



ASX Announcement

10 August 2012

Notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth)

Hot Rock Limited (**Hot Rock**) has announced to ASX Limited (**ASX**) a non-renounceable pro rata rights offer (**Offer**) to Hot Rock shareholders in Australia or New Zealand to acquire 1 new ordinary share at \$0.015 each for every 2 existing ordinary shares held at 7:00 pm (AEST) on Monday 20 August 2012. The Offer is not underwritten.

If not all of the rights are taken up and there is a shortfall, eligible shareholders who take up their full entitlement will also have the opportunity to subscribe for additional shares in the shortfall at a price of \$0.015 each. The allocation of these shares will be at the discretion of the board of directors of Hot Rock in accordance with the policy set out in the offer statement given to ASX.

Based on the current capital structure (and assuming no options to acquire Shares (**Options**) are exercised prior to the Record Date) a total of an additional 116,017,607 Shares will be issued if the Entitlement Offer is fully subscribed and the amount raised will be approximately \$1,740,264.

In addition 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. 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.

As at the date of this announcement the Company currently has 20,788,985 Options on issue. In order to participate in the Entitlement Offer these Options must be exercised prior to the Record Date.

The new ordinary shares will be offered for issue without disclosure to investors under part 6D.2 of the *Corporations Act*. This notice is being given by Hot Rock under section 708AA(2)(f) of the *Corporations Act*.

As at the date of this notice:

(a) Hot Rock has complied with:

- (1) the provisions of chapter 2M of the *Corporations Act* as they apply to Hot Rock; and
- (2) section 674 of the *Corporations Act*; and

(b) there is no information:

- (1) that has been excluded from a continuous disclosure notice given to ASX Limited (**ASX**) in accordance with the ASX Listing Rules (and which has since not been given to ASX);
- (2) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of Hot Rock; or
 - (B) the rights and liabilities attaching to the new ordinary shares; and
- (3) that is reasonable for investors and their professional advisers to expect to find in a disclosure document.

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The potential effect that the issue of the new ordinary shares under the Offer will have on the control of Hot Rock, and the consequences of that effect, will depend on a number of factors including the level of shareholder participation in the Offer, which shareholders participate, the extent of any shortfall, which shareholders apply and are issued shares in any shortfall. For example, if all eligible shareholders take up their rights, the issue of the new ordinary shares, in this case, would not be expected to have any material effect or consequence on the control of Hot Rock.

If there is a 50% shortfall and no shareholder who has taken up its pro rata entitlement applies for any additional shares in the shortfall, then the voting power of any shareholder of Hot Rock would not exceed 20% in consequence of the Offer.

However, if one or more eligible shareholders do not take up their entitlements in full, and the Offer proceeds, there will be a dilutionary effect on those shareholders' proportional shareholdings in Hot Rock.

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.

The above potential control outcome is based on the substantial holder notifications received by Hot Rock, and other relevant shareholdings in the company that Hot Rock has been able to ascertain from its register of members, as at the date of this offer statement.

For and on behalf of the Board



JPK Marshall
Company Secretary