



Half-Yearly Report

Hot Chili Limited
and Controlled Entities

ABN: 91 130 955 725

Interim Financial Report for the
Half-Year Ended 31 December 2021



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Corporate Particulars

Directors

Murray Black (Non-Executive Chairman) Retired 1 March 2022

Christian Easterday (Managing Director)

Dr Allan Trench (Independent Non-Executive Director)

Roberto de Andraca Adriasola (Non-Executive Director)

George Randall Nickson (Independent Non-Executive Director)

Mark Jamieson (Non-Executive Director)

Nicole Adshead- Bell (Independent Non-Executive Chairman from 1 March 2022) Appointed Director 5 January 2022

Company Secretary

Penelope Beattie (Appointed 31 January 2022)

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Share Registry

Australia

Computershare Investor Services Pty Limited

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Auditors

RSM Australia Partners

Level 32, Exchange Tower

2 The Esplanade

Perth, Western Australia 6000

Bankers

Westpac Banking Corporation

Hannan Street, Kalgoorlie, Western Australia, 6430

Canada

Computershare Investor Services Inc

100 University Avenue

Toronto, Ontario, M5J 2Y1



Directors' Report

The Directors of Hot Chili Limited present their report on Hot Chili Ltd ("the Company" or "Hot Chili") and the entities it controlled ("consolidated entity") at the end of, or during, the half-year ended 31 December 2021.

Directors

The following persons held office as directors of Hot Chili Limited at the date of this report or were directors at any time during the half-year ended 31 December 2021, unless otherwise stated:

Murray Black (Non-Executive Chairman Retired 1 March 2022)
Christian Easterday (Managing Director)
Dr Allan Trench (Independent Non-Executive Director)
Roberto de Andraca Adriasola (Non-Executive Director)
George Randall Nickson (Independent Non- Executive Director)
Mark Jamieson (Non-Executive Director) Appointed 3 September 2021
Melanie Leighton (Alternate for M Black) Resigned 1 October 2021
Nicole Sheri Adshead-Bell (Independent Non- Executive Chairman 1 March 2022) Appointed Director 5 January 2022

Principal Activities

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

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the half-year.

Review of Operations

Operating Results for 31 December 2021

The loss from continuing operations for the half-year after providing for income tax and non-controlling interests amounted to \$5,130,488 (2020: \$8,140,876).

Exploration assets have increased from the year end from \$158,329,683 (June 21) to \$193,424,177 (Dec 21). This reflects the final instalment of the option agreement to acquire Cortadera of US\$15m (A\$20.6m) paid 21 September 2021 and the capitalisation of A\$10.3m of drilling costs due to the increase in drilling activities at Cortadera.

Following a successful capital raising and listing on the TSXV, the Company has a strong cash position (A\$37.2m Dec 21) to support ongoing operations.

Operational and Corporate Highlights

Hot Chili Completes \$40 Million Capital Raising and Ownership of Cortadera in August

- Glencore becomes 9.99% strategic shareholder and adds representative to Hot Chili's Board
- Final US\$15 million instalment satisfied for 100% ownership of the Cortadera copper-gold discovery in Chile

Cortadera Continues to Expand Ahead of Resource Upgrade

- 46,000m of resource drilling complete at Cortadera during 2021
- Further strong extensional drill results
 - 168m grading 1.0% CuEq (0.8% Cu, 0.3g/t Au) from 682m depth (CRP0088D)
 - 82m grading 1.0% CuEq (0.7% Cu, 0.3g/t Au) from 634m depth (CRP0124D)
 - 138m grading 0.8% CuEq (0.6% Cu, 0.1g/t Au) from 634m depth (CRP0134D)

Costa Fuego Expands Reach and Readies for New Growth Drilling Phase

- Low-cost rope-conveyor transport and handling confirmed in Costa Fuego Pre-Feasibility Study
- Advanced Three-Dimensional (3D) Geochemical targeting has been applied for the first time across Hot Chili's consolidated Costa Fuego landholding - several large targets being prepared for first drilling



Low-altitude, Costa Fuego combined coastal development in relation to Nuevo Union combined development, Chile

Completion of CAD\$33.8 Million Capital Raising and Share Consolidation in December

- Strong demand underpinned by several international and North American institutional investors, and some of Hot Chili's largest shareholders including Glencore
- Share consolidation complete and funds secured for 18 months of drilling and development studies to advance the Company's Costa Fuego copper-gold development project in Chile

Commencement of Trading on Canadian TSX Venture Exchange (TSXV:HCH)

- Completion of Initial Public Offering prospectus and commencement of TSXV trading on 4 January
- Appointment of experienced Canadian director Dr Nicole Adshead-Bell to the Board of Hot Chili

2022 Work Programme and Development Milestones On-Track

- Exploration drilling commenced across Productora Central porphyry target, first of several targets set for first drill testing in 2022
- Commercial negotiations advancing for Glencore Off-take (60% for first 8years) and Puerto Las Losas Port Access-Service agreements
- Cortadera resource up-grade expected in Q1 2022 and Costa Fuego PFS expected in Q3 2022



Existing Las Losas Port, located at Huasco, approximately 50km west of Costa Fuego's proposed processing plant.

SUMMARY OF OPERATIONAL ACTIVITIES

Cortadera Resource Growth Drilling

The Company's 2021 resource growth drilling programme at the Cortadera copper-gold discovery in Chile continued with three drill rigs completing a total of 74 drill holes for 21,518m during the half year ended 31 December.

Drilling during the period focussed on evaluating remaining open flanks on each of Cortadera's three porphyries and in-fill drill holes to upgrade the resource classification. Approximately 46,000m of additional drilling has been completed at Cortadera in 2021.

Highlights from Cortadera resource drilling include:

- **Strong extensional drill results demonstrating continued expansion of high grade resources** (+0.8% CuEq) across the northern flank (North Flank) of the main porphyry (Cuerpo 3):
 - **168m grading 1.0% CuEq** (0.8% Cu, 0.3g/t Au) from 682m depth (CRP0088D)
 - **82m grading 1.0% CuEq** (0.7% Cu, 0.3g/t Au) from 634m depth (CRP0124D)
 - **138m grading 0.8% CuEq** (0.6% Cu, 0.1g/t Au) from 634m depth (CRP0134D)
- **New drill results from Cuerpo 1 and 2 confirm growth of shallow resources:**
 - **156m grading 0.4% CuEq*** (0.4% Cu, 0.1g/t Au) **from surface** (CRP0148),
including 32m grading 0.6%CuEq (0.5% Cu, 0.2g/t Au) from 90m depth*
 - **80m grading 0.4% CuEq*** (0.4% Cu, 0.1g/t Au) **from 10m depth** (CRP0183)
including 12m grading 0.6%CuEq (0.6% Cu, 0.1g/t Au) from 44m depth*
 - **72m grading 0.4% CuEq*** (0.4% copper (Cu), 0.1g/t gold (Au)) **from surface** (CRP0178)
including 28m grading 0.7%CuEq (0.7% Cu, 0.1g/t Au) from surface*



Reverse Circulation drilling operations at Cortadera, December 2021

Costa Fuego PFS Advancing

The integrated Pre-Feasibility Study (PFS) on the combined Costa Fuego copper-gold development is progressing on schedule with significant advances on metallurgical testwork programmes, mine scheduling, project right-sizing, geotechnical studies and infrastructure access.

Highlights from the Costa Fuego PFS include:

- **Execution of a Letter of Intent with Puerto Las Losas SA (PLL) to negotiate a port access and port services agreement** for PLL's facilities located at Huasco, approximately 50km west of Costa Fuego's proposed processing plant (announced mid-January 2022).
 - 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.
 - PLL have undertaken to present Hot Chili with a binding offer for port services, within the next 12 weeks or less.
- **Completion of initial power supplier process** – multiple power providers confirm 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.
- **Development study diamond drilling underway at Cortadera in mid-January** to facilitate geotechnical and hydrology modelling.



View across the existing Las Losas port facility (PLL), approximately 50km west of Costa Fuego

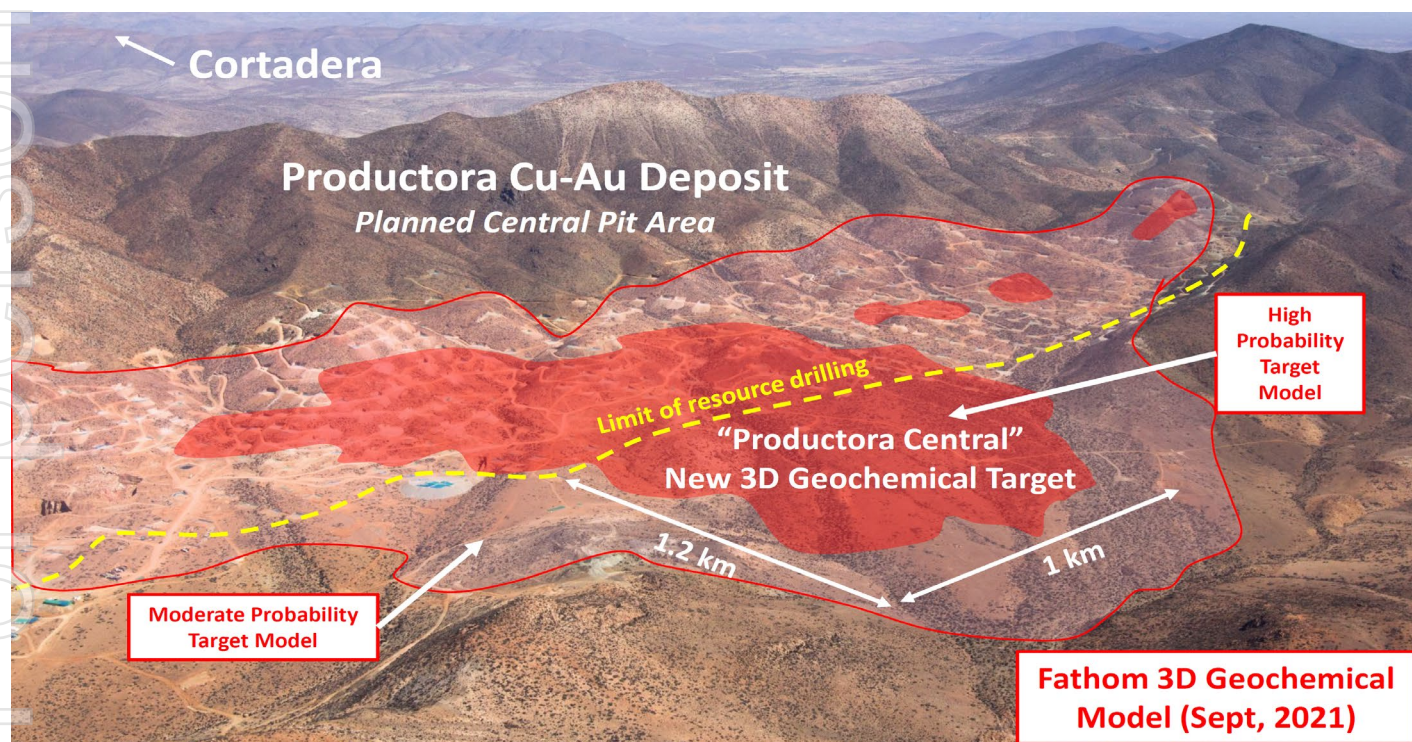
Costa Fuego Exploration Drilling Commences

The Company has continued to advance its exploration strategy across its consolidated Costa Fuego landholding during the quarter.

In addition to regional soil sampling and mapping, the company commenced drilling activities across the first of several high impact growth targets, scheduled to be tested in 2022.

Highlights from Exploration across Costa Fuego include:

- **Exploration drilling commenced across the Productora central porphyry target**, immediately adjacent to the Productora Mineral Resource – several large copper-gold targets scheduled for testing in 2022.
- **Five deep RC holes complete at Productora Central**, results pending.
- **Approximately 889 soil samples were collected across the Cortadera regional area during the quarter.**
- **Systematic mapping and sampling undertaken across the gap zone between Cortadera and Santiago Z**, as well as extensional work to the west of Santiago Z.
- **Acquisition of advanced remote sensing datasets across the Costa Fuego region.**
- **Regulatory approval for drilling at Santiago Z received in early January**, clearing scheduled to commence in February.
- **Several regulatory applications submitted for drilling across new growth targets at Productora and Cortadera.**



View looking SE across Productora – Drilling underway across a new, large 3D geochemical target identified immediately adjacent to the Productora resource.

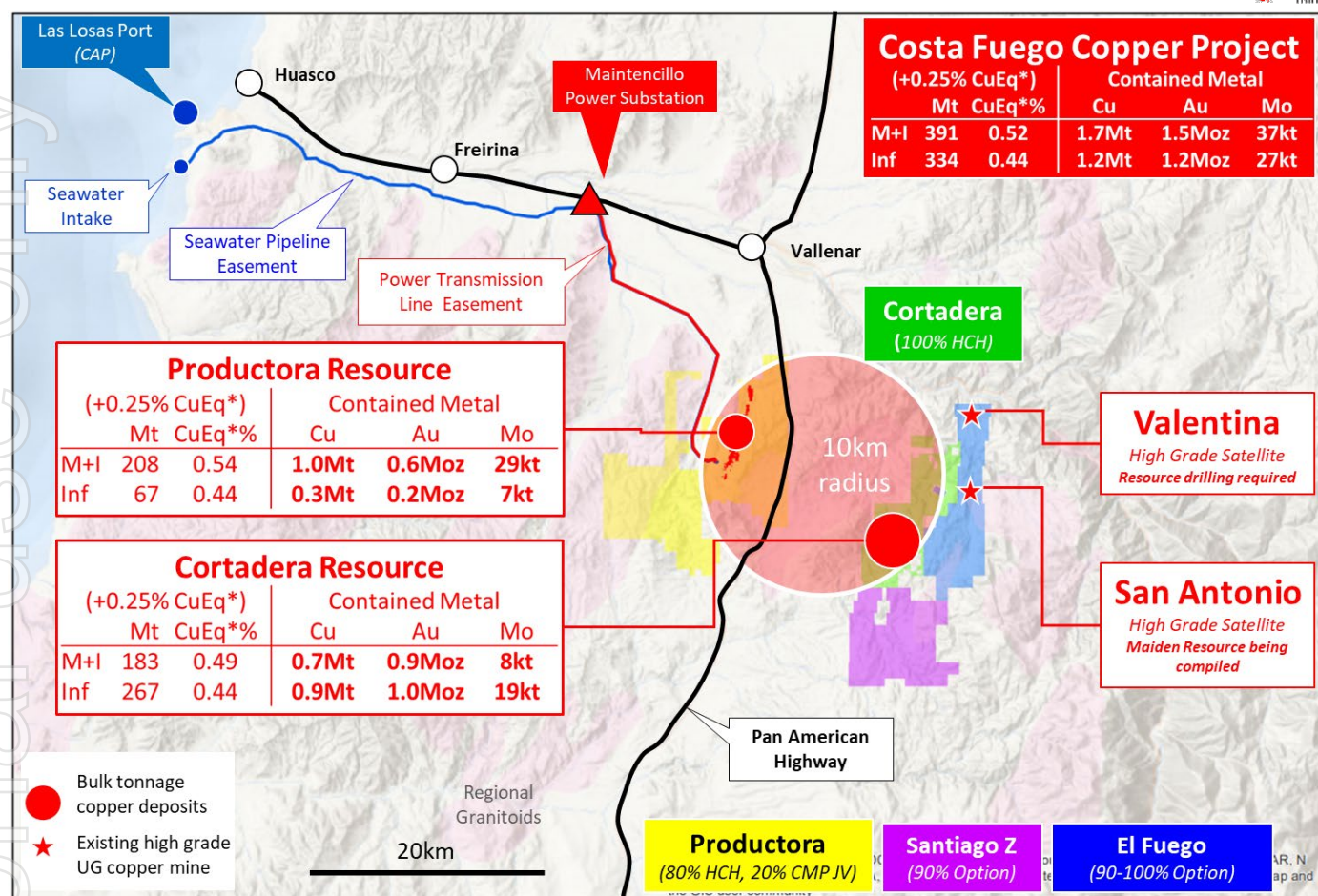


Figure 1 Location of Productora and the Cortadera discovery in relation to the coastal range infrastructure of Hot Chili's combined Costa Fuego copper project, located 600km north of Santiago in Chile

Refer to ASX Announcement "Costa Fuego Becomes a Leading Global Copper Project" (12th October 2020) for JORC Table 1 information related to the Cortadera JORC compliant Mineral Resource estimate by Wood and the Productora re-stated JORC compliant Mineral Resource estimate by AMC Consultants.

* Copper Equivalent (CuEq) reported for the resource were calculated using the following formula: $CuEq\% = ((Cu\% \times Cu \text{ price } 1\% \text{ per tonne} \times Cu_recovery) + (Mo \text{ ppm} \times Mo \text{ price per g/t} \times Mo_recovery) + (Au \text{ ppm} \times Au \text{ price per g/t} \times Au_recovery) + (Ag \text{ ppm} \times Ag \text{ price per g/t} \times Ag_recovery)) / (Cu \text{ price } 1\% \text{ per tonne})$. The Metal Prices applied in the calculation were: Cu=3.00 USD/lb, Au=1,550 USD/oz, Mo=12 USD/lb, and Ag=18 USD/oz. For Cortadera (Inferred + Indicated), the average Metallurgical Recoveries were: Cu=83%, Au=56%, Mo=82%, and Ag=37%. For Productora (Inferred + Indicated), the average Metallurgical Recoveries were: Cu=83%, Au=43% and Mo=42%. For Costa Fuego (Inferred + Indicated), the average Metallurgical Recoveries were: Cu=83%, Au=51%, Mo=67% and Ag=23%.

** Reported on a 100% Basis - combining Cortadera and Productora Mineral Resources using a +0.25% CuEq reporting cut-off grade

Table 1 Significant Drill Results Reported in Half Year Ending Dec 31st 2021

Hole_ID	Coordinates			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						
CRP0088D	6813365	336621	1060	286	-63	1434	426	912	486	0.5	0.2	0.8	77	0.6
<i>Updated with final assays</i>					<i>or including</i>		682	850	168	0.8	0.3	1.4	109	1
					<i>or including</i>		714	830	116	0.9	0.3	1.5	130	1.1
							718	780	62	1	0.4	1.6	96	1.2
CRP090D	6813872	336253	1060	231	64.6	999	310	648	338	0.3	0.1	1.0	128	0.4
CRP0099	6814342	335109	960	201	61.1	84	26	85	59	0.4	0.1	1.0	15	0.4
CRP0100D	6814041	335183	965	239	69.8	439	184	236	52	0.3	0.1	1.0	76	0.3
CRP0106	6814366	335009	954	343	60.3	271	0	58	58	0.3	0.0	1.0	39	0.3
					<i>including</i>		0	12	12	0.5	0.1	1.0	13	0.5
CRP0127D	6813534	336306	1035	98	66.6	637	232	290	58	0.3	0.1	0.4	67	0.3
							298	332	34	0.3	0.1	0.3	139	0.4
CRP0126	6813622	336269	1028	32	59.2	192	14	30	16	0.2	1.2	0.3	16	0.9
					<i>Including</i>		14	22	8	0.3	2.4	0.4	16	1.5
CRP0108D	6814105	335074	946	227	69.9	288	28	80	52	0.3	0.1	0.8	60	0.4
CRP0058D	6814177	335957	1032	223	65.9	1163	70	84	14	0.3	0.2	0.8	7	0.4
							570	576	6	0.5	0.0	4.4	5	0.5
							784	810	26	0.4	0.1	0.8	32	0.4
CRP0092D	6814256	335147	972	209	74.2	635	4	8	4	0.3	0.1	0.3	10	0.3
							68	136	68	0.2	0.0	0.5	59	0.3
					<i>Including</i>		68	84	16	0.3	0.1	0.5	79	0.4
							112	122	10	0.3	0.0	0.5	36	0.3
							500	506	6	0.4	0.0	0.8	5	0.4
CRP0124D	6813694	336500	1049	239	75.0	1020	480	842	362	0.5	0.2	0.9	123	0.61
					<i>including</i>		628	776	148	0.6	0.3	1.3	150	0.84
					<i>or including</i>		628	730	102	0.7	0.3	1.3	195	0.91
					<i>or including</i>		634	716	82	0.7	0.3	1.3	225	0.96
CRP0134D	6813615	336269	1027	96.42	75.8	1025	216	826	610	0.4	0.1	0.7	206	0.5
					<i>including</i>		502	568	66	0.6	0.2	0.9	159	0.7
					<i>and including</i>		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

Hole_ID	Coordinates			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						
						including	540	576	36	0.4	0.1	0.6	169	0.5
							714	764	50	0.3	0.1	0.7	92	0.3
CRP0133	6813977	335692	985	150.2	59.9	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	6813981	335446	969	115.3	61.1	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	6813975	335695	985	25.05	70.1	92	10	62	52	0.2	0.1	0.4	23	0.3
CRP0150	6813982	335427	968	109.5	-54	132	34	96	62	0.2	0.1	0.3	23	0.2
CRP0151	6813865	335540	992	168.8	75.5	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
CRP0149	6813791	335636	1009	10	-58	266	112	204	92	0.3	0.1	0.4	3	0.3
CRP0151	6813865	335540	992	169	-75	162	0	124	124	0.2	0.1	0.5	15	0.3
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	3	0.7
CRP0176	6814172	334831	953	143	-71	252	0	114	114	0.3	0.1	0.6	47	0.3
						including	0	24	24	0.6	0.1	1.2	8	0.6
CRP0177	6814270	334735	976	10	-60	294	14	34	20	0.3	0.1	0.5	34	0.3
CRP0178	6814171	334834	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	6814283	334935	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	192	214	22	0.3	0	0.7	28	0.3
CRP0184	6814328	334814	957	199	-75	150	0	80	80	0.2	0.1	0.3	3	0.2
						and	124	150	26	0.4	0.1	1.2	2	0.4

Significant intercepts 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 intercept widths are estimated to be at or around true-widths of mineralisation

* Copper Equivalent (CuEq) reported for the drill holes were calculated using the following formula: $CuEq = ((Cu\% \times Cu \text{ price } 1\% \text{ per tonne} \times Cu_recovery) + (Mo \text{ ppm} \times Mo \text{ price per g/t} \times Mo_recovery) + (Au \text{ ppm} \times Au \text{ price per g/t} \times Au_recovery) + (Ag \text{ ppm} \times Ag \text{ price per g/t} \times Ag_recovery)) / (Cu \text{ price } 1\% \text{ per tonne})$. The Metal Prices applied in the calculation were: Cu=3.00 USD/lb, Au=1,550 USD/oz, Mo=12 USD/lb, and Ag=18 USD/oz. Average Metallurgical Recoveries used were: Cu=83%, Au=56%, Mo=82%, and Ag=37%

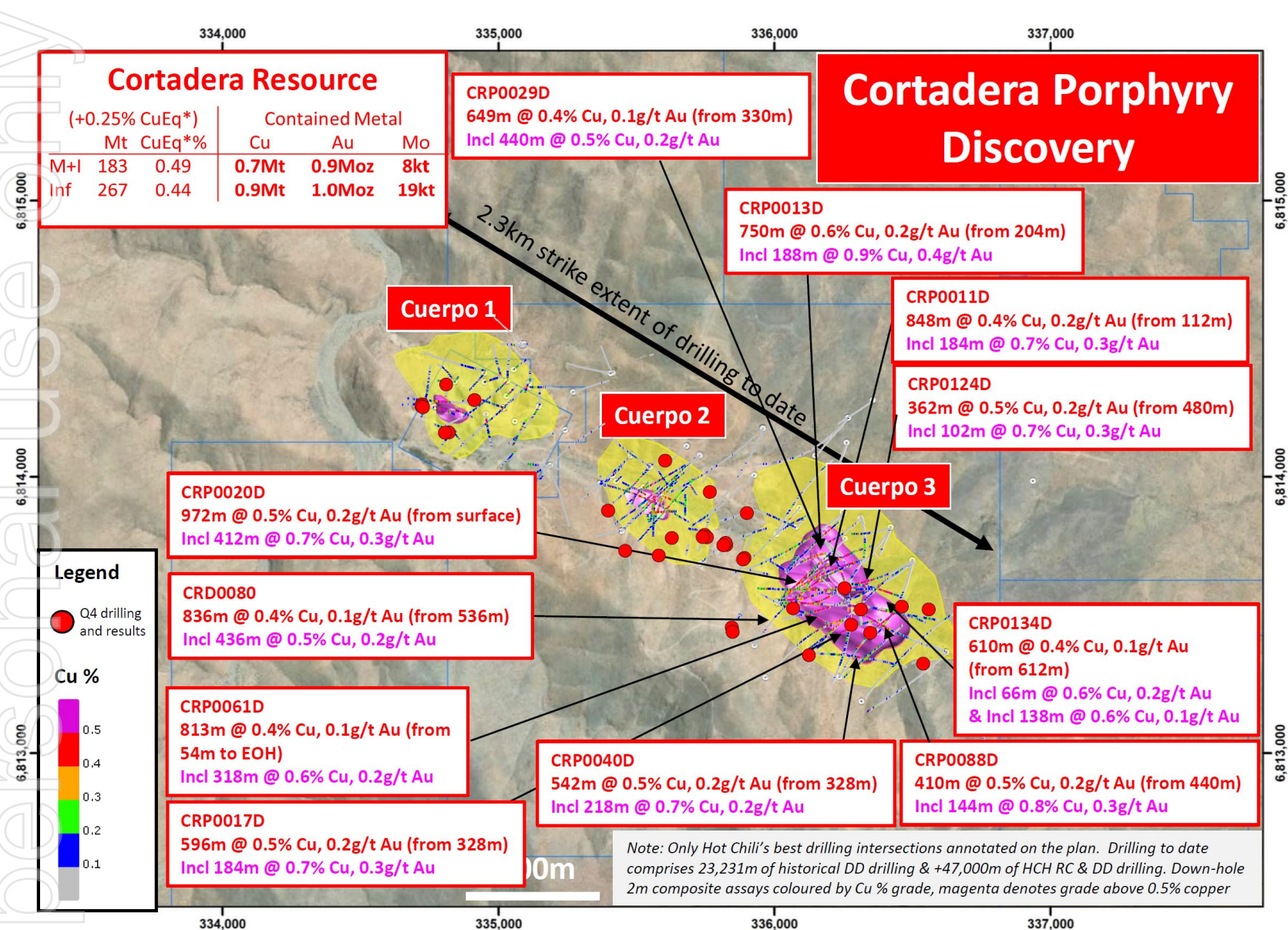


Figure 2. Plan view across the Cortadera discovery area displaying significant copper-gold DD intersections across Cuerpo 1, 2 and 3 tonalitic porphyry intrusive centres (represented by modelled copper envelopes, yellow-+0.1% Cu and magenta +0.4% Cu). Note the collar locations of HCH drilling (red) during the Q4

SUMMARY OF CORPORATE ACTIVITIES

A\$40M Funding, Strategic Investor & Ownership of Cortadera - August

Hot Chili completed a successful A\$40 million capital raising in August, which provided a positive endorsement of the Company and its Costa Fuego copper-gold development

Highlights included:

- **Completion of a fully underwritten A\$5M share purchase plan, and A\$35M private placement corner-stoned by mining major Glencore** and underpinned by several domestic and overseas institutional investors, as well as some of Hot Chili's largest shareholders
- **Glencore welcomed as Hot Chili's largest shareholder with a 9.99% interest**
- **Experienced Mining Engineer and Glencore representative Mr Mark Jamieson joins the Board of Hot Chili**
- **Final acquisition instalment of US\$15M fully paid** for 100% ownership of the Cortadera copper-gold discovery
- **Repayment of the US\$1.5M CMP Option fee** – final requirement to remove Compañía Minera del Pacifico S.A. (CMP) Option to purchase an additional interest in the Company's Productora copper-gold project

C\$33.8M Funding & Successful TSXV Dual Listing

During the fourth quarter, Hot Chili completed a successful C\$33.8 million capital raising associated with its Initial Public Offering for a secondary listing on the Canadian TSXV.

In addition, shareholders voted to consolidate the Company's existing capital structure on a fifty for one basis.

Highlights included:

- **Shareholders approved consolidation of the Company's share structure on a fifty for one basis on 15 November**
 - **The consolidation aligns Hot Chili's share price within a range of its Canadian peers including Filo Mining** (TSX: FIL, Share Price: CAN\$9.00, Mkt Cap: CAN\$1.019B), **Josemaria Resources** (TSX: JOSMF, Share Price: CAN\$0.911, Mkt Cap: CAN\$346M), **Oroco Resources** (TSXV: OCO, Share Price: CAN\$2.40, Mkt Cap: CAN\$460.3M) and **Solaris Resources** (TSX: SLS, Share Price: CAN\$13.13, Mkt Cap: CAN\$1.42B) as of 12th October 2021.
- **IA Capital Markets and Cormark Securities Inc. of Canada (co-lead underwriters) agreed to arrange C\$33.8M placement (the "Offering" or "Placement") underpinned by several international and North American institutional investors, and some of Hot Chili's largest shareholders including Glencore.**
- **Funds for 18 months of drilling and development studies to advance the Company's Costa Fuego copper-gold development in Chile.**
- **The Offering comprised new fully paid ordinary shares ("Shares") priced at C\$1.55 per Share (14% discount to 15 day VWAP) as well as a half free-attaching warrant, exercisable at C\$2.50 for every new Share successfully applied for with a term of two years ("Warrants"). The warrants expire on 28 January 2024.**

SUMMARY OF CORPORATE ACTIVITIES (continued)

- **Final prospectus** in support of the Company's application to list on the TSXV was filed on 21st December along with the issuance of 21,567,286 Shares under the Offering, following receipt of C\$33,429,293 in gross proceeds.
- **Hot Chili was admitted to the TSXV with trading commencing on 4th January 2022 (TSXV:HCH).**
- **Appointment of Harbor Access LLC to provide investor relations consulting service to the Company and Independent Trading Group to provide market-making services** in compliance with the policies and guidelines of the TSXV and applicable legislation.
- **Appointment of experienced mining and global capital markets professional, Dr Nicole Adshead-Bell, to the Board of Hot Chili.**

Qualifying Statements

The Mineral Resource summary for the Costa Fuego Project is presented in the following tables.

Productora Mineral Resource Summary - reported by classification (open pit, using +0.25% CuEq cut-off grade), 28th October 2021

Productora Total Resource		Grade				Contained Metal			
Classification (+0.25% CuEq*)	Tonnes (Mt)	CuEq (%)	Cu (%)	Au (g/t)	Mo (ppm)	Copper Eq (tonnes)	Copper (tonnes)	Gold (ounces)	Molybdenum (tonnes)
Measured	0	0	0	0	0	0	0	0	0
Indicated	208	0.54	0.46	0.10	140	1,122,000	960,000	643,000	29,200
M+I Total	208	0.54	0.46	0.10	140	1,122,000	960,000	643,000	29,200
Inferred	67	0.44	0.38	0.08	109	295,000	255,000	167,000	7,200

Reported at or above 0.25% CuEq*. Figures in the above table are rounded, reported to appropriate significant figures, and reported in accordance with CIM and NI-101. Metal rounded to nearest thousand, or if less, to the nearest hundred.

Copper Equivalent (CuEq) reported for the resource were calculated using the following formula: $CuEq\% = ((Cu\% \times Cu \text{ price } 1\% \text{ per tonne} \times Cu_recovery) + (Mo \text{ ppm} \times Mo \text{ price per g/t} \times Mo_recovery) + (Au \text{ ppm} \times Au \text{ price per g/t} \times Au_recovery) + (Ag \text{ ppm} \times Ag \text{ price per g/t} \times Ag_recovery)) / (Cu \text{ price } 1\% \text{ per tonne})$. The Metal Prices applied in the calculation were: Cu=3.00 USD/lb, Au=1,550 USD/oz, Mo=12 USD/lb, and Ag=18 USD/oz. For Productora (Inferred + Indicated), the average Metallurgical Recoveries were: Cu=83%, Au=43% and Mo=42%

Cortadera Mineral Resource Summary – reported by classification (using +0.25% CuEq cut-off grade) and by open pit (top), underground (middle) and total (bottom), 28th October 2021

Cortadera OP Resource		Grade					Contained Metal				
Classification (+0.25% CuEq*)	Tonnes (Mt)	CuEq (%)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (ppm)	Copper Eq (tonnes)	Copper (tonnes)	Gold (ounces)	Silver (ounces)	Molybdenum (tonnes)
Measured	0	0	0	0	0	0	0	0	0	0	0
Indicated	135	0.47	0.38	0.15	0.66	32	635,000	513,000	650,000	2,865,000	4,300
M+I Total	135	0.47	0.38	0.15	0.66	32	635,000	513,000	650,000	2,865,000	4,300
Inferred	100	0.44	0.35	0.14	0.65	45	440,000	350,000	450,000	2,090,000	4,500

Cortadera UG Resource		Grade					Contained Metal				
Classification (+0.25% CuEq*)	Tonnes (Mt)	CuEq (%)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (ppm)	Copper Eq (tonnes)	Copper (tonnes)	Gold (ounces)	Silver (ounces)	Molybdenum (tonnes)
Measured	0	0	0	0	0	0	0	0	0	0	0
Indicated	48	0.55	0.44	0.15	0.87	73	264,000	211,000	232,000	1,343,000	3,500
M+I Total	48	0.55	0.44	0.15	0.87	73	264,000	211,000	232,000	1,343,000	3,500
Inferred	167	0.44	0.35	0.11	0.68	90	735,000	585,000	591,000	3,651,000	15,000

Cortadera Total Resource		Grade					Contained Metal				
Classification (+0.25% CuEq*)	Tonnes (Mt)	CuEq (%)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (ppm)	Copper Eq (tonnes)	Copper (tonnes)	Gold (ounces)	Silver (ounces)	Molybdenum (tonnes)
Measured	0	0	0	0	0	0	0	0	0	0	0
Indicated	183	0.49	0.4	0.15	0.7	43	905,000	728,000	889,000	4,227,000	7,900
M+I Total	183	0.49	0.4	0.15	0.7	43	905,000	728,000	889,000	4,227,000	7,900
Inferred	267	0.44	0.35	0.12	0.7	73	1,181,000	935,000	1,022,000	5,633,000	19,400

Reported at or above 0.25% CuEq*. Figures in the above table are rounded, reported to appropriate significant figures, and reported in accordance with CIM and NI 43-101. Metal rounded to nearest thousand, or if less, to the nearest hundred.

Copper Equivalent (CuEq) reported for the drill holes were calculated using the following formula: $CuEq\% = ((Cu\% \times Cu \text{ price } 1\% \text{ per tonne} \times Cu_recovery) + (Mo \text{ ppm} \times Mo \text{ price per g/t} \times Mo_recovery) + (Au \text{ ppm} \times Au \text{ price per g/t} \times Au_recovery) + (Ag \text{ ppm} \times Ag \text{ price per g/t} \times Ag_recovery)) / (Cu \text{ price } 1\% \text{ per tonne})$. The Metal Prices applied in the calculation were: Cu=3.00 USD/lb, Au=1,550 USD/oz, Mo=12 USD/lb, and Ag=18 USD/oz. Average Metallurgical Recoveries used were: Cu=83%, Au=56%, Mo=82%, and Ag=37%

** Note: Silver (Ag) is only present within the Cortadera Mineral Resource estimate

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 Announcement that relates to the Productora Project Mineral Resources, is based on information compiled by Mr N Ingvar Kirchner. Mr Kirchner is employed by AMC Consultants (AMC). AMC has been engaged on a fee for service basis to provide independent technical advice and final audit for the Productora Project Mineral Resource estimates. Mr Kirchner is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Member of the Australian Institute of Geoscientists (AIG). Mr Kirchner 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' (the JORC Code 2012). Mr Kirchner consents to the inclusion in this report of the matters based on the source information in the form and context in which it appears.

Competent Person's Statement- Cortadera and Costa Fuego Mineral Resources

The information in this report that relates to Mineral Resources for the Cortadera and combined 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 an associate Principal Geologist of Wood, 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: $CuEq\% = ((Cu\% \times Cu \text{ price } 1\% \text{ per tonne} \times Cu_recovery) + (Mo \text{ ppm} \times Mo \text{ price per g/t} \times Mo_recovery) + (Au \text{ ppm} \times Au \text{ price per g/t} \times Au_recovery) + (Ag \text{ ppm} \times Ag \text{ price per g/t} \times Ag_recovery)) / (Cu \text{ price } 1\% \text{ per tonne})$. The Metal Prices applied in the calculation were: Cu=3.00 USD/lb, Au=1,550 USD/oz, Mo=12 USD/lb, and Ag=18 USD/oz. For Cortadera (Inferred + Indicated), the average Metallurgical Recoveries were: Cu=83%, Au=56%, Mo=82%, and Ag=37%. For Productora (Inferred + Indicated), the average Metallurgical Recoveries were: Cu=83%, Au=43% and Mo=42%. For Costa Fuego (Inferred + Indicated), the average Metallurgical Recoveries were: Cu=83%, Au=51%, Mo=67% and Ag=23%.

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.

Disclaimer

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news re

Auditors' Independence Declaration

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

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

Signed for on behalf of the board by:

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

Christian Easterday
MANAGING DIRECTOR
4 March 2022

Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2021

	Consolidated	
	December 2021	December 2020
	\$	\$
Interest income	186	808
Other Income	91,420	55,800
Loss on revaluation of derivative liability	(262,054)	(3,742,556)
Depreciation	(3,999)	(3,100)
Corporate fees	(218,966)	(78,959)
Legal and professional	(616,868)	50,035
Employee benefits expense	(1,223,784)	(648,012)
Administration expenses	(323,595)	(276,339)
Accounting fees	(192,862)	(83,586)
Share based payments	(330,461)	(1,828,093)
Travel costs	(37,222)	(6,191)
Finance costs	(1,156,400)	(999,868)
Loss on foreign exchange	(379,831)	(350,702)
Other expenses	(530,486)	(281,964)
Loss before income tax	(5,184,922)	(8,192,727)
Income tax benefit	-	-
Loss for the half year	(5,184,922)	(8,192,727)
Other comprehensive income		
Total comprehensive loss for the half year	(5,184,922)	(8,192,727)
Loss of the half year attributable to:		
Non-controlling interest	(54,434)	(51,851)
Owners of Hot Chili Limited	(5,130,488)	(8,140,876)
	(5,184,922)	(8,192,727)
Basic and diluted loss per share (cents) attributable to the owners of Hot Chili Limited	(6.39)	(16.9)

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

Statement of Financial Position

As at 31 December 2021

	Note	Consolidated	
		December 2021	June 2021
		\$	\$
Current Assets			
Cash and cash equivalents		37,234,652	3,604,625
Other current assets		14,810	133
Total Current assets		37,249,462	3,604,758
Non-Current Assets			
Property, plant and equipment		100,763	61,944
Exploration and evaluation expenditure	3	193,424,177	158,329,683
Total Non-current assets		193,524,940	158,391,627
Total Assets		230,774,402	161,996,385
Current Liabilities			
Trade and other payables	4	6,800,262	6,375,148
Borrowings		5,822,449	4,999,787
Derivative financial instruments	5	2,924,557	2,729,777
Total Current liabilities		15,547,268	14,104,712
Total Liabilities		15,547,268	14,104,712
Net Assets		\$215,227,134	147,891,673
Equity			
Contributed equity	6	257,995,834	188,314,123
Option and rights reserve		5,453,908	2,774,476
Foreign currency translation reserve		1,222	1,222
Accumulated losses		(67,150,269)	(62,179,021)
Capital and reserves attributable to owners of Hot Chili Ltd		196,300,695	128,910,800
Non-Controlling interests		18,926,439	18,980,873
Total Equity		215,227,134	147,891,673

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

Statement of Changes in Equity

For the Half-Year Ended 31 December 2021

	Contributed Equity	Option & Rights Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non- Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$
31 December 2021:						
Balance at 1 July 2021	188,314,123	2,774,476	1,222	(62,179,021)	18,980,873	147,891,673
Loss for the period	-	-	-	(5,130,488)	(54,434)	(5,184,922)
Total comprehensive income for the half- year	-	-	-	(5,130,488)	(54,434)	(5,184,922)
Shares issued during the period	77,198,331	2,508,211	-	-	-	79,706,542
Share Issue Costs	(7,516,620)	-	-	-	-	(7,516,620)
Options Expired	-	(159,240)	-	159,240	-	-
Share Based Payments	-	330,461	-	-	-	330,461
Balance at 31 December 2021	257,995,834	5,453,908	1,222	(67,150,269)	18,926,439	215,227,134
31 December 2020:						
Balance at 1 July 2020	160,056,118	539,740	1,222	(52,534,204)	19,080,058	127,142,934
Loss for the period	-	-	-	(8,140,876)	(51,851)	(8,192,727)
Total comprehensive income for the half- year	-	-	-	(8,140,876)	(51,851)	(8,192,727)
Shares issued during the period (net of costs)	26,028,654	-	-	-	-	26,028,654
Performance Rights issued during the period	-	1,828,093	-	-	-	1,828,093
Balance at 31 December 2020	186,084,772	2,367,833	1,222	(60,675,080)	19,028,207	146,806,954

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

Statement of Cash Flow

For the Half-Year Ended 31 December 2021

	Consolidated	
	December 2021	December 2020
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(2,631,838)	(1,959,548)
Interest received	186	808
Other receipts	91,420	55,800
Net cash used in operating activities	(2,540,232)	(1,902,940)
Cash Flows from Investing Activities		
Payments for Plant & Equipment	(42,818)	-
Payments for exploration and evaluation (net of reimbursements)	(12,916,518)	(4,670,201)
Payments for Tenements	(22,361,498)	(865,602)
Net cash used in investing activities	(35,320,834)	(5,535,803)
Cash Flows from Financing Activities		
Proceeds from issue of shares	76,411,924	26,951,536
Proceeds from Options Exercise	467,409	-
Share issue costs	(5,008,409)	(1,593,412)
Net cash provided by financing activities	71,870,924	25,358,124
Net increase in cash held	34,009,858	17,919,381
Foreign exchange differences on cash	(379,831)	(119,093)
Cash and cash equivalents at the beginning of the half-year	3,604,625	6,307,894
Cash and cash equivalents at the end of the half-year	37,234,652	24,108,182

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

Notes to the Financial Statements

For the half-year ended 31 December 2021

1. Summary of Significant Accounting Policies

Basis of Preparation

The half-year consolidated financial statements for the interim half-year reporting period ended 31 December 2021 are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: "Interim Financial Reporting".

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Hot Chili Limited and its controlled entities during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. Segment Information

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the Chief Operating Decision Makers ("CPODM")) in assessing performance and determining the allocation of resources.

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

The consolidated entity is domiciled in Australia. Segment revenues are allocated based on the country in which the party is located.

Operating revenues of approximately \$91,420 (2020: Nil) are derived from a single external party.

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

Notes to the Financial Statements

For the half-year ended 31 December 2021

2. Segment Information (continued)

31 December 2021			
	Australia	Chile	Total
	\$	\$	\$
Revenue	-	91,420	91,420
EBITDA	(3,403,391)	(621,318)	(4,024,709)
Depreciation expense			(3,999)
Interest income			186
Finance costs			(1,156,400)
(Loss) before income tax			(5,184,922)
Income tax expense			-
(Loss) after income tax expense			(5,184,922)
Assets			
Segment assets	36,984,641	193,789,761	230,774,402
Total assets			230,774,402
Liabilities			
Segment liabilities	(9,935,736)	(5,611,532)	(15,547,268)
Total liabilities			(15,547,268)

31 December 2020			
	Australia	Chile	Total
	\$	\$	\$
Revenue	-	-	-
EBITDA	(7,040,221)	(150,346)	(7,190,567)
Depreciation expense			(3,100)
Interest income			808
Finance costs			(999,868)
(Loss) before income tax expense			(8,192,727)
Income tax expense			-
(Loss) after income tax expense			(8,192,727)

Notes to the Financial Statements

For the half-year ended 31 December 2021

2. Segment Information (continued)

30 June 2021			
	Australia (\$)	Chile (\$)	Total (\$)
Assets			
Segment assets	2,765,959	159,230,426	161,996,385
Total assets			161,996,385
Liabilities			
Segment liabilities	(8,067,082)	(6,037,630)	(14,104,712)
Total liabilities			(14,104,712)

3. Exploration and evaluation expenditure

	Consolidated entity	
	31 December 2021 \$	30 June 2021 \$
Carrying value at the beginning of the period	158,329,683	131,070,506
Capitalised mineral exploration and evaluation *	12,732,996	14,026,229
Consideration for mineral exploration acquisitions	22,361,498	13,232,948
Total exploration and evaluation expenditure	193,424,177	158,329,683

*Capitalised mineral exploration and evaluation is net of reimbursement from Compañía Minera del Pacífico S.A's (CMP) for their contribution towards exploration expenditure as per the joint venture agreement. Following approval for VAT refunds from the Chilean Tax Authorities capitalised exploration is net of reimbursements of VAT recovered.

4. Trade and other payables

	Consolidated entity	
	31 December 2021 \$	30 June 2021 \$
Payables and accrued expenses	6,800,262	4,379,936
Refundable deposit (Option fee)	-	1,995,212
Total trade and other payables	6,800,262	6,375,148

Notes to the Financial Statements

For the half-year ended 31 December 2021

5. Derivative financial instruments

	Consolidated entity	
	31 December 2021 \$	30 June 2021 \$
Derivative Liability - Convertible Note	2,924,557	2,729,777
	2,924,557	2,729,777

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 the 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.

Derivative liability – reconciliation

	Consolidated entity	
	31 December 2021 \$	30 June 2021 \$
Balance at beginning of period	2,729,777	1,445,136
Fair value of notes exercised during the period	(67,274)	(650,291)
Net Change in fair value during the period	262,054	1,934,932
At the end of the financial period	2,924,557	2,729,777

Notes to the Financial Statements

For the half-year ended 31 December 2021

6. Issued capital

	Consolidated entity			
	31 December 2021		30 June 2021	
	Number	\$	Number	\$
(a) Issued capital				
Ordinary shares – fully paid	109,223,100	257,995,834	3,104,169,531	188,314,123
(b) Movement in ordinary share capital				
Balance at beginning of period	3,104,169,531	188,314,123	2,335,268,762	160,056,118
Shares issued during the period - funding	1,250,100,000	40,003,200	643,133,334	26,111,559
Shares issued in lieu of convertible note costs	7,693,153	279,065	20,034,236	622,593
Shares issued on conversion of convertible notes	2,043,668	39,933	29,456,210	1,232,728
Shares issued upon exercise of options	13,378,254	334,456	76,276,989	1,906,925
Consolidation 50:1	(4,289,835,156)			
Shares issued upon exercise of options	106,364	132,955	-	-
Shares issued upon TSXV IPO	21,567,286	36,408,722	-	-
Costs associated with issue of share capital	-	(7,516,620)	-	(1,615,800)
Balance at end of period	109,223,100	257,995,834	3,104,169,531	188,314,123

(c) Options over ordinary share capital

(i) Reconciliation of Options Outstanding

Grant Date	Expiry Date	Balance at 01/07/2021 ¹	Issued/ expired/ exercised during year ¹	Consolidation 50:1	Expiry/ Exercise	Balance at the end of the year
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)	(106,364)	4,375,175
14/01/2021	30/11/2022	25,000,000	-	(24,500,000)	-	500,000
20/09/2021	30/09/2024 ²	-	92,500,000	(90,649,999)	-	1,850,001
23/12/2021	28/01/2024 ³	-	1,259,789	-	-	1,259,789
		339,446,276	65,381,535	(395,496,482)	(346,364)	8,984,965

(1) Pre 50:1 Consolidation approved in General Meeting 15/11/2021

Notes to the Financial Statements

For the half-year ended 31 December 2021

6. Issued Capital (continued)

(ii) Fair Value of Options Granted

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.

(2) 92,500,000 options were issued to lead managers of a capital raising and the issue was approved in a general meeting on 15 September 2021. The inputs for the fair value model for fee options were as follows:

Consideration	Nil
Exercise price	\$0.045
Value date	20/9/2021
Expiry date	30/9/2024
Expected price volatility of the Company's shares	80%
Risk-free interest rate	0.17%
Spot price at date of issue	\$0.041
Fair value of per option	\$0.0183
Total value of options granted	\$1,692,750

(3) 1,259,789 options were issued to lead managers of a capital raising and the issue was approved in a general meeting on 31 January 2022. The inputs for the fair value model for fee options were as follows:

Consideration	Nil
Exercise price	C\$1.85(A\$1.998)
Value date	23/12/2021
Expiry date	23/12/2024
Expected price volatility of the Company's shares	75%
Risk-free interest rate	0.09%
Spot price at date of issue	A\$1.61
Fair value of per option	A\$0.06473
Total value of options granted	\$1,692,750

(d) Performance Rights

	December 2021
Opening Balance	80,000,000
Issued	35,000,000
Lapsed	(15,000,000)
Consolidated 50:1	(97,999,990)
Closing Balance	<u>2,000,010</u>

Notes to the Financial Statements

For the half-year ended 31 December 2021

6. Issued Capital (continued)

(d) Performance Rights (continued)

Class of Performance Rights	Quantity (pre-consolidation numbers)	Vesting Condition
Class A	11,666,666 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	11,666,667 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	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.

	Class A	Class B	Class C
	Tranche 1		
Number	6,666,666	6,666,667	6,666,667
Valuation Date	20/09/21	20/09/21	20/09/21
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
Total expensed this period	\$30,044	\$25,036	\$54,743.
	Tranche 2		
Number	5,000,000	5,000,000	5,000,000
Valuation Date	2-09-21	2-09-21	2-09-21
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
Total expensed this period	\$25,824	\$21,520	\$46,387

The valuation methodology for Classes A and B was the Hybrid Barrier Up and In Trinomial. The Black Scholes valuation model was used for Class C:

Notes to the Financial Statements

For the half-year ended 31 December 2021

6. Issued Capital (continued)

(d) Performance Rights (continued)

35,000,000 (pre-Consolidation of Securities) Performance Rights were issued to key consultants of the company in September.

Melanie Leighton performance rights lapsed on resignation from the company in October (5,000,000 of each of Class A, B and C Rights pre-Consolidation of Securities).

\$330,461 has been expensed in the period (2020: \$1,828,093) in relation to the vesting of performance rights during the period.

7. Contingent Liabilities

There have been no significant changes to Contingent Liabilities since 30 June 2021.

8. Commitments

Exploration Commitments

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

	Consolidated Entity	
	31 December	30 June
	2021	2021
	\$	\$
Within One Year	527,841	558,807
Later than one year but not later than five years	2,111,364	2,022,410
More than five years	5,171,629	5,652,949
	7,810,834	8,234,166

Option Payment Commitments

The mining rights (which vary between 90% to 100%) of the various projects undertaken by Hot Chili will be transferred upon satisfaction of the Option payments committed as at 31 December 2021 tabled below.

	Consolidated entity	
	31 December	30 June
	2021	2021
	\$	\$
Within one year	413,730	1,436,116
Later than one year but not later than five years	15,790,708	35,846,346
	16,204,438	37,282,462

Notes to the Financial Statements

For the half-year ended 31 December 2021

9. Dividends

No dividends have been paid or proposed to be paid during the half-year.

10. Related Party Transactions

Payments to Blue Spec Sondajes, a company controlled by Mr Murray Black, were made for rents of \$12,025 for the half year; and for drillings services of \$3,893,000 in the September quarter and \$5,564,750 in the December quarter. Of these drilling services payments, \$3,718,982 were accrued in the June 2021 financial year. At December 2021, there were accruals of \$5,092,374 relating to the December 2021 half year end.

The Company received \$3,000,000 in September 2021 by way of participation in a placement by Blue Spec Sondajes, being 93,750,000 pre-consolidation shares applied for at \$0.032 per share (1,875,000 shares post consolidation).

Blue Spec Drilling Pty Ltd, a company controlled by Mr Black also received 222,291 and 204,388 pre-consolidation shares (total 8,533 post-consolidation shares) in lieu of convertible note interest for the June and September quarters respectively.

11. Events Subsequent to Reporting Date

On 4 January 2022 the Company received acceptance of its application to list its ordinary shares on the TSXV under the ticker "HCH". The shares will continue to trade on the Australian Securities Exchange under the symbol ASX: HCH.

On 5 January 2022 the Company appointed a Canadian Independent Non-Executive Director, Nicole Sheri Adshead-Bell.

Between 28 January and 15 February 151,296 shares have been issued upon exercise of \$1.25 options

On 19 January 2022 38,224 shares were issued on conversion of 637 convertible notes. At the same time quarterly interest for the period ended 31 December 2021 in the amount of \$139,616.60 was settled with the issue of 82,043 fully paid ordinary share, including the issue of 4,575 shares to Blue Spec Drilling Pty Ltd in lieu of interest for the same quarter.

On 4 February 2022, 232,714 Ordinary fully paid shares were issued to Blue Spec Sondajes Chile SpA following general meeting approval on 31 January 2022.

On 4 February 2022, 1,259,789 Compensation Options were issued to underwriters forming part of the capital raising fees for the Canadian Dual listing and IPO.

Lloyd Flint resigned as Company Secretary effective 31 January 2022. 100,002 (post-consolidation) performance rights granted lapsed by agreement on his resignation.

On 1 March 2022, the Company announced the resignation of Non-Executive Chairman Murray Black from the Hot Chili board and the appointment of Dr Nicole Adshead-Bell as Independent, Non-Executive Chairman of the Board.

On 28 February 10,900,000 warrants were issued upon conversion of warrant receipts of the Company that had been issued in connection with the Company's initial public offering of units in Canada.

On 3 March 2022, the Company announced the TSXV had accepted for listing the warrants issued on 28th February 2022 and were expected to commence trading on the TSXV at the open of markets on 4 March 2022.

Notes to the Financial Statements

For the half-year ended 31 December 2021

11. Events Subsequent to Reporting Date (continued)

On 3 March 2022 the Company announced the execution of an Offtake Agreement with Glencore for future copper concentrate production from the Company's Costa Fuego copper-gold project in Chile. The Glencore offtake 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.

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

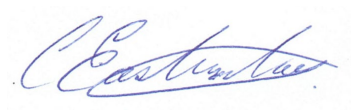
Directors Declaration

In the opinion of the directors:

- a) the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b) the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Signed for on behalf of the board by:

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

Christian Easterday
MANAGING DIRECTOR
4 March 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Hot Chili Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Hot Chili Limited (**Company**) and its subsidiaries (**Group**), which comprises the statement of financial position as at 31 December 2021, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group at the half-year end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. ASRE 2410 conforms with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the International Auditing and Assurance Standards Board. In addition, AASB 134 conforms with International Financial Reporting Standards IAS 34: *Interim Financial Reporting* issued by the International Accounting Standards Board. As the auditor of Hot Chili Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

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

Conclusion

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

- (a) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



David Wall
Partner
RSM Australia Partners

Perth, WA
Dated: 4 March 2022

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Hot Chili Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



David Wall
Partner
RSM Australia Partners

Perth, WA
Dated: 4 March 2022

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