

HOT ROCK LIMITED
ABN 99 120 896 371

OFFER STATEMENT

**A NON-RENOUNCEABLE RIGHTS OFFER OF 1 NEW SHARE AT \$0.015 EACH
FOR EVERY 2 SHARES HELD TO RAISE APPROXIMATELY \$1.74 MILLION**

This is an important document and requires your immediate attention.

This document is not a prospectus. This document does not contain all of the information that an investor may require in order to make an informed investment decision regarding the New Shares offered by this document.

The New Shares offered by this document should be considered speculative.

This document should be read in its entirety. If after reading this document you have any questions about the Offer or the New Shares then you should consult your stockbroker, accountant or other professional advisor.

Valid acceptances must be received by 5:00 pm (AEST) on Friday 7 September 2012

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Corporate Directory

Directors	Solicitors to the Offer
Dr Mark Elliott (Executive Chairman) Mr Peter Barnett (Managing Director) Mr Mike Sandy (Non-Executive Director) Mr Stephen Bizzell (Non-Executive Director)	HopgoodGanim Lawyers Level 8 Waterfront Place 1 Eagle Street Brisbane QLD 4000
Administration and Registered Office	Share Registry
Hot Rock Limited Level 5 10 Market St Brisbane, QLD 4000	Link Market Services Limited Level 15. 324 Queen Street Brisbane, Qld 4000 Australia

Important notices

This Offer Statement is dated 10 August 2012, and a copy was given to ASX on that date. The ASX does not take any responsibility for the contents of this Offer Statement.

This Offer Statement sets out the terms of the non-renounceable rights offer by Hot Rock Limited (Hot Rock) under which Eligible Shareholders are entitled to acquire 1 ordinary share in Hot Rock at \$0.015 each for every 2 ordinary shares held at 7:00pm (AEST) on Monday 20 August 2012.

The Offer made pursuant to this Offer Statement is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of Hot Rock. This Rights Issue Offer Statement is not a disclosure statement for the purposes of Chapter 6D of the Corporations Act. Hot Rock is offering the securities under this Offer Statement without disclosure to investors under Chapter 6D of the Corporations Act pursuant to section 708AA of the Corporations Act. Accordingly, the level of disclosure contained in this Offer Statement is significantly less than that required under a prospectus and Eligible Shareholders should consider all relevant facts and circumstances, including their knowledge of Hot Rock and disclosures made to the ASX and should consult their professional advisors before deciding whether to accept the Offer.

New Shares will only be issued on the basis of the Offer Statement in accordance with the terms set forth in this Offer Statement.

As at the date of this Offer Statement, Hot Rock has complied with:

- the provisions of Chapter 2M of the Corporations Act, as they apply to Hot Rock; and
- section 674 of the Corporations Act.

No Excluded Information

As at the date of this Offer Statement Hot Rock is not aware of any excluded information of the kind which would require disclosure in this Offer Statement pursuant to subsections 708AA (8) and (9) of the Corporations Act.

Foreign Shareholders

Hot Rock has not made any investigation as to the regulatory requirements that may prevail in the countries, outside of Australia and New Zealand, in which Hot Rock's Shareholders may reside. The distribution of this Offer Statement in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Offer Statement should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws.

The Offer may only be accepted by Eligible Shareholders and does not constitute an offer in any place in which or to any person to whom, it would be unlawful to make such an offer.

Hot Rock has decided that it is unreasonable to make an Offer to Shareholders with registered addresses outside Australia and New Zealand having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered addresses outside Australia and New Zealand.

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Offer Statement. Any information or representation not contained in this Offer Statement may not be relied upon as having been authorised by Hot Rock in connection with the Offer. Neither Hot Rock nor any other person warrants the future performance of Hot Rock or any return on any investment made under this Offer Statement, except as required by law and then, only to the extent so required.

Any forecast or any forward looking statement contained in this Offer Statement may involve significant elements of subjective judgment and assumption as to future events which may or may not be correct, and there are usually differences between forecasts and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. Nothing contained in this Offer Statement is, or may be relied on as, a promise or representation as to the future.

The information in this Offer Statement does not constitute a securities recommendation or financial product advice, and does not purport to constitute all the information that you may require to enable you to evaluate effectively and completely whether to take up the New Shares under the Offer. In preparing this Offer Statement, Hot Rock has not taken into account the investment objectives, financial situation or particular needs of any particular person. Accordingly, before acting on this Offer Statement, you should assess whether a further investment in Hot Rock would be appropriate in light of your own financial circumstances.

Except to the extent prohibited by law, Hot Rock, its officers, employees and advisers disclaim all liability that may otherwise arise due to any of this information being inaccurate or incomplete.

Unless otherwise stated, a monetary reference in this Offer Statement is a reference to Australian currency.

Contact details

If you have any query or question about the Offer, you may contact Hot Rock's Company Secretary, Paul Marshall, on +61 7 3212 9212 or Hot Rock's share registrar as follows:

Link Market Services Limited
Level 15, 324 Queen Street,
Brisbane, Qld 4000

Telephone: 1300 668 378 (within Australia)
 +61 2 8280 7711 (outside Australia)

between 8:30 am and 5:30 pm (AEST) Monday to Friday

1. Timetable

Event	Date
Announcement of Offer	Friday 10 August 2012
Despatch letter to option holders who cannot participate in the Offer informing them of the Offer	Friday 10 August 2012
Despatch notice containing appendix 3B information to Shareholders	Monday 13 August 2012
Shares commence quotation on an “ex” basis (‘ex” date)	Tuesday 14 August 2012
Record date to determine entitlements under Offer	Monday 20 August 2012 at 7:00 pm (AEST)
Despatch Offer Statements and Entitlement and Acceptance Forms to Eligible Shareholders (and notify ASX when despatch has been completed) and despatch letter informing ineligible foreign Shareholders of exclusion from Offer and any nominee arrangements	Thursday 23 August 2012
Notify ASX that despatch has been completed	Thursday 23 August 2012
Offer opens	Thursday 23 August 2012
Offer closes	Friday 7 September 2012 at 5:00pm (AEST)
Shares commence quotation on a deferred settlement basis	Monday 10 September 2012
Notify ASX of any under-subscriptions (i.e. Shortfall)	Wednesday 12 September 2012
Issue New Shares applied for under Offer and any Shortfall	Monday 17 September 2012 by noon (AEST)
Deferred settlement trading ends	Monday 17 September 2012
Despatch holding statements	Monday 17 September 2012
Normal trading of New Shares starts	Tuesday 18 September 2012

These dates are indicative only and subject to change. Hot Rock reserves the right, subject to the *Corporations Act 2001* (Cth) and the ASX Listing Rules, to change any date including to extend the closing date of the Offer, to close the Offer early, to accept late acceptances either generally or in particular cases, or to withdraw or reduce the size of the Offer without notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares. If the Offer is withdrawn, application money will be returned without interest.

2. Letter from the Executive Chairman and Managing Director

Dear Hot Rock Shareholder

On behalf of the Directors of Hot Rock, we are pleased to invite all eligible Shareholders to participate in a 1 for 2 non-renounceable rights offer, as described in this Offer Statement.

Hot Rock has an impressive number of quality geothermal projects in Chile, Peru and Australia at an early stage of exploration. Our business model is to initially farm out projects at the exploration stage to cover the high cost of exploration and development drilling until the company is in a position to develop projects in its own right. In February 2012 Hot Rock reached agreement with Energy Development Corporation (EDC), the world's largest integrated geothermal company under which EDC would become a joint venture partner and provide funding. Four joint venture agreements were entered into in respect of projects in Chile and Peru. EDC has elected not to proceed with the two Chilean projects (Calerías and Longavi) which remain 100% owned by Hot Rock. Hot Rock intends to pursue separate funding arrangement in respect of these projects. If EDC remains in the Peruvian joint ventures, Hot Rock will become entitled to receive over a 15 month period from commencement of the joint ventures on Quellaapacheta and Chocopata a participation fee in the sum of US\$2m. This Offer will secure other funding for Hot Rock to pursue its other 100% owned projects in Chile and Peru and provide working capital.

Hot Rock has investigated a number of alternative sources in relation to capital raising, but has deemed it fairest to offer existing Shareholders the opportunity to continue to invest in the business, particularly in light of the recent disappointing share price performance. Due to this, and given ongoing market uncertainty and volatility, the issue price of \$0.015 is at a generous discount to market to encourage maximum participation, representing a 51% discount to the 30 day volume weighted average price prior to announcing the Rights Issue.

The Shareholders of Hot Rock who may participate in the Offer are those who have a registered address in Australia or New Zealand and who hold Shares in Hot Rock at 7:00 pm (AEST) on Monday 20 August 2012. Under the Offer, Hot Rock aims to raise approximately \$1.74 million from the issue of approximately 116 million New Shares. Once all of the expenses associated with the Offer have been met, Hot Rock intends to use the balance of the money raised for working capital and exploration purposes. Further details are set out in section 3.9 of this Offer Statement.

The Offer is not underwritten. However, if there is a Shortfall, Eligible Shareholders who subscribe for their full entitlement will also have the opportunity to apply for additional New Shares in the Shortfall at the same price of \$0.015 each. There is no guarantee of the number of New Shares issued under a Shortfall (if any) that will be available to Eligible Shareholders and the allocation of those New Shares among applicants will be at the discretion of the board of directors of Hot Rock in accordance with the policy described in section 4.3 of this Offer Statement.

To participate in the Offer, you will need to complete the Entitlement and Acceptance Form and return it with the required payment so that it is received by Hot Rock's share registrar by 5:00pm (AEST) on Friday 7 September 2012 and otherwise in accordance with the instructions provided in the Form. Further details of how you may accept the Offer are also set out in section 4 of this Offer Statement.

Investing in New Shares in Hot Rock involves risk. There are a number of factors, both specific to Hot Rock and of a general nature, which may affect the future operating and financial performance of Hot Rock and the value of your investment in Hot Rock. You should carefully read section 3.20 of this Offer Statement which sets out in more detail some of the risks associated with an investment in New Shares. If you are unsure about subscribing for New Shares, you should first seek advice from your stockbroker, accountant, or financial or other professional adviser.

The directors of Hot Rock who are, or whose controlled entities are, shareholders have indicated that they intend to take up their full entitlements under the Offer

Further information about the Offer and your entitlement to participate in the Offer is set out in this Offer Statement, which you should read in its entirety before deciding whether to participate in the Offer.

On behalf of the directors, we thank you for your continued support of Hot Rock and encourage you to carefully consider this investment opportunity.

Yours faithfully



Mark Elliott
Executive Chairman



Peter Barnett
Managing Director

3. Details of the Offer

3.1. The Offer

The Offer is a non-renounceable rights offer of 1 new Ordinary Share in Hot Rock at \$0.015 each for every 2 shares held by Eligible Shareholders at 7:00pm (AEST) on Monday 20 August 2012.

Only those Eligible Shareholders with registered addresses in Australia or New Zealand are entitled to participate in the Offer and, accordingly, only those Shareholders will be entitled to subscribe for New Shares.

Shareholders who take up their Entitlements in full will not have their percentage shareholding in Hot Rock diluted as a result of the Offer. The percentage shareholding in Hot Rock of Shareholders who do not take up all of their Entitlements and of Shareholders with registered addresses outside Australia and New Zealand will be diluted.

3.2. Minimum Subscription

There is no minimum subscription to the Offer.

3.3. New Share Terms

Each New Share will rank equally with all existing Shares then on issue. Full details of the rights and liabilities attaching to the Shares are set out in Hot Rock's constitution, a copy of which is available for inspection at Hot Rock's registered office during normal business hours.

3.4. Placement of Shortfall

In the event that there is a Shortfall in subscriptions under the Offer, the Directors reserve the right, as contemplated within the Listing Rules, to allocate any Shortfall of New Shares in their discretion so as to ensure a maximum amount of funds are raised. They will do so in a manner which will ensure that no Shareholder will as a consequence of taking up their Entitlement or being placed with any Shortfall will hold a relevant interest of more than 19.99% of all of the Shares in Hot Rock after this Issue.

3.5. Additional Placement

The Company has also entered into a number of firm commitment agreements with respect to the Placement of some of the potential shortfall shares in the rights issue. The Company has reserved the right to place additional shares (over and above those to be issued under the Offer) to sophisticated investors at the Issue Price in the event that there is not sufficient shortfall from the rights issue to satisfy the firm commitment agreements. The maximum number of Shares which may be issued under the Placement is 30,000,000 Shares.

The Placement will proceed at the Company's discretion. The Company is not obliged to proceed with the Placement.

The Shares issued under the Placement rank equally with shares on issue before the Placement.

3.6. Record date and entitlements

The Record Date for the purposes of the Offer is Monday 20 August 2012 at 7:00pm (AEST). The number of New Shares to which you are entitled is shown on the personalised Entitlement and Acceptance Form accompanying this Offer Statement. Shares that were acquired before Tuesday 14 August 2012 will be eligible to participate in the Offer.

3.7. Opening and closing date for applications

The Offer opens for acceptances on Thursday 23 August 2012 and all acceptances and payments must be received by 5:00 pm (AEST) on Friday 7 September 2012. This date may be varied without notice to Shareholders, but only in accordance with the ASX Listing Rules. New Shares must be paid for in full on acceptance.

3.8. Effect on share capital

If fully subscribed and the Company proceeds with the Placement (as described in Section 3.5) the Offer and the Placement will raise approximately \$2.19 million (before expenses of the Offer) and result in the issue of approximately 146 million New Shares being 116 million under the Offer and 30 million under the Additional Placement. This assumes that the total number of Shares in Hot Rock currently on issue (232 million) does not change before the Record Date for the purposes of determining entitlements under the Offer (e.g. due to the exercise of options).

There are currently 20.789 million unquoted options on issue, each of which entitles the holder to subscribe for 1 ordinary share in Hot Rock. The lowest exercise price of the options is \$0.20 and the highest is \$0.40.

The terms of the options do not permit the holders to participate in the Offer, except by exercise of the options and thereby acquiring the underlying Shares in Hot Rock before the Record Date for the Offer. This is unlikely as the exercise price of each option is materially higher than the price at which Shares in Hot Rock have been trading on ASX in recent times. However, the terms of some of the options do provide for an adjustment in their exercise price according to a formula based on the formula in rule 6.22.2 of the ASX Listing Rules.

The exercise price adjustment takes effect upon issue of the New Shares offered under the Offer and is, in part, dependent on the difference between the price under the Offer and the volume weighted average closing price of Hot Rock Shares sold on ASX for the 5 trading days ending on the day before the 'ex-date' for the Offer. Accordingly, that market price will be determined after the 'ex-date' and if there is any change to the exercise price of any options in consequence, Hot Rock will notify ASX of the change in accordance with rule 3.1.2 of the ASX Listing Rules.

3.9. Purpose of Offer

The funds raised under the Offer (after payment of expenses in connection with the Offer) will be used to continue to develop Hot Rock's business and meet its strategic goals. More particularly, funds raised under the Offer have been earmarked for exploration activities mainly restricted to South America where Hot Rock's conventional volcanic geothermal projects are located and working capital purposes over the course of the next 8 months:

Proposed use of funds	\$m
Exploration - Chile	0.54
Exploration - Peru	0.70
Corporate and working capital (includes proceeds of Placement referred to in section 3.5)	0.40
Costs of issue	0.1
TOTAL: (1)	\$1.74

Notes:

(1) This excludes the Placement referred to in section 3.5 proceeds. If the Placement proceeds the additional funds will be utilised for working capital purposes

Time will be invested in community and landowner consolation to allow access to projects in Chile and Peru, so that exploration programs including geological mapping, geochemical sampling and magneto-telluric (MT) surveys can proceed.

Hot Rock intends to focus on joint venturing its projects to partners to advance its prospects to development as quickly as possible.

These funds do not take into account the potential payment of up to US\$0.8m from the participation fee payable by EDC after the incorporation of the Quellaapacheta and Chocopata joint venture companies and the transfer of the tenements into these companies.

If the full amount sought under the Offer is not obtained, it is expected that funds raised will be applied in a manner which will allow Hot Rock to maximise the value which it is anticipated will arise from the abovementioned exploration activities. If insufficient funds are raised to pursue the above strategy, and if other capital raising initiatives are not successful, then Hot Rock would evaluate alternative strategies, including mergers, joint venture or sale of projects and operational efficiencies across the business.

3.10. Ineligible foreign Shareholders

Hot Rock has decided that it is unreasonable to make offers under this Offer Statement to Shareholders with registered addresses outside Australia and New Zealand having regard to the small number of these Shareholders, the small number and value of the New Shares these Shareholders would be offered and the cost of complying with the legal and regulatory requirements in the relevant overseas jurisdictions. Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered addresses outside Australia and New Zealand.

This Offer Statement does not constitute an offer of New Shares in any place outside Australia and New Zealand in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Statement. Where the Offer Statement has been despatched to Shareholders domiciled in a place outside Australia and New Zealand, the Offer Statement is provided for information purposes only. No Entitlement and Acceptance Forms will be sent to these foreign Shareholders. The distribution of this Offer Statement and the accompanying Form in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Offer

Statement and the accompanying Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

In particular, this Offer Statement does not constitute an offer for sale of New Shares or any rights to a security into the United States or to U.S. persons (as defined for the purposes of the U.S. Securities Act 1933). The New Shares and rights have not been, and will not be, registered under the U.S. Securities Act 1933 and must not be offered or sold within the United States or to U.S. persons unless they are registered under the US Securities Act 1933 or exemption from the registration required under the U.S. Securities Act 1933 is available.

By lodging a completed Entitlement and Acceptance Form, the applicant is taken to have warranted to and for the benefit of Hot Rock that it is able to participate in the Offer without breaching any law or regulation in the applicant's jurisdiction. Hot Rock reserves the right to treat as valid any completed Entitlement and Acceptance Form that appears to have been submitted by an ineligible foreign Shareholder.

3.11. New Zealand securities law requirements

The Offer will be made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

3.12. Potential effect on control

Present Position

At the date of this Offer Statement, Hot Rock is of the view that there is no one entity that controls Hot Rock.

Capital Structure

Assuming full subscription under the Offer, the share capital structure of Hot Rock immediately following the Offer assuming the Offer is fully subscribed will be as follows:

	Shares
Ordinary Shares on issue at the date of the Offer Statement	232,035,215
Maximum number of New Shares under the Offer Statement	116,017,607
Additional Placement	30,000,000
Total: (1)	378,052,822

Notes:

(1) This assumes the Placement referred to in section 3.5 proceeds.

As at the date of this Offer Statement, Hot Rock has the following existing options on issue:

No of options	Exercise price	Vesting date	Expiry date
8,750,000	25 cents	1 December 2009	1 December 2012
1,000,000	30 cents	1 March 2009	1 March 2013
1,000,000	35 cents	1 March 2010	1 March 2013
1,000,000	40 cents	1 March 2011	1 March 2013
2,338,985	25 cents	5 November 2009	4 November 2013
6,000,000	25 cents	1 December 2010	1 December 2013
700,000	20 cents	7 February 2011	31 January 2014

Potential effect of the Offer

The Offer is a pro-rata offer so that if all Eligible Shareholders take up their entitlements and none of the Optionholders exercise their existing options and participate in the Offer, the voting power of all Eligible Shareholders will remain the same. In that event, there will be no actual or potential effect or consequences arising from the Offer on the control of Hot Rock.

However, the proportional shareholdings of Shareholders who are not resident in Australia or New Zealand may be diluted as those Shareholders are not entitled to participate in the Offer. Additionally, if an Eligible Shareholder does not take up their Entitlement in full, there may be a dilutionary effect on that Shareholder's proportional shareholdings.

The Offer is not underwritten. In the event of a Shortfall, the directors of Hot Rock reserve the right to place the Shortfall at their sole discretion.

If the Placement proceeds the principal effect will be to increase the number of Shares on issue by a further 30,000,000 Shares. The Company would propose to ensure that if the Placement proceeds, whilst there may be a dilutionary effect on Shareholder's proportional shareholdings as a consequence, the Company would

endeavour to ensure that there was no actual or potential effect or consequence arising from the Placement on the control of Hot Rock.

3.13. Application money

Application money received for New Shares under the Offer will be held in a separate account by or on behalf of Hot Rock until those New Shares are issued. Any interest earned on application money will be applied against the costs of the Offer, with any balance being retained by Hot Rock. If the Offer does not proceed or is withdrawn for any reason, or if any New Shares issued on a Shortfall that are applied for by an Eligible Shareholder are not allocated to that Eligible Shareholder, the application money will be returned in full as soon as reasonably practicable, without interest.

3.14. ASX quotation

Application has been made to ASX for the New Shares offered under the Offer to be granted official quotation. If granted, quotation of the New Shares will commence as soon as practicable after allotment of the New Shares to applicants. It is the responsibility of the applicants to determine their allocation of New Shares prior to trading.

Should the New Shares not be granted official quotation on the ASX within three (3) months after the date of this Offer Statement, none of the New Shares under this Offer Statement will be issued and all application money will be refunded without interest to applicants within the time prescribed by the Corporations Act.

3.15. Issue of New Shares

It is expected that the issue of New Shares will take place on Monday 17 September 2012. Holding statements for the New Shares will be despatched after completion of the issue. It is the responsibility of applicants to be sure of their respective holdings of New Shares prior to trading in them. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

3.16. Discretions

Without limiting the other powers and discretions set out in this Offer Statement, the directors of Hot Rock (or their delegate for this purpose) may implement the Offer in the manner they think fit and settle any difficulty, anomaly or dispute which may arise either generally or in a particular case in connection with, or by reason of, the operation of the Offer or a matter in this Offer Statement, as they think fit, whether generally or in relation to any Eligible Shareholder or any New Shares, and the determination of the directors (or their delegate) is conclusive and binding on all relevant Shareholders and other persons to whom the determination relates.

Furthermore, if there is a Shortfall under the Offer for any reason after applications from Shareholders, Eligible Shareholders for New Shares to which they are entitled together with additional New Shares in the Shortfall have been dealt with, the directors of Hot Rock (or their delegate for this purpose) reserve the right to place or otherwise issue the Shortfall at their discretion (but at not less than the price under the Offer).

3.17. Taxation

Shareholders should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances. Hot Rock cannot, and does not, offer any advice to Shareholders relating to taxation implications.

3.18. No rights trading

Entitlements to New Shares pursuant to the Offer are non-renounceable and accordingly will not be traded on ASX.

3.19. Underwriting

The Issue is not underwritten.

3.20. Risk Factors

Investing in New Shares in Hot Rock involves risk. There are a number of factors, both specific to Hot Rock and of a general nature, which may affect the future operating and financial performance of Hot Rock and the value of your investment in Hot Rock. Some of these factors can be mitigated by appropriate commercial action. However, many are outside the control of Hot Rock, are dependent on the policies adopted and approaches taken by regulatory authorities, or cannot otherwise be mitigated.

If you are unsure about subscribing for New Shares in Hot Rock, you should first seek advice from your stockbroker, accountant, or financial or other professional adviser.

Nature of Investment

Any potential investor should be aware that subscribing for New Shares involves risks. The New Shares offered under this Offer Statement carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX. An applicant may not be able to recoup his or her initial investment. The past performance of Hot Rock should not necessarily be considered a guide to the future performance of Hot Rock.

More specifically, the risks are that:

- the price at which the applicant is able to sell the New Shares is less than the price paid due to changes in market circumstances;
- the applicant is unable to sell the New Shares;
- Hot Rock is placed in receivership or liquidation making it reasonably foreseeable that Shareholders could receive none, or only some of their initial investment; and
- Hot Rock fails to generate sufficient profit in order to pay dividends.

Share Market

The Shares of Hot Rock are currently listed on ASX. However, there can be no guarantee that there is or will be an active market in the Shares or that the price of the New Shares will increase.

The price at which the New Shares trade on ASX may be affected by the financial performance of Hot Rock and by external factors over which the directors and Hot Rock have no control. These factors include movements on international share markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, commodity prices, market supply and demand and other legal, regulatory or policy changes.

Hot Rock's ability to effectively implement its business strategy over time may depend in part on its ability to raise additional funds. There can be no assurance that any such equity or debt funding will be available to Hot Rock on favourable terms or at all. If adequate funds are not available on acceptable terms, Hot Rock may not be able to take advantage of opportunities or otherwise respond to competitive pressures.

Regulatory risk, Government policy

The availability and rights to explore, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of Hot Rock.

The relevant government departments in various South American countries in which Hot Rock has interests does conduct reviews from time to time of policies in connection with the granting and administration of mining tenements. At present Hot Rock is not aware of any proposed changes to policy that would affect its tenements.

Operational risks and costs

Prosperity for Hot Rock and its subsidiaries will depend largely upon an efficient and successful implementation of all the aspects of exploration, developments, business activities and management of commercial factors.

Exploration has been and will continue to be hampered on occasions by unforeseen weather events, accidents, unforeseen cost changes, environmental considerations, natural events and other incidents beyond the control of Hot Rock.

Business risks

There are risks inherent in doing business, such as unexpected changes in regulatory requirements, trade barriers, longer payment cycles, problems in collecting accounts receivable, network and infrastructure issues and potentially adverse tax consequences, any of which could adversely impact on the success of Hot Rock's operations.

EDC Funding

Hot Rock has entered into two joint venture agreements with EDC, the world's largest integrated geothermal company under which EDC may become a joint venture partner and provide funding in respect of two Peruvian projects, Quellaapacheta and Chocopata. If EDC remains in the Peruvian joint ventures, Hot Rock will become entitled to receive over a 15 month period from commencement of the joint ventures on Quellaapacheta and Chocopata funding in the sum of US\$2m as well as have the benefit of substantial funding being expended by EDC on the projects themselves. EDC did not proceed with similar agreements entered into in Chile and no assurances can be given that Hot Rock will receive the full amounts expected under these agreements nor that EDC will expend funding on the projects.

Contractual risk

Hot Rock's ability to efficiently conduct its operations in a number of respects depends upon a third party product and service providers and contracts have, in some circumstances, been entered into by Hot Rock and its subsidiaries in this regard. As in any contractual relationship the ability for Hot Rock to ultimately receive benefits from these contracts are dependent upon the relevant third party complying with its contractual obligations. To the extent that such third party defaults in their obligations, it may be necessary for Hot Rock to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by Hot Rock that a legal remedy will ultimately be granted on appropriate terms.

Tenements

A failure to adhere to the requirements to exceed certain levels of expenditure on concessions and tenements held by Hot Rock (or its subsidiaries) in various jurisdictions may make certain concessions and tenements subject to possible forfeiture. All granted concessions and tenements are currently in good standing and, in accordance with normal industry practice. Hot Rock surrenders some or all un-prospective parts of its concessions and tenements at the appropriate time so as to manage its minimum expenditure obligations and to retain the capacity to apply for additional prospective areas.

Applications for new concessions and tenements are never certain to be granted but Hot Rock knows of no reason why any of its concession and tenement applications should not be granted in due course.

Other risks

The above list of risk factors ought not to be taken as exhaustive of the risks faced by Hot Rock or by investors in Hot Rock. The above factors, and others not specifically referred to above, may, in the future, materially affect the financial performance of Hot Rock and the value of the New Shares.

As with any equity investment, substantial fluctuations in the value of your investment may occur. This Offer Statement does not set out all the risks you may face in applying for, and holding, New Shares in Hot Rock.

3.21. Section 708AA Corporations Act

Hot Rock is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the *Corporations Act*. Under those obligations, Hot Rock is obliged to comply with all applicable continuous disclosure and reporting requirements in the Listing Rules.

This Offer Statement is issued under Section 708AA(2)(f) of the *Corporations Act*. This section enables disclosing entities to issue an Offer Statement in relation to securities in a class of securities which has been quoted by ASX at all times during the 12 months before the date of the Offer Statement or options to acquire such securities. Apart from formal matters this Offer Statement need only contain:

- (a) information that is excluded information as at the date of the Offer Statement pursuant to section 708AA (8) and (9); and
- (b) that states:
 - (1) the potential effect the issue of the New Shares will have on the control of Hot Rock; and
 - (2) the consequences of that effect.

3.22. Expenses of the Offer

All expenses connected with the Offer are being borne by Hot Rock. Total expenses of the Offer are estimated to be in the order of \$100,000.

3.23. Broker Handling Fee

A stamping fee equal to 1% of the application amount (including GST) of New Shares issued under the Offer will be paid by the Company to stockbrokers who submit a valid claim for a broker stamping fee on successful applications.

3.24. Consents and Disclaimers

Written consents to the issue of this Offer Statement have been given and at the time of this Offer Statement have not been withdrawn by the following parties:

Link Market Services Limited has given and has not withdrawn its consent to be named in this Offer Statement as the share registry of Hot Rock in the form and context in which it is named. It has had no involvement in the preparation of any part of this Offer Statement other than recording its name as share registrar to Hot Rock. It takes no responsibility for any part of the Offer Statement other than the references to its name.

HopgoodGanim Lawyers has given and has not withdrawn its consent to be named in this Offer Statement as solicitors to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Offer Statement other than references to its name.

3.25. Governing law

The Offer and the contracts arising due to acceptance of the Offer are governed by the law in force in Queensland, Australia.

3.26. Directors' Statement

This Offer Statement is issued by Hot Rock. Each director has consented to the lodgement of the Offer Statement with ASX.

Signed on the date of this Offer Statement on behalf of Hot Rock by:

A handwritten signature in blue ink, appearing to read 'M Elliott', is positioned above a horizontal line.

Dr Mark Elliott
Executive Chairman
Hot Rock Limited

4. How Eligible Shareholders Can Apply

Shareholder

This section does not apply to Shareholders with registered addresses outside Australia and New Zealand.

4.1. What you may do

The number of New Shares which you are entitled to subscribe for under the Offer is shown on the accompanying Entitlement and Acceptance Form. You may:

- (a) take up all of your Entitlements and subscribe for all of the New Shares to which you are entitled;
- (b) take up all of your Entitlements and subscribe for all of the New Shares to which you are entitled, and apply for additional New Shares in the Shortfall, if there is one;
- (c) take up some of your Entitlements and allow the balance to lapse; or
- (d) not take up any of your Entitlements and allow them to lapse.

4.2. Taking up some or all of your Entitlements

Pay by cheque

If you wish to take up some or all of your Entitlements and pay for the New Shares by cheque, you should complete the accompanying Entitlement and Acceptance Form (for all of the New Shares offered to you or such lesser number you wish to accept) in accordance with the instructions set out on the Form.

Completed forms should be forwarded, together with your cheque for the amount due in respect of the number of New Shares you have accepted (being that number multiplied by \$0.015), in the enclosed reply paid envelope (New Zealand Shareholders will need to affix the appropriate postage) so that it is received by Hot Rock's share registrar no later than 5:00 pm (AEST) on Friday 7 September 2012 by posting the form and payment to:

Hot Rock Limited
C/- Link Market Services Limited
Locked Bag 3415
Brisbane, Qld 4001
Australia

Cheques must be for payment in Australian currency and drawn on an Australian financial institution or an Australian branch of a foreign financial institution. Cheques should be made payable to 'Hot Rock Limited' and crossed 'Not Negotiable'. Do not send cash. Receipts for payment will not be forwarded to Shareholders who subscribe for New Shares.

Your completed Entitlement and Acceptance Form, once sent to Hot Rock's share registrar, cannot be withdrawn.

Entitlement and Acceptance Forms will **not** be accepted at Hot Rock's registered office.

Pay by BPAY®

Alternatively, you may wish to make payment through the BPAY® facility. Payment by BPAY® should be made in accordance with the instructions set out on the Entitlement and Acceptance Form using the reference number shown on the Form and must be made by 5:00 pm (AEST) on Friday 7 September 2012. The reference number is used to identify your holding.

If you have multiple holdings you will also have multiple reference numbers. You must use the reference number shown on each Entitlement and Acceptance Form to pay for each holding separately.

4.3. Applying for additional New Shares from any Shortfall

Pay by cheque

If you wish to take up all of your Entitlements and apply for any New Shares remaining upon any Shortfall, you should complete the accompanying Entitlement and Acceptance Form for all of the New Shares offered to you in accordance with the instructions set out on the Form, and also fill in the number of additional New Shares you wish to apply for in the space provided on the Form.

Completed Forms should be forwarded, together with your cheque for the amount due in respect of the number of New Shares you have accepted and applied for (being that number multiplied by \$0.015) in accordance with the instructions on the Form. Your completed Entitlement and Acceptance Form, once sent to Hot Rock's share registrar, cannot be withdrawn.

Pay by BPAY®

Alternatively, you may wish to make payment through the BPAY® facility. In that case follow the instructions for payment by BPAY® set out on the Entitlement and Acceptance Form as noted in section 4.2 above. If you make your payment by BPAY® you do not need to lodge the Entitlement and Acceptance Form.

Your BPAY® payment cannot be withdrawn.

4.4. Allocation policy for Shortfall

New Shares from any Shortfall will only be allocated and issued if all Eligible Shareholders do not apply for their full Entitlements and the Offer is consequently undersubscribed. Allocation of any additional New Shares will be at the discretion of the board of directors of Hot Rock (or their delegate for this purpose) in accordance with the following policy:

- (a) If Hot Rock receives applications from Eligible Shareholders for additional New Shares that would not result in the Offer being oversubscribed then Hot Rock will, subject to the other terms of this policy, allocate those additional New Shares to the Eligible Shareholders who applied for them.
- (b) If Hot Rock receives applications for additional New Shares that would result in the Offer being oversubscribed then Hot Rock will not accept such oversubscriptions and will reject or scale back applications in a manner that the board determines will result in the Eligible Shareholders who applied for the additional New Shares being allocated the number of additional New Shares that best approximates a pro rata allocation of the additional New Shares by reference to their respective Shareholdings on the Record Date, provided that any such allocation will be in the ultimate discretion of the board and provided that no Eligible Shareholders are to be allocated more additional New Shares than they applied for.
- (c) Additional New Shares will be issued at the same time as all other New Shares are issued under the Offer.
- (d) Hot Rock will not allocate or issue any additional New Shares from a Shortfall where it is aware that to do so would result in a breach of the Corporations Act, the ASX Listing Rules or any other relevant legislation or law. Eligible Shareholders wishing to apply for additional New Shares must consider whether the issue of the additional New Shares applied for would breach the Corporations Act or the ASX Listing Rules having regard to their own circumstances.
- (e) If Hot Rock does not receive applications for all of the additional New Shares on any Shortfall, the directors of Hot Rock (or their delegate for this purpose) reserve the right if there are still additional New Shares that have not been applied for to place or otherwise issue them at their discretion (but at not less than the price under the Offer).

4.5. Return of surplus application money

Application money received but not applied towards subscriptions for additional New Shares on a Shortfall will be refunded as soon as reasonably practicable following the allocation of the additional New Shares. No interest will be paid on application money held and returned.

4.6. Acceptance

Receipt of your payment will constitute acceptance in accordance with, and your agreement to, the terms of the Offer, including those set out in this Offer Statement.

You should note that Hot Rock is not required to issue any New Shares to a person accepting the Offer under this Offer Statement unless:

- (a) the share registrar receives a completed Entitlement and Acceptance Form and a cheque for the full amount due in respect of the New Shares by 5:00 pm (AEST) on Friday 7 September 2012; and there are sufficient funds in the account on which the cheque is drawn so that the cheque clears in favour of Hot Rock when it is first presented for payment; or
- (b) payment is received via the BPAY® facility for the relevant number of New Shares by 5:00 pm (AEST) on Friday 7 September 2012.

4.7. Allow Entitlements to lapse

The Entitlements to which you are entitled may be valuable. If you decide not to take up some or all of your Entitlements, the Entitlements not taken up will lapse.

If you do not wish to exercise any of the Entitlements, you are not required to do anything. In that case, the Entitlements will lapse without any benefit to you.

4.8. Privacy

The Entitlement and Acceptance Form and BPAY® facility require you to provide information that may be personal information for the purposes of the Privacy Act 1988 (Cth). Hot Rock and its share registrar collect, hold and use personal information in order to assess applications for New Shares under the Offer, service the needs of Shareholders, provide facilities and services and to administer Hot Rock generally.

If you do not provide the information requested of you in the Entitlement and Acceptance Form, Hot Rock may not be able to process your acceptance Form or administer your holding of Shares appropriately.

By completing and submitting an Entitlement and Acceptance Form or using the BPAY® facility, you agree that Hot Rock may use the information provided for the purposes set out above and may disclose it for those purposes to the share registrar and Hot Rock's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

5. Definitions and Glossary

Terms and abbreviations used in this Offer Statement have the following meaning:

Acceptance	An acceptance of Entitlements
ASIC	Australian Securities & Investments Commission
ASX	ASX Limited ACN 008 624 691
Closing Date	The date by which valid acceptances must be received by the Share Registrar being 5.00pm (AEST) Friday 7 September 2012 or such other date determined by the Board
Constitution	The Constitution of Hot Rock
Corporations Act	<i>Corporations Act</i> 2001 (Cth)
Eligible Shareholder	A Shareholder of Hot Rock that holds Shares in Hot Rock on the Record Date and who has a registered address in Australia or New Zealand.
Entitlement and Acceptance Form or Form	An entitlement and acceptance form in the form attached to this Offer Statement
Entitlements	The entitlement to accept New Shares under this Offer Statement
Hot Rock	Hot Rock Limited ACN 120 896 371
Issue or Offer	The issue of New Shares in accordance with this Offer Statement
Issue Price	\$0.015 cents for each New Share applied for
Listing Rules	The official listing rules of the ASX
New Shares	The shares being issued under this Offer Statement
Opening Date	The date of commencement of the Offer in respect of the New Shares, expected to be Thursday 23 August 2012
Placement	The placement of Shares referred to in section 3.5 to Sophisticated Investors.
Record Date	Monday 20 August 2012 at 7:00 pm (AEST)
Shares	The ordinary shares on issue in Hot Rock from time to time
Shareholders	The holders of Shares from time to time
Shortfall	Those New Shares for which the Entitlement lapses and which the Directors may in their sole discretion place to Eligible Shareholders or other parties as determined by the Directors
Sophisticated Investor	Investors selected by or on behalf of the Company who fall within one of the exemptions provided for in s708(8), s 708(10) or s 708(11) Corporations Act.