

Hot Chili Adds La Verde Cu Mine to its Costa Fuego Coastal Copper Hub, Drilling Underway

11.11.2024 | [CNW](#)

Highlights

- [Hot Chili](#) has executed an Option Agreement to acquire a 100% interest in the historical La Verde Copper Mine (La Verde), located 30 km south of the Company's low-altitude, Costa Fuego copper-gold project in Chile
- La Verde encompasses 800m strike length of open pit workings, previously exploited by private interests for shallow porphyry copper-style oxide mineralisation
- The La Verde Option Agreement, along with the recently executed Domeyko Option Agreement (see announcement dated 30th April 2024), for the first time consolidates and provides access to, a much larger potential porphyry copper deposit footprint measuring approximately 1.4km by 1.2km
- A first-pass, 4,000m drill program commenced at La Verde on 30th October 2024, with one drill rig in operation and two drill holes already complete (assay results pending)
- Hot Chili has updated timing for the planned release of its next key catalysts to accommodate additional project optimisation and to align the outcomes of its copper and water studies:
 - Water Supply Business Case Study (Pre-feasibility Study level (PFS)) for Huasco Water has been brought forward - now planned for release in Q1 2025
 - Costa Fuego PFS will be delivered in parallel with the Huasco Water PFS - now also planned for release in Q1 2025
- Strong treasury of approximately A\$25.7 million as of 30 September 2024

PERTH, Nov. 11, 2024 - [Hot Chili Ltd.](#) (ASX: HCH) (TSXV: HCH) (OTCQX: HHLKF) ("Hot Chili" or the "Company") is pleased to announce the Company has entered into a three-year Option Agreement to acquire a 100% interest in the historical La Verde open pit copper mine ("La Verde").

La Verde is located in the core of the historical Domeyko mining district and lies approximately 30 km south of the Company's Costa Fuego copper-gold project ("Costa Fuego" or "the Project") planned central processing hub in the coastal range of the Atacama region, Chile.

La Verde comprises significant historical open pit workings, where shallow porphyry copper oxide mineralisation was previously exploited by private interests across a strike extent of approximately 800m, widths of up to 200m and depths of up to 15m. Historical drilling was limited to the surrounding leases, with little to no drilling undertaken across the mine area.

Importantly, La Verde sits in the centre of Hot Chili's recently consolidated and larger Domeyko landholding, secured in an Option Agreement in April 2024 (Figures 1 and 2). The execution of the La Verde Option Agreement marks the first time that the entire La Verde porphyry system has been consolidated and controlled by a single party, allowing for drill testing across a potentially much larger porphyry copper deposit footprint, measuring approximately 1.4km by 1.2km (Figures 4 and 5).

The Company has undertaken several exploration programs (soil geochemistry, mapping, magnetics surveys) across the Domeyko region (see ASX announcement on 31 October 2024 of the Quarterly Report for period ending 30 September 2024) since April of this year. These programs were extended over the La Verde copper mine area as part of the Company's due diligence process, prior to the Option Agreement execution.

Geological mapping of outcrop within the open pit has identified copper oxide mineralisation associated with porphyry-style quartz veins, fractures, and faults, as well as several porphyry intrusive phases of similar age (late Cretaceous) and style to the Company's Cortadera porphyry copper deposit located 30km to the north (Figures 2 and 3).

Historical exploration undertaken by [Hudbay Minerals Inc.](#) across surrounding tenements attempted to define continuations of La Verde's mineralisation, outside of the privately held mining lease, with several reverse circulation (RC) and diamond drill holes (DD) completed.

Hot Chili commenced a first-pass drill program at La Verde, comprising eleven RC drill holes for approximately 4,000 m, on 30 October 2024 with one drill rig in operation (Figure 5). Two drill holes for 800m are already complete, confirming wide intersections of porphyry-style copper mineralisation in both holes, based on visual logging, with assay results pending.

This latest project acquisition is an important step in Hot Chili's ongoing consolidation and growth strategy for Costa Fuego. The Company continues to evaluate opportunities to secure additional advanced prospects within economic distance of planned central processing facilities. This approach may provide additional bulk tonnage and/or high-grade copper-gold mineral resource additions for Costa Fuego.

The Company looks forward to the receipt of first assay results and providing further updates as exploration drilling activities progress at La Verde.

Hot Chili is well positioned with A\$25.7 million in cash (as of 30 September 2024) to complete the Costa Fuego PFS, Environmental Impact Statement (EIA), Huasco Water PFS, port upgrade studies and planned regional growth drilling programs.

Updates to Timing of Next Company Catalysts

Hot Chili has updated the timing for delivery of its next key milestones in order to allow for additional project optimisations and to ensure alignment of the outcomes of each of the following:

- Water Supply Business Case Study (PFS-level) for Huasco Water has been brought forward - now planned for release in Q1 2025
- Costa Fuego PFS will be delivered in parallel with the Huasco Water PFS - now planned for release in Q1 2025

All Costa Fuego PFS workstreams are on track for completion by late 2024, laying the groundwork for integrating results into both the Costa Fuego and Huasco Water PFSs in Q1 2025.

Accelerating the Huasco Water PFS aligns its release with Costa Fuego's, enabling further project optimizations based on multiple independent reviews. These refinements will be incorporated into the Costa Fuego PFS in early 2025, ahead of the planned simultaneous release of both studies.

The material terms of executed La Verde Option Agreement are as follows:

- Hot Chili's 100% owned subsidiary Sociedad Minera La Frontera SpA ("Frontera") has executed a definitive option agreement with SLM Los Dominicos una de la Sierra Los Chiqueros ("SLM Dominicos"), the holder of a 100% interest in the concession comprising La Verde, for the grant to Frontera of an option to acquire a 100% interest in the La Verde concession ("La Verde Option Agreement").
- Non-refundable cash payment of US\$320,000 to SLM Dominicos upon grant of the La Verde Option Agreement.
- Non-refundable cash payment of US\$680,000 within 12 months from the grant of the La Verde Option Agreement.
- Non-refundable cash payment of US\$1,000,000 within 24 months from the grant of the La Verde Option Agreement.
- Option may be exercised within 36 months of the date of grant of the La Verde Option for a final non-refundable cash payment of US\$6,890,000.

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

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Qualifying Statements

Qualified Person - NI 43-101

The technical information in this news release has been reviewed and approved by Mr. Christian Easterday, MAIG, Hot Chili's Managing Director and a qualified person within the meaning of NI43-101.

Competent Person - JORC

The information in this announcement that relates to Exploration Results for the La Verde project is based upon information compiled by Mr Christian Easterday, the Managing Director and a full-time employee of Hot Chili Limited, who 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

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Forward Looking Statements

This announcement 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 report 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 "could", "estimate", "expect", "may", "plan", "potential", "project", "should", "will", "would" and similar expressions are intended to identify forward-looking statements.

The forward-looking statements within this announcement are based on information currently available and what management believes are reasonable assumptions. Forward-looking statements speak only as of the date of this report.

In this Report, 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 planned drilling to extend mineral resources and to identify new deposits; the Company's ability to convert exploration potential in mineral resources; the Company's ability to explore effectively and execute drilling operations in a timely manner; the Company's ability to fulfill obligations and exercise the La Verde and Domeyko Option Agreements; the Company's ability to convert mineral resources to mineral reserves; the timing and outcomes of current and future planned economic studies including the planned PFS for the Costa Fuego copper-gold project; the potential to develop a water business in the Huasco valley and the future economics thereof; the timing and results of the PFS level Water Supply Business Case Study; the timing and outcomes of regulatory processes required to obtain permits for the development and operation of the Costa Fuego Project, including the EIA, as well as for the Huasco Water business; whether or not the Company will make a development decision for the Costa Fuego Project and/or Huasco Water and the timing thereof; and estimates of planned exploration costs and the results thereof.

Forward-looking statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. A number of factors could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking statements in this announcement, 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 report and elsewhere in the Company's public disclosure record.

Although the forward-looking statements contained in this announcement 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 announcement, 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 announcement 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 announcement are expressly qualified by the foregoing cautionary statements and are made as of the date of this announcement. 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 announcement 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 report 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 26th February 2024)

1 Mineral Resources are reported on a 100% Basis - combining Mineral Resource estimates for the Cortadera, Productora, Alice 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 NI 43-101. Mineral Resource estimation practices are in accordance with CIM Estimation of Mineral Resource and Mineral Reserve Best Practice Guidelines (November 29, 2019) and reported in accordance CIM Definition Standards for Mineral Resources and Mineral Reserves (May 10, 2014) that are incorporated by reference into NI 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 SpA (a 100% subsidiary of Hot Chili Limited), and 20% owned by 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 SpA, which is a 100% subsidiary of Hot Chili Limited.

4 The San Antonio deposit is controlled through Frontera (100% owned by Sociedad Minera El Corazón SpA, which is a 100% subsidiary of Hot Chili Limited) and Frontera has an Option Agreement to earn a 100% interest.

5 The Mineral Resource Estimates (MRE) 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 All MRE were assessed for Reasonable Prospects of Eventual Economic Extraction (RPEEE) using both Open Pit and Block Cave Extraction mining methods at Cortadera and Open Pit mining methods at the Productora, Alice and San Antonio deposits.

7 Metallurgical recovery averages for each deposit consider Indicated + Inferred material and are weighted to combine sulphide flotation and oxide leaching performance. Process recoveries:

Cortadera - Weighted recoveries of 82% Cu, 55% Au, 81% Mo and 36% Ag. $CuEq(\%) = Cu(\%) + 0.55 \times Au(g/t) + 0.00046 \times Mo(ppm) + 0.0043 \times Ag(g/t)$

San Antonio - Weighted recoveries of 85% Cu, 66% Au, 80% Mo and 63% Ag. $CuEq(\%) = Cu(\%) + 0.64 \times Au(g/t) + 0.00044 \times Mo(ppm) + 0.0072 \times Ag(g/t)$

Alice - Weighted recoveries of 81% Cu, 47% Au, 52% Mo and 37% Ag. $CuEq(\%) = Cu(\%) + 0.48 \times Au(g/t) + 0.00030 \times Mo(ppm) + 0.0044 \times Ag(g/t)$

Productora - Weighted recoveries of 84% Cu, 47% Au, 48% Mo and 18% Ag. $CuEq(\%) = Cu(\%) + 0.46 \times Au(g/t) + 0.00026 \times Mo(ppm) + 0.0021 \times Ag(g/t)$

Costa Fuego - Recoveries of 83% Cu, 53% Au, 71% Mo and 26% Ag. $CuEq(\%) = Cu(\%) + 0.53 \times Au(g/t) + 0.00040 \times Mo(ppm) + 0.0030 \times Ag(g/t)$

8 Copper Equivalent (CuEq) grades are calculated based on the formula: $CuEq\% = ((Cu\% \times Cu\ price\ 1\% \text{ per tonne} \times Cu_recovery) + (Mo\ ppm \times Mo\ price\ per\ g/t \times Mo_recovery) + (Au\ ppm \times Au\ price\ per\ g/t \times Au_recovery) + (Ag\ ppm \times Ag\ price\ per\ g/t \times Ag_recovery)) / (Cu\ price\ 1\% \text{ per tonne} \times Cu\ recovery)$. The base case cut-off grade for Mineral Resources considered amenable to open pit extraction methods at the Cortadera, Productora, Alice and San Antonio deposits is 0.20% CuEq, while the cut-off grade for Mineral Resources considered amenable to underground extraction methods at the Cortadera deposit is 0.27% CuEq. It is the Company's opinion that all the elements included in the CuEq calculation have a reasonable potential to be recovered and sold.

9 Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. The MRE 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.

10 The effective date of the MRE is February 26th, 2024. The MRE were previously reported in Hot Chili's ASX announcement released February 26th, 2024 "Hot Chili Indicated Resource at Costa Fuego Copper-Gold Project Increases to 798 Mt" (Resource Announcement). 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 MRE in the Resource Announcement continue to apply and have not materially changed.

11 Hot Chili Limited is not aware of political, environmental, or other risks that could materially affect the potential development of the Mineral Resources other than as disclosed in this Report. A detailed list of Costa Fuego Project risks is included in Chapter 25.12 of the Technical Report "Costa Fuego Copper Project - NI 43-101 Technical Report Mineral Resource Estimate Update" dated April 8th, 2024.

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