



ASX Announcement

Company Announcements Office
Australian Securities Exchange

By e-lodgement

29 July 2011

(ASX Code GRK)

Quarterly Activities Report

for the three months ending 30 June 2011

Highlights

- Completion of \$ 4.2 million capital raising through Placement and Rights Issue underwritten by Cygnet Capital
- Green Rock and Pacific Hydro cooperating in the development of conventional geothermal resources for power projects in the North Perth and Great Artesian Basins
- Significant increase in Canning Basin hydrocarbon footprint

CORPORATE

General Meeting

A General Meeting of shareholders was held on 19 May 2011. The business before the meeting comprised:

- the ratification of the allotment and issue of 65,000,000 shares being a placement to sophisticated investors facilitated by Cygnet Capital.

- the approval of the proposed issue of free options attaching to the placement shares and the proposed issue of 5,000,000 options to Cygnet

The ratification of shares issued through the placement, approval of the free options and the 5,000,000 options to Cygnet restored the right of the Company to issue further shares within the 15% limit under Listing Rule 7.1 during the next 12 months.

The placement to investors raised \$ 1,170,000 before costs. The 5,000,000 options approved by shareholders were issued in consideration for the corporate advisory services provided by Cygnet in respect of the placement and the Non-Renounceable Rights Issue offered to shareholders.

The three resolutions before the meeting were passed on a show of hands.

Capital Raising

On 3 May 2011 the Company issued a Prospectus for a pro-rata Non-Renounceable Rights Issue to Eligible Shareholders of approximately 169,006,348 New Shares and one attaching free option per New Share on the basis of one (1) New Share for every three (3) Shares held on the Record Date, at an issue price of \$0.018 per New Share, for the purpose of raising \$3,042,114 before expenses.

The rights issue opened on 17 May 2011 and closed on 31 May 2011 and approximately 524 shareholders exercised their rights.

The rights issue was underwritten by Cygnet Capital. The shortfall placed by Cygnet Capital amounted to \$1,994,506 and fees for their services were \$182,527.

Shares and listed options on issue following the placement and the Rights Issue total:

676,024,481 Ordinary Shares

239,005,436 Options (expiring 31 March 2013 exercisable at 3.6 cents)

Strategy

Following announcements during the first half of 2011 on major project developments in the Canning Basin for hydrocarbons and with Pacific Hydro for geothermal power in the North Perth Basin in Western Australia and the Great Artesian Basin in South Australia, the Directors are determined to focus the Company's efforts and financial resources on those opportunities where we see the highest likely return for shareholders. The criteria used for setting project priorities include:

- the inherent economics and scale of the initial opportunity
- the potential for follow-on projects after the first to enable rapid scale-up
- the likelihood of project success

- the attractiveness of the opportunity to potential joint venture partners and project investors

The Directors believe that opportunities meeting these criteria have the potential to genuinely transform the Company. In consequence of the above Green Rock's priority projects for the next twelve months will be:

- the Australian conventional geothermal power venture with Pacific Hydro in the North Perth Basin and the Great Artesian Basin
- the Canning Basin hydrocarbon farm-in
- the Hungarian geothermal joint venture with MOL.

PROJECTS

PRIORITY PROJECTS

Australian Conventional Geothermal JV with Pacific Hydro

On 11 May 2011 we announced the intention of Green Rock and leading Australian renewable energy company Pacific Hydro to enter a binding Memorandum of Understanding to work together to develop power projects based on geothermal exploration permits and licences held by the two companies in the North Perth Basin (NPB) in Western Australia and the Great Artesian Basin (GAB) in South Australia. Initial power projects of at least 25MW are contemplated in both Basins which, with success, have the potential to lead to hundreds of MW from each Basin in the coming decade.

Pacific Hydro and Green Rock are in discussions to explore the potential to bring together the strategic interests of the two companies. The discussions are centred on integrating the Australian conventional geothermal interests of the two companies into a single portfolio with Green Rock providing the exploration and production expertise and leading the marketing of the GAB and NPB projects on an equal footing to potential upstream drilling investors. Initial power projects of at least 25MW are contemplated in both the NPB and GAB leading to hundreds of MW from each Basin connected into WA's South West Interconnected System and the National Electricity Market respectively in the coming decade.

The letter of Intent sets out the key terms to be included in a binding Memorandum of Understanding being negotiated between the parties and expected to be executed in the third quarter of 2011.

Canning Basin hydrocarbon farm-in earning an initial 15% interest

Deepening of Lawford #1 Well

In the first quarter of 2011 Green Rock 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. Plans remain on track for this well to be drilled later this quarter after the rig completes drilling a well for Buru Energy with similar objectives in the Laurel and Anderson Formations in another Permit in the Canning Basin.

The Lawford #1 well will test the Anderson and Laurel formations in the larger Lawford structural target. The Lawford structure is very large and has the potential to host significant amounts of hydrocarbons in place. NSE estimates that the Lawford structure could host in excess of 500Bcf of gas in place as a conventional target. In addition, the assessment of the Laurel shales and tight sands contained within the Lawford structure (but that extend regionally beyond the structural closure at Lawford) will provide important information and upside for an unconventional play across the area.

Area of Mutual Interest in Canning Basin

Green Rock entered into a legally binding Area of Mutual Interest (AMI) Agreement with New Standard Energy (NSE) to provide petroleum opportunities in the Canning Basin. Under the terms of the AMI Agreement NSE and Green Rock agreed they would work together to jointly acquire newly released petroleum acreage within an AMI in the Fitzroy Trough in the Canning Basin. The parties intend to focus on areas within the AMI that are prospective for unconventional hydrocarbons. Under the terms of the AMI Agreement Green Rock is entitled to a 40% working interest in any new acreage awarded to either party within the AMI and must contribute 40% of all expenditures incurred within this acreage including any Exploration Permit resulting from the Seven Lakes SPA awarded to NSE as described below.

Seven Lakes Special Prospecting Authority

New Standard Energy (NSE) announced on 25th July 2011 it had been awarded a Special Prospecting Authority (SPA) for petroleum for the Seven Lakes area in the Canning Basin. Accordingly, subject to government approvals, Green Rock will be entitled to acquire a 40% working interest in any Permit arising from the Seven Lakes SPA granted to NSE.

The map attached showing the Laurel Project including the Seven Lakes SPA and EP417 has been updated from the one attached to our ASX announcement of 25th July 2012. The caption for the Spinifex Prospect which previously incorrectly mentioned "Tight Gas Contingent Resources of 350BCF" is now replaced by the words "Tight Gas Potential of 350BCF".

The Seven Lakes SPA will entitle NSE to carry out certain exploration work, subject to various approvals, over a 6 month period. Following the initial 6 month exploration program, NSE will have an exclusive right for an additional 6 months to exercise an attaching option to apply for an Exploration Permit over the most prospective part of the acreage. The Seven Lakes SPA is considered by NSE and Green Rock to be prospective for both conventional and unconventional hydrocarbon resources. In particular the SPA contains the primary targets of the Laurel and Anderson formations. These formations are the same formations expected to be tested by NSE, Buru Energy and Green Rock through the deepening of the Lawford #1 well on EP417 during the next few months.

Hungarian Geothermal JV with MOL

In Hungary our 50% owned geothermal developer CEGE is preparing for the first geothermal concession tenders in Hungary which are anticipated to be issued in the second half of 2011. Data acquired from the well now owned by CEGE indicate geothermal reservoir capacity expected to be capable of supporting several MW of power generation capacity. Subject to securing the concession, project activity will step up in 2012 with first power production around a year after drilling has been completed.

OTHER PROJECTS

Green Rock's other Projects will continue to be progressed at a lower level of effort and expenditure. These Projects are:

- the geothermal permits in the Perth Metro area targeting direct use of geothermal energy
- the Worsley / Collie Area (together with BHP Billiton Worsley Alumina Pty Ltd)
- our portfolio of geothermal licences other than those in the Great Artesian Basin in South Australia.

These projects do not currently meet the criteria for Green Rock to give them priority. Where the resource and market prospects are encouraging the Company will continue to progress projects at a level that keeps options open and permits in good standing to enable activity to be increased should circumstances in the future change their relative merits.

Western Australia

Perth Metropolitan Area 100% interest

Progress with UWA project

The focus in the Perth Metro area has been the use of geothermal energy for direct use in cooling and heating commercial buildings.

Currently these projects face challenging economics. Firstly, the high upfront cost of drilling in a geothermal project requires high utilisation of the produced geothermal energy to make the project economically attractive. This requires a consistent, continuous demand for geothermal energy rather than peaky, intermittent demand for cooling and heating typical in commercial building developments. Secondly, it will require a Government policy change such that direct use geothermal projects, which replace electricity, become eligible for Renewable Energy Certificates (“RECs”) under the Commonwealth Government’s Mandatory Renewable Energy Target. This eligibility has not yet been achieved.

Largely for these reasons Green Rock has so far been unable to secure joint venture partners for direct use projects who are prepared to share the cost and risk of drilling to prove the geothermal resource. This means that we remain some way from commercialising our Perth Metro permits. In particular it is highly uncertain that we will be able to meet the conditions of our funding agreement with the Commonwealth Government which require us to demonstrate funds to match the \$7m offered under the Geothermal Drilling Program for the project we had proposed at the University of Western Australia.

Collie Basin

varying % interest jointly with BHP Worsley Alumina Pty Ltd

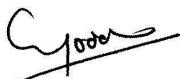
In the last activity report, progress on measuring the geothermal heat source potential in our 3 jointly-held permits was ongoing. The results from these surveys are being assessed by Green Rock and BHP Worsley Alumina Pty Ltd with the objective of the parties determining the strategy for these permits over next few months.

A further announcement will be made once the strategy has been finalised.

South Australia

100% interest

Other than in the Great Artesian Basin initiatives reported elsewhere, Green Rock will continue to carry out activities in South Australia at a level sufficient to maintain our licences in good standing. The Company will continue to closely monitor the progress of other geothermal developers in the State, and also of major energy-using projects such as the expansion of Olympic Dam.



Nigel Hodder
Company Secretary

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Map of Laurel Project including the new Seven Lakes SPA, EP417 and various prospective targets (courtesy of NSE)

