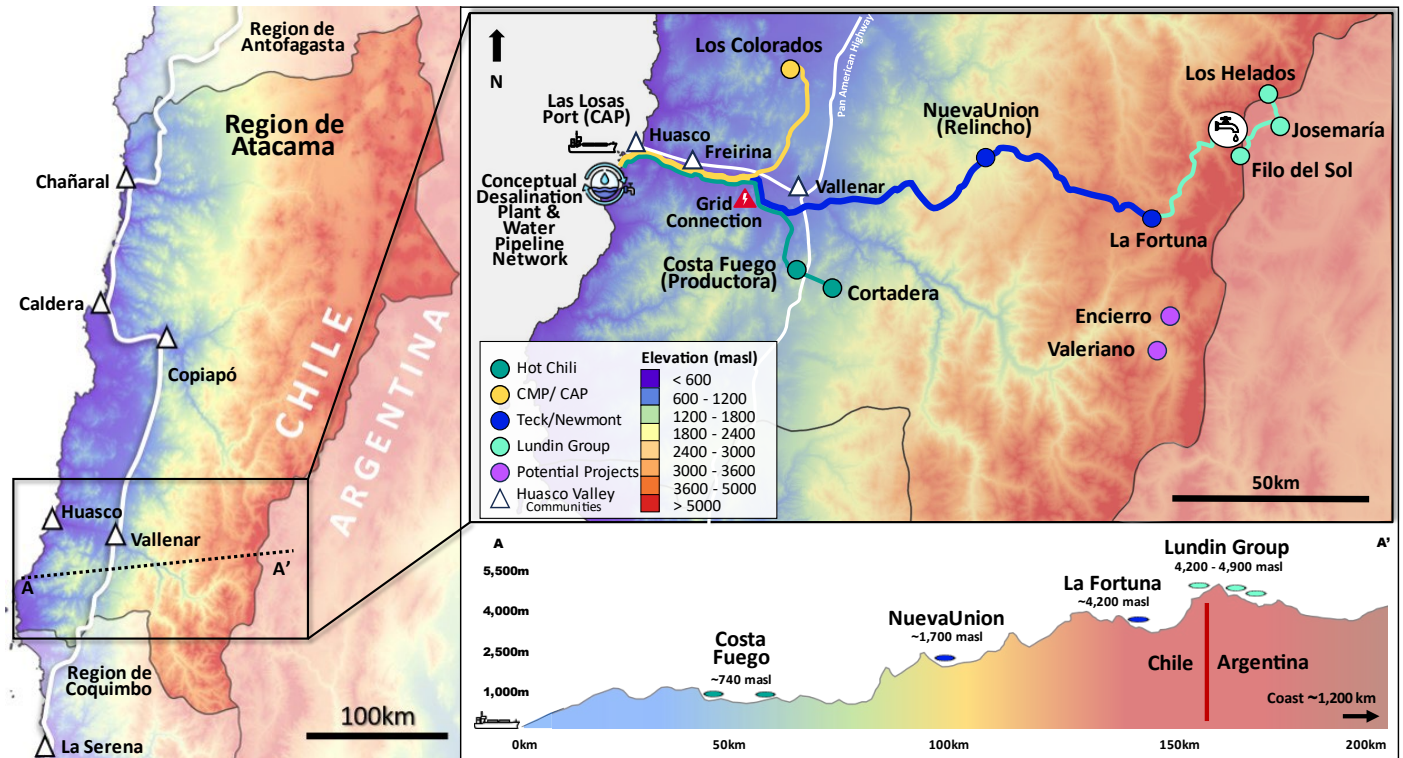


Hot Chili Advances Regional Water Supply Opportunity



Location of a conceptual multi-user, desalination water network in relation to infrastructure and potential customers in the Huasco valley region of the southern Atacama, Chile

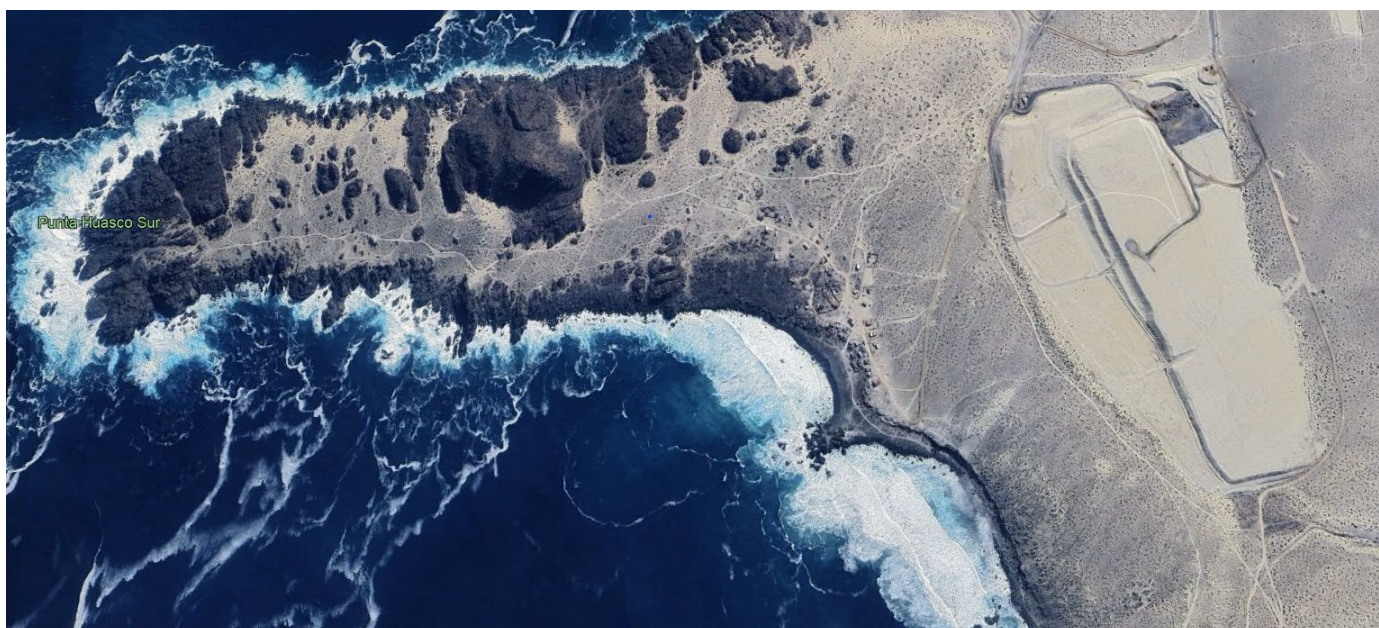
Highlights

- Hot Chili has completed a Water Supply Concept Study for the Huasco valley region of Chile, confirming the potential for a large, multi-user, desalination water supply network
- Hot Chili holds the only active granted maritime water concession and most of the necessary permits to provide critical water access to the Huasco valley region
- Huasco valley region contains six major undeveloped copper projects and two new large-scale greenfield copper discoveries, all of which require desalinated water supply
- Water Supply Business Case Study now underway to assess a potentially 100% renewable energy driven desalination water business to supply community, agricultural and new mining demand of up to 3,700 litres per second (l/s) over the long-term
- Staged water network development being studied, with initial 300 l/s scale supported by potential foundation off-takers, including Hot Chili
- Significant economic, environmental and social synergies identified for all potential customers
- Potential customer and infrastructure partner engagement process commenced

Hot Chili's Managing Director and CEO, Christian Easterday said:

"The opportunity to develop a regional water business for the southern Atacama is exciting. It brings together the perfect marriage of economic, environment and social benefits for a wide range of stakeholders.

One, single, desalination water supplier, with the potential to unlock several significant mining investments, is a blueprint for the future of responsible water supply in the Atacama and a significant opportunity to surface value for Hot Chili, following over 10 years of investment to obtain the necessary water concession and permits."



View over Hot Chili's coastal land access site for its approved Maritime concession, Huasco Chile

Hot Chili Limited (ASX: HCH) (TSXV: HCH) (OTCQX: HHLKF) ("Hot Chili" or the "Company") is pleased to report that the Company has completed an initial concept study for a potential water supply business for the Huasco valley region of Chile.

Hot Chili holds the only granted maritime water concession and most necessary permits to provide critical water access to the Huasco valley region following over a decade of permitting advance for the Company's coastal range, Costa Fuego copper-gold project.

While Costa Fuego's mine development plan considers the use of raw seawater for future processing, the Water Supply Concept Study (the "Study") confirms potential to also develop a large, multi-user, desalination water supply business.

The Study outlines an opportunity to develop a potentially 100% renewable energy driven desalination water business to supply community, agricultural and new mining demand of up to 3,700 litres per second (l/s) over the long-term. Staged development scenarios were assessed considering an initial development of a 300 l/s desalination plant being supported by potential foundation off-take partners, including Hot Chili.

Water scarcity in the Atacama region of South America is one of the largest challenges facing new global copper supply.

Leveraging Hot Chili's water assets to enable the development of multiple, nearby, large-scale copper projects, comes at a time where Chile's government is actively encouraging investment in multi-user desalination water networks in the Atacama.

Similar market, regulatory and commercial conditions occurred in Chile's energy market ahead of a surge in renewable power investment over the past decade, which has led to a dramatic reduction in energy costs across the Atacama region.

A Water Supply Business Case Study is now underway, and the Company has commenced early engagement with potential desalinated water customers. In addition, Hot Chili is also engaging with several large, potential water infrastructure partners.

Key Outcomes from the Water Supply Concept Study

Market Opportunity

- Located in the southern Atacama with a 150 km area of influence.
- Multiple potential customers:
 - CMP (Los Colorados)
 - Nueva Union (Relincho and La Fortuna)
 - Lundin Group Developments (Josemaria, Filo del Sol and Los Helados)
 - Hot Chili (Costa Fuego)
 - Huasco Valley Communities (multi-purpose)
- Total water demand estimated at over 3,700 l/s in the long-term
- Initial stage of development estimates water demand of 300 l/s including Hot Chili as potential foundation customer
- Long term business from which other industrial/mining projects can be incorporated

Engineering

- Infrastructure/assets considered: Water intake, desalination plant, discharge, distribution, waste collection, distribution points
- Similar projects of this nature are being completed in Chile, e.g. Aguas Horizonte (Joint Venture between CODELCO and Marubeni)
- Secured electrical concession rights to grid (Maintencillo substation)
- Pipeline right of way secured from coast to Costa Fuego
- Opportunity to utilise 100% renewable energy
- Large amount of local engineering and construction expertise available
- Access to existing infrastructure
- Existing road network facilitate the supply to communities and reduce environmental/permitting risks

Stakeholder and Regulatory

- Good relationship with local communities. Early engagement process ongoing
- Granted maritime concession with land access (Huasco department) large enough to support the infrastructure needed
- Second maritime concession filing process underway, near Hot Chili's current maritime concession, to facilitate desalinated water supply
- Legal/Environmental due diligence and market assessment supports the business opportunity case
- Potential for direct government support being reviewed
- Potential customer engagement commenced

Financing and Investment

- Market interest is high from organisations recognising the opportunity to participate in an early life cycle project with strong foundations
- Opportunity to explore a range of financing and investment options
- Water Supply Concept Study provides basis for further detailed engineering studies for the full development plan to commence in March 2024

The Company looks forward to providing further updates on its Costa Fuego copper-gold project and Hot Chili's advancement of economic, social and environmental synergies for the Huasco valley region.

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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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, cost and results of a Water Supply Business Case Study; the execution of water off-take agreements 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 secure a suitable water infrastructure partner; the timing and outcomes of future planned economic studies; the timing and outcomes of regulatory processes required to obtain permits for the development and operation of a multi-user desalination water business as contemplated in the Water Supply Concept Study; whether or not the Company will make a finance and development decision and the timing thereof.

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 complete the Water Supply Business Case Study, securing water off-take customers; obtaining all required regulatory approvals to develop a regional water network; 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'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.