



ASX Announcement

Company Announcements Office
Australian Securities Exchange

By e-lodgement

30 July 2010

(ASX Code GRK)

Quarterly Activities Report

for the three months ending 30 June 2010

Highlights

- **Partnership with Cygnet Capital and raising of \$ 2.65 million through Placement and Rights Issue**
- **Agreement with Leighton Contractors to investigate geothermal supply to Perth's QEII Medical Centre**
- **Award of 2 exploration drilling grants under WA Exploration Incentive Scheme**
- **Project Agreement with UWA executed**
- **Well testing planned for October targets first commercial project for CEGE in Hungary**

CORPORATE

Green Rock Energy partners with Cygnet Capital Pty Ltd

Green Rock Energy has entered into funding arrangements with stockbroking and corporate advisory firm Cygnet Capital Pty Ltd (Cygnet) on the following terms:

- Cygnet will lead a Placement of 70 million ordinary shares to raise a total of \$1.05 million at 1.5 cents per share split across two tranches; and
- Cygnet will underwrite a non-renounceable Rights Issue of shares to shareholders on a one-for-three basis at 1.5 cents per share to raise approximately \$1.6 million.

The first tranche of the Placement (30 million shares) will be issued within the Company's existing 15% capacity, and the second tranche (40 million shares) will be subject to shareholder approval at a general meeting of shareholders now convened for 20 August 2010.

Upon completion of the Placements it is intended that the Rights Issue will occur shortly afterwards with subscribers to the Placement entitled to participate in the Rights Issue.

New capital raised will be applied towards existing geothermal assets and the review of new opportunities in the energy sector which draw on the existing skill set of the Board and Management.

Cygnet will be granted 25 million options exercisable at 2 cents per share, expiring on 30 June 2013, on completion of the Rights Issue as part of their fee structure. All capital raised by Cygnet will attract a 6% capital raising fee.

General Meetings

A general meeting of shareholders was held on 18 June 2010. The business before the meeting was:

- the re-election of Jeff Schneider as Director who was appointed on 1 May 2010
- ratification of the allotment and issue of 1,666,667 shares to IPS Australasia as payment for drilling consultancy fees incurred and 11,983,333 shares to sophisticated investors. The effect of these ratifications is to restore the Company's maximum discretionary power to issue further shares up to 15% of the issued capital of the Company without shareholder approval.
- authorising Directors to allot and issue 5,000,001 shares to related parties

All resolutions were all passed on a show of hands

The Company has given notice of a general meeting of shareholders to be held on 20 August 2010.

The business that will be put before the meeting is:

- ratification of the allotment and issue of 30,000,000 shares being the first tranche of a placement facilitated by Cygnet. This ratification will restore the right of the Company to issue further shares within Listing Rule 7.1's 15% limit during the next 12 months
- approval of the proposed allotment and issue of 40,000,000 shares being the second tranche of a placement by Cygnet and the proposed issue of 25,000,000 options to Cygnet

These approvals will ensure that the proposed second placement tranche and options are not counted towards the Company's capacity to issue further shares within Listing Rule 7.1's 15% limit during the next 12 months.

PROJECTS

Western Australia

Two Grants for Exploration Drilling

Green Rock Energy was advised by the Western Australian Government that its two applications for grants totalling nearly \$295,000 to undertake drilling in the Perth Basin under the WA Government's Exploration Incentive Scheme were successful. Under this Program the maximum grant for a project is \$150,000.

Green Rock has now entered into a contract with the State under which it will receive a grant of \$145,000 for drilling in its 100% owned Alkimos Permit (GEP2) in the central Perth Basin and another grant of \$150,000 for drilling the two Urella Permits (GEP3 & GEP4) in the North Perth Basin

Perth Metropolitan Area 100% interest

Agreement with Leighton Contractors

An agreement was entered into with Leighton Contractors to investigate the potential for supply of geothermal energy for heating and cooling needs of the major expansion planned for the QE2 Hospital within the Company's Perth Permit GEP1. This expansion is located within 2 kilometres of the company's proposed commercial demonstration project at the Crawley Campus at the University of Western Australia.

Progress with UWA Project

Geothermal Drilling Program Grant - In mid May the Company received the draft contract from the Australian Government under which it will receive a grant of \$7 million allocated under the competitive Geothermal Drilling Program. We expect to finalise and enter into this contract within the September quarter.

Agreement with UWA - Green Rock signed an agreement with the University of Western Australia to use geothermal energy to provide cooling and heating of the University's Crawley Campus in Perth.

The agreement defines the terms under which Green Rock will develop the project at UWA's Crawley Campus and contains the key terms for:

- an Access Agreement under which Green Rock will implement the Project at the Crawley Campus including site preparation, drilling two wells, testing sustainable water flow and site rehabilitation
- an Offtake Agreement for UWA to pay Green Rock the value of the electricity replaced by the direct use of geothermal energy over the Project life
- an Operations and Maintenance Agreement under which UWA will operate and maintain the absorption chiller and associated plant to be installed and owned by Green Rock

The agreement also enabled Green Rock to acquire UWA's 50% interest in the Geothermal Energy Permit GEP 1 (covering 143 km² of Perth's north west inner metropolitan area) and offer it to other parties to invest in the UWA Project and follow-on projects such as the QEII Medical Centre and Stirling City Centre.

Collaborative Research Agreement – An agreement was signed with the University of Western Australia, a key participant of the Western Australian Geothermal Centre of Excellence (WAGCOE) and Geothermal Power Pty Ltd, under which scientific and engineering research will be carried out by the WAGCOE in collaboration with the two companies in relation to direct heat projects within the companies Permits in the Perth Metropolitan area.

Alkimos Area

Green Rock recorded temperature profiles in eight deep water bores within the two Geothermal Exploration Permits (GEP2 & GEP39) at Alkimos. This information was used by Hot Dry Rocks Pty Ltd who has been commissioned to determine surface heat flow distributions and to carry out a geothermal resource assessment of the Permit areas. The two Permits occupy around 340km² and encompass the Alkimos development area where LandCorp has recently contracted with Delfin Lend Lease to develop a new urban centre to house around 60,000 people aiming towards carbon neutrality.

The Company intends to use the drilling grant from the State's Exploration Incentive Scheme to drill two wells to around 500 metres deep each in GEP2 to determine temperature profiles and carry out down hole geophysics. This information will assist in planning the deep geothermal wells targeted to recover geothermal energy from aquifers 2,000 to 3,000 metres deep near the developments planned for Alkimos.

North Perth Basin

100% interest

Temperature profiles were measured in over 25 deep water bores within the Company's 11 Geothermal Exploration Permits in the North Perth Basin where hot sedimentary aquifers are targeted.

The data acquired during the quarter will be used to determine the surface heat flows in the Permit areas. Together with existing heat flow data derived from petroleum wells, this newly acquired information will be used to estimate the quantity of heat contained in hot sedimentary aquifers within the Permits and to map the locations likely to contain the hottest geothermal waters where we will target deep drilling to recover the geothermal energy suitable for generation of electricity.

With success the Company will be well placed to target the growth of power needed to supply major infrastructure and mining developments planned for the Mid-West. Discussions with potential JV partners for our North Perth Basin Permits are progressing.

The Company intends to use the \$150,000 drilling grant from the State's Exploration Incentive Scheme to carry out surveys to assist with identifying the hottest locations within the two Urella Permits for subsequent deeper drilling, to recover geothermal energy for power generation.

Collie Basin

varying % interest

Field work continued in the three Geothermal Exploration Permits held jointly with BHP Billiton Worsley Alumina at the Collie Basin. This work included a gravity survey and soil gas analysis over all three Permits. Analysis of the data is underway and is expected to be reported in the September quarter.

Hungary

50% interest through Central European Geothermal Energy Kft.

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 Green Rock's director Dr Jörg Baumgärtner.

Testing of the well is planned in October 2010 at a cost to Green Rock of about \$1 million. 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 from around mid-2012 will be sold into the nearby power grid under Hungary's feed in tariff system, which does not need a power purchase agreement.

South Australia

100% interest

Activity in South Australia continues to be 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.



Nigel Hodder
Company Secretary

Investors and Media

T: +61 (0) 9482 0482

E: info@greenrock.com.au