

Hot Chili Commences Next Phase of Resource Expansion Drilling Programme at Costa Fuego

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Highlights

- Next phase of Hot Chili's 30,000m resource growth focused drill programme is underway, with double-shift diamond operations commencing on 12th January 2024 at the Company's low-altitude, Costa Fuego copper-gold project in
- Seven large-scale copper targets adjacent to the Cortadera and Productora mineral resources prepared (pre-collars completed) for diamond drill testing, with ten diamond drill tails planned.
- First-pass Reverse Circulation drilling complete across three new satellite targets:

Selected significant drill results at Marsellesa include:

- 25m grading 0.4% Copper (Cu) from surface including 10m grading 0.8% Cu from 7m depth
- 16m grading 0.5% Cu from 197m depth downhole including 6m grading 1.1% Cu from 198m depth
- 19m grading 0.5% Cu from 195m depth downhole including 2m grading 2.2% Cu from 195m depth

Selected significant drill results at Cordillera include:

- 93m grading 0.3% Cu from surface including 14m grading 0.4% Cu from surface
- 53m grading 0.3% Cu from 19m depth including 10m grading 0.4% Cu from 44m depth
- 184m grading 0.2% Cu from surface including 14m grading 0.3% Cu from 42m depth.
- Resource upgrade for Costa Fuego being finalised and expected to be announced in Q1 2024
- Pre-feasibility study and water concept study workstreams advancing, updates expected this quarter

LOCATION, Jan. 23, 2024 /CNW/ - [Hot Chili Ltd.](#) (ASX: HCH) (TSXV: HCH) (OTCQX: HHLKF) ("Hot Chili" or the "Company") pleased to announce the commencement of the next phase of the Company's 30,000m resource growth focused drill programme for the Costa Fuego Copper-Gold Project ("Costa Fuego" or "the Project"), located in the coastal range of the Atacama Desert, Chile.

A total of 47 Reverse Circulation (RC) drill holes for 11,500m have been completed since the Company's resource growth focused drill programme commenced in late July 2023.

Drilling aims to test multiple resource growth opportunities, which may allow Hot Chili to consider an up-lift in the Pre-feasibility study scale for Costa Fuego.

The first phase of drilling in H2 2023 focused on resource extensional potential at Cortadera and first-pass drilling across satellite targets. In addition, several RC pre-collars were drilled in preparation for the second phase of diamond drill testing adjacent to the Company's two principal mineral resources: Cortadera; and Productora.

The second phase of drilling commenced on 12th January with one diamond drill rig operating on a 24-hour basis (double shift) programme of 10 diamond (DD) drill holes for approximately 5,000m is initially planned. The initial diamond drill programme comprises:

- Five DD holes planned to test four large-scale targets at Cortadera (refer to Figures 2 and 3). The first DD hole is testing a large co-incident conductivity and chargeability geophysical anomaly located north of Cortadera.
- A further five DD holes are planned to test three large-scale targets adjacent to Productora (refer to Figures 2 and 3).

The Company looks forward to providing further updates as DD drilling advances across these targets over the coming months.

First-Pass Exploration Drill Results Returned

Assay results have been received for first-pass drilling undertaken in late 2023 across three new satellite targets within the Costa Fuego landholding: Marsellesa, Cordillera and Corroteo.

Both Marsellesa and Cordillera are located approximately 10km southwest of Costa Fuego's planned central processing plant, Productora, and Corroteo is located approximately 5km southeast of Cortadera (refer to Figures 1 and 2).

A total of 4 RC drill holes for 1,244m were completed across the historical Marsellesa open pit copper mine footprint (refer to Figure 1).

5). Significant intersections were recorded in each of the four drill holes:

- 25m grading 0.4% Copper (Cu) from surface including 10m grading 0.8% Cu from 7m depth
- 16m grading 0.5% Cu from 197m depth downhole including 6m grading 1.1% Cu from 198m depth
- 19m grading 0.5% Cu from 195m depth downhole including 2m grading 2.2% Cu from 195m depth
- 8m grading 0.8% Cu from 1m depth downhole including 4m grading 1.0% Cu from 4m depth

Higher grade copper drilling intersections are associated with both copper oxide (Cu bearing limonite, brochantite and chalcocite) and copper sulphide (chalcopyrite) mineralisation localised within moderately east-dipping manto horizons (refer to Figure 5). Follow-up work is being planned to further assess mineralisation continuity across the 500m of prospective strike length.

The Marsellesa mine area is laterally extensive, measuring 400m in length and 200m in width, with historical open pit and underground mine workings exposing multiple zones of shallowly-dipping, strata-bound (manto-style), copper mineralisation.

A total of 6 RC drill holes for 1,450m were completed across the historical Cordillera copper mine footprint, located approximately 1km west of Marsellesa (refer to Figure 6). Significant intersections recorded, include:

- 93m grading 0.3% Cu from surface including 14m grading 0.4% Cu from surface
- 53m grading 0.3% Cu from 19m depth including 10m grading 0.4% Cu from 44m depth
- 184m grading 0.2% Cu from surface including 14m grading 0.3% Cu from 42m depth

Wide RC drilling intersections returned at Cordillera relate to broad zones of oxide (Cu bearing limonite with very minor chalcocite) and sulphide (chalcopyrite, molybdenite) porphyry copper mineralisation confirmed below and surrounding the small surface mine workings.

Porphyry copper mineralisation with well-developed stockwork and sheeted A and B style porphyry veining is exposed at Cordillera open pit mine workings, and porphyry outcrop has been mapped across an area measuring 300m in length and 100m in width.

A total of 8 RC drill holes for 2,324m was completed across the greenfield Corroteo exploration target located 5km south of Cortadera (refer to Figure 7). No significant intersections were recorded.

Wide spaced RC drilling has tested approximately 1.8km strike extent of the large-scale Corroteo alteration footprint. Significant pyrite mineralisation was encountered in drilling toward the northern extent of the target area extending under a wide alluvial plain. Final drilling directed under this alluvial cover confirmed the presence of tonalitic porphyry.

Hot Chili's exploration team is currently assessing the new drill results on each of these satellite exploration targets in preparation for potential follow-up drilling and exploration work programmes.

Resource Upgrade Being Finalised

The Company is in the final stages of completing an upgrade to its mineral resource for Costa Fuego based on all drilling completed since February 2022. The resource upgrade is expected to be released in Q1 2024.

Ongoing Development and Water Studies Advancing

The Company also looks forward to providing further updates on development study and water supply concept study at the end of the quarter.

This announcement is authorised by the Board of Directors for release to ASX and TSXV.

Hot Chili's Managing Director and Chief Executive Officer Mr Christian Easterday is responsible for this announcement and has provided sign-off for release to the ASX and TSXV.

For more information please contact:

Christian Easterday Tel: +61 8 9315 9009
Email: admin@hotchili.net.au

Managing Director - Hot Chili

Penelope Beattie Tel: +61 8 9315 9009

Company Secretary - Hot Chili Email: admin@hotchili.net.au

Harbor Access Email: graham.farrell@harbor-access.com

Investor & Public Relations Email: jonathan.paterson@harbor-access.com

or visit Hot Chili's website at www.hotchili.net.au

Table 1 Significant Drilling Intersections from Cordillera and Marsellesa

Location	Hole_ID	Coordinates			Azim.	Dip	Hole Depth (m)	Intersection Interval			Copper	Gold	Silver	Molybdenum
		North	East	RL (m)				From (m)	To (m)	(m)	(% Cu)	(g/t Au)	(g/t Ag)	(ppm Mo)
Cordillera	CDP001	6811425314680926	40	-60	264	0	209	209	0.1	0.0	0.3	13		
						including	0	22	22	0.2	0.0	0.3	7	
						& including	70	78	8	0.3	0.0	0.3	6	
						& including	146	160	14	0.2	0.0	0.3	37	
Cordillera	CDP002	6811502314659900	161	-60	300	0	240	240	0.1	0.0	0.2	11		
						including	19	72	53	0.3	0.0	0.3	4	
						or including	44	54	10	0.4	0.0	0.3	4	
Cordillera	CDP003	6811402314718916	290	-60	222	0	184	184	0.2	0.0	0.2	5		
						including	6	9	3	0.3	0.1	0.3	1	
						& including	42	56	14	0.3	0.0	0.3	7	
						& including	70	72	2	0.4	0.1	0.3	2	
Cordillera	CDP004	6811516314676922	31	-60	210	0	23	23	0.1	0.0	0.3	2		
						152	158	6	0.1	0.0	0.3	87		
Cordillera	CDP005	6811514314661913	290	-60	204	0	92	92	0.1	0.0	0.3	7		
						including	0	16	16	0.2	0.0	0.3	6	
Cordillera	CDP006	6811510314785909	196	-59	250	0	93	93	0.3	0.0	0.3	10		
						including	0	14	14	0.4	0.0	0.3	5	
						& including	44	49	5	0.4	0.1	0.3	13	

Assays pending 93m - EOH

Marsellesa MRP001 6811161 3161131,092 271	-70 312	0	25	25	0.4	0.0	0.5	13
	including	7	17	10	0.8	0.0	0.5	19
		56	108	52	0.3	0.0	0.3	9
	including	58	63	5	1.0	0.1	0.3	21
	& including	88	90	2	2.2	0.1	0.4	42
	& incl	92	93	1	1.1	0.0	0.3	18
Marsellesa MRP002 6811318 3161281,057 250	-60 340	13	16	3	0.5	0.0	0.3	8
		197	213	16	0.5	0.0	0.2	5
	including	198	204	6	1.1	0.1	0.2	9
Marsellesa MRP003 6811007 3160831,106 294	-59 300	195	214	19	0.5	0.0	0.3	3
	including	195	197	2	2.2	0.0	0.5	5
	& including	202	204	2	1.2	0.0	0.3	2
Marsellesa MRP004 6810877 3159031,077 294	-59 270	1	9	8	0.8	0.0	0.3	6
	or including	4	8	4	1.0	0.0	0.3	7

Notes to Table 1: Significant intercepts are calculated above a nominal cut-off grade of 0.1% Cu. Where appropriate, significant intersections may contain up to 30m down-hole distance of internal dilution (less than 0.1% Cu). Significant intersections are separated where internal dilution is greater than 30m down-hole distance. The selection of 0.1% Cu for intersection cut-off grade above is selected on the basis of exploration significance and is not meant to represent potential marginal economic cut-off grade for bulk tonnage polymetallic copper deposits of similar grade in Chile and elsewhere in the world.

Qualifying Significant intercept widths are estimated to be at or around true-widths of mineralisation.

Qualified Persons - NI 43-101

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

Competent Persons - JORC

The information in this announcement that relates to Exploration Results for the Marsellesa and Cordillera projects is based upon information compiled by Mr Christian Easterday, the Managing Director and a full-time employee of [Hot Chili Ltd.](#) whom is a Member of the Australasian Institute of Geoscientists (AIG). Mr Easterday has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a 'Competent Person' as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). Mr Easterday consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Disclaimer

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

Cautionary Note for U.S. Investors Concerning Mineral Resources

NI 43-101 is a rule of the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Technical disclosure contained in this news release has been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Classification System. These standards differ from the requirements of the U.S. Securities and Exchange Commission ("SEC") and resource information contained in this news release may not be comparable to similar information disclosed by domestic United States companies subject to the SEC's reporting and disclosure requirements.

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

Forward Looking Statements

This news release contains certain statements that are "forward-looking information" within the meaning of Canadian securities legislation and Australian securities legislation (each, a "forward-looking statement"). Forward-looking statements reflect the Company's current expectations, forecasts, and projections with respect to future events, many of which are beyond the Company's control, and are based on certain assumptions. No assurance can be given that these expectations, forecasts, or projections will prove to be correct, and such forward-looking statements included in this news release should not be unduly relied upon. Forward-looking information is by its nature prospective and requires the Company to make certain assumptions and is subject to inherent risks and uncertainties. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "believe", "could", "estimate", "expect", "may", "plan", "potential", "project", "should", "toward", "up-scale", "will", "would" and similar expressions are intended to identify forward-looking statements.

The forward-looking statements within this news release are based on information currently available and what management believes are reasonable assumptions. Forward-looking statements speak only as of the date of this news release. In addition, this news release may contain forward-looking statements attributed to third-party industry sources, the accuracy of which has not been verified by the Company.

In this news release, forward-looking statements relate, among other things, to: prospects, projections and success of the Company and its projects; the ability of the Company to expand mineral resources beyond current mineral resource estimates; the results and impacts of current and planned drilling to convert inferred mineral resources to indicated, to extend mineral resources and to identify new deposits; the Company's ability to convert mineral resources to mineral reserves; opportunities for growth in mineral projects; the timing and outcomes of this current and future planned economic studies; the Company's ability to up-scale the project; the timing and outcomes of regulatory processes required to obtain permits for the development and operation of the Costa Fuego Project and/or future planned economic studies; whether or not the Company will make a development decision and the timing thereof; the ability of the Company to complete the PFS on the timeline indicated or at all; and estimates of planned exploration.

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: operational risks; risks related to the cost estimates of exploration; sovereign risks associated with the Company's operations in Chile; changes in estimates of mineral resources of properties where the Company holds interests; recruiting qualified personnel and retaining key personnel; future financial needs and availability of adequate financing; fluctuations in mineral prices; market volatility; exchange rate fluctuations; ability to exploit successful discoveries; the production at or performance of properties where the Company holds interests; ability to retain title to mining concessions; environmental risks; financial failure or default of joint venture partners, contractors or service providers; competition risks; economic and market conditions; and other risks and uncertainties described elsewhere in this news release and elsewhere in the Company's public disclosure record.

Although the forward-looking statements contained in this news release are based upon assumptions which the Company believes to be reasonable, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this news release, the Company has made assumptions regarding: future commodity prices and demand; availability of skilled labour; timing and amount of capital expenditures; future currency exchange and interest rates; the impact of increasing competition; general conditions in economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; future tax rates; future operating costs; availability of future sources of funding; ability to obtain financing; and assumptions underlying estimates related to adjusted funds from operations. The Company has included the above summary of assumptions and risks related to forward-looking information provided in this news release to provide investors with a more complete perspective on the Company's future operations, and such information may not be appropriate for other purposes. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom.

For additional information with respect to these and other factors and assumptions underlying the forward-looking statements made herein, please refer to the public disclosure record of the Company, including the Company's most recent Annual Report, which is available on SEDAR+ (www.sedarplus.ca) under the Company's issuer profile. New factors emerge from time to time, and it is not possible for management to predict all those factors or to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

The forward-looking statements contained in this news release are expressly qualified by the foregoing cautionary statements and are made as of the date of this news release. Except as may be required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statement to reflect events or circumstances after the date of this news release or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise. Investors should read this entire news release and consult their own professional advisors to

ascertain and assess the income tax and legal risks and other aspects of an investment in the Company.

Mineral Resource Statement

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

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

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

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

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

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

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

⁷ Resource Copper Equivalent (CuEq) grades are calculated based on the formula: $CuEq\% = ((Cu\% \times Cu \text{ price } 1\% \text{ per tonne} \times Cu_recovery) + (Mo \text{ ppm}$

$\times Mo \text{ price per g/t} \times Mo_recovery) + (Au \text{ ppm} \times Au \text{ price per g/t} \times Au_recovery) + (Ag \text{ ppm} \times Ag \text{ price per g/t} \times Ag_recovery)) / (Cu \text{ price } 1\% \text{ per tonne}$

$\times Cu \text{ recovery})$. The base case cut-off grade for mineral resources considered amenable to open pit extraction methods at the Cortadera, Productora and San Antonio deposits is 0.21% CuEq while the cut-off grade for mineral resources considered amenable to underground extraction methods at the Cortadera deposit is 0.3% CuEq.

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

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

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

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