



March 2011 QUARTERLY REPORT

About Hot Rock

Hot Rock Limited is an Australian energy company formed to develop geothermal energy in Australia and overseas.

Strategically, the Company is focussed on exploring and developing its extensive portfolio of volcanic prospects in Chile and Peru complimented with Hot Sedimentary Aquifer prospects in Australia.

The Company moved early and acquired 100% ownership of its portfolio which display evidence of containing geothermal reservoirs suitable for electricity generation in countries with attractive infrastructure, markets and government policy.

Executive Management

Mark Elliott – Executive Chairman
Peter Barnett – Managing Director

Hot Rock Limited

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HIGHLIGHTS

CHILE

- HRL is now the largest holder of geothermal tenements in Chile with the granting over the past quarter of eight new tenements. This expands HRL's geothermal portfolio to twelve granted tenements within six highly prospective projects, located from north to south-central Chile, totalling 5,250km² in area
- First major geological and geophysical field programs at Longavi and Calerías projects have been completed and interpretation of results is ongoing in the current quarter.
- Agreement signed with a mineral exploration company covering Longavi and Calerías projects is providing additional geological information and drilling results to enhance understanding of geothermal reservoir models at no cost.
- Confidentiality Agreements to review information have been executed with a number of parties interested in joint venturing into HRL projects in Chile

PERU

- HRL is now the largest holder of exploration geothermal tenements in Peru with the granting over the past quarter of three new tenements covering highly prospective projects in northern and southern Peru, totalling 470km².
- Active work has commenced on land access, community information and reconnaissance level geoscientific surveys at these granted tenements.
- A permanent office has been established in Lima and additional staff engaged to meet HRL's rapidly increasing work load in Peru

AUSTRALIA

- Discussions continue with the Federal Government and potential partners for new funding to commence drilling at the Koroit Project in Victoria.



GEOTHERMAL EXPLORATION ACTIVITIES

CHILE GEOTHERMAL PROJECTS (100% HRL)

1. Work Programs

During the past quarter, eight new tenements were granted, expanding HRL's geothermal portfolio to twelve granted tenements spanning six highly prospective projects from north to south-central Chile totalling 5,250km². Consequently, HRL is now the largest geothermal tenement holder in Chile.

Detailed geophysical field surveys have been completed at the company's most advanced projects at Longavi and Calerías (Figures 1 and 4). These comprise integrated magneto-telluric (MT) / Time Domain Electromagnetics (TDEM) ground measurements surveys which provide data that will ultimately lead to maiden resource estimates at both projects.

The surveys follow an earlier series of programmes at each prospect involving land access investigations, community information programs, geological and geochemical surveys.

The Longavi and Calerías MT / TDEM surveys were undertaken by a leading geophysics contractor using three field crews supported by both helicopter and ground transport. Acquisition and processing of field data have been completed and modelling and interpretation by HRL and geophysical consultants is progressing and will be completed in the June quarter. The results from the MT surveys will be integrated with existing geological and geochemical data from these projects, allowing for multidiscipline, integrated hydro geological model to be developed from which the geothermal resource potential will be assessed and exploration drilling options identified.

HRL's surface geothermal exploration work program and interpretation of results has been considerably aided through association with an international mineral company which has independently drilled eight deep mineral exploration core holes within HRL's geothermal concessions at Longavi (Figure 2) and Calerías. These holes range in depth from 500 to 1000m. HRL has entered into a data sharing agreement with the mineral company concerned and is now reviewing geological and other subsurface data from these holes to enhance our knowledge of the subsurface geology and geothermal conditions.



Figure 1: Field crew acquiring MT and TDEM geophysical measurements at Longavi

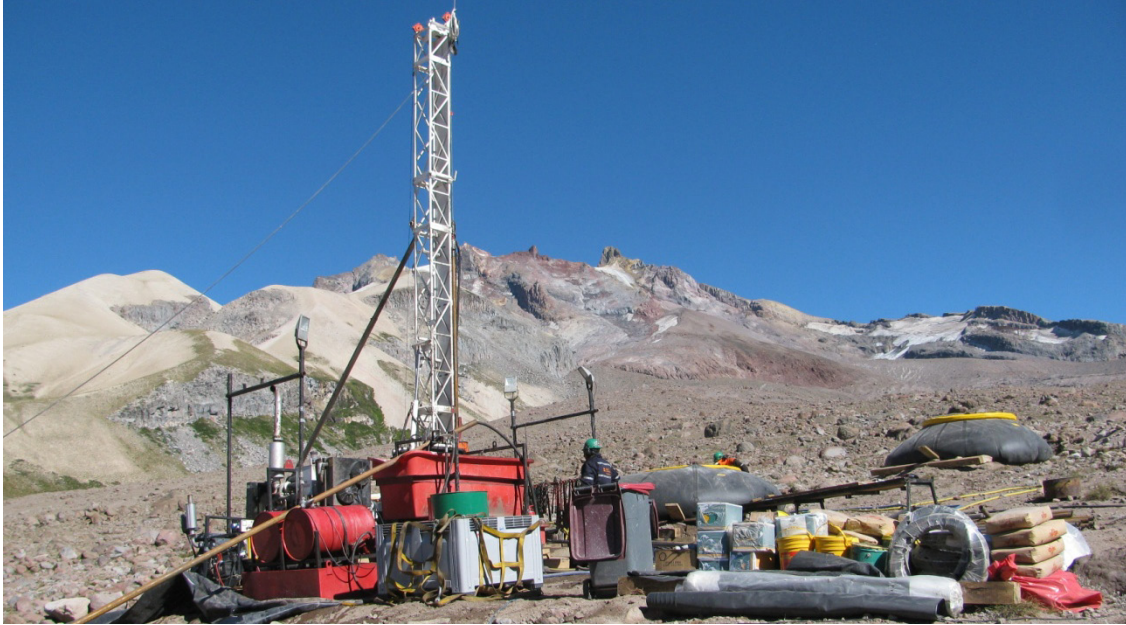


Figure 2: *Third party mineral company drilling a deep core hole to 700m depth, on the flanks of Mt Longavi, within HRL's geothermal concession, Feb 2011.*

Geological field mapping was completed at the Tuyajto project (Figure 4) during the quarter and a detailed field report is now in preparation. Reconnaissance field surveys were conducted at the San Cristobal and Santa Macarena projects (Figure 4). Planning is in progress to commence detailed MT geophysical surveys at two of these three projects in late in 2011.

2. Industry Status

The electricity industry in Chile is dominated by generation from hydro and thermal power plants. With on-going drought conditions and increasing prices for imported fossil fuels, the cost of electricity in Chile remains high and the industry continues to face both current and future challenges.

Chile requires some 15,000 MWe of new generation capacity over the next 12 to 15 years - double its current generation capacity. Currently identified options for partially meeting this new capacity include a large hydro scheme in the south of Chile – the HidroAysen power project with a planned capacity of 2750MWe, as yet unapproved for construction - and a large staged thermal power development in the north of Chile to be fuelled by imported coal – the 2,100 MWe Hacienda Castilla power project, which is approved for construction

Even with these two significant projects in the pipeline, there is still a large gap between the power required in Chile and confirmed options within the long term national power development plan.

Concern with future capacity shortfalls in the Chilean power sector is sufficiently acute that the Chilean Government has been actively considering the development of nuclear power generation facilities. However, the impact of the recent Tōhoku earthquake and associated tsunami damage is a significant consideration for Chile which has a long history of large scale earthquakes and tsunamis with even larger magnitude than the Tōhoku earthquake.

With this industry backdrop, the Chilean Government is actively promoting the development of renewable energy alternatives - wind, solar and geothermal. Over the past year, the fledgling geothermal industry in Chile has made considerable gains:

- It is now becoming increasingly accepted that the national potential for geothermal power development in Chile is in the range of 3,000 to 16,000 MWe, associated with the more than 300 volcanic geothermal areas identified in Chile – i.e. the geothermal sector is potentially of a size to make a major contribution to Chile's future electricity needs.

- Three geothermal development companies have now undertaken successful exploration drilling campaigns in Chile and are in advanced planning for constructing commercial scale first stage power developments. The most advanced of these companies has announced it will commission a 30MWe power plant by 2014, based on tested steam flow capacity currently available at existing geothermal wells.
- A number of large international energy companies have recently entered the Chilean geothermal market with submission of bids for the exploration and development of geothermal concessions. These include: Australian energy giant Origin Energy, the Energy Development Corporation of the Philippines (the largest geothermal owner/operator in the world) and Ormat Energy (both a major manufacturer of geothermal power plant and a global geothermal power developer).

HRL has established a strong position in Chile, securing high quality volcanic geothermal tenements, ahead of the current wave of strong international interest.

PERU GEOTHERMAL PROJECTS (100% HRL)

1. Work Programs

During the quarter, the company was granted its first three tenements in Peru, covering three highly prospective projects in northern and southern Peru, totalling 470km². Underlining the company's early mover advantage, HRL is now has the largest holding of geothermal tenements in Peru. Another five tenement applications are progressing, with several expected to be granted within the June 2011 quarter.

HRL has commenced work on all three granted tenements. These programs includes land access and ownership surveys, community information programs and surface geoscientific exploration studies. These programs will lead in late 2011 to detailed MT geophysical surveys, detailed resource modelling and assessment and the siting of exploration drill holes programs at the most prospective targets.

A permanent HRL office has now been established in Lima and additional technical staff engaged to meet the rapidly increasing work load in Peru resulting from the three recent tenement grants and in anticipation of further tenement grants over the next quarter.

2. Industry Status

Similar to Chile, large scale electricity generation in Peru comes solely from hydro (63% in 2009) and thermal (37% in 2009) power plants. Peru is rapidly developing economically and to maintain the current GDP growth of 6 to 8% p.a. it will need to double its generation capacity over the next 6 years (from 4,000 to 8,500MWe).

Although the forward potential for hydro power in Peru is large, future availability is uncertain due to continuing drought issues, the impact of global warming which is leading to significant melting in the high Andes (for which some estimates are for as much as 25% of the permanent ice cover to have already been lost) and environmental challenges facing large hydro (and gas) development projects in the Peruvian portion of the Amazon basin.

In order to diversify the current generation mix and to assist with meeting future demand for electricity, the Government of Peru has enacted a Renewable Energy Law which requires that 5% of all energy to come from renewable sources. Key features of this law include guaranteed grid access for renewable power and 20 year forward power sales contracts awarded to renewable power generators through a bidding process. These renewable contracts have government guarantees on price and payment and are inflation indexed. An important provision in the law which benefits the geothermal sector is the ruling that hydro generation capacity above 20MWe does not qualify as a renewable.

Though the geothermal sector in Peru is not yet as advanced as in Chile, the international geothermal community is showing keen interest in the high quality volcanic geothermal prospects that exist in Peru coupled with the strong forward market for renewable power guaranteed under the Renewable Energy Law. To date, seven geothermal companies have made applications for geothermal tenements in Peru which include three Peruvian and four international companies (Hot Rock and three geothermal developers from North America).

OTWAY BASIN, VICTORIA (GEP- 6, 7, 8, 9 & 23 - 100% HRL)

1. The Koroit Geothermal Project, GEP-8

Project Background

HRL has completed resource studies utilising existing data to identify, delineate and assess three geothermal resources in the Otway Basin. The most prospective of these is the Koroit Geothermal Project, located in the Koroit area within GEP-8 (see Figure 3) near Warrnambool, Victoria. Koroit is currently estimated to have an Indicated Resource potential (at a P50 level of probability) sufficient to generate over 100MWe of geothermal power – sufficient electricity to supply around 100,000 homes - and an Inferred Resource potential for generating more than 1,000MWe of electricity long term¹. Work at Koroit is currently focussed on evaluation and assessment of its geothermal power generation potential through the drilling and testing of two deep Proof of Concept (PoC) wells at a cost of \$23m.

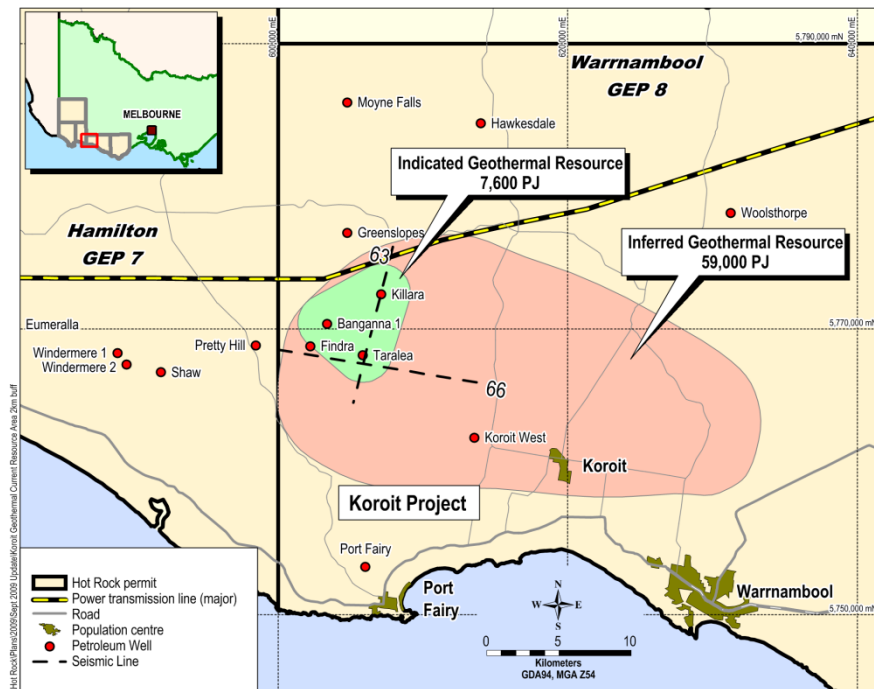


Figure 3: Location of the Koroit Project showing Inferred and Indicated geothermal resource areas

Project Funding

HRL is committed to the drilling the Koroit Project. Although HRL was successful in being awarded a \$7 million Geothermal Drilling Program (GDP) grant from the Australian government, it is not sufficient to commence the program.

¹ Full details on these estimates are available at HRL's website, at <http://www.hotrockltd.com/irm/Content/geothermal.html>

The Australian government established the Australian Centre for Renewable Energy (ACRE) in 2010 as a key component of its \$5 billion Clean Energy Initiative, to help fund promising renewable energy technologies. ACRE commissioned a Strategic Directions report, involving wide consultation with industry, to recommend a funding strategy to support the development, commercialisation and deployment of renewable energy.

The Strategic Directions report was released on the 5th April 2011 by the Minister for Resources and Energy, Martin Ferguson AM MP. The key recommendation from the report was to create an expanded Emerging Renewables program with a possible budget of more than \$100 million, which would incorporate geothermal projects.

HRL is in discussion with ACRE regarding the opportunity for new funding for projects in the Otway Basin. The Company has executed Confidentiality Agreements (CA's) and is in discussion with a number of potential partners expressing interest in joint venturing into the Koroit Project.

WALSH SPRINGS, QUEENSLAND (EPG-19, 100% HRL)

A head office review of existing data for this tenement is ongoing, preparatory to the commencement of field reconnaissance surveys as, and when, appropriate.

TENEMENTS

HRL is developing a portfolio of high quality volcanic geothermal prospects in Chile and Peru with the objective of diversifying its business with respect to resource type and attractive commercial environments, thus providing enhanced opportunities for adding significant shareholder value. These prospects include:

- HRL's wholly owned subsidiary Hot Rock Chile SA (HRC) which holds twelve granted geothermal tenements and expects to have one further one tenement awarded in the June quarter of 2011 (Figure 4).
- HRL's wholly owned subsidiary Hot Rock Peru SA (HRP) which has filed applications for eight high quality volcanic geothermal tenements in Peru (Figure 4). Three of these tenements have been granted and are among the first ever awarded in Peru. The remaining five HRL tenement applications are under technical evaluation by the Peru Ministry of Mines and Energy and are expected to be granted in the June 2011 quarter. Early granting of licenses provides HRL with a pioneering first mover advantage in the nascent geothermal sector in Peru.

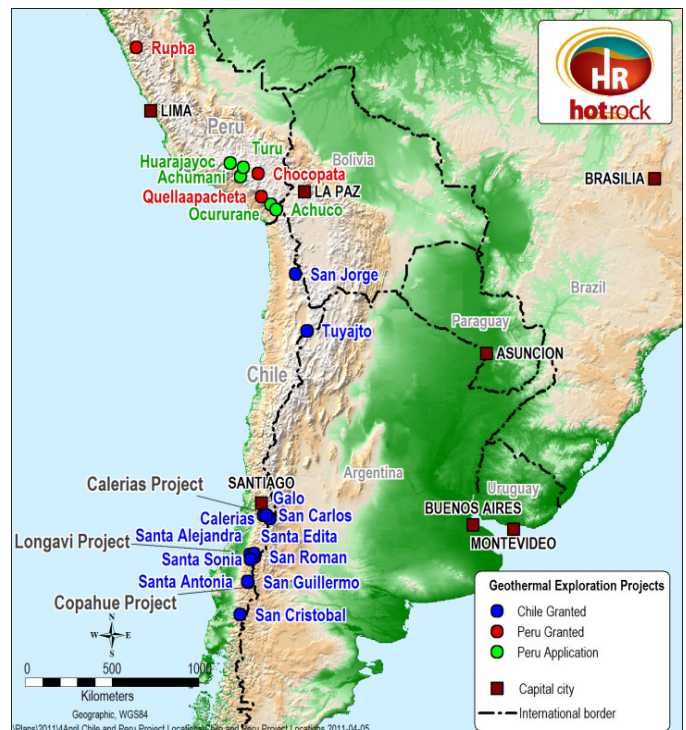


Figure 4: HRL's geothermal tenements applied for and/or granted in South America

- HRL has five permits granted over the major portion of the prospective Hot Sedimentary Aquifer (HSA) geothermal province in the Otway Basin in Victoria (Figure 5).
- In June 2010 permit EPG-19 was granted for a 5 year term at Walsh Springs, west of Cairns in Queensland (Figure 5).

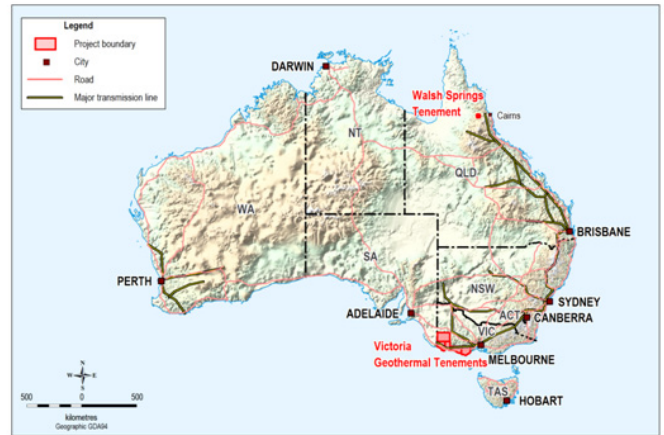


Figure 5: HRL's geothermal tenements granted in Australia

FUNDING

In Australia, discussions continue with both potential joint venture partners and the Australian Government on funding options for advancing the Koroit HSA project forward to the drilling and testing of two deep geothermal wells, as discussed in more detail above in the section on the Koroit Project.

The Company has executed Confidentiality Agreements with a number of parties interested in joint venturing into our projects in Chile to review information. Joint venture discussions are at encouraging but early stage.

CASH POSITION

At the end of the March 2011 Quarter, the company had approximately \$1,600,000 cash at bank. The net cash operating and exploration expenditure for the quarter was \$1,106,000.

CORPORATE DIRECTORY

Board of Directors - HRL

Mark Elliott	Executive Chairman
Peter Barnett	Managing Director
Mike Sandy	Non-Executive Director
Stephen Bizzell	Non-Executive Director

Company Secretary & CFO

Paul Marshall

Issued Share Capital

Hot Rock has 156.27 million ordinary shares currently on issue and 27.8 million options.

Quarterly Share Price Activity

	High	Low	Last
March 2011	\$0.056	\$0.044	\$0.047

Registered and Head Office

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Please direct shareholding enquiries to the share registry.

Compliance Statement

The information in this Statement that relates to Geothermal Resources has been compiled by Peter Barnett, an employee of Hot Rock Limited. 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). He 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. In this work Mr. Barnett has drawn freely from reports on the geothermal resources in GEP-23 and GEP-6, prepared under his supervision, by both staff of Hot Rock Limited and by external consultants, notably 3D-Geo of Melbourne. The estimation of in-place has been undertaken directly by Mr. Barnett. 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.
