

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



Friday 18th May 2018

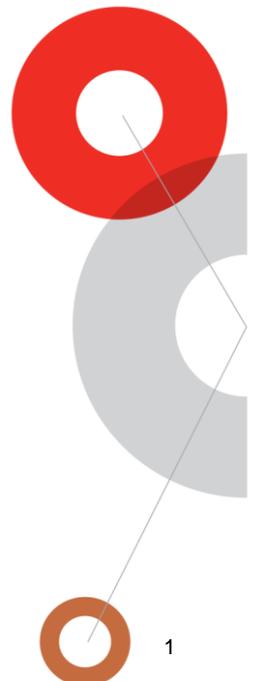
Rats Rant “What’s Doing”

Hot Chili Limited (ASX Code: HCH) is pleased to provide a copy of a brief note published in Rat’s Rant on the 17th May 2018.

For more information please contact:

Christian Easterday : +61 8 9315 9009
Managing Director : Email: christian@hotchili.net.au

or visit Hot Chili’s website at www.hotchili.net.au



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What's Doing

Last week I met with Christian Easterday, MD of Hot Chili (HCH.ASX) regarding their recent placement (which I participated in) and the upcoming work schedule on the company's recent high grade Copper acquisitions, namely the San Antonio project.

The San Antonio project is located only 15km from the company's flagship project, Productora (1.5mt Cu & 1moz Au/237mt @0.48% Cu) and has already shown the potential to host a high grade feed deposit.

The recent placement raised \$4m after receiving strong investment demand from new, existing and major shareholders with Taurus, Sprott Asset Management and KAS (chairman) corner stoning the deal with \$1.5m.

We raised the funds at 3c which is where they are trading at today so if you aren't a 708 sophisticated investor or a rich bloke with a certificate from your accountant you can still get in at the same price as the 708 investors did which is 3c.

The exciting drill program is expected to commence in the first week of June and with grades like below, the investment community will be keeping a close eye on the already exciting story.

Hot Chili is now capped at \$35m with \$5 in cash and one of the few remaining copper explorer/developers on the ASX.

The Cu space has seen several corporate actions over the past 6 – 12 months, namely AVB.asx take over bid (\$400M) from Oz Minerals.

WHAT OTHER TAKE OVERS HAVE WE HAD HERE..... and could there be more to come ???

They below points were written by one of the analysts from DJ Carmichaels who covers the stock and was nice enough to let me use some of his content below for those of you that are interested.

He is a much better analyst than me that's for sure !!!



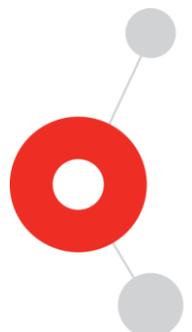


Key Points

- HCH has made a number of agreements with local Chilean vendors on several high-grade development properties in close proximity to its large, low-grade Productora copper project (1.5Mt copper metal and 1.0 million ozs gold).
- Rec-cap on Productora – EBITDA US\$185m p.a. at Cu price of US\$3.00/lb, 10-year life of Mine, completed PFS.
- HCH's partner, CMP (20%, contributing) has an agreement with HCH on adding to its equity holding in the project to bring its holding to 50.1% for between US\$80m and US\$110m, under certain metrics including copper price (US\$>3.00/lb) and mine life (~15 years).
- The recent acquisitions enable HCH to significantly increase the feed grade to the Productora plant. The new acquisitions have production grades at between 2% and 5% Cu – significantly higher than the Productora reserve of 0.43% Cu.
- Even moderate additional ore tonnage feed, at high grade, has a significant effect on the average feed grade and results in higher margins (see example below).
- The strategy involves making Productora the centre of a large, coastal operating hub.

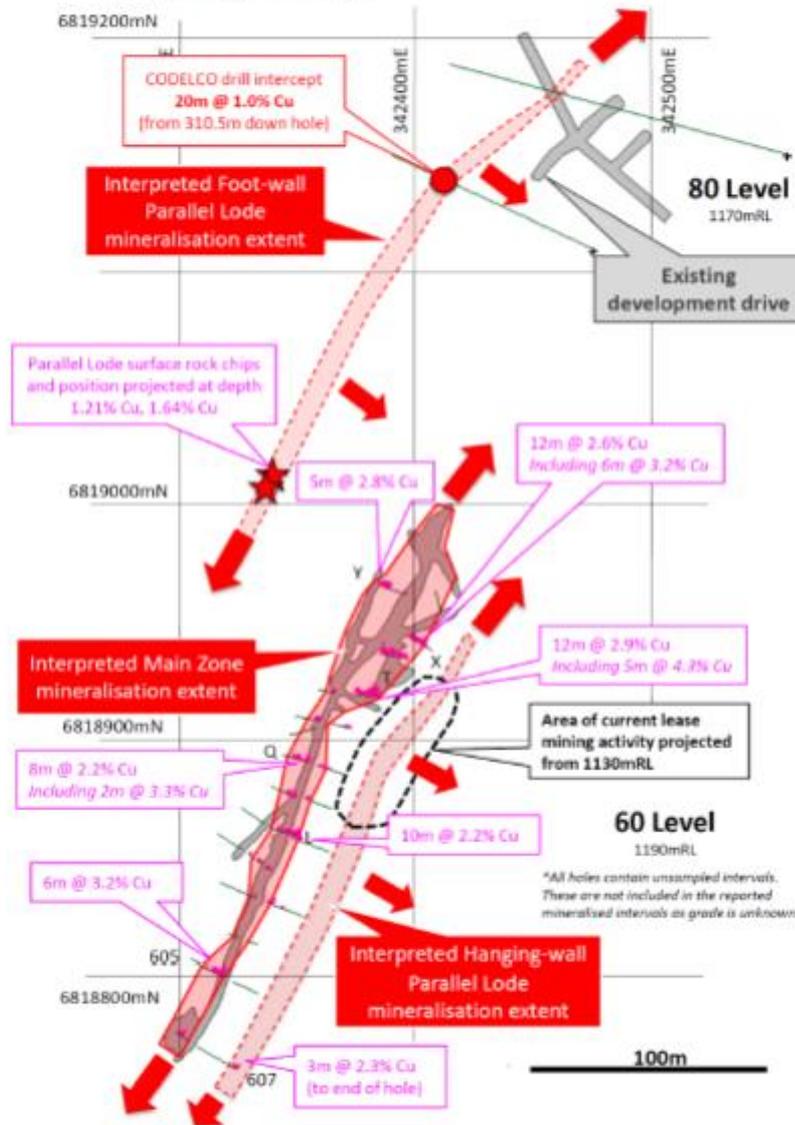
San Antonio emerging as a jewel in the high-grade crown

- HCH has recently acquired three high grade projects – San Antonio and Valentina, which together are located in the El Fuego Project Area, and Lulu, located to the west of Productora.
- Each has been owned by Chilean families for c.50 years having received no modern exploration and have significant potential for development.
- San Antonio is emerging as the jewel in the El Fuego crown
- Historic production from the San Antonio ore zones come from ore zones averaging 7-30m wide and at grades averaging 2% Cu. Grades of between 2% and 4% are currently being exploited from the mine by the existing owners.
- San Antonio strike length is now extended to 1.5km at surface and is still open along strike and at depth
- Importantly, parallel lodes have just been confirmed on both the Hanging Wall and Foot Wall, adding to the potential.



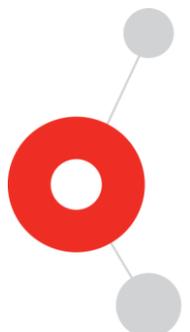


- 12m grading 2.9% Copper (including 5m grading 4.3% Copper)
- 12m grading 2.6% Copper including 6m grading 3.2% Copper), and
- 10m grading 2.2% Copper



Other corporate initiatives

- HCH intend to list on the TSX-V (dual listing) later this year.
- HCH has stated that they intend to continue to consolidate other properties in the immediate area around Productora to enhance the role out of a production hub strategy.



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News flow

- Surface results from mapping and sampling at surface on a number of targets are pending
- Expansion of the regional geochemical sampling around high grade prospects.
- Commencement of drilling program to test the multiple high-grade targets at El Fuego.
- Partnerships being sought on other opportunities.
- Further consolidation and successful results planned to coincide with timing on the dual listing on the TSX-V.

Nick Kelso

Client Adviser

p: 02 8379 2962

m: 0404 003 613

e: nk@huntercap.com.au

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Forward Looking Statements

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