

# Quarterly Activities Report

for the three months ending 31 March 2010

30 April 2010

## Highlights

- ▶ Green Rock team restructured to focus on development and commercialisation
- ▶ Jeff Schneider appointed as Non-Executive Chairman effective 1 May 2010
- ▶ Over \$1.6 million raised through Share Purchase Plan and Placement
- ▶ Significant progress on preparations and approvals for drilling at the UWA Project
- ▶ Collie Basin work program underway on the three permits held in joint venture with BHPB Worsley Alumina
- ▶ Programme to test an existing well for geothermal production completed for CEGE by Dr Jörg Baumgärtner

### Investors & Media

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## CORPORATE

### Restructuring

To enable a clear focus on development and commercialisation the Green Rock team was restructured during the quarter.

With effect from 2 February 2010 Richard Beresford, a non executive director since September 2008, took over the role of Managing Director to drive this phase of the Company's growth , with specific responsibility for commercialisation , strategy and relations with investors, customers , government and other stakeholders. Adrian Larking took on the role of Director of Operations with responsibility for exploration and production, major contracting and legal compliance and Alan Knights the role of Director of Finance responsible for finance, personnel, risk management and Board support. More recently Alan Knights has announced his retirement to Melbourne.

Scott Spencer, a non-executive director since November 2005 announced his retirement from the Board on 31 January 2010 due to increasing commitments to his other ventures.

### Appointment of Chairman

Subsequent to the end of the quarter, Green Rock Energy announced the appointment of Jeff Schneider as non-executive Chairman, effective from 1<sup>st</sup> May 2010. Jeff has over 35 years experience in the Australian energy industry including 24 years at Woodside culminating in the role of Director – Australian Gas.

Jeff has been non-executive Chairman of Strike Energy Limited (ASX:STX) since its listing in June 2003 and a non-executive director of Comet Ridge Limited (ASX:COI) since August 2003. At Strike he was instrumental in the commercialisation of the Casino gas discovery in the Otway Basin. At Comet Ridge Jeff took on the role of Executive Chairman during the global financial crisis culminating with a merger in April 2009 that has since seen a substantial increase in Comet Ridge's share price.

Jeff's energy market knowledge, his record in delivering commercial results and his experience in steering listed companies through turbulent capital markets are attributes directly relevant to Green Rock's focus on developing and commercializing its geothermal resources.

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### CORPORATE

continued

#### **Capital Raising via Share Purchase Plan and Placement**

On 25 March 2010, Green Rock Energy Limited (Green Rock) announced a Share Purchase Plan (SPP) to provide an opportunity to all eligible shareholders to purchase up to \$15,000 worth of additional fully paid ordinary shares in Green Rock. Under the SPP eligible shareholders had the opportunity to subscribe for the additional shares in Green Rock at 3 cents per share, representing a 19.53% discount to the volume weighted average price of ordinary shares in Green Rock traded on the ASX in the 5 trading days prior to the announcement of the SPP. The SPP opened on 26 March 2010 and closed on Friday 23 April 2010.

The SPP raised \$1,094,500 and the 36,483,261 fully paid ordinary shares allotted on Friday 30 April 2010 represent 59% of the maximum number of shares allowed to be issued under the regulations governing Share Purchase Plans. This far exceeded the expectation of the Company given current market uncertainties.

Green Rock Energy announced on 14 April 2010 the successful raising of \$560,000 through the placement of 18,666,667 shares at 3 cents per share conducted within Green Rock Energy's existing 15% placement capacity.

The funds from the SPP and placement will be applied to support the ongoing development of Green Rock's projects, in particular the project to demonstrate commercial production of geothermal energy for direct use at the University of Western Australia.

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## PROJECTS

### Western Australia

#### Perth Metropolitan Area

##### UWA Project

Western Australia,  
*50% interest*

Well design is progressing for this geothermal energy project for direct use in cooling and heating at the University of Western Australia Crawley Campus in the GEP1 permit. Green Rock Energy has been advised it is being offered a \$7 million grant under the Federal Government's Geothermal Drilling Program (GDP) to help fund the Project which would see two wells drilled and flow tested during the next 18 months, with commercial production and first project revenue targeted for early 2012.

The Company is vigorously pursuing funding sources for the project to complement the GDP Grant. These include:

- discussions with potential joint venture partners in the GEP1 permit who would share the costs of the UWA Project and roll-out other such projects in the permit area;
- an application to the WA Government's competitive Low Emissions Energy Development (LEED) Fund submitted on 24 March 2010. The LEED grant, if awarded, will provide \$1 for every \$3 of matching funding. The GDP Grant will count as matching funding as well as investment in the project by Green Rock Energy and any joint venture partner.

We are also in discussions with parties with interests in roll-out projects in our permits that now cover the whole of Perth's rapidly expanding northern coastal corridor. These include the QEII Medical Centre, the Stirling City Centre and Alkimos, a 60,000 population carbon neutral city being developed 40 kms north of the Perth CBD where WA Government corporation LandCorp has announced Delfin Lend Lease as the preferred developer for the first phase.

Green Rock has recently been issued with two additional geothermal exploration permits (GEP 39 and GEP 40) in the area. The Company's permits in the North Perth metropolitan area now cover the whole of Perth's northern coastal corridor between Perth and the new suburb of Alkimos where rapid residential, commercial and industrial growth is planned.

#### North Perth Basin

Western Australia

*100% interest*

The focus on our nine permits in this locality is power generation.

Our work so far in the Dongara area has confirmed a high geothermal heat flow extending above 100mW/m<sup>2</sup> which confirms the potential of the permits to produce geothermal energy at depths from 3km to 4 km with temperatures sufficient to generate electricity. Our objective is to prove sufficient geothermal energy can be recovered from areas in the North Perth Basin to target first production of 3-4MW of electricity possibly as early as 2013, with the potential to grow rapidly to over 100 MWe of base-load power early in the 2020's.

We are in discussions with several potential joint venture partners who recognise the substantial potential of our permits in the North Perth Basin and aim to make significant progress on this by mid-year.

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## PROJECTS

### continued

#### **Collie Basin**

Western Australia

*varying % interest*

An agreed work program on the three permits held in joint venture with BHPB Worsley Alumina is underway.

Geothermal energy here could have a range of potential market applications including industrial process use and desalination.

#### **South Australia**

*100% interest*

Activity in South Australia is being carried out at a level sufficient to maintain our permits in good standing.

There are continuing discussions with potential joint venture partners for our Olympic Dam and other projects in South Australia but there is unlikely to be any significant progress until the results of other geothermal companies' drilling activities in South Australia are announced over the next several months.

#### **Hungary**

##### **Geothermal Energy Project**

Hungary, *50% interest through*

*Central European Geothermal*

*Energy kft*

Green Rock Energy holds a 50% interest in Central European Geothermal Energy (CEGE), a company which was formed with major Hungarian Oil and Gas Company (MOL) to explore for and develop geothermal energy in Hungary.

A petroleum well drilled in recent years which recovered hot water has been selected by CEGE for testing for geothermal water production for electricity generation. This well was selected where production can be achieved in the shortest time frame at lowest cost using the well and existing power technology. A well testing program was designed for CEGE by our director Dr Jörg Baumgärtner.

Testing of the well is planned for later this year. Given success with the testing of this well a second well will be designed and drilled to maximize geothermal energy production and the electricity produced from the wells will be sold into the nearby power grid under Hungary's feed in tariff system, which does not need a power purchase agreement.

We are pleased with the new more commercially-focused management of CEGE and its strong support by MOL and we believe CEGE has the potential to become a highly valuable asset. We are assessing the potential for funding of the project from outside Australia.

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### 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:

|                   |                        |
|-------------------|------------------------|
| Richard Beresford | Managing Director      |
| Adrian Larking    | Director of Operations |
| Jörg Baumgärtner  | Non-Executive Director |

**Australian Stock Exchange Listing:** ASX Code GRK

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