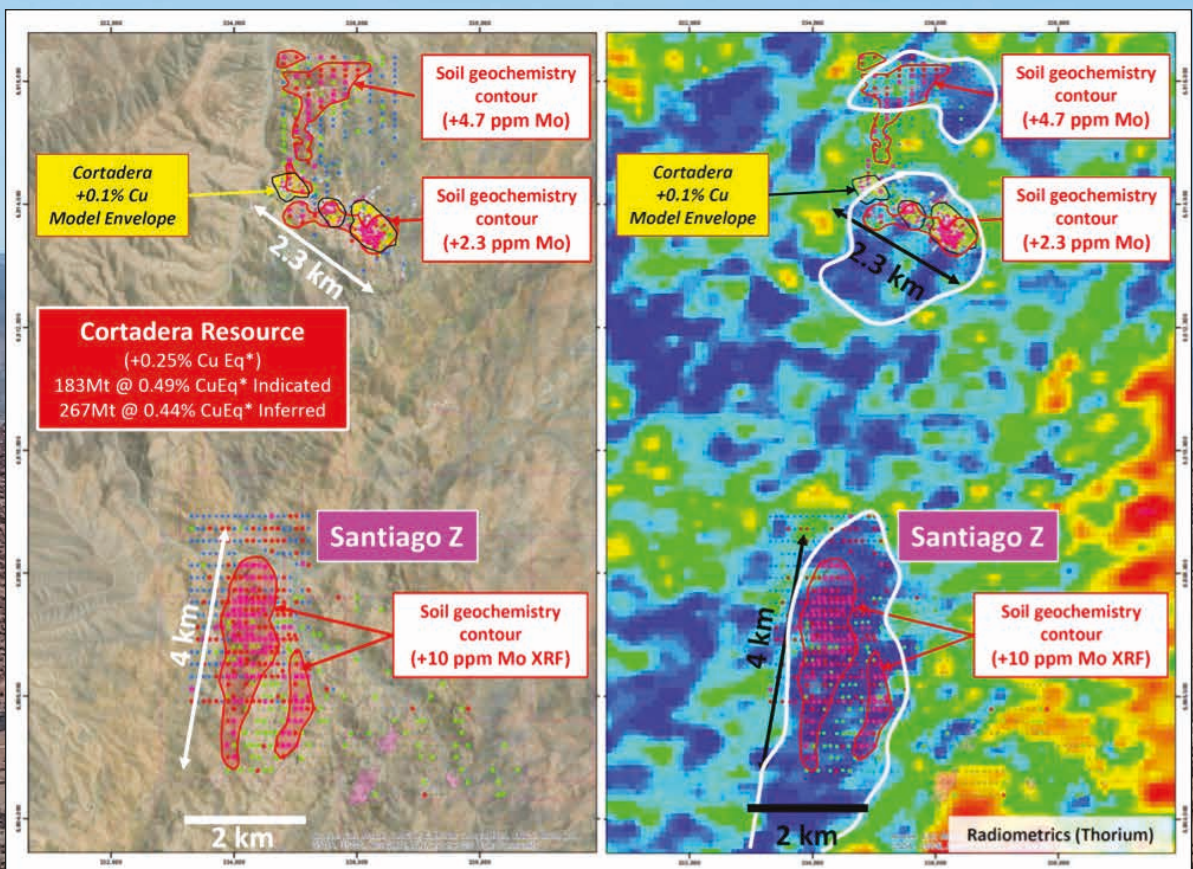
Location of drill holes in relation to the Valentina high grade copper deposit. Valentina is open along strike to the north and to the south underneath a 10 to 15m-deep cover of gravel

Drilling undertaken across San Antonio, and the neighbouring high grade deposit Valentina, have provided significant encouragement for the addition of two potential high grade, front-end, open pit, ore sources for Costa Fuego.

2 Review of Operations (cont'd)

Regional Exploration Update

Exploration drilling during the year focussed on targets proximal to the Productora resource and the 4km long by 2km wide Santiago Z porphyry target. Drilling at Productora comprised fourteen drill holes, with several intersections requiring future follow-up Diamond Drill (DD) tail extensions. Platform and access clearing across the Santiago Z exploration target was completed this year and a first-pass RC drill programme has commenced. Assay results for these drillholes are pending.



The Santiago Z exploration target in the context of the deposits at Cortadera

Regional exploration mapping and soil sampling collected 1,979 surface samples during the year across a portfolio of six regional targets. The resultant geochemical data is being used to vector drilling and to assist in ranking the Company's regional exploration pipeline.

Other key workstreams completed during the year include the acquisition of advanced remote sensing datasets across the Costa Fuego region, systematic mapping and sampling across the gap zone between Cortadera and Santiago Z, as well as extensional work to the west of Santiago Z.



RC Drilling at the Productora Central exploration target, April 2022

2 Review of Operations (cont'd)

PFS Expansion and Updated Timeline

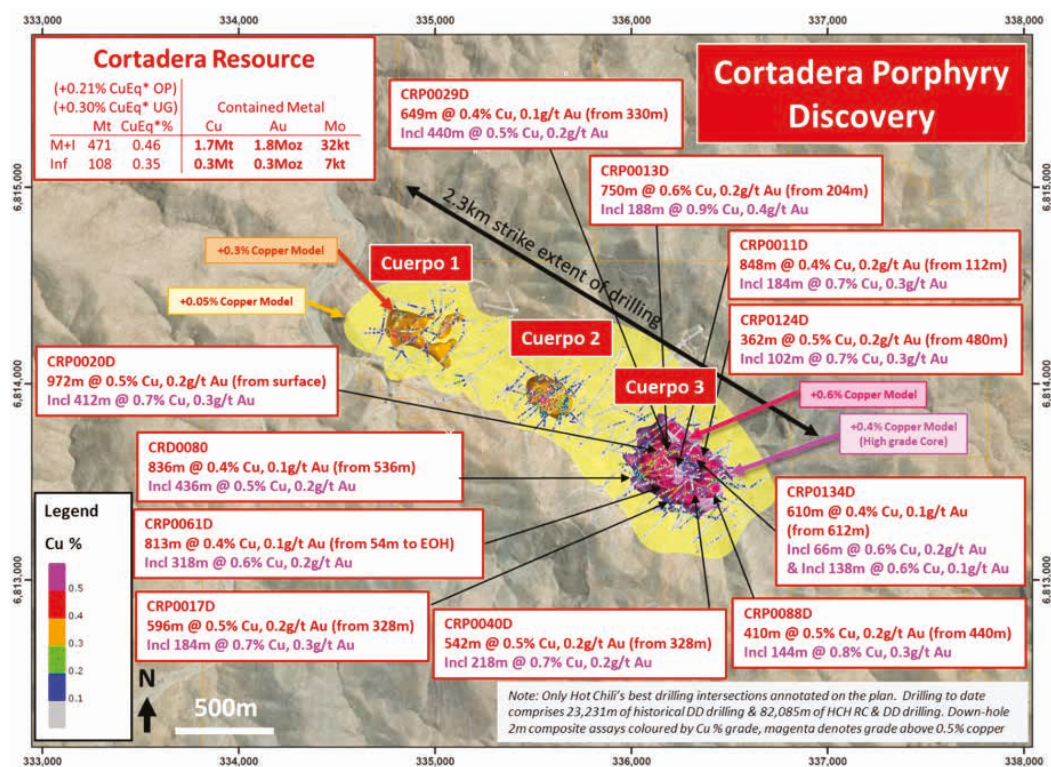
The Costa Fuego Pre-feasibility Study (PFS) is now expected to be complete in Q1 2023 following an expansion of studies to capture additional metallurgical testwork opportunities across all deposits, and an extension of preliminary mine planning to allow the incorporation of new resource growth from drilling in 2022.

Highlights from the Costa Fuego PFS for the year include:

- Completion of the technical drilling at Cortadera
- Completion of additional metallurgical drilling at Productora, San Antonio and Valentina.
- Execution of a Letter of Intent with Puerto Las Losas SA (PLL) to negotiate a port access and port services agreement for Huasco, approximately 50km west of Costa Fuego's proposed processing plant.
- Completion of an initial power supplier consultation process – multiple power providers confirmed highly competitive, long-term power price environment with indicative quotations.
- Metallurgical flowsheet optimisation, as well as sulphide and oxide metallurgical testwork programmes underway in Australia.
- Preliminary mine scheduling and mine optimisations (open pit and cave extraction) complete to test 15Mtpa and 20Mtpa sulphide concentrator scale options is complete.
- Re-commencement of Environmental Impact Assessment baseline studies across Costa Fuego with the appointment of leading Chilean environmental consultancy GAC.
- Commencement of Hot Chili's Environmental, Social and Governance (ESG) framework, leveraging-off the Company's strong involvement in local partnerships, social programmes and green credentials.

With development study drilling completed across Costa Fuego the Company has reduced its drilling operations from three drill rigs (5-shifts of drilling per day) to one drill rig (1-shift of drilling per day) along with implementing other cost rationalisation initiatives.

The revised timeline ensures the Company is now fully funded into late 2023.



Plan view across the Cortadera discovery area displaying the location of significant historical copper-gold DD intersections across Cuerpo 1, 2, and 3 tonalitic porphyry intrusive centres. Note the revised Feb 2022 copper models (represented by modelled copper envelopes, yellow- +0.05% Cu, magenta- +0.4% Cu and red- +0.6% Cu)

Table 4 Significant Drill Results Reported in 2022

Hole_ID	Coordinates (WGS84)			Azim	Dip	Hole Depth	Intersection		Interval (m)	Copper (% Cu)	Gold (g/t Au)	Silver (ppm Ag)	Molybdenum (ppm Mo)	Cu Eq (% Cu Eq)*						
	North	East	RL				From	To												
CRP0047D	6813692	336497	1050	227	-60	1149	282	326	44	0.3	0.1	0.4	40	0.3						
							414	426	12	0.3	0.1	0.3	29	0.4						
							470	492	22	0.3	0.1	0.4	20	0.3						
							576	588	12	0.3	0.2	0.6	23	0.4						
							632	646	14	0.4	0.2	0.7	10	0.5						
							720	938	218	0.5	0.1	0.8	147	0.6						
		including					720	744	24	0.7	0.2	1.2	74	0.8						
		including					756	890	134	0.6	0.2	1.0	177	0.7						
CRP0068D	6814344	335030	955	225	-61	679	0	22	22	0.5	0.1	0.9	26	0.5						
CRP0091	6814199	335058	962	27	-69	106	0	14	14	0.4	0.1	0.8	6	0.4						
							76	106	30	0.3	0.1	0.3	83	0.3						
CRP0094	6814200	335059	962	209	-60	150	2	12	10	0.5	0.1	0.9	4	0.5						
CRP0098	6814226	334956	975	174	-60	282	40	96	56	0.4	0.1	1.0	17	0.5						
							56	76	20	0.7	0.2	1.6	7	0.7						
CRP0134D	6813615	336269	1027	96	-76	1025	216	826	610	0.4	0.1	0.7	206	0.5						
								including				502	568	66	0.6	0.2	0.9	159	0.7	
								and including				634	772	138	0.6	0.1	1.4	486	0.8	
CRP0132D	6813861	336310	958	170	-76	766	300	766	466	0.2	0.1	0.4	89	0.3						
								including				540	576	36	0.4	0.1	0.6	169	0.5	
CRP0133	335692	6813977	985	150	-60	108	12	108	96	0.2	0.1	0.4	34	0.2						
								including				12	54	42	0.3	0.1	0.5	15	0.3	
CRP0139	335446	6813981	969	115	-61	222	0	222	222	0.2	0.1	0.5	7	0.3						
								including				180	222	42	0.4	0.3	0.8	4	0.5	
CRP0140	335695	6813975	985	25	70	92	10	62	52	0.2	0.1	0.4	23	0.3						
CRP0150	335427	6813982	968	-54	109	132	34	96	62	0.2	0.1	0.3	23	0.2						
CRP0151	335540	6813865	992	-75	169	162	0	30	30	0.3	0.1	0.6	13	0.3						
												162	48	118	70	0.3	0.1	0.5	19	0.3
CRP0148	6813870	335545	993	84	-61	252	0	252	252	0.3	0.1	0.6	4	0.4						
								including				0	156	156	0.4	0.2	0.8	5	0.4	
								or including				90	122	32	0.5	0.2	0.9	2	0.6	
CRP0152	6813938	335679	982	180	-60	162	10	158	148	0.2	0.1	0.5	10	0.2						
CRP0153	6813959	335619	977	31	-60	102	36	86	50	0.3	0.1	0.5	18	0.3						
CRP0154	6813959	335619	977	321	-60	168	8	114	106	0.2	0.1	0.4	17	0.2						
CRP0158	6813926	335491	977	200	-60	150	4	66	62	0.4	0.1	0.6	11	0.4						
								including				26	44	18	0.6	0.2	1.0	3	0.7	
CRP0176	334831	6814172	953	143	-71	252	0	114	114	0.3	0.1	0.6	47	0.3						
												0	24	24	0.6	0.1	1.2	8	0.6	
CRP0177	334735	6814270	976	10	-60	294	14	34	20	0.3	0.1	0.5	34	0.3						
CRP0178	334834	6814171	953	210	-70	312	0	72	72	0.4	0.1	0.8	46	0.4						
								including				0	28	28	0.7	0.1	1.5	17	0.7	
CRP0183	334935	6814283	960	257	-74	234	10	90	80	0.4	0.1	0.8	8	0.4						
								including				44	56	12	0.6	0.1	1.1	12	0.6	
								and				and	192	214	22	0.3	0.0	0.7	28	0.3
CRP0184	334814	6814328	957	199	-75	150	0	80	80	0.2	0.1	0.3	3	0.2						
								and				and	124	150	26	0.4	0.1	1.2	2	0.4
CRP0111D	6813884	335905	999	105	-80	1039	412	456	44	0.2	0.1	0.4	27	0.3						
								and				and	536	574	38	0.2	0.1	0.9	49	0.2
								and				and	612	670	58	0.2	0.0	0.6	42	0.2
								and				and	774	992	218	0.2	0.0	0.4	36	0.2

2 Review of Operations (cont'd)

Hole_ID	Coordinates (WGS84)			Azim	Dip	Hole Depth	Intersection		Interval (m)	Copper (% Cu)	Gold (g/t Au)	Silver (ppm Ag)	Molybdenum (ppm Mo)	Cu Eq (% Cu Eq)*
	North	East	RL				From	To						
CRP0116D	6814035	335552	980	302	-80	717	254	280	26	0.2	0.0	0.6	36	0.2
	and					and	336	394	58	0.2	0.0	0.5	77	0.2
CRP0122	6813663	336037	1016	300	-70	270	72	106	34	0.2	0.1	0.3	53	0.2
CRP0136D	6813389	335926	1097	41	-74	982	360	428	68	0.3	0.1	0.5	10	0.4
	and					and	548	674	126	0.4	0.1	0.7	126	0.5
CRP0138D	6813204	336322	1092	26	-64	685	352	542	190	0.2	0.1	0.4	63	0.3
	including						368	462	94	0.3	0.1	0.5	70	0.3
	and					and	608	685	77	0.3	0.1	0.4	103	0.3
CRP0144D	6813453	336344	1043	51	-73	941	14	941	927	0.2	0.1	0.6	65	0.3
	including						382	590	208	0.3	0.1	0.5	142	0.4
	and including						682	714	32	0.8	0.2	1.5	287	1.0
	or including						682	728	46	0.6	0.1	1.1	224	0.8
	and including						854	872	18	0.6	0.1	1.9	48	0.6
CRP0146D	6813367	336126	1066	81	-79	1051	378	614	236	0.3	0.1	0.6	90	0.3
	including						532	596	64	0.4	0.1	0.8	148	0.5
	or including						540	552	12	0.6	0.2	1.4	95	0.7
CRP0155D	6813620	336273	1028	65	-76	1140	248	316	68	0.4	0.1	0.5	69	0.4
							492	694	202	0.4	0.1	0.8	108	0.5
	including						596	638	42	0.6	0.2	1.2	86	0.7
	and including						664	692	28	0.5	0.1	1.1	126	0.6
CRP0162	6813453	336343	1043	115	-80	115	18	163	145	0.2	0.0	0.5	20	0.2
CRP0163	6813455	336337	1043	262	-74	262	150	324	174	0.3	0.1	0.6	7	0.3
CRP0164D	6813535	336309	1035	70	-72	934	338	398	60	0.3	0.1	0.4	127	0.4
							504	642	138	0.3	0.1	0.4	143	0.3
	including						540	592	52	0.4	0.1	0.4	259	0.5
CRP0167D	6813336	336528	1081	297	-78	906	540	906	366	0.2	0.0	0.5	99	0.3
	including						540	640	100	0.3	0.1	0.5	143	0.4
							562	604	42	0.4	0.1	0.5	181	0.5
CRP0170D	335837	6813464	1085	21	-59	840	366	840	474	0.3	0.1	0.6	176	0.4
	including						524	732	208	0.4	0.1	0.6	188	0.5
	and including						732	792	60	0.3	0.1	0.8	477	0.5
	and including						814	832	18	0.5	0.1	0.8	174	0.6
CRP0150D	6813982	335427	968	109	-54	699	136	184	48	0.4	0.1	0.6	5	0.4
	including						144	158	14	0.6	0.3	0.9	4	0.7
							248	632	384	0.3	0.1	0.6	21	0.3
	including						318	338	20	0.5	0.3	0.7	0	0.6
	and including						430	476	46	0.5	0.1	0.9	15	0.5
CRP0161D	335586	6813726	1006	21	-59	708	380	620	240	0.3	0.1	0.6	46	0.3
	including						390	406	16	0.6	0.2	1.5	11	0.7
	and including						434	480	46	0.4	0.1	0.7	11	0.4
CRP0149D	6813791	335636	1009	-58	10	637	102	192	90	0.3	0.1	0.4	3	0.3
							294	522	228	0.3	0.1	0.6	34	0.3

Hole_ID	Coordinates (WGS84)			Azim	Dip	Hole Depth	Intersection		Interval (m)	Copper (% Cu)	Gold (g/t Au)	Silver (ppm Ag)	Molybdenum (ppm Mo)	Cu Eq (% Cu Eq)*
	North	East	RL				From	To						
CRP0180D	6813470	336268	1059	-58	215	727	130	370	240	0.2	0.1	0.3	44	0.2
	including						194	210	28	0.3	0.1	0.3	51	0.3
	and including						246	260	14	0.4	0.1	0.6	38	0.4
CRP0186	6814053	335610	991	-61	169	100	26	100	74	0.2	0.0	0.3	27	0.2
CRP0188	6813475	336454	1044	-65	347	204	14	62	48	0.2	0.1	0.4	5	0.2
CORMET006	6813643	335979	1025	80	-75	1123	246	1122	858	0.4	0.1	0.9	53	0.4
	including						414	620	202	0.7	0.3	1.6	43	0.8
CORMET003	336123	6813372	1068	59	-60	1023	276	828	552	0.4	0.2	0.8	89	0.6
	including						574	822	248	0.6	0.2	1.1	179	0.8
CORMET001	334736	6814269	976	74	-60	350	86	156	70	0.5	0.1	1.1	11	0.6
							222	350	128	0.2	0.0	0.6	14	0.3
	including						344	350	6	0.6	0.0	1.4	4	0.6
CORMET005	6813534	336171	1066	352	-69	952	232	890	658	0.4	0.2	0.8	122	0.6
							470	604	134	0.6	0.2	0.9	181	0.8
							662	792	130	0.6	0.2	1.1	253	0.9
							690	750	60	0.8	0.4	1.3	238	1.2
							690	720	30	1.1	0.5	1.6	165	1.4
CORMET002	6813867	335534	992	0	-60	370	0	370	370	0.3	0.1	0.6	8	0.4
	including						24	44	20	0.6	0.4	1.0	5	0.8
	and including						136	158	22	0.8	0.5	1.8	4	1.0
	and including						222	272	50	0.4	0.1	0.9	9	0.4
CORMET004	6813819	336428	1094	218	-64	1126	548	1032	484	0.4	0.1	0.6	94	0.5
	including						644	700	56	0.8	0.3	1.1	48	1.0
	and including						800	1006	206	0.5	0.2	0.7	173	0.7
	or including						878	922	44	0.8	0.3	1.1	131	1.0
PRF001	6821677	323055	837	264.7	-68.87	451	34	180	146	0.1	0.0		4	0.1
	including						57	60	3	0.3	0.3		4	0.4
	and including						116	120	4	0.1	0.3		4	0.2
	and including						176	180	4	0.1	0.3		3	0.3
PRF003	6821398	322916	825	38.57	-60.24	326	20	120	100	0.1	0.1		21	0.1
	including						24	50	26	0.1	0.3		12	0.2
							236	290	54	0.1	0.1		4	0.1
	including						236	239	3	0.8	0.5		7	1.1
							290	326	36	0.2	0.1		7	0.2
	including						290	302	12	0.4	0.1		11	0.4
PRF004	6821398	322916	825	270.87	-61.05	321	26	30	4	0.1	0.9		52	0.5
							37	93	56	0.1	0.1		19	0.2
	including						81	91	10	0.3	0.1		28	0.3
							162	165	3	0.2	0.2		11	0.3
PRF005	6821989	323069	810	88.34	-79.14	504	270	272	2	0.3	0.1		6	0.3
							314	320	6	0.2	0.1		7	0.2

2 Review of Operations (cont'd)

Hole_ID	Coordinates (WGS84)			Azim	Dip	Hole Depth	Intersection		Interval (m)	Copper (% Cu)	Gold (g/t Au)	Silver (ppm Ag)	Molybdenum (ppm Mo)	Cu Eq (% Cu Eq)*
	North	East	RL				From	To						
PRF006	6822161	323154	794	91.58	-59.49	373	20	124	104	0.1	0.0		14	0.1
	including						22	30	8	0.2	0.0		1	0.2
	including						43	51	8	0.2	0.1		36	0.2
	and including						92	95	3	0.3	0.1		44	0.3
							344	347	3	0.4	0.0		90	0.4
PRF008	6822349	323033	772	102.83	-58.43	432	50	58	8	0.2	0.1		10	0.2
	including						50	52	2	0.4	0.2		25	0.4
PRF009	6822608	323120	762	251.2	-59.5	432	246	278	32	0.1	0.0		3	0.1
MET025	6820931	323027	884	90	-60	280	39	66	27	0.5	0.2		92	0.7
							78	117	39	0.7	0.2		136	0.8
							129	139	10	0.5	0.1		169	0.6
							159	168	9	0.5	0.1		117	0.6
							246	256	10	0.5	0.1		64	0.6
MET026	6822284	323426	816	90	-60	260	93	111	18	0.4	0.1		193	0.5
							120	129	9	0.4	0.1		33	0.5
							141	180	39	0.7	0.2		446	0.9
MET027	6821389	323082	858	90	-62	394.6	36	61	25	0.4	0.1		159	0.5
							100	135	35	0.4	0.1		228	0.5
	including						122	128	6	1.2	0.2		770	1.5
							247	271	24	0.5	0.1		209	0.6
							280	325	45	1.0	0.2		225	1.2
	including						280	288	8	3.0	0.8		699	3.6
MET028	6822576	322851	790	270	-59	250.1	46	85	39	1.0	0.1		31	1.1
	Including						60	72	12	1.4	0.2		37	1.5
							105	115	10	0.5	0.0		71	0.6
							132	142	10	0.5	0.0		36	0.5
							165	175	10	0.3	0.0		175	0.4
MET025	6820931	323027	884	90	-60	280	39	66	27	0.5	0.2		92	0.7
VAP0004	6823539	342823	946	90	-60	260	163	170	7	1.9	0.0	10.8	2.8	2.0
VAP0007	6823597	342870	942	90	-75	48	46	48	2	1.4	0.0	6.1	3.5	1.5
VAP0009	6823438	342909	947	90	-60	200	27	35	8	5.7	0.1	24.1	1.9	5.9
							46	48	2	1.8	0.0	10.7	1.0	1.9
VAP0011	6823456	342931	947	90	-60	150	4	9	5	0.5	0.0	0.3	2.4	0.5
VALMET002	6823435	342914	952	90	-60	70.3	27	37	10	5.3	0.0	19.7	2.2	5.4
	or						25	37	12	4.5	0.0	16.5	2.2	4.6
	Including						29	32	3	11.8	0.1	52.6	4.2	12.1
							46	48	2	0.9	0.0	5.6	0.5	1.0
VAP0014	6823505	342957	927	285.91	-56.72	150	68	70	2	1.5	0.0	9.3	2.0	1.5
VAP0015	6823551	342932	910	104.81	-59.98	150	0	4	4	0.7	0.0	3.3	1.3	0.8
							24	27	3	1.4	0.0	8.2	0.7	1.5
VAP0016	6823431	342920	945	130.31	-57.27	80	28	30	2	1.2	0.0	0.4	5.0	1.2
							41	43	2	0.7	0.0	0.3	3.0	0.7
							45	47	2	1.9	0.0	6.7	1.0	2.0

Hole_ID	Coordinates (WGS84)			Azim	Dip	Hole Depth	Intersection		Interval (m)	Copper (% Cu)	Gold (g/t Au)	Silver (ppm Ag)	Molybdenum (ppm Mo)	Cu Eq (% Cu Eq)*
	North	East	RL				From	To						
VAP0017	6823545	342836	947	270.2	-59.84	220	179	184	5	1.5	0.0	7.8	0.8	1.5
							179	181	2	3.2	0.0	16.4	1.0	3.3
							189	191	2	0.9	0.0	3.7	0.8	0.9
							196	198	2	1.0	0.0	4.2	1.0	1.0
SAP0042	6819270	342486	1204	89.42	-80.06	150	95	97	2	0.8	0.0	2.5	4.8	0.9
SAP0044	6818761	342437.9	1208.18	239.59	-59.88	170	100	104	4	1.7	0.0	3.9	0.5	1.7
	Including						147	150	3	1.2	0.1	4.1	0.3	1.2
SAP0047	6818793	342448	1213	199.65	-75.04	200	146	151	5	1.0	0.0	2.4	1.4	1.0
SAP0048	6818509	342288	1233	329.3	-58.77	100	11	18	7	1.5	0.1	4.8	3.1	1.6
	Including						12	14	2	3.9	0.2	12.9	7.5	4.0
SAP0049	6818601	342317	1235	14.85	-59.57	120	85	88	3	1.3	0.0	3.3	2.0	1.3
SAP0053	6818402	342314	1267	347.14	-59.85	200	115	119	4	1.4	0.2	6.4	18.0	1.6
SAP0054	6818545	342409	1217	239.37	-59.92	162	12	14	2	0.7	0.1	4.1	0.8	0.8
SAPMET001	6818913	342555	1178	329.66	-59.85	165.2	149	150	1	0.8	0.1	0.6	2.8	0.8
SAPMET002	6818824	342424.2	1210.6	254.9	-60.17	130	54	60	6	1.3	0.0	3.9	1.0	1.3
							74	95	21	1.6	0.0	3.2	1.7	1.6
SAPMET003	6818628	342432	1192	320.72	-61.05	200	133	146	13	1.3	0.0	3.2	2.2	1.3
	Including						140	142	2	3.5	0.1	7.6	1.0	3.7
							175	177	2	2.0	0.0	3.4	0.7	2.0

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

The Metal Prices applied in the calculation were: Cu=3.00 USD/lb, Au=1,700 USD/oz, Mo=14 USD/lb, and Ag=20 USD/oz. The entirety of the intersection is assumed as fresh. The recovery and copper equivalent formula for each deposit is:

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

For Cortadera and Productora, significant intersections are calculated above a nominal cut-off grade of 0.2% Cu. Where appropriate, significant intersections may contain up to 30m down-hole distance of internal dilution (less than 0.2% Cu). Significant intersections are separated where internal dilution is greater than 30m down-hole distance. The selection of 0.2% Cu for significant intersection cut-off grade is aligned with marginal economic cut-off grade for bulk tonnage polymetallic copper deposits of similar grade in Chile and elsewhere in the world. Down-hole significant intersection widths are estimated to be at or around true-widths of mineralisation.

For San Antonio and Valentina, significant intersections are calculated above a nominal cut-off grade of 0.5% Cu, with a minimum estimated true thickness of 1.5m. These parameters are aligned with marginal economic cut-off grades for narrow, high-grade polymetallic copper deposits of similar grade in Chile and elsewhere in the world. Down-hole significant intersection widths are estimated to be at or around 70 per cent of true-widths of mineralisation.

2 Review of Operations (cont'd)

Table 5 Details of all Drillholes Completed at Cortadera in 2022

Hole ID	Coordinates (WGS84)			Hole Depth	Azimuth	Dip	Prospect
	North	East	RL				
CRP0127D	6813533	336310	1,035	637	98	-67	Cuerpo 3
CRP0131D	6813815	336421	1,088	874	250	-80	Cuerpo 3
CRP0132D	6813861	336310	1,057	766	170	-76	Cuerpo 3
CRP0133	6813977	335692	985	108	150	-60	Cuerpo 2
CRP0134D	6813615	336269	1,028	1,025	96	-76	Cuerpo 3
CRP0135	6813389	335930	1,097	282	10	-80	Cuerpo 3
CRP0136D	6813389	335926	1,097	982	41	-74	Cuerpo 3
CRP0137	6813393	335925	1,097	78	4	-60	Cuerpo 3
CRP0138D	6813204	336322	1,092	685	26	-64	Cuerpo 3
CRP0139	6813981	335446	969	222	115	-61	Cuerpo 2
CRP0140	6813975	335695	985	92	25	-70	Cuerpo 2
CRP0141	6813882	335901	999	78	227	-83	Cuerpo 2-3 Gap Zone
CRP0142	6813876	336253	1,060	84	227	-78	Cuerpo 3
CRP0143	6813871	336256	1,060	240	221	-75	Cuerpo 3
CRP0144D	6813453	336344	1,043	941	51	-73	Cuerpo 3
CRP0145	6813728	336355	1,042	192	147	-82	Cuerpo 3
CRP0147	6813465	335845	1,082	210	35	-65	Cuerpo 3
CRP0148	6813870	335545	993	252	84	-61	Cuerpo 2
CRP0150D	6813982	335427	968	699	109	-54	Cuerpo 2
CRP0151	6813865	335540	992	162	169	-75	Cuerpo 2
CRP0152	6813938	335679	982	162	177	-59	Cuerpo 2
CRP0153	6813959	335619	977	102	31	-60	Cuerpo 2
CRP0154	6813959	335619	977	168	321	-60	Cuerpo 2
CRP0156	6813323	336526	1,086	132	249	-74	Cuerpo 3
CRP0157	6813903	335749	988	95	21	-60	Cuerpo 2
CRP0158	6813926	335491	977	150	199	-60	Cuerpo 2
CRP0159	6813903	335749	988	78	219	-73	Cuerpo 2
CRP0160	6814014	335763	996	90	211	-65	Cuerpo 2
CRP0162	6813453	336344	1,043	163	115	-80	Cuerpo 3
CRP0163	6813453	336344	1,043	324	262	-74	Cuerpo 3
CRP0141D	6813882	335901	999	963	227	-83	Cuerpo 2-3 Gap Zone
CRP0146D	6813367	336126	1066	1051	81	-79	Cuerpo 3
CRP0149D	6813791	335636	1009	637	10	-58	Cuerpo 2
CRP0155D	6813620	336273	1028	1140	65	-76	Cuerpo 3
CRP0159D	6813916	335754	989	497	219	-73	Cuerpo 2
CRP0161D	6813726	335586	1006	708	21	-59	Cuerpo 2
CRP0164D	6813535	336309	1035	934	70	-72	Cuerpo 3
CRP0165	6813807	335749	1000	181	198	-61	Cuerpo 2-3 Gap Zone
CRP0166D	6813810	335751	1000	120	13	-60	Cuerpo 2-3 Gap Zone
CRP0167D	6813336	336528	1081	906	297	-78	Cuerpo 3
CRP0168	6813805	335747	1000	156	276	-65	Cuerpo 2-3 Gap Zone
CRP0169	6813467	335839	1081	198	53	-67	Cuerpo 3

Hole ID	Coordinates (WGS84)			Hole Depth	Azimuth	Dip	Prospect
	North	East	RL				
CRP0170D	6813465	335840	1082	840	42	-65	Cuerpo 3
CRP0171	6813772	335815	999	106	296	-85	Cuerpo 2-3 Gap Zone
CRP0172	6813712	335889	1008	176	19	-59	Cuerpo 2-3 Gap Zone
CRP0173	6813776	335822	1000	91	21	-60	Cuerpo 2-3 Gap Zone
CRP0174	6813705	335886	1008	134	201	-59	Cuerpo 2-3 Gap Zone
CRP0175	6813765	335818	1000	111	201	-60	Cuerpo 2-3 Gap Zone
CRP0176	6814172	334831	953	252	143	-71	Cuerpo 1
CRP0177	6814270	334735	976	294	10	-60	Cuerpo 1
CRP0178	6814171	334834	953	312	210	-70	Cuerpo 1
CRP0179D	6813528	336051	1033	646	226	-61	Cuerpo 3
CRP0180D	6813470	336268	1058	727	215	-58	Cuerpo 3
CRP0181	6814264	334729	976	200	268	-59	Cuerpo 1
CRP0182	6814266	334740	976	312	201	-60	Cuerpo 1
CRP0183	6814286	334929	961	234	257	-74	Cuerpo 1
CRP0184	6814325	334819	952	150	199	-75	Cuerpo 1
CRP0185	6813877	335408	982	188	23	-74	Cuerpo 2
CRP0186	6814053	335610	991	100	169	-61	Cuerpo 2
CRP0187	6813748	335464	1004	204	170	-65	Cuerpo 2
CRP0188	6813475	336454	1045	204	347	-65	Cuerpo 3
CRP0189	6813521	336552	1071	264	181	-80	Cuerpo 3
PRF001	6821677	323055	837	451	265	-70	Productora Central
PRF002	6821857	323065	809	477	269	-71	Productora Central
PRF003	6821398	322916	825	326	39	-60	Productora Central
PRF004	6821398	322916	825	321	271	-61	Productora Central
PRF005	6821989	323069	810	504	88	-79	Productora Central
PRF006	6822161	323154	794	373	92	-59	Productora Central
PRF007	6822167	322987	794	282	103	-58	Productora Central
PRF008	6822349	323033	772	432	92	-59	Productora Central
PRF009	6822600	323120	765	432	251	-59	Productora Central
PRF010	6821965	322394	737	217	265	-59	Productora Central
PRF011	6821542	322597	783	165	60	-60	Productora Central
PRF012	6827790	320780	523	300	180	-60	Francesca
PRF013	6827707	320415	528	300	90	-60	Francesca
CORMET-001	6814264	334738	970	350	74	-60	Cuerpo 1
CORMET-002	6813863	335533	997	370	0	-60	Cuerpo 2
CORMET-003	6813362	336128	1066	1023	59	-60	Cuerpo 3
CORMET-005	6813534	336171	1053	372	352	-69	Cuerpo 3
CORMET-006	6813643	335979	1025	1123	80	-75	Cuerpo 3
CRD0190	6814077	336148	1073	908	157	-78	Cuerpo 3
PRF014	6823077	321177	618	312	30	-60	La Negrita
PRF015a	6823500	321202	620	18	240	-60	La Negrita

2 Review of Operations (cont'd)

Hole ID	Coordinates (WGS84)			Hole Depth	Azimuth	Dip	Prospect
	North	East	RL				
PRF015	6823501	321202	620	300	240	-60	La Negrita
PRF016	6823500	321197	620	354	59	-58	La Negrita
PRF017	6823998	321397	617	400	62	-60	La Negrita
MET025	6820931	323027	884	280	90	-60	Productora
MET026	6822284	323426	816	260	90	-60	Productora
MET027	6821389	323082	858	394.6	90	-62	Productora
MET028	6822576	322851	790	250.1	270	-59	Alice
CRP0191	6814024	334872	939	264	72	-70	Cuerpo 1
CRP0192	6814104	334632	929	258	80	-60	Cuerpo 1
CRP0193	6814021	334874	935	296	203	-61	Cuerpo 1
CRP0194	6813389	335930	1096	180	123	-82	Cuerpo 3
CRP0195	6813193	336161	1132	250	250	-60	Cuerpo 3
CRP0196	6813068	336258	1153	360	93	-75	Cuerpo 3
CORMET-004	6813819	336428	1094	1126	218	-64	Cuerpo 3
VAP0004	6823548	342835	947	260	90	-61	Valentina
VAP0005	6823584	342877	934	41	90	-61	Valentina
VAP0006	6823584	342875	934	250	90	-74	Valentina
VAP0007	6823604	342876	934	48	91	-75	Valentina
VAP0008	6823491	342903	926	200	90	-60	Valentina
VAP0009	6823439	342916	944	200	90	-60	Valentina
VAP0010	6823507	342967	932	80	88	-80	Valentina
VAP0011	6823462	342942	943	150	88	-59	Valentina
VAP0012	6823810	342896	886	200	90	-59	Valentina
VAP0013	6823407	342903	945	156	120	-60	Valentina
VAP0014	6823505	342957	927	150	269	-60	Valentina
VAP0015	6823551	342932	910	150	284	-58	Valentina
VAP0016	6823431	342920	945	5	131	-57	Valentina
VALMET-001	6823543	342890	925	28.7	90	-60	Valentina
VALMET-002	6823436	342915	944	70.3	89	-60	Valentina
SAP0042	6819270	342486	1204	150	89	-80	San Antonio
SAP0043	6818902	342555	1182	162	271	-80	San Antonio
SAP0044	6818761	342438	1208	170	239	-59	San Antonio
SAP0045	6818978	342509	1201	85	360	-61	San Antonio
SAP0046	6818628	342432	1192	250	346	-85	San Antonio
SAP0047	6818793	342448	1213	200	197	-76	San Antonio
SAP0048	6818509	342288	1233	100	330	-58	San Antonio
SAP0049	6818601	342317	1235	120	15	-60	San Antonio
SAP0050	6819258	342584	1157	160	269	-65	San Antonio
SAPMET-001	6818913	342555	1178	165.2	330	-60	San Antonio
SAPMET-002	6818824	342424	1211	130	255	-60	San Antonio
SAPMET-003	6818628	342432	1192	200	321	-61	San Antonio

3 Qualifying Statements

JORC Compliant Ore Reserve Statement

Productora Open Pit Probable Ore Reserve Statement – Reported 2nd March 2016

Productora Total Reserve			Grade			Contained Metal			Payable Metal		
Ore Type	Reserve Category	Tonnage	Cu	Au	Mo	Copper	Gold	Molybdenum	Copper	Gold	Molybdenum
		(Mt)	(%)	(g/t)	(ppm)	(tonnes)	(ounces)	(tonnes)	(tonnes)	(ounces)	(tonnes)
Oxide	Probable	24.1	0.43	0.08	49	103,000	59,600	1,200	55,600	-	-
Transitional		20.5	0.45	0.08	92	91,300	54,700	1,900	61,500	24,400	800
Fresh		122.4	0.43	0.09	163	522,500	356,400	20,000	445,800	167,500	10,400
Total	Probable	166.9	0.43	0.09	138	716,800	470,700	23,100	562,900	191,900	11,200

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: Price assumptions: Cu price - US\$3.00/lb; Au price US\$1200/oz; Mo price US\$14.00/lb. Note 3: Mill average recovery for fresh Cu - 89%, Au - 52%, Mo - 53%. Mill average recovery for transitional; Cu 70%, Au - 50%, Mo - 46%. Heap Leach average recovery for oxide; Cu - 54%. Note 4: Payability factors for metal contained in concentrate: Cu - 96%; Au - 90%; Mo - 98%. Payability factor for Cu cathode - 100%.

JORC Compliant Mineral Resource Statements

Independent JORC Code Compliant Costa Fuego Mineral Resource Estimates, March 2022

Productora – Open Pit Mineral Resource

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

Cortadera – Open Pit and Underground Mineral Resource

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

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

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

3 Qualifying Statements (cont'd)

San Antonio – Open Pit Mineral Resource

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

Costa Fuego Combined Open Pit and Underground Mineral Resource

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

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

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

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

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

- Cortadera and San Antonio – Weighted recoveries of 82% Cu, 55% Au, 82% Mo and 37% Ag.
 $CuEq(\%) = Cu(\%) + 0.56 \times Au(g/t) + 0.00046 \times Mo(ppm) + 0.0043 \times Ag(g/t)$.
- Productora – Weighted recoveries of 84% Cu, 47% Au, 47% Mo and 0% Ag (not reported)
 $CuEq(\%) = Cu(\%) + 0.46 \times Au(g/t) + 0.00026 \times Mo(ppm)$.
- Costa Fuego – Weighted recoveries of 83% Cu, 53% Au, 69% Mo and 23% Ag
 $CuEq(\%) = Cu(\%) + 0.52 \times Au(g/t) + 0.00039 \times Mo(ppm) + 0.0027 \times Ag(g/t)$.

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

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



Competent Person's Statement

Competent Person's Statement - Exploration Results

Exploration information in this Announcement is based upon work compiled by Mr Christian Easterday, the Managing Director and a full-time employee of Hot Chili Limited whom is a Member of the Australasian Institute of Geoscientists (AIG). Mr Easterday has sufficient experience 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 - Productora Mineral Resources

The information in this report that relates to Mineral Resources for the Productora Project is based on information compiled by Elizabeth Haren, a Competent Person who is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Elizabeth Haren is employed as a Director of Haren Consulting, who was engaged by Hot Chili Limited. Elizabeth Haren has 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". Elizabeth Haren consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

Competent Person's Statement - Productora Ore Reserves

The information in this report that relates to the 2016 Productora Project Ore Reserves is based on information by Mr Carlos Guzmán, Mr Boris Caro, Dr Leon Lorenzen and Mr Grant King. Mr Guzmán is a Fellow of the AusIMM and 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. Mr Caro is a former employee of Hot Chili Ltd, and is a Member of the AusIMM and a Registered Member of the Chilean Mining Commission (RM – a 'Recognised Professional Organisation' within the meaning of the JORC Code 2012). Dr Lorenzen is a full time employee of Mintrex Pty Ltd and is a Chartered Professional Engineer, Fellow of Engineers Australia and Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM).

NCL, Mintrex, and Amec Foster Wheeler (now Wood PLC) were engaged on a fee-for-service basis to provide independent technical advice and final audit for the 2016 Productora Project Ore Reserve estimate. Mr Guzmán, Mr Caro, Dr Lorenzen and Mr King have sufficient experience that is relevant to the style of mineralisation and type of deposits 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 Resource and Ore Reserves' (the JORC Code, 2012 edition). Mr Guzmán, Mr Caro, Dr Lorenzen and Mr King consent to the inclusion in this report of the matter based on their information in the form and context in which it appears.

Competent Person's Statement - Cortadera Mineral Resources

The information in this report that relates to Mineral Resources for the Cortadera Project is based on information compiled by Elizabeth Haren, a Competent Person who is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Elizabeth Haren is employed as a Director of Haren Consulting, who was engaged by Hot Chili Limited. Elizabeth Haren has 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". Elizabeth Haren consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

Competent Person's Statement - San Antonio Mineral Resources

The information in this report that relates to Mineral Resources for the San Antonio Project is based on information compiled by Elizabeth Haren, a Competent Person who is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Elizabeth Haren is employed as a Director of Haren Consulting, who was engaged by Hot Chili Limited. Elizabeth Haren has 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". Elizabeth Haren consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

3 Qualifying Statements (cont'd)

Competent Person's Statement - Costa Fuego Mineral Resources

The information in this report that relates to Mineral Resources for the Costa Fuego Project is based on information compiled by Elizabeth Haren, a Competent Person who is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Elizabeth Haren is employed as a Director of Haren Consulting, who was engaged by Hot Chili Limited. Elizabeth Haren has 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". Elizabeth Haren consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

Reporting of Copper Equivalent

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

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

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

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

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

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

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

Forward Looking Statements

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

The Announcement contains "forward-looking statements". All statements other than those of historical facts included in the 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, gold and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade 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 the 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 the 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 the Announcement nor any information contained in the Announcement or subsequently communicated to any person in connection with the Announcement is, or should be taken as, constituting the giving of investment advice to any person.

4 Corporate Activities

The Company is very pleased to have welcomed Glencore as a strategic investor, achieved its secondary listing on the TSXV and welcomed Dr Nicole Adshead-Bell as Independent Chairman.

9.99% shareholding acquired by Glencore

On 2 August 2021 the Company announced a \$14.0M strategic investment by Glencore to acquire a 9.99% interest in Hot Chili signaling strong support for the completion of a feasibility study and development of Costa Fuego.

Glencore had the right to appoint a director to the board of Hot Chili (see Glencore Nominee joins Hot Chili Board) and the right to appoint members to a technical steering committee to advise on operational matters. Furthermore, the companies announced their intention to enter into an offtake agreement. This agreement was announced to the market in March 2022. (Copper Offtake Partnership for Costa Fuego next page).

A\$5M SPP and A\$35M private placement

On 6 August 2021, the Company announced its intention to raise approximately A\$40M (before costs) by way of a A\$5M fully underwritten Share Purchase Plan and a A\$35M private placement, which included the 9.99% investment in Hot Chili by mining major Glencore.

Under the share purchase plan, underwritten by Veritas Securities, existing shareholders were offered 156,250,000 pre-consolidation new shares at A\$0.032 per share. The offer was twice oversubscribed and the Company applied its discretion under the offer document to scale back applications.

The A\$35M Placement saw the issue of 1,093,750,000 new fully paid ordinary shares in the Company (pre-share consolidation) @ A\$0.032 per share to raise A\$35M. This included the subscription by Glencore for A\$13.93M of shares to acquire a 9.99% stake in Hot Chili. Continued support was received from Blue Spec (a related party of Murray Black, who participated in the placement following shareholder approval).

92,500,000 Lead Manager Options (pre-consolidation) were issued to the lead managers of the placement. The options had an exercise price of 4.5c per share and expire 30 September 2024.

Funds from the Placement were used to secure the final acquisition payment of US\$15M for a 100% interest in the Cortadera copper-gold discover in Chile and provide funding for the Company leading into a resource upgrade and pre-feasibility study for Costa Fuego.

Finally, 35M Performance Rights (pre-share consolidation) were issued to new executive employees and lead consultants under the Company's employee incentive plan.

Repayment of Option Fee to CMP

On 31 August 2021, Hot Chili announced that it had met its final requirement in the process to remove the Compañía Minera del Pacifico S.A. (CMP's) Option to purchase an additional interest in the Company's Productora copper-gold project in Chile. In May 2015 CMP had acquired a 20% interest in Productora in exchange for providing critical infrastructure access rights as well several lease holdings. In addition, CMP had paid a US\$1.5M reimbursable fee to purchase and additional interest in Productora. Hot Chili has now repaid the US\$1.5M options and that payment has been accepted by CMP.

Executive Studies Manager Appointed

On 2 September 2021, the Company confirmed the appointment of Mr. John Hearne in the role of Executive Studies Manager, responsible for driving the Costa Fuego Pre-Feasibility Study and for managing the development group.

Mr. Hearne is a mining engineer with over 35 years' experience and significantly strengthens Hot Chili's executive management team by adding expertise in managing all facets of mining projects from early-stage studies through to full scale operations for both underground and open cut mines.

Glencore Nominee joins Hot Chili Board

On 3 September 2021 the Company confirmed the appointment of Glencore's nominee Mr Mark Jamieson to the Board of Hot Chili.

Mr Jamieson has 20+ years of technical and project experience in open pit and underground operations, including sub level and block cave mines with Newcrest, MMG and Barrick Gold across Australia, Africa, South East Asia and South America.

Acquisition of 100% of Cortadera

On 23 September 2021 the Company announced the early exercise of the option to acquire a 100% interest in the Cortadera deposit. This completed the final tranche of a total US\$32M in payments since February 2019 to acquire Cortadera from SCM Carola.

4 Corporate Activities (cont'd)

Change of Share Registry

On 24 September 2021 the Company announced the transfer of its register to Computershare Investor Services Pty Limited.

Resignation of Director

On 1 October 2021, the Company announced the resignation of Alternate Director, Melanie Leighton.

Share Consolidation Ahead of Dual Listing on Canada's TSXV

A general meeting was held on 15 November 2021 to seek shareholder approval to undertake consolidation of Shares on issue on the basis that every fifty (50) shares on issue be consolidated into one (1) share, with a corresponding consolidation of all other securities on issue. The consolidation provided a more effective capital structure of the Company and a more appropriate share price for a wider range of investors, particularly institutional investors, as the Company progressed its application for listing on the TSXV. The motion was carried with 99.68% of votes for the motion.

C\$33.8M TSXV Initial Public Offering

On 23 December 2021, following the filing of its final prospectus in support of its application to list on the TSX Venture Exchange (TSXV) on 21 December, the Company announced the successful closing of its Canadian initial public offering (IPO) and the issue of 21,567,286 shares at C\$1.55 each. One Warrant receipt for every two new shares was issued attached to the shares. The warrant receipts converted into free attaching warrants with an exercise price of C\$2.50 and an expiry date of 31 January 2024 on receipt of shareholder approval on 31 January 2022.

The issue of 232,714 shares and the associated warrants to Blue Spec Sondajes Chile SpA, a company associated with the then Chairman Murray Black, were issued following shareholder approval in a general meeting held on 31 January 2022.

Gross proceeds before costs of C\$33.8M to be used to upgrade the Cortadera Resource, advance the Costa Fuego PFS and test high priority regional exploration targets.

1,259,789 Compensation options were issued to co-lead underwriters, IA Capital Markets and Cormark Securities, as part of the capital raising fees under the Prospectus filed with the securities regulatory authorities in the provinces of Canada, excluding Quebec in connection with the IPO on the TSXV.

On 4 January 2022, the TSXV accepted the Company's application to list and the shares began trading under the ticker HCH.

On 3 March 2022, the 10,900,000 warrants issued, were listed for trading on the TSXV (HCH.WT).

On 5 January 2022 the Company, in accordance with TSXV policy, announced Harbor Access LLC was appointed as Investor Relations consultants to the Company, and that Independent Trading Group had been engaged to provide market-making services.

Port Services Negotiations commence

On 21 January 2022, the Company announced it had executed a letter of intent with Puerto Las Losas SA (PLL) to negotiate a port access and port services agreement for PLL's facilities at Huasco, approximately 50km west of Costa Fuego's proposed processing plant.

Under the terms of the Letter of Intent, PLL will finance a study for port services using the existing Puerto Las Losas dock for the shipment of copper concentrates and other materials related to the future construction and operation of Costa Fuego.

Appointment of New Chairman

On 1 March 2022, the Company announced the retirement of Mr Murray Black as chairman.

Experienced mining and global capital markets professional, Dr Nicole Adshead-Bell was appointed as the Company's independent, non-executive chairman, following her earlier election to the Board in January.

Hot Chili and Glencore in Copper Offtake Partnership for Costa Fuego

On 3 March 2022 the execution of an offtake agreement for future copper concentrate was announced. The agreement covers 60% of copper concentrate from Costa Fuego for 8 years from start of commercial production and is on arms-length commercially competitive benchmark terms.

This agreement retains optionality around future copper concentrate marketing as 40% of the first 8 years of production remaining uncommitted.

Hot Chili Upgrades to OTCQX Market

On 7 April 2022 Hot Chili Ltd announced that following acceptance of its application to join the US-based OTCQX® market, its shares commenced trading under the ticker OTCQX: HHLKF. By upgrading to the OTCQX from the OTCQB® Venture Market where it has been trading since 6 May 2021 the Company positioned itself to enhance its visibility and broaden its access to the extensive market of US retail, high net worth and institutional investors, following the TSXV listing earlier in the year.

OTC trading is non-dilutive to existing shareholders, as no new shares are being issued to enable trading on the OTCQX and Hot Chili's shares will continue to trade on the Australian Securities Exchange under the symbol HCH, and on The TSX Venture exchange: under the symbol HCH.

Convertible Notes Matured

Quarterly interest on convertible notes was paid to convertible note holders in the form of shares, pursuant to the terms and conditions of the convertible notes. The following issues of shares in lieu of cash took place during the year:

Date	Interest due \$	VWAP	Shares
12 July 2021	139,448	\$0.03463	4,026,784
8 October 2021	139,617	\$0.03808	3,666,369
Post Share Consolidation			
17 January 2022	139,617	\$1.70101	82,043
13 April 2022	121,961	\$1.38965	87,904
30 June 2022	105,658	\$0.92309	114,455

2,043,668 pre-consolidation shares and 547,751 post-consolidation shares were issued on conversion of 9,695 convertible notes and interest to conversion date during the year.

On Final Maturity Date of 22 June 2022, the remaining 59,758 convertibles notes issued on 22 June 2017 and 8 September 2017 matured. The deemed price for the conversion of notes was \$0.92309 per share as per the terms and conditions of the notes. 6,473,671 ordinary fully paid shares were issued to holders of the convertible notes.

Options over Ordinary Shares

13,378,254 pre-consolidation shares and 2,790,232 post consolidation shares were issued on exercise of the equivalent number of options during the year at an exercise price of A\$1.25 (A\$0.025 pre-consolidation).

Our Role in the Community

Embedded in the Corporate Strategy of the Company is to ensure its business activities are underpinned by commitment to safety, environmental sustainability and strong community and stakeholder partnership.

For the last decade Hot Chili has forged strong community engagement and support and contributed positively to the communities in the regions where the Company is based. The Company has and will continue to:

- Recruit locally, wherever possible, to provide substantial employment opportunities to the local population near our mine, and to enhance the skills and knowledge of the workforce.
- Preferentially procure local goods and services that will also transform the livelihoods of the local residents.
- Support provided to communities living near our projects during periods of flood, snow, heavy rain (access, repairs, distribution of supplies).
- Strict compliance and good dialogue with local health authorities to support the ongoing responses to the Covid-19 pandemic in the local communities.

- Provide ongoing support for two orphanages in Freirina and Vallenar. This support has recently expanded to include partnering with a local sociological and psychological health institution (associated with the Universidad De Chile) to provide support services in these areas.

ESG Framework

We also outline below some of the Company's goals, achievements and activity with respect to the formalisation of its ESG Framework.

- Implement an ESG Board Committee chaired by our chairman to ensure key focus on compliance with best practise.
- Established an internal work group to report to the ESG committee. This workgroup has set out a roadmap to disclosure and has identified a Sustainability Report as the best way of delivering this disclosure.
- Engaged Digbee ESG – the process of GAP analysis is complete.
- In the process of finalising the Company's ESG policy which will be published on our Website As part of our engagement with Digbee, we are documenting the ESG steps that Hot Chili has taken over the last decade and documenting our area of strength and weaknesses across the pillars of Environment, Social and Governance.
- Bring all our workstreams under the ESG committee together in a published Sustainability Report.



5 Directors' Report

The Directors have pleasure in presenting their report, together with the financial statements, for the year ended 30 June 2022 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:

Dr Nicole S Adshead-Bell

Independent Non-Executive Chairman (from 1 March 2022, appointed Director on 5 January 2022)

Murray E Black

Non-Executive Chairman (retired 1 March 2022)

Christian E Easterday

Managing Director

Dr Allan Trench

Independent Non-Executive Director

Roberto de Andraca Adriasola

Non-Executive Director

George R Nickson

Independent Non-Executive Director

Mark Jamieson

Non-Executive Director (appointed 2 September 2021)

Melanie Leighton

Alternate for M Black (resigned 1 October 2021)

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

Directors' Information

Dr Nicole Sheri Adshead-Bell

Independent Non-Executive Chairman

Dr Nicole Adshead-Bell is a geologist with a deep understanding of the mining industry from over 26 years bridging the gap between the technical, corporate (executive and non-executive director), institutional investor and investment banking segments of the business – within an ESG framework.

Nicole resides in Canada and is currently a non-executive director of Altius Minerals Corp. (TSX), Bravo Mining Corp. (TSXV), Dundee Precious Metals Corp. (TSX) and Matador Mining Ltd (ASX). Her career includes Managing Director and CEO of ASX-listed Brazilian gold producer Beadell Resources Ltd (prior to its acquisition by a Canadian mining company); Director of Mining Research at Sun Valley Gold LLC (SEC registered precious metals focussed fund); Managing Director, Investment Banking, Haywood Securities Inc. (Canadian independent investment dealer) and Mining Analyst covering copper, zinc and uranium commodities and companies at Dundee Securities Corp. (former Canadian independent investment dealer). While at Haywood she was involved in approximately 20 public transactions including streaming, mergers, acquisitions and divestures and raising approximately C\$1.8Bn in equity/convertible debenture financings.

More recently she established Cupel Advisory Corp. to focus on investments and advisory services in the mining sector. Over the past 10 years Nicole has held directorships with several public companies including First Majestic Silver Corp. (TSX/NYSE), Pretium Resources Inc. (TSX/NYSE, acquired by Newcrest in 2022) and Dalradian Resources Inc. (TSXV, acquired by Orion Mine Finance in 2018).

Dr Adshead-Bell has PhD in structural/economic geology from James Cook University, Townsville, Australia where she also completed her geology undergraduate and honours degrees.

Murray Edward Black

Non-Executive Chairman (retired 1 March 2022)

Mr Black has over 45 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 20 years' experience in the mineral exploration and mining industry and is a founding director of Hot Chili, having led the Company since its public listing in 2010. 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 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. Mr Easterday has extensive experience 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 internationally. Mr Easterday is a Member of The Australian Institute of Geoscientists. Mr Easterday has not held any directorships in any public listed company in Australia in the last three years.

Dr Allan Trench

Independent Non-Executive Director

Dr Trench is a geologist/geophysicist and business management consultant with over 28 years experience across a broad range of commodities. His minerals sector experience spans strategy formulation, exploration, project development and mining operations. Dr Trench holds degrees in geology, a doctorate in geophysics, a Masters degree in Mineral Economics and a Masters degree in Business Administration. He currently acts or acted as independent director to Pioneer Resources Ltd, commenced 5 September 2008, Enterprise Metals Ltd, commenced 3 April 2012 and Emmerson Resources Ltd, commenced 3 March 2015.

Dr Trench has previously worked with McKinsey & Company as a management consultant, with Woodside Petroleum in strategy development and with WMC both as a geophysicist

and exploration manager. He is an Associate Consultant with international metals and mining advisory firm CRU Group has contributed to the development of CRU's uranium practice, having previously managed the CRU Group global copper research team.

Dr Trench maintains academic links as a Professor at the University of Western Australia (UWA) Business School and also research professor at the Centre for Exploration Targeting, UWA.

Roberto de Andraca Adriasola

Non-Executive Director

Mr de Andraca Adriasola is an executive with 25 years' experience in the financial and mining business. He is currently a Director of CAP S.A - one of the largest iron ore producers and the largest steel maker in Chile. He also oversaw the construction of the first desalination plant dedicated 100% to producing water for mining companies in the north of Chile. Mr de Andraca Adriasola has international finance experience with Chase Manhattan Bank, ABN Amro and Citigroup, working both in Chile and in New York. He holds an MBA from the Adolfo Ibanez Business School of Chile. He is a director of Puerto Los Losas, a port in the Atacama Region of Chile. He was elected to the board of directors of CAP S.A. on 18 April 2017; prior to that date he held the position of Vice President of Business Development.

George R Nickson

Independent Non-Executive Director

Mr. Nickson has over 36 years of global experience in the mining industry, including 14 years based in Chile devoted to copper exploration. His career includes work across a range of base and precious metals, bulk commodities and energy. He holds an honours degree in Geological Engineering and a Masters degree in Business Administration.

Mr Nickson is currently engaged as an independent consultant to the exploration sector, specializing in business development, commercial advisory and business evaluations. Prior to that he spent 16 years with BHP, where he worked in a variety of senior technical, exploration management and business development roles while based in Chile, Brazil and Australia. He is a member of the Australasian Institute of Mining & Metallurgy and the Prospectors and Developers Association of Canada. Mr Nickson has not held any directorships in any public listed company in Australia in the last three years.

Mark Jamieson

Non-Executive Director (appointed 2 September 2021)

Mr Jamieson is currently General Manager Resource Engineering for Glencore's global copper asset group leading technical support and governance in geology, mine engineering and asset optimisation for development projects, operations and joint ventures.

Mark brings 20+ years of technical and project experience in open pit and underground operations, including sub level and block cave mines with Newcrest, MMG and Barrick Gold across Australia, Africa, South East Asia and South America.

Mark holds a bachelor's degree with honours in Geotechnical Engineering from RMIT University, and a Masters of Engineering Science in Mining Geomechanics from The University of New South Wales. Mr Jamieson has not held any directorships in any public listed company in Australia in the last three years.

Melanie Leighton

Alternate Director for Murray E Black

(resigned 1 October 2021)

Ms Leighton holds a degree in Geology from the University of Western Australia, is a Member of the Australian Institute of Geoscientists, and has almost 20 years' experience within the mineral exploration industry. She has held project and senior geologist roles with several Australian listed companies including Hill 50 Gold, Harmony, and Terra Gold, gaining practical and management experience within the areas of exploration, mining and resource development. Ms Leighton has extensive experience in mineral exploration and resource development and acts in a project management role for Hot Chili in regard to resource estimation, land management, systems development and data integration and stakeholder relations. Ms Leighton is currently a non-executive director of Great Boulder Resources Ltd (appointed 6 April 2016).

5 Directors' Report (cont'd)

Corporate Information

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

Principal Activities

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

Results of Operations

The results of the consolidated entity after providing for income tax and non-controlling interest for the year ended 30 June 2022 was a loss of \$7,146,653 (2021: loss \$9,644,817).

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 in Section 2.

Significant Changes in the State of Affairs

On 4 January 2022, the Company listed its ordinary shares on the TSX Venture Exchange ("TSXV"), thereby becoming a dual-listed entity. There were no other significant changes to the Company's state of affairs during the year or 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

The impact of the COVID-19 pandemic is ongoing and while it has not significantly impacted the Group up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually evolving and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There were no other significance events occurring after the balance date that require reporting.

Likely Developments and Expected Results of Operations

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

Corporate Governance Statement

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

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

Security Holding Interests of Directors

Reporting Date	Ordinary Shares		Options Over Ordinary Shares		Performance Rights		Convertible Notes	
	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest
Directors								
Dr Nicole S Adshead-Bell	30,000	48,453	-	-	-	-	-	-
Christian E Easterday	438,430	141,254	-	120,000	-	400,002	-	-
Dr Allan Trench	-	18,025	-	-	-	-	-	-
Roberto de Andraca Adriasola	130,000	-	-	-	-	-	-	-
George R Nickson	-	-	-	-	-	-	-	-
Mark Jamieson	-	-	-	-	-	-	-	-

Unissued Shares under Option and Performance Rights Vested

There were 14,509,790 unissued ordinary shares under option as at the date of this report. The details of the options are as follows:

Listed Options

Expiry Date	No. Shares Under Option	Exercise Price
31 January 2024	10,900,000	CAD 2.50 (A\$2.81)

Unlisted Options

Expiry Date	No. Shares Under Option	Exercise Price
30 November 2022	500,000	\$5.00
30 September 2024	1,850,001	\$2.25
28 January 2025	1,259,789	CAD 1.85 (A\$2.08)

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme.

There were also 1,900,008 performance rights at the date of this report, however, none of the vesting conditions of these performance rights have been met and therefore none of the performance rights are exercisable at the date of this report.

Shares Issued on the Exercise of Options

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of unlisted options as follows (there were no amounts unpaid on the shares issued):

Listed Options

	Pre Share Consolidation		Post Share Consolidation	
	No. Shares Issued on Exercise	Amount Paid per Share	No. Shares Issued on Exercise	Amount Paid per Share
During the financial year	13,378,254	\$0.025	2,790,232	\$1.25

No listed options were exercised during or since the end of the financial year.

5 Directors' Report (cont'd)

Options and Performance Rights Lapsed/ Cancelled During the Year

During or since the end of the financial year, the following unlisted options expired:

Unlisted Options

Date Lapsed	Pre Share Consolidation		Post Share Consolidation	
	No. Options Expired	Exercise Price	No. Options Expired	Exercise Price
During the financial year				
19 December 2021	-	-	240,000	\$3.50
15 November 2021	15,000,000	\$0.10	-	-
20 May 2022	-	-	2,691,307	\$1.25

In addition, during or since the end of the financial year, the following performance rights were cancelled upon cessation of employment:

- 15,000,000 performance rights were cancelled before the 50 to 1 share consolidation approved at General Meeting on 15 November 2021.
- 100,002 performance rights were cancelled after the 50 to 1 share consolidation.

No listed options expired during or since the end of the financial year.

Convertible Notes

There were no convertible notes on issue as at the date of this report, since the maturity of the convertible notes which occurred on 22 June 2022.

During or since the end of the financial year, the Company issued ordinary shares as a result of conversion and maturity of convertible notes:

	Pre Share Consolidation		Post Share Consolidation	
	No. Shares Issued on Conversion	Deemed Value of Shares Issued	No. Shares Issued on Conversion	Deemed Value of Shares Issued
During the financial year				
Issued on conversion	2,043,668	\$92,673	547,451	\$1,091,107
Issued on maturity	-	-	6,473,671	\$5,975,800
	2,043,668	\$92,673	7,021,122	\$7,066,907

Quarterly interest payable on the convertible notes was settled by the issue of shares during or since the end of the financial year as follows:

	Pre Share Consolidation		Post Share Consolidation	
	No. Shares Issued for Interest	Deemed Value of Shares Issued	No. Shares Issued for Interest	Deemed Value of Shares Issued
During the financial year	7,693,153	\$279,063	284,402	\$369,615

Directors Benefits

Since 30 June 2022, 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 and Chief Financial Officer

Mr Lloyd Flint was the Company Secretary and Chief Financial Officer of the Company until his resignation which was effective on 31 January 2022. Ms Penelope Beattie was appointed in Mr Flint's place on 25 January 2022.

Ms Beattie is a Chartered Accountant with 20 years experience in corporate and financial services globally. She joined the Hot Chili team in November 2021.

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 by each of the Directors of the Company during the year were:

Director	Eligible Meetings while in office	Eligible Meetings attended	Committee meetings attended
Murray E Black ¹	7	7	-
Nicole Adshead-Bell ²	4	4	1
Christian E Easterday	8	8	-
Dr Allan Trench	8	8	2
Roberto de Andraca Adriasola	8	5	2
George R Nickson	8	8	2
Mark Jamieson ³	5	5	-
Melanie Leighton (Alternate for M Black)	-	-	-

¹ Meetings attended prior to ceasing to be a director on 1 March 2022.

² Meetings attended since appointment as director on 5 January 2022.

³ Meetings eligible to attend since appointment 3 September 2021.

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 2022 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 2021 to 30 June 2022, 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

Indemnification and Insurance of Auditor

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

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

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. The LTIFR during the last 24 months (until 30 June 2022) is 33.

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

5 Directors' Report (cont'd)

Officers of the Company who are former partners of RSM Australia Partners

There are no officers of the Company who are former partners of RSM Australia Partners.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

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 (including Independence Standards)* set by the Accounting Professional & Ethical Standards Board.

Non-audit services that have been provided by the entity's auditor, RSM Australia Partners, have been disclosed in Note 17.

Rounding of amounts

The consolidated entity is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission. Therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar in accordance with that Corporations Instrument, unless otherwise stated.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' 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 practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency

The aggregate non-executive directors' remuneration was set at a maximum of \$600,000 at a general meeting of shareholders prior to the Company's IPO in 2010.

The current base remuneration for other key management personnel was last reviewed with effect from October 2021.

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

Key Management Personnel

The directors and other key management personnel of the consolidated entity during or since the end of the financial year were:

Non-Executive Directors	Position
Dr Nicole S Adshead-Bell (appointed 5 January 2022)	Independent Non-Executive Chairman (from 1 March 2022)
Murray E Black (retired 1 March 2022)	Non-Executive Chairman
Dr Allan Trench	Independent Non-Executive Director
Roberto de Andraca Adriasola	Non-Executive Director
George R Nickson	Independent Non-Executive Director
Mark Jamieson (appointed 3 September 2021)	Non-Executive Director

Executive Director	Position
Christian E Easterday	Managing Director

Other Key Management Personnel	Position
Melanie Leighton (resigned 1 October 2021)	Corporate Projects Manager / Alternate Director
Jose Ignacio Silva	Country Manager and Chief Legal Counsel
John Hearne	Executive Studies Manager
Grant King	Chief Operating Officer

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

5 Directors' Report (cont'd)

Remuneration of Directors and Other Key Management Personnel

2022	Short-Term Benefits		Post-Employment Benefits	Share-based Payments	Total	Performance Related
	Salary and Cash Fees	Other Benefits	Superannuation	Performance Rights ⁵		
Name	\$	\$	\$	\$	\$	%
Directors						
Dr Nicole S Adshead-Bell ¹	22,500	-	-	-	22,500	-
Murray E Black ²	47,333	-	4,733	-	52,066	-
Christian E Easterday	400,000	-	40,000	75,607	515,607	14.7
Dr Allan Trench	42,000	-	4,200	-	46,200	-
Roberto de Andraca Adriasola	45,990	-	-	-	45,990	-
George R Nickson	45,990	-	-	-	45,990	-
Mark Jamieson ³	-	-	-	-	-	-
	603,813	-	48,933	75,607	728,353	10.4
Other Key Management Personnel						
Melanie Leighton ⁴	62,500	125,000	6,250	(50,025)	143,725	(34.8)
Jose Ignacio Silva	245,021	-	-	86,429	331,450	26.1
John Hearne	252,083	-	25,208	235,115	512,407	45.9
Grant King	242,500	-	24,250	86,429	353,179	24.5
	802,104	125,000	55,708	357,948	1,340,761	26.7
Total	1,405,917	125,000	104,642	433,555	2,069,114	21.0

¹ Appointed 5 January 2022.

² To date of retirement 1 March 2022.

³ Appointed 2 September 2021.

⁴ Resigned 1 October 2021. Ms Leighton was also given a redundancy payment of \$125,000 on 30 September 2021 and expenses previously recognised as part of share-based payments in previous years and related to unvested performance rights was reversed upon her resignation.

⁵ To date, no performance rights vesting conditions have been met and thus there have been no issues to directors or Key Management personnel. Valuations disclosed in the tables above are based on accounting estimates using valuation models for each class of performance rights as outlined in more detail in Note 17.

2021	Short-Term Benefits		Post-Employment Benefits	Share-based Payments	Total	Performance Related
	Salary and Cash Fees	Other Benefits	Superannuation	Performance Rights ²		
Name	\$	\$	\$	\$	\$	%
Directors						
Murray E Black	66,267	-	6,295	-	72,562	-
Christian E Easterday	353,067	-	33,541	353,367	739,975	47.8
Dr Michael Anderson ¹	9,607	-	-	-	9,607	-
Dr Allan Trench	39,200	-	3,724	-	42,924	-
Roberto de Andraca Adriasola	42,924	-	-	-	42,924	-
George R Nickson	42,924	-	-	-	42,924	-
	553,989	-	43,560	353,367	950,916	37.2
Other Key Management Personnel						
Melanie Leighton	226,667	-	21,533	215,000	463,200	46.4
Jose Ignacio Silva	235,088	-	-	466,737	701,825	66.5
	461,755	-	21,533	681,737	1,165,025	58.5
Total	1,015,744	-	65,093	1,035,104	2,115,941	48.9

¹ To date of resignation 4 November 2020.

² To date, no performance rights vesting conditions have been met and thus there have been no issues to directors or Key Management personnel.

Valuations disclosed in the tables above are based on accounting estimates using valuation models for each class of performance rights as outlined in more detail in Note 17.

Key Management Personnel Interests in the Shares, Options, Performance Rights and Convertible Notes of the Company

Shares

The number of shares in the Company held during the financial year, and up to 30 June 2022, by each Key Management Personnel of Hot Chili Limited, including their personally related parties, is set out below. There were no shares granted as compensation during the year.

There is currently no short term incentives program. The long-term incentives ('LTI') include long service leave and performance rights. These LTIs may be granted to eligible employees both to reward employees for performance in the realisation of strategic outcomes and long term-growth in shareholder wealth and to provide recognition for contribution. The terms of the performance rights seek to align employees and shareholder interests by:

1. Focusing on the creation of shareholder value and returns;
2. Focusing on the delivery of key strategic goals of the Company;
3. Attract employees with knowledge to support and develop the Company's ongoing business and activities; and
4. by seeking to retain competent and experienced individuals in key roles.

5 Directors' Report (cont'd)

2022	Balance at the Start of the Year	Granted as Compensation	Other Changes (pre Share Consolidation)	Share Consolidation (50 to 1)	Received on Exercise of Options	Other Changes during the Year	Balance at the End of the Year
Directors							
Dr Nicole S Adshead-Bell	-	-	-	-	-	78,453	78,453
Murray E Black	216,044,652	-	94,176,679 ¹	(304,016,904)	-	(6,204,427) ²	-
Christian E Easterday	27,082,371	-	201,705	(26,738,392)	-	34,000	579,684
Dr Allan Trench	257,653	-	201,705	(450,170)	337	8,500	18,025
Roberto de Andraca Adriasola	6,000,000	-	-	(5,880,000)	-	10,000	130,000
George RNickson	-	-	-	-	-	-	-
Mark Jamieson	-	-	-	-	-	-	-
	249,384,676	-	94,580,089	(337,085,466)	337	(6,073,474)	806,162
Key Management Personnel							
Melanie Leighton	180,000	-	(180,000) ³	-	-	-	-
Jose Ignacio Silva	7,350,734	-	201,485	(7,401,174)	-	-	151,045
John Hearne	-	-	100,000	(98,000)	-	-	2,000
Grant King	578,572	-	-	(567,000)	-	-	11,572
	8,109,306	-	121,485	(8,066,174)	-	-	164,617
Total	257,493,982	-	94,701,574	(345,151,640)	337	(6,073,474)	970,779

¹ Consists of 93,750,000 shares acquired by Murray Black through a participation in a placement approved by shareholders, and 426,679 shares issued in lieu of interest from convertible notes, pre share consolidation.

² Represents balance held by M Black on retirement. These are no longer required to be disclosed in the balance held by KMP at the end of the financial year. The balance deducted is net of 232,714 shares acquired by Murray Black through the Company's Canadian initial public offering, 4,575 shares issued in lieu of interest from convertible notes; bringing Murray Black's share balance to 6,441,716 before his date of retirement on 1 March 2022.

³ Represents balance held by Melanie Leighton on her date of resignation on 1 October 2021, pre share consolidation.

	Balance at the Start of the Year	Granted as Compensation	Other Changes (pre Share Consolidation)	Share Consolidation (50 to 1)	Received on Exercise of Options	Other Changes during the Year	Balance at the End of the Year
2021							
Directors							
Murray E Black	153,154,734	-	-	-	-	62,889,918	216,044,652
Christian E Easterday	27,082,371	-	-	-	-	-	27,082,371
Dr Michael Anderson	-	-	-	-	-	-	-
Dr Allan Trench	257,653	-	-	-	-	-	257,653
Roberto de Andraca Adriasola	6,000,000	-	-	-	-	-	6,000,000
George R Nickson	-	-	-	-	-	-	-
	186,494,758	-	-	-	-	62,889,918	249,384,676
Key Management Personnel							
Melanie Leighton	180,000	-	-	-	-	-	180,000
Jose Ignacio Silva	9,350,734	-	-	-	-	(2,000,000)	7,350,734
	9,530,734	-	-	-	-	(2,000,000)	7,530,734
Total	196,025,492	-	-	-	-	60,889,918	256,915,410

Options

Directors and key management personnel holdings of options are as follows:

	Balance at the Start of the Year	Granted as Compensation	Other Changes (pre Share Consolidation)	Share Consolidation (50 to 1)	Received on Exercise of Options	Other Changes during the Year	Balance at the End of the Year
2022							
Directors							
Murray E Black	-	-	-	-	-	-	-
Christian E Easterday	6,000,000	-	-	(5,880,000)	(120,000)	-	-
Dr Allan Trench	16,803	-	-	(16,466)	(337) ¹	-	-
	6,016,803	-	-	(5,896,466)	(120,337)	-	-
Key Management Personnel							
Melanie Leighton	3,000,000	-	(3,000,000) ²	-	-	-	-
Jose Ignacio Silva	3,609,830	-	-	(3,537,633)	(72,197) ³	-	-
	6,609,830	-	(3,000,000)	(3,537,633)	(72,197)	-	-
Total	12,626,633	-	(3,000,000)	(9,434,099)	(192,534)	-	-

¹ These options were exercised by Dr Trench shortly before their expiry.

² Represents balance held by Melanie Leighton on her date of resignation on 1 October 2021, pre share consolidation.

³ Mr Easterday's and Mr Silva's options expired on 20 May 2022.

5 Directors' Report (cont'd)

2021	Balance at the Start of the Year	Granted as Compensation	Other Changes (pre Share Consolidation)	Share Consolidation (50 to 1)	Received on Exercise of Options	Other Changes during the Year	Balance at the End of the Year
Directors							
Murray E Black	-	-	-	-	-	-	-
Christian E Easterday	6,000,000	-	-	-	-	-	6,000,000
Dr Allan Trench	16,803	-	-	-	-	-	16,803
	6,016,803	-	-	-	-	-	6,016,803
Key Management Personnel							
Melanie Leighton	3,000,000	-	-	-	-	-	3,000,000
Jose Ignacio Silva	3,609,830	-	-	-	-	-	3,609,830
	6,609,830	-	-	-	-	-	6,609,830
Total	12,626,633	-	-	-	-	-	12,626,633

¹ Indicates net change. 16,666,667 free options exercisable at 2.5c per share attaching to a placement of shares were issued 4 September 2020 pursuant to shareholder approval and exercised on 3 June 2021.

Performance Rights

Directors and key management personnel holdings of performance rights are as follows:

2022	Balance at the Start of the Year	Granted as Compensation	Other Changes (pre Share Consolidation)	Share Consolidation (50 to 1)	Other Changes during the Year	Balance at the End of the Year
Directors						
Christian E Easterday	20,000,000	-	-	(19,599,998)	-	400,002
	20,000,000	-	-	(19,599,998)	-	400,002
Key Management Personnel						
Melanie Leighton	15,000,000	-	(15,000,000) ¹	-	-	-
Jose Ignacio Silva	15,000,000	-	-	(14,700,000)	-	300,000
John Hearne	-	15,000,000 ²	-	(14,700,000)	-	300,000
Grant King	15,000,000	-	-	(14,700,000)	-	300,000
	45,000,000	15,000,000	(15,000,000)	(44,100,000)	-	900,000
Total	65,000,000	15,000,000	(15,000,000)	(63,699,998)	-	1,300,002

¹ Represents balance held by Melanie Leighton on her date of resignation on 1 October 2021, pre share consolidation.

² 15,000,000 performance rights granted on 2 September 2021 with total fair value of \$450,500. These performance rights were not vested during the financial year and share based payment expense of \$235,115 was recognised in FY22.

2021	Balance at the Start of the Year	Granted as Compensation¹	Other Changes (pre Share Consolidation)	Share Consolidation (50 to 1)	Other Changes during the Year	Balance at the End of the Year
Directors						
Christian E Easterday	-	20,000,000	-	-	-	20,000,000
	-	20,000,000	-	-	-	20,000,000
Key Management Personnel						
Melanie Leighton	-	15,000,000	-	-	-	15,000,000
Jose Ignacio Silva	-	15,000,000	-	-	-	15,000,000
	-	30,000,000	-	-	-	30,000,000
Total	-	50,000,000	-	-	-	50,000,000

¹ Refer to Note 17(a) for details of the issue of performance rights.

Convertible Notes

Directors and key management personnel holdings of convertible notes are as follows:

2022	Balance at the Start of the Year	Granted as Compensation	Issued During the Year	Other Changes during the Year	Balance at the End of the Year
Directors					
Murray E Black	3,834	-	-	(3,834) ¹	-
Total	3,834	-	-	(3,834)	-

2021	Balance at the Start of the Year	Granted as Compensation	Issued During the Year	Other Changes during the Year	Balance at the End of the Year
Directors					
Murray E Black	3,834	-	-	-	3,834
Total	3,834	-	-	-	3,834

¹ Represents balance held by Murray Black on his date of retirement on 1 March 2022. In addition, the convertible notes matured on 22 June 2022, post Mr Black's retirement.

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

5 Directors' Report (cont'd)

Service Contracts

Mr Christian E Easterday

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 receives an annual salary of \$400,000, plus superannuation at the rate of 10.0% and other entitlements during the year. Superannuation rates increased to 10.5% post year-end from 1 July 2022.

Mr Easterday's remuneration is subject to annual review.

Term and Termination

Mr Easterday was employed for an initial term of 3 years which commenced on 9 October 2013. During that initial term, the executive service agreement stipulated that at least 6 months before the end date of the initial term, either party may give notice that the agreement will terminate on the end date.

After the initial term, the agreement continues 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 the Company's 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.

Mr José Ignacio Silva

The Company, through one of its Chilean subsidiary entities, Sociedad Minera El Águila SpA, entered into a labour agreement with Mr José Ignacio Silva, as Country Manager for Chile and Chief Legal Counsel of the Company. José Ignacio Silva is a Key Management Personnel.

Remuneration

Under such agreement, Mr. Silva receives an annual salary of \$250,000 before any legal and voluntary reductions. The superannuation is included in such amount. Mr. Silva's remuneration is subject to annual review.

Term and Termination

Mr Silva commenced employment with Sociedad Minera El Águila SpA on 1 July 2011. Either party may give notice that the agreement will terminate with 1 months' notice.

Such agreement will continue until either Mr Silva terminates by giving the Company 1 months' notice or the Company terminates by giving Mr Silva 1 months' notice or payment in lieu of notice up to an amount equivalent to 1 months' remuneration.

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

Termination Entitlements

Upon termination of the agreement, Mr. Silva will be entitled to termination benefits in accordance with the Chilean Labour Code, including any amount of payment in lieu of notice, and a monthly salary per year of work in the Sociedad Minera El Águila SpA and the Company, unless other benefits have first been approved by the Company's shareholders in a general meeting.

Post Termination Restraints

Mr Silva is not subject to any post termination non-competition restraints.

Ms Melanie Leighton

The Company entered into an executive service agreement with Ms Melanie Leighton, as Corporate Projects Manager of the Company.

Remuneration

Under the agreement, Ms Leighton received an annual salary of \$250,000, plus superannuation at the rate of 10.0% and other entitlements. Ms Leighton's remuneration was subject to annual review.

Term and Termination

Ms Leighton was employed on a permanent part-time basis. During the year, the Company provided 4 weeks' notice (in accordance with the agreement) and offered a redundancy to Ms Leighton. Ms Leighton resigned as alternate director of the Company following her redundancy on 1 October 2021.

Termination Entitlements

Ms Leighton was given a \$125,000 redundancy payment by the Company on 30 September 2021, immediately prior to her resignation day.

Mr John Hearne

The Company entered into an executive services agreement with Mr John Hearne, as Executive Studies Manager for Hot Chili Limited. John Hearne is a Key Management Personnel.

Remuneration

Under the agreement, Mr Hearne receives an annual salary of \$275,000, plus superannuation at the statutory rate of and other entitlements. Remuneration is subject to annual review. Under the terms of the contract, 15,000,000 performance rights (300,000 post-consolidation performance rights) are granted to the executive pursuant to the incentive plan of the Company.

Term and Termination

Mr Hearne commenced employment with Hot Chili Limited on 3 August 2021. Either party may give notice that the agreement will terminate with 4 weeks' notice.

Such agreement will continue until either Mr Hearne terminates by giving the Company 4 weeks' notice or the Company terminates by giving Mr Hearne 4 weeks' notice or payment in lieu of notice up to an amount equivalent to 4 weeks' remuneration.

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

Post Termination Restraints

Mr Hearne is subject to post termination non-competition restraints up to a maximum of 6 months.

Mr Grant King

The Company entered into an executive services agreement with Mr Grant King, as Chief Operating Officer for Hot Chili Limited. Grant King is a Key Management Personnel.

Remuneration

Under the agreement, Mr King receives an annual salary of \$250,000, plus superannuation at the statutory rate of and other entitlements. Remuneration is subject to annual review. (review from time to time). Under the terms of the contract, 15,000,000 performance rights (300,000 post-consolidation performance rights) are granted to the executive pursuant to the incentive plan of the Company.

Term and Termination

Mr King commenced employment with Hot Chili Limited on 7 September 2020. Either party may give notice that the agreement will terminate with 3 months' notice.

Such agreement will continue until either Mr King terminates by giving the Company 3 months' notice or the Company terminates by giving Mr King 3 months' notice or payment in lieu of notice up to an amount equivalent to 3 months' remuneration.

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

Post Termination Restraints

Mr King is subject to post termination non-competition restraints up to a maximum of 6 months.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Non-Executive Directors

Each of the Non-Executive Directors have signed letters of appointment. The key features of the respective appointments are:

	Dr Nicole S Adshead-Bell	Murray E Black	Dr Allan Trench	Roberto de Andraca Adriasola	George R Nickson	Mark Jamieson
Term	N/A	N/A	N/A	N/A	N/A	N/A
Remuneration	\$3,750 per month	\$6,508 per month inclusive of superannuation	\$3,850 per month inclusive of superannuation	\$3,833 per month	\$3,833 per month	-
Termination Benefits	Nil	Nil	Nil	Nil	Nil	Nil

Additional Information

The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022 \$	2021 \$	2020 \$	2019 \$	2018 \$
Other income	2,520,701	60,465	3,289,606	238,112	140,513
Expenses	(9,799,457)	(9,304,467)	(4,555,219)	(4,470,482)	(4,151,069)
EBITDA	(4,780,485)	7,525,912	680,324	(2,184,855)	(2,419,012)
EBIT	(4,870,519)	7,530,689	671,646	(2,196,264)	(2,431,564)
Loss after income tax	(7,278,756)	(9,744,002)	(1,265,613)	(4,232,370)	(4,010,556)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2022	2021 ¹	2020 ¹	2019 ¹	2018 ¹
Share price at financial year end (\$)	0.75	1.70	0.85	1.56	1.34
Basic earnings/(loss) per share (cents per share)	(7.49)	(17.37)	(3.50)	(23.50)	(32.50)

¹ Updated to reflect post consolidation share price and basic earnings/(loss) per share amounts.

5 Directors' Report (cont'd)

Other Transactions with Directors, Other Key Management Personnel and Their Related Parties

The following transactions occurred with directors, other key management personnel and their related parties during the current financial year:

Quarterly Interest Paid on Convertible Notes Payable

Quarterly interest accruing on the convertible notes payable to Blue Spec Drilling Pty Ltd of \$15,565 pre-retirement of Mr Black for the year ended 30 June 2022 was settled by the issue of shares and cash as follows:

	Pre-Retirement (Settled by Shares)		
	Pre Share Consolidation	Post Share Consolidation	Total Settled Pre-Retirement
Value of interest settled	\$7,783	\$7,782	\$15,565
No. of shares issued (post consolidation equivalent) ²	4,088 ¹	4,575	8,663

¹ The number of shares stated here is the post share consolidation equivalent of 204,388 shares which were issued, pre the 50 to 1 share consolidation, to Blue Spec Drilling Pty Ltd to settle the interest accruing on the convertible notes payable.

² Stated at the number of total shares, equivalent post share consolidation.

During the year ended 30 June 2021, quarterly interest accruing on the convertible notes payable to Blue Spec Drilling Pty Ltd of \$30,877 was settled by the issue of 15,898 (post share consolidation equivalent of 794,912 shares).

No interest on convertible notes was payable to Blue Spec Drilling Pty Ltd at 30 June 2022. The interest payable at 30 June 2021 of \$7,698 was settled by the issue of 4,446 (post share consolidation equivalent of 222,291 shares) on 12 July 2021.

The shares were issued to Blue Spec Drilling Pty Ltd, a company associated with Mr Murray Black, a director (retired 1 March 2022), following shareholder approval.

Maturity of Convertible Notes

On 30 June 2022, the Company issued 415,344 shares on final maturity of the 3,834 convertible notes (with a face value of \$100 each, totalling \$383,400) which had been issued to Blue Spec Drilling Pty Ltd on 8 September 2017. The deemed price for the conversion of the notes was \$0.92309 per share as per the terms and conditions of the notes.

The shares were also issued to Blue Spec Drilling Pty Ltd, a company associated with Mr Murray Black, a director, following shareholder approval. The shares were issued post Mr Black's retirement on 1 March 2022.

Other Fees and Charges

Blue Spec Sondajes Chile Limitada, a company in which Mr Murray Black is a director, charged a total of \$12,948,500 to the consolidated entity for the period from 1 July 2021 to just prior to Mr Black's retirement on 1 March 2022 (2021 full year \$10,379,605), for rent and drilling services at Cortadera. Of this amount, \$2,466,497 was owing at the date of his retirement (30 June 2021: \$3,718,982) and was paid in April 2022.

MRA Consulting Pty Ltd, a company associated with Dr Anderson, a previous director, was paid \$9,607 in directors and consulting fees during the previous financial year. There were no amounts payable as at 30 June 2021. No amounts were paid or were payable to Dr Anderson or to MRA Consulting Pty Ltd during the current financial year.

Commercial Terms

All transactions were made at commercial terms.

End of Remuneration Report

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Christian E Easterday

Managing Director

30 September 2022
Perth, WA

6 Auditors' Independence Declaration



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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 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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


RSM AUSTRALIA PARTNERS



AIK KONG TING
Partner

Perth, WA
Dated: 30 September 2022

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7 Auditors' Report



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

Opinion

We have audited the financial report of Hot Chili Limited (Company) and its subsidiaries (Group), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed this matter
Exploration and Evaluation Expenditure	
Refer to Note 10 in the financial statements	
<p>The Group has capitalised a significant amount of exploration and evaluation expenditure, with a carrying value of \$207,436,542 as at 30 June 2022.</p> <p>We considered this to be a key audit matter due to the significant management judgment involved in assessing the carrying value in accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, including:</p> <ul style="list-style-type: none"> • Determination of whether expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest; • Assessing whether any indicators of impairment are present and if so, judgement applied to determine and quantify any impairment loss; and • Assessing whether exploration activities have reached a stage at which the existence of economically recoverable reserves may be determined. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Assessing the Group's accounting policy for compliance with Australian Accounting Standards; • Assessing whether the rights to tenure of those areas of interest are current; • Testing that the option agreement payments are up to date; • Testing on a sample basis of additions to supporting documentation and checking the amounts capitalised during the year are in compliance with the Group's accounting policy and relate to the area of interest; • Enquiring with management and reading budgets and other documentation as evidence that active and significant operations in, or relation to, the area of interest will be continued in the future; • Assessing and evaluating management's assessment of whether indicators of impairment existed at the reporting date; • Through discussions with the management and reading of the Board Minutes, ASX announcements and other relevant documentation, assessing management's determination that exploration activities have not yet progressed to the stage where the existence or otherwise of economically recoverable reserves may be determined; and • Assessing the appropriateness of the disclosures in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

7 Auditors' Report (cont'd)



Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Hot Chili Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

RSM AUSTRALIA PARTNERS

AIK KONG TING
Partner

Perth, WA
Dated: 30 September 2022

8 Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company 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*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Director

Christian E Easterday

Managing Director

Dated this 30th day of September 2022
Perth

9 Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

Statement of Profit or Loss & Other Comprehensive Income

	Note	Consolidated Entity	
		2022	2021
		\$	\$
Interest income	4	3,688	1,065
Gain on revaluation of derivative liability	5	2,425,593	-
Other income	5	91,420	59,400
		2,520,701	60,465
Depreciation		(90,034)	(4,777)
Convertible notes compliance		(48,500)	(35,000)
Corporate fees		(338,756)	(207,820)
Legal and professional		(872,171)	(68,366)
Employee benefits expense		(2,698,806)	(1,549,884)
Administration expenses		(471,793)	(460,143)
Accounting fees		(266,326)	(251,891)
Travel costs		(380,604)	(63,031)
Other expenses		(979,169)	(654,494)
Foreign exchange loss		(466,471)	(285,248)
Share based payments	17	(774,902)	(2,234,736)
Loss on revaluation of derivative liability	5	-	(1,874,949)
Finance costs		(2,411,925)	(2,114,128)
Loss before income tax		(7,278,756)	(9,744,002)
Income tax expense	6	-	-
Loss after income tax		(7,278,756)	(9,744,002)
Other comprehensive income		-	-
Total Comprehensive Loss		(7,278,756)	(9,744,002)
Loss attributable to:			
Non-controlling interests		(132,103)	(99,185)
Owners of Hot Chili Limited		(7,146,653)	(9,644,817)
		(7,278,756)	(9,744,002)
Basic earnings per share (cents)	18	(7.49)	(17.37)
Diluted earnings per share (cents)	18	(7.49)	(17.37)

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

10 Statement of Financial Position

AS AT 30 JUNE 2022

		Consolidated Entity	
	Note	2022	2021
		\$	\$
Current Assets			
Cash and cash equivalents	7	23,721,808	3,604,625
Other current assets	8	69,898	133
Total Current Assets		23,791,706	3,604,758
Non-Current Assets			
Plant and equipment	9	75,149	61,944
Exploration and evaluation expenditure	10	207,436,542	158,329,683
Right of Use Asset	11	292,274	-
Total Non-Current Assets		207,803,965	158,391,627
Total Assets		231,595,671	161,996,385
Current Liabilities			
Trade and other payables	12	6,376,830	6,375,148
Borrowings	13	-	4,999,787
Derivative financial instruments	14	-	2,729,777
Provisions		107,368	-
Lease liabilities		67,081	-
Total Current Liabilities		6,551,279	14,104,712
Non-Current Liabilities			
Provisions		9,145	-
Lease liabilities		263,767	-
Total Non-Current Liabilities		272,912	-
Total Liabilities		6,824,191	14,104,712
Net Assets		224,771,480	147,891,673
Equity			
Contributed equity	15	269,189,573	188,314,123
Share based payment reserve	16(b)	5,517,849	2,774,476
Foreign currency translation reserve	16(c)	1,222	1,222
Accumulated losses	16(a)	(68,785,934)	(62,179,021)
Capital and reserves attributable to owners of Hot Chili Limited		205,922,710	128,910,800
Non-controlling interests	16(d)	18,848,770	18,980,873
Total Equity		224,771,480	147,891,673

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

11 Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

Consolidated Entity	Contributed Equity \$	Share-Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Non-Controlling Interest \$	Total Equity \$
Balance at 1 July 2020	160,056,118	539,740	1,222	(52,534,204)	19,080,058	127,142,934
Loss for the year	-	-	-	(9,644,817)	(99,185)	(9,744,002)
Total Comprehensive Income for the Year	-	-	-	(9,644,817)	(99,185)	(9,744,002)
Shares issued	29,873,805	-	-	-	-	29,873,805
Share issue costs	(1,615,800)	-	-	-	-	(1,615,800)
Share based payments	-	2,234,736	-	-	-	2,234,736
Balance at 30 June 2021	188,314,123	2,774,476	1,222	(62,179,021)	18,980,873	147,891,673
Balance at 1 July 2021	188,314,123	2,774,476	1,222	(62,179,021)	18,980,873	147,891,673
Loss for the year	-	-	-	(7,146,653)	(132,103)	(7,278,756)
Total Comprehensive Income for the Year	-	-	-	(7,146,653)	(132,103)	(7,278,756)
Shares issued	88,444,420	2,508,211	-	-	-	90,952,631
Share issue costs	(7,568,970)	-	-	-	-	(7,568,970)
Options Expired	-	(539,740)	-	539,740	-	-
Share based payments	-	774,902	-	-	-	774,902
Balance at 30 June 2022	269,189,573	5,517,849	1,222	(68,785,934)	18,848,770	224,771,480

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

12 Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Consolidated Entity	
		2022	2021
		\$	\$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(6,101,583)	(3,675,454)
Interest received		3,688	1,065
Interest Paid		(2,582)	-
Other receipts		91,420	59,400
Net cash used in operating activities	21(a)	(6,009,057)	(3,614,989)
Cash Flows from Investing Activities			
Payments for plant and equipment		(42,816)	-
Payments for tenements		(23,254,689)	-
Payments for exploration and evaluation		(25,584,862)	(25,363,479)
Net cash used in investing activities		(48,882,367)	(25,363,479)
Cash Flows from Financing Activities			
Proceeds from issue of shares		76,813,915	28,018,525
Proceeds from exercise of options		3,822,245	-
Share issue costs		(5,060,759)	(1,615,800)
Repayment of lease liabilities		(100,323)	-
Net cash provided by financing activities		75,475,078	26,402,725
Net (decrease)/increase in cash held		20,583,654	(2,575,743)
Cash and cash equivalents at the beginning of the financial year		3,604,625	6,307,894
Effects of exchange rates on cash holdings in foreign currencies		(466,471)	(127,526)
Cash and cash equivalents at the end of the financial year	7	23,721,808	3,604,625

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

13 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.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial report was authorised for issue on 30th September 2022 by the Board of Directors.

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

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.

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.

(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 28.

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Hot Chili Limited ('parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Hot Chili Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Non-controlling interests in the results and equity of the consolidated entity is shown separately in the consolidated statement of profit or loss and other comprehensive income and the 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 profit and loss and comprehensive income from the date on which control commences. Where control ceases, de-consolidation occurs from that date.

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

(d) Income Tax

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 Australian 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:

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

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

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

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

13 Notes to the Financial Statements (cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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) Share-Based Payments

Equity-based compensation benefits can be provided to directors and executives.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using any of the Hybrid Barrier Up and In Trinomial, Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

(k) Earnings per Share

i. Basic Earnings per Share

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

ii. Diluted Earnings per Share

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

(l) Segment Reporting

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

(m) Impairment of Assets

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

(n) Cash and Cash Equivalents

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

(o) Provisions

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(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.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

(r) Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

(s) 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.

(t) Issued Capital

Ordinary shares are classified as equity.

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

(u) Other Receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(v) Rounding of Amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission. Therefore, the amounts in this report have been rounded to the nearest dollar in accordance with that Corporations Instrument, unless otherwise stated.

(w) Right-of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

13 Notes to the Financial Statements (cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes.

(y) Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(z) Foreign Currency Translation

The financial statements are presented in Australian dollars, which is Hot Chili Limited's functional and presentation currency.

Foreign Currency Transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign Operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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.

(a) 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.

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

(b) 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.

(c) Derivative Financial Instruments

The directors have determined that the convertible notes are a compound financial instrument with both a debt component and derivative financial liability representing the conversion option. The accounting for the derivative financial instrument requires management judgements and estimates in determining the fair value.

(d) Consolidation of Entities

The directors have concluded that the group controls Sociedad Minera El Aguila SpA (SMEA), even though it holds less than all the voting rights of this subsidiary. This is because the group is the largest shareholder with an 80% equity interest and the ability to appoint 4 of the 5 Directors while the remaining 20% of shares are held by Compañía Minera del Pacífico S.A (CMP) with the ability to appoint the remaining Director. An agreement signed between the group and CMP requires a quorum to hold a Board meeting and adopt a resolution to be of at least three Directors with the right to vote. The accounting treatment of SMEA will be evaluated at each reporting date subject to any developments between the shareholders.

(e) Fair Value Measurement Hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

13 Notes to the Financial Statements (cont'd)

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.

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

	Australia	Chile	Total
	\$	\$	\$
2022			
Assets	21,454,201	210,141,470	231,595,671
Liabilities	(636,640)	(6,187,551)	(6,824,191)
P&L (EBITDA)	(3,590,621)	(1,189,864)	(4,780,485)
Interest			3,688
Depreciation			(90,034)
Finance costs			(2,411,925)
P&L (Loss)			(7,278,756)
2021			
Assets	2,765,959	159,230,426	161,996,385
Liabilities	(8,067,082)	(6,037,630)	(14,104,712)
P&L (EBITDA)	(6,958,522)	(667,640)	(7,626,162)
Interest			1,065
Depreciation			(4,777)
Finance costs			(2,114,128)
P&L (Loss)			(9,744,002)

4. INTEREST INCOME

	Consolidated Entity	
	2022	2021
	\$	\$
Interest income	3,688	1,065
	3,688	1,065

5. OTHER INCOME

Net gain/(loss) on revaluation of derivative liability	2,425,593	(1,874,949)
Other	91,420	59,400
	2,517,013	(1,815,549)

6. INCOME TAX EXPENSE

	Consolidated Entity	
	2022	2021
	\$	\$
(a) Reconciliation of Income Tax Expense to Prima Facie Tax Payable		
Loss before income tax	(7,278,756)	(9,744,002)
Prima facie income tax at 25% (2021: 26%)	(1,819,689)	(2,533,441)
Tax-effect of amounts not deductible in calculating taxable income	329,435	1,693,598
Tax loss not recognised	1,490,254	839,843
Income Tax Expense	-	-
(b) Tax Losses:		
Unused tax losses for which no deferred tax asset has been recognised	33,580,584	26,600,968
Potential tax benefit at 26% (2021: 26%)	8,395,146	6,916,252

As shown above, the directors estimate that the potential deferred tax asset at 30 June 2022 in respect of tax losses not brought to account is \$8,395,146 (2021: \$6,916,252).

In addition, Chilean subsidiaries of Hot Chili Limited also have tax losses that are a potential deferred tax asset of \$26,862,337 (2021: \$26,543,542).

The benefit for tax losses will only be obtained if:

- i. The consolidated entity and the subsidiaries derive income, sufficient to absorb tax losses; and
- 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

Cash at bank	23,721,808	3,604,625
Total cash and cash equivalents	23,721,808	3,604,625

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Cash and cash equivalents	23,721,808	3,604,625
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8. OTHER CURRENT ASSETS

Other receivables	69,765	-
VAT receivable	133	133
	69,898	133

13 Notes to the Financial Statements (cont'd)

9. PLANT AND EQUIPMENT

	Consolidated Entity	
	2022	2021
	\$	\$
Plant and equipment at cost	810,615	767,802
Less provision for depreciation	(735,466)	(705,858)
	75,149	61,944
Reconciliations:		
Plant and equipment		
Carrying amount at the beginning of the year	61,944	57,431
Additions	42,816	-
Disposals and scrapped	-	-
Depreciation (i)	(29,611)	(21,709)
Foreign exchange	-	26,222
Carrying amount at the end of the year	75,149	61,944

(i) Depreciation of \$19,288 (2021: \$16,932) was capitalised into exploration costs.

10. EXPLORATION AND EVALUATION EXPENDITURE

Carrying amount at the beginning of the year	158,329,683	131,070,506
Consideration given for mineral exploration acquisition	23,254,689	14,026,229
Capitalised mineral exploration and evaluation	25,852,170	13,232,948
Carrying amount at the end of the year (i)	207,436,542	158,329,683

(i) Management have determined that the capitalised expenditure relating to the projects in Chile are still in the exploration phase and are to be classified as Exploration and Evaluation expenditure. In accordance with *AASB 6 Exploration for and evaluation of Mineral Resources*, management have assessed whether there are any indicators of impairment on the capitalised expenditure as at balance date. In making this assessment management have considered whether sufficient data exists to conclude that the exploration and evaluation assets are unlikely to be recovered in full from successful development or sale. This included management engaging an independent consultants to review the key drivers within the Productora pre-feasibility financial model. Based on this review, management are satisfied that there are no impairment indicators as at balance date.

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

11. RIGHT OF USE ASSET

(a) Right of use asset

ROU asset at cost	371,985	-
Accumulated depreciation	(79,711)	-
	292,274	-
Reconciliation of right of use assets		
Opening balance	-	-
Additions	371,985	-
Amortisation	(79,711)	-
Closing balance	292,274	-

12. TRADE AND OTHER PAYABLES

	Consolidated Entity	
	2022	2021
	\$	\$
Trade payables and accruals	6,376,830	4,379,936
Refundable deposit (option fee) (i)	-	1,995,212
	6,376,830	6,375,148

(i) Sociedad Minera El Águila SpA (SMEA) granted Compañía Minera del Pacífico S.A. (CMP) an option (Additional Purchase Option) to acquire shares in SMEA such that upon exercise of the option, CMP will be entitled to acquire a further 32.6% interest, taking its total interest up to 52.6%, by acquiring existing shares from Hot Chili subsidiary, SMECL. In the case where the parties do not execute the option, Hot Chili shall refund CMP the Option fee. The option fee was repaid during the year.

13. BORROWINGS

Current

Convertible note – debt component ¹	-	4,999,787
	-	4,999,787

¹ There are nil convertible notes on issue as at 30 June 2022 (2021: 69,453). On 22 June 2017, the consolidated entity issued 109,175, 8% five-year convertible notes, with a face value of A\$100 each and a further 3,834 convertible notes were issued on 8 September 2017 for total proceeds of \$11,300,900. During the year, 9,695 (2021: 9,768) convertible notes were converted to ordinary shares in the capital of the Company on receipt of notices to convert from the noteholder. Interest was paid quarterly in arrears and at maturity date at a rate of 8% per annum based on the face value. The maturity date of the notes was 22 June 2022. At this date the remaining 59,758 shares were converted into 6,473,671 ordinary shares per the terms and conditions of the notes. The conversion rights associated with the convertible notes were:

- a) The holder of the notes may convert into ordinary shares of the parent entity at any time prior to maturity at a conversion price of A\$1.6665 per share (A\$0.0333 per share pre 50:1 share consolidation of the capital of the Company);
- b) The Company can redeem the notes early in cash for the face value plus interest accrued, only after two years since the issue date provided the VWAP for the shares traded on the ASX for the 20 consecutive trading days preceding the date on which the notice of redemption is given is not less than 300% of the conversion price of A\$1.6665 per shares (A\$0.0333 per share pre -consolidation); and
- c) The Convertible note will automatically be converted on the maturity date at the lower of A\$1.6665 (A\$0.0333 pre-consolidation) or 95% of the VWAP traded on the ASX for the 10 consecutive trading days preceding the maturity date.

Convertible note debt component - reconciliation

Balance brought forward	4,999,787	4,186,801
Notes and accrued interest converted	(831,644)	(642,320)
Finance charges amortised	1,807,657	1,455,306
Conversion at maturity	(5,975,800)	-
At the end of the financial year	-	4,999,787

13 Notes to the Financial Statements (cont'd)

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated Entity	
	2022	2021
	\$	\$
Derivative Liability - Convertible Note	-	2,729,777
	-	2,729,777

The holders of the convertible notes had the option to convert into ordinary share capital of the Company until maturity. Refer to Note 13.

Fair value hierarchy

The consolidated entity using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: Unobservable inputs for the asset or liability.

The derivative liability is determined to be Level 2 and has been valued using quoted market prices at the end of each reporting period. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific measurements.

Convertible note derivative liability - reconciliation

Balance at beginning of period	2,729,777	1,445,136
Fair value of Exercised Notes	(400,879)	(650,291)
Net Change in fair value during the period	(755,081)	1,934,932
Conversion of Notes at Maturity	(1,573,817)	-
At the end of the financial year	-	2,729,777

15. CONTRIBUTED EQUITY

(a) Share Capital

	Consolidated Entity			
	2022		2021	
	No. Shares	\$	No. Shares	\$
At the beginning of the financial year	3,104,169,531	188,314,123	2,335,268,762	160,056,118
Shares issued pre share consolidation	1,250,100,000	40,003,200	643,133,334	26,111,559
Shares issued on capital raising during the period	7,693,153	279,065	20,034,236	622,593
Shares issued in lieu of convertible note costs	2,043,668	92,673	29,456,210	1,232,728
Shares issued on conversion of convertible notes	13,378,254	334,456	76,276,989	1,906,925
50 to 1 share consolidation	(4,289,835,156)	-	-	-
Shares issued post share consolidation				
Shares issued upon TSXV IPO	21,800,000	36,810,715	-	-
Shares issued in lieu of convertible note costs	284,402	369,615	-	-
Shares issued on conversion of convertible notes	547,451	1,091,107	-	-
Shares issued on maturity of convertible notes	6,473,671	5,975,800	-	-
Shares issued upon exercise of options	2,790,232	3,487,789	-	-
Less: Costs associated with issue of share capital	-	(7,568,970)	-	(1,615,800)
At the end of the financial year	119,445,206	269,189,573	3,104,169,531	188,314,123

15. CONTRIBUTED EQUITY (CONT'D)

(b) Terms and Conditions 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.

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

(i) Reconciliation of Warrants Outstanding

Issue Date	Expiry Date	Balance at the Start of the Year	Issued During the Year ⁽¹⁾	Expiry/ Exercise	Balance at the End of the Year ⁽¹⁾
28 Feb 2022	31 Jan 2024	-	10,900,000	-	10,900,000
		-	10,900,000	-	10,900,000

⁽¹⁾ The Warrants are listed on the Canadian TSX Venture Exchange ("TSXV") and were issued on 28 February 2022 upon the conversion of warrant receipts of the Company that were issued in connection with the Company's initial public offering of units on the TSXV.

All listed warrants were exercisable at year-end.

(d) Unlisted Options Over Ordinary Share Capital

Grant date	Expiry date	Balance at the Start of the Year ⁽¹⁾	Issued/ (Exercised) During the Year ⁽¹⁾	Expired During the Year ⁽¹⁾	Consolidation 50:1	Issued/ (Exercised) During the Year ⁽²⁾	Expired During the Year ⁽²⁾	Balance at the End of the Year ⁽²⁾
19/12/2018	19/12/2021	12,000,000	-	-	(11,760,000)	-	(240,000)	-
12/11/2019	15/11/2021	15,000,000	-	(15,000,000)	-	-	-	-
26/06/2020	20/05/2022	50,000,000	-	-	(49,000,000)	-	(1,000,000)	-
29/06/2020	20/05/2022	237,446,276	(13,378,254)	-	(219,586,483)	(2,790,232)	(1,691,307)	-
14/01/2021	30/11/2022	25,000,000	-	-	(24,500,000)	-	-	500,000
15/09/2021	30/09/2024	-	92,500,000	-	(90,649,999)	-	-	1,850,001
31/01/2022	28/01/2025	-	-	-	-	1,259,789	-	1,259,789
		339,446,276	79,121,746	(15,000,000)	(395,496,482)	(1,530,443)	(2,931,307)	3,609,790

⁽¹⁾ Pre 50:1 share consolidation approved in General Meeting on 15 November 2021.

⁽²⁾ Post 50:1 share consolidation approved in General Meeting on 15 November 2021.

Weighted average exercise price of options on issue is \$2.75 (2021: \$1.75). The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.72 years (2021: 0.89 years).

All unlisted options were exercisable at year-end.

13 Notes to the Financial Statements (cont'd)

15. CONTRIBUTED EQUITY (CONT'D)

(e) Movement in Performance Rights

	2022 Rights	2021 Rights
Balance at beginning of financial year	80,000,000	-
Issued during the financial year, pre share consolidation	35,000,000	80,000,000
Lapsed during the year, pre share consolidation	(15,000,000)	-
50 to 1 share consolidation approved at General Meeting on 15 November 2021	(97,999,990)	-
Lapsed during the year, post share consolidation	(100,002)	-
Balance at End of Financial Year	1,900,008	80,000,000

(f) 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. The capital risk management policy remains unchanged from the 2021 Annual Report.

16. RESERVES, ACCUMULATED LOSSES AND NON-CONTROLLING INTERESTS

	Consolidated Entity	
	2022	2021
	\$	\$
(a) Accumulated Losses		
Accumulated losses at the beginning of the year	(62,179,021)	(52,534,204)
Net loss for the year	(7,146,653)	(9,644,817)
Options expired during the year	539,740	-
Accumulated losses at the end of the year	(68,785,934)	(62,179,021)
(b) Share-Based Payments Reserve		
The share based payment reserve is used to recognise the fair value of options and performance rights issued.		
Balance at the beginning of the year	2,774,476	539,740
Issue of options during the year (see Notes (i) and (ii) below)	2,508,211	197,250
Vesting of performance rights during the year (see Note (iii) below)	774,902	2,037,486
Options expiring during the year	(539,740)	-
Balance at the end of the year	5,517,849	2,774,476
(c) Foreign currency translation reserve		
Balance at the beginning of the year	1,222	1,222
Balance at the end of the year	1,222	1,222
(d) Non-controlling interests		
Balance at the beginning of the year	18,980,873	19,080,058
Share of loss for the year	(132,103)	(99,185)
Balance at the end of the year	18,848,770	18,980,873

17. SHARE-BASED PAYMENTS

	Consolidated Entity	
	2022	2021
	\$	\$
Share-Based Payments Recognised in Profit or Loss		
Options granted to lead managers for ongoing financial advisory services during the year (see Note (b)(iii) below)	-	197,250
Vesting of performance rights to employees and key consultants of the Company during the year (see Note (a) below)	774,902	2,037,486
Total Share-Based Payments Expense	774,902	2,234,736
Shares issued for interest on convertible notes quarterly	646,300	622,593
Total Share-Based Payments Recognised in Profit or Loss	1,421,202	2,857,329
Share-Based Payments Recognised Directly in Equity		
Shares issued for interest on convertible notes converted	12,211	255,928
Options granted to capital raising lead managers during the year (see Note (b)(ii) below)	2,508,212	-
Total Share-Based Payments Recognised in Equity	2,520,423	255,928
Total Share-Based Payment Transactions	3,941,625	3,113,257

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

(a) Performance Rights

\$774,902 has been expensed in the period (2021: \$2,037,486) in relation to the vesting of performance rights during the year. Other details of performance rights granted or cancelled during the current and previous financial years are set out below:

(i) Fair Value of Performance Rights Issued During the Year Ended 30 June 2022

During the current year, 35,000,000 performance rights (pre share consolidation) were issued to key consultants of the Company. The terms and conditions of the performance rights issued were as follows:

Class of Performance Rights	Quantity Granted 2 Sep 2021 (Pre Share Consolidation)	Quantity Granted 20 Sep 2021 (Pre Share Consolidation)	Vesting Conditions
Class A	5,000,000 issued	6,666,666 issued	The price of Shares traded on ASX is greater than \$0.06 per Share for 15 consecutive trading days or more before 31 July 2023.
Class B	5,000,000 issued	6,666,666 issued	The price of Shares traded on ASX is greater than \$0.08 per Share for 15 consecutive trading days or more before 31 July 2023.
Class C	5,000,000 issued	6,666,668 issued	The Company announcing to ASX global independently estimated JORC compliant resources at the Cortadera Project and surrounding satellite projects, excluding currently reported resources at Productora, of 750 Mt at 0.5% Cu equivalent or greater (within 0.2% CuEq grade envelope or higher as deemed appropriate in the independent resource estimate) before 31 July 2023.

The fair values for the Class A and Class B performance rights were determined using the Hybrid Barrier Up and In Trinomial methods which uses an iterative procedure allowing for specification of points in time, during the time span between the valuation date and the option or performance right's expiration date. They take into account the barrier price, exercise price, the share price at value date and expected price volatility of the underlying share, and the risk-free interest rate for the options or performance rights' term. The fair value for the Class C performance rights was determined using the Black Scholes valuation method, which takes into account the price of the underlying security, the strike price, the time to expiration, the expected volatility of the security, and the risk-free interest rate.

13 Notes to the Financial Statements (cont'd)

17. SHARE-BASED PAYMENTS (CONT'D)

The inputs for the fair value models for the performance rights issued during the year were as follows:

	Class A	Class B	Class C
For Performance Rights Granted 2 September 2021			
Number (pre Share Consolidation)	5,000,000	5,000,000	5,000,000
Valuation Date	2 Sep 2021	2 Sep 2021	2 Sep 2021
Spot Price	\$0.045	\$0.045	\$0.045
Exercise Price	Nil	Nil	Nil
Barrier Price	\$0.06	\$0.08	Nil
Vesting Date	31-07-23	31-07-23	31-07-23
Expiry Date	31-07-23	31-07-23	31-07-23
Expected Future Volatility	100%	100%	100%
Risk Free Rate	0.17%	0.17%	0.17%
Dividend Yield	Nil	Nil	Nil
Valuation	\$0.03	\$0.025	\$0.039
Value	\$150,000	\$125,000	\$195,000

For Performance Rights Granted 20 September 2021			
Number (pre Share Consolidation)	6,666,666	6,666,667	6,666,667
Valuation Date	20 Sep 2021	20 Sep 2021	20 Sep 2021
Spot Price	\$0.039	\$0.039	\$0.039
Exercise Price	Nil	Nil	Nil
Barrier Price	\$0.06	\$0.08	Nil
Vesting Date	31-07-23	31-07-23	31-07-23
Expiry Date	31-07-23	31-07-23	31-07-23
Expected Future Volatility	100%	100%	100%
Risk Free Rate	0.17%	0.17%	0.17%
Dividend Yield	Nil	Nil	Nil
Valuation	\$0.03	\$0.025	\$0.039
Value	\$200,000	\$166,667	\$260,000

After the 50 to 1 share consolidation on 15 November 2021, the amount of performance rights and vesting hurdles under the terms and conditions of the performance rights were updated to reflect the share consolidation, as follows:

Class of Performance Rights	Quantity Granted 2 Sep 2021 (Post Share Consolidation)	Quantity Granted 20 Sep 2021 (Post Share Consolidation)	Vesting Conditions
Class A	100,000	133,333	The price of Shares traded on ASX is greater than \$3.00 per Share for 15 consecutive trading days or more before 31 July 2023.
Class B	100,000	133,333	The price of Shares traded on ASX is greater than \$4.00 per Share for 15 consecutive trading days or more before 31 July 2023.
Class C	100,000	133,334	The Company announcing to ASX global independently estimated JORC compliant resources at the Cortadera Project and surrounding satellite projects, excluding currently reported resources at Productora, of 750 Mt at 0.5% Cu equivalent or greater (within 0.2% CuEq grade envelope or higher as deemed appropriate in the independent resource estimate) before 31 July 2023.

All other terms and conditions were unchanged as part of the share consolidation, and none of these performance rights vested or were exercised during the year.

17. SHARE-BASED PAYMENTS (CONT'D)

(i) Performance Rights Lapsed or Cancelled During the Year Ended 30 June 2022

During the current year, 15,000,000 performance rights (pre share consolidation) lapsed upon the resignation of Melanie Leighton, the Company's previous alternate director to Mr Murray Black (also a previous director of the Company). 100,002 performance rights (post share consolidation) lapsed upon the resignation of Mr Lloyd Flint (a previous company secretary of the Company). The amounts previously expensed for Ms Leighton's and Mr Flint's performance rights, which did not vest, have been reversed during the current year.

(ii) Fair Value of Performance Rights Issued During the Year Ended 30 June 2021

During the previous financial year, 80,000,000 performance rights (pre share consolidation) were issued to key consultants of the Company. The terms and conditions of the performance rights issued were as follows:

Class of Performance Rights	Quantity Granted 12 Aug 2020 (Pre Share Consolidation)	Quantity Granted 1 Sep 2020 (Pre Share Consolidation)	Quantity Granted 3 Nov 2020 (Pre Share Consolidation)	Vesting Conditions
Class A	11,666,666 issued	13,333,334 issued	1,666,667 issued	The price of Shares traded on ASX is greater than \$0.06 per Share for 15 consecutive trading days or more before 31 July 2023.
Class B	11,666,667 issued	13,333,333 issued	1,666,666 issued	The price of Shares traded on ASX is greater than \$0.08 per Share for 15 consecutive trading days or more before 31 July 2023.
Class C	11,666,667 issued	13,333,333 issued	1,666,667 issued	The Company announcing to ASX global independently estimated JORC compliant resources at the Cortadera Project and surrounding satellite projects, excluding currently reported resources at Productora, of 750 Mt at 0.5% Cu equivalent or greater (within 0.2% CuEq grade envelope or higher as deemed appropriate in the independent resource estimate) before 31 July 2023.

The fair values for the Class A and Class B performance rights were determined using the Hybrid Barrier Up and In Trinomial methods which uses an iterative procedure allowing for specification of points in time, during the time span between the valuation date and the option or performance right's expiration date. They take into account the barrier price, exercise price, the share price at value date and expected price volatility of the underlying share, and the risk-free interest rate for the options or performance rights' term. The fair value for the Class C performance rights was determined using the Black Scholes valuation method, which takes into account the price of the underlying security, the strike price, the time to expiration, the expected volatility of the security, and the risk-free interest rate.

The inputs for the fair value models for the performance rights issued during the previous financial year were as follows:

	Class A	Class B	Class C
For Performance Rights Granted 12 August 2020			
Number	11,666,666	11,666,667	11,666,667
Valuation Date	12 Aug 2020	12 Aug 2020	12 Aug 2020
Spot Price	\$0.029	\$0.029	\$0.029
Exercise Price	Nil	Nil	Nil
Barrier Price	\$0.06	\$0.08	Nil
Vesting Date	N/A	N/A	N/A
Expiry Date	31 July 23	31 July 23	31 July 23
Expected Future Volatility	100%	100%	100%
Risk Free Rate	0.27%	0.27%	0.27%
Dividend Yield	Nil	Nil	Nil
Valuation	\$0.0226	\$0.0204	\$0.0290
Value	\$263,667	\$238,000	\$338,333

13 Notes to the Financial Statements (cont'd)

17. SHARE-BASED PAYMENTS (CONT'D)

	Class A	Class B	Class C
For Performance Rights Granted 1 September 2020			
Number	13,333,334	13,333,333	13,333,333
Valuation Date	1 Sep 2020	1 Sep 2020	1 Sep 2020
Spot Price	\$0.046	\$0.046	\$0.046
Exercise Price	Nil	Nil	Nil
Barrier Price	\$0.06	\$0.08	Nil
Vesting Date	N/A	N/A	N/A
Expiry Date	31 July 23	31 July 23	31 July 23
Expected Future Volatility	100%	100%	100%
Risk Free Rate	0.27%	0.27%	0.27%
Dividend Yield	Nil	Nil	Nil
Valuation	\$0.0406	\$0.0375	\$0.0460
Value	\$541,333	\$500,000	\$613,333
For Performance Rights Granted 3 November 2020			
Number	1,666,667	1,666,666	1,666,667
Valuation Date	3 Nov 2020	3 Nov 2020	3 Nov 2020
Spot Price	\$0.051	\$0.051	\$0.051
Exercise Price	Nil	Nil	Nil
Barrier Price	\$0.06	\$0.08	Nil
Vesting Date	N/A	N/A	N/A
Expiry Date	31 July 23	31 July 23	31 July 23
Expected Future Volatility	100%	100%	100%
Risk Free Rate	0.11%	0.11%	0.11%
Dividend Yield	Nil	Nil	Nil
Valuation	\$0.0457	\$0.0423	\$0.051
Value	\$76,167	\$70,500	\$85,000
Total Issued	26,666,667	26,666,666	26,666,667
Total Value	\$881,167	\$808,500	\$1,036,666

The fair value of the Class A and Class B performance rights issued during 2021 were expensed during the 2021 year. During the current year, 15,000,000 performance rights (5,000,000 each of Class A, Class B and Class C) which were granted on 12 August 2020 (pre share consolidation) lapsed on 1 October 2021 upon the resignation of Melanie Leighton, the Company's previous alternate director to Mr Murray Black (also a previous director of the Company). The amounts previously expensed for Ms Leighton's performance rights, which did not vest, have been reversed during the current year.

17. SHARE-BASED PAYMENTS (CONT'D)

After the 50 to 1 share consolidation on 15 November 2021, the amount of performance rights and vesting hurdles under the terms and conditions of the performance rights were updated to reflect the share consolidation, as follows:

Class of Performance Rights	Quantity Granted 12 Aug 2020 (Post Share Consolidation)⁽¹⁾	Quantity Granted 1 Sep 2020 (Post Share Consolidation)	Quantity Granted 3 Nov 2020 (Post Share Consolidation)	Vesting Conditions
Class A	133,334	266,668	33,334	The price of Shares traded on ASX is greater than \$3.00 per Share for 15 consecutive trading days or more before 31 July 2023.
Class B	133,334	266,666	33,333	The price of Shares traded on ASX is greater than \$4.00 per Share for 15 consecutive trading days or more before 31 July 2023.
Class C	133,334	266,666	33,334	The Company announcing to ASX global independently estimated JORC compliant resources at the Cortadera Project and surrounding satellite projects, excluding currently reported resources at Productora, of 750 Mt at 0.5% Cu equivalent or greater (within 0.2% CuEq grade envelope or higher as deemed appropriate in the independent resource estimate) before 31 July 2023.

⁽¹⁾ Excludes performance rights lapsed on 1 October 2021 upon the resignation of Melanie Leighton.

After the share consolidation on 15 November 2021, 100,002 performance rights lapsed upon the resignation of Mr Lloyd Flint, the Company's previous company secretary, on 31 January 2022. The amounts previously expensed for Mr Flint's performance rights, which did not vest, have been reversed during the current year.

The amount of performance rights originally granted during the 2021 year, excluding Ms Leighton's and Mr Flint's performance rights lapsed, post consolidation and with updated post consolidation terms and conditions are as follows:

Class of Performance Rights	Quantity Granted 12 Aug 2020 (Post Share Consolidation)⁽¹⁾	Quantity Granted 1 Sep 2020 (Post Share Consolidation)	Quantity Granted 3 Nov 2020 (Post Share Consolidation)	Vesting Conditions
Class A	133,334	133,334	133,334	The price of Shares traded on ASX is greater than \$3.00 per Share for 15 consecutive trading days or more before 31 July 2023.
Class B	133,334	133,334	133,334	The price of Shares traded on ASX is greater than \$4.00 per Share for 15 consecutive trading days or more before 31 July 2023.
Class C	133,334	133,334	133,334	The Company announcing to ASX global independently estimated JORC compliant resources at the Cortadera Project and surrounding satellite projects, excluding currently reported resources at Productora, of 750 Mt at 0.5% Cu equivalent or greater (within 0.2% CuEq grade envelope or higher as deemed appropriate in the independent resource estimate) before 31 July 2023.

13 Notes to the Financial Statements (cont'd)

17. SHARE-BASED PAYMENTS (CONT'D)

(b) Options Granted

(i) Fair Value of Options Granted in September 2021

92,500,000 options were issued (pre share consolidation) to lead managers of a capital raising and the issue was approved in a general meeting on 15 September 2021. The fair value was determined using the Hoadley ESO2 valuation model that takes into account the exercise price, the share price at value date and expected price volatility of the underlying share, and the risk-free interest rate for the options term. The inputs for the fair value model for fee options were as follows:

	Pre Share Consolidation	Post Share Consolidation Equivalent
Number of options	92,500,000	1,850,001
Consideration	Nil	Nil
Exercise price	\$0.045	\$2.25
Value date	20/9/2021	20/9/2021
Expiry date	30/9/2024	30/9/2024
Expected price volatility of the Company's shares	80%	80%
Risk-free interest rate	0.17%	0.17%
Spot price at date of issue	\$0.041	\$2.05
Fair value of per option	\$0.0183	\$0.915
Total value of options granted	\$1,692,750	\$1,692,750

(ii) Fair Value of Options Granted in January 2022

1,259,789 options were issued (post share consolidation) to lead managers of a capital raising and the issue was approved in a general meeting on 31 January 2022. The fair value was determined using the Hoadley ESO2 valuation model that takes into account the exercise price, the share price at value date and expected price volatility of the underlying share, and the risk-free interest rate for the options term. The inputs for the fair value model for the fee options were as follows:

	Post Share Consolidation
Number of options	1,259,789
Consideration	Nil
Exercise price	C\$1.85 (A\$1.998)
Value date	31/01/2022
Expiry date	28/01/2025
Expected price volatility of the Company's shares	75%
Risk-free interest rate	0.9%
Spot price at date of issue	A\$1.61
Fair value of per option	A\$0.6473
Total value of options granted	\$815,461

17. SHARE-BASED PAYMENTS (CONT'D)

(iii) Fair Value of Options Granted in January 2021

25,000,000 options were issued to lead managers of a capital raising which took place in December 2020 and the issue was approved in general meeting on 14 January 2021. 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 inputs for the fair value model for the fee options were as follows:

	Pre Share Consolidation	Post Share Consolidation Equivalent
Number of options	25,000,000	500,000
Consideration	Nil	Nil
Exercise price	\$0.10	\$5.00
Value date	14 Jan 2021	14 Jan 2021
Expiry date	30 Nov 2022	30 Nov 2022
Expected price volatility of the Company's shares	80%	80%
Risk-free interest rate	0.08%	0.08%
Spot price at date of issue	\$0.042	\$2.10
Fair value of per option	\$0.00789	\$0.3945
Total value of options granted	\$197,250	\$197,250

(iv) Fair Value of Options Granted in January 2021 as Part of Creditor Payment

16,666,667 options exercisable at \$0.025 each expiring 22 May 2022 (pre share consolidation) were issued pursuant to a creditor taking shares in lieu of cash. The creditor was Blue Spec Sondajes, an entity controlled by Mr Murray Black (the Company's previous Non-Executive Chairman) and were free attaching options. They have the same terms and conditions of options issued at Note (iii) above and were approved in general meeting 14 January 2021.

(c) Convertible Notes

During the year the Company issued 3,666,369 pre-consolidation shares and 284,402 post consolidation shares (2021: 20,034,236 pre-consolidation shares) at a fair value of \$646,300 (2021: \$622,593) in lieu of interest on the convertible note issue. As at 30 June 2021 interest of \$139,448 had accrued and the 4,026,784 shares issued on 12 July 2021 are not included in total issued for the year.

18. LOSS PER SHARE

	Consolidated Entity	
	2022	2021
	\$	\$
Loss after tax attributable to the owners of Hot Chili Limited	(7,146,653)	(9,644,817)
Basic loss per share (cents)	(7.49)	(17.37)
Diluted loss per share (cents)	(7.49)	(17.37)
Unexercised options are not dilutive.		
The weighted average number of ordinary shares on issue used in the calculation of basic loss per share (post consolidation number of shares)	95,441,990	55,514,217
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	95,441,990	55,514,217

13 Notes to the Financial Statements (cont'd)

19. REMUNERATION OF AUDITORS

	Consolidated Entity	
	2022	2021
	\$	\$
(a) RSM Australia Partners and Related Network Firms		
Audit or review of financial reports for the Group	67,000	55,000
Other statutory review required by Canadian legislation to be provided by the auditor to the Group for the purposes of the TSX listing	50,500	-
<i>Other services:</i>		
Tax compliance services	8,700	8,750
Consulting services	8,800	
Total Audit and Other Services Provided by RSM Australia Partners and Related Network Firms	135,000	63,750
(b) Other Auditors and Their Related Network Firms		
Other assurance and agreed-upon procedures under other contractual arrangements	131,648	-
Total Audit and Other Services Provided by Other Auditors and Their Related Network Firms	131,648	-
Total Remuneration of Auditors	266,648	63,750

20. KEY MANAGEMENT PERSONNEL DISCLOSURES

The following were the directors and other key management personnel of the consolidated entity at any time during the current and previous financial years and unless otherwise indicated, were key management personnel for the entire period:

Non-Executive Directors

Dr Nicole S Adshead-Bell (appointed 5 January 2022)

Murray E Black (retired 1 March 2022)

Dr Michael Anderson (resigned 4 November 2020)

Dr Allan Trench

Roberto de Andraca Adriasola

George R Nickson

Mark Jamieson (appointed 3 September 2021)

Position

Independent Non-Executive Chairman
(from 1 March 2022)

Non-Executive Chairman

Non-Executive Director

Independent Non-Executive Director

Non-Executive Director

Independent Non-Executive Director

Non-Executive Director

Executive Director

Christian E Easterday

Position

Managing Director

Other Key Management Personnel

Melanie Leighton (resigned 1 October 2021)

Jose Ignacio Silva

John Hearne

Grant King

Position

Corporate Projects Manager and
Alternate Director for M Black

Country Manager and Chief Legal Counsel

Executive Studies Manager

Chief Operating Officer

20 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT'D)

Details of Remuneration of Key Management Personnel for the Year Ended 30 June 2022:

	Consolidated Entity	
	2022	2021
	\$	\$
Directors		
Short-term benefits	603,813	553,989
Post-employment benefits	48,933	43,560
Share based payments	75,607	353,367
	728,353	950,916
Other Key Management Personnel		
Short-term benefits	802,104	461,755
Other Benefits	125,000	-
Post-employment benefits	55,708	21,533
Share-based payments	357,948	681,737
	1,340,761	1,165,025
Total	2,069,114	2,115,941

21. NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of Net Cash used in Operating Activities

Loss for the year	(7,278,756)	(9,744,002)
<i>Non-cash items:</i>		
Depreciation	90,034	4,777
Effect of exchange rates on holdings in foreign currencies	466,471	101,304
Effect on revaluation of derivative liability	(2,425,593)	1,874,949
Amortised finance costs	2,364,841	601,231
Non-cash finance costs	44,502	1,455,406
Share based payments	774,902	2,234,736
Lease adoption	14,684	-
Net cash flows from operating activities before change in assets and liabilities	(5,948,915)	(3,471,599)

Change in assets and liabilities during the financial year:

Other current assets	(69,765)	6,826
Trade and other payables	(106,890)	(150,216)
Provisions	116,513	-
Net cash outflow from operating activities	(6,009,057)	(3,614,989)

(b) Non cash investing and financing activities

2022

92,500,000 options (pre-consolidation (1,850,001 post consolidation) were issued to lead managers of a capital raising. The options are exercisable at AUD\$5 per option (AUD\$0.10 pre-consolidation) per and expire 30 September 2024.

1,259,789 options were issued (post consolidation) to lead managers of a capital raising. The options are exercisable at C\$1.85 and expire on 31 January 2025.

Quarterly convertible note interest that accrued to noteholders was settled through the issue of fully paid ordinary shares calculated on the 5 day volume weighted average price (VWAP) prior to quarter end:

Quarter ended	Date paid	Interest due \$	VWAP	Shares issued pre share consolidation	Shares issued post share consolidation
30 September 2021	8 Oct 2021	139,615	\$0.03808	3,666,369	
31 December 2021	17 Jan 2022	139,617	\$1.70101	-	82,043
31 March 2022	13 April 2022	121,918	\$1.38965	-	87,904
22 June 2022	30 June 2022	105,652	\$0.92309	-	114,455

13 Notes to the Financial Statements (cont'd)

21 NOTES TO STATEMENT OF CASH FLOWS (CONT'D)

A total of 9,695 Convertible Notes and respective interest to dates of conversion were converted to 2,043,668 pre-consolidation shares and 547,451 post-consolidation shares during the year.

A total of 59,758 Convertible Notes remaining outstanding at final maturity (22 June 2022) were converted to 6,473,671 shares at a deemed price of \$0.92309 as per the terms and conditions of the notes.

2021

All numbers for 2021 are pre-consolidation.

33,333,334 shares and 16,666,667 free attaching options were issued to Blue Spec Sondajes as part of an issue of securities in lieu of cash. The options are exercisable at AUD\$0.025 per and expire 22 May 2022.

25,000,000 options were issued to lead managers of a capital raising. The options are exercisable at AUD\$0.10 per and expire 30 November 2022.

Quarterly convertible note interest that accrued to noteholders was settled through the issue of fully paid ordinary shares calculated on the 5 day volume weighted average price (VWAP) prior to quarter end:

Quarter ended	Date paid	Interest due \$	VWAP	Shares issued
30 September 2020	5 October 2020	160,820	\$0.03866	4,159,818
31 December 2020	5 January 2021	155,660	\$0.04194	3,711,453
31 March 2021	9 April 2021	145,303	\$0.04099	3,544,806
30 June 2021	12 July 2021	139,448	\$0.03463	4,026,784

A total of 9,768 Convertible Notes and respective interest to dates of conversion were converted to 29,456,210 shares during the year.

22. COMMITMENTS FOR EXPENDITURE

(a) Exploration Commitments

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

	Consolidated Entity	
	2022	2021
	\$	\$
Within one year	555,680	558,807
Later than one year but not later than five years	2,222,721	2,022,410
More than five years	5,080,563	5,652,949
	7,858,964	8,234,166

(b) Option Payment Commitments

The mining rights (which vary between 90% to 100%) of the various projects undertaken by Hot Chili will be transferred upon satisfaction of the Option payments committed as at 30 June 2022 tabled below.

Within one year	653,215	1,463,116
Later than one year but not later than five years	16,257,802	35,846,346
	16,911,017	37,309,462

(c) Operating Leases

The Chilean entities leases office premises under an operating lease. Operating leases are on a month-to-month basis and are not accounted for as Right-of-Use Assets under AASB16. Further, the Australian entity has entered into a lease agreement for further floor space at its current premises. This lease is effective 1 August 2022 and is disclosed as a commitment for future expenditure and will be accounted for under AASB 16 from effective date in terms of the group's accounting policy disclosed in Note 1.

Commitments for minimum lease payments in relation to operating leases* are payable as follows:

Within one year	69,535	103,285
Later than one year but not later than five years	187,731	68,857
	257,266	172,142

* Operating leases are not material to the consolidated entity and are not accounted for as Right-of-Use Assets under AASB16.

23. EVENTS OCCURRING AFTER REPORTING DATE

The impact of the COVID-19 pandemic was ongoing during the year and while it has not significantly impacted the Group up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

There were no other significant events occurring after the balance date that require reporting.

24. RELATED PARTIES

Parent Entity

Hot Chili Limited is the parent entity

Subsidiaries

Interests in subsidiaries are set out in Note 26.

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 20 and the Remuneration Report included in the Directors' Report.

Transactions with Related Parties

The following transactions occurred with related parties during the current and previous financial years:

Quarterly Interest Paid on Convertible Notes Payable

Quarterly interest accruing on the convertible notes payable to Blue Spec Drilling Pty Ltd of \$30,108 for the year ended 30 June 2022 was settled by the issue of shares and cash as follows:

	Pre-Retirement (Settled by Shares)		
	Pre Share Consolidation	Post Share Consolidation	Total Settled Pre-Retirement
Value of interest settled	\$7,783	\$7,782	\$15,565
No. of shares issued (post-consolidation equivalent) ²	4,088 ¹	4,575	8,663

¹ The number of shares stated here is the post share consolidation equivalent of 204,388 shares which were issued, pre the 50 to 1 share consolidation, to Blue Spec Drilling Pty Ltd to settle the interest accruing on the convertible notes payable.

² Stated at the number of total shares, equivalent post share consolidation.

During the year ended 30 June 2021, quarterly interest accruing on the convertible notes payable to Blue Spec Drilling Pty Ltd of \$30,877 was settled by the issue of 15,898 (post share consolidation equivalent of 794,912 shares).

No interest on convertible notes was payable to Blue Spec Drilling Pty Ltd at 30 June 2022. The interest payable at 30 June 2021 of \$7,698 was settled by the issue of 4,446 (post share consolidation equivalent of 222,291 shares) on 12 July 2021.

The shares were issued to Blue Spec Drilling Pty Ltd, a company associated with Mr Murray Black, a director (retired 1 March 2022), following shareholder approval.

Maturity of Convertible Notes

On 30 June 2022, the Company issued 415,344 shares on final maturity of the 3,834 convertible notes (with a face value of \$100 each, totalling \$383,400) which had been issued to Blue Spec Drilling Pty Ltd on 8 September 2017. The deemed price for the conversion of the notes was \$0.92309 per share as per the terms and conditions of the notes.

The shares were also issued to Blue Spec Drilling Pty Ltd, a company associated with Mr Murray Black, a director, following shareholder approval. The shares were issued post Mr Black's retirement on 1 March 2022.

Other Fees and Charges

Blue Spec Sondajes Chile Limitada, a company in which Mr Murray Black is a director, charged a total of \$12,948,500 to the consolidated entity for the period from 1 July 2021 to just prior to Mr Black's retirement on 1 March 2022 (2021 full year \$10,379,605), for rent and drilling services at Cortadera. Of this amount, \$2,466,497 was owing at the date of his retirement (30 June 2021: \$3,718,982) and was paid in April 2022.

MRA Consulting Pty Ltd, a company associated with Dr Anderson, a previous director, was paid \$9,607 in directors and consulting fees during the previous financial year. There were no amounts payable as at 30 June 2021. No amounts were paid or were payable to Dr Anderson or to MRA Consulting Pty Ltd during the current financial year.

Commercial Terms

All transactions were made at commercial terms.

13 Notes to the Financial Statements (cont'd)

25. CONTINGENT LIABILITIES

As at 30 June 2022, Hot Chili Limited had accumulated VAT refund payments of \$12,903,932 (CLP 8,178,026,868) (2021: \$11,001,642 (CLP 6,018,998,372)) with respect to VAT recovered as at 30 June 2022 by Sociedad Minera El Águila SpA and \$5,263,509 (CLP3.335.840.009) (2021: \$2,062,843 (CLP1.128.581.298)) for VAT recovered by Sociedad Minera Frontera SpA .

Under the initial terms of the VAT refund payment, the consolidated entity initially had until the 31 December 2019 to commercialise production from Productora and meet certain export targets. Hot Chili also had the right to extend this term. The Company has exercised its right to extend the date of commercial production from Productora with the Chilean Tax Authority. An extension to the benefit was extended to 30 June 2022 and a further extension until 30 June 2026 has been granted. In the event that the term is not extended further and Hot Chili does not meet certain export targets, Hot Chili will be required to re-pay the VAT refund payments to the Chilean Tax Authority subject to certain terms and conditions. However, if Hot Chili achieves the export targets from Productora within that timeframe or its renewal, if required, any VAT refund payments will not be required to be repaid.

26. INTEREST IN SUBSIDIARIES

(a) Material subsidiaries

The consolidated financial statements incorporate the assets, liabilities, and results of the following material subsidiaries, in accordance with the accounting policy described in Note 1:

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2022 %	2021 %
Sociedad Minera El Corazon Limitada	Chile	Ordinary	100	100
Sociedad Minera El Águila SpA*	Chile	Ordinary	80*	80*
Sociedad Minera Los Mantos SpA	Chile	Ordinary	100	100
Sociedad Minera Frontera SpA	Chile	Ordinary	100	100
Sociedad Minera Bandera SpA	Chile	Ordinary	100	100

* The non-controlling interests hold 20% of Sociedad Minera El Águila SpA (SMEA) - refer to Note 26 (b).

(b) Non-controlling interests (NCI)

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

	SMEA 30-Jun-22	SMEA 30-Jun-21
Summarised statement of financial position		
Current assets	193,314	223,291
Non-current assets	116,360,366	110,424,030
Total assets	116,553,680	110,647,321
Current liabilities	1,864,351	63,596
Non-current liabilities	34,194,262	29,428,152
Total liabilities	36,058,613	29,491,748
Net assets	80,495,067	81,155,573
Summarised statement of profit or loss and other comprehensive income		
Revenue	116,929	-
Expenses	(777,441)	(495,924)
Loss before income tax expense	(660,512)	(495,924)
Income tax expense	-	-
Loss after income tax expense	(660,512)	(495,924)
Other comprehensive income	-	-
Total comprehensive loss	(660,512)	(495,924)

26 INTEREST IN SUBSIDIARIES (CONT'D)

	SMEA 30-Jun-22	SMEA 30-Jun-21
Statement of cash flows		
Net cash used in operating activities	1,114,734	(525,833)
Net cash used in investing activities	(5,910,821)	(1,026,903)
Net cash from financing activities	4,766,110	1,643,911
Net increase in cash and cash equivalents	<u>(29,977)</u>	<u>91,175</u>
Other financial information		
Loss attributable to non-controlling interests	(132,103)	(99,185)
Accumulated non-controlling interests at the end of reporting period	<u>18,848,770</u>	<u>18,980,873</u>

27. 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 market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. The consolidated entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

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

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

Risk Exposures and Responses

(a) Interest rate risk exposure

The consolidated entity's is exposed to interest rate risk on financial assets and financial liabilities at the end of the reporting period where a change in interest rates may affect future cashflows or fair values of financial instruments. Borrowings are nil at the end of the financial year (2021: Borrowings issued at fixed rates) (Note 13).

(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 not significant and 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.

13 Notes to the Financial Statements (cont'd)

27. FINANCIAL RISK MANagements (CONT'D)

Financing arrangements

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.

	Weighted average interest rate	1 year or less	Between 1 and 5 years	Remaining contractual maturities	Amount as per Statement of Financial Position
	%	\$	\$	\$	\$
Consolidated - 2022					
Non-derivatives					
Non-interest bearing					
Trade payables	-%	6,376,830	-	6,376,830	6,376,830
Convertible note debt – fixed rate	-%	-	-	-	-
Lease Liabilities	13%	67,081	263,767	330,848	330,848
Total non-derivatives		6,443,911	263,767	6,707,678	6,707,678
Derivatives					
Convertible note debt	-%	-	-	-	-
Total derivatives		-	-	-	-
Consolidated - 2021					
Non-derivatives					
Non-interest bearing					
Trade payables	-%	4,379,936	-	4,379,936	4,379,936
Refundable deposit	-%	1,995,212	-	1,995,212	1,995,212
Convertible note debt – fixed rate	8%	4,999,787	-	4,999,787	4,999,787
Total non-derivatives		11,374,935	-	11,374,935	11,374,935
Derivatives					
Convertible note debt	-%	2,729,777	-	2,729,777	2,729,777
Total derivatives		2,729,777	-	2,729,777	2,729,777

(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 and the CLP/AUD rate. The consolidated entity is exposed to foreign exchange risk through its USD and CLP cash holdings and liabilities at reporting date. The table below summarises the impact of + / - 10% strengthening / weakening of the AUD against the USD and CLP 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 and CLP at reporting date with all other factors remaining constant.

27. FINANCIAL RISK MANAGERMENTS (CONT'D)

	Consolidated Entity	
	Post tax profit	Equity
2022	\$	\$
AUD/USD + 10%	246,748	246,748
AUD/USD - 10%	(301,581)	(301,581)
2021		
AUD/USD + 10%	61,746	61,746
AUD/USD - 10%	(75,468)	(75,468)
2020		
AUD/USD + 10%	(47,884)	(47,884)
AUD/USD - 10%	87,061	87,061

28. PARENT ENTITY DISCLOSURES

	2022	2021
	\$	\$
Financial position		
Assets		
Current assets	21,017,491	2,654,013
Non-current assets	191,315,824	139,040,075
Total assets	212,333,315	141,694,088
Liabilities		
Current liabilities	363,728	8,067,082
Non-current liabilities	272,912	-
Total liabilities	581,859	8,067,082
Equity		
Issued capital	269,189,584	188,314,123
Reserves	5,519,117	2,775,764
Accumulated losses	(63,012,027)	(57,462,881)
Total equity	211,711,558	133,627,006
Financial performance		
Loss for the year	(6,088,892)	(9,076,357)
Total comprehensive income	(6,088,892)	(9,076,357)

Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2022 or 30 June 2021.

Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any contractual commitments for the acquisition of property, plant or equipment as at 30 June 2022 or 30 June 2021.

14 Shareholder Information

AS AT 31 AUGUST 2022

Information Required by the Australian Securities Exchange Limited

(a) Spread of Holdings

	Shareholders	Units	%
1 - 1,000	3,138	1,382,501	1.16%
1,001 - 5,000	2,245	5,706,964	4.77%
5,001 - 10,000	688	5,087,161	4.26%
10,001 - 100,000	806	23,733,109	19.87%
100,001 & Over	126	83,535,471	69.94%
	7,003	119,445,206	100%

There are 2,144 holders of unmarketable parcels comprising 589,500 shares.

(b) The names of the twenty largest shareholders as at 31 August 2022, who between them held 51.60% of the issued capital are listed below:

	Number of Ordinary Shares	%
1 GLENCORE AUSTRALIA HOLDINGS PTY LIMITED	10,885,497	9.11%
2 CITICORP NOMINEES PTY LIMITED	10,145,075	8.49%
3 CDS & CO	9,464,212	7.92%
4 GS GROUP AUSTRALIA PTY LTD <GS GROUP AUSTRALIA A/C>	5,645,000	4.73%
5 BLUE SPEC SONDAJES CHILE SPA	4,052,956	3.39%
6 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,797,794	3.18%
7 JAERICA PTY LTD	2,547,488	2.13%
8 BLUE SPEC DRILLING PTY LTD	2,479,525	2.08%
9 MRS NERIDA RUTH SCOTT <SCOTT FAMILY A/C>	1,600,000	1.34%
10 BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,526,546	1.28%
11 CAP S A	1,323,078	1.11%
12 BNP PARIBAS NOMS PTY LTD <DRP>	1,253,907	1.05%
13 CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	1,252,730	1.05%
14 MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,206,674	1.01%
15 UBS NOMINEES PTY LTD	1,082,537	0.91%
16 SAMLISA NOMINEES PTY LTD	1,000,000	0.84%
17 ELUTION GROUP PTY LTD	612,224	0.51%
18 JATIG INVESTMENTS PTY LTD <JATIG S/F A/C>	600,000	0.50%
19 MR GLEN CORBY BULL	589,000	0.49%
20 YARANDI INVESTMENTS PTY LTD <GRIFFITH FAMILY NO 2 A/C>	564,384	0.47%
Total Units Held	61,628,627	51.60%
Total units on issue	119,445,206	100%

(c) Substantial Shareholders (from substantial shareholder notices)

	Pre-Consolidation Shares (per notice)	Post Consolidation Shares	% in notice
Murray Edward Black (04/02/2022)		6,441,716	5.88%
Glencore Australia Holdings Pty Ltd (12/08/2021)	376,942,763	7,538,855	9.99%
GS Group Australia Pty Ltd atf GS Group Australia Trust (15/11/21)		5,645,000	5.14%

(d) As at 31 August 2022 there are nil Convertible Notes on issue. Convertible notes reached final maturity on 22 June 2022.

(e) As at 31 August 2022 there are 20 holders of the 3,609,790 Options over shares on issue. There are no voting rights attached to Options.

Veritas Consolidated Limited	1,488,677	41.24%
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(f) As at 31 August 2022 there 8 holders of the 1,900,008 Performance Rights on issue. There is one performance rights holders holding more than 20% of the rights.

Ostertag Holdings Pty Ltd <Easterday Family A/C>	400,002	21.05%
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(g) As at 31 August 2022 there is no current on-market buyback under way.

15 Tenement Schedule

Cortadera Project

Licence ID	HCH % Held	HCH % Earning	Area (ha)	Agreement Details
MAGDALENITA 1/20	100% Frontera SpA		100	
ATACAMITA 1/82	100% Frontera SpA		82	
AMALIA 942 A 1/6	100% Frontera SpA		53	
PAULINA 10 B 1/16	100% Frontera SpA		136	
PAULINA 11 B 1/30	100% Frontera SpA		249	
PAULINA 12 B 1/30	100% Frontera SpA		294	
PAULINA 13 B 1/30	100% Frontera SpA		264	
PAULINA 14 B 1/30	100% Frontera SpA		265	
PAULINA 15 B 1/30	100% Frontera SpA		200	
PAULINA 22 A 1/30	100% Frontera SpA		300	
PAULINA 24 1/24	100% Frontera SpA		183	
PAULINA 25 A 1/19	100% Frontera SpA		156	
PAULINA 26 A 1/30	100% Frontera SpA		294	
PAULINA 27A 1/30	100% Frontera SpA		300	
CORTADERA 1 1/200	100% Frontera SpA		200	
CORTADERA 2 1/200	100% Frontera SpA		200	
CORTADERA 41	100% Frontera SpA		1	
CORTADERA 42	100% Frontera SpA		1	
LAS CANAS 16	100% Frontera SpA		1	
LAS CANAS 1/15	100% Frontera SpA		146	
CORTADERA 1/40	100% Frontera SpA		374	
LAS CANAS ESTE 2003 1/30	100% Frontera SpA		300	
CORROTEO 1 1/260	100% Frontera SpA		260	
CORROTEO 5 1/261	100% Frontera SpA		261	
ROMERO 1 AL 31	100% Frontera SpA		31	
PURISIMA	100% Frontera SpA		20	NSR 1.5%

Note. Frontera SpA is a 100% owned subsidiary company of Hot Chili Limited

Productora Project

Licence ID	HCH % Held	HCH % Earning	Area (ha)	Agreement Details
FRAN 1, 1-60	80% SMEA SpA		220	
FRAN 2, 1-20	80% SMEA SpA		100	
FRAN 3, 1-20	80% SMEA SpA		100	
FRAN 4, 1-20	80% SMEA SpA		100	
FRAN 5, 1-20	80% SMEA SpA		100	
FRAN 6, 1-26	80% SMEA SpA		130	
FRAN 7, 1-37	80% SMEA SpA		176	
FRAN 8, 1-30	80% SMEA SpA		120	
FRAN 12, 1-40	80% SMEA SpA		200	
FRAN 13, 1-40	80% SMEA SpA		200	
FRAN 14, 1-40	80% SMEA SpA		200	
FRAN 15, 1-60	80% SMEA SpA		300	
FRAN 18, 1-60	80% SMEA SpA		273	
FRAN 21, 1-46	80% SMEA SpA		226	

15 Tenement Schedule (cont'd)

Productora Project (cont'd)

Licence ID	HCH % Held	HCH % Earning	Area (ha)	Agreement Details
ALGA 7A, 1-32	80% SMEA SpA		89	
ALGA VI, 5-24	80% SMEA SpA		66	
MONTOSA 1-4	80% SMEA SpA		35	NSR 3%
CHICA	80% SMEA SpA		1	
ESPERANZA 1-5	80% SMEA SpA		11	
LEONA 2A 1-4	80% SMEA SpA		10	
CARMEN I, 1-50	80% SMEA SpA		222	
CARMEN II, 1-60	80% SMEA SpA		274	
ZAPA 1, 1-10	80% SMEA SpA		100	
ZAPA 3, 1-23	80% SMEA SpA		92	
ZAPA 5A, 1-16	80% SMEA SpA		80	
ZAPA 7, 1-24	80% SMEA SpA		120	
CABRITO, CABRITO 1-9	80% SMEA SpA		50	
CUENCA A, 1-51	80% SMEA SpA		255	
CUENCA B, 1-28	80% SMEA SpA		139	
CUENCA C, 1-51	80% SMEA SpA		255	
CUENCA D	80% SMEA SpA		3	
CUENCA E	80% SMEA SpA		1	
CHOAPA 1-10	80% SMEA SpA		50	
ELQUI 1-14	80% SMEA SpA		61	
LIMARÍ 1-15	80% SMEA SpA		66	
LOA 1-6	80% SMEA SpA		30	
MAIPO 1-10	80% SMEA SpA		50	
TOLTÉN 1-14	80% SMEA SpA		70	
CACHIYUYITO 1, 1-20	80% SMEA SpA		100	
CACHIYUYITO 2, 1-60	80% SMEA SpA		300	
CACHIYUYITO 3, 1-60	80% SMEA SpA		300	
LA PRODUCTORA 1-16	80% SMEA SpA		75	
ORO INDIO 1A, 1-20	80% SMEA SpA		82	
AURO HUASCO I, 1-8	80% SMEA SpA		35	
				25 year Lease Agreement
URANIO, 1-70	0%	0%	350	US\$250,000 per year (average for the 25 year term); plus 2% NSR all but gold; 4% NSR gold; 5% NSR non-metallic
JULI 9, 1-60	80% SMEA SpA		300	
JULI 10, 1-60	80% SMEA SpA		300	
JULI 11 1/60	80% SMEA SpA		300	
JULI 12 1/42	80% SMEA SpA		210	
JULI 13 1/20	80% SMEA SpA		100	
JULI 14 1/50	80% SMEA SpA		250	
JULI 15 1/55	80% SMEA SpA		275	
JULI 16, 1-60	80% SMEA SpA		300	
JULI 17, 1-20	80% SMEA SpA		100	
JULI 19	80% SMEA SpA		300	
JULI 20	80% SMEA SpA		300	
JULI 21 1/60	80% SMEA SpA		300	
JULI 22	80% SMEA SpA		300	

Productora Project (cont'd)

Licence ID	HCH % Held	HCH % Earning	Area (ha)	Agreement Details
JULI 23 1/60	80% SMEA SpA		300	
JULI 24, 1-60	80% SMEA SpA		300	
JULI 25	80% SMEA SpA		300	
JULI 27 1/30	80% SMEA SpA		150	
JULI 27 B 1/10	80% SMEA SpA		50	
JULI 28 1/60	80% SMEA SpA		300	
JULIETA 5	80% SMEA SpA		200	
JULIETA 6	80% SMEA SpA		200	
JULIETA 7	80% SMEA SpA		100	
JULIETA 8	80% SMEA SpA		100	
JULIETA 9	80% SMEA SpA		100	
JULIETA 10 1/60	80% SMEA SpA		300	
JULIETA 11	80% SMEA SpA		300	
JULIETA 12	80% SMEA SpA		300	
JULIETA 13, 1-60	80% SMEA SpA		298	
JULIETA 14, 1-60	80% SMEA SpA		269	
JULIETA 15, 1-40	80% SMEA SpA		200	
JULIETA 16	80% SMEA SpA		200	
JULIETA 17	80% SMEA SpA		200	
JULIETA 18, 1-40	80% SMEA SpA		200	
ARENA 1 1-6	80% SMEA SpA		40	
ARENA 2 1-17	80% SMEA SpA		113	
ZAPA 1 – 6	80% SMEA SpA		6	NSR 1%
JULIETA 1-4	80% SMEA SpA		4	

Note. SMEA SpA is subsidiary company- 80% owned by Hot Chili Limited, 20% owned by CMP (Compañía Minera del Pacífico)

El Fuego Project

Licence ID	HCH % Held	HCH % Earning	Area (ha)	Exploration and Expenditure Commitment-Payments
Santiago 21 al 36		90% Frontera SpA	76	
Santiago 37 al 43		90% Frontera SpA	26	
Santiago A, 1 al 26		90% Frontera SpA	236	
Santiago B, 1 al 20		90% Frontera SpA	200	90% (HCH)-10% (Arnaldo del Campo) JV.
Santiago C, 1 al 30		90% Frontera SpA	300	6 year term.
Santiago D, 1 al 30		90% Frontera SpA	300	USD 300,000 already paid.
Santiago E, 1 al 30		90% Frontera SpA	300	USD 300,000 to be paid by September 7, 2023
Prima Uno		90% Frontera SpA	1	USD 6,500,000 final exercise payment to be paid by September 7, 2024.
Prima Dos		90% Frontera SpA	2	
Santiago 15 al 19		90% Frontera SpA	25	
San Antonio 1 al 5		90% Frontera SpA	25	
Santiago 1 AL 14 Y 20		90% Frontera SpA	75	
Mercedes 1 al 3		90% Frontera SpA	50	
Kreta 1 al 4		90% Frontera SpA	16	
Mari 1 al 12		90% Frontera SpA	64	

15 Tenement Schedule (cont'd)

El Fuego Project (cont'd)

Licence ID	HCH % Held	HCH % Earning	Area (ha)	Exploration and Expenditure Commitment-Payments
PORFIADA VII		90% Frontera SpA	300	
PORFIADA VIII		90% Frontera SpA	300	
PORFIADA IX		90% Frontera SpA	300	
PORFIADA X		90% Frontera SpA	200	
PORFIADA A		90% Frontera SpA	200	
PORFIADA B		90% Frontera SpA	300	
PORFIADA C		90% Frontera SpA	300	
PORFIADA D		90% Frontera SpA	300	
PORFIADA E		90% Frontera SpA	300	
PORFIADA F		90% Frontera SpA	300	
PORFIADA G		90% Frontera SpA	200	
CORTADERA 1	100% Frontera SpA		200	
CORTADERA 2	100% Frontera SpA		200	
CORTADERA 3	100% Frontera SpA		200	
CORTADERA 4	100% Frontera SpA		200	
CORTADERA 5	100% Frontera SpA		200	
CORTADERA 6	100% Frontera SpA		300	
CORTADERA 7, 1-20	100% Frontera SpA		93	
SAN ANTONIO 1	100% Frontera SpA		200	
SAN ANTONIO 2	100% Frontera SpA		200	
SAN ANTONIO 3	100% Frontera SpA		300	
SAN ANTONIO 4	100% Frontera SpA		300	
SAN ANTONIO 5	100% Frontera SpA		300	
DORO 1	100% Frontera SpA		200	
DORO 2	100% Frontera SpA		200	
DORO 3	100% Frontera SpA		300	
SANTIAGO Z 1/30		100% Frontera SpA	300	100% HCH Purchase Option Agreement.
PORFIADA I		100% Frontera SpA	300	USD 100,000 already paid.
PORFIADA II		100% Frontera SpA	300	USD 100,000 to be paid by October 22nd, 2022.
PORFIADA III		100% Frontera SpA	300	USD 400,000 to be paid by January 22, 2024.
PORFIADA IV		100% Frontera SpA	300	
PORFIADA V		100% Frontera SpA	200	
PORFIADA VI		100% Frontera SpA	100	NSR 1.5%.
SAN JUAN SUR 1/5		90% Frontera SpA	10	90% (HCH) Option Agreement. USD 150,000 by June 1, 2023.
SAN JUAN SUR 6/23		90% Frontera SpA	90	USD 4,000,000 by June 1, 2024.

El Fuego Project (cont'd)

Licence ID	HCH % Held	HCH % Earning	Area (ha)	Exploration and Expenditure Commitment-Payments
CHILIS 1	100% Frontera SpA		200	
CHILIS 2	100% Frontera SpA		200	
CHILIS 3	100% Frontera SpA		100	
CHILIS 4	100% Frontera SpA		200	
CHILIS 5	100% Frontera SpA		200	
CHILIS 6	100% Frontera SpA		200	
CHILIS 7	100% Frontera SpA		200	
CHILIS 8	100% Frontera SpA		200	
CHILIS 9	100% Frontera SpA		300	
CHILIS 10	100% Frontera SpA		200	
CHILIS 11	100% Frontera SpA		200	
CHILIS 12	100% Frontera SpA		300	
CHILIS 13	100% Frontera SpA		300	
CHILIS 14	100% Frontera SpA		300	
CHILIS 15	100% Frontera SpA		300	
CHILIS 16	100% Frontera SpA		300	
CHILIS 17	100% Frontera SpA		300	
CHILIS 18	100% Frontera SpA		300	
SOLAR 1	100% Frontera SpA		300	
SOLAR 2	100% Frontera SpA		300	
SOLAR 3	100% Frontera SpA		300	
SOLAR 4	100% Frontera SpA		300	
SOLAR 5	100% Frontera SpA		300	
SOLAR 6	100% Frontera SpA		300	
SOLAR 7	100% Frontera SpA		300	
SOLAR 8	100% Frontera SpA		300	
SOLAR 9	100% Frontera SpA		300	
SOLAR 10	100% Frontera SpA		300	
SOLEDAD 1	100% Frontera SpA		300	
SOLEDAD 2	100% Frontera SpA		300	
SOLEDAD 3	100% Frontera SpA		300	
SOLEDAD 4	100% Frontera SpA		300	
CF 1	100% Frontera SpA		300	
CF 2	100% Frontera SpA		300	
CF 3	100% Frontera SpA		300	
CF 4	100% Frontera SpA		300	
CF 5	100% Frontera SpA		300	
CHAPULIN COLORADO 1/3	100% Frontera SpA		3	
PEGGY SUE 1/10	100% Frontera SpA		100	
DONA FELIPA	100% Frontera SpA		50	
ELEANOR RIGBY 1/10	100% Frontera SpA		100	

Note. Frontera SpA is a 100% owned subsidiary company of Hot Chili Limited

16 Corporate Directory

Directors

Nicole Adshead-Bell

(Independent Non-Executive Chairman)

Christian E Easterday

(Managing Director)

Dr Allan Trench

(Independent Non-Executive Director)

Roberto de Andraca Adriasola

(Non-Executive Director)

George R Nickson

(Independent Non-Executive Director)

Mark Jamieson

(Non-Executive Director)

Company Secretary

Penelope Beattie

Executive Management

Jose Ignacio Silva

(Chief Legal Counsel)

Grant King

(Chief Operating Officer)

John Hearne

(Executive Studies Manager)

Principal Place of Business and Registered Office

First Floor, 768 Canning Highway
APPLECROSS WA 6153

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Solicitors

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PERTH WA 6000

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Share Registry

Computershare Registry Services Pty Ltd
Level 2, 45 St George's Terrace
PERTH WA 6000

Auditors

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

Principal Banker

Westpac Banking Corporation
Hannan Street
KALGOORLIE WA 6430

Stock Exchange Code

ASX: HCH
TSXV: HCH
OTCQX: HHLKF





ASX: HCH

TSXV: HCH

OTCQX: HHLKF

www.hotchili.net.au