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Huasco Water

Water Supply Solutions for Mining, Agriculture, and Community

June, 2025

Disclaimers and Forward-Looking Statements



Disclaimers

This presentation does not purport to be complete or contain all the information that may be material to the current or future business, operations, financial condition, or prospects of Hot Chili, Huasco Water or the results of the Water Supply PFS. 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.

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

Water Supply PFS Announcement

The information in this presentation concerning the Water Supply PFS and forward looking financial information based on the Water Supply PFS, was previously released in Hot Chili Limited's announcement to ASX of 31st March 2025 'Hot Chili's PFS for Huasco Water & MOU for Seawater Supply' (Water Supply PFS Announcement), a copy which is available at the Company's website at www.hotchili.net.au/investors/market-announcements/

Further information about the forward looking financial information and basis on which it is stated in this presentation, including the assumptions, basis of assumptions, sensitivity analysis for key inputs, prospects for funding, risk factors and risk minimisation strategies relevant to the Water Supply PFS, is contained in the Water Supply Announcement, which should be considered in conjunction with this presentation.

Forward Looking Statements

Statements in this presentation that are not historical facts are “forward-looking information” or “forward looking statements” within the meaning of Canadian securities legislation and Australian securities legislation (each, a “forward-looking statement”). The use of any of the words “anticipate”, “envisage”, “forecast”, “consider”, “proposed”, “conceptual”, “opportunity”, “designed to”, “believe”, “could”, “estimate”, “expect”, “foresee”, “may”, “plan”, “poised”, “potential”, “project”, “proposed”, “should”, “will”, “would” and similar expressions are intended to identify forward-looking statements. In this presentation, forward-looking statements relate, among other things, to: prospects, projections and success of the Huasco Water project, including projected client 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 design; financial modelling; expected demand; and potential opportunities, expected cost efficiencies, projected development timelines, engineering outcomes and growth potential analysis.

Forward-looking statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results, performance, or achievements of the Company and Huasco Water (collectively, the “Companies”) 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 presentation, including, but not limited to, the following material factors: industry-wide and project specific risks; operational risks; sovereign risks associated with the Companies’ operations in Chile; recruiting qualified personnel and retaining key personnel; future financial needs and availability of adequate financing; market volatility; financial failure or default of joint venture partners, contractors or service providers; competition risks; economic and market conditions; risks to employee health and safety or disruption to operations in the event of an outbreak of disease; estimates and assumptions used in budgeting, design of the Huasco Water project (including engineering, pipeline and other infrastructure designs) and economic analyses proving to be incorrect and other risks and uncertainties described elsewhere in this presentation and in the Company's public filings with the ASX and the Company's Canadian public disclosure record.

Although the forward-looking statements contained in this presentation are based upon assumptions which the Company believes to be reasonable, there can be no assurance that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this presentation, the Company has applied certain material assumptions including: the continuity of future commodity prices and demand; the availability of skilled labour; the timing and amount of capital expenditures; that future currency exchange and interest rates will be consistent 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 available and can be obtained on reasonable terms; that the assumptions underlying estimates related to the design of the Huasco Water project and financial analyses will prove to be as anticipated and that current exploration, development, environmental and other objectives concerning the Costa Fuego Project and the Huasco Water project can be achieved and that the Companies' other corporate activities will proceed as expected; and as set out under the headings “Client Base”, “Basis for Financial Forecasts”, “Basis of Assumptions” in this presentation.

Although the Company has attempted to identify important factors that could cause actual results to vary materially from those projected in such forward-looking statements, there can be no assurance that forward- looking statements will prove to be accurate. Accordingly, readers should not place undue reliance on forward- looking statements. The forward-looking statements in this presentation is based on plans, expectations, and estimates of management as at the date hereof and the Company undertakes no obligation to update such forward-looking statements, other than as required by applicable law.

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Huasco Water Project

Poised to play a pivotal role in meeting global demand for copper

HW Aguas para El Huasco SpA (“Huasco Water”), a joint venture between Hot Chili Limited “HCH” (80% interest) and Compañía Minera Del Pacifico “CMP” (20% interest)



Only active maritime license with **permitted access** to supply seawater in the Huasco Valley region



Over a year advanced on regulatory applications to enable the **supply of desalinated water** from the existing maritime concession



A **staged approach** to building a water supply network, **aligned with client requirements**



Unlocking potential limitations on **globally significant mining projects** in the Huasco Valley



Potential **industrial, agricultural**, and other non-mining clients



Long-term, secure supply for Huasco Valley Communities

Huasco Water PFS Highlights

Strong economics for a potentially large, multi-user water business

Stage 1	<ul style="list-style-type: none">Permitted Seawater SupplyMulti-decade Project LifeMOU Executed, Near-term	Potential Seawater Supply 500 L/s	Post-Tax NPV _{8%} US\$122 M Post-Tax IRR 19%	Construction Capital US\$151 M Payback Period 4.5 Years
Stage 2	<ul style="list-style-type: none">Potential Desalinated Water SupplyLarge Catchment of Potential Off-takers	Potential Desalinated Water Supply 1,300 L/s	Post-Tax NPV _{8%} US\$977 M Post-Tax IRR 19%	Construction Capital US\$1.4 B Payback Period 4 Years
Stage 3	<ul style="list-style-type: none">Potential Desalinated Water SupplyExpansion of Stage 2Over 4,000 L/s of demand identified	Potential Desalinated Water Supply 2,300 L/s		



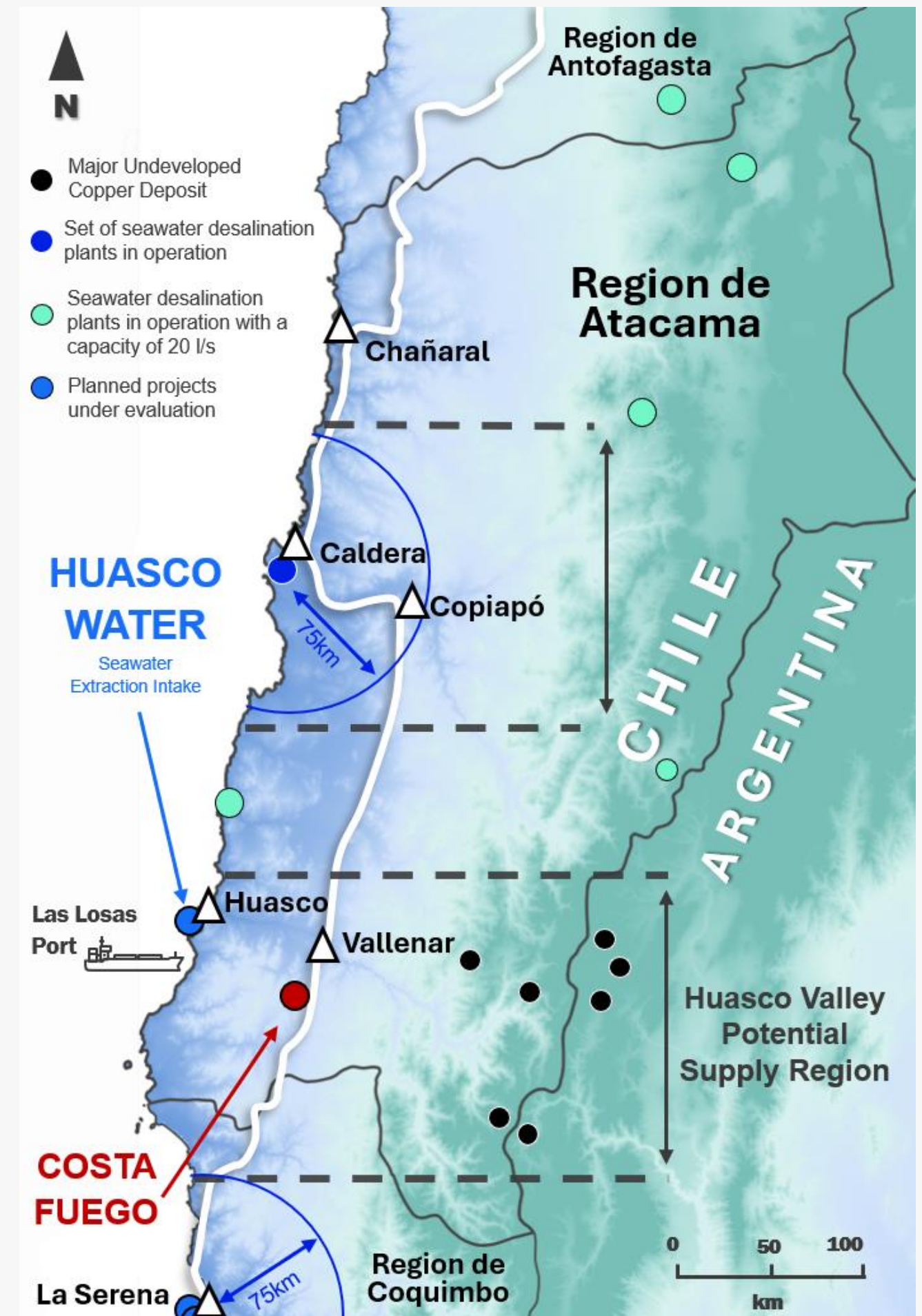
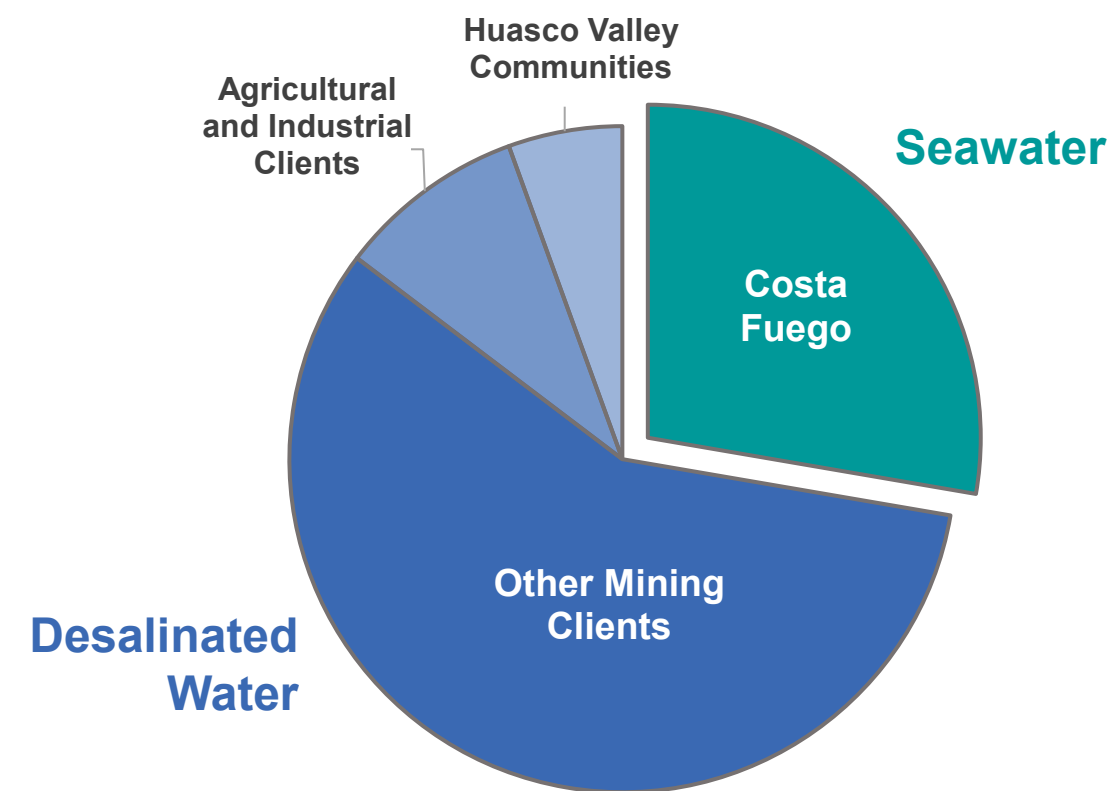
Project Area of Influence

Huasco Water is optimally located to supply the wider Huasco Valley

- **150 km area of strategic influence**, in an area dense with **undeveloped mining projects**
- Located on a **regionally significant valley**, host to several communities, opportunity for **further agricultural development**
- **Larger population centres** (e.g., Vallenar pop. 52,000) foresee further potential development **constrained by water supply**

Potential Clients identified, satisfying all the following conditions:

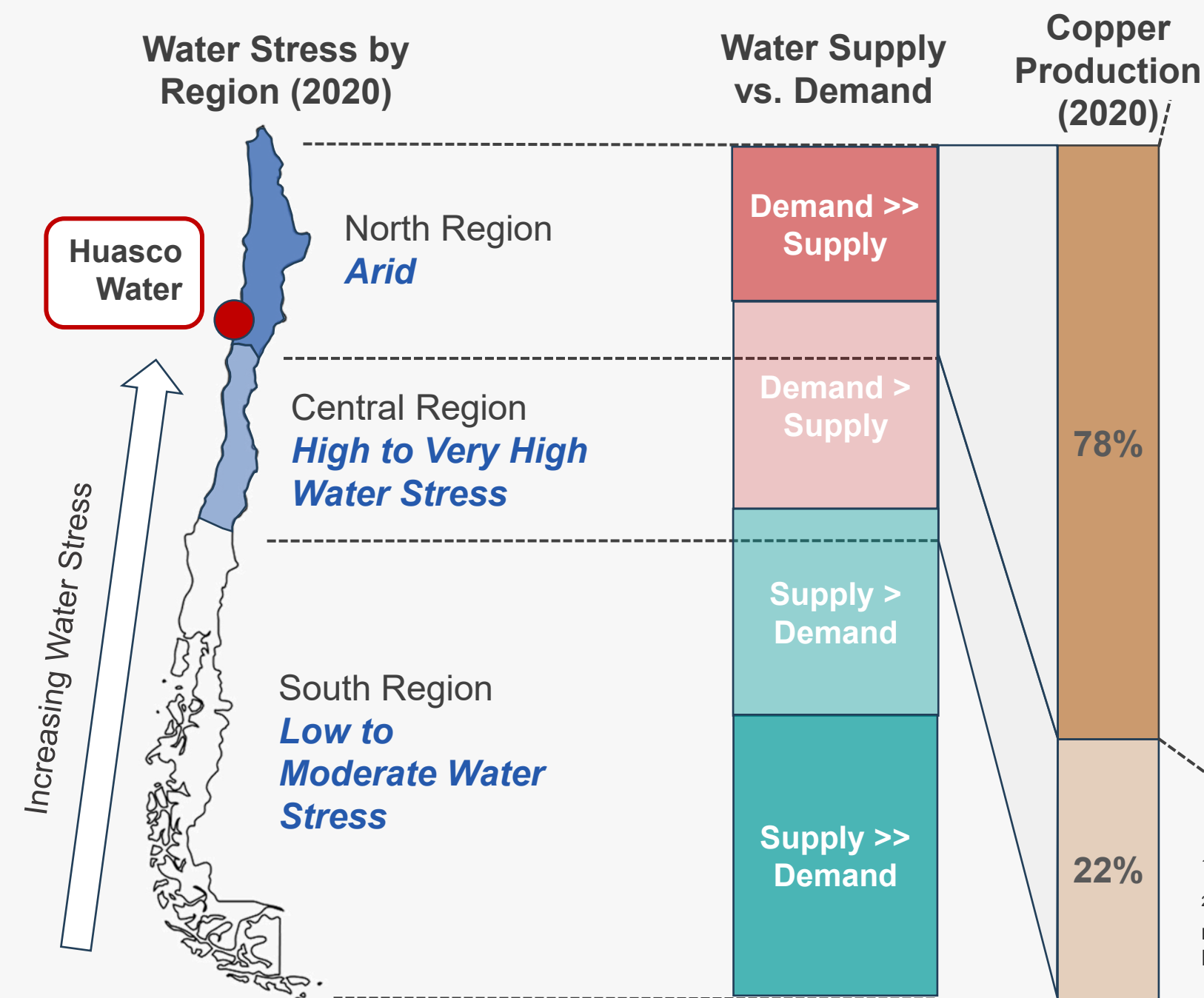
- **Location** in proposed Huasco Water service area
- An **absence of published solutions** for water supply
- **Engagement** with Huasco Water on potential water supply solutions



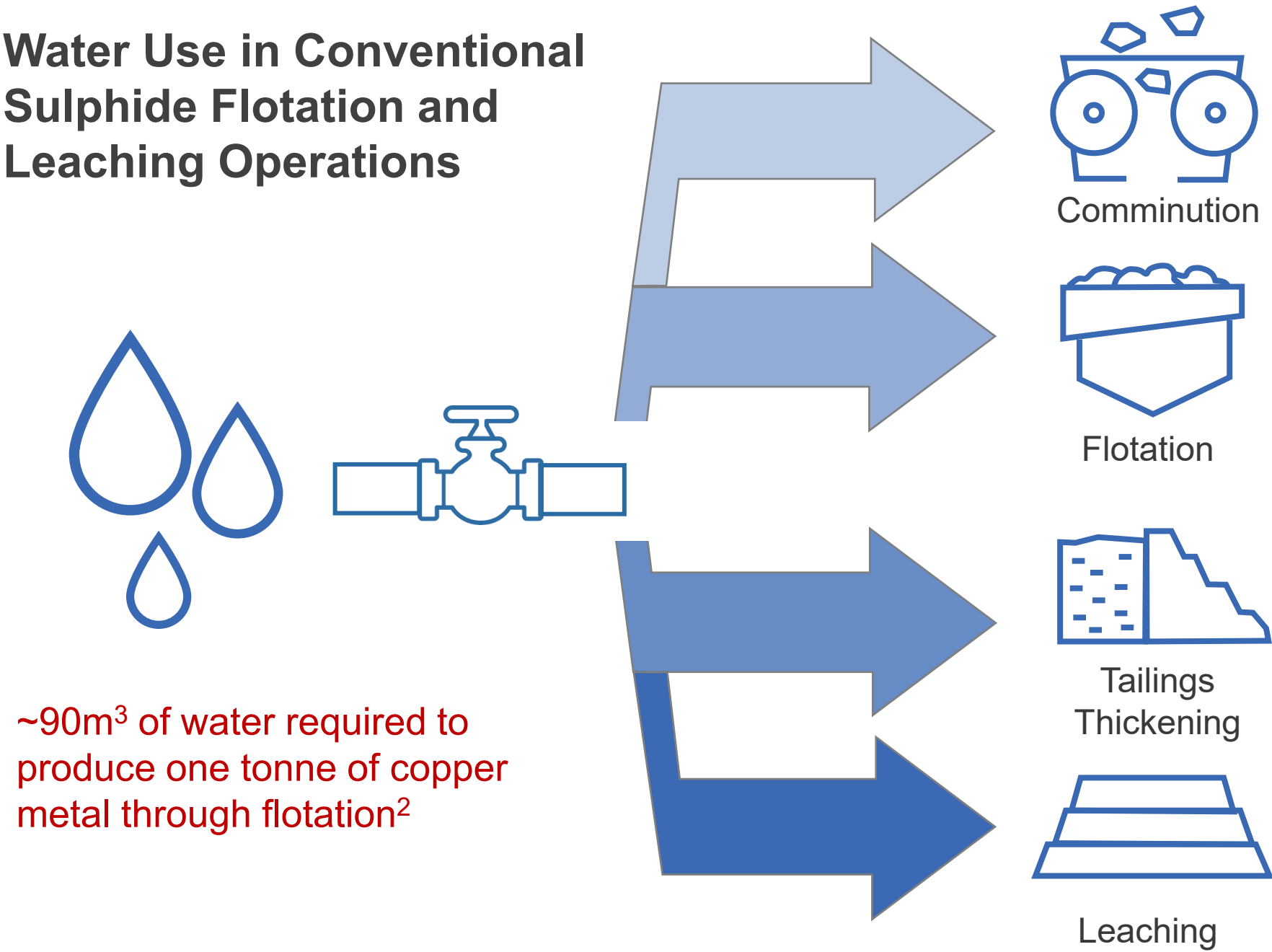
Regional Water Demand

Chile's copper-rich regions are also its driest

As the **largest global copper producer**¹, Chile supplied nearly **one-third of the copper produced in 2020** (28.5 per cent), with a value of more than **US\$33 billion**.



Water Use in Conventional Sulphide Flotation and Leaching Operations



Water is a **critical component** of copper processing, with regions rich in copper also suffering from the highest water stress. Huasco Water presents a **potential solution to water stress in the Huasco Valley Region**.

¹ <https://pubs.usgs.gov/myb/vol1/2020/myb1-2020-copper.pdf>

² Average of 31 active Chilean mining operations in 2018, from 'Lutter, S. and Giljum, S., 2019. Copper production in Chile requires 500 million cubic metres of water. An assessment of the water use by Chile's copper mining industry. FINEPRINT Brief No. 9. Vienna University of Economics and Business (WU). Austria.'

Huasco Water Project - Basis of Study¹

Proposed three-stage approach aligned with Costa Fuego development plan



Stage 1¹:

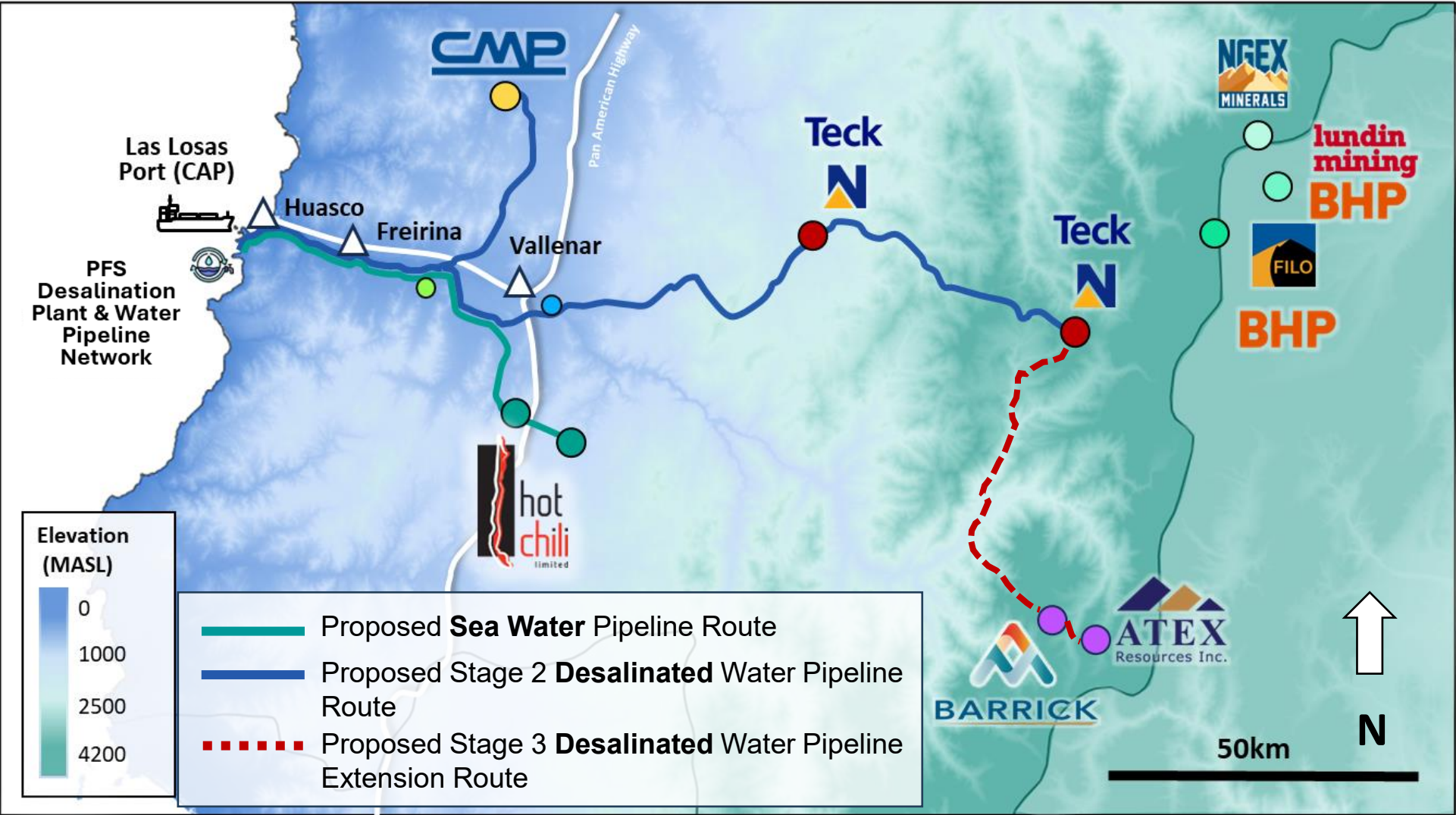
Establishment of sea water intake, principal pipeline route and infrastructure connection to supply up to 500 L/s seawater to Costa Fuego.

Potential Stage 2¹:

Baseline modular reverse osmosis desalination plant, desalination pipeline and supply to Los Colorados, Nueva Union projects and nearby communities

Potential Stage 3¹:

Desalination upgrade and extension to higher Andean projects for 2050 and beyond



Costa Fuego Hot Chili Ltd.	Valeriano ATEX	Encierro AMSA -Barrick JV	Nueva Union (Relincho , La Fortuna) Teck-Newmont JV	Los Colorados CMP/ CAP	Lunahuasi NGEX	Filo del Sol Lundin – BHP JV	Josemaría Lundin-BHP JV	
								Non-mining
								Industrial
								Huasco Valley Communities

¹ Conceptual water demands and timeframes are for the purposes of the Huasco Water PFS-level Engineering Study only. They do not represent a forecast of actual water supply or demand, nor do they imply that potential clients will go into production and would enter into water offtake agreements with Huasco Water.

² Stage 3 study work will only be completed at a Scoping Study level, reflecting an appropriate level of investment to inform decisions which remain on a 20+ year time-frame

Calculation of Tariffs for Economic Analysis



Capital and operating costs form basis of the tariff estimation

Under the Huasco Water model, a potential client would pay:

- **Fixed water tariff** – servicing capital cost repayment (paid per year)
- **Variable water tariff** – servicing operating costs for water supply (paid per m³ of water delivered)

- **Each potential client is costed individually**, with costs for shared sections applied based on the proportion of the shared supply
- Project margin calculated for a **targeted internal rate of return (IRR)**, ranges of 12 – 19% defined from consultation with independent industry experts
- 19% IRR represents **some of the highest returns** in the global water industry
- Annual price of water (accounting for both fixed and variable tariffs) is an **average for all potential clients** in each project stage.

Stage	Key Performance Indicator	Unit	IRR		
			12%	15.5%	19% (Base Case)
Stage 1 (Seawater)	Fixed Water Tariff	US\$/year	23	28	33
	Variable Water Tariff	US\$/m ³	0.48	0.58	0.69
	Average Annual Price of Water	US\$/m ³	2.31	2.80	3.32
	Costa Fuego PFS Total Cash Costs	US\$/lb Cu	1.31	1.35	1.38
	Impact on Costa Fuego PFS Total Cash Cost	US\$/lb Cu	-0.07	-0.04	0
	Levelized Cost of Water to Huasco Water	US \$/m ³	1.66	1.66	1.66
Stage 1 & 2 (Seawater & Desalinated Water)	Fixed Water Tariff	US\$/year	243	283	327
	Variable Water Tariff	US\$/m ³	1.47	1.71	1.98
	Average Annual Price of Water	US\$/m ³	6.39	7.44	8.59
	Levelized Cost of Water to Huasco Water	US \$/m ³	4.85	4.85	4.85
Stage 3 ¹ (Desalinated Water Expansion)	Fixed Water Tariff	US\$/year	312	359	410
	Variable Water Tariff	US\$/m ³	1.78	2.04	2.33
	Average Annual Price of Water	US\$/m ³	6.93	7.97	9.11

Research by McKinsey in Q2 of 2020² indicates for benchmarked projects a reasonable water cost range of:

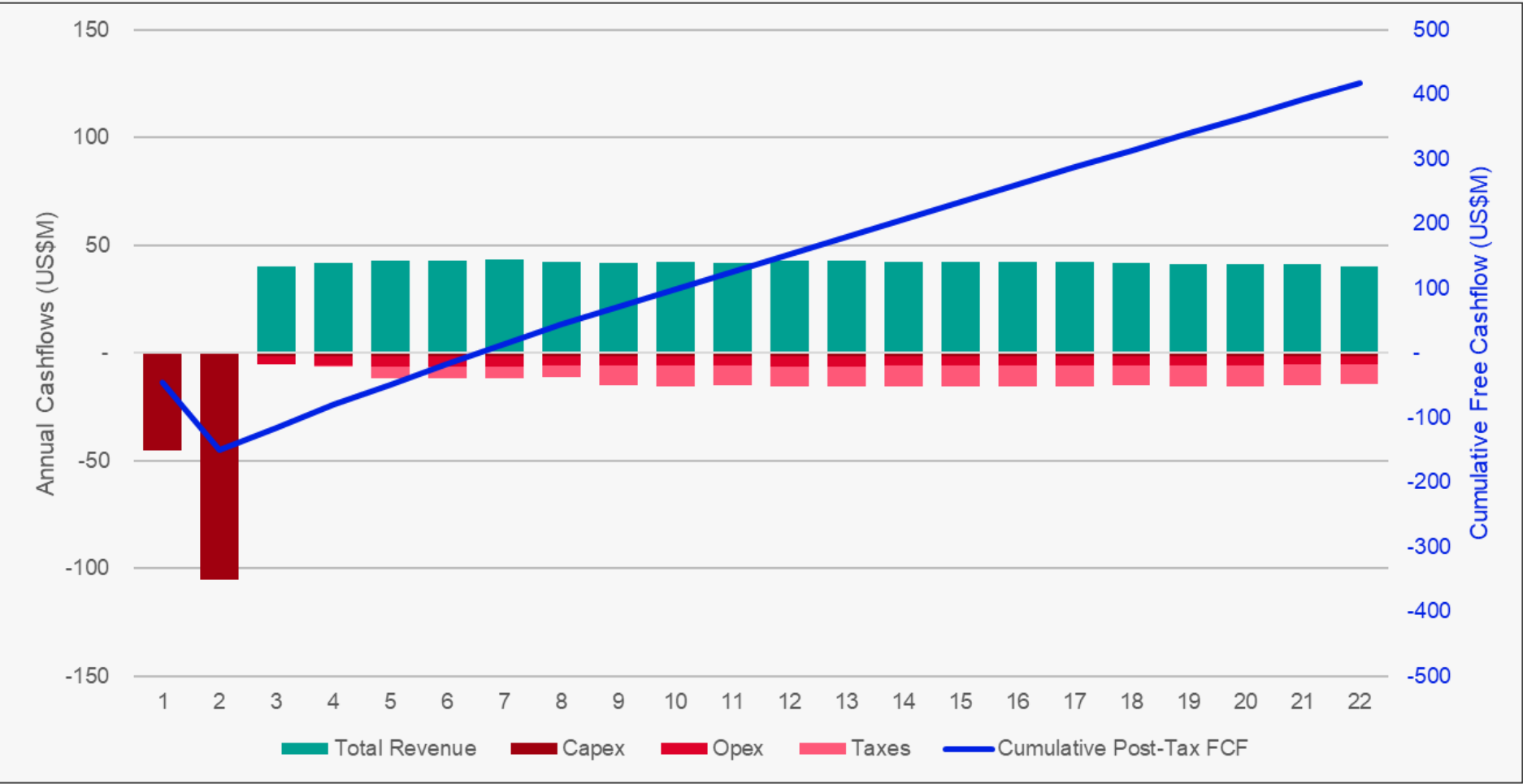
Seawater Supply: US\$3 to US\$4 per m³

Desalinated Water Supply: US\$5 to US\$8 per m³

These costs compare favourably to the costs estimated from by this study, accounting for cost inflation since 2020 and the additional complexities of project altitude and distance from extraction point.

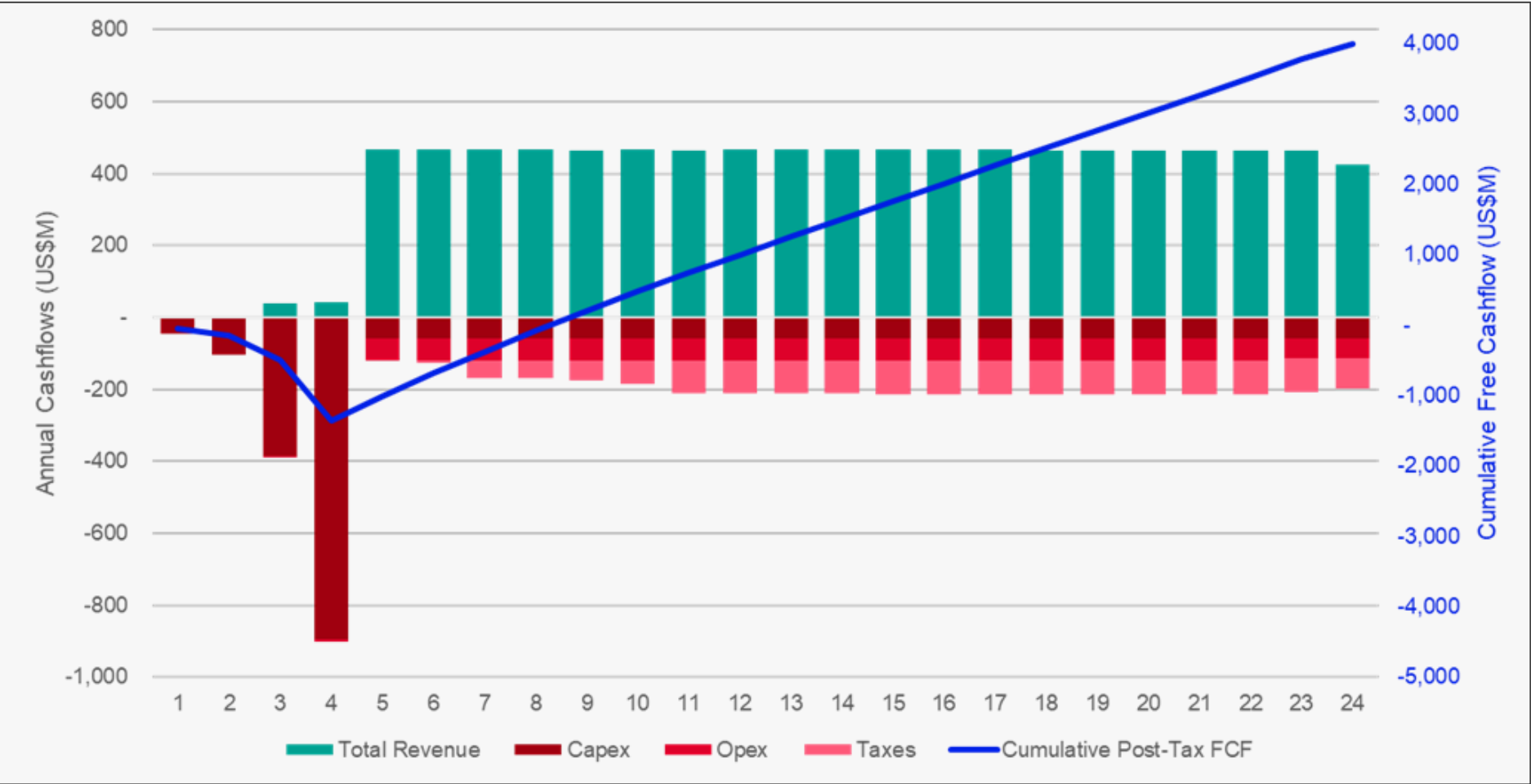
Stage 1 (Costa Fuego 20-Year project)		Units	Value
Tariff			
Variable Tariff		US\$/m³	0.69
Fixed Annual Tariff		US\$/year	33
Project Life		years	20
Total Volume of Seawater Delivered		Mm³	255
Total Volume of Desalinated Water Delivered		Mm³	0
Financial Measures			
Pre-tax	NPV _{8%}	US\$M	179
	IRR	%	22
Post-tax	NPV _{8%}	US\$M	122
	IRR	%	19
Startup Capital		US\$M	151
Sustaining Capital		US\$M	26
Total Revenue		US\$M	880
Total Operating Costs		US\$M	91
Corporate Tax		US\$M	165
Post-Tax Free Cash Flow		US\$M	447
Payback period (from commissioning)		years	4.5
Profitability Index (Post-tax NPV / Startup Capex)		Ratio	0.81

Stage 1 Forecast Cashflows (at Base Case 19% IRR)



Stage 2		Units	Value
Tariff			
Variable Tariff		US\$/m³	1.98
Fixed Annual Tariff		US\$/year	327
Project Life		years	22
Total Volume of Seawater Delivered		Mm³	255
Total Volume of Desalinated Water Delivered		Mm³	822
Financial Measures			
Pre-tax	NPV _{8%}	US\$M	1,430
	IRR	%	22
Post-tax	NPV _{8%}	US\$M	977
	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 Stage 2 commissioning)		years	4.0
Profitability Index (Post-tax NPV / Startup Capex)		Ratio	0.68

Stage 2 Forecast Cashflows (at Base Case 19% IRR)



¹ Note that these financial outcomes correspond to Stages 1 and 2 combined.

Environment and Social Focus

Huasco Water is committed to providing low-environmental-impact benefits to community, agriculture, and mining

At the Seawater Intake:

- Marine environment **chemical and biological baseline studies**, landscape analysis and intake bathymetry completed.
- Screens and filters at intake **reduce impact to marine fauna**, dilution study provides assurance that the **brine plume will not reach the 'Zona de Protección Litoral'** at unacceptable concentrations



Along the Pipeline:

Alternatives studied to limit environmental impact:

- Buried pipeline to **limit visual impact of Project**
- Stage 2/3 alternate route **avoiding the sensitive upper Huasco Valley**
- **Leak detection technology** minimising risk of seawater leak to environment



At the End User:

- **Environment:** Preservation of **scarce groundwater resources**, ability to power using a **renewable energy** mix, **single desalination plant** servicing multiple clients reduces environmental impact
- **Social:** Enduring **desalinated water supply**, potential **expansion of regionally significant and water-sensitive** multipurpose projects, **job creation** during construction stage and beyond

Project Derisking

The Huasco Water PFS and ongoing studies integrate multiple workstreams to reduce project risk

Water Extraction Permitting

- **Application to enable supply of desalinated water** from existing maritime concession submitted, aided by Huasco Water's designation as a **Project of National Importance**
- **Second maritime application submitted** for supply of desalinated water south of existing concession decreases permitting risk

Client Demand

- Only company with **permitted access to supply industrial scale seawater** to the Huasco Valley region
- **All parties identified for Stages 2 and 3 require desalinated water supply** to develop their projects and are engaged in ongoing discussions with Huasco Water concerning potential water supply solutions.

Engineering Analysis

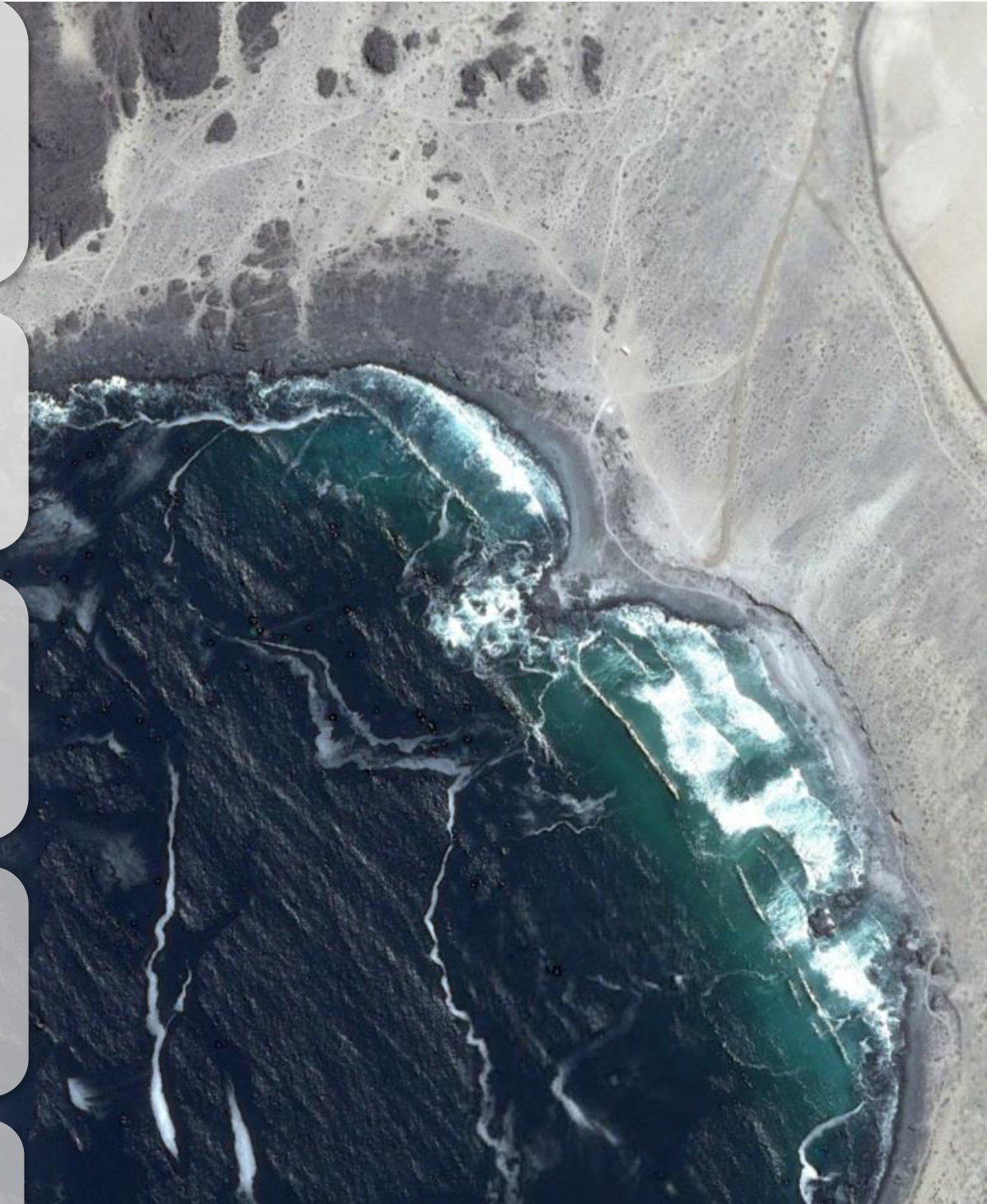
- **Two Engineering consultancies** produced Stage 1 cost estimates, with **similar capital and operating costs** detailed by both groups
- An **alternative route** studied for Stages 2 & 3 to allow for **optionality during environmental permitting**

Land Access to Pipeline and Electrical Corridors

- **Majority of the surface rights** required for developing Stage 1 key infrastructure secured, as well as of the easements required for **water and power transmission**
- Huasco Water parent company, HCH has a **strong history of negotiating agreements** in the region

Community and Stakeholder Engagement

- Public consultations, community workshops, and ongoing dialogue with local stakeholders
- Benefits, such as job creation and infrastructure improvements, will be shared with local communities



Investment Highlights

Base Case at 19% IRR achieves a strong Stage 1 outcome for both Huasco Water and Costa Fuego Projects

Strong Economics

- Stage 1 - Costa Fuego project seawater supply Base-case post-tax Net Present Value (NPV8%) of US\$122 Million and Internal Rate of Return (IRR) of 19%

Long Lead-time Permits Secured

- Maritime seawater extraction concession and permit for coastal land access approved
- Stage 1 pipeline easements and connection to the electrical grid secured

Stage 1 Off-taker Secured, Engineering and Permitting Rapidly Progressing

- MOU signed for water supply to Hot Chili's Costa Fuego Copper-Gold Project
- Construction aligned with Costa Fuego to enable shared resources and workforce synergies

Stage 2 and 3 Potential

- Large catchment of potential off-takers, over 4,000 L/s of desalinated water demand identified, including six undeveloped mining projects without secured access to desalinated water supply

Advanced Environmental and Community Engagement

- Preliminary environmental studies and archaeological surveys being completed at the maritime concession
- Project's development benefits, such as job creation and infrastructure improvements, are shared with local communities



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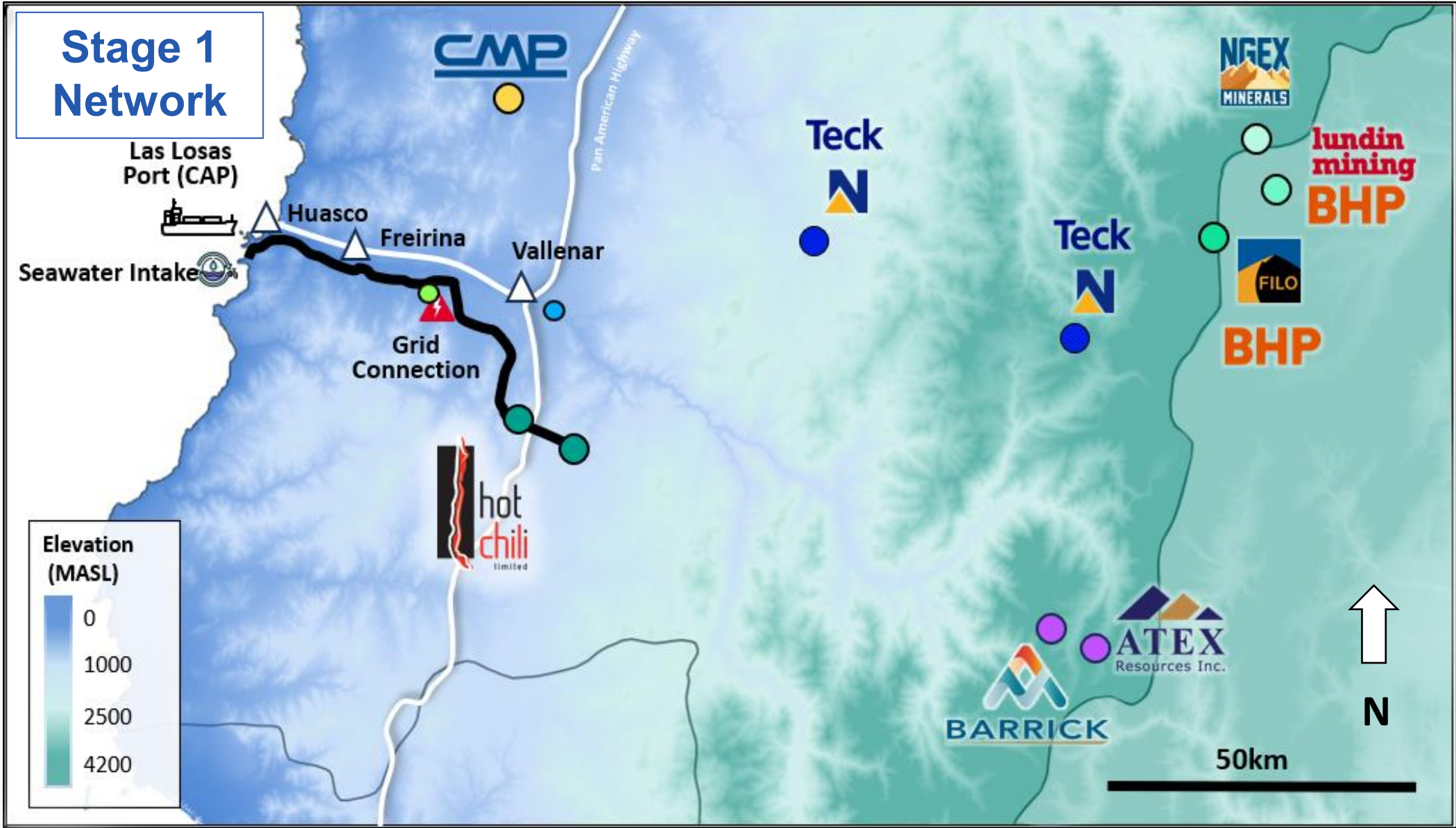
Huasco Water Preliminary Feasibility Study

www.hotchili.net.au

31st March 2025

Stage 1 - Study Network

Supply of Seawater to the Costa Fuego Copper-Gold Project¹



 Expected Supply Volume	500 L/s (Raw Seawater)
 Potential Client(s)	Costa Fuego Cu-Au (HCH)
 Infrastructure Requirement	Marine Infrastructure (jetty and pumping station) & Seawater Conveyance System (pipeline and terminal station)
 Community Benefit	Opportunity for seawater supply for Huasco Valley Community local desalination plants
 Construction Completed	Aligned with completion of Costa Fuego Project Construction (Year 1)

¹ At this time, no water off-take agreement has been executed with HCH, although an MOU is in place for the supply of seawater to the Costa Fuego Project

Stage 1 – Economics

Base Case at 19% IRR achieves best outcome for both Huasco Water and Costa Fuego Projects

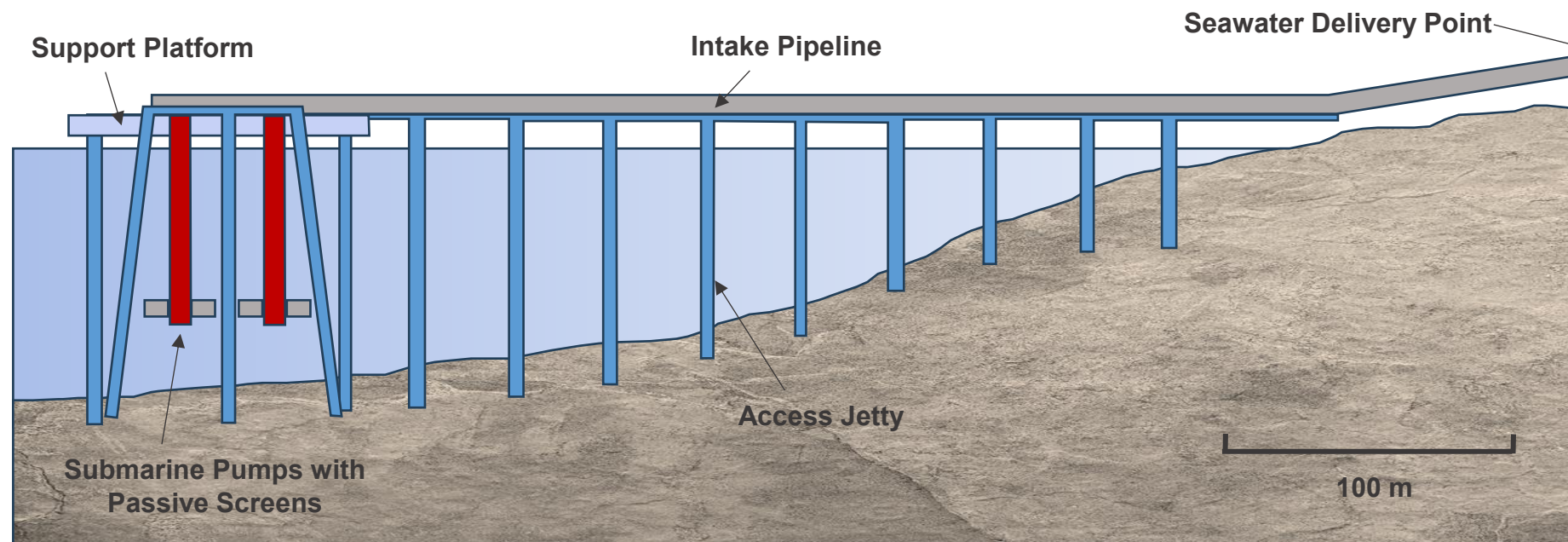


Project Metric	Units	Internal Rate of Return (IRR)		
		12%	15.5%	19% (Base Case)
Fixed Water Tariff	US\$M/year	23	28	33
Variable Water Tariff	US\$/m³	0.48	0.58	0.69
Average Annual Price of Water	US\$/m³	2.31	2.80	3.32
Nominal Seawater Demand	L/s	500	500	500
Construction Capital	US\$M	151	151	151
Sustaining Capital	US\$M	26	26	26
Post-Tax NPV _{8%}	US\$M	41	80	122

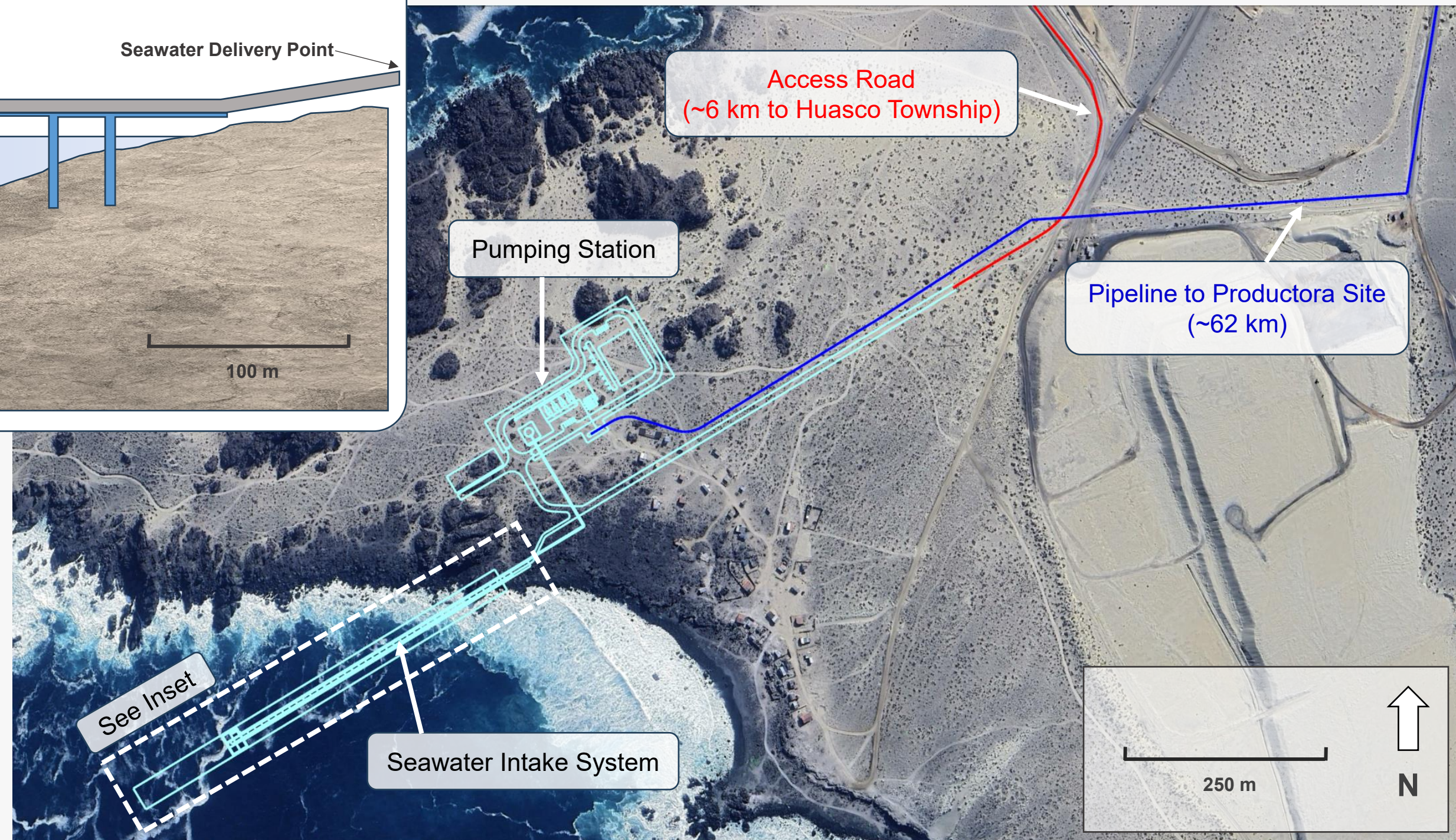
Stage 1 – Coastal Works

Seawater Transfer System from Coast to Costa Fuego Project

Seawater Intake System



- Strategic location with current maritime concession, coastal land access and favourable operating conditions
- High-resolution bathymetry survey completed to understand rocky seafloor
- Passive screening at intake provides low maintenance, uninterrupted water withdrawal with minimal disruption to marine fauna



Stage 1 – Seawater Conveyance

Seawater Transfer System from Coast to Costa Fuego Project

- Huasco Water PFS considers a 28" above-ground pipeline with two pumping stations
- Majority of surface rights for developing key infrastructure, and easements for water and power transmission already secured
- Alternate scenario studied which considers a buried pipeline installation along the entire system length
- Options for power include supply direct from the Maitencillo Substation, or from the Productora Project.



Stage 1 – Capital and Operating Costs

Seawater Transfer System from Coast to Costa Fuego Project



Stage 1 - Seawater Capital Costs	
Description	Cost (US\$M)
Intake	19.3
Pipeline	64.1
Pumping Stations	16.6
Powerline	14.9
Indirects (EPCM, Owner’s Costs)	18.4
Contingencies	17.2
Total	150.6

Stage 1 - Overall Operating Costs		
Cost Category	Annual Cost (US\$M/a)	Throughput Unit Rate (US\$/m³)
Fixed	-	-
Maintenance	1.2	-
Labour	0.1	-
Diesel	0.02	-
Variable	-	-
Power	-	0.23
Total	1.3	0.23

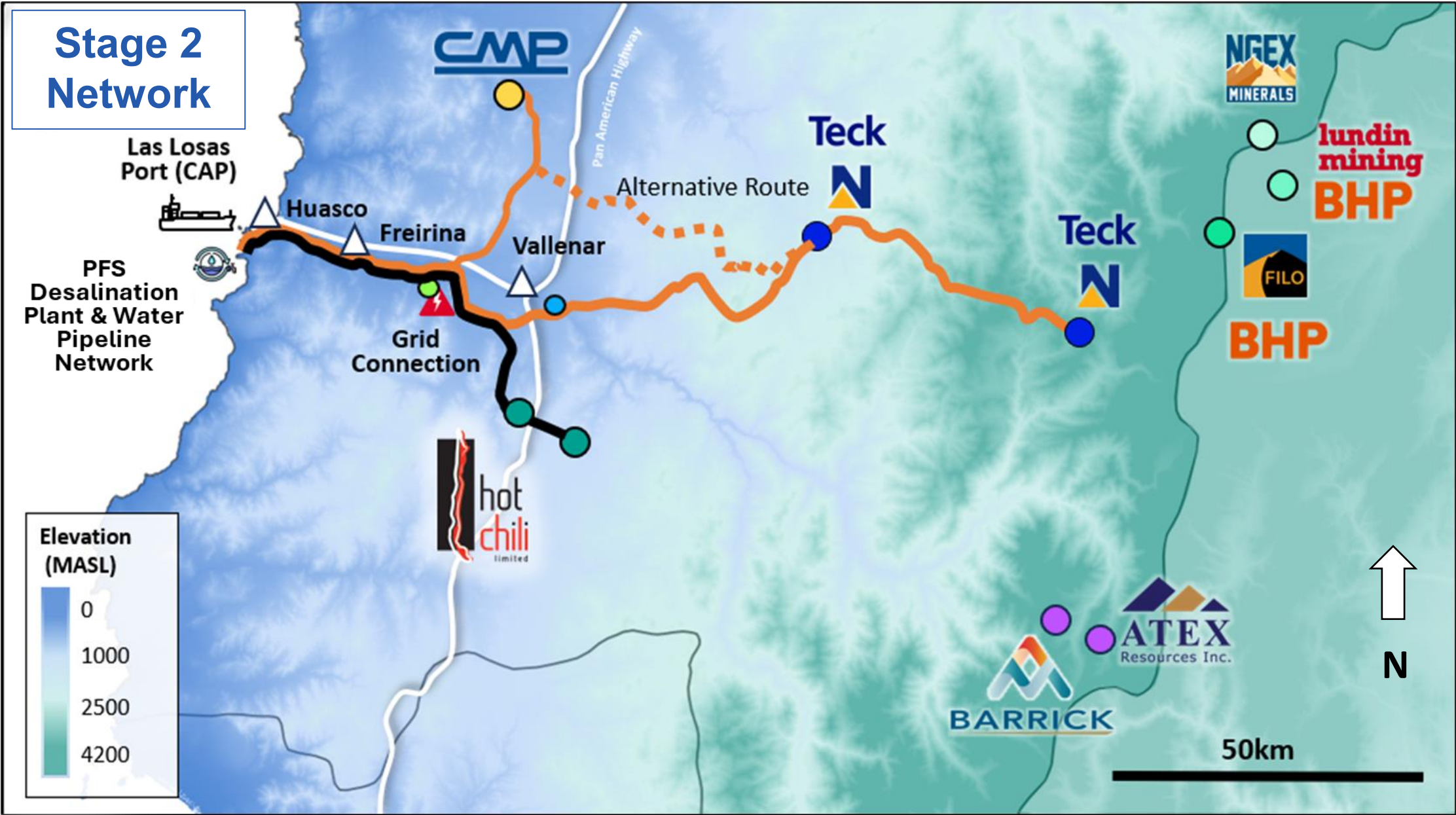
Capital and Operating Costs were estimated by independent Engineering Consultants:



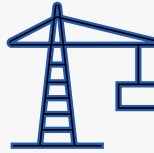
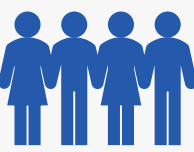

- Intake and indirect capital costs estimated by PRDW, remainder of costs estimated by Wood Australia.
- A second estimate of capital costs completed by ILF Engineering returned similar values (albeit with a different approach to the water conveyance)
- Growth allowances have been assigned to each discipline item at as part of the direct cost based on the perceived magnitude of cost estimate risk
- Estimated costs comply with requirements of Class 4 of cost estimation, defined in Recommended Practice 97R-18 of AACE. The accuracy expected is -20% to +25% at an 80% confidence level.

Exchange Rates used for Stage 1 Capital and Operating Cost Estimates	
Currency	Converted to Other Currencies
1.00 United States Dollar (USD)	1.45 Australian Dollar (AUD)
1.00 USD	0.78 Great Britain Pound (GBP)
1.00 USD	1.23 Euro (EUR)
1.00 USD	830 Chilean Peso (CLP)
1.00 USD	0.029 Unidad de Fomento (UF)
1.00 USD	0.012 Unidad Tributaria Mensual (UTM)

Stage 2 – Study Network

Establishing a Desalinated Water Supply for the Huasco Valley¹



 Expected Supply Volume	500 L/s - Raw Seawater 1,300 L/s – Desalinated Water
 Potential Client(s)	Costa Fuego Cu-Au (HCH) Los Colorados Iron Ore (CMP) Nueva Union Cu (Teck/Newmont) Huasco Valley Communities Other non-mining entities
 Infrastructure Requirement	Upgrade to Marine Infrastructure (jetty and pumping station), Desalination Plant & Desalinated Water Conveyance System (pipeline, pumping and transfer stations)
 Community Benefit	Supply of desalinated water for agriculture and Huasco Valley Communities
 Construction Completion	Construction commencing in Project Year 3

¹ At this time, no water off-take agreement has been executed with any Stage 2 potential client, although MOUs are in place for 500 L/s of seawater supply and 165 L/s of desalinated water supply

Stage 2 - Economics

Robust economics for a combined seawater and desalinated water supply project



Project Metric	Units	Internal Rate of Return (IRR)		
		12%	15.5%	19% (Base Case)
Fixed Water Tariff	US\$M/year	243	283	327
Variable Water Tariff	US\$/m³	1.47	1.71	1.98
Average Annual Price of Water ¹	US\$/m³	6.39	7.44	8.59
Nominal Desalinated Seawater Demand	L/s	1,300	1,300	1,300
Construction Capital	US\$M	1,430	1,430	1,430
Sustaining Capital	US\$M	1,170	1,170	1,170
Post-Tax NPV _{8%}	US\$M	328	640	977

¹ Average Annual Price of Water for Clients supplied in the Stage 2. Price is calculated subject to each Client’s location and requirements.

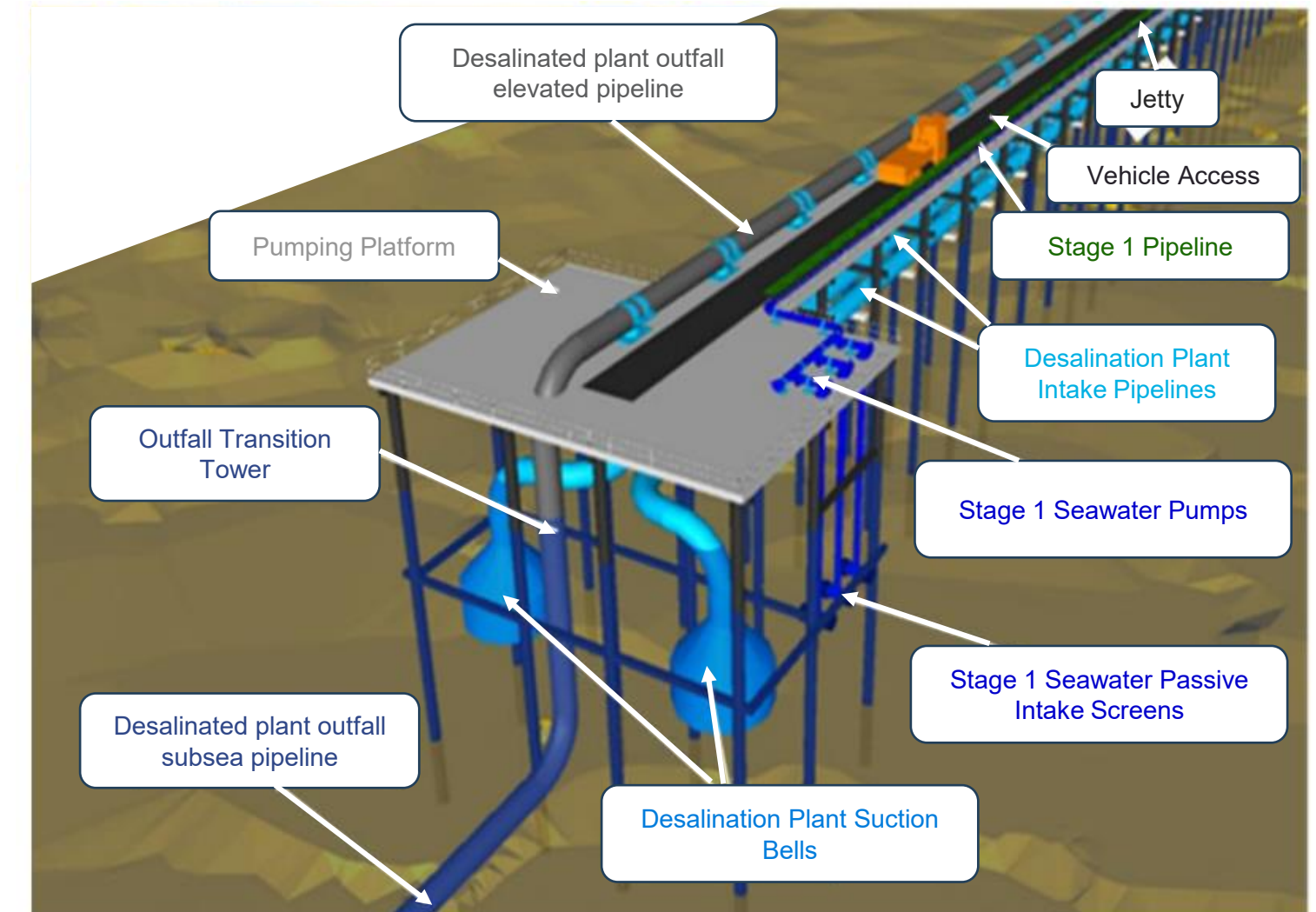
Stage 2 – Intake, Desalination and Water Conveyance

Upgrade of system with increased seawater extraction, desalination plant, and expanded conveyance route

- Upgrade of the marine works (utilising the same structure) to include seawater intake for desalination, and an outfall pipeline for brine produced
- Suction bells supply seawater via elevated pipeline to an intake bilge before pumping to the modular reverse osmosis desalination plant
- Selected route utilises a total of nine pumping stations, water conveyance via carbon-steel pipelines
- Alternative route bypassing a large section of the upper Huasco Valley also studied



Stage 2 – Upgraded Seawater Intake System¹



¹ Note that the infrastructure for Stage 2 requires the following changes in the granted maritime concession:

- Inclusion of brine discharge from the desalination plant
- Extension of jetty to include additional offshore (i.e., brine discharge point) and onshore (i.e., intake bilge) infrastructure

Stage 2 – Capital and Operating Costs

Upgrade of system with increased seawater extraction, desalination plant, and expanded conveyance route



Stage 2 - Capital Cost Summary					
Code	Commodity	Imported Supply	National Supply	Construction and Assembly	Total Cost
		US\$M	US\$M	US\$M	US\$M
Direct Cost of project		220.1	28.4	448.7	923.1
	Construction, assembly and supply	220.1	28.4	448.7	697.2
1000	Marine works	3.0	14.2	18.0	35.2
2000	Seawater conveyance system	7.3	0.1	1.1	8.6
3000	Desalination plant	48.5	1.3	26.8	76.7
4000	Desalinated water conveyance system	88.6	12.7	360.5	461.8
6000	Power supply system	72.6	0.0	42.4	115.0
	Construction contractor's Indirects & Overhead costs & Profit				225.8
Indirect Cost of project					189.2
Base Capital Cost					1,112.3
Contingencies					166.8
Total Capital Cost (Base + Contingencies)					1,279.1

Stage 2 - Annual Operating Costs		
Item	Unit	Total Cost
Fixed	US\$ M	19.4
Staff	US\$ M	2.3
Spare parts	US\$ M	3.6
Maintenance Subcontract	US\$ M	2.2
Infrastructure maintenance	US\$ M	0.2
Overhead and management	US\$ M	3.3
Chemical Reagents	US\$ M	7.7
Variable	US\$ M	38.2
Energy	US\$ M	38.2
Total		57.6

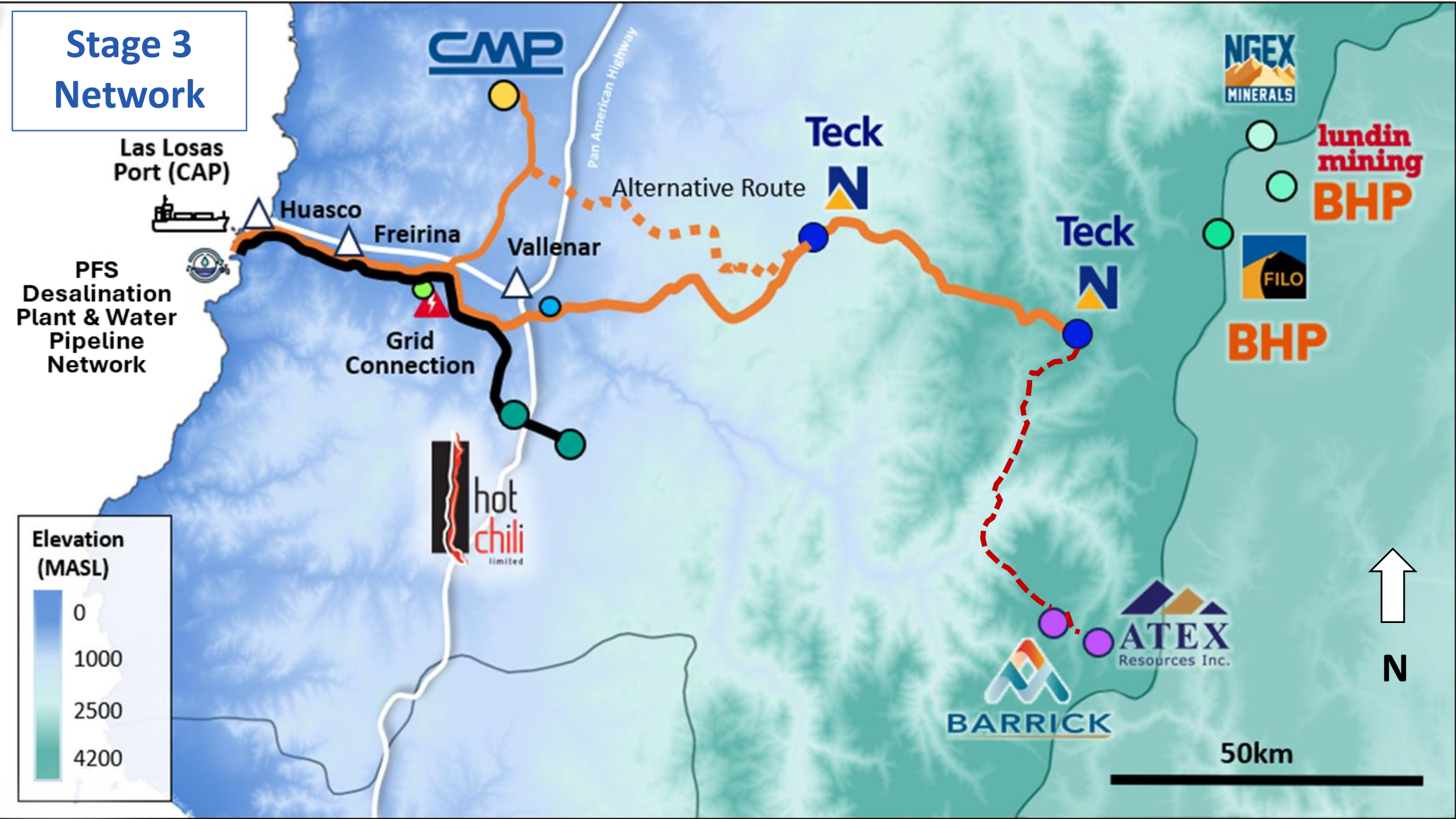
Capital and Operating Costs were estimated by independent Engineering Consultants ILF.



- Growth allowances have been assigned to each discipline item at as part of the direct cost based on the perceived magnitude of cost estimate risk
- Estimated costs comply with requirements of Class 4 of cost estimation, defined in Recommended Practice 97R-18 of AACE. The accuracy expected is -20% to +25% at an 80% confidence level.

Exchange Rates used for Stage 2 Capital and Operating Cost Estimates	
Currency	Converted to Other Currencies
1.00 USD	1.23 Euro (EUR)
1.00 USD	830 Chilean Peso (CLP)
1.00 USD	0.029 Unidad de Fomento (UF)
1.00 USD	0.012 Unidad Tributaria Mensual (UTM)

Stage 3 – Study Network

Potential Expansion of the Desalinated Water Supply Network¹



 Expected Supply Volume	2,300 L/s – Desalinated Water
 Potential Client(s)	Los Colorados Iron Ore (CMP) Nueva Union Cu (Teck/Newmont) Valeriano Cu-Au (ATEX Resources) Huasco Valley Communities Other non-mining entities
 Infrastructure Requirement	Expansion of Desalination Plant & Desalinated Water Conveyance System (pipeline and pumping stations), Maintenance of existing network
 Community Benefit	Supply of desalinated water for agriculture and Huasco Valley Communities
 Construction Completion	Construction commencing in Project Year 20

¹ At this time, no water off-take agreement has been executed with any Stage 3 potential client, although MOUs are in place for 165 L/s of desalinated water supply

Stage 3 - Economics

Extension of water network to additional Projects higher in the Andes



Project Metric	Units	Internal Rate of Return (IRR)		
		12%	15.5%	19% (Base Case)
Fixed Water Tariff	US\$M/year	312	359	410
Variable Water Tariff	US\$/m³	1.78	2.04	2.33
Average Annual Price of Water ¹	US\$/m³	6.93	7.98	9.11
Nominal Desalinated Water Demand	L/s	2,300	2,300	2,300
Construction Capital	US\$M	1,900	1,900	1,900
Sustaining Capital	US\$M	2,380	2,380	2,380

¹ Stage 3 tariffs are the average for all clients for Stages 1, 2 and 3

Stage 1 & 2 – Executed MOUs with Potential Clients

MOUs signed for 500 L/s supply in Stage 1, 665 L/s in Stage 2, and 165 L/s in Stage 3

Costa Fuego
(Hot Chili Limited)



Stage 1 Potential Supply – 500 L/s

Project Type: Copper-Gold

Project Stage: Preliminary
Feasibility Study complete (2025)

Potential Stage 1 foundation customer, with recently released PFS for the Costa Fuego Project¹.

Near term production potential with significant growth opportunity at recently discovered La Verde copper-gold porphyry.

Agrosuper SA



Stage 2 Potential Supply – 150 L/s

Stage 3 Potential Supply – 150 L/s

Project Type: Non-mining
(Food Production)

Agrosuper is an international food company specialising in the production and marketing of chicken, pork, turkey, and processed food.

Agrosuper has a facility near the town of Freirina.

Nutram SpA



Stage 2 Potential Supply – 15 L/s

Stage 3 Potential Supply – 15 L/s

Project Type: Expansion of Copper
Processing Facilities

Nutram Investments operate a copper processing facility in Vallenar, which includes crushing, grinding and flotation to produce concentrates

¹ <https://www.hotchili.net.au/wp-content/uploads/2025/03/2869221.pdf>

Stage 2 & 3 – Potential Mining Clients

Desalinated Water for globally significant mining projects the Huasco Valley

Los Colorados
(CMP)



Stage 2 Potential Supply – 200 L/s

Stage 3 Potential Supply – 200 L/s

Project Type: Iron Ore (Open Pit)

Project Stage: In Production

One of the **largest iron ore mines** in Chile.

Currently undergoing permitting for **mining and processing expansion**, aiming for increase in production up to ~10 Mt per year¹

Nueva Union
(Teck/Newmont)



Stage 2 Potential Supply – 840 L/s

Stage 3 Potential Supply – 1,440 L/s

Project Type: Copper-Gold

Project Stage: Preliminary Feasibility Study complete (2018)

Combined Mineral Reserves (Probable and Proven) of **8.9 Mt Cu and 10.3 Moz Au²**

Technical and strategic work underway, with production potential **up to 263 ktpa CuEq²**

Valeriano
(ATEX)



Stage 2 Potential Supply – 0 L/s

Stage 3 Potential Supply – 400 L/s

Project Type: Copper-Gold

Project Stage: Advanced Exploration

Inferred Resource containing of **7.1 Mt Cu and 9.6 Moz Au³**

A significant and growing Mineral Resource, with recent drilling delivering additional high-grade intersections³

Vicuña District
(BHP/Lundin)



Not considered in current study

Project Type: Copper-Gold

Project Stage: Feasibility Study (Josemaria), Mineral Resource (Filo del Sol)

Combined Mineral Resource (Measured and Indicated) containing of **12.8 Mt Cu and 32.2 Moz Au⁴**

The Vicuña district ranks **among the top copper deposits** worldwide⁴, underscoring its strategic importance

¹ <https://www.bnamerica.com/en/news/chiles-cmp-resubmits-us344mn-project-to-up-iron-ore-production>

² <https://www.teck.com/media/Supplemental-Information>

³ https://www.atexresources.com/_resources/reports/SRK_ATEX_NI_43-101_Valeriano.pdf?v=052904

⁴ <https://www.lundinmining.mediaroom.com/2025-05-04-Lundin-Mining-Announces-Initial-Mineral-Resource-at-Filo-Del-Sol-Demonstrating-One-of-the-Worlds-Largest-Copper,-Gold,-and-Silver-Resources>

Huasco Water Project Opportunities

The PFS process identified multiple strategic opportunities

Pioneering Initiative

The project benefits from an existing maritime concession, significantly reducing lead times and regulatory challenges.

Multipurpose Approach

In Stages 2 and 3, the project enables the integration of industrial, community, and agro-industrial water demands, establishing a consolidated multi-client solution.

Economies of Scale

By replacing multiple individual water intake and desalination systems, the project achieves cost efficiencies.

Sustainability Potential

The system offers the feasibility of integrating renewable energy sources for pumping operations, contributing to a reduced carbon footprint.

Community Opportunity & Regional Water Security

The project enhances water security across the region, delivering a positive impact on local communities.

¹ <https://discoveryalert.com.au/news/hot-chili-porphyry-cluster-la-verde-discovery/>

² <https://www.mining.com/barrick-antofagasta-to-spend-95m-exploring-for-copper-in-chile/>

³ <https://www.mining.com/web/bhp-and-lundins-argentina-copper-projects-target-2030-start/>

⁴ <https://www.mining.com/atex-rises-on-best-copper-gold-porphyry-assay-yet-at-valeriano/>

Significant Growth Potential in the Huasco Valley Region^{1,2,3,4}

Hot Chili Ltd Unveils Major Copper-Gold Discovery

BY WILLIAM HADRIAN ON MAY 29, 2025

Barrick, Antofagasta to spend \$95m exploring for copper in Chile

Staff Writer | January 4, 2024 | 5:45 am [Exploration](#) [News](#) [Top Companies](#) [Canada](#) [Latin America](#) [Copper](#) [Gold](#)

BHP and Lundin's Argentina copper projects target 2030 start

Reuters | May 21, 2025 | 10:34 am [Exploration](#) [Top Companies](#) [Latin America](#) [Copper](#) [Gold](#) [Silver](#)

Atex stock rises on best copper-gold porphyry assay yet at Valeriano project in Chile

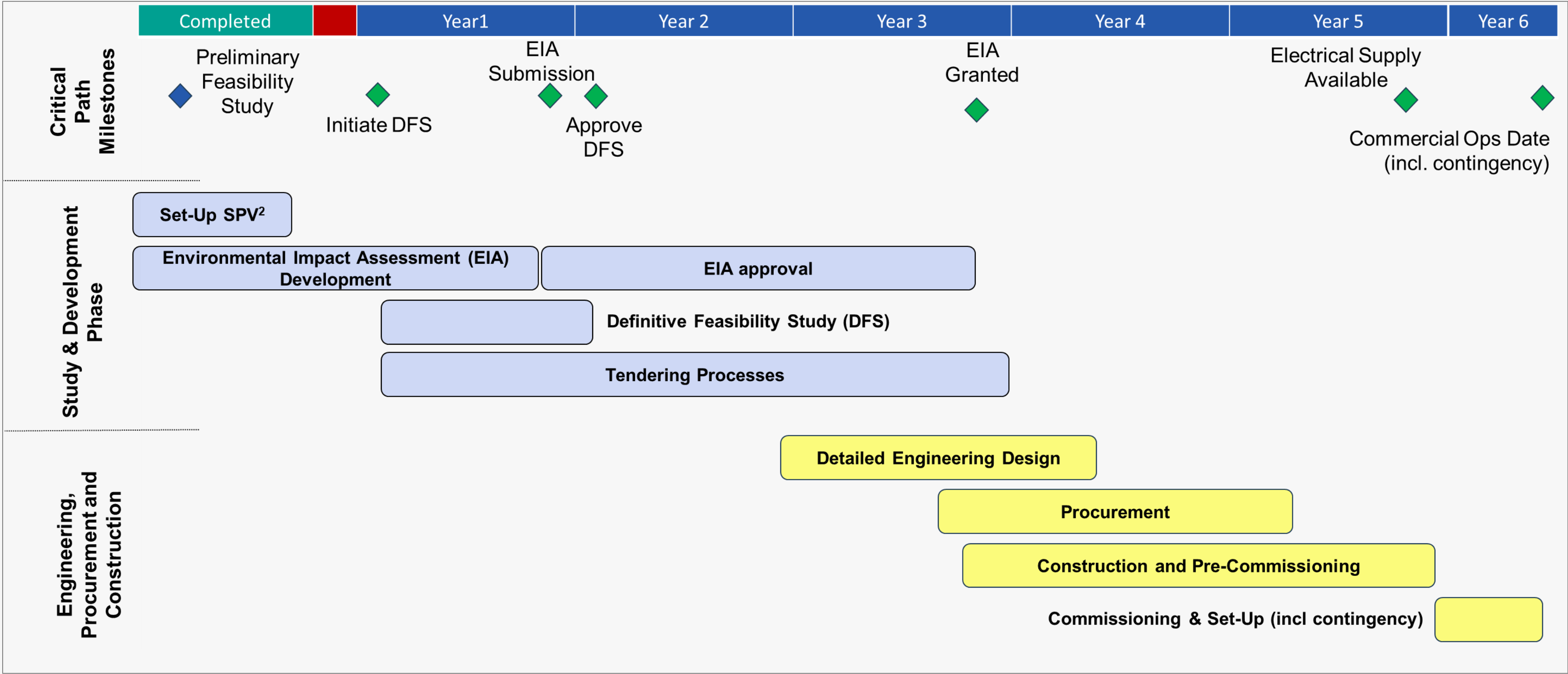
Blair McBride - The Northern Miner | March 18, 2025 | 8:59 am [Exploration](#) [Canada](#) [Latin America](#) [Copper](#) [Gold](#) [Molybdenum](#) [Silver](#)

Stage 1 - Development Roadmap



Project roadmap¹ to ensures alignment and synergies between Huasco Water and Costa Fuego

Stage 1 of the project will proceed to the next stage of engineering design and analysis, as detailed in the Stage 1 Development Roadmap



¹ Timelines are preliminary and subject to change

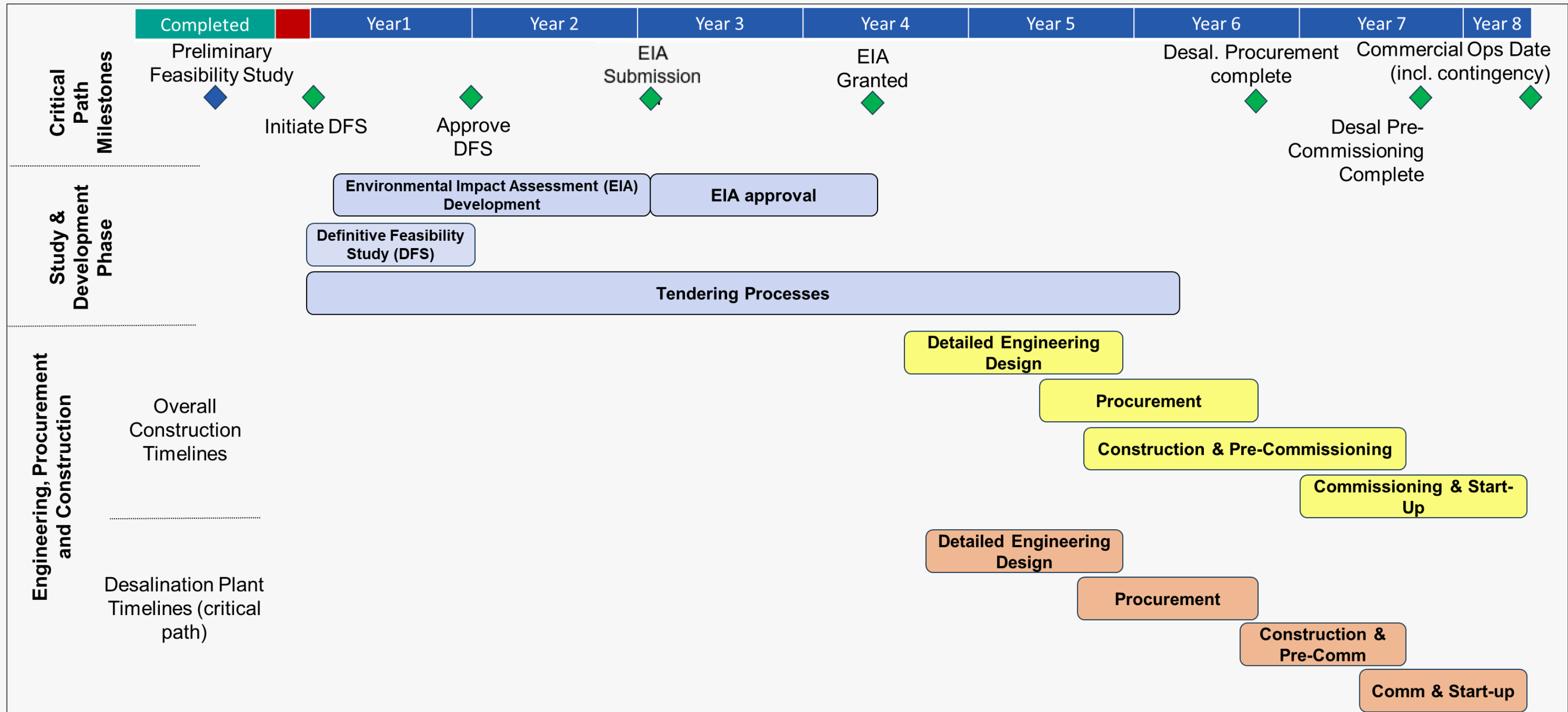
² SPV refers to Special Purpose Vehicle

Stage 2 - Development Roadmap



Current roadmap¹ is based on the timings for the southern route

Continued potential client engagement remains a priority, with the decision to initiate Definitive Feasibility Studies for Stage 2 of the Project reliant on securing agreements with organisations and community groups.



¹ Timelines are preliminary and subject to change

Study Basis - Client Base

Huasco Water is the only company with permitted access to supply industrial scale seawater to the Huasco Valley region. Huasco Water is also advanced in its permitting application to enable its existing maritime concession to be upgraded to provide desalinated water.

The current maritime concession regulatory process in Chile is long, as evidenced by Hot Chili's 10-year lead time to secure its maritime concession. This combined with the current regulatory environment, restricting the use of continental water in the Atacama region of Chile, places Huasco Water's water assets as a key enabler for industrial scale water supply to the Huasco Valley region.

Water supply networks are typically bound by areas of influence related to water transmission distance from intake. This distance has been determined by Huasco Water's independent consulting experts as an area defined by 75km north and 75km south of Huasco Water's permitted water intake location. Potential alternative far-field water supply networks from the north (Copiapo) or south (La Serena) have been assessed and determined to be economically challenged (from the perspective of capital and operating cost) to provide water supply to the Huasco Valley region.

All parties identified in the water demand table for stage 2 and 3 require desalinated water supply in order to develop their projects and are engaged in ongoing discussions with Huasco Water concerning potential water supply solutions.

All project development timeframes have been sourced from publicly available information and from direct discussion with each potential client to determine a schedule of potential water supply. MOU's to study and negotiate off-take arrangements for 165 L/s of desalinated water demand for stage 2 have been executed with private parties (Agrosuper and Nutram) in the Huasco Valley already and further MOU's are expected to be executed in cooperation with other potential off-takers.

Rising global demand for copper is translating to rising long-term consensus price for copper. The Huasco Valley region represents one of the largest groupings of major undeveloped copper projects in the world and is attracting significant capital investment.

There are currently no other alternatives to industrial scale water supply for the Huasco Valley region over the next ten years given current regulatory timeframes. Given global copper supply and demand fundamentals, it is expected that the majority of these projects will advance into production should copper incentive price be sufficient and water supply be available within the coming ten-year period.

Huasco Water's approach to developing a regional multi-user water network to reduce environmental and social impacts and drive commercial and community synergies is aligned with the Chilean government's approach to addressing water scarcity in the Atacama region.

While approximately 4,000 L/s of potential desalinated demand has been identified from undeveloped mineral resource projects in the Huasco Valley area of influence, only 1,300 L/s in Stage 2 and 2,300 L/s of demand in Stage 3 have been forecast in this study.

Huasco Water has determined that these projects, their forecast demand and timing are considered reasonable grounds for forecasts as determined by independent water industry expert reports (PFS engineering report) commissioned by Huasco Water and taking into consideration direct discussions with potential clients.

Basis for Financial Forecasts

The basis for forecasting the tariff (or price) that clients pay for water supply is as follows:

Our independent water industry expert report (PFS engineering report) outlined engineering designs for water transmission for Stage 1, Stage 2 and Stage 3 and designs were costed for construction and operation. Capital and operating costs formed the basis of the tariff estimation, with the fixed tariff established to service capital cost repayment and the variable tariff established to service operating costs to supply. Capital and operating cashflows and discount rate are combined to estimate the levelised cost of water for each stage and client.

For the Huasco Water PFS financial model, the capital and operating cashflows require a margin to make a minimum return on capital investment. The combination of cost and margin produce a tariff that is specific to each client and represents the price of water supply to the location of their demand. The tariff is estimated to a value that will produce a target IRR for Huasco Water. For a higher or lower IRR target, a higher or lower tariff is estimated that achieves target IRR and provides a sensitivity range of water price for the financial model forecast.

A reasonable range of IRR values was defined from consultation with independent water industry experts as being from 12% to 19% and these returns form the basis of the range of tariffs presented in Slide 8.

Water prices are estimated using this approach instead of a market based, long-term price forecast as there is no existing market for water supply in the Huasco Valley region.

Given potential earnings forecasts are for periods of more than two-years, financial forecasts have been supported by independent water industry expert reports and are considered by the Company as being objectively verifiable sources of information.



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