

29 April 2013

Major milestone as first JV commences

Hot Rock Limited (**HRL**) is pleased to announce that the Energy Development Corporation (**EDC**) (70% equity) and HRL (30% equity) joint venture has now officially commenced. This event occurred on the 15 April 2013 with the completion of the transfer of the Quellaapacheta exploration authorisation (**Quellaapacheta**) in southern Peru into the Geotermica Quellaapacheta Peru S.A.C. (**GQP**) joint venture company. Subsequent requirements in relation to the payment of the initial participation fee to HRL, as a consequence of the transfer of the Quellaapacheta, have now been completed.

The Quellaapacheta project is a high temperature geothermal resource that contains essential surface features that include:

- The presence of steaming ground and fumaroles (Figure 1);
- A large number of hot springs with temperatures ranging from 54°C to 89°C, of which a number have very high discharge flows (Figure 2);
- The presence of chloride-rich thermal water at low elevations in combination with fumarolic activity at higher elevations confirms that Quellaapacheta is a classic steep terrain, high temperature geothermal volcanic system.



Figure 1: *Fumaroles vents near the summit of Ticsani volcano*



Figure 2: *Highly pressured outflow springs around the periphery of Ticsani volcano*

EDC took advantage of the late 2012 field season to conduct detailed fieldwork programs including geological, geochemical and geophysical magneto-telluric (MT) resistivity surveys at Quellaapacheta.

This work completes geological and geochemical investigations, which indicate the possible existence of an underground reservoir of hot water and steam. Twenty nine (29) station measurements were completed in the 2012 MT resistivity survey. A substantial extension of this survey, involving a further 85 stations is planned to commence in early May.

These programs and expenditure will be credited as part of EDC's first sole funding stage in the Joint Venture (**JV**).

Pursuant to the terms of the Joint Venture Agreement (**JVA**), HRL has received from EDC an initial payment of US\$0.4 million. If EDC withdraws from the project within 6 months from

the effective date of transfer of Quellaapacheta to GQP, the \$0.4m is refundable. A further payment of US\$0.6 million will be paid if EDC continues with the Quellaapacheta project past an initial 15 month period.

Subject to the terms of the JVA, EDC is sole funding up to US\$12 million on surface exploration and deep exploration drilling activities before HRL is required to commence joint funding 30% of the project costs with EDC continuing to fund 70%.

Hot Rock Executive Chairman, Dr Mark Elliott stated: “We have reached an important milestone in HRL’s history of commencing our first JV. EDC and HRL have commenced work via GQP on the Quellaapacheta project with the mobilisation of geophysical equipment and personnel to the site for commencing the extended MT survey in early May.

This milestone marks the first JV between EDC and HRL and is the start of the development of potential major new geothermal power generation in Peru.

With this project now advancing with EDC funding, resources and expertise, we can now turn our attention to creating value from our other high quality projects.”

For further information please contact:

Dr Mark Elliott,
Executive Chairman,
+61 7 3212 6200 or 0409 998 840
mark.elliott@hotrockltd.com

or visit website www.hotrockltd.com

About the Project

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 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 that maybe developed after further testing.

About the MT Survey

Over the past decade Magneto Telluric (MT) resistivity surveys have become the standard method for the exploration of high temperature geothermal systems. This involves the measurement of naturally occurring variations in the magnetic field and concurrent electric field induced in the earth’s shallow crust through atmospheric effects. The method allows for ground resistivity to be determined and by applying calculations at different frequencies, the resistivity of rock units down to depths of 5km or more can be determined. The resistivity of rocks in geothermal systems varies depending on porosity, the level of mineralisation of hot geothermal fluids contained in pores and fractures in the host rocks and the extent and type of clay alteration produced by the interaction of the geothermal

fluids with the surrounding reservoir rocks. The resistivity values determined by the MT method are used to locate and delineate geothermal systems. These data along with the geology and chemistry of the geothermal features allows the selection of drill targets to test the quality and size of the reservoir.

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

Our main exploration and development focus is in South America, namely Chile and Peru where high quality geothermal resources and attractive regulatory environments and power market conditions are present. The Company established offices in Santiago and Lima in 2008-9. HRL used its early mover advantage to identify and secure exploration tenements based on geology, chemistry and geothermal features seen associated with other geothermal volcanic type operating power projects around the world. Now with granted tenements in both countries, exploration is advancing at a number of these tenements. HRL's strategy is to farm-out its exciting high quality projects to partners to assist in the exploration and development of these projects in markets with high growing demand for electricity.

In Australia, the company is focused on developing HSA projects in its Otway Basin tenements in south-west Victoria. The flagship Koroit project is near ready to drill and test and is awaiting the outcome of ongoing discussions with the Federal government and potential joint venture partners to help fund this project, through the proof of concept drilling and testing stage.