## Productora PFS

Hot Chili Resources' Productora Project is located on the coastal range in Region III Chile, at low altitude (~800 m elevation), just 17 kilometers south of the regional township of Vallenar. The project enjoys the unique advantage of being surrounded by existing infrastructure, inlcuding the Maintencillo power substation, Las Losas Port Facility, Pan-American Highway, railway network and aerodrome among other facilities. The Figure below displays the Productora project location.

Productora Project is 100% owned by a Chilean incorporated company named Sociedad Minera El Aquila SpA (SMEA). SMEA is a joint venture company, 80% owned by Sociedad Minera El Corazòn Limitada (a 100% subsidiary of Hot Chili Limited (ASX listed) and 20% owned by CMP Productora (a 100% subsidiary of Compania Minera del Pavicico S.A. (CMP)).
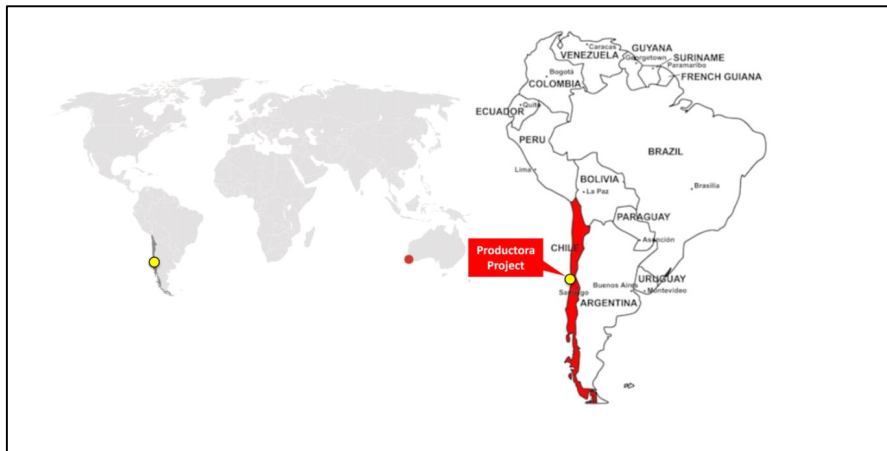
Mintrex Pty Ltd in Perth, Australia was appointed to manage the metallurgical testwork on both oxide and sulphide deposits, conduct a scoping study on the oxide process plant and then prepare PFS study including the process plant and associated infrastructure for both the oxide and sulphide deposits. Mintrex was also responsible for the compilation of the PFS report.

The sulphide treatment plant is designed to process 14Mtpa of sulphide ore via a conventional bulk flotation copper sulphide concentrator producing a copper concentrate grade of 25% and a molybdenum concentrate grading 50% molybdenum. Gold present will report to the copper concentrate.

Sulphide Concentrator	Comment
Mining Method	Open Pit – 11 years
Peak Mining Rates	Total 89 Mtpa & Sulphide Ore 21.6 Mtpa
Project Construction	Years 1 - 2
First Production	Year 3 Ramp up, Year 4 Full Production
Processing Rate*	14.4 Mtpa – 10 years
Metallurgical Recovery Average	Cu = 86% Au = 53% Mo = 53%
Average Annual Concentrate Production (25% Cu Content)	211 ktpa (Max 306 kt Year 4, Min 72 kt Year 12)
Sulphide Copper Produced (LOM)	527 kt – 1.2 Blb
Sulphide Gold Produced (LOM)	212 koz
Sulphide Molybdenum Produced (LOM)	11 kt – 25 Mlb

*The throughput rate is variable.

The project will also process up to 3.3 Mtpa of oxide ore via a conventional crushing/agglomoration/heap leach circuit coupled to a Solvent Extraction – Electrowinning (SX-EW) process plant producing up to 10,000 tpa of copper cathode.

Heap Leach	Comment
Mining Method	Open Pit – 11 years
Peak Mining Rate	Total 89 Mtpa & Oxide Ore 6.4 Mtpa
Project Construction	Years 1 & 2 (2 year construction period)
First Production	Year 3 Ramp up, Year 4 Full Production
Nominal Processing Rate*	3.3 Mt/a – 10 years
Metallurgical Recovery Average	Cu = 54%
Average Annual Cathode Production	6.2 ktpa (Max 10 kt in Year 2, Min 1.9 kt in Year 9)
Payable Oxide Copper Production (LOM)	62 kt – 140 Mlb

Infrastructure that Mintrex designed and costed includes a seawater pumping system designed to transfer up to 368 l/s of seawater from the coast to a storage pond located at the sulphide plant. The pipeline from coast to mine site is approximately 62 km long rising from sea level to 640 masl. The system will consist of an intake pump station at the coast, a single seawater transfer pump station, with the pipeline being a 600 mm steel internally coated buried pipeline.
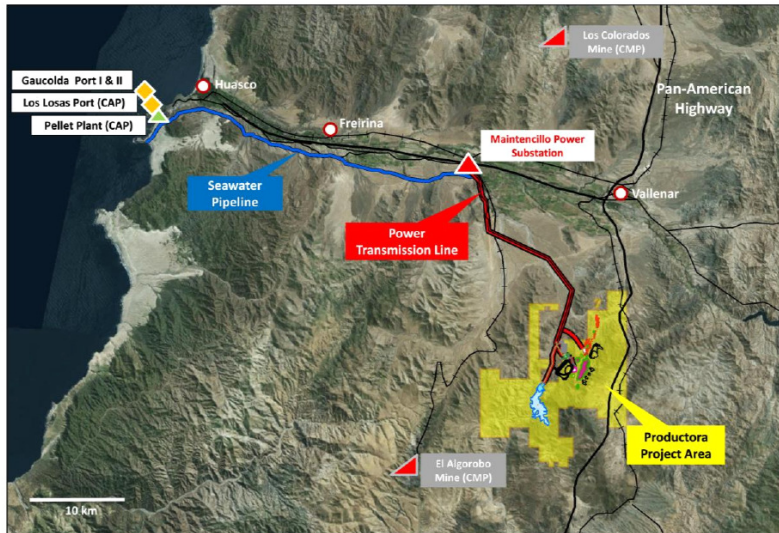
The pre- production capital cost estimate has been prepared by Mintrex to a level equivalent to that required for a Pre-feasibility Study and is represented in US dollars as of the fourth quarter of 2015 (Q4 2015) to an accuracy level of ± 25%. Operating costs (Q4 2015) have also been estimated by Mintrex for sulphide and oxide plant processing, administration, concentrate transport and seawater supple areas. Mintrex were instrumental in providing guidance and inputs into the financial analysis and modelling of the cash costs and C 1-C3 costs for the project.

Hot Chili CEO, Christian Easterday expressed his thanks and appreciation to Mintrex for a project well executed and delivered and intends to continue a close working relationship with Mintrex into the future.