



27 January 2006

**Company Announcements Office
Australian Stock Exchange**

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**QUARTERLY REPORT ON EXPLORATION ACTIVITIES
for the PERIOD ENDED 31 DECEMBER 2005**

HIGHLIGHTS

- South Australian Government Grant awarded to Green Rock Energy for exploration drilling
- Board strengthened with addition of Scott Spencer and Alan Knights becoming Executive Director
- Shareholder Purchase Plan raises \$580,000 with the issue of 3,623,000 shares
- Logging and analysis of geothermal exploration well Blanche No. 1 is underway
- Discussions with major energy companies about their possible participation in the Olympic Dam Geothermal Energy Project have commenced

CORPORATE ACTIVITIES

The Board of Directors was strengthened by the addition of Scott Spencer, who joined the board of Green Rock Energy as Non-Executive Director, and Alan Knights who accepted appointment as an Executive Director of the Company.

Scott Spencer is a non-executive director of Hardman Resources Limited, where he has been active in establishing and funding a portfolio of petroleum exploration assets, and is chairman of Monitor Holdings Limited, an ASX listed company which is developing petroleum projects in Kyrgyzstan, Central Asia.

Alan Knights was previously Chief Financial Officer at Perilya Limited following 30 years experience in the finance and mining industry having held the positions of Group Treasurer, General Manager Finance and Company Secretary at WMC Limited.

During the quarter Green Rock Energy raised \$579,680 through the issue of 3,623,000 fully paid ordinary shares under its Shareholder Purchase Plan. The funds will be directed to the next stage of evaluation of the Olympic Dam Geothermal Energy Project and for general working capital.

GEOHERMAL ENERGY

Olympic Dam Geothermal Energy Project

Drilling of the Company's first geothermal exploration well, Blanche No.1, was successfully completed in GEL 128 just before the beginning of the quarter and confirmed the interpretation derived from seismic data. The well reached a depth of 1,935 metres where an initial temperature of 85.4°C was measured after coring through 718 metres of sedimentary cover rocks and 1,216 metres of the targeted hot granite. This is believed to be the thickest drill penetration of granite in Australia. This granite body, part of the extensive Burgoyne Batholith, is interpreted to persist to depths of 6,000 metres near Blanche No. 1 and cover an area of approximately 400 square kilometres of the Green Rock Energy licences.

Geological, geophysical and temperature logging of the exploratory well, to determine the temperature and rock properties of the hot granites, was carried out. Further temperature logging is planned for Blanche No. 1. This mapping of the top of the potential geothermal resource in the hot granites will provide the information required to select a suitable location to drill the first deep geothermal energy well and establish the pilot circulation cell to facilitate trial electricity generation. Analysis of this work continued after the end of the quarter but preliminary results announced during the quarter confirmed the potential for a geothermal resource of 1,000 MW in the vicinity of Blanche No.1.

Studies are underway into drilling techniques, water flow rates, power plant operating parameters and other key factors, in addition to rock temperature, which will determine the quantity of heat recovered via water circulating through the hot rocks, and thus the amount of electricity which can be generated. This water circulation requires a network of fractures to be created in the granites by injecting water under pressure to force open natural joints in the rocks. Natural joints in the granite have been observed as horizontal fracturing in the granite drill cores from Blanche No. 1. Logging of the well bore has also shown indications of other fracture orientations. The effective flow rates and flow orientations will become clear when the Company carries out its fracture stimulation program in the deep geothermal wells. Green Rock Energy has already begun discussions with drilling companies regarding the possible drilling of these deep wells in the second half of 2006.

On completion of Blanche No. 1, the Company re-entered the mineral exploration drill hole SAP 1, located about 17 kilometres south west of Blanche No. 1 and confirmed the western boundary for the extensive Burgoyne Batholith, the reservoir of the geothermal energy.

During the quarter Green Rock Energy was awarded a grant for the sum of \$68,000 under the South Australian Government's Plan for Accelerating Exploration ("PACE") initiative. The grant will assist the Company to fund a second exploratory diamond drill hole this year in an area only a few kilometres from Blanche No. 1. The objective is to test whether the thicker cover sediments that exist several kilometres from Blanche No. 1 have a greater insulating effect, providing even higher temperatures in the underlying basement rocks than those encountered in Blanche No. 1.

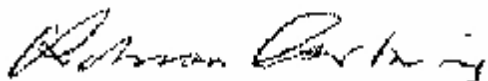
Farmin/Other Geothermal Projects

Discussions have commenced with major energy companies concerning their possible participation in Hot Dry Rock geothermal energy exploration and specifically the Olympic Dam Geothermal Energy Project.

MINERALS

Telfer Project

The Telfer Project tenements have similar rock types and structural style to the nearby Telfer copper/gold deposit and are considered to be prospective for both gold and uranium. Grant of the tenements remains subject to resolution of negotiations with native title claimants. Under the terms of its joint venture with Siberia Mining the Company has a minimum expenditure commitment of \$62,000 upon grant of the tenements.



Adrian Larking
Managing Director

The information in this report as it relates to ore reserves, mineral resources or mineralisation is reported in accordance with the Aus IMM "Australian Code for reporting of Identified Mineral Resources and Ore Reserves" and is based on information compiled by Competent Persons as defined by the code.