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Announcement

Monday 28th August 2023

Hot Chili Signs Binding Letter of Intent for 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 entered into a binding letter of intent ("LOI") with Bastion Minerals Limited (ASX: BMO) ("Bastion") for the grant to Hot Chili of an option 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.

Cometa consists of exploration and mining concessions covering approximately 56km^2 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.

The option is another step in Hot Chili's consolidation strategy for the Costa Fuego copper project.

The Company's recently published Preliminary Economic Assessment entitled *Costa Fuego Copper Project – NI 43-101 Technical Report Preliminary Economic Assessment* with an effective date of June 28, 2023 (the "PEA")[1] establishes Costa Fuego as a low-risk, long life copper project benefiting from a low start-up capital and a high annual copper equivalent[2] metal production profile of over 100 kt for a 16-year mine life, including 95 kt copper and 49 koz gold during primary production (first 14 years) at C1 Cash Cost[3] of US$1.33/lb (estimated net of by-product credits).

Hot Chili is focussed on up-scaling Costa Fuego's resource base and potential study scale towards a 150,000 tpa copper production profile ahead of the delivery of the Costa Fuego Pre-Feasibility Study ("PFS"), expected in H2 2024. Cometa provides additional optionality for the discovery of further mineral deposits in the Costa Fuego Project area with the potential to provide supplemental feed and/or a longer mine life to the project laid out in the PEA.

The material terms of the LOI are as follows:

- Exclusivity period of 60 days for Hot Chili to conduct due diligence and for Hot Chili's subsidiary Sociedad Minera La Frontera SpA ("Frontera") to enter into a definitive option agreement with Bastion's subsidiary SCM Cornet Constelación, the holder of a 100% interest in the concessions comprising Cometa, for the grant to Frontera of an option to acquire a 100% interest in the Cometa concessions ("Option").
- Non-refundable cash payment of US$100,000 to Bastion upon grant 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.

[1] The PEA is preliminary in nature and includes 3% inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. See Page 6 for additional cautionary language.

[2] CuEq considers assumed commodity prices and average metallurgical recoveries from testwork. See page 9 for complete mineral resource disclosure of Costa Fuego.

[3] See page 7 for full non-IFRS measures discussion.

Contact
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- 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 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 15-day VWAP at the date of exercise of the Option, subject to applicable regulatory approvals, including the approval of the TSX Venture Exchange ("TSXV").

The Company will provide further updates on the grant and any exercise of the Option in due course.

Cortadera Expansion Drilling Update

Drilling operations at Cortadera continue, with nine Reverse Circulation ("RC") drillholes completed so far for 2,010m.

Four of these drillholes have been completed across the western extension of the Cortadera porphyry resource, including one pre-collar in preparation for a deep diamond hole beneath Cuerpo 4. Following the drilling of RC pre-collars at Cortadera, the RC drill rig will begin a hydrogeological program at Cortadera commencing in mid-September.

One diamond drill rig is planned to commence double shift drilling in September. Preparations are underway to bring a second diamond drill rig online as the Company ramps up for its extensive 30,000m expansion drilling campaign across multiple exploration targets.

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

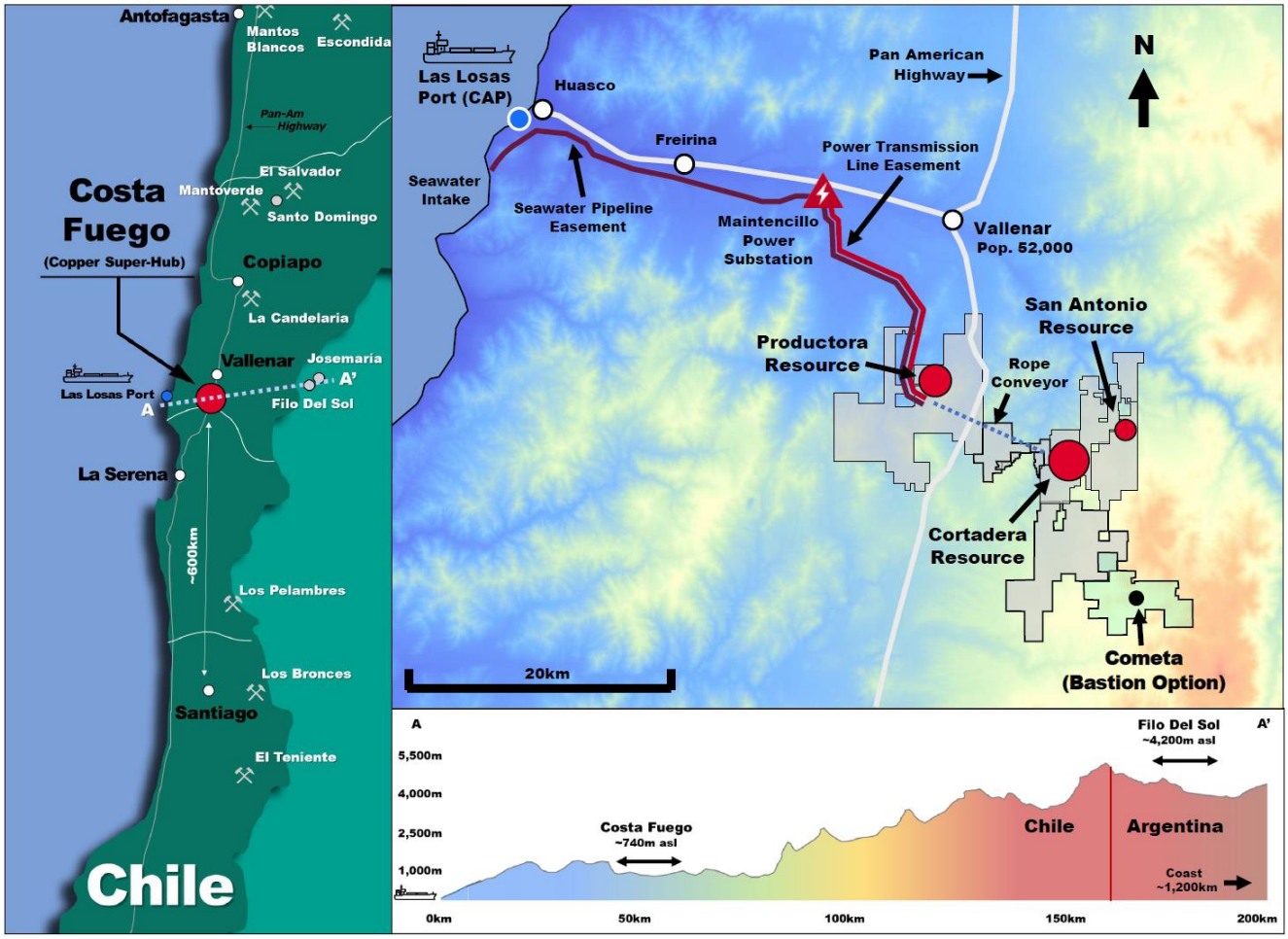

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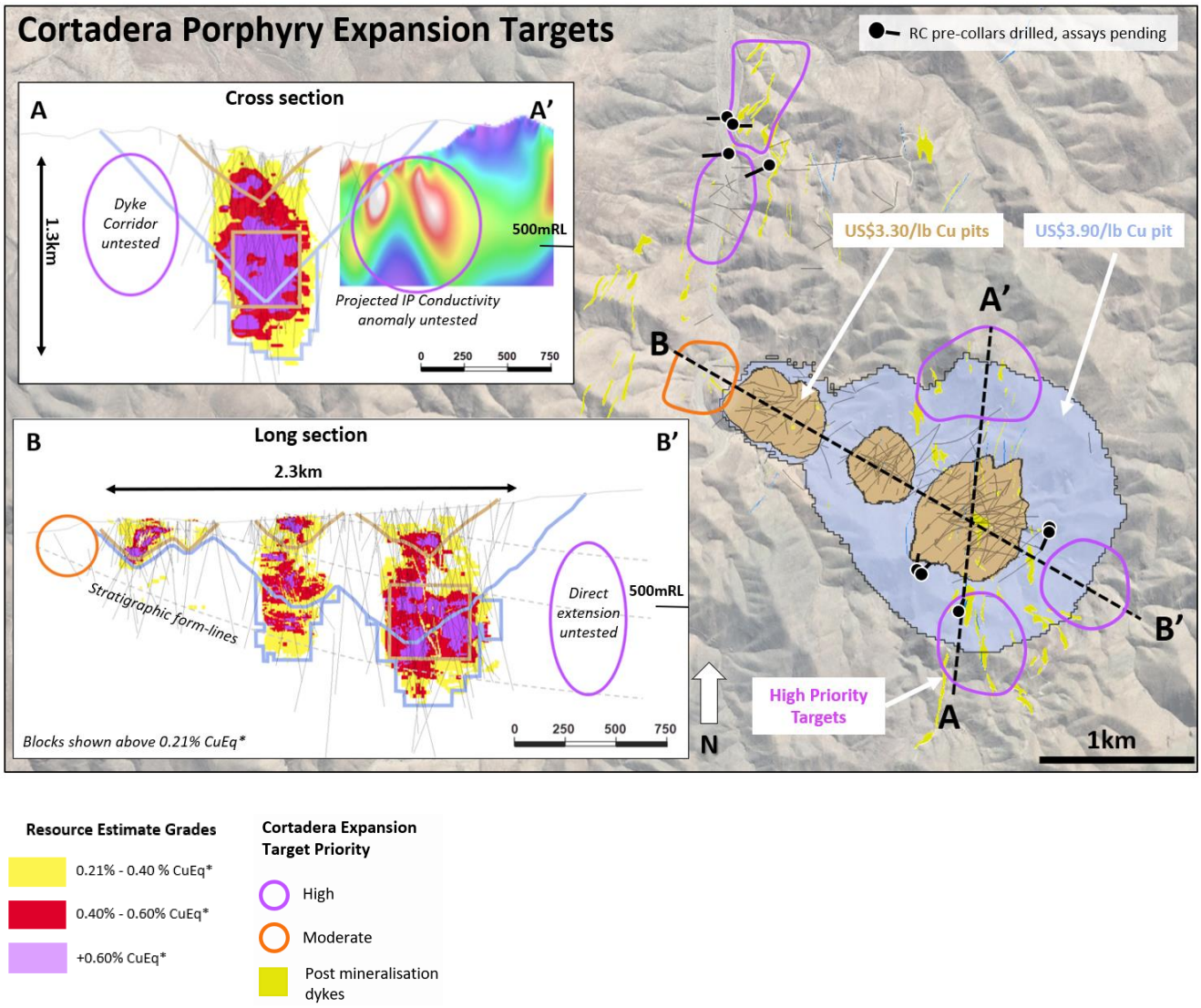
Figure 2. Location of Recently Completed RC Drillholes across Cortadera Porphyry Expansion Targets



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Qualifying Statements

Technical Report

Certain scientific, technical and economic information contained in this news release is derived from the PEA. For readers to fully understand such information, they should read the PEA technical report prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") (available on www.sedarplus.ca or at www.hotchili.net.au) in its entirety, including all qualifications, assumptions, limitations and exclusions that relate to the information set out in this news release. The PEA is intended to be read as a whole, and sections should not be read or relied upon out of context. The technical information in this news release is subject to the assumptions and qualifications contained in the PEA.

Qualified Persons – NI 43-101

The PEA was compiled by Wood Australia Pty Ltd with contributions from a team of independent qualified persons (within the meaning of NI 43-101). The scientific, technical and economic information contained in this news release pertaining to Coast Fuego is based on the PEA, which was prepared by the following independent qualified persons (within the meaning of NI 43-101):

- Ms Elizabeth Haren (MAUSIMM (CP) & MAIG) of Haren Consulting – Mineral Resource Estimate
- Mr Dean David (FAUSIMM (CP)) of Wood Pty Ltd – Metallurgy
- Mr Piers Wendlandt (PE) of Wood Pty Ltd – Market Studies and Contracts, Economic Analysis
- Mr Jeffrey Steven (PE) of Wood Pty Ltd – Capital and Operating Costs
- Mr Anton von Wielligh (FAUSIMM) of ABGM Consulting Pty Ltd – Mine Planning and Scheduling
- Mr Edmundo Laporte (PE) of GAC – Environmental Studies, Permitting and Social or Community Impact
- Mr Dave Morgan (PE) of Knight Piésold – Project Infrastructure (TSF)

The independent qualified persons have verified the information disclosed in the PEA, including the sampling, preparation, security, and analytical procedures underlying such information.

Disclosure regarding mine planning and infrastructure has been reviewed and approved by Mr Grant King, FAUSIMM, Hot Chili's Chief Operations Officer, and a qualified person within the meaning of NI 43-101.

The scientific and technical information in this new release, other than such information derived from the PEA, has been reviewed and approved by Mr Christian Easterday, MAIG, Hot Chili's Managing Director and Chief Executive Officer, and a qualified person within the meaning of NI 43-101.

Competent Persons – JORC

The information in this news release that relates to Mineral Resources for the Costa Fuego Project is based on information compiled by:

- Ms Elizabeth Haren (MAUSIMM (CP) & MAIG) of Haren Consulting – Mineral Resource Estimate
- Mr Dean David (FAUSIMM (CP)) of Wood Pty Ltd – Metallurgy
- Mr Piers Wendlandt (PE) of Wood Pty Ltd – Market Studies and Contracts, and Economic Analysis
- Mr Jeffrey Steven (PE) of Wood Pty Ltd – Capital and Operating Costs
- Mr Anton von Wielligh (FAUSIMM) of ABGM Consulting Pty Ltd – Mine Planning and Scheduling
- Mr Edmundo Laporte (PE) of GAC – Environmental Studies, Permitting and Social or Community Impact
- Mr Dave Morgan (PE) of Knight Piésold – Project Infrastructure (TSF)

Ms Haren, Mr David, Mr Wendlandt, Mr Kossari and Mr von Wielligh have sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves' and as Qualified Persons under NI43-101.

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.

Cautionary Note for U.S. Investors Concerning Mineral Resources

NI 43-101 is a rule of the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Technical disclosure contained in this news release has been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Classification System. These standards differ from the requirements of the U.S. Securities and Exchange Commission

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("SEC") and resource information contained in this news release may not be comparable to similar information disclosed by domestic United States companies subject to the SEC's reporting and disclosure requirements.

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

Non IFRS Financial Performance Measures

"Total Cash Cost", "All-in Sustaining Cost", "All-in cost LOM", "C1", and "Free Cashflow" are not performance measures reported in accordance with International Financial Reporting Standards ("IFRS"). These performance measures are included because these statistics are key performance measures that management uses to monitor performance. Management uses these statistics to assess how the Costa Fuego Project compares against its peer projects and to assess the overall effectiveness and efficiency of the contemplated mining operations. These performance measures do not have a meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

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"). Forward-looking statements reflect the Company's current expectations, forecasts, and projections with respect to future events, many of which are beyond the Company's control, and are based on certain assumptions. No assurance can be given that these expectations, forecasts, or projections will prove to be correct, and such forward-looking statements included in this news release should not be unduly relied upon. Forward-looking information is by its nature prospective and requires the Company to make certain assumptions and is subject to inherent risks and uncertainties. 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", "project", "should", 'toward", "up-scale", "will", "would" 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 Company's timing and ability to enter into a definitive agreement with respect to the Option; the completion of the conditions to exercise the Option; receipt of all regulatory approvals in respect of the Option, including the approval of the TSXV; prospects, projections and success of the Company and its projects; the ability of the Company to expand mineral resources beyond current mineral resource estimates; the results and impacts of current and planned drilling to convert inferred mineral resources to indicated, to extend mineral resources and to identify new deposits; the Company's ability to convert mineral resources to mineral reserves; opportunities for growth in mineral projects; the timing and outcomes of this current and future planned economic studies; the Company's ability to up-scale the Project to 150,000 tpa of copper production; the timing and outcomes of regulatory processes required to obtain permits for the development and operation of the Costa Fuego Project as contemplated in the PEA and/or future planned economic studies; whether or not the Company will make a development decision and the timing thereof; the ability of the Company to consolidate additional landholdings around its Project; estimates of cost; the ability of the Company to complete the PFS on the timeline indicated or at all; and estimates of planned exploration, including the hydrogeological program at Cortadera and the Company's planned 30,000m expansion drilling campaign across multiple exploration targets.

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 conditions to exercise the Option; obtaining all regulatory approvals for the completion of the Option; 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-

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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 has included the above summary of assumptions and risks related to forward-looking information provided in this news release to provide investors with a more complete perspective on the Company's future operations, and such information may not be appropriate for other purposes. 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. Investors should read this entire news release and consult their own professional advisors to ascertain and assess the income tax and legal risks and other aspects of an investment in the Company.

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Mineral Resource Statement

Costa Fuego Combined Mineral Resource (Effective Date 31st March 2022)

Costa Fuego Open Pit Resource		Grade					Contained Metal				
Classification	Tonnes	CuEq[7]	Cu	Au	Ag	Mo	Copper Eq	Copper	Gold	Silver	Molybdenum
(+0.21% CuEq[7])	(Mt)	(%)	(%)	(g/t)	(g/t)	(ppm)	(tonnes)	(tonnes)	(ounces)	(ounces)	(tonnes)
Indicated	576	0.46	0.37	0.10	0.37	91	2,658,000	2,145,000	1,929,000	6,808,000	52,200
M+I Total	**576**	**0.46**	**0.37**	**0.10**	**0.37**	**91**	**2,658,000**	**2,145,000**	**1,929,000**	**6,808,000**	**52,200**
Inferred	147	0.35	0.30	0.05	0.23	68	520,000	436,000	220,000	1,062,000	10,000

Costa Fuego Underground Resource		Grade					Contained Metal				
Classification	Tonnes	CuEq[7]	Cu	Au	Ag	Mo	Copper Eq	Copper	Gold	Silver	Molybdenum
(+0.30% CuEq[7])	(Mt)	(%)	(%)	(g/t)	(g/t)	(ppm)	(tonnes)	(tonnes)	(ounces)	(ounces)	(tonnes)
Indicated	148	0.51	0.39	0.12	0.78	102	750,000	578,000	559,000	3,702,000	15,000
M+I Total	**148**	**0.51**	**0.39**	**0.12**	**0.78**	**102**	**750,000**	**578,000**	**559,000**	**3,702,000**	**15,000**
Inferred	56	0.38	0.30	0.08	0.54	61	211,000	170,000	139,000	971,000	3,400

Costa Fuego Total Resource		Grade					Contained Metal				
Classification	Tonnes	CuEq[7]	Cu	Au	Ag	Mo	Copper Eq	Copper	Gold	Silver	Molybdenum
	(Mt)	(%)	(%)	(g/t)	(g/t)	(ppm)	(tonnes)	(tonnes)	(ounces)	(ounces)	(tonnes)
Indicated	725	0.47	0.38	0.11	0.45	93	3,408,000	2,755,000	2,564,000	10,489,000	67,400
M+I Total	**725**	**0.47**	**0.38**	**0.11**	**0.45**	**93**	**3,408,000**	**2,755,000**	**2,564,000**	**10,489,000**	**67,400**
Inferred	202	0.36	0.30	0.06	0.31	66	731,000	605,000	359,000	2,032,000	13,400

[1] Mineral Resources are reported on a 100% Basis - combining Mineral Resource estimates for the Cortadera, Productora and San Antonio deposits. All figures are rounded, reported to appropriate significant figures, and reported in accordance with the Joint Ore Reserves Committee Code (2012) and the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definition, as required by National Instrument 43-101.

[2] The Productora deposit is 100% owned by Chilean incorporated company Sociedad Minera El Aguila SpA (SMEA). SMEA is a joint venture (JV) company – 80% owned by Sociedad Minera El Corazón Limitada (a 100% subsidiary of Hot Chili Limited), and 20% owned by CMP Productora (a 100% subsidiary of Compañía Minera del Pacífico S.A (CMP)).

[3] The Cortadera deposit is controlled by a Chilean incorporated company Sociedad Minera La Frontera SpA (Frontera). Frontera is a subsidiary company – 100% owned by Sociedad Minera El Corazón Limitada, which is a 100% subsidiary of Hot Chili Limited.

[4] The San Antonio deposit is controlled through Frontera (100% owned by Sociedad Minera El Corazón Limitada, which is a 100% subsidiary of Hot Chili Limited) and has an Option Agreement with a private party to earn a 90% interest.

[5] The Mineral Resource estimates in the tables above form coherent bodies of mineralisation that are considered amenable to a combination of open pit and underground extraction methods based on the following parameters: Base Case Metal Prices: Copper US$ 3.00/lb, Gold US$ 1,700/oz, Molybdenum US$ 14/lb, and Silver US$20/oz.

[6] Metallurgical recovery averages for each deposit consider Indicated + Inferred material and are weighted to combine sulphide flotation and oxide leaching performance. Process recoveries: Cortadera and San Antonio – Weighted recoveries of 82% Cu, 55% Au, 82% Mo and 37% Ag. CuEq(%) = Cu(%) + 0.56 x Au(g/t) + 0.00046 x Mo(ppm) + 0.0043 x Ag(g/t). Productora – Weighted recoveries of 84% Cu, 47% Au, 47% Mo and 0% Ag (not reported). CuEq(%) = Cu(%) + 0.46 x Au(g/t) + 0.00026 x Mo(ppm). Costa Fuego – Recoveries of 83% Cu, 53% Au, 69% Mo and 23% Ag. CuEq(%) = Cu(%) + 0.52 x Au(g/t) + 0.00039 x Mo(ppm) + 0.0027 x Ag(g/t).

[7] Resource Copper Equivalent (CuEq) grades are calculated based on the formula: CuEq% = ((Cu% × Cu price 1% per tonne × Cu_recovery) + (Mo ppm × Mo price per g/t × Mo_recovery)+(Au ppm × Au price per g/t × Au_recovery)+ (Ag ppm × Ag price per g/t × Ag_recovery)) / (Cu price 1% per tonne × Cu recovery). The base case cut-off grade for mineral resources considered amenable to open pit extraction methods at the Cortadera, Productora and San Antonio deposits is 0.21% CuEq while the cut-off grade for mineral resources considered amenable to underground extraction methods at the Cortadera deposit is 0.3% CuEq.

[8] Mineral resources are not mineral reserves and do not have demonstrated economic viability. These Mineral Resource estimates include Inferred Mineral Resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorised as Mineral Reserves. It is reasonably expected that the majority of Inferred mineral resources could be upgraded to Measured or Indicated Mineral Resources with continued exploration.

[9] The effective date of the estimate of Mineral Resources is March 31st, 2022. Refer to ASX Announcement "Hot Chili Delivers Next Level of Growth" ("Resource Announcement") for JORC Code Table 1 information related to the Costa Fuego Resource Estimate (MRE) by Competent Person Elizabeth Haren, constituting the MREs of Cortadera, Productora and San Antonio (which combine to form Costa Fuego). Hot Chili confirms it is not aware of any new information or data that materially affects the information included in the Resource Announcement and all material assumptions and technical parameters stated for the Mineral Resource Estimates in the Resource Announcement continue to apply and have not materially changed.

[10] Hot Chili Limited is not aware of political, environmental or other risks that could materially affect the potential development of the Mineral Resources.

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