



ASX Announcement

Company Announcements Office
Australian Securities Exchange

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28 January 2011

(ASX Code GRK)

Quarterly Activities Report

for the three months ending 31 December 2010

Highlights

- **CEGE in Hungary continues to assess new well data with view to purchase well – first production targeted for 2012**
- **Very large Inferred Geothermal Resource for Green Rock's North Perth Basin**
- **Commenced study of potential markets for geothermal energy in Collie Basin Permits (JV with BHP Billiton Worsley Alumina Pty Ltd)**

CORPORATE

The Annual General Meeting of shareholders was held on 16 November 2010. The business before the meeting was:

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

All resolutions were passed on a show of hands.

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.

During the quarter work continued on evaluating the data 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 continued to make progress on 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.

Following the successful application for Commonwealth (GDP) and State (LEED) funding, 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. Key to this will be the inclusion of direct use geothermal which displaces electricity being eligible for Renewable Energy Certificates under the Commonwealth Government's Mandatory Renewable Energy Target legislation.

Green Rock continues to evaluate options to secure a drilling rig for the project. The cost of drilling will have a significant impact on the economics of the completed project. To this end Green Rock is in contact with drilling rig contractors, drilling project management companies, other geothermal and petroleum companies and the WA Department of Mines and Petroleum (DMP). DMP is exploring the potential for pooling the commitments of geothermal and petroleum exploration companies onshore WA in a way that would deliver more effective and economic drilling projects.

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 kms 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 26,000 PJ_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 progressed during the quarter with the objective of securing a JV partner by the end of the first quarter of 2011.

Collie Basin varying % interest

These three Permits are held jointly with BHP Billiton Worsley Alumina Pty Ltd and operated by Green Rock. During the quarter, analysis continued on the data obtained from temperature measurements in existing drill holes, a gravity survey and soil gas survey over all three Permits. 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.

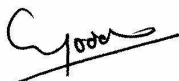
A market study on the Collie Permits commenced during the quarter. This is collecting the costs, volumes and other attributes of existing and potential energy users in the Permit areas that could be serviced by geothermal energy. This information, together with the locations of potential resource 'hot spots', will help determine deep drilling targets.

South Australia 100% interest

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

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. Thermo-conductivity tests were also undertaken on historical drill holes in the area. Results are being evaluated.

As previously reported there is unlikely to be any significant progress at our Olympic Dam Licence areas or other Licence areas until the results of other geothermal companies' drilling activities in South Australia are announced over the next several months.



Nigel Hodder
Company Secretary