

30 April 2014

Quarterly Activities Report

The Board of **Hot Rock Limited** (ASX: HRL or “the Company”) is pleased to provide the following update on progress made during the March Quarter of 2014.

HIGHLIGHTS

- **Geothermal work advancing in the Otway Basin**
- **Externally funded NICTA research program commences in Otway Basin**
- **Sale of drill casing and high pressure wellhead completed**
- **Significant joint venture and acquisition opportunities are being evaluated**
- **Company operating with low overhead and operating costs to conserve cash**
- **Cash at end of quarter \$1.8 million**

Geothermal work advancing in the Otway Basin, Victoria

Following the sale of HRL’s South American projects the Company is refocussing its exploration activities in the Otway Basin for geothermal power generation. GEP6 and GEP8 covering the geothermal resources at Penola and Koroit were extended by the Victorian Department of State Development, Business and Innovation (SDBI) for a 5 year term expiring on the 13 December 2018. Five major items need to be known to advance the development of geothermal power generation in HRL’s permits, as follows;

1. temperature of the production fluid from the geothermal reservoir
2. long-term flow rate of the production fluid
3. cost of drilling and completing geothermal production and re-injection wells and power plant
4. cost of connection to private customers or to the power grid
5. receiving a viable long-term power price suitable of an early stage renewable energy technology.

The estimated reservoir temperature of the Koroit project is well understood from direct measurements of temperature taken in and near the geothermal reservoir from previously drilled petroleum wells and interpreted 2D seismic data in the area. An estimated production temperature of 150°C is estimated in the Koroit prospect from around a depth of 3,000m to 3,700m and is suitable for Organic Rankine Cycle (ORC) power plants. Temperature represents a low technical risk.

The Koroit project can use proven off-the-shelf power plants used in many other geothermal fields around the world over the last 30 years and the power generation component of the project represents a low technical risk. Advances in power plant design and drilling technology continue to drive costs down.

Koroit is located within 70km of the nearest interconnector to the national electricity power grid and is not a stranded prospect relying on major high cost transmission lines to be built to be connected to the market. Power generated from small power plants (less than 10MW) can be fed into the local nearby transmission grids.

Currently, determining the long-term flow rate of the production fluid from the geothermal reservoir is a high technical risk. None of the petroleum wells in the Koroit prospect area intersect commercial oil or gas, so no pump tests were undertaken to record recoverable petroleum products and accompanying hot water. Further research is required to better understand the characterization and permeability of the hot sedimentary aquifers hosting the hot water suitable for geothermal power generation.

HRL's is undertaking further technical work to reduce exploration risk to identify the best productive reservoirs and to enhance the opportunity of attracting government and private funding for drilling programs to potentially lead to early development.

Externally funded NICTA research program commences in Otway Basin

The research agreement signed and announced with National ICT Australia Ltd (NICTA) in April 2013 is now proceeding and is designed to improve the identification of geothermal targets before drilling. NICTA is working closely with the School of Information Technologies at the University of Sydney to develop machine learning algorithms, and the Schools of Earth Science at the Australian National University, University of Melbourne and University of Adelaide to apply these methods to the problem of geothermal target characterization and exploration. This research can assist to better select geothermal prospects and their characterization. Funding has been supplied by the Commonwealth government via ARENA's Emerging Renewables Program and the Victorian government.

HRL is providing extensive data sets on the Otway Basin focused on GEP8 to better identify Hot Sedimentary Aquifer (HSA) targets and characterization of its reservoirs prior to drilling.

The project is planned to be completed by the end of June 2014.

Sale of drill casing and high pressure wellhead located at Koroit

During the quarter, the Company sold its drill casing and high pressure wellhead to an overseas geothermal company. HRL received US\$365,000 on the 20 February as full payment. Sixteen shipping containers were despatched with the goods under a free on board (FOB) agreement thorough the Port of Melbourne. Two low pressure wellheads have been retained and stored near Koroit.

Drilling in the Otway Basin is not scheduled in the new work commitments agreed to with the Victorian Department of State Development and Business Innovation until 2017 to 2018, so the wellheads and casing were surplus to current needs and the released funds will be able to be put to more productive use in the interim.



Corporate

The Company has funds available to secure new opportunities in a buyer's market due to the depressed conditions in the resources and energy sectors and is actively evaluating a number of investment opportunities. HRL is operating with low overheads and low operating costs to conserve cash.

At the end of the quarter the company had a cash balance of \$1.8 million.

HRL moved its registered office to Level 8, c/- Hopgood Ganim, Waterfront Place, 1 Eagle Street, Brisbane, Queensland during the quarter.

Contact Details

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CORPORATE DIRECTORY

Board of Directors - HRL

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

Company Secretary & CFO

Paul Marshall

Issued Share Capital

Hot Rock has 345.4million ordinary shares currently on issue and 21.7 million unlisted options.

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Please direct shareholding enquiries to the share registry