



Annual Ore Production Cap with ENAMI Increased by 50%

Highlights

- Hot Chili has expanded its agreement with Chilean government agency ENAMI for the mining and processing of ore from the Company's Productora copper-gold project
- Concession for maximum annual production lifted by 50% to 180,000 tonnes per annum
- Ore supply from Productora planned to account for all remaining capacity at ENAMI's nearby Vallenar oxide and sulphide processing facility
- New decline access being developed in the Productora underground mine



Hot Chili Limited, through its Chilean subsidiary company Sociedad Minera El Aguila SpA (SMEA), is pleased to announce a significant expansion to its lease mining and processing agreement with Chilean government agency ENAMI.

The Company has granted ENAMI a further concession for an additional 60,000 tonnes of oxide ore supply per annum to their Vallenar processing facility, located 15km north of Productora.

The concession for lease mining and processing now allows a maximum 180,000 tonnes per annum of oxide and sulphide ore supply from Productora. The increased production rate accounts for all remaining processing capacity at ENAMI's oxide and sulphide processing facility.

The Productora joint venture company SMEA (80% Hot Chili) will be paid US\$2 per tonne for ore purchased by ENAMI and a 10% royalty on the sale value of extracted minerals subject to ENAMI toll treatment conditions (as announced to ASX on 26th March).

Since the ENAMI agreement was first announced in late March this year, the royalty component has provided significant upside exposure to the copper price which has increased from US\$2.15/lb to an eight year high of US\$3.57/lb today.

Ramp-up of lease mining is underway following recent mine plan and permitting approval at Productora (as announced to ASX on 11th November 2020). The lease mining team is currently extending the existing decline to access new ore development below the Productora underground mine.

Once access to new development is In-place, the lease mining team expects to increase its production rate which has been limited to small-scale remnant ore extraction to date.

The Directors of Hot Chili are pleased with this next positive step forward in its local partnership with Chilean government agency ENAMI.

This announcement is authorised by the Board of Directors for release to ASX.

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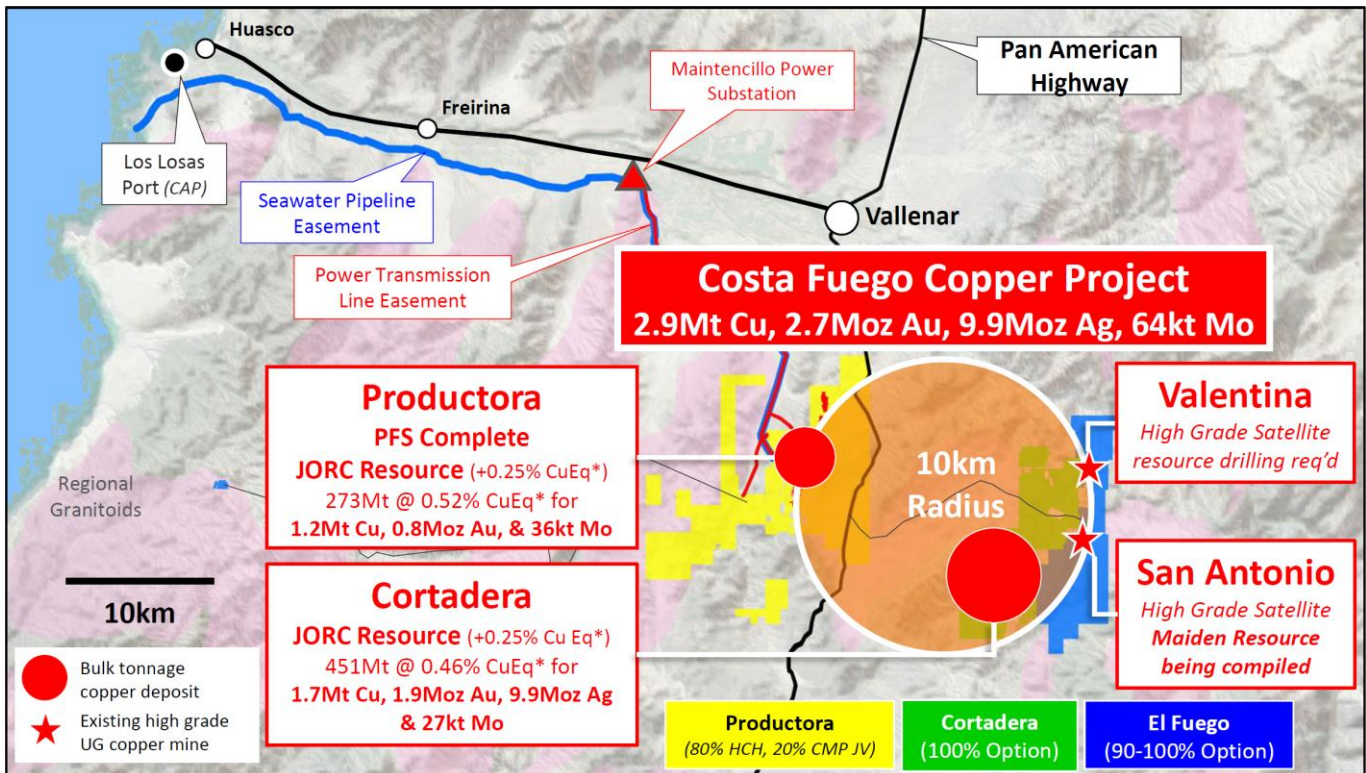


Figure 1 Location of Cortadera and Productora in relation to the coastal range infrastructure of Hot Chili's combined Costa Fuego copper project, located 600km north of Santiago in Chile.

Refer to ASX Announcement "Costa Fuego Becomes a Leading Global Copper Project" (12th October 2020) for JORC Table 1 information related to the Cortadera JORC compliant Mineral Resource estimate by Wood and the Productora re-stated JORC compliant Mineral Resource estimate by AMC Consultants

* Copper Equivalent (CuEq) reported for the resource were calculated using the following formula: $CuEq\% = ((Cu\% \times Cu\ price\ 1\% \ per\ tonne \times Cu_recovery) + (Mo\ ppm \times Mo\ price\ per\ g/t \times Mo_recovery) + (Au\ ppm \times Au\ price\ per\ g/t \times Au_recovery) + (Ag\ ppm \times Ag\ price\ per\ g/t \times Ag_recovery)) / (Cu\ price\ 1\% \ per\ tonne)$. The Metal Prices applied in the calculation were: Cu=3.00 USD/lb, Au=1,550 USD/oz, Mo=12 USD/lb, and Ag=18 USD/oz. For Cortadera (Inferred + Indicated), the average Metallurgical Recoveries were: Cu=83%, Au=56%, Mo=82%, and Ag=37%. For Productora (Inferred + Indicated), the average Metallurgical Recoveries were: Cu=83%, Au=43% and Mo=42%. For Costa Fuego (Inferred + Indicated), the average Metallurgical Recoveries were: Cu=83%, Au=51%, Mo=67% and Ag=23%.

** Reported on a 100% Basis - combining Cortadera and Productora Mineral Resources using a +0.25% CuEq reporting cut-off grade

Qualifying Statements

Independent JORC Code Costa Fuego Combined Mineral Resource (Reported 12th October 2020)

| Costa Fuego Combined Resource | | | Grade | | | | | Contained Metal | | | | |
|-------------------------------|----------------------------------|-----------------|-------------|-------------|-------------|--------------|-------------|-----------------------|--------------------|------------------|--------------------|------------------------|
| Deposit | Classification (+0.25% CuEq*) | Tonnage (Mt) | CuEq (%) | Cu (%) | Au (g/t) | Ag (g/t) | Mo (ppm) | Copper Eq (tonnes) | Copper (tonnes) | Gold (ounces) | Silver (ounces) | Molybdenum (tonnes) |
| Cortadera | Indicated | 183 | 0.49 | 0.40 | 0.15 | 0.7 | 43 | 905,000 | 728,000 | 889,000 | 4,227,000 | 7,900 |
| | Inferred | 267 | 0.44 | 0.35 | 0.12 | 0.7 | 73 | 1,181,000 | 935,000 | 1,022,000 | 5,633,000 | 19,400 |
| | Sub Total | 451 | 0.46 | 0.37 | 0.13 | 0.7 | 61 | 2,086,000 | 1,663,000 | 1,911,000 | 9,860,000 | 27,300 |
| Productora | Indicated | 208 | 0.54 | 0.46 | 0.10 | | 140 | 1,122,000 | 960,000 | 643,000 | - | 29,200 |
| | Inferred | 67 | 0.44 | 0.38 | 0.08 | | 109 | 295,000 | 255,000 | 167,000 | - | 7,200 |
| | Sub Total | 273 | 0.52 | 0.44 | 0.09 | | 133 | 1,417,000 | 1,215,000 | 810,000 | - | 36,400 |
| Costa Fuego (Combined) | Indicated | 391 | 0.52 | 0.43 | 0.12 | | 95 | 2,027,000 | 1,688,000 | 1,533,000 | - | 37,000 |
| | Inferred | 334 | 0.44 | 0.36 | 0.11 | | 80 | 1,476,000 | 1,191,000 | 1,189,000 | - | 26,700 |
| Total | | 724 | 0.48 | 0.40 | 0.12 | 0.7** | 88 | 3,503,000 | 2,879,000 | 2,722,000 | 9,860,000 | 63,700 |

Reported at or above 0.25% CuEq*. Figures in the above table are rounded, reported to appropriate significant figures, and reported in accordance with the JORC Code - Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Metal rounded to nearest thousand, or if less, to the nearest hundred. ** Copper Equivalent (CuEq) reported for the resource were calculated using the following formula: $CuEq\% = ((Cu\% \times Cu\ price\ 1\% \text{ per tonne} \times Cu_recovery) + (Mo\ ppm \times Mo\ price\ per\ g/t \times Mo_recovery) + (Au\ ppm \times Au\ price\ per\ g/t \times Au_recovery) + (Ag\ ppm \times Ag\ price\ per\ g/t \times Ag_recovery)) / (Cu\ price\ 1\% \text{ per tonne})$. The Metal Prices applied in the calculation were: Cu=3.00 USD/lb, Au=1,550 USD/oz, Mo=12 USD/lb, and Ag=18 USD/oz. For Cortadera (Inferred + Indicated), the average Metallurgical Recoveries were: Cu=83%, Au=56%, Mo=82%, and Ag=37%. For Productora (Inferred + Indicated), the average Metallurgical Recoveries were: Cu=83%, Au=43% and Mo=42%. For Costa Fuego (Inferred + Indicated), the average Metallurgical Recoveries were: Cu=83%, Au=51%, Mo=67% and Ag=23%.

** Note: Silver (Ag) is only present within the Cortadera Mineral Resource estimate

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.

Competent Person's Statement- Productora Mineral Resources

The information in this Announcement that relates to the Productora Project Mineral Resources, is based on information compiled by Mr N Ingvar Kirchner. Mr Kirchner is employed by AMC Consultants (AMC). AMC has been engaged on a fee for service basis to provide independent technical advice and final audit for the Productora Project Mineral Resource estimates. Mr Kirchner is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Member of the Australian Institute of Geoscientists (AIG). Mr Kirchner has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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' (the JORC Code 2012). Mr Kirchner consents to the inclusion in this report of the matters based on the source information in the form and context in which it appears.

Competent Person's Statement- Cortadera and Costa Fuego Mineral Resources

The information in this report that relates to Mineral Resources for the Cortadera and combined Costa Fuego Project is based on information compiled by Elizabeth Haren, a Competent Person who is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Elizabeth Haren is employed as an associate Principal Geologist of Wood, who was engaged by Hot Chili Limited. Elizabeth Haren has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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". Elizabeth Haren consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.



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Reporting of Copper Equivalent

Copper Equivalent (CuEq) reported for the resource were calculated using the following formula: $CuEq\% = ((Cu\% \times Cu \text{ price } 1\% \text{ per tonne} \times Cu_recovery) + (Mo \text{ ppm} \times Mo \text{ price per g/t} \times Mo_recovery) + (Au \text{ ppm} \times Au \text{ price per g/t} \times Au_recovery) + (Ag \text{ ppm} \times Ag \text{ price per g/t} \times Ag_recovery)) / (Cu \text{ price } 1\% \text{ per tonne})$. The Metal Prices applied in the calculation were: Cu=3.00 USD/lb, Au=1,550 USD/oz, Mo=12 USD/lb, and Ag=18 USD/oz. For Cortadera (Inferred + Indicated), the average Metallurgical Recoveries were: Cu=83%, Au=56%, Mo=82%, and Ag=37%. For Productora (Inferred + Indicated), the average Metallurgical Recoveries were: Cu=83%, Au=43% and Mo=42%. For Costa Fuego (Inferred + Indicated), the average Metallurgical Recoveries were: Cu=83%, Au=51%, Mo=67% and Ag=23%.

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



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