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## **Hot Rock receives draft \$7m GDP grant Funding Agreement**

Hot Rock Limited (“HRL”) (**ASX code HRL**), announced on the 14<sup>th</sup> December 2009 that its application for a \$7 million grant from the Commonwealth Government’s “Geothermal Drilling Programme” had been successful. This followed advice from the Federal Minister for Resources, Energy & Tourism, the Hon Martin Ferguson AM, MP, that HRL had been offered the grant for the Koroit Project.

Yesterday HRL received the draft Funding Agreement from the Department of Resources, Energy and Tourism (DRET) for the \$7 million grant and has until the 17<sup>th</sup> June to execute it so that funds can be drawn down. The funds will be used to undertake a two well appraisal drilling and testing program at the company’s flagship “Hot Sedimentary Aquifer” (HSA) Koroit Project in the Otway Basin, south west Victoria.

Sinclair Knight Merz (SKM) geothermal division in New Zealand has completed a suitable proof of concept well design to test the Koroit HSA reservoir. In February, a Letter of Intent (LOI) was executed with Ensign Australia for the use of Rig 16, which is suitable for the SKM well design and a drilling contract is near completion. Contracts have been executed and payments made for casing, wellheads and land access.

The \$7 million grant to HRL shows the government’s confidence in the company’s management and geothermal business model. This grant made available to HRL is at no cost to the company and is a significant bonus for HRL shareholders.

The appraisal program will test the potential of the Koroit Project, which has an Indicated and Inferred Geothermal Resource estimation of 7,600PJ and 67,000PJ, respectively of in-place stored heat. The Indicated Resource alone has the potential (at a P50 level of certainty) to generate over 100MWe of geothermal power, which is enough electricity to supply around 100,000 homes. The inferred resource, if proven, would, on the same basis, have the potential to generate more than 1,000MWe (Figure 1).

This will be the first geothermal drilling program to be conducted on HRL’s permits to test temperature and flow rates to indicate the viability of electricity generation from geothermal energy. Importantly, geothermal energy is base-load which is power generated 24 hours a day, 7 days a week, it is renewable and has no greenhouse gas emissions. Geothermal has the highest capacity factor of all power generation methods and is the best renewable power option for replacing Victoria’s current high reliance on electricity generated from brown coal fired power stations.

Commercial geothermal power generation using HSA has been operating in the USA for over 25 years and represents potentially the lowest risk and best short term development option for commercial geothermal energy developments in Australia.

HRL’s executive Chairman Dr Mark Elliott stated that “receiving the GDP funding agreement is a major milestone for HRL in moving closer to generating electricity from geothermal energy in Australia within the next 2 years”.

Planning for the drilling and testing program at Koroit is well advanced and scheduled to commence in late 2010, when Rig16 is available.

### **About Hot Rock**

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, south west Victoria. On the 14<sup>th</sup> December 2009, HRL was offered a Geothermal Drilling Program (GDP) grant for \$7million from the Australian government. The grant funds are to go toward the drilling and testing program of HRL's maiden flagship geothermal project at Koroit in the Otway Basin, starting in 2010, followed by the development of a pilot plant by 2011.

HRL has expanded internationally via South America with the establishment of offices in Santiago and Lima in 2009 and lodgement of exploration applications covering exciting volcanic prospects in Chile and Peru. HRL is consolidating its position in South America, where high quality geothermal resources exist and attractive regulatory environments and market conditions allow us to operate in a secure and potentially profitable manner.

This level of project diversification in terms of both resource type and geography will undoubtedly benefit HRL and add considerably to long term shareholder value.



Mark Elliott  
**Executive Chairman**

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*The information in this Statement that relates to Geothermal Resources has been compiled by Peter Barnett, an employee of Hot Rock Limited. Mr Barnett has over 30 years' experience in the determination of crustal temperatures and stored heat for the style relevant to the style of geothermal play outlined in this release. He is a member of the Geothermal Resources Council and the International Geothermal Association, a current board member of the New Zealand Geothermal Association, a past board member of the Auckland University Geothermal Institute Board of Studies and a current member of the Economics Sub Committee of the Australian Geothermal Association.*

Mr Barnett qualifies as a Competent Person as defined by the Australian Code of Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves (2008 Edition). Mr Barnett consents to the public release of this report in the form and context in which it appears. Neither Mr Barnett nor Hot Rock Limited takes any responsibility for selective quotation of this Statement or if quotations are made out of context.

**Figure 1:** Location of the Koroit Geothermal Project supported by the \$7 million GDP grant

