

Hot Chili Limited

ACN 130 955 725

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

PO Box 1725, Applecross, Western Australia 6953

P: +61 8 9315 9009

F: +61 8 9315 5004

www.hotchili.net.au



ASX Announcement

Monday 18th May 2020

Hot Chili Arranges \$8.9M Placement & Rights Issue

Hot Chili Limited (ASX Code: HCH) ("Hot Chili" or the "Company") is pleased to announce that it has successfully arranged a \$5 million private placement to sophisticated and professional investors through the issue of shares at 1.5 cent per share and a 1 for 2 unlisted option exercisable at 2.5 cent and expiring 20th May 2022 (the "Placement").

Veritas Securities acted as lead manager to the Placement, which was overbid and closed within a day following strong demand from institutional and high net worth investors in Australia.

In parallel, the Company also announces a \$3.9 million non-renounceable entitlements offer of new shares on a 3 for 20 basis, at an issue price of 1.5 cent per share and a 1 for 2 unlisted option exercisable at 2.5 cent and expiring 20th May 2022 (the "Rights Issue" or "Entitlement Offer"). The Rights Issue will provide an opportunity for all eligible shareholders to participate in the capital raising on the same basis and price as the Placement.

The Placement removes near-term funding uncertainty and provides a pathway to delivering several transformational catalysts over the coming months, including:

- Satisfaction of a US\$2 million fee to extend the remaining payment schedule for the 100% acquisition of the Cortadera copper-gold project in Chile by twelve months,
- Re-commencement of drilling at Cortadera,
- First resource estimate for Cortadera and San Antonio copper-gold projects,
- Completion of metallurgical testwork and a preliminary economic assessment, and
- Execution of a formal lease mining and processing agreement with the Chilean government agency ENAMI for lease mining and processing at the Company's Productora copper project

Hot Chili' Managing Director Christian Easterday said the funding facilitates a major re-positioning of the Company's copper and gold resource base, and the recommencement of drilling across large extensions to the Cortadera discovery.

ASX CODE

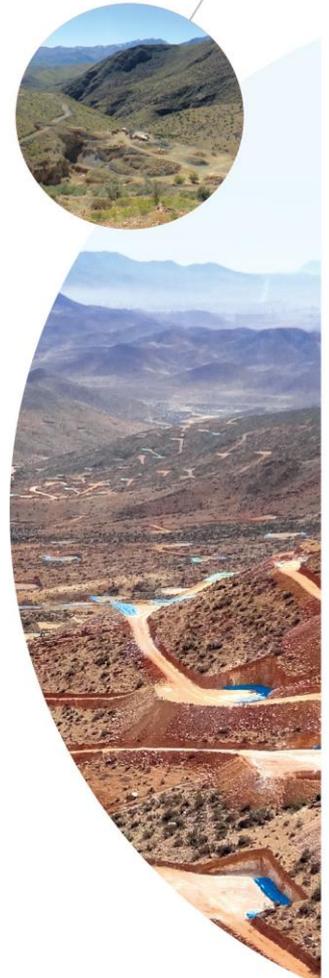
HCH

Contact

Mr Christian Easterday
Managing Director

E: admin@hotchili.net.au

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"With each hole, the Cortadera discovery has expanded - delivering six world class, copper-gold drill results already and still remaining open.

"We look forward to continuing our push to rapidly grow Cortadera while also working towards establishing a new and expanded, combined development plan for our coastal copper-gold assets in Chile.

"I am very pleased with the strong funding support we have received, in addition to providing all shareholders the ability to participate in this exciting phase of growth for our Company" Easterday said.

The Company is busy with multiple workstreams and has five expansion drill hole pre-collars completed and ready to extend upon re-commencement of drilling at Cortadera. Updates in relation to a drilling re-start and resource modelling are expected in the coming weeks.

Details of the Placement

The Company has arranged a Placement of 333,333,334 new shares to raise \$5 million with sophisticated and professional investors as defined by section 708 (8), (10) and (11) of the Corporations Act 2001.

The issue of shares under the Placement will not be subject to shareholder approval and will be made within the Company's 25% placement capacity under Australian Securities Exchange (ASX) listing rules 7.1 and 7.1A.

A total of 260,779,967 new shares will be issued within the Company's 15% placement capacity under listing rule 7.1 and a total of 72,553,367 new shares will be issued within the Company's additional 10% placement capacity under listing rule 7.1A.

Following the issue of the Placement shares, the Company's remaining placement capacity under listing rule 7.1 and 7.1A will be 101,299,944 ordinary securities.

Each new share will be issued at a price of 1.5 cents. Placement participants will also be entitled to one free-attached unlisted option exercisable at 2.5 cent each and expiring on 20th May 2022 for every two shares issued under the Placement, subject to shareholder approval of the issue of the options for the purposes of listing rule 7.1. The Company will convene a general meeting seeking shareholder approval of the issue of Placement options, anticipated to be late-June 2020.

The issue price of 1.5 cents per new share represents a 25% discount to the 15-day VWAP of Hot Chili shares prior to the trading halt announced on Wednesday 13th May 2020.

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

Settlement and issue of the Placement shares is expected to occur on or around Friday 22nd May 2020.

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The terms of the Placement options are set out in the Company's prospectus dated 18 May 2020 accompanying release of this announcement.

The issue of the Placement options will occur following the general meeting of the Company, subject to shareholder approval of the issue of the options.

Details of the Rights Issue (Entitlement Offer)

The Rights Issue is non-renounceable pro rata offer of 3 fully paid ordinary shares in the Company for every 20 shares held by eligible shareholders registered at 5.00pm (WST) on Thursday, 21 May 2020 (Record Date) at an issue price of 1.5 cents per new share, with 1 (one) free attaching option exercisable at 2.5 cents each on or before 20 May 2022 for every 2 new shares issued, to raise up to approximately \$3,900,000 before costs (the "Entitlement Offer"). The offer will be made pursuant to a prospectus.

The Entitlement Offer will be non-renounceable and will not be underwritten.

In respect to any potential shortfall to the Entitlement Offer, the directors of Hot Chili will reserve the right to allocate any, all, or none of the shortfall to sophisticated and professional investors at their sole discretion.

The issue of shares and options under the Entitlement Offer and placement of any shortfall to the Entitlement Offer to non-related parties of the Company is not subject to shareholder approval.

The proposed timetable for the Entitlement Offer is as follows:

Event	Date
Announcement of Entitlement Offer	Monday, 18 May 2020
Prospectus lodged with ASIC and ASX (Appendix 3B lodged with ASX)	Monday, 18 May 2020
Ex-date (date from which Shares begin trading without the right to participate in the Entitlement Offer)	Wednesday, 20 May 2020
Record Date (to identify Shareholders entitled to participate in the Entitlement Offer)	Thursday, 21 May 2020
Prospectus and Entitlement and Acceptance Forms sent to Eligible Shareholders	Monday, 25 May 2020
Offer opens (Opening Date)	Monday, 25 May 2020
Last day to extend the Closing Date	Thursday, 4 June 2020
Offer closes (Closing Date)	Wednesday, 10 June 2020
New Shares quoted on a deferred settlement basis	Thursday, 11 June 2020
Notice to ASX of Shortfall	Monday, 15 June 2020
New Securities issued	Wednesday, 17 June 2020
Quotation of New Shares on ASX commences on normal basis	Thursday, 18 June 2020

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



For more information please contact:

Christian Easterday
Managing Director

+61 8 9315 9009

Email: christian@hotchili.net.au

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

About Cortadera

Cortadera is a privately-owned, major copper-gold porphyry discovery located 600km north of Santiago along the Chilean coastal range, where historical world-class discovery drill results were only 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.

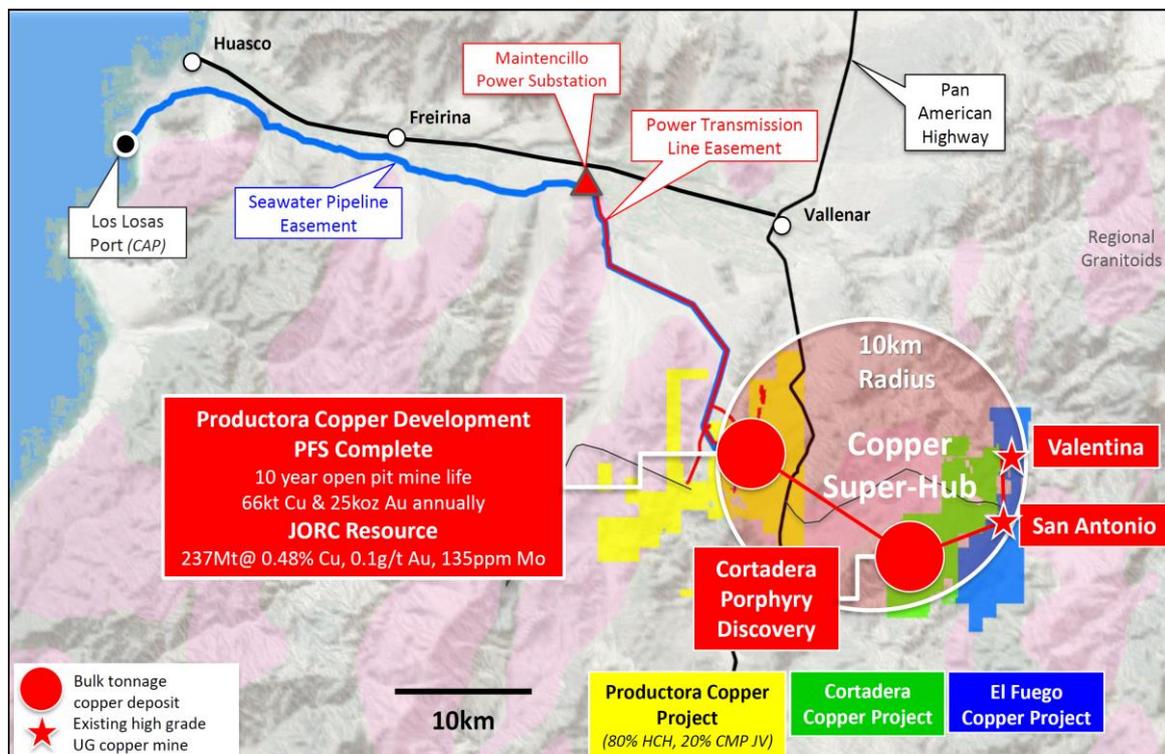


Figure 1 Location of Productora and the Cortadera discovery in relation to the consolidation of new growth projects and coastal range infrastructure

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 drill holes at Cuerpo 3 (the largest of the four porphyries discovered to date) include some of the worlds' stand-out copper-gold porphyry drill results reported in recent time. The Cuerpo 3 porphyry remains open to the north, south and at depth. Significant intersections include:



- 972m grading 0.5% copper and 0.2g/t gold from surface (including 412m grading 0.7% copper and 0.3g/t gold)
- 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),
- 649m grading 0.4% copper and 0.1g/t gold from 328m down-hole depth (including 440m grading 0.5% copper and 0.2g/t gold), and
- 596m grading 0.5% copper and 0.2g/t gold from 328m down-hole depth (including 184m grading 0.7% copper and 0.3g/t gold)
- 542m grading 0.5% copper and 0.2g/t gold from 422m down-hole depth, (including 218m grading 0.7% copper and 0.2g/t gold)

Note: Please refer to ASX announcement "Another Record Step-Out Drill Result at Cortadera" 20th March 2020 for Table 1 information relating to the reporting of exploration results, data and sampling techniques

**Table 1 SNL List of Best 25 Cu-Au Drill Intercepts Since January 2018
(Ordered by Width of Drill Intersection)**

Project Name	Company	Country	Hole ID	From (m)	To (m)	Interval (m)	Cu (%)	Au%
Altar	Aldebaran Resources Inc	Argentina	ALD-18-209	482	1,537	1,055	0.5	0.2
Cascabel	SolGold Plc	Ecuador	CSD-18-067	886	1,914	1,028	0.7	0.9
Cascabel	SolGold Plc	Ecuador	CSD-18-043	600	1,574	974	0.5	0.4
Cortadera	Hot Chili Limited	Chile	CRP0020D	surface	972	972	0.5	0.2
Cascabel	SolGold Plc	Ecuador	CSD-18-041-D1-D2	926	1,779	853	0.5	0.6
Cascabel	SolGold Plc	Ecuador	CSD-18-069	740	1,592	852	0.8	0.6
Timok	Zijin Mining Group Company Limited	Serbia	TC170187	1,354	2,202	848	0.8	0.2
Cortadera	Hot Chili Limited	Chile	CRP0011D	112	960	848	0.4	0.2
Cascabel	SolGold Plc	Ecuador	CSD-18-042	278	1,124	846	0.7	0.5
Cascabel	SolGold Plc	Ecuador	33-D1	736	1,560	824	0.5	0.4
AntaKori	Regulus Resources Inc	Peru	AK-19-034	165	985	820	0.5	0.2
Winu	Rio Tinto	Australia	WINU0006	46	809	763	0.4	0.7
Cortadera	Hot Chili Limited	Chile	CRP0013D	204	954	750	0.6	0.2
Winu	Rio Tinto	Australia	WINU0006	68	809	741	0.5	0.5
AntaKori	Regulus Resources Inc	Peru	AK-18-014	5	719	714	0.7	0.4
Cascabel	SolGold Plc	Ecuador	CSD-18-068	1,004	1,668	664	0.9	1.0
Cortadera	Hot Chili Limited	Chile	CRP0029D	330	979	649	0.4	0.1
AntaKori	Regulus Resources Inc	Peru	AK-18-021	127	746	619	0.7	0.4
AntaKori	Regulus Resources Inc	Peru	AK-19-031	4	614	610	0.8	1.0
Cortadera	Hot Chili Limited	Chile	CRP0017D	328	924	596	0.5	0.2
Timok	Zijin Mining Group Company Limited	Serbia	TC170177	1,310	1,867	557	1.0	0.2
Cortadera	Hot Chili Limited	Chile	CRP0040D	422	964	542	0.5	0.2
Kwanika	Kwanika Copper Corporation	Canada	K-180	33	547	514	0.6	0.8
Cascabel	SolGold Plc	Ecuador	CSD-18-042	620	1,124	504	0.9	0.6
Kwanika	Kwanika Copper Corporation	Canada	K-182	25	525	500	0.7	0.8

Source- Regulus Resources (TSXV. REG) November 2019 Corporate Presentation (slide 10) as per SNL financial, SNL search criteria include: >450 m interval, primarily copper interval & reported after Jan 1, 2018. Only longest reported interval considered. Results ordered by down-hole width of drill intersection and addition of CRP0029D and CRP0040D result.

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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 discovery and definition of a higher grade bulk tonnage underground development opportunity in combination with shallow, high grade bulk tonnage open pit sources - places Cortadera in a unique position amongst potential large-scale global copper-gold developments.

Qualifying Statements

Forward Looking Statements

This Announcement is provided on the basis that neither the Company nor its representatives make any warranty (express or implied) as to the accuracy, reliability, relevance or completeness of the material contained in the Announcement and nothing contained in the Announcement is, or may be relied upon as a promise, representation or warranty, whether as to the past or the future. The Company hereby excludes all warranties that can be excluded by law. The Announcement contains material which is predictive in nature and may be affected by inaccurate assumptions or by known and unknown risks and uncertainties and may differ materially from results ultimately achieved.

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