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HOT ROCK SET TO PIONEER GEOTHERMAL EXPLORATION IN PERU

Australian company among first to be granted geothermal tenements within highly prospective, under-explored regions

Hot Rock Limited (ASX: HRL) is among the first companies to be granted geothermal tenements in Peru following the Government's recent granting of the Rupha tenement located in the Ancash region to the north of Lima (Figure 1).

The granting of the company's first Peruvian geothermal tenement marks the second such occasion that HRL has been an early mover in a South American nation keen to develop its geothermal resources, having also developed a geothermal exploration portfolio in Chile.

The Rupha tenement is the first of Hot Rock's eight tenement applications in Peru to be granted. A further six tenement applications are now in the final stages of processing and are expected to be granted within the current quarter.

Commenting on the granting of Rupha, HRL's Executive Chairman Dr Mark Elliott said, "This is a historical event for Hot Rock, with Rupha being in the first batch of geothermal exploration tenements ever to be granted by a Peruvian Government. As such, this marks the birth of the exploration geothermal industry in Peru. Hot Rock is proud to become a foundation explorer with potential to pioneer development of the Peruvian geothermal renewable power industry.

"We have been working in Peru since 2009, and now have a permanently staffed office in Lima. We have already commenced land access and community engagement work, in preparation of field programmes to begin in the next quarter.

"Our early entry into Peru extends the same strategy that we followed in Chile - early identification of high quality geothermal projects through strong in-house geothermal exploration skills and knowledge, capitalising on our first mover advantage ahead of considerable subsequent interest by both large domestic and international companies."

The selection of tenements was aided by the high quality of government data already available. For instance, previous work carried out by government agencies over several of Hot Rock's tenement applications provided strong evidence at surface for the presence of large, high temperature and permeable geothermal systems, comparable with some of the best in the world.

"We have been impressed by the support provided by the Ministry of Energy to the newly developing geothermal sector.

“With the recent granting of seven new geothermal tenements in Chile, the commencement of large MT geophysical surveys at two of these projects, and now the commencement of grants in Peru, Hot Rock is rapidly building one of the most comprehensive portfolios of high quality geothermal projects of any geothermal company presently active in South America,” Dr Elliott added.



Figure 1: Location of the newly granted Rupha tenement in Peru (together with the locations and current status of other Hot Rock tenements in both Peru and Chile)

Mark Elliott
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About the Rupha Geothermal Project

The Rupha geothermal tenement is located 350km north of Lima in the Ancash region. Geologically it is contained within the Coastal Batholith, a regionally extensive, massive rock body that has been intruded into the rifted western continental margin of Peru. The batholith forms the Western Cordillera, a well-defined linear structure present along the entire coastal region of Peru over a distance of 1600km, running parallel to the both the Andes mountain trend and the offshore subduction zone.

Rupha is a well-known thermal area in Peru and considerable use is made of hot geothermal waters discharging at surface for bathing. There are four major groups of geothermal spring discharging over the greater prospect area, with the most impressive being mixed chloride- sulphate-bicarbonate springs in the Pacatqui and Aquilina areas issuing at 89°C and 66°C respectively.

The geological setting and the impressive surface thermal activity highlight the excellent prospectivity of the project. Hot Rock is now moving forward with surface exploration programs to define the lateral and vertical extent of the geothermal system, assess geological permeability controls on the flow of hot water within it, and assess likely deep temperatures and the most likely source of the geothermal heat. A geothermal resource assessment will be undertaken after this, in conformance with the Australian Geothermal Resource Reporting Code and, if appropriate, followed up by a drilling program in 2012.

About Hot Rock Limited

Hot Rock Limited 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. In August 2010, HRL was awarded a Geothermal Drilling Program (GDP) grant for \$7million from the Australian government. The grant funds are to go toward the drilling program of HRL's maiden flagship geothermal project at Koroit in the Otway Basin, starting in 2011.

HRL has expanded internationally via South America with the establishment of offices in Santiago and Lima in 2009. Exploration applications covering exciting volcanic prospects in Chile and Peru have been lodged and are starting to be granted. HRL is consolidating its position in South America, where high quality geothermal resources exist and attractive regulatory environments and market conditions are present.