Company Announcements Office
Australian Securities Exchange *by e-lodgement*

ASX Code GRK

31 January 2008

Quarterly Activities Report
For the period ended 31 December 2007

HIGHLIGHTS

- Mini hydro-fracture testing at 2km depth proceeding at Olympic Dam
- Significant results for Cooper Basin tenements
- New project acquired for sea-water desalination in Upper Spencer Gulf, South Australia
- Sites selected for Hungarian geothermal energy projects
- $1.3 million refund for Hungarian Otaháza Project expenditures received

ACTIVITIES

Olympic Dam Geothermal Energy Project (100% interest)

The mini hydro-fracture testing ("mini-frac") in the Company's Blanche No 1 well, to measure the in-situ rock stresses, is underway. The CSIRO are supervising the work using slim-hole, wire-line hydraulic fracturing technology developed at Ruhr-University in Germany. The planned pressure test, which will utilize trailer mounted equipment owned and operated by GEO-Meß-Systeme GmbH, obviates the need for drilling equipment and has the added advantage of substantial cost savings.

Green Rock Energy drilled Blanche No. 1 well with NQ diamond coring (hole diameter is 76mm) to 1,935m and intersected basement granite at 718m after passing through a cover sequence of quarzites, limestones, siltstones and shales. 1,217m of variably fractured, but essentially homogeneous granite persisted to the end of the hole where the

temperature was 85.4^{o}C with an average temperature gradient of around 60° C/km in the cover sediments and around 30° C /km in the granite.

Seismic recorders are in place and are being used to monitor naturally occurring seismic events. Once the pressure testing commences, which is scheduled for mid February, the seismic recorders will, in addition to the pressure testing equipment, detect the slippage and fracturing associated with the test and any natural seismic events occurring during the period of the test.

The data from the mini-frac, will be used in the design of the two deeper wells and associated water circulation testing. These two wells will be used to drive a 3 to 5 MWe pilot plant which will complete the evaluation stage of the project. The design and development of the commercial power plant with a proposed ultimate capacity in excess of 400 MW of electricity will then occur.

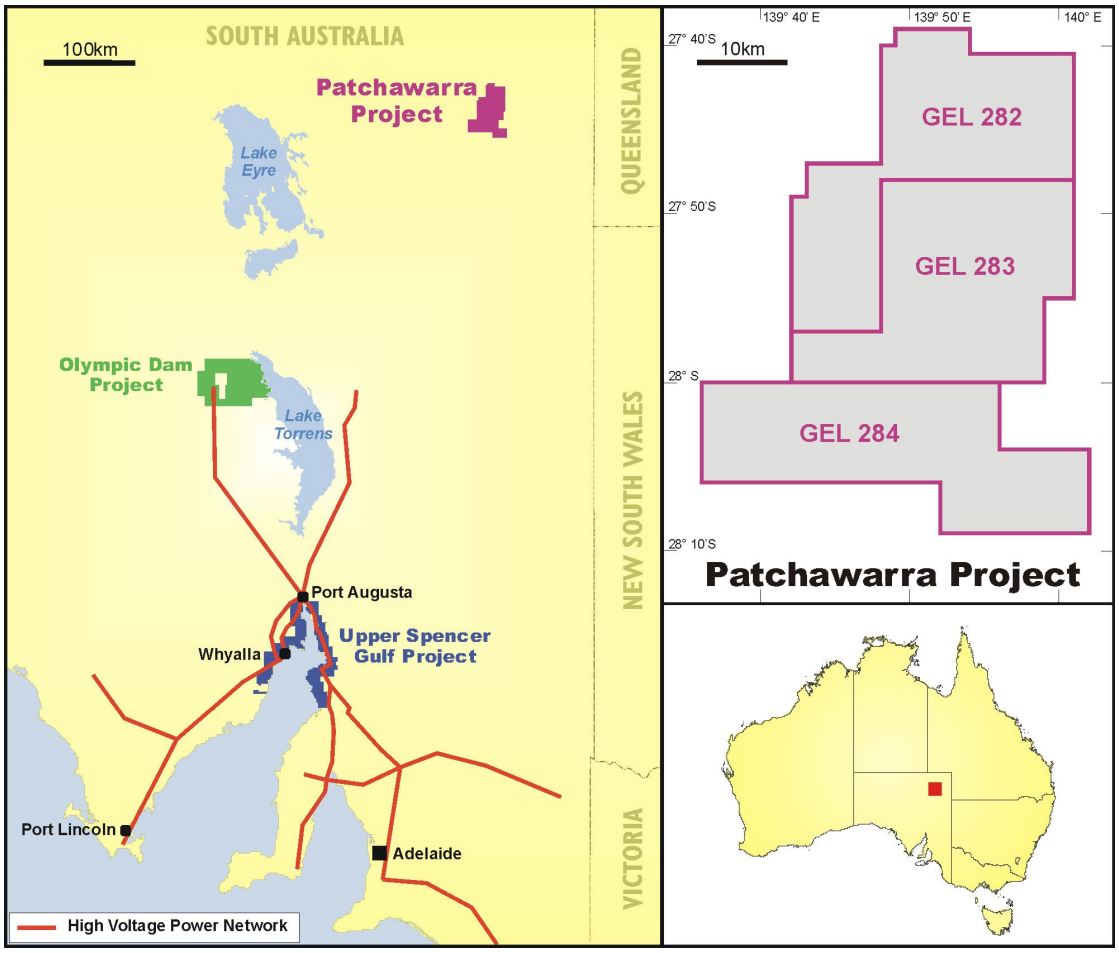
The Olympic Dam Geothermal Energy project, wholly owned by Green Rock Energy, is located in South Australia within 10kms of the Olympic Dam mine and only 5kms from a 275kV and a 132kV power transmission lines connected to the Eastern Australian power grid.

Patchawarra Geothermal Energy Project (100% interest)

Good progress was made on the three geothermal exploration licences covering 1,483 sq kms of land over the Patchawarra Trough in the Cooper Basin, South Australia.

Modelling of the extensive geological, geophysical and well testing data from petroleum drilling undertaken in the licence area, has highlighted areas of potential high heat flow and good thicknesses of combined Patchawarra and Tirrawarra formations which are hotter than 140^{o}C at depths of around 3,000 metres. This provides further support for the assertion that the Patchawarra Trough contains thick aquifers which have the potential to provide high temperature water flows suitable for conventional geothermal energy production. The analysis of these tenements will continue over the next quarter to further refine target areas for sub-surface testing.

The next step is target selection within the tenements. Given success with subsequent evaluation and testing of these selected sites, the development of the project will be combined with the construction of a high voltage electrical transmission line linking the Cooper Basin to the national grid.

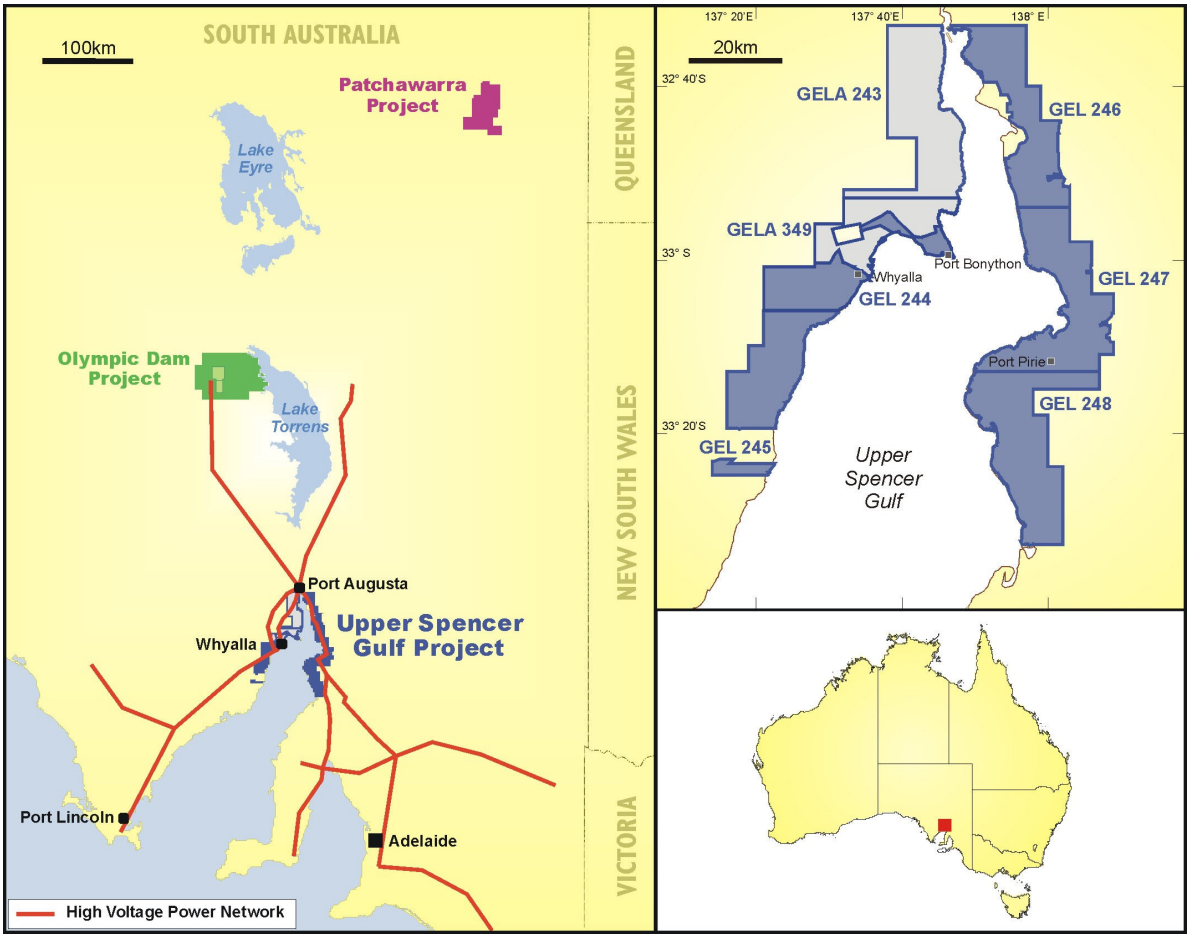


Upper Spencer Gulf, South Australia (100% interest)

The Company acquired 5 new geothermal exploration licences in December 2007 covering an area of 1,938 square kilometres on the coast which area is south of Whyalla on the Eyre Peninsula north to Pt Augusta and then south along the east coast of the Spencer Gulf to below Pt Pirie.

These licences have been acquired for the purposes of using geothermal energy as the energy source to desalinate sea water. This is the first project in Australia specifically aimed at using geothermal energy directly for sea water desalination. The heat recovered from the geothermal water will be used to desalinate seawater using the distillation process. By using the heat from the geothermal water as the direct energy source for the desalination plant, the process does not lose some of the energy by first having to convert it to electricity to drive a reverse osmosis desalination plant.

This project will benefit from the program the Company commenced last year in conjunction with CSIRO and the University of Western Australia in combining the use of geothermal energy with water desalination.



Hungary (32% interest)

At the end of the quarter the Hungarian Joint Venture received a refund from the Global Environmental Facility Trust Fund ("Geofund") of the major portion of the expenditure incurred on the Ortaháza project. The Geofund is a technical risk insurance set up and implemented jointly by the World Bank and the IFC for geothermal energy projects in Central Europe. Green Rock Energy's share of the refund was $1.3 million.

A team of geoscientists, representing each of the three Hungarian Joint Venture participants, Green Rock Energy, MOL and Enex, has been working during the second half of 2007 to select the locations for the next two geothermal projects. The agreed locations have all the required ingredients for a commercial project. The joint venture plans to commence testing the sites this year.

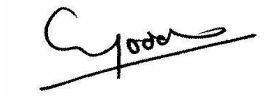
CORPORATE

Membership of Geothermal Industry Association

Green Rock Energy Limited became a founding and active member of the Australian Geothermal Energy Association (AGEA) which was formed to promote and support the geothermal industry and to liaise with government. Alan Knights, Green Rock Energy Ltd Executive Director, was elected inaugural Secretary of the new association. The first meeting of AGEA was held in Melbourne in December and was attended by the Victorian Minister of Energy and Resources, the Honourable Peter Batchelor.

Annual General Meeting

The Company's Annual General Meeting was held on Monday 26 November 2007 and was attended by Green Rock Energy's director Dr Jörg Baumgärtner who, in the week preceding the meeting, had overseen the commissioning of Germany's first geothermal energy power plant at Landau in the Rhine Valley. Dr Baumgärtner's experience from the Landau project in Germany and the Soultz geothermal project in France, where he is a member of the management and supervisory boards, is providing considerable advantage to the Company in evaluating its geothermal energy projects.



Nigel Hodder
Company Secretary

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