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CAD\$30M Funding Arranged for Canadian Dual-Listing

Highlights

- Underwriters agree to CAD\$30M placement underpinned by several international and North American institutional investors, and some of Hot Chili's largest shareholders including Glencore
- Funds to satisfy 18 months of drilling and development studies to advance the Company's Costa Fuego copper-gold development in Chile
- Completion of offering contingent on approval of Canadian Securities Regulators and TSX Venture Exchange dual-listing application
- Further updates expected shortly as the Company advances its drilling and development studies

Hot Chili Limited (ASX: HCH) (OTCQB: HHLKF) ("Hot Chili" or the "Company") is pleased to announce that its underwriters and investors have agreed to support a CAD\$30 million placement through the issue of new fully paid ordinary shares ("Shares") at CAD\$1.55 per Share as well as one free-attaching warrant, exercisable at CAD\$2.50 for every two new Shares successfully applied for with a term of two years ("Warrants") (the "Offering" or "Placement").

IA Capital Markets and Cormark Securities Inc. of Canada are acting as co-lead underwriters for the Offering (**Underwriters**).

As announced to the Australian Securities Exchange (ASX) on 4 November 2021, net proceeds from the Placement are proposed to be used to upgrade the Cortadera Resource, advance the Costa Fuego Preliminary Feasibility Study (PFS), test several high-priority exploration targets and for general corporate purposes.

The Company has submitted an application to list its Shares on the TSXV and has reserved the symbol "HCH", as previously announced. The Placement will be subject to the Company filing a final form of prospectus with Canadian securities regulators (other than Quebec) and receiving a receipt therefor, and the Company fulfilling all of the initial listing requirements and conditions of the TSXV, and there is no assurance such approvals will be obtained or satisfied.




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.

Glencore has maintained its 9.99% interest in Hot Chili, providing strong backing ahead of the Company's plans to dual list on the TSXV this year and execute a strong growth and development plan.

Hot Chili's Managing Director Christian Easterday said this recent funding is yet another strong endorsement of the Company and its Costa Fuego copper-gold development in Chile.

"We hope to add a presence in North American markets and continue to focus on delivering Costa Fuego into production against a backdrop of strengthening copper price and limited new large copper mines.

"Costa Fuego is a stand-out major copper development in a short field of players globally."

 **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

Details of the Placement

The Company has arranged a Placement of 19,355,000 new Shares to raise CAD\$30 million to institutional, professional and sophisticated investors resident overseas or as defined by section 708 (8), (10) and (11) of the Corporations Act 2001.

A total of 19,122,286 new Shares to be issued under the Placement will not be subject to shareholder approval and will be made within the Company's 25% placement capacities under ASX listing rules 7.1 and 7.1A. 12,897,404 new Shares will be issued within the Company's 15% placement capacity under listing rule 7.1 and 6,224,882 new Shares will be issued within the Company's additional 10% placement capacity under listing rule 7.1A (**Tranche 1 Placement Shares**).

232,714 new Shares (CAD\$360,708) will be issued to Blue Spec Sondajes Chile SpA, a Company associated with Hot Chili's chairman Murray Black, under a second tranche of the Placement, subject to shareholder approval of the issue under ASX listing rule 10.11 (**Tranche 2 Placement Shares**).

New Shares will be issued at a price of CAD\$1.55 each.

The issue price of CAD\$1.55 per new Share is a 14% discount to the Company's last closing price (AUD\$2.01 or CAD\$1.81 at 1.11 CAD:AUD exchange rate) and a 17% discount to the 15-day VWAP of Hot Chili shares prior to the trading halt on 3 December 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.

Closing and issue of the new Shares under the Placement is conditional upon the Company filing a final prospectus with Canadian securities regulators (other than Quebec) and receiving a receipt therefor and the Shares issued under the Placement being approved for listing on the TSXV.

Settlement and issue of the Tranche 1 Placement Shares is expected to occur on or around Tuesday, 21 December 2021.

Subject to shareholder approval of their issue, the Company will issue to Placement participants one free-attaching warrant, exercisable at CAD\$2.50 with a term of two years, for every two new Shares issued (**Placement Warrants**).

The Company has also agreed to issue to the Underwriters 1,117,669 options, exercisable at CAD\$1.85 with a term of three years (**Underwriter Options**), as part of the payable to the Underwriters in respect of the Offering, subject to shareholder approval of the issue of the Underwriter Options.

The Company will convene a general meeting seeking shareholder approval of the issue of the Tranche 2 Placement Shares, the Placement Warrants and the Underwriter Options (**Tranche 2 Securities**), with the meeting anticipated to be on or around 24 January 2022.

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

For more information please contact:

Christian Easterday

+61 8 9315 9009

Managing Director

I:

christian@hotchili.net.au

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

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First Floor, 768 Canning Highway, Applecross, Western Australia 6153

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Contact

Mr Christian Easterday

Managing Director

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Indicative Timetable for TSXV IPO Capital Raising

Event	Date
Closing of the Offering - Settlement and issue of Tranche 1 Placement Shares	Tuesday, 21 December 2021 (Toronto, Canada)
Confirmation of issue of Tranche 1 Placement Shares	Wednesday, 22 December 2021
Quotation of Tranche 1 Placement Shares on ASX	Thursday, 23 December 2021
Quotation of Tranche 1 Placement Shares on TSXV	Thursday, 23 December 2021 (Toronto, Canada)
Notice of Meeting to approve issue of Tranche 2 Securities sent to shareholders	Friday, 24 December 2021
General Meeting to approve issue of Tranche 2 Securities	Monday, 24 January 2022
Issue of Tranche 2 Securities	Monday, 24 January 2022 (Toronto, Canada)
Confirmation of issue of Tranche 2 Securities	Tuesday, 25 January 2022

Dates are dates in Australia, unless otherwise indicated.

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.

Qualifying Statements

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