

Announcement

14 March 2024

Hot Chili and Los Losas Port Execute a MOU to Negotiate Binding Port Services Agreement for Costa Fuego *Commitment to Jointly Fund Feasibility Study for Bulk Concentrate Exports*



View across the existing Las Losas Port facility, Huasco Bay Chile, 2023

Highlights

- Hot Chili have executed a Memorandum of understanding (MOU) with Puerto Las Losas SA (PLL) for the right to negotiate a binding Port Services Agreement for the Company's nearby, Costa Fuego copper-gold project in Chile
- Hot Chili will fund 20% of an estimated two-year, US\$4.6 million Feasibility Study for a bulk tonnage copper concentrate facility to be developed at Las Losas Port, 50km west of Costa Fuego
- In consultation with Hot Chili, PLL shall select and commission a top-tier independent engineering company to commence and undertake the port Feasibility Study
- Following completion of the port Feasibility Study, Hot Chili shall have a right of first refusal (ROFR) to ship copper concentrates through Puerto Las Losas facilities for three years, provided that a shipping solution is agreed at existing or potential infrastructure of PLL
- The Feasibility Study will include bulk loading alternatives for copper concentrates from existing facilities, potentially with or without modifying the existing infrastructure for the operating port

ASX: [HCH](#)
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Hot Chili's Managing Director and CEO Christian Easterday said the MOU with PLL is a significant step forward to securing one of Hot Chili's last remaining potential infrastructure advantages for Costa Fuego – port access.

"Leveraging an existing port, located 50km away, into a bulk concentrate export facility has the potential to unlock significant capital and operating savings for Costa Fuego and other potential mine developers in the Huasco region of Chile.

"We are pleased to be a joint funding partner with PLL for this feasibility study and the five-year optionality that this MOU provides Hot Chili, to negotiate a binding port services agreement as a foundation bulk concentrate customer at Las Losas.

Hot Chili plans to jointly develop a significant copper infrastructure corridor, enabling our own production, and unlocking multiple projects within the region, which would benefit significantly from desalinated water supply and proximal bulk copper concentrate port facilities."

Hot Chili Limited (ASX: HCH) (TSXV: HCH) (OTCQX: HHLKF) ("Hot Chili" or the "Company") is pleased to announce that the Company has entered into a MOU with Puerto Las Losas SA ("PLL") to evaluate bulk tonnage loading alternatives for copper concentrates from the Company's Costa Fuego Copper-Gold Project ("Costa Fuego" or "the Project") in Chile.

Importantly, the MOU with PLL provides Hot Chili the right, for up to five years, to negotiate a binding Port Services Agreement for Costa Fuego.

The potential Port Service Agreement would include a "Take or Pay Volume" clause, based on at least 80% of Costa Fuego's projected future annual concentrate production.

Under the terms of the agreement, Hot Chili and PLL will undertake a port Feasibility Study, which will be managed by PLL, and include Pre-Feasibility Engineering (FEL2), Feasibility Engineering (FEL3) and Environmental Studies.

Hot Chili will fund 20% of the port Feasibility Study, which is estimated to cost approximately US\$4.6 million and take approximately two years to complete.

Upon completion of the port Feasibility Study, and provided that a shipping solution for loading copper concentrates is agreed at existing or potential infrastructure in PLL, Hot Chili will have a Right of First Refusal (the "ROFR") to ship copper concentrates through PLL's facilities in Huasco Bay for a three-year period. PLL may terminate the ROFR by reimbursing Hot Chili's port Feasibility Study costs.

The Company is well-funded and looks forward to providing further updates across its multiple activity streams.

Feasibility Study for Bulk Port Facility at Las Losas Set to Commence

Within the coming months, in consultation with Hot Chili, PLL will be responsible for selecting a suitably qualified, top-tier, independent engineering company to commence and undertake a port Feasibility Study.

The port Feasibility Study will evaluate bulk handling and loading alternatives for copper concentrates using the existing Las Losas port facilities, potentially with or without modifying the existing infrastructure for the port in operation.

Studies will consider previous technical information for the development and construction of new infrastructure to load copper concentrate with a specialized ship loader and mechanized system.

Representatives from Hot Chili and PLL will form a technical committee to progress the studies. Within the first month, the technical committee will define key project deliverables and a timetable for management of the completion of the port Feasibility Study workstreams.

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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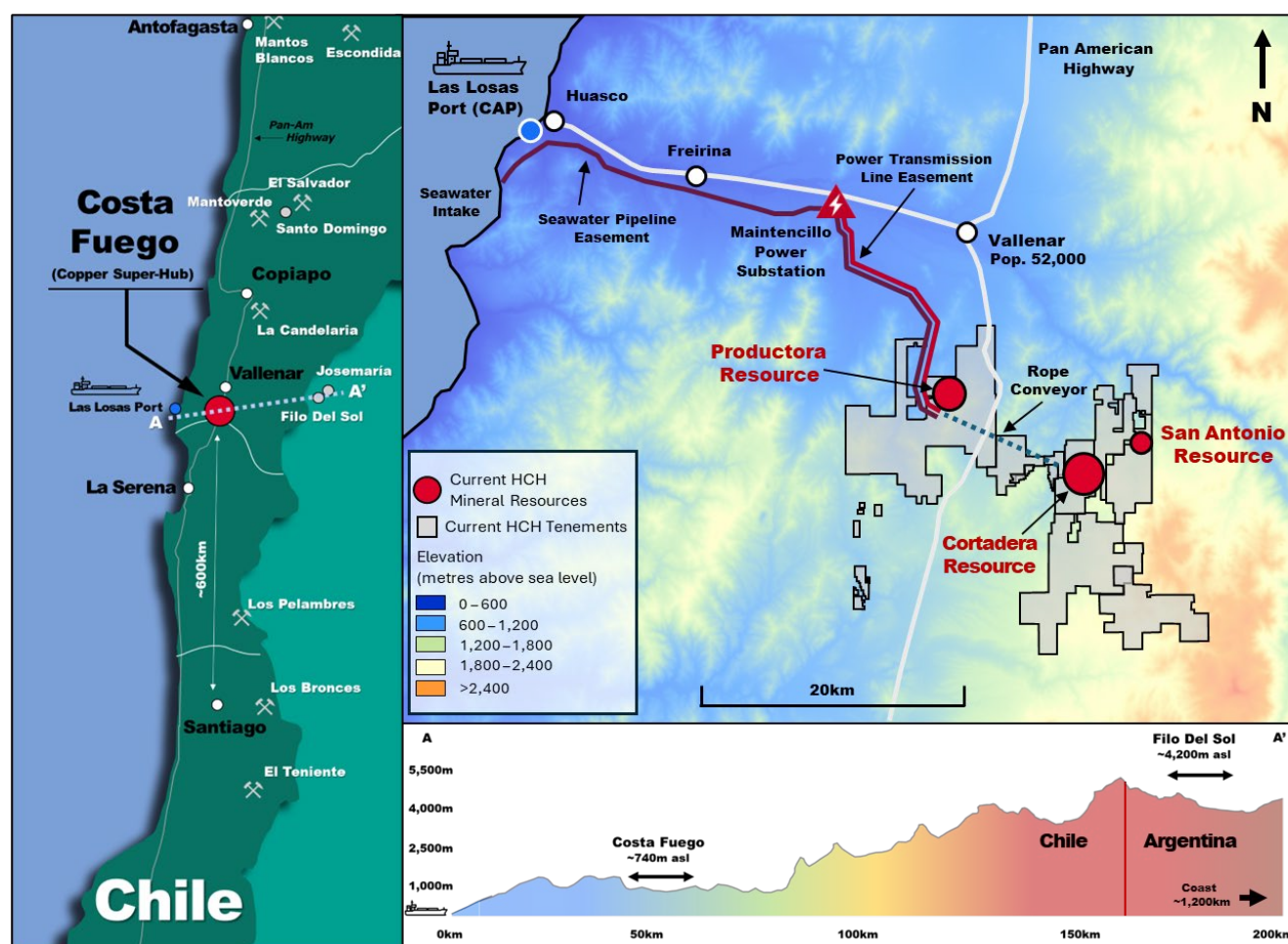
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Location of Hot Chili's coastal range Costa Fuego copper-gold project. Note the location of Las Losas port, 50km from the planned location of central processing (Productora) at Costa Fuego.

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", "expect", "may", "plan", "potential", "projections", "should", "will", "would", variants of these words, and similar expressions are intended to identify forward-looking statements.

In this news release, forward-looking statements relate, among other things, to: (a) the Company's timing and ability to enter into a Port Services Agreement with respect to the Las Losas port, including the Company's decision to proceed with bulk concentrate exports, the terms and conditions of any binding Port Services Agreement, including costs under the Take or Pay provisions, and arrangements at the expiration of the 5-year term, and (b) the Company's engagement in the completion of the port Feasibility Study, including FEL2, FEL3 and Environmental Studies, agreements for partial funding of the study, engagement of consultants and the formation of the technical committee to oversee the study, estimated costs and timeframes to deliver the study, and the structure of the ROFR with PLL including the 3-year term and arrangements at the expiration of the 3-year term and in the event of PLL applying early termination.

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 enter into a Port Services Agreement; obtaining all required regulatory approvals for the completion of the Port Feasibility Study; operational risks; risks related to the cost estimates; 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.