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## Finfeed Q&A with Christian Easterday: Chile is a hot Copper market

Hot Chili (ASX:HCH) ("Hot Chili" or "Company") is pleased to provide a Q&A profile published by Stocks Digital on the 10<sup>th</sup> September.

The Q&A profile highlights that a third of the world's copper comes from Chile, and with a forecast supply deficit looming, Hot Chili looks to be in the right place at the right time.

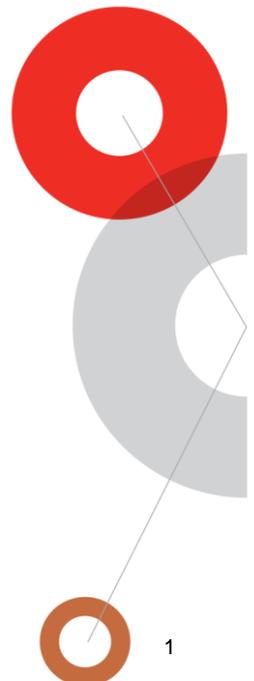
CEO Christian Easterday speaks with Finfeed about working in Chile and what we can expect from the company's portfolio of copper assets.

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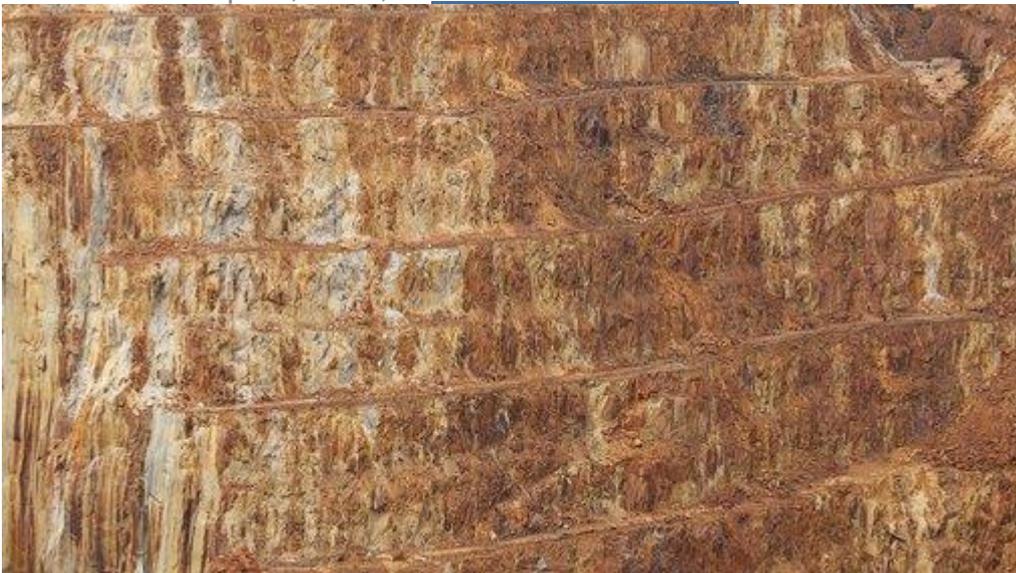




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## Q&A with Christian Easterday: Chile is a hot Copper market

Published at Sep 10, 2018, in [Question and Answer](#)

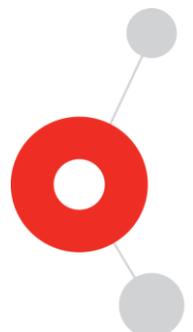


Close to a third of the world's copper comes from Chile. Now, in a market expected to go into supply deficit, ASX-listed small cap copper explorer Hot Chili looks to be in the right place at the right time. CEO Christian Easterday spoke with *Finfeed* about working in Chile and what we can expect from the company's portfolio of copper assets.

**FF:** HCH is consolidating several historical copper mines into its new El Fuego project which sits alongside the company's large Productora copper development. What is the overarching goal with El Fuego?

**Christian:** The goal with El Fuego is to firstly determine if any of these old copper mines have significant Resource potential, and I think we've now done that. We've been very successful in the first confirmation drill program at San Antonio and Valentina.

What we're aiming to do is rapidly build a resource base that would make a substantial impact as a high-grade ore source to our larger Productora project. The projects all lie within short trucking distance of Productora.





We are targeting a minimum of 20 Mt of high-grade copper resources across El Fuego at this initial stage — although we are confident our growth target will likely increase as we expand our exploration and look to secure additional projects. Effectively this will provide a sweetener for the grade of our larger development, where a minimum of 10% feed of El Fuego material (three to five times the grade of Productora) would have significant impact on reducing costs and increasing margins.

Of course HCH remains a speculative stock and investors should seek professional financial advice if considering his stock for their portfolio.

**FF: Can you break down the cost benefits of this plan for the company overall?**

**Christian:** Our modelling of this scenario would see C1 cash costs reduced to around US\$1.00/pound across our larger copper development, while also moving annual production of metal for our currently studied rate of 66ktpa of copper metal to approximately 90-100ktpa of copper metal.

It's quite an impact and makes for an extremely strong start given the success we've had at San Antonio. It's looking likely that the El Fuego project will be a cornerstone for the mine life plan at Productora.

**FF: What makes Chile a good place to be exploring for and producing copper?**

**Christian:** When one third of the world's copper comes from Chile, it's clear it's a leader for copper on a global scale in terms of perspectivity and supply. It's a tier 1 mining jurisdiction and continually rates alongside Australia and Canada as one of the most mining friendly jurisdictions in the world.

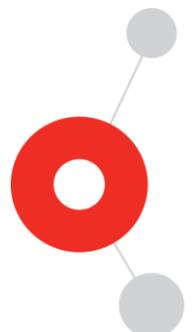
There was an announcement over the weekend from Cochilco (the Chilean Copper Commission) stating that they were expecting an investment of \$65 billion over the next decade into the Chilean mining sector. So that gives you some idea as to the scale of mining investment. Chile is also politically very stable, and really a leader in South America as far as a growing middle class and economic development.

At Hot Chili, we have extremely good infrastructure where our projects are located on the coast line, at low altitude 600km north of Santiago. We have secured a significant infrastructure advantage, with our Chilean major partner CMP, to build a large mining operation.

**FF: Do you have particular targets in mind in terms of future off-takers?**

**Christian:** There's some 23 million tons of copper consumed a year and roughly 50% of that is consumed by China. So, the Asian seaboard market would be one of the larger markets we'd expect as a potential customer for export of copper concentrate.

But also, Chile has a large refinery market and we're fortunate to have the Port of Las Losas next to Productora, and our partner CMP /CAP close by — both huge advantages for us.





**FF: HCH has had its hands on a large bulk asset with Productora for a number of years now, yet the share price has been up and down with price fluctuations and a pullback in market sentiment. How much have things changed in the last 12-18 months for HCH?**

**Christian:** Copper at \$2/pound isn't making many people much money. There was a large and prolonged pullback in market sentiment towards most non-producing copper equities.

Copper equities, to put it bluntly, got smashed in the last 3-4 years, with many developers being reduced to 10 cents in the dollar compared to where they were at in 2013 or 2014. The development pipeline for new large copper supply was effectively frozen during that time.

The last 18 months has seen a real resurgence in a lot of the base metals — copper being a big winner in terms of price recovery, rising from \$2 to \$3.30 per pound. In the last ten weeks it has changed again. We saw the 'Trump Bump' in the last 18 months, and some say we're now seeing a bit of a 'Trump Slump' — fear of trade wars between China and the US and so on.

So, the price is sitting at around \$2.70 per pound; however we're seeing that the fundamentals really have not changed. And that stretch in the supply is going to start biting.

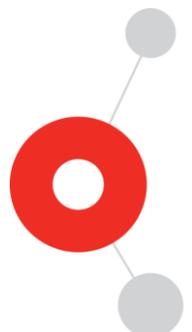
Hot Chili see this as a chance to reassert ourselves and put the finishing touches on a very large, well located development. In the next 12-18 months we will likely start to see the copper price under a lot more upward pressure.

**FF: There's been a global lack of major copper discoveries in the last decade, and they're predicting a supply deficit. This should put HCH in a good position considering the scale of Productora...**

**Christian:** Absolutely. We have the second largest copper development on the ASX. With something of that scale, firstly it's about leverage to supply, and leverage to value. If we can take Productora (which already has about 70% of its minimum required mine life in place), toward a 20 year mine life and at a much higher grade we would be sitting on a very enviable copper asset.

This would likely position us as having one of the most attractive, large scale copper assets in the global development pipeline. What that does is offer a very exciting opportunity for shareholders and new investors into Hot Chili.

**FF: Thanks for your time, Christian.**



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