



ASX Announcement

Company Announcements Office
Australian Securities Exchange

By e-lodgement

29 October 2010

(ASX Code GRK)

Quarterly Activities Report

for the three months ending 30 September 2010

Highlights

- **Completion of \$ 2.65 million capital raising through Placement and Rights Issue underwritten by Cygnet Capital**
- **CEGE in Hungary acquires new well data and option to purchase well – first production targeted for 2012**
- **Funding Agreement signed with Commonwealth Government for a Geothermal Drilling Program grant of \$7m**
- **\$5.4 million LEED Grant offered by WA Government for UWA Project**
- **Substantial Geothermal Resource Estimates for North Perth Basin and Alkimos Permits**

CORPORATE

A General Meeting of shareholders was held on 20 August 2010. The business before the meeting was:

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

All resolutions were all passed on a show of hands. The two placement tranches raised \$ 1,050,000 before costs and the options approved by shareholders are to be issued in consideration for the corporate advisory services provided by Cygnet in respect of the placements and Rights Issue.

On 18 September 2010 the Company issued a Notice of Meeting for the Annual General Meeting to be held on 16 November 2010. The business before the meeting is:

- the re-election of Adrian Larking as a director
- the appointment of Deloitte Touch Tohmatsu as Auditors
- the issue of share incentive options to Directors Richard Beresford, Adrian Larking and Dr Jörg Baumgärtner

Capital Raising

On 6 September 2010 the Company issued a Prospectus for a 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. The rights issue was underwritten by Cygnet Capital.

The rights issue opened on 17 September 2010 and closed on 1 October 2010. Approximately 710 shareholders exercised their rights and applications for additional shares were received from 185 shareholders. Allocations of additional shares were made in consultation with Cygnet and scaled such that over 77% of the applicants for additional shares received their full request.

Shares on issue following the placements and the Rights Issue total 442,019,045.

PROJECTS

Hungary

50% interest through Central European Geothermal Energy Kft.

On 21 October 2010 Green Rock announced that its 50% owned Hungarian geothermal developer CEGE had acquired a comprehensive data set from a former petroleum well owned by MOL close to existing power infrastructure. MOL holds the other 50% in CEGE. CEGE has also negotiated with MOL an option to purchase the well. The total cost to Green Rock for data acquisition and purchase of the well is expected to be about A\$1 million.

The newly acquired well data is encouraging and will be further evaluated with the purpose of determining if the reservoir is technically and economically viable for the production of geothermal energy. The target is to commence power production in 2012, subject to CEGE obtaining the geothermal concession for the area under legislation being introduced by the Government of Hungary. Geothermal energy is expected to be a major contributor to Hungary meeting its renewable energy target of 13% by 2020 given that its wind, solar and hydro resources are limited.

Western Australia

Perth Metropolitan Area

100% interest

Progress with UWA Project

During the quarter Green Rock made substantial progress in funding its proposed project at The University of Western Australia's Crawley Campus. This project is designed to prove the concept of the direct use of geothermal energy for building cooling and heating in the Perth metropolitan area.

- On 23 September Green Rock announced that a wholly owned subsidiary of the Company has signed a Funding Agreement with the Commonwealth Government for \$7 million under the Geothermal Drilling Program (GDP). Signing the Funding Agreement allows Green Rock to start drawing down the funds for the project when it is ready to do so. This funding is on a 1:1 basis – each dollar from the fund must be matched by dollar from other sources – and is subject to Green Rock achieving agreed milestones.
- On 29 September Green Rock welcomed the announcement by WA Environment Minister Donna Faragher and Energy Minister Peter Collier of Green Rock Energy Limited's successful application for \$5.4 million from the 3rd round Low Emissions Energy Development (LEED) Fund, subject to final agreement. This funding would be on a 1:3 basis – each dollar from the fund must be matched by three dollars from other sources.

The GDP and LEED funds are complementary. To complete the funding for the project, Green Rock is in discussions with potential joint venture partners in the project and the GEP1 geothermal exploration permit covering 143km² of the Perth metro area.

Once the concept has been proved, several other commercial projects are expected to follow within the GEP1 area and the other permits held by Green Rock in the rapidly growing coastal corridor to the north of the city.

The current plan is for the first well to be drilled on the Crawley Campus in the first half of 2011.

Alkimos Area

100% interest

On 6 August 2010 Green Rock announced the results of an Inferred Geothermal Resource estimate for its Alkimos Permits GEP2 and GEP39 by Hot Dry Rocks Pty Ltd (HDR), a leading Australian geothermal consulting company.

HDR reported that the Permits, covering 340 square kilometers, contain estimated Geothermal Resources amounting to 61,000 PJ of stored heat (equivalent to 1.9 million MW_{th}.yrs). While this estimate was determined specifically for the purpose of a potential district cooling project, production of the stored heat could be used for other direct use purposes including district heating, sea-water desalination and purification of waste water by distillation.

Ten production projects of 10MW_{th} each running for 50 years would use less than one per cent of the stored heat beneath the major new community development at Alkimos. The WA Government announced on 20th July that the Development Agreement had been signed with Delfin Lease to begin the first stage and master planning of the Alkimos project. The 710 hectare community will include a major regional town centre and a coastal village centre.

North Perth Basin

100% interest

On 28 October 2010 Green Rock announced the results of an Inferred and Indicated Geothermal Resource estimate for seven of its North Perth Basin Permits GEP23, 24, 25, 26, 27, 28 and GEP41 (Permits) by Hot Dry Rocks Pty Ltd (HDR), a leading Australian geothermal consulting company. The Permits covering 2100 km² are near the Dongara, Hovea, and Mt Horner oil and gas fields, 275 to 330 km north of Perth and close to power infrastructure and in a region with rapidly growing electricity demand.

HDR has estimated stored heat Resources in the Permits to total just over 1,000,000 petajoules thermal (PJ_t) contained in Hot Sedimentary Aquifer (HSA) and Engineered Geothermal System (EGS; also known as 'hot rock') reservoirs. HDR's estimate was determined specifically for the purpose of electricity generation by industry-standard binary cycle technology or similar, but could also be used for other uses if suitable markets become available. For the purposes of identifying the most prospective targets so that Green Rock can be ready to drill in its North Perth Basin Permits in 2011, it is the Indicated Geothermal Resource in the selected Hot Sedimentary Aquifer reservoir units (described below) of 26,000 PJ_t that is the most relevant. Data from five wells provided direct and reliable indications of temperatures greater than 125°C in the selected reservoir units. The Indicated Geothermal Resource of 26,000 PJ_t is equivalent to over 820,000 MW_t.yrs. To put this into context, if only 5% of the Indicated Geothermal Resource in these seven Green Rock Permits was produced, for an assumed project life of 25 years, a power conversion efficiency of 10% and a parasitic load of 25%, this would approximate 123 MWe of power generation capacity.

HDR estimated that the seven Permits contain stored heat with temperatures over 125°C in HSA reservoirs amounting to 336,859 PJ_t (equivalent to 10.68 million MW_t.yrs). HDR has also estimated Inferred Geothermal Resources of stored heat with temperatures over 150°C within the basement down to a depth 5,000m in the Permits to total 663,923 PJ_t (equivalent to 20.93 million MW_t.yrs). This stored heat in the basement represents an EGS Inferred Geothermal Resource.

Of the estimate of 336,859 PJ_t of stored heat in HSA reservoirs only the portion amounting to 77,182 PJ_t (equivalent to 2.45 million MW_t.yrs) contained within four reservoir units nominated by Green Rock has been classified by HDR as a HSA Geothermal Resource. These sandstone units containing natural geothermal water are the Upper Permian Sandstone equivalents, Carynginia Formation, Irwin River Coal Measures and High Cliff Sandstone. HDR has further classified this HSA Geothermal Resource into both Inferred Geothermal Resources amounting to 51,000 PJ_t (equivalent to 1.62 million MW_t.yrs) and Indicated Geothermal Resources amounting to 26,000PJ_t. Green Rock intends to investigate if any portion of the substantial quantity of stored heat in the HSA formations within the Permits, which has not yet been classified as a HSA Geothermal Resource, may in future be classified as a Geothermal Resource recoverable from natural fractures in the sedimentary formations.

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

Collie Basin

varying % interest

Field work continued in the three Permits held jointly with BHP Billiton Worsley Alumina Pty Ltd and operated by Green Rock. This work included temperature measurements in existing drill holes, a gravity survey and soil gas survey over all three Permits. Analysis of the data is underway and, based on these results, follow up shallow drilling and geochemical surveys are planned to be completed by the end of the first quarter of 2011.

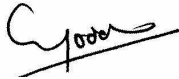
South Australia

100% interest

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

At the Olympic Dam Geothermal Project a new GEL 557 occupying 249 km² and adjacent to GEL 128 and GEL 206 was granted to the Company. As previously reported there is unlikely to be any significant progress at our Olympic Dam Licence areas until the results of other geothermal companies' drilling activities in South Australia are announced over the next several months.

The Company undertook a survey to measure temperatures in drill holes in the GELs held by Green Rock bordering the eastern boundary of the Upper Spencer Gulf. Results are being evaluated.



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