

# Costa Fuego Copper-Gold Project

Top Global Copper Development, Strategic Water Assets & Exciting New Porphyry Discovery

ASX: HCH TSXV: HCH OTCQX: HHLKF www.hotchili.net.au

May, 2025

### **Disclaimers**



This presentation ("Presentation") has been prepared by management of Hot Chili Limited ("Hot Chili" or the "Company") and does not represent a recommendation to buy or sell securities of the Company. Investors should always consult their investment advisors prior to making any investment decisions. This Presentation does not purport to be complete or contain all of the information that may be material to the current or future business, operations, financial condition or prospects of the Company and Hot Chili makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Presentation. All amounts in this news release are in U.S. dollars unless otherwise noted.

Certain information contained herein is based on, or derived from, information obtained from independent third-party sources, publicly available reports and other trade and industry sources. Hot Chili believes that such information is accurate and that the sources from which it has been obtained are reliable; however, Hot Chili has not independently verified such information and does not assume any responsibility for the accuracy or completeness of such information.

#### 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 ("SEC") and technical information contained in this press 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", "Sustaining Capital", "All-in costs 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.

#### **Mineral Reserves and Ore Reserves**

The scientific and technical information relating to the Company's Costa Fuego project in this Presentation has been derived from or is based on the Costa Fuego Copper project pre-feasibility study (the "Costa Fuego PFS" or 2025 PFS), which has been prepared in accordance with Canadian regulatory requirements set out in National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and Joint Ore Reserves Committee of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (the "JORC Code") and reviewed and approved by the "Qualified Persons" as defined under NI 43-101 and "Competent Persons" as defined under the JORC Code as set below based on information available up to the effective date of the Costa Fuego PFS. Additional details of responsibilities are provided at page 23 of the presentation titled "Costa Fuego Preliminary Feasibility Study March 2025" released on March 27 2025 and in the PFS technical report (to be available on www.sedarplus.ca or at www.hotchili.net.au within 45 days of March 27, 2025) (the "PFS Technical Report").

The Costa Fuego Mineral Reserve is reported in accordance with the JORC 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 NI 43-101. References to "Mineral Reserves" mean "Ore Reserves" as defined in the JORC Code and references to "Proven Mineral Reserves" mean "Proved Ore Reserves" as defined in the JORC Code. There is no material difference between the definitions of Probable Ore Reserves under the 2014 CIM Definition Standards for Mineral Reserves and Mineral Reserves and the equivalent definitions in the JORC Code (2012). Terms Mineral Reserve (CIM) and Ore Reserve (JORC) are equivalent, and this study uses Mineral Reserve for consistency.

### **Technical Information**



For readers to fully understand the information in this Presentation, they should read the PFS Technical Report in its entirety when it is available, including all qualifications, assumptions, limitations and exclusions that relate to the information to be set out in the PFS Technical Report. The PFS Technical Report 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 presentation is subject to the assumptions and qualifications to be contained in the PFS Technical Report. The PFS Technical Report replaces and supersedes the technical report titled "Costa Fuego Copper Project – NI 43-101 Technical Report Mineral Resource Estimate Update" dated April 8, 2024, with an effective date of February 26, 2024 (the "2024 PEA").

#### Qualified Persons - NI 43-101

The PFS 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 and technical information contained in this presentation pertaining to Coast Fuego has been reviewed and verified by the following independent qualified persons within the meaning of NI 43-101:

- Ms Elizabeth Haren (FAUSIMM (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 David Cuello (MAUSIMM) of GMT Servicios de Ingeniería Geotechnical
- Mr Jeffrey Stevens (Pr. Eng, MSAIMM) of Wood Pty Ltd Infrastructure and Capital Cost
- Mr Luis Bernal (Comisión Minera (PC) Registered Member) of Process Mineral Consulting Leaching
- Mr Anton von Wielligh (FAUSIMM) of ABGM Consulting Pty Ltd Mine Planning and Scheduling
- Mr Edmundo LaPorte (PE, PEng, CPEng, SME Registered Member) of High River Services Environmental
- The above independent Qualified Persons have verified the information disclosed herein, including the sampling, preparation, security, and analytical procedures underlying such information.

#### **Competent Persons – JORC**

The information in this presentation that relates to Exploration Results, Mineral Resources and Ore Reserves for the Costa Fuego Project is based on information compiled by:

- Ms Elizabeth Haren (FAUSIMM (CP) & MAIG) who is a full-time employee of Haren Consulting Mineral Resource Estimate
- Mr Dean David (FAUSIMM (CP)) who is a full-time employee of Wood Pty Ltd Metallurgy
- Mr Piers Wendlandt (PE) who is a full-time employee of Wood Pty Ltd Market Studies and Contracts, Economic Analysis
- Mr David Cuello (MAUSIMM) who is a full-time employee of GMT Servicios de Ingeniería Geotechnical
- Mr Jeffrey Stevens (Pr. Eng, MSAIMM) who is a full-time employee of Wood Pty Ltd Infrastructure and Capital Cost
- Mr Luis Bernal (Comisión Minera (PC) Registered Member) who is a full-time employee of Process Mineral Consulting Leaching
- Mr Anton von Wielligh (FAUSIMM) who is a full-time employee of ABGM Consulting Pty Ltd Mine Planning and Scheduling
- Mr Edmundo LaPorte (PE, PEng, CPEng, SME Registered Member) who is a full-time employee of High River Services Environmental
- Mr Christian Easterday (MAIG), who is the Managing Director and is a full-time employee of Hot Chili Limited Exploration Results

Ms Haren, Mr David, Mr Wendlandt, Mr Cuello, Mr Stevens, Mr Bernal, Mr LaPorte, Mr Easterday and Mr von Wielligh each 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 JORC Code and as Qualified Persons under NI43-101.

#### **Production Targets Statement**

The production targets and forecast financial information derived from the production targets for: (1) the Productora production mine site referred to in this release is based on 52% of material of the Probably Ore Reserves and 31% of the material from Indicated Mineral Resources. (2) Alice production mine site referred to in this release is based on 3% of the material from Probable Ore Reserves and 2% of the material from Indicated Mineral Resources; (3) the Cortadera production mine site referred to in this release is based on 45% of the material from Probable Ore Reserves and 67% of the material from Indicated Mineral Resources; and (4) San Antonio production mine site referred to in this release is based on 1% of the material from Probable Ore Reserves and 0% of the material from Indicated Mineral Resources. No portions of the production targets are based on Inferred Mineral Resources. The material assumptions used in the estimation of the production targets and associated forecast financial information are set out in the presentation "Costa Fuego Preliminary Feasibility Study March 2025" released on March 27 2025 Mineral Resource and Mineral Resource and Mineral Resource and Mineral Resource and Ore Reserve pages 30-41, Mine Design and Scheduling Pages 43-47, Metallurgy and Mineral Processing Pages 48-50, and Basis of Economic Assumption pages 58-59. The Mineral Resource and Ore Reserve estimates underpinning the production targets were prepared by Competent Persons in accordance with the JORC Code 2012.

## **Forward-Looking Information**



This Presentation contains certain statements that are "forward-looking information" within the meaning of applicable Canadian securities legislation and Australian securities legislation (collectively, "forward-looking statements" or "forward-looking information"). All statements in this Presentation that are not statements of historical fact are forward-looking statements. The use of words such as "potential", "designed to", "proposed", "coming", "believe", "could", "estimate", "expect", "forecast", "may", "plan", "planned", "potential", "ipotettial", "would", "is coming" and similar expressions are intended to identify forward-looking statements. In this Presentation, forward-looking information includes, but is not limited to: highlights from the Costa Fuego PFS and Water Supply PFS; projected financial and economic analyses and results; potential risk mitigations and strategic advantages; financial modelling prospects, projections and success of the Huasco Water project, including projected customer base and financial forecasts; potential seawater and desalinated water supplies and the demand therefor; permitting timelines; expected tariffs and financial measures; anticipated NPV, project life, cashflows, production rates, start-up capital, sustaining capital and other cash costs; engineering and infrastructure designs. Forward-looking statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results and/or performance to be material with the company's expectations; that increasing competition will not have a material adverse impact; that general conditions in economic and financial markets will be sustained or will improve; availability of construction and other required equipment; that regulation by governmental agencies and relations with local communities will not change in a materially adverse manner; that future tax rates, tariffs, capital and operating costs will be as expected; availability of future sources of funding; that requisite financing will be

A number of factors could cause actual results to differ materially from those contained in the forward-looking statements in this Presentation, including, among others: operational risks and contractual obligations; the industry-wide risks and project-specific risks identified in the Costa Fuego PFS and the Company's public filings; sovereign risks associated with the Company's operations in Chile; recruitment and retention of qualified and/or key personnel; future financial needs and availability of adequate financing; fluctuations in mineral prices; market volatility; currency and exchange rate fluctuations; ability to exploit successful discoveries; 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; changes in estimated mineral resources or unexpected variations in quantity of mineralized material, grade, or recovery rates; the nature of mineral exploration and mining and the uncertain commercial viability; the Company's lack of operating revenues; risks governmental regulations and the ability to obtain necessary licenses and permits; risks related to prior unregistered agreements, transfers or claims and other defects in title to mineral projects; risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak of disease; estimates used in budgeting and economic analyses proving to be incorrect; risks related to unforeseen delays in the permitting process; risks that necessary financing will be unavailable when needed on acceptable terms, or at all; and other risks and uncertainties described elsewhere in this Presentation and in the Company's news releases dated 27<sup>th</sup> March 2025 and 31<sup>st</sup> March 2025 relating to the Costa Fuego PFS and the Huasco Water Study PFS, respectively.

Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Because it is not possible to predict or identify all such factors, this list cannot be considered a complete set of all potential risks or uncertainties. Accordingly, readers should not place undue reliance on forward-looking information. 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. The forward-looking statements contained in this Presentation are expressly qualified by the foregoing cautionary notes and are made as of the date of this Presentation. 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 Presentation 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 Presentation 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.

## **The Investment Proposition**

Costa Fuego: A large, advanced copper project with significant exploration leverage

### La Verde Deposit – Rapidly Expanding Cu-Au Porphyry Discovery

- Third significant copper-gold discovery for Hot Chili confirmed in January 2025
- 308 m @ 0.5% Cu, 0.3g/t Au from 46 m to end of hole, inc. 100m @ 0.7% Cu, 0.3 g/t Au
- Mineralised over 1,000 x 550 m and to 300 m depth (capacity of RC drilling)
- Open in all directions, drilling ongoing

#### **Key Near-term Catalysts**

- Costa Fuego PFS- Delivered Q1 2025
- Huasco Water PFS Delivered Q1 2025
- Next La Verde drill results 19 drill hole assays pending
- Key Board and Management appointments

#### **Strategic Assets**

- Clean, high value concentrate<sup>1</sup> not fully committed
- Seawater licence (Huasco Water)

strate specification slide 52

Advanced permitting, EIA being prepared for submission

### Copper

Probable Reserve contains 4.2 Blb Cu Indicated Resource contains 6.4 Blb Cu Inferred Resource contains 1.1 Blb Cu

US\$5.30/lb

Probable Reserve contains 1.6 Moz Au Indicated Resource contains 2.6 Moz Au Inferred Resource contains 0.4 Moz Au

US\$3,020/oz

hot chili Imited 1 co

# Corporate Overview



| Capital Structure                  |  |  |  |  |
|------------------------------------|--|--|--|--|
| Stock Exchanges                    | ASX/TSXV: HCH<br>OTCQX: HHLKF                                    |  |  |  |
| Shares Outstanding                 | 151.4 M  |  |  |  |
| Options & Performance<br>Rights    | 9.1 M  |  |  |  |
| Cash                               | A\$7.5 M<br>A further A\$5.0 M expected<br>(as of 31 March 2025) |  |  |  |
| Market Capitalisation <sup>1</sup> | A\$75 M (as of 1 May 2025)                                       |  |  |  |

| Analyst | Coverage |
|---------|----------|
|---------|----------|

| Veritas Securities | Piers Reynolds  |
|--------------------|-----------------|
| Cormark Securities | Stefan Ioannou  |
| Beacon Securities  | Michael Curran  |
| Paradigm Capital   | Jeffrey Woolley |

<sup>1</sup>HCH (ASX) share price of AU\$0.48 as of 1 May 2025



## Low Elevation Advantage – Lowers Economic Hurdle



Long-term Commitment to Risk-Reduction of Future Development

### Hot Chili Projects Registered for Priority Status

✓ Chilean Ministry of Economy – to streamline final approvals

### Water Risk Removed

✓ Granted maritime concession with land access✓ All water required for operations secured

### **Power Line Risk Removed**

✓ Secured electrical connection to grid
✓ Opportunity to be 100% renewable

### **Permitting Timelines Reduced**

✓ Secured easement corridors for power and water pipelines

✓ Secured many of proposed mining infrastructure surface rights

### Access to Existing Infrastructure

✓ Reduces future capital expenditure✓ Improves environment, social and governance metrics

### **Port MOU Executed**

✓MOU executed with Puerto Las Losas SA for the right to negotiate a binding Port Services Agreement

### Offtake Not Fully Committed

✓ Glencore can purchase up to 60% of concentrate for first 8 years life of mine – at benchmark terms but must maintain >7.5% ownership in Company



### La Verde – Confirmation of a Significant Cu-Au Porphyry Discovery

La Verde Open Pit (Shallow copper oxide pit)

Unified under single ownership after years of strategic consolidation

Discovery Drillhole DKP002 (Completed Nov 2024, Announced 18 Dec 2024)

**308 m @ 0.5% Cu, 0.3g/t Au from 46 m** Incl. 202 m @ 0.6% Cu, 0.3g/t Au from 70 m Incl. 100 m @ 0.7% Cu, 0.3g/t Au from 118 m

Hole ends in mineralisation

limited

## **Near Term Growth Potential - La Verde Project**



•First-pass drill coverage now extends across an area measuring 1,000 m by 550 m

Located just 35 km from central processing facility at Productora

•Approx. 31 RC holes for 10,000 m drilled to date. Results for 19 RC holes pending

•Shallow porphyry mineralisation remains **open in all directions** 

•Drilling planned to continue, **diamond drilling planned to commence** 





6785500mN

### **World's Largest Undeveloped Copper Mineral Resources**



Peer Benchmark – Projects Not Controlled by a Major Mining Company



## **Costa Fuego PFS Highlights**

Strong financial results using 8% discount rate & long-term US\$4.30/lb copper price and US\$2,280/oz gold price





Additional Capital Expenditure applied to materially derisk critical elements of the Costa Fuego PFS, including the Tailings Storage Facility and Block Cave

<sup>1</sup> PFS CuEq considers long-term commodity prices and metallurgical recoveries for the production feed from testwork. The CuEq metal was determined as the equivalent copper metal with equal value to all saleable production. See slide 37 for PFS commodity prices and slide 33 for PFS metallurgical recoveries. See Slide 2 for discussion of non-IFRS measures and additional cautionary language. NPV = Net Present Value, IRR = Internal Rate of Return.



## 2024 PEA to 2025 PFS Performance

Robust Project Definition & Material Differences Across Key Metrics



| Post-Tax NPV <sub>8%</sub>          | PEA - US\$ 1 100 M<br>PFS - US\$ 1 200 M | +US\$ 100 M |
|-------------------------------------|--|-------------|
| Post-Tax, LOM Free<br>Cashflow      | PEA - US\$ 3 280 M<br>PFS - US\$ 3 860 M | +US\$ 580 M |
| Project Life                        | PEA - 16 Years<br>PFS – 20 Years         | + 4 Years   |
| Open Pit Strip Ratio<br>(Waste:Ore) | PEA – 1.8:1<br>PFS – 1.5:1               | - 0.3       |
| Start-Up Capital                    | PEA - US\$ 1 050 M<br>PFS - US\$ 1 270 M | +US\$ 220 M |
| Expansion Capital                   | PEA - US\$ 710 M<br>PFS - US\$ 1 350 M   | +US\$ 640 M |
| Sustaining Capital                  | PEA - US\$ 1 010 M<br>PFS - US\$ 811 M   | -US\$ 201 M |
| Total Cash Costs                    | PEA - US\$ 1.43<br>PFS - US\$ 1.61       | +US\$ 0.18  |
| All-in Costs LOM                    | PEA - US\$ 2.31<br>PFS - US\$ 2.62       | +US\$ 0.31  |
| Study Confidence                    | PEA - ±50%<br>PFS - ±25%                 | +25%        |

<sup>1</sup> See Slide 2 for discussion of non-IFRS measures and additional cautionary language.



## Leverage to Cu Price – Global Developer Peer Group



Leverage Index – Ratio of % increase in Cu price to % increase in Post-tax  $NPV_{8\%}$ 

- · Costa Fuego has one of the highest leverages to copper price outside the control of a major mining company
- Larger production scale favors higher leverage to copper price



Sphere size represents Leverage Index - which was calculated as the ratio of % increase in Cu price to % increase in NPV8% .

The Global Developer Peer Group of project studies were selected on the following basis: Global primary copper projects (not controlled by a major miner), with net by-product credits where applicable, reporting studies of average annual life-of-mine copper production of greater than 40 kt, which have been published within the last 5 years. Projects with older studies were considered to be on hold. Significant projects such as Pebble and King-king were excluded by Hot Chili due to high perceived geopolitical risk, limiting the probability of development. Projects controlled by mid-tier mining companies near Costa Fuego were also included (Josemaría, Santa Domingo, Mantos Blanco and Mantoverde) for comparison purposes. References to active mines and other mineral projects is for illustration purposes only. There can be no assurances the Company will achieve comparable results.

Source: Published Company reports on studies undertaken on projects that were not in production at the time of the studies. Information from projects has been sourced from publicly available data that has been provided under differing economic assumptions. Public information for projects has been adjusted to provide a standardised data set under a US\$4.30/lb Cu price. Published sensitivity data provided results that bracketed an US\$4.30/lb Cu price, which was then calculated. Details of the adjustment are provided in the reference table on Benchmarking Data in the appendix (see slides 55-59).

## **Capital Intensity – South American Peer Group**

Cost Fuego's Elevation Advantage - Capital Intensity of Annual Produced Copper Equivalent1



Sphere size represents projected Life of Mine Average Annual CuEq\* Production. <sup>1</sup> PFS CuEq considers long-term commodity prices and PFS metallurgical recoveries for the production feed from testwork. The CuEq metal was determined as the equivalent copper metal with equal value to all saleable production. See slide 37 for PFS commodity prices and slides 33 & 34 for PFS metallurgical recoveries.

The South American Developer Peer Group of project studies were selected on the following basis: South American primary copper projects (not controlled by a major miner), net of by-product credits where applicable, reporting studies of average annual life-of-mine copper production of greater than 40 kt, which have been published within the last 5 years. Projects with older studies were considered to be on hold. Projects controlled by mid-tier mining companies near Costa Fuego were also included (Josemaría, Santa Domingo, Mantos Blanco and Mantoverde) for comparison purposes. References to active mines and other mineral projects is for illustration purposes only. There can be no assurances the Company will achieve comparable results.

Source: Published Company reports on studies undertaken on projects that were not in production at the time of the studies. Information from projects has been sourced from publicly available data that has been provided under differing economic assumptions. Public information for projects has been adjusted to provide a standardised data set under a US\$4.30/lb Cu price. Published sensitivity data provided results that bracketed an US\$4.30/lb Cu price, which was then calculated.

Details of the adjustment are provided in the reference table on Benchmarking Data in the appendix (see slides 55-59).



## **Costa Fuego Technical Risk Mitigations**

Ongoing Technical Workstreams Reducing Risk Across Costa Fuego



### Underground Mining

- PFS-level geotechnical review by global caving expert
- Conservative draw height, increased design detail and significant increase in capital cost applied
- Increase timeframe to establish cave
- Scoping study for 'Open Pit Only' at Cortadera completed

#### Sea Water Use

**Risk Focus Category** 

Infrastructure

Processing Mining ESG

- Lock-Cycle tests confirm the use of sea water for processing and leaching.
- Small scale reverse osmosis plants able to produce fresh water for mining and equipment use

### + US\$442M

## Additional Capital Applied to Risk Reduction

Tailings Storage Facility
Seepage control implementation

Dry baseline climatic conditions

Hydrogeological monitoring network

Geotechnical and Seismic risk management

Additional TSF locations being developed

#### Rope Conveyor

- Foundations assessment
- Clearance to powerlines and roads within design
- Extensive weather monitoring along the path

#### Acid Rock Drainage

- Estimated Net Acid Generation and Net Acid Consumption values applied to mined blocks
- Sufficient volumes of acid neutral material for construction of key infrastructure, such as the TSF

#### Metal Recovery

 Mo recovery reviewed, Mo recovery from Cu-Au-Mo concentrates into high grade Mo Concentrates were 90% or greater for all deposits.

#### Closure Planning

- Baselines well defined
- · Low revegetative and capping requirements
- Progressive closure

#### Hydrology

- Low Permeability
- Low Recharge (<2 l/s)</li>
- Extensive hydrogeological monitoring network

## **Costa Fuego Project Layout**



Proximity of Costa Fuego Mining Areas Offers Strategic Advantages

- Projects located at low elevation (average 740 m) on the Chilean coastal range
- Proposed centralised processing facilities, including:
  - 20.7 Mtpa Sulphide Concentrator
  - 4 ktpa Cathode SX-EW
- Raw sea water used for processing, extracted from permitted location 60 km from plant
- Rope conveyor transports production feed from Cortadera to processing facility



ASX: HCH TSXV: HCH OTCQX: HHLKF

# Huasco Water Preliminary Feasibility Study

April 2025

www.hotchili.net.au

## Huasco Water PFS Key Outcomes

| Stage                    | Key Performance Indicator                       |            | IRR   |       |             |
|--------------------------|---|------------|-------|-------|-------------|
|                          |   |            | 12%   | 15.5% | 19%         |
|                          |   |            |       |       | (Base case) |
|                          | Fixed Water Tariff                              | US\$M/year | 23    | 28    | 33          |
|                          | Variable Water Tariff                           | US\$/m³    | 0.48  | 0.58  | 0.69        |
|                          | Average Annual Price of Water <sup>1</sup>      | US\$/m³    | 2.31  | 2.80  | 3.32        |
|                          | Nominal Seawater Water Demand                   | L/s        | 500   | 500   | 500         |
| Stage 1                  | Costa Fuego PFS Total Cash Costs                | US\$/lb Cu | 1.31  | 1.35  | 1.38        |
| PFS<br>Engineering       | Impact on Costa Fuego PFS Total<br>Cash Cost    | US\$/lb Cu | -0.07 | -0.04 | 0           |
| (Seawater)               | Post-tax NPV8                                   | US\$M      | 41    | 80    | 122         |
|                          | Levelized Cost of Water to Huasco<br>Water (8%) | US \$/m³   | 1.66  | 1.66  | 1.66        |
|                          | Construction Capital                            | US\$M      | 151   | 151   | 151         |
|                          | Sustaining Capital                              | US\$M      | 26    | 26    | 26          |
|                          | Fixed Water Tariff                              | US\$M/year | 243   | 283   | 327         |
| Stage 1 & 2              | Variable Water Tariff                           | US\$/m³    | 1.47  | 1.71  | 1.98        |
|                          | Average Annual Price of Water <sup>2</sup>      | US\$/m³    | 6.39  | 7.44  | 8.59        |
| PFS<br>Engineering       | Nominal Desalinated Water Demand                | L/s        | 1,300 | 1,300 | 1,300       |
| Chymeenny<br>(Seawater & | Post-tax NPV8                                   | US\$M      | 328   | 640   | 977         |
| Desalinated              | Levelized Cost of Water to Huasco<br>Water (8%) | US \$/m³   | 4.85  | 4.85  | 4.85        |
| Watery                   | Construction Capital                            | US\$M      | 1,430 | 1,430 | 1,430       |
|                          | Sustaining Capital                              | US\$M      | 1,170 | 1,170 | 1,170       |
| Stage 33                 | Fixed Water Tariff                              | US\$M/year | 312   | 359   | 410         |
| Conceptual               | Variable Water Tariff                           | US\$/m³    | 1.78  | 2.04  | 2.33        |
| Study                    | Average Annual Price of Water <sup>4</sup>      | US\$/m³    | 6.93  | 7.97  | 9.11        |
| (Desalinated             | Nominal Desalinated Water Demand                | L/s        | 2,300 | 2,300 | 2,300       |
| Water                    | Expansion Capital                               | US\$M      | 1,900 | 1,900 | 1,900       |
| Expansion)               | Sustaining Capital                              | US\$M      | 2,380 | 2,380 | 2,380       |

<sup>1</sup> Average Annual Price of Water for Costa Fuego. Price is calculated subject to each project's location and requirements.

<sup>2</sup> Average Annual Price of Water for Clients supplied in the Stage 2. Price is calculated subject to each Client's location and requirements.

<sup>3</sup> Stage 3 tariffs are the average for all customers for Stage 1, 2 and 3

<sup>4</sup> Average Annual Price of Water for Clients supplied in the Stage 3. Price is calculated subject to each Client's location and requirements.





## **Stage 1 – Seawater Supply to Costa Fuego**

| Stage 1 (Costa Fuego 20-)   | (ear project)   | Units  | Value                               |  |
|---|---|--|-------------------------------------|--|
| Tariff  |   |  |                                     |  |
| Variable Tariff   |   | US\$/m³  | 0.69                                |  |
| Fixed Annual Tariff   |   | US\$M/year   | 33                                  | Las Losas leck lundin mining   |
| Project Life  |   | years  | 20                                  | Port (CAP)   |
| Total Volume of Seawater  | Delivered   | Mm³  | 255                                 | Freirina Vallenar Teck   |
| Financial Measures  |   |  |                                     | Conceptual Conceptual  |
| Dro tay   | NPV8%   | US\$M  | 179                                 | Plant & Water  |
| IRR   | IRR   | %  | 22                                  | Pipeline<br>Network BHP  |
| Post tax  | NPV8%   | US\$M  | 122                                 |  |
| FUSI-Idx  | IRR   | %  | 19                                  |  |
| Startup Capital   |   | US\$M  | 151                                 | bot  |
| Sustaining Capital  |   | US\$M  | 26                                  | Elevation  |
| Total Revenue   |   | US\$M  | 880                                 | (MASL)   |
| Total Operating Costs   |   | US\$M  | 91                                  |  |
| Corporate Tax   |   | US\$M  | 165                                 |  |
| Post-tax Free Cash Flow   |   | US\$M  | 447                                 |  |
| Payback period (from com  | missioning)   | years  | 4.5                                 | BARRICK N  |
| Profitability Index (Post-tax<br>Capex)   | NPV / Startup   | Ratio  | 0.81                                | 4200 Proposed Sea Water Pipeline Route   |
| Engineering studies f<br>key risks by incorpo<br>(including tsunamis)<br>Single pumping sta | for the <b>seawa</b> t<br>rating advance<br>to ensure a 50<br><b>tion employe</b> | ter intake infrastr<br>ed studies on wav<br>)-year life span<br>ed for stage 1. Bo | e propagation<br>th an above ground | Image: Sources Inc.   Image: Sources Inc.< |
| Real-time control a   | nd monitoring   | signed to provide  | optionality                         |  |
| not   |   | y system   |                                     | Costa Fuego   Valeriano   Encierro   Nueva Union   Los Colorados   Lunahuasi   Filo del Sol   Josemaría     (Productora,   ATEX   AMSA   (Relincho,   CMP/ CAP   NGEX   Lundin – BHP   Lundin-BHP   Lundin-BHP     Cortadera)   -Barrick   La Fortuna)   JV   JV   JV   Communities     Hot Chili   JV   Teck-Newmont JV   Teck-Newmont JV   Teck-Newmont JV   Teck-Newmont JV   Teck-Newmont JV   |

COMPANY PRESENTATION | 1 www.hotchili.net.au 9

•

Water off take agreement in place with Hot Chili Limited for Costa Fuego Project. No other agreements have been executed with any projects depicted in the illustration.

### Stage 1& 2 – Desalinated Water Supply to the Huasco Valley

| Stage 2                                     |                   | Units           | Value |  |  |
|---|-------------------|-----------------|-------|--|--|
| Tariff                                      |                   |                 |       |  |  |
| Variable Tariff                             |                   | US\$/m³         | 1.98  |  |  |
| Fixed Annual Tariff                         |                   | US\$M/year      | 327   |  |  |
| Project Life                                |                   | years           | 22    |  |  |
| Total Volume of Seawater                    | Delivered         | Mm <sup>3</sup> | 255   |  |  |
| Total Volume of Desalinate                  | d Water Delivered | Mm <sup>3</sup> | 822   |  |  |
| Financial Measures                          |                   | · ·             |       |  |  |
| Dro tox                                     | NPV8%             | US\$M           | 1,440 |  |  |
| Ple-lax                                     | IRR               | %               | 22    |  |  |
| Doct tox                                    | NPV <sub>8%</sub> | US\$M           | 977   |  |  |
| POSI-Idx                                    | IRR               | %               | 19    |  |  |
| Startup Capital                             |                   | US\$M           | 1,440 |  |  |
| Sustaining Capital                          |                   | US\$M           | 1,170 |  |  |
| Total Revenue                               |                   | US\$M           | 9,350 |  |  |
| Total Operating Costs                       |                   | US\$M           | 1,240 |  |  |
| Corporate Tax                               |                   | US\$M           | 1,500 |  |  |
| Post-tax Free Cash Flow                     |                   | US\$M           | 4,000 |  |  |
| Payback period (from Stag<br>commissioning) | e 2               | years           | 4.0   |  |  |
| Profitability Index (Post-tax<br>Capex)     | NPV / Startup     | Ratio           | 0.68  |  |  |

- Upgraded seawater intake and a reverse osmosis desalination plant with scalable capacity
- Seven strategically located pumping stations and the installation of a large-diameter pipeline system enables efficient water transmission to potential clients
- Potential clients were identified within a strategic influence window of 150km centred on the Huasco Water intake.



Water off take agreement in place with Hot Chili Limited for Costa Fuego Project. No other agreements have been executed with any projects depicted in the illustration.

### **Stage 3 – Conceptual Desalinated Water Supply Expansion**

- Engineering studies utilised stage 2 designs with **expanded flow rates** for one potential client, with an extension to include one additional potential client
- Increased capital costs associated with provision of water supply to **potential higher Andean clients**
- Potential for future **water easement corridors** to contemplate downhill slurry pipelines, power transmission and access roads



hot

COMPANY PRESENTATION | 2

www.hotchili.net.au

Water off take agreement in place with Hot Chili Limited for Costa Fuego Project. No other agreements have been executed with any projects depicted in the illustration.

### **Investment Highlights**

Costa Fuego is a Large Scale, Low Elevation Primary Copper Development Project Located in Chile

- Carton Marine

#### High-quality, Long-life, Low-cost Near-term Copper Development Project

- After-tax NPV8% of US\$1.20 B and IRR of 19% based on an initial project life of 20 years<sup>1</sup>
- Competitive cost curve position over life of mine & low upfront capital intensity

#### Located in Tier 1 Jurisdiction, Access to Regional Infrastructure

- Chile has a competitive sovereign rating among key copper producing countries
- Low elevation (740 m above sea level), ~60 km from port and adjacent to established road network and grid connected power

#### **PFS Delivered Technical Risk Mitigations**

- · Technical studies reduced risk across the Project
- · Recommendations already actioned within development pipeline

#### **Environment, Social & Governance Focused**

- Minimising environmental footprint by leveraging existing infrastructure and preserving limited regional groundwater resources
- Strong relationships formed with local stakeholders, social licence to operate in place

#### **Development and Growth Pipeline**

- Definitive Feasibility Study and Environmental Impact Assessment preparations underway
- · Major Porphyry discovery confirmed at La Verde with a rapidly expanding mineralisation footprint
- Targeting an increase in project scale through resource growth & optimization initiatives