



Hot Chili Limited

ACN 130 955 725

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

PO Box 1725, Applecross, Western Australia 6953

P: +61 8 9315 9009

F: +61 8 9315 5004

www.hotchili.net.au



13 October 2021

Dear Shareholder

GENERAL MEETING OF SHAREHOLDERS

The Board of Directors of Hot Chili Limited (the **Company**) advises that it will be holding a general meeting at First Floor, 768 Canning Highway, Applecross, Western Australia on Monday 15 November 2021 at 11.00am (WST).

Items of Business

The Board has reviewed the capital structure and has concluded that it a Share Consolidation should be undertaken and considers that the Share Consolidation will result in a more appropriate and effective capital structure for the Company. The Board is seeking authorisation to consolidate the issued share capital of the Company on the basis that every fifty (50) Shares on issue, be consolidated into one (1) Share, with all fractional entitlements to be rounded up to the nearest whole number.

Notice of Meeting

The Company will not be dispatching physical copies of the notice of general meeting (**Notice**). This reflects temporary changes made by the Commonwealth Government in response to the COVID-19 pandemic, which allow notices of meeting and other information regarding a meeting to be provided online.

You may contact Computershare Investor Services to obtain a hard copy Voting Form which will be mailed to you. The Notice is made available to shareholders electronically and can be viewed and downloaded online from the Company's website at the following link: <https://www.hotchili.net.au/>. A personalised proxy form will be attached to this letter.

Voting

All resolutions at the general meeting will be decided on a poll.

The poll will be conducted based on votes submitted by proxy and those cast at the general meeting by shareholders who attend in-person.

To vote by proxy, please use one of the following methods:

- | | |
|------------------|---|
| Online | At www.investorvote.com.au |
| By mail | Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia |
| By fax | 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia) |
| By mobile | Scan the QR Code on your proxy form and follow the prompts |

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Custodian voting For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

Your proxy instructions must be received not later than 48 hours before the commencement of the general meeting, being 11.00am (WST) on 13 November 2021. Proxy Forms received later than this time will be invalid. Shareholders who wish to participate and vote at the general meeting are strongly encouraged to complete and submit their proxies as early as possible.

The Chairperson intends to vote all open proxies **in favour** of all resolutions, where permitted.

Questions

Shareholders will be able to ask questions at the general meeting.

Shareholders are also encouraged to submit questions in advance of the general meeting to the Company. Questions must be submitted by email to admin@hotchili.net.au or in writing to the Company's office by 5.00pm (WST) on Monday 8 November 2021.

There will be no presentation at the meeting.

Approved for release by the Board of Directors

Lloyd Flint

Company Secretary



Hot Chili Limited
ACN 130 955 725

**Notice of General Meeting,
Explanatory Statement and Proxy Form**

General Meeting to be held at

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

On Monday, 15 November 2021 at 11.00am (WST)

Important Notice

The Notice of General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

Important Information

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Important dates

An indicative timetable of key proposed dates is set out below. These dates are indicative only and are subject to change.

Event	Date
Last day for receipt of Proxy Forms – Proxy Forms received after this time will be disregarded	11.00am (WST) on Saturday, 13 November 2021
Snapshot date for eligibility to vote	11.00am (WST) on Saturday, 13 November 2021
General Meeting	11:00am (WST) on Monday, 15 November 2021

Defined terms

Capitalised terms used in this Notice of General Meeting will, unless the context otherwise requires, have the same meaning given to them in the Glossary set out in the Explanatory Statement.

Notice of General Meeting

Notice is hereby given that a General Meeting of Hot Chili Limited ACN 130 955 725 (**Company**) will be held at **First Floor, 768 Canning Highway, Applecross, Western Australia** on **Monday, 15 November 2021** at **11:00am (WST)** for the purpose of transacting the business referred to in this Notice of General Meeting.

The Explanatory Statement that accompanies and forms part of this Notice describes the various matters to be considered.

AGENDA

Resolution 1 – Approval of Share Consolidation

To consider and, if thought fit to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That under and for the purposes of section 254H of the Corporations Act, Listing Rule 7.20, and for all other purposes, Shareholders hereby approve and authorise the Directors to consolidate the issued share capital of the Company on the basis that every fifty (50) Shares on issue, be consolidated into one (1) Share, with all fractional entitlements to be rounded up to the nearest whole number, and a corresponding consolidation of all other securities on issue, in the manner and on the terms and conditions set out in the Explanatory Statement (**Consolidation**).”*

By order of the Board

Mr Lloyd Flint
Company Secretary

14 October 2021

Proxy Appointment and Voting Instructions

Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) must be received at an address below by **11:00am (WST) on [day], [date] November 2021**, being not later than 48 hours before the commencement of the Meeting. A Proxy Form received after that time will not be valid.

Online	At www.investorvote.com.au
By mail	Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia
By fax	1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)
By mobile	Scan the QR Code on your proxy form and follow the prompts
Custodian voting	For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

Appointment of a proxy

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a Shareholder.

If you wish to appoint the Chairperson as your proxy, mark the appropriate box on the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Chairperson, please write the name of that person in the space provided on the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairperson will be your proxy.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, you may photocopy the Proxy Form or an additional Proxy Form may be obtained by telephoning the Company on +61 8 9315 9009.

To appoint a second proxy you must, on each Proxy Form, state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary, that director.

Corporate representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry before the Meeting or at the registration desk on the day of the Meeting.

Votes on Resolution

You may direct your proxy how to vote by placing a mark in the 'FOR', 'AGAINST' or 'ABSTAIN' box opposite the Resolution. All your votes will be cast in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolution by inserting the percentage or number of Shares you wish to vote in the appropriate boxes. If you do not mark any of the boxes next to a Resolution, your proxy may vote as he or she chooses. If you mark more than one box on the Resolution, your vote will be invalid.

Chairperson voting undirected proxies

If the Chairperson is your proxy, the Chairperson will cast your votes in accordance with your directions on the Proxy Form. If you do not mark any of the boxes, then you expressly authorise the Chairperson to vote your undirected proxies at his/her discretion.

As at the date of this Notice of Meeting, the Chairperson intends to vote undirected proxies **FOR** the Resolution. In exceptional cases the Chairperson's intentions may subsequently change and in this event, the Company will make an announcement to the market.

Voting entitlement (snapshot date)

For the purposes of determining voting and attendance entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at **11.00am (WST) on Saturday, 13 November 2021**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Questions from Shareholders

Questions for the Board of Directors can be emailed to admin@hotchili.net.au and must be received be submitted by no later than **5.00pm (WST) on Monday, 8 November 2021**.

The board of Directors will endeavour to prepare answers to these questions, where necessary they will be moderated and curated to cover business of the meeting.

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolution in the accompanying Notice of General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of General Meeting.

Capitalised terms in this Explanatory Statement are defined in the Glossary or otherwise in the Explanatory Statement.

1. Share Consolidation

1.1 Background and reasons for Consolidation

Resolution 1 seeks Shareholder approval for the Company to undertake a consolidation of the number of Shares on issue on the basis that every fifty (50) Shares held be consolidated into one (1) Share (**Consolidation**), with a corresponding Consolidation of all other securities on issue and fractional entitlements to be rounded up to the nearest whole number.

The Consolidation is being undertaken to reduce the number of Shares on issue and effectively increase the value of the Company's assets per Share.

This is anticipated to provide a more appropriate and effective capital structure of the Company and a more appropriate share price for a wider range of investors, particularly institutional investors, as the Company progresses:

- (a) its application for listing on the TSX Venture Exchange (TSXV), as announced to ASX on 9 July 2021 (refer Company's announcement "Hot Chili Commences TSXV Dual Listing Process"); and
- (b) the funding and development of the Company's Costa Fuego Copper Project.

The Consolidation is to take effect at 5pm WST on the date of the Meeting, being Monday, 15 November 2021 (**Effective Date**).

At the time of this Notice, the latest available market price of the Company's Shares was \$0.044 per Share at the close of trading on ASX on 14 October 2021.

1.2 Legal requirements

Section 254H of the Corporations Act provides that a Company may, by resolution passed at a general meeting, convert all or any of its shares into a larger or smaller number.

Listing Rule 7.20 provides that where an entity proposes to reorganise its capital, it must tell shareholders:

- (a) the effect of the proposal on the number of securities and the amount unpaid (if any) on the securities;
- (b) the proposed treatment of any fractional entitlements; and
- (c) the proposed treatment of any convertible securities on issue.

Listing Rule 7.21 provides that a listed entity which has convertible securities (except options) on issue may only reorganise its capital if, in respect of the convertible securities, the number of its convertible securities or the conversion price, or both, is reorganised so that the holder of

the convertible securities will not receive a benefit that holders of ordinary securities do not receive.

Listing Rule 7.22.1 requires that where a listed entity with options undertakes a consolidation of its capital, the number of its options must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.

1.3 Effect of the Consolidation

(a) Effect on capital structure

The effect that the Consolidation will have on the Company's capital structure, subject to any rounding discrepancies, is set out in the table below:

Security type	Pre-Consolidation	Post-Consolidation
Shares currently on issue	4,370,972,524	87,419,450
Options	424,980,104	8,499,602
Convertible Notes (face value \$100 each)	68,776	68,776
Performance Rights	100,000,000	2,300,000

Notes:

1. The table above assumes that other Shares are not issued and existing Options and Convertible Notes are not exercised or converted prior to the Consolidation.

(b) Effect on Convertible Notes

The Company's existing Convertible Notes will be adjusted in accordance with Listing Rule 7.21 as follows (subject to rounding):

Pre-Consolidation		Post- Consolidation	
Number of Convertible Notes	Conversion price per Share	Number of Convertible Notes	Conversion price per Share
68,776 (face value \$100 each)	\$0.03333	68,776 (face value \$100 each)	\$1.6665

(c) **Effect on Options**

The Company's existing Options will be adjusted in accordance with Listing Rule 7.22 as follows (subject to rounding):

	Pre-Consolidation		Post- Consolidation	
Expiry date	Number of Options	Exercise price	Number of Options	Exercise price
15/11/2021	15,000,000	\$0.10	300,000	\$5.00
19/12/2021	12,000,000	\$0.07	240,000	\$3.50
20/05/2022	280,480,104	\$0.025	5,609,602	\$1.25
30/11/2022	25,000,000	\$0.10	500,000	\$5.00
30/09/2024	92,500,000	\$0.045	1,850,000	\$2.25

Notes:

1. The table above assumes that Options are not exercised prior to the Consolidation.

(d) **Effect on Performance Rights**

The Company's existing Performance Rights will be adjusted in accordance with Listing Rule 7.21 as follows (subject to rounding):

Class of Performance Right and key vesting condition (as adjusted)	Pre-Consolidation number of Performance Rights	Post-Consolidation number of Performance Rights
Class A Performance Rights: 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.	33,333,333	666,667
Class B Performance Rights: 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.	33,333,332	666,666
Class C Performance Rights: 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.	33,333,335	666,667
Total	100,000,000	2,000,000

(e) **Fractional entitlements**

Not all Security Holders will hold a number of Securities which can be evenly divided by 50.

Where a fractional entitlement to a post-Consolidation Security would occur, fractional entitlements will be rounded up to the next whole number.

For example, if the Shareholder holds 1,002,459 Shares and the Shareholder's post-Consolidation holding (before rounding) would be 20,049.18 Shares, the Shareholder will hold 20,050 Shares on a post-Consolidation basis.

(f) **Tax implications**

It is not considered that any taxation implications will exist for Security Holders arising from the Consolidation. However, Security Holders are advised to seek their own tax advice in this respect.

The Company, the Directors and the Company's advisors do not accept any responsibility for the individual taxation implications arising from the Consolidation.

(g) **Holding statements**

From the Effective Date, all holding statements and certificates for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements to be issued to Security Holders.

It is the responsibility of each Security Holder to check the number of Securities held prior to disposal or exercise (as the case may be).

1.4 Consolidation timetable

Subject to Shareholder approval of the Consolidation, the proposed timetable for the Consolidation is set out below. The dates are indicative only and are subject to possible change.

Event	Target date
Announcement of Consolidation and issue of Appendix 3A.3 notice	Thursday 15 October 2021
General Meeting and approval of Resolution 1 (Consolidation)	Monday, 15 November 2021
Effective Date of Consolidation	Monday, 15 November 2021
Last day for trading in pre-consolidated Securities	Tuesday, 16 November 2021
ASX trading on a post-Consolidated basis starts on a deferred settlement basis	Wednesday, 17 November 2021
Record Date for Consolidation	Thursday, 18 November 2021
First day for despatch of notice to each Security Holder informing them of the changes to their holdings	Friday, 19 November 2021

Event	Target date
• Issue date • Last day for despatch of notice to each Security Holder informing them of the changes to their holdings. • Last day for Securities to be entered into the Security Holders' security holdings to reflect the effect of the Consolidation. • Deferred settlement market ends.	Thursday, 25 November 2021
Normal trading of post-Consolidation Securities commences	Friday, 26 November 2021

1.5 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1 for the reasons stated above.

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

ASX	ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	The Board of Directors of the Company.
Business Day	A day: (a) that is a business day as defined in the Listing Rules; and (b) which is not a Saturday, Sunday, public holiday or bank holiday in Perth, Western Australia.
Chairperson	The chair of the General Meeting.
Company	Hot Chili Limited (ACN 130 955 725).
Company Secretary	The company secretary of the Company at the time of the Meeting.
Consolidation	The consolidation of the Company's Shares in the manner described in Section 1.1.
Constitution	The constitution of the Company.
Convertible Notes	Convertible notes issued by the Company on the terms set out in the Convertible Note Trust Deed dated 25 May 2017 and varied 19 June 2017 (released to ASX 21 June 2017), with a face value of \$100 each and convertible to Shares at conversion price of \$0.03333 per Share.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Cortadera or Cortadera Project	The concessions located near Vallenar, Chile, owned by SCM Carola, which the Company's subsidiary Sociedad Minera Frontera SpA has an option to acquire.
Costa Fuego or Costa Fuego Copper Project	The Company's combined projects in Chile comprising the Cortadera Project, Productora Project, San Antonio deposit and Valentina deposit.
Director	A director of the Company.
Effective Date	The date the Consolidation takes effect, being the date of the Meeting.
Explanatory Statement	This explanatory statement which accompanies and forms part of the Notice.
General Meeting or Meeting	The general meeting of Shareholders or any adjournment thereof, convened by the Notice.
Listing Rules	The listing rules of ASX, as amended from time to time.
Notice or Notice of General Meeting	The notice of general meeting which accompanies this Explanatory Statement.
Option	An option to acquire a Share.
Option Holder	The holder of an Option.
Performance Right	A performance right granted by the Company under the Company's employee incentive plan, conferring a right to be issued a Share, subject to the terms and conditions on which the performance right was granted.

Productora or Productora Project	The Productora copper project owned by Sociedad Minera El Águila SpA (taxpayer identification number 76.032.211-3), a corporation organised and operated by the Company, existing under the laws of Chile and located near Vallenar, Chile.
Proxy Form	The proxy form accompanying the Notice.
Resolution	A resolution set out in the Notice.
Security	A Share, Option, Convertible Note or Performance Right.
Security Holder	The holder of a Share.
Section	A section of the Explanatory Statement.
Share	A fully paid ordinary share in the Company.
Shareholder	The holder of a Share in the Company.
WST	Australian Western Standard Time, being the time in Perth, Western Australia.



Hot Chili Limited
ABN 91 130 955 725

Need assistance?



Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (AWST) Saturday, 13 November 2021**.

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

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Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 186153
SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

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Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

Step 1

Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Hot Chili Limited hereby appoint

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the Chairman
of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Hot Chili Limited to be held at First Floor, 768 Canning Highway, Applecross, WA 6153 on Monday, 15 November 2021 at 11:00am (AWST) and at any adjournment or postponement of that meeting.

Step 2

Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

For Against Abstain

Resolution 1 Approval of Share Consolidation

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The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on the resolution, in which case an ASX announcement will be made.

Step 3

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

HCH

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Computershare

