



ASX Announcement

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HCH

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Hot Chili Arranges \$12M Institutional Placement

Hot Chili Limited (ASX Code: HCH) ("Hot Chili" or the "Company") is pleased to announce that it has successfully arranged a AUD\$12.1 million institutional-led private placement to sophisticated and professional investors through the issue of new shares at 3.6 cents per share (the "Placement").

The Placement investors include several new institutional investors from Australia and North America, as well as existing major shareholders associated with Taurus Funds Management and Hot Chili's chairman, Murray Black.

Veritas Securities acted as lead manager to the Placement, which saw strong demand following Hot Chili's recent record copper-gold drill results from its Cortadera porphyry discovery in Chile.

The Placement provides near-term funding certainty and a pathway to unlocking one of Chile's most significant copper-gold porphyry discoveries of the past decade.

The Company will continue to advance its longer-term strategic funding discussions with several groups, while completing its phase 2 drilling programme aimed at defining a significant initial resource at Cortadera.

Funds raised from the Placement will be used for satisfaction of the remaining US\$3 million part-payment for the first instalment of the Carola Option Agreement, completion of a 15,000m Reverse Circulation and Diamond drilling programme at Cortadera, and general working capital.

Hot Chili' Managing Director Christian Easterday said the Placement is another significant step forward for the Company. Mr Easterday said:

"We are very pleased to be attracting new high quality investors to the Company who share our view that Cortadera is showing all the hallmarks of a Company-maker."

This funding support allows Hot Chili to maintain its ability to control 100% of Cortadera through the most value accretive stages of a major global discovery.

The Company will continue to advance its longer-term strategic funding discussions, while focusing our efforts to establish Cortadera's credentials as one of the world's top potential stand-alone copper-gold developments."





The Company is expecting to release results for the second Diamond hole of its phase 2 drilling programme at Cortadera (hole CRP0017D) shortly (refer Company's announcement to ASX of 12th September 2019).

As previously reported, CRP0017D is designed to test a potential 300m extension to high grade copper-gold mineralisation at Cortadera's main porphyry and unexpectedly intersected a wide 440m zone of strong mineralisation between 340m and 780m down-hole.

Drilling of CRP0017D has been terminated at 1,133.5m down-hole owing to significant deviation in dip and azimuth of the hole away from the intended deeper target.

The Company has now commenced its third Diamond hole of the phase 2 programme, which is initially focussed on defining and expanding the discovery of a high-grade core to the deposit.

Details of the Placement

The Placement will be undertaken in two tranches:

- The first tranche of 325,000,000 new shares, will not be subject to shareholder approval and will fall within the Company's combined 25% placement capacity under ASX Listing Rule 7.1 and 7.1A ("**Tranche 1 Placement**") and will raise AUD\$11.7m (before costs). 131,159,966 new shares will be issued under ASX Listing Rule 7.1A and 193,840,034 shares will be issued under ASX Listing Rule 7.1.
- The second tranche of 11,111,112 new shares to related parties will be conditional upon shareholder approval, and will apply to shares subscribed by Blue Spec Sondajes Chile SpA (an entity associated with Hot Chili's chairman Murray Black) ("**Tranche 2 Placement**") and will raise AUD\$400,000.

Following the issue of the Tranche 1 Placement shares, the Company's remaining placement capacity under listing rule 7.1 will be 2,899,915 ordinary securities and nil under 7.1A.

Each new share will be issued at a price of 3.6 cents.

Shares issued under the Tranche 1 Placement will be fully paid ordinary shares in the Company and will rank equally with shares currently on issue.

Settlement and issue of the Tranche 1 Placement shares is expected to occur on or around Friday, 27th September 2019.

Hot Chili proposes to seek shareholder approval of the issue of the Tranche 2 Placement shares at its forthcoming annual general meeting, which is expected to take place on or around Friday, 8th November 2019, with the issue of the Tranche 2 Placement shares expected to take place shortly after the meeting, subject to shareholder approval.

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About Cortadera

Cortadera is a privately-owned, major copper-gold porphyry discovery located along the Chilean coastal range, where historical world-class discovery drill results have only recently been publicly released by Hot Chili in February 2019.

Importantly, Cortadera lies 14km from the Company's large-scale Productora copper development and adjacent to the high grade El Fuego satellite copper projects, as displayed in Figure 1 below.

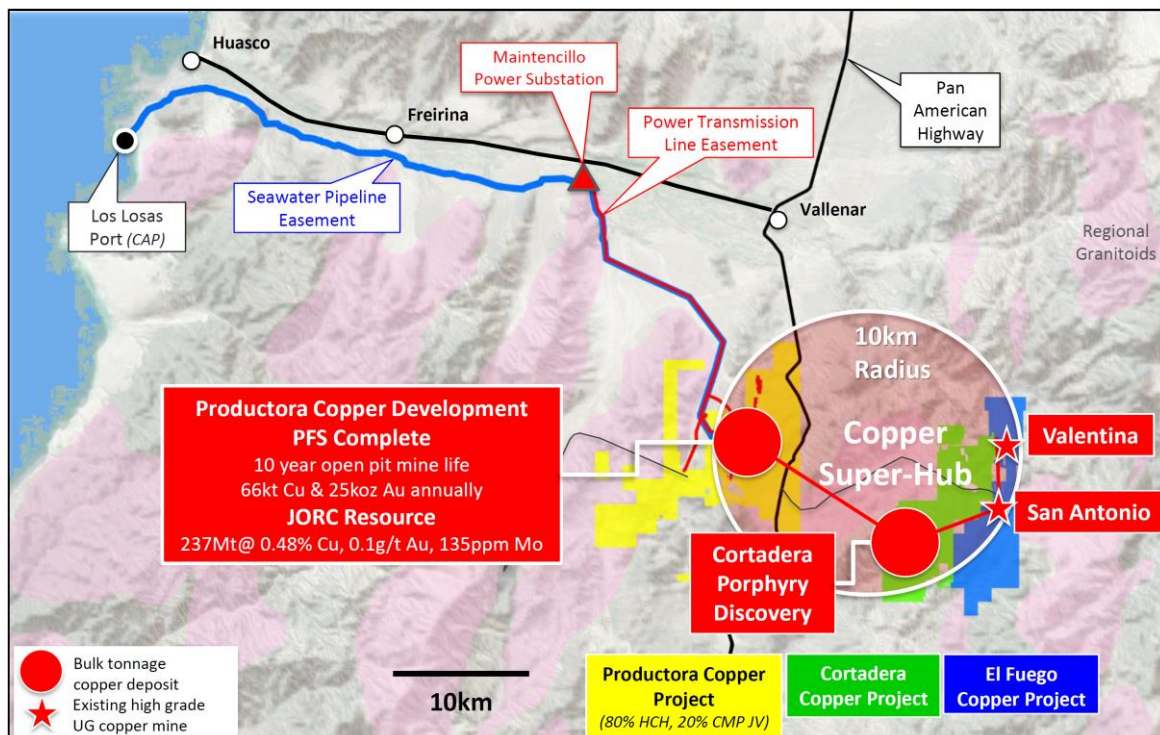


Figure 1 Location of Productora and the Cortadera discovery in relation to the consolidation of new growth projects and coastal range infrastructure

On 22 February 2019, Hot Chili announced the execution of a formal Option Agreement to acquire a 100% interest in Cortadera. In early April, the Company commenced a confirmation drilling programme comprising 17 holes.

The drilling has confirmed and extended areas of surface enrichment and wide, higher-grade, copper-gold sulphide mineralisation at depth, which had not previously been closed off by 23,000m of historical diamond drilling.

Hot Chili's recent two drill holes at Cuerpo 3 (the largest of the four porphyries discovered to date) include two of the best intercepts to date at the project and rate as some of the worlds' stand-out copper-gold porphyry drill results ever recorded globally. The Cuerpo 3 porphyry remains open to the north, south and at depth. Significant intersections (refer to ASX announcement 12th September 2019) include:

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- 750m grading 0.6% copper and 0.2g/t gold from 204m down-hole depth (including 188m grading 0.9% copper and 0.4g/t gold)
- 848m grading 0.4% copper and 0.2g/t gold from 112m down-hole depth (including 184m grading 0.7% copper and 0.3g/t gold)
- 864m grading 0.4% copper and 0.1g/t gold from 62m down-hole depth (including 348m grading 0.6% copper and 0.2g/t gold)

Cortadera is shaping up as a globally significant standalone copper-gold project which can utilise the Productora project resources, and leverage from a central processing and combined infrastructure approach along the coastline of Chile.

The Company's recent confirmation of a higher grade bulk tonnage underground development opportunity at Cortadera places Hot Chili in a unique position amongst potential large-scale global copper-gold developments.

Competent Person's Statement- *Exploration Results*

Exploration information in this Announcement is based upon work compiled by Mr Christian Easterday, the Managing Director and a full-time employee of Hot Chili Limited whom is a Member of the Australasian Institute of Geoscientists (AIG). Mr Easterday has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'Competent Person' as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). Mr Easterday consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Forward Looking Statements

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