

# Hot Chili Limited

## Cortadera returns record intercept

HCH has announced the latest drill hole at the Cortadera Cu-Au Project in Chile which is a stand out intercept so far into the Cuerpo 3 deposit. The intercept from surface in CPR20D of 972m at 0.5% Cu, 0.2g/t Au includes a high grade zone of 412m at 0.7% Cu, 0.3g/t Au. The result further defines the higher grade zone commencing at ~500m and extending down to +900m below surface.

The intercept is in the top 4 drilled globally in 2019 further highlighting the significance of the result. The higher grade adds to the overall global prospective resource at Cortadera and further confirms the stand alone potential of a large tonnage porphyry Cu-Au deposit.

The hole is supported by other HCH significant intercepts, including: 750m at 0.6% Cu, 0.2g/t Au (incl. 188m at 0.9% Cu, 0.4g/t Au), 848m at 0.4% Cu, 0.2g/t Au (incl. 184m at 0.7% Cu, 0.3g/t Au) and 864m at 0.4% Cu, 0.1g/t Au (incl. 348m at 0.6% Cu, 0.2g/t Au).

After completing this second phase of deep diamond drilling at Cuerpo 3, HCH are looking to test the northern extension of the deposit with a round of RC drilling. Recent surface mapping has indicated an extension of up to 600m north, which if successful will significantly add to the overall size of the deposit. HCH has also reported that the next drill hole, CPR29D, which was targeting this northern zone, has successfully intercepted a mineralised porphyry interval of 662m from 320m down hole to the end of hole at 982m. We anticipate results from this hole will be released in the next two weeks.

The Cortadera North prospect will also be drill tested in the new year targeting an IP chargeability anomaly of similar size to the Cuerpo 3 anomaly.

## Veritas Comment and Recommendation

The recent hole supports our thesis that drilling to date has continued to increase the overall size of the project towards a tier 1 target of 5mt Cu metal insitu.

We reiterate our Speculative BUY rating from our initiation research in November 2019 and recommend a short term price target of 7.5 cps (undiluted) based on our insitu Cu metal assumption (current VSL estimate of 500mt @ 0.5% Cu for 2.5mt Cu metal insitu) and peer comparison analysis. We see our estimate for the current defined size of the deposit the basis to our valuation, as well as highlighting that there is no 'discovery' or market expectation built into the HCH share price. Our price target is supported from ongoing drilling returning broad Cu-Au intervals prior to potential upside from extensional drilling at Cuerpo 3 North and Cortadera North.

HCH.ASX

Spec. BUY

4 December 2019

Share Price	\$0.038
12 mth Price range high	\$0.052
12 mth Price range low	\$0.009
Price target - short term	\$0.075
GICS Sector	Materials
Market capitalisation*	\$63.9m
Shares on Issue*	1682
Cash on hand	\$6.4m
Enterprise value^	\$66.8m
Previous rating	Spec. BUY
* undiluted for 96.7m out of the money options, ^ includes \$9.3m in unsecured con notes	

### Directors & Management

Non-Exec Chairman	Murray Black
Managing Director	Christian Easterday
Non-Exec Director	Allan Trench
Non-Exec Director	Michael Anderson
Non-Exec Director	Roberto Adriasola
Non-Exec Director	Randall Nickson

### Major Shareholders

KAS & Blue Spec Drilling PL	15.0%
Taurus Funds	13.2%

### HCH Vs Small Resources (XSR)



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**RATING**

BUY – anticipated stock return is greater than 10%

SELL – anticipated stock return is less than -10%

HOLD – anticipated stock return is between -10% and +10%

SPECULATIVE – High risk with stock price likely to fluctuate by 50% or more

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