



Announcement

Monday, 8th July 2024

Hot Chili Launches New Water Company - *Huasco Water*



Highlights

- **Hot Chili and its partner, Chilean iron ore company Compania Minera del Pacifico (CMP), have established a new water company called “HW Aguas para El Huasco SpA” (Huasco Water)**
- **Hot Chili holds an 80% interest in Huasco Water and CMP holds a 20% interest**, in-line with the two company’s ownership interest in “Sociedad Minera El Águila SpA” (SMEA), holder of all critical water assets for the development of Hot Chili’s Costa Fuego copper-gold project in Chile
- **Transfer of all water assets** (maritime water extraction licence, water easements, costal land accesses and second maritime application) from SMEA **to Huasco Water has commenced**
- **Huasco Water aims to develop a multi-user seawater and desalinated water supply network** to supply future water demand for communities, agriculture and new mining developments **for the Huasco Valley region of Chile**
- **Hot Chili and CMP underpin Huasco Water as potential foundation off-takers** (Hot Chili’s Costa Fuego copper project - approx. 700 l/s of future sea water demand and CMP’s Los Colorados iron ore mine - approx. 200 l/s of future desalinated water demand)
- **First water off-taker discussions underway with nearby mine developers accounting for 3,700 l/s of potential future desalinated water demand** with additional non-mining, desalinated water customers also identified within the Huasco Valley, proximal to Hot Chili’s Costa Fuego copper hub
- **Further updates** on Water Supply Business Case Study and potential off-taker discussions **expected**

ASX: [HCH](#)
TSXV: [HCH](#)
OTCQX: [HHLKF](#)



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Hot Chili Limited (ASX: HCH) (TSXV: HCH) (OTCQX: HHLKF) (“Hot Chili” or the “Company”) is pleased to announce the establishment of Huasco Water, a new joint venture water company (Hot Chili 80% and CMP 20%) formed to supply both sea water and desalinated water to the Huasco Valley region of Chile.

The Huasco Valley is located in the Atacama region - one of the most water stressed regions of the world and where Hot Chili has outlined approximately 3,700 l/s of potential future desalinated water demand from new mine developments alone (see announcement dated 26th February 2024 and Figure 1) as well as other community and industrial sources of demand.

A conceptual study completed by Hot Chili in February 2024 (see announcement dated 26th February 2024) outlined significant economic, environmental and social synergies for all potential customers in the Huasco Valley, especially given growing community and regulatory opposition to continental water extraction in the Atacama, and the long lead times involved in securing maritime concessions and associated permitting in Chile.

Transfer of water assets (previously held by SMEA) into Huasco Water has commenced and the new water company will soon hold the only active granted maritime water concession and most of the necessary permits to provide non-continental water supply to the Huasco Valley, following over a decade of permitting advance for Hot Chili’s coastal range, Costa Fuego copper-gold project.

Importantly, Huasco Water provides Hot Chili and CMP water supply security as potential foundation off-takers (Hot Chili’s Costa Fuego copper project - approx. 700 l/s of future sea water demand; and CMP’s Los Colorados iron ore mine - approx. 200 l/s of future desalinated water demand).

Discussions with other potential water off-takers are advancing well and the Company is pleased to confirm that several non-mining desalinated water customers have also been identified. The Company is progressing discussions with several potential Tier-1 infrastructure partners and further updates are expected.

Recent Deal in Chile Highlights Growing Trends in Water Infrastructure Development for Mining

Hot Chili is pleased to note a recent announcement by Antofagasta Minerals (Antofagasta) on 5th June 2024 in Chile (*Source <https://smartwatermagazine.com/news/almar-water-solutions/antofagasta-minerals-and-almar-water-solutions-sign-15b-water-supply>*).

- Copper mining major Antofagasta have sold their water assets and water rights to the Centinella copper mine for US\$600 million to a consortium (Transec and Almar Water), which will also Finance, Build, Own, Operate (BOO) and sell seawater for the Centinella mine expansion, aiming to increase copper metal production by 140ktpa;
- The Centinella copper mine is operated using seawater for processing;
- The existing Centinella water assets include a 144km long seawater pipeline from port to mine, which Transec and Almar will acquire and continue supplying Centinella with approximately 1,200 l/s;
- Transec and Almar will build a parallel 144km long seawater pipeline using Centinella’s water rights to supply an additional 650 l/s to Centinella;
- Antofagasta to save \$380M in capital expenditure for the construction of its stage 2 water infrastructure expansion;
- Centinella water expansion project will begin operations in 2026 following a 20-month construction process.

The transaction announced by Antofagasta highlights the strategic nature and implicit value of critical water access rights within the Atacama region, and an increasing trend in Chile towards outsourcing in the industrial infrastructure sector.

Importantly, Hot Chili’s approach toward potential outsourcing and development of shared infrastructure, in addition to preserving scarce continental water sources, is fast becoming the accepted and responsible approach for unlocking future mining developments in the world’s most prolific copper producing region.

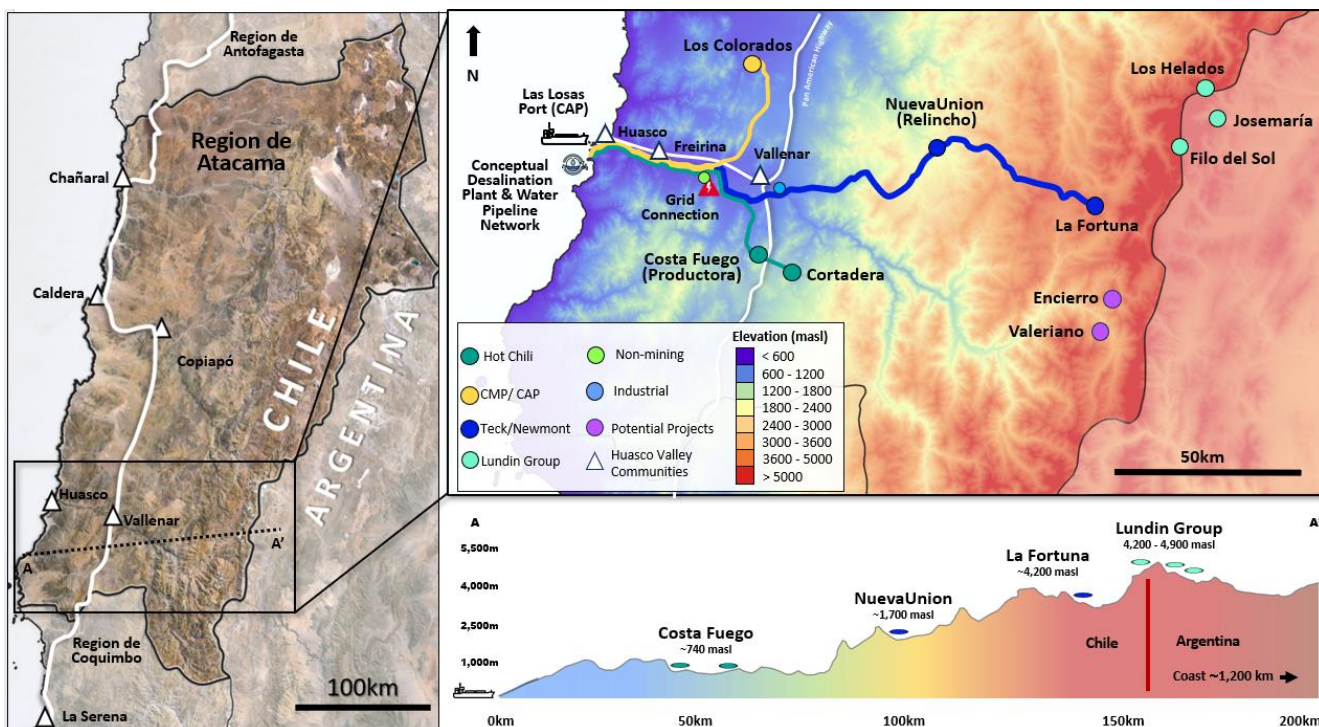


Figure 1. Location of a conceptual multi-user, desalination water network in relation to infrastructure and potential customers in the Huasco valley region of the southern Atacama, Chile



Figure 2. Location of Hot Chili's existing water assets in relation to new potential customers in the Huasco Valley

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 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 ASX and/or 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, sea water and desalinated water business as contemplated in the Water Supply Concept Study; whether or not the Company, with or without partners, 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; 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; the production at or performance of properties where the Company holds interests; ability to retain title to mining concessions and water rights; 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.

Information contained in this news release, including information concerning recent water infrastructure transactions, are based on information from third-party sources. Although the Company believes the third party-sources are reliable, the Company cannot guarantee the accuracy or completeness of those sources as they have not been independently verified by the Company.