

Hot Chili Limited

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ASX Announcement

Tuesday 2nd July 2019

Hot Chili Arranges \$5.0M Placement

Hot Chili Limited (ASX Code: HCH) ("Hot Chili" or the "Company") is pleased to announce that it has successfully arranged a \$5 million private placement to sophisticated and professional investors through the issue of new shares at 3 cents per share (the "Placement").

The Placement saw strong demand and was cornerstoned by existing major shareholdings managed by Taurus Funds Management and Blue Spec Drilling (an associate of Hot Chili's chairman Murray Black). The Placement was strongly supported by private clients of EverBlu Capital and DJ Carmichael.

Importantly, funds from the Placement will be used to satisfy a US\$2 million part-payment for the first instalment of the Carola Option Agreement and for general working capital requirements.

The US\$2 million payment to SCM Carola will be the first instalment towards the acquisition of a 100% interest in the Cortadera copper-gold porphyry discovery (as announced to the Australian Securities Exchange (ASX) on 25th February 2019), located 14km from the Company's Productora copper development along the coastal range of Chile.

The Placement follows the release on 20 June 2019 of Hot Chili's first diamond drill results at Cortadera, which included one of the world's stand-out copper-gold porphyry drill results - recording 622m grading 0.6% copper and 0.2g/t gold from 204m down hole depth (CRP0013D). This included a stunning new high grade zone comprising 188m grading 0.9% copper and 0.4g/t gold from 516m down-hole depth across the main porphyry at Cortadera (as announced to ASX on 20th June 2019).

Christian Easterday, Managing Director of Hot Chili, said the strong response to the Placement was of no surprise given the success of Hot Chili's recent drilling programme at Cortadera.

"We have achieved an excellent outcome from our first confirmation and extensional drill programme at Cortadera.

"Drilling by Hot Chili has uncovered the beginnings of a new bulk tonnage high grade zone of copper and gold, completely changing the scale and potential pedigree of the Cortadera discovery.

"The results confirm Cortadera as a potential company-maker for Hot Chili and herald the beginning of a very exciting future for our Company." Easterday said

ASX CODE

HCH

Contact

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Funds from the Placement will allow the Company to focus on preparations to re-commence drilling of the new high grade zone discovered at Cuerpo 3, the largest porphyry of the four porphyry centres discovered to date at Cortadera.

In addition, the Company is focused on advancing strategic funding discussions with key stakeholders in relation to the proposed Carola transaction.

Results for the remaining 359.9m of diamond hole CRP0013D (824m to 1,185.9m (end of hole)) are expected to be announced in the coming days, once final assay results have been received and compiled.

Details of the Placement

The Placement will be undertaken in two tranches:

- The first tranche of 150,000,000 new shares, will not be subject to shareholder approval and will fall within the Company's 15% placement capacity under ASX Listing Rule 7.1 ("**Tranche 1 Placement**")
- The second tranche of 16,666,667 new shares to related parties will be conditional upon shareholder approval, and will apply to shares subscribed by Blue Spec Drilling Pty Ltd (an entity associated with Hot Chili's chairman Murray Black) ("**Tranche 2 Placement**").

Following the issue of the Tranche 1 Placement shares, the Company's remaining placement capacity under listing rule 7.1 will be 17,911,152 ordinary securities.

Each new share will be issued at a price of 3 cents.

Shares issued under the Tranche 1 Placement will be fully paid ordinary shares in the Company and will rank equally with shares currently on issue.

Settlement and allotment of the Tranche 1 Placement shares is expected to occur on or around Friday 5th July 2019.

Hot Chili will convene a general meeting of shareholders to approve the issue of the Tranche 2 Placement shares as soon as possible. The general meeting is expected to take place on or around Friday 16th August 2019, with the issue of the Tranche 2 Placement shares expected to take place shortly after the meeting, subject to shareholder approval.

For more information please contact:

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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.

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.