



Hot Rock Limited

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ASX Announcement

15 September 2014

Acquisition of OCTIEF Completed

Hot Rock Limited (**HRL**) advises that it has today completed the acquisition of OCTIEF Pty Ltd (**OCTIEF or OCT**) with both companies having satisfied all the conditions of the Share Sale Agreement dated 19 July 2014 following approval for the transaction from Hot Rock shareholders at the EGM held today.

Dr Elliott commented, "Shareholders have today voted for a significant and exciting change to our Company by approving the acquisition of OCTIEF and a change of management moving forward. These changes are a major turning point in HRL's history and will give shareholders the opportunity to immediately participate in a growing profitable and low capital cost business in the environmental sector".

Transaction

The initial consideration to be paid by HRL to the vendors for the purchase of 100% of OCTIEF is the issue and allotment of 320,754,355 fully paid ordinary HRL shares. This represents 50% of the total maximum consideration of the transaction.

HRL will issue further HRL Shares (in addition to the Initial Consideration Shares) to the vendors upon satisfaction of each of the three identified milestones being achieved by the respective required date as follows:

Milestones		Milestone Shares	Date to be achieved
1	OCT achieving revenue for the 6 months to 31 December 2014 which equals or exceeds \$1.75m	160,377,178 being 25% of the total consideration for the Proposed Transaction.	31 December 2014
2	OCT establish a laboratory in Darwin.	96,226,306 being 15% of the total consideration for the Proposed Transaction.	31 December 2014
3	OCT achieve a revenue for the 12 months to 30 June 2015 which equals or exceeds \$4.25m	64,150,871 being 10% of the total consideration for the Proposed Transaction.	30 June 2015
Total Milestone Shares		320,754,355	



Where either Milestone One or Milestone Three is not met by the respective milestone dates, the Milestone Shares for the respective tranche to be issued will be reduced on a pro-rata basis, but cannot be less than 75% of the full entitlement.

The vendors have entered into a Voluntary Restriction Deed for the Total Consideration Shares and subject to voluntary escrow for the period of 12 months from the date of the issue and allotment of each tranche of the Total Consideration Shares.

Changes in Directors

Kevin Maloney and Darren Anderson with Fred Kempson as an alternate director to Kevin Maloney, have been elected as directors of HRL.

Mark Elliott welcomed the addition of Kevin, Darren and Fred to the HRL Board commenting, “they have proven track records in managing and growing large profitable businesses in private and public companies. Their experience is well suited to growing HRL into a significant public company using OCTIEF as an attractive environmentally based business to help achieve this objective”.

Mike Sandy has resigned as a Director of the Company effective today. Chairman, Mark Elliott commenting on Mr Sandy’s resignation said, “Mike Sandy has been a valued member of the Board of HRL over the last 7 years. On behalf of the Shareholders I would like to thank Mike for his significant contribution and wish him well for the future”.

Board and Executive Going Forward

The Board and executive going forward will comprise Kevin Maloney as non-executive Chairman, Darren Anderson as Executive Director, Fred Kempson (as alternate non-executive director), Mark Elliott and Peter Barnett as non-executive directors. Paul Marshall, Company Secretary and Michael Harvey, Chief Financial Officer will continue to serve the Company in their respective roles.

Darren Anderson will manage all of the company’s activities including expansion of existing markets and new growth opportunities. The Board has commenced a search for a suitably qualified and experienced CEO to assist Darren.

About OCTIEF

OCTIEF Pty Ltd manages an environmental consulting and hazardous materials analytical laboratory business with offices in Brisbane, Mackay and Darwin. OCTIEF currently operates laboratory facilities in Brisbane and plans to setup a further facility in Darwin to meet growing demand.

OCTIEF is an Australia wide multidisciplinary consulting group which specialises in advising organisations in maintaining environmental and occupational compliance along with



managing related industry risks. Due to the increasing constraints and public awareness, environmental and occupational management is a significant and growing issue for many organisations.

Part of the services offered are industrial hygiene, asbestos and hazardous materials management, environmental services (air, water and soil including contaminated land), greenhouse gas emissions assessments, energy use assessments, building contamination assessment, and specialised NATA-accredited laboratory analysis and on-site testing.

About HRL

HRL will continue maintaining its interests in its geothermal exploration permits, GEP6 and GEP8, in the Otway Basin in Victoria, currently on a care and maintenance basis while the company continues to investigate the best way to try and develop the projects. However, the Commonwealth government has removed the Carbon Tax and is investigating reducing or removing the Renewable Energy Target (RET) in Australia which is about renewable energy reaching approximately 20% of electricity generation by 2020. The lack of action by the Commonwealth and State governments to support renewable energy prices in Australia (except PV Solar feed-in tariffs) will continue to reduce investor interest in funding these environmentally attractive renewable energy projects. In light of these events it became necessary for HRL to take action to survive, necessitating the need to consider acquisitions which are not subject to the same commercial risk as ongoing investment in geothermal projects.

The acquisition of OCTIEF has allowed the Company to remain in the important environmental sector for the improvement of the health of our planet and society and at the same time operate a growing business so as to improve shareholder value and generate sustainable and profitable performance. Acquiring OCTIEF provides the Company with a new opportunity which is based on market strength and growing profit potential.

Dr Mark Elliott
Director
Hot Rock Limited