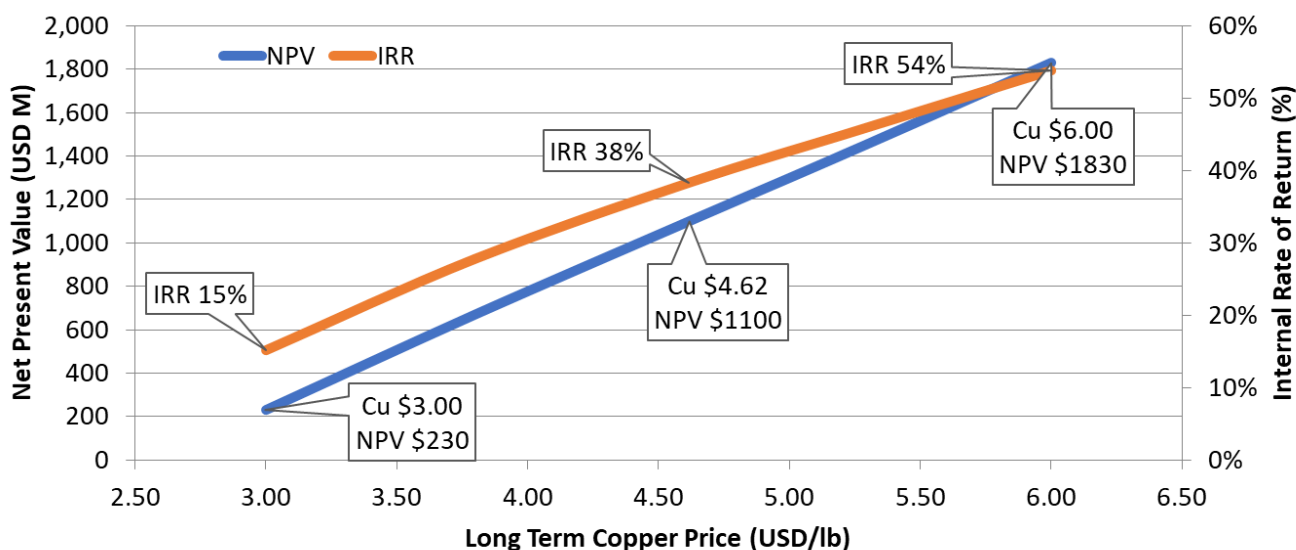


Current Copper Prices see Productora's NPV increase 500% and firm as a Higher Grade Development Option

Highlights

- Pre-feasibility Study (PFS) for Hot Chili's 2.9Mt copper and 2.7Moz gold Costa Fuego (the combined Cortadera and Productora Resources - 14km apart) copper development in Chile is on-track to commence in the coming weeks
- Several months work has re-shaped the Productora resource as a potential higher grade, open pit, satellite option for Costa Fuego
- Resource re-modelling and recent underground mine reconciliation confirms higher grade resources (above 0.4% Cu) at Productora are robust and shallow
- Grind size re-optimisation and further metallurgical testwork is set to increase Productora's metal recoveries
- Productora's 2016 PFS (US\$3.00/lb Cu) is already highly leveraged to current spot copper prices (US\$4.62/lb Cu, 20th May 2021) as a standalone, bulk tonnage, open pit development:
 - 500% increase in Net Present Value (NPV) to US\$1.1 Billion, and
 - 150% increase in Internal Rate of Return (IRR) to 38%

Productora 2016 PFS Results Versus Copper Price (Wood, 2020)



- Combining Cortadera and Productora into one central development hub cements Costa Fuego as one of the largest coastal copper developments in Chile

Refer to "Hot Chili Delivers PFS and Near-Doubles Reserves at Productora", 2nd March 2016. The PFS financial model for Productora is adjusted each year by independent consultants Wood to model changing economic conditions. The copper price leverage using the 2020 adjustment is shown above. The model was adjusted for the following changes (only) - Au = 1,550 USD/oz Au (increased 300 USD/oz), Mo = 12.00 USD/lb Mo (decreased 2.00 USD/lb), Foreign Exchange CLP:USD was adjusted from 690 CLP : 1 USD to 719 CLP : 1 USD (the average FX rate for YTD according to S&P Global, increased 4%)

Hot Chili Limited (ASX: HCH) (OTCQB: HHLKF) (“Hot Chili” or “Company”) is pleased to announce several advances in the lead-up to commencement of a combined Pre-feasibility Study for its Costa Fuego copper-gold development in Chile.

Review of Productora as a Higher Grade Satellite Pit Option

Detailed work over the past nine months has confirmed the potential for Productora to provide a higher grade open pit development option for Costa Fuego.

Productora is located 14km from the Company’s flagship Cortadera copper-gold porphyry discovery which has a maiden resource of 451Mt grading 0.46% Cu Eq that is set to be upgraded this year.

Productora’s current resource of 273Mt grading 0.44% Cu and 0.09g/t Au supports a bulk tonnage open pit ore reserve estimate of 166.9Mt grading 0.43% copper, 0.09g/t gold (refer to ASX Announcement “Hot Chili Delivers PFS and Near-Doubles Reserves at Productora”, 2nd March 2016)

Hot Chili have been undertaking reconciliation of lease mining results (Santa Innes mine) and reviewing block model estimation approaches to confidently define high grade resources at Productora.

Channel sample grades and mapping of the Santa Innes underground mine showed positive reconciliation to the Productora 2016 resource block model, however, a positive finding has been the recognition of additional zones of mineralisation that have been encountered while mining.

Structural analysis and mapping suggest the additional zones are high grade (+0.4% Cu) short range breccias which exist within the current drill density at Santa Innes.

Multiple iterations of various re-estimation parameters have been completed to best represent the distribution of high grades at Productora, and provide a fit-for-purpose block model for use in revised pit optimisations using higher cut-off grades.

The Company now has flexibility to assess Productora as either a bulk tonnage or higher grade satellite ore source.

Improved Copper Price and Lower Power Cost Driving Improved Economics

Productora’s value has been enhanced by higher copper prices and lower power costs than that considered in the 2016 PFS.

Since 2016, the central and southern Chilean electrical grids have been connected, driving a large influx of solar power derived from the Atacama region. Several large solar projects are now operating proximal to Costa Fuego.

These factors have allowed Hot Chili to contemplate the adoption of a finer grind size, a key recommendation of the Productora PFS. This will see sulphide copper recoveries increase by 2% to 88% overall at Productora (refer to ASX Announcement “Hot Chili Delivers PFS and Near-Doubles Reserves at Productora”, 2nd March 2016).

Further metallurgical testwork programmes are underway to optimise gold and oxide copper recoveries for the combined Costa Fuego PFS, with both of these items considered significant potential value levers for the project.

The Company looks forward to announcing ongoing drill results from its 40,000m drilling programme at Cortadera, which aims to expand and upgrade Costa Fuego's 724Mt open pit and underground resource base.

Flexibility of higher grade mine sequencing and improved recoveries provide a strong basis for the kick-off of Costa Fuego's combined Pre-feasibility Study in the coming weeks.

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

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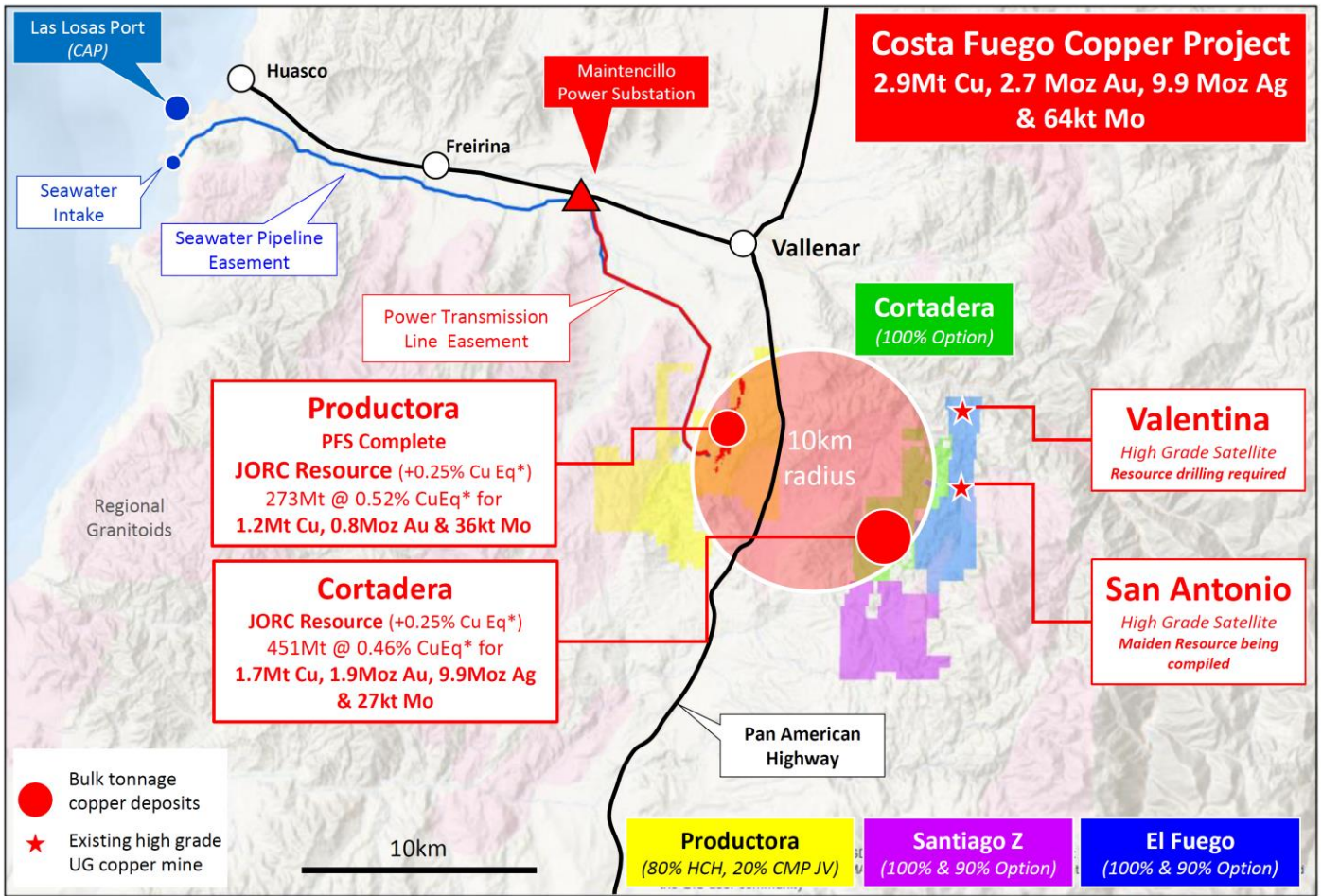


Figure 1 Location of Productora and the Cortadera discovery in relation to the coastal range infrastructure of Hot Chili’s combined Costa Fuego copper project, located 600km north of Santiago in Chile

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: $CuEq\% = ((Cu\% \times Cu \text{ price } 1\% \text{ per tonne} \times Cu_recovery) + (Mo \text{ ppm} \times Mo \text{ price per g/t} \times Mo_recovery) + (Au \text{ ppm} \times Au \text{ price per g/t} \times Au_recovery) + (Ag \text{ ppm} \times Ag \text{ price per g/t} \times Ag_recovery)) / (Cu \text{ price } 1\% \text{ per tonne})$. 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%.

** 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	Ag	Mo	Copper Eq	Copper	Gold	Silver	Molybdenum
			(%)	(%)	(g/t)	(g/t)	(ppm)	(tonnes)	(tonnes)	(ounces)	(ounces)	(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 Ingvor 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.

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