



Notice of Annual General Meeting

For an Annual General Meeting to be held on Monday 27 November 2006 at 2.30 pm (Western Standard Time) at The University Club of Western Australia, Hackett Drive, Crawley, Perth, Western Australia.

Green Rock Energy Limited ACN 094 551 336

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.

Notice of Annual General Meeting

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 University Club of Western Australia, Hackett Drive (Entrance #1), Crawley, Perth, Western Australia on Monday 27 November 2006 commencing at 2.30pm (Western Standard Time).

How to Vote

You may vote by attending the meeting in person, by proxy or authorized 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 2.30pm.

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 6, 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 2.30 pm (Western Standard Time) on Friday 24 November 2006.

Your proxy form is enclosed.

Notice is given that the Annual General Meeting of shareholders of Green Rock Energy Limited will be held in Seminar Room 3 Level 1, The University Club of Western Australia, Hackett Drive (Entrance #1), Crawley, Perth, Western Australia, commencing at 2.30 pm (Western Standard Time) on Monday 27 November 2006.

AGENDA

ORDINARY BUSINESS

1. Annual Accounts

To receive, consider and adopt the financial report of the Company for the year ended 30 June 2006 and the reports by the Directors and Independent Auditor.

2. 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 2006 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 of the Company.

3. Resolution 2 – Re-election of Mr Scott Spencer as a Director

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

"That Mr Scott Spencer, being a Director of the Company who was appointed subsequent to the last annual general meeting of the Company pursuant to clause 13.4 of the Company's Constitution, being eligible, be re-elected as a Director of the Company."

4. Resolution 3 – Re- election of Mr. Adrian Larking as a Director

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

"That Mr. Adrian Larking, 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-appointed 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.

5. Resolution 4 - Ratification of Allotment and Issue of Shares

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

"That for the purposes of Listing Rule 7.4 of the Listing Rules of the Australian Stock Exchange Limited and for all other purposes, the Company approves and ratifies the allotment and issue of 4,432,142 Shares at an issue price of 7 cents each on 10 August 2006 to raise \$310,250, to the parties set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Short Explanation: Resolution 4 seeks shareholders approval of the allotment and issue of 4,432,142 Shares at 7 cents per share, which was completed on 10 August 2006.

The purpose of the resolution is to maximize the number of Shares that can be issued without requiring further Shareholder approval under Listing Rule 7.1

For the purposes of Resolution 4, the Company will disregard any votes cast on Resolution 4 by persons who participated in the issue 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.

Notice of Annual General Meeting

6. Resolution 5 - Grant of Options to Mr. Alan Knights

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 the Listing Rules of Australian Stock Exchange Limited and section 208 of the Corporations Act and for all other purposes, the Company approves and authorizes the grant and issue to Mr. Alan Knights of 2,000,000 options for no consideration, half vesting on 21 November 2006 and the balance on 21 November 2007, and each expiring on 21 November 2009 and exercisable at \$0.25, and otherwise granted on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this notice."

Short Explanation: At the 2005 Annual General Meeting, shareholders were advised that it was the intention of the Company to issue 2,000,000 options to acquire ordinary shares at an exercise price of \$0.25 each to Mr. Alan Knights (Executive Director) as part of his employment contract and that this matter would be put before shareholders for approval at their next general meeting. This is the first general meeting since the 2005 Annual General Meeting.

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 5 by Mr. Alan Knights and any associates of Mr. Knights. However, the Company need not disregard a vote if:

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

7. Resolution 6 - Grant of Options to Mr. Scott Spencer

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 the Listing Rules of Australian Stock Exchange Limited and section 208 of the Corporations Act and for all other purposes, the Company approves and authorizes the grant and issue to Mr. Scott Spencer of 500,000 options for no consideration, half vesting on 21 November 2006 and the balance on 21 November 2007, and each expiring on 21 November 2009 and exercisable at \$0.25, and otherwise granted on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this notice."

Short Explanation: At the 2005 Annual General Meeting, shareholders were advised that it was the intention of the Company to appoint Mr. Scott Spencer shortly after that meeting and to issue 500,000 options to acquire ordinary shares at an exercise price of \$0.25 each to Mr. Scott Spencer (Non-Executive Director) as part of his employment contract and that this matter would be put before shareholders for approval at their next general meeting. This is the first general meeting since the 2005 Annual General Meeting.

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 6 by Mr. Scott Spencer and any associates of Mr. Spencer. However, the Company need not disregard a vote if:

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

8. Resolution 7 - Approval of Share and Option Issue

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

"That, pursuant to Listing Rule 7.1 of the Listing Rules of the Australian Stock Exchange Limited and for all other purposes, the Company approves and authorises the allotment and issue to the vendors of Vulcan Geothermal Pty Ltd (and/or the vendors' nominees) of 3,500,000 fully paid ordinary shares in the capital of the Company and 3,500,000 options, each of which entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company at \$0.15 on or before the second anniversary of the date of issue of the options, and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting."

The Company will disregard any votes cast on Resolution 7 by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; and an associate of that person. However, the Company need not disregard a vote if:

- it is cast by a person as 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.

9. Resolution 8 – Approval of Green Rock Energy Limited Employee Share Option Plan

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

"That, pursuant to and in accordance with Listing Rule 7.2, Exception 9 of the Listing Rules, the Company approves the issue of securities under the employee incentive option scheme for employees known as the "Green Rock Energy Limited Employee Share Option Plan", as an exception to Listing Rule 7.1."

Short Explanation:

The purpose of the plan is:

- a) to recognize the ability of the employees and their expected efforts and contribution in the long term to the performance and success of the Company;
- b) to provide an incentive to the employees to remain in the employ of the Company;
- c) to attract persons of experience and ability and to foster and promote loyalty to the Company; and
- d) to provide an opportunity to acquire Options and ultimately shares in the Company.

For the purposes of Resolution 8, the Company will disregard any votes cast on Resolution 8 by a Director of the Company and by an associate of a Director of the Company. 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.

10. General

To transact any business which may lawfully be brought forward.

Dated the 23 day of October 2006.

By order of the Board

Nigel Hodder

Company Secretary

Notice of Annual General Meeting

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. 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.
5. 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.
6. Where a voting exclusion applies, the Company need 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 to vote as the proxy decides 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.
7. 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 (Western Standard Time) on 24 November 2006 will be entitled to attend and vote at the Annual General Meeting.
8. 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 of the Company 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 Annexures 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 Meeting.

1. ANNUAL ACCOUNTS

Shareholders will be given an opportunity to ask questions of the Directors and the Auditors in relation to the Financial Statements and Reports of the Company for the year ended 30 June 2006 at the Annual General Meeting.

2. 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 2006.

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 Directors recommend that shareholders vote in favour of Resolution 1.

3. RESOLUTION 2 – RE-ELECTION OF MR SCOTT SPENCER AS A DIRECTOR

Resolution 2 seeks approval of the re-election of Mr Scott Spencer as a Director with effect from the end of the meeting.

The Constitution (clause 13.4) requires that a Director who was appointed subsequent to the last annual general meeting of the Company will hold office until the next following general meeting and is then eligible for re-election but is not taken into account in determining the Directors who are to retire by rotation at that meeting.

The last annual general meeting of the Company was held on 28 November 2005 and Mr. Spencer was appointed on 29 November 2005. He is eligible and offers himself for re-election.

4. RESOLUTION 3 – RE-ELECTION OF MR ADRIAN LARKING AS A DIRECTOR

Resolution 3 seeks approval for the re-election of Mr. Adrian Larking 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 such number as is appropriate to ensure that no Director holds office for more than 3 years, shall retire from office.

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

5. RESOLUTION 4 – RATIFICATION OF ALLOTMENT AND ISSUE OF SHARES

Resolution 4 seeks Shareholders approval of the allotment and issue of 4,432,142 Shares at 7 cents per share, which was completed on 10 August 2006.

The purpose of the resolution is to maximize the number of Shares that can be issued without requiring further Shareholder approval under listing Rule 7.1.

For Shareholders to subsequently approve an issue of Shares, the Company must provide the following information:

- a) the number of Shares allotted and issued was 4,432,142;
- b) the price at which the Shares were issued was 7 cents each;
- c) the Shares allotted and issued were fully paid ordinary shares which rank equally with all other Shares on issue;
- d) the names of the allottees are:

Allottee	Shares
Alchemy Securities Pty Ltd	1,428,571
S&Y Ashton Nominees Pty Ltd < ATF Simon Ashton Family Trust>	500,000
Calm Holdings Pty Ltd <Tide Trust Account>	360,000
Perilya Limited	1,428,571
JM and MC Durrant	715,000
Total	4,432,142

None of the allottees listed in the above are associates or related parties of the Company; and

- e) the funds raised will be used for working capital.

Explanatory Memorandum

6. RESOLUTIONS 5 AND 6 – GRANT OF OPTIONS TO MR ALAN KNIGHTS AND MR SCOTT SPENCER

The purpose of Resolution 5 is to approve and authorize the grant and issue to Executive Director, Mr. Knights, of 2,000,000 Options, half vesting on 21 November 2006 and the balance on 21 November 2007, and each expiring on 21 November 2009 and exercisable at \$0.25, and otherwise granted on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this notice.

The purpose of Resolution 6 is to approve and authorize the grant and issue to Non-Executive Director, Mr. Spencer, of 500,000 Options, half vesting on 21 November 2006 and the balance on 21 November 2007, and each expiring on 21 November 2009 and exercisable at \$0.25, and otherwise granted on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this notice.

The grant of Options is designed to encourage the recipient 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.

Under the Company's current circumstances the Directors consider that the incentives to the party noted above, 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 to Mr. Spencer, a Non-Executive Director, notwithstanding Guideline 9.3 of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations which guideline provides that non-executive directors should not receive options.

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

Mr. Alan Knights	\$500,000
Mr. Scott Spencer	\$125,000

The Company would therefore receive \$500,000 from Mr. Knights, and \$125,000 from Mr. Spencer on the exercise of the Options.

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. Knights and Mr. Spencer are considered to be related parties of the Company as they are Directors of the Company.

Resolutions 5 and 6 provide for the grant of Options to Directors of the Company which constitute the giving of financial benefits to related parties and therefore require Shareholder approval.

Current Holdings

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

Director	Shares	Options
Alan Knights	74,246	Nil

Mr. Spencer has no interest in any securities of the Company as at the date of this Notice.

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
Alan Knights	2,000,000
Scott Spencer	500,000
Total	2,500,000

In respect of the 2,500,000 Options to be granted to Mr. Knights and Mr. Spencer, the exercise price of \$0.25 is above the weighted average closing share price on the ASX over the 5 trading days preceding the date of this Notice of Meeting.

The Nature of the Financial Benefit

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

Directors' Recommendation

Messrs Larking, Spencer and Warner (who have no interest in the outcome of Resolution 5) recommend Shareholders vote in favour of Resolution 5. Mr. Knights 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.

Messrs Larking, Knights and Warner (who have no interest in the outcome of Resolution 6) recommend Shareholders vote in favour of Resolution 6. Mr. Spencer declines to make a recommendation about Resolution 6 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.

All the Directors were available to make a recommendation on Resolutions 5 and 6.

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 2,500,000 Options on the terms and conditions set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above. The Company presently has 63,587,597 issued shares and 22,932,465 options.

If all Options granted, as proposed above, are exercised together with the existing Options on issue, the effect would be to dilute the shareholding of existing shareholders by 2.89%.

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.

Mr. Knights and Mr. Spencer'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 5 and 6 are as follows:

Director	Base Salary p.a.	Superannuation p.a.	Value of Options*	Total Financial Benefit
Alan Knights	\$160,000	\$14,400	\$66,800	\$241,200
Scott Spencer	\$54,600	\$5,400	\$16,700	\$76,700

*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 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
Grant Date	27 November 2006
Spot price	10 cents per share
Exercise price	25 cents per share
Cash Flow Rate	5.75%
Volatility	80.00%
Expiry Date	21 November 2009
Vesting Dates	50% of the options on 21 November 2006 50% of the options on 21 November 2007
Expected Dividends	Nil

For the purposes of this valuation the Company's advisers have assumed 27 November 2006 as the grant date. For the share price, the advisors have assumed 10 cents. It has also been assumed that a volatility level of 80% is appropriate. Based on the variables and the assumptions, it is considered that the estimated value of Options to be granted to Mr. Knights and Mr. Spencer is 3.34 cents per Option.

Accordingly, the total value of the 2,000,000 Options to be granted to Mr. Knights is \$66,800 and the total value of the 500,000 Options to be granted to Mr. Spencer is \$16,700.

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 Mr. Knights and Mr. Spencer.

Explanatory Memorandum

6. RESOLUTIONS 5 AND 6 – GRANT OF OPTIONS TO MR ALAN KNIGHTS AND MR SCOTT SPENCER (Cont'd)

Value of Options(Cont'd)

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 Mr. Knights and Mr. Spencer under Resolutions 5 and 6.

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

- (a) the Options will be granted to Mr. Knights and Mr. Spencer and/or their respective nominees;
- (b) the maximum number of Options to be granted to Mr. Knights pursuant to Resolution 5 is 2,000,000 and the maximum number of Options to be granted to Mr. Spencer pursuant to Resolution 6 is 500,000;
- (c) the Options will be granted on a 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.

If approval is given for the grant of the Options to Mr. Knights and Mr. Spencer under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

7. RESOLUTION 7 – APPROVAL OF SHARE AND OPTION ISSUE

Listing Rule 7.1

Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities where the securities proposed to be issued represent more than 15% of a company's fully paid ordinary shares then on issue. Listing Rule 7.1 approval is commonly sought so that the 15% threshold is maintained and available for use by the Company in the future, should the circumstances require it.

As announced on 13 October 2006, the Company has agreed to acquire all of the issued capital of Vulcan Geothermal Pty Ltd ("**Vulcan Geothermal**") which is the parent company of a Hungarian entity, Vulcan Kft.

Vulcan Kft is a party to an unincorporated joint operating agreement ("**JOA**") dated 6 March 2006 together with MOL a Hungarian Oil and Gas Company ("**MOL**") and Enex hf. ("**Enex**") a leading Icelandic geothermal consulting and development company. The JOA is for a project ("**Project**") to develop geothermal energy, for the production of renewable electricity and/or the direct sale of heat, from abandoned gas and oil wells owned by MOL or any other wells owned by Vulcan Kft, MOL and Enex ("**Joint Venturers**"). The participating interests of the Joint Venturers are as follows:

MOL	36%;
Enex	32%; and
Vulcan Kft	32%.

The Project will involve 3 phases:

- Phase 1, being the test production, including the completion of the two existing wells and adaptation of the wells to the geothermal water supply and construction of a 1km long pipeline, pumps for the operation, basin and electrical supply system;
- Phase 2, being the drilling/recompletion of a second well-pair in the proximity of Iklodbordoce, Zala county to achieve an appropriate thermal water supply and temperature; and
- Phase 3, being the operation and management of the finalised power plant.

The Joint Venturers will decide at the end of Phase 1 whether to continue with Phases 2 and 3; and/or enter into test drilling in other parts of Hungary with the aim of finding another location where Phases 2 and 3 can be implemented; or terminate the JOA and not enter into Phase 2.

In acquiring Vulcan Geothermal, the Company becomes the ultimate shareholder of Vulcan Kft which has a participating interest in the Project.

Vulcan Geothermal is a party to a joint venture agreement dated 29 April 2006 with Enex which governs their co-operation for the exploration, development and operation of geothermal energy systems identified in selected countries ("**Co-operation**"). Under this agreement, the parties are to jointly identify and develop geothermal projects firstly in Hungary and adjacent countries and then other countries as may be agreed from time to time.

The Company and the Vendors have entered into an agreement for the Company's purchase of the Vendors' shares in Vulcan Geothermal ("**Share Purchase Agreement**").

Under the Share Purchase Agreement, the Company is to issue 3,500,000 Shares, and grant 3,500,000 Options, to the Vendors as

consideration ("**Scrip Consideration**") for the purchase of the total issued capital of Vulcan Geothermal.

Transfer of the issued capital of Vulcan Geothermal to the Company has occurred.

The Scrip Consideration is to be issued within two business days after the Company notifies the Vendors that it has the capacity to issue the Scrip Consideration on the earliest of having the capacity to issue the Scrip Consideration without obtaining Shareholder approval under Listing Rule 7.1 or obtaining Shareholder approval under Listing Rule 7.1.

Accordingly Resolution 7 seeks Shareholder approval to issue the 3,500,000 Shares, and grant the 3,500,000 Options to the Vendors as the 3,500,000 Shares and the 3,500,000 Options, together with previous securities issued in the last 12 months, will exceed the 15% limit in Listing Rule 7.1.

Information for Shareholders

The information required to be given to Shareholders pursuant to Listing Rule 7.3 is as follows:

- (a) the maximum number of Shares to be allotted and issued under Resolution 7 is 3,500,000 and the maximum number of Options to be granted under Resolution 7 is 3,500,000;
- (b) the Company will allot and issue the 3,500,000 Shares and grant the 3,500,000 Options two days after the date of this meeting or on such other date as approved by ASX;
- (c) each of the Shares will be deemed to be issued at \$0.10 and each of the 3,500,000 Options will be granted for no consideration;
- (d) the 3,500,000 Shares will be allotted and issued, and 3,500,000 Options will be granted, to the Vendors or their respective nominees as follows:

Vendor	Shares	Options
Craig Burton ATF the CI Burton Family Trust	875,000	875,000
Stephen Keenihan ATF the SL & SJ Keenihan Family Trust	875,000	875,000
Seaspin Pty Ltd ATF the Aphrodite Trust	875,000	875,000
Argonaut Investments Pty Ltd ATF the Argonaut Investment Trust	875,000	875,000
Total	3,500,000	3,500,000

None of the Vendors are related to the Company;

- (e) the Shares will be issued on the same terms as the Company's existing Shares and the Options will be issued on the terms set out in Annexure B; and
- (f) no funds will be raised from the issue of the Shares and the Options, but the issue comprises the consideration for the purchase by the Company of the issued capital of Vulcan Geothermal.

8. RESOLUTION 8 – APPROVAL OF GREEN ROCK ENERGY LIMITED EMPLOYEE SHARE OPTION PLAN

The Directors considered that it was desirable to establish an option plan under which employees and Directors may be offered the opportunity to subscribe for options to acquire shares in the Company in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees and Directors and accordingly put forward the Green Rock Energy Limited Employee Share Option Plan ("**Plan**") at this Annual General Meeting.

The Plan is designed to provide incentives to the employees and officers of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances the Directors consider that the incentives to employees and Directors are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees and Directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

Shareholder approval is required if any issue of Options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without shareholder approval. Accordingly, Shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three years of the date of issue.

Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Options in the Company as the Board may decide and on the terms summarized below. Options granted under the Plan will be offered to participants in the Plan on the basis of the Board's view of the contribution of the eligible person to the Company.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

Explanatory Memorandum

8. RESOLUTION 8 – APPROVAL OF GREEN ROCK ENERGY LIMITED EMPLOYEE SHARE OPTION PLAN (Cont'd)

(a) A summary of the terms of the Plan

- Persons eligible under the Plan ("**Eligible Persons**") are employees and Directors of the Company or a related body corporate of the Company.
- The Board is able to determine which of the Eligible Persons are entitled to participate in the Plan and the extent of that participation.
- No consideration is payable by an Eligible Person for a grant of an Option under the Plan unless the Board decides otherwise.
- The Options will be unquoted.
- The Options are exercisable from the date of grant until the date determined by the Board prior to the offer of the relevant Options, subject to any restriction in the Corporations Act from time to time but in any event no longer than 5 years ("**Expiry Date**").
- Options not validly exercised on or before the Expiry Date will automatically lapse.
- Unless otherwise determined by the Board, if any Options are granted subject to any exercise conditions, that is, any performance, vesting or other conditions determined by the Board that must be satisfied before an Option can be exercised ("**Exercise Condition**") and, prior to satisfaction of the Exercise Conditions, the Eligible Person ceases to be an Eligible Person for any reason other than due to retirement, medical incapacity, redundancy or death ("**Specified Reason**"), any Options held by the Eligible Person will automatically lapse.
- If an Eligible Person ceases to be an Eligible Person for a Specified Reason before satisfaction of the Exercise Conditions, such Eligible Person may exercise any Options held by him or her within:
 - (i) 6 months of the date the Specified Reason arises (as the case may be); or
 - (ii) such longer period as the Board determines,
 subject to the Board, in its absolute discretion, reducing, waiving or varying the exercise conditions applying to those Options in accordance with clause 12.5 of the Rules of the Plan so that those Options may be exercised. Options the subject of clause 14.2(b) of the Rules not exercised within 6 months or the longer period determined by the Board, will automatically lapse.
- Unless otherwise determined by the Board, if an Eligible Person ceases to be an Eligible Person at any time after an Option is or has become exercisable, then:
 - if an Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, such Eligible Person may exercise any such Options held by him or her within:
 - (i) 6 months of ceasing to be an Eligible Person; or
 - (ii) such longer period as the Board determines,
 and any options the subject of this clause not exercised within 6 months or the longer period determined by the Board, will automatically lapse; and
 - if an Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person is entitled to exercise any such Option at any time prior to its Expiry Date.
- An Eligible Person who participates in the Plan ("**Participant**") is not entitled to participate in any new issue of securities to existing holders of Shares unless he or she becomes entitled to exercise their Options under the Plan and he or she does so before the record date for the determination of entitlements to the new issue of securities.
- If there is a bonus share issue ("**Bonus Issue**") to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue.
- If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Options, the exercise price of an Option will be adjusted in the manner provided for in the Listing Rules.
- If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, then the rights of a Participant (including the number of Options to which each Participant is entitled and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- Notwithstanding any Exercise Conditions not yet met by the Participant, all Options may be exercised during a bid period as defined in section 9 of the Corporations Act, at any time after the shareholding in the Company changes to the extent the shareholders have the ability of replacing all or a majority of the Board, or on an application under section 411 of the Corporations Act.
- The Board will determine the method of calculation of the exercise price of the Options with regard to the market value of the Shares when it resolves to offer the Options, but in no event should the exercise price be less than 20% above the weighted average market price of the Shares on the ASX on the 5 trading days prior to the date of issue of the Options.

(b) The number of securities issued under the Plan since the date of the last approval.

The Company is seeking approval at this Annual General Meeting for the first time for the proposed implementation of the Plan. Hence Options have yet to be issued under the Plan.

(c) A voting exclusion statement.

A voting exclusion statement has been included for the purposes of Resolution 8.

Glossary

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:

ASX	means Australian Stock Exchange Limited ACN 008 624 691.
Board	means the board of Directors of the Company.
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.
Director	means a director of the Company.
Listing Rules	means the Listing Rules of ASX.
Notice	means the Notice of Meeting accompanying this Explanatory Memorandum.
Option	means an option to subscribe for one Share.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a shareholder of the Company.
Vendors	means Craig Burton, Stephen Keenihan, Charles Morgan and Edward Rigg.

Annexure A

TERMS AND CONDITIONS OF OPTIONS

The terms and conditions of the Options the subject of Resolutions 5 and 6 are as follows:

- a) Each Option entitles the holder to one (1) Share in the Company;
- b) 50% of the Options vest on 21 November 2006 and the remaining 50% vest on 21 November 2007;
- b) the Options are exercisable at any time on or prior to 5.00 pm (Western Standard Time) on 21 November 2009 (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;
- c) the option exercise price is 25 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, the Listing Rules and the Company's Constitution, the Options are not transferable;
- f) all Shares issued upon the exercise of the Options will rank parri 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; and
- i) the Options are not transferable except with the prior consent of the Directors.

Annexure B

TERMS AND CONDITIONS OF OPTIONS

The terms and conditions of the Options the subject of Resolution 7 are as follows:

1. Subject to conditions 13 and 14, the Option is a right in favour of the option holder to subscribe for one fully paid ordinary share ("Share") in the capital of Green Rock Energy Limited ACN 094 551 336 ("Company").
2. No monies are payable for the issue of the Options. A certificate will be issued for the Options.
3. The Options will expire on the date that is two years after their date of grant ("Expiry Date") and may be exercised at any time prior to the Expiry Date.
4. Each of the Shares allotted to option holders on exercise of the Options will be issued at \$0.15 ("Exercise Price"). The Exercise Price is payable in full on exercise of the Options.
5. Options will be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the option holder to:
 - (a) exercise all or a specified number of Options; and
 - (b) pay the subscription monies in full for the exercise of each Option.

The notice must be accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. An exercise of only some Options shall not affect the rights of the option holder to the balance of the Options held by the Option holder.
6. The Company will allot the resultant Shares and deliver the share certificate or holding statement within five business days of the exercise of the Option.
7. Options will not be listed for official quotation on Australian Stock Exchange Limited ("ASX").
8. The Options are not transferable except with the prior consent of the Directors.
9. Shares allotted pursuant to an exercise of Options will rank, from the date of allotment, equally with existing ordinary fully paid Shares of the Company in all respects.
10. The Company will, in accordance with the ASX Listing Rules, make application to have Shares allotted pursuant to an exercise of Options, listed for official quotation.
11. Holders may only participate in new issues of securities to holders of Shares if the Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give to holders at least 7 business days notice of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
12. There will be no change to the exercise price of the Option or the number of shares over which the Option is exercisable in the event of the Company making a pro rata issue of shares or other securities to the holders of ordinary shares in the Company (other than a bonus issue).
13. If there is a bonus issue ("Bonus Issue") to the holders of Shares, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the optionholder would have received if the Option had been exercised before the record date for the Bonus Issue ("Bonus Shares"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares of that class on issue as the date of issue of the Bonus Shares.
14. If the capital of the Company is reorganised the rights of option holders will be altered to the extent necessary to comply with the Listing Rules of ASX which apply to the reorganisation of capital at the time the reorganisation occurs.
15. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant options.



Notice of Annual General Meeting

For an Annual General Meeting to be held on Monday 27 November 2006 at 2.30 pm (Western Standard Time) at The University Club of Western Australia, Hackett Drive, Crawley, Perth, Western Australia.

Green Rock Energy Limited ACN 094 551 336

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.

Notice of Annual General Meeting

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 University Club of Western Australia, Hackett Drive (Entrance #1), Crawley, Perth, Western Australia on Monday 27 November 2006 commencing at 2.30pm (Western Standard Time).

How to Vote

You may vote by attending the meeting in person, by proxy or authorized 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 2.30pm.

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 6, 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 2.30 pm (Western Standard Time) on Friday 24 November 2006.

Your proxy form is enclosed.

Notice is given that the Annual General Meeting of shareholders of Green Rock Energy Limited will be held in Seminar Room 3 Level 1, The University Club of Western Australia, Hackett Drive (Entrance #1), Crawley, Perth, Western Australia, commencing at 2.30 pm (Western Standard Time) on Monday 27 November 2006.

AGENDA

ORDINARY BUSINESS

1. Annual Accounts

To receive, consider and adopt the financial report of the Company for the year ended 30 June 2006 and the reports by the Directors and Independent Auditor.

2. 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 2006 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 of the Company.

3. Resolution 2 – Re-election of Mr Scott Spencer as a Director

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

"That Mr Scott Spencer, being a Director of the Company who was appointed subsequent to the last annual general meeting of the Company pursuant to clause 13.4 of the Company's Constitution, being eligible, be re-elected as a Director of the Company."

4. Resolution 3 – Re- election of Mr. Adrian Larking as a Director

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

"That Mr. Adrian Larking, 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-appointed 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.

5. Resolution 4 - Ratification of Allotment and Issue of Shares

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

"That for the purposes of Listing Rule 7.4 of the Listing Rules of the Australian Stock Exchange Limited and for all other purposes, the Company approves and ratifies the allotment and issue of 4,432,142 Shares at an issue price of 7 cents each on 10 August 2006 to raise \$310,250, to the parties set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Short Explanation: Resolution 4 seeks shareholders approval of the allotment and issue of 4,432,142 Shares at 7 cents per share, which was completed on 10 August 2006.

The purpose of the resolution is to maximize the number of Shares that can be issued without requiring further Shareholder approval under Listing Rule 7.1

For the purposes of Resolution 4, the Company will disregard any votes cast on Resolution 4 by persons who participated in the issue 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.

Notice of Annual General Meeting

6. Resolution 5 - Grant of Options to Mr. Alan Knights

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 the Listing Rules of Australian Stock Exchange Limited and section 208 of the Corporations Act and for all other purposes, the Company approves and authorizes the grant and issue to Mr. Alan Knights of 2,000,000 options for no consideration, half vesting on 21 November 2006 and the balance on 21 November 2007, and each expiring on 21 November 2009 and exercisable at \$0.25, and otherwise granted on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this notice."

Short Explanation: At the 2005 Annual General Meeting, shareholders were advised that it was the intention of the Company to issue 2,000,000 options to acquire ordinary shares at an exercise price of \$0.25 each to Mr. Alan Knights (Executive Director) as part of his employment contract and that this matter would be put before shareholders for approval at their next general meeting. This is the first general meeting since the 2005 Annual General Meeting.

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 5 by Mr. Alan Knights and any associates of Mr. Knights. However, the Company need not disregard a vote if:

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

7. Resolution 6 - Grant of Options to Mr. Scott Spencer

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 the Listing Rules of Australian Stock Exchange Limited and section 208 of the Corporations Act and for all other purposes, the Company approves and authorizes the grant and issue to Mr. Scott Spencer of 500,000 options for no consideration, half vesting on 21 November 2006 and the balance on 21 November 2007, and each expiring on 21 November 2009 and exercisable at \$0.25, and otherwise granted on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this notice."

Short Explanation: At the 2005 Annual General Meeting, shareholders were advised that it was the intention of the Company to appoint Mr. Scott Spencer shortly after that meeting and to issue 500,000 options to acquire ordinary shares at an exercise price of \$0.25 each to Mr. Scott Spencer (Non-Executive Director) as part of his employment contract and that this matter would be put before shareholders for approval at their next general meeting. This is the first general meeting since the 2005 Annual General Meeting.

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on Resolution 6 by Mr. Scott Spencer and any associates of Mr. Spencer. However, the Company need not disregard a vote if:

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

8. Resolution 7 - Approval of Share and Option Issue

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

"That, pursuant to Listing Rule 7.1 of the Listing Rules of the Australian Stock Exchange Limited and for all other purposes, the Company approves and authorises the allotment and issue to the vendors of Vulcan Geothermal Pty Ltd (and/or the vendors' nominees) of 3,500,000 fully paid ordinary shares in the capital of the Company and 3,500,000 options, each of which entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company at \$0.15 on or before the second anniversary of the date of issue of the options, and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting."

The Company will disregard any votes cast on Resolution 7 by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; and an associate of that person. However, the Company need not disregard a vote if:

- it is cast by a person as 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.

9. Resolution 8 – Approval of Green Rock Energy Limited Employee Share Option Plan

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

"That, pursuant to and in accordance with Listing Rule 7.2, Exception 9 of the Listing Rules, the Company approves the issue of securities under the employee incentive option scheme for employees known as the "Green Rock Energy Limited Employee Share Option Plan", as an exception to Listing Rule 7.1."

Short Explanation:

The purpose of the plan is:

- a) to recognize the ability of the employees and their expected efforts and contribution in the long term to the performance and success of the Company;
- b) to provide an incentive to the employees to remain in the employ of the Company;
- c) to attract persons of experience and ability and to foster and promote loyalty to the Company; and
- d) to provide an opportunity to acquire Options and ultimately shares in the Company.

For the purposes of Resolution 8, the Company will disregard any votes cast on Resolution 8 by a Director of the Company and by an associate of a Director of the Company. 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.

10. General

To transact any business which may lawfully be brought forward.

Dated the 23 day of October 2006.

By order of the Board

Nigel Hodder

Company Secretary

Notice of Annual General Meeting

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. 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.
5. 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.
6. Where a voting exclusion applies, the Company need 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 to vote as the proxy decides 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.
7. 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 (Western Standard Time) on 24 November 2006 will be entitled to attend and vote at the Annual General Meeting.
8. 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 of the Company 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 Annexures 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 Meeting.

1. ANNUAL ACCOUNTS

Shareholders will be given an opportunity to ask questions of the Directors and the Auditors in relation to the Financial Statements and Reports of the Company for the year ended 30 June 2006 at the Annual General Meeting.

2. 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 2006.

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 Directors recommend that shareholders vote in favour of Resolution 1.

3. RESOLUTION 2 – RE-ELECTION OF MR SCOTT SPENCER AS A DIRECTOR

Resolution 2 seeks approval of the re-election of Mr Scott Spencer as a Director with effect from the end of the meeting.

The Constitution (clause 13.4) requires that a Director who was appointed subsequent to the last annual general meeting of the Company will hold office until the next following general meeting and is then eligible for re-election but is not taken into account in determining the Directors who are to retire by rotation at that meeting.

The last annual general meeting of the Company was held on 28 November 2005 and Mr. Spencer was appointed on 29 November 2005. He is eligible and offers himself for re-election.

4. RESOLUTION 3 – RE-ELECTION OF MR ADRIAN LARKING AS A DIRECTOR

Resolution 3 seeks approval for the re-election of Mr. Adrian Larking 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 such number as is appropriate to ensure that no Director holds office for more than 3 years, shall retire from office.

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

5. RESOLUTION 4 – RATIFICATION OF ALLOTMENT AND ISSUE OF SHARES

Resolution 4 seeks Shareholders approval of the allotment and issue of 4,432,142 Shares at 7 cents per share, which was completed on 10 August 2006.

The purpose of the resolution is to maximize the number of Shares that can be issued without requiring further Shareholder approval under listing Rule 7.1.

For Shareholders to subsequently approve an issue of Shares, the Company must provide the following information:

- a) the number of Shares allotted and issued was 4,432,142;
- b) the price at which the Shares were issued was 7 cents each;
- c) the Shares allotted and issued were fully paid ordinary shares which rank equally with all other Shares on issue;
- d) the names of the allottees are:

Allottee	Shares
Alchemy Securities Pty Ltd	1,428,571
S&Y Ashton Nominees Pty Ltd < ATF Simon Ashton Family Trust>	500,000
Calm Holdings Pty Ltd <Tide Trust Account>	360,000
Perilya Limited	1,428,571
JM and MC Durrant	715,000
Total	4,432,142

None of the allottees listed in the above are associates or related parties of the Company; and

- e) the funds raised will be used for working capital.

Explanatory Memorandum

6. RESOLUTIONS 5 AND 6 – GRANT OF OPTIONS TO MR ALAN KNIGHTS AND MR SCOTT SPENCER

The purpose of Resolution 5 is to approve and authorize the grant and issue to Executive Director, Mr. Knights, of 2,000,000 Options, half vesting on 21 November 2006 and the balance on 21 November 2007, and each expiring on 21 November 2009 and exercisable at \$0.25, and otherwise granted on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this notice.

The purpose of Resolution 6 is to approve and authorize the grant and issue to Non-Executive Director, Mr. Spencer, of 500,000 Options, half vesting on 21 November 2006 and the balance on 21 November 2007, and each expiring on 21 November 2009 and exercisable at \$0.25, and otherwise granted on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this notice.

The grant of Options is designed to encourage the recipient 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.

Under the Company's current circumstances the Directors consider that the incentives to the party noted above, 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 to Mr. Spencer, a Non-Executive Director, notwithstanding Guideline 9.3 of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations which guideline provides that non-executive directors should not receive options.

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

Mr. Alan Knights	\$500,000
Mr. Scott Spencer	\$125,000

The Company would therefore receive \$500,000 from Mr. Knights, and \$125,000 from Mr. Spencer on the exercise of the Options.

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. Knights and Mr. Spencer are considered to be related parties of the Company as they are Directors of the Company.

Resolutions 5 and 6 provide for the grant of Options to Directors of the Company which constitute the giving of financial benefits to related parties and therefore require Shareholder approval.

Current Holdings

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

Director	Shares	Options
Alan Knights	74,246	Nil

Mr. Spencer has no interest in any securities of the Company as at the date of this Notice.

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
Alan Knights	2,000,000
Scott Spencer	500,000
Total	2,500,000

In respect of the 2,500,000 Options to be granted to Mr. Knights and Mr. Spencer, the exercise price of \$0.25 is above the weighted average closing share price on the ASX over the 5 trading days preceding the date of this Notice of Meeting.

The Nature of the Financial Benefit

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

Directors' Recommendation

Messrs Larking, Spencer and Warner (who have no interest in the outcome of Resolution 5) recommend Shareholders vote in favour of Resolution 5. Mr. Knights 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.

Messrs Larking, Knights and Warner (who have no interest in the outcome of Resolution 6) recommend Shareholders vote in favour of Resolution 6. Mr. Spencer declines to make a recommendation about Resolution 6 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.

All the Directors were available to make a recommendation on Resolutions 5 and 6.

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 2,500,000 Options on the terms and conditions set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above. The Company presently has 63,587,597 issued shares and 22,932,465 options.

If all Options granted, as proposed above, are exercised together with the existing Options on issue, the effect would be to dilute the shareholding of existing shareholders by 2.89%.

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.

Mr. Knights and Mr. Spencer'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 5 and 6 are as follows:

Director	Base Salary p.a.	Superannuation p.a.	Value of Options*	Total Financial Benefit
Alan Knights	\$160,000	\$14,400	\$66,800	\$241,200
Scott Spencer	\$54,600	\$5,400	\$16,700	\$76,700

*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 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
Grant Date	27 November 2006
Spot price	10 cents per share
Exercise price	25 cents per share
Cash Flow Rate	5.75%
Volatility	80.00%
Expiry Date	21 November 2009
Vesting Dates	50% of the options on 21 November 2006 50% of the options on 21 November 2007
Expected Dividends	Nil

For the purposes of this valuation the Company's advisers have assumed 27 November 2006 as the grant date. For the share price, the advisors have assumed 10 cents. It has also been assumed that a volatility level of 80% is appropriate. Based on the variables and the assumptions, it is considered that the estimated value of Options to be granted to Mr. Knights and Mr. Spencer is 3.34 cents per Option.

Accordingly, the total value of the 2,000,000 Options to be granted to Mr. Knights is \$66,800 and the total value of the 500,000 Options to be granted to Mr. Spencer is \$16,700.

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 Mr. Knights and Mr. Spencer.

Explanatory Memorandum

6. RESOLUTIONS 5 AND 6 – GRANT OF OPTIONS TO MR ALAN KNIGHTS AND MR SCOTT SPENCER (Cont'd)

Value of Options(Cont'd)

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 Mr. Knights and Mr. Spencer under Resolutions 5 and 6.

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

- (a) the Options will be granted to Mr. Knights and Mr. Spencer and/or their respective nominees;
- (b) the maximum number of Options to be granted to Mr. Knights pursuant to Resolution 5 is 2,000,000 and the maximum number of Options to be granted to Mr. Spencer pursuant to Resolution 6 is 500,000;
- (c) the Options will be granted on a 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.

If approval is given for the grant of the Options to Mr. Knights and Mr. Spencer under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

7. RESOLUTION 7 – APPROVAL OF SHARE AND OPTION ISSUE

Listing Rule 7.1

Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities where the securities proposed to be issued represent more than 15% of a company's fully paid ordinary shares then on issue. Listing Rule 7.1 approval is commonly sought so that the 15% threshold is maintained and available for use by the Company in the future, should the circumstances require it.

As announced on 13 October 2006, the Company has agreed to acquire all of the issued capital of Vulcan Geothermal Pty Ltd ("**Vulcan Geothermal**") which is the parent company of a Hungarian entity, Vulcan Kft.

Vulcan Kft is a party to an unincorporated joint operating agreement ("**JOA**") dated 6 March 2006 together with MOL a Hungarian Oil and Gas Company ("**MOL**") and Enx hf. ("**Enx**") a leading Icelandic geothermal consulting and development company. The JOA is for a project ("**Project**") to develop geothermal energy, for the production of renewable electricity and/or the direct sale of heat, from abandoned gas and oil wells owned by MOL or any other wells owned by Vulcan Kft, MOL and Enx ("**Joint Venturers**"). The participating interests of the Joint Venturers are as follows:

MOL	36%;
Enx	32%; and
Vulcan Kft	32%.

The Project will involve 3 phases:

- Phase 1, being the test production, including the completion of the two existing wells and adaptation of the wells to the geothermal water supply and construction of a 1km long pipeline, pumps for the operation, basin and electrical supply system;
- Phase 2, being the drilling/recompletion of a second well-pair in the proximity of Iklodborodce, Zala county to achieve an appropriate thermal water supply and temperature; and
- Phase 3, being the operation and management of the finalised power plant.

The Joint Venturers will decide at the end of Phase 1 whether to continue with Phases 2 and 3; and/or enter into test drilling in other parts of Hungary with the aim of finding another location where Phases 2 and 3 can be implemented; or terminate the JOA and not enter into Phase 2.

In acquiring Vulcan Geothermal, the Company becomes the ultimate shareholder of Vulcan Kft which has a participating interest in the Project.

Vulcan Geothermal is a party to a joint venture agreement dated 29 April 2006 with Enx which governs their co-operation for the exploration, development and operation of geothermal energy systems identified in selected countries ("**Co-operation**"). Under this agreement, the parties are to jointly identify and develop geothermal projects firstly in Hungary and adjacent countries and then other countries as may be agreed from time to time.

The Company and the Vendors have entered into an agreement for the Company's purchase of the Vendors' shares in Vulcan Geothermal ("**Share Purchase Agreement**").

Under the Share Purchase Agreement, the Company is to issue 3,500,000 Shares, and grant 3,500,000 Options, to the Vendors as

consideration ("**Scrip Consideration**") for the purchase of the total issued capital of Vulcan Geothermal.

Transfer of the issued capital of Vulcan Geothermal to the Company has occurred.

The Scrip Consideration is to be issued within two business days after the Company notifies the Vendors that it has the capacity to issue the Scrip Consideration on the earliest of having the capacity to issue the Scrip Consideration without obtaining Shareholder approval under Listing Rule 7.1 or obtaining Shareholder approval under Listing Rule 7.1.

Accordingly Resolution 7 seeks Shareholder approval to issue the 3,500,000 Shares, and grant the 3,500,000 Options to the Vendors as the 3,500,000 Shares and the 3,500,000 Options, together with previous securities issued in the last 12 months, will exceed the 15% limit in Listing Rule 7.1.

Information for Shareholders

The information required to be given to Shareholders pursuant to Listing Rule 7.3 is as follows:

- (a) the maximum number of Shares to be allotted and issued under Resolution 7 is 3,500,000 and the maximum number of Options to be granted under Resolution 7 is 3,500,000;
- (b) the Company will allot and issue the 3,500,000 Shares and grant the 3,500,000 Options two days after the date of this meeting or on such other date as approved by ASX;
- (c) each of the Shares will be deemed to be issued at \$0.10 and each of the 3,500,000 Options will be granted for no consideration;
- (d) the 3,500,000 Shares will be allotted and issued, and 3,500,000 Options will be granted, to the Vendors or their respective nominees as follows:

Vendor	Shares	Options
Craig Burton ATF the CI Burton Family Trust	875,000	875,000
Stephen Keenihan ATF the SL & SJ Keenihan Family Trust	875,000	875,000
Seaspin Pty Ltd ATF the Aphrodite Trust	875,000	875,000
Argonaut Investments Pty Ltd ATF the Argonaut Investment Trust	875,000	875,000
Total	3,500,000	3,500,000

None of the Vendors are related to the Company;

- (e) the Shares will be issued on the same terms as the Company's existing Shares and the Options will be issued on the terms set out in Annexure B; and
- (f) no funds will be raised from the issue of the Shares and the Options, but the issue comprises the consideration for the purchase by the Company of the issued capital of Vulcan Geothermal.

8. RESOLUTION 8 – APPROVAL OF GREEN ROCK ENERGY LIMITED EMPLOYEE SHARE OPTION PLAN

The Directors considered that it was desirable to establish an option plan under which employees and Directors may be offered the opportunity to subscribe for options to acquire shares in the Company in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees and Directors and accordingly put forward the Green Rock Energy Limited Employee Share Option Plan ("**Plan**") at this Annual General Meeting.

The Plan is designed to provide incentives to the employees and officers of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances the Directors consider that the incentives to employees and Directors are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees and Directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

Shareholder approval is required if any issue of Options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without shareholder approval. Accordingly, Shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three years of the date of issue.

Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Options in the Company as the Board may decide and on the terms summarized below. Options granted under the Plan will be offered to participants in the Plan on the basis of the Board's view of the contribution of the eligible person to the Company.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

Explanatory Memorandum

8. RESOLUTION 8 – APPROVAL OF GREEN ROCK ENERGY LIMITED EMPLOYEE SHARE OPTION PLAN (Cont'd)

(a) A summary of the terms of the Plan

- Persons eligible under the Plan ("**Eligible Persons**") are employees and Directors of the Company or a related body corporate of the Company.
- The Board is able to determine which of the Eligible Persons are entitled to participate in the Plan and the extent of that participation.
- No consideration is payable by an Eligible Person for a grant of an Option under the Plan unless the Board decides otherwise.
- The Options will be unquoted.
- The Options are exercisable from the date of grant until the date determined by the Board prior to the offer of the relevant Options, subject to any restriction in the Corporations Act from time to time but in any event no longer than 5 years ("**Expiry Date**").
- Options not validly exercised on or before the Expiry Date will automatically lapse.
- Unless otherwise determined by the Board, if any Options are granted subject to any exercise conditions, that is, any performance, vesting or other conditions determined by the Board that must be satisfied before an Option can be exercised ("**Exercise Condition**") and, prior to satisfaction of the Exercise Conditions, the Eligible Person ceases to be an Eligible Person for any reason other than due to retirement, medical incapacity, redundancy or death ("**Specified Reason**"), any Options held by the Eligible Person will automatically lapse.
- If an Eligible Person ceases to be an Eligible Person for a Specified Reason before satisfaction of the Exercise Conditions, such Eligible Person may exercise any Options held by him or her within:
 - (i) 6 months of the date the Specified Reason arises (as the case may be); or
 - (ii) such longer period as the Board determines,
 subject to the Board, in its absolute discretion, reducing, waiving or varying the exercise conditions applying to those Options in accordance with clause 12.5 of the Rules of the Plan so that those Options may be exercised. Options the subject of clause 14.2(b) of the Rules not exercised within 6 months or the longer period determined by the Board, will automatically lapse.
- Unless otherwise determined by the Board, if an Eligible Person ceases to be an Eligible Person at any time after an Option is or has become exercisable, then:
 - if an Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, such Eligible Person may exercise any such Options held by him or her within:
 - (i) 6 months of ceasing to be an Eligible Person; or
 - (ii) such longer period as the Board determines,
 and any options the subject of this clause not exercised within 6 months or the longer period determined by the Board, will automatically lapse; and
 - if an Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person is entitled to exercise any such Option at any time prior to its Expiry Date.
- An Eligible Person who participates in the Plan ("**Participant**") is not entitled to participate in any new issue of securities to existing holders of Shares unless he or she becomes entitled to exercise their Options under the Plan and he or she does so before the record date for the determination of entitlements to the new issue of securities.
- If there is a bonus share issue ("**Bonus Issue**") to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue.
- If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Options, the exercise price of an Option will be adjusted in the manner provided for in the Listing Rules.
- If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, then the rights of a Participant (including the number of Options to which each Participant is entitled and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- Notwithstanding any Exercise Conditions not yet met by the Participant, all Options may be exercised during a bid period as defined in section 9 of the Corporations Act, at any time after the shareholding in the Company changes to the extent the shareholders have the ability of replacing all or a majority of the Board, or on an application under section 411 of the Corporations Act.
- The Board will determine the method of calculation of the exercise price of the Options with regard to the market value of the Shares when it resolves to offer the Options, but in no event should the exercise price be less than 20% above the weighted average market price of the Shares on the ASX on the 5 trading days prior to the date of issue of the Options.

(b) The number of securities issued under the Plan since the date of the last approval.

The Company is seeking approval at this Annual General Meeting for the first time for the proposed implementation of the Plan. Hence Options have yet to be issued under the Plan.

(c) A voting exclusion statement.

A voting exclusion statement has been included for the purposes of Resolution 8.

Glossary

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:

ASX	means Australian Stock Exchange Limited ACN 008 624 691.
Board	means the board of Directors of the Company.
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.
Director	means a director of the Company.
Listing Rules	means the Listing Rules of ASX.
Notice	means the Notice of Meeting accompanying this Explanatory Memorandum.
Option	means an option to subscribe for one Share.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a shareholder of the Company.
Vendors	means Craig Burton, Stephen Keenihan, Charles Morgan and Edward Rigg.

Annexure A

TERMS AND CONDITIONS OF OPTIONS

The terms and conditions of the Options the subject of Resolutions 5 and 6 are as follows:

- a) Each Option entitles the holder to one (1) Share in the Company;
- b) 50% of the Options vest on 21 November 2006 and the remaining 50% vest on 21 November 2007;
- b) the Options are exercisable at any time on or prior to 5.00 pm (Western Standard Time) on 21 November 2009 (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;
- c) the option exercise price is 25 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, the Listing Rules and the Company's Constitution, the Options are not transferable;
- f) all Shares issued upon the exercise of the Options will rank parri 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; and
- i) the Options are not transferable except with the prior consent of the Directors.

Annexure B

TERMS AND CONDITIONS OF OPTIONS

The terms and conditions of the Options the subject of Resolution 7 are as follows:

1. Subject to conditions 13 and 14, the Option is a right in favour of the option holder to subscribe for one fully paid ordinary share ("Share") in the capital of Green Rock Energy Limited ACN 094 551 336 ("Company").
2. No monies are payable for the issue of the Options. A certificate will be issued for the Options.
3. The Options will expire on the date that is two years after their date of grant ("Expiry Date") and may be exercised at any time prior to the Expiry Date.
4. Each of the Shares allotted to option holders on exercise of the Options will be issued at \$0.15 ("Exercise Price"). The Exercise Price is payable in full on exercise of the Options.
5. Options will be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the option holder to:
 - (a) exercise all or a specified number of Options; and
 - (b) pay the subscription monies in full for the exercise of each Option.

The notice must be accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. An exercise of only some Options shall not affect the rights of the option holder to the balance of the Options held by the Option holder.
6. The Company will allot the resultant Shares and deliver the share certificate or holding statement within five business days of the exercise of the Option.
7. Options will not be listed for official quotation on Australian Stock Exchange Limited ("ASX").
8. The Options are not transferable except with the prior consent of the Directors.
9. Shares allotted pursuant to an exercise of Options will rank, from the date of allotment, equally with existing ordinary fully paid Shares of the Company in all respects.
10. The Company will, in accordance with the ASX Listing Rules, make application to have Shares allotted pursuant to an exercise of Options, listed for official quotation.
11. Holders may only participate in new issues of securities to holders of Shares if the Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give to holders at least 7 business days notice of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
12. There will be no change to the exercise price of the Option or the number of shares over which the Option is exercisable in the event of the Company making a pro rata issue of shares or other securities to the holders of ordinary shares in the Company (other than a bonus issue).
13. If there is a bonus issue ("Bonus Issue") to the holders of Shares, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the optionholder would have received if the Option had been exercised before the record date for the Bonus Issue ("Bonus Shares"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares of that class on issue as the date of issue of the Bonus Shares.
14. If the capital of the Company is reorganised the rights of option holders will be altered to the extent necessary to comply with the Listing Rules of ASX which apply to the reorganisation of capital at the time the reorganisation occurs.
15. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant options.

Proxy Form



APPOINTMENT OF PROXY

GREEN ROCK ENERGY LIMITED - ACN 094 551 336

2006 ANNUAL GENERAL MEETING

I/We

of

being a member/members of GREEN ROCK ENERGY LIMITED entitled to attend and vote at the 2006 Annual General Meeting, hereby

appoint:

Name of Proxy 1

appoint:

Name of Proxy 2

of

Address of Proxy 1

of

Address of Proxy 2

or failing the person(s) so named or, if no person(s) is/are named, the Chair of the meeting or the Chair's nominee, to vote in accordance with the following directions or, if no directions have been given, at the Annual General Meeting to be held at The University Club of Western Australia, Hackett Drive (Entrance #1), Crawley, Perth, Western Australia on Monday 27 November 2006 at 2.30 pm. (Western Standard Time) and at any adjournment thereof.

Voting on Business of the General Meeting

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Re-election of Mr. Scott Spencer as a Director	☐	☐	☐
Resolution 3	Re-election of Mr. Adrian Larking as a Director	☐	☐	☐
Resolution 4	Ratification of Allotment and Issue of Shares	☐	☐	☐
Resolution 5	Grant of Options to Mr. Alan Knights	☐	☐	☐
Resolution 6	Grant of Options to Mr. Scott Spencer	☐	☐	☐
Resolution 7	Approval of Share and Option Issue	☐	☐	☐
Resolution 8	Approval of Green Rock Energy Limited Employee Share Option Plan	☐	☐	☐

If you do not wish to direct your proxy how to vote, please place a mark in the box. ☐

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he or she has an interest in the outcome of Resolution 8 and that a vote cast by the Chair of the meeting for Resolution 8 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your vote on Resolution 8 and your vote will not be counted in calculating the required majority if a poll is called on Resolution 8.

The Chairperson intends to vote any undirected proxies in favour of all the Resolutions (including Resolution 8).

YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM MAY BE HELD INVALID.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a poll and that your shares are not to be counted in computing the required majority on a poll.

Proxy Form

This Proxy is appointed to represent _____% of my voting right, or if 2 proxies are appointed Proxy 1 represents _____% and Proxy 2 represents _____% of my total votes.
My total voting right is _____ shares

Signed this _____ day of _____ 2006

By:

Individuals and joint holders,

Companies (affix common seal if appropriate)

Signature: _____ Director / Individual 1

Signature: _____ Director/ Company Secretary / Individual 2

Signature: _____ Sole Director and Sole Company Secretary

Instructions for Completing 'Appointment of Proxy' Form

1. 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.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. 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:
 - Directors of the company;
 - a Director and a company secretary of the company; or
 - 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.

4. 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.
5. 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.