



**HOT ROCK LIMITED**

**ABN 99 120 896 371**

**INTERIM FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED  
31 DECEMBER 2013**

## CORPORATE INFORMATION

### DIRECTORS

Mark Elliott (Chairman)  
Peter Barnett (Non-executive Director)  
Michael Sandy (Non-executive Director)  
Stephen Bizzell (Non-executive Director)

### COMPANY SECRETARY

Paul Marshall

### REGISTERED OFFICE

HopgoodGanim Lawyers  
1 Eagle Street  
Brisbane QLD 4000  
Phone: + 61 7 3105 5960

### SOLICITORS

HopgoodGanim Lawyers  
1 Eagle Street  
Brisbane QLD 4000  
Phone: + 61 7 3024 0000

### SHARE REGISTRY

Link Market Services Limited  
Level 15  
324 Queen Street  
Brisbane QLD 4000  
Phone: 1300 554 474

### AUDITORS

BDO Audit Pty Ltd  
Level 10, 12 Creek Street  
Brisbane QLD 4000  
Phone:+ 617 3237 5999

### COUNTRY OF INCORPORATION

Australia

### STOCK EXCHANGE LISTING

Australian Securities Exchange Limited  
ASX Code: HRL

### INTERNET ADDRESS

[www.hotrockltd.com](http://www.hotrockltd.com)

### AUSTRALIAN BUSINESS NUMBER

ABN 99 120 896 371

## DIRECTORS' REPORT

Your Directors present their report on the Consolidated Entity consisting of Hot Rock Limited (HRL) and the entities it controlled at the end of, or during, the half-year ended 31 December 2013.

## DIRECTORS

The following persons were directors of Hot Rock Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

|                    |                               |
|--------------------|-------------------------------|
| Dr Mark Elliott    | <i>Non-Executive Chairman</i> |
| Mr Peter Barnett   | <i>Non-Executive Director</i> |
| Mr Michael Sandy   | <i>Non-Executive Director</i> |
| Mr Stephen Bizzell | <i>Non-Executive Director</i> |

## REVIEW OF OPERATIONS

### South America

On 18 November 2013, the Company announced that it had entered into a sale agreement with its joint venture partner, Energy Development Corporation (EDC) for the sale of its geothermal assets, consisting of granted exploration concessions and authorisations (tenements) and applications it holds in both Peru and Chile.

A contract for the sale of the shares in Hot Rock Chile Limited (BVI) and Hot Rock Peru Limited (BVI) (being the subsidiary entities that hold the geothermal assets through further subsidiary entities) was signed with EDC.

Through the acquisition of the Company's overseas subsidiaries as described above, EDC acquired:

- all of the geothermal authorisation and application interests (including HRL's 30% interest in the Quellaapacheta joint venture Project) and other assets held by Hot Rock Peru S.A in Peru; and
- all of the geothermal concession and application interests and other assets held by Hot Rock Chile S.A and Hemisferio Sur SpA, in Chile except for the Galerias Projects.

The parties agreed to a sale price for the Chilean and Peruvian Assets of US\$3,000,000, with a deposit of US\$500,000 paid by EDC on 21 November 2013.

The balance of the purchase price of \$US2,270,000 (\$US2,500,000 less an amount of \$US230,000 referred to below) was paid by EDC on 6 January 2014, following the transfer of the shares of Hot Rock Chile Limited (BVI) and Hot Rock Peru Limited (BVI) in accordance with the sale contract.

An amount of US\$230,000 is subject to retention and held in an escrow account pending the resolution of a tax matter in Peru.

## AFTER BALANCE DATE EVENTS

On 6 January 2014, HRL received the remaining \$2,270,000 (\$US2,500,000 less an amount of \$US230,000 referred to below) from the sale of its South American Geothermal Projects to Energy Development Corporation.

Of the funds received, an amount of US\$230,000 is subject to retention and held in an escrow account pending the resolution of a tax matter in Peru.

The sale proceeds will provide working capital to enable the Company to progress with its remaining geothermal assets in Australia and Chile, whilst also investigating other opportunities.

**AUDITOR'S INDEPENDENCE DECLARATION**

The Auditor's Independence Declaration on page 5 forms part of the Directors' Report.

Signed in accordance with a resolution of the board of directors of Hot Rock Limited.

A handwritten signature in blue ink, appearing to read 'M Elliott', is positioned above the printed name and title.

Mark Elliott  
Chairman  
Brisbane, 3 March 2014



Tel: +61 7 3237 5999  
Fax: +61 7 3221 9227  
www.bdo.com.au

Level 10, 12 Creek St  
Brisbane QLD 4000  
GPO Box 457 Brisbane QLD 4001  
Australia

## DECLARATION OF INDEPENDENCE BY ALBERT LOOTS TO THE DIRECTORS OF HOT ROCK LIMITED

As lead auditor for the review of Hot Rock Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Hot Rock Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'A.S. Loots', is written over a light blue horizontal line.

**A.S. Loots**  
Director

**BDO Audit Pty Ltd**

Brisbane, 3 March 2014

**Consolidated Statement of Comprehensive Income  
For the half-year ended 31 December 2013**

|   | Note | December<br>2013<br>\$ | December<br>2012<br>\$ |
|---|------|------------------------|------------------------|
| Interest revenue  |      | 2,580                  | 11,810                 |
| Gain on disposal of 70% interest in Quellaapacheta                | 2    | 437,972                | -                      |
| Gain on disposal of subsidiaries and equity accounted investments | 2    | 2,889,889              | -                      |
| Employment and consultancy expenses                               |      | (609,016)              | (788,979)              |
| Depreciation and amortisation expenses                            |      | (1,469)                | (21,056)               |
| Finance costs   |      | -                      | (86)                   |
| Other expenses  |      | (538,049)              | (302,479)              |
| Impairment of exploration and evaluation assets                   |      | -                      | (449,893)              |
| Profit/(loss) before income tax                                   |      | 2,181,907              | (1,550,683)            |
| Income tax benefit/(expense)                                      |      | -                      | -                      |
| Profit/(loss) after income tax                                    |      | 2,181,907              | (1,550,683)            |
| <b>Other comprehensive income/(loss)</b>                          |      |                        |                        |
| <i>Items that may be reclassified to profit or loss</i>           |      |                        |                        |
| Foreign currency translation differences for foreign operations   |      | 3,349                  | 16,338                 |
| Re-classification of foreign exchange differences on disposal     |      | 31,542                 | -                      |
| Income tax  |      | -                      | -                      |
| Other comprehensive income for the half-year, net of tax          |      | 34,891                 | 16,338                 |
| <b>Total comprehensive income/(loss)</b>                          |      | <b>2,216,798</b>       | <b>(1,534,345)</b>     |
|   |      | Cents                  | Cents                  |
| <b>Earnings per share</b>   |      |                        |                        |
| Basic earnings per share  |      | 0.63                   | (0.54)                 |
| Diluted earnings per share  |      | 0.63                   | (0.54)                 |

*The Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.*

**Consolidated Balance Sheet**  
**As at 31 December 2013**

|                                  | Note | December<br>2013<br>\$ | June<br>2013<br>\$ |
|----------------------------------|------|------------------------|--------------------|
| <b>CURRENT ASSETS</b>            |      |                        |                    |
| Cash and cash equivalents        |      | 371,991                | 179,770            |
| Trade and other receivables      | 2    | 2,577,175              | 8,534              |
| Other current assets             |      | 6,100                  | 15,298             |
| <b>TOTAL CURRENT ASSETS</b>      |      | <b>2,955,266</b>       | <b>203,602</b>     |
| <b>NON-CURRENT ASSETS</b>        |      |                        |                    |
| Trade and other receivables      |      | 42,198                 | 52,198             |
| Equity accounted investments     | 2    | -                      | 197,619            |
| Plant and equipment              |      | 2,160                  | 3,629              |
| <b>TOTAL NON-CURRENT ASSETS</b>  |      | <b>44,358</b>          | <b>253,446</b>     |
| <b>TOTAL ASSETS</b>              |      | <b>2,999,624</b>       | <b>457,048</b>     |
| <b>CURRENT LIABILITIES</b>       |      |                        |                    |
| Trade and other payables         |      | 1,171,824              | 826,327            |
| Short-term provisions            |      | 167,609                | 187,328            |
| <b>TOTAL CURRENT LIABILITIES</b> |      | <b>1,339,433</b>       | <b>1,013,655</b>   |
| <b>TOTAL LIABILITIES</b>         |      | <b>1,339,433</b>       | <b>1,013,655</b>   |
| <b>NET ASSETS</b>                |      | <b>1,660,191</b>       | <b>(556,607)</b>   |
| <b>EQUITY</b>                    |      |                        |                    |
| Issued capital                   | 3    | 14,298,986             | 14,298,986         |
| Reserves                         |      | 1,198,228              | 1,163,337          |
| Accumulated losses               |      | (13,837,023)           | (16,018,930)       |
| <b>TOTAL EQUITY</b>              |      | <b>1,660,191</b>       | <b>(556,607)</b>   |

*The Balance Sheet should be read in conjunction with the Notes to the Financial Statements.*

**Consolidated Statement of Changes in Equity  
For the half-year ended 31 December 2013**

|   | Issued<br>Capital<br>\$ | Accumulated<br>Losses<br>\$ | Share<br>Based<br>Payment<br>Reserve<br>\$ | Foreign<br>Currency<br>Reserve<br>\$ | Total<br>\$        |
|---|-------------------------|-----------------------------|--|--------------------------------------|--------------------|
| <b>Balance at 1 July 2012</b>                                   | 12,700,722              | (8,322,443)                 | 1,032,828                                  | (142,502)                            | 5,268,605          |
| <b>Transactions with owners in their capacity as owners</b>     |                         |                             |  |                                      |                    |
| Issue of share capital  | 1,493,676               | -                           | -  | -                                    | 1,493,676          |
| Share issue costs   | (93,899)                | -                           | -  | -                                    | (93,899)           |
| Share-based payment expense                                     | -                       | -                           | 165,400                                    | -                                    | 165,400            |
| <b>Total</b>  | <b>1,399,777</b>        | <b>-</b>                    | <b>165,400</b>                             | <b>-</b>                             | <b>1,565,177</b>   |
| <b>Comprehensive income</b>                                     |                         |                             |  |                                      |                    |
| Loss after income tax   | -                       | (1,550,683)                 | -  | -                                    | (1,550,683)        |
| Foreign currency translation differences for foreign operations | -                       | -                           | -  | 16,338                               | 16,338             |
| <b>Total comprehensive income</b>                               | <b>-</b>                | <b>(1,550,683)</b>          | <b>-</b>                                   | <b>16,338</b>                        | <b>(1,534,345)</b> |
| <b>Balance at 31 December 2012</b>                              | <b>14,100,499</b>       | <b>(9,873,126)</b>          | <b>1,198,228</b>                           | <b>(126,164)</b>                     | <b>5,299,437</b>   |
| <b>Balance at 1 July 2013</b>                                   | <b>14,298,986</b>       | <b>(16,018,930)</b>         | <b>1,198,228</b>                           | <b>(34,891)</b>                      | <b>(556,607)</b>   |
| <b>Transactions with owners in their capacity as owners</b>     |                         |                             |  |                                      |                    |
| Issue of share capital  | -                       | -                           | -  | -                                    | -                  |
| Share issue costs   | -                       | -                           | -  | -                                    | -                  |
| Share-based payment expense                                     | -                       | -                           | -  | -                                    | -                  |
| <b>Total</b>  | <b>-</b>                | <b>-</b>                    | <b>-</b>                                   | <b>-</b>                             | <b>-</b>           |
| <b>Comprehensive income</b>                                     |                         |                             |  |                                      |                    |
| Profit after income tax   | -                       | 2,181,907                   | -  | -                                    | 2,181,907          |
| Foreign currency translation differences for foreign operations | -                       | -                           | -  | 3,349                                | 3,349              |
| Re-classification of foreign exchange differences on disposal   | -                       | -                           | -  | 31,542                               | 31,542             |
| <b>Total comprehensive income</b>                               | <b>-</b>                | <b>2,181,907</b>            | <b>-</b>                                   | <b>34,891</b>                        | <b>2,216,798</b>   |
| <b>Balance at 31 December 2013</b>                              | <b>14,298,986</b>       | <b>(13,837,023)</b>         | <b>1,198,228</b>                           | <b>-</b>                             | <b>1,660,191</b>   |

*The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.*



**Consolidated Statement of Cash Flows**  
**For the half-year ended 31 December 2013**

|   | <b>December<br/>2013</b> | <b>December<br/>2012</b> |
|---|--------------------------|--------------------------|
|   | <b>\$</b>                | <b>\$</b>                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                          |                          |
| Payments to suppliers and employees   | (647,583)                | (867,718)                |
| Interest received   | 2,580                    | 5,013                    |
| Finance costs   | -                        | (86)                     |
| Net cash used in operating activities   | (645,003)                | (862,791)                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                          |                          |
| Proceeds from the sale of property, plant & equipment                               | -                        | 20,000                   |
| Refund of security deposits   | 10,000                   | 23,783                   |
| Proceeds received for the disposal of subsidiaries and equity accounted investments | 2 563,507                | -                        |
| Payments for exploration and evaluation assets                                      | -                        | (185,416)                |
| Net cash provided by/(used in) investing activities                                 | 573,507                  | (141,633)                |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                          |                          |
| Proceeds from issue of shares   | -                        | 1,463,676                |
| Capital raising expenses  | -                        | (93,899)                 |
| Proceeds from borrowings - directors  | 260,366                  | -                        |
| Repayment of borrowings   | -                        | (30,509)                 |
| Net cash provided by financing activities   | 260,366                  | 1,339,268                |
| Net increase/(decrease) in cash and cash equivalents held                           | 188,870                  | 334,844                  |
| Net foreign exchange differences  | 3,351                    | (10,895)                 |
| Cash and cash equivalents at the beginning of the financial period                  | 179,770                  | 59,807                   |
| <b>Cash and cash equivalents at the end of the financial period</b>                 | <b>371,991</b>           | <b>383,756</b>           |

*The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.*

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Reporting Entity

Hot Rock Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2013 comprises the Company and its controlled entities (together referred to as the "Consolidated Entity").

### Basis of preparation

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Company is a for-profit entity for the purpose of preparing the interim financial report.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2013.

This consolidated interim financial report was approved by the Board of Directors on 3 March 2014.

### Accounting Policies

The accounting policies and methods of computation applied by the Consolidated Entity in the consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 30 June 2013.

New and revised standards have been issued by the AASB and are effective for the half-year; however there are no material changes to the policies that affect the recognition and measurement of the results or financial position of the Consolidated Entity.

### Fair Values

The fair values of Consolidated Entity's financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form.

### Going Concern

On 18 November 2013, the Company announced that it had entered into a sale agreement with its joint venture partner, Energy Development Corporation (EDC) for the sale of its geothermal assets, consisting of granted exploration concessions and authorisations (tenements) and applications it holds in both Peru and Chile.

The parties agreed to a sale price for the Chilean and Peruvian Assets of US\$3,000,000, with a deposit of US\$500,000 paid by EDC on 21 November 2013.

The balance of the purchase price of US\$2,500,000 was paid by EDC on 6 January 2014, following the transfer of the shares of Hot Rock Chile Limited (BVI) and Hot Rock Peru Limited (BVI) in accordance with the sale contract.

An amount of US\$230,000 is subject to retention pending the resolution of a tax matter in Peru.

The sale proceeds will provide working capital to enable the Company to progress with its remaining geothermal assets in Australia and Chile, whilst also investigating other opportunities. The Company has forecast that it has sufficient funds to continue as a going concern.

No adjustments have been made to the financial statements relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

### Key judgements – exploration & evaluation expenditure

The Consolidated Entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results performed to balance date. At the date of this report the Consolidated Entity holds a 100% interest in the following prospects:

- Calerías – Chile
- GEP 6 – Portland, Australia
- GEP 8 – Warrnambool, Australia

During the prior period, the Directors of the Consolidated Entity resolved to impair these remaining prospects. Despite this impairment, it is the intention of the Consolidated Entity to keep these prospects in good standing and seek to either farm-out or sell the prospects outright.

## NOTE 2 DISPOSALS

### Sale of 70% interest in Quellaapacheta

Under the terms of the previous joint venture agreement with EDC, Hot Rock Limited (HRL) received from EDC an initial payment of AUD\$437,972. This amount was repayable in the event EDC withdrew from the project before 14 October 2013. EDC did not withdraw from the project and the AUD\$437,972 was transferred to income in this period.

EDC was also obligated under the previous joint venture agreement to make a second payment of US\$0.6 million if EDC did not withdraw from the project by 14 July 2014. As part of the sale agreement referred to below, this obligation was released and HRL is no longer entitled to this payment.

### Sale of South American Project and Companies

On 18 November 2013, the Company announced that it had entered into a sale agreement with its joint venture partner, Energy Development Corporation (EDC) for the sale of its geothermal assets, consisting of granted exploration concessions and authorisations (tenements) and applications it holds in both Peru and Chile. These concessions and authorisations were held by the following subsidiaries of HRL:

- Hot Rock Chile S.A. (Chile)
- Hemisferio Sur SpA (Chile)
- Hot Rock Peru S.A. (Peru)
- Hot Rock Chile Ltd (BVI)
- Hot Rock Peru Ltd (BVI)

In addition HRL also disposed of its 30% interest in the Quellaapacheta joint venture Project.

The parties agreed to a sale price for the Chilean and Peruvian Assets of AUD\$3,121,830, including a deposit of AUD\$563,507 paid by EDC on 21 November 2013.

The balance of the purchase price of AUD\$2,558,323 was paid by EDC on 6 January 2014, following the transfer of the shares of Hot Rock Chile Limited (BVI) and Hot Rock Peru Limited (BVI) in accordance with the sale contract.

An amount of US\$230,000 is subject to retention pending the resolution of a tax matter in Peru. This amount has been excluded from the consideration below and has been disclosed as a contingent asset (refer Note 5).

The effective date of sale of the relevant subsidiaries was deemed to occur on 19 December 2013 following HRL obtaining shareholder approval and the final condition of the sale agreement being met. HRL ceased to have effective control of the relevant subsidiaries at this date.

\$

#### Consideration

|   |           |
|---|-----------|
| Cash deposit received on 21 November 2013 | 563,507   |
| Balance receivable at 31 December 2013    | 2,558,323 |
| Total consideration                       | 3,121,830 |

#### Assets and liabilities disposed

|                                       |           |
|---------------------------------------|-----------|
| Cash and cash equivalents             | (2,053)   |
| Trade and other receivables           | (727)     |
| Equity accounted investments          | (197,619) |
| Total assets and liabilities disposed | (200,399) |

|   |          |
|---|----------|
| Re-classification of foreign exchange differences on disposal | (31,542) |
|---|----------|

|                  |           |
|------------------|-----------|
| Gain on disposal | 2,889,889 |
|------------------|-----------|

**NOTE 3 ISSUED CAPITAL**

|  | <b>December<br/>2013<br/>\$</b> | <b>June<br/>2013<br/>\$</b> |
|--|---------------------------------|-----------------------------|
| 345,427,767 fully paid ordinary shares (June: 345,427,767) | 14,298,986                      | 14,298,986                  |

|                                     | <b>December<br/>2013<br/>Number</b> | <b>December<br/>2012<br/>Number</b> | <b>December<br/>2013<br/>\$</b> | <b>December<br/>2012<br/>\$</b> |
|-------------------------------------|-------------------------------------|-------------------------------------|---------------------------------|---------------------------------|
| <b>Movements during the period</b>  |                                     |                                     |                                 |                                 |
| Balance at beginning of period      | 345,427,767                         | 232,035,215                         | 14,298,986                      | 12,700,722                      |
| Share placement (\$0.015 per share) | -                                   | 2,000,000                           | -                               | 30,000                          |
| Rights issue (\$0.015 per share)    | -                                   | 97,578,418                          | -                               | 1,463,676                       |
| Issue costs                         | -                                   | -                                   | -                               | (93,899)                        |
| Balance at end of period            | 345,427,767                         | 331,613,633                         | 14,298,986                      | 14,100,499                      |

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**Options**

As at 31 December 2013 there were 21,600,000 unissued ordinary shares under option (June: 29,938,985). No options were issued during the period.

## NOTE 4 SEGMENT REPORTING

### Reportable Segments

The principal geographical areas of operation of the Consolidated Entity are South America and Australia. Operating segments are identified on the basis of internal reports that are regularly reviewed by the chief decision maker in order to allocate resources to the segment and assess its performance.

The following is an analysis of the Consolidated Entity's revenue and results by reportable operating segment for the periods under review:

|  | South<br>America<br>\$ | Australia<br>\$ | Consolidated<br>\$ |
|--|------------------------|-----------------|--------------------|
| <b>31 December 2013</b>                      |                        |                 |                    |
| <b>Revenue:</b>                              |                        |                 |                    |
| Revenue from outside the Consolidated Entity | -                      | 2,580           | 2,580              |
| <b>Revenue from Ordinary Activities</b>      |                        |                 | 2,580              |
| Segment result                               | 3,084,615              | (802,708)       | 2,281,907          |
| Income tax benefit / (expense)               |                        |                 | -                  |
| <b>Net Profit</b>                            |                        |                 | 2,281,907          |

#### Non-cash items included above:

|                               |   |         |         |
|-------------------------------|---|---------|---------|
| Depreciation and amortisation | - | (1,469) | (1,469) |
|-------------------------------|---|---------|---------|

|  | South<br>America<br>\$ | Australia<br>\$ | Consolidated<br>\$ |
|--|------------------------|-----------------|--------------------|
| <b>31 December 2012</b>                      |                        |                 |                    |
| <b>Revenue:</b>                              |                        |                 |                    |
| Revenue from outside the Consolidated Entity | -                      | 11,810          | 11,810             |
| Other unallocated revenue                    |                        |                 | -                  |
| <b>Revenue from Ordinary Activities</b>      |                        |                 | 11,810             |
| Segment result                               | (355,872)              | (1,194,811)     | (1,550,683)        |
| Income tax benefit / (expense)               |                        |                 | -                  |
| <b>Net Loss</b>                              |                        |                 | (1,550,683)        |

#### Non-cash items included in loss above:

|                                       |          |           |           |
|---------------------------------------|----------|-----------|-----------|
| Depreciation and amortisation         | (8,906)  | (12,150)  | (21,056)  |
| Impairment of exploration expenditure | (66,038) | (383,855) | (449,893) |

### Segment assets and liabilities

|                                   | South<br>America<br>\$ | Australia<br>\$ | Consolidated<br>\$ |
|-----------------------------------|------------------------|-----------------|--------------------|
| <b>Total segment assets:</b>      |                        |                 |                    |
| 31 December 2013                  | -                      | 2,999,624       | 2,999,624          |
| 30 June 2013                      | 313,011                | 144,037         | 457,048            |
| <b>Total segment liabilities:</b> |                        |                 |                    |
| 31 December 2013                  | -                      | 1,339,433       | 1,339,433          |
| 30 June 2013                      | 39,581                 | 974,074         | 1,013,655          |

## **NOTE 5 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

### **Contingent Asset**

On 18 November 2013, the Company announced that it had entered into a sale agreement with its joint venture partner, Energy Development Corporation for the sale of its geothermal assets, consisting of granted exploration concessions and authorisations (tenements) and applications it holds in both Peru and Chile

The parties agreed to a sale price for the Chilean and Peruvian Assets of \$3,121,830

An amount of US\$230,000 is subject to retention pending the resolution of a tax matter in Peru. The Directors believe this matter will be resolved in the 2014 year. This amount has not been recognised in the Balance Sheet. In the event the matter is resolved in HRL's favour, the retention amount will be released to HRL.

## **NOTE 6 EVENTS AFTER BALANCE DATE**

On 6 January 2014, HRL received the remaining \$US2,270,000 (\$US2,500,000 less an amount of \$US230,000 referred to below) from the sale of its South American Geothermal Projects to Energy Development Corporation.

Of the funds received, an amount of US\$230,000 is subject to retention and held in an escrow account pending the resolution of a tax matter in Peru.

The sale proceeds will provide working capital to enable the Company to progress with its remaining geothermal assets in Australia and Chile, whilst also investigating other opportunities.

## DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the attached financial statements and notes as set out on pages 7 to 14 are in accordance with the Corporations Act 2001 and:
  - (i) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - (ii) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2013 and of its performance for the half year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



Mark Elliott  
Chairman

Brisbane  
3 March 2014

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hot Rock Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hot Rock Limited, which comprises the consolidated balance sheet as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Hot Rock Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Hot Rock Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.





## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hot Rock Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

**BDO Audit Pty Ltd**

Handwritten signature of A. S. Loots, consisting of the letters 'BDO' above a stylized signature.

**A. S. Loots**  
Director

Brisbane, 3 March 2014