ASX Announcement

Company Announcements Office
Australian Securities Exchange

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30 July 2012

(ASX Code GRK)

Quarterly Activities Report

for the three months ending 30 June 2012

Highlights

- **Capital raisings by Cygnet Capital concluded**
- **Option exercised to acquire 20% interest in Backreef Area, Canning Basin**
- **Production test on Backreef-1 completed**
- **Work program on Seven Lakes SPA in Canning Basin expected to be conducted in next quarter**
- **WA State funding awarded for Mid West Geothermal Power Project**

CORPORATE

Cygnet Capital concludes raising $3.763 million in April

Green Rock, having announced in early April 2012 that it had executed a binding Heads of Agreement with Oil Basins Limited in relation to an option to acquire up to 20% net beneficial interest in the Backreef Area in the Canning Basin, was pleased to confirm later that month that Cygnet Capital Pty Ltd had received firm commitments from sophisticated investors for a minimum of $3.22 million which would enable the Company to exercise this option for the full 20% by the due date and to continue to pursue its other priority hydrocarbons and geothermal projects.

The outcome of the capital raising undertaken by Cygnet Capital, which was in two parts, was as follows:

1. A Placement of $1.413 million by the issue of 157 million shares at 0.9 cents each with one attaching option exercisable by 31 January 2015 at 1.2 cents. The Company sought and obtained approval for the quotation of this new class of listed option (GRKOB) on 20 June 2012.

2. The issue of Converting Loans amounting to $2.35 million with the Loans converting to shares at the lesser of 0.9 cents or the volume-weighted average price for 5 days leading up to and including the Shareholders' Meeting at which approval for conversion was sought. The Loans have an attaching option on conversion to shares on the same terms as the Placement options.

The current capital structure of the Company is:

• Listed GRK ordinary shares	1,842,507,392
• Listed GRKO options (exercisable at $0.036 and expiring 31 March 2013)	243,949,438
• Listed GRKOB options (exercisable at $0.012 and expiring on 31 January 2015)	779,823,128

General Meeting held on 11 June 2012

A General Meeting of shareholders was held on 11 June 2012. The business before the meeting consisted of 12 resolutions all of which were approved by a show of hands.

The resolutions put to shareholders were:

a) Ratification of prior issue of Shares pursuant to the Placement
b) Approval to issue Options pursuant to the Placement
c) Approval to issue Shares and Options pursuant to the Converting Loan
d) Placement of Performance Options to Mr Andrew Carroll
e) Placement of corporate advisor Options to Cygnet Capital Pty Ltd
f) Re-election of Director – Mr Gabriel Chiappini
g) Issue of Options to Mr Gabriel Chiappini
h) Ratification of prior issue of Consultant Options
i) Ratification of prior issue of Shares to Mr Mark Ballesteros
j) Ratification of prior issue of Shares to Activated Logic Pty Ltd
k) Approval of Shares to Mr Ralf Oppermann
l) Approval for diversification of activities

The effect of approving all of the resolutions before shareholders was to fully refresh the Company's 15% capacity under ASX Listing Rule 7.

PROJECTS

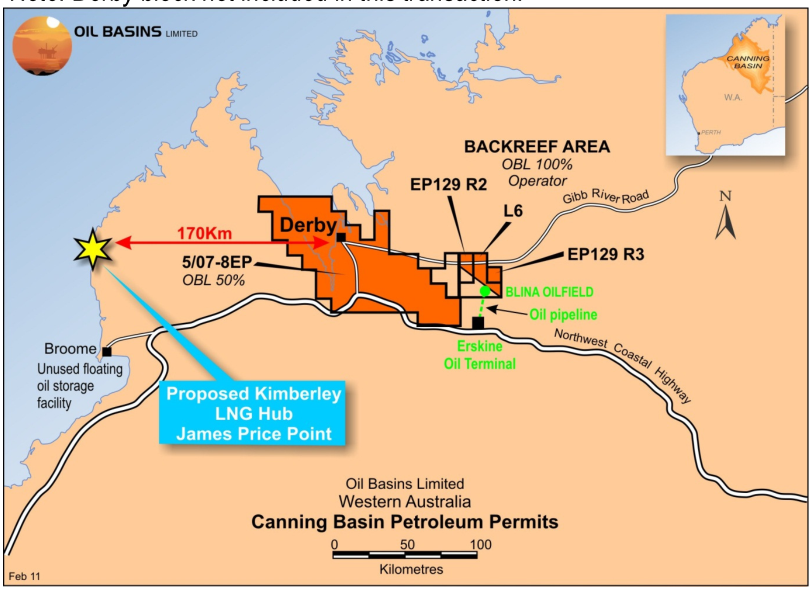
Backreef Area, Canning Basin

Option to acquire 20% net beneficial interest in Backreef Area exercised

Green Rock announced on 1 May 2012 that it had executed a Share Sale Agreement with Oil Basins Limited (ASX:OBL) ("Oil Basins") to acquire a subsidiary company of OBL which holds beneficial rights to a 20% net beneficial joint venture interest in the highly prospective Backreef Area in the Canning Basin by the payment of $2.5 million for future operations such as an Extended Production Testing of Backreef-1 and/or the drilling and completion of a second exploration well (i.e. East Blina-1 or contingent Backreef-2 appraisal) by 31 October 2012.

This acquisition enabled Green Rock to increase its footprint in the Canning Basin and gain exposure to a production test for oil in the Backreef-1 well. Other commercial oil discoveries in the area include the producing Blina Oilfield and the Ungani well, both operated by Buru Energy Limited. A map of the area and the Backreef-1 well location is shown below.

Location of Backreef Area in Canning Basin (courtesy of Oil Basins Limited)
Note: Derby block not included in this transaction.



Backreef-1 Production Tests

On 22 March 2012 OBL as Operator of the Backreef Area announced that it had secured a low-cost 'fit-for-purpose' drilling rig from Australian Drilling Services Pty Ltd (ADS) and from 16 to 30 May 2012 deployed ADS Rig#2 for the Backreef-1 cased hole production test.

Before the production test it was independently postulated by OBL's technical adviser RPS that Backreef-1 was positioned off-structure at the shallower target and may have clipped the edge of a shallower "roll-over" structure and possibly at the edge of a shallow field oil/water contact within the transition zone between the oil column and underlying water. The test program was expanded to include two test zones within the carbonates of the Gumhole Formation and the Yellow Drum Formation.

Oil from formation floating in the annulus at the rig floor at Backreef-1

Summary of Test Results

A 4m interval 957m to 961mRT (Zone 1 – Gumhole Formation) was perforated underbalanced with nitrogen and observed surface pressure build-up was rapid to 364 psig and over 800m influx (approximately 12 bbls) of mostly fresh water was observed in test string. Evident initial flow rates were recorded in excess of 1000 bpd with permeability estimated at between 700 to 750 millidarcy (mD). After reverse circulation, the packer was unseated. Oil was observed at the surface of the well. Oil and water samples were taken for further laboratory analysis.

Underbalanced perforation of the upper 22m interval between 918m to 940mRT (Zone 2 – Yellow Drum Formation) was again conducted using nitrogen. Evident permeability was observed to be quite tight at between 0.1 to 10 mD (similar to the nearby Blina oil field). No traces of oil were observed at the surface. Water samples were taken for further laboratory analysis.

At the completion of both tests, OBL as Operator of the Backreef Area JV reported the discovery of oil to the Minister and stakeholders as required under the WA Petroleum and Geothermal Energy Resources Act 1967.

Specifically the oil observed in the Gumhole Formation (Zone 1) appears to be the first such oil discovery within this potentially high quality reservoir formation in the region of Licence L6, and as such, enhances the assessment of the shallow oil play potential within the Kimberley Downs Embayment.

Green Rock has been advised by OBL that the total cost of the Backreef-1 production test will be approximately $2.2 million with Green Rock's share of costs above the initial $900,000 contribution being around $260,000.

Forward Program – follow up well in September/October

Work is progressing in completing the analysis of the Backreef-1 production test results, finalising the drilling program and environment management program submissions for a follow up well at Backreef or East Blina-1 with the objective of OBL lodging all documentation by early to mid-August 2012 and subject to usual stakeholder consents to resume operations by late September or early October 2012. Green Rock has prepaid to OBL $2.5 million of the follow up well costs. Green Rock will be liable for 20% of any costs in excess of this.

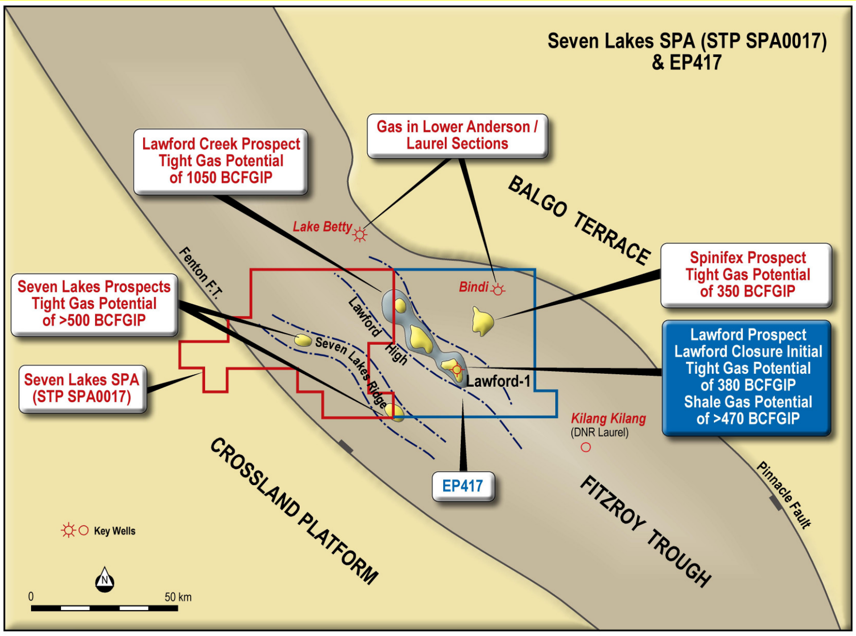
Canning Basin hydrocarbon farm-in and Area of Mutual Interest Agreement with New Standard Energy (NSE)

Green Rock successfully earned 15% interest in EP417 by funding 27.5% of the first $4.0 million of costs and 15% of further well costs in the process of deepening Lawford #1.

The Company has the right to increase its interest in EP417 by funding 22.5% of the first $10 million of the costs of drilling a second well and 20% of any further costs such that after the completion of the earning phase of this farm-in arrangement, Green Rock will have a 20% interest in permit EP417.

Through the establishment of an Area of Mutual Interest Agreement with New Standard Energy the company has moved to secure additional acreage through the granting of a Special Prospecting Authority (SPA) for the Seven Lakes area in the Canning Basin. In this new acreage, Green Rock will have rights to a 40% interest. The work program on the SPA area is expected to be conducted in the third quarter of 2012.

Map of Laurel Project including the Seven Lakes SPA, EP417 and various prospective targets (courtesy of NSE)



Recent exploration success in the Canning Basin by Buru Energy Limited and the interest in the area being shown by majors such as Mitsubishi and Conoco-Phillips reinforce the value inherent in Green Rock's interests in the Canning Basin.

Mid West Geothermal Power Project

Significant progress was made during the quarter to secure government and joint venture partner funding for the project, with the target of drilling the first well in 2013.

WA Government Low Emissions Energy Development (LEED) Fund

Green Rock was advised on 25 June 2012 by the Hon Bill Marmion MLA, Minister for Environment and Water in the Government of Western Australia of the success of its application for Low Emissions Energy Development (LEED) funding for the Mid West Geothermal Power Project. The funding applied for was $5.38 million and this success will support Green Rock's case to the Commonwealth's Emerging Renewables Program which puts a strong emphasis on State support.

Commonwealth Government Emerging Renewables Program (ERP) Fund

Securing LEED funding is a major step towards ERP funding for the project. Green Rock considers that the project is a strong contender for ERP funding and discussions with the ERP fund managers indicate that the key to securing funding will be bringing a joint venture funding partner into the project.

Conventional geothermal power alliance with Pacific Hydro

In August 2011 a binding Memorandum of Understanding (MoU) with leading Australian renewable energy company Pacific Hydro to cooperate on the development of power projects based on geothermal exploration permits and licences held by the companies in the North Perth Basin ("NPB") in the Mid West region of WA and the Great Artesian Basin ("GAB") in South Australia was signed. Initial power projects of at least 25MW are contemplated in both the NPB and the GAB.

The agreement defines the key steps towards first power production and the rights and obligations of Green Rock and Pacific Hydro.

The parties have jointly developed an Information Memorandum (IM) for the two projects directed at potential upstream 'farm-in' partners to substantially fund the drilling of the wells required to fully prove up the conventional geothermal resource. The IM is being marketed globally through Green Rock's and its advisers' networks. Potential investors are expressing interest in the opportunity.

Key terms in the initial joint venture agreement with the upstream partner and in the shareholders' agreement for the future power project companies are included in the MoU. Pacific Hydro will have the right to at least 51% interest in each power project company, with the buy-out of Green Rock's and the upstream partner's interests set according to a valuation formula to be agreed in the initial joint venture agreement.

During the quarter the parties agreed to extend the MoU until August 2013.

Agreement with New World Energy on joint development of Mid West geothermal exploration permits

In October 2011 the Company announced the execution of a binding agreement with New World Energy Pty Ltd to jointly develop both companies geothermal exploration permits (GEPs) in the North Perth Basin in the Mid West region of Western Australia. A map of the combined permit areas is attached.

This agreement will give the joint venture the dominant position for geothermal power development in the Mid West which is the fastest growing electricity market in the State. Magnetite mining and processing projects in the region will require many hundreds of Megawatts of baseload electricity over the coming years

New World Energy is an unlisted dedicated geothermal energy exploration and development company based in Perth and focussed on Australia and the Asia-Pacific region. The company is the largest geothermal energy landholder in WA with permits covering the prospective areas in the Pilbara and Mid West regions, and is actively acquiring significant projects throughout the Asian ring of fire. In September 2011 it announced the acquisition by its Philippines subsidiary Geoenergy Inc of five high-potential geothermal projects in the Philippines.

Currently Green Rock has 100% interests in 7 GEPs in the North Perth Basin and New World Energy has 100% interest in 9 GEPs. The agreement contemplates the parties joint venturing across all the Permits subject to certain conditions being met:

- Green Rock and New World Energy being satisfied that the work programs and conditions imposed by the Government for the Permits, as may be amended, for the New World Energy Permits and Green Rock Energy Permits respectively are acceptable to each of them

- Green Rock and New World Energy being satisfied with arrangements between them for recovery of past expenditures on the Permits

- New World Energy agrees to the terms of the MoU between Green Rock and Pacific Hydro (announced on 4th August 2011) which includes the Mid West Geothermal Power Project, and Green Rock procures Pacific Hydro consent to farm-out Permit interests to New World Energy

Green Rock will be the initial operator of the joint venture. During the quarter the parties agreed to extend the period for satisfying the above conditions until end-September 2012.

Green Rock is planning to drill the first well for the Project in 2013. The work to locate the most prospective drilling target is focusing on the identification of zones where natural fractures are likely to provide sufficient permeability for the flow rates necessary for commercial geothermal fluid production. Green Rock's permits benefit from the availability in the public domain of several 3D seismic surveys over areas identified as having good geothermal prospectivity. New techniques such as automated fracture detection enable the identification of areas with favourable natural fault orientations and densities that will significantly increase the chances of intersecting suitable conduits for geothermal fluid production and ensure the potential for a successful geothermal power project.

Hungarian Geothermal JV with MOL

In Hungary our 50% owned geothermal developer Central European Geothermal Energy Company Ltd (CEGE) is preparing for the first geothermal concession tenders in Hungary which it was anticipated would be issued in the second half of 2012. Public comment on the Environmental Impact Assessment of the target concession area closed on 15 January 2012.

From the work undertaken to date including well testing, both MOL and Green Rock are of the view that an economic geothermal resource exists in the area of focus. Data acquired from the well now owned by CEGE indicate a geothermal reservoir capacity expected to be capable of supporting several MW of power generation capacity.

Subject to securing the concession, project activity will step up in 2013 with first power production around a year after the drilling of a second well has been completed. Green Rock will seek to fund a large part of its interest from European investors.

Nigel Hodder
Company Secretary

Investors and Media T: +61 (0) 9482 0482 E: info@greenrock.com.au

About Green Rock Energy Limited

Listed on the ASX in 2005, Green Rock (GRK) is a geothermal and hydrocarbons explorer and developer with geothermal interests in Western Australia, South Australia and Hungary and hydrocarbons interests in Western Australia. Its key projects are:

- A 15% interest in EP417 in the Canning Basin with a right to earn up to 20% through a farm-in agreement with New Standard Energy (NSE) together with an Area of Mutual Interest Agreement for other potential opportunities including the Seven Lakes Special Prospecting Area awarded to NSE
- The beneficial right to a 20% JV interest in the Backreef Area in the Canning Basin operated by Oil Basins Limited (OBL)
- An alliance with leading Australian renewable power developer Pacific Hydro for conventional geothermal power generation in GRK's permits in the Mid West of WA and GRK's and Pacific Hydro's licences in the Great Artesian Basin in SA
- A joint venture with MOL in Hungary for geothermal power generation (GRK 50%)

ATTACHMENT: MID WEST PERMIT AREAS