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Announcement

Monday 6th May 2024

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Hot Chili Arranges A$29.9 Million Funding to Accelerate Costa Fuego Copper Hub, Chile

Positioning for Near-Term, Meaningful, Copper Production

Highlights

- **A$24.9M private placement received strong demand from Australian, Canadian and overseas institutional investors, as well as existing shareholders**
- **Company to undertake a share purchase plan to eligible existing shareholders under the same offer price as the placement to raise up to an additional A$5M**
- **Upon completion of the capital raise, the Company will be fully funded to deliver the following key milestones in the growth and development of the Costa Fuego copper-gold project, located in the coastal range of Chile:**
  - **Completion of Costa Fuego pre-feasibility study, expected in H2 2024**
  - **Advance Water Supply Study and creation of new water company, expected in H2 2024**
  - **Up to 25,000m of drilling, exploration and further land consolidation over next 18 months**
  - **Commencement of a bankable feasibility study over next 18 months**
- **Further updates expected as the Company accelerates its growth and development plan with strengthened treasury and a rising copper price environment**

Hot Chili Limited (ASX: HCH) (TSXV: HCH) (OTCQX: HHLKF) ("Hot Chili" or the "Company") is pleased to announce that it has successfully arranged a A$24.9 million private placement to institutional and professional investors through the issue of 24,900,000 new fully paid ordinary shares ("Shares") at an offer price of A$1.00 per Share (the "Placement").

Veritas Securities Limited and Cormark Securities Inc. acted as joint lead managers (together, the "JLMs"), and BMO Capital Markets and Beacon Securities Limited acted as co-managers to the Placement. The Placement received strong demand from Australian, Canadian, and overseas institutional and other investors as well as existing shareholders.

In addition to the Placement, the Company will offer to all eligible shareholders the opportunity to participate in a Share Purchase Plan ("SPP") to raise up to A$5 million at the same offer price as the Placement (A$1.00 per Share).

The Placement and the SPP aim to increase Hot Chili's trading liquidity on the TSXV and provide all of the Company's eligible shareholders with access to the same offer price.

Proceeds from the Placement and SPP, in addition to existing treasury, will provide up to 18 months funding to be used for the completion of the Costa Fuego Pre-Feasibility Study, completion of the Water Supply Business Case Study, completion of the Costa Fuego Environmental Impact Assessment, ongoing exploration, drilling and consolidation activities, and for general working capital purposes.

Hot Chili Limited ACN 130 955 725
First Floor, 768 Canning Highway, Applecross, Western Australia 6153
PO Box 1725, Applecross, Western Australia 6953
P: +61 8 9315 9009 **F:** +61 8 9315 5004. **www.hotchili.net.au**

Contact
Mr Christian Easterday
Managing Director
E: admin@hotchili.net.au

Hot Chili's Managing Director Christian Easterday said: *"We control large-scale assets in two of the most critical commodities of our time – copper and water – with two of the most desirable attributes – low-risk and near-term.*

"The Company has been receiving increasing interest from potential strategic funding parties in its advanced Costa Fuego copper-gold development and its recently announced Water Supply Studies. This interest, in combination with a rising copper price environment, provides confidence to accelerate the Company's growth and development plans while preserving control of these assets for our shareholders."

"The Placement and Share Purchase Plan maintain the Company's strategic funding optionality, while ensuring Costa Fuego remains one of a limited number of globally significant copper developments, not owned by a major mining company, that could deliver meaningful new copper supply this decade."

"Market conditions are indicative of the initial stages of a new copper price cycle being driven by a lack of new supply. The Company is now well funded to take advantage of controlling the right assets at the right time in the right place."

Details of the Placement

The Company has arranged a Placement of 24,900,000 Shares to raise A$24.9 million (before costs). The Placement will be completed in Australia under an offer to investors who qualify as professional or sophisticated investors under sections 708(8), (10) and (11) of the *Corporations Act 2001* (Cth), and in Canada by way of private placement in reliance on the "listed issuer financing exemption" from the prospectus requirements (the "LIFE Exemption") available under Part 5A of National Instrument 45-106 – Prospectus Exemptions ("NI 45-106") in each of the provinces and territories of Canada, other than Quebec, for aggregate gross proceeds of C$6,897,500 (A$7,750,000) or 7,750,000 Shares (the "Canadian Offering"). The Shares issued pursuant to the LIFE Exemption under the Canadian Offering will not be subject to a hold period pursuant to applicable Canadian securities laws. There is an offering document related to the Canadian Offering that can be accessed on SEDAR+ (www.sedarplus.ca) under the Company's profile and on the Company's website at www.hotchili.net.au. Prospective investors in the Canadian Offering should read the offering document before making an investment decision.

The Shares under the Placement may also be offered in the United States pursuant to available exemptions from the registration requirements of the United States Securities Act of 1933, as amended, ("1933 Act"), and applicable state securities laws, and in those other jurisdictions outside of Australia, Canada and the United States provided it is understood that no prospectus filing or comparable obligation, ongoing reporting requirement or requisite regulatory or governmental approval arises in such other jurisdictions.

The new Shares will be issued within the Company's 25% placement capacities under Australian Securities Exchange ("ASX") listing rules 7.1 and 7.1A.

Shares under the Placement will be issued at a price of A$1.00 (C$0.89) each and will rank equally with all other Shares currently on issue. The issue price of A$1.00 per Share represents an approximate 20% discount to the Company's last closing price and an approximate 18.6% discount to the 10-day volume weighted average price of Hot Chili shares traded on ASX prior to the Company entering into a trading halt on 1 May 2024.

The issue of the Shares under the Placement is expected to occur on 9 May 2024, or on such other date as the Company and the JLMs may agree.

Details of the Share Purchase Plan

In addition to the Placement, Hot Chili will offer existing eligible shareholders ("Eligible Shareholders") with a registered address in Australia or New Zealand who were holders of Shares on the ASX at 5.00pm (WST) on Friday, 3 May 2024 ("Record Date"), the opportunity to subscribe for up to 5,000,000 new Shares ("SPP

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Shares") at the same price as the Placement (being A$1.00 per Share) by way of an SPP offer without incurring brokerage fees to raise up to A$5 million ("SPP Offer").

Eligible Shareholders will have the opportunity to apply for up to A$30,000 worth of SPP Shares. The SPP Shares will rank equally with Hot Chili's existing Shares on issue. Hot Chili retains the right to accept oversubscriptions or to scale back applications (in whole or part) at its absolute discretion, which may result in the SPP raising more or less than A$5 million. Hot Chili also reserves the right to place any shortfall under the SPP (at the same issue price), within its placement capacity under ASX Listing Rule 7.1.

Full details of the SPP Offer, including the terms and conditions of the offer, will be set out in the SPP offer document, which is expected to be released to the ASX and dispatched to Eligible Shareholders on or around Friday, 10 May 2024. The Company reserves the right to vary the terms of the SPP without notice. Eligible Shareholders should review the SPP Offer terms and conditions in full before deciding whether or not to participate in the SPP.

The SPP Offer period will open on Friday, 10 May 2024 and is expected to close at 5.00pm WST on Friday, 24 May 2024.

Indicative Timetable for Placement and SPP Offer*

Event	Date
Record date for entitlement to participate in SPP Offer	Friday, 3 May 2024
Announcement of Placement and SPP, trading halt lifted and trading resumes on ASX and TSXV	Monday, 6 May 2024
Shares are issued under the Placement	Thursday, 9 May 2024
Despatch of SPP Offer Document and Application Forms to Eligible Shareholders	Friday, 10 May 2024
Quotation of Placement Shares on ASX	Friday, 10 May 2024
SPP Offer opens	Friday, 10 May 2024
SPP Offer closes (5:00PM AWST)	Friday, 24 May 2024
Announcement of results of SPP Offer	Thursday, 30 May 2024
Allotment and issue of SPP Shares	Thursday, 30 May 2024
Quotation SPP Shares on ASX	Friday, 31 May 2024

**The dates in the timetable are indicative and subject to possible change without notice. The Company reserves the right to amend any or all of these dates at its absolute discretion, subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. The quotation of the Shares to be issued under the Placement and SPP is subject to approval from the ASX and TSXV.*

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

Hot Chili's Managing Director and Chief Executive Officer Mr Christian Easterday is responsible for this announcement and has provided sign-off for release to the ASX and TSXV.

For more information please contact:

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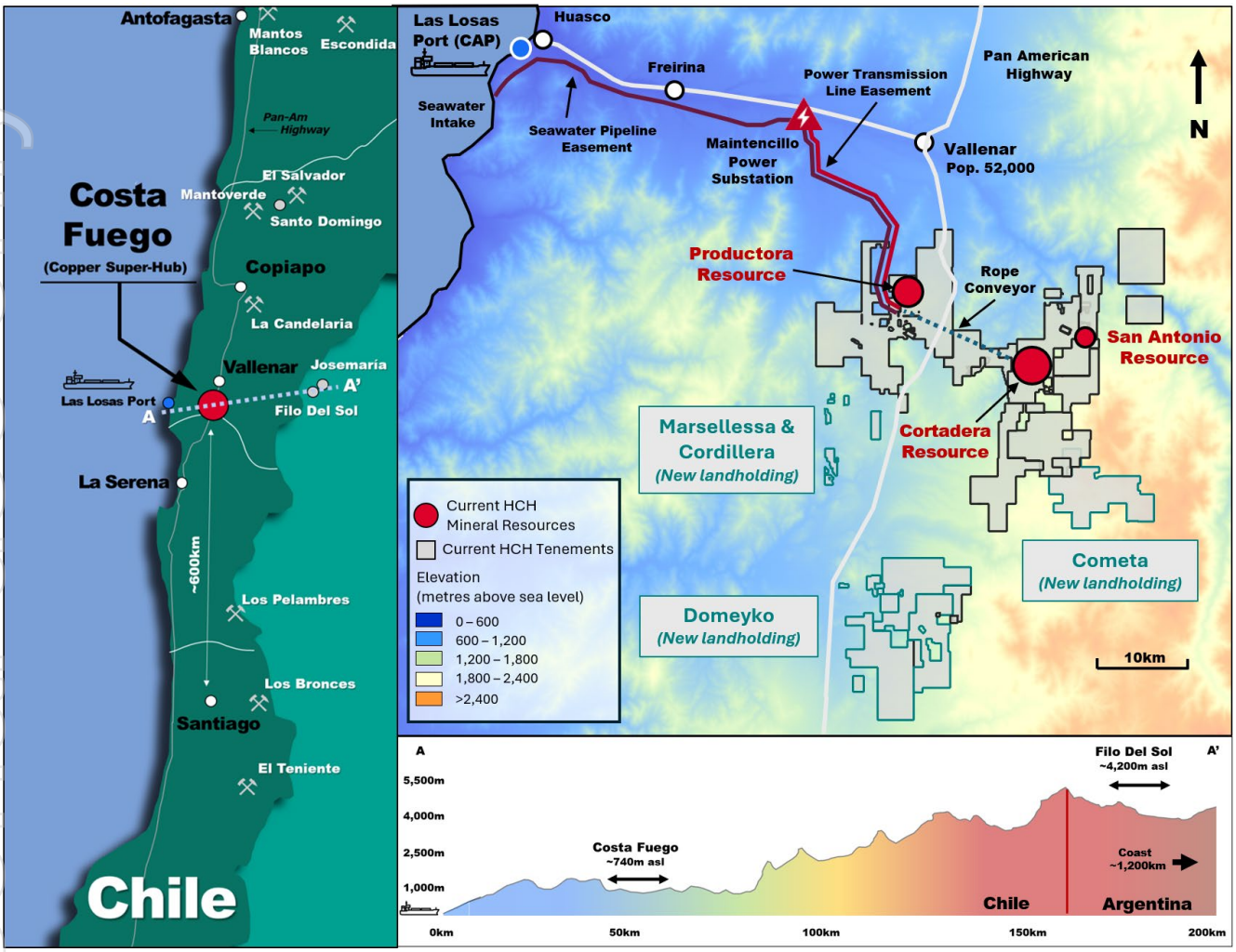
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Christian Easterday	Tel: +61 8 9315 9009
Managing Director – Hot Chili	Email: admin@hotchili.net.au
Penelope Beattie	Tel: +61 8 9315 9009
Company Secretary – Hot Chili	Email: admin@hotchili.net.au
Harbor Access	Email: graham.farrell@harbor-access.com
Investor & Public Relations (Canada)	Email: jonathan.paterson@harbor-access.com

or visit Hot Chili's website at www.hotchili.net.au

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Figure 1. Location of Costa Fuego Project in relation to new landholdings and coastal infrastructure



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US Securities Laws

This news release does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of any of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful, including any of the securities in the United States. The securities have not been and will not be registered under the 1933 Act or any state securities laws, and may not be offered or sold within the United States unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration requirements is available.

Forward Looking Statements

This news release contains certain statements that are "forward-looking information" within the meaning of Canadian securities legislation and Australian securities legislation (each, a "forward-looking statement"). Forward-looking statements reflect the Company's current expectations, forecasts, and projections with respect to future events, many of which are beyond the Company's control, and are based on certain assumptions. No assurance can be given that these expectations, forecasts, or projections will prove to be correct, and such forward-looking statements included in this news release should not be unduly relied upon. Forward-looking information is by its nature prospective and requires the Company to make certain assumptions and is subject to inherent risks and uncertainties. All statements other than statements of historical fact are forward-looking statements. The use of any of the words “advance”, “believe”, “complete”, “could”, “create”, “estimate”, “expect”, “fully funded”, “growth”, "may", "plan", "project", "should", "will", “would”, variants of these words, and similar expressions are intended to identify forward-looking statements.

The forward-looking statements within this news release are based on information currently available and what management believes are reasonable assumptions. Forward-looking statements speak only as of the date of this news release. In addition, this news release may contain forward-looking statements attributed to third-party industry sources, the accuracy of which has not been verified by the Company.

In this news release, forward-looking statements relate, among other things, to: the terms of the Placement and the SPP, the use of proceeds from the Placement and the SPP, the timing and ability of the Company to close the Placement and the SPP, the Company's ability to obtain all regulatory, including the approval of the TSXV and ASX, and timing and ability to complete the Company's stated business objectives including the execution and results of planned exploration, the creation and potential value of a water business, the results of the planned pre-feasibility study and bankable feasibility study, the ability to consolidate further mineral land holdings and whether they contain mineralization of economic interest, and the outcome of strategic funding discussions.

Forward-looking statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. A number of factors could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking statements in this news release, including, but not limited to, the following material factors: obtaining all regulatory and shareholder approvals for the Placement and the SPP; operational risks; risks related to the cost estimates of exploration; sovereign risks associated with the Company's operations in Chile; changes in estimates of mineral resources of properties where the Company holds interests; recruiting qualified personnel and retaining key personnel; future financial needs and availability of adequate financing; fluctuations in mineral prices; market volatility; exchange rate fluctuations; ability to exploit successful discoveries; the production at or performance of properties where the Company holds interests; ability to retain title to mining concessions; environmental risks; financial failure or default of joint venture partners, contractors or service providers; competition risks; economic and market conditions; and other risks and uncertainties described elsewhere in this news release and elsewhere in the Company's public disclosure record.

Although the forward-looking statements contained in this news release are based upon assumptions which the Company believes to be reasonable, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this news release, the Company has made assumptions regarding: completion of the Placement; regulatory approval for the Placement; the risks related to the use of proceeds from the Placement; market volatility; negative effects of dilution on the market price of the Company's ordinary shares; the ability to obtain permits for operations; sovereign risks associated with the Company's foreign operations; the risks related to political instability and expropriation; the uncertainty of the economic viability and estimation of mineral resources; the future price of minerals, including gold, copper, and silver; success of the exploration activities and the specifications, targets, results, analyses, interpretations, benefits, costs and timing of them; currency exchange rate fluctuations; prospects, projections and success of the Company and its projects; assumptions, limitations and qualifications in the Costa Fuego Technical Report; the timing and ability of the Company to receive necessary regulatory approvals; environmental risks; labour and employment risks; planned exploration programs and expenditures; current conditions and expected future developments; current information available to the management of the Company; the general business and prospects of the Company, as well as other considerations that are believed to be appropriate in the circumstances. The Company has included the above summary of assumptions and risks related to forward-looking information provided in this news release to provide investors with a more complete perspective on the Company's future operations, and such information may not be appropriate for other purposes. The Company's actual results, performance or achievement could

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differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom.

For additional information with respect to these and other factors and assumptions underlying the forward-looking statements made herein, please refer to the public disclosure record of the Company, including the Company's most recent Annual Report, which is available on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile. New factors emerge from time to time, and it is not possible for management to predict all those factors or to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

The forward-looking statements contained in this news release are expressly qualified by the foregoing cautionary statements and are made as of the date of this news release. Except as may be required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statement to reflect events or circumstances after the date of this news release or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise. Investors should read this entire news release and consult their own professional advisors to ascertain and assess the income tax and legal risks and other aspects of an investment in the Company.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.

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