

Quarterly Activities Report

for the three months ending 30 September 2008

30 October 2008

Highlights

- ▶ **Massive heat resource at Olympic Dam** - less than 3 per cent of the stored heat in only a small portion of Green Rock Energy's Olympic Dam leases needs to be recovered to generate a constant 400 MW of electricity over a 30 year project life.
- ▶ **Perth geothermal project by 2011** - Green Rock Energy is preparing for the development of a commercial geothermal powered heating and air-conditioning unit for a major commercial building in the Perth metropolitan area.
- ▶ **Appointment of new Director** - ex Woodside executive, Richard Beresford, joined Green Rock Energy's Board of Directors on 30 September.

Investors & Media

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Company Secretary

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Overview

Despite the turmoil in the world's financial markets, Green Rock Energy is continuing to build its portfolio of Geothermal Energy projects. As the Deutsche Bank Advisors outlined in their recent report on Investing in Climate Change 2009:

".....the world cannot wait. Severe though it is, the current financial crisis can eventually be fixed and should not be used as an excuse for inaction."

"We believe that for investors, climate change has a built-in advantage over most other sectors. Its regulated markets hold the promise of enormous secular growth. In the long-term, the earnings of companies and projects that are supported by governments for policy reasons are more trustworthy. There is, in short, a significant safety net effect here."

Source: DB Advisors, *Investing in Climate Change 2009, October 2008*

In Australia, Green Rock Energy is focussing its activities on two major projects; Olympic Dam and the Perth Basin. During the quarter the Company released a report on the Inferred Heat Resources for the Olympic Dam Geothermal Energy Project - an amount well in excess of South Australia's total renewable energy requirements for the next 100 years. In Western Australia, Green Rock Energy is preparing for the development of a commercial geothermal powered heating and air-conditioning plant for a major commercial building in the Perth metropolitan area.

These projects are likely to benefit from the Australian Government's direct support for the geothermal industry in the form of geothermal drilling grants, renewable energy development grants and the Mandatory Renewable Energy Target.

To assist the Company in its growth, we are delighted to have Richard Beresford join the Board of Directors. Mr Beresford holds a BSc in Mechanical Engineering and an MSc in Technology and Development from Imperial College, London University.

Richard has in excess of 25 years international experience in the development of a broad cross-section of renewable and clean energy technologies and applications in areas such as research, technology commercialisation, operations, business development and capital raising.

He was Managing Director of Metasource Pty Ltd a wholly owned subsidiary of Woodside Energy Limited, investing in the development of new clean and renewable energy technologies and was a past director and Chairman of ASX listed Solar Energy Systems Limited.

His international experience included appointments with British Gas plc (now BG plc) which included the post of Development Manager in Global Gas (London) where he was responsible for gas and power generation investments in Asia, as Country Manager Indonesia (Jakarta) where he focussed on the development of British Gas interests across the range in the region and more recently in management and advisory roles to the energy supply division of China Light and Power Company Limited in Hong Kong.

Projects

Olympic Dam

Geothermal Energy Project South Australia, 100% interest

During the quarter the Company reported Inferred Resources of 120,000 peta-joules (PJ) of heat in place within a 460 square kilometre Area of Interest at the Olympic Dam Project within our 2,899 square kilometres of Geothermal Exploration Licences. The report, prepared by Sinclair Knight Mertz (SKM), one of the world's major geothermal consulting organisations, is in compliance with Australia's new Geothermal Reserves and Resources Reporting Code.

This very large amount of geothermal energy is roughly equivalent to 21 billion barrels of crude oil or 120 trillion cubic feet of natural gas in place. For comparison, in the year 2006/07 Australia consumed 1,990 PJ of crude oil (330 million barrels) and 1,160 PJ of natural gas. The abundant nature and magnitude of the Inferred Resource can be better appreciated from the fact that based on conservative assumptions set out in the report, SKM noted that less than 3 per cent of the stored heat in the resource would have to be recovered to generate a constant 400 MW of electricity over a 30 year project life.

The Project is located within 10 kms of BHP Billiton's Olympic Dam copper mine and only 5 kms from a 275kV and a 132kV power transmission line connected to the Eastern Australian power grid.

Discussions are continuing with drilling companies to source a suitable drilling rig to drill the first two proof-of-concept wells in 2009 at Olympic Dam near the Blanche No. 1 well site. These two wells will be linked at depth via fractures engineered in the hot granites.

The Company has lodged an expression of interest with the Federal Government to access funds from the Federal Government's \$50 million Geothermal Drilling Program (GDP) set up to assist companies meet costs of proof-of-concept projects. The GDP is a competitive merit-based grants program provided as a dollar for dollar matched funding up to \$7 million per project.

Projects

Perth Basin

Geothermal Exploration Permits

Western Australia,
varying % interest

Green Rock Energy was advised by the Western Australian Government that it is the preferred applicant in respect of strategically placed applications for Geothermal Exploration Permits submitted in April 2008 by the Company both independently and jointly with other major applicants.

The Company has been working with The University of Western Australia and the W.A. Geothermal Centre of Excellence using multi-scale heat transfer modelling of geothermal aquifers in the Perth Basin to identify and target specific site locations for the most economic geothermal heat source in the Permit areas.

Pending the formal offer and issue of these Permits, Green Rock Energy is preparing for the development of a commercial geothermal powered heating and air-conditioning unit for a major commercial building in the Perth metropolitan area. The geothermal energy will be the direct heat source which will replace conventional air-conditioners and their associated large scale electrical and natural gas consumption. The Company is working towards the drilling of the geothermal wells in late 2009 with the commissioning of the commercial unit in 2011, which would make this the first commercial geothermal energy project operating in Australia outside the current small power plant at Innamincka.

Other Projects

Great Artesian Basin

Geothermal Energy Project
South Australia, *100% interest*

Eleven Geothermal Exploration Licences in the Great Artesian Basin

Since the end of this quarter, Green Rock Energy has accepted the offer of eleven Licences which occupy an area of approximately 5,038 square kilometres in the Great Artesian Basin (GAB). The GAB is one of the largest artesian groundwater basins in the world and underlies about one-fifth of the Australian land mass or over 1,711,000 square kilometres. The Great Artesian Basin contains artesian water held in permeable sandstone layers which range to over 3,000 metres in the deeper parts of the Basin.

The Company aims to locate areas in the Licences with maximum water temperatures and good natural water flow rates for emission free, renewable base load electricity generation. Green Rock Energy would extract only heat from the hot artesian water and reinject all the water extracted back into the aquifer. Water temperatures in the deeper parts of the GAB are in excess of 100°C. Flow rates at the surface can be up to 6ML/day without the requirement of pumping. Water quality in the main aquifers is generally good with dissolved solids ranging from 500 to 1,500 milligrams/litre.

Patchawarra

Geothermal Energy Project
South Australia, *100% interest*

Evaluation of hydrothermal systems in the Cooper Basin

The Patchawarra Geothermal Energy Project comprises three Geothermal Exploration Licences covering 1,438 square kilometres of land over the Patchawarra Trough in the Cooper Basin, South Australia. Determination of target areas is in progress to locate geological formations which are prospective for high flows of hot geothermal water and which are potentially suitable for generation of geothermal electricity. Development will be in conjunction with the future construction of a high voltage electrical transmission line linking the Cooper Basin to the national power grid.

Data evaluation and the modelling of sediment thickness and water flow potential has been undertaken based on data from previously drilled hydrocarbon wells in the three geothermal exploration licence areas. A combination of well log analysis, detailed seismic assessment and temperature modelling are being used to locate the prospective geothermal target areas which have good thickness of combined Patchawarra and Tirrawarra formations with high permeability and which are hotter than 140°C at depths of around 3 kilometres.

Other Projects

Hungary

Geothermal Energy Project

Hungary, 33.3% interest

New geothermal company commences activities in Hungary

In July 2008 Green Rock Energy jointly established a new geothermal energy company with Mol Plc and Enx hf, in which each party holds an equal interest. This new company, Central European Geothermal Energy Private Company Limited ("CEGE"), consolidates the strong relationship between the three companies for the exploration and development of geothermal energy resources in Hungary.

Two very promising geothermal prospects in Hungary have been identified by the joint technical team following the evaluation of MOL's extensive petroleum well data and seismic mapping. Detailed evaluation is now being undertaken to determine the precise locations for drilling the geothermal wells at these prospects and application has been made for formal title.

Corporate

World's first Geothermal Energy Reporting Code

Green Rock Energy actively participated in formulating and introducing the World's first formal code for reporting geothermal reserves and resources. The Geothermal Reporting Code, which was formally launched in August 2008 by the Australian Geothermal Energy Association, sets out the minimum requirements for reporting geothermal resources and reserves.

Green Rock Energy has reported the Inferred Geothermal Resources at Olympic Dam in the Company's 2008 Annual Report which is available as an interactive, on-line version on the Company's website at www.greenrock.com.au.

About Green Rock Energy

Green Rock Energy Limited is an Australian company focused on developing commercially sound renewable geothermal energy projects. The Company has projects in Australia and Europe and is a member of the Australian Geothermal Energy Association and sponsor member of the International Energy Agency's Geothermal Implementing Agreement.

Board of Directors:

Adrian Larking	Managing Director
Alan Knights	Executive Director
Jörg Baumgärtner	Non-Executive Director
Richard Beresford	Non-Executive Director
Scott Spencer	Non-Executive Director

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