ASX Announcement

5 July 2012

Update on Joint Venture Contracts for Chile and Peru Projects

Hot Rock Limited (**HRL or Company**) advises that it has received a purported notice from Energy Development Corporation (**EDC**) that EDC do not wish to proceed with the joint venture at HRL's Longavi project in Chile.

Under the agreements signed in May, HRL was to have received a US$1m fee from EDC. These funds have been lodged with an escrow agent in accordance with the terms of the agreements but have yet to be released to HRL.

HRL disputes that EDC is entitled to withdraw in these circumstances and avoid payment of the participation fee to HRL. The Company has requested EDC to comply with the agreements signed in May to enable these funds to be released to HRL but to date EDC has failed and/or refused to do so. HRL will now consider the options available to it to require EDC to comply with the contracted terms.

HRL and EDC also have 2 further agreements to explore, evaluate and develop the geothermal energy potential of the Quellaapacheta and Chocopata projects in Peru. Whilst EDC have not advised HRL of any intention to seek to withdraw from those Projects, HRL is also reviewing its options in relation to the contracts for these projects under which HRL was to have received an initial US$0.4 million for each of the Peru projects with a further payment of US$0.6 million if EDC continues with a Peruvian project past 15 months. Receipt by HRL of the initial payments is dependent upon, amongst other things, incorporation of the Peruvian joint venture companies and HRL has requested that EDC comply with its obligations to take all necessary steps to do so.

Hot Rock Executive Chairman, Dr Mark Elliott stated: "We are disappointed that EDC have notified us that they have decided not to proceed with the Longavi project, despite signing formal project documentation in early May and paying the participation fee of $USD 1m to the escrow agent. HRL will now act to protect its rights under the project documentation. The Company remains highly confident as to the exploration potential of all three projects which remain 100% owned by HRL."

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About the Projects

Longavi Project – Chile
The Longavi project consists of four contiguous tenements, located 300km south of Santiago, on the southern and south-eastern slopes of a large basaltic-andesite strato-volcano named Nevado de Longavi.

A number of large flows of near boiling springs in the Banos Longavi area occur in the centre of the project. Spring temperatures range from 70°C to 81°C and a surface heat flow in the area of the springs of some 15MWthermal has been assessed. The springs show good field evidence for having historically been depositing silica sinter from boiling spring waters, an excellent indication of high subsurface geothermal temperatures. The presence of these impressive thermal features over a large surface area and the close alignment of them with surface faults, indicate that the geothermal system at Longavi may be substantial. A MT survey was completed by HRL over the project in early 2011 and identified a resource "upstream" from the Banos Longavi springs. A detailed resource assessment study indicates the Longavi resource is sufficiently large to allow for about 135MWe of electrical power generation over a period of 30 years, based on the key assumptions of: a reservoir recovery factor of 15%, a power plant thermal to electrical efficiency of 14% and power plant capacity factor of 90%. It is expected that further MT survey and future drilling will increase this estimate substantially.

Quellaapacheta – Peru
The Quellaapacheta exploration tenement is located 120 km north of Tacna, near the town of Calacoa along the Putina River in the province of Moquegua in Southern Peru. The project is associated with the Ticsani Volcano in the Peruvian Southern Cordilleran Volcanic Zone.

Steaming ground and fumaroles have recently been discovered by Hot Rock on the upper flanks of the Ticsani volcano. At least fifteen hot springs occur at lower elevations along the Putina and Cuchumbaya rivers, tributaries of the Rio Tambo. These range in temperature from 54°C to 89°C with pH's ranging from 5.8 to 8.3. In geochemical terms the springs are described as mixed chloride-bicarbonate waters indicating the presence of a benign geothermal reservoir at depth. Carbonate and silica sinter deposition products occur around the lower elevation thermal features.

The presence of chloride-rich water actively depositing silica sinter at low elevations and fumarolic activity at higher elevations confirms that Quellaapacheta is a classic steep terrain, high temperature geothermal volcanic system.

Chocopata – Peru
The Chocopata exploration tenement is located 120 km north-east of Arequipa and 100km north west of Puno. The tenement is flanked north, east and west by three 138 kV transmission lines, all located about 70 km from the centre of the tenement.

The main thermal area at Chocopata is called Pinaya and is located close to the southern edge of the tenement. This is characterized by numerous hot springs with temperatures ranging between 40 to 90º C and with pH's ranging from 5 to 6. The Pinaya hot springs have a substantial flow rate estimated at 10 l/s. Similar to Quellaapacheta, the occurrence of a primary chloride reservoir with indications for high reservoir temperatures suggest that Chocopata is a classic steep terrain, high temperature geothermal volcanic system.

Overall, the geological setting, the strong surface geothermal activity and the proximity of the projects to the national grid highlight the excellent prospectivity of the Chocopata project.

About Hot Rock Limited
Hot Rock Limited (ASX: HRL) is a 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 supplier of geothermal power.

In Australia, the company is focused on developing HSA projects in its large Otway Basin tenements in south-west Victoria. The flagship Koroit project is ready to drill and test and is awaiting the outcome

of ongoing discussions with the Federal government and potential joint venture partners to fund this project.

HRL has expanded internationally into South America where high quality geothermal resources and attractive regulatory environments and market conditions are present. The Company established offices in Santiago and Lima in 2009. Exploration tenement applications covering exciting volcanic prospects have been granted to Hot Rock in both countries and exploration is now well advanced at a number of these tenements.

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