



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

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SOLICITORS

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SHARE REGISTRY

Link Market Services Limited
Level 15
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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

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



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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 2013 \$	December 2012 \$
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)
Other comprehensive income/(loss)			
<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
Total comprehensive income/(loss)		2,216,798	(1,534,345)
		Cents	Cents
Earnings per share			
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 2013 \$	June 2013 \$
CURRENT ASSETS			
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
TOTAL CURRENT ASSETS		2,955,266	203,602
NON-CURRENT ASSETS			
Trade and other receivables		42,198	52,198
Equity accounted investments	2	-	197,619
Plant and equipment		2,160	3,629
TOTAL NON-CURRENT ASSETS		44,358	253,446
TOTAL ASSETS		2,999,624	457,048
CURRENT LIABILITIES			
Trade and other payables		1,171,824	826,327
Short-term provisions		167,609	187,328
TOTAL CURRENT LIABILITIES		1,339,433	1,013,655
TOTAL LIABILITIES		1,339,433	1,013,655
NET ASSETS		1,660,191	(556,607)
EQUITY			
Issued capital	3	14,298,986	14,298,986
Reserves		1,198,228	1,163,337
Accumulated losses		(13,837,023)	(16,018,930)
TOTAL EQUITY		1,660,191	(556,607)

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

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

	December 2013	December 2012
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
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)
CASH FLOWS FROM INVESTING ACTIVITIES		
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)
CASH FLOWS FROM FINANCING ACTIVITIES		
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
Cash and cash equivalents at the end of the financial period	371,991	383,756

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.

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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)
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Gain on disposal	2,889,889
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NOTE 3 ISSUED CAPITAL

	December 2013 \$	June 2013 \$
345,427,767 fully paid ordinary shares (June: 345,427,767)	14,298,986	14,298,986

	December 2013 Number	December 2012 Number	December 2013 \$	December 2012 \$
Movements during the period				
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 America \$	Australia \$	Consolidated \$
31 December 2013			
Revenue:			
Revenue from outside the Consolidated Entity	-	2,580	2,580
Revenue from Ordinary Activities			2,580
Segment result	3,084,615	(802,708)	2,281,907
Income tax benefit / (expense)			-
Net Profit			2,281,907

Non-cash items included above:

Depreciation and amortisation	-	(1,469)	(1,469)
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	South America \$	Australia \$	Consolidated \$
31 December 2012			
Revenue:			
Revenue from outside the Consolidated Entity	-	11,810	11,810
Other unallocated revenue			-
Revenue from Ordinary Activities			11,810
Segment result	(355,872)	(1,194,811)	(1,550,683)
Income tax benefit / (expense)			-
Net Loss			(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 America \$	Australia \$	Consolidated \$
Total segment assets:			
31 December 2013	-	2,999,624	2,999,624
30 June 2013	313,011	144,037	457,048
Total segment liabilities:			
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



A. S. Loots
Director

Brisbane, 3 March 2014