

ASX ANNOUNCEMENT

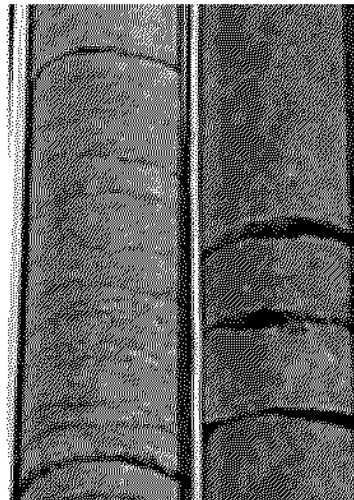
2 September 2005

ENCOURAGEMENT FROM HOT ROCK WELL

Green Rock Energy Limited (ASX Code: GRK) announces it has received further encouragement from its first geothermal exploration well Blanche No. 1 being drilled 8 km from the Olympic Dam mine and 5 km from the high voltage transmission network.

On 1 September, 2005 Blanche No 1 had reached a depth of 1,672 metres and was coring ahead in granite which exhibits pervasive horizontal fracturing.

This horizontal fracturing is considered to be highly encouraging as it should facilitate the establishment of an underground network of fractures, extending horizontally in the hotter rocks at depth. Such fracturing would translate into lower geothermal power production costs for Green Rock.



Photograph of NQ drill core (45 mm core diameter) showing horizontal fracturing in granite at 1,550 metres in Blanche 1

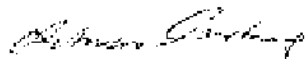
In essence wells producing superheated water from the hotter rocks to be drilled, could be spaced further apart from the injection wells. This means a greater area of potential hot rock resources could be tapped by fewer wells resulting in lower production costs.

Blanche No 1 is the third deepest geothermal energy well drilled to date in Australia and is the first geothermal well outside of the more remote Cooper Basin area to have actually intersected the target granite.

The granite forms part of the Burgoyne Batholith which had been proven in the Company's geothermal exploration licences by shallower drilling conducted by WMC (now owned by BHP/Billiton).

Blanche No. 1 is located 5 kilometres from a high voltage electricity transmission line that traverses Green Rock's geothermal licence areas, and connects Olympic Dam to the Adelaide and South Eastern Australia electricity grids.

Green Rock Energy Limited is an emerging renewable energy company, focused on becoming a major producer of geothermal energy. The company's strategic advantage lies in the location of its tenements, adjacent to the Olympic Dam mine, enabling Green Rock to supply energy to the national power grid.



Adrian Larking
Managing Director