



ASX Announcement

Company Announcements Office
Australian Securities Exchange

By e-lodgement

29 April 2011

(ASX Code GRK)

Quarterly Activities Report

for the three months ending 31 March 2011

Highlights

- **Green Rock farms-in to Canning Basin hydrocarbon opportunity with significant targets in conventional and shale gas**
- **A \$4.2m capital raising is underway**
- **In Hungary, CEGE purchases its first geothermal well**
- **Study results in the Collie Basin / Worsley area (together with BHP Billiton Worsley Alumina Pty Ltd) are being evaluated**

CORPORATE

On 17 March 2011 Green Rock announced a capital raising of a total of \$4.2m at 1.8c per share through Cygnet Capital. The capital raising is by way of a placement to sophisticated investors followed by a non-renounceable Rights Issue.

The first \$1.17m through the placement of 65 million GRK shares has been received. Green Rock intends to undertake a non-renounceable Rights Issue underwritten by Cygnet Capital on a 1:3 basis to raise a further \$3.04m. Each share in the placement and Rights Issue will attach an option, subject to shareholder approval, exercisable at 3.6c/share prior to March 2013. Green Rock intends to apply for ASX listing of these options. Funds raised will be applied towards Green Rock'

Canning Basin farm-in commitments (expected to be about \$2.1m in 2011) and also to geothermal projects in the Perth Basin and Hungary.

A General Meeting of shareholders has been called for 19 May 2011 in connection with the capital raising. The business before the meeting will be:

- Ratification of the allotment and issue of 65 million shares under the placement
- Approval of the proposed issue of options attaching to the placement shares
- Approval of the proposed issue of options to Cygnet Capital

PROJECTS

Western Australia

Canning Basin earning an initial 15% interest

On 17 March 2011 Green Rock announced that it had executed a Farm-In Agreement with New Standard Energy (NSE) to earn an initial 15% interest (with an ability to earn 20%) in permit EP 417 operated by NSE in the Canning Basin in the Kimberley region of Western Australia. Green Rock will partially fund the deepening and testing of the existing Lawford#1 well planned for the third quarter 2011. This well provides an attractive drilling target with capacity for large conventional gas (500Bcf+) and prospectivity for tight gas and shale gas. NSE is at the advanced stage of obtaining the necessary approvals to drill and is in discussions (alongside other operators in the Canning Basin) to secure a suitable drilling rig.

In addition Green Rock has committed to a second well on EP417 (location and timing to be agreed) to earn an additional 5% equity interest (ie increase from 15% to 20%) in EP417 through committing to funding 22.5% of the second well costs.

Expected costs including contingencies to Green Rock are approximately \$2.1 million in 2011 and \$2.5 million in 2012.

Green Rock and NSE have also executed an Area of Mutual Interest (AMI) Agreement to provide further opportunities in the Canning Basin, with Green Rock at 40%. The parties will focus on areas that are prospective for unconventional hydrocarbons within the agreed AMI.

Exploration in the Canning Basin is set to increase significantly in 2011, particularly focusing on conventional, tight and shale gas. This is evidenced by the 3rd March and 28th April announcements by Buru Energy (BRU).

North Perth Basin 100% interest

Green Rock reported on 28 October 2010 a very large Inferred Geothermal Resource in its 7 permits covering 2100 km² 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 the power hungry Mid West region.

Work is progressing on the reinterpretation of existing data to identify drilling targets with the objective of a first well on these permits in 2012. Discussions continue with potential JV partners for the development of geothermal power projects on the permits.

Perth Metropolitan Area 100% interest

Progress with UWA Project

While Green Rock has been successful in securing Commonwealth (GDP) and State (LEED) funding, the key to attracting potential joint venture partners to meet the funding commitments will be the inclusion of direct use geothermal which displaces electricity being eligible for Renewable Energy Certificates (RECs) under the Commonwealth Government's Mandatory Renewable Energy Target legislation. Green Rock and other geothermal companies developing direct use projects continue to lobby for eligibility for RECs.

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. The WA Department of Mines and Petroleum is exploring the potential for geothermal and petroleum exploration companies cooperating to secure drilling rigs and equipment in a way that would deliver more effective and economic drilling projects in onshore WA. This has become more pressing with the likelihood that the only large drilling rig currently in the Perth Basin will relocate out of state in the next few months.

Collie Basin / Worsley area varying % interest

These three Permits are held jointly with BHP Billiton Worsley Alumina Pty Ltd and operated by Green Rock. On 28 March 2011 Green Rock announced that significant progress had been made in mapping geothermal heat sources in the Permit areas, with geophysical and geochemical surveys and measurements in existing drill holes and water bores to detect areas with higher heat content having been completed. Follow up of a geothermal soil survey via shallow drilling to granite bedrock at an average depth of 25m has also been completed.

A study by Sinclair Knight Merz of the potential markets for geothermal energy in the area is nearing completion.

The results from the surveys and market study are being assessed with the objective of the parties determining in the next few months our strategy for these permits.

Hungary 50% interest through Central European Geothermal Energy Kft.

On 1 February 2011 2010 Green Rock announced that its 50% owned Hungarian geothermal developer CEGE had exercised an option to acquire a former petroleum well owned by MOL close to existing power infrastructure. MOL holds the other 50% in CEGE.

The well data acquired in October 2010 and subsequent well temperature and pressure measurements have been evaluated and interpreted by CEGE, MOL and BESTEC experts. BESTEC GmbH is the German geothermal power generation developer and operator managed by Green Rock non-executive director Dr. Jörg Baumgärtner. The experts' conclusion is that the well data indicates a sizeable geothermal reservoir which should be capable of supporting several MW of power generation capacity.

The target is to commence power production in the next two years, subject to CEGE obtaining the geothermal concession for the area under legislation being introduced by the Government of Hungary.

South Australia 100% interest

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

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. In this regard, the Company is watching with interest the progress of Origin and Geodynamics in their Innamincka Shallows Joint Venture which is targeting hot sedimentary aquifers. Origin announced on 20 April 2011 that drilling had been completed on the Celsius 1 geothermal exploration well. Celsius 1 is the first of two exploration wells in the GRL 8 permit designed to assess the potential of the hot sedimentary aquifer resource within the Hutton Sandstone in the Eromanga Basin. The Hutton Sandstone and other potential geothermal sandstone aquifers occur in Green Rock's permits in the Patchawarra and the Great Artesian Basins.



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