

United Transformation

Cortadera Discovery Deal

ASX code: HCH

February 2019



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Transformation Begins



- 1. The Game Changer** – Large Discovery Next to Productora
- 2. Corporate Overview** – One of Few Large ASX Cu Developers
- 3. Productora** – Critical Mass Arrives
- 4. Cortadera** – Major Copper-Gold Discovery Unveiled
- 5. High Grade Satellites** – The Sweeteners
- 6. Copper Time** – Supply Crunch Coming, M&A Gaining Momentum
- 7. What's Next** – Road Map for a Global Copper Contender

1. The Game Changer

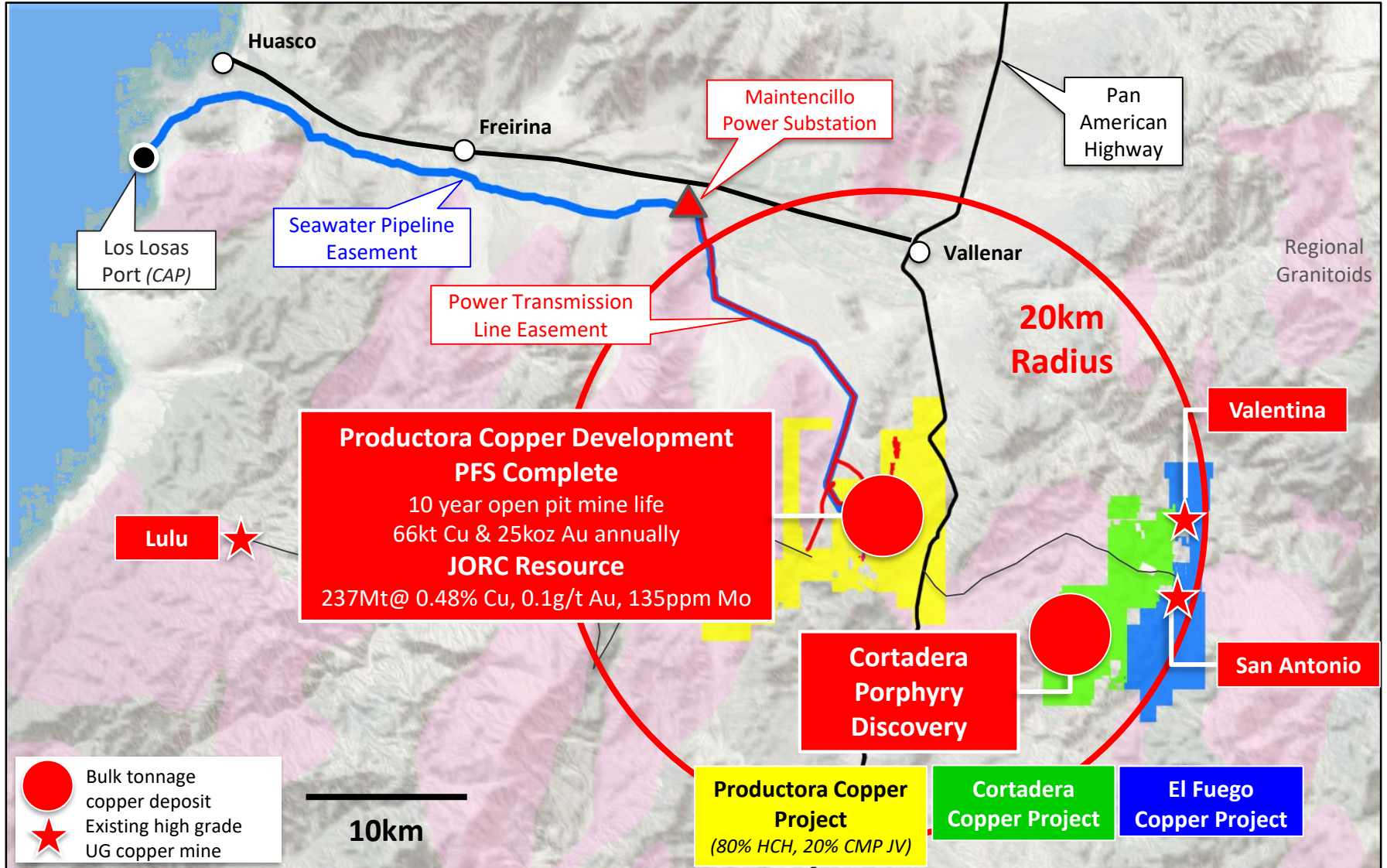
Large Discovery Next to Productora

- Terms secured¹ with private Chilean mining group SCM Carola to acquire 100% interest in **major copper-gold discovery, named Cortadera**
- **Located 14km from** Hot Chili's flagship **Productora** copper development on the Chilean coastal range
- Details of the privately owned **Cortadera discovery have never previously been publicly released**



“One of the most significant set of copper-gold porphyry discovery drill results since SolGold’s Cascabal discovery”

Consolidation of a Copper “Super-hub” in Coastal Chile



Refer to “Hot Chili Delivers PFS and Near Doubles Reserves at Productora” (ASX Announcement 2nd March 2016) for details of Productora’s Resources, Reserves and PFS Production estimates

Cortadera – A Major Copper-Gold Porphyry Discovery



90m grading 1.0% copper and 0.4g/t gold from 4m down-hole depth,

52m grading 0.9% copper and 0.4g/t gold from 6m down-hole depth,

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),

268m grading 0.4% copper and 0.2g/t gold from 120m down-hole depth
(including 42m grading 0.8% copper and 0.4g/t gold),

406m grading 0.4% copper and 0.2g/t gold from 276m down-hole depth
(including 146m grading 0.6% copper and 0.2g/t gold),

198m grading 0.6% copper and 0.2g/t gold from 652m down-hole depth

Option to Consolidate the Entire Cortadera Copper-Gold Discovery



1. Binding MOU executed with SCM Carola to acquire 100% interest in Cortadera (1.5km of the 2km long discovery zone)

Purchase price of US\$30 million, over a 30 month term as follows:

- US\$5 million within 6 months from execution of the MOU.
- US\$10 million no later than 18 months from execution of the MoU.
- US\$15 million no later than 30 months from execution of the MoU.

2. Option Agreement executed (US\$1.5 million over 36 month term) with private Chilean group to acquire 100% interest in Purisima Mining Right (500m of the 2km long Cortadera discovery zone)

Project-level, strategic funding discussions underway with key stakeholders in relation to the Cortadera transaction

2. Corporate Overview



One of Few Large ASX Cu Developers

Board of Directors

Murray Black	Non Exec Chairman
Christian Easterday	Managing Director
Michael Anderson	Non Exec Director
Allan Trench	Non Exec Director
Roberto de Andraca Adriasola	Non Exec Director
Randall Nickson	Non Exec Director

Capital Structure

Issued Shares	819.9M
Unlisted Options	11.0 M (30c, exp Jun 2019) 20.0M (3.33c, exp Jun 2019) 69.7M (10c, exp May 2020) 12.0M (7c, exp Dec 2021)
Unlisted 5yr Convertible Notes	113,009 (A\$100 face value) (convert @ 3.33c)

Share Price **A\$0.013**

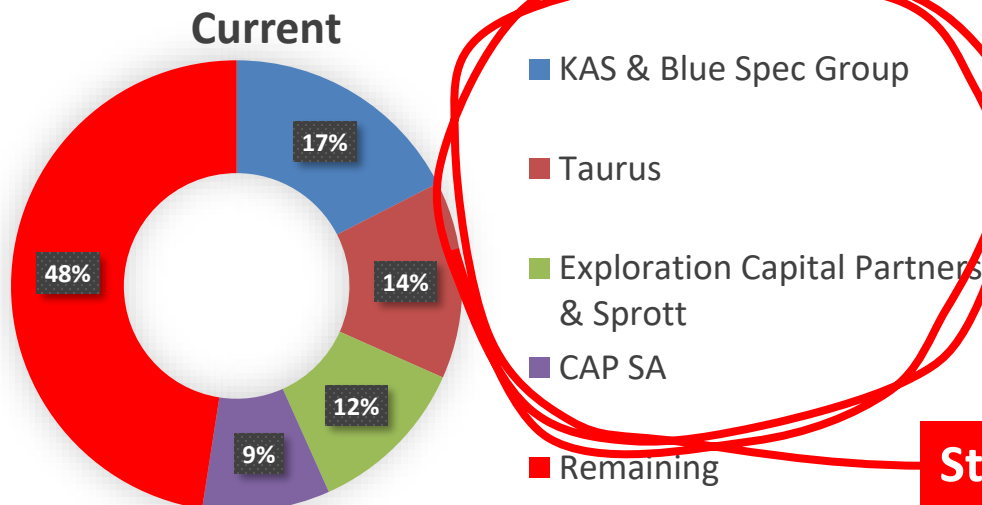
Mkt Capitalisation **A\$10.6 M**

Mkt Capitalisation (fully dilute) **A\$16.5M (incl Con Notes, Options)**

Cash **A\$0.7M approx**
A\$0.5M T2 Placement (March 19)
A\$2.2M Rights Issue closing

Enterprise Value (fully dilute) **A\$17.2M**

Substantial Shareholders

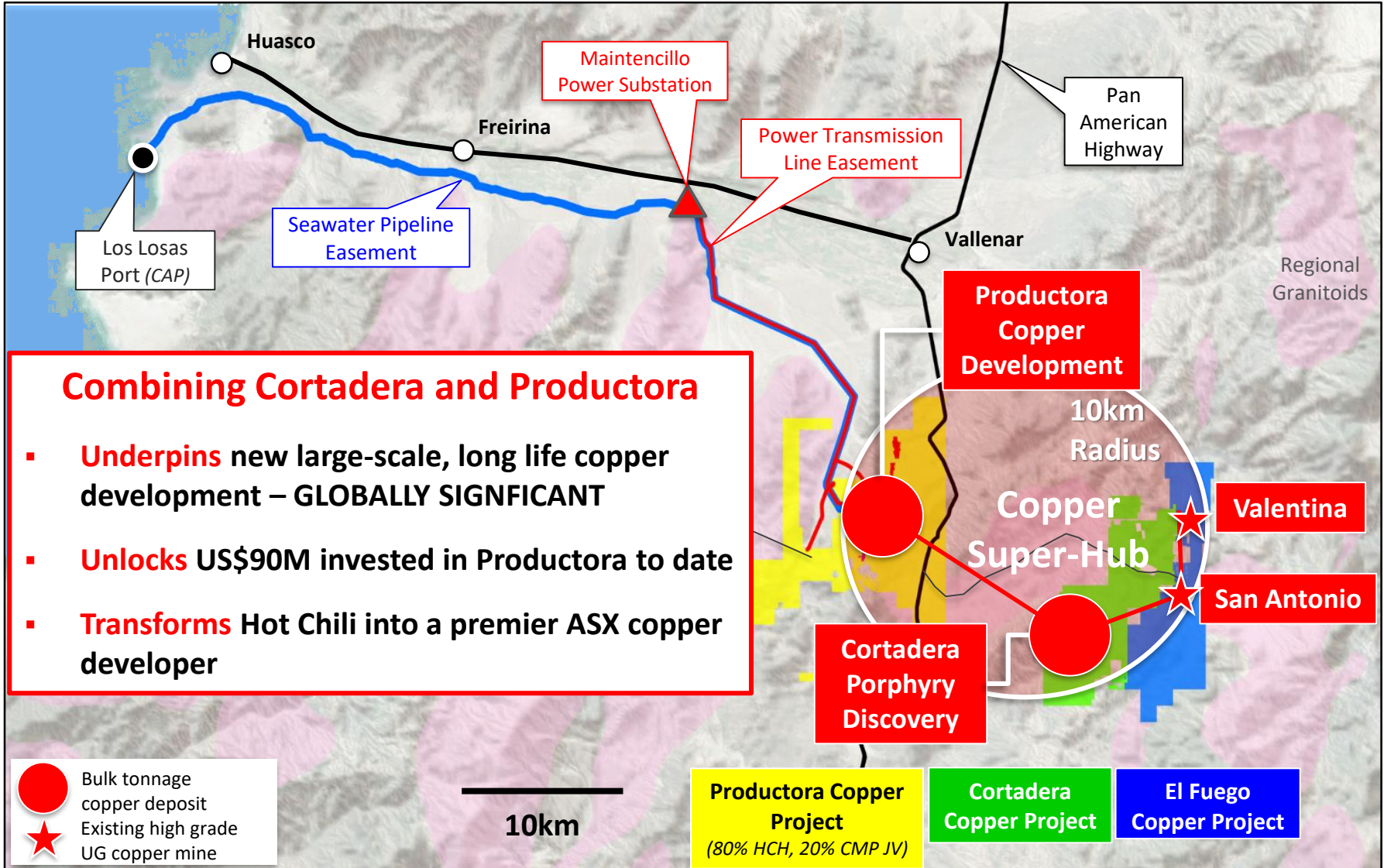


Strong Backers

Cheapest Major Copper Developer on ASX

3. Productora

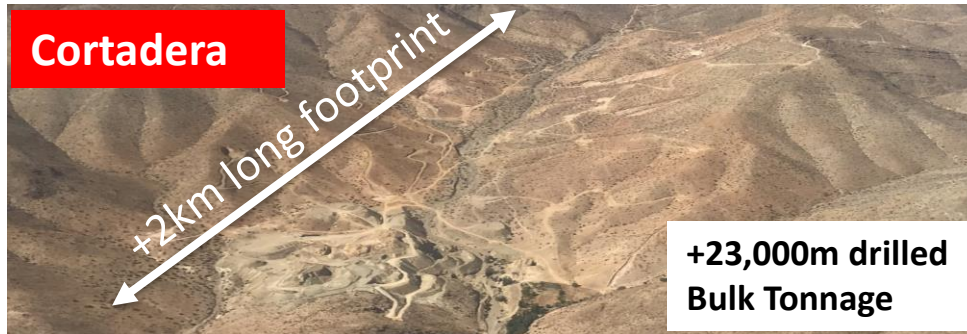
Critical Mass Arrives



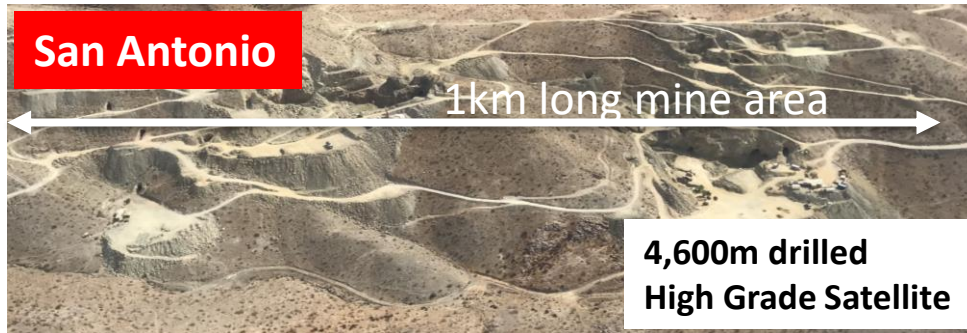
Combined Development Leveraging Central Processing & Infrastructure



- **1.5Mt Cu & 1Moz Au Resource base**
- 10 Years Mine Life
- **66kt Cu and 25koz Au** production annually over first 8 Yrs



- **Major porphyry Cu-Au discovery**
- Extending from surface
- **Pre-resource, large-scale mine life addition**



- **High grade Cu-Au mine extensional discovery**
- Extending from surface
- **Pre-resource, high grade blend addition**

4. Cortadera

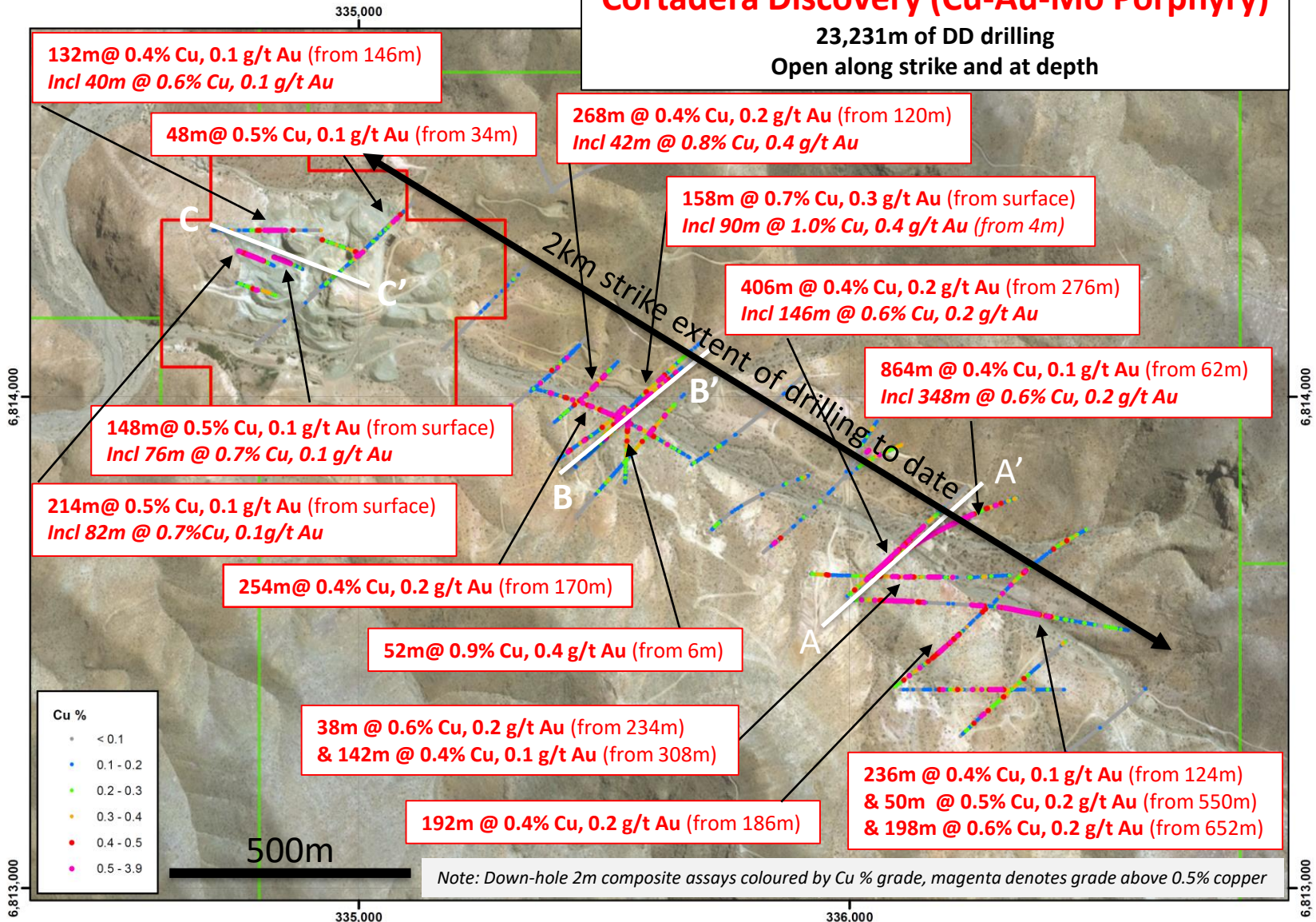
Major Copper-Gold Discovery Unveiled



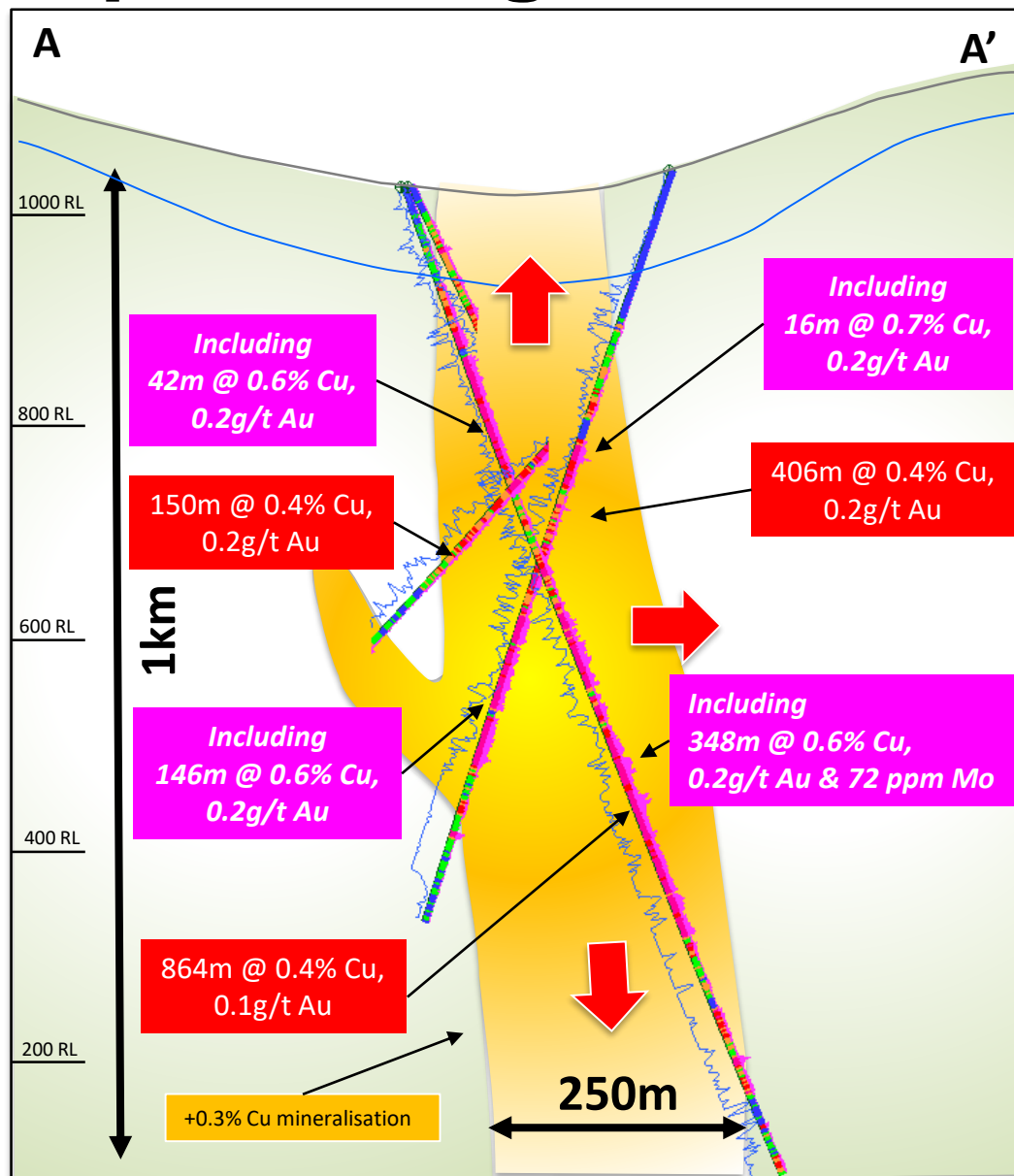
World-Class Discovery Drill Results

Cortadera Discovery (Cu-Au-Mo Porphyry)

23,231m of DD drilling
Open along strike and at depth



Open Along Strike And At Depth

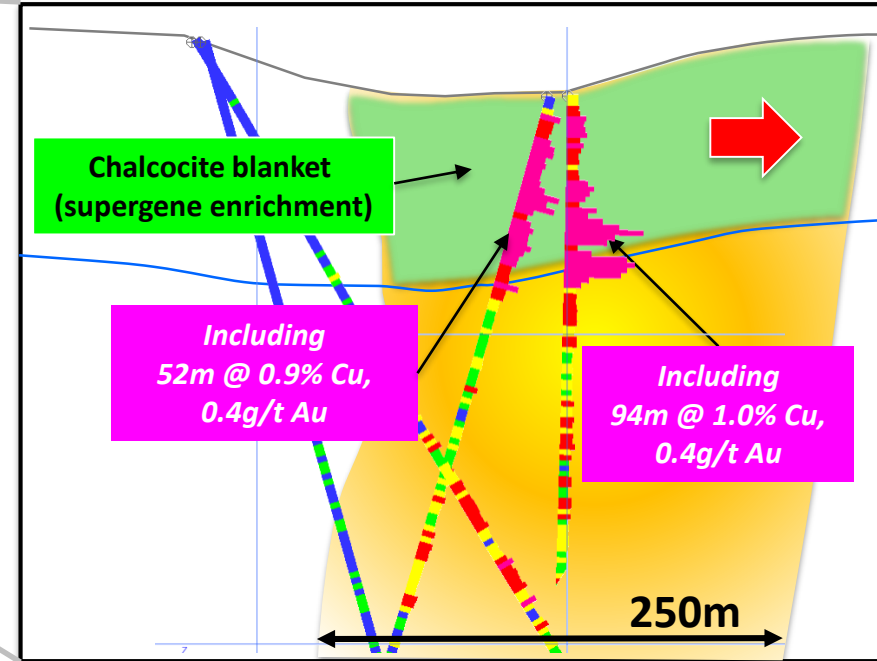
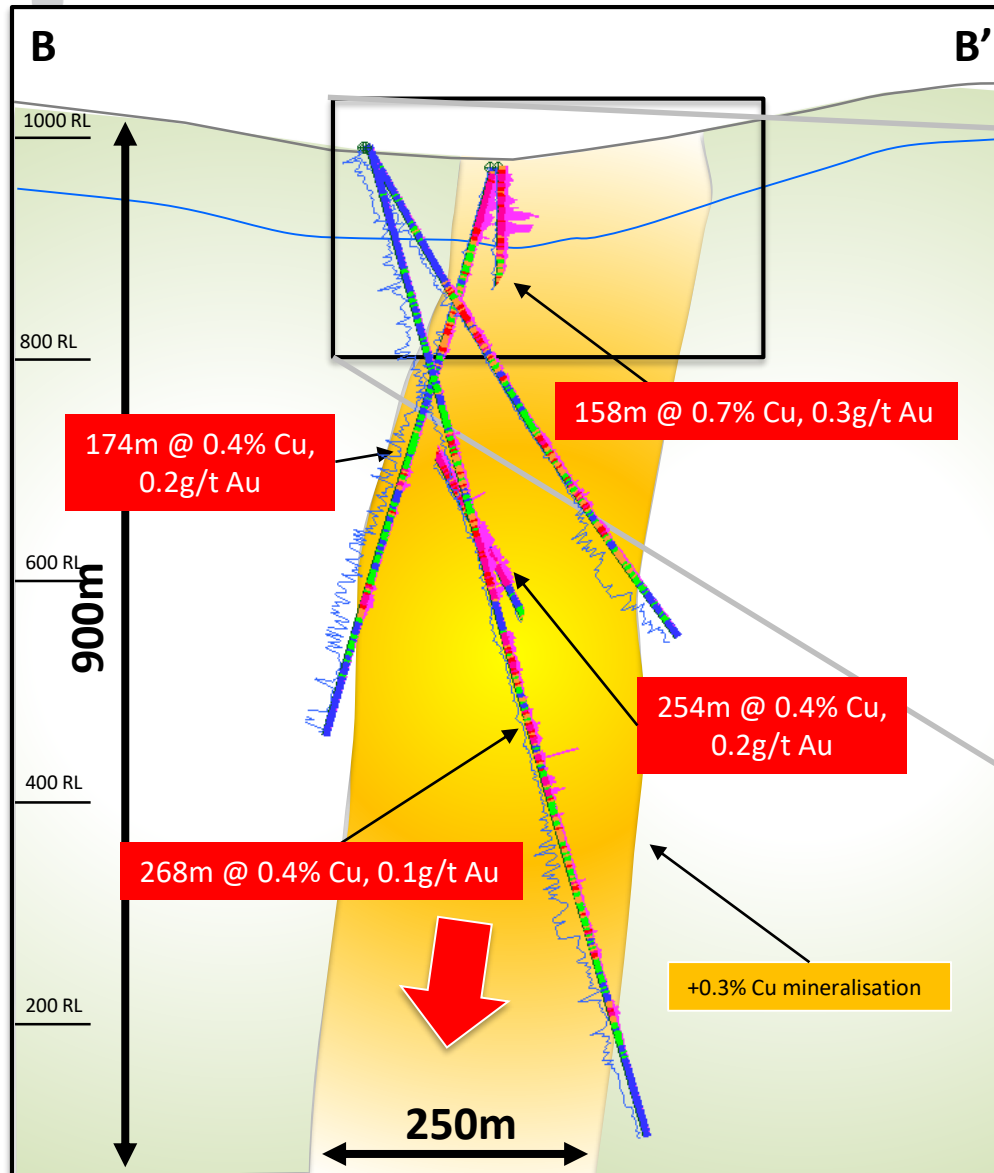


Cross Section A

- Tonalite Porphyry Cluster discovered
- Drill tested from surface to 1km depth
- Higher grade copper and gold drilling intersections remain open – vertically and laterally
- Upper 200m (from surface) of the main porphyry remains undrilled

High-Grade Chalcocite Blanket Recognised

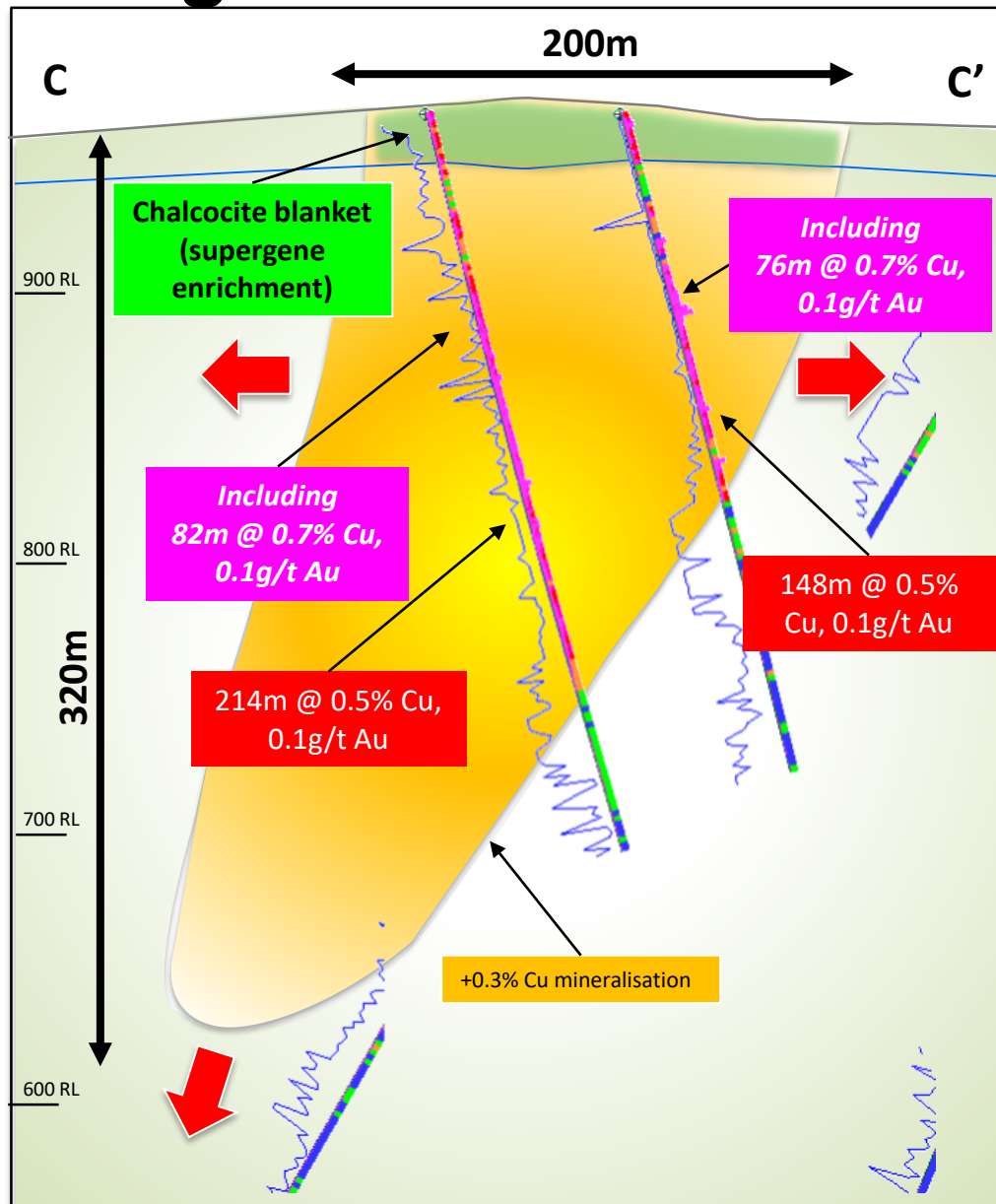
Cross Section B



- Large high-grade enrichment zone only partly drill tested
- Typically grading 1% Copper and 0.4g/t Gold from surface
- Potential for a large front-end cash generator

Large Resource Potential From Surface

Purissima Cross Section C



- **Three porphyry centres discovered so far**
- **Copper oxide to 100m depth** and associated with malachite and chalcocite
- Copper sulphide associated with Chalcopyrite
- **Amenable to low-strip ratio open pit mining**

Solid Foundation for First Cortadera Resource Estimate



- **US\$15M in drilling and exploration spent already** (US\$12M in drilling alone)
- 23,231m DD (HQ) half core remaining



5. High Grade Satellites

The Sweeteners

San Antonio Mine

- Historical Production of 2Mt grading 2% Cu and 0.3g/t Au from surface
- 4,600m drilling complete in July 18
- **Pre-Resource stage**

Valentina Mine

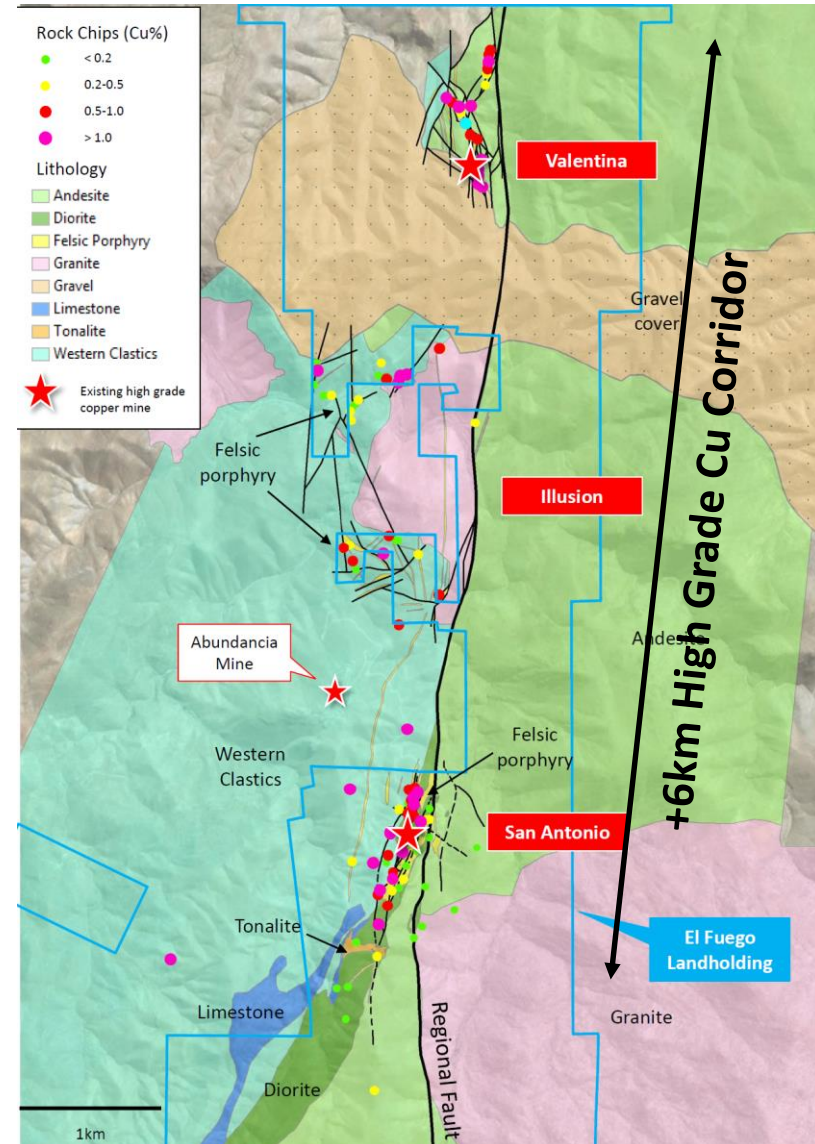
- **Drill Success from first 3 holes**
- 12m grading 1.5% copper from 28m (including 6m grading 2.7% copper)

New Targets

- **6 large surface targets** south of San Antonio defined

Further Acquisitions

- Further high grade consolidation opportunities being assessed within trucking distance of Productora



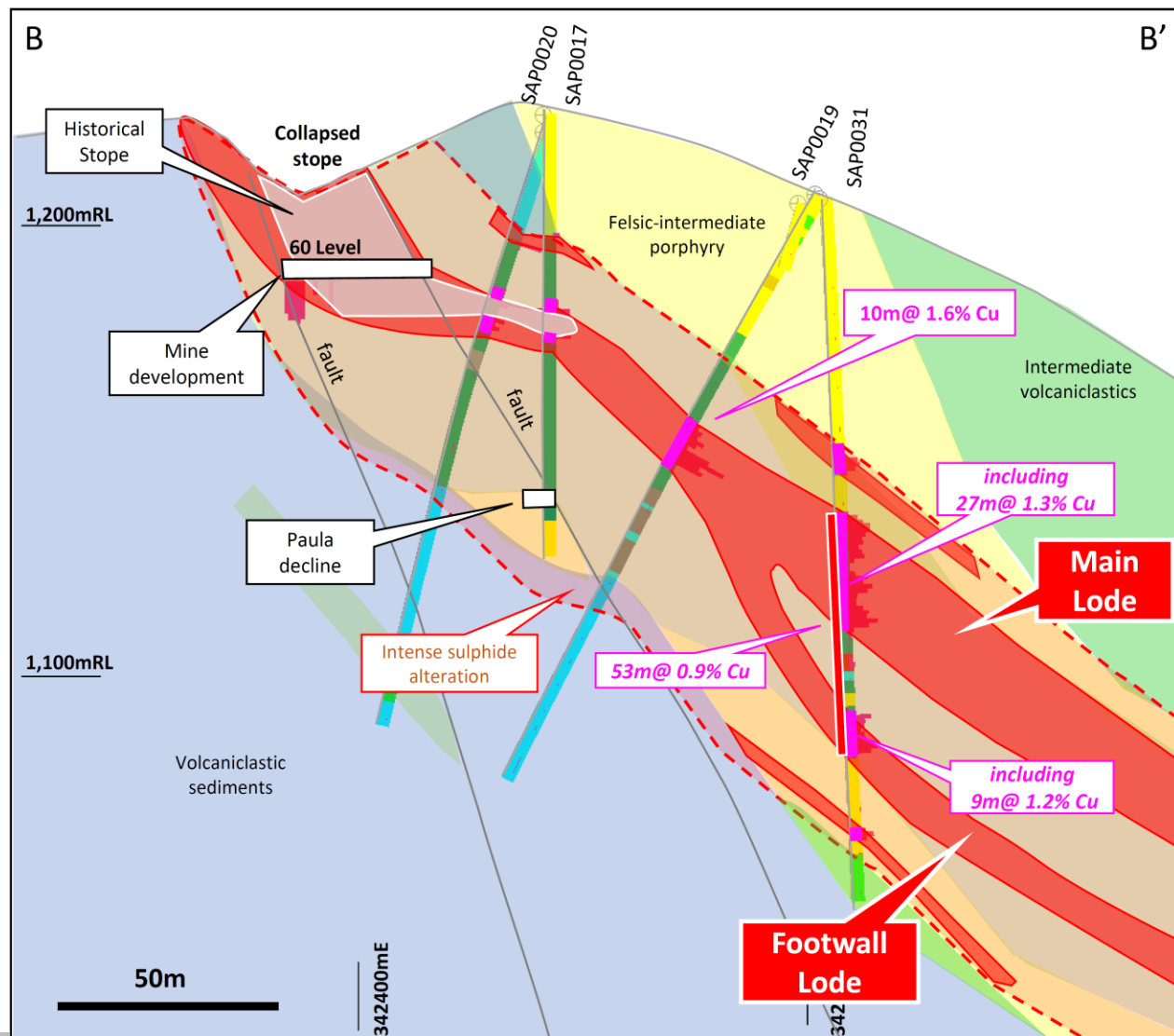
Strong Drill Results at San Antonio First High Grade Satellite Confirmed



- 39 Reverse Circulation (RC) drill holes for approximately **4,600m completed across mine area over 700m** in July 2018
- **Large Extensional Discovery Confirmed at San Antonio**
 - **19m grading 2.0% copper** from 61m down-hole depth *(including 11m grading 2.4% copper)*
 - **15m grading 1.7% copper** from 80m down-hole depth
 - **13m grading 1.3% copper** from 17m down-hole depth *(including 5m grading 2.3% copper)*
 - **53m grading 0.9% copper** from 72m down-hole depth *(including 27m grading 1.3% copper)*
 - **18m grading 1.3% copper** from 52m down-hole depth *(including 5m grading 2.1% copper)*

Attractive Satellite Pit Potential at San Antonio Remains Open

- **Shallow-dipping high grade copper mineralisation**
- Near true width drilling intersections
- Low indicative strip-ratios
- **Attractive for shallow open-cut mining**

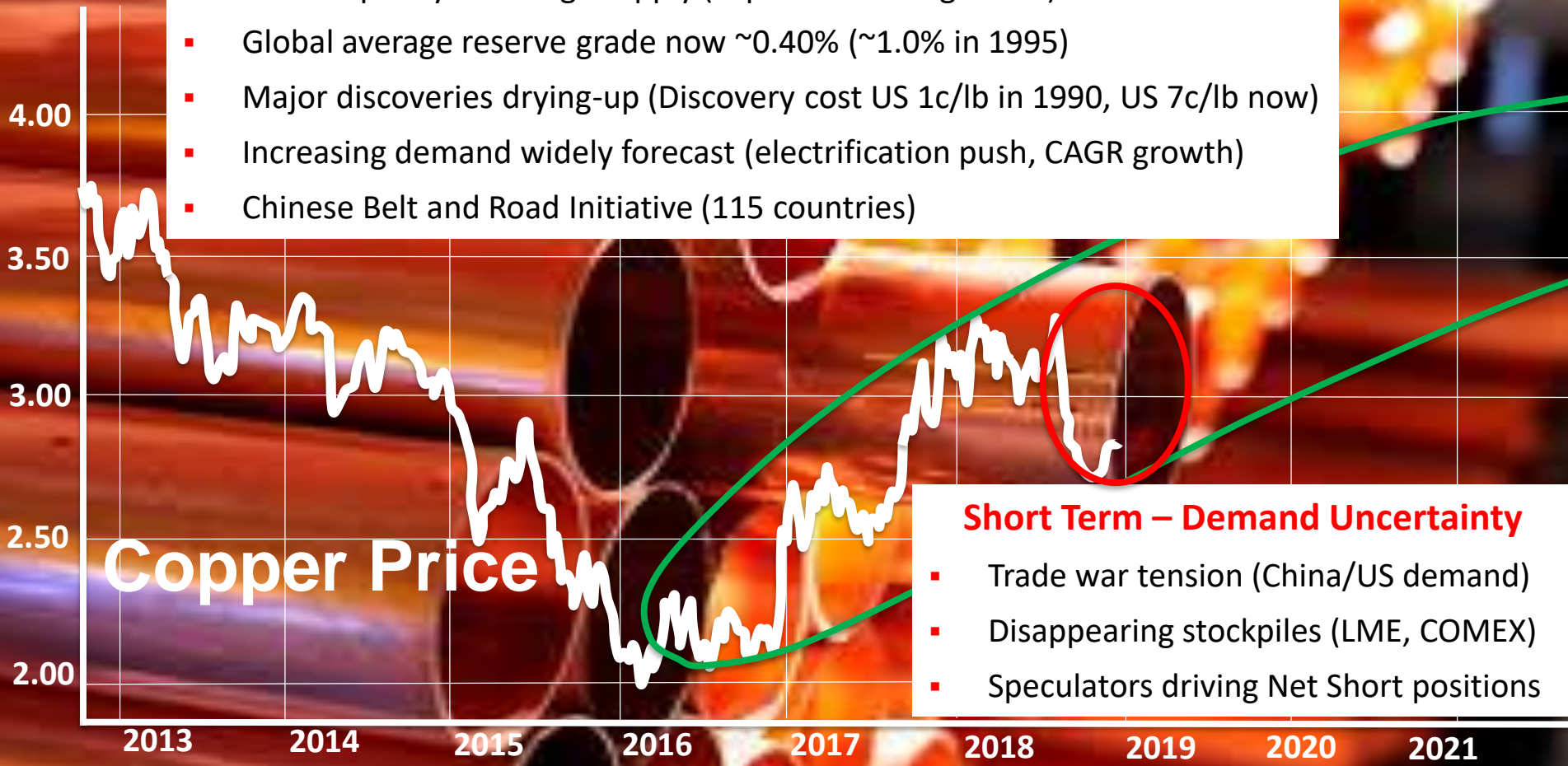


6. Copper Time

Supply Crunch Coming

Medium to Long Term – Upward Pressure

- Lack of quality new large supply (Expensive & long dated)
- Global average reserve grade now ~0.40% (~1.0% in 1995)
- Major discoveries drying-up (Discovery cost US 1c/lb in 1990, US 7c/lb now)
- Increasing demand widely forecast (electrification push, CAGR growth)
- Chinese Belt and Road Initiative (115 countries)

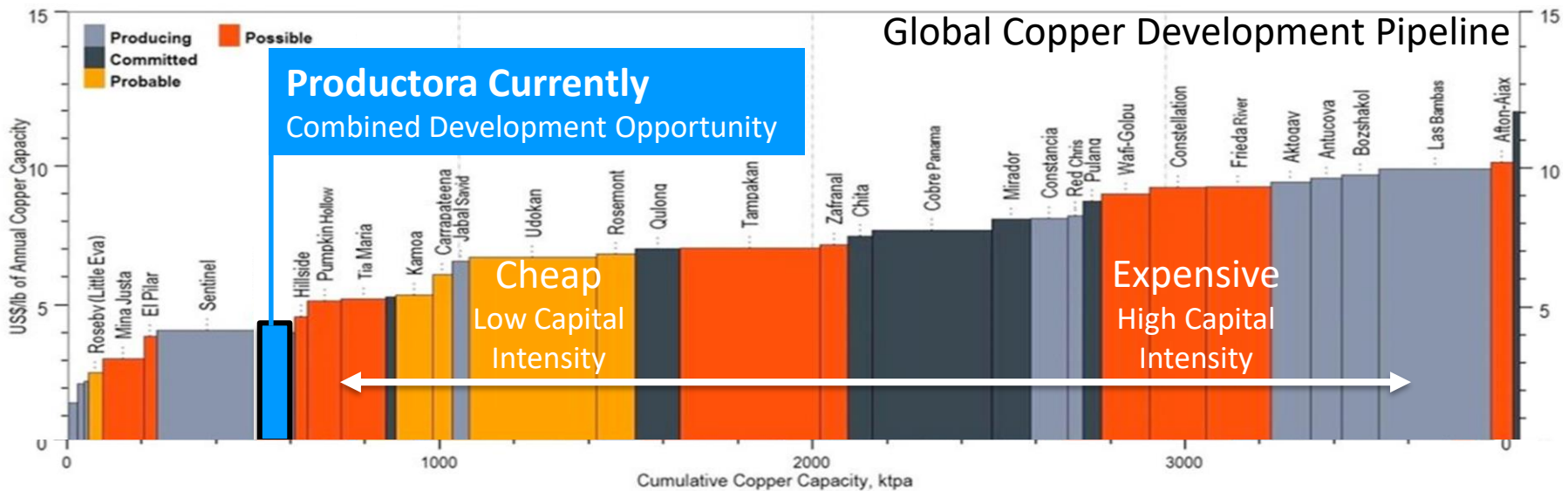


Short Term – Demand Uncertainty

- Trade war tension (China/US demand)
- Disappearing stockpiles (LME, COMEX)
- Speculators driving Net Short positions

Majors Positioning for New Large-Scale Copper Supply

- **BHP increase stake in SolGold to 11% for a total investment of US\$94.2 Million.** Pre-emptive interest from BHP and Newcrest for the Cascabel Cu-Au deposit in Ecuador
- **Zijin Minings \$1.4 Billion offer trumps Lundin's offer for Nevsun Resources** who control the large-scale Timok Cu-Au deposit in Serbia
- **Standout positioning for a large copper development within the global development pipeline for new copper supply**



An analysis of new copper mining capacity commissioned since the beginning of 2015, and extending out to around 2022 for committed, probable and possible projects.

Median capital intensity is US\$7.15/lb (US\$15,750/t) of annual copper capacity.

Source of above figure: Rex Minerals Investor Presentation April 2018.

Capital intensity and scale of production based on Productora Pre-feasibility study (ASX Announcement, 2nd March 2016) and supported by independent financial modelling by AMEC Foster Wheeler (HCH Presentation, 2nd March 2016)

7. What's Next

Road Map for a Global Copper Contender

1. **Strategic funding discussions** with key stakeholders underway
2. **Execution of formal Option Agreement** with SCM Carola for Cortadera in coming weeks
3. **Drill rig being mobilised** to Cortadera in coming months

Q2 2019

Commence resource drilling across Cortadera and high grade satellites to deliver mine life extension and high grade feed

Q1 2020

Commence revised PFS based on combined development (Enhanced & Enlarged) utilising central processing and infrastructure

Qualifying Statements



Mineral Resource and Ore Reserve Confirmation

The information in this presentation that relates to Mineral Resources and Ore Reserve estimates on the Productora copper project was previously reported in the ASX announcement “Hot Chili Delivers PFS and Near Doubles Reserves at Productora” dated 2nd March 2016, a copy of which is available on the ASX website at www.asx.com.au and the Company’s website at www.hotchili.net.au. The company confirms that it is not aware of any new formation or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

Productora Project Ore Reserve Statement, March 2016 ¹

Ore Type	Reserve Category	Tonnage (Mt)	Grade			Contained Metal			Payable Metal		
			Cu (%)	Au (g/t)	Mo (ppm)	Copper (tonnes)	Gold (ounces)	Molybdenum (tonnes)	Copper (tonnes)	Gold (ounces)	Molybdenum (tonnes)
Oxide	Probable	24.1	0.43	0.08	49	103,000	59,600	1,200	55,600		
Transitional		20.5	0.45	0.08	92	91,300	54,700	1,900	61,500	24,400	800
Fresh		122.4	0.43	0.09	163	522,500	356,400	20,000	445,800	167,500	10,400
Total	Probable	166.9	0.43	0.09	138	716,800	470,700	23,100	562,900	191,900	11,200

Note 1: Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC Code 2012 guidance on Mineral Resource and Ore Reserve reporting. Note 2: Price assumptions: Cu price - US\$3.00/lb; Au price US\$1200/oz; Mo price US\$14.00/lb. Note 3: Mill average recovery for fresh Cu - 89%, Au - 52%, Mo - 53%. Mill average recovery for transitional; Cu 70%, Au - 50%, Mo - 46%. Heap Leach average recovery for oxide; Cu - 54%. Note 4: Payability factors for metal contained in concentrate: Cu - 96%; Au - 90%; Mo - 98%. Payability factor for Cu cathode - 100%.

Productora JORC Compliant Mineral Resource

Productora Project Higher Grade Resource, March 2016

Deposit	Classification	Tonnage (Mt)	Grade			Contained Metal		
			Cu (%)	Au (g/t)	Mo (ppm)	Copper (tonnes)	Gold (ounces)	Molybdenum (tonnes)
Productora	Indicated	166.8	0.50	0.11	151	841,000	572,000	25,000
	Inferred	51.9	0.42	0.08	113	219,000	136,000	6,000
	Sub-total	218.7	0.48	0.10	142	1,059,000	708,000	31,000
Alice	Indicated	15.3	0.41	0.04	42	63,000	20,000	600
	Inferred	2.6	0.37	0.03	22	10,000	2,000	100
	Sub-total	17.9	0.41	0.04	39	73,000	23,000	700
Combined	Indicated	182.0	0.50	0.10	142	903,000	592,000	26,000
	Inferred	54.5	0.42	0.08	109	228,000	138,000	6,000
	Total	236.6	0.48	0.10	135	1,132,000	730,000	32,000

Reported at or above 0.25 % Cu. Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC Code 2012 guidance on Mineral Resource and Ore Reserve reporting. Metal rounded to nearest thousand, or if less, to the nearest hundred.

Productora Project Low Grade Resource, March 2016

Deposit	Classification	Tonnage (Mt)	Grade			Contained Metal		
			Cu (%)	Au (g/t)	Mo (ppm)	Copper (tonnes)	Gold (ounces)	Molybdenum (tonnes)
Productora	Indicated	150.9	0.15	0.03	66	233,000	170,000	10,000
	Inferred	50.7	0.17	0.04	44	86,000	72,000	2,000
	Sub-total	201.6	0.16	0.04	60	320,000	241,000	12,000
Alice	Indicated	12.3	0.14	0.02	29	17,000	7,000	400
	Inferred	4.1	0.12	0.01	20	5,000	2,000	100
	Sub-total	16.4	0.13	0.02	27	22,000	9,000	400
Combined	Indicated	163.2	0.15	0.03	63	250,000	176,000	10,000
	Inferred	54.8	0.17	0.04	43	91,000	74,000	2,000
	Total	218.0	0.16	0.04	58	341,000	250,000	13,000

Reported at or above 0.1% Cu and below 0.25 % Cu. Figures in the above table are rounded, reported to two significant figures, and classified in accordance with the Australian JORC Code 2012 guidance on Mineral Resource and Ore Reserve reporting. Metal rounded to nearest thousand, or if less, to the nearest hundred. Metal rounded to nearest thousand, or if less, to the nearest hundred.

Qualifying Statements



Competent Person's Statement

Exploration Results

Exploration information in this Presentation is based upon work undertaken 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..

Mineral Resources

The information in this Presentation that relates to the Productora Project Mineral Resources, is based on information compiled by Mr J Lachlan Macdonald and Mr N Ingvar Kirchner. Mr Macdonald is an employee of Hot Chili Ltd and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Kirchner is employed by AMC Consultants (AMC). AMC has been engaged on a fee for service basis to provide independent technical advice and final audit for the Productora Project Mineral Resource estimates. Mr Kirchner is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Member of the Australian Institute of Geoscientists (AIG). Both Mr Macdonald and Mr Kirchner have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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' (the JORC Code 2012). Both Mr Macdonald and Mr Kirchner consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Ore Reserves

The information in this Presentation that relates to Productora Project Ore Reserves, is based on information compiled by Mr Carlos Guzmán, Mr Boris Caro, Mr Leon Lorenzen and Mr Grant King. Mr Guzmán is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), a Registered Member of the Chilean Mining Commission (RM- a 'Recognised Professional Organisation' within the meaning of the JORC Code 2012) and a full time employee of NCL Ingeniería y Construcción SpA (NCL). Mr Caro is a former employee of Hot Chili Ltd, now working in a consulting capacity for the Company, and is a member and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a Registered Member of the Chilean Mining Commission. Mr Lorenzen is employed by Mintrex Pty Ltd and is a Chartered Professional Engineer, Fellow of Engineers Australia, and is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr King is employed by AMEC Foster Wheeler (AMEC FW) and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). NCL, Mintrex and AMEC FW have been engaged on a fee for service basis to provide independent technical advice and final audit for the Productora Project Ore Reserve estimate. Mr. Guzmán, Mr Caro, Mr Lorenzen and Mr King have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which they are 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'. Mr Guzmán, Mr Caro, Mr Lorenzen and Mr King consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

View Across Cortadera



View Across San Antonio





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View Across Productora

