

Quarterly Activities Report

for the three months ending 30 September 2009

30 October 2009

Highlights

- ▶ **Three Geothermal Exploration Permits granted in the Collie Basin, Western Australia**
- ▶ **Six Geothermal Exploration Permits granted in the Dongara area of the Northern Perth Basin**
- ▶ **Two Geothermal Exploration Permits granted in Perth area and two in the Eneabba area of the Northern Perth Basin**
- ▶ **Application for funding under Commonwealth Geothermal Drilling Program submitted**
- ▶ **\$1.4 million Capital Raising**

Green Rock Energy's activities continued to focus on geothermal energy projects which are near a market and which should have a relatively short development time. These are the Perth, Hungary and Olympic Dam projects. The first two target hot sedimentary aquifers where hot thermal waters are known from previous petroleum wells and water bores and the latter is at both a major market and optimum location for connection to the high voltage national power grid.

Investors & Media

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PROJECTS

Perth Basin

Geothermal Exploration Permits
Western Australia,
varying % interest

In September three Geothermal Exploration Permits were granted to the Company in and adjacent to the Collie Basin south of Perth. The Permits are operated by Green Rock Energy and held jointly with BHP Billiton Worsley Alumina Pty Ltd. A substantial proportion of Perth's electricity is currently generated within the Collie Basin. Another six Permits were granted in September/October to the Company in the North Perth Basin near producing petroleum fields where there is evidence from petroleum drilling of sufficient heat flow for the potential generation of electricity from geothermal water recovered from hot sedimentary aquifers. This followed the grant in July to Green Rock Energy of the first four Geothermal Exploration Permits to be issued in Western Australia, comprised of two in Perth and two near Eneabba in the North Perth Basin. The aim is to recover geothermal energy from the Eneabba Permit areas to generate electricity and from the Perth Permit areas to power direct heat uses including air-conditioning commercial and industrial buildings and district heating and cooling. Field activities were undertaken in the Perth Permit GEP 1 in preparation for proof of concept drilling in the Permit during 2010.

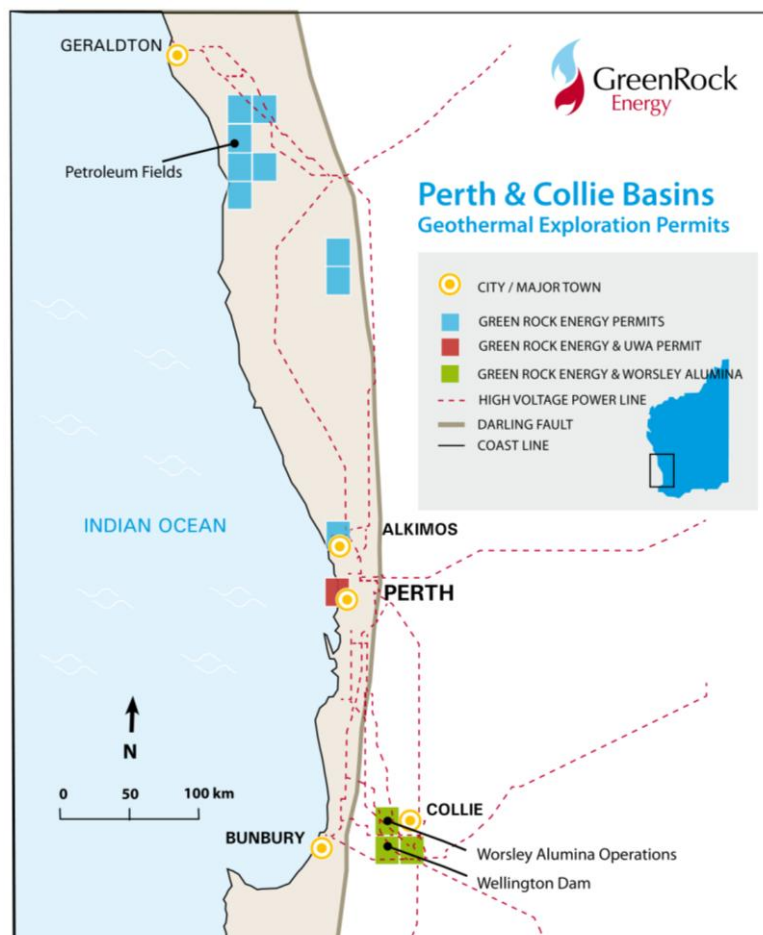


Figure 1: Map of the Perth and Collie Basins Geothermal Exploration Permits

PROJECTS continued

Perth Urban Geothermal Energy Project

Western Australia,
50% interest

This commercial demonstration project is designed to replace electricity powered compression chillers with geothermal powered absorption chillers to provide the air-conditioning needs of buildings in Permit GEP 1. This permit is held jointly with the University of Western Australia. Subject to proving commercial viability the Company plans to power a significant proportion of the University of Western Australia's air-conditioning needs by geothermal energy in place of electricity. To achieve this the Company plans to drill one production and one injection well in GEP 1 to depths between 2,000 and 3,000 metres to recover geothermal energy from hot sedimentary aquifers with the preferred site being at the University's main campus. Given success this will be the first step towards replicating the concept on a much larger scale throughout Perth.

Geothermal Drilling Program Funding - In early August Green Rock Energy submitted an application for funding of \$7 million for the Perth Urban Geothermal Project under the second round of the Commonwealth Government's competitive Geothermal Drilling Program ("GDP"). The application was submitted for the Perth Urban Geothermal Energy Project to be carried out in Permit GEP 1 held jointly with The University of Western Australia (UWA). The funding is to assist the Company to drill the two wells and carry out the flow testing of the recovered geothermal water. The administrators of the GDP assessed the application as being eligible to undergo a full merit assessment and have advised that the outcome of the Company's application should be made known around mid-November.

Green Rock Energy has been working closely with UWA to select the best site to locate the wells with the aim being to supply the University with air-conditioning powered by geothermally powered absorption chillers in place of electrical powered compression chillers. Work undertaken to date includes:

- Evaluation of existing seismic data, compilation of existing geological, hydro-geological and geophysical data, temperature measurements and data collection of measurements taken in existing petroleum wells and deep water bores
- A gravity survey conducted with the Western Australian Geothermal Centre of Excellence near the proposed proof of concept well sites showing geological structures.
- Completion of a 208 metre deep water bore at the UWA campus for temperature measurement and for a vertical seismic profile. This water bore confirmed the heat flow at the campus was within the range estimated from previous measurements from water bores within the Permit but outside the campus.
- Hydrodynamic modelling showing that production could be sustained over 30 years without any substantial temperature drop of the geothermal water produced.

PROJECTS continued

Perth Urban Geothermal Energy Project

Western Australia,
50 % interest

Hot Dry Rocks Pty Ltd reported an estimate of Inferred Geothermal Resources of stored heat in the GEP 1 amounting to 30,000 PJ of stored heat (equivalent to 950,000 MWh.yrs) for purposes of powering air-conditioning. A summary of this report setting out the assumptions used and qualifications was lodged with the ASX on 28 July 2009 and is available on our website. Discussions progressed with drilling companies to secure a suitable rig for drilling in 2010.

Competent Person's Statement

The information in this report that relates to Geothermal Resources has been compiled by Dr Graeme Beardsmore, an employee of Hot Dry Rocks Pty Ltd. Dr Beardsmore has sufficient experience in the style of geothermal play under consideration to qualify as a Competent Person under the Australian Code for Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves (2008 Edition) and is a member of the Australian Society of Exploration Geophysicists and abides by the Code of Ethics of that organization.

Dr Beardsmore has consented in writing to the public release of this report in the form and context in which it appears.

Olympic Dam Geothermal Energy Project

South Australia,
100 % interest

The Company's Geothermal Exploration Licences at Olympic Dam continued under voluntary suspension during the quarter while amendments to the Petroleum and Geothermal Energy Act and regulations proceeded through the South Australian Parliament. The legislative amendments were passed by the Parliament of South Australia on Wednesday 15 July 2009 and the regulations were brought into force on 1 October 2009. The amendments will enable the Company to consolidate the five GELs and renew a contiguous area to cover the most prospective parts of these GELs before re-commencing activities on site.

Hungary

Geothermal Energy Project

Hungary, 50% interest through
Central European Geothermal
Energy

Green Rock Energy holds a 50% interest in Central European Geothermal Energy, a company which was formed with major Hungarian Oil and Gas Company (MOL) to explore for and develop geothermal energy in Hungary. Work continued on selecting existing wells to recomplete for geothermal water production to generate electricity for the first project in the west of Hungary. Title has been granted to CECE in areas identified by CECE as some of the most prospective areas for geothermal energy near existing power transmission lines. These Project areas were selected where production could be achieved in the shortest time frame and at lowest cost using existing wells and technology.

CORPORATE

Capital Raising

Green Rock Energy raised \$1.43 million through the private placement of 26 million shares at 5.5 cents per share during the quarter. The funds will be used to continue work underway on its existing geothermal projects including the Perth Urban Geothermal Energy Project and to commence work on new Permits in the Perth and Collie Basins.

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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