



## ASX/Media Announcement

14 December 2009

### Hot Rock offered \$7m government GDP grant

Hot Rock Limited (“HRL”) (**ASX code HRL,**) announced today that its application for a \$7 million grant from the Commonwealth Government’s “Geothermal Drilling Programme” has been successful. The Federal Minister for Resources, Energy & Tourism, the Hon Martin Ferguson AM, MP, announced that Hot Rock Limited had been offered the grant for the Koroit Project.

The funds will be used to undertake a two well appraisal drilling and testing program at its flagship “Hot Sedimentary Aquifer” (HSA) Koroit Project in the Otway Basin, south west Victoria.

The \$7 million grant to HRL shows the government’s confidence in the company’s management and geothermal business model. This grant made available to HRL at no cost to the company is a significant bonus for HRL shareholders.

The appraisal program will test the potential of the Koroit Project, which has an Indicated and Inferred Geothermal Resource estimation of 7,600PJ and 67,000PJ, respectively of in-place stored heat. The Indicated Resource alone has the potential (at a P50 level of certainty) to generate over 100MWe of geothermal power, which is enough electricity to supply around 100,000 homes. The inferred resource, if proven, would, on the same basis, have the potential to generate more than 1,000MWe (Figure 1).

This will be the first geothermal drilling program to be conducted on HRL’s permits to test temperature and flow rates to indicate the viability of electricity generation from geothermal energy. Importantly, geothermal energy is base-load which is power generated 24 hours a day, 7 days a week, it is renewable and has no greenhouse gas emissions. Geothermal has the highest capacity factor of all power generation methods and is the best renewable power option for replacing Victoria’s current reliance on electricity generated from brown coal fired power stations.

Commercial geothermal power generation using HSA has been operating in the USA for over 25 years and represent the potential lowest risk and best short term development option for commercial geothermal energy developments in Australia.

HRL’s managing director Dr Mark Elliott stated that “the award of the GDP grant to HRL demonstrates that the Commonwealth government recognises the importance of HRL’s Koroit Project based on the HSA geothermal energy potential of the Otway Basin in Victoria which is capable of participating in the Expanded Mandatory Renewable Energy Target of 20% renewable power by 2020. This is a major

milestone for HRL in moving closer to generating electricity from geothermal energy in Australia within the next 2 years”.

The drilling and testing program at Koroit is advanced and planned to commence in early 2010.

A copy of the media release from the Department of Resources, Energy and Tourism (DRET) is attached.

## **About Hot Rock**

Hot Rock Limited is a pure geothermal energy company that offers investors an opportunity to participate in socially responsible and ethical investment choices through the development of sustainable, emission-free, base load power generation.

Strategically, HRL has elected to focus on the commercially proven Hot Sedimentary Aquifer (HSA) and Volcanic Geothermal type projects in its quest to become a leading producer of geothermal power.

In Australia, the company is focussed on developing HSA projects in its large Otway Basin permits, south-west Victoria. HRL is planning to drill its first flagship geothermal project at Koroit in the Otway Basin in Q1 2010 and develop a pilot plant by early 2011.

International expansion is occurring in South America with the establishment of our Santiago office and application of exciting high temperature volcanic prospects in Chile.

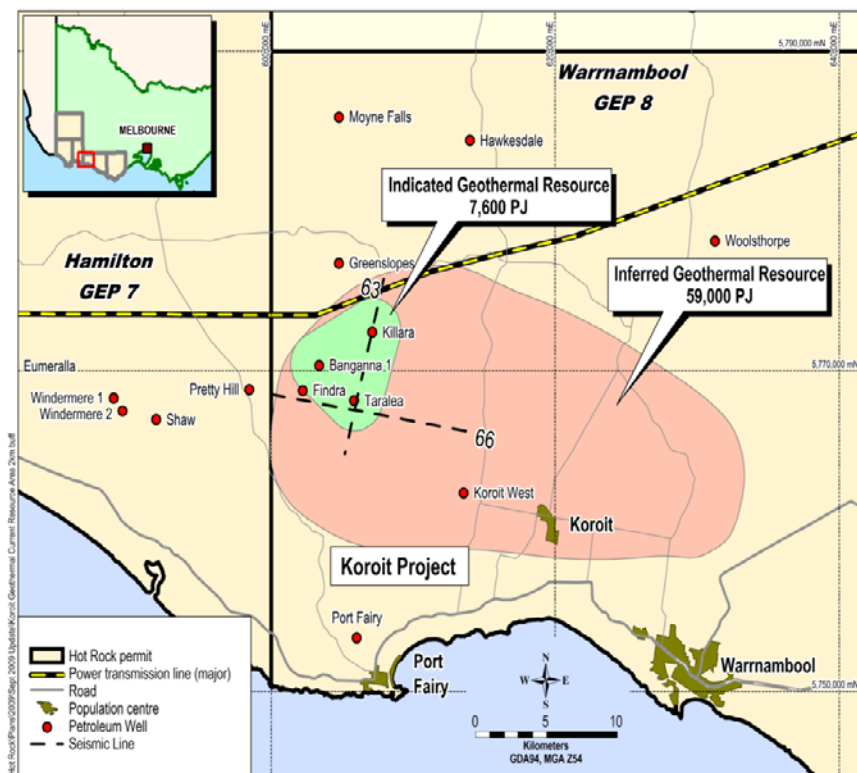


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The information in this Statement that relates to Geothermal Resources has been compiled by Peter Barnett, an employee of Hot Rock Limited. Mr Barnett has over 30 years' experience in the determination of crustal temperatures and stored heat for the style relevant to the style of geothermal play outlined in this release. He is a member of the Geothermal Resources Council and the International Geothermal Association, a current board member of the New Zealand Geothermal Association, a past board member of the Auckland University Geothermal Institute Board of Studies and a current member of the Economics Sub Committee of the Australian Geothermal Association. Mr Barnett qualifies as a Competent Person as defined by the Australian Code of Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves (2008 Edition). Mr Barnett consents to the public release of this report in the form and context in which it appears. Neither Mr Barnett nor Hot Rock Limited takes any responsibility for selective quotation of this Statement or if quotations are made out of context.



**Figure 1:** Location of the Koroit Geothermal Project supported by the \$7 million GDP grant



# MEDIA RELEASE

## MARTIN FERGUSON

Minister for Resources and Energy  
Minister for Tourism

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13 December, 2009

### GEOTHERMAL ENERGY GETS A \$35 MILLION BOOST

The Minister for Resources and Energy, Martin Ferguson AM MP, has announced five geothermal energy projects to receive Australian Government funding of \$35 million from round two of the \$50 million Geothermal Drilling Program.

The Geothermal Drilling Program will support more than \$180 million worth of investment in this exciting new clean energy technology. In addition, geothermal energy was a big winner from the Renewable Energy Demonstration Program, with two projects worth approximately \$535 million receiving Australian Government funding of more than \$150 million.

Geoscience Australia estimates that if just 1% of Australia's geothermal energy was extracted it could supply Australia's total annual energy requirements for 26,000 years.

This is a huge resource if we can get the technology breakthroughs necessary to deliver geothermal energy to market cost-effectively and reliably.

The Australian Government recognises the need to pull through these emerging clean energy technologies as the world transitions to a low carbon economy.

The Geothermal Drilling Program is supporting proof-of-concept projects and will help establish Australia as a world leader in geothermal technology development.

Second-round Geothermal Drilling Program recipients of \$7 million each are:

- **Hot Rock – Koroit in the Otway Basin, Victoria**
- **Geodynamics – near Bulga in the Hunter Valley, New South Wales**
- **GRE Geothermal WA1 – Perth metro area, Western Australia**
- **Greenearth Energy – near Geelong, Victoria**
- **Torrens Energy – Parachilna, South Australia**

This investment will help meet the Australian Government's three major energy-related goals:

- Increasing energy security by diversifying energy supplies;
- Reducing Australia's CO2 emissions to 60 per cent below 2000 levels by 2050; and,
- Producing 20 per cent of Australia's electricity from renewable sources by 2020.

Australia's geothermal resource is world-class and if we can make technology breakthroughs and drive down costs, geothermal energy could play a significant role in providing clean, reliable and affordable baseload energy for centuries.

The Australian Government has now committed more than \$200 million to accelerate geothermal energy technology development, demonstration and deployment in Australia, leveraging a total investment in excess of \$720 million.

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## **Background**

**Hot Rock Limited's proof of concept project at Koroit in the Otway Basin, Victoria** will aim to define 'proven reserves' through the drilling and testing of two deep deviated standard size production appraisal wells. Hot Rock's project could result in the first geothermal pilot power plant in Victoria by the end of 2010, followed by plans for a 10MW demonstration plant by 2012.

**Geodynamics Limited's proof of concept project in the Hunter Valley, New South Wales** will aim to drill two 4,500m holes followed by stimulation and flow testing. Geodynamics believes this resource has the potential to support a 200 MW plant.

**GRE Geothermal WA1's project in Perth** will aim to prove the geothermal energy that is recoverable within the Perth Metropolitan Area. This resource is significant as a demonstration of medium temperature geothermal resources for commercial applications.

**Greenearth Energy Limited's project near Geelong in Victoria** will aim to drill two wells into a hot sedimentary aquifer to a depth of up to 4 kilometres. A sustained extraction and injection of hot fluids will be demonstrated from wells co-located at the surface.

**Torrens Energy Limited at Parachilna in South Australia** aims to prove the expected temperatures of the geothermal resource and the suitability as an enhanced geothermal system for generating power.