

Green Rock Energy Limited
ACN 094 551 336

NOTICE OF ANNUAL GENERAL MEETING

For an Annual General Meeting to be held on
Tuesday 15 November 2011 at 9.30 am
(Australian Western Standard Time) at
The Country Woman's Association of WA,
Level 2, 1176 Hay Street, West Perth,
Western Australia.

This is an important document. Please read it carefully.

*If you are unable to attend the Annual General Meeting,
complete the form of proxy enclosed and return it in accordance
with the instructions set out on that form.*

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

The Annual General Meeting of the shareholders of Green Rock Energy Limited will be held at:

The Country Woman's Association of WA, Level 2, 1176 Hay Street, West Perth, Western Australia

on Tuesday 15 November 2011 commencing at 9.30 am (Australian Western Standard Time).

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 9.30 am (Australian Western Standard Time).

Voting by Proxy

To vote by proxy, please complete and sign the form enclosed with this Notice of Annual General Meeting as soon as possible and either:

- Send the proxy by facsimile to the Company on facsimile number (08) 9482 0499 (International: + 61 8 9482 0499); or
- Deliver to Unit 10, 38 Colin Street, West Perth, Western Australia, 6005 Australia; or
- Post to PO Box 1177, West Perth, Western Australia, 6872 Australia.

so that it is received no later than 9.30 am (Australian Western Standard Time) on Sunday 13 November 2011.

Your proxy form is on the last page of this Notice of Meeting.

Green Rock Energy Limited

ACN 094 551 336

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of shareholders of Green Rock Energy Limited will be held in the Board Room, Level 2, The Country Woman's Association of WA, 1176 Hay Street, West Perth, Western Australia, commencing at 9.30 am (Australian Western Standard Time) on Tuesday 15 November 2011.

Capitalised terms used in this Notice of Annual General Meeting are defined in the glossary at the end of the Explanatory Memorandum.

AGENDA

ORDINARY BUSINESS

Annual Accounts

To receive, consider and adopt the annual financial report of the Company for the year ended 30 June 2011 and the reports by the Directors and Independent Auditor.

Short Explanation: In accordance with section 317 of the Corporations Act, the Company must lay the Annual Accounts (being the Financial Report, the Directors' Report and the Auditor's Report) before the Company at the Annual General Meeting.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to approve the following resolution as an **ordinary resolution**:

"That shareholders of the Company adopt the Remuneration Report for the financial year ended 30 June 2011 in the Company's annual financial report for the same period."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

Short Explanation: In accordance with section 250R(2) of the Corporations Act, the Remuneration Report must be put to a vote of the Company. In accordance with section 250R(3), the vote is advisory only.

The Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter¹. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of a Restricted Voter.

Further, the Company will not disregard a vote cast by the Chair of the meeting as a proxy, if the appointment of the Chair expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

Resolution 2 - Re-election of Dr. Jörg Baumgärtner as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That Dr. Baumgärtner, being a Director of the Company, retiring by rotation in accordance with clause 13.2 of the Company’s Constitution, being eligible and offering himself for re-election, be re-elected as a Director of the Company.”

Short Explanation: The Constitution requires that at the Annual General Meeting, one third of the Directors for the time being shall retire from office. A retiring Director is eligible for re-election. Dr. Baumgärtner offers himself for re-election.

Resolution 3 - Grant of Options to Mr. Richard Beresford

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, pursuant to and in accordance with Listing Rule 10.11 of and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to offer and issue upon acceptance to Mr. Beresford up to a total of 500,000 Options for no consideration, half vesting on 15 November 2011 with the balance vesting on 15 November 2012 and all expiring on 15 November 2015, exercisable at a price, rounded up to the next whole cent, which is 50% above the closing price of the Shares on the ASX on 15 November 2011 and otherwise granted on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this notice.”

Short Explanation: The Company has given notice by announcement to the ASX of its intention to issue 500,000 Options, each with an exercise price, rounded up to the next whole cent, which is 50% above the closing price of the Shares on the ASX on 15 November 2011 to Mr. Beresford (Managing Director) as a performance incentive and that this matter would be put before

¹ “Restricted Voter” means Key Management Personnel and their Closely Related Parties as defined in the glossary.

Shareholders for approval at their next general meeting. This is the first general meeting since the announcement by the Company.

The Company will disregard any votes cast on Resolution 3 by Mr Beresford and any associate of Mr Beresford. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Mr Beresford or an associate of Mr Beresford.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 3 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 3; or
 - (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 3, Shareholders may also choose to direct the Chair to vote against Resolution 3 or to abstain from voting.

Resolution 4 - Grant of Options to Mr. Adrian Larking

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, pursuant to and in accordance with Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to offer and issue upon acceptance to Mr. Larking up to a total of 500,000 Options for no consideration, half vesting on 15 November 2011 with the balance vesting on 15 November 2012 and all expiring on 15 November 2015, exercisable at a price, rounded up to the next whole cent, which is 50% above the closing price of the Shares on the ASX on 15 November 2011 and otherwise granted on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this notice.”

Short Explanation: The Company has given notice by announcement to the ASX of its intention to issue 500,000 Options, each with an exercise price, rounded up to the next whole cent, which is 50% above the closing price of the Shares on the ASX on 15 November 2011 to Mr. Larking (Executive Director) as a performance incentive and that this matter would be put before shareholders for approval at their next general meeting. This is the first general meeting since the announcement by the Company.

The Company will disregard any votes cast on Resolution 4 by Mr Larking and any associate of Mr Larking. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Mr Larking or an associate of Mr Larking.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 4 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 4; or
 - (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 4, Shareholders may also choose to direct the Chair to vote against Resolution 4 or to abstain from voting.

Resolution 5 - Grant of Options to Dr. Jörg Baumgärtner

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, pursuant to and in accordance with Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to offer and issue upon acceptance to Dr. Baumgärtner up to a total of 250,000 Options for no consideration, half vesting on 15 November 2011 with the balance vesting on 15 November 2012, all expiring on 15 November 2015 and exercisable at a price, rounded up to the next whole cent, which is 50% above the closing price of the Shares on the ASX on 15 November 2011 and otherwise granted on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this notice.”

Short Explanation: The Company has given notice by announcement to the ASX of its intention to issue 250,000 Options, each with an exercise price, rounded up to the next whole cent, which is 50% above the closing price of the Shares on the ASX on 15 November 2011 each to Dr. Baumgärtner (Non-Executive Director) as a performance incentive and that this matter would be put before shareholders for approval at their next general meeting. This is the first general meeting since the announcement by the Company.

The Company will disregard any votes cast on Resolution 5 by Dr. Baumgärtner and any associate of Dr. Baumgärtner. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Dr. Baumgärtner or an associate of Dr. Baumgärtner.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 5 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 5; or
 - (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 5, Shareholders may also choose to direct the Chair to vote against Resolution 5 or to abstain from voting.

Resolution 6 – Ratification of Issue of Options

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4 of the Listing Rules and for all other purposes, the Company approves and ratifies the issue of 5,000,000 Options for no consideration, each Option having an exercise price of 3.6 cents and an expiry date of 31 March 2013 to Cygnet Capital Pty Ltd and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Short Explanation: Resolution 6 seeks Shareholders' approval to ratify the issue of 5,000,000 Options each with an exercise price of 3.6 cents and an expiry date of 31 March 2013 to Cygnet Capital Pty Ltd. This approval is sought to 'refresh' the Company's placement ability under Listing Rule 7.1.

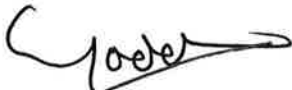
For the purposes of Resolution 6, the Company will disregard any votes cast on Resolution 6 by persons who participated in the issue the subject of Resolution 6 and any associate of those persons. However, the Company will not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

General

To transact any business which may lawfully be brought forward.

Dated the 4th of October 2011 by order of the Board



Nigel Hodder
Company Secretary

Notes:

- 1 Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- 2 A shareholder of the Company who is entitled to attend and vote at a general meeting of shareholders is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each must be appointed to represent a specified proportion of the shareholders voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
- 3 A proxy may but need not be a shareholder of the Company.
- 4 If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 1, 3, 4 and 5, if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- 5 Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
- 6 If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- 7 Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed resolutions. These rules are explained in this Notice.
- 8 The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer of his attorney duly authorised.
- 9 The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company at least 48 hours prior to the meeting. For the convenience of shareholders a Proxy Form is enclosed.
- 10 For the purposes of section 1047E(2) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations, the Company determines that members holding ordinary shares at 5.00 pm (Australian Western Standard Time) on 13 November 2011 will be entitled to attend and vote at the Annual General Meeting.
- 11 Please note defined terms used in this Notice of Annual General Meeting have the meanings set out in the Glossary of the Explanatory Memorandum accompanying this Notice.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of each resolution contained in the accompanying Notice of Annual General Meeting of the Company.

The Directors recommend that Shareholders read this Explanatory Memorandum and its Annexure in full before making any decision in relation to the resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice of Annual General Meeting.

Annual Accounts

Shareholders will be given an opportunity to ask questions of the Directors and the Auditors in relation to the Annual Financial Statements and Reports of the Company for the year ended 30 June 2011 at the Annual General Meeting.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

Section 298 of the Corporations Act requires that the annual Directors' Report contain a Remuneration Report prepared in accordance with section 300A of the Corporations Act.

By way of summary, the Remuneration Report:

- (a) sets out the Company's policy and the process for determining the remuneration of its executive officers and Directors;
- (b) addresses the relationship between the remuneration of the Company's executive officers and the performance of the Company; and
- (c) sets out remuneration details for each Director and each of the executive officers of the Company named in the Remuneration Report for the financial year ended 30 June 2011.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. Pursuant to section 250R(3), the vote on this resolution is advisory only and does not bind the Board or the Company.

The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Report and is also available on the Company's website (www.greenrock.com.au).

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2011 AGM, and then again at the 2012 AGM, the Company will be required to put a resolution to the 2012 AGM, to approve calling an extraordinary general meeting (**spill resolution**). If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting (**spill meeting**) within 90 days of the 2012 AGM. All of the Directors who were in office when the 2012 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any share based compensation.

Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

2. RESOLUTION 2 - RE-ELECTION OF Dr JORG BAUMGARTNER AS A DIRECTOR

Resolution 2 seeks approval for the re-election of Dr Jörg Baumgärtner as a Director with effect from the end of the meeting. The Constitution requires that at an Annual General Meeting of the Company one third of the Directors for the time being shall retire from office or, if their number is not a multiple of three, then the number nearest one-third (rounded upwards in case of doubt) shall retire from office.

Dr Baumgärtner retires from office in accordance with this requirement and submits himself for re-election.

3. RESOLUTIONS 3, 4, and 5 – GRANT OF OPTIONS TO MR BERESFORD, MR LARKING, and DR BAUMGARTNER

The purpose of Resolutions 3, 4 and 5 is to authorise the offer, and grant upon acceptance the following Options:

Name	Number of Options	Vesting Date	Expiry Date
Mr Beresford	500,000	50% on 15/11/2011 50% on 15/11/2012	15/11/2015
Mr Larking	500,000	50% on 15/11/2011 50% on 15 /11/2012	15/11/2015
Dr Baumgärtner	250,000	50% on 15/11/2011 50% on 15/11/2012	15/11/2015

All of the Options proposed to be granted pursuant to Resolutions 3, 4 and 5 will be exercisable at a price, rounded up to the next whole cent, which is 50% above the closing price of the Shares on the ASX on 15 November 2011.

The terms and conditions of the Options are set out in Annexure A to this Explanatory Memorandum.

The grant of Options is designed to encourage the recipients to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership.

The number of Options to be granted to each of the Participating Directors has been determined based upon a consideration of:

- the remuneration of the relevant Participating Director;
- the Directors' wish to ensure that the remuneration offered is competitive with market standards. The Directors have considered the proposed number of Options to be granted will ensure that the relevant Participating Director's overall remunerations is in line with market standards; and
- incentives to attract and ensure continuity of service of directors who have appropriate knowledge and expertise.

Under the Company's current circumstances the Directors consider that the incentives to the respective Participating Directors, represented by these Options, are a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

Shareholders should note that for the reasons noted above, it is proposed to grant the Options set out in this Explanatory Memorandum to Dr Baumgärtner, a Non-Executive Director, notwithstanding Box 8.2 "Guidelines for non-executive director remuneration" of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments which guideline provides that non-executive directors should not receive options.

In the event the Options are exercised, the following amounts will need to be paid to the Company

Mr Richard Beresford	Exercise price multiplied by 500,000
Mr Adrian Larking	Exercise price multiplied by 500,000
Dr Baumgartner	Exercise price multiplied by 250,000

Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving financial benefit to a related party of the public company unless either:

1. the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
2. prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Beresford, Mr Larking and Dr Baumgärtner are considered to be related parties of the Company as they are Directors.

Resolutions 3, 4, and 5 provide for the grant of Options to Directors which constitute the giving of financial benefits to related parties and therefore require Shareholder approval.

Current Holdings

Set-out below are details of the Participating Directors' interests (including any indirect holdings held in the name of the respective associates of the Participating Directors) in the securities of the Company as at the date of this Notice:

Director	Shares	Unlisted Options (various)	Listed Options (expiring 31 March 2013)
Richard Beresford	2,659,258 ¹	3,300,000 ²	370,370
Adrian Larking	16,262,153 ³	5,000,000 ⁴	1,111,111
Jörg Baumgärtner	NIL	1,100,000 ⁵	NIL

Note:

- 1,177,778 Shares are held by Clearer Sky Pty Ltd and 1,481,480 Shares are held by The Beresford Family Retirement Fund. Both entities are controlled by Richard Beresford.
- 1,000,000 Options (each exercisable at 6 cents and expiring on 19 November 2012), 300,000 Options (each exercisable at 8 cents and expiring on 18 November 2014) and 2,000,000 Options (each exercisable at 4 cents and expiring 16 November 2014) are held by Richard Beresford.
- 16,262,153 Shares are held by PKA Investments Pty Ltd as trustee for the Larks Superannuation Fund. Adrian Larking is a director of PKA Investments and is a member of the Larks Superannuation Fund.
- 1,000,000 Options (each exercisable at 15 cents and expiring on 26 November 2011), 1,500,000 Options (each exercisable at 6 cents and expiring on 19 November 2012), 1,500,000 Options (each exercisable at 8 cents and expiring on 18 November 2014) and 1,000,000 Options (each exercisable at 4 cents and expiring 16 November 2014) are held by Adrian Larking.
- 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) and 500,000 Options (each exercisable at 4 cents and expiring 16 November 2014) are held by Jörg Baumgärtner.

Information Requirements

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed resolution would permit the financial benefit to be given:

Subject to Shareholder approval, the following maximum number of Options will be granted to the following related parties or their respective nominees:

Name of Related Party	Number of Options
Richard Beresford	500,000
Adrian Larking	500,000
Jörg Baumgärtner	250,000
Total	1,250,000

In respect of the 1,250,000 Options to be granted to the Participating Directors, the exercise price will be 50% above the closing price on the ASX of the Shares on 15 November 2011, rounded up to the next whole cent.

The Nature of the Financial Benefit

The proposed financial benefit to be given is the grant of Options for no consideration to the Participating Directors as set out above. The terms and conditions of the Options to be granted to the Participating Directors are set out in Annexure A to this Explanatory Memorandum.

Directors' Recommendation

Messrs Schneider, Larking and Baumgärtner (who have no interest in the outcome of Resolution 3) recommend Shareholders vote in favour of Resolution 3. Mr. Beresford declines to make a recommendation about Resolution 3 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of Options to him individually.

Messrs Schneider, Beresford and Baumgärtner (who have no interest in the outcome of Resolution 4) recommend Shareholders vote in favour of Resolution 4. Mr. Larking declines to make a recommendation about Resolution 4 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of Options to him individually.

Messrs Schneider, Beresford and Larking (who have no interest in the outcome of Resolution 5) recommend Shareholders vote in favour of Resolution 5. Mr. Baumgärtner declines to make a recommendation about Resolution 5 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of Options to him individually.

Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors

The proposed ordinary resolutions would have the effect of giving power to the Directors to grant 1,250,000 Options on the terms and conditions set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above.

The Company presently has 676,080,479 Shares and also the following listed and unlisted Options on issue:

Number of Listed Options on issue	Exercise Price	Expiry Date
243,949,438	3.6 cents	31 March 2013
Number of Unlisted Options on issue	Exercise Price	Expiry Date
2,050,000	15 cents	26 November 2011
6,100,000	6 cents	19 November 2012
5,550,000	8 cents	18 November 2014
25,000,000	2 cents	30 June 2014
5,050,000	4 cents	16 November 2014

If all the Options granted pursuant to Resolutions 3, 4, and 5 were exercised the effect would be to dilute the shareholding of existing Shareholders by 0.078% (assuming that no current Options are exercised).

The market price of the Shares during the period of the Options will normally determine whether or not Option holders exercise their Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Shares may be trading at a price which is higher than the exercise price of the Options.

The following table gives details of the highest, lowest and latest closing prices of the Shares trading on ASX over the last 12 months ending 3 October 2011:

Security	Highest Price	Date of Highest Price	Lowest Price	Date of Lowest Price	Latest Price on 3 October 2011
Shares	\$0.0277	07/02/2011	\$0.013	09/08/2011	\$0.0190

Mr Beresford, Mr Larking and Dr Baumgärtner's base salaries per annum (including superannuation) and the total financial benefits to be received by them in this current period as a result of the grant of Options the subject of Resolutions 3, 4 and 5 are as follows:

Director	Base Salary p.a.	Superannuation p.a.	Value of Options*	Total Financial Benefit
Richard Beresford	\$206,422	\$18,578	\$5,700	\$230,700
Adrian Larking	\$206,422	\$18,578	\$5,700	\$230,700
Jörg Baumgärtner	\$45,872	\$4,128	\$2,850	\$52,850

Note: An explanation of how the value of Options is determined is noted below.

Value of Options

The Company's advisers have valued the Options to be granted to the Participating Directors using the binomial method of valuation. The value of an Option calculated by this method is a function of a number of variables. Their assessment of the value of the Options has been prepared using the following variables:

Variable	Input
Implied Grant Date	15 November 2011
Spot Price	1.7 cents
Exercise Price	3.0 cents
Risk Free Rate	3.85%
Volatility	110%
Years to maturity	4 years
Vesting Dates	50% on 15/11/2011 and balance on 15/11/2012
Expected Dividends	Nil

For the purposes of this valuation the Company's advisers have assumed 15 November 2011 as the implied grant date. For the Share or spot price, the advisors have assumed 1.7 cents. For the exercise price the advisors have assumed 3.0cents, being 50% above the spot price, rounded up to the next whole cent. It has also been assumed that a volatility level of 110% is appropriate. Based on the variables and the assumptions, it is considered that the estimated value of Options to be granted to the Participating Directors is 1.14 cents per Option.

Accordingly, the total value of the Options to be granted to each Participating Director is as follows:

Name of Related Party	Value of Options
Richard Beresford	\$5,700
Adrian Larking	\$5,700
Jörg Baumgärtner	\$2,850
Total	\$14,250

The Directors do not consider that from an economic point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits forgone by the Company in granting the Options to the Participating Directors.

The Company's adoption of Australian equivalents to International Financial Reporting Standards for reporting periods commencing from 1 July 2005 means that, under AASB2 Share-based Payment, equity-based compensation will be recognised as an expense in respect of the services received.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolutions.

Listing Rule 10.11

Listing Rule 10.11 requires shareholders' approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the grant of Options to each of the Participating Directors under Resolutions 3, 4, and 5.

For the purposes of Listing Rules 10.13, the following information is provided to Shareholders:

- (a) The Options will be granted to Mr Beresford, Mr Larking, and Dr Baumgärtner and/or their respective nominees.
- (b) The maximum number of Options to be granted to Mr Beresford pursuant to Resolution 3 is 500,000, the maximum number of Options to be granted to Mr Larking pursuant to Resolution 4 is 500,000 and the maximum number of Options to be granted to Dr Baumgärtner pursuant to Resolution 5 is 250,000.
- (c) The Options will be allotted and granted on one date which will be no later than one month after the date of this Meeting or on such other date as approved by ASX.
- (d) The Options will be granted for no consideration.
- (e) No funds will be raised from the grant of the Options.
- (f) The terms and conditions of the Options are set out in Annexure A to this Explanatory Memorandum.

If approval is given for the grant of the Options to the Participating Directors under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Voting

Note that a voting exclusion applies to Resolutions 3, 4 and 5 in the terms set out in the Notice of Meeting. In particular, the directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolutions.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on these Resolutions.

4. RESOLUTION 6 – RATIFICATION OF ISSUE OF OPTIONS

Resolution 6 seeks Shareholders' approval to ratify the issue of 5,000,000 Options each with an exercise price of 3.6 cents and expiry date of 31 March 2013 to corporate advisors Cygnet Capital . This is in order to restore the right of the Company to issue further Shares within Listing Rule 7.1's 15% limit during the next 12 months. The Options were issued on 12 July 2011 and are in the same class as the Company's listed Options.

Listing Rule 7.4

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such ratification is to restore the Company's maximum discretionary power to issue further shares up to 15% of the issued capital of the Company without requiring Shareholder approval.

The Company confirms that the issue did not breach Listing Rule 7.1.

For Shareholders to subsequently approve the issue of Options to Cygnet Capital, the Company must provide the following information to comply with Listing Rule 7.3:

- a) 5,000,000 Options were issued;
- b) the Options were granted for no consideration;;
- c) the Options are the same class as the Company's listed Options, the terms and conditions of which are set out in Annexure B;
- d) the Options were granted to Cygnet Capital who is not an associate or related party of the Company; and
- e) the Options were granted in consideration for corporate advisory Services and no funds were raised from the grant of the Options.

The Directors recommend that Shareholders vote in favour of Resolution 6

GLOSSARY

In this Explanatory Memorandum and the Notice to the Annual General Meeting, the following terms have the following meanings unless the context otherwise requires:

Accounting Standards	has the meaning given to that term in the Corporations Act.
Annual Report	means the Company's annual report for the year ending 30 June 2011.
ASX	means ASX Limited ACN 008 624 691, and where the context permits, Australian Securities Exchange operated by ASX Limited.
Board	means the board of Directors.
Closely Related Party	has the meaning given to that term in the Corporations Act.
Company	means Green Rock Energy Limited ACN 094 551 336.
Constitution	means the constitution of the Company.
Corporations Act	means Corporations Act 2001.
Corporations Regulations	means Corporations Regulations 2001.
Cygnets Capital	means Cygnets Capital Pty Ltd ABN 88 103 488 606
Director	means a director of the Company.
Key Management Personnel	has the meaning given to that term in the Accounting Standards.
Listing Rules	means the Listing Rules of ASX.
Notice	means the Notice of Annual General Meeting accompanying this Explanatory Memorandum.
Option	means an option to subscribe for one Share.
Participating Directors	means Mr Beresford, Mr Larking and Dr Baumgärtner.
Proxy Form	means the enclosed appointment of proxy form
Restricted Voter	means the Key Management Personnel and their Closely Related Parties.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.

ANNEXURE A

TERMS AND CONDITIONS OF OPTIONS

The terms and conditions of the Options the subject of Resolutions 3, 4 and 5 are as follows:

- a) each Option entitles the holder to one (1) Share;
- b) the Options vest 50% on 15 November 2011 with the balance vesting on 15 November 2012;
- c) the Options are exercisable at any time after vesting on or prior to 5.00 pm (Australian Western Standard Time) on 15 November 2015 (Expiry Date) by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company;
- d) the exercise price per Option is 50% above the closing price of Shares on the ASX on 15 November 2011 rounded up to the next whole cent;
- e) an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised;
- f) all Shares issued upon the exercise of the Options will rank pari-passu in all respects with the Company's then issued Shares. The Company will apply for quotation of all Shares issued upon exercise of the Options on ASX;
- g) there are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give Option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue; and
- h) if at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules;
- i) the Options are not transferable except with the prior consent of the Directors; and
- k) notwithstanding clause (b), all Options may be exercised by the Option holder:
 - (i) in the event a takeover bid (as defined in the Corporations Act) to acquire any Shares becomes or is declared to be unconditional, irrespective of whether the takeover bid extends to Shares issued and allotted after the date of the takeover bid or not; or

- (ii) at any time after a change of control event (being a shareholder, or group of associated shareholders, being entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in a general meeting, to replace all or a majority of the Board) has occurred; or
- (iii) if a merger by way of scheme of arrangement under the Corporations Act has been approved by the Court under section 411(4)(b) of the Corporations Act.

ANNEXURE B

TERMS & CONDITIONS OF OPTIONS THE SUBJECT OF RESOLUTION 6

The terms and conditions of the Options, the subject of Resolution 6, are as follows:

- (a) each Option entitles the holder to one (1) fully paid ordinary share ("**Share**") in the capital of Green Rock Energy Limited (the "**Company**");
- (b) the Options are exercisable at any time on or prior to 5.00pm (Australian Western Standard Time) on 31 March 2013;
- (c) the Option exercise price is 3.6 cents per Option;
- (d) an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised;
- (e) subject to the Corporations Act 2001 (Cth), the Listing Rules of ASX Limited and the Constitution, the Options are freely transferable;
- (f) all Shares issued upon exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company applied for quotation of the Options on the ASX and will also apply for quotation of all Shares issued upon exercise of the Options;
- (g) there are no participating rights or entitlements inherent to the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue; and
- (h) if at any time the issued capital of the Company is reconstructed, all rights of the Option holder/s are to be changed in a manner consistent with the Corporations Act 2001 (Cth) and the Listing Rules of ASX Limited.

Instructions for Completing 'Appointment of Proxy' Form

- a. A shareholder of the Company who is entitled to attend and cast two or more votes at a general meeting of shareholders is entitled to appoint two proxies. When more than one proxy is appointed, such proxy must be allocated a proportion of the members voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
- b. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
- c. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - (i) Directors of the company;
 - (ii) a director and a company secretary of the company; or
 - (iii) for a proprietary company that has a sole director who is also the sole company secretary – that director

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

- d. Completion of a proxy form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
- e. Where a Proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.