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**Company Announcements Office
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By e Lodgement

**POTENTIAL FOR 1000MW's OF RENEWABLE GEOTHERMAL POWER AT
OLYMPIC DAM**

Green Rock Energy is pleased to announce the successful completion of the first major stage of its evaluation of a Hot Dry Rock (HDR) geothermal energy project at Olympic Dam in South Australia.

Highlights at this stage include-

- Confirmation of a 1,000MWe potential geothermal energy resource.
- Confirmation that the geothermal host rock has the appropriate fracturing qualities.
- The economics of the project enhanced due to proximity to potential markets, high voltage power transmission lines and existing infrastructure.
- Commercial risks significantly reduced due to flexibility to stage the development in 50 to 100MWe modules because of proximity to potential markets and existing infrastructure.
- Conventional drilling and power generation options available and under evaluation.

Planning of the next stage of evaluation is underway. Please refer to the attached Project Status Report for more detailed information. Further explanation of the technology referred to in the report can be found on our website: www.greenrock.com.au

Yours sincerely,

Adrian Larking
Managing Director

Project Status Report

GREEN ROCK'S OLYMPIC DAM GEOTHERMAL PROJECT ADVANCES

Green Rock Energy has taken a major step forward to becoming Australia's first commercial geothermal energy producer following its recently completed exploration evaluation of the Hot Dry Rocks (HDR) in the Olympic Dam region of South Australia. The evaluation has highlighted the potential for a vast resource of geothermal energy in the Olympic Dam area. By way of illustration, just a small part of Green Rock Energy's licence areas has an energy potential equivalent to the 2 Trillion Cubic Feet (TCF) of gas extracted from the Moomba gas field in the Cooper Basin. This would be sufficient energy to produce 1,000MW of electrical power for 20 years.

The work, which included:

- drilling and logging of the Blanche No 1 well to 1,935 metres,
- evaluation of the temperatures in Blanche No 1 and surrounding wells,
- reprocessing and interpretation of seismic data,
- evaluating the alternative power generation options, and
- assessing the alternative marketing options,

confirmed the existence of the key ingredients necessary for a successful HDR geothermal project, as outlined below:

Homogenous Host Rock with fracture potential

Green Rock's drilling has confirmed the presence of the required granite to source the geothermal energy.

The Blanche No 1 well, which was drilled to a total depth of 1,935 metres, penetrated 1,218 metres of granite and confirmed the interpretation derived from reprocessed seismic data and surrounding well penetrations. **This is the deepest drill penetration of granite in Australia.** This granite body, known as the Roxby Downs Granite, is interpreted to be widespread and to persist at depth.

The granite demonstrated horizontal and sub horizontal fracturing desirable for establishing appropriate and efficient geothermal circulation cells required to recover heat contained in the granite for geothermal energy generation.

Suitable Temperatures

The Blanche No 1 well penetrated sedimentary cover rocks over the granite which provides a “blanket” to retain heat generated from depth. A significant formation in the cover rocks, the Tregolana shale, had measured temperature gradients of around 60°C/1,000 metres in keeping with its low thermal conductivities and nearby drill holes at Olympic Dam had readings reported to be up to 83°C/1,000 metres.

In the underlying granite the temperature gradients measured around 30°C /1000metres. Nearby drill holes at the Olympic Dam mine have readings up to 35°C/ 1,000 metres.

Based on these readings, temperatures of greater than 200°C, currently considered desirable for conventional HDR power generation projects, have been modeled to occur at depths between 5,500 and 6,000 metres in the area in the vicinity of Blanche No 1. Drilling to these depths is within the range of available drilling technology.

This temperature information suggests that a “low” grade geothermal resource (120°C to 185°C) will occur from around 3,000 metres to 5,500 metres and a “high” grade geothermal resource from 5,500 metres and deeper.

Proximity and Access to Market

It is critical that HDR projects should be as close to market as possible, or have ready access to major power transmission lines. This cuts initial infrastructure costs, reduces both power transmission costs and power losses and, importantly, allows staged development of the project. Green Rock’s project is close to a long life potential conventional power market at Olympic Dam where significant power is used for mining, processing, refining and smelting of minerals and residential purposes. Additionally, the project site is only 5 kilometres from the high voltage power grid that connects to the Eastern Australia power grid and greater Eastern States power market.

Last week the South Australian Government announced it has agreed to declare BHP Billiton’s proposed major expansion of the Olympic Dam mine a major development and said this expansion is set to make Olympic Dam the world’s largest open cut mine.

Staged Development

The close proximity to the high voltage power network and the Olympic Dam mine and its processing plant enables incremental development, or scaling up, of the power plant size, thus significantly reducing the development risks.

Green Rock has determined that for flexibility in entering the power market and for better risk management, it will initially aim for commercial power generation increments of 50 to 100MW, with the ultimate potential being in the order of 1,000MW.

Suitable Power Generation Technology

Appropriate power generation systems are readily available and currently in use throughout the world.

The proven, commercially available and reliable Rankine Cycle power plant technology operates at temperatures as low as 120°C. This temperature is available at depths as shallow as 3,000metres in Green Rock's areas. While Green Rock is aiming to achieve a conventional HDR electricity generation project at temperatures in excess of 200°C it will also be evaluating small scale opportunities for lower temperature generation.

Renewable Energy Credits

To be successful, all renewable energy projects, including HDR geothermal projects, are likely to need pricing incentives such as renewable energy credits, carbon credits or similar market incentives. In Australia, under the current Federal Government regime, Renewable Energy Certificates ("REC") fill this role. The value of REC's and price of electricity combined result in the price of renewable electricity in Australia ranging between \$0.07 and \$0.10/kWh dependent on the type of technology, location and REC market. In comparison residents at the Roxby Downs town near the Olympic Dam mine are currently charged a price of around \$0.17/kWh for their electricity. Geothermal power stations generate electricity on demand and typically earn a higher renewable electricity price than variable technologies such as wind energy.

The market value of renewable electricity is expected to increase in line with a forecast shortage of electricity supplies in South Australia from 2008. South Australia is the most aggressive of all States in support of renewable energy developments, with a target of increasing the use of renewable electricity to comprise 15% of total electricity consumption by 2014.

In the UK, Italy and Sweden, where a similar quota system exists, the average value of renewable electricity is around \$0.16 /kWh. In other European countries, such as Germany, Spain & Netherlands, where there is a regionally fixed buy price for renewable electricity, the average value is around \$0.14/kWh.

Drilling Depth – Cost versus Efficiency

The higher the temperature the higher the efficiency of the geothermal power plant. Modeling of the Roxby Downs Granite has demonstrated that for the Green Rock project, the increased cost of drilling deeper can be offset by the increased efficiency of geothermal power output due to the higher temperatures. Additionally, the proximity of

the resource to electrical power market provides a considerable commercial advantage over those projects remote from major electrical power transmission lines.

With drilling costs one of the key economic determinants, Green Rock has initiated an evaluation of appropriate drilling equipment and technology available worldwide that could be used for the required depths.

Future Work Program

The exploration work carried out to date has enhanced the potential for the Olympic Dam location to be a major source of geothermal energy on a scale which is on a par with the Moomba Gas fields of the Cooper Basin of South Australia.

In order to tap this potential at Olympic Dam, Green Rock is now:

- Commencing design work and location selection for two deep geothermal wells, to be drilled in 2006, to a depth around 5,500 to 6,000 metres.
- Reviewing sources of funds for the work to locate and design the two deep geothermal wells.

In summary, Green Rock Energy is targeting the development of a hot rock project where the value of renewable energy gives the greatest return on investment and where the development can be implemented in stages.

