

\$40M Funding Arranged to Acquire Cortadera & Deliver Rapid Resource Growth

Highlights

- Fully underwritten A\$5M share purchase plan, and A\$35M private placement corner-stoned by mining major Glencore and underpinned by several domestic and overseas institutional investors, as well as some of Hot Chili's largest shareholders
- Glencore will emerge as Hot Chili's largest shareholder with a 9.99% interest
- New funds secure the final acquisition payment of US\$15M for a 100% interest in the Company's world-class Cortadera copper-gold discovery in Chile – payment to be made immediately
- Fully funded to deliver a major resource upgrade and Pre-feasibility study for Costa Fuego, current resource standing at 2.9Mt copper, 2.7Moz gold and 9.9Moz silver and 64kt molybdenum (*as announced to ASX on 12th October 2020*)
- Further updates expected as the Company advances its drilling, development studies and expected TSXV dual-listing later this year

Hot Chili Limited (ASX: HCH) (OTCQB: HHLKF) ("Hot Chili" or the "Company") is pleased to announce that it has successfully arranged a \$35 million private placement to sophisticated and professional investors through the issue of new shares at 3.2 cent per share (the "Placement").

In addition, the Company has arranged a fully underwritten A\$5 million Share Purchase Plan (SPP) to allow participation by all shareholders under the same terms as the Placement.

Veritas Securities Limited and iA Private Wealth Inc. of Canada acted as Joint Lead Managers to the Placement, receiving strong demand from Australian and overseas institutional investors.

As announced to the Australian Securities Exchange (ASX) on 2nd August, the Company has entered into a binding agreement with Glencore for a strategic investment to acquire a 9.99% interest in Hot Chili. The strategic cornerstone investment by Glencore was made as part of the Placement.

Glencore is one of the largest natural resource companies in the world and the Company looks forward to welcoming a Glencore representative to the Board of Hot Chili shortly.

Hot Chili is the largest ASX-listed copper developer, and importantly, is the only major copper-gold porphyry developer in the Americas that is not listed in North America.

Ownership of Cortadera, strong cash position, rapid resource growth and backing by Glencore provide a compelling foundation ahead for the Company's plans to dual list on the TSXV in Canada later this year.

Hot Chili's Managing Director Christian Easterday said, "the \$40 million funding secures ownership of Cortadera, and Glencore's investment and involvement is a strong endorsement of our future"

Details of the Placement

The Company has arranged a Placement of 1,093,750,000 new fully paid ordinary shares (**Shares**) in two tranches to raise \$35 million institutional, professional and sophisticated investors as defined by section 708 (8), (10) and (11) of the Corporations Act 2001, including to Glencore who will subscribe for \$13.93 million under the Placement and to an associated entity of Hot Chili's Chairman Murray Black, who will subscribe for \$3 million.

The issue of 665,004,511 Shares under Tranche 1 of the Placement (**Tranche 1 Placement Shares**) will not be subject to shareholder approval and will be made within the Company's 25% placement capacity under Australian Securities Exchange (**ASX**) listing rules 7.1 and 7.1A.

A total of 354,184,879 new Shares will be issued within the Company's 15% placement capacity under listing rule 7.1 and a total of 310,819,632 new Shares will be issued within the Company's additional 10% placement capacity under listing rule 7.1A.

The issue of 428,745,489 Shares (**Tranche 2 Placement Shares**), including 93,750,000 Shares (\$3 million) to Blue Spec Sondajes Chile SpA, a Company associated with Hot Chili's chairman Murray Black, under Tranche 2 of the Placement will be subject to shareholder approval.

New Shares will be issued at a price of 3.2 cents (\$0.032) each.

The Company will convene a general meeting seeking shareholder approval of the issue of Tranche 2 Placement Shares, anticipated to be on or around 15 September 2021.

The issue price of 3.2 cents per new Share represents a 11.1% discount to the Company's last closing price and an 11.6% discount to the 15-day VWAP of Hot Chili shares prior to the trading halt on 2 August 2021.

Shares issued under the Placement will be fully paid ordinary shares in the Company and will rank equally with all Shares currently on issue.

Settlement and issue of the Tranche 1 Placement Shares is expected to occur on or around Friday, 13 August 2021.

Share Purchase Plan offer

Hot Chili is pleased to provide existing eligible shareholders an opportunity to subscribe for 156,250,000 new Shares (**SPP Shares**) in the Company by way of a share purchase plan offer (**SPP**) to raise \$5 million (before costs) (**SPP Offer**). The SPP Offer will be underwritten by Veritas Securities.

The SPP Shares will be offered at an issue price of \$0.032 per Share, being the same issued price per SPP Share as the price under the Placement.

Under the SPP Offer, each shareholder who held shares in the Company at 5.00pm (WST), Thursday 5 August 2021 (**SPP Record Date**) and who had a registered address in Australia or New Zealand will be entitled to apply for parcels of SPP Shares without paying brokerage.

Full details of the SPP Offer will be set out in the prospectus for the SPP Offer which is expected to be released to the ASX and dispatched to eligible shareholders on or around 13 August 2021.

The SPP Offer period will open on Tuesday, 17 August 2021 and is expected to close at 5pm WST on Friday, 10 September 2021.

Indicative Timetable for Placement and SPP Offer

Event	Date
Record date for entitlement to SPP Offer	5 August 2021
Issue of Tranche 1 Placement Shares	Thursday, 12 August 2021
Notice of General Meeting released	Friday, 13 August 2021
Prospectus for SPP Offer lodged with ASIC and ASX	Friday, 13 August 2021
Quotation of Tranche 1 Placement Shares on ASX	Friday, 13 August 2021
Prospectus and Notice of General Meeting sent to Shareholders	Monday, 16 August 2021
SPP Offer opens	Tuesday, 17 August 2021
SPP Offer closes	Friday, 10 September 2021
Announcement of results of SPP Offer	Tuesday, 14 September 2021
General Meeting to approve Tranche 2 Placement and issue of Placement shares	Wednesday, 15 September 2021
Issue of Tranche 2 Placement Shares and SPP Offer Shares	Friday, 17 September 2021
Quotation of Tranche 2 Placement Shares and SPP Offer Shares on ASX	Monday, 20 September 2021

The dates in the timetable are indicative and subject to possible change without notice. The Company will announce any change of timetable in accordance with the requirements of the Listing Rules.

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

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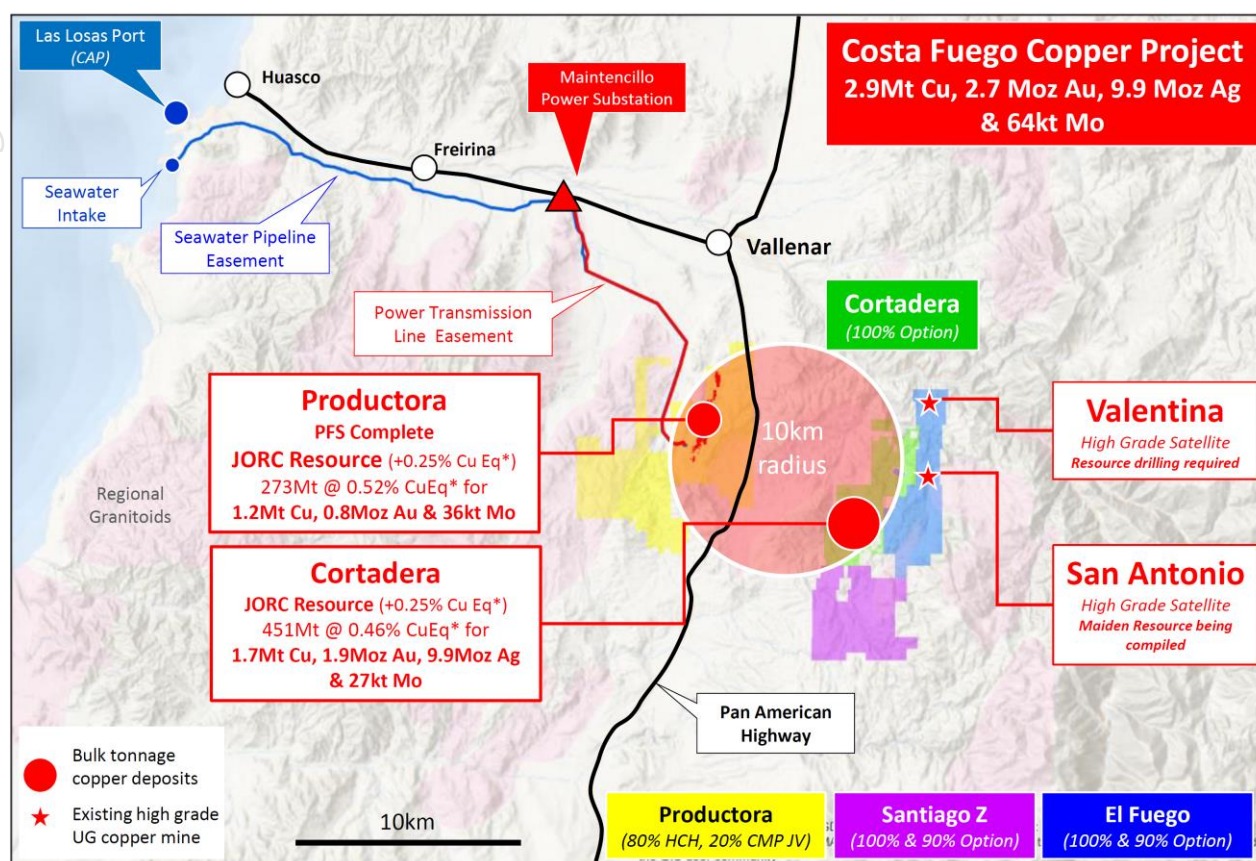


Figure 1 Location of Productora and the Cortadera discovery in relation to the coastal range infrastructure of Hot Chili's combined Costa Fuego copper project, located 600km north of Santiago in Chile.

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 (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: $CuEq = ((Cu \times Cu \text{ price } 1\% \text{ per tonne} \times Cu_{\text{recovery}}) + (Mo \text{ ppm} \times Mo \text{ price per g/t} \times Mo_{\text{recovery}}) + (Au \text{ ppm} \times Au \text{ price per g/t} \times Au_{\text{recovery}}) + (Ag \text{ ppm} \times Ag \text{ price per g/t} \times Ag_{\text{recovery}})) / (Cu \text{ price } 1\% \text{ per tonne})$. 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%.

** 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.

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.