



ASX Announcement

7 September 2012

Update on Joint Venture Contracts for Peru Projects

Energy Development Corporation (EDC) has advised Hot Rock Limited (HRL) that EDC does not wish to proceed with the joint venture at HRL's Chocopata project in Peru.

EDC has notified HRL that it still intends to proceed with detailed field work programs at Quellaapacheta project and is now mobilising EDC personnel and MT contractors to commence work around the 22nd of September. Work will consist of geological, geochemical and geophysical magneto-telluric (MT) surveys and is expected to be completed by mid-November 2012.

Under the Quellaapacheta agreement, HRL will receive an initial cash payment of US\$0.4 million after the exploration tenement is transferred into the newly incorporated JV Company, which is estimated to take a further 2 to 3 months. If EDC withdraw from the project within 6 months of the tenement being transferred into the JV Company, the \$0.4m is refundable. A further payment of US\$0.6 million will be paid if EDC continues with the project past an initial 15 month period.

Under the agreement, EDC is to sole fund up to US\$12 million for surface exploration and deep exploration drilling activities before the EDC (70%) and HRL (30%) pro-rata joint venture contributions for any future resource development phase.

HRL has commenced discussions with other parties with the aim of entering into further joint venture agreements to explore and develop not only the Chocopata project but other projects within the large portfolio of projects held by HRL in Peru, Chile and Australia.

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