

## Hot Chili Announces PEA for Costa Fuego

### Costa Fuego Copper-Gold Project Preliminary Economic Assessment (PEA)<sup>1</sup> Outlines One of the World's Lowest Capital Intensity, Major Copper Developments

- **Strong Economics:** Costa Fuego PEA delivers using an 8% discount rate and long-term metal price assumptions of US\$3.85/lb copper (Cu) and US\$1,750/oz gold (Au):
  - **Base-case post-tax Net Present Value (NPV<sub>8%</sub>) of US\$1.10 Billion** (approximately, within a range of US\$733 Million to US\$1.46 Billion) **and Internal Rate of Return (IRR) of 21%** (approximately, within a range of 17% to 25%)
  - **Base-case pre-tax Net Present Value (NPV<sub>8%</sub>) of US\$1.54 Billion** (approximately, within a range of US\$1.05 Billion to US\$2.03 Billion) **and Internal Rate of Return (IRR) of 24%** (approximately, within a range of 19% to 29%)
- **Low Start-up Capital:** US\$1.05 Billion estimated, resulting in fast 3.5-year payback. Initial phases of open pit mining fully fund development of a bulk underground operation
- **Low Capital Intensity:** One of the lowest capital intensities of global copper development projects
- **Approximately 112 ktpa Average CuEq<sup>2</sup> Production Rate:** Including 95 kt Cu and 49 koz Au during primary production (first 14 years) at C1 Cash Cost<sup>3</sup> of US\$ 1.33/lb (estimated net of by-product credits)
- **Initial Mine Life:** 16-years with 1.41 Mt Cu and 718 koz Au produced for total revenue of approximately US\$13.52 Billion and total free cash flow of approximately US\$3.28 Billion (post-tax, after operating costs, capital costs, and royalties)
- **Conservative Approach:** 20% contingency on capital and US\$3.30/lb copper price for optimisations
- **Low Elevation with Advanced Permitting:** One of only a few global copper development projects at low elevation with a water permit and power connection
- **Highly Leveraged to Copper Price:** For every US\$0.10/lb increase above US\$ 3.85/lb Cu price, US\$100 Million (approximately) is added in post-tax NPV<sub>8%</sub>
- **Resource Growth Potential:** 30,000 m drilling program set to commence across multiple targets
- **Pre-Feasibility Study (PFS) Planned for Release by H2 2024:** 80% of workstreams to support a PFS are completed, with minimal study costs remaining
- **Single, Large Pit Scenario for Cortadera:** Being studied in H2 2023, with potential to materially increase mine life and scale

<sup>1</sup> The PEA is preliminary in nature and includes 3% of production feed from Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves (NI 43-101) or Ore Reserves (JORC 2012), and there is no certainty that the PEA will be realised. Mineral Resources that are not Mineral Reserves or Ore Reserves do not have demonstrated economic viability. References to "Mineral Reserves" in this announcement include Ore Reserves (JORC 2012). See page 39 for additional cautionary language.

<sup>2</sup> The copper-equivalent (CuEq) annual production rate was based on the combined processing feed (across all sources) and used long-term commodity prices of: Copper US\$ 3.85/lb, Gold US\$ 1,750/oz, Molybdenum US\$ 17/lb, and Silver US\$21/oz; and estimated metallurgical recoveries for the production feed to the following processes: Concentrator (87% Cu, 56% Au, 37% Ag, 58% Mo), Oxide Leach (55% Cu only), & Low-grade Sulphide Leach (40% Cu only).

<sup>3</sup> See page 40 for full non-IFRS measures disclaimer.

## Cautionary Statement – JORC Code (2012)

The Preliminary Economic Assessment referred to in this release is equivalent to a Scoping Study under JORC Code (2012) reporting guidelines. It has been undertaken for the purpose of initial evaluation of a potential development of the Costa Fuego Copper Project in Chile. It is a preliminary technical and economic study of the potential viability of the Costa Fuego Copper Project. The PEA outcomes, production target and forecast financial information referred to in the release are based on low level technical and economic assessments that are insufficient to support estimation of Ore Reserves. The PEA is presented in US dollars to an accuracy level of +/- 35%. While each of the modifying factors was considered and applied, there is no certainty of eventual conversion to Ore Reserves or that the production target itself will be realised. Further exploration and evaluation and appropriate studies are required before Hot Chili will be in a position to estimate any Ore Reserves or to provide any assurance of any economic development case. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the PEA.

Of the Mineral Resources scheduled for extraction in the PEA production plan, approximately 97% are classified as Indicated and 3% as Inferred during the 18-year evaluation period. The Company has concluded that it has reasonable grounds for disclosing a production target which includes a small amount of Inferred Mineral Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. Inferred Mineral Resources comprise 2.5% of the production schedule in the first four years of operation. The viability of the development scenario envisaged in the PEA does not depend on the inclusion of Inferred Mineral Resources.

The Mineral Resources underpinning the production target in the PEA have been prepared by a competent person in accordance with the requirements of the JORC 2012. For full details on the Mineral Resource estimate, please refer to the ASX announcement of 31 March 2022. Hot Chili confirms that it is not aware of any new information or data that materially affects the information included in that release and that all material assumptions and technical parameters underpinning the estimate continue to apply and have not been changed.

This PEA is based on the material assumptions outlined in Table 11 in this announcement. While Hot Chili considers that all the material assumptions are based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the PEA will be achieved.

To achieve the outcomes indicated in the PEA, including reaching Definitive Feasibility Study (“DFS”) stage, funding in the order of US\$1.10 Billion will be required, including pre-production and working capital, and assumed financing charges. Investors should note that there is no certainty that Hot Chili will be able to raise that amount of funding when needed. One of the key assumptions is that the funding for the Project will be available when required. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Hot Chili’s existing shares. It is also possible that Hot Chili could pursue other value realisation strategies such as debt financing, a sale or partial sale of its interest in the Costa Fuego Copper Project, sale of further royalties and/or streaming rights, sale of non-committed offtake rights, and sale of non-core assets.

This announcement contains forward-looking statements. Hot Chili has concluded that it has a reasonable basis for providing these forward-looking statements and believes it has a reasonable basis to expect it will be able to fund development of the Costa Fuego Copper Project. However, a number of factors could cause actual results or expectations to differ materially from the results expressed or implied in the forward-looking statements. Given the uncertainties involved, investors should not make any investment decisions based solely of the results of this study.

**Hot Chili’s Managing Director Mr Christian Easterday commented, “The Costa Fuego PEA cements Hot Chili’s position as the largest copper developer listed on the ASX by both resource size and potential scale of copper production.**

*Costa Fuego ranks highly amongst global peer projects<sup>1</sup> and stands out as one of the world’s lowest capital intensity, major copper developments. The PEA indicates a strong investment case for advancing Costa Fuego to a PFS for what would be a low-cost, low-risk, long-life, large-scale copper project, which is extremely leveraged to both resource growth and copper price appreciation.*

*I am very pleased with our entire teams’ effort to deliver the PEA on-time and within guidance and look forward to delivering on our objective to transform Hot Chili into the only 100 thousand tonne copper producer listed on the ASX outside of the control of major miners.*

<sup>1</sup> Source: Published Company reports on studies undertaken on projects that were not in production at the time of the studies. Information from projects has been sourced from publicly available data that has been provided under differing economic assumptions. Public information for projects has been adjusted to provide a standardised data set under a US\$3.85/lb Copper price. The Global Developer Peer Group of project studies were selected on the following basis: Global primary copper projects (not controlled by a major miner), with by-product revenues where applicable, reporting studies of average annual life-of-mine copper production of greater than 40 kt, which have been published within the last 4 years. Projects with older studies were considered to be on hold. Significant projects such as Pebble and King-king were excluded by Hot Chili due to high perceived geopolitical risk, limiting the probability of development. Projects controlled by mid-tier mining companies near Costa Fuego were also included (Josemaría, Santa Domingo, Mantos Blanco and Mantoverde).

*We are focused on our next steps in resource growth and the delivery of an optimised and potentially larger project definition for our pre-feasibility study next year.*

*The recently announced US\$15 Million investment agreement with Osisko Gold Royalties positions the Company to be fully funded for the next 12 to 18 months to deliver on our growth and development timetable.”*

**Chairman Nicole Adshead-Bell affirmed,** *“Hot Chili is now one of a select group of companies with a copper development project of this scale of production that is not controlled by a major. The Company is also advantaged by its coastal, low elevation location and abundant existing infrastructure, reducing its economic hurdle and resulting in the lowest capital intensity of its global peer projects.*

*Our decade long efforts on decreasing development risk, including acquiring water rights, surface rights and securing connection to the electrical grid, will materially reduce development timelines when we make the decision to advance the Project through final permitting.*

*Hot Chili is very well positioned to benefit from the looming structural shortfall in copper production<sup>1</sup> due to the size and scale of the Project. Combined with the ability to more quickly advance to production when compared to some of our development peers, due to our 10-year long commitment to reducing exogenous risk combined with the strong ESG credentials of Costa Fuego”.*

**Chief Operating Officer Grant King further added,** *“The PEA outlines for the first time - a combined production hub approach for Costa Fuego, utilising centralised processing for open pit and underground production sources.*

*We have taken a conservative approach in the PEA - Twenty percent contingency has been applied to all capital costs, Mineral Resources are reported at US\$3.00/lb copper price, mining optimisations were undertaken at US\$3.30/lb copper price and financial modelling at US\$3.85/lb copper price, with closure costs included.*

*Our PFS is well advanced and awaiting the outcome of further resource growth activities before finalising study scale. We will also investigate a large single open pit scenario for Cortadera (no underground block cave) with the potential to materially increase processing feed and mine life.”*

The company will be hosting webinars on 29<sup>th</sup> June at 9.30 am AEST / 7.30 am AWST (for Australian audience) and at 10.00 am EST (for North American audience) to brief shareholders and investors on the outcomes of the Costa Fuego PEA.

Hot Chili’s Chief Executive Officer Christian Easterday and Chief Operating Officer Grant King will be hosting the call, which will also include a Q&A session.

**The following links will provide access to the Costa Fuego investor briefing webinar:**

[Registration Link for Australian Audience - 29th June at 9.30 am AEST / 7.30 am AWST](#)

[Registration Link for North American Audience – 29th June at 10.00 am EST](#)

After registering, you will receive a confirmation email containing information about joining the webinar.

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<sup>1</sup>“Green Metals - Copper is the new oil”. Published 13 April 2021, available at:

<https://www.goldmansachs.com/intelligence/pages/gs-research/copper-is-the-new-oil/report.pdf>

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.

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# Costa Fuego Copper-Gold Project



Preliminary Economic  
Assessment (PEA)

**Hot Chili Limited (ASX: HCH) (TSXV: HCH) (OTCQX: HHLKF) (“Hot Chili” or “Company”)** is pleased to announce the results of the Preliminary Economic Assessment (the “PEA”) for its Costa Fuego Copper-Gold Project (Costa Fuego or “the Project”) located 600 km north of Santiago, at low elevation (<1,000 m) in the coastal range of the Atacama Region, Chile. The PEA was prepared in accordance with Canada’s Standards of Disclosure for Mineral Projects (“NI 43-101”).

The PEA provides positive economic outcomes for Costa Fuego, which Hot Chili believes can be further optimised in the Company’s planned PFS, due for completion by H2 2024.

An independent technical report for the PEA, prepared in accordance with NI 43-101 reporting standards, will be available under the Company’s SEDAR profile and website within the next 45 days.

Table 1 below shows the base-case preliminary economics as well as the upper and lower range scenarios.

**Table 1. Copper Price Ranges: Lower-, Base-, and Upper-Case Scenarios<sup>1,2</sup>**

Project Metric		Units	Copper Price		
			Lower (US\$3.50/lb)	Base (US\$3.85/lb)	Upper (US\$4.20/lb)
Pre-Tax	NPV <sub>8%</sub>	US\$M	1,046	<b>1,540</b>	2,029
	IRR	%	19%	<b>24%</b>	29%
Post-Tax	NPV <sub>8%</sub>	US\$M	733	<b>1,100</b>	1,463
	IRR	%	17%	<b>21%</b>	25%
Annual Average Revenue		US\$M	779	<b>845</b>	911
Annual Average EBITDA		US\$M	384	<b>445</b>	506
Annual Average Free Cash Flow		US\$M	226	<b>271</b>	315
Payback period (From First Production)		years	4.25	<b>3.50</b>	3.25
Post-Tax NPV <sub>8%</sub> / Start-up Capital			0.7	<b>1.1</b>	1.4

Key base-case economic highlights are presented in Table 2 below.

<sup>1</sup> Certain terms of measurement used in this news release are not performance measures reported in accordance with International Financial Reporting Standards (“IFRS”). Non-IFRS terms measures used such as “Cash Cost”, “All-in Sustaining Costs”, “C1”, “Expansion Costs”, “Free Cashflow” and “All-in costs” are included because these statistics are measures that management uses internally to evaluate performance, to assess how the Project ranks against its peer projects and to assess the overall effectiveness and efficiency of the contemplated mining operations. These performance measures do not have a meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

<sup>2</sup> The PEA is preliminary in nature and includes 3% of production feed from Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the PEA will be realised. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. See page 39 for additional cautionary language.

**Table 2: Costa Fuego PEA<sup>1</sup> Economic Highlights<sup>2</sup>- Base Case**

Project Metric		Units	Value	
<b>Financial Measures</b>				
Pre-tax	Cu US\$3.85/lb	NPV <sub>8%</sub>	US\$M	1,540
		IRR	%	24
Post-tax	Cu US\$3.85/lb	NPV <sub>8%</sub>	US\$M	1,100
		IRR	%	21
Payback period (from start of operations)		years	3.5	
Open Pit Strip Ratio		W/P	1.8	
Post-tax NPV/Start-up Capex		Ratio	1.1	
<b>Capital Costs<sup>2</sup></b>				
Total Pre-production Capital Expenditure		US\$M	1,046	
Expansion		US\$M	708	
Sustaining		US\$M	1,014	
Total		US\$M	2,768	
<b>Operating Costs<sup>2</sup></b>				
C1		\$/lb Cu	1.33	
Total Cash Cost (net by-products and including royalties)		\$/lb Cu	1.43	
All-in-Sustaining Cost		\$/lb Cu	1.74	
All-In Cost LOM		\$/lb Cu	2.31	
<b>Mine Life &amp; Metal Production</b>				
Primary Mine Production Including Ramp-up		years	14	
Mine Life (Life of Mine Processing)		years	16	
Primary Mine Production – Average Annual Copper Equivalent Metal <sup>3</sup>		kt	112	
Primary Mine Production – Average Annual Copper Metal		kt	95	
Primary Mine Production – Average Annual Gold Metal		koz	49	

**Table 3: Costa Fuego Revenue Breakdown<sup>3</sup>**

LOM Revenue Contribution	Revenue (US\$M)	% of Total
Copper in Concentrate	10,342	76%
Copper Cathode	1,218	9%
Gold	1,132	8%
Molybdenum	799	6%
Silver	32	0.2%
<b>Total</b>	<b>13,523</b>	<b>100%</b>

<sup>1</sup> The PEA is preliminary in nature and includes 3% of production feed from Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the PEA will be realised. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. See page 39 for additional cautionary language.

<sup>2</sup> Certain terms of measurement used in this news release are not performance measures reported in accordance with International Financial Reporting Standards (“IFRS”). See page 40 for full non-IFRS measures disclaimer.

<sup>3</sup> Includes Payability

The Costa Fuego PEA has been prepared by Wood Australia Pty. Ltd. as an update to the historical Productora 2016 Pre-Feasibility Study (the “2016 PFS”).

It follows significant regional consolidation and a near quadrupling of the Company’s resource inventory with the addition of the Cortadera porphyry resource, and the San Antonio high-grade satellite resource.

The expanded resource base provided an opportunity to lift the scale of development for a combined development hub (Costa Fuego) and optimise infrastructure required to transport these resources to a proposed centralised processing plant at Productora. The PEA therefore presents a materially different project to that contemplated in the 2016 PFS.

The Costa Fuego PEA is the culmination of an extensive work program completed by Hot Chili and a group of key independent consultants, with a rapid drill out and subsequent Mineral Resource estimates on the Cortadera and San Antonio deposits, extensive mine planning and scheduling, revision of capital and operating cost estimates, metallurgical testwork and subsequent flow sheet optimisation, and planning and permitting of critical infrastructure.

The results of the Costa Fuego PEA outline a low-risk, long life copper project benefiting from a low start-up capital and high annual copper equivalent metal production profile of over 100 kt for a 16-year mine life (including over 110 kt for the first 14 years).

The PEA suggests strong economics for Costa Fuego as a combined open pit and underground mining hub using centralised processing for a conventional large-scale copper mine producing both concentrate and copper cathode.

Costa Fuego benchmarks well against global peer copper development projects<sup>1</sup>, ranking highly for key financial measures of capital intensity (start-up capital/life of mine average annual copper production) and post-tax NPV/start-up capital. Costa Fuego also benefits from a favourable location at 740 m above sea level, is proximal to port facilities (~50 km) and has access to existing infrastructure.

Project economics are strongly leveraged to further resource growth and copper price appreciation.

The Company is well positioned to deliver the next steps in its growth and development plan, including:

- **Commencement of 30,000 m drill program** – resource expansion and exploration targets being prepared for drilling operations commencement in July 2023
- **Completion of Costa Fuego resource upgrade by late 2023**
- **Delivery of Costa Fuego PFS by H2 2024** - The Company has already considerably advanced its PFS (approximately 80% complete) with minimal expenditure required for completion

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<sup>1</sup> Source: Published Company reports on studies undertaken on projects that were not in production at the time of the studies. Information from projects has been sourced from publicly available data that has been provided under differing economic assumptions. Public information for projects has been adjusted to provide a standardised data set under a US\$3.85/lb Copper price. The Global Developer Peer Group of project studies were selected on the following basis: Global primary copper projects (not controlled by a major miner), with by-product revenues where applicable, reporting studies of average annual life-of-mine copper production of greater than 40 kt, which have been published within the last 4 years. Projects with older studies were considered to be on hold. Significant projects such as Pebble and King-king were excluded by Hot Chili due to high perceived geopolitical risk, limiting the probability of development. Projects controlled by mid-tier mining companies near Costa Fuego were also included (Josemaría, Santa Domingo, Mantos Blanco and Mantoverde).



Port access negotiations and associated engineering studies are continuing, and the Company is also continuing to pursue further regional consolidation opportunities.

Figure 1. Location of the Costa Fuego Project Regionally in Relation to Key Infrastructure

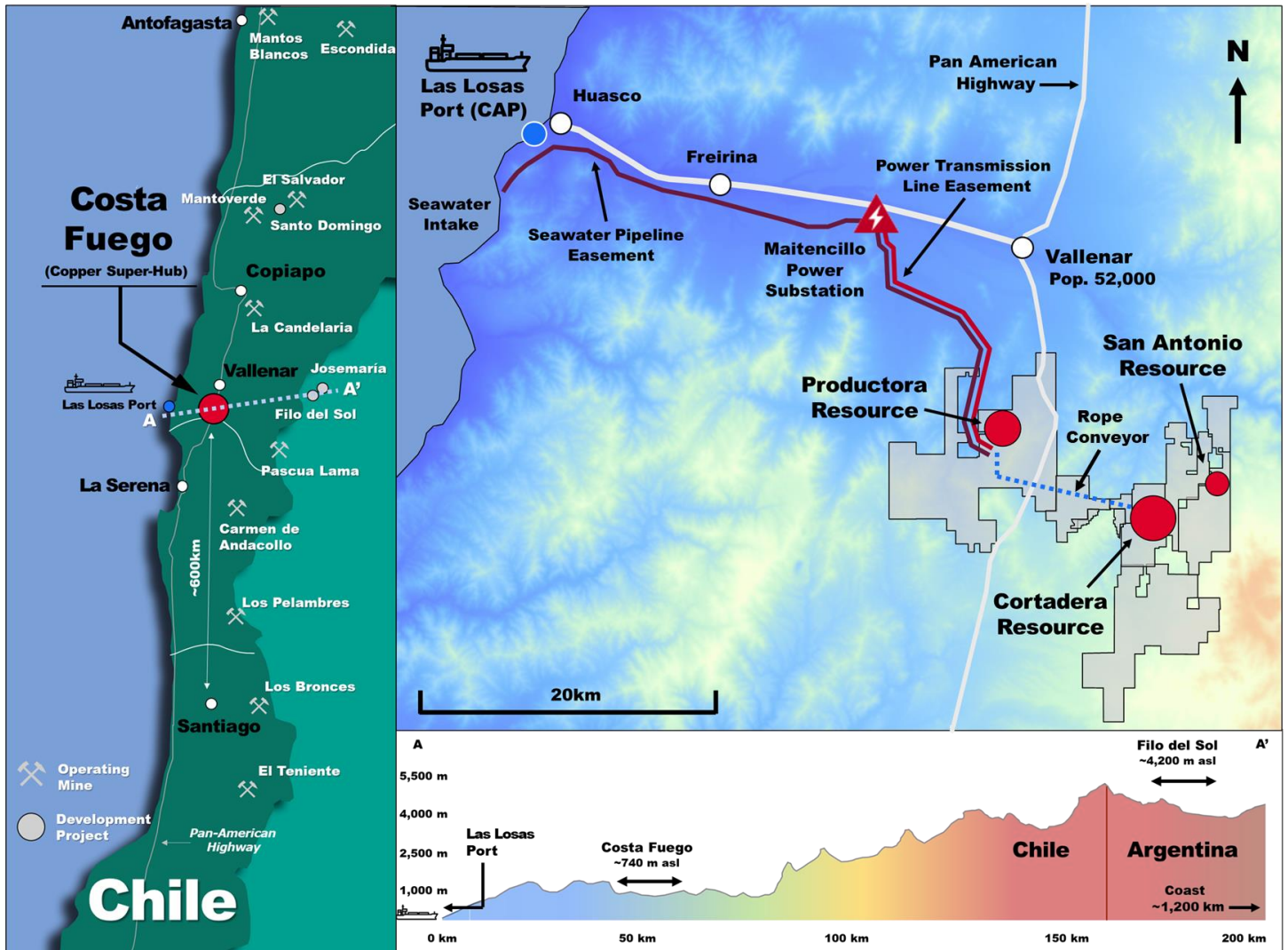
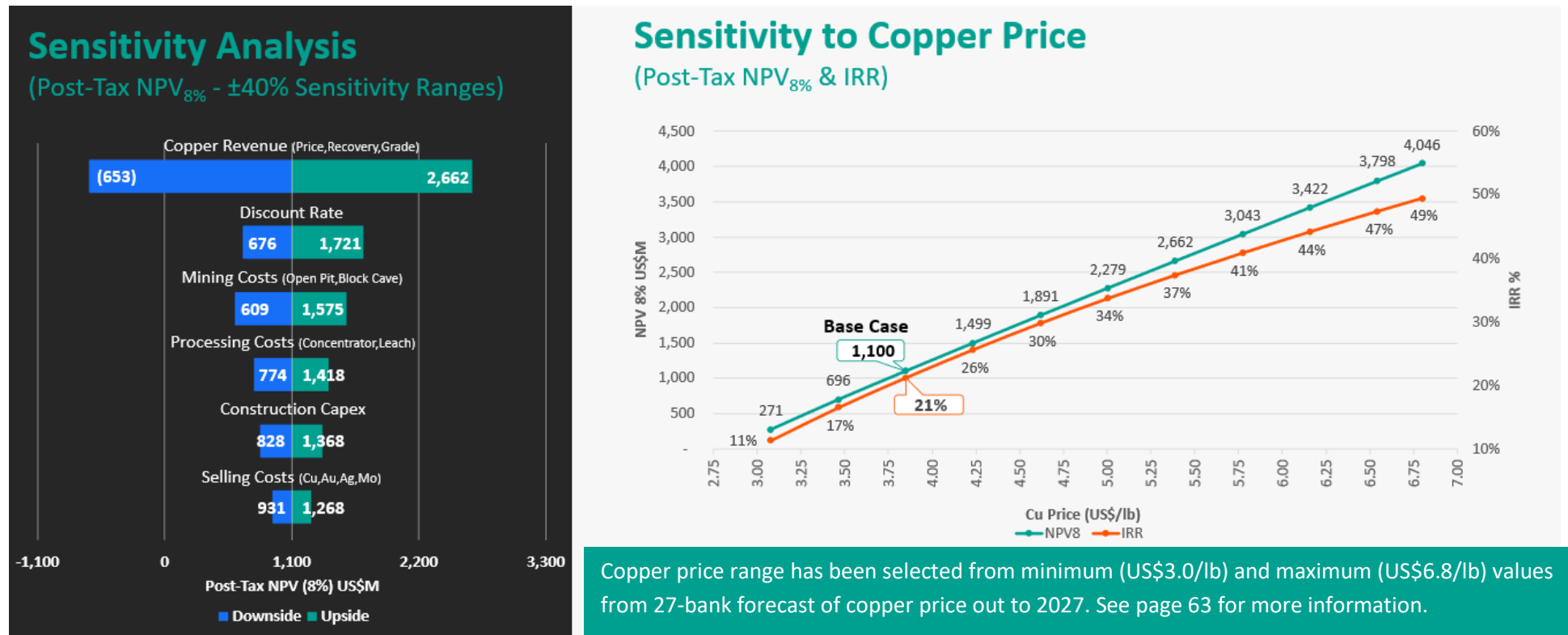


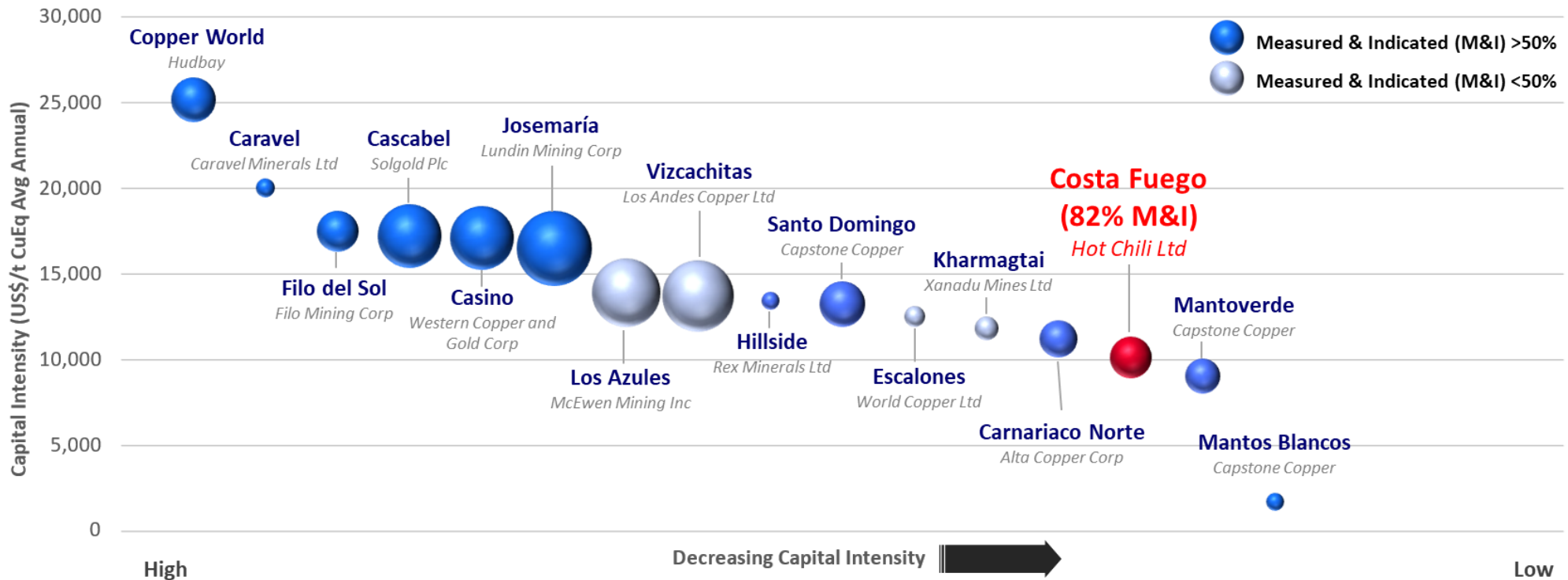
Figure 2. Sensitivity Analysis by Economic Factor and Net Present Value (NPV<sub>8%</sub>) – Internal Rate of Return (IRR) Sensitivity to Copper Price<sup>1</sup>



<sup>1</sup> The PEA is preliminary in nature and includes 3% of production feed from Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the PEA will be realised. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. See Page 39 for additional cautionary language.

Capex = Capital Expenditure, NPV = Net Present Value, IRR = Internal Rate of Return.

Figure 3. Comparison to Peers<sup>1</sup> – Capital Intensity & Average Annual Copper Equivalent<sup>2</sup> Production



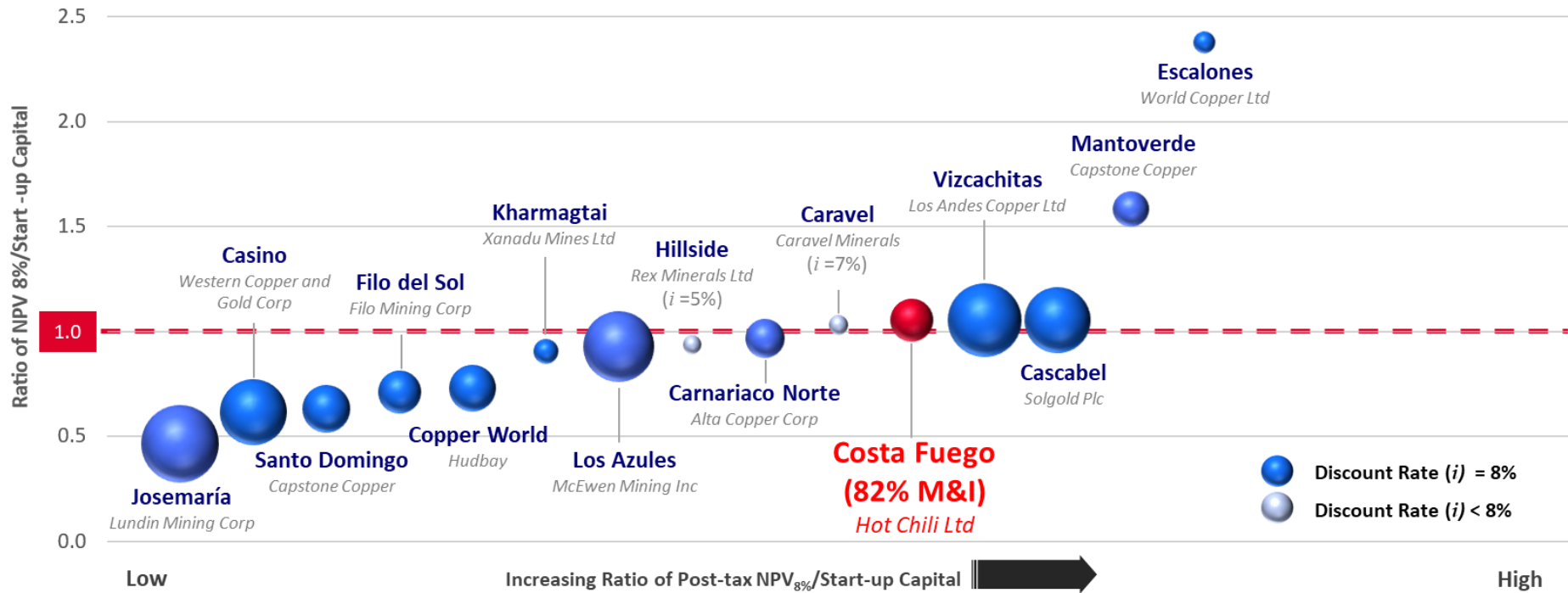
Sphere size represents projected Life of Mine Average Annual CuEq\* Production. Grey spheres contain majority Inferred material in study schedule.

<sup>1</sup> Source: Published Company reports on studies undertaken on projects that were not in production at the time of the studies. Information from projects has been sourced from publicly available data that has been provided under differing economic assumptions. Public information for projects has been adjusted to provide a standardised data set under a US\$3.85/lb Cu price. Published sensitivity data provided results that bracketed an US\$3.85/lb Cu price, which was then calculated. Details of the adjustment are provided in the reference table on Benchmarking Data in the appendix.

The Global Developer Peer Group of project studies were selected on the following basis: Global primary copper projects (not controlled by a major miner), net of by-product credits where applicable, reporting studies of average annual life-of-mine copper production of greater than 40 kt, which have been published within the last 4 years. Projects with older studies were considered to be on hold. Significant projects such as Pebble and King-king were excluded due to high perceived geopolitical risk, limiting the probability of development. Projects controlled by mid-tier mining companies near Costa Fuego were also included (Josemaría, Santa Domingo, Mantos Blanco and Mantoverde) for comparison purposes. References to active mines and other mineral projects is for illustration purposes only. There can be no assurances the Company will achieve comparable results.

<sup>2</sup> The copper-equivalent (CuEq) annual production rate was based on the combined processing feed (across all sources) and used long-term commodity prices of: Copper US\$ 3.85/lb, Gold US\$ 1,750/oz, Molybdenum US\$ 17/lb, and Silver US\$21/oz; and estimated metallurgical recoveries for the production feed to the following processes: Concentrator (87% Cu, 56% Au, 37% Ag, 58% Mo), Oxide Leach (55% Cu only), & Low-grade Sulphide Leach (40% Cu only).

Figure 4. Comparison to Peers<sup>1</sup> – Ratio of Post-Tax NPV/Start-up Capital – Normalised at US\$3.85/lb Cu price



Sphere size represents projected life of mine average annual CuEq<sup>2</sup> production. Grey spheres include projects which are not reported at an 8% Discount Rate (i). The projects Hillside and Caravel were not studied at an 8% discount rate; sensitivity data provided results that bracketed an 8% discount rate, which was then calculated.

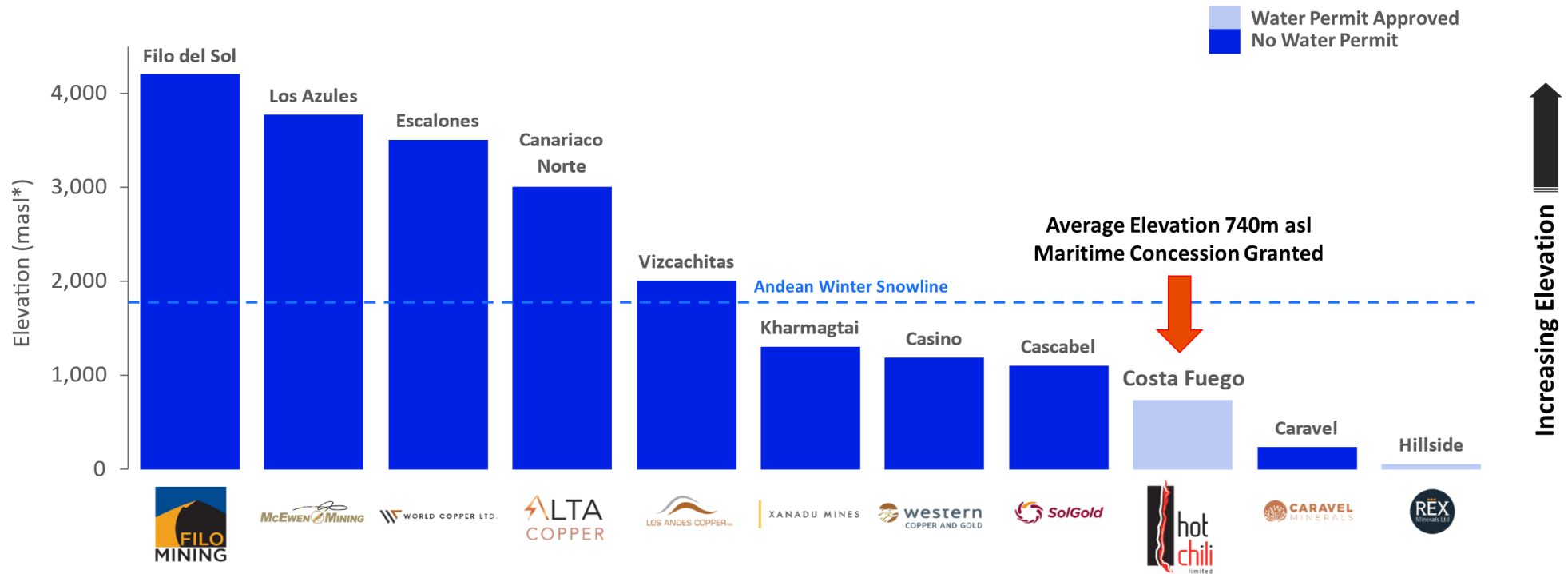
<sup>1</sup> Published Company reports on studies undertaken on projects that were not in production at the time of the studies. Information from projects has been sourced from publicly available data that has been provided under differing economic assumptions. Public information for projects has been adjusted to provide a standardised data set under a US\$3.85/lb Cu price. Published sensitivity data provided results that bracketed an US\$3.85/lb Cu price, which was then calculated. Details of the adjustment are provided in the reference table on Benchmarking Data in the Appendix.

The Global Developer Peer Group of project studies were selected on the following basis: Global primary copper projects (not controlled by a major miner), with net by-product credits where applicable, reporting studies of average annual life-of-mine copper production of greater than 40 kt, which have been published within the last 4 years. Projects with older studies were considered to be on hold. Significant projects such as Pebble and King-king were excluded by Hot Chili due to high perceived geopolitical risk, limiting the probability of development. Projects controlled by mid-tier mining companies near Costa Fuego were also included (Josemaría, Santa Domingo, Mantos Blanco and Mantoverde) for comparison purposes. References to active mines and other mineral projects is for illustration purposes only. There can be no assurances the Company will achieve comparable results.

<sup>2</sup> The copper-equivalent (CuEq) annual production rate was based on the combined processing feed (across all sources) and used long-term commodity prices of: Copper US\$ 3.85/lb, Gold US\$ 1,750/oz, Molybdenum US\$ 17/lb, and Silver US\$21/oz; and estimated metallurgical recoveries for the production feed to the following processes: Concentrator (87% Cu, 56% Au, 37% Ag, 58% Mo), Oxide Leach (55% Cu only), & Low-grade Sulphide Leach (40% Cu only).



Figure 5. Comparison to Peers<sup>1</sup> - Elevation above sea level and Water Permits (Maritime or Terrestrial)



<sup>1</sup> Source: Published Company reports on studies undertaken on projects that were not in production at the time of the studies.

The Global Market Developer Peer Group of market-listed companies were selected on the following basis: Global copper development companies (not controlled by a major miner), with by-product metals where applicable, reporting development studies of average annual life-of-mine copper production of greater than 40 kt, which have been published within the last 4 years. Companies with older studies were considered to have their development project on hold. Companies with significant projects such as Pebble and King-king were excluded by Hot Chili due to high perceived geopolitical risk, limiting the probability of development. Mining companies already in production but part of the Global Developer Peer Group were excluded (Lundin - Josemaría, Capstone Mining - Santa Domingo, Mantos Blanco and Mantoverde).

The PEA is preliminary in nature and includes 3% of production feed from Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the PEA will be realised. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. See Page 39 for additional cautionary language.

asl = above sea level

## PEA Study Team and Key Independent Consultants

The Costa Fuego PEA was compiled by Wood Australia Pty Ltd, with support from experienced and reputable Independent Qualified Persons (“QPs”) and Key Consultants, based in Chile and Australia:

Consultant	Role	Area of responsibility
Wood Australia Pty Ltd	Primarily Responsible for PEA & Qualified Person	Documentation, Metallurgy, Processing, Project Capital and Operating Cost Estimation and Validation, Economic Analysis and Project Schedule
Haren Consulting	Qualified Person	Mineral Resource Estimate
ABGM	Qualified Person	Mine Design, Cut-off Grade, Mining Schedule, Mine Capital and Operating Cost Estimates
Doppelmayr	Independent Consultant	Infrastructure
Knight Piésold Pty Ltd	Independent Consultant	Tailings Storage Facility
Ingeroc	Independent Consultant	Geotechnical Engineering
Gestión Ambiental Consultores	Independent Consultant	Environmental and Community

### About Wood Australia Pty Ltd (Wood)

With 35,000 professionals, across 60 countries, Wood are one of the world’s leading consulting and engineering companies operating across Energy and Materials markets.

### About Haren Consulting

Haren Consulting provide specialist resource geology services for the mining industry including Technical Mentoring, resource estimation, training, reconciliation, conditional simulation, and QA/QC analysis.

### About ABGM

ABGM is a niche mining consultancy delivering world class mine technical services to a global client base. ABGMs services are multi-disciplinary and covers precious and base metals, industrial minerals, diamonds, coal and potash for open pit or underground mining methods.

### About Doppelmayr

Doppelmayr carry out engineering design for open pit and underground mining, with an experienced team in the industry, both nationally and internationally.

### About Knight Piésold

Knight Piésold is an employee-owned, global consulting firm providing specialist services to the mining, power, water resources, and infrastructure industries. Knight Piésold has a 1,000-strong team operating from 28 offices across 16 countries.

## About Ingeroc

Ingeroc is one of Chile's leading geotechnical consultancies, specialising in rock mass characterisation, stability analysis, operational geotechnical control, and review of geotechnical procedures.

## About Gestión Ambiental Consultores (GAC)

With more than 30 years of experience, GAC is a leading environmental consultancy in the Chilean market. GAC employs a team of more than 140 professionals, with vast experience in the development of projects associated with the energy, mining and industry.

## Project Description

Costa Fuego is located 17 km south of the regional township of Vallenar (population approximately 52,000), approximately 600 km north of Santiago and 160 km north of the coastal city of La Serena, in the low-altitude, coastal range of the Atacama region of Chile.

The Project comprises three mineral resources situated within a 10 km radius: Productora, Cortadera and San Antonio. The resources are located along the Pan-American Highway (Figure 1) with an average elevation of 740 m above sea level and in close proximity to existing infrastructure of the Huasco valley and the nearby Las Losas port facilities (55 km distance).

Over the past decade, the Company has secured permits and access to establish critical infrastructure, including surface rights for the proposed central processing facilities and associated infrastructure at Productora, electrical connection to the Maitencillo power substation (20 km distance), maritime concession and coastal land access rights for sea water extraction, and easements for sea water pipelines and power infrastructure.

### Ownership and Surface Rights - Productora

The Productora deposit is 100% owned by a Chilean incorporated company Sociedad Minera El Aguila SpA ("SMEA"). SMEA is a joint venture company – 80% owned by Sociedad Minera El Corazón Limitada (a 100% subsidiary of Hot Chili), and 20% owned by CMP Productora (a 100% subsidiary of Compañía Minera del Pacífico S.A ("CMP")).

### Ownership and Surface Rights – Cortadera

The Cortadera deposit is controlled by a Chilean incorporated company Sociedad Minera La Frontera SpA ("Frontera"). Frontera is a subsidiary company – 100% owned by Sociedad Minera El Corazón Limitada, which is a 100% subsidiary of Hot Chili.

### Ownership and Surface Rights – San Antonio

The San Antonio deposit is controlled by Frontera and has an Option Agreement with a private party to earn a 90% interest.

## Mineral Resources

Independent QP Ms Elizabeth Haren of Haren Consulting was responsible for all data verification, geological and mineralisation interpretation, and three-dimensional surface creation. Work completed by the Company was peer reviewed prior to block model resource estimation and classification by Elizabeth Haren of Haren Consulting. Ms Haren was responsible for all aspects of geostatistical analysis, variography modelling, and determination of parameters for block model and resource estimation.

Ms. Haren is a Qualified Person under NI 43-101 who is a Member and Chartered Professional of The Australasian Institute of Mining and Metallurgy (“AusIMM”) and a Member of the Australian Institute of Geoscientists (“AIG”).

Estimation of the main grade variables (copper, gold, silver, and molybdenum) was completed using categorical indicator kriging, ordinary block kriging and inverse distance interpolation within either manually interpreted mineralisation domains or software-guided grade interpolants, as appropriate.

Extensive validation was completed on the resource estimations, including internal company peer review. The resource estimate has benefited immensely from the technical guidance of Dr Steve Garwin, one of the leading authorities on porphyry style mineralisation in the circum-pacific region.

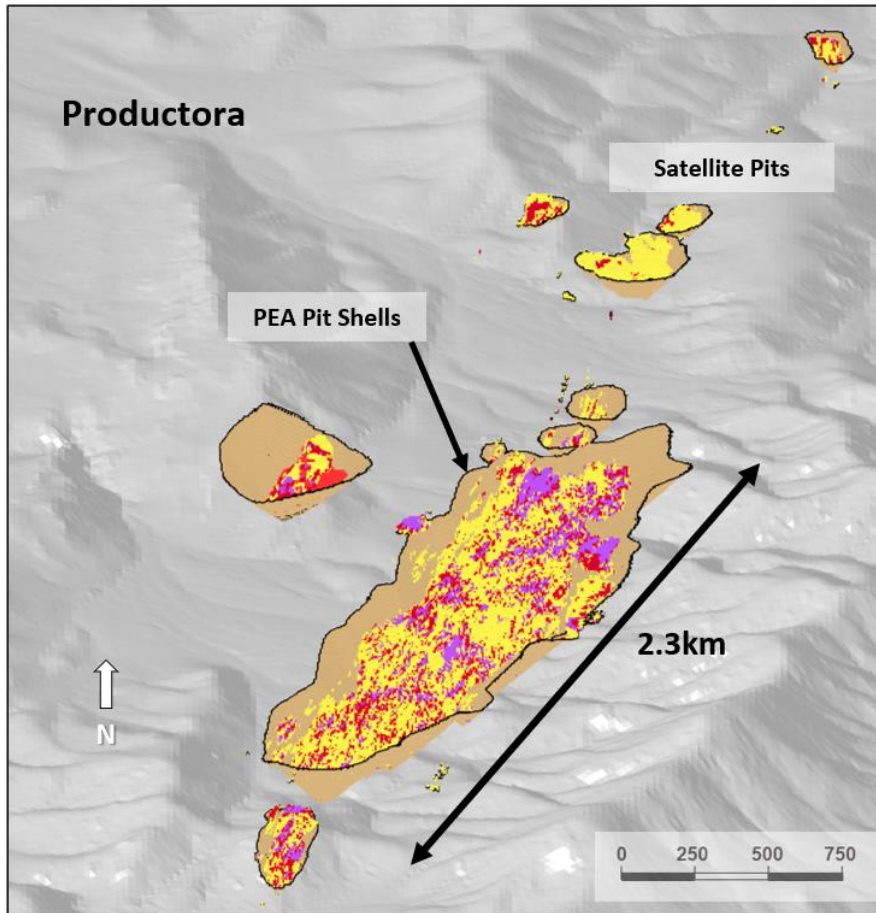
A range of criteria were considered in determining the resource classification, including geological and grade continuity between drill holes, drill hole spacing, mineralisation type and data quality.

There are currently no known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant factors which could affect the Mineral Resource Estimate (“MRE”).

The MRE shown below in Figure 6 has an effective date of March 31, 2022, and was reported within open pit and block cave shapes generated considering reasonable prospect of eventual economic extraction (“RPEEE”).



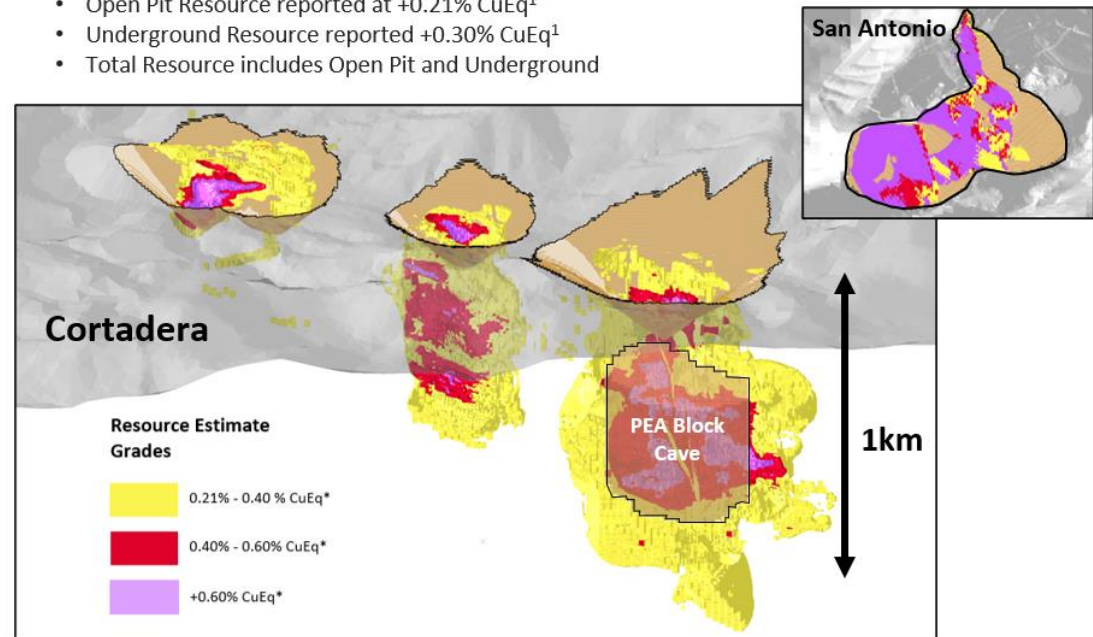
Figure 6. Costa Fuego Mineral Resources (Current as of 31 March 2022)



### Costa Fuego Mineral Resource Estimate (March 2022)

Classification	Tonnes (Mt)	Grade					Contained Metal				
		CuEq <sup>1</sup> (%)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (ppm)	CuEq <sup>1</sup> (kt)	Cu (kt)	Au (koz)	Ag (koz)	Mo (kt)
Indicated	725	0.47	0.38	0.11	0.45	93	3,408	2,755	2,564	10,489	67
<b>M+I Total</b>	<b>725</b>	<b>0.47</b>	<b>0.38</b>	<b>0.11</b>	<b>0.45</b>	<b>93</b>	<b>3,408</b>	<b>2,755</b>	<b>2,564</b>	<b>10,489</b>	<b>67</b>
Inferred	202	0.36	0.30	0.06	0.31	66	731	605	359	2,032	13

- Open Pit Resource reported at +0.21% CuEq<sup>1</sup>
- Underground Resource reported +0.30% CuEq<sup>1</sup>
- Total Resource includes Open Pit and Underground



<sup>1</sup> Resource Copper Equivalent (CuEq) considers assumed commodity prices and average metallurgical recoveries for the Mineral Resource from testwork. See page 43 for complete Mineral Resource disclosure of Costa Fuego.

## Mine Design and Scheduling

The Costa Fuego PEA includes three principal mining areas (Productora, Cortadera and San Antonio) with conventional open pit truck and shovel, and an underground block cave operation (Cortadera) planned.

Mine designs and schedules were developed by ABGM Pty. Ltd. (“ABGM”) using the Costa Fuego Mineral Resource with an effective date of 31 March 2022.

The mine is scheduled to work seven days per week, 365 days per year. Each day will consist of two 12-hour shifts with four mining crews required to cover the operation.

The mining strategy selected for the Project is to operate the mine with a mining contractor, assuming owner activities only for supervising and mine support services.

The mine plan consists of 97% Indicated Resources, mining a total of 1,098 Mt of material, comprising 334 Mt of processing plant feed, 37 Mt of oxide plant feed, 100 Mt of low-grade sulphide feed, and 627 Mt of waste over a 14-year mine production life and 16-year mine processing life, including stockpile reclamation (Table 4).

The current Life of Mine (“LOM”) focuses on mining higher grade, open-pit material early, with a resultant strip ratio for the open pit operations of 1.8:1. The operation will optimise production feed for a 20 Mtpa throughput sulphide flotation circuit (concentrator) and a 10 ktpa Solvent Extraction – Electrowinning (“SX-EW”) and associated leaching operations (oxide and low-grade sulphide material).

An elevated cut-off grade is applied throughout the mine life, with low-grade process feed material stockpiled and processed toward the end of the mining operations either as a low-grade sulphide leach or concentrator feed.

Indicated and Inferred Mineral resources were considered for processing. Within the PEA open pit shells and underground block cave, the classification breakdown of the processing feed material is 97% Indicated Mineral Resource and 3% Inferred Mineral Resource.

### Open Pit Mining

Conceptual open pit (“OP”) mining of the near-surface mineralised material envisions a conventional drill-blast-load-haul method with 15-metre-high benches.

Optimisations were assessed across a series of revenue factors to find the optimal balance of NPV contribution, footprint requirements and strip ratio. The assessment culminated in an optimised economic value for each block, which was then combined with wall angles and assessed by an implementation of the Lerchs-Grossmann algorithm.

The open pit slope angles were developed based on geotechnical logging of drill core plus rock quality evaluation and compressive strength testing of core samples. The amount of geotechnical data available is sufficient to support PEA-level input for the pit wall slopes.

The Productora deposit comprises the largest volume of open-pit mineralisation, with six pit pushbacks that are phased throughout the LOM. Pit-design and pit wall slopes are defined by data collected for the 2016 PFS.

Pre-stripping of the Productora main pit is completed in unison with project construction, resulting in pre-production stockpiles of 3.4 Mt of oxide production feed and 1.1 Mt of sulphide production feed following the two-year construction phase.

The Cortadera deposit consists of three separate pits, with the mining sequence commencing with the Cuerpo 1 pit, which has the largest volume of higher-grade, near-surface mineralisation.

Satellite pits at Productora as well as pits at Alice and San Antonio are mined in a single phase.

Across the combined open pits, it is anticipated that 211 Mt of processing plant feed, 37 Mt of oxide plant feed, 100 Mt of low-grade sulphide feed, and 622 Mt of waste will be mined, over a production life of 11 years.

LOM strip ratio for the open pit operation is 1.8:1 (including capitalised pre-stripping).

### Underground Mining

Conceptual underground (“UG”) mining comprises an underground block cave, centred on the higher-grade core to the Cuerpo 3 mineralised body at Cortadera.

Indicative optimisations have been run to investigate the block cave potential, with the optimal block cave shape, footprint and geometry developed using Geovia’s Footprint Finder software.

Cave development is planned to commence in Year 3, with a three-year lead time until commencement of revenue generation. Once opened, the block cave is expected to have a mine life of seven years, producing a total of 123 Mt of processing sulphide plant feed and 5 Mt of waste.

### Combined Schedule

The following graph depicts the combined (open pit and underground) mine production schedule for the 20 Mtpa throughput option. Testwork indicates variable LOM throughput ranges from 19.4 Mtpa to 22.6 Mtpa for a weighted average of 21.5 Mtpa.

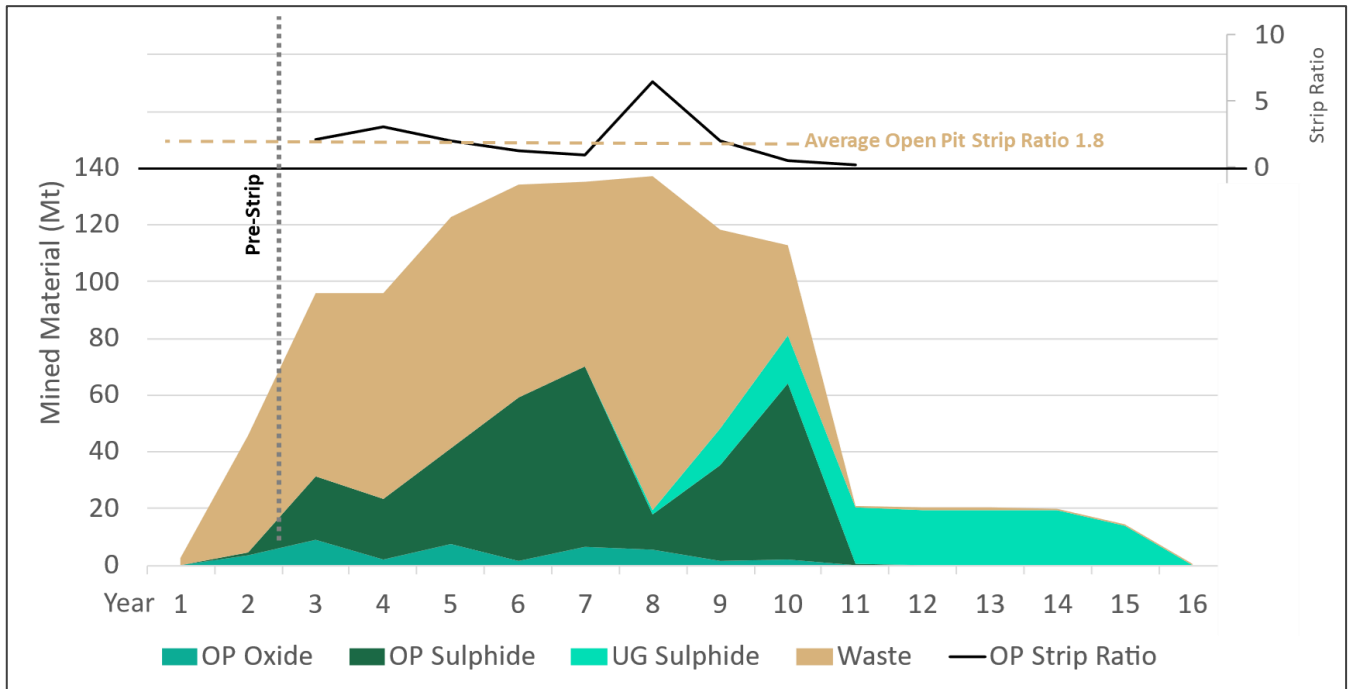
**Table 4. Production Feed Breakdown**

<b>Production Feed<sup>1</sup></b>	<b>Units</b>	<b>Total</b>
<b>Sulphide Concentrator</b>	<b>Million Tonnes (Mt)</b>	<b>334</b>
CuEq*	%	0.52
Cu	%	0.44
Au	g/t	0.12
Ag	g/t	0.45
Mo	Ppm	117
<b>Low Grade Sulphide Leach</b>	<b>Mt</b>	<b>100</b>
Cu	%	0.14
<b>Oxide Leach</b>	<b>Mt</b>	<b>37</b>
Cu	%	0.42
<b>Total Waste</b>	<b>Mt</b>	<b>627</b>

<sup>1</sup> All figures are rounded, reported to appropriate significant figures. Production feed consists of 97% Indicated Resources, 3% Inferred Resource.

\* The copper-equivalent (CuEq) grade was based on the combined processing feed (across all sources) and used long-term commodity prices of: Copper US\$ 3.85/lb, Gold US\$ 1,750/oz, Molybdenum US\$ 17/lb, and Silver US\$21/oz; and estimated metallurgical recoveries for the production feed to the following processes: Concentrator (87% Cu, 56% Au, 37% Ag, 58% Mo), Oxide Leach (55% Cu only), & Low-grade Sulphide Leach (40% Cu only).

**Figure 7. Mine Production Schedule based on 21.5 Mtpa Processing Plant Average LOM Throughput<sup>1</sup>**



## Metallurgy and Processing

### Metallurgical Testwork

Metallurgical testwork was conducted at:

- ALS Laboratories in Perth Western Australia (flotation and comminution testwork)
- ALS Laboratories in Santiago, Chile (leaching and comminution testwork)
- Outotec in Perth, Australia (sulphide concentrate thickening and filtration)
- HydroGeoSense (oxide testwork) in the USA
- Auralia Metallurgy, Australia (flotation and comminution)
- Independent Metallurgical Operations Pty Ltd Laboratory, Perth (oxide testwork)
- Nova Mineralis (amenability testwork)

Metallurgical diamond drilling was completed across Productora (21 drill holes), Alice (2 drill holes), Cortadera (6 drill holes) and San Antonio (3 drill holes) to provide appropriate coverage of the various mineralisation styles encountered across the Costa Fuego Project.

<sup>1</sup> The PEA is preliminary in nature and includes 3% of production feed from Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the PEA will be realised. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. See Page 39 for additional cautionary language.



Testwork was conducted on both the sulphide mineralised material and the copper oxide mineralised material, with the aim of providing design criteria for the sulphide and oxide process plants, an indication of crushing-grinding circuit throughput, and metallurgical recoveries for each mining area.

The metallurgical testwork indicates the sulphide mill feed can be processed by conventional crushing, grinding and flotation technologies to recover copper, gold, and silver from the copper concentrate, and molybdenum into a separate concentrate.

Importantly, the copper concentrate produced from five locked-cycle tests completed for the Costa Fuego Project indicated very low arsenic in the fresh water washed concentrate. Negligible deleterious elements were reported in concentrate testwork, and it would be considered a high specification clean concentrate<sup>1</sup>.

Oxide feed is amenable to heap leach extraction, with copper cathode produced through solvent extraction and electrowinning. Testwork completed by Nova Mineralis on seven low-grade sulphide bulk-sample composites from Productora and Cortadera indicated positive amenability for dump leach extraction, with copper recovery assumptions of 40% confirmed.

Average anticipated recoveries for sulphide and oxide material, broken down by mine area, are shown below in Table 5 and Table 6.

**Table 5. Average<sup>2</sup> Recoveries Applied to Sulphide Material for each Mine Area**

Deposit	Average Recovery to Concentrate (%)				# Samples
	Copper	Gold	Silver	Molybdenum	
Productora	87	56	-	52	19
Alice	91	51	-	67	5
Cortadera Open Pit	77	44	27	50	19
Cortadera Block Cave	90	58	38	69	25
San Antonio	93	70	65	50	1
<b>Average</b>	<b>87</b>	<b>56</b>	<b>37</b>	<b>58</b>	

**Table 6. Average<sup>3</sup> Recoveries Applied to Oxide Material for each Mine Area**

Deposit	Copper Recovery (%)	# Samples Bottle Roll	# Samples Column	% of Production Feed
Productora	56	22	5	80
Alice	46	3	0	8
Cortadera Open Pit	50	4	0	12
<b>Average</b>	<b>55</b>			

<sup>1</sup> Average concentrations of deleterious elements calculated using the percentage of Sulphide production feed from Productora (52%), Cortadera Open Pit (19%) and Cortadera Underground (26%). Refer to Costa Fuego concentrate specification sheet on page 65.

<sup>2</sup> Average for 'Recovery to Concentrate' weighted by proportion of copper metal production feed.

<sup>3</sup> Average for 'Copper Recovery %' weighted by proportion of copper metal production feed.

## Processing

The proposed processing facilities, located at Productora, are designed to process sulphide and oxide material and are suitable for all deposits within the Project. The sulphide concentrator is the centrepiece of the facility and is designed to process nominally 20 Mtpa of sulphide process feed. Concentrator capacity will vary by deposit based on comminution properties.

The deposits will also produce 3.3 Mtpa of oxide feed to be processed via a crushing-agglomeration-heap leach circuit coupled with a SX-EW plant producing up to 10 ktpa of copper cathode (increasing to 12 ktpa in Year 8).

The Project has a processing ramp-up time of one year for both the concentrator and oxide heap leach with annual throughput for the sulphide flotation circuit averaging 21.5 Mtpa for the Project life (Table 7).

Sulphide material below variable mill cut-off grade is stockpiled to be processed via a low-grade sulphide dump leach. The low-grade sulphide leach option replaces tapering oxide production and helps maintain consistent copper metal production through the SX-EW plant to the end of mine-life.

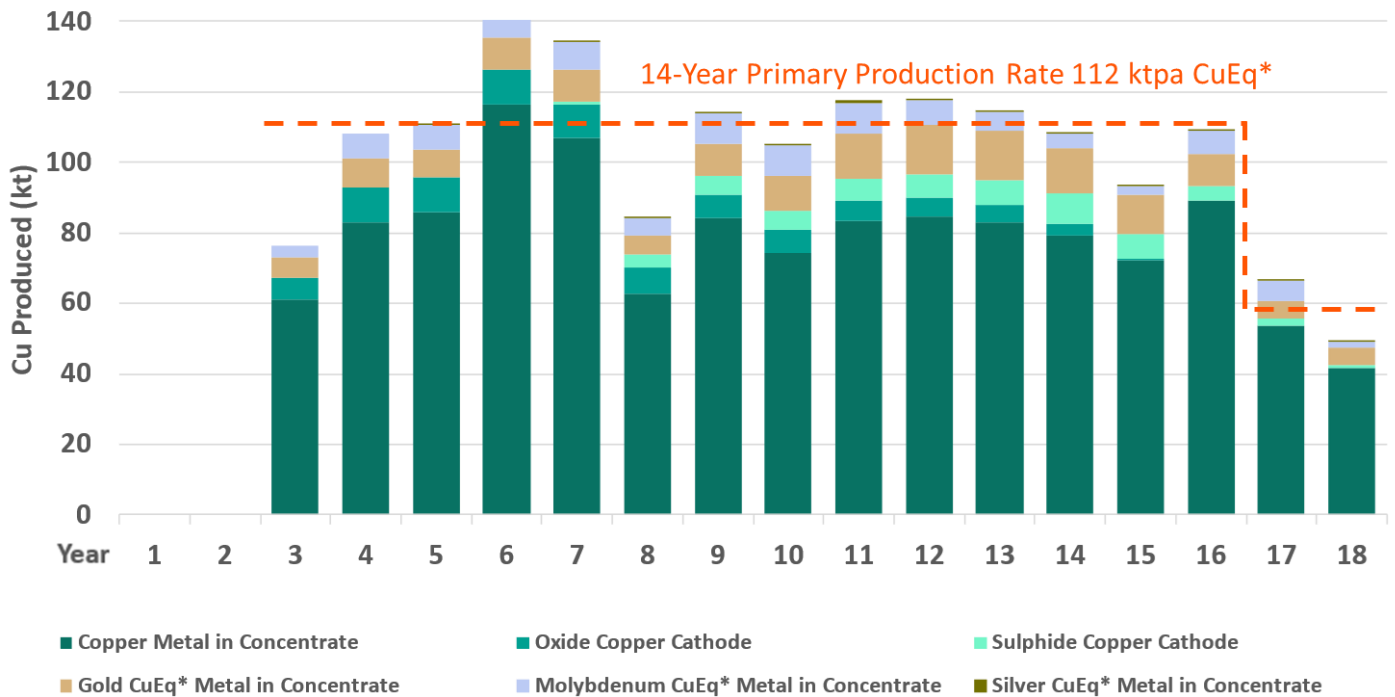
Annual metal production across the three processing streams averages 95 kt Cu, 49 koz Au, 121 koz Ag and 3,294 klb Mo for the primary production period of the first 14 years. LOM annual metal production across the 16-year mine life averages 88 kt Cu, 45 koz Au, 121 koz Ag and 2,999 klb Mo. Figure 8 shows a breakdown of the yearly copper equivalent production over the life of the Project.

**Table 7. Average<sup>1</sup> Processing Variable Throughput Rates by Mine Area**

Deposit	Concentrator (Mtpa)	# Samples	% of Production Feed
Productora	22.3	27	46%
Alice	23.2	3	2%
Cortadera Open Pit	24.2	4	12%
Cortadera Block Cave	19.4	22	37%
San Antonio	19.4	1	3%
<b>Average</b>	<b>21.5</b>		

<sup>1</sup> Average for 'Concentrator Variable Throughput Rate' weighted by proportion of production feed.

**Figure 8. Yearly Copper-Equivalent\* Production Over Life-Of-Mine<sup>1</sup>**



## Infrastructure

The proposed Project would be able to use existing infrastructure and services in the Vallenar/Huasco region. The township of Vallenar (with a population of approximately 52,000) is located 17 km from the processing facility and could provide accommodation, mining services, and logistical support to the Project. Major regional cities of La Serena and Copiapo are located 160 km south and 180 km north, respectively.

Key infrastructure of the Vallenar and Huasco valley region includes:

- Existing Las Losas port facility in Huasco bay near the city of Huasco.
- Pan American Highway (sealed dual lane, located 5 km east of the proposed central processing facilities at Productora)
- Access roads from the Pan American Highway, and from Maitencillo for access to the Productora mine site and processing facility
- Main sealed road from Vallenar to Huasco for transportation of copper concentrate to the port facility at Los Losas
- Regional Vallenar airport (3 km south of Vallenar)

<sup>1</sup> The PEA is preliminary in nature and includes 3% of production feed from Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the PEA will be realised. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. See Page 39 for additional cautionary language.

\* The copper-equivalent (CuEq) annual production rate was based on the combined processing feed (across all sources) and used long-term commodity prices of: Copper US\$ 3.85/lb, Gold US\$ 1,750/oz, Molybdenum US\$ 17/lb, and Silver US\$21/oz; and estimated metallurgical recoveries for the production feed to the following processes: Concentrator (87% Cu, 56% Au, 37% Ag, 58% Mo), Oxide Leach (55% Cu only), & Low-grade Sulphide Leach (40% Cu only).

- A 220 kV electrical substation located at Maitencillo, connected to the Chilean electrical grid and 23 kV power supply in Huasco. The Maitencillo power sub-station is located 17 km from proposed central processing facilities at Productora.

Hot Chili's subsidiary company SMEA owns easements to establish critical water and electrical infrastructure to the Project as well as surface rights to develop the mine footprint.

The proposed plant site is at Productora to the west of both the Alice and Productora pits. The Run-of-Mine ("ROM") pad and primary crusher is to be located adjacent to the main haul road.

The sulphide processing feed from Cortadera would undergo primary crushing at Cortadera and then be conveyed approximately 15 km via rope conveyor to the main processing plant at Productora.

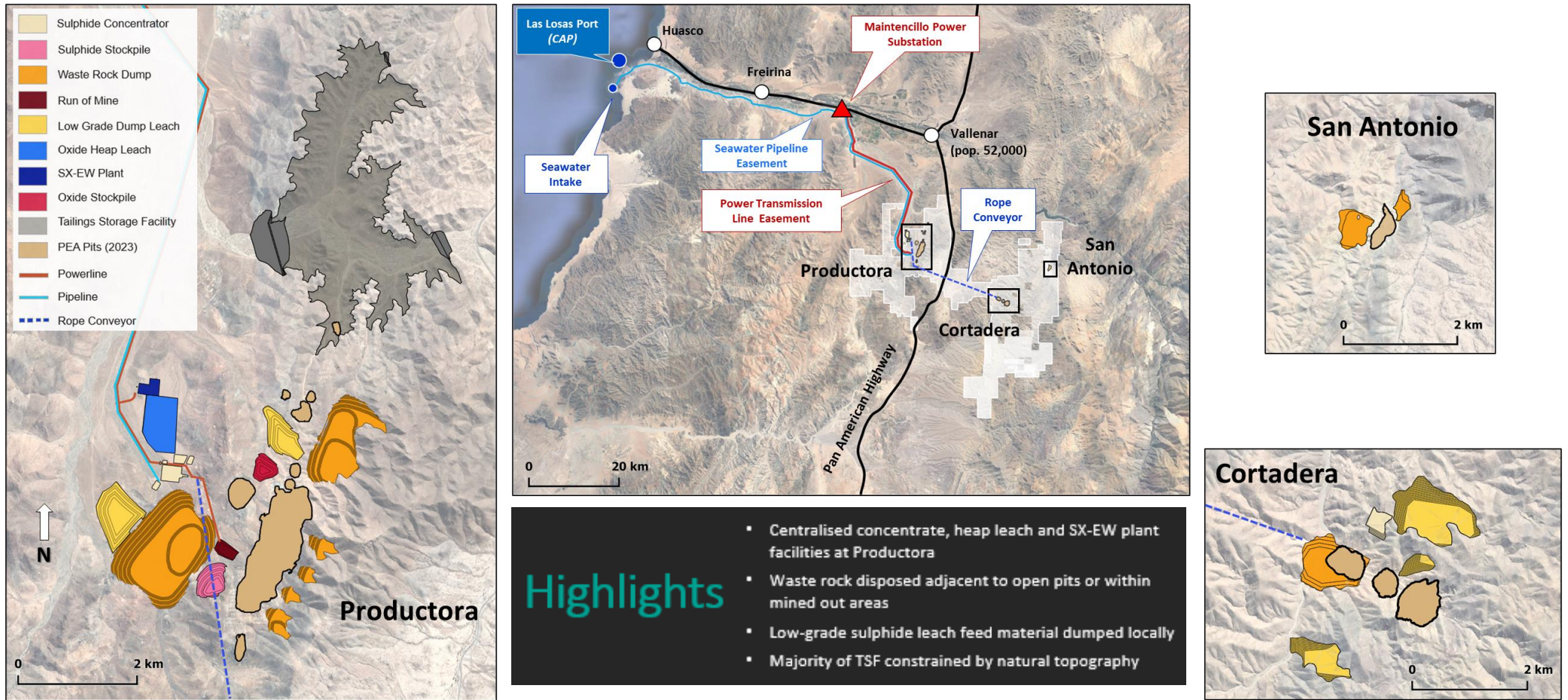
The Tailings Storage Facility ("TSF") would be located 5 km north-east of Productora processing facility and in conjunction with Productora Main pit and the Alice pit, has a planned capacity more than sufficient to accommodate the proposed tailings output.

Water, power, and road access would be established between the Productora, Cortadera and San Antonio deposits.

Figure 9 details the proposed infrastructure for the Costa Fuego Project.



Figure 9. Planned and Existing Infrastructure Across the Costa Fuego Project



SX-EW = Solvent Extraction, Electrowinning, TSF = Tailings Storage Facility

ASX: [HCH](#)  
 TSXV: [HCH](#)  
 OTCQX: [HHLKF](#)



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## Economic Evaluation

### PEA indicates Strong Project Economics<sup>1</sup>

The Costa Fuego PEA outlines a low-risk, long life copper project boasting low start-up capital intensity and high annual copper metal production profile of close to 100 kt (Table 8). The Project benchmarks well against peer projects on a capital intensity (start-up capital/Life of mine average annual copper production) and post-tax NPV/start-up capital basis.

Using an 8% discount rate, the Project delivers a base-case, post-tax NPV of US\$1.10 Billion and an Internal Rate of Return (IRR) of 21% (based on metal price assumptions of US\$3.85/lb copper (Cu), US\$1,750/oz gold (Au), US\$21/oz silver (Ag), and US\$17/lb molybdenum (Mo)). On a pre-tax basis, the Project delivers a base-case NPV of US\$1.54 Billion and an IRR of 24%.

Infrastructure layout was optimised to reduce capital cost and improve operational efficiencies, processing a total of 471 Mt from a combined open pit and underground operation for 95 kt Cu and 49 koz Au annually during the first 14 years of a 16-year mine-life.

Three processing streams (conventional concentrator, oxide heap leach and low-grade sulphide leach) will generate a total of 1.41 Mt Cu and 718 koz Au over a 16-year processing life-of-mine (LOM).

The PEA financial model generates total life-of-mine revenue US\$13.52 Billion and post-tax free cashflow<sup>2</sup> of US\$3.28 Billion (Figure 10).

Average LOM Total Cash Cost<sup>2</sup> of US\$1.43/lb Cu (including royalties and net of by-product credits) and All-In Sustaining Cost<sup>2</sup> (AISC) of US\$1.74/lb Cu is estimated after including by-product credits (Au, Mo, Ag).

Start-up and expansion capital costs are estimated at \$1.05 Billion and \$708 Million, respectively, with LOM sustaining capital costs (including reclamation and closure) estimated at \$1.01 Billion.

Payback of start-up capital is expected 3.5 years after commencement of production, with post-tax cashflows funding expansionary capital projects, including the development of underground infrastructure and construction of a rope-conveyor to transport Cortadera sulphide mill feed to the processing facility at Productora.

The Project economics are strongly leveraged to further resource growth and copper price appreciation.

Preliminary outcomes indicate strong economics for Costa Fuego as a combined open pit and underground mining hub utilising centralised processing for a conventional 20 Mtpa sulphide plant and a 4.5 Mtpa SX-EW plant, producing both copper concentrate and cathode as well as significant revenue streams from by-product credits of gold, silver, and molybdenum.

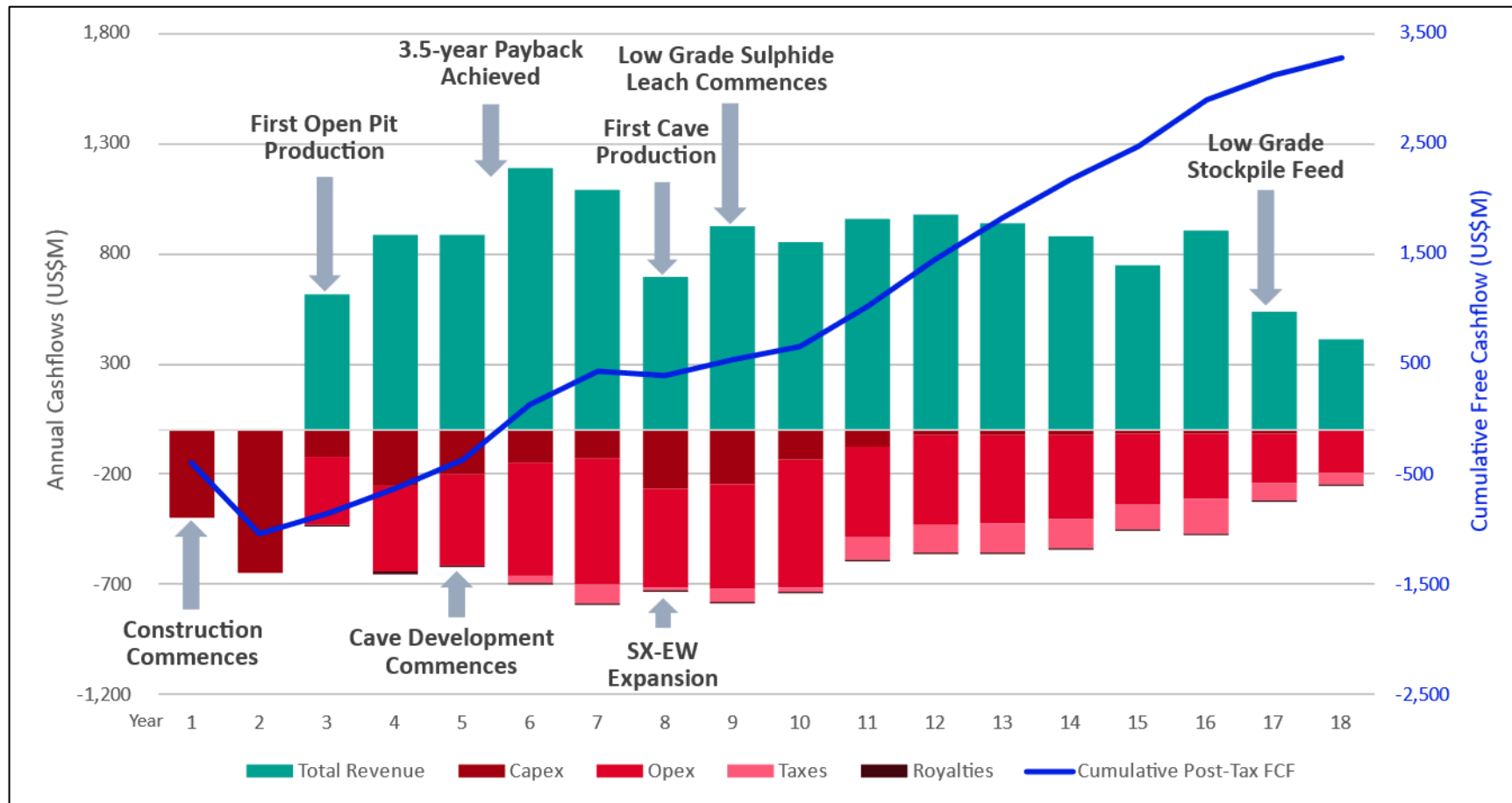
Undiscounted Cashflow and Production profiles over the LOM are shown in Figure 10 and 11. Capital and Operating costs are detailed in Tables 9 and 10, respectively.

Tabulated long-term copper price and exchange rate assumptions are include in Table 11.

<sup>1</sup> The PEA is preliminary in nature and includes 3% of production feed from Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the PEA will be realised. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. See Page 39 for additional cautionary language.

<sup>2</sup> Certain terms of measurement used in this news release are not performance measures reported in accordance with International Financial Reporting Standards ("IFRS"). See Page 40 full non-IFRS measures disclaimer.

Figure 10. Undiscounted Cashflow<sup>1</sup> over Life-of-Mine<sup>2</sup>

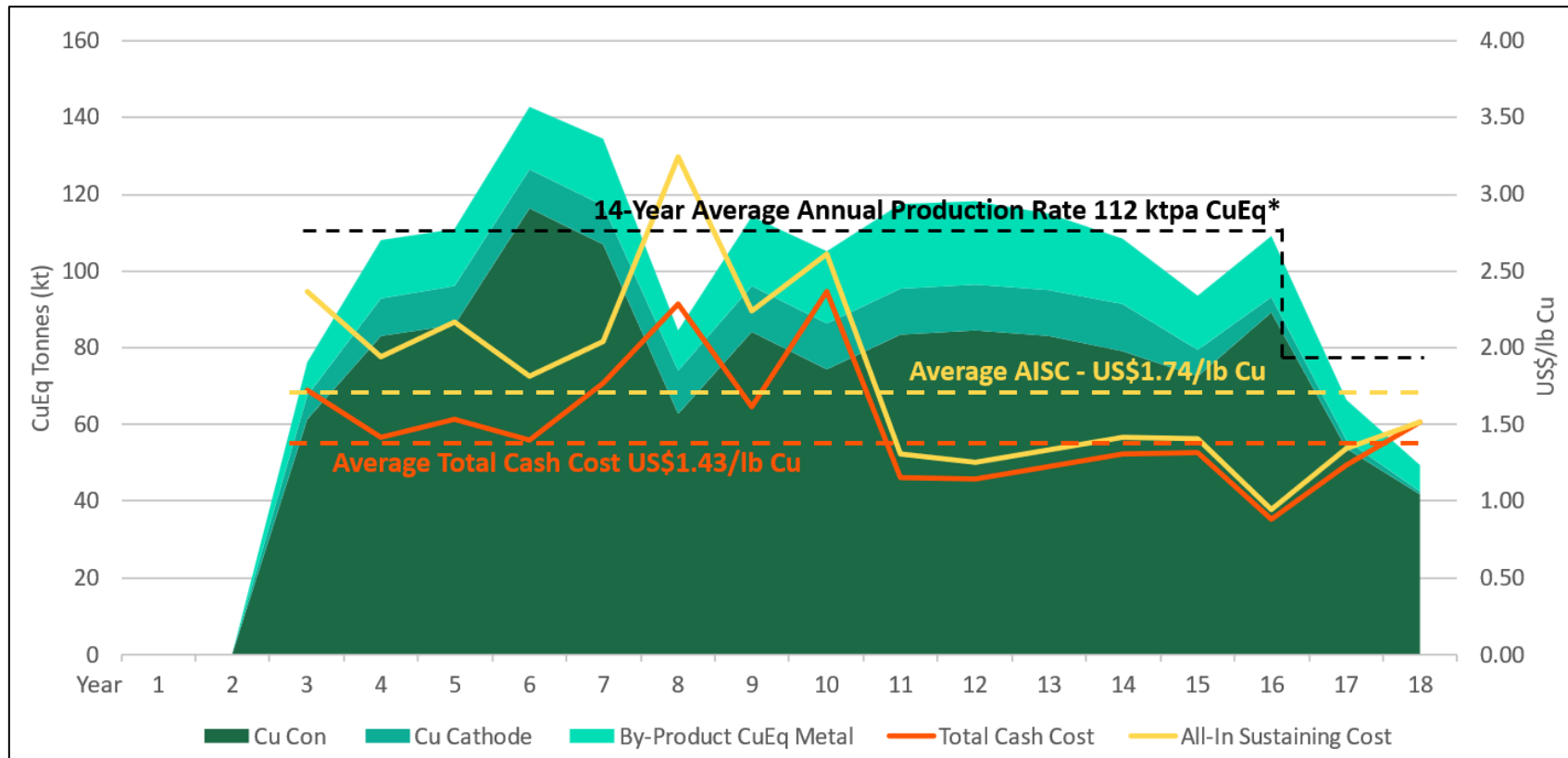


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Capex = Capital Expenditure (including start-up, expansion, and sustaining capital), Opex = Operational Expenditure, FCF = Free Cashflow, SX- = Sulphide Extraction

Figure 11. Cost<sup>1</sup> and Production Profile over Life-of-Mine<sup>2</sup>



<sup>1</sup> See Page 40 for discussion of non-IFRS measures. Total Cash Cost as defined by S&P Global (including net by-products & royalties), by-product credits include gold, silver and molybdenum.

<sup>2</sup> The PEA is preliminary in nature and includes 3% of production feed from Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the PEA will be realised. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. See Page 39 for additional cautionary language.

\* The copper-equivalent (CuEq) annual production rate was based on the combined processing feed (across all sources) and used long-term commodity prices of: Copper US\$ 3.85/lb, Gold US\$ 1,750/oz, Molybdenum US\$ 17/lb, and Silver US\$21/oz; and estimated metallurgical recoveries for the production feed to the following processes: Concentrator (87% Cu, 56% Au, 37% Ag, 58% Mo), Oxide Leach (55% Cu only), & Low-grade Sulphide Leach (40% Cu only).

**Table 8. Cashflow Summary and Annual Metal Production<sup>12</sup>**

Cash Flow Summary	US\$M
Total Revenue	13,523
Total Operating Cost	- 6,400
Total Capital Cost	- 2,720
Total Taxes	- 1,118
Total Free Cashflow (Post-Tax)	3,284

Annual Metal Production	Units	Value
<b>First 4 years</b>		
CuEq*	kt/yr	110
Cu	kt/yr	96
Au	koz/yr	37
Ag	koz/yr	42
Mo	klb/yr	3,055
<b>Primary Mine Production (14 years)</b>		
CuEq*	kt/yr	112
Cu	kt/yr	95
Au	koz/yr	49
Ag	koz/yr	121
Mo	klb/yr	3,294
<b>Life of Mine Processing (16 years)</b>		
CuEq*	kt/yr	103
Cu	kt/yr	88
Au	koz/yr	45
Ag	koz/yr	121
Mo	klb/yr	2,999

<sup>1</sup> Certain terms of measurement used in this news release are not performance measures reported in accordance with International Financial Reporting Standards (“IFRS”). Non-IFRS terms measures used such as “Cash Cost”, “All-in Sustaining Costs”, “C1”, “Expansion Costs”, “Free Cashflow” and “All-in costs” are included because these statistics are measures that management uses internally to evaluate performance, to assess how the Project ranks against its peer projects and to assess the overall effectiveness and efficiency of the contemplated mining operations. These performance measures do not have a meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

\* The copper-equivalent (CuEq) annual production rate was based on the combined processing feed (across all sources) and used long-term commodity prices of: Copper US\$ 3.85/lb, Gold US\$ 1,750/oz, Molybdenum US\$ 17/lb, and Silver US\$21/oz; and estimated metallurgical recoveries for the production feed to the following processes: Concentrator (87% Cu, 56% Au, 37% Ag, 58% Mo), Oxide Leach (55% Cu only), & Low-grade Sulphide Leach (40% Cu only).

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**Table 9. Capital Cost Details<sup>1</sup> (Including 20% Contingency)**

Start-up Capex	Total US\$M
<b>Construction</b>	
<b>Directs</b>	
Bulk Earthworks and Drainage	46
Site Services	3
Sulphide Process	333
Oxide Process	84
Molybdenum Process	13
Infrastructure (High Voltage Power Line & Water Pipeline)	182
Tailings Storage Facility	32
Mining	33
<b>Indirects</b>	
Engineering, Procurement and Construction Management	118
Owners Costs	102
Total Construction Capex	946
<b>Capitalised Expenses</b>	
Mining Cost	100
<b>Total Pre-Start Capex</b>	<b>1,046</b>
<b>Expansion Capex</b>	
Cortadera Infrastructure	71
Rope Conveyor	165
Block Cave Development	406
Block Cave Infrastructure	66
<b>Total Expansion Capex</b>	<b>708</b>
<b>Sustaining Capex</b>	
Tailings	59
Sulphide Process	184
Molybdenum Process	2
Oxide Process	44
Low Grade Leach Process	47
Waste Stripping	630
Closure Costs	48
<b>Total Sustaining Capex</b>	<b>1,014</b>

<sup>1</sup> The PEA is preliminary in nature and includes 3% of production feed from Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the PEA will be realised. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. See Page 39 for additional cautionary language.



**Table 10. Operating Cost Details<sup>12</sup>**

Operating Costs	Unit	Life of Mine
<b>Mining Cost Average</b>	US\$/t mined	2.87
Open Pit	US\$/t mined	2.21
Underground	US\$/t mined	6.55
<b>Processing Costs</b>		
Sulphide Concentrator		
Cu/Au/Ag Concentrate	US\$/t Process Feed	6.04
Mo Concentrate	US\$/lb Mo in Conc.	0.56
Sulphide Leach		
Front End Processing	US\$/t	1.03
Back End Processing	US\$/lb Cu	0.26
Oxide Leach		
Front End Processing	US\$/t	4.62
Back End Processing	US\$/lb Cu	0.26
<b>G&amp;A</b>	US\$/quarter	3.28

Operating Cost Details	Total (US\$M)
Mining Cost	2,240
Processing Costs	2,404
G&A Costs	203
Selling Costs	1,229
CCHEN Royalties	46
Purisima Royalties	13
Zapa Royalties	1
Specific Mining Tax	264
<b>Total Operating Costs</b>	<b>6,400</b>

Tenement Royalty	Total (US\$M)	CuEq* NSR%
CCHEN Royalties	46	0.4%
Purisima Royalties	13	0.1%
Zapa Royalties	1	0.01%
<b>Government Royalty</b>		
Specific Mining Tax		
	264	2.2%

Cash Costs (net of by-product revenue)	Life of Mine (US\$/lb Cu)
C1	1.33
Total Cash Cost	1.43
All-in-Sustaining Cost	1.74
All-In Cost	2.31

**Table 11. Long-Term Copper Price and Exchange Rate Assumptions**

**Long-term Metal Price Assumptions<sup>3</sup>**

Variable	Units	Price
Copper Price	US\$/lb	3.85
Gold Price	US\$/oz	1,750
Silver Price	US\$/oz	21
Molybdenum Price	US\$/lb	17

**Long-term Exchange Rate Assumptions**

Currency	Rate
AUD:USD	0.72
USD:CLP	690
USD:EUR	0.86

<sup>1</sup> Certain terms of measurement used in this news release are not performance measures reported in accordance with International Financial Reporting Standards (“IFRS”). See Page 40 for full non-IFRS measures disclaimer.

<sup>2</sup> The PEA is preliminary in nature and includes 3% of production feed from Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the PEA will be realised. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. See page 39 for additional cautionary language.

<sup>3</sup> Copper price assumption value from 27-Bank forecast of copper price out to 2027. See page 63 for additional information on this forecast.

NSR = Net Smelter Royalty, G&A = General and Administration, Conc. = Concentrate

The Chilean Specific Mining Tax has been applied to the Project using current legislated rates.

The Project has existing tenement-specific royalties in place as quantified above. This does not include the recently announced royalty agreement with Osisko Gold Royalties Ltd (Refer to ASX announcement released 28 June 2023).

\* Copper-equivalent (CuEq) net smelter return royalties for all metals, from all production sources were estimated to match the combined revenues (net of selling costs) anticipated from copper and gold, based on the Company’s latest technical information. Revenues considered the combined contribution of estimated processing feed and used long-term commodity prices of: Copper US\$ 3.85/lb, Gold US\$ 1,750/oz, Molybdenum US\$ 17/lb, and Silver US\$21/oz; and estimated metallurgical recoveries for the production feed to the following processes: Concentrator (87% Cu, 56% Au, 37% Ag, 58% Mo), Oxide Leach (55% Cu only), & Low-grade Sulphide Leach (40% Cu only).

## Environmental, Social, and Governance (ESG)

The Project has strong Environmental, Social, and Governance (“ESG”) credentials and, since the 2016 PFS, the Company has continued to systematically de-risk Costa Fuego by securing key permits and access to establish critical infrastructure.

### Environmental Baseline Studies Well Advanced

An Environmental Impact Assessment (“EIA”) of the Project is planned to be submitted for approval using the EIA System that is currently applied in Chile. Multiple seasonal baseline study campaigns have been undertaken as part of the EIA process since 2012. These include flora, fauna, archaeological and multi-facet weathering monitoring at each site within the Project.

### Water Extraction and Coastal Land Access Rights Granted

The operation will utilise raw seawater for processing, with water extraction (maritime concession) and coastal land access rights already secured. The use of seawater reduces the energy intensity of the Project (no large-scale desalination plant required) and preserves the limited groundwater resources available in the region. Initial metallurgical testwork also suggests an improvement in copper recovery from using raw sea water over fresh water.

### Electrical Connection Granted

Hot Chili has an approved terminal connection to the Maitencillo sub-electrical power station, located approximately 17 km from the proposed central processing site at Productora. Electrical Connection provides access to the national energy grid, meaning the Project will be able to operate on a 100% renewable power mix (certified by I-Recs), through a combination of solar generators, wind turbines and hydroelectric power, all available and able to be provided from the national power grid.

### Hot Chili Active in the Local Community

Over the past decade the Company has forged strong community engagement (including indigenous communities) and contributed positively to the region. The Company has and will continue to:

- Recruit locally, wherever possible, to provide employment and training opportunities.
- Preferentially procure local goods and services.
- Provide ongoing support for two orphanages in Freirina and Vallenar.
- Provide fresh water to local families in Agua Amarga for irrigation.
- Provide ongoing support for the local regional communities through the Companies mental health program.

The Company is recognised as a leader in ongoing social support programmes within the Vallenar and Huasco Valley region.

### Strong Governance

Multiple independent consultants contributed to the execution of the PEA and have taken responsibility for its content, where applicable.

In 2022, Hot Chili appointed an independent Chairperson Nicole Adshead-Bell and independent non-executive director Dr Stephen Quin to its Board of Directors. The Company has a broad view of diversity through all levels of the operation and strives to adhere to best practice business principles in all areas of activities.

## Risks and Mitigations

As with most projects at PEA level of assessment, risks exist that may affect the development of the Project. Factors that could pose a risk to the Costa Fuego Project include changes in world commodity markets, equity markets, costs and supply of labour and materials relevant to the mining industry, geotechnical conditions, conversion of Mineral Resources to Mineral Reserves, including the conversion of Inferred to Indicated Mineral Resources, actual recoveries achieved in processing mineralised material, marketing of concentrate, technological change, water management, local community opposition, environmental permitting, change in government and changes to regulations affecting the mining industry.

## Funding

To achieve the range of outcomes indicated in the PEA, funding in the order of US\$1.10 B will be required, which includes all pre-production costs of which the pre-production capital requirement is approximately US\$1.05 B. The Company has formed the view that there is a reasonable basis to believe that requisite future funding for development of the Project will be available when required. The grounds on which this reasonable basis is established include:

- The Project has strong technical and economic fundamentals which provides an attractive return on capital investment, fast payback of start-up capital, and generates strong cashflows at conservative long-term copper and gold prices. This provides a strong platform to source both debt and equity funding in addition to other forms of non-dilutive funding, including royalty, streaming, and non-committed offtake rights.
- The Company has a strong track record of raising funds as and when required to further the exploration and evaluation of Costa Fuego.
- The Company has recently executed a US\$15 M investment agreement with leading North American royalties' group Osisko Gold Royalties Ltd, which is expected to fund the company's growth and development plan over the coming 12 - 18 months (Refer to ASX announcement released 28 June 2023).

There is, however, no certainty that the Company will be able to source funding as and when required. Typical project development financing would involve a combination of debt and equity. It is possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of the Company's existing shares.





# Next Steps for Costa Fuego Project





## Next Steps for Costa Fuego Project

The Company is targeting a potential increase in study scale towards a 150 ktpa copper Project for +20 years, through its next steps:

### 30,000m Drill Program and Resource Growth Timetable

- Drilling of high priority growth targets ready to commence in the coming month.
- Growth opportunities exist both proximal to current resources and through exploration of promising greenfields targets (Figure 12 and 13).
- Further strategic regional consolidation options being pursued.
- Mineral Resource upgrades expected in Q4 2023 and H1 2025.
- Large, single open pit scenario for Cortadera being studied in H2 2023 has potential to materially increase mine life

Figure 12. Exploration Growth Targets Across the Costa Fuego Project

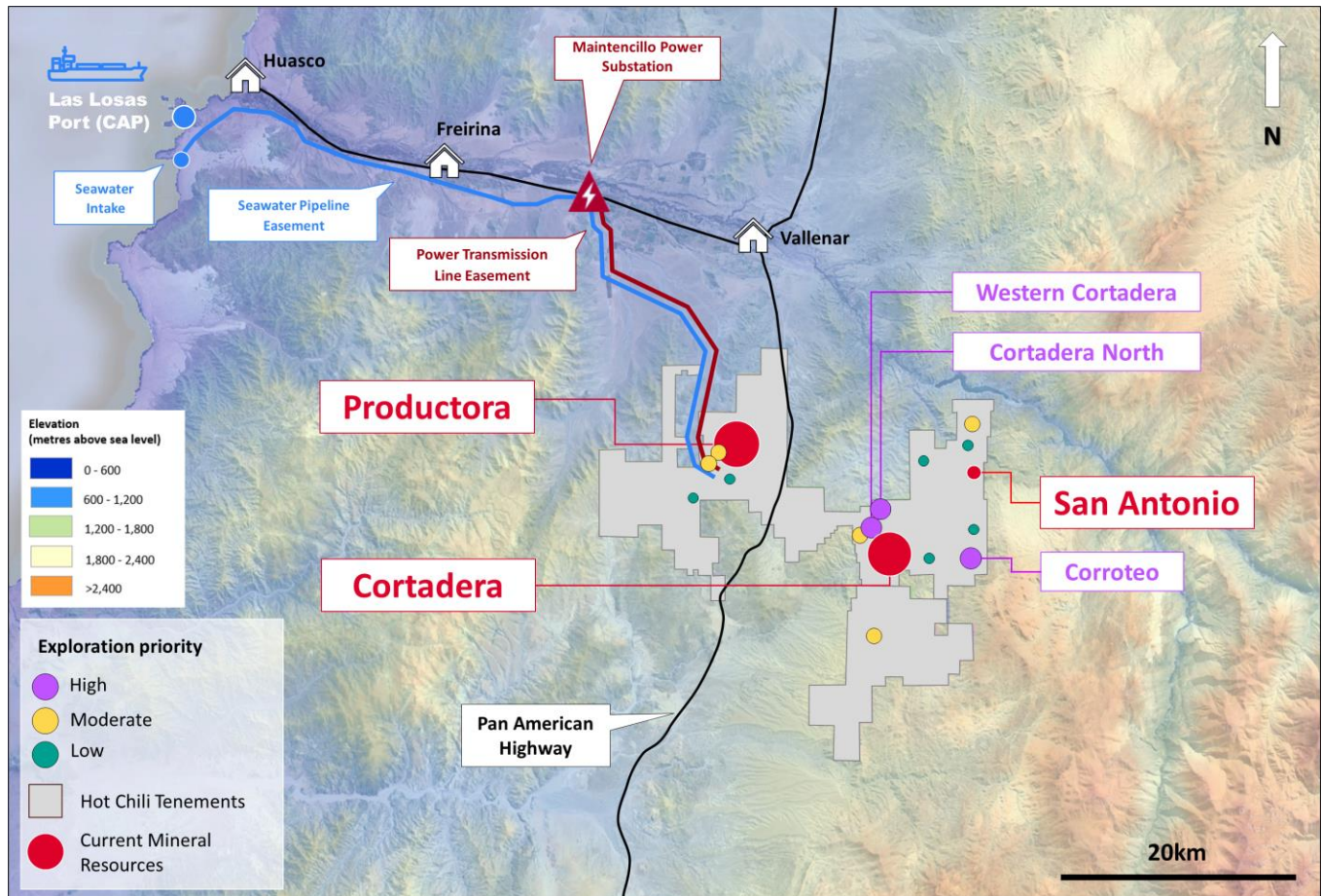
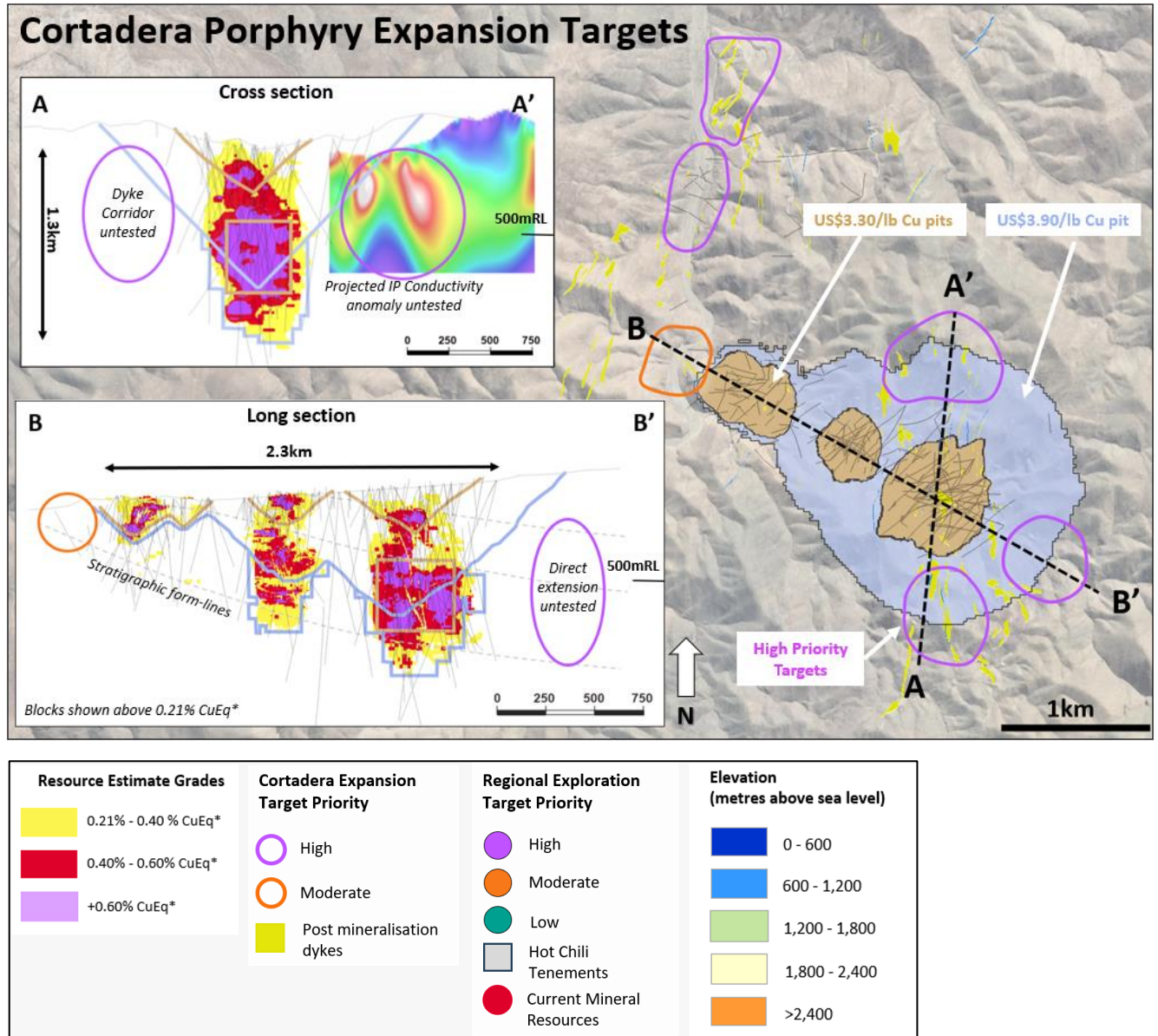




Figure 13. Cortadera Porphyry Expansion Targets<sup>1</sup>



<sup>1</sup> Refer to announcement dated 28th August 2019 for further information regarding Induced Polarisation (IP/MT–MIMDAS) Survey.

\* Resource Copper Equivalent (CuEq) considers assumed commodity prices and average metallurgical recoveries for the Mineral Resource from testwork. See Page 43 for complete Mineral Resource disclosure of Costa Fuego.

## Development Study Optimisation Program

- Continuation of development study program, which will further refine metallurgical, geotechnical, and hydrogeological model inputs.
- Investigate a large single open pit scenario for Cortadera (no underground block cave) with the potential to materially increase processing feed inventory and mine life.

## Pre-Feasibility Study

Based on these positive PEA results, the Company plans to complete the final stages of its PFS for Costa Fuego, which is expected to be completed by H2 2024.

- The PFS is already well advanced, with minimal study expenditure required to finalise the report.
- The addition of further resource upgrade provides an opportunity to potentially lift the mine life and scale of production.

The current Costa Fuego Project Roadmap forward from PEA delivery is presented in Figure 14.

Figure 14. Costa Fuego Project Roadmap<sup>1</sup>



<sup>1</sup> The PEA is preliminary in nature and includes 3% of production feed from Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the PEA will be realised. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. See page 39 for additional cautionary language.

The Mining Project delivery schedule mentioned herein is subject to various risks inherent to the mining industry, and external factors beyond the control of the project stakeholders, including but not limited to, geological and processing challenges, government policies, permits, or regulations, fluctuations in commodity prices, or market conditions. These external factors can impact the Project timeline and potentially result in delays. The delivery schedule provided is based on the best estimates and assumptions available at the time of its creation, and the Project team is committed to minimising disruptions and implementing mitigation measures to the best of their abilities. However, the effectiveness of these measures in avoiding delays cannot be guaranteed.

## Qualifying Statements

### Technical Report

For readers to fully understand the information in this news release, they should read the PEA Technical Report prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) (to be available on [www.sedar.com](http://www.sedar.com) or at [www.hotchili.net.au](http://www.hotchili.net.au) within 45 days of June 30, 2023) in its entirety, including all qualifications, assumptions, limitations and exclusions that relate to the information set out in this news release that qualifies the technical information contained in the PEA. The PEA is intended to be read as a whole, and sections should not be read or relied upon out of context. The technical information in this news release is subject to the assumptions and qualifications contained in the PEA.

### Qualified Persons – NI 43-101

The PEA was compiled by Wood Australia Pty Ltd with contributions from a team of independent Qualified Persons within the meaning of Canadian Securities Administrators’ National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43 -101”). The scientific and technical information contained in this news release pertaining to Coast Fuego has been reviewed and verified by the following independent qualified persons within the meaning of NI 43-101:

- Ms Elizabeth Haren (MAUSIMM (CP) & MAIG) of Haren Consulting – Mineral Resource Estimate
- Mr Dean David (FAUSIMM (CP)) of Wood Pty Ltd – Metallurgy
- Mr Piers Wendlandt (PE) of Wood Pty Ltd – Market Studies and Contracts, Economic Analysis
- Farzard Kossari (PE) of Wood Pty Ltd – Cost Estimation
- Mr Anton von Wielligh (FAUSIMM) of ABGM Consulting Pty Ltd – Mine Planning and Scheduling

The independent qualified persons have verified the information disclosed herein, including the sampling, preparation, security, and analytical procedures underlying such information.

Disclosure regarding mine planning and infrastructure has been reviewed and approved by Mr Grant King, FAUSIMM, Hot Chili’s Chief Operations Officer, and a Qualified Person within the meaning of NI43-101.

### Competent Persons – JORC

The information in this news release that relates to Mineral Resources for the Costa Fuego Project is based on information compiled by:

- Ms Elizabeth Haren (MAUSIMM (CP) & MAIG) of Haren Consulting – Mineral Resource Estimate
- Mr Dean David (FAUSIMM (CP)) of Wood Pty Ltd – Metallurgy
- Mr Piers Wendlandt (PE) of Wood Pty Ltd – Market Studies and Contracts, and Economic Analysis
- Mr Farzard Kossari (PE) of Wood Pty Ltd – Cost Estimation
- Mr Anton von Wielligh (FAUSIMM) of ABGM Consulting Pty Ltd – Mine Planning and Scheduling

Ms Haren, Mr David, Mr Wendlandt, Mr Kossari and Mr von Wielligh have sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves’ and as Qualified Persons under NI43-101.

### Disclaimer

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.

This news release is to be used by the recipient for informational purposes only and does not purport to be complete or contain all the information that may be material to the current or future business, operations, financial condition, or prospects of Hot Chili Limited (“Hot Chili” or the “Company”). Each recipient should perform its own independent investigation and analysis of Hot Chili, and the information contained in this news release is not a substitute therefore. Hot Chili makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this news release or in any other written or oral communication transmitted to any recipient by any party. Except for liability that cannot be disclaimed by law, by accepting this Document, the recipient agrees that neither Hot Chili nor any of its officers, directors, employees, or representatives has any liability for any representations or warranties, express or implied, contained in, or for any omissions from, this news release or any such other written or oral communication from any person.

Certain information contained herein is based on, or derived from, information provided by independent third-party sources. Hot Chili believes that such information is accurate and that the sources from which it has been obtained are reliable; however, Hot Chili has not independently verified such information and does not assume any responsibility for the accuracy or completeness of such information.



This news release should not be considered as a recommendation from any person to purchase any securities. Each person for whom this news release is made available should consult its own professional advisors in making its own independent investigations and assessment and, after making such independent investigations and assessments, as it deems necessary, in determining whether to proceed with any investment in the Company.

### Cautionary Note for U.S. Investors Concerning Mineral Resources

National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") is a rule of the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Technical disclosure contained in this news release has been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Classification System. These standards differ from the requirements of the U.S. Securities and Exchange Commission ("SEC") and resource information contained in this press release may not be comparable to similar information disclosed by domestic United States companies subject to the SEC's reporting and disclosure requirements.

All amounts in this news release are in U.S. dollars unless otherwise noted.

### Non IFRS Financial Performance Measures

"Total Cash Cost", "All-in Sustaining Cost", "All-in cost LOM", "C1", and "Free Cashflow" are not performance measures reported in accordance with International Financial Reporting Standards ("IFRS"). These performance measures are included because these statistics are key performance measures that management uses to monitor performance. Management uses these statistics to assess how the Costa Fuego Project compares against its peer projects and to assess the overall effectiveness and efficiency of the contemplated mining operations. These performance measures do not have a meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

### 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 "anticipate", "believe", "could", "estimate", "expect", "may", "plan", "potential", "project", "should", "will", "would" 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: prospects, projections and success of the Company and its projects; expected cash inflows; whether or not it will enter into any royalty or streaming transactions and the terms thereof; the ability of the Company to expand mineral resources beyond current mineral resource estimates; the results and impacts of current and planned drilling to convert inferred mineral resources to indicated, to extend mineral resources and to identify new deposits; the Company's ability to convert mineral resources to mineral reserves; opportunities for growth in mineral projects; the ability of the Company to secure necessary infrastructure; the terms and conditions related to use of existing port and electrical infrastructure, including the ability to access renewable energy sources; the timing and outcomes of this current and future planned economic studies; the timing and outcomes of regulatory processes required to obtain permits for the development and operation of the Costa Fuego Project as contemplated in this and future planned economic studies; whether or not the Company will make a development decision and the timing thereof; the ability of the Company to consolidate additional landholdings around its project; estimates of cost; and estimates of planned exploration.

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: 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.

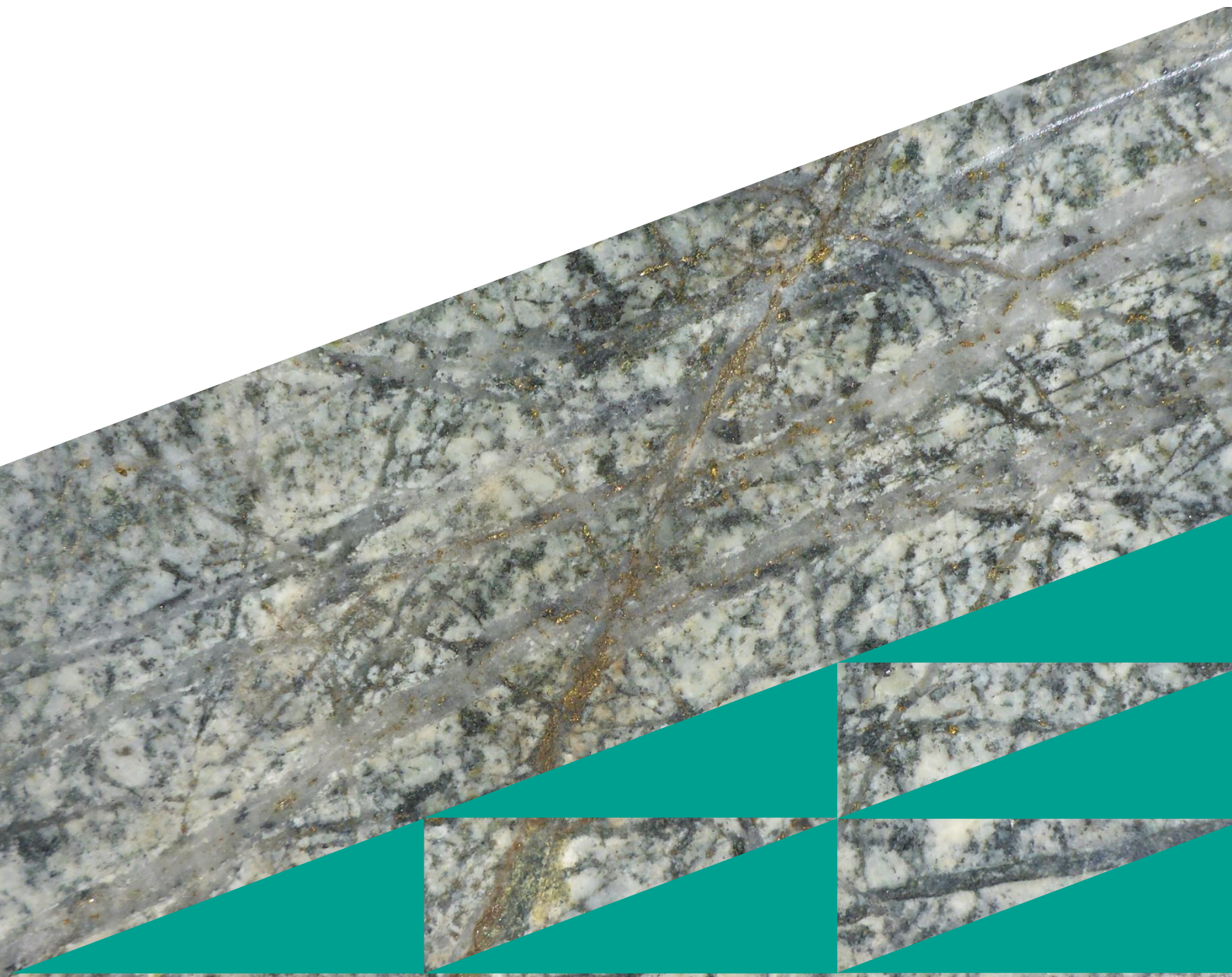
Although the forward-looking statements contained in this news release are based upon assumptions which the Company believes to be reasonable, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this news release, the Company has made assumptions regarding: future commodity prices and demand; availability of skilled labour; timing and amount of capital expenditures; future currency exchange and interest rates; the impact of increasing competition; general conditions in economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; future tax rates; future operating costs; availability of future sources of funding; ability to obtain financing; and assumptions underlying estimates related to adjusted funds from operations. 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 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.sedar.com](http://www.sedar.com)) 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.



# Mineral Resource Statement



## Mineral Resource Statement

### Costa Fuego Combined Mineral Resource (Effective Date 31st March 2022)

Costa Fuego Open Pit Resource		Grade					Contained Metal				
Classification	Tonnes	CuEq <sup>7</sup>	Cu	Au	Ag	Mo	Copper Eq	Copper	Gold	Silver	Molybdenum
(+0.21% CuEq <sup>7</sup> )	(Mt)	(%)	(%)	(g/t)	(g/t)	(ppm)	(tonnes)	(tonnes)	(ounces)	(ounces)	(tonnes)
Indicated	576	0.46	0.37	0.10	0.37	91	2,658,000	2,145,000	1,929,000	6,808,000	52,200
<b>M+I Total</b>	<b>576</b>	<b>0.46</b>	<b>0.37</b>	<b>0.10</b>	<b>0.37</b>	<b>91</b>	<b>2,658,000</b>	<b>2,145,000</b>	<b>1,929,000</b>	<b>6,808,000</b>	<b>52,200</b>
Inferred	147	0.35	0.30	0.05	0.23	68	520,000	436,000	220,000	1,062,000	10,000

Costa Fuego Underground Resource		Grade					Contained Metal				
Classification	Tonnes	CuEq <sup>7</sup>	Cu	Au	Ag	Mo	Copper Eq	Copper	Gold	Silver	Molybdenum
(+0.30% CuEq <sup>7</sup> )	(Mt)	(%)	(%)	(g/t)	(g/t)	(ppm)	(tonnes)	(tonnes)	(ounces)	(ounces)	(tonnes)
Indicated	148	0.51	0.39	0.12	0.78	102	750,000	578,000	559,000	3,702,000	15,000
<b>M+I Total</b>	<b>148</b>	<b>0.51</b>	<b>0.39</b>	<b>0.12</b>	<b>0.78</b>	<b>102</b>	<b>750,000</b>	<b>578,000</b>	<b>559,000</b>	<b>3,702,000</b>	<b>15,000</b>
Inferred	56	0.38	0.30	0.08	0.54	61	211,000	170,000	139,000	971,000	3,400

Costa Fuego Total Resource		Grade					Contained Metal				
Classification	Tonnes	CuEq <sup>7</sup>	Cu	Au	Ag	Mo	Copper Eq	Copper	Gold	Silver	Molybdenum
	(Mt)	(%)	(%)	(g/t)	(g/t)	(ppm)	(tonnes)	(tonnes)	(ounces)	(ounces)	(tonnes)
Indicated	725	0.47	0.38	0.11	0.45	93	3,408,000	2,755,000	2,564,000	10,489,000	67,400
<b>M+I Total</b>	<b>725</b>	<b>0.47</b>	<b>0.38</b>	<b>0.11</b>	<b>0.45</b>	<b>93</b>	<b>3,408,000</b>	<b>2,755,000</b>	<b>2,564,000</b>	<b>10,489,000</b>	<b>67,400</b>
Inferred	202	0.36	0.30	0.06	0.31	66	731,000	605,000	359,000	2,032,000	13,400

<sup>1</sup> Mineral Resources are reported on a 100% Basis - combining Mineral Resource estimates for the Cortadera, Productora and San Antonio deposits. All figures are rounded, reported to appropriate significant figures, and reported in accordance with the Joint Ore Reserves Committee Code (2012) and the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definition, as required by National Instrument 43-101.

<sup>2</sup> The Productora deposit is 100% owned by Chilean incorporated company Sociedad Minera El Aguila SpA (SMEA). SMEA is a joint venture (JV) company – 80% owned by Sociedad Minera El Corazón Limitada (a 100% subsidiary of Hot Chili Limited), and 20% owned by CMP Productora (a 100% subsidiary of Compañía Minera del Pacífico S.A (CMP)).

<sup>3</sup> The Cortadera deposit is controlled by a Chilean incorporated company Sociedad Minera La Frontera SpA (Frontera). Frontera is a subsidiary company – 100% owned by Sociedad Minera El Corazón Limitada, which is a 100% subsidiary of Hot Chili Limited.

<sup>4</sup> The San Antonio deposit is controlled through Frontera (100% owned by Sociedad Minera El Corazón Limitada, which is a 100% subsidiary of Hot Chili Limited) and has an Option Agreement with a private party to earn a 90% interest.

<sup>5</sup> The Mineral Resource estimates in the tables above form coherent bodies of mineralisation that are considered amenable to a combination of open pit and underground extraction methods based on the following parameters: Base Case Metal Prices: Copper US\$ 3.00/lb, Gold US\$ 1,700/oz, Molybdenum US\$ 14/lb, and Silver US\$20/oz.

<sup>6</sup> Metallurgical recovery averages for each deposit consider Indicated + Inferred material and are weighted to combine sulphide flotation and oxide leaching performance. Process recoveries: Cortadera and San Antonio – Weighted recoveries of 82% Cu, 55% Au, 82% Mo and 37% Ag.  $CuEq(\%) = Cu(\%) + 0.56 \times Au(g/t) + 0.00046 \times Mo(ppm) + 0.0043 \times Ag(g/t)$ . Productora – Weighted recoveries of 84% Cu, 47% Au, 47% Mo and 0% Ag (not reported).  $CuEq(\%) = Cu(\%) + 0.46 \times Au(g/t) + 0.00026 \times Mo(ppm)$ . Costa Fuego – Recoveries of 83% Cu, 53% Au, 69% Mo and 23% Ag.  $CuEq(\%) = Cu(\%) + 0.52 \times Au(g/t) + 0.00039 \times Mo(ppm) + 0.0027 \times Ag(g/t)$ .

<sup>7</sup> Resource Copper Equivalent (CuEq) grades are calculated based on the formula:  $CuEq = ((Cu\% \times Cu \text{ price } 1\% \text{ per tonne} \times Cu\_recovery) + (Mo \text{ ppm} \times Mo \text{ price per g/t} \times Mo\_recovery) + (Au \text{ ppm} \times Au \text{ price per g/t} \times Au\_recovery) + (Ag \text{ ppm} \times Ag \text{ price per g/t} \times Ag\_recovery)) / (Cu \text{ price } 1\% \text{ per tonne} \times Cu \text{ recovery})$ . The base case cut-off grade for mineral resources considered amenable to open pit extraction methods at the Cortadera, Productora and San Antonio deposits is 0.21% CuEq while the cut-off grade for mineral resources considered amenable to underground extraction methods at the Cortadera deposit is 0.3% CuEq.

<sup>8</sup> Mineral resources are not mineral reserves and do not have demonstrated economic viability. These Mineral Resource estimates include Inferred Mineral Resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorised as Mineral Reserves. It is reasonably expected that the majority of Inferred mineral resources could be upgraded to Measured or Indicated Mineral Resources with continued exploration.

<sup>9</sup> The effective date of the estimate of Mineral Resources is March 31st, 2022. Refer to ASX Announcement “Hot Chili Delivers Next Level of Growth” (“Resource Announcement”) for JORC Code Table 1 information related to the Costa Fuego Resource Estimate (MRE) by Competent Person Elizabeth Haren, constituting the MREs of Cortadera, Productora and San Antonio (which combine to form Costa Fuego). Hot Chili confirms it is not aware of any new information or data that materially affects the information included in the Resource Announcement and all material assumptions and technical parameters stated for the Mineral Resource Estimates in the Resource Announcement continue to apply and have not materially changed.

<sup>10</sup> Hot Chili Limited is not aware of political, environmental or other risks that could materially affect the potential development of the Mineral Resources





# Appendix

## Appendix

### Reasonable Basis for Forward Looking Statements – JORC Code (2012)

This ASX release has been prepared in compliance with the current JORC Code (2012) and the ASX Listing Rules. All material assumptions on which the PEA production target and projected financial information are based have been included in this announcement and disclosed in the table below.

Consideration of Modifying Factors in the format specified by JORC Code (2012) Section 4.

#### Section 4 Estimation and Reporting of Ore Reserves

No JORC Code (2012) Ore Reserves are being reported.

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.):

Criteria	JORC Code explanation	Commentary
<b>Mineral Resource estimate for conversion to Ore Reserves</b>	<p><i>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</i></p> <p><i>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</i></p>	<p>No JORC (2012) Ore Reserve estimate has been classified or reported. The Mineral Resource estimates for Costa Fuego were used as a basis for the Preliminary Economic Assessment (PEA) and are detailed in the preceding sections of this table.</p>
<b>Site visits</b>	<p><i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i></p> <p><i>If no site visits have been undertaken indicate why this is the case.</i></p>	<p>No JORC (2012) Ore Reserve estimate has been classified or reported.</p> <p>The following QP's have contributed to the PEA:</p> <ul style="list-style-type: none"> <li>• Elizabeth Haren</li> <li>• Dean David</li> <li>• Anton von Wielligh</li> <li>• Piers Wendtland</li> </ul>



Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> <li>• Farzad Kossari</li> </ul> <p>Site visits have been completed by the following QP's:</p> <ul style="list-style-type: none"> <li>• Elizabeth Haren (May 2022)</li> </ul> <p>All recent metallurgical flotation testwork was conducted at Aurelia laboratory in Perth, Western Australia. Laboratory visits were conducted to observe core as received, test equipment and testwork management procedures. Laboratory visits were conducted by the following QPs:</p> <ul style="list-style-type: none"> <li>• Dean David (Various during 2020, 2021, 2022 and 2023)</li> </ul> <p>Geotechnical surface mapping and core logging was conducted by several geotechnical consultants with relevant experience in open pit slope studies. During these visits drill platform excavations were studied, as well as geotechnical logging of dedicated geotechnical diamond holes. These visits also included mapping at the two existing underground mines.</p> <p>Consultants involved in metallurgical testwork, plant design and mine layout, have also visited the site.</p> <p>Further site visits are planned as part of future studies and works</p>
<p><b>Study status</b></p>	<p><i>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</i></p> <p><i>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources</i></p>	<p>The study presented is a PEA and accordingly an Ore Reserve is not being reported. The PEA has been prepared to an accuracy of +/- 40%, using Indicated and Inferred Mineral Resources, appropriate mine planning and modifying factors have been applied commensurate to a PEA Study level of accuracy and are deemed to have reasonable prospects of being technically achievable and economically viable.</p> <p>Section 4 of the JORC Code (2012)'s Table 1 is being completed to enable material</p>

Criteria	JORC Code explanation	Commentary
	<p><i>to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</i></p>	<p>modifying factors and assumptions underpinning the conceptual production target and their link to the forecast financial information to be disclosed in an appropriate manner for investors.</p> <p>The PEA study developed a mine plan that is considered technically achievable and economically viable. This mine plan considers modifying factors such as mining, processing, metallurgy, infrastructure, economic, marketing, legal, environmental, social and governmental.</p> <p>A financial model for the Project was developed by Hot Chili (HCH) during the PEA Study. Project Net Present Value (NPV) was assessed using sensitivity analysis.</p>
<p><b>Cut-off parameters</b></p>	<p><i>The basis of the cut-off grade(s) or quality parameters applied.</i></p>	<p>A variable cut-off grade was used for PEA production feed delineation. This approach includes the scheduling of the mine design and analysis of cash flows to optimise net present value.</p> <p>The variable cut-off grade is calculated in consideration of the following parameters:</p> <ul style="list-style-type: none"> <li>▪ Metal revenue</li> <li>▪ Operating costs</li> <li>▪ Process throughput</li> <li>▪ Process recovery</li> <li>▪ Transport and refining costs</li> <li>▪ General and administrative costs</li> <li>▪ Constraints on production</li> </ul>

Criteria	JORC Code explanation	Commentary
<p><b>Mining factors or assumptions</b></p>	<p><i>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</i></p> <p><i>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</i></p> <p><i>The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.</i></p> <p><i>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</i></p> <p><i>The mining dilution factors used.</i></p> <p><i>The mining recovery factors used.</i></p> <p><i>Any minimum mining widths used.</i></p> <p><i>The manner in which Inferred Mineral</i></p>	<ul style="list-style-type: none"> <li>▪ Sustaining capital costs</li> </ul> <p>No JORC (2012) Ore Reserve estimate has been classified or reported. The PEA has been prepared to an accuracy of +/- 40% using indicated and Inferred Mineral Resources, appropriate mine planning and modifying factors have been applied commensurate to a PEA level of accuracy and are deemed to have reasonable prospects of being technically achievable and economically viable.</p> <p>The mining methods were based on:</p> <ul style="list-style-type: none"> <li>• Traditional open pit mining at all deposits, utilising large hydraulic shovels and ultra-class (defined as having a haulage capacity between 270 tonnes and 450 tonnes) trucks for haulage, with drill and blast practices for rock breakage and wall control</li> <li>• Underground block cave mining at Cortadera Cuerpo 3.</li> </ul> <p>These mining methods are considered conventional for the scale, location and grade of the resource being extracted in each deposit.</p> <p>Open Pit optimisation software (Datamine NPVS) was used to select a potentially viable pit shell. Fresh sulphide, transitional and oxide material was used for pit optimisation. The selected pit shells were used as the basis for scheduling and financial modelling.</p> <p>Geovia PCBC™ Footprint Finder software (PCBC) was used to assess the vertical elevation, lateral extent, and potential economic value of a likely block cave footprint. PEA designs based on PCBC results were completed and scheduled.</p> <p>Scheduling results were tested financially using discounted cash flow methods to confirm economic viability.</p>

Criteria	JORC Code explanation	Commentary
	<p><i>Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</i></p> <p><i>The infrastructure requirements of the selected mining methods.</i></p>	<p>The geotechnical slope parameters used were based on work completed by external consultants. There are various slope configurations based on geological rock domains and weathering horizons.</p> <p>Open pit selective mining unit (SMU) dimensions were 5m x 10m x 5m (X,Y,Z) and applied to the Resource model during the regularisation.</p> <p>The regularisation process from the sub-celled Resource model added approximately 5% to 8% dilution (reduction in average grade). At a variable cut-off of 0.1% to 0.15% CuEq the impact was approximately 5% to 8% on process feed loss. The combination of more tonnage at a lower grade resulted in a 0.5% reduction for contained copper.</p> <p>Resource Model Copper Equivalent (CuEq) grades are calculated based on the formula: <math>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 \times Cu\ recovery)</math>.</p> <p>Parameters used in the above calculation were:</p> <ul style="list-style-type: none"> <li>• Resource Model Recoveries: 86% Cu, 55% Au, 56% Mo and 35% Ag.</li> <li>• Resource Model Metal Prices: Copper US\$ 3.00/lb, Gold US\$ 1,700/oz, Molybdenum US\$ 14/lb, and Silver US\$20/oz.</li> </ul> <p>Optimisation shells were generated from metal prices of: Copper US\$ 3.30/lb, Gold US\$ 1,700/oz, Molybdenum US\$ 14/lb, and Silver US\$20/oz.</p> <p>Optimisation shells identified an open pit mine with an average operating strip ratio of approximately 1.8:1 and a reference open pit mining cost of US\$2.03/t mined excluding ore re-handling and pre-strip. The mining cost was adjusted for</p>



Criteria	JORC Code explanation	Commentary
		<p>incremental change in depth, adding US\$0.0125 every 5 meters below the pushback exit RL or US\$0.00425 every 5 metres above pushback exit RL.</p> <p>The mining schedule used an average vertical development constraint of 4 to 5 benches per year, bench heights of 15m were used for all pits. Productora has short periods of two benches per quarter, but then reduces to the average of 1 bench per quarter again.</p> <p>A minimum pushback width of 60 m was considered with the exception of the pit bottom.</p> <p>Infrastructure requirements for pit mining include workshops for mobile equipment maintenance, offices, stores, change houses, crib rooms, fuel and lubricant storage and dispensing, laboratories, water dams, electrical distribution, electrical equipment and explosives storage. Block cave mining requires several of these provisions to be duplicated underground, in addition to twin-crusher, conveyor and pumping installations.</p>
<p><b>Metallurgical factors or assumptions</b></p>	<p><i>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</i></p> <p><i>Whether the metallurgical process is well-tested technology or novel in nature.</i></p> <p><i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the</i></p>	<p>Costa Fuego considers two metallurgical processes: a conventional sulphide concentrator and a leach operation utilising both conventional and novel methods. The concentrator produces a copper-gold-silver concentrate and a molybdenum concentrate. The leach operation processes two feedstocks - an oxide feed for a heap leach and a low-grade sulphide feed for a dump leach – with all leachates combining to produce copper metal in a common solvent extraction electrowinning (SX-EW) facility.</p> <p>A key feature of all primary stages of the extraction processes is that they operate using seawater not freshwater. As a result, the response models for estimation of copper, gold, silver and molybdenum recovery into concentrate and copper into cathode have been developed from testwork conducted in seawater where</p>

Criteria	JORC Code explanation	Commentary
	<p><i>corresponding metallurgical recovery factors applied.</i></p> <p><i>Any assumptions or allowances made for deleterious elements.</i></p> <p><i>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</i></p> <p><i>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</i></p>	<p>necessary.</p> <p>The Life-of-Mine production rate of the study concentrator is estimated to averaged 21.5 Mtpa. Throughput is variable for each deposit based on comminution test work results. The production capacity at the solvent extraction and electro-winning (SX-EW) plant was initially limited to 10kt/a of Cu from Oxide. The SX-EW was then expanded to 12 Kt/a of Cu cathode from both oxide and sulphide sources.</p> <p>The concentrates and cathode are considered clean, with no deleterious element contaminants evident in the test products.</p> <p>The Costa Fuego concentrator evaluation included mineralogical, comminution and flotation testwork on a significant number of samples selected spatially and mineralogically from diamond drill holes at each deposit. Four composite samples were prepared and tested, including one bulk sample taken from an existing underground mine at the Productora deposit.</p> <p>Oxide leaching and comminution testwork on oxide production feed was carried out on a suite of oxide samples from diamond and reverse-circulation drill holes spatially distributed across the deposits (predominantly Productora) and encompassing a range of copper head grades. The outcome of this work provided an estimate of the typical copper recoveries and acid consumption that are anticipated for the heap leach.</p> <p>Low-grade sulphide production feed was tested with a small set of samples with appropriate copper head grades from across the Productora and Cortadera deposits. The outcome of this work provided an estimate of typical copper recoveries and acid consumption that might be anticipated in a dump leach.</p> <p>The average head grade for the concentrator feed (combined Fresh and Transitional materials); 0.44% Cu, 0.12g/t Au, 0.45g/t Ag and 117 ppm Mo.</p> <p>Average concentrator recoveries are shown in the following table:</p>

Criteria	JORC Code explanation	Commentary																																																																											
		<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2">Deposit</th> <th colspan="4">Recovery to Concentrate (%)</th> <th rowspan="2">Testwork Samples</th> </tr> <tr> <th>Cu</th> <th>Au</th> <th>Ag</th> <th>Mo</th> </tr> </thead> <tbody> <tr> <td>Productora</td> <td>87</td> <td>56</td> <td>n/a</td> <td>52</td> <td>19</td> </tr> <tr> <td>Alice</td> <td>91</td> <td>51</td> <td>n/a</td> <td>67</td> <td>5</td> </tr> <tr> <td>Cortadera Open Pit</td> <td>77</td> <td>44</td> <td>27</td> <td>50</td> <td>19</td> </tr> <tr> <td>Cortadera Block Cave</td> <td>90</td> <td>58</td> <td>38</td> <td>69</td> <td>25</td> </tr> <tr> <td>San Antonio</td> <td>93</td> <td>70</td> <td>65</td> <td>50</td> <td>1</td> </tr> <tr> <td><b>Average</b></td> <td><b>87</b></td> <td><b>56</b></td> <td><b>37</b></td> <td><b>58</b></td> <td></td> </tr> </tbody> </table> <p>Final copper concentrate grade will be 25% Cu from a plant feed that will comprise a blend of fresh and transitional sulphide ore.</p> <p>Copper oxide leach recovery to cathode will average 55% from an initial copper head grade of 0.6% Cu. Average recoveries by area are shown in the following table:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Area</th> <th>Copper Recovery (%)</th> <th># Samples Bottle roll</th> <th># Samples Column</th> <th>% of Production Feed</th> </tr> </thead> <tbody> <tr> <td>Productora</td> <td>56</td> <td>22</td> <td>5</td> <td>80</td> </tr> <tr> <td>Alice</td> <td>46</td> <td>3</td> <td>0</td> <td>8</td> </tr> <tr> <td>Cortadera</td> <td>50</td> <td>4</td> <td>0</td> <td>12</td> </tr> <tr> <td><b>Average</b></td> <td><b>55</b></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>					Deposit	Recovery to Concentrate (%)				Testwork Samples	Cu	Au	Ag	Mo	Productora	87	56	n/a	52	19	Alice	91	51	n/a	67	5	Cortadera Open Pit	77	44	27	50	19	Cortadera Block Cave	90	58	38	69	25	San Antonio	93	70	65	50	1	<b>Average</b>	<b>87</b>	<b>56</b>	<b>37</b>	<b>58</b>		Area	Copper Recovery (%)	# Samples Bottle roll	# Samples Column	% of Production Feed	Productora	56	22	5	80	Alice	46	3	0	8	Cortadera	50	4	0	12	<b>Average</b>	<b>55</b>			
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Criteria	JORC Code explanation	Commentary
		Low-grade sulphide leach recovery to cathode will average 40% from an average head grade of 0.14% Cu
<b>Environmental</b>	<i>The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</i>	<p>Hydrological and Hydrogeological studies were completed as part of the PEA by external consultants for both surface and ground water flows, with no significant considerations for the proposed mine.</p> <p>Comprehensive baseline studies for environmental characterisation commenced in 2012 and are ongoing at the mine site, power line corridor, seawater pipeline corridor and the marine water intake site.</p> <p>The main findings are to be addressed with management plans that include usual mitigation, compensation or repair measures; monitoring plans have also been established to make sure the measures remain relevant over time as well as to record any change in the baselines conditions.</p> <p>Sites for waste rock dumps have been identified and designs have confirmed that there is sufficient space on the existing leases. Waste rock characterisation has been completed for Productora and is being studied at the remaining deposits for inclusion in the PFS.</p> <p>A preliminary tailings storage site at Productora has been identified by Knight Piesold, as part of the PEA. Additional work of PFS accuracy level is on-going.</p> <p>A comprehensive groundwater monitoring program is ongoing. Nine hydrogeology test bores have been drilled and the drilling of further additional bores is to be confirmed.</p> <p>Dust monitoring system has been in place for more than 24 months at the mine</p>



Criteria	JORC Code explanation	Commentary
		<p>site; additional dust data has been collected for 12 months in a site close to Vallenar, where the main population lives. This information will be included in the Environmental Impact Assessment Study (EIA).</p> <p>All the environmental baseline work and local permits obtained up to date are in line with the Equator Principles applicable for Costa Fuego's current development stage. No major environmental issues have been identified. The EIA is scheduled for submission once the Costa Fuego PFS has been completed.</p>
<b>Infrastructure</b>	<p><i>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.</i></p>	<p>The PEA considers major processing infrastructure constructed adjacent to the Productora deposit, which is located 16km from the mining town of Vallenar and 6km west from the Pan-American sealed highway (Route 5).</p> <p>The town of Vallenar has a population of more than 50 thousand inhabitants and provides accommodation for the anticipated workforce, meaning there is no requirement for a permanent onsite accommodation facility.</p> <p>Hot Chili has applied for connection to a major node of the Chilean Central Power Grid located at the Maitencillo village. The construction of a 26km power transmission line between the mine site and the node at Maitencillo is proposed in the PEA. The power requirement initially estimated for Costa Fuego will be supplied at 220kV.</p> <p>The PEA considers the construction of a 69 km seawater pipeline to supply water for processing and mining operations. A fraction of seawater will undergo desalination in a reverse osmosis plant on site that will supply fresh water for concentrate washing water and for human consumption.</p>

Criteria	JORC Code explanation	Commentary
		<p>The transport of copper-gold-silver concentrate is considered to be via road trucks to the Las Losas port facility at Huasco Bay, which is within 70km of the site. The transport of molybdenum concentrate assumes the destination is a molybdenum commercial process plant 650km to the south.</p>
<p><b>Costs</b></p>	<p><i>The derivation of, or assumptions made, regarding projected capital costs in the study.</i></p> <p><i>The methodology used to estimate operating costs.</i></p> <p><i>Allowances made for the content of deleterious elements.</i></p> <p><i>The source of exchange rates used in the study.</i></p> <p><i>Derivation of transportation charges.</i></p> <p><i>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</i></p> <p><i>The allowances made for royalties payable, both Government and private.</i></p>	<p>Wood have updated costs from the 2016 Study for use in the 2023 PEA. This cost base included the capital cost for the concentrator, leach plant, bulk earthworks, site services, water pipeline and pumps, tailings storage facility, electrical transmission line and control, Mining Equipment and Engineering, Procurement, Construction and Management (EPCM). The cost base also included operating costs for the concentrator, leach plant, the water pipeline and pumping system; additional ore mining costs, Run of Mine (ROM) rehandle cost, sustaining capital costs for processing and tailings storage, and General and Administration costs.</p> <p>This cost base was updated by application of escalation factors, updates to key input costs, development of order of magnitude costs from engineering reports, updates to equipment pricing by scaling factor and review of pricing assumptions.</p> <p>Exchange rates for the PEA relied on Wood’s guidance of industry consensus on long-term exchange rates for use in cash flow models in mining studies for Q2 2022. This considered spot (29/3/2022), 3-year moving average, analyst 12-month consensus and SEDAR reports posted in last 12-months.</p> <p>Transportation charges were determined from long-term averages of bulk shipping and trucking costs and commercial terms used in similar recent projects. Smelter treatment and refining costs were defined from long-term market averages: US\$90/tonne of concentrate and US\$0.09/lb Cu; US\$5/oz Au,</p>

Criteria	JORC Code explanation	Commentary
		<p>US\$0.50/oz Ag.</p> <p>Penalties levels for concentrate specification were based on the offtake agreement in place for 60% of the production for the first 8-years.</p> <p>Contractor Mining has been used for mining and fleet operating costs for the open pit. These are based on a 2022 contract mining quote supplied by Stracon GyM S.A.</p> <p>The block cave capital and operating cost was benchmarked by Wood and provided a typical operating cost for a block cave producing 20 Mt/a.</p> <p>A preliminary underground design for the block cave was generated and incorporated development of the major infrastructure. Unit rates for mining and construction were derived from similar mining profiles and installations, and a 20% contingency was applied.</p> <p>Specific Mining Tax (i.e. government royalty) has been applied in accordance with the current legislation. This tax is calculated from the annual operating margin and has been reviewed for correctness by external tax advisors.</p>

Criteria	JORC Code explanation	Commentary
		<p>The following lease royalties were applied:</p> <ul style="list-style-type: none"> <li>• Productora, Uranio 1-70 (CCHEN lease) Royalty <ul style="list-style-type: none"> <li>○ 2% Net Smelter Return (NSR) for copper</li> <li>○ 4% NSR for gold</li> <li>○ 2% NSR for molybdenum</li> </ul> </li> <li>• Cortadera, Purisima Royalty <ul style="list-style-type: none"> <li>○ 1.5% NSR</li> </ul> </li> <li>• Productora, Zapa 1-6 Royalty <ul style="list-style-type: none"> <li>○ 1% NSR</li> </ul> </li> </ul>
<b>Revenue factors</b>	<p><i>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</i></p> <p><i>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</i></p>	<p>The average head grade for the concentrator was: (combined Fresh and Transitional materials): 0.44% Cu, 0.12g/t Au, 0.45g/t Ag and 117 ppm Mo.</p> <p>Commodity prices used for economic evaluation were US\$3.85/lb for copper, US\$1,750/oz for gold, US\$21/oz for Silver and US\$17.00/lb of molybdenum. Assumptions made on commodity prices were based on long-term consensus bank forecasts reviewed by Hot Chili.</p>
<b>Market assessment</b>	<p><i>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to</i></p>	<p>Hot Chili has actively engaged and been provided with documentation on the supply demand metrics for copper, gold and molybdenum ore by several investment institutions.</p>



Criteria	JORC Code explanation	Commentary
	<p><i>affect supply and demand into the future.</i></p> <p><i>A customer and competitor analysis along with the identification of likely market windows for the product.</i></p> <p><i>Price and volume forecasts and the basis for these forecasts.</i></p> <p><i>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</i></p>	
<b>Economic</b>	<p><i>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</i></p> <p><i>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</i></p>	<p>The estimate inputs (capital and operating costs) are at +/-40% as is standard for PEA studies.</p> <p>The financial model for Costa Fuego applied an appropriate discount rate of 8%, which was determined by considering the Weighted Average Cost of Capital (WACC) and nature of financing assumptions.</p> <p>Project Net Present Value (NPV) was assessed and ran sensitivities of +/-40% on a broad range of key inputs.</p>
<b>Social</b>	<p><i>The status of agreements with key stakeholders and matters leading to social license to operate.</i></p>	<p>Hot Chili has performed stakeholder's mapping exercises to identify key groups and organizations of interest.</p> <p>Hot Chili has developed an engagement plan which covers all aspects related to stakeholder's consultation and community development opportunities related to the project. Agreement on these measures is expected to be obtained at the time</p>

Criteria	JORC Code explanation	Commentary
		<p>of EIA delivery. The proposed measures will be implemented before commencement of operation.</p> <p>Diverse authorities have been informed about the Costa Fuego Project. This process allowed HCH to obtain the license to conduct its exploration plan with no major issues to date.</p> <p>A resettlement plan is being developed to facilitate the relocation of a small number of ranchos overlapping with the Costa Fuego project, including Productora waste rock dumps, tailings storage facility, Productora mine site, seawater pipeline corridor and power transmission line. This plan is being developed according to the International Finance Corporation (IFC) guidelines to ensure a fair treatment of relocated people. The ranchos involved in this process were identified in early 2013 and continuous monitoring has been implemented.</p> <p>All the social and stakeholder engagement activities performed up to date are in line with the Equator Principles applicable for Costa Fuego current development stage. No major social or stakeholder issues have been identified to date.</p>
<b>Other</b>	<p><i>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</i></p> <p><i>Any identified material naturally occurring risks.</i></p> <p><i>The status of material legal agreements</i></p>	<p>The surface rights for the project are controlled by SMEA (a joint company between Hot Chili 80.0% and CMP, Hot Chili's project partner at Productora 20.0%). The project joint agreement also considers such items as easement corridors to facilitate the Costa Fuego's water pipeline.</p>

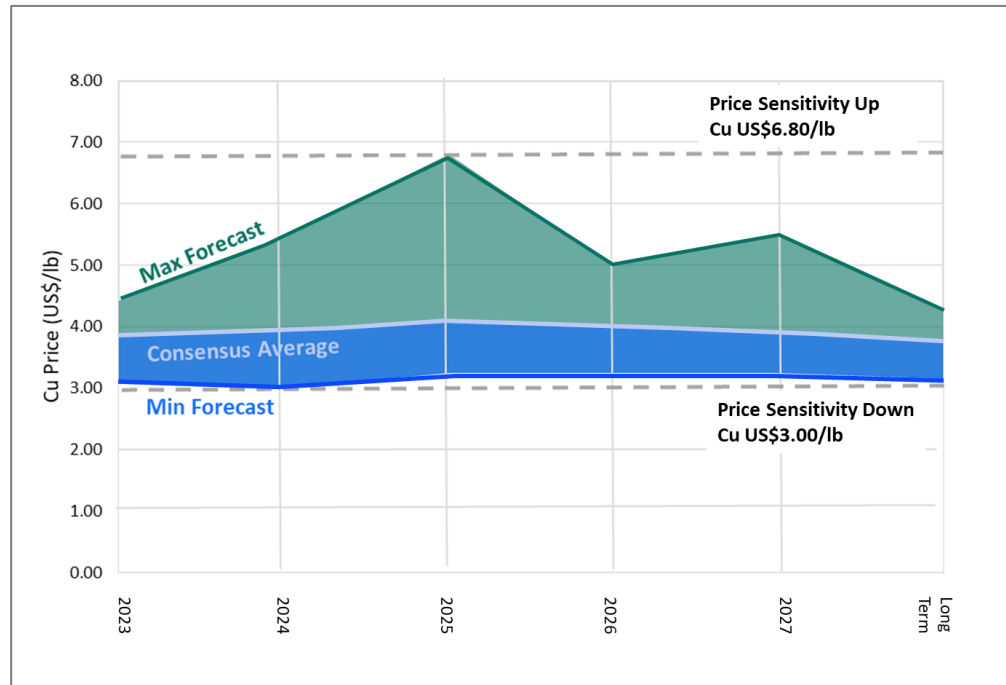
Criteria	JORC Code explanation	Commentary
	<p><i>and marketing arrangements.</i></p> <p><i>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</i></p>	
<p><b>Classification</b></p>	<p><i>The basis for the classification of the Ore Reserves into varying confidence categories.</i></p> <p><i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i></p> <p><i>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</i></p>	<p>No JORC (2012) Ore Reserve estimate has been classified or reported.</p> <p>Section 4 of Table 1 contained in the JORC Code (2012) is being completed as part of the PEA Study requirements to disclose a conceptual Production Target estimate linked to forecast financial information.</p>

Criteria	JORC Code explanation	Commentary
<b>Audits or reviews</b>	<i>The results of any audits or reviews of Ore Reserve estimates.</i>	No JORC (2012) Ore Reserve estimate has been classified or reported.
<b>Discussion of relative accuracy/ confidence</b>	<p><i>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</i></p> <p><i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i></p> <p><i>Accuracy and confidence discussions should extend to specific discussions of any</i></p>	<p>The study presented is a PEA and accordingly an Ore Reserve is not being reported. The study has been prepared to an accuracy of +/- 40%, using Indicated and Inferred Mineral Resources, appropriate mine planning and modifying factors have been applied commensurate to a PEA Study level of accuracy and are deemed to have reasonable prospects of being technically achievable and economically viable.</p>

Criteria	JORC Code explanation	Commentary
	<p><i>applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</i></p> <p><i>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i></p>	

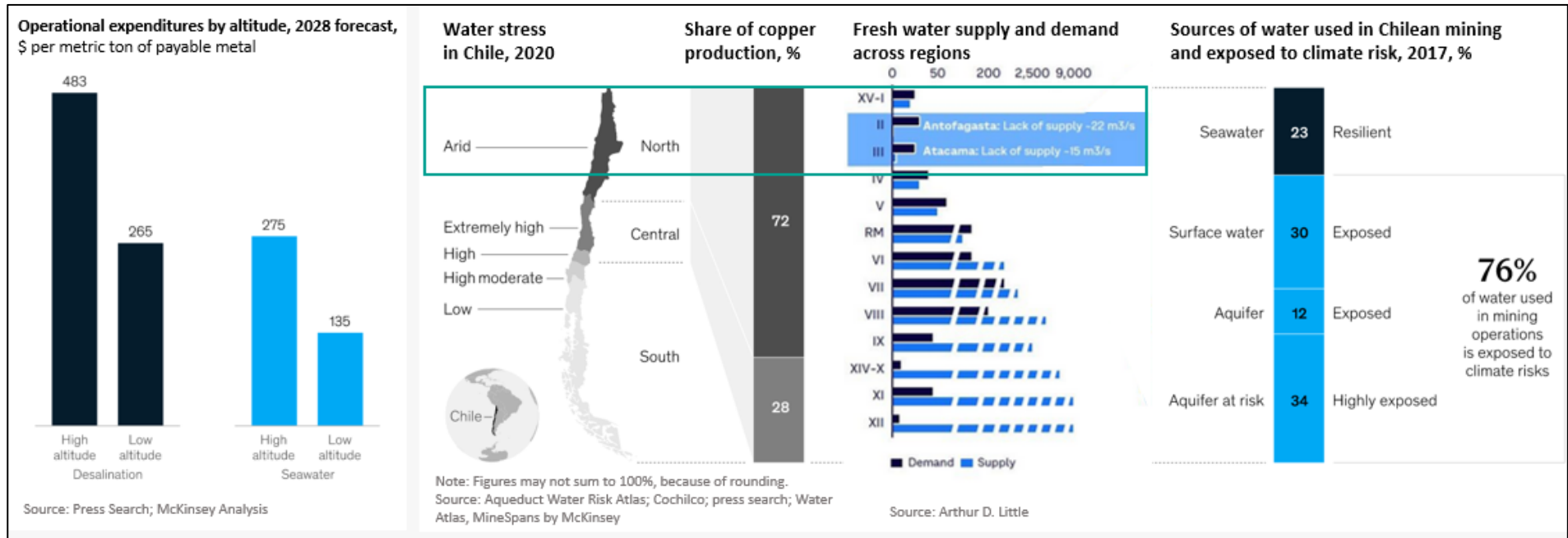


## 27-Bank Consensus Forecast – Provided by National Bank Financial (2023)



Broker	Copper Price (US\$/lb)					
	2023 Estimate	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate	Long Term
Barclays	\$3.70	\$3.15	\$3.25	\$3.40	n.a.	n.a.
Bell Potter	\$3.64	\$4.00	\$4.08	n.a.	n.a.	n.a.
BMO	\$3.57	\$3.51	\$3.63	\$3.97	n.a.	\$3.75
Canaccord	\$3.68	\$3.75	\$3.85	\$4.50	\$4.25	\$3.55
Cantor Fitzgerald	\$3.77	\$3.38	\$3.25	\$3.25	\$3.25	\$3.25
CIBC	\$3.68	\$3.75	\$3.85	\$3.55	\$3.55	\$3.55
Citigroup	\$3.95	\$4.08	\$4.31	n.a.	n.a.	\$4.08
Cormark	\$3.95	\$3.95	\$3.95	\$3.95	\$3.95	\$3.95
Credit Suisse	\$3.08	\$3.00	\$3.50	\$3.50	\$3.50	\$3.50
Desjardins	\$4.00	\$4.00	\$4.15	n.a.	n.a.	n.a.
Deutsche	\$3.99	\$4.08	\$4.08	\$4.08	\$4.08	\$4.08
Eight	n.a.	n.a.	n.a.	n.a.	n.a.	\$3.75
Goldman Sachs	\$4.42	\$5.44	\$6.80	\$4.60	\$4.03	\$4.03
Haywood	\$4.00	\$4.25	\$4.25	\$4.25	\$4.25	\$4.25
HSBC	\$3.96	\$3.60	\$3.70	n.a.	n.a.	\$3.15
Jefferies	\$4.18	\$4.81	\$5.25	n.a.	n.a.	\$4.00
JP Morgan	\$4.07	\$4.07	\$4.15	n.a.	n.a.	\$4.00
Macquarie	\$3.45	\$3.37	\$3.53	\$3.74	\$3.88	n.a.
NBF	\$3.80	\$3.80	\$3.65	\$3.65	\$3.65	\$3.65
Paradigm	\$4.00	\$4.25	n.a.	n.a.	n.a.	\$3.75
PI Financial	\$3.85	\$3.85	\$3.85	\$3.85	\$3.85	\$3.85
Raymond James	\$4.24	\$4.00	n.a.	n.a.	n.a.	n.a.
RBC	\$3.75	\$3.75	\$4.00	\$4.00	\$4.00	\$3.50
Scotia	\$3.65	\$4.00	\$4.50	\$5.00	\$5.50	\$4.00
Stifel	\$4.00	\$4.25	\$4.50	\$4.00	\$4.00	\$4.00
TD	\$3.75	\$4.00	\$4.25	\$4.50	\$3.75	\$3.75
UBS	\$3.75	\$3.75	\$3.75	\$3.90	\$3.50	\$3.50
<b>Consensus Average</b>	<b>\$3.84</b>	<b>\$3.92</b>	<b>\$4.09</b>	<b>\$3.98</b>	<b>\$3.94</b>	<b>\$3.77</b>
<b>Max</b>	<b>\$4.42</b>	<b>\$5.44</b>	<b>\$6.80</b>	<b>\$5.00</b>	<b>\$5.50</b>	<b>\$4.25</b>
<b>Min</b>	<b>\$3.08</b>	<b>\$3.00</b>	<b>\$3.25</b>	<b>\$3.25</b>	<b>\$3.25</b>	<b>\$3.15</b>

## Water Fundamentals for Copper in Chile - Seawater and Elevation Advantage, Low Cost and Security of Supply



- **Seawater extraction permitted and pipeline easement secured for Costa Fuego (Unique)**
- Low altitude seawater supply forecast to be half the operating cost of high-altitude supply
- Unlimited supply, resilient to climate risk
- No desalination required, reducing energy consumption and environmental impact

**Concentrate Specification – Defined by Locked-Cycle Testwork<sup>12</sup>**

Copper-Gold-Silver-Molybdenum Concentrate Assays		
Element	Unit	Value
Cu	%	26
Au	ppm	5
Mo	ppm	7,411
Ag	ppm	24
Co	ppm	263
Cl	ppm	238
Al <sub>2</sub> O <sub>3</sub>	%	2
As	ppm	44
Ba	ppm	55
Bi	ppm	24
CaO	%	1
Cd	ppm	7
F	ppm	ND <sup>2</sup>
Fe	%	28
Hg	ppm	1
K	ppm	3,842
MgO	ppm	3,527

Copper-Gold-Silver-Molybdenum Concentrate Assays		
Element	Unit	Value
Mn	ppm	98
Na	ppm	2,392
Ni	ppm	82
P	ppm	154
Pb	ppm	136
S	%	32
Sb	ppm	11
Se	ppm	86
SiO <sub>2</sub>	%	7
Sn	ppm	9
Sr	ppm	21
Te	ppm	2
Th	ppm	5
Ti	%	0.1
V	ppm	29
Zn	ppm	262
Zr	ppm	80

<sup>1</sup> Molybdenum content is high since assay is taken before Molybdenum is floated to create a specific Molybdenum Concentrate and a Copper-Gold-Silver Concentrate

<sup>2</sup> ND – not detected, below detection limit of assay technique

## Global Resource Peer Group – Benchmarking Data<sup>1</sup>

Company	Project	Class	Mt	Cu%	Cu Mt	Au g/t	Au Moz	Ag g/t	Ag Moz	Mo ppm	Mo Mt	Mo kt	CuEq%	CuEq Mt	Average Processing Recovery	Reported Level of Study	Report Date	Report Source	
Northern Dynasty	Pebble	MI	6,456	0.40	25.8	0.34	71	1.7	345	240	1.55	1,551	0.72	46.4	Cu=84%, Au=73%, Mo=80%	Preliminary Economic Assessment	2021	SEDAR	
		Inf	4,454	0.25	11.1	0.25	36	1.2	170	226	1.01	1,007	0.50	22.5					
SolGold	Cascabel	MI	3,191	0.35	11.2	0.24	25	1.1	110					0.52	16.6	Cu=92%, Au=82%, Ag=66%	Pre-feasibility Study	2022	SEDAR
		Inf	649	0.24	1.6	0.12	2.5	0.6	13					0.33	2.1				
Ngex Resources	Los Helados	Ind	2,099	0.38	8.0	0.15	10	1.4	93					0.49	10.2	Cu=88%, Au=78%, Mo=48%	Mineral Resource Estimate	2019	SEDAR
		Inf	827	0.32	2.6	0.10	2.7	1.3	35					0.39	3.3				
Western Copper	Casino	Mill MI	2,173	0.16	3.4	0.18	13	1.4	100	169	0.37	368	0.35	7.6	Cu=87%, Au=66%, Mo=71%	Preliminary Economic Assessment	2022	SEDAR	
		Mill Inf	1,430	0.10	1.5	0.14	6.4	1.2	54	102	0.15	146	0.24	3.5					
		Leach MI	217	0.03	0.1	0.25	1.8	1.9	13					0.76					1.6
		Leach Inf	31	0.03	0.01	0.17	0.2	1.7	2					0.52					0.2
Aldebaran Resources	Altar	Sulphide MI	913	0.42	3.8	0.09	2.7	1.0	28					0.46	4.2	Cu=92%, Au=50%, Ag=51%	Mineral Resource Estimate	2021	SEDAR
		Sulphide Inf	175	0.42	0.7	0.06	0.35	0.8	4					0.45	0.8				
		Oxide MI	305	0.44	1.4	0.86	1.2	4.8	13					0.82	2.5				
		Oxide Inf	16	0.41	0.1	0.66	0.06	6.1	1					0.71	0.1				
Los Andes Copper	Vizcachitas	MI	1,284	0.40	5.1			1.1	43	141	0.18	181	0.45	5.8	Cu=91%, Mo=80%	Preliminary Economic Assessment	2019	SEDAR	
		Inf	789	0.34	2.7			0.88	22	127	0.10	100	0.38	3.0					
St Augustine	King-king	MI	962	0.23	2.2	0.32	10						0.55	5.3	Cu=71%, Au=75%	Pre-feasibility Study	2013	SEDAR	
		Inf	189	0.22	0.4	0.26	1.6							0.45					0.9
McEwen Mining	Los Azules	Ind	962	0.48	4.6	0.06	1.7	1.8	56	27	0.03	26	0.52	5.0	Cu=91%, Au=64%, Ag=61%, Mo=N/A	Preliminary Economic Assessment	2017	SEDAR	
		Inf	2,666	0.33	8.8	0.04	3.8	1.6	135	33	0	88	0.33	2.1					
Candente Copper	Canariaco Norte	MI	1,094	0.39	4.2	0.06	2.1	1.7	59				0.43	4.7	Cu=88%, Au=65%, Ag=57%	Preliminary Economic Assessment	2022	SEDAR	
		Inf	795	0.35	2.8	0.07	1.7	0.2	33					0.39					3.1
Hot Chili Ltd	Costa Fuego	Ind	725	0.38	2.7	0.11	2.6	0.5	10	93	0.07	67	0.47	3.4	Cu=83%, Au=51%, Mo=67%, Ag=23%	Preliminary Economic Assessment	2023	SEDAR	
		Inf	202	0.30	0.6	0.06	0.4	0.31	2	66	0.01	13	0.36	0.7					
Era Resources	Yandera	Float MI	665	0.33	2.2	0.07	1.4			104	0.07	69	0.41	2.7	Cu=87%, Au=63% Mo=78%	Mineral Resource Estimate	2016	SEDAR	
		Float Inf	212	0.29	0.6	0.04	0.2			52	0.01	11	0.33	0.7					
		Leach MI	64	0.34	0.2	0.08	0.2			63	0.004	4	0.39	0.2					
		Leach Inf	19	0.26	0.05	0.03	0.02			54	0.001	1	0.28	0.1					

<sup>1</sup> Table constructed from public information (used without the consent of the source) and normalised using this price deck: Copper US\$ 3.30/lb, Gold US\$1,700/oz, Molybdenum US\$14/lb, Silver US\$20/oz, Platinum US\$1,050/oz, Palladium US\$1,400/oz, Cobalt US\$14/lb, Nickel US\$7/lb. Copper Equivalent\* grade and tonnes calculated using these prices and recoveries declared in each project's public company documents. Hot Chili assembled the data from S&P and company public reports and announcements available on 1 May 2023.

## Global Resource Peer Group – Benchmarking Data<sup>1</sup> (continued)

Company	Project	Class	Mt	Cu%	Cu Mt	Au g/t	Au Moz	Ag g/t	Ag Moz	Mo ppm	Mo Mt	Mo kt	CuEq%	CuEq Mt	Average Processing Recovery	Reported Level of Study	Report Date	Report Source
Filo Mining	Filo del Sol	Ind Oxide	309	0.32	1.0	0.31	3.1	2.7	27				0.50	1.5	Oxide: Cu=82%, Au=55%, Ag=71%; Sulphide: Cu=84%, Au=70%, Ag=77%	Pre-feasibility Study	2019	SEDAR
		Inf Oxide	95	0.25	0.2	0.31	1.0	2.17	7				0.42	0.4				
		Ind Sulphide	116	0.35	0.4	0.37	1.4	32.06	120				0.84	1.0				
		Inf Sulphide	80	0.31	0.24	0.34	0.87	10.94	28				0.61	0.5				
Solaris Resources Ltd	Warintza	MI	579	0.47	2.7	0.05	0.9			265	0.15	153	0.61	3.5	Cu=90%, Au=70%, Mo=85%	Mineral Resource Estimate	2022	SEDAR
		Inf	887	0.39	3.5	0.04	1.1			145	0.13	129	0.47	4.2				
Solaris Resources Ltd	La Verde	MI	408	0.41	1.7	0.03	0.4	2.4	32				0.45	1.8	Cu=89%, Au=75% Ag=76%	Preliminary Economic Assessment	2018	SEDAR
		Inf	338	0.37	1.3	0.02	0.2	1.9	21				0.40	1.3				
Caravel Minerals	Caravel	MI	679	0.25	1.7					50	0.03	34	0.25	2	Cu=85%, Au=55% Ag=50%	Pre-feasibility Study	2023	ASX Announcement
		Inf	501	0.23	1.2					45	0.02	22.56	0.23	1				
Regulus Resources	AntaKori	Ind	250	0.48	1.2	0.29	2.3	7.5	61				0.66	1.6	Cu=85%, Au=55% Ag=50%	Mineral Resource Estimate	2019	SEDAR
		Inf	267	0.41	1.1	0.26	2.2	7.8	67				0.57	1.5				
Deep South Resources	Haib	MI	612	0.26	1.6										Cu only	Preliminary Economic Assessment	2020	SEDAR
		Inf	565	0.25	1.4													
CD Capital NR	Los Calatos	MI	137	0.73	1.0					435	0.06	59	0.88	1.2	Cu=87%, Mo=68%	Scoping Study	2015	ASX Announcement
		Inf	216	0.78	1.7					245	0.05	53	0.86	1.8				
Marimaca Copper Corp	Marimaca	MI	140	0.48	0.7								0.48	0.7	Heap Leach = 76%, ROM Leach = 40%	Preliminary Economic Assessment	2022	SEDAR
		Inf	83	0.39	0.3								0.39	0.3				
Capstone Copper	Santo Domingo	Class	Mt	Cu%	Cu Mt	Au g/t	Au Moz	Fe %	Fe Mt				CuEq%	CuEq Mt	Cu=89%, Au=79%, Fe=83%	Preliminary Economic Assessment	2020	SEDAR
		MI	537	0.30	1.63	0.04	0.7	25.7	138				0.54	2.9				
		Inf	48	0.19	0.09	0.03	0.0	23.6	11				0.42	0.2				
Capstone Copper	Mantoverde	Float MI	594	0.47	2.8	0.1	1.9						0.53	3.1	Cu=89%, Au=71%	Feasibility Study	2020	SEDAR
		Float Inf	572	0.37	2.1	0.1	1.5						0.42	2.4				
		Leach MI	534	0.21	1.1	0.0	0.0						0.21	1.1				
		Leach Inf	76	0.15	0.1	0.0	0.0						0.15	0.1				
Capstone Copper	Mantos Blancos	Float MI	211	0.66	1.4			5.2	35				0.71	1.5	Cu=83%, Au=00%, Ag=77%	Feasibility Study	2020	SEDAR
		Float Inf	20	0.48	0.1			3.4	2.2				0.51	0.1				
		Leach MI	51	0.30	0.2								0.30	0.2				
		Leach Inf	18	0.21	0.0								0.21	0.0				

<sup>1</sup> Table constructed from public information (used without the consent of the source) and normalised using this price deck: Copper US\$ 3.30/lb, Gold US\$1,700/oz, Molybdenum US\$14/lb, Silver US\$20/oz, Platinum US\$1,050/oz, Palladium US\$1,400/oz, Cobalt US\$14/lb, Nickel US\$7/lb. Copper Equivalent\* grade and tonnes calculated using these prices and recoveries declared in each project's public company documents. Hot Chili assembled the data from S&P and company public reports and announcements available on 1 May 2023.



## Global Developer and Market Peer Group – Benchmarking Data<sup>1</sup>

Project	Units	Costa Fuego	Hillside	Mantos Blancos	Caravel	Kharmagtai	Filo del Sol	Escalones	Santo Domingo	Casino	Mantoverde	Canariaco Norte	Copper World	Cascabel	Josemaria	Vizcachitas	Los Azules
Company		Hot Chili	Rex Minerals Ltd	Capstone Copper	Caravel Minerals Ltd	Xanadu Mines Ltd	Filo Mining Corp	World Copper Ltd	Capstone Copper	Western Copper and Gold Corp	Capstone Copper	Alta Copper Corp	Hudbay	Solgold Plc	Lundin Mining Corp	Los Andes Copper Ltd	McEwen Mining Inc
Reported Level of Study		PEA	FS?	DFS	PFS	PEA	PFS	PEA	PEA	FS	DFS	PEA	PEA	PFS	FS	PEA	PEA
Report Year		2022	2022	2021	2022	2022	2023	2023	2020	2022	2021	2022	2022	2022	2020	2023	2017
Effective Date		2022-05-13	2022-12-14	2021-11-29	2022-07-01	2022-04-04	2023-02-28	2023-02-23	2020-02-19	2022-06-13	2021-11-29	2022-02-08	2022-05-01	2022-03-31	2020-09-28	2023-02-23	2017-09-01
Release Date		2022-05-16	2022-12-14	2022-01-05	2022-07-12	2022-06-23	2023-03-17	2022-03-22	2022-08-09	2022-08-09	2022-01-05	2022-03-15	2022-07-14	2022-06-01	2020-11-05	2023-04-10	2017-10-17
Report Source		SEDAR	ASX	SEDAR	ASX	SEDAR	SEDAR	SEDAR	SEDAR	SEDAR	SEDAR	SEDAR	SEDAR	SEDAR	SEDAR	SEDAR	SEDAR
Index Number		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Resource Category Split																	
Measured	%	0%	21%	41%	9%	0%	0%	0%	11%	5%	28%	28%	55%	37%	12%	8%	0%
Indicated	%	78%	45%	47%	49%	50%	71%	0%	81%	59%	34%	45%	27%	46%	51%	38%	27%
Inferred	%	22%	34%	12%	42%	50%	29%	100%	8%	36%	38%	27%	18%	17%	37%	54%	73%
Elevation	masl	740	50	0	240	1300	4200	3500	0	1190	0	3000	0	1100	0	2000	3775
Water Permit	Y/N	Y (Granted 2022)	Y	-	N (Application)	N	N	N (LOI Desala 2022)	-	N (Application)	-	N	-	N	-	N (LOI Desala, 2023)	N
Nominal Annual Copper Output	kt/yr	88	38	40	46	48	51	50	61	74	81	84	100	106	136	154	158
Produced Metal		Cu=1406kt, Au=718koz, Mo=22kt, Ag=1699koz	Cu=907kt, Au=642koz	Cu=717kt, Ag=17225koz	Cu=1246kt	Cu=1444kt, Au=1568koz	Cu=658kt, Au=1987koz, Ag=11085koz	Cu=1008kt	Cu=1100kt, Au=351koz, Fe=75000kt	Cu=2004kt, Au=6896koz, Mo=185kt, Ag=41456koz	Cu=1617kt, Au=966koz, CaCO3=25900kt	Cu=2354kt, Au=55kt, Ag=21889koz	Cu=4397kt, Mo=55kt, Ag=105764koz	Cu=2751kt, Au=657koz, Ag=18587koz	Cu=2586kt, Mo=124kt, Ag=22017koz	Cu=4001kt, Mo=124kt, Ag=32717koz	Cu=5693kt, Au=1540koz, Ag=46748koz
CAPEX 2022 Real Initial	US\$	1,046	572	75	911	695	1,837	630	1,631	2,803	810	1,043	2,801	2,746	3,275	2,633	2,413
Startup Capital Intensity (\$/nominal ann cu)	US\$/t Cu	11,897	15,141	1,872	19,728	14,439	36,293	12,511	26,696	37,765	10,021	12,406	28,028	25,953	24,061	17,110	15,257
Discount Rate	%	0.08	0.05	0.08	0.07	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Copper Study Price	US\$/lb Cu	3.75	3.75	3.60	4.00	3.50	3.65	3.60	3.00	3.50	3.45	3.50	3.00	3.60	3.00	3.68	3.00
Post-tax NPV	US\$	1,100	537	670	-	629	1,310	1,500	1,032	1,727	1,283	1,010	2,044	2,900	1,530	2,776	2,239
Post-tax NPV/Startup Capital	US\$	1.05	0.94	8.99	1.03	0.91	0.71	2.38	0.63	0.62	1.58	0.97	0.73	1.06	0.47	1.05	0.93
Metal Prices																	
Cu	US\$/lb	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Au	US\$/oz	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750
Mo	US\$/lb	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17
Ag	US\$/oz	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21
Fe	US\$/t	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
<b>Normalised to US\$3.85/lb Cu Price</b>																	
Total Revenue (Adjusted)	US\$M	14,040	8,820	6,443	10,574	14,996	11,390	8,551	17,447	36,863	14,573	22,115	41,592	35,208	30,248	39,279	51,983
Annualised Production (CuEq tpa) – ave	kt/yr	103,413	43,307	42,185	46,153	58,908	103,252	50,389	114,226	160,901	85,873	93,078	111,400	159,588	187,615	178,038	170,172
Post-Tax NPV (Scaled @ \$3.85/lb)	US\$M	1,100	527	916	1,159	478	1,540	1,701	2,041	1,936	1,726	1,332	2,715	3,271	3,500	3,127	4,100
Post-Tax IRR (Scaled @ \$3.85/lb)	%	21%	18%	0%	18%	18%	24%	51%	33%	19%	0%	19%	33%	21%	23%	26%	28%
<b>Interpolated from Sensitivity Data</b>																	
Upper Published NPV	US\$M	-	567	1,091	1,340	629	1,730	1,822	2,041	2,062	2,045	1,654	1,721	3,781	3,500	4,137	4,200
Estimated NPV @ \$3.85/lb	US\$M	-	527	916	1,159	478	1,540	1,701	2,041	1,936	1,726	1,332	2,715	3,271	3,500	3,127	4,100
Lower Published NPV	US\$M	-	395	883	737	427	1,310	1,500	1,627	1,727	1,665	1,010	2,715	2,907	2,920	2,776	3,600
Upper Published IRR	%	0%	19%	0%	21%	20%	26%	54%	33%	20%	0%	21%	21%	22%	23%	30%	28%
Estimated IRR @ \$3.85/lb	%	0%	18%	0%	18%	18%	24%	51%	33%	19%	0%	19%	33%	21%	23%	26%	28%
Lower Published IRR	%	0%	13%	0%	12%	17%	20%	46%	29%	18%	0%	16%	33%	19%	21%	24%	26%

<sup>1</sup> Source: Published Company reports on studies undertaken on projects that were not in production at the time of the studies. Information from projects has been sourced from publicly available data that has been provided under differing economic assumptions. Public information for projects has been adjusted to provide a standardised data set under an 8% discount rate and US\$ 3.85/lb Cu price. Details of the adjustment are provided in the reference table on Benchmarking Data in the appendix.

The projects North Met, Hillside and Caravel were not studied at an 8% discount rate; sensitivity data provided results that bracketed an 8% discount rate, which was then calculated. The projects North Met, Hillside and Caravel were not studied at an US\$3.85/lb Cu price (except for Hillside); sensitivity data provided results that bracketed an US\$3.85/lb Cu price, which was then calculated.

The peer group of projects were selected based on the following basis:

Primary copper projects with by-product revenues where applicable, located within the Americas and including the 3 largest ASX listed Copper projects, Kharmagtai (Mongolia), Hillside and Caravel (Australia).

Projects that were near Costa Fuego, specifically within the Atacama. This included Santa Domingo, Mantos Blanco and Mantoverde

Studies published within the last 4 years. Projects with older studies were considered to be on hold. This excluded La Verde, Los Calatos and Yandera.

Significant projects such as Pebble and King-king were excluded due to high perceived geopolitical risk, limiting the probability of development.

The PEA is preliminary in nature and includes 3% of production from Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the PEA will be realised. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. See page 36 for additional cautionary language.

## Global Developer and Market Peer Group – Benchmarking Data<sup>1</sup> (continued)

Project	Units	Costa Fuego	Hillside	Caravel	Kharmagtai	Filo	Escalones	Casino	Canariaco Norte	Cascabel	Vizcachitas	Los Azules	Marimaca	Antakori	Warintza/La Verde
M&I CuEq	Blbs	7.51	3.20	3.70	4.41	3.11	1.97	20.27	10.34	36.50	12.69	11.03	1.47	3.63	11.75
INF CuEq	Blbs	1.61	1.59	2.57	5.53	1.06	4.47	7.28	6.88	4.65	6.68	21.33	0.71	3.38	12.18
Company		Hot Chili	Rex Minerals Ltd	Caravel Minerals Ltd	Xanadu Mines Ltd	Filo Mining Corp	World Copper Ltd	Western Copper and Gold Corp	Alta Copper Corp	Solgold Plc	Los Andes Copper Ltd	McEwen Mining Inc	Marimaca Copper	Regulus Resources	Solaris Resources
Market Cap 2023-05-30	M	135	142	125	84	2,619	20	335	40	498	357	347	331	95	815
Currency		AUD	AUD	AUD	AUD	CAD	CAD	CAD	CAD	GBP	CAD	USD	CAD	CAD	CAD
Exchange Rate to US\$	US	0.67	0.67	0.67	0.67	0.74	0.74	0.74	0.74	1.24	0.74	1.00	0.74	0.74	0.74
Market Cap	US\$M	90	95	83	56	1,938	15	248	30	618	264	347	245	70	603
Price	US\$/share	0.74	0.16	0.17	0.03	15.66	0.12	1.53	0.38	0.21	9.26	7.32	2.78	0.56	4.11
Shares OS	M	119	593	479	1,638	124	125	162	77	3,001	26	47	88	125	147

<sup>1</sup> Source: Published Company reports on studies undertaken on projects that were not in production at the time of the studies. Information from projects has been sourced from publicly available data that has been provided under differing economic assumptions. Public information for projects has been adjusted to provide a standardised data set under an 8% discount rate and US\$ 3.85/lb Cu price. Details of the adjustment are provided in the reference table on Benchmarking Data in the appendix.

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Global Developer and Market Peer Group – Reference Data

Index	Company	Project	Hyperlink
1	Hot Chili Ltd	Costa Fuego	<a href="https://www.hotchili.net.au/wp-content/uploads/2022/05/NI-43-101-Costa-Fuego-Resources-FINAL.pdf">https://www.hotchili.net.au/wp-content/uploads/2022/05/NI-43-101-Costa-Fuego-Resources-FINAL.pdf</a>
2	Rex Minerals Ltd	Hillside	<a href="https://static1.squarespace.com/static/5dcb886c7d6813437e9216a8/t/6398f110a364e6373945714e/1670967581248/40+-+20221214+-+Rex+commits+to+next+phase+of+Hillside+Copper-Gold+Project.pdf">https://static1.squarespace.com/static/5dcb886c7d6813437e9216a8/t/6398f110a364e6373945714e/1670967581248/40+-+20221214+-+Rex+commits+to+next+phase+of+Hillside+Copper-Gold+Project.pdf</a>
3	Capstone Copper	Mantos Blancos	<a href="https://capstonecopper.com/wp-content/uploads/2022/12/Mantos-Blancos-Technical-Report-January-2022.pdf">https://capstonecopper.com/wp-content/uploads/2022/12/Mantos-Blancos-Technical-Report-January-2022.pdf</a>
4	Caravel Minerals Ltd	Caravel	<a href="https://app.sharelinktechnologies.com/announcement/asx/95ace9b930eced7b0cfc5aa3c4ab8dab">https://app.sharelinktechnologies.com/announcement/asx/95ace9b930eced7b0cfc5aa3c4ab8dab</a>
5	Xanadu Mines Ltd	Kharmagtai	Search on SEDAR - Not on Company Website
6	Filo Mining Corp	Filo	<a href="https://filo-mining.com/site/assets/files/6939/filo-del-sol-pfs-ni-43-101-technical-report-update-final.pdf">https://filo-mining.com/site/assets/files/6939/filo-del-sol-pfs-ni-43-101-technical-report-update-final.pdf</a>
7	World Copper Ltd	Escalones	<a href="https://worldcopperltd.com/wp-content/uploads/2022/03/World-Copper-Escalones-PEA-FINAL-2022-03-21.pdf">https://worldcopperltd.com/wp-content/uploads/2022/03/World-Copper-Escalones-PEA-FINAL-2022-03-21.pdf</a>
8	Capstone Copper	Santo Domingo	<a href="https://capstonecopper.com/wp-content/uploads/2022/12/Santo-Domingo-TR-Final-24March2020.pdf">https://capstonecopper.com/wp-content/uploads/2022/12/Santo-Domingo-TR-Final-24March2020.pdf</a>
9	Western Copper & Gold Corp	Casino	<a href="http://westerncopperandgold.com/wp-content/uploads/2022/08/M3-PN200352-Casino-Feasibility-Study-NI-43-101-Technical-Report_compressed.pdf">http://westerncopperandgold.com/wp-content/uploads/2022/08/M3-PN200352-Casino-Feasibility-Study-NI-43-101-Technical-Report_compressed.pdf</a>
10	Capstone Copper	Mantoverde	<a href="https://capstonecopper.com/wp-content/uploads/2022/12/MV-Technical-Report-Final-Jan-5-2022pdf.pdf">https://capstonecopper.com/wp-content/uploads/2022/12/MV-Technical-Report-Final-Jan-5-2022pdf.pdf</a>
11	Alta Copper Corp	Canariaco Norte	<a href="https://altacopper.com/site/assets/files/5816/canariaco_norte_ni_43-101_technical_report_final_march_15_2022.pdf">https://altacopper.com/site/assets/files/5816/canariaco_norte_ni_43-101_technical_report_final_march_15_2022.pdf</a>
12	Hudbay Minerals Inc	Copper World	Search on SEDAR - Not on Company Website
13	SolGold Plc	Cascabel	<a href="https://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&amp;issuerNo=00043090">https://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&amp;issuerNo=00043090</a>
14	Lundin Mining Corp	Josemaria	<a href="https://lundinmining.com/site/assets/files/8410/josemaria_resources_technical_report.pdf">https://lundinmining.com/site/assets/files/8410/josemaria_resources_technical_report.pdf</a>
15	Los Andes Copper Ltd	Vizcachitas	<a href="https://losandescopper.com/site/assets/files/3685/techreport.pdf">https://losandescopper.com/site/assets/files/3685/techreport.pdf</a>
16	McEwen Mining Inc	Los Azules	<a href="https://s21.q4cdn.com/390685383/files/technical_reports/los_azules/LosAzulesPEA_2017.pdf">https://s21.q4cdn.com/390685383/files/technical_reports/los_azules/LosAzulesPEA_2017.pdf</a>