



GreenRock  
Energy

**GREEN ROCK ENERGY LIMITED**  
**ACN 094 551 336**

# NOTICE OF ANNUAL GENERAL MEETING

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**For an Annual General Meeting to be held on**

**Wednesday 18 November 2009 at  
2.30pm (Australian Western Standard Time)**

**at The University Club of Western  
Australia, Hackett Drive, Crawley,  
Perth, Western Australia.**

This is an important document. Please read it carefully.

If you are unable to attend the Annual General Meeting, complete the form of proxy enclosed and return it in accordance with the instructions set-out on that form.

## TIME AND PLACE OF MEETING AND HOW TO VOTE

### **VENUE**

The Annual General Meeting of the shareholders of Green Rock Energy Limited will be held at:

**The University Club of Western Australia, Hackett Drive,  
Crawley, Perth, Western Australia**

on Wednesday 18 November 2009 commencing at 2.30pm (Australian Western Standard Time).

### **HOW TO VOTE**

You may vote by attending the meeting in person, by proxy or authorized representative.

### **VOTING IN PERSON**

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 2.30pm.

### **VOTING BY PROXY**

To vote by proxy, please complete and sign the form enclosed with this Notice of Annual General Meeting as soon as possible and either:

- Send the proxy by facsimile to the Company on facsimile number (08) 9482 0499 (International: + 61 8 9482 0499); or
- Deliver to Unit 6, 38 Colin Street, West Perth, Western Australia, 6005 Australia; or
- Post to PO Box 1177, West Perth, Western Australia, 6872 Australia.

so that it is received no later than 2.30pm (Australian Western Standard Time) on Monday 16 November 2009.

### **YOUR PROXY FORM IS ENCLOSED**

**GREEN ROCK ENERGY LIMITED**

ACN 094 551 336

**NOTICE OF ANNUAL  
GENERAL MEETING**

Notice is given that the Annual General Meeting of shareholders of Green Rock Energy Limited will be held in the Formal Dinning Room, Level 1, The University Club of Western Australia, Hackett Drive (Entrance No1), Crawley, Perth, Western Australia, commencing at 2.30 pm (Australian Western Standard Time) on Wednesday 18 November 2009.

**AGENDA****ORDINARY BUSINESS****ANNUAL ACCOUNTS**

To receive, consider and adopt the financial report of the Company for the year ended 30 June 2009 and the reports by the Directors and Independent Auditor.

**Short Explanation:** In accordance with section 317 of the Corporations Act, the Company must lay the Annual Accounts (being the Financial Report, the Directors' Report and the Auditor's Report) before the Company at the Annual General Meeting.

**RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

To consider and, if thought fit, to approve the following resolution as an **ordinary resolution**:

*"That shareholders of the Company adopt the Remuneration Report for the financial year ended 30 June 2009 in the Company's annual financial report for the same period."*

**Note:** The vote on this resolution is advisory only and does not bind the Directors or the Company.

**Short Explanation:** In accordance with section 250R(2) of the Corporations Act, the Remuneration Report must be put to a vote of the Company. In accordance with section 250R(3), the vote is advisory only.

**RESOLUTION 2 – RE-ELECTION OF  
DR JÖRG BAUMGÄRTNER AS A DIRECTOR**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Dr J Baumgärtner being a Director of the Company, retiring by rotation in accordance with clause 13.2 of the Company's Constitution, being eligible and offering himself for re-election, be re-elected as a Director of the Company."*

**Short Explanation:** The Constitution requires that at the Annual General Meeting, one third of the Directors for the time being shall retire from office. A retiring Director is eligible for re-election. Dr. Baumgärtner offers himself for re-election.

**RESOLUTION 3 - RE-ELECTION OF  
MR ALAN KNIGHTS AS A DIRECTOR**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Mr Alan Knights, being a Director of the Company, retiring by rotation in accordance with clause 13.2 of the Company's Constitution, being eligible and offering himself for re-election, be re-elected as a Director of the Company."*

**Short Explanation:** The Constitution requires that at the Annual General Meeting, one third of the Directors for the time being shall retire from office. A retiring Director is eligible for re-election. Mr Knights offers himself for re-election.

**RESOLUTION 4 - RATIFICATION OF ALLOTMENT  
AND ISSUE OF SHARES**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 7.4 of the Listing Rules of the Australian Securities Exchange and for all other purposes, the Company approves and ratifies the allotment and issue on 21 August 2009 of 26,000,000 Shares at an issue price of 5.5 cents each to raise \$1,430,000 to the parties and otherwise on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."*

**Short Explanation:** Resolution 4 seeks shareholders approval to ratify the allotment and issue of 26,000,000 Shares at 5.5 cents per share which was completed on 21 August 2009.

For the purposes of Resolution 4, the Company will disregard any votes cast on Resolution 4 by persons who participated in the issue and any associate of those persons. However, the Company will not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
- or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**RESOLUTION 5 - GRANT OF OPTIONS TO  
MR ADRIAN LARKING**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to offer and issue upon acceptance to Mr Larking a total of 1,500,000 options for no consideration, vesting on 18 November 2012 and expiring on 18 November 2014 and exercisable at a price, rounded up to the next whole cent, which is 20% above the average of the closing prices of Green Rock Energy Limited shares for the 20 trading days preceding 18 November 2009, and otherwise granted on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this notice."*

**Short Explanation:** The Company has given notice through an announcement to the ASX of its intention to issue 1,500,000 options to acquire ordinary shares each with an exercise price, rounded up to the next whole cent, which is 20% above the average of the closing prices of the Company's shares on the ASX for 20 trading days preceding 18 November 2009 to Mr Larking (Managing Director) as a performance incentive and that this matter would be put before shareholders for approval at their next general meeting. This is the first general meeting since the announcement of the intention by the Company.

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 5 by Mr Larking and any associates of Mr Larking. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of Mr Larking or an associate of Mr Larking.

#### RESOLUTION 6 - GRANT OF OPTIONS TO MR ALAN KNIGHTS

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to offer and issue upon acceptance to Mr Knights a total of 1,500,000 options for no consideration, vesting on 18 November 2012 and expiring on 18 November 2014, exercisable at a price, rounded up to the next whole cent, which is 20% above the average of the closing price of Green Rock Energy Limited shares for the 20 trading days preceding 18 November 2009 and otherwise granted on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this notice."*

**Short Explanation:** The Company has given notice by announcement to the ASX of its intention to issue 1,500,000 options to acquire ordinary shares each with an exercise price, rounded up to the next whole cent, which is 20% above the average of the closing price of the Company's shares on the ASX for 20 trading days preceding 18 November 2009 to Mr Knights (Executive Director) as a performance incentive and that this matter would be put before shareholders for approval at their next general meeting. This is the first general meeting since the announcement by the Company.

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 6 by Mr Knights and any associates of Mr Knights. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of Mr Knights or an associate of Mr Knights.

#### RESOLUTION 7 - GRANT OF OPTIONS TO MR RICHARD BERESFORD

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to offer and issue upon acceptance to Mr Beresford a total of 300,000 options for no consideration, vesting on 18 November 2012 and expiring on 18 November 2014, exercisable at a price, rounded up to the next whole cent, which is 20% above the average of the closing price of Green Rock Energy Limited shares for the 20 trading days preceding 18 November 2009 and otherwise granted on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this notice."*

**Short Explanation:** The Company has given notice by announcement to the ASX of its intention to issue 300,000 options to acquire ordinary shares each with an exercise price, rounded up to the next whole cent, which is 20% above the average of the closing price of the Company's shares on the ASX for 20 trading days preceding 18 November 2009 to Mr Beresford (Non-Executive Director) as a performance incentive and that this matter would be put before shareholders for approval at their next general meeting. This is the first general meeting since the announcement by the Company.

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 7 by Mr Beresford and any associates of Mr Beresford. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of Mr Beresford or an associate of Mr Beresford.

#### RESOLUTION 8 - GRANT OF OPTIONS TO DR JÖRG BAUMGÄRTNER

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to offer and issue upon acceptance to Dr Baumgärtner a total of 300,000 options for no consideration, vesting on 18 November 2012 and expiring on 18 November 2014 and exercisable at a price, rounded up to the next whole cent, which is 20% above the average of the closing price of Green Rock Energy Limited shares on the ASX for the 20 trading days preceding 18 November 2009, and otherwise granted on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this notice."*

**Short Explanation:** The Company has advised of its intention by ASX announcement to issue 300,000 options to acquire ordinary shares each with an exercise price, rounded up to the next whole cent, which is 20% above the average of the closing price of the Company's shares on the ASX for 20 trading days preceding 18 November 2009 each to Dr Baumgärtner (Non-Executive Director) as a performance incentive and that this matter would be put before shareholders for approval at their next general meeting. This is the first general meeting since the announcement by the Company.

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 8 by Dr Baumgärtner and any associates of Dr Baumgärtner. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of Dr Baumgärtner or an associate of Dr Baumgärtner.

### **RESOLUTION 9 - GRANT OF OPTIONS TO MR SCOTT SPENCER**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, pursuant to and in accordance with Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to offer and issue upon acceptance to Mr Spencer a total of 300,000 options for no consideration, vesting on 18 November 2012 and expiring on 18 November 2014 and exercisable at a price, rounded up to the next whole cent, which is 20% above the average of the closing price of Green Rock Energy Limited shares on the ASX for the 20 trading days preceding 18 November 2009, and otherwise granted on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this notice.”*

**Short Explanation:** The Company has advised of its intention by ASX announcement to issue 300,000 options to acquire ordinary shares each with an exercise price, rounded up to the next whole cent, which is 20% above the average of the closing price of the Company's shares on the ASX for 20 trading days preceding 18 November 2009 each to Mr Spencer (Non-Executive Director) as a performance incentive and that this matter would be put before shareholders for approval at their next general meeting. This is the first general meeting since the announcement by the Company.

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 9 by Mr Spencer and any associates of Mr Spencer. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of Mr Spencer or an associate of Mr Spencer.

### **RESOLUTION 10 - EMPLOYEE SHARE OPTION PLAN**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, pursuant to and in accordance with Listing Rule 7.2, Exception 9 and for all other purposes, the Company approves the issue of securities under the employee incentive option scheme for employees and directors known as “Employee Share Incentive Option Plan” as an exception to Listing Rule 7.1.”*

**Short Explanation:** Shareholder approval is required if any issue of Employee Options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without shareholder approval. This approval must be renewed every three years, the last approval was granted on 27 November 2006.

The Company will disregard any votes cast on Resolution 10 by a director of the Company and any person associated with those persons. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **GENERAL**

To transact any business which may lawfully be brought forward.

**Dated the 5 October 2009**

**By order of the Board**

**Nigel Hodder**  
Company Secretary

### **NOTES:**

1. Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
2. A shareholder of the Company who is entitled to attend and vote at a general meeting of shareholders is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each must be appointed to represent a specified proportion of the shareholders voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
3. A proxy may but need not be a shareholder of the Company.
4. The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer of his attorney duly authorised.
5. The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company at least 48 hours prior to the meeting. For the convenience of shareholders a Proxy Form is enclosed.
6. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
7. For the purposes of section 1047E(2) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations, the Company determines that members holding ordinary shares at 5.00pm (Australian Western Standard Time) on 16 November 2009 will be entitled to attend and vote at the Annual General Meeting.
8. Please note defined terms used in this Notice of Annual General Meeting have the meanings set out in the Glossary of the Explanatory Memorandum accompanying this Notice.

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders of the Company with sufficient information to assess the merits of each resolution contained in the accompanying Notice of Annual General Meeting of the Company.

The Directors recommend that shareholders read this Explanatory Memorandum and its Annexure in full before making any decision in relation to the resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice of Meeting.

### ANNUAL ACCOUNTS

Shareholders will be given an opportunity to ask questions of the Directors and the Auditors in relation to the Financial Statements and Reports of the Company for the year ended 30 June 2009 at the Annual General Meeting.

### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

Section 298 of the Corporations Act requires that the annual Directors' Report contain a Remuneration Report prepared in accordance with section 300A of the Corporations Act.

By way of summary, the Remuneration Report:

- sets out the Company's policy and the process for determining the remuneration of its executive officers and Directors;
- addresses the relationship between the remuneration of the Company's executive officers and the performance of the Company; and
- sets out remuneration details for each Director and each of the executive officers of the Company named in the Remuneration Report for the financial year ended 30 June 2009.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. Pursuant to section 250R(3), the vote on this resolution is advisory only and does not bind the Board or the Company.

The Directors recommend that shareholders vote in favour of Resolution 1.

### 2. RESOLUTION 2 – RE-ELECTION OF DR JÖRG BAUMGÄRTNER AS A DIRECTOR

Resolution 2 seeks approval of the re-election of Dr Jörg Baumgärtner as a Director with effect from the end of the meeting. The Constitution requires that at an Annual General Meeting of the Company one third of the Directors for the time being shall retire from office or, if their number is not a multiple of three, then the number nearest one-third (rounded upwards in case of doubt) shall retire from office.

Dr Baumgärtner retires from office in accordance with this requirement and submits himself for re-election.

Dr Baumgärtner holds a Dipl. Geophysics and PhD. He is one of the world's leading experts on the development and production of geothermal energy from Enhanced Geothermal Systems (EGS) or Hot Dry Rocks. He is based in Germany and is the Chief Executive of BESTEC GmbH, BESTEC Services GmbH and BESTEC Drilling GmbH companies that are actively involved in operating European geothermal power projects. He is a member of both Management and Supervisory boards of the Soultz Geothermal project in Soultz-sous-Florets, the foremost EGS project in Europe.

Dr Baumgärtner was a researcher at the German Deep Drilling Program at the Institute of Geophysics at the Ruhr University in Bochum, Germany and carried out post doctorate research at Stanford University in Palo Alto, California and at Dowell Schlumberger Inc. in Tulsa, Oklahoma, USA.

### 3. RESOLUTION 3 – RE-ELECTION OF MR ALAN KNIGHTS AS A DIRECTOR

Resolution 3 seeks approval for the re-election of Mr Alan Knights as a Director with effect from the end of the meeting. The Constitution requires that at an Annual General Meeting of the Company one third of the Directors for the time being shall retire from office or, if their number is not a multiple of three, then the number nearest one-third (rounded upwards in case of doubt) shall retire from office.

Mr Knights retires from office in accordance with this requirement and submits himself for re-election.

Mr Knights holds a Bachelor of Economics and Master of Business Administration degrees. He is a Certified Practising Accountant with 30 years experience in the finance and mining industries. He has held the positions of Group Treasurer, Company Secretary and General Manager Finance at Western Mining Corporation Limited and Chief Financial Officer of Perilya Limited.

### 4. RESOLUTION 4 – RATIFICATION OF ALLOTMENT AND ISSUE OF SHARES

Resolution 4 seeks Shareholders approval of the allotment and issue of 26,000,000 Shares at 5.5 cents per share which was completed on 21 August 2009.

#### Listing Rule 7.4

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such ratification is to restore a Company's maximum discretionary power to issue further shares up to 15% of the issued capital of the Company without requiring shareholder approval.

For Shareholders to subsequently approve an issue of Shares, the Company must provide the following information:

- The number of Shares allotted and issued was 26,000,000.
- The price at which the Shares were issued was 5.5 cents each.
- The Shares allotted and issued were fully paid ordinary shares which rank equally with all other Shares on issue.
- The allottees were sophisticated and institutional investors who were clients of Acorn Capital Limited, Domain Capital Pty Ltd, Phillip Capital Pty Ltd and Wilsons HTM Investment Group Ltd. The allottees are not associates or related parties of the Company.
- The funds raised will be used for working capital.

### 5. RESOLUTIONS 5, 6, 7, 8 AND 9 – GRANT OF OPTIONS TO MR LARKING, MR KNIGHTS, MR BERESFORD, DR BAUMGÄRTNER AND MR SPENCER

The purpose of Resolutions 5, 6, 7, 8 and 9 is to authorise the offer, and issue upon acceptance the following Options:

Name	Number of Options	Vesting Date	Expiry Date
Mr Adrian Larking	1,500,000	18 Nov 2012	18 Nov 2014
Mr Alan Knights	1,500,000	18 Nov 2012	18 Nov 2014
Mr Richard Beresford	300,000	18 Nov 2012	18 Nov 2014
Dr Jörg Baumgärtner	300,000	18 Nov 2012	18 Nov 2014
Mr Scott Spencer	300,000	18 Nov 2012	18 Nov 2014

All of the Options proposed to be issued pursuant to Resolutions 5, 6, 7, 8 and 9 will be exercisable at a price, rounded up to the next whole cent, 20% above the average of the closing prices of the Company's shares on the ASX for 20 trading days prior to 18 November 2009.

The terms and conditions of the Options are set out in Annexure A to the Explanatory Memorandum accompanying this notice.

The grant of Options is designed to encourage the recipients to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership.

The number of Options to be granted to each of the Directors has been determined based upon a consideration of:

- the remuneration of the Directors;
- the Directors wish to ensure that the remuneration offered is competitive with market standards. The Directors have considered the proposed number of Options to be granted will ensure that the Directors' overall remunerations is in line with market standards; and
- incentives to attract and ensure continuity of service of directors who have appropriate knowledge and expertise.

Under the Company's current circumstances the Directors consider that the incentives to the parties noted above, represented by these Options, are a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

Shareholders should note that for the reasons noted above, it is proposed to grant the Options to Mr. Beresford, Dr. Baumgärtner and Mr. Spencer all Non-Executive Directors, notwithstanding Box 8.2 of the ASX Corporate Principles and Recommendations which guideline provides that non-executive directors should not receive Options.

In the event the Options are exercised, the following amount will need to be paid to the Company

Adrian Larking	Exercise price multiplied by 1,500,000
Alan Knights	Exercise price multiplied by 1,500,000
Richard Beresford	Exercise price multiplied by 300,000
Jörg Baumgärtner	Exercise price multiplied by 300,000
Scott Spencer	Exercise price multiplied by 300,000

#### Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving financial benefit to a related party of the public company unless either:

1. the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
2. prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Larking, Mr Knights, Mr Beresford, Dr Baumgärtner and Mr Spencer are considered to be related parties of the Company as they are Directors of the Company.

Resolutions 5, 6, 7, 8 and 9 provide for the grant of Options to Directors of the Company which constitute the giving of financial benefits to related parties and therefore require Shareholder approval.

#### Current Holdings

Set-out below are details of Mr Larking's, Mr Knights', Mr Beresford's, Dr Baumgärtner's and Mr Spencer's interests (including any indirect holdings held in the name of the respective associates of Mr Larking, Mr Knights, Mr Beresford, Dr Baumgärtner and Mr Spencer) in the securities of the Company as at the date of this Notice:

Director	Shares	Options
Adrian Larking	10,584,375 <sup>1</sup>	2,500,000 <sup>2</sup>
Alan Knights	3,290,225 <sup>3</sup>	4,250,000 <sup>4</sup>
Richard Beresford	50,000 <sup>5</sup>	1,000,000 <sup>6</sup>
Jörg Baumgärtner	NIL	1,300,000 <sup>7</sup>
Scott Spencer	NIL	1,100,000 <sup>8</sup>

#### Note:

1. 10,584,375 Shares are held by PKA Investments Pty Ltd as trustee for the Larks Superannuation Fund. Adrian Larking is a director of PKA Investments and is a member of the Larks Superannuation Fund.
2. 1,000,000 Options (each exercisable at 15 cents and expiring on 26 November 2011) and 1,500,000 Options (each exercisable at 6 cents and expiring on 19 November 2012) are held by Adrian Larking.
3. 3,290,225 Shares are held by Alan Knights.
4. 2,000,000 Options (each exercisable at 25 cents and expiring on 21 November 2009), 750,000 Options (each exercisable at 15 cents and expiring on 26 November 2011) and 1,500,000 Options (each exercisable at 6 cents and expiring on 19 November 2012) are held by Alan Knights.
5. 50,000 Shares are held by Clearer Sky Pty Ltd. a company controlled by Richard Beresford.
6. 1,000,000 Options (each exercisable at 6 cents and expiring on 19 November 2012) are held by Richard Beresford.
7. 1,000,000 Options (each exercisable at 11 cents and expiring on 25 April 2011) and 300,000 Options (exercisable at 6 cents and expiring on 19 November 2012) are held by Jörg Baumgärtner.
8. 500,000 Options (each exercisable at 25 cents and expiring on 21 November 2009), 300,000 Options (each exercisable at 15 cents and expiring on 26 November 2011) and 300,000 Options (each exercisable at 6 cents and expiring on 19 November 2012) are held by Scott Spencer.

#### Information requirements

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

#### ***The related party to whom the proposed resolution would permit the financial benefit to be given:***

Subject to shareholder approval, the following maximum number of Options will be granted to the following related parties or their respective nominees:

Name of Related Party	Number of Options
Adrian Larking	1,500,000
Alan Knights	1,500,000
Richard Beresford	300,000
Jörg Baumgärtner	300,000
Scott Spencer	300,000
<b>Total</b>	<b>3,900,000</b>

In respect of the 3,900,000 Options to be granted to Mr Larking, Mr Knights, Mr Beresford, Dr Baumgärtner and Mr Spencer, the exercise price will be 20% above the average of the closing prices on the ASX of the Company's shares for 20 trading days preceding 18 November 2009, rounded up to the next whole cent.

### The Nature of the Financial Benefit

The proposed financial benefit to be given is the grant of Options for no consideration to Mr. Larking, Mr. Knights, Mr. Beresford, Dr. Baumgärtner and Mr. Spencer as noted above. The terms and conditions of the Options to be granted to Mr. Larking, Mr. Knights, Mr. Beresford, Dr. Baumgärtner and Mr. Spencer are set out in Annexure A to this Explanatory Memorandum.

### Directors' Recommendation

All the Directors were available to make a recommendation on Resolutions 5, 6, 7, 8 and 9 for the reasons noted above.

Messrs Knights, Baumgärtner, Beresford and Spencer (who have no interest in the outcome of Resolution 5) recommend Shareholders vote in favour of Resolution 5. Mr Larking declines to make a recommendation about Resolution 5 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of options to him individually.

Messrs Larking, Baumgärtner, Beresford and Spencer (who have no interest in the outcome of Resolution 6) recommend Shareholders vote in favour of Resolution 6. Mr Knights declines to make a recommendation about Resolution 6 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of options to him individually.

Messrs Larking, Knights, Baumgärtner, and Spencer (who have no interest in the outcome of Resolution 7) recommend Shareholders vote in favour of Resolution 7. Mr Beresford declines to make a recommendation about Resolution 7 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of options to him individually.

Messrs Larking, Knights, Beresford and Spencer (who have no interest in the outcome of Resolution 8) recommend Shareholders vote in favour of Resolution 8. Dr Baumgärtner declines to make a recommendation about Resolution 8 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of options to him individually.

Messrs Larking, Knights, Baumgärtner and Beresford (who have no interest in the outcome of Resolution 9) recommend Shareholders vote in favour of Resolution 9. Mr Spencer declines to make a recommendation about Resolution 9 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of options to him individually.

### Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors

The proposed ordinary resolutions would have the effect of giving power to the Directors to grant 3,900,000 Options on the terms and conditions set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above.

The Company presently has 206,381,022 Shares and also the following unlisted Options on issue:

Number of Options on issue	Exercise Price	Expiry Date
2,500,000	25 cents	21 November 2009
1,000,000	15 cents	9 August 2010
500,000	7 cents	9 March 2011
300,000	15 cents	9 August 2011
1,000,000	11 cents	25 April 2011
2,050,000	15 cents	26 November 2011
7,500,000	14 cents	28 April 2010
6,400,000	6 cents	19 November 2012

If all the Options granted pursuant to Resolutions 5, 6, 7, 8 and 9 were exercised the effect would be to dilute the shareholding of existing shareholders by 1.85% (assuming that no current Options are exercised).

The market price of the Shares during the period of the Options will normally determine whether or not Option holders exercise their Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Shares may be trading at a price which is higher than the exercise price of the Options.

The following table gives details of the highest, lowest and latest closing prices of the Company's Shares trading on ASX over the last 12 months:

Security	Highest Price	Date of Highest Price	Lowest Price	Date of Lowest Price	Latest Price on 2 Oct 2009
Shares	8.9 cents	24 Aug 2009	3.5 cents	9 Dec 2008	5.9 cents

Mr Larking, Mr Knights, Mr Beresford, Dr Baumgärtner and Mr Spencer's base salaries per annum (including superannuation) and the total financial benefits to be received by them in this current period as a result of the grant of Options the subject of Resolutions 5, 6, 7, 8 and 9, are as follows:

Director	Base Salary p.a.	Super-annuation p.a.	Value of Options*	Total Financial Benefit
A Larking	\$206,422	\$18,578	\$60,000	\$285,000
A Knights	\$183,486	\$16,514	\$60,000	\$260,000
R Beresford	\$45,872	\$4,128	\$12,000	\$62,000
J Baumgärtner	\$45,872	\$4,128	\$12,000	\$62,000
S Spencer	\$45,872	\$4,128	\$12,000	\$62,000

\*Note: An explanation of how the Value of Options is determined is detailed below

### Value of Options

The Company's advisers have valued the Options to be granted to the Directors using the binomial method of valuation. The value of an Option calculated by this method is a function of a number of variables. Their assessment of the value of the Options has been prepared using the following variables:

Variable	Input
Grant Date	2 October 2009
Spot Price	5.9 cents per share
Exercise Price	8.0 cents per share
Risk Free Rate	5.1%
Volatility	90%
Expiry Date	5 years
Vesting Dates	3 years
Expected Dividends	Nil

For the purposes of this valuation the Company's advisers have assumed 2 October 2009 as the grant date. For the share price, the advisors have assumed 5.9 cents. For the exercise price the advisors have assumed 8.0 cents, being 20% above the spot price, rounded up to the next whole cent. It has also been assumed that a volatility level of 90% is appropriate. Based on the variables and the assumptions, it is considered that the estimated value of Options to be granted to Mr. Larking, Mr. Knights, Mr. Beresford, Dr. Baumgärtner and Mr. Spencer is 4.0 cents per Option.

Accordingly, the total value of the Options to be granted to each Director is as follows:

Name of Related Party	Value of Options
Adrian Larking	\$60,000
Alan Knights	\$60,000
Richard Beresford	\$12,000
Jörg Baumgärtner	\$12,000
Scott Spencer	\$12,000
<b>Total</b>	<b>\$156,000</b>

The Directors do not consider that from an economic point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits forgone by the Company in granting the Options to Mr. Larking, Mr. Knights, Mr. Beresford, Dr. Baumgärtner and Mr. Spencer.

The Company's adoption of Australian equivalents to International Financial Reporting Standards for reporting periods commencing from 1 July 2005 means that, under AASB2 Share-based Payment, equity-based compensation will be recognised as an expense in respect of the services received.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolutions.

#### **Listing Rule 10.11**

Listing Rule 10.11 requires Shareholders' approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the grant of Options to Mr Larking, Mr Knights, Mr Beresford, Dr Baumgärtner and Mr Spencer under Resolutions 5, 6, 7, 8 and 9.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders:

- The Options will be granted to Mr Larking, Mr Knights, Mr Beresford, Dr Baumgärtner and Mr Spencer and/or their respective nominees.
- The maximum number of Options to be granted to Mr Larking pursuant to Resolution 5 is 1,500,000, the maximum number of Options to be granted to Mr Knights pursuant to Resolution 6 is 1,500,000, the maximum number of Options to be granted to Mr Beresford pursuant to Resolution 7 is 300,000, the maximum number of Options to be granted to Dr Baumgärtner pursuant to Resolution 8 is 300,000, and the maximum number of Options to be granted to Mr Spencer pursuant to Resolution 9 is 300,000.
- The Options will be allotted and granted on one date which will be no later than one month after the date of this Meeting or on such other date as approved by ASX.
- The Options will be granted for no consideration.
- No funds will be raised from the grant of the Options.
- The terms and conditions of the Options are set out in Annexure A to this Explanatory Memorandum.

If approval is given for the grant of the Options to Mr Larking, Mr Knights, Mr Beresford, Dr Baumgärtner and Mr Spencer under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

## **6. RESOLUTION 10 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN**

The Directors considered that it was desirable to establish an option plan under which employees may be offered the opportunity to subscribe for Options to acquire Shares in the Company in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees and accordingly adopted the Employee Share Incentive Option Plan ("Plan") on 27 November 2006.

The Plan is designed to provide incentives to the employees of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances the Directors consider that the incentives to employees are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees and Directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

Shareholder approval is required if any issue of Employee Options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without shareholder approval. Accordingly, shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three years of the date of issue.

Prior shareholder approval will be required before any Director or related party of the Company can participate in the Plan.

Under the Plan, the Board may offer to Eligible Persons the opportunity to subscribe for such number of Employee Options in the Company as the Board may decide and on the terms set out in the rules of the Plan. A copy of the rules of the Plan is available at the Company's website: [www.greenrock.com.au](http://www.greenrock.com.au). Employee Options granted under the Plan will be offered to participants in the Plan on the basis of the Board's view of the contribution of the Eligible Person to the Company. The Plan was last approved on 27 November 2006.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- A copy of the rules of the Plan is available at the Company's website: [www.greenrock.com.au](http://www.greenrock.com.au).
- This is the second approval sought under Listing Rule 7.2 Exception 9 with respect to the Plan. A total of 11,750,000 Options have been previously issued under the Plan since the Plan was adopted, of those Options nil have been exercised and nil have lapsed. The exercise price and expiry dates of those Options are as follows:

Number	Exercise Price	Expiry Date
2,500,000	25 cents	21 November 2009
500,000	7 cents	9 March 2011
300,000	15 cents	9 August 2011
1,000,000	11 cents	25 April 2011
2,050,000	15 cents	26 November 2011
5,400,000	6 cents	19 November 2012

## GLOSSARY

In this Explanatory Memorandum and the Notice to the Annual General Meeting, the following terms have the following meanings unless the context otherwise requires:

<b>ASX</b>	means ASX Limited ACN 008 624 691, and where the context permits, Australian Securities Exchange operated by ASX Limited.
<b>Board</b>	means the board of Directors of the Company.
<b>Company</b>	means Green Rock Energy Limited ACN 094 551 336.
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means Corporations Act 2001.
<b>Corporations Regulations</b>	means Corporations Regulations 2001.
<b>Director</b>	means a director of the Company.
<b>Listing Rules</b>	means the Listing Rules of ASX.
<b>Notice</b>	means the Notice of Meeting accompanying this Explanatory Memorandum.
<b>Option</b>	means an option to subscribe for one Share.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a shareholder of the Company.
<b>Vest</b>	means the date from when the holder of an option can exercise the option

## ANNEXURE A

### TERMS AND CONDITIONS OF OPTIONS

The terms and conditions of the Options the subject of Resolutions 5, 6, 7, 8 and 9 are as follows:

- a) each Option entitles the holder to one (1) Share in the Company;
- b) the Options vest on 18 November 2012;
- c) the Options are exercisable at any time on or prior to 5.00pm (Australian Western Standard Time) on 18 November 2014 (Expiry Date) by completing an option exercise form and delivering it together with the payment for the number of shares in respect of which the Options are exercised to the registered office of the Company;
- d) the Option exercise price per Option is the average of the closing prices per Share on the ASX rounded to the next whole cent 20% above the average of the closing prices of the Company's Shares on the ASX for 20 trading days prior to 18 November 2009;
- e) an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised;
- f) subject to the Corporations Act, the Listing Rules and the Company's Constitution, the Options are not transferable;
- g) all Shares issued upon the exercise of the Options will rank pari-passu in all respects with the Company's then issued Shares. The Company will apply for quotation of all Shares issued upon exercise of the Options on ASX;
- h) there are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give Option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue; and
- i) if at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules;
- j) the Options are not transferable except with the prior consent of the Directors; and
- k) notwithstanding clause (b), all options may be exercised by the optionholder:
  - (a) in the event a takeover bid (as defined in the Corporations Act 2001 (Cth)) to acquire any Shares becomes or is declared to be unconditional, irrespective of whether the takeover bid extends to Shares issued and allotted after the date of the takeover bid or not; or
  - (b) at any time after a change of control event (being a shareholder, or group of associated shareholders, being entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in a general meeting, to replace all or a majority of the Board) has occurred; or
  - (c) if a merger by way of scheme of arrangement under the Corporations Act has been approved by the Court under section 411(4)(b) of the Corporations Act 2001.

# PROXY FORM

## APPOINTMENT OF PROXY

### GREEN ROCK ENERGY LIMITED

ACN 094 551 336

### 2009 ANNUAL GENERAL MEETING

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member/members of GREEN ROCK ENERGY LIMITED entitled to attend and vote at the 2009 Annual General Meeting, hereby

appoint

\_\_\_\_\_  
Name of Proxy 1

\_\_\_\_\_  
Name of Proxy 2

of

\_\_\_\_\_  
Address of Proxy 1

\_\_\_\_\_  
Address of Proxy 2

or failing the person(s) so named or, if no person(s) is/are named, the Chair of the meeting or the Chair's nominee, to vote in accordance with the following directions or, if no directions have been given, at the Annual General Meeting to be held in the Formal Dining Room, Level 1 at The University Club of Western Australia, Hackett Drive (Entrance No 1), Crawley, Perth, Western Australia on Wednesday 18 November 2009 at 2.30 pm. (Australian Western Standard Time) and at any adjournment thereof.

### VOTING ON BUSINESS OF THE GENERAL MEETING

FOR                      AGAINST                      ABSTAIN

Resolution 1 – Adoption of Remuneration Report

Resolution 2 – Re-election of Dr Jörg Baumgärtner as Director

Resolution 3 – Re-election of Mr Alan Knights as Director

Resolution 4 – Ratification of Allotment and Issue of Shares

Resolution 5 – Grant of Options to Mr Adrian Larking

Resolution 6 – Grant of Options to Mr Alan Knights

Resolution 7 – Grant of Options to Mr Richard Beresford

Resolution 8 – Grant of Options to Dr Jörg Baumgärtner

Resolution 9 – Grant of Options to Mr Scott Spencer

Resolution 10 – Approval of Employee Share Option Plan

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of Remuneration Report			
Resolution 2 – Re-election of Dr Jörg Baumgärtner as Director			
Resolution 3 – Re-election of Mr Alan Knights as Director			
Resolution 4 – Ratification of Allotment and Issue of Shares			
Resolution 5 – Grant of Options to Mr Adrian Larking			
Resolution 6 – Grant of Options to Mr Alan Knights			
Resolution 7 – Grant of Options to Mr Richard Beresford			
Resolution 8 – Grant of Options to Dr Jörg Baumgärtner			
Resolution 9 – Grant of Options to Mr Scott Spencer			
Resolution 10 – Approval of Employee Share Option Plan			

## GREEN ROCK ENERGY LTD - NOTICE OF ANNUAL GENERAL MEETING

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box . By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he or she has an interest in the outcome of Resolutions 5 and 10 and votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, then if the Chair has an interest in the resolution other than as member, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

The Chair intends to vote 100% of all open proxies in favour of each resolution.

**YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM MAY BE HELD INVALID.**

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a poll and that your shares are not to be counted in computing the required majority on a poll.

This Proxy is appointed to represent .....% of my voting right, or if 2 proxies are appointed Proxy 1 represents .....% and Proxy 2 represents .....% of my total votes.

My total voting right is ..... shares

Signed this ..... day of ..... 2009

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

Signature ..... Director / Individual 1

Signature ..... Director/ Company Secretary / Individual 2

Signature ..... Sole Director and Sole Company Secretary

### INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

- a. A shareholder of the Company who is entitled to attend and cast two or more votes at a general meeting of shareholders is entitled to appoint two proxies. When more than one proxy is appointed, such proxy must be allocated a proportion of the members voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
- b. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
- c. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - (i) Directors of the company;
  - (ii) a Director and a company secretary of the company; or
  - (iii) for a proprietary company that has a sole director who is also the sole company secretary – that director

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

- d. Completion of a proxy form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
- e. Where a Proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.