

# **GREEN ROCK ENERGY LIMITED**

**ACN 094 551 336**

## **PROSPECTUS**

**For the pro-rata non-renounceable rights issue to Eligible Shareholders of approximately 110,504,761 New Shares on the basis of one (1) New Share for every three (3) Shares held on the Record Date, at an issue price of \$0.015 per New Share, for the purpose of raising \$1,657,571 before expenses.**

**UNDERWRITER:  
CYGNET CAPITAL PTY LIMITED  
ACN 103 488 606**

**THE RIGHTS ISSUE CLOSSES AT 5.00 PM AWST ON 1 OCTOBER 2010.**

### **IMPORTANT NOTICE**

**This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents, or are in doubt as to the course you should follow, you should consult your stockbroker, accountant or professional adviser.**

**Investment in securities offered by this Prospectus should be considered speculative.**

## CORPORATE DIRECTORY

<b>DIRECTORS</b>	Jeffrey Schneider (Non-Executive Chairman) Richard Beresford (Managing Director) Adrian Larking (Executive Director) Dr Jörg Baumgärtner (Non-Executive Director)
<b>SECRETARY</b>	Nigel Hodder
<b>REGISTERED AND PRINCIPAL OFFICE</b>	Unit 6, 38 Colin Street WEST PERTH WA 6005 AUSTRALIA Telephone: +61 8 9482 0482 Facsimile: + 61 8 9482 0499 Email: <a href="mailto:info@greenrock.com.au">info@greenrock.com.au</a> Website: <a href="http://www.greenrock.com.au">www.greenrock.com.au</a>
<b>UNDERWRITER</b>	Cygnat Capital Pty Limited Ground Floor 30 Richardson Street WEST PERTH WA 6005 AUSTRALIA Telephone: (08) 9226 5511 Facsimile: (08) 9322 8744 Email: <a href="mailto:info@cygnatcapital.com.au">info@cygnatcapital.com.au</a> <a href="http://www.cygnatcapital.com.au">www.cygnatcapital.com.au</a>
<b>SOLICITORS</b>	Blakiston & Crabb 1202 Hay Street WEST PERTH WA 6005 AUSTRALIA
<b>*AUDITORS</b>	Deloitte Touche Tohmatsu** Level 14, Woodside Plaza 240 St Georges Terrace PERTH WA 6000 AUSTRALIA
<b>*SHARE REGISTRY</b>	Computershare Investor Services Pty Limited Level 2, 45 St Georges Terrace PERTH WA 6000 AUSTRALIA Telephone: (+61) 8 9323 2000 Facsimile: (+618) 8 9323 2033 Email: <a href="mailto:perth.services@computershare.com.au">perth.services@computershare.com.au</a> Investor Enquiries: 1300 557 010  GPO Box D182 PERTH WA 6840 AUSTRALIA
<b>ASX CODE</b>	GRK

\* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

\*\* The auditors of prior years, PKF Perth (West Australian Partnership) have resigned (due to staff internal movements) and their resignation has been accepted by ASIC which has approved the appointment of Deloitte Touche Tohmatsu, subject to approval of their appointment by Shareholders at the Company's 2010 AGM.

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## IMPORTANT NOTES AND STATEMENTS

This Prospectus is dated 2 September 2010. A copy of this Prospectus was lodged with the ASIC on 2 September 2010. Neither the ASIC nor the ASX take any responsibility for the contents of this Prospectus. No New Shares will be issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. New Shares pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

The Company will apply for the New Shares offered pursuant to this Prospectus to be listed on ASX. An application for New Shares will only be accepted on the "Entitlement and Acceptance Form (including Additional Securities)" accompanying this Prospectus.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In preparing this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult. No person is authorised to give any information or to make any representation in connection with the Rights Issue described in this Prospectus. Any information or representation which is not contained in this Prospectus or disclosed by the Company pursuant to its continuous disclosure obligations may not be relied upon as having been authorised by the Company in connection with the issue of this Prospectus.

Shareholders should read this Prospectus in its entirety and, if in doubt, should consult their professional advisers before deciding whether to accept their Entitlements.

### Summary of Important Dates\*

Announcement of Rights Issue	29 June 2010
Prospectus lodged at ASIC and ASX	2 September 2010
Lodgement of Appendix 3B with ASX	2 September 2010
Notice containing information required by Appendix 3B sent to Shareholders	6 September 2010
"Ex" Date (date Shares are quoted ex-rights)	7 September 2010
Record Date to determine Entitlements	13 September 2010
Prospectus with Entitlement and Acceptance Form despatched to Shareholders	17 September 2010
Opening Date	17 September 2010
Closing Date for acceptance and receipt of applications under the Rights Issue	1 October 2010
New Shares quoted on a deferred settlement basis	5 October 2010
Notification to ASX of under-subscriptions	7 October 2010
Despatch of holding statements (allotment date) with respect to Entitlements	12 October 2010
Date of quotation of New Shares issued under the Rights Issue	12 October 2010
Closing date for acceptance and receipt of applications for the Shortfall by the Underwriter or sub-Underwriters	20 October 2010

Last date for issue of New Shares forming part of the Shortfall Securities	25 October 2010
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\* These dates are indicative only. The Directors reserve the right to vary the key dates without prior notice, subject to the Listing Rules.

\* The Directors may extend the Closing Date by giving at least six Business Days notice to ASX prior to the Closing Date. As such, the date the New Shares are expected to commence trading on ASX may vary.

### **Key Definitions**

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion and are set out in Section 6 of this Prospectus.

## CHAIRMAN'S LETTER

Dear Shareholders,

On behalf of the board of Green Rock Energy Limited ("**GRK**") I am pleased to invite you to participate in a pro-rata non-renounceable rights issue, which is underwritten by Cygnet Capital Pty Limited.

You are being offered one (1) New Share for every three (3) Shares currently held by you. The New Shares will be issued at 1.5 cents each and will rank equally with the existing Shares.

Your Company has been making steady progress towards the definition and commercialisation of its geothermal resources both in Australia and in Hungary. It is the Board's intention to apply the funds raised in this rights issue towards progressing the commercialisation of the Company's key projects in the Perth Metropolitan area, the North Perth Basin and in Hungary. In addition, the Company will continue to evaluate new opportunities in the energy sector, which complement the existing portfolio and the skill sets of the Board and management.

It is the Board's expectation that one or more of our projects will be materially progressed through the application of funds from this rights issue along with funds from government grants and potential project partners with whom we are in discussion.

While this is our expectation it is clear that our business carries a number of risks beyond the usual geological and commercial risks. For example, funding of our projects going forward is heavily dependent on financial support from governments, both State and Commonwealth. This is especially so when your Company is still in the "proof-of-concept" phase. While offers of material support have been made to the Company (at this time by the Commonwealth Government only) this will need to be translated from offers to reality.

We also believe that for the geothermal industry to flourish (not just Green Rock Energy), policy settings from governments going forward need to be more supportive.

That having been said, we believe your Company has a very good future largely due to the quality of the assets over which it has title. The Board and management's task is to translate this potential into reality and to realize value for shareholders accordingly.

The rights issue is appropriately discounted for shareholders and I encourage you to participate wholly or in part. The Directors intend to participate in the rights issue to the extent that their personal circumstances permit.

Yours sincerely

Jeffrey Schneider  
Chairman

## Section 1 DETAILS OF THE RIGHTS ISSUE

### 1.1 Rights Issue

This Prospectus invites Eligible Shareholders to participate in a pro-rata non-renounceable Rights Issue of 110,504,761 fully paid ordinary New Shares in the capital of the Company on the basis of one (1) New Share for every three (3) Shares held on the record date of 13 September 2010, at an issue price of \$0.015 per New Share, for the purpose of raising \$1,657,571 less expenses of the Rights Issue.

Any fractional entitlements to New Shares will be disregarded in calculating each Eligible Shareholder's entitlement to New Shares.

As at the date of this Prospectus, 331,514,284 Shares and 15,500,000 Options are on issue (this does not include the Fee Options which are expected to be issued after the conclusion of the Rights Issue – see Section 1.4 and capital structure in Section 2.3). Existing Optionholders will not be entitled to participate in the Rights Issue without first exercising their Options and acquiring the resulting Shares, and having them registered in their name in the Register, before the Record Date.

### 1.2 No Rights Trading

Entitlements to New Shares pursuant to the Rights Issue are non-renounceable and accordingly Eligible Shareholders may not dispose of or trade any part of their Entitlement.

### 1.3 Opening and Closing Dates

The Rights Issue will open for receipt of acceptances at 9.00am AWST on 17 September 2010 and will close at 5.00pm AWST on 1 October 2010, or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine and provided that the Company gives ASX notice of the change at least 6 Business Days prior to the Closing Date.

### 1.4 Underwriting

The Rights Issue is underwritten by Cygnet Capital Pty Limited ("**Cygnet Capital**") (refer to Section 4.8 for full details). Pursuant to the Corporate Mandate and the Underwriting Agreement, the Company will pay Cygnet Capital a capital raising fee for the Placement and Rights Issue of 6%, being \$162,454 (plus GST), and issue to Cygnet Capital 25,000,000 Fee Options with an exercise price of two (2) cents each and an expiry date of 30 June 2013. A summary of the material terms of the Underwriting Agreement including rights of termination are set out in Section 4.8.

No brokerage or stamp duty will be payable by investors.

### 1.5 Entitlements and Acceptance

The number of New Shares to which you are entitled ("**Entitlement**" or "**Rights**") is shown in the accompanying Entitlement and Acceptance Form.

In determining Entitlements, any fractional entitlement will be disregarded.

#### ***Acceptance of Entitlement in Full***

If you wish to take up **all** of your Entitlement under the Rights Issue, please complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of

that form in the section marked "**B – New Securities Applied for**". Applications must not exceed your Entitlement as shown on the front of the Entitlement and Acceptance Form in Box A. Applications exceeding your Entitlement will be deemed to be for your maximum Entitlement and any surplus subscription funds will be returned, without interest.

***Partial Acceptance of Entitlement***

If you wish to take up only **part** of your Entitlement, please complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form in the section marked "**B – New Securities Applied for**". Applications for only part of your Entitlement should be less than your Entitlement as shown on the front of the Entitlement and Acceptance Form in Box A. Any part of your Entitlement not taken up will lapse and form part of the Shortfall.

***Non-Acceptance of Entitlement***

If you do not wish to take up any part of your Entitlement under the Rights Issue, you are not required to take any action. If you decide not to accept all or part of your Entitlement, the New Shares not accepted will be dealt with in accordance with Section 1.6.

***Shortfall Application***

If you wish to take up **more** than your Entitlement under the Rights Issue, you may apply to participate in any Shortfall that may arise under the Rights Issue. To apply for Shortfall Securities you should complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form in the section marked "**C – Additional Securities Applied for**". Subject to the terms of any sub-underwriting agreements, following consultation with the Company and having taken into account applications received by the Company in respect of the allocation of Shortfall Securities, the Underwriter has the right to nominate and determine who is to receive the Shortfall Securities, subject to such person or persons not being a related party of the Company (as defined in section 228 of the Corporations Act). See Section 1.6 for more information about the Shortfall.

Participation in the Shortfall is open only to Eligible Shareholders and 'sophisticated investors' or 'professional investors' (as those terms are defined in the Corporations Act) at the discretion of the Underwriter in accordance with the Underwriting Agreement.

***Acceptance of Terms***

All applications for New Shares must be made on the Entitlement and Acceptance Form. Any application will be treated as an offer from the applicant to acquire New Shares on the terms and conditions set out in the Prospectus. The Directors reserve the right to reject any applications for New Shares and Shortfall Securities.

Please ensure that the completed Entitlement and Acceptance Form, together with your cheque or Bpay electronic payment (made pursuant to the instructions detailed on the back of the Entitlement and Acceptance Form), is received by the Company's share registry at:

**Delivered to:**

Computershare Investor Services Pty Limited  
Level 2, 45 St Georges Terrace  
PERTH WA 6000

**Or by post to:**

Computershare Investor Services Pty Limited  
Locked Bag 2508  
PERTH WA 6001  
AUSTRALIA

**not later than 5.00pm AWST on 1 October 2010** or such later date as the Directors advise. Cheques should be made payable to "Green Rock Energy Ltd – NRE A/C" and crossed "Not Negotiable".

### ***Taxation Implications***

Shareholders should obtain independent advice on the taxation implications arising out of their participation in the Rights Issue.

### ***Inquiries***

If you have any queries regarding your Entitlement, please contact the Company by telephone on +61 8 9482 0482 or your stockbroker or professional adviser.

**PLEASE NOTE IF YOU DO NOT ACCEPT YOUR ENTITLEMENT IN FULL IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT ABOVE, ANY PART OF AN ENTITLEMENT NOT ACCEPTED IN FULL WILL FORM PART OF THE SHORTFALL.**

## 1.6 **Shortfall**

If you decide not to accept all or part of your Entitlement pursuant to the Rights Issue, you are not required to take any action. The New Shares not accepted will form part of the Shortfall and will be dealt with in accordance with the Underwriting Agreement. In these circumstances, you will receive no benefit.

If you are an Eligible Shareholder and wish to participate in any Shortfall that may arise under the Rights Issue, you should read the section marked "**C – Additional Securities Applied for**" on the reverse of the Entitlement and Application Form and complete that form (which accompanies this Prospectus) according to the instructions detailed on the reverse of the Entitlement and Acceptance Form.

Please ensure the completed Entitlement and Application Form, detailing any application for Shortfall Securities, and your cheque is received by the Company at:

### **Delivered to:**

Computershare Investor Services Pty Limited  
Level 2  
45 St Georges Terrace  
PERTH WA 6000

### **Or by post to:**

Computershare Investor Services Pty Limited  
Locked Bag 2508  
PERTH WA 6001  
AUSTRALIA

**not later than 5.00pm AWST on 1 October 2010** or such later date as the Directors advise. Cheques should be made payable to "Green Rock Energy Ltd – NRE A/C" and crossed "Not Negotiable".

To the extent that Shareholders do not take up their Entitlement in full, the resultant Shortfall will be allocated by the Underwriter in accordance with the provisions of the Underwriting Agreement. Subject to the terms of any sub-underwriting agreements, following consultation with the Company and having taken into account applications received by the Company in respect of the allocation of Shortfall Securities, the Underwriter has the right to nominate and determine who is to receive the Shortfall Securities, subject to such person or persons not being a related party of the Company (as defined in section 228 of the Corporations Act).

Eligible Shareholders who apply for and are successful in receiving an allocation of Shortfall Securities from the Underwriter will receive their Shortfall Securities separately to the New Shares which comprise their Entitlements under the Rights Issue. Eligible Shareholders who take up their Entitlements will be allotted their New Shares on 12 October 2010 while any Shortfall Securities will be allotted and issued separately and after that date but no later than 25 October 2010.

In the event that applications for the Shortfall cannot be filled in full or in part, application monies (without interest) will be refunded by the Company in accordance with the provisions of the Corporations Act. Neither the Company nor the Underwriter guarantees that you will receive any Shares applied for in the Shortfall.

The Directors may not participate in any Shortfall themselves.

#### 1.7 **Limit**

The Underwriter will ensure that no person, entity or Shareholder will acquire, through participation in the Offer, a holding of Shares of, or (in the case of existing Shareholders) increase their holding to, an amount in excess of 19.9% of all of the Shares on issue following completion of the Offer.

#### 1.8 **Allotment of New Shares**

The New Shares are expected to be allotted by no later than 12 October 2010. Until issue and allotment of the New Shares under this Prospectus, the application monies will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on the application money will be for the benefit of the Company and will be retained by it irrespective of whether allotment of the New Shares takes place.

#### 1.9 **ASX Listing**

The Company will make application to ASX within seven (7) days following the date of this Prospectus for Official Quotation of the New Shares.

If approval is not granted by ASX within three (3) months after the date of this Prospectus, the Company will not allot any New Shares and will repay all application monies (where applicable) as soon as practicable, without interest.

A decision by ASX to grant Official Quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the New Shares now offered for subscription.

#### 1.10 **No Issue of New Shares after 13 Months**

No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

#### 1.11 **Overseas Investors**

The Company is of the view that it is unreasonable to make an offer under this Prospectus to shareholders outside of Australia and New Zealand ("**Excluded Shareholders**") having regard to:

- (a) the number of shareholders outside of Australia and New Zealand;
- (b) the number and value of the securities to be offered to shareholders outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Company is not required to, and does not, make offers under the Prospectus to shareholders outside of Australia and New Zealand.

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

All rights that would have been offered to Excluded Shareholders will be allowed to lapse and they will form part of the Shortfall.

#### 1.12 Purpose of the Rights Issue

The purpose of the Rights Issue is to raise funds for the following:

- (a) progressing the commercialisation of the Company's key projects in the Perth Metropolitan area, the North Perth Basin and in Hungary;
- (b) continued investigation of and due diligence upon new geothermal and other energy opportunities;
- (c) administration of the Company;
- (d) working capital; and
- (e) expenses of the Rights Issue.

The application of funds raised from the Rights Issue is summarised below:

Description	Use of Funds (\$)
Funds to be raised under the Rights Issue	1,657,571
Less:	
• progressing the commercialisation of the Company's key projects in the Perth Metropolitan area, the North Perth Basin and in Hungary	1,300,000
• investigation of and due diligence upon new geothermal and other energy opportunities	200,000
• administration/working capital/expenses of the Rights Issue	157,571
<b>TOTAL</b>	<b>\$1,657,571</b>

It is anticipated that these funds will be applied over the next 12 months. The above proposed use of funds is subject to ongoing review and evaluation by the Company and the actual use of funds raised under the Rights Issue may change depending on the outcome of the programs as they proceed.

As at the date of this Prospectus the Company is negotiating the terms of a funding agreement under the Geothermal Drilling Program for \$7 million from the Commonwealth Government in matching funding for its Perth Urban Project. The Company has also applied for a \$5 million grant from the Western Australian State Government for the same project. There is no guarantee that the Company will receive either of these funding grants. While failure to secure either of these government grants should not threaten the continued holding of the Company's permits, it may set back the timing for reaching commercial production. The Company will announce any material developments in the grants to the ASX and on its website as they occur.

See Section 3.7 for more information about this project funding risk.

### 1.13 Placement

On 29 June 2010 the Company announced that it would be undertaking a placement of 70,000,000 Shares at an issue price of \$0.015 per Share ("**Placement Shares**") conducted in two tranches (each, a "**Tranche**") ("**Placement**"). The Company has now completed the Placement which involved the issue and allotment of 30,000,000 Shares at \$0.015 per Share to raise \$450,000 in Tranche 1 issued under the Company's Listing Rule 7.1 placement capacity and the issue and allotment of 40,000,000 Shares at \$0.015 per Share to raise \$600,000 in Tranche 2. At a general meeting of the Company held on 20 August 2010 Shareholders ratified Tranche 1 and approved Tranche 2. The allottees of the Placement Shares are clients of Cygnet Capital and are "sophisticated investors" and/or "professional investors" for the purposes of section 708 of the Corporations Act. The allottees under the Placement are eligible to participate in the Rights Issue as the issue of the Placement Shares occurred prior to the Record Date.

The proceeds of \$1,050,000 from the Placement were applied towards working capital and to support the Company's ongoing exploration and development.

## **Section 2 EFFECT OF THE RIGHTS ISSUE ON THE COMPANY**

### **2.1 Principal Effects**

The principal effects on the Company of the Rights Issue are dependent on the success of the Rights Issue. However, assuming the Rights Issue is fully subscribed the principal effects are as follows:

- (a) the Company will issue 110,504,761 New Shares and the total number of Shares on issue will increase to 442,019,045 Shares;
- (b) following the issue of the New Shares, the cash reserves of the Company will increase by approximately \$1,657,571 (less the expenses of the Rights Issue); and
- (c) the equity of Eligible Shareholders who do not participate in the Rights Issue will be diluted as is evidenced from the figures set out above.

### **2.2 Unaudited Consolidated Balance Sheet**

Set out as follows is an unaudited pro forma consolidated balance sheet of the Company and its controlled entities as at 30 June 2010, adjusted to reflect:

- the Placement of 70,000,000 Shares to raise \$1,050,000;
- the Rights Issue of 110,504,761 New Shares to raise \$1,657,571; and
- the expenses of the Placement and the Rights Issue totalling \$255,454 (including underwriting fees of \$162,454), and the cost of the Options.

**Unaudited Consolidated Balance Sheet and  
Pro-forma Balance Sheet Reflecting Rights Issue**

	Unaudited 30 June 2010	Pro forma 30 June 2010
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	926,515	3,378,632
Other receivables	506,611	506,611
<b>TOTAL CURRENT ASSETS</b>	<u>1,433,126</u>	<u>3,885,243</u>
<b>NON CURRENT ASSETS</b>		
Other financial assets	105,300	105,300
Plant and equipment	264,030	264,030
Investments	92,185	92,185
Exploration expenditure	8,672,024	8,672,024
<b>TOTAL NON CURRENT ASSETS</b>	<u>9,133,539</u>	<u>9,133,539</u>
<b>TOTAL ASSETS</b>	<u>10,566,665</u>	<u>13,018,782</u>
<b>CURRENT LIABILITIES</b>		
Payables	(317,110)	(317,110)
Provisions	(71,892)	(71,892)
<b>TOTAL CURRENT LIABILITIES</b>	<u>(389,002)</u>	<u>(389,002)</u>
<b>NON CURRENT LIABILITIES</b>		
Provisions	(28,142)	(28,142)
<b>TOTAL NON CURRENT LIABILITIES</b>	<u>(28,142)</u>	<u>(28,142)</u>
<b>TOTAL LIABILITIES</b>	<u>(417,144)</u>	<u>(417,144)</u>
<b>NET ASSETS</b>	<u>10,149,521</u>	<u>12,601,638</u>
<b>EQUITY</b>		
Issued capital	(20,513,942)	(23,059,059)
Share option reserve	(158,332)	(158,332)
Share based payments reserve	(548,822)	(856,660)
Foreign translation reserve	58,270	58,270
Accumulated losses	11,013,305	11,414,143
<b>TOTAL EQUITY</b>	<u>(10,149,521)</u>	<u>(12,601,638)</u>

The above unaudited consolidated balance sheet of the Company and its controlled entities as at 30 June 2010 reflects all transactions from 1 July 2009 to 30 June 2010. The above pro-forma reflects the unaudited figures at 30 June 2010, adjusted for the Rights Issue and Placement amount only less the Rights Issue and Placement costs of \$255,454 and the cost of the Options.

### 2.3 Capital Structure of the Company

The pro-forma capital structure of the Company following the Rights Issue (assuming full subscription) pursuant to this Prospectus is set out below:

<b>Shares</b>	<b>Number</b>
Existing Shares on issue	331,514,284
Maximum number of New Shares to be issued pursuant to this Prospectus (assuming no existing Options are exercised)	110,504,761
<b>Total Shares on issue after the Rights Issue (assuming no Options are exercised)</b>	<b>442,019,045</b>

<b>Unlisted Options</b>	<b>Number</b>
Fee Options (to be issued after completion of the Rights Issue) (exercisable at \$0.02 each on or before 30 June 2013)	25,000,000
Options exercisable at \$0.07 each on or before 9 March 2011	500,000
Options exercisable at \$0.11 each on or before 25 April 2011	1,000,000
Options exercisable at \$0.15 each on or before 30 June 2011	300,000
Options exercisable at \$0.15 each on or before 26 November 2011	2,050,000
Options exercisable at \$0.06 each on or before 19 November 2012	6,100,000
Options exercisable at \$0.08 each on or before 18 November 2014	5,550,000
<b>Total unlisted Options on issue after the Rights Issue (assuming no Options are exercised )</b>	<b>40,500,000</b>

## Section 3 RISK FACTORS

This Section identifies the areas the Directors regard as the major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks which may be much higher than the risks associated with an investment in other companies.

The New Shares offered by this Prospectus should be considered speculative. The New Shares offered by this Prospectus carry no guarantee whatsoever with respect to return on capital investment, payment of dividends or the future value of the Shares. Intending subscribers should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to subscribe for New Shares. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There are also a range of specific risks noted below concerning geothermal energy projects and elsewhere in this Prospectus which may materially affect the financial performance of the Company and the market price of the Shares.

Ultimate and continuous success is dependent on many factors such as:

- (a) the discovery and/or acquisition of economically recoverable reserves of energy;
- (b) access to adequate capital for project development;
- (c) design, development and construction of efficient production infrastructure within capital expenditure budgets;
- (d) securing and maintaining title to interests;
- (e) obtaining consents and approvals necessary for the conduct of geothermal energy exploration, development and production; and
- (f) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

### 3.1 Share Investment

Applicants should be aware that there are risks associated with any share investment. The prices at which the Shares trade may be above or below the issue price for the New Shares under this Prospectus. The trading price of the Shares is likely to be highly volatile and could be subject to wide fluctuations in response to factors such as actual or anticipated variations in the Company's geothermal well testing and evaluation programs, operating environment, expenditure programs and its impact on cash flow. This is especially the case with companies involved in resource exploration and evaluation.

The New Shares allotted under this Prospectus carry no guarantee whatsoever in respect of profitability, dividends, return of capital, or the price at which they may trade on the ASX.

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as currency fluctuation, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs. The performance of the Company may also be impacted by commodity prices, including energy prices and the potential availability and saleability of carbon credits or renewable energy certificates, the

existence or otherwise of carbon taxes, potential availability of competitive alternative energy sources, government subsidies and/or support for alternative energy sources, technological improvements/efficiencies making alternative energy more competitive and share market prices. The Company's future possible revenue and share price can be affected by these factors all of which are beyond the control of the Company and the Directors. In addition, the Company's ability to raise additional capital, should it be required, may be affected.

### 3.2 **Exploration and Operational Risk**

By its nature, the business of exploration, development and production which the Directors intend the Company to undertake, contains significant risks with no guarantee of success. Prosperity depends on the successful exploration and/or acquisition and recovery of reserves of energy, design and construction of efficient energy recovery and energy conversion or processing facilities, competent operation and management and efficient financial management. The viability of all geothermal energy projects depends on recovering a sufficient amount of energy at the surface at a sustainable rate from waters produced either from naturally hot water trapped in natural underground reservoirs or from water which becomes heated after being introduced into and extracted from buried hot dry rocks. The amount of energy which can be recovered is a function of the flow rate and the temperature of the thermal water recovered at the surface. There is no assurance that any exploration on current or future interests will result in the discovery of an economic resource of geothermal energy. Even if an apparently viable geothermal resource is identified, there is no guarantee that it can be economically developed.

For its part, exploration is a speculative endeavour, while geothermal operations can be hampered by force majeure circumstances and cost overruns for unforeseen events. There can be no assurance that exploration of the project areas, or any other projects acquired in the future, will result in a discovery of rocks or contained energy resources with the characteristics required to result successfully in the economic or commercially viable generation of power or use for direct heat process. Factors including costs, sub-surface reservoir quality and condition, flow consistency and reliability and energy prices affect successful project development and operations.

The operations of the Company may be affected by various factors, including the failure to locate or identify recoverable geothermal reserves, failure to achieve predicted well production flow rates, operational and technical difficulties encountered in production, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated reservoir problems which may affect field production performance, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Industry operating risks include fire, explosions, unanticipated reservoir problems which may affect field production performance, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown, blow outs, pipe failures and environmental hazards such as accidental spills or leakage of liquids or hot water, ruptures, discharges of toxic gases or geological uncertainty (such as lack of sufficient sub-surface data from correlative well logs and/or formation core analyses). The occurrence of any of these risks could result in legal proceedings and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation, and penalties or suspension of operations.

### 3.3 **Drilling Risk**

Drilling activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment or delays in or inability to obtain regulatory or other required approvals.

Exploration and development for natural energy resources are dependent on the availability of drilling rigs and related equipment and the provision of third party services in the particular areas where such activities will be conducted. From time to time such equipment and services may be in short supply and may not be readily available at the times and places required. Demand for limited equipment such as drilling rigs may affect the availability of such equipment to the Company and may delay its development and exploration activities and result in high prices to secure a suitable drilling rig. Failure by the Company to secure necessary equipment could adversely affect the Company's business, results of operations or financial condition. The failure of a third party provider, or supplier, to perform its contractual obligations, or an inability to achieve a commercially viable contract with a third party provider or supplier would have a material adverse impact on the Company's business, the results of operations or financial condition.

#### **3.4 Risks Associated with Securing or Maintaining Tenure**

The ability of the Company to develop and exploit discovered energy resources relies on the Company's continued compliance with the obligations of its current exploration tenements and authorities and the ability to convert these tenements into production rights. The continuing validity of these and renewal of these tenements and authorities when required can not be guaranteed.

Legislation in Hungary in relation to the issue of tenements and authorities to explore for and develop geothermal energy reserves is in some cases unclear and subject to ambiguity or inconsistency with other legislation. There can be no assurance that the regulators will not adopt a more stringent approach to granting, maintaining, renewing or converting tenements than has been the case to date.

#### **3.5 Resource Risk**

The Company has published estimates of Inferred Geothermal Energy Resources for its Alkimos Permits (GEP2, GEP 29) and Perth Metropolitan Permit (GEP1) and Olympic Dam Project (GEL128) and is in the process of estimating inferred geothermal energy resources for seven of its North Perth Basin Permits (GEPs 23, 24, 25, 26, 27, 28 and 41).

Energy reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, that were valid when originally calculated, may alter significantly when new information or techniques become available. Resource and reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis the estimates are likely to change. This may result in alterations to development and production plans which may in turn, adversely affect the Company's operations.

#### **3.6 Future Financing**

The Company will be required to raise additional equity and/or debt capital to finance its activities in the future. There can be no assurance that the Company will be able to raise that finance on acceptable terms or in a timely manner.

Any additional equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, the Company may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

#### **3.7 Project Funding**

Geothermal projects are, by their nature, capital intensive both for the targeting, design and drilling of production wells and for the design and construction of plant to convert geothermal energy to useful energy (electricity or hot or cold water). In all its projects for the foreseeable future the Company will need to find funding from other parties to complement its own equity

contribution towards the total project cost. The most likely parties to provide this funding are joint venture partners or governments.

There is a substantial risk that the Company may not be able to attract joint venture partners into its projects. There is a limited number of potential joint venture partners who might have an interest in participating in geothermal projects. Potential joint venture partners might have a different risk appetite or assess the risks in a project differently to the Company. Even if such a joint venture partner can be identified there can be no assurance that the Company will be able to enter into appropriate arrangements on acceptable terms or in a timely manner.

There is also a substantial risk that the Company may fail to secure funding from governments or other public funding bodies. The availability of potential government funding is dependent on a range of factors outside the control of the Company including the state of the economy, prevailing government policy and local political considerations. While government funding has been available to assist geothermal projects there is no assurance that this will continue in the future. When the Company applies for funding there is no certainty that it will be offered funding. Even where the Company is offered government funding, there is no assurance that the Company will be able to enter into appropriate arrangements on acceptable terms or in a timely manner.

In particular, the Company has been offered a grant of \$7 million contribution for drilling at its Perth Urban Project by the Commonwealth Government under the Geothermal Drilling Program. At the date of this Prospectus, the Company is negotiating the terms and conditions of the grant with the relevant Government Department. While negotiations are at an advanced stage there is a significant risk that the Company may fail to reach agreement on some important terms. In that event the \$7 million would not be available to the Company. In addition the Company has applied for a grant of \$5 million under the Low Emissions Energy Development ("**LEED**") scheme from the Western Australian State Government for the same Project. The results of this application are expected within the next few months. This is a competitive process and there is a high risk that the Company's application for the LEED grant will not be successful. The Company will announce any material developments in the grants to the ASX and on its website as they occur.

While failure to secure project funding from joint venture partners or governments should not threaten the continued holding of the Company's permits, it may set back the timing for reaching commercial production.

### **3.8 Native Title / Aboriginal Heritage**

In Australia the Native Title Act 1993 (Commonwealth) may affect the Company's ability to gain timely access to prospective exploration areas or obtain production titles. Compensatory obligations may be necessary in settling native title claims lodged over the Company's tenements or future tenements in may acquire. The Company may also be required to comply with the heritage Acts of the different jurisdictions in which it has or may have tenements. Compliance with those heritage Acts may require the Company to expend extra funds or modify plans in relation to exploration and operation of its tenements. In Western Australia the Company's Geothermal Exploration Permits include a condition that on areas where native title has not been extinguished exploration can only be carried out after the Company has entered into an access agreement with relevant aboriginal parties.

### **3.9 Environmental Risks**

Exploration programmes impact on the environment. These impacts are minimised by the Company's application of best practice principles. The Company will be subject to environmental laws and regulations in connection with activities and operations it may pursue. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject it to extensive liability.

Approval may be required from the relevant authorities before the Company can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

### **3.10 Government Policy and Regulatory Risk**

Industry profitability can be affected by changes in government policy relating to geothermal exploration and production or use of water recovered from the sub-surface which are beyond the control of the Company. In Hungary there is significant uncertainty about how legislation enacted early in 2010 to regulate the allocation and administration of geothermal exploration and production tenure will be applied in practice.

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

### **3.11 Energy Prices and Access to Markets**

The ability of the Company to successfully enter the commercialisation phase of its activities will depend on its ability to sell the electricity or direct heat on commercial terms and prices. There can be no assurance that the Company will ultimately be able to sell the electricity or direct heat it produces on commercial terms. The demand for, and price of, energy is highly dependent on a variety of factors, including supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

Electricity is a traded commodity in Australia and its long term price may rise or fall. In Hungary the price of electricity generated from geothermal energy is sold under a feed-in-tariff system where the price is determined over a period of years by a formula set out in legislation. This legislation can be changed by parliamentary process. Renewable energy policy in Hungary is also influenced by Hungary's membership of the European Union which imposes policies encouraging the use of renewable energy amongst its members. These requirements may have a material effect on the Company.

In jurisdictions where there is no guaranteed access to market such as Western Australia and South Australia the Company must negotiate access to markets or power lines and there is no certainty that this will be achieved on satisfactory terms in a timely manner.

### **3.12 Exchange Rates**

Variations in exchange rates are unpredictable and the Company may incur losses or gains from time to time in respect of its activities in Hungary or elsewhere overseas as a result of such variations.

### **3.13 No Profit to Date and Uncertainty of Future Profitability**

The Company has incurred losses and it is therefore not possible to evaluate the future prospects based on past performance. The Directors anticipate making further losses in the foreseeable future while its business continues to be primarily focussed on geothermal exploration and development.

Factors that will determine the Company's profitability are its ability to manage its costs, to execute its development and growth strategies, economic conditions in the markets the Company operates, competitive factors and regulatory developments. Accordingly, the extent of future profits, if any, and the time required to achieve a sustained profitability is uncertain. Moreover, the level of such profitability cannot be predicted and may vary significantly from quarter to quarter.

### 3.14 **Risks of Operating in Hungary**

The Company has interests in Hungary and will be subject to the risks associated with operating in that country. Through its subsidiary Green Rock Energy International Pty Ltd the Company holds a 50% shareholding in Central European Geothermal Energy Zrt which aims to explore for and develop geothermal energy in Hungary.

There can be no assurance that the political and economic conditions in Hungary and its neighbouring countries will continue as they are at the present time. Changes in political or economic conditions and legislation there may have an adverse effect on the Company's business and its operations. Risks can include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over geothermal tenure or property or government regulations. Since the Global Financial Crisis Hungary has experienced some economic uncertainty.

### 3.15 **Joint Venture/Operator Parties and Contractors**

The operations of the Company will require involvement with joint venture parties and contractors. The Directors are unable to predict the risk of:

- financial failure, default or non-compliance with respective obligations by a participant in any joint venture to which the Company is, or may become, a party;
- insolvency or other managerial failure by any of the contractors used by the Company in its exploration activities; or
- insolvency or other managerial failure by any of the other service provider used by the Company for any activity.

### 3.16 **Weather Condition Risk**

Field operations including drilling, flow testing pipeline laying or construction may be delayed in Hungary in the event that the ground is frozen in the winter months.

### 3.17 **Community Risk**

Carrying out activities on site may affect the neighbouring communities and local authorities. This can be of particular concern where the Company is operating in heavily populated areas. In this situation the Company would plan to carry out community consultation to take into account these concerns. However there is a risk that in some circumstances there could be higher than normal community concern which could result in a project being denied permission to proceed or having permission withdrawn or having conditions imposed on continuation of the activities which make it unacceptable to the Company to proceed with those activities.

### 3.18 **Insurance**

Insurance against all risks associated with exploitation of geothermal energy is not always available and the cost may not be affordable. The Company will maintain insurance where it is considered appropriate for its needs. However, it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

### 3.19 **Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There

can be no assurance that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

### 3.20 **Change of Strategy**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, other energy companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

### 3.21 **Investment Speculative**

The list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The risk factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus.

Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities.

## Section 4 ADDITIONAL INFORMATION

### 4.1 Legal Framework of this Prospectus

The Company is a "disclosing entity" under the Corporations Act and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically as a listed company, the Company is subject to the Listing Rules which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its shares.

### 4.2 Applicability of Corporations Act

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of securities which are quoted enhanced disclosure ("ED") securities and the securities are in a class of securities that were quoted ED securities at all times in the 12 months before the issue of this Prospectus.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 12 months before the issue of this Prospectus.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at ASX in Perth during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any regional office of ASIC.

The New Shares to be issued under this Prospectus are in a class of shares that were quoted on the stock market of ASX at all times in the 12 months before the issue of this Prospectus.

### 4.3 Information Available to Shareholders

The Company will provide a copy of each of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus:

- (a) the Annual Financial Report for the Company for the year ending 30 June 2009; and
- (b) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Financial Report of the Company for the period ending 30 June 2009 and before the issue of this Prospectus:

1 September 2010	Appendix 3B
20 August 2010	General Meeting Results - 20 August 2010
20 August 2010	Presentation to General Meeting - 20 August 2010
9 August 2010	Substantial Inferred Geothermal Resource for Alkimos Permits
5 August 2010	Appendix 3B
30 July 2010	Appendix 5B – 30 June 2010
30 July 2010	Fourth Quarter Activities Report – 30 June 2010
21 July 2010	Notice of General Meeting – 20 August 2010
29 June 2010	Appendix 3B
29 June 2010	Green Rock Energy to partner with Cygnet Capital Pty Ltd
25 June 2010	Appendix 3Y – Change in Director Interest – correction

22 June 2010	Appendix 3Y – Change in Directors Interests – R Beresford
22 June 2010	Appendix 3Y – Change in Directors Interests – J Schneider
22 June 2010	Green Rock and UWA agree terms for UWA Geothermal project
22 June 2010	Appendix 3Y – Change in Directors Interest – A Larking
21 June 2010	Appendix 3B – 21 June 2001
18 June 2010	General Meeting Results – 18 June 2010
18 June 2010	Presentation to General Meeting – 18 June 2010
02 June 2010	Green Rock awarded two drilling grants by WA Government
21 May 2010	Notice of 2010 General Meeting
18 May 2010	Ceasing to be a substantial holder
18 May 2010	Green Rock Energy Placement - Clarification
11 May 2010	Green Rock and Leighton Contractors agree geothermal study
04 May 2010	Ceasing to be a substantial holder
04 May 2010	Appendix 3X – Initial Director's Interest Notice
03 May 2010	Appendix 3B – New Issue Announcement
30 April 2010	Appendix 5B – Consolidated Cash Flow Statement 31 Mar 2010
30 April 2010	Third Quarter Activities Report
29 April 2010	Green Rock raises over \$1 million through Share Purchase Plan
27 April 2010	Final Directors Interest Notice
19 April 2010	Placement clarification
16 April 2010	Appointment of Jeffrey Schneider as Non-Executive Chairman
14 April 2010	Green Rock Energy raises \$560,000 in Placement
08 April 2010	Share Purchase Plan – Shareholder Briefing Presentation
26 March 2010	Share Purchase Plan Offer to Shareholders
26 March 2010	Cleansing Statement – Share Purchase Plan
25 March 2010	Share Purchase Plan
23 March 2010	Shareholder Update
16 March 2010	Interim Financial Report for the half year ended 31 Dec 2009
02 February 2010	Appendix 3Z – Final Directors interest Notice
02 February 2010	Green Rock Energy strengthens its team
29 January 2010	Appendix 5B Consolidated Cash Flow Statement 31 Dec 2009
29 January 2010	Second Quarter Activities Report
18 January 2010	Green Rock offered new Geothermal Permits in Perth Basin
15 December 2009	Response to ASX Query
14 December 2009	Green Rock offered \$7 million Geothermal Drilling Grant
25 November 2009	Appendix 3Y – Change in Directors Interest Notices
25 November 2009	Appendix 3B – New Issue Announcements (Incentive Options)
19 November 2009	2009 Annual General Meeting Results
19 November 2009	Managing Directors Presentation - 2009 AGM
30 October 2009	2009 Annual Report

#### 4.4 Rights Attaching to Shares

The New Shares to be issued pursuant to this Prospectus will rank equally in all respects with existing Shares. Full details of the rights attaching to the Shares are set out in its Constitution, a copy of which can be inspected at the Company's registered office.

The following is a summary of the rights that attach to the existing Shares:

##### **Voting Rights:**

Subject to any rights or restrictions for the time being attached to any class or classes of shares (at present there are none) at a general meeting of the Company every holder of ordinary shares present in person or by attorney, representative or proxy has one vote on a show of hands and one vote per share on a poll. A person who holds an ordinary share that is not fully paid is entitled, on a poll, to a fraction of a vote equal to the amount paid on the share divided by the total issue price of the share.

Each holder of ordinary shares will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to shareholders under the Company's constitution, the Listing Rules or the Corporations Act.

**Dividend Rights:**

Subject to the rights of holders of shares issued with any special, preferential or qualified rights (at present there are none), the profits of the Company which the Directors determine to distribute by way of dividend are divisible among the holders of ordinary shares in proportion to the amounts paid up on those shares.

**Rights on Winding Up:**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set a value as the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of special resolution divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set a value as the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

**Transfer of Shares:**

Subject to the Company's constitution, the Listing Rules, the ASTC Settlement Rules and the Corporations Act, ordinary shares are freely transferable.

**Issue of Further Shares:**

The issue of any new Shares is under the control of the Directors and, subject to any restrictions on the issue of shares imposed by the Company's Constitution, the Listing Rules or the Corporations Act, the Directors may issue, or grant options over those Shares to such persons, on such terms and conditions, as the Directors shall, in their absolute discretion determine.

**Variation of Rights:**

If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of shares of that class) may be varied, whether or not the Company is being wound up, with the consent in writing of the holders of three quarters of the issued shares of that class or is authorised by a special resolution passed at a separate meeting of the holders of shares of that class.

#### 4.5 Interests of Directors

- (a) At the date of this Prospectus the relevant interest of each of the Directors in the securities of the Company are as follows:

Director	Associates	Number of Shares		Number of Options	
		Direct	Indirect	Direct	Indirect
Adrian Larking	-	-	12,251,042 <sup>1</sup>	4,000,000 <sup>2</sup>	
Jeffrey Schneider	-	2,212,121	-	-	-
Richard Beresford	-		1,716,667 <sup>3</sup>	-	1,300,000 <sup>4</sup>
Jörg Baumgärtner	-	-	-	1,600,000 <sup>5</sup>	-

**Notes:**

- Adrian Larking has a relevant interest in the securities held by his superannuation fund and family trust. His relevant interest in the securities arises by virtue of his power to control the voting rights attached to the securities held in the name of PKA Investments Pty Ltd as trustee for Larks Superannuation Fund (12,151,042 Shares) and PKA Investments as trustees for the Larks Family Trust (100,000 Shares).
- Unlisted Options: 1,000,000 Options exercisable at 15 cents expiring on 26 November 2011; 1,500,000 Options exercisable at 6 cents expiring on 19 November 2012; 1,500,000 Options exercisable at 8 cents expiring on 18 November 2014; all held in the name A Larking.
- Richard Beresford has a relevant interest in the securities held by Clearer Sky Pty Ltd (883,334) and the Beresford Family Retirement Fund A/C (833,333). He is a director and shareholder of Clearer Sky Pty Ltd and a trustee of the Beresford Family Retirement Fund A/C. He has the power to control the disposal of the securities registered in the names of those entities.
- Unlisted Options: 1,000,000 Options exercisable at 6 cents expiring on 19 November 2012; 300,000 Options exercisable at 8 cents expiring on 18 November 2014; all held by Clearer Sky Pty Ltd.
- Unlisted Options: 1,000,000 Options exercisable at 11 cents and expiring on 25 April 2011; 300,000 Options exercisable at 6 cents and expiring on 19 November 2012; 300,000 Options exercisable at 8 cents and expiring on 18 November 2014.

- (b) Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue; or
- the Rights Issue.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Rights Issue.

- (c) Details of remuneration provided to Directors during the past two financial years is as follows:

Financial year up to 30 June 2009			
Director	Directors' Fees/Salaries (\$)	Other Remuneration (\$)	Total (\$)
Mr Adrian Larking	157,564	130,397	287,961
Mr Alan Knights	183,486	68,508	251,994

Mr Jörg Baumgärtner	45,872	17,800	63,672
Mr Scott Spencer	22,936	44,043	66,979
Mr Richard Beresford	37,500	12,727	50,277

Financial year up to 30 June 2010			
Director	Directors' Fees/Salaries (\$)	Other Remuneration (\$)	Total (\$)
Mr Adrian Larking	175,000	92,948	267,948
Mr Alan Knights	140,463	53,853	194,316
Mr Jörg Baumgärtner	45,872	11,031	56,903
Mr Scott Spencer	0	38,743	38,743
Mr Richard Beresford	115,167	23,065	138,232
Mr Jeffrey Schneider	7,645	688	8,333

Financial year to date from 1 July 2010			
Director	Directors' Fees/Salaries (\$)	Other Remuneration (\$)	Total (\$)
Mr Adrian Larking	2,980	40,290	43,270
Mr Jörg Baumgärtner	7,645	1,842	9,487
Mr Richard Beresford	34,404	5,101	39,505
Mr Jeffrey Schneider	7,645	688	9,487

The services of Mr Richard Beresford as Managing Director of the Company are provided pursuant to a consultancy agreement between the Company and Clearer Sky Pty Ltd ("**Clearer Sky**"), a company related to Mr Richard Beresford. Pursuant to that consultancy agreement, the Company pays Clearer Sky a monthly fee of \$17,500+GST plus superannuation. The monthly fee is reviewable yearly and Clearer Sky is reimbursed by the Company for certain out-of-pocket expenses incurred. Either party may terminate the consultancy agreement with three months notice to the other and the Company has other standard rights to terminate the consultancy agreement immediately for certain actions of Mr Richard Beresford or Clearer Sky.

Mr Jeffrey Schneider was appointed non-executive Chairman with effect from 1 May 2010.

Mr Alan Knights retired as both an executive of the Company and a Director with effect from 23 April 2010.

Mr Scott Spencer retired as a Director with effect from 31 January 2010.

- (d) The Company has entered into deeds of Indemnity, Access and Insurance with each of Richard Beresford, Adrian Larking, Alan Knights, Jeffrey Schneider, Scott Spencer and Jörg Baumgärtner. Those deeds indemnify these past and current Directors in respect of any liabilities incurred by them whilst acting in the normal course of business as a Director and insures them against certain risks they are exposed to as Directors.

The Company has paid insurance premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings while acting in the capacity of a Director.

#### 4.6 Interests of Named Persons

Except as disclosed in this Prospectus, no promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, holds, or during the last two years has held, any interest in:

- the formation or promotion of the Company;

- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue; or
- the Rights Issue,

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to a promoter or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus for services rendered by that person in connection with the formation or promotion of the Company or the Rights Issue.

Blakiston & Crabb have acted as solicitors to the Rights Issue. The Company will pay approximately \$27,000 (+GST) to Blakiston & Crabb for these services. Blakiston & Crabb have provided other professional services to the Company during the last two years for which the Company will pay fees totalling approximately \$87,400 (+GST).

Cygnnet Capital Pty Limited has acted as Underwriter for which it will, pursuant to the Corporate Mandate and the Underwriting Agreement, receive a capital raising fee for the Placement and Rights Issue of 6%, being \$162,454 (plus GST), and 25,000,000 Fee Options with an exercise price of two (2) cents each and an expiry date of 30 June 2013. The Underwriting Agreement is summarised in Section 4.8. The amounts disclosed above are exclusive of any amount of goods and services tax payable by the Company in respect of those amounts. Further, the Company must pay, indemnify and keep indemnified the Underwriter for all costs and expenses incurred by the Underwriter in connection with the Rights Issue, including legal fees and disbursements and the reasonable costs of travel and accommodation, marketing and communication costs. Other than with respect to the legal expenses for the preparation of the Underwriting Agreement, the Underwriter must obtain the Company's consent prior to incurring any single expense greater than \$2,000.

#### 4.7 **Consents**

Each of the other parties referred to in this Section 4.7:

- does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this Section; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC:

Blakiston & Crabb as solicitors to the Company; and

Cygnnet Capital Pty Limited as Underwriter.

Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of the Prospectus.

Deloitte Touche Tohmatsu has had no involvement in the preparation of any part of the Prospectus other than being named as Auditor to the Company. Deloitte Touche Tohmatsu has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of the Prospectus.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

#### 4.8 Underwriting Agreement

Pursuant to an Underwriting Agreement dated 2 September 2010 between the Company and Cygnet Capital Pty Limited ("**Underwriter**"), the Underwriter has agreed to underwrite all of the Rights Share pursuant to this Prospectus.

Pursuant to the Underwriting Agreement, the Company will pay the Underwriter, for its role as Lead Manager and Underwriter, an underwriting fee equal to 6% of the underwritten amount of \$1,657,571.42 (being approximately \$99,454.29 (plus GST)), and the Company must grant 25,000,000 Fee Options (exercisable at \$0.02 on or before 30 June 2013) to the Underwriter or the parties nominated by the Underwriter in the sole discretion of the Underwriter (see Section 4.6 for total capital raising fees paid by the Company to Cygnet Capital). In addition, the Company must pay, indemnify and keep indemnified the Underwriter for all costs and expenses incurred by the Underwriter in connection with the Rights Issue, including legal fees and disbursements and the reasonable costs of travel and accommodation, marketing and communication costs. Other than with respect to the legal expenses for the preparation of the Underwriting Agreement, the Underwriter must obtain the Company's consent prior to incurring any single expense greater than \$2,000.

The Underwriter, at its discretion, may pass on to any sub-underwriter a portion of the underwriting fee received by the Underwriter, including any of the Fee Options.

The Company has given warranties and covenants to the Underwriter which are usual in an agreement of this nature.

The Underwriting Agreement provides that the Underwriter may terminate the Underwriting Agreement and its obligation thereunder at any time without cost or liability to the Underwriter upon the occurrence of any one or more of the termination events ("**Termination Event**") including:

- (a) (Indices fall): the All Ordinaries Index (IRESS XAO.ASX), the S&P/ASX 200 (IRESS:XJO.ASX) or the S&P/ASX 200 Energy (IRESS:XEJ.ASX) as published by ASX is at any time after the date of this Agreement is 10% or more below its respective level as at the close of business on the Business Day prior to the date of this Agreement; or
- (b) (Share Price): the Shares finish trading on the ASX under the ASX code of "GRK" on any two (2) consecutive trading days with a closing price that is less than the Price; or
- (c) (Prospectus): the Company does not lodge the Prospectus on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Company; or
- (d) (Copies of Prospectus): the Company fails to comply with clause 4.1(d) and such failure is not remedied within 2 days; or
- (e) (Supplementary prospectus):
  - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under this Agreement as a result of an occurrence as described in clause 13.1(q)(vi), forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such

form and content and within such time as the Underwriter may reasonably require; or

- (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter otherwise than as permitted by clause 4.1(h) or clause 4.1(i); or
- (f) (Non compliance with disclosure requirements): it transpires that the Prospectus does not contain all the information required by section 713 of the Corporations Act; or
- (g) (Misleading Prospectus): it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (h) (Restriction on allotment): the Company is prevented from allotting the Rights Shares within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority;
- (i) (Withdrawal of consent to Prospectus): any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (j) (ASIC application): an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn; or
- (k) (ASIC hearing): ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act; or
- (l) (Takeovers Panel): the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act; or
- (m) (Hostilities): there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, or the Peoples Republic of China or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world; or
- (n) (Authorisation) any Authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (o) (Indictable offence): a director or senior manager of a Relevant Company is charged with an indictable offence; or
- (p) (Sub-underwriters): any of the Company Sub-Underwriters that are introduced by the Company as detailed in Schedule 3 do not comply with their obligation under the sub-

underwriting agreements or threaten to not comply with all of their respective obligations under the sub-underwriting agreements with the Underwriter; or

- (q) (Termination Events): subject always to clause 13.2, any of the following events occurs:
- (i) (Default): default or breach by the Company under this Agreement of any terms, condition, covenant or undertaking; or
  - (ii) (Incorrect or untrue representation): any representation, warranty or undertaking given by the Company in this Agreement is or becomes untrue or incorrect; or
  - (iii) (Contravention of constitution or Act): a material contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX; or
  - (iv) (Adverse change): an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a likely Material Adverse Effect after the date of this Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time; or
  - (v) (Error in Due Diligence Results): it transpires that any of the Due Diligence Results or any part of the Verification Material was misleading or deceptive, materially false or that there was a material omission from them; or
  - (vi) (Significant change): a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor; or
  - (vii) (Public statements): without the prior approval of the Underwriter (such approval not to be unreasonably withheld), a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus, unless such public statement is required by law, the Listing Rules or a governmental agency; or
  - (viii) (Misleading information): any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive; or
  - (ix) (Change in Act or policy): there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of this Agreement; or
  - (x) (Prescribed Occurrence): a Prescribed Occurrence occurs; or
  - (xi) (Suspension of debt payments): the Company suspends payment of its debts generally; or
  - (xii) (Event of Insolvency): an Event of Insolvency occurs in respect of a Relevant Company; or

- (xiii) (Judgment against a Relevant Company): a judgment in an amount exceeding \$50,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days; or
- (xiv) (Litigation): litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in the Prospectus; or
- (xv) (Board and senior management composition): there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter; or
- (xvi) (Change in shareholdings): there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company; or
- (xvii) (Timetable): there is a delay in any specified date in the Timetable which is greater than 7 Business Days; or
- (xviii) (Force Majeure): a Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs; or
- (xix) (Certain resolutions passed): a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter; or
- (xx) (Capital Structure): any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus, excluding the issue of any Shares upon exercise of options, such options having been disclosed to the ASX as at the date of this Agreement; or
- (xxi) (Investigation): any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company; or
- (xxii) (Market Conditions): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets; or
- (xxiii) (Material Breach): if the Company fails to rectify any material breach of the Mandate having been given 10 business days notice in writing by the Underwriter of such breach having occurred.

Clause 13.2 of the Underwriting Agreement provides that the Underwriter may not exercise its rights under paragraph (q) above unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a Termination Event has or is likely to have, or two or more Termination Events together have or are likely to have:

- (a) a Material Adverse Effect; or
- (b) could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

The following terms used in this section 4.8 in respect to the Underwriting Agreement are defined in the Underwriting Agreement as follows:

**"Completion"** means the date on which allotment of the last of the Rights Shares occurs in accordance with the Prospectus.

**"Due Diligence Program"** means the legal, accounting, commercial and other investigations of the assets and liabilities, financial position and performance, profits and losses and prospects of each Relevant Company (including its future business plans and financial forecasts) conducted in the period up until Completion, as implemented by the planning memorandum adopted pursuant to a resolution of the Board.

**"Due Diligence Results"** means the results of the investigations which make up the Due Diligence Program, as maintained by the Company including but not limited to all due diligence reports and reports of the due diligence committee (established in connection with the Offer) (**Due Diligence Committee**), including all supporting documents and working papers to which the Due Diligence Program relates.

**"Event of Insolvency"** means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, controller or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
  - (i) appointing a person referred to in paragraphs (a) or (b);
  - (ii) winding up a corporation; or
  - (iii) proposing or implementing a scheme of arrangement with creditors;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable legislation to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person;

**"Force Majeure"** means any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties to the Underwriting Agreement;

**"Material Adverse Effect"** means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Rights Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Rights Shares); or
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Relevant Companies either individually or taken as a whole; or
- (c) the Underwriter's obligations under this Agreement becoming materially more onerous than those which exist at the date of this Agreement; or
- (d) a material adverse effect on the tax position of the Relevant Companies either individually or taken as a whole.

**"Official Quotation"** means the grant by ASX of "Official Quotation" (as that term is used in the Listing Rules) of all of the Rights Shares when allotted which if conditional may only be conditional on the allotment of the Rights Shares.

**"Prescribed Occurrence"** means:

- (a) a Relevant Company converting all or any of its shares into a larger or smaller number of shares;
- (b) a Relevant Company resolving to reduce its share capital in any way;
- (c) a Relevant Company:
  - (i) entering into a buy-back agreement; or
  - (ii) resolving to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act.
- (d) a Relevant Company making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer or the terms of this Agreement or as detailed in the Prospectus;
- (e) a Relevant Company issuing, or agreeing to issue, convertible notes;
- (f) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) a Relevant Company charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) a Relevant Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to a Relevant Company;
- (j) the making of an order by a court for the winding up of a Relevant Company;
- (k) an administrator of a Relevant Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) a Relevant Company executing a deed of company arrangement; or

the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.

**"Relevant Company"** means the Company and each subsidiary;

**"Shortfall Notice Deadline Date"** means the day specified in the Timetable as the date by which the Company must give the Underwriter written notice of the Shortfall Securities accompanied by a Certificate.

**"Timetable"** means the indicative timetable for the Offer set out in Schedule 2 as varied from time to time by written agreement of the Company and the Underwriter.

**"Verification Material"** means the material maintained by the Company being the documents and information provided by the Company in verification of statements made in the Prospectus and any Supplementary Prospectus.

#### 4.9 **Material Contracts**

##### ***Corporate Mandate***

The Company executed a corporate mandate with Cygnet Capital on 28 June 2010 and which was varied 12 August 2010 ("**Corporate Mandate**"). The Corporate Mandate provides for the provision of corporate advisory and capital raising services to the Company by Cygnet Capital. Cygnet Capital is engaged to act as corporate adviser to the Company for 12 months from execution of the Corporate Mandate for a monthly fee. Further, Cygnet Capital will receive capital raising fees for the Placement and the Rights Issue totalling \$162,454 as well as receiving the 25,000,000 Fee Options. The terms of the underwriting to be provided by Cygnet Capital with respect to the Rights Issue are contained in the Underwriting Agreement.

#### 4.10 **Market Prices of Shares on ASX**

The highest and lowest closing market sale prices of Shares on ASX during the three (3) months immediately preceding the date of this Prospectus and the respective dates of those sales were 2.1 cents on 9, 10 and 17 August 2010 and 1.5 cents on 16, 17, 18 and 30 June and 13 July 2010 (inclusive). The latest available market sale price of Shares on ASX at the close of trading on the date of this Prospectus was 2.0 cents on 2 September 2010.

#### 4.11 **Expenses of the Rights Issue**

The total estimated costs of the Rights Issue, including legal fees incurred, registration fees, underwriting fees, fees for other advisers, Prospectus design, printing and advertising expenses and other miscellaneous expenses, will be approximately \$255,454 (exclusive of any goods and services tax which may be payable on that amount), which has been paid or is payable by the Company.

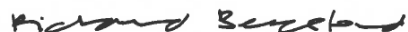
## Section 5 DIRECTORS' RESPONSIBILITY STATEMENT & CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of New Shares pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 2 September 2010



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Richard Beresford  
Managing Director

## Section 6 DEFINED TERMS

"**A\$ and \$**" means Australian dollars, unless otherwise stated;

"**ASTC**" means ASX Settlement and Transfer Corporation Pty Ltd;

"**ASTC Settlement Rules**" means the settlement rules of the ASTC as amended from time to time;

"**ASIC**" means the Australian Securities & Investments Commission;

"**ASX**" means Australian Securities Exchange Limited;

"**AWST**" means Australian Western Standard Time.

"**Board**" means the board of Directors;

"**Business Day**" means every day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day;

"**Closing Date**" means 5.00pm WST on 17 September 2010;

"**Company**" means Green Rock Energy Limited ACN 094 551 336;

"**Corporate Mandate**" means the corporate mandate between Cygnet Capital and the Company dated 28 June 2010 and varied 12 August 2010;

"**Corporations Act**" means the Corporations Act 2001 (Cth);

"**Cygnet Capital**" means Cygnet Capital Pty Ltd ACN 103 488 606;

"**Directors**" means the directors of the Company;

"**Eligible Shareholder**" means a shareholder of the Company whose details appear on the Company's register of shareholders as at the Record Date;

"**Entitlement**" means the entitlement of an Eligible Shareholder to apply for New Shares pursuant to the Rights Issue;

"**Entitlement and Acceptance Form**" means the entitlement and acceptance form (including additional securities) accompanying this Prospectus;

"**Fee Options**" mean the Options with an expiry date of 30 June 2013 and an exercise price of \$0.02 per Fee Option granted by the Company to Cygnet Capital as part of the capital raising fee;

"**Listing Rules**" means the Listing Rules of ASX;

"**New Share**" means the Shares being offered pursuant to this Prospectus;

"**Official List**" means the Official List of the ASX;

"**Official Quotation**" means quotation of the Shares on the Official List;

"**Option**" means an option that has been granted by the Company over unissued Shares;

"**Placement**" means the placement announced by the Company on 29 June 2010 of 70,000,000 Shares at an issue price of \$0.015 per Share conducted in two tranches;

**"Placement Shares"** means the 70,000,000 Shares at an issue price of \$0.015 per Share placed under the Placement;

**"Prospectus"** means this prospectus dated 2 September 2010 for the pro-rata non-renounceable rights issue of 110,504,761 New Shares on the basis of one (1) New Share for every three (3) Shares held on the Record Date, at an issue price of \$0.015 per New Share, for the purpose of raising \$1,657,571 less expenses of the Rights Issue;

**"Record Date"** means 5.00pm AWST on 13 September 2010;

**"Register"** means the register of Shareholders;

**"Rights"** means the rights of Eligible Shareholders to subscribe for New Shares under the Rights Issue;

**"Rights Issue"** means the pro-rata non-renounceable rights issue of 110,504,761 New Shares on the basis of one (1) New Share for every three (3) Shares held on the Record Date, at an issue price of \$0.015 per New Share, for the purpose of raising \$1,657,571 less expenses of the Rights Issue;

**"Share"** means an ordinary fully paid share in the capital of the Company;

**"Shareholder"** means the registered holder of a Share;

**"Shortfall"** means the New Shares forming Entitlements, or parts of Entitlements, not accepted by Eligible Shareholders;

**"Shortfall Securities"** means New Shares forming the Shortfall;

**"Tranche"** means one of the two tranches in which the Placement was conducted; and

**"Underwriter"** means Cygnet Capital Pty Ltd ACN 103 488 606.