



AS Announcement

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Top Geothermal Projects in Peru Held by Hot Rock

Hot Rock Limited (**HRL**) is pleased to announce that Japan International Cooperation Agency (**JICA**) has completed a nationwide geothermal power development plan for Peru to promote and accelerate geothermal generation in that country.

The JICA Master Plan report covers:

- Appraisal of geothermal resource potential in promising fields;
- assessment of future demand for power in Peru; and
- a detailed review and assessment of the current legal and policy frameworks that have been established to allow geothermal energy to be explored and developed by the private sector.

The report's recommendations are aimed at promoting geothermal developments in Peru through the establishment of appropriate national policies.

JICA and INGEMMET, the geological survey of Peru, identified 61 geothermal fields in Peru of which 34 have one or more hot springs with discharge temperatures of greater than 60°C. In prioritizing the 61 geothermal fields, JICA assessed the geothermal resource potential, ease of access and those projects that occur outside protected areas that would require detailed EIS studies.

JICA ranked nine of the most promising geothermal fields based on geological, geochemical and resource studies as having considerable early development potential for private development. Of these nine fields, HRL has three out of the top four listed in the JICA report, including the top project (see Figure 1), based on estimated possible power generation capacity as follows;

JICA Ranking	Name	Possible Generation Capacity (MWe)
1	Achumani	150MW
3	Quellaapacheta	100MW
4	Ocururane	90MW

The estimation of possible generation capacity has been made by JICA on a basis more or less similar to that prescribed in the Australian Geothermal Resource Reporting Code of 2010, but it does not adhere explicitly to the Code.

Achumani was granted in October 2012 for a 3 year term and is at an early exploration stage. Community consultation and permission for land assess to commence exploration is well advanced. A magneto-telluric geophysical survey is planned to start in October to outline the geothermal reservoir and to select drill targets.

Energy Development Corporation (EDC), the largest global integrated geothermal company based in the Philippines, is HRL's joint venture partner in the Quellaapacheta project. EDC completed a detailed magneto-telluric survey in May and a report of the interpretation of the results is expected in August to September.

The Occururane tenement is at the application stage and exploration work cannot commence until it is granted.

JICA was established in 1974 as the primary Japanese governmental agency responsible for the technical cooperation component of Japan's Official Development Assistance program. It has a well-respected experienced geothermal technical team that has been assisting countries in their development of geothermal energy for over 30 years. In addition to the Peru master plan, completed in early 2012, JICA has recently completed a geothermal master plan for Indonesia, have assisted with exploration drilling and resource assessment at a geothermal project in Bolivia which is now moving forward to a likely 100MWe power development, and has most recently offered geothermal capacity building services to the government of Kenya.

The predicted average annual power demand growth in Peru between 2009 and 2018 is 8.1%. To supply this high growth requirement, the Peruvian government wishes geothermal energy to assist in the diversification of power generation technologies for energy security and to reduce greenhouse gas emissions causing global warming. Peru and other South America countries rely heavily on hydro power generation but the possibility of future water shortages cannot be eliminated because of the effects of climate change.

To allow the development of geothermal resources in Peru, the Organic Law on Geothermal Resources was passed in July 1997 and its Regulations in 2006. A new law was passed in April 2010 to allow private investment to develop geothermal resources. Hot Rock was one of the first companies to be granted geothermal energy licenses in Peru to explore for geothermal energy for electricity generation.

Current incentives to develop geothermal energy set by the Peruvian government include:

- free access of connection to transmission lines;
- purchase of power under technology specific auctions; and
- a target of 5% of the total electricity demand to be supplied by renewable energy excluding large hydroelectric plants (>20MW capacity). This target is expected to be soon lifted to at least 10%

Dr Mark Elliott, Executive Chairman, stated that "There are very few junior resource companies that can claim to have the top 3 out of 4 projects of any particular commodity in a country. This early success demonstrates the quality of our team in identifying and securing these projects, putting the company in a strong position for the opportunity for significant growth potential in developing geothermal energy in Peru. HRL also has significant geothermal development opportunities in Chile".

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Figure 1: Location of HRL’s geothermal projects in South America

About Hot Rock Limited

Hot Rock Limited (**ASX: HRL**) is a geothermal energy company that offers investors an opportunity to participate in socially responsible and ethical investment choices through the development of sustainable, clean, base-load power generation. Strategically, HRL has elected to focus on the commercially proven Volcanic Geothermal and Hot Sedimentary Aquifer (HSA) type projects in its quest to become a leading supplier of geothermal power.

Our main exploration and development focus is in South America, namely Chile and Peru where high quality geothermal resources and attractive regulatory environments and market conditions are present. The Company established offices in Santiago and Lima in 2009. HRL used its early mover advantage to identify and secure exploration tenements based on geology, chemistry and geothermal features seen associated with other geothermal volcanic type operating power projects around the world. Now with granted tenements in both countries, exploration is advancing at a number of these tenements. HRL’s strategy is to farm-out its exciting high quality projects to major partners to assist in the exploration and development of these projects in markets with high growing demand for electricity.

HRL has entered into a joint venture agreement with Energy Development Corporation (EDC), the world's largest integrated geothermal company with over 35 years' experience, on our Quellapacheta project in Peru.

In Australia, the company is focused on developing HSA projects in its Otway Basin tenements in south-west Victoria. The flagship Koroit project is being re-evaluated to further reduce exploration risk to attract government and potential partner funding to undertake drilling.

HRL is in discussion with a number of potential joint venture partners on its projects and is working towards finalising agreements by 2013.

About JICA

The Japan International Cooperation Agency (JICA), established in 1974 is the primary Japanese governmental agency responsible for technical cooperation component of Japan's bilateral ODA (Japan's Official Development Assistance) program. ODA program began in 1954, when it joined the Colombo Plan to assist Asian countries in their socio-economic development. Recognizing the value of self-help efforts in the context of social and economic development, the primary theme of Japan's aid program has and will continue to be "helping people to help themselves." Japan's ODA commitment has increased annually (Japan has been the world's top donor since 1991), and expanded to countries in all regions of the world. JICA is responsible for the major portion of bilateral technical cooperation. JICA also undertakes studies/surveys and provides other support in order to expedite the execution of the capital grant assistance program on behalf of the Ministry of Foreign Affairs. JICA has about 1,200 staff members working both in Japan and at its more than fifty overseas offices.

In Japan, the Cabinet approved the Strategies to Revitalize Japan in December 2011 with the objective to utilize Japan's advanced environmental and energy technologies as the world shifts to a "green" economy. Assistance for securing low-cost, low-carbon and reliable energy supply in developing countries is a very difficult task but a vitally important mission of a nation like Japan that has advanced and efficient technologies. JICA will provide extensive aid that can produce substantial benefits for developing countries and utilize Japan's strengths in order to achieve peace and sustained economic growth in the world.