

Hot Chili Ltd

08:30 17 Oct 2020

Coffee with Samsø: Arrival of a tier-1 copper-gold project in Chile - Hot Chili

The anxious wait for shareholders of Hot Chili Limited (ASX:HCH) (OTCMKTS:HHLKF) for the latest mineral resource estimate (MRE) on the Cortadera Copper-Gold Project is over.

What resulted was an anti-climax and the much-praised rising of the share price did not eventuate. The MRE was actually pretty good, however, the retail market just did not like it.

Why the market did not like the MRE

I spoke to Christian Easterday about the lack of interest in the share price and what the numbers mean for the future of the company.

As a shareholder of the company, I must admit that there was a sense of disappointment, but I cannot see how this company can stay at a market capitalisation so far from what it has in asset value.

This episode of Coffee with Samsø delves into all these questions.

At the conclusion of the conversation, I cannot help but think that this company has so much more value than what the market is valuing it at the moment.

Christian shares with us what is happening in the background and the potential corporate activities that may happen in the coming months.

About Hot Chili

Hot Chili is an ASX-listed copper explorer and developer with an exciting portfolio of projects at low altitude in Region III on the coastal range of Chile.

The company is developing a central copper hub named Costa Fuego, which combines all three of its projects (Cortadera, Productora and San Antonio) into what is considered to be one of the most desirable copper development locations in the world.

With a combined mineral resource base of 2.9Mt copper, 2.7Moz gold, 9.9Moz silver and 64Kt molybdenum, the addition of the maiden Cortadera mineral resource ranks Costa Fuego amongst the largest copper mineral resources along the Chilean coastal range.

Cortadera Copper Project

Cortadera's maiden resource positions Hot Chili with the largest copper mineral resource and one of the largest gold mineral resources for an ASX-listed emerging company.

The Cortadera maiden resource of 451Mt at 0.46% copper equivalent (CuEq) takes the total MRE for Costa Fuego (Cortadera, Productora & El Fuego) to 724Mt at 0.48% CuEq for 2.9Mt copper, 2.7Moz gold, 9.9Moz Silver and 64kt

Price: 0.041

Market Cap: \$98.78 m

1 Year Share Price Graph



Share Information

Code: HCH

Listing: ASX

52 week High Low
0.0475 0.00875286

Sector: Mining

Website: www.hotchili.net.au

Company Synopsis:

Hot Chili Ltd (ASX:HCH) is listed on the Australian Securities Exchange.

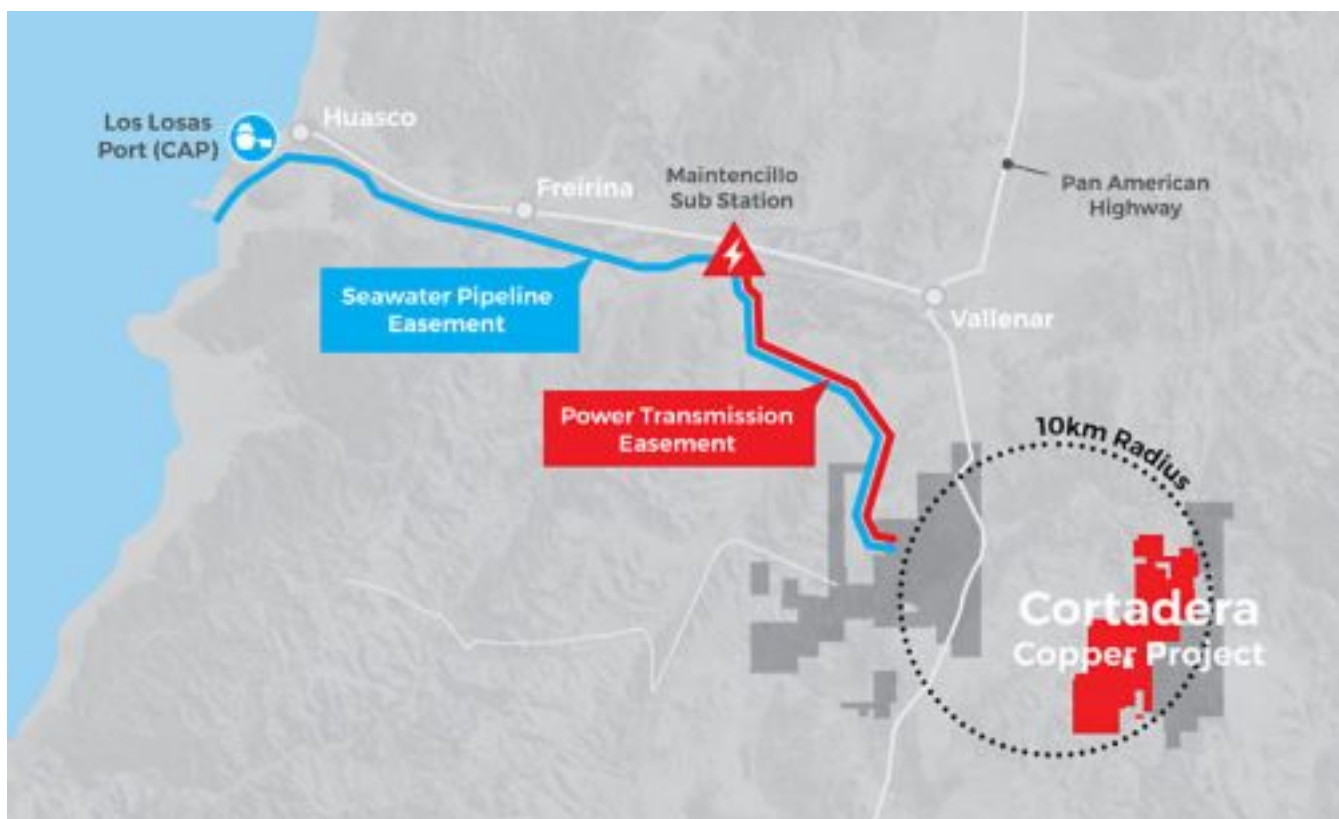
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molybdenum. Cortadera also contains a higher-grade component of 104Mt at 0.74% CuEq, and this has strong potential to continue growing rapidly with further drilling.

Hot Chili's combined Costa Fuego project now ranks as one of the world's largest low-altitude, clean concentrate (no arsenic), copper-gold mineral resources not controlled by a major mining company, in what is considered to be one of the most desirable copper development locations in the world.

Importantly, Cortadera lies 14km from the Company's large-scale Productora copper development and adjacent to the high-grade El Fuego satellite copper projects.

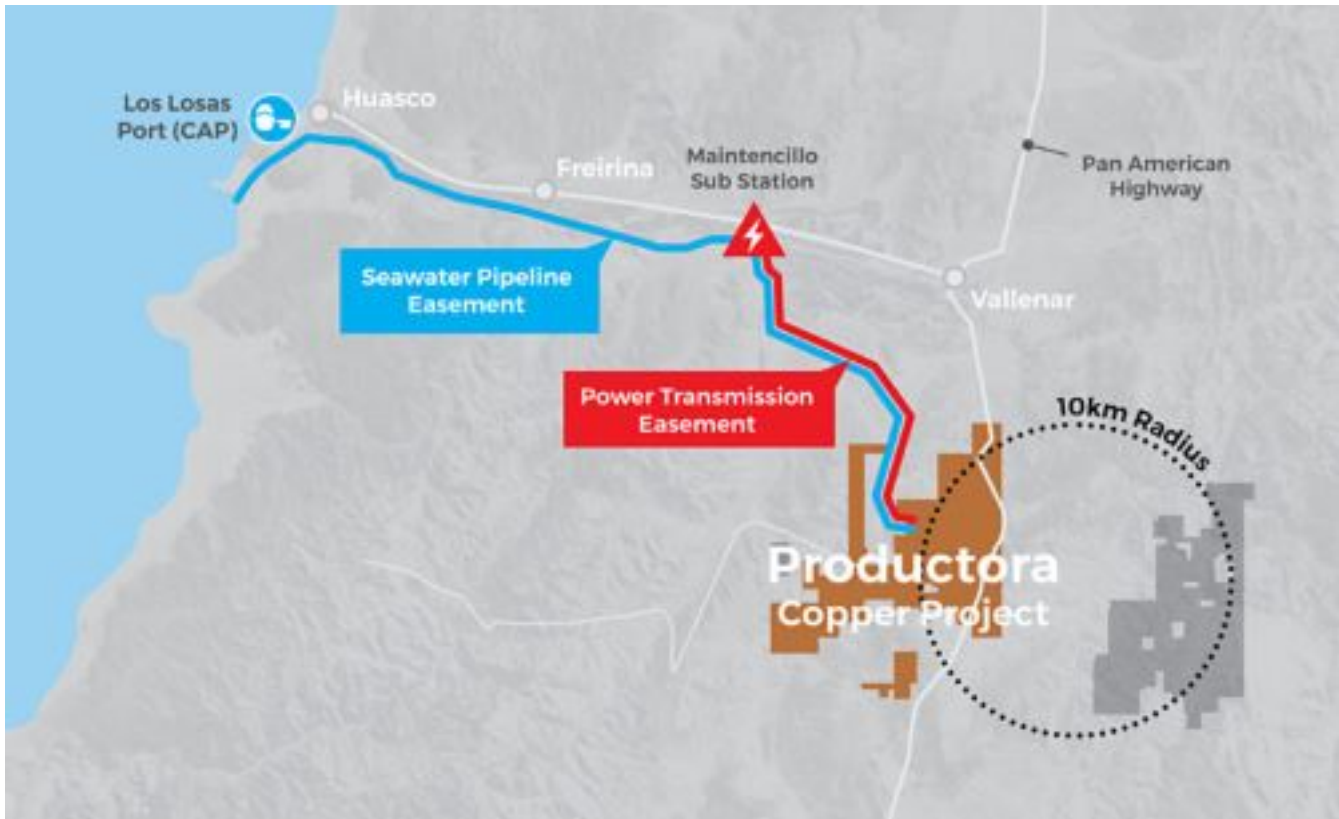
In February 2019, Hot Chili announced the execution of a formal option agreement to acquire a 100% interest in Cortadera. Since announcing the deal, Hot Chili has delivered six of the world's best copper-gold porphyry drill results from Cuerpo 3 (the largest of the four porphyries discovered to date), confirming Cortadera as one of the most significant copper-gold discoveries of the past decade in Chile.



Productora Copper Project

Productora is one of the best located large-scale copper developments globally (coastal range of Chile, low altitude, infrastructure rich, low capital intensity). Mineral resources already stand at 1.5Mt copper and 1Moz gold, with an ore reserve of 167Mt established which underpins long life, bulk open-pit production, over a 10-year mine life, with first eight years production averaging 66kt copper and 25koz gold annually.

Productora is 100% owned by a Chilean incorporated company Sociedad Minera El Aguila SpA (SMEA). SMEA is a joint venture company, 80% owned by Sociedad Minera El Corazón Limitada (a 100% subsidiary of Hot Chili Limited), and 20%-owned by CMP Productora (a 100% subsidiary of Compañía Minera del Pacífico SA (CMP)).

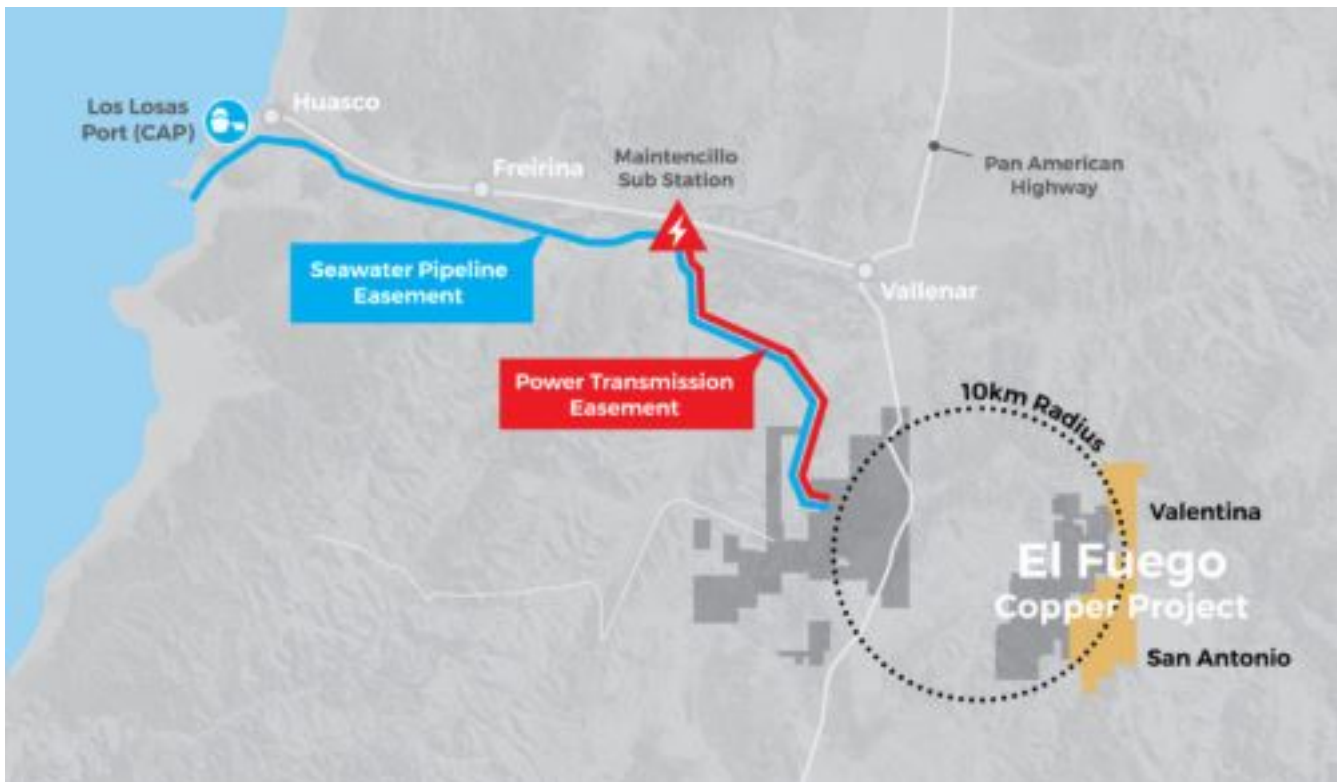


El Fuego Copper Project

To achieve the company's expanded growth strategy, Hot Chili has executed agreements to secure majority interest in two of the region's highest grade and most substantial underground mines - San Antonio and Valentina, collectively known as El Fuego.

El Fuego is 20km east of Productora, where the company has completed a first-pass 5,000m drilling program across two consolidated high-grade copper mines (San Antonio and Valentina), which had seen little previous modern exploration owing to their private ownership for over 50 years.

The majority of drilling was directed towards San Antonio which had reportedly produced approximately 2M tonnes grading 2% copper and 0.3 g/t gold and 17 g/t silver from shallow depths since mining commenced in 1964.



Selected significant results:

- 9m grading 2.0% copper from 132m down-hole depth,
- 6m grading 2.1% copper from 65m down-hole depth,
- 19m grading 2.0% copper from 61m down-hole depth (including 11m grading 2.4% copper),
- 15m grading 1.7% copper from 80m down-hole depth,
- 10m grading 1.6% copper from 58m down-hole depth (including 4m grading 2.7% copper),
- 5m grading 2.5% copper from 31m down-hole depth (including 2m grading 4.3% copper).

Successful first-pass drilling at El Fuego has highlighted a shallow copper deposit which will add further scale to Hot Chili's targeted high-grade resource inventory.

About Christian Easterday

Christian Easterday is a geologist with more than 20 years of experience in the mineral exploration and mining industry. He holds an honours degree in geology from the University of Western Australia, a Masters degree in Mineral Economics from Curtin University of Technology and a Masters degree in Business Administration from Curtin's Graduate School of Business.

Easterday has held several senior positions and exploration management roles with top-tier gold companies including Placer Dome, Hill 50 Gold and Harmony Gold, specialising in structural geology, resource development and mineral economic valuation.

For the past eight years, he has been involved in various aspects of project negotiation. This work has involved negotiations and valuations covering gold, copper, uranium, iron ore, nickel and tantalum resource projects in Australia and overseas. Easterday is a member of The Australian Institute of Geoscientists.

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