



25 January 2007

**Company Announcements Office
Australian Stock Exchange**

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**Quarterly Activities Report
for the period ending 31 December 2006**

HIGHLIGHTS

- Acquisition of 32% interest in Hungarian geothermal joint venture
- Award of World Bank backed guarantee for Hungarian Ortaháza geothermal project
- Drill rig moved on site at the Hungarian geothermal project to prepare for production testing
- Agreement with BHP for measurement of temperatures beneath Olympic Dam
- Participation in Australian government renewable energy mission to China
- Placement of shares raised \$355,000
- Announcement of a fully underwritten renounceable rights issue to raise around \$3.6 million

ACTIVITIES

In October 2006 Green Rock Energy acquired a 32% interest in a joint venture to develop geothermal energy in Hungary where the Hungarian government has provided attractive incentives for the generation of electricity from geothermal energy. The World Bank is providing US\$3.7 million Geological Risk Insurance to cover the production testing for Green Rock's Ortaháza project in Hungary, the first in a series of projects for the World Bank administered Geothermal Energy Development Fund (GeoFund). The GeoFund is funded by the Global Environment Facility Trust Fund and implemented jointly by the World Bank and the International Finance Corporation.

In late December a drilling rig moved to the Ortaháza project site in preparation for the production testing of natural geothermal waters which will be recovered from two existing wells which were drilled years ago to around 3,000 metres. This testing will determine the flow rates of the hot geothermal water which can be produced from the wells. The testing of the two wells is scheduled to be completed early in the 3rd quarter of 2007. If successful this testing will lead to the establishment of the first geothermal power plant in Central Europe and the sale of direct

heat for industrial and agricultural purposes. The project is located in Zala County near a major power grid in western Hungary.

At Olympic Dam, where Green Rock holds a 100% interest in geothermal energy rights, agreement has been reached with BHP Billiton for Green Rock Energy to measure the temperature in deep mineral holes drilled recently to around 2,300 metres depth by BHP Billiton at its giant Olympic Dam mine. This work is being carried out in the first quarter of 2007.

In October the Company joined a renewable energy mission to China headed by the Commonwealth's Minister of the Environment, Ian Campbell. The potential for geothermal electricity production in China is being evaluated.

CORPORATE ACTIVITIES

On December 15, 2006 Green Rock Energy announced a renounceable rights issue to raise \$3,689,380 to fund the production testing of the Ortaháza Geothermal Project in Hungary, ongoing evaluation of the Olympic Dam Geothermal Project, evaluation and due diligence of additional geothermal projects in Hungary and elsewhere and for general working capital. The rights issue of one new share for every share held includes one free attaching new option for every two new shares issued, exercisable at ten (10) cents on or before 18 April 2008. The rights issue is underwritten by Patersons Securities Limited. The closing date for acceptance of the rights is January 29, 2007.

In December 2006, the Company also raised \$335,000 by placement of 6,700,000 fully paid ordinary shares at five (5) cents per share with sophisticated and professional investor clients of Patersons. These shares also entitled the holder to participate in the rights issue and included one free attaching option for every two shares issued under the placement, exercisable at ten (10) cents on or before 18 April 2008.

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