

Announcement

Wednesday 21st February 2024

Hot Chili Executes Option to Acquire Cometa Project in Chile

Hot Chili Limited (ASX: HCH) (TSXV: HCH) (OTCQX: HHLKF) ("Hot Chili" or the "Company") is pleased to announce that the Company has executed an Option Agreement with Bastion Minerals Limited (ASX: BMO) ("Bastion") for the right to acquire 100% of Bastion's Cometa Project in Chile ("Cometa"), located near Hot Chili's Costa Fuego Copper-Gold Project ("Costa Fuego" or "the Project") in the coastal range of the Atacama Region, Chile (the "Option").

Cometa consists of exploration and mining concessions covering approximately 56km² in area located approximately 15km southeast of Costa Fuego's planned operating centre (refer accompanying Figure 1) and contiguous with Hot Chili's landholdings in the region.

Historical work by Bastion and previous explorers, including surface mapping, soil and rock sampling, and ground geophysics, identified several targets prospective for the discovery of breccia-hosted and iron-oxide-copper-gold mineralisation. Should further exploration prove successful, any potential future Mineral Resources may be processed at Hot Chili's planned centralized processing facilities, as outlined in the Company's June 2023 PEA (see announcement dated 28th June 2023).

Execution of the Option follows successful due diligence and is another step in Hot Chili's consolidation strategy for the Costa Fuego copper project.

The material terms of the Option are as follows:

- Non-refundable cash payment of US\$100,000 to Bastion has been satisfied upon grant and execution of the Option.
- Non-refundable cash payment of US\$200,000 within 12 months from the grant of the Option to keep the Option in good standing.
- Option may be exercised within 30 months of the date of grant.
- If the Option is exercised, the consideration payable to Bastion to purchase the Cometa concessions is:
 - US\$2,400,000 if the Option is exercised by Hot Chili within 18 months from the date of grant of the Option; or
 - US\$3,000,000 if the Option is exercised by Hot Chili within 30 months from the date of grant of the Option.
- Hot Chili may, subject to applicable regulatory approvals, including the approval of the TSX Venture Exchange ("TSXV"), elect to satisfy the purchase consideration in cash (100%), or in cash (50%) and ordinary shares of Hot Chili (50%) issued at a price per share equal to the greater of (i) the 15-day VWAP at the date of exercise of the Option, and (ii) the minimum price permitted by the TSXV.

The Company looks forward to providing further updates across multiple ongoing activity streams.

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

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

For more information please contact:

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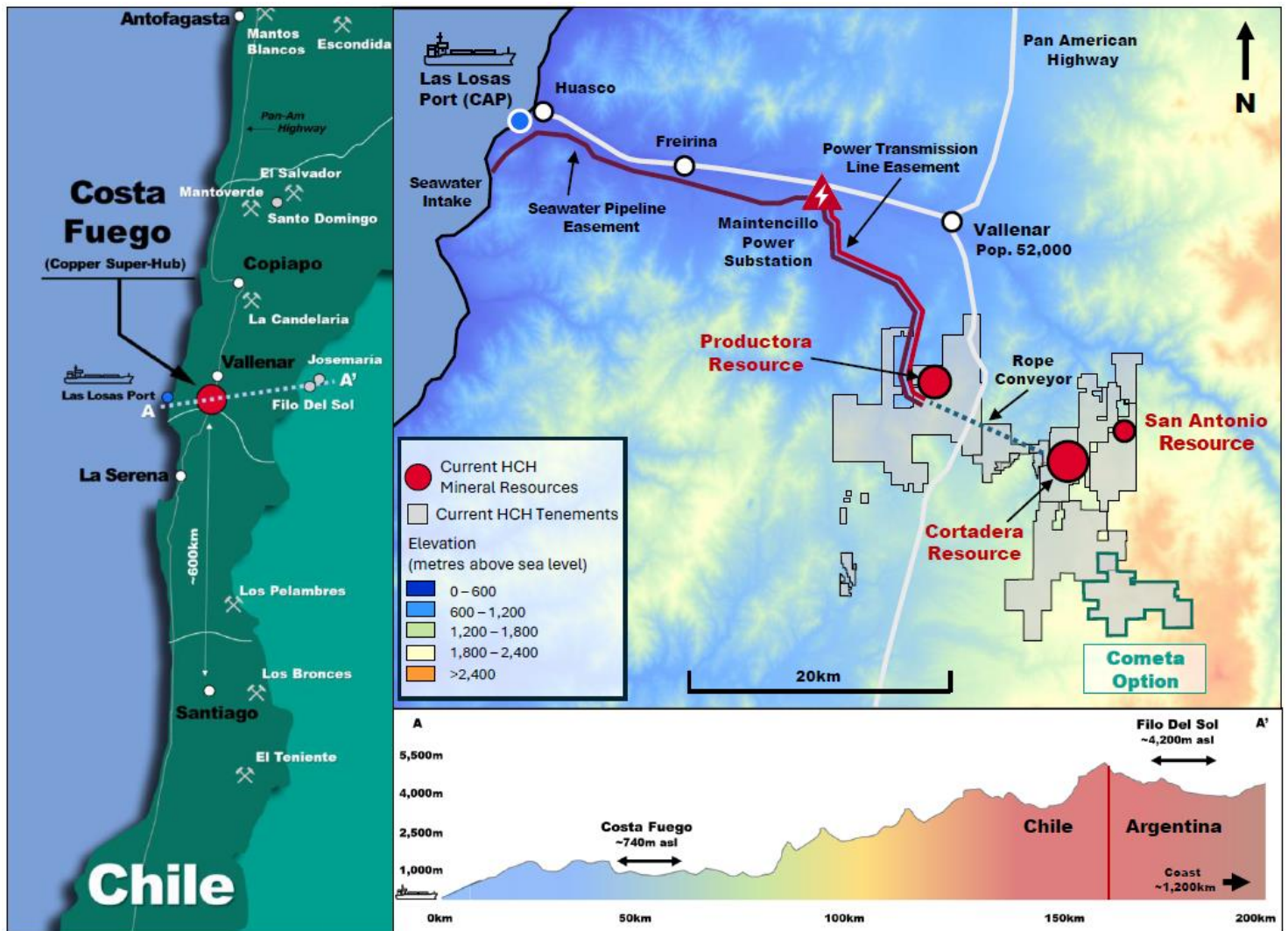
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Figure 1. Location of the Cometa Project in relation to Costa Fuego



Qualifying Statements

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.

Qualified Person

The technical information in this news release has been reviewed and approved by Mr. Christian Easterday, MAIG, Hot Chili's Managing Director and a qualified person within the meaning of NI43-101.

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

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"). All statements other than statements of historical fact are forward-looking statements. The use of any of the words "believe", "could", "estimate", "expect", "may", "plan", "potential", "projections", "should", "will", "would", variants of these words, and similar expressions are intended to identify forward-looking statements. The forward-looking statements within this news release are based on information currently available and what management believes are reasonable assumptions. Forward-looking statements speak only as of the date of this news release. In addition, this news release may contain forward-looking statements attributed to third-party industry sources, the accuracy of which has not been verified by the Company.

In this news release, forward-looking statements relate, among other things, to: the completion, timing and exercise of the Cometa Option agreement including the approval of the TSXV (if required) and any other regulatory approvals; prospects, projections and success of the Company and its projects; the Company's ability to satisfy the material terms of the Cometa Option agreement; the timing and outcomes of regulatory processes required to obtain permits for the exploration and development of the Cometa project; and the potential for future definition of Mineral Resources within the Cometa project and the ability to process these Mineral Resources through the Company's planned centralized processing facilities, as outlined in the Company's June 2023 PEA.

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: the ability of the Company to satisfy the material terms of the Cometa Option agreement; obtaining all required regulatory approvals to explore and develop the Cometa project; operational risks; risks related to the cost estimates of exploration; sovereign risks associated with the Company's operations in Chile; 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'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.sedarplus.ca) under the Company's issuer profile. New factors emerge from time to time, and it is not possible for management to predict all those factors or to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

The forward-looking statements contained in this news release are expressly qualified by the foregoing cautionary statements and are made as of the date of this news release. Except as may be required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statement to reflect events or circumstances after the date of this news release or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.