



Annual Report
for the year ended 30 June 2012

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Chairman's Letter

Review of Activities

Geothermal Energy Resources

Annual Financial Report

ASX Additional Information



Dear Shareholders,

The past year has seen Green Rock Energy further increase our interests in oil and gas exploration assets in Western Australia at the same time as high-grading our exposure in geothermal projects to those that have reasonable near-term prospects for external funding and commercialisation. Whilst the lack of positive results from the Australian geothermal industry has further eroded investor support, we remain confident that our priority geothermal projects such as in the Mid West region of Western Australia have the necessary ingredients for technical and commercial success.

Our farm-in with New Standard Energy (NSE) in the Canning Basin in 2011 targeting the Laurel unconventional gas play in the Fitzroy Trough has been given further impetus by continued exploration success by Buru Energy and others and by the entry of ConocoPhillips and Hess into the Canning Basin.

Our acquisition from Oil Basins Limited of 20% of the Backreef Area adjacent to the Blina oil field in May 2012 added to our Canning Basin acreage with potential for both unconventional shale gas and near-term oil production. The Backreef-1 well was an oil discovery but we do not have enough information to justify development at this stage. The joint venture farm-in obligation to Buru Energy was met with the drilling of the East Blina-1 exploration well, so that Green Rock now has a 20% beneficial ownership in the Backreef Area. The larger oil prospects and shale gas potential in this area remain to be explored.

In the Fitzroy Trough, Operator NSE completed a Gravity Survey in September over EP 417 and the Seven Lakes SPA area. This met the SPA work commitments and we will now work with NSE to select that area within the SPA to become a new Permit for further exploration.

It is Green Rock's intention to further build our oil and gas interests on the foundations of our first two investments and our industry knowledge and relationships in Western Australia.

We have also made steady progress in geothermal with the award in June 2012 of \$5.4 million by the Government of Western Australia for the Mid West Geothermal Power Project. We are spending the minimum necessary to meet our objectives of securing joint venture and Commonwealth Government funding for this project to enable our first well to be drilled within the existing oil and gas producing areas of the North Perth Basin in 2013.

Your Company entered its third year of support from Cygnet Capital - a relationship the Board values very highly. Cygnet has led the raising of about \$13 million for Green Rock since June 2010. We also welcomed the addition of Gabriel Chiappini with his corporate and financial experience to the Board to complement the strong industry knowledge of Jeff Schneider and Dr. Jörg Baumgärtner.

On behalf of the Board I thank shareholders for their support and patience during the past year.

Yours faithfully,



Richard Beresford, Executive Chairman

REVIEW OF ACTIVITIES

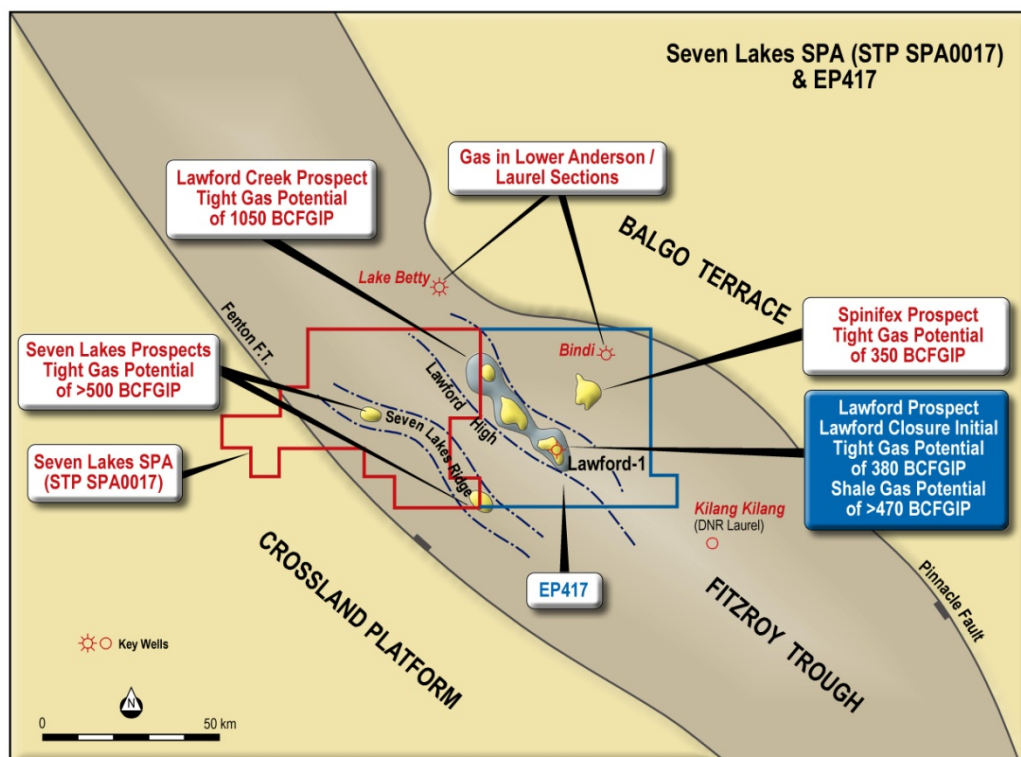
OIL & GAS

Laurel Project in the Fitzroy Trough, Canning Basin, Western Australia

Green Rock earned a 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 which was completed in October 2011.

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.



Location of interests in the Laurel Project including the Seven Lakes SPA, EP417 and various prospective targets (courtesy of New Standard Energy Limited)

The blocks are located in the south eastern Fitzroy Trough of the Canning Basin which has strong geological similarities to Buru's recent discoveries in the Fitzroy Trough within the Laurel Formation at Valhalla , Paradise and

Yulleroo. Potential for oil discoveries similar to the Ungani Field also exist given the positive oil indications in nearby wells.

Deepening of Lawford #1 well in EP417

Deepening of the Lawford #1 well commenced on 27 August 2011. On 24 October 2011 the EP417 joint venture partners (Green Rock Energy, New Standard Energy and Buru Energy) agreed to revise the target depth of the Lawford #1 well to the then current depth (2,690 metres) and as a result to log, plug and abandon the well with the Century Rig #7 then released to Buru without the Laurel Formation being intersected and evaluated.

At its final depth the well was drilling in clay stones and red beds of what is interpreted to be the Lower Anderson Formation and encountered slow drilling due to very hard and abrasive formations. Based on the slow drilling progress, thicker than expected Anderson Formation in this location leading to geological uncertainty about the depth of the target Laurel Formation, depth limitations of the rig and the lack of significant hydrocarbon shows, the joint venture partners decided to terminate the drilling of the well. Well logs and a Vertical Seismic Profile (VSP) were run before the well was plugged and abandoned. Interpretation of the VSP and logs will result in an improved understanding of the geology of the area.

The Laurel Formation is present below the Anderson Formation in all wells drilled to sufficient depth within the Fitzroy Trough and as a result is still expected to be present across EP417 and the Lawford Ridge. The Lawford #1 deepening indicates that the Laurel Formation is at a significantly greater depth on the Lawford Ridge than indicated by previous geological modeling. As a result the Laurel Formation will remain untested in the basin centre of the Fitzroy Trough with the overall hydrocarbon prospectivity remaining, albeit at greater than expected depths. Subsequent analysis of logging and seismic data has indicated that the top of the Laurel Formation is expected to be at around 3,000 metres.

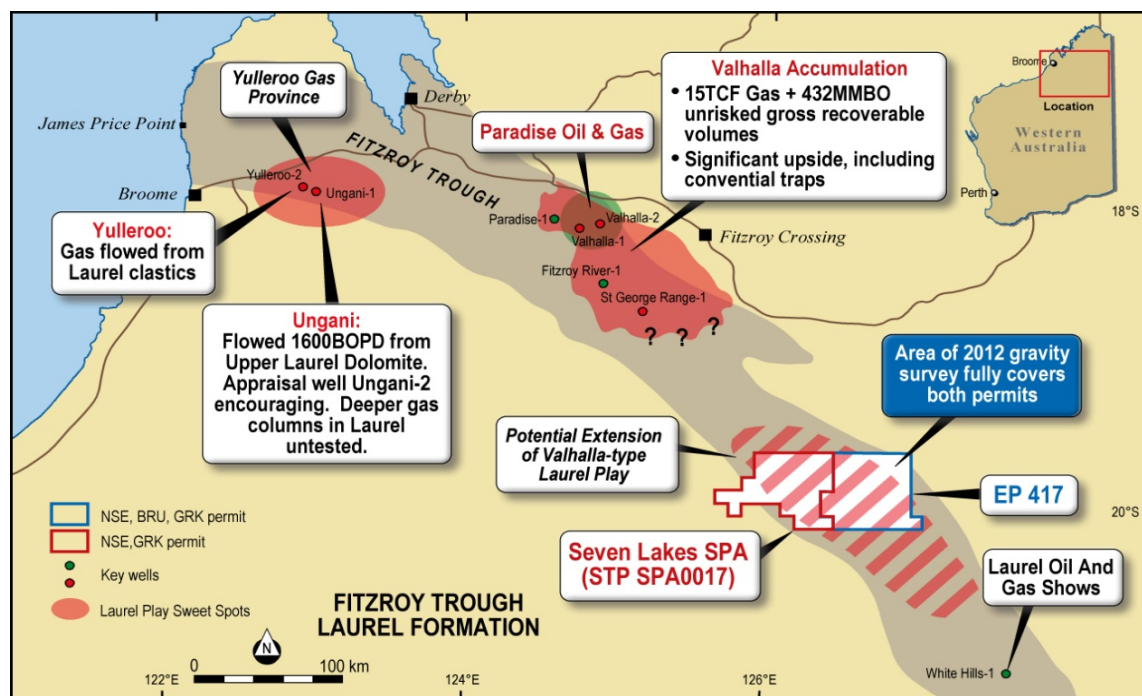
The deepening of the Lawford #1 well fulfilled the immediate work commitments across EP417 and enables its continued retention.

The EP417 and Seven Lakes SPA joint venture partners agreed to conduct further geoscience studies on both acreage areas over the next 12 to 24 months ahead of any further drilling activity. This work is focused on both basin centre targets as well as basin margin prospects similar to those being pursued elsewhere in the Fitzroy Trough. This work also benefits from data obtained from an acceleration of exploration drilling and appraisal activity in the region via the joint venture between Buru and Mitsubishi. This appraisal activity continues to define the geological understanding of the Laurel play across the region.

Airborne Gravity Survey over Seven Lakes SPA and EP417

An airborne gravity survey over the Seven Lakes SPA and EP417 was commenced on 23 August 2012. The gravity survey acquired approximately 3,695 line kilometres of data, providing block wide coverage over both the Seven Lakes SPA and EP 417. The results will contribute valuable data that will be analysed together with the available seismic and well information over the area, and will be used to help define the extent of the prospective basin-

centred plays in the Laurel Formation. This will assist in the selection of blocks within Seven Lakes SPA for conversion to a full Exploration Permit. This survey exceeds the minimum Work Program commitment for the SPA.



Location of Seven Lakes SPA and EP 417 showing area of Gravity Survey (courtesy of New Standard Energy Limited)

The survey will also improve the Joint Venture's understanding of the structure and stratigraphy of EP 417 area that will be incorporated in to the assessment of the results of Lawford -1 well deepening undertaken by the Joint Venture in 2011 and help guide the future exploration program in the area. The survey and associated technical studies will fulfil the 2012 and 2013 Work Program commitments for EP 417.

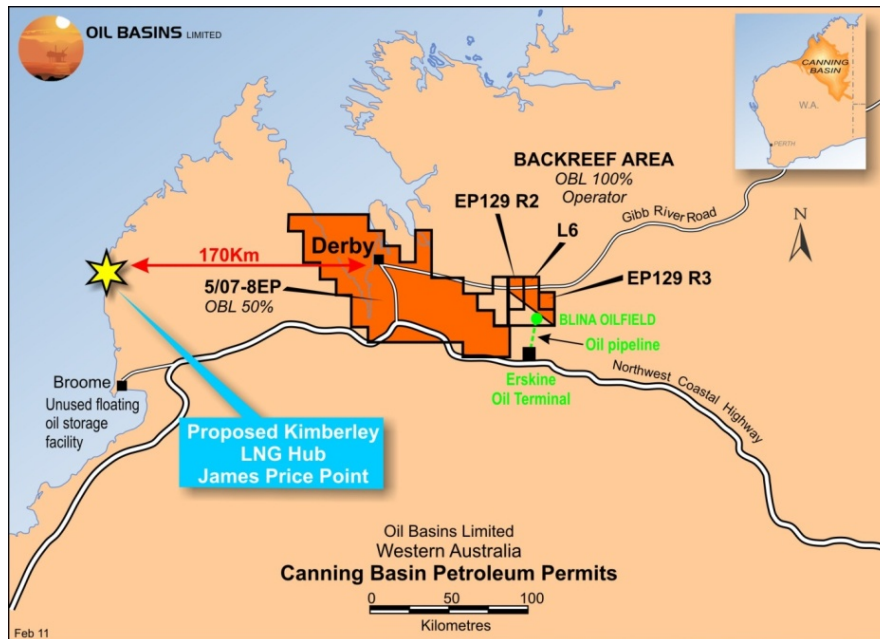
The survey was completed within the estimated timeframe and in line with the pre-survey cost estimates. The results of the survey are expected to be available in the 4th quarter of 2012.

Backreef Area in the Canning Basin, Western Australia

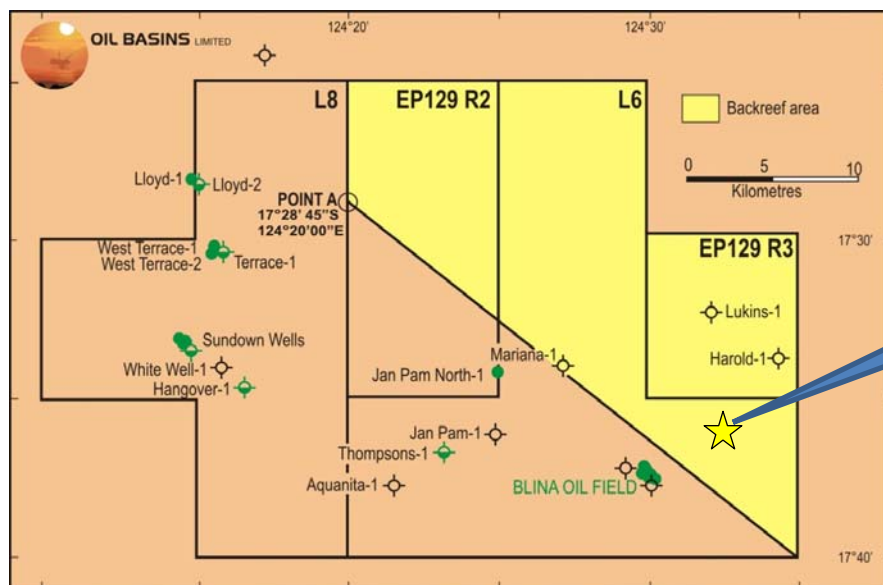
In April 2012 the Company announced the execution of a binding Heads of Agreement with Oil Basins Limited in relation to an option to acquire up to 20% of the highly prospective Backreef Area in the Canning Basin.

This acquisition enabled Green Rock to increase its footprint in the Canning Basin and gain exposure to potential near term oil production from the Backreef-1 well.

Other commercial oil discoveries in the area include the producing Blina Oilfield, with oil intersected in the Yellow Drum Formation, and the Ungani Well, also operated by Buru Energy Limited.



Location of Backreef Area in Canning Basin (courtesy of Oil Basins Limited)



Location of Backreef-1 within yellow shaded Backreef Area (courtesy of Oil Basins Limited)

In its ASX Announcement on 16 January 2012, Oil Basins said that RPS Energy Services Pty Ltd was engaged in October 2011 to perform an independent evaluation to delineate Prospective Resources for the Backreef-1 oil show and the Backreef Area. RPS concluded in accordance with PRMS guidelines that the Kimberley Downs Embayment contained within the Backreef Area could host significant Undiscovered Oil Initially in Place volume between 45.6 to 117 MMbbls with an expectation of 77.7 MMbbls and a mean estimate of 20.6 Mmbbls Prospective Resources.

Execution of Agreement to Acquire 20% net beneficial interest in the Backreef Area

In May 2012 Green Rock executed a Share Sale Agreement with Oil Basins to acquire beneficial rights to a 20% net beneficial joint venture interest in the Backreef Area by the payment of \$2.5 million for future operations such as an Extended Production Testing of Backreef-1 and the drilling and completion of a second exploration well by 31 October 2012.

Backreef-1 Production Test

OBL as Operator of the Backreef Area 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 included two test zones within the carbonates of the Gumhole and Yellow Drum Formations.



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

Production 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 the 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 also 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.

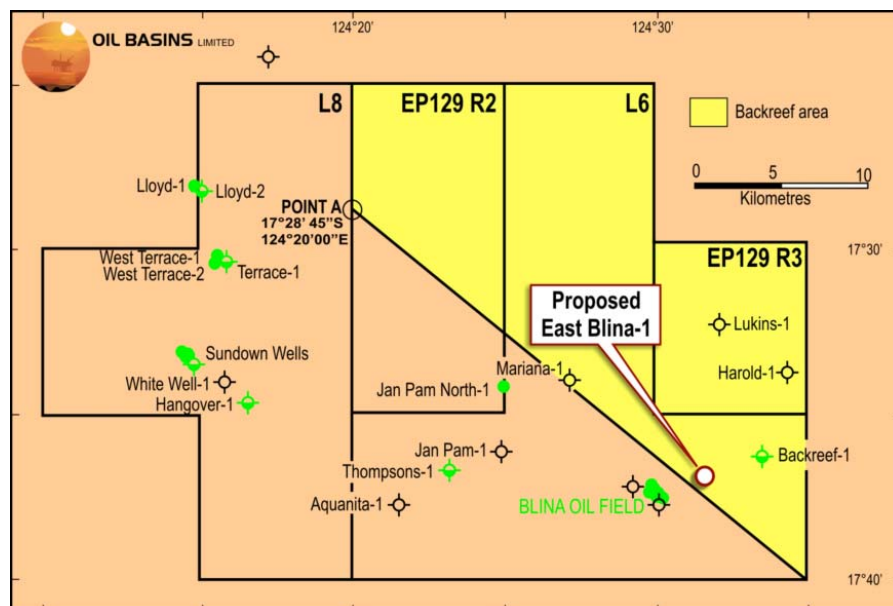
Follow-up Well: East Blina-1

The analysis of the Backreef-1 production test results, finalising the drilling program and environment management program submissions for a follow up well at East Blina-1 in the Backreef Area was undertaken with the objective of OBL lodging all documentation by mid-August 2012 such that upon receiving usual stakeholder consents operations be resumed early October 2012.

In mid-August OBL announced that it had entered into a Letter of Intent to contract a petroleum drilling rig for the drilling of East Blina-1 following an exhaustive search of available rigs through a formal Letter of Interest tender process sent to 18 rig contractors. This process was managed by drilling engineer consultant Du-el Drilling Services Pty Ltd.

In late August 2012 a Joint Venture Meeting finalised the preferred rig selection and approved an indicative budget for the proposed drilling of East Blina-1.

A draft bridging Environment Management Plan was lodged in mid-August. Following discussions and advice from DMP Environment, contractors re-inspected the proposed site and conducted a survey of selected vegetation and pegged both the site and proposed short roadway area for East Blina-1. When the proposed cleared area was found acceptable a Preliminary Drilling Program using Dynamic Drilling Rig # 17 was lodged with the Department of Mines and Petroleum (DMP) on 7 September and a contract was executed with Dynamic Drilling on 17 September for the provision of Petroleum Drilling Rig # 17. The primary well objective was the highly permeable basal Yellow Drum dolomite reservoir formation which OBL has recently re-interpreted and prognosed at 27 m thick at East Blina-1.



Location of East Blina-1 within Production Licence L6 (courtesy of Oil Basins Limited)

Site clearing operations commenced on 6 October and rig-up with the Dynamic Drilling Rig #17 commenced on 14 October. Spudding occurred on 16 October with no rig or equipment standby cost penalties incurred, with the expectation that the well would be completed by 31 October to meet the Backreef Area farm-in commitment. On 29 October total depth was reached. With the drilling of East Blina-1 the Backreef Play Agreement farm-in commitments are now complete.

Green Rock had prepaid to OBL \$2.5 million of the well costs and will be liable for 20% of any costs in excess of this.

GEOTHERMAL

Mid West Geothermal Power Project, North Perth Basin

Significant progress was made during the year 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.

In August 2012 the parties agreed to extend the MoU for until August 2013.

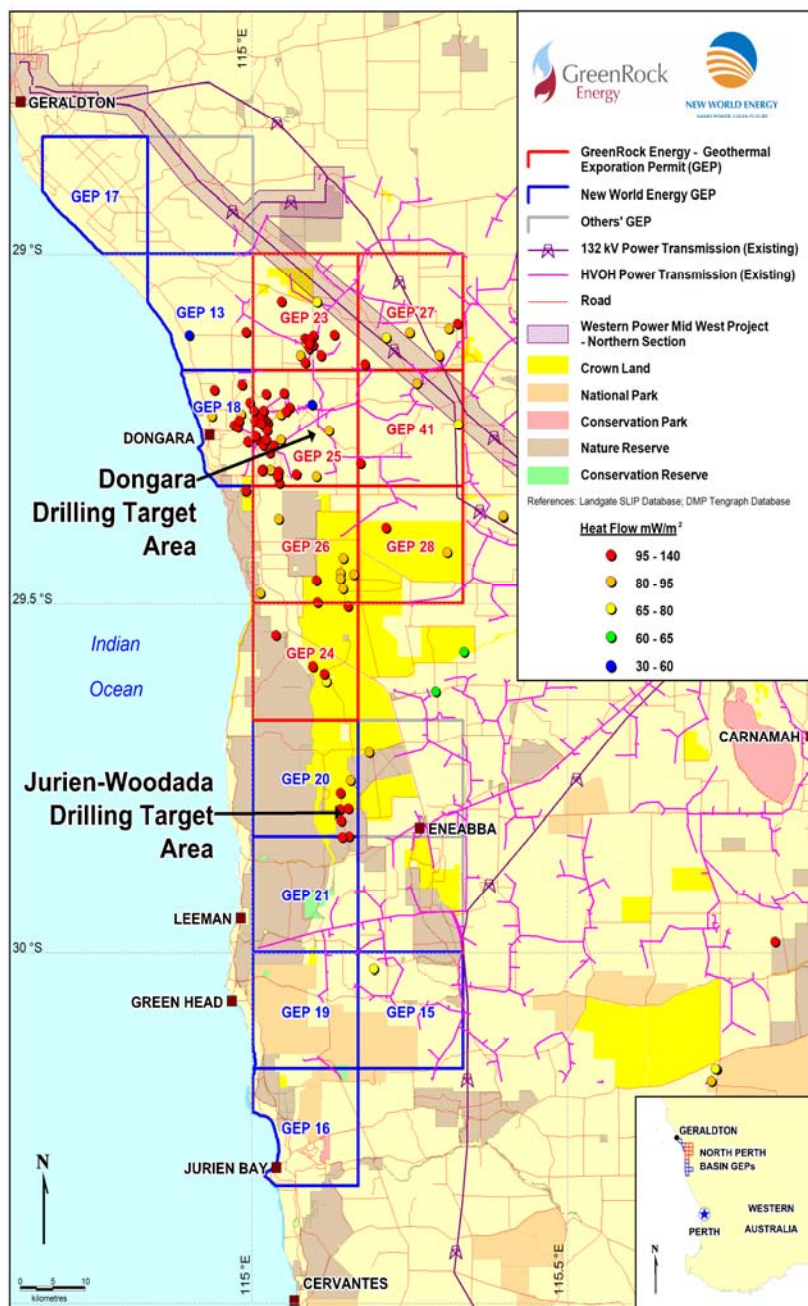
Collaboration with New World Energy Limited

Green Rock is collaborating in the Mid West Geothermal Power Project with New World Energy Limited, the other major holder of Geothermal Exploration Permits in the North Perth Basin. The two companies’ interests are shown in the map on the following page.

Drilling Target Selection

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.

MID WEST GEOTHERMAL POWER PROJECT LOCATION



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 are anticipated to 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 tested for geothermal flow in 2010 and 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.

Other Geothermal Interests***Western Australia***

Green Rock continues to hold Geothermal Exploration Permits GEP1 (Perth) and GEP2 (Alkimos) on a very low cost basis.

Following a review of its geothermal energy portfolio, with a view to focussing efforts and funds on projects that the Company considers to have best potential, a decision was made to surrender GEP 3 (Urella Fault South), GEP 4 (Urella Fault North), GEP 39 (Yanchep) and GEP 40 (Wanneroo). These licences were approved for surrender and this was formalised by Gazette on 6 July 2012.

Due to the lack of any near term commercialisation potential of GEPs 10, 11 & 12 (Collie Basin) as noted in the 2011 Annual Report, the Company made application and received approval for the surrender of these permits.

South Australia

Green Rock continues to hold Geothermal Licences GEL 366 -376 totalling 5,038 sq kms in the Great Artesian Basin and GELs 128, 206 and 557 totalling 2,034 sq kms at Olympic Dam on a very low cost basis.

The three geothermal exploration licences comprising the Patchawarra Project in South Australia having reached their fifth anniversary were not renewed for a further term of five years and were allowed to lapse on 16 August 2012 on the basis of the lack of any near term commercialisation potential.

The Company will consider the justification for renewal for a further term of 5 years the 5 Spencer Gulf GELs totalling 1,938 sq kms on their fifth anniversary in late 2012.

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GEOTHERMAL ENERGY RESOURCES

The following resource estimates comply with the requirements for Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves of the Australian Geothermal Reporting Code (2nd Edition 2010). This Code defines a Geothermal Resource as the estimated Recoverable Thermal Energy rather than Thermal Energy in Place (contained heat) reported under the 1st Edition of the Code.

Olympic Dam Geothermal Energy Project, South Australia (100% owned)

Green Rock Energy held 4 Geothermal Exploration Licences (GEL) at the Olympic Dam mining operation in South Australia, approximately 550km NNW of Adelaide. The total area of the GELs has an EGS (Enhanced Geothermal System) development potential to support a large Hot Dry Rock (HDR) geothermal electrical power generation project. Inferred resources have been estimated for a selected part (408 km²) of only one of these GELs (GEL 128) where one deep exploration well (Blanche No 1) has been drilled to nearly 2km depth and hydraulic fracture stimulation carried out in Blanche No 1. The selected part of GEL 128 contains 408km² of thermally anomalous Hiltaba Suite granite out of the total Olympic Dam Licence area of 2,240 km² much of which also contains Hiltaba suite granite which are not included in these calculations.

Olympic Dam Geothermal Energy Project (GEL 128)	Estimated Geothermal Resource, PJth(thermal)		Additional Notes
	Thermal Energy in Place (30 June 2010)	Recoverable Thermal Energy (30 Jun 2011 & 2012)	
Inferred Geothermal Resources	120,000	16,600	1, 2, 3, 4, 5,
Competent Person Statement The information in this table that relates to Geothermal Resources is a summary of a report prepared under the direction of Brian Lovelock who consented in writing to this announcement. Mr Lovelock is an employee of Sinclair Knight Merz Limited (SKM) who has been assisted by other employees within SKM but who takes responsibility and is accountable for the report as a Competent Person in terms of the Code. SKM has been engaged as Consultant by Green Rock Energy for various commissions since 2007 but at the time of preparing this report held no financial interest in the project or in Green Rock Energy. SKM is a corporate member in good standing with the Australian Geothermal Energy Association and the Canadian Geothermal Energy Association.			

In the Australian Code (2nd ed.), the Recoverable Thermal Energy can be optionally converted to electrical energy and reported as Recoverable Electrical Energy, PJe(electrical) or MWe-year. Assuming the whole resource area of 408 km² which has been mapped is underlain by granite within the Area of Interest, the Recoverable Electrical Energy (gross) for the Inferred Resource will be 2,160 PJe.

Perth Permit, Western Australia (100% owned)

The Perth Permit (GEP 1) is an area of 143 km² within the Perth Metropolitan area with potential to recover geothermal energy from hot sedimentary aquifers to provide thermal power for district heating and cooling systems. Geothermal licence GEP 1 within the central part of the 1,000 km long Perth Basin was jointly applied for by Green Rock Energy Limited (GRK) and the University of Western Australia (UWA). By agreement with UWA

Green Rock Energy now holds the right to explore for, develop, produce and sell 100% of the geothermal energy recovered from the Permit area.

Perth Permit (GEP 1)	Estimated Geothermal Resource (PJ)		Additional Notes
	30 June 2010	30 June 2011 & 2012	
Inferred Geothermal Resource	30,000	6,200	6, 7, 8,
Competent Person Statement The information in this table that relates to Geothermal Resources is a summary of a report compiled by Dr Graeme Beardsmore, an employee of Hot Dry Rocks Pty Ltd. Dr Beardsmore appears on the Register of Practicing Geothermal professionals maintained by the Australian Geothermal Group Incorporated at the time of the publication of this table. Dr Beardsmore has sufficient experience relevant to the style and type of geothermal play under consideration to qualify as a Competent Person defined in the Second Edition (2010) of the 'Australian Code for Reporting Exploration Results, Geothermal Resources and Geothermal Reserves'. Dr Beardsmore has consented in writing to the public release of this table in the form and content in which it appears. Entities associated with Dr Graeme Beardsmore held shares in Green Rock Energy Limited at the time of compiling this report.			

Alkimos Project, Western Australia (100% owned) (GEP 39 since relinquished)

The Alkimos Project comprised 2 Geothermal Exploration Permits (GEP 2 and GEP 39) covering a total of 340 km² within the Perth Metropolitan area with potential to recover geothermal energy from hot sedimentary aquifers to provide thermal power for district heating and cooling systems and desalination of water.

Alkimos Project (GEP 2 and GEP 39)	Estimated Geothermal Resource (PJ)		Additional Notes
	9 August 2010	30 June 2011 & 2012	
Inferred Geothermal Resource	61,000	13,000	9, 10,
Competent Person Statement The information in this table that relates to Geothermal Resources is a summary of a report compiled by Dr Graeme Beardsmore, an employee of Hot Dry Rocks Pty Ltd. Dr Beardsmore appears on the Register of Practicing Geothermal professionals maintained by the Australian Geothermal Group Incorporated at the time of the publication of this table. Dr Beardsmore has sufficient experience relevant to the style and type of geothermal play under consideration to qualify as a Competent Person defined in the Second Edition (2010) of the 'Australian Code for Reporting Exploration Results, Geothermal Resources and Geothermal Reserves'. Dr Beardsmore has consented in writing to the public release of this table in the form and content in which it appears. Entities associated with Dr Graeme Beardsmore held shares in Green Rock Energy Limited at the time of compiling this report.			

North Perth Basin Project, Western Australia (100% owned)

The North Perth Basin Project comprises 7 GEPs (GEP 23, 24, 25, 26, 27, 28 and GEP 41) covering 2,100 km² with potential to recover geothermal energy from hot sedimentary aquifers and crystalline basement to provide thermal power for conversion to electrical energy.

North Perth Basin Project (GEPs 23–28 and GEP 41)	Estimated Geothermal Resource (PJ)		Additional Notes
	28 October 2010	30 June 2011 & 2012	
HSA Geothermal Play:	77,182	12,300	11, 12, 13,
1. Indicated Geothermal Resource	26,000	4,100	
2. Inferred Geothermal Resource	51,000	8,200	
Basement EGS Geothermal Play Inferred Geothermal Resource	660,000	43,000	11, 12, 13,
Competent Person Statement The information in this table that relates to Geothermal Resources is a summary of a report compiled by Dr Graeme Beardsmore, an employee of Hot Dry Rocks Pty Ltd. Dr Beardsmore appears on the Register of Practising Geothermal professionals maintained by the Australian Geothermal Group Incorporated at the time of the publication of this table. Dr Beardsmore has sufficient experience relevant to the style and type of geothermal play under consideration to qualify as a Competent Person defined in the Second Edition (2010) of the 'Australian Code for Reporting Exploration Results, Geothermal Resources and Geothermal Reserves.' Dr Beardsmore has consented in writing to the public release of this table in the form and content in which it appears. Entities associated with Dr Graeme Beardsmore held shares in Green Rock Energy Limited at the time of compiling this report.			

ADDITIONAL NOTES

Olympic Dam (GEP 128)

1) The following key assumptions underpin the estimation of Recoverable Thermal Energy:

- The inferred resource was estimated from an area of 408 km² within GEL 128 (i.e. 16% of total area of Olympic Dam GEL's 128, 206, 213 and 557.)
- Average resource temperature: 160°C
- Base temperature: 100°C
- Reservoir thickness: 2 km
- Recovery Factor: 14%

In converting the Recoverable Thermal Energy to Recoverable Electrical Energy (gross), the following parameters were assumed:

- Thermal to electrical conversion efficiency (gross): 13%
- Plant capacity factor: 0.9
- Project life: 30 years

2) The Olympic Dam resource assessment report prepared in compliance with the 1st Edition of the Code (August 2008) and reported in the 2010 Annual Report noted that the development plan of Green Rock Energy was to

construct a 400 MWe (net) base load power plant. Using the same input parameters (above) and in-house power plant and pumping losses of 20%, then to generate a 400 MWe (net) base load power plant capacity, the Olympic Dam Geothermal Project needs a stimulated area of 80 km².

- 3) The 2nd Edition of the Code (2010) requires that the geothermal resources and geothermal reserves are to be reported in units of **Recoverable Thermal Energy** in the play, i.e. as Petajoules (PJth) or Megawatt thermal-years (MWth-years) relative to defined Base and Cut-off Temperatures. In reporting the Recoverable Thermal Energy, a recovery factor (i.e. fraction of extractable heat from the geothermal resource) is required and if there is no sufficient basis in determining this factor, default recovery factors have been nominated. The significant reduction in estimated Resource first reported in 2011 and now duplicated here is due almost entirely to this change in reporting requirement, and should not be interpreted as a downgrading of the Resource.
- 4) The actual Recoverable Thermal Energy and Recoverable Electrical Energy could be less than these estimates as the EGS project development is constrained by fracture stimulation of the granite reservoir, morphology of the granite and the extent of well production-reinjection development scheme. The granite reservoir thickness (2 km) will likely be variable and the ability to stimulate this reservoir rock could be affected by the degree of hydrothermal alteration and the volume of fluid injected.
- 5) Green Rock Energy believes that most of the granite in the resource can be fracture stimulated, although stimulation on this scale has not yet been achieved or attempted at other fields. For comparison, a stimulated zone of around 2 km long, 0.5 km wide and 1 km thick has been reported in Soultz, France and it has been shown that the stimulated volume can be progressively increased with additional fluid injection. If less than the full 2 km can be stimulated, then the recoverable thermal energy will be less and dependent both on the thickness stimulated and depth at which this is achieved, since there is greater heat density at deeper levels.

Perth Permit (GEP 1)

- 6) The Geothermal Resources summarised in this table are the total estimated Resources for Permits GEP 1. By agreement with joint owner, UWA, Green Rock Energy holds the right to explore for, develop, produce and sell 100% of the geothermal energy recovered from the Permit.
- 7) The following key assumptions underpin this Geothermal Resource assessments:
 - a. The geothermal energy is to be used primarily as a source of thermal power for district heating and cooling systems.
 - b. Cut-off temperature = 75°C. Base temperature = 55°C.
 - c. Maximum depth of reservoir = 130°C isotherm.
 - d. Reservoir density = 2,473 kg/m³; Reservoir specific heat = 1,193 J/kgK at 102.5°C.
 - e. The stated Geothermal Resource does not include any additional heat that might conduct or advect into the reservoir volume during production.
 - f. The stated Geothermal Resource assumes that advective (including convective) processes within the Geothermal Play transfer no significant heat. There is no evidence from any previous drilling or other investigations that convection plays a significant role in heat transfer within this Geothermal Play. However, if present, such processes tend to suppress geothermal gradients and reduce the stored heat resource.

- g. The heat is stored within a combination of the matrix of the reservoir rock and the contained fluid. The calculations assume an average proportion of 10% fluid.
 - h. This work is based on a model of a section of the Earth's crust. A model necessarily simplifies the true complexity of the Earth and as such is inherently prone to error. Future work may yield new information that modifies or falsifies some of these assumptions. All modelling results should be treated as provisional.
- 8) The current Resource values reported here and in 2011 comply with Edition 2 of the Australian Geothermal Reporting Code (2010), which defines a Geothermal Resource as the estimated recoverable thermal energy. Resource values in the 2010 Annual Report complied with Edition 1 of the Code (2008), which defined a Geothermal Resource as the total heat stored within the geothermal reservoir. The significant reduction in estimated Resource reported in 2011 Annual Report and in this 2012 Annual Report is due almost entirely to this change in reporting requirement, and should not be interpreted as a downgrading of the Resource.

Alkimos Permits (GEP 2 & 39)

- 9) The following key assumptions underpin this Geothermal Resource estimate:
- a. The geothermal energy is to be used primarily as a source of thermal power for absorption chiller air conditioning systems
 - b. Cut-off temperature = 75°C. Base temperature = 55°C.
 - c. Maximum depth of reservoir = 4,000 m.
 - d. Reservoir density = 2,473 kg/m³; Reservoir specific heat = 1055+1.342xT J/kgK at T°C.
 - e. The stated Geothermal Resource does not include any additional heat that might conduct or advect into the reservoir volume during production.
 - f. The stated Geothermal Resource assumes that advective (including convective) processes within the Geothermal Play transfer no significant heat. There is no evidence from any previous drilling or other investigations that convection plays a significant role in heat transfer within this Geothermal Play. However, if present, such processes tend to suppress geothermal gradients and reduce the stored heat resource.
 - g. The heat is stored within a combination of the matrix of the reservoir rock and the contained fluid. The calculations assume an average proportion of 10% fluid.
 - h. This work is based on a model of a section of the Earth's crust. A model necessarily simplifies the true complexity of the Earth and as such is inherently prone to error. Future work may yield new information that modifies or falsifies some of these assumptions. All modelling results should be treated as provisional.
- 10) The current Resource values reported here and in the 2011 Annual Report comply with Edition 2 of the Australian Geothermal Reporting Code (2010), which defines a Geothermal Resource as the estimated recoverable thermal energy. Resource values in the 2010 Annual Report complied with Edition 1 of the Code (2008), which defined a Geothermal Resource as the total heat stored within the geothermal reservoir. The significant reduction in estimated Resource reported in 2011 and in this 2012 Annual Report is due almost entirely to this change in reporting requirement, and should not be interpreted as a downgrading of the Resource.

North Perth Basin Permits (GEP 23, 24, 25, 26, 27, 28 and GEP 41)

11) The following key assumptions underpin the estimate of HSA Geothermal Resources:

- a. The geothermal energy is to be used primarily as a source of thermal power for electrical power generation using an organic Rankine cycle plant.
- b. Cut-off temperature = 125°C. Base temperature = 70°C.
- c. Maximum depth of reservoir = the shallower of top of Basement or 5,000 m.
- d. Reservoir density = 2,473 kg/m³; Reservoir specific heat = 1055+1.342xT J/kgK at T°C.
- e. The stated Geothermal Resource does not include any additional heat that might conduct or advect into the reservoir volume during production.
- f. The stated Geothermal Resource assumes that advective (including convective) processes within the Geothermal Play transfer no significant heat. There is no evidence from any previous drilling or other investigations that convection plays a significant role in heat transfer within this Geothermal Play. However, if present, such processes tend to suppress geothermal gradients and reduce the stored heat resource.
- g. The heat is stored within a combination of the matrix of the reservoir rock and the contained fluid. The calculations assume an average proportion of 10% fluid.
- h. This work is based on a model of a section of the Earth's crust. A model necessarily simplifies the true complexity of the Earth and as such is inherently prone to error. Future work may yield new information that modifies or falsifies some of these assumptions. All modelling results should be treated as provisional.

12) The following key assumptions underpin the estimate of EGS Geothermal Resources:

- a. The geothermal energy is to be used primarily as a source of thermal power for electrical power generation using an organic Rankine cycle plant.
- b. Cut-off temperature = 150°C. Base temperature = 70°C.
- c. Maximum depth of reservoir = 5,000 m.
- d. Reservoir density = 2,750 kg/m³; Reservoir specific heat = 750 J/kgK at 25°C.
- e. The stated Geothermal Resource does not include any additional heat that might conduct or advect into the reservoir volume during production.
- f. The stated Geothermal Resource assumes that advective (including convective) processes within the Geothermal Play transfer no significant heat. There is no evidence from any previous drilling or other investigations that convection plays a significant role in heat transfer within this Geothermal Play. However, if present, such processes tend to suppress geothermal gradients and reduce the stored heat resource.
- g. The heat is stored within the matrix of the reservoir rock. The calculations assume no significant fluid content.
- h. This work is based on a model of a section of the Earth's crust. A model necessarily simplifies the true complexity of the Earth and as such is inherently prone to error. Future work may yield new information that modifies or falsifies some of these assumptions. All modelling results should be treated as provisional.
- i. This estimated Inferred Geothermal resource for EGS plays in the basement assumes a maximum reservoir thickness of 500 m based on the current achievements of Geodynamics Limited. Should EGS reservoirs of greater thickness be demonstrated in the future then the estimated EGS Geothermal Resource for the North Perth Basin could increase.

13) The current Resource values reported in this 2012 Annual Report and the 2011 Annual Report comply with Edition 2 of the Australian Geothermal Reporting Code, which defines a Geothermal Resource as the estimated recoverable

thermal energy. Resource values in the 2010 Annual Report 2011 complied with Edition 1 of the Code (2008), which defined a Geothermal Resource as the total heat stored within the geothermal reservoir. The significant reduction in estimated Resource from the 2010 Annual Report is due almost entirely to this change in reporting requirement, and should not be interpreted as a downgrading of the Resource.



Annual financial report for the year ended 30 June 2012

Green Rock Energy Limited
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PO Box 1177, West Perth WA 6872
Telephone: (+61 8) 9482 0482
Facsimile: (+61 8) 9482 0499
Website: www.greenrock.com.au

ABN 59 094 551 336

CORPORATE DIRECTORY

DIRECTORS

Richard Beresford
Executive Chairman

Jeffrey Schneider
Non-Executive Director

Jörg Baumgärtner
Non-Executive Director

Gabriel Chiappini
Non-Executive Director

COMPANY SECRETARY

Nigel Hodder

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Unit 10, 38 Colin Street
West Perth
Western Australia, 6005

PO Box 1177
West Perth
Western Australia, 6872
Telephone: (08) 9482 0482
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AUDITOR

Deloitte Touche Tohmatsu

Level 14, Woodside Plaza
240 St Georges Terrace
Perth
Western Australia, 6000
Telephone: (08) 9365 7000
Fax: (08) 9365 7001

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth
Western Australia, 6000
Telephone: 1300 787 272
Facsimile: (08) 9323 2033
Email: web.queries@computershare.com.au

STOCK EXCHANGE LISTING

The Company's shares are quoted
on the Australian Securities Exchange (ASX)
The Home Exchange is Perth.

ASX CODE

GRK - ordinary shares
GRKO & GRKOB - option

This statement outlines the main corporate governance practices in place for the financial year, which comply with the ASX Corporate Governance Principles and Recommendations unless otherwise stated.

1. BOARD OF DIRECTORS

1.1 Role of the Board and Management

The Board of Green Rock Energy Limited ("the Company" or "Green Rock Energy") is responsible for its corporate governance, that is, the system by which the Company is managed. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board to carry out its functions, it has developed a Board Charter to guide the Directors and key executives in the performance of their roles. The Board Charter is detailed in Section 3.1 of this report.

The Board represents shareholders' interests in pursuing the identification of geothermal energy resources and the development of low emission base load renewable energy, and then continuing a successful geothermal resources business. Additionally, the pursuit of hydrocarbon resources and their development. The Board consider both pursuits to be complimentary through which it seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Company is managed in such a way to best achieve this desired result. Given the size of the Company's exploration and development activities, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Company, establishing goals for management and monitoring the achievement of these goals. The Executive Chairman is responsible to the Board for the day-to-day management of the Company.

The Board has sole responsibility for the following:

- Appointing and removing the Executive Chairman and any other executive director and approving their remuneration;
- Appointing and removing the Company Secretary and approving that person's remuneration;
- Determining the strategic direction of the Company and measuring the performance of management against approved strategies;
- Reviewing the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and exploration expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Company's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Company's financial affairs;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems, consistent with the Company's objectives and best practice, are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Company's corporate governance practices are being continually reviewed and improved as the Company's business develops.

The Board convenes regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities.

The Executive Chairman is responsible for running the affairs of the Company under delegated authority from the Board and implementing the policies and strategy set by the Board. In carrying out his responsibilities the Executive Chairman must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's operational results and

financial position. The role of management is to support the Executive Chairman and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

1.2 Composition of the Board

To add value to the Company, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience are disclosed in the Directors' Report. Directors are appointed based on the specific governance skills required by the Company and on the independence of their decision-making and judgement.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. From the Company's perspective Directors are considered to be independent when they are independent of management and free from any business or other relationship which could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

In determining whether a non-executive director is independent the individual must satisfy the following criteria:

- Less than 10% of the shares of the Company are held by the director and any entity or individual directly or indirectly associated with the director.
- No sales are made to or purchases from any entity or individual associated with the director.
- None of the directors' income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the entity other than income derived as a director of the entity.

Based on these criteria Jeffrey Schneider, Jörg Baumgärtner and Gabriel Chiappini are independent Directors.

If the Company's activities increase in size, nature and scope the size of the Board will be reviewed and the optimum number of directors required for the Board to properly perform its responsibilities and functions, will be re-assessed.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual's background, experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next Annual General Meeting. Under the Company's Constitution the tenure of Directors is subject to periodic re-appointment by shareholders. Subject to the requirements of the *Corporations Act 2001*, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. An Executive Chairman may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- Leadership of the Company - overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board, management and employees.
- Strategy Formulation - working with senior management to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- Overseeing Planning Activities - overseeing the development of the Company's strategic plans (including exploration programmes and initiatives) and approving such plans as well as the annual budget.
- Shareholder Liaison - ensuring effective communications with shareholders through an appropriate communications policy

- and promoting participation at general meetings of the Company.
- Monitoring, Compliance and Risk Management - overseeing the Company's risk management, compliance, control and accountability systems and monitoring and directing the operational and financial performance of the Company.
- Company Finances - approving and monitoring acquisitions, divestitures and financial and other reporting.
- Human Resources - appointing, and, where appropriate, removing the Executive Chairman as well as reviewing the performance of the Executive Chairman and monitoring the performance of senior management in their implementation of the Company's strategy.
- Ensuring the Health, Safety and Well-Being of Employees - in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- Delegation of Authority - delegating appropriate powers to the Executive Chairman to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the *Corporations Act 2001*, absent himself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4.5 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the *Corporations Act 2001* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.6 Trading in the Company's Securities

The Company's share trading policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the Directors of the Company.

'Inside information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;
- advise others or procure others to trade in the Company's securities; or

- pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information (eg. even if the employee or Director overhears it or is told in a social setting).

If a Director intends to trade in Company securities, the Director must give prior notice of any proposed trade to the Chairman. If the Board Chairman intends to trade in Company securities, prior notice must be given to the Company Secretary. A notice must include a statement that the director does not have insider information.

For each trade in Company securities, the Director must subsequently advise the Chairman (or in the case of the Chairman, the Company Secretary) of the number of securities bought or sold and the date of the trade within three days.

Directors are required to give detail of transactions in Company securities to the Company Secretary within three days for the purpose of Green Rock providing information about a change of a director's interest to the market in accordance with the provisions of the *Corporations Act 2001* and the *ASX Listing Rules*.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

1.4.7 Attestations by Managing Director and Company Secretary

In accordance with the Board's policy, the Executive Chairman and the Company Secretary made the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing this Annual Report.

2. BOARD COMMITTEES

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

The Board has however established a framework for the management of the Company including a system of internal controls and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If the Company's activities increase in size, scope and nature, the appointment of separate or special committee's will be reviewed by the Board and implemented if appropriate.

2.1 Audit Committee

The Company does not have an audit committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues and an audit committee cannot be justified based on a cost-benefit analysis.

In the absence of an audit committee, the Board when required sets aside time at Board meetings to deal with the issues and responsibilities usually delegated to the audit committee so as to ensure the integrity of the financial statements of the Company and the independence of the external auditor.

The Board in its entirety reviews the audited annual financial statements and the audit reviewed half-yearly financial statements and any reports which accompany published financial statements.

The Board in its entirety considers the appointment of the external auditor and reviews the appointment of the external auditor, their independence, the audit fee and any questions of resignation or dismissal.

The Board is also responsible for establishing policies on risk oversight and management.

2.2 Remuneration Committee

The Company does not have a remuneration committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

The responsibilities of the Board in its entirety include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Executive Chairman, reviewing the Green Rock Energy Limited Employee Share Option Plan, reviewing superannuation arrangements, reviewing the remuneration of Non-Executive Directors including, setting with the Executive Chairman's goals for the coming year and reviewing progress in achieving those goals.

The Company is committed to remunerating its executives in a manner that is market competitive and consistent with best practice as well as supporting the interests of shareholders.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

For a full disclosure of the Company's remuneration philosophy and framework and the remuneration received by Directors in the current period please refer to the Remuneration Report, which is contained within the Directors' Report.

2.3 Nomination Committee

The Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

The responsibilities of the Board in its entirety include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Board also oversees management succession plans and evaluates the Board's performance and makes recommendations for the appointment and removal of Directors.

- Directors are appointed based on the specific strategic and compliance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience in the geothermal energy industry, appropriate to the Company's market.

2.4 Performance Evaluation

Given the size and nature of the Company a formal process for evaluating performance has not been developed.

3. ETHICAL STANDARDS

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Company.

3.1 Code of Conduct for Directors and Key Executives

The Board has adopted a Board Charter for Directors and key executives to promote ethical and responsible decision-making.

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company:

- will act honestly, in good faith and in the best interests of the whole Company;
- owe a fiduciary duty to the Company as a whole;
- have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- will undertake diligent analysis of all proposals placed before the Board;
- will act with a level of skill expected from directors and key executives of a publicly listed company;
- will use the powers of office for a proper purpose, in the best interests of the Company as a whole;
- will demonstrate commercial reasonableness in decision making;
- will not make improper use of information acquired as Directors and key executives;
- will not disclose non-public information except where disclosure is authorised or legally mandated;

- will keep confidential, information received in the course of the exercise of their duties and such information remains the property of the Company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or is required by law;
- will not take improper advantage of the position of Director or use the position for personal gain or to compete with the Company;
- will not take advantage of Company property or use such property for personal gain or to compete with the Company;
- will protect and ensure the efficient use of the Company's assets for legitimate business purposes;
- will not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company;
- have an obligation to be independent in judgment and actions, and Directors will take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;
- will make reasonable enquiries to ensure that the Company is operating efficiently, effectively and legally towards achieving its goals;
- will not engage in conduct likely to bring discredit upon the Company;
- will encourage fair dealing by all employees with the Company's suppliers, competitors and other employees;
- will encourage the reporting of unlawful/unethical behaviour and actively promote ethical behaviour and protection for those who report violations in good faith;
- will give their specific expertise generously to the Company; and
- have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Charter.

3.2 Code of Ethics and Conduct

The Company has implemented a Board Charter containing a Code of Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All Directors and employees are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Company information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established the Board Charter to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, government authorities, creditors and the community as whole. This Charter includes the following:

Responsibilities to Shareholders and the Financial Community Generally

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

Employment Practices

The Company endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company and appointments and promotions are based on merit. The Company does not tolerate the offering or acceptance of bribes or the misuse of the Company's assets or resources.

Responsibilities to the Community

As part of the community the Company:

- is committed to conducting its business in accordance with applicable environmental laws and regulations and encourages

- all employees to have regard for the environment when carrying out their jobs;
- encourages all employees to engage in activities beneficial to their local community; and
- supports community charities.

Responsibility to the Individual

The Company is committed to keeping private information which has been provided by employees and investors confidential and protecting it from uses other than those for which it was provided.

Conflicts of Interest

Employees and Directors must avoid conflicts as well as the appearance of conflicts between their personal interests and the interests of the Company.

How the Company Monitors and Ensures Compliance with its Code of Conduct

The Board, management and all employees of the Company are committed to implementing this Code of Conduct and each individual is accountable for such compliance.

Disciplinary measures may be imposed for violating the Code.

3.3 Diversity

The ASX Corporate Governance Principles and Recommendations state that companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both objectives and progress in achieving them. The Company does not currently comply with this recommendation as it is yet to establish a formal policy regarding gender diversity given the current size and stage of development of the Company but intends to do so when appropriate. At 30 June 2012 the Company had no women employees (out of a total of 2) and no women directors (out of a total of 4).

4. DISCLOSURE OF INFORMATION

4.1 Continuous Disclosure to ASX

The continuous disclosure policy requires all executives and Directors to inform the Executive Chairman or in their absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information is not material and need not be disclosed if:

- A reasonable person would not expect the information to be disclosed or it is material but due to a specific valid commercial reason is not to be disclosed; and
- The information is confidential; or
- One of the following applies:
 - It would breach a law or regulation to disclose the information;
 - The information concerns an incomplete proposal or negotiation;
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - The information is generated for internal management purposes;
 - The information is a trade secret;
 - It would breach a material term of an agreement, to which the Company is a party, to disclose the information;
 - It would harm the Company's potential application or possible patent application; or
 - The information is scientific data the release of which may benefit the Company's potential competitors.

The Executive Chairman is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

4.2 Communication with Shareholders

The Company places considerable importance on effective communications with shareholders.

The Company's communication policy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company. The strategy provides for the use of systems that ensure a regular and timely release of information about the Company to be provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Reports;
- Half Yearly Report and Annual Report; and
- Presentations at the Annual General Meeting/General Meetings.

The Board encourages the full participation of shareholders at General Meetings to ensure a high level of accountability and understanding of the Company's strategy and goals.

The Company also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

5. RISK MANAGEMENT

5.1 Identification of Risk

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Executive Chairman and Company Secretary having ultimate responsibility to the Board for the risk management and control framework.

While the Company does not have formalised policies on risk management the Board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. Risk Management Plans are developed for significant projects operated by the Company.

In order to maintain current rights of tenure to exploration permits/licences the consolidated entity is required to perform minimum exploration work to meet the requirements set out in individual permits/licences and as specified by various State governments.

Compliance with standards and requirements is monitored both by the consolidated entity and its appointed tenement management service providers. Tenement managers are contracted to produce a quarterly report of all licences/permits under management and set-out future obligations. This is so as to ensure compliance with the terms and conditions of the work program of each licence, annual reporting of work undertaken and expenditure incurred together with such aspects as relate to licence renewal, relinquishment of acreage and incident reporting.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the Company.

5.2 Integrity of Financial Reporting

The Company's Executive Chairman and Company Secretary report in writing to the Board that:

- the financial statements of the Company for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

5.3 Role of Auditor

The Company's auditor is required to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Directors present their report on the consolidated entity consisting of Green Rock Energy Limited and the entities that it controlled at the end of, or during the year ended 30 June 2012.

DIRECTORS

The names and details of the Directors of Green Rock Energy Limited during the financial year and until the date of this report are:

Name	Particulars												
Richard Beresford (Executive Chairman)	Mr Beresford holds a BSc in Mechanical Engineering and an MSc in Technology and Development from Imperial College, London and is also a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Energy. Mr Beresford has an engineering background and in excess of 30 years experience in the international gas and renewable energy industries. This includes corporate experience with British Gas (now BG) in the UK and Indonesia, Woodside in Australia and China Light and Power (CLP) in Hong Kong. Mr Beresford has been a director and company chairman of several listed and unlisted companies. He is currently non-executive chairman of Liquefied Natural Gas Limited and non-executive director of Eden Energy Limited. Mr Beresford held directorships with the following public listed companies in the 3 years immediately prior to the date of this report. <table><tr><th>Name</th><th>Date Appointed</th><th>Date Resigned</th></tr><tr><td>Eden Energy Ltd</td><td>8 May 2007</td><td>current</td></tr><tr><td>Liquefied Natural Gas Ltd</td><td>12 February 2004</td><td>current</td></tr></table> Date of appointment as Managing Director – 2 February 2010 Date of appointment as Executive Chairman 21 March 2012	Name	Date Appointed	Date Resigned	Eden Energy Ltd	8 May 2007	current	Liquefied Natural Gas Ltd	12 February 2004	current			
Name	Date Appointed	Date Resigned											
Eden Energy Ltd	8 May 2007	current											
Liquefied Natural Gas Ltd	12 February 2004	current											
Jeffrey Schneider (Non-Executive Director)	Mr Schneider holds a degree in commerce. He has over 36 years experience in the Australian energy industry including 24 years at Woodside Petroleum Limited culminating in the role of Director – Australian Gas. His roles at Woodside included General Manager Commercial, accountable for business and strategic planning, mergers and acquisitions as well as business performance of Woodside’s North West Shelf development. Mr Schneider was appointed founding Chairman of Comet Ridge Limited in 2003 and continues as a non-executive director of that company. He was also appointed Chairman on the official listing of Strike Energy Limited to the ASX in 2004 and continued in that role until his resignation in 2010. Mr Schneider held directorships with the following public listed companies in the 3 years immediately prior to the date of this report. <table><tr><th>Name</th><th>Date Appointed</th><th>Date Resigned</th></tr><tr><td>Strike Energy Ltd</td><td>5 November 2002</td><td>19 August 2010</td></tr><tr><td>Comet Ridge Ltd</td><td>28 August 2003</td><td>current</td></tr><tr><td>Cooper Energy Ltd</td><td>12 October 2011</td><td>current</td></tr></table> Mr Schneider acted as Chairman from 1 May 2010 to 21 March 2012 Date of appointment as Non-Executive Director – 1 May 2010	Name	Date Appointed	Date Resigned	Strike Energy Ltd	5 November 2002	19 August 2010	Comet Ridge Ltd	28 August 2003	current	Cooper Energy Ltd	12 October 2011	current
Name	Date Appointed	Date Resigned											
Strike Energy Ltd	5 November 2002	19 August 2010											
Comet Ridge Ltd	28 August 2003	current											
Cooper Energy Ltd	12 October 2011	current											

Name	Particulars						
Gabriel Chiappini (Non-Executive Director)	Mr Chiappini is a Chartered Accountant and member of the Australian Institute of Company Directors with over 18 years' experience in the Commercial Sector. Over the last 13 years Gabriel has held positions of Director, Company Secretary and Chief Financial Officer in both public and private companies with operations in Australia, the United Kingdom and the United States. He has assisted a number of companies list on the ASX and been involved with equity raisings exceeding AUD\$250m. Gabriel has a sound understanding of the Australian Stock Exchange (ASX) Listing Rules and an in depth knowledge of the Corporations Act. Mr Chiappini currently manages his own consulting firm specialising in providing Director, company secretarial, corporate governance and investor relation services. He currently acts as a Director and Company Secretary for several companies listed on the ASX. Gabriel is currently Chairman of ASX listed company Dromana Estate Limited. Mr Chiappini held directorships with the following public listed company in the 3 years immediately prior to the date of this report.						
Jörg Baumgärtner (Non- Executive Director)	<table><tr><th>Name</th><th>Date Appointed</th><th>Date Resigned</th></tr><tr><td>Dromana Estate Ltd</td><td>15 December 2011</td><td>current</td></tr></table> Date of appointment as Non-Executive Director 21 March 2012 Dr Baumgärtner is based in Germany and is the Chief Executive Officer of BESTEC Gmbh, BESTEC Services GmbH and BESTEC Drilling GmbH companies actively involved in operating European geothermal power projects. He acts as manager of Pfalzwerke Geofuture GmbH a company building geothermal plants in Germany. He is a member of both the Management and Supervisory boards of the Soultz Geothermal project in Soultz-sous-Floreys, the foremost EGS project in Europe. His experience extends to hydraulic reservoir testing and stimulation as well as drilling of geothermal wells. He has had a principal role in establishing Germany's first commercial geothermal power plant. Dr Baumgärtner was a researcher at the Institute of Geophysics at the Ruhr University in Bochum, Germany being involved in the German Continental Deep Drilling Program. He carried out post doctorate research at Stanford University in Palo Alto, California and at Dowell Schlumberger Inc. at Tulsa, Oklahoma, USA.	Name	Date Appointed	Date Resigned	Dromana Estate Ltd	15 December 2011	current
Name	Date Appointed	Date Resigned					
Dromana Estate Ltd	15 December 2011	current					
Adrian Larking (Executive Director)	In the three years prior to the date of this report Dr Baumgartner held no directorship in any other public listed company. Date of appointment as Non-Executive Director – 25 April 2007. Mr Larking holds a BSc Hons (1st), MSc, Dip. Imperial College (Royal School of Mines, London), LLB, degrees and a Graduate Diploma in Legal Practice. Additionally, he is a Fellow of the Australian Institute of Mining and Metallurgy and a councillor of the Association of Mining & Exploration Companies. He is a geologist and resources lawyer with in excess of 30 years experience in the minerals and petroleum industries in Australia and internationally. Much of his experience was gained while working for Western Mining Corporation Limited (now owned by BHP Billiton). In the three years prior to the date of this report Mr Larking held no directorship in any other public listed company. Date of appointment as Director of Operations – 2 February 2010 Date of resignation 21 March 2012						

COMPANY SECRETARY

Name	Particulars
Nigel Hodder	Mr Hodder holds a Bachelor of Commerce degree from Rhodes University (South Africa) and held the position of Corporate Secretary for the First Mutual group of companies in addition to performing executive management roles in the marketing, administration and property development divisions of the business. He was appointed Company Secretary on 4 April 2005.

PRINCIPAL ACTIVITIES

The Company's business is the exploration and development of oil & gas and geothermal resources.

The Company focuses its efforts and financial resources on those opportunities where it sees the highest likely return for shareholders. The criteria used for setting project priorities include:

- the inherent economics and scale of the initial opportunity
- the potential for follow-on projects after the first to enable rapid scale-up
- the likelihood of project success
- the attractiveness of the opportunity to potential joint venture partners and project investors

The Company believes that opportunities meeting these criteria have the potential to genuinely transform the Company. In consequence, Green Rock's priority projects currently are:

- the farm-in to EP417 and the Area of Mutual Interest Agreement with New Standard Energy (NSE) in the Fitzroy Trough of the Canning Basin in Western Australia with the objective of conventional and unconventional gas
- the acquisition from Oil Basins Limited (OBL) of a 20% beneficial interest in the Backreef Area of the Canning Basin with the near-term objective of oil and a longer term objective of unconventional hydrocarbons
- the geothermal power joint venture with Pacific Hydro in the Mid West region of WA and the Great Artesian Basin in South Australia
- the geothermal power joint venture with MOL in Hungary, Central European Geothermal Energy Company Limited (CEGE).

Green Rock's other projects continue to be progressed at a lower level of effort and expenditure. These Projects are:

- the geothermal permits in the Perth Metro area targeting direct use of geothermal energy
- our portfolio of geothermal licences, other than those in the Great Artesian Basin in South Australia.

REVIEW AND RESULTS OF OPERATIONS AND ACTIVITIES

Results of Operations

The consolidated loss after accounting for tax for the year ended 30 June 2012 was \$9,936,493 (2011: \$2,725,910). Revenue from continuing activities was \$72,263 (2011: \$156,267).

Corporate and Financial Position

Consolidated net assets at year end were \$9,793,983 against \$14,100,267 at the close of the prior year. Total cash held at year end was \$1,304,056 (2011: \$3,825,574).

DIVIDENDS

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

Exploration Activities

During the year the Company's exploration efforts were focussed on the key projects outlined below:

Oil & Gas

Lawford #1 - Canning Basin, Western Australia (farm-in to acquire up to 20% interest)

Green Rock partially funded the deepening and testing of the existing Lawford #1 well in the third quarter of 2011 after the rig had completed drilling a well for Buru Energy Limited with similar objectives in the Laurel and Anderson Formations in another Permit in the Canning Basin.

The Lawford #1 well deepening tested the Anderson and Laurel formations in the larger Lawford structural target. The Lawford structure is very large and has the potential to host significant amounts of hydrocarbons in place. The assessment of the Laurel shales and tight sands contained within the Lawford structure (but that extend regionally beyond the structural closure at Lawford) provided important information and upside for an unconventional gas play across the area.

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 had 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.

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.

Deepening of the Lawford #1 well commenced on 27 August using the Century Rig#7. On 24 October the EP417 joint venture partners (Green Rock Energy, New Standard Energy and Buru Energy) agreed to revise the target depth of the Lawford #1 well to the then current depth (2,690 metres) and as a result to log, plug and abandon the well with the Century Rig then released to Buru without the Laurel Formation being intersected and evaluated.

At its final depth the well was drilling in clay stones and red beds of what is interpreted to be the Lower Anderson Formation and encountered slow drilling due to very hard and abrasive formations. Based on the slow drilling progress, thicker than expected Anderson Formation in this location leading to geological uncertainty about the depth of the target Laurel Formation, depth limitations of the rig and the lack of significant hydrocarbon shows, the joint venture partners decided to terminate the drilling of the well. Well logs and a Vertical Seismic Profile (VSP) were run before the well was plugged and abandoned. Interpretation of the VSP and logs has resulted in an improved understanding of the geology of the area.

The Laurel Formation is present below the Anderson Formation in all wells drilled to sufficient depth within the Fitzroy Trough and as a result is still expected to be present across EP417 and the Lawford Ridge. The Lawford #1 deepening indicates that the Laurel Formation is at a significantly greater depth on the Lawford Ridge than indicated by previous geological modeling. As a result the Laurel Formation will remain untested in the basin centre of the Fitzroy Trough with the overall hydrocarbon prospectivity remaining, albeit at greater than expected depths. Subsequent analysis of logging and seismic data has indicated that the top of the Laurel Formation is expected to be at around 3,000 metres.

The deepening of the Lawford #1 well fulfills the immediate work commitments across EP417 and enables its continued retention. The EP417 and Seven Lakes SPA joint venture partners intend to conduct further geoscience studies on both acreage areas over the next 12 to 24 months ahead of any further drilling activity. This work will involve both basin centre targets as well as basin margin prospects similar to those being pursued elsewhere in the Fitzroy Trough. In the intervening time the joint venture partners will benefit from data obtained from an acceleration of exploration drilling and appraisal activity in the region via the joint venture between Buru and Mitsubishi. This appraisal activity will continue to define the geological understanding of the Laurel play across the region.

In late August 2012, New Standard Energy Ltd as designated operator of the Laurel Project in the Canning Basin announced that an Airborne Gravity Survey had commenced over the Seven Lakes SPA and EP 417 in the Canning Basin. The survey is expected to take approximately 3 weeks, with initial results available within 40 days of completion.

The blocks are located in the south eastern Fitzroy Trough of the Canning Basin, which has strong geological similarities to Buru's recent discoveries in the Fitzroy Trough within the Laurel Formation at Valhalla, Paradise and Yulleroo. Potential for oil discoveries similar to the Ungani Field also exist given the positive oil indications in nearby wells.

The gravity survey will acquire approximately 3,695 line kilometres of data, providing block-wide coverage over both the Seven Lakes SPA and EP 417. The results will contribute valuable data that will be analysed together with the available seismic and well information over the area, and will be used to help define the extent of the prospective basin-centred plays in the Laurel Formation. This will assist the selection of blocks within Seven Lakes SPA for conversion to a full Exploration Permit (EP). This survey exceeds the minimum Work Program commitment for the SPA.

The survey will also improve the Joint Venture's understanding of the structure and stratigraphy of the EP 417 area that will be incorporated into the assessment of the results of Lawford-1 well deepening undertaken by the Joint Venture in 2011 and help guide the future exploration program in the area. The survey and associated technical studies will fulfil the 2012 and 2013 Work Program commitments for EP 417.

Backreef Area - Canning Basin, Western Australia (farm –in to acquire 20% beneficial interest)

Green Rock announced in early May 2012 that it had executed a Share Sale Agreement with Oil Basins Limited (OBL) 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 \$1.1 million plus \$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.

In late 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 Group 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.

A summary of test results of Backreef -1 is as follows:

- 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.
- 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.

Work has progressed 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.

On 14 August 2012, Oil Basins Limited as designated Operator on behalf of the Backreef Area Joint Venture announced that it had significantly advanced its preparations for the proposed 2012 Canning Basin drilling operations by:

- a) entering into a Letter of Intent (LOI) to contract a petroleum drilling rig for the East Blina-1 and an option for a second well
- b) the LOI and subsequent contract are subject to the rig being cleared for use in WA by the Department of Mines and Petroleum (DMP) and all site clearances approved by DMP and stakeholders

OBL conducted an exhaustive search of available suitable rigs through a tender process to 18 rig contractors which was managed by petroleum and drilling engineering consultant Du-el Drilling Services Pty Ltd.

The East Blina-1 exploration well of about 1,100 m total depth (TD) (and possible contingent Backreef-2 well of about 1,000m TD) will be drilled by Dynamic Drilling Rig 17, a fit for purpose drilling rig rated to depth of about 1,500m. Its use is expected to significantly reduce both drilling and mobilisation costs of comparable competitor rigs.

The drilling time is estimated as 10 days to drill, evaluate and complete. Subject to all DMP approvals it is expected that East Blina-1 will spud in early October 2012 and be completed ahead of the deadline for completion of the Backreef Area farm-in commitment well by 31 October 2012. The costs of drilling have been prefunded to the extent of \$2.5 million by Green Rock Energy. That \$2.5 million covers fully the estimated costs of drilling.

Geothermal

Mid West Geothermal Power Project, North Perth Basin – Western Australia (100% interest)

The Company's Permit areas in the northern Perth Basin (GEP 23 – 28 and 41) are located in the Mid West region near oil and gas producing areas, infrastructure and power lines and cover what the Company believes to be the most economically prospective hot sedimentary aquifers for electricity production in the Perth Basin, and in locations which could be commercialised quickly.

This region has been shown by an independent analysis commissioned by Western Australia's Department of Mines and Petroleum and follow up work commissioned by Green Rock to have some of the Perth Basin's highest heat flows. These analyses, have confirmed the Company's assessment of the geothermal energy prospectivity of the Permits. Surface heat flows measured from petroleum wells and 25 deep water bores in the area confirm the potential for sufficient temperatures in our Permit areas at suitable depths for the commercial generation of electricity. The Company has been concentrating on locating prospective target areas within these regions of high heat flows where the permeability is sufficient for the recovery of geothermal water at commercial flow rates.

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 period the parties agreed to extend the MoU until August 2013.

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.

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. 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. 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.

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

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 (ERP) which puts a strong emphasis on State support

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

Hungary (50% interest)

In July 2008 Green Rock Energy International Pty Ltd, a wholly owned subsidiary of Green Rock Energy Limited, established a new geothermal company Central European Geothermal Energy Company (CEGE) with the Hungarian oil and gas company MOL (MOL) and Enx hf (Enx) a leading Icelandic geothermal consulting and development company.

In January 2009 Green Rock Energy International Pty Ltd increased its interest in CEGE to 50% with the other 50% held by MOL. CEGE's aim is to be the market leader in geothermal energy in Hungary through the exploration and development of geothermal power plants and the subsequent production and sale of geothermal sources of electricity into the Hungarian market.

A petroleum well drilled by MOL in recent years which recovered hot water was selected by CEGE for testing for geothermal water production for electricity generation. The well is situated close to infrastructure where production can be achieved in the shortest time frame at lowest cost using the well and existing power technology. The well testing program was designed for CEGE by Green Rock's director Dr Jörg Baumgärtner.

CEGE purchased the well from MOL and acquired a comprehensive data set from the well after successfully testing the well during October 2010. The total cost to Green Rock for the data acquisition and purchase of the well was approximately A\$1 million.

Evaluation of this information by CEGE, MOL and BESTEC experts indicated a sizeable geothermal reservoir which should be capable of supporting several MW of power generation capacity.

The target is to commence power production within two years after CEGE obtains a geothermal concession for the area under legislation and regulations being introduced by the Government of Hungary. Subject to securing a concession, project activity will be stepped up in 2012 with first power production around a year after drilling has been completed.

Hungary is considered to have the best geological potential for geothermal energy resources at reasonable depths in Europe outside of the volcanic area. Geothermal energy is expected to be a major contributor to Hungary meeting its renewable energy target of 13% by 2020 given that its wind, solar and hydro resources are limited.

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.

Collie Basin – Western Australia (varying % interest)

Three Geothermal Exploration Permits were held jointly by the Company and BHP Billiton Worsley Alumina Pty Ltd. These Permits covered all of the Collie Basin and the Worsley Alumina operations. The Permits were located about 120 kms south of Perth in Western Australia and total around 857 square kms in area. The Company held a 50% interest in permits GEP 10 and GEP 11 and a 10% interest in GEP 12. Green Rock Energy was appointed operator of the joint venture for all three permits. Field work program for the three permits (GEP 10 -12) commenced in 2010.

Exploration programs in Geothermal Exploration Permits GEP 10, GEP 11 and GEP 12 in and around Collie Basin held by Green Rock Energy Limited (Green Rock) and BHP Billiton Worsley Alumina Pty Ltd were mainly been directed to mapping and assessing the quality of in place geothermal heat sources within the Permits. The work carried out and operated by Green Rock since the Permits were granted in September 2009 included extensive geophysical and geochemical surveys and down hole temperature surveys designed to map and characterise the distribution and quality of potential heat source rocks in the Permits.

The joint venture commissioned an independent study by Sinclair Knight Merz of the potential markets for geothermal energy in the Collie/Worsley region.

The results from the various technical surveys carried out in the Permits and the market study were assessed with the objective of the parties determining their future strategy for these permits. Arising from these surveys and studies it was agreed that an application to the Department of Mines and Petroleum be made to surrender the three exploration permits. The permits were officially surrendered on 3rd August 2012.

Alkimos – Western Australia (100% interest)

Green Rock held three Geothermal Exploration Permits (GEPs 2,39 and 40) totalling 541 km² in the Alkimos area. Alkimos is planned to be an environmentally friendly coastal city 40 kilometres north of Perth which the Government, through LandCorp, intends to develop as the next major Perth suburb.

In July 2010 LandCorp signed a development agreement with Delfin Lend Lease to begin the first stage and master planning of the development for Alkmos. Green Rock's plan is to prove and tap the geothermal energy potential of the sedimentary aquifers in its Alkimos Permit to supply the air-conditioning and heating needs for the Alkimos development.

To further this aim Green Rock has measured temperature profiles in deep water bores in the Permits to determine and map heat flows in the Permits. Two sites located near planned developments in the Permits have been selected for potential drilling to follow up thermal anomalies in the Permits.

In July 2012 a decision was made to seek DMP approval to surrender GEPs 39 and 40. The permits were officially surrendered on 6th July 2012.

South Australia (100% interest)

Other than in the Great Artesian Basin where Green Rock and Pacific Hydro are cooperating in the development of geothermal resources for power projects, the Company will continue to carry out activities in South Australia at a level sufficient to maintain our licences in good standing.

The Company also continues to closely monitor the progress of other geothermal developers in the State, and also of major energy-using projects such plans for the expansion of the Olympic Dam mining operations.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Changes in the state of affairs of the consolidated entity during the financial year were:

- a) Exercise of 52,998 options at 3.60 cents per share on 9 August 2011 and a further 3,000 options at 3.60 cents per share on 20 September 2011 raised \$1,908 and \$108 respectively
- b) Issue and grant of 5,000,000 listed options on 12 July 2011 for corporate advisory services. The options have an exercise price of 3.60 cents on 31 March 2013.
- c) On 8 November 2011 1,000,000 shares at 1.2 cents per share were issued in lieu of corporate advisory services provided. A further 3,138,319 shares at 1.05 cents per share were issued on 16 March 2012. On 18 June 2012 4,874,885 shares at 0.8 cents per share were issued for corporate advisory services. 40,000,000 options with an exercise price of 1.20 cents and expiring on 22 March 2012 were issued on 22 March 2012 and 3,333,333 listed options were issued on 27 June 2012 for corporate advisory services, with an expiry date of 31 January 2015 and exercise price of 1.20 cents.
- d) On 2 February 2012 100,000,000 shares at 0.5 cents per share were issued to sophisticated investors, raising \$500,000. The second issue of 300,000,000 shares at 0.5 cents per share was made on 22 March 2012. The third and final issue of 157,000,000 shares at 0.9 cents per share to sophisticated investors was on 24 April 2012.
- e) Issue of 599,489,796 shares at 0.4 cents per share pursuant to the conversion of Converting Loans in June 2012.
- f) Issue and grant of 1,900,000 unlisted options to directors, staff and certain consultants, for no consideration, on 15 November 2011. These options have a fair value of \$17,100 and are exercisable at 2 cents each. 50% of these options vested on 15 November 2011 and the balance will vest on 15 November 2012. These options expire on 15 November 2015.
- g) Expiry of 2,050,000 unlisted options issued on 27 November 2007 to directors, staff and certain consultants.
- h) In June 2012, 776,489,795 listed options with an exercise price of 1.20 cents, expiring on 31 January 2015, were issued, 20,000,000 in consideration of corporate advisory services, 157,000,000 free attaching options to shares issued to sophisticated investors and 599,489,796 free attaching options to Converting Loans.
- i) On 26 June 2012 32,000,000 unlisted performance incentive options to be exercised by 18 March 2015 were issued. 10,000,000 vesting on 18 September 2012 with an exercise price of 1 cent per share, 10,000,000 vesting on 18 March 2013 with an exercise price of 1.50 cents per share, 10,000,000 vesting on 18 March 2014 with an exercise price of 1.50 cents per share were issued for corporate advisory services. Additionally 2,000,000 unlisted options vesting 50% on 11 June 2012 with an exercise price of 0.80 cents per share, and 50% vesting on 11 June 2013 were issued to Mr Gabriel Chiappini a director of the Company.

The total number of ordinary shares on issue and the number of listed and unlisted options at 28 September 2012 were 1,848,309,239 (30 September 2011: 676,080,479), 1,023,772,566 (2011: 243,949,438) and 115,600,000 (2011: 43,750,000) respectively.

SHARE OPTIONS

Share options granted to directors and company secretary

During the year the following share options were granted by the Company, for nil consideration, to directors or executives of the Company. There are no performance conditions attached to these options.

Mr. Richard Beresford (Executive Chairman) – 500,000 options granted on 15 November 2011 which are exercisable at 2 cents each and expire on 15 November 2015. The options granted vested 50% on 15 November 2011 and the balance will vest on 15 November 2012. The grant of these options was approved by shareholders at the 2011 Annual General Meeting held on 15 November 2011.

Mr. Adrian Larking (Resigned Director of Operations) – 500,000 options granted on 15 November 2011 which are exercisable at 2 cents each and expire on 15 November 2015. The options granted vested 50% on 15 November 2011 and the balance will vest on 15 November 2012. The grant of these options was approved by shareholders at the 2011 Annual General Meeting held on 15 November 2011.

Dr. Jörg Baumgärtner (Non-Executive Director) – 250,000 options granted on 15 November 2011 which are exercisable at 2 cents each and expire on 15 November 2015. The options granted vested 50% on 15 November 2011 and the balance will vest on 15 November 2012. The grant of these options was approved by shareholders at the 2011 Annual General Meeting held on 15 November 2011.

Mr. Nigel Hodder (Company Secretary) - 250,000 options granted on 15 November 2011 which are exercisable at 2 cents each and expire on 15 November 2015. The options granted vested 50% on 15 November 2011 and the balance will vest on 15 November 2012.

The total number of options granted to Directors and executives during the year under review were 1,500,000.

Share options on issue

During the year, movements in un-issued ordinary shares under option were as follows:

	Opening Balance	Exercised in year	Granted in year	Expired / cancelled in year	Closing Balance at 30 June 2012	Closing Balance at 28 September 2012
Listed options	239,005,436	(55,998)	784,823,128	-	1,023,772,566	1,023,772,566
Unlisted options	43,750,000	-	73,900,000	(2,050,000)	115,600,000	115,600,000
Total	282,755,436	(55,998)	858,723,128	(2,050,000)	1,139,372,566	1,139,372,566

The details of the options are as follows:

	Opening Balance	Exercised in year	Granted in year	Expired in year	Closing Balance at 28 September 2012
Listed options	239,005,436	(55,998)	784,823,128	-	1,023,772,566
	239,005,436	(55,998)	784,823,128	-	1,023,772,566
Unlisted options					
Expiring 26 Nov 2011 at \$0.15	2,050,000	-	-	(2,050,000)	-
Expiring 19 Nov 2012 at \$0.06	6,100,000	-	-	-	6,100,000
Expiring 18 Nov 2014 at \$0.08	5,550,000	-	-	-	5,550,000
Expiring 16 Nov 2014 at \$0.04	5,050,000	-	-	-	5,050,000
Expiring 30 June 2013 at \$0.02	25,000,000	-	-	-	25,000,000
Expiring 15 Nov 2015 at \$0.02	-	-	1,900,000	-	1,900,000
Expiring 31 Jan 2015 at \$0.012	-	-	40,000,000	-	40,000,000
Expiring 18 March 2015 at \$0.015	-	-	30,000,000	-	30,000,000
Expiring 11 June 2016 at \$0.008	-	-	2,000,000	-	2,000,000
Total	43,750,000	-	73,900,000	(2,050,000)	115,600,000

The value of the options granted during the year is \$288,017 (2011: \$432,700).

Option holders do not have any right by virtue of the option to participate in any share issue of the Company or any related body corporate.

Share options that expired or lapsed during the year.

2,050,000 options exercisable at 15 cents each and expiring on 26 November 2011 lapsed on that date.

CORPORATE STRUCTURE

Green Rock Energy Limited (ACN 094 551 336) is a company limited by shares that is incorporated and domiciled in Australia. It listed on the Australian Securities Exchange on 10 December 2003 and is assigned the code GRK.

EVENTS SUBSEQUENT TO BALANCE DATE

- **Backreef Area, Canning Basin – 2012 drilling operations**

On 14 August 2012, Oil Basins Limited as designated Operator on behalf of the Backreef Area Joint Venture announced that it had significantly advanced its preparations for the proposed 2012 Canning Basin drilling operations by:

- c) entering into a Letter of Intent (LOI) to contract a petroleum drilling rig for the East Blina-1 and an option for a second well
- d) the LOI and subsequent contract are subject to the rig being cleared for use in WA by the Department of Mines and Petroleum (DMP) and all site clearances approved by DMP and stakeholders

OBL conducted an exhaustive search of available suitable rigs through a tender process to 18 rig contractors which was managed by petroleum and drilling engineering consultant Du-el Drilling Services Pty Ltd.

On 18 September Oil Basins Limited announced that it had executed a contract with Dynamic Drilling for the provision of its Petroleum Drilling Rig #17 for the drilling of East Blina-1. This is a fit for purpose drilling rig rated to depth of about 1,500m. Its use is expected to significantly reduce both drilling and mobilisation costs of comparable competitor rigs

The East Blina-1 exploration well will be drilled to about 1,100 m total depth (TD). The drilling time is estimated as 10 days to drill, evaluate and complete. Subject to all DMP approvals it is expected that East Blina-1 will spud in early October 2012 and be completed ahead of the deadline for completion of the Backreef Area farm-in commitment well by 31 October 2012.

- **Laurel Project, Canning Basin - Airborne Gravity Survey over EP417 and Seven Lakes SPA**

On 23 August 2012, New Standard Energy Ltd as designated operator of the Laurel Project in the Canning Basin announced that an Airborne Gravity Survey had commenced over the Seven Lakes SPA and EP 417 in the Canning Basin. The survey is expected to take approximately 3 weeks, with initial results available within 40 days of completion.

The blocks are located in the south eastern Fitzroy Trough of the Canning Basin, which has strong geological similarities to Buru's recent discoveries in the Fitzroy Trough within the Laurel Formation at Valhalla, Paradise and Yulleroo. Potential for oil discoveries similar to the Ungani Field also exist given the positive oil indications in nearby wells.

The gravity survey will acquire approximately 3,695 line kilometres of data, providing block-wide coverage over both the Seven Lakes SPA and EP 417. The results will contribute valuable data that will be analysed together with the available seismic and well information over the area, and will be used to help define the extent of the prospective basin-centred plays in the Laurel Formation. This will assist the selection of blocks within Seven Lakes SPA for conversion to a full Exploration Permit (EP). This survey exceeds the minimum Work Program commitment for the SPA.

The survey will also improve the Joint Venture's understanding of the structure and stratigraphy of the EP 417 area that will be incorporated into the assessment of the results of Lawford-1 well deepening undertaken by the Joint Venture in 2011 and help guide the future exploration program in the area. The survey and associated technical studies will fulfil the 2012 and 2013 Work Program commitments for EP 417.

- **Issue of Shares**

923,913 fully paid ordinary shares were issued in lieu of consulting fees for services in the prior month on 20 July 2012.

On 23 August 2012 a further 800,847 shares were issued in lieu of consulting fees to the same consultant in addition to 5,000,000 shares to OPptimal Exploration and Development Pty Ltd, as approved by shareholders at a General Meeting held on 11 June 2012 and pursuant to an agreement to supply consultancy services.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Company are included elsewhere in this Annual Report. Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors, to do so would be likely to prejudice the business activities of the Company.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The exploration activities of entities in the consolidated entity are subject to environmental regulations imposed by various regulatory authorities, particularly those relating to ground disturbance and the protection of rare and endangered flora and fauna.

Entities in the consolidated entity have complied with all environmental requirements up to the date of this report.

INFORMATION ON DIRECTORS

The following table sets out each Director's relevant interest in shares or options over shares of the Company as at the date of this report:

	Number of Ordinary Shares	Number of Options	Grant date	Expiry date	Exercise Price	Fair value per option at grant date
Richard Beresford	2,659,258	500,000	19 Nov 08	19 Nov 12	\$0.06	\$0.0279
		500,000	19 Nov 08	19 Nov 12	\$0.06	\$0.0279
		300,000	18 Nov 09	18 Nov 14	\$0.08	\$0.0470
		1,000,000	16 Nov 10	16 Nov 14	\$0.04	\$0.0140
		1,000,000	16 Nov 10	16 Nov 14	\$0.04	\$0.0140
		250,000	15 Nov 11	15 Nov 15	\$0.02	\$0.0090
		250,000	15 Nov 11	15 Nov 15	\$0.02	\$0.0090
Jeffrey Schneider	3,932,700	-	-	-	-	-
Jörg Baumgärtner	-	150,000	19 Nov 08	19 Nov 12	\$0.06	\$0.0279
		150,000	19 Nov 08	19 Nov 12	\$0.06	\$0.0279
		300,000	18 Nov 09	18 Nov 14	\$0.08	\$0.0470
		250,000	16 Nov 10	16 Nov 14	\$0.04	\$0.0140
		250,000	16 Nov 10	16 Nov 14	\$0.04	\$0.0140
		125,000	15 Nov 11	15 Nov 15	\$0.02	\$0.0090
		125,000	15 Nov 11	15 Nov 15	\$0.02	\$0.0090
Gabriel Chiappini	3,000,000	2,000,000	11 Jun 12	11 Jun 16	\$0.008	\$0.0028
Adrian Larking	-	-				

Adrian Larking resigned as a Director during the year.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director.

During the financial year 8 Board meetings were held.

Directors	Number eligible to attend	Number Attended
Jeffrey Schneider	8	8
Richard Beresford	8	8
Jörg Baumgärtner	8	6
Gabriel Chiappini	3	3
Adrian Larking	5	5

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of Green Rock Energy Limited's key management personnel for the financial year ended 30 June 2012. Disclosures required under AASB 124 *Related Party Disclosures* have been transferred from the financial report and have been audited.

Recommendation 8.1 of the *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations* states that the Board should establish a Remuneration Committee. The Board has formed the view that given the number of Directors on the Board, this function could be performed just as effectively with full Board participation. Accordingly, it was resolved that there would be no separate Board sub-committee for remuneration purposes and that a remuneration consultant would not be used.

This report details the amount and nature of remuneration of each Director of the Company and executive officers of the Company during the year.

The remuneration report for the year ended 30 June 2011 was adopted by the shareholders at the Annual General Meeting on 15 November 2011. No specific comments were made regarding the remuneration report at the meeting.

Remuneration policy for directors and executives

The Board of Directors is responsible for determining and reviewing compensation arrangements for directors and the executive team.

The Board assesses the appropriateness of the nature of the amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team and that each staff member's remuneration package properly reflects that person's duties and responsibilities.

Key management personnel details

The Directors of Green Rock Energy Limited during the year were:

Richard Beresford	(Executive Chairman)	Appointed 30 September 2008
Jeffrey Schneider	(Non-Executive Director)	Appointed 1 May 2010
Jörg Baumgärtner	(Non-Executive Director)	Appointed 25 April 2007
Gabriel Chiappini	(Non-Executive Director)	Appointed 21 March 2012
Adrian Larking	(Executive Director)	Appointed 25 February 2005 Resigned 21 March 2012

The only group executive of Green Rock Energy Limited during the year was:

Nigel Hodder	(Company Secretary)	Appointed 4 April 2005
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Elements of director and executive remuneration

Remuneration packages contain the following key elements:

- Short term benefits – salaries / fees
- Post employment benefits - superannuation
- Share based payments

No non monetary short term benefits, prescribed retirement benefits or other post employment benefits were paid. No bonus was paid to the Company Secretary during the year (2011: \$30,000)

The following table discloses the remuneration of the Directors and executives of the Company:

	Short term employee benefits – salary and fees	Post employment benefits - superannuation	Share based payment	Other benefits	Total
2012	\$	\$	\$	\$	\$
Richard Beresford	192,200	7,740	13,652	-	213,592
Jeffrey Schneider	34,060	3,065	-	-	37,125
Jörg Baumgärtner	30,835	2,775	7,859	-	41,469
Gabriel Chiappini	12,000	-	2,977	-	14,977
Adrian Larking	211,938	7,740	29,856	-	249,534
Nigel Hodder	136,400	16,200	11,001	-	163,601
Total	617,433	37,520	65,345	-	720,298

2011

	Short term employee benefits – salary and fees	Post employment benefits - superannuation	Share based payment	Other benefits	Total
Jeffrey Schneider	51,606	4,644	-	-	56,250
Richard Beresford	206,424	18,576	30,140	-	255,140
Adrian Larking	174,998	50,000	38,952	-	263,950
Jörg Baumgärtner	45,872	4,128	11,197	-	61,197
Nigel Hodder	163,500	16,350	14,876	-	194,726
	642,400	93,698	95,165	-	831,263

Remuneration for Gabriel Chiappini relates to the period from his date of appointment on 21 March 2012 to 30 June 2012.

Employment Contracts

The Directors and executive are employed under contracts which have no fixed term.

The contract binding the Executive Chairman may be terminated by the individual or the Board by giving three months' notice in writing to terminate the Consultancy Agreement under which his services are contracted.

The three Non-Executive Directors are bound by contract. The contracts of the Non-Executive Directors may be terminated at any time by them by notice in writing or by shareholders acting by majority vote.

The contract of employment of the Company Secretary is such that he will continue in employment until either the Company or the individual give at least one months notice in writing of the desire to terminate his contract. Payment in lieu of notice applies to both parties. The Company Secretary is entitled to payment of accrued entitlements up to expiry of notice.

Effective from January 2012 Richard Beresford and Adrian Larking contracts make provisions for them to bill on an hourly basis up to a maximum of \$16,000 and \$15,000 per month, respectively.

Value of options issued to directors and executives during the financial year 2012

	Options granted Value at grant date \$	Options granted Number at grant date	Options exercised Value at exercise date (i) \$	Options lapsed Value at time of lapse (ii) \$	Options lapsed Number at time of lapse	Value of options included in Remuneration for the year \$	Percentage of total remuneration for the year that consists of options %
Richard Beresford	4,500	500,000	-	-	-	13,652	6.39
Jeffrey Schneider	-	-	-	-	-	-	-
Jörg Baumgärtner	2,250	250,000	-	-	-	7,859	18.95
Gabriel Chiappini	5,660	2,000,000	-	-	-	2,977	19.88
Adrian Larking	4,500	500,000	-	96,800	1,000,000	29,856	11.96
Nigel Hodder	2,250	250,000	-	-	-	11,001	6.72
Total	19,160	3,500,000	-	96,800	1,000,000	65,345	

(i) No options were exercised during the year

(ii) 2,050,000 options lapsed during the year

Share based payments arrangements

The following factors and assumptions were used in determining the fair value of options at grant date:

	Grant date	Date vested and exercisable	Expiry date	Exercise Price	Fair value per option at grant date
Richard Beresford	19 Nov 08	19 Nov 09	19 Nov 12	\$0.06	\$0.0279
	19 Nov 08	19 Nov 10	19 Nov 12	\$0.06	\$0.0279
	18 Nov 09	18 Nov 12	18 Nov 14	\$0.08	\$0.0470
	16 Nov 10	16 Nov 10	16 Nov 14	\$0.04	\$0.0140
	16 Nov 10	16 Nov 11	16 Nov 14	\$0.04	\$0.0140
	15 Nov 11	15 Nov 11	15 Nov 15	\$0.02	\$0.0090
	15 Nov 11	15 Nov 12	15 Nov 15	\$0.02	\$0.0090
Jeffrey Schneider	-	-	-	-	-
Jörg Baumgärtner	26 Nov 07	26 Nov 08	26 Nov 11	\$0.15	\$0.0968
	19 Nov 08	19 Nov 09	19 Nov 12	\$0.06	\$0.0279
	19 Nov 08	19 Nov 10	19 Nov 12	\$0.06	\$0.0279
	18 Nov 09	18 Nov 12	18 Nov 14	\$0.08	\$0.0470
	16 Nov 10	16 Nov 10	16 Nov 14	\$0.04	\$0.0140
	16 Nov 10	16 Nov 11	16 Nov 14	\$0.04	\$0.0140
	15 Nov 11	15 Nov 11	15 Nov 15	\$0.02	\$0.0090
	15 Nov 11	15 Nov 12	15 Nov 15	\$0.02	\$0.0090
Gabriel Chiappini	11 Jun 12	11 Jun 12	11 Jun 16	\$0.008	\$0.0028
	11 Jun 12	11 Jun 13	11 Jun 16	\$0.008	\$0.0028
Adrian Larking	26 Nov 07	25 Apr 09	25 Apr 11	\$0.11	\$0.0350
	19 Nov 08	19 Nov 09	19 Nov 12	\$0.06	\$0.0279
	19 Nov 08	19 Nov 10	19 Nov 12	\$0.06	\$0.0279
	18 Nov 09	18 Nov 12	18 Nov 14	\$0.08	\$0.0470
	16 Nov 10	16 Nov 10	16 Nov 14	\$0.04	\$0.0140
	16 Nov 10	16 Nov 11	16 Nov 14	\$0.04	\$0.0140
	15 Nov 11	15 Nov 11	15 Nov 15	\$0.02	\$0.0090
	15 Nov 11	15 Nov 12	15 Nov 15	\$0.02	\$0.0090
Nigel Hodder	26 Nov 07	26 Nov 08	26 Nov 11	\$0.15	\$0.0968
	19 Nov 08	19 Nov 09	19 Nov 12	\$0.06	\$0.0279
	19 Nov 08	19 Nov 10	19 Nov 12	\$0.06	\$0.0279
	18 Nov 09	18 Nov 12	18 Nov 14	\$0.08	\$0.0470
	16 Nov 10	16 Nov 10	16 Nov 14	\$0.04	\$0.0140
	16 Nov 10	16 Nov 11	16 Nov 14	\$0.04	\$0.0140
	15 Nov 11	15 Nov 11	15 Nov 15	\$0.02	\$0.0090
	15 Nov 11	15 Nov 12	15 Nov 15	\$0.02	\$0.0090

- The total value of options granted, exercised and lapsed during the year is calculated based on the following:
 - Fair value of the option at grant date multiplied by the number of options granted during the year;
 - Fair value of the option at the time of exercise multiplied by the number of options exercised during the year;
 - Fair value of the option at the time of lapse multiplied by the number of options lapsed or cancelled during the year
- The total value of options included in remuneration for the year is calculated in accordance with AASB 2 Share Based Payments which requires the following:

The value of options is determined at grant date and is included in remuneration on a proportionate basis from grant date to vesting date. Where options immediately vest, the full value of the option is recognised in remuneration in the current year.

The options granted during the year vest 50 % immediately and 50 % on 15 November 2012 and 11 June 2013. As such only a portion of the fair value of these options at grant date has been included in remuneration for the year.

The Board as a whole periodically assesses its current levels of remuneration relative to company performance, future projections/prospects and funding. The Board adjusts remuneration as necessary taking account of its projections and the constraints by which it is bound.

END OF REMUNERATION REPORT

INDEMNIFYING OFFICERS AND AUDITOR

Indemnification of Officers

The Company gave indemnity and held the following liability cover in place during the course of the financial year:

1. Agreements to indemnify Mr R Beresford (Executive Chairman), Mr J Schneider (Non-Executive Director), Dr J Baumgärtner (Non-Executive Director) and Mr G Chiappini (Non-Executive Director) in respect of any liabilities incurred by them while acting in the normal course of business as a director of the entity and to insure them against certain risks they are exposed to as directors of the Company.
2. Pursuant to the above the Company has paid premiums to insure the directors and executive management against liabilities incurred in the conduct of the business of the Company and has provided right of access to the Company records. In accordance with common commercial practice, the insurance policy prohibits disclosure of the premium and the nature of the liability insured against.

The Company has not provided any insurance for an auditor of the Company.

AUDITORS' INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires the Company's auditors Deloitte Touche Tohmatsu, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 29 and forms part of this Directors' Report.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 17 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 17 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not party to any such proceedings during the year.

CORPORATE GOVERNANCE

The Company's corporate governance statement is contained in the Annual Report.

The director's report is signed in accordance with a resolution of directors made pursuant to s. 298(2) of the Corporations Act 2007.

On behalf of the Directors.



Richard Beresford
Executive Chairman

Perth, 28 September 2012



Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Green Rock Energy Limited
Unit 10, 38 Colin Street
WEST PERTH WA 6005

28 September 2012

Dear Board Members

Green Rock Energy Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Green Rock Energy Limited.

As lead audit partner for the audit of the financial statements of Green Rock Energy Limited for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Chris Nicoloff
Partner
Chartered Accountants

	Note	Consolidated	
		2012 \$	2011 \$
Revenue	2	72,263	156,267
Expenses			
Administration expenses		(89,649)	(90,551)
Employee benefit expense	3	(618,639)	(969,941)
Consulting expense		(538,486)	(495,507)
Depreciation and amortisation expense		(33,387)	(29,274)
Exchange losses		(8,219)	1,001
Exploration expenditure		(114,646)	(1,198,288)
Other expenses from ordinary activities		(386,275)	(390,187)
Deferred exploration impairment	8	(8,313,680)	-
Plant and equipment impairment		-	(102,529)
Share of net profits/(losses) of associates	22(b)	(251,495)	(223,332)
Total Expenses		(10,354,476)	(3,498,608)
Loss before income tax		(10,282,213)	(3,342,341)
Income tax benefit	4	345,720	616,431
Net loss for the period		(9,936,493)	(2,725,910)
Other comprehensive income			
Foreign currency translation differences for foreign operations		(14,081)	4,398
Income tax on other comprehensive income		-	-
Other comprehensive income / (loss) for the year, net of income tax		(14,081)	4,398
Total comprehensive income / (loss) for the year attributable to members of Green Rock Energy Limited		(9,950,574)	(2,721,512)
Basic and diluted loss per share (cents per share)	21	0.01	0.64

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

	Note	Consolidated	
		2012 \$	2011 \$
Current assets			
Cash and cash equivalents	24	1,304,056	3,825,574
Other receivables	5	451,452	732,255
Other assets	6	4,991	4,980
Total current assets		1,760,499	4,562,809
Non-current assets			
Deferred exploration expenditure	8	6,909,928	8,710,319
Plant and equipment	7	130,886	183,068
Other financial assets	9	123,959	123,959
Investments accounted for using the equity method	22	1,071,175	1,205,677
Total non-current assets		8,235,948	10,223,023
Total assets		9,996,447	14,785,832
Current liabilities			
Trade and other payables	10	142,691	571,101
Provisions	11	37,262	74,993
Total current liabilities		179,953	646,094
Non-current liabilities			
Provisions	11	22,511	39,471
Total non-current liabilities		22,511	39,471
Total liabilities		202,464	685,565
Net assets		9,793,983	14,100,267
Equity			
Issued capital	12	31,175,632	26,665,747
Reserves	14	1,954,624	1,032,736
Accumulated losses	13	(23,336,273)	(13,598,216)
Total equity		9,793,983	14,100,267

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes In Equity for the year ended 30 June 2012

Consolidated	Contributed Equity	Accumulated Losses	Option Premium Reserve	Share Based Payment Reserve	Foreign Currency Reserves	Total Equity
	\$	\$	\$	\$		\$
At 1 July 2010	20,513,942	(11,015,806)	158,332	548,822	(58,270)	10,147,020
Net loss for the year	-	(2,725,910)	-	-	-	(2,725,910)
Other comprehensive income	-	-	-	-	4,398	4,398
Total comprehensive income for the year	-	(2,725,910)	-	-	4,398	(2,721,512)
Transactions with owners in their capacity as owners:						
Share capital issued	6,919,803	-	-	-	-	6,919,803
Cost of share capital issued	(767,998)	-	-	-	-	(767,998)
Cost of share based payments	-	-	-	522,954	-	522,954
Options expired during the year	-	143,500	-	(143,500)	-	-
At 30 June 2011	26,665,747	(13,598,216)	158,332	928,276	(53,872)	14,100,267
Net loss for the year	-	(9,936,493)	-	-	-	(9,936,493)
Other comprehensive income	-	-	-	-	(14,081)	(14,081)
Total comprehensive income for the year	-	(9,936,493)	-	-	(14,081)	(9,950,574)
Transactions with owners in their capacity as owners:						
Share capital issued	5,851,285	-	-	-	-	5,851,285
Cost of share capital issued	(1,341,400)	-	-	-	-	(1,341,400)
Cost of share based payments	-	-	-	1,134,405	-	1,134,405
Options expired during the year	-	198,436	-	(198,436)	-	-
At 30 June 2012	31,175,632	(23,336,273)	158,332	1,864,245	(67,953)	9,793,983

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	Consolidated	
		2012 \$	2011 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,633,892)	(1,764,480)
Exploration expenditure		(104,559)	(1,220,654)
Government grant received/(repaid)		(251,600)	350,000
Research and development tax concession		616,436	381,112
Net cash flows used in operating activities	24 (b)	(1,373,615)	(2,254,022)
Cash flows from investing activities			
Exploration expenditure		(6,513,289)	(38,295)
Payments for property, plant and equipment	7	(473)	(45,729)
Interest received		72,263	60,124
Investment in associate	22 (a)	(116,993)	(1,336,824)
Net cash flows used in investing activities		(6,558,492)	(1,360,724)
Cash flows from financing activities			
Proceeds from issues of shares and options		5,763,000	6,919,803
Payment of share issue costs		(352,411)	(405,998)
Net cash flows provided by financing activities		5,410,589	6,513,805
Net increase/(decrease) in cash held		(2,521,518)	2,899,059
Cash at the beginning of the financial year		3,825,574	926,515
Exchange movement			-
Cash at end of financial year	24 (a)	1,304,056	3,825,574

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of the consolidated entity and Green Rock Energy Limited ("Green Rock" or "Company"), are stated to assist in a general understanding of the financial report. These policies have been consistently applied to all the years presented, unless otherwise indicated.

Green Rock Energy Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the official list of the Australian Securities Exchange.

(a) Going Concern

The financial report has been prepared on the basis of going concern which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The consolidated entity has incurred net losses after taxes of \$9,936,493 (2011: \$2,725,910) and experienced net cash outflows from operating and investing activities of \$7,932,107 (2011: \$3,614,746) for the year ended 30 June 2012. In addition and as outlined in Note 19 the consolidated entity is required to meet minimum commitments and work programs on permits of approximately \$54.5 million during the year ending 30 June 2013. Approximately \$54.2 million of these commitments relate to the Olympic Dam, Perth Basin and North Perth Basin permits. Applications to vary the work programs of these permits and licences have been submitted to the appropriate authorities.

These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's and the company's ability to continue as going concerns.

The ability of the consolidated entity and company to continue as going concerns is dependent upon the ability to raise additional funding, sufficient to fund exploration commitments, vary and or defer commitment expenditure for at least 12 months, project development and to provide adequate working capital for a further 12 months from the date of signature of this consolidated financial report. This funding is expected to include direct funding by joint venture partners in permits and projects.

The directors have prepared a cash flow forecast for the period ending 30 September 2013 which indicates that the current cash resources will not meet expected cash outgoings, without additional funding. The directors of the consolidated entity anticipate a capital raising in early 2013 which will provide sufficient cashflow to meet the minimum working capital requirements through to 30 September 2013, excluding current commitments specific to Olympic Dam, Perth Basin and North Perth Basin. In respect of Olympic Dam, Perth Basin and North Perth Basin, where work program variations have been applied for, if additional funding via a capital raising or Joint Venture partner cannot be secured and/or the work program commitments cannot be deferred or varied, the consolidated entity could relinquish these permits and continue with the remaining asset portfolio.

The directors are confident of their ability to raise additional capital as necessary and, based on the cash flow forecasts and achieving future funding, the directors are satisfied that the going concern basis of preparation is appropriate. The financial report has therefore been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Should the consolidated entity and the company be unable to raise the funding referred to above and be unable to vary or defer its minimum work commitments, there is a material uncertainty whether the consolidated entity and the company will be able to continue as going concerns and, therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business and at amounts stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the consolidated entity and the company be unable to continue as going concerns.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(b) Basis of Preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. For the purpose of preparing the consolidated financial statement, the Company is a for-profit entity.

In accordance with Accounting Standard AASB 101 Presentation of Financial Statements, compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The financial report has been prepared on the basis of accrued accounting and historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets and financial instruments.

The financial report was authorised for issue by the Directors on 28 September 2012.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Key estimates — impairment

The consolidated entities assess impairment at each reporting date by evaluating conditions specific to the consolidated entities that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The consolidated entities policy on the capitalisation of exploration and evaluation expenditure is detailed in note 8.

Key estimates — share based payments

The consolidated entities measure the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes model. One of the inputs into the option valuation model is volatility of the underlying share price which is estimated on the one year history of the share price and has been estimated at approximately 110% to 122%.

Key judgments — doubtful debts/recovery of provision

The Directors believe that the recovery of the intercompany loan from Green Rock Energy Limited to the consolidated entities is dependent on the successful development and commercial exploitation or, alternatively, the sale of the exploration assets held by the controlled entity.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Green Rock Energy Limited ("Company" or "parent entity") as at 30 June 2012 and the results of all subsidiaries for the year then ended. Green Rock Energy Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than half of the voting rights. A list of subsidiaries appears in note 23 to the financial report. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Consistent accounting policies are adopted in the preparation and presentation of the consolidated financial statements. Investments in subsidiaries are accounted for at cost in the individual financial statements of Green Rock Energy Limited.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
(c) Principles of consolidation (continued)

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed.

All intercompany balances and transactions and unrealised profits arising within the consolidated group are eliminated in full.

Consistent accounting policies are employed in the preparation and presentation of the consolidated financial report.

(d) Segment information

Operating segments have been identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the Board of Directors of the Company.

(e) Foreign currency translation
(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Green Rock Energy Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of changes in equity, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
(e) Foreign currency translation (continued)

- income and expenses in profit or loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(f) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(g) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted by reporting date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred asset or a liability is recognised in relation to those temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(g) Income Tax (continued)**

Green Rock Energy Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Green Rock Energy Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Green Rock Energy Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

(h) Exploration Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, otherwise costs are expensed.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(i) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the term of the lease.

(j) Impairment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(j) Impairment (continued)**

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis.

(l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 14 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written-off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against other expenses in the statement of comprehensive income.

(m) Property, Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
(m) Property, Plant and Equipment (continued)

If any such indication exists where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Depreciation

Depreciable non-current assets are depreciated over their expected economic life using the straight line method. Profits and losses on disposal of non-current assets are taken into account in determining the operating loss for the year. The depreciation rate used for each class of assets is as follows:

- Plant and equipment 7.5% - 40%

(n) Provisions for Employee Entitlements

Liabilities for wages and salaries, annual leave and other current employee entitlements expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Liabilities for long service leave and other noncurrent employee entitlements expected to be settled in more than 12 months of the reporting date are recognised in other noncurrent payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Share-based payment transactions

The Company provides benefits to employees of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("Equity-settled transactions").

There is currently one plan in place to provide these benefits being an Employee Share Option Plan ("ESOP") which provides benefits to Directors, senior executives and staff.

The cost of these equity-settled transactions is measured by reference to fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Green Rock Energy Limited ("market conditions").

The cost of equity settled securities is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(q) Contributed Equity**

Issued capital is recognised as the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received

(r) Earnings per share*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. GST incurred is claimed from the ATO when a valid tax invoice is provided. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(t) Financial Instruments***Classification***

The consolidated entity classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(t) Financial Instruments (continued)***(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 5) in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the consolidated entity's management has the positive intention and ability to hold to maturity. If the consolidated entity were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the consolidated entity's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
(t) Financial Instruments (continued)
Impairment

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or consolidated entity of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

(u) Investments in Associates

Investments in associate companies are recognised in the consolidated financial statements by applying the equity method of accounting. The equity method of accounting recognised the Group's share of post-acquisition reserves of its associates.

(v) Government Grants

Government grants have not been recognised until there is reasonable certainty the Company has complied with the conditions attaching to them.

(w) New accounting standards and interpretations

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period beginning 1 July 2011.

Significant new and revised standards and interpretations effective for the current financial reporting period that are relevant to the consolidated entity are:

- AASB 124 Related Party Disclosures (2009) and AASB 2009-12 Amendments to Australian Accounting Standards
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from Annual Improvements Project
- AASB 2010-5 Amendments to Australian Accounting Standards
- AASB 1054 Australian Additional Disclosures
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets

The adoption of these standards has not had an impact on the consolidated entity.

(a) Accounting Standards and Interpretations issued but not yet effective

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the consolidated entity for the year ended 30 June 2012. The impact of these recently issued or amended Standards and Interpretation have not been determined as yet by the consolidated entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
(w) New accounting standards and interpretations (continued)

Standard / Interpretation	Effective for annual reporting periods beginning/ending on or after	Expected to be applied by consolidated entity
AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'	1 January 2012	30 June 2013
AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income	1 July 2012	30 June 2013
AASB 10 Consolidated Financial Statements	1 January 2013	30 June 2014
AASB 11 Joint Arrangements	1 January 2013	30 June 2014
AASB 12 Disclosure of Interests in Other Entities	1 January 2013	30 June 2014
AASB 13 and AASB 2011-8 Fair Value Measurement	1 January 2013	30 June 2014
AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011)	1 January 2013	30 June 2014
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	1 July 2013	30 June 2014
AASB 9: Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011), AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards.	1 January 2013	30 June 2014
AASB 2012 Disclosure of Interests in Other Entities	1 January 2013	30 June 2012
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	1 January 2013	30 June 2014
AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013	30 June 2014
AASB 2013-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 January 2013	30 June 2014

2. REVENUE

Interest income
 Grant income

Consolidated	
2012 \$	2011 \$
72,263	60,124
-	96,143
72,263	156,267

3. EXPENSES

Loss before income tax has been arrived at after charging the following specific expenses:

Operating lease rental expenses

Employee benefits expense:

Salaries and fees

Equity settled share based payments

Post employment benefits

Other employee benefits (accrued leave)

Payroll Tax

Other share based payments – consultants

75,560	103,965
444,614	686,709
117,436	160,954
40,415	106,895
16,174	14,429
-	954
618,639	969,941
19,517	26,911

4. INCOME TAX

(a) Income tax expense

	Consolidated	
	2012 \$	2011 \$
Current tax	(345,720)	(616,431)
Deferred tax	-	-
	(345,720)	(616,431)

No current or deferred tax has been recognised directly in equity.

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations	(10,282,213)	(3,342,341)
Prima facie tax benefit at 30% (2011: 30%)	(3,084,664)	(1,002,702)
Tax effect of amounts which are deductible in calculating taxable income:		
Research & development tax concession	230,840	371,151
Non deductible expenditure	38,351	48,286
Movement in provisions	(16,407)	5,754
S40-880 deductions	(89,953)	(75,204)
Impairment losses	2,494,104	-
Unused tax losses for which no deferred tax asset has been recognised	427,729	652,715
Income tax benefit	-	-

The income tax research and development benefit received amounting to \$345,720 (2011: \$616,431) is a cash rebate from the Australian Taxation Office in respect of research and development expenditure incurred during the year.

(c) Recognised deferred tax assets and liabilities

Recognised deferred tax assets comprise:

Other temporary differences	150,482	216,709
Tax losses available for offset against future taxable income	872,496	444,767
	1,022,978	661,476

Recognised deferred tax liabilities comprise:

Exploration and evaluation	1,022,978	661,476
	1,022,978	661,476

The deferred tax assets has been recognised to the extent of the deferred tax liabilities.

Unrecognised deferred tax assets

Unused tax losses for which no deferred tax asset has been recognised are \$8,460,352 (2011: \$7,034,589). Potential tax benefit is \$2,538,106 (2011: \$2,110,377)

(d) Franking credits balance

The Company has no franking credits available as at 30 June 2012 (2011: \$Nil).

(e) Tax consolidation

Effective from 1 July 2004, for the purpose of income taxation, Green Rock Energy Limited and its 100% owned subsidiaries formed a tax consolidated group. The head entity of the tax consolidated group is Green Rock Energy Limited.

5. OTHER RECEIVABLES
Current

Other receivables

Consolidated	
2012 \$	2011 \$
451,452	732,255
451,452	732,255

6. OTHER ASSETS
Current

Prepayments

4,991	4,980
--------------	--------------

7. PLANT AND EQUIPMENT

Plant and office equipment

At cost

Accumulated depreciation

Exchange movements

349,383	348,910
(199,229)	(170,954)
(19,268)	5,112
130,886	183,068

Reconciliation

Reconciliation of the carrying amounts for plant and office equipment are set out below:

Plant and office equipment

Carrying amount at beginning of the year

Additions

Depreciation

Hungarian assets impaired

Exchange movements

Carrying amount at the end of the year

183,068	264,030
473	45,729
(33,387)	(29,274)
-	(102,529)
(19,268)	5,112
130,886	183,068

8. CAPITALISED EXPLORATION EXPENDITURE
In the exploration phase

Cost brought forward

Expenditure incurred during the year (at cost)

Deferred exploration impairment

8,710,319	8,672,024
6,513,289	38,295
(8,313,680)	-
6,909,928	8,710,319

The ultimate recoupment of exploration costs carried forward is dependent upon the successful development and/or commercial exploitation of geothermal energy and hydrocarbon sources or, alternatively, through the sale of the respective underlying licences.

During the year, the Company acquired a subsidiary company of OBL which holds beneficial rights to a 20% net beneficial joint venture in the highly prospective Backreef Area in the Canning Basin by the payment of \$1.1million plus \$2.5million for future operations. This transaction was accounted for as asset acquisition during the year.

9. OTHER FINANCIAL ASSETS

Non-Current

Other financial assets

Consolidated	
2012	2011
\$	\$
123,959	123,959
123,959	123,959

In compliance with the requirements of the South Australian Petroleum Act of 2000, the Company is required to lodge and maintain with the Minister, for the satisfaction of obligations arising under the Act or the Geothermal Exploration Licences (GELs) granted, security of \$100,000. The security is to be lodged in cash or an unconditional irrevocable bank guarantee or a letter of credit from a financial institution approved by the Minister.

10. TRADE AND OTHER PAYABLES

Current (Unsecured)

Trade creditors

Other creditors and accruals

105,694	532,653
36,997	38,448
142,691	571,101

Included in trade creditors is an amount of \$101,570 (2011: \$173,900) relating to exploration expenditure.

11. PROVISIONS

Current

Employee entitlements

Number of employees at year end

37,262	74,993
6	6

Non-Current

Employee entitlements

22,511	39,471
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12. ISSUED CAPITAL

(a) Ordinary Shares

Fully paid ordinary shares

31,175,632	26,665,747
------------	------------

The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

Ordinary shares have the right to receive dividends as declared and, in the event of the winding-up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held.

Ordinary shares which have no par value, entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

12. ISSUED CAPITAL (continued)
(b) Share Movements During the Year

Issued capital	2012 No.	2012 \$	2011 No.	2011 \$
Balance at beginning of financial year	676,024,481	26,665,747	261,514,284	20,513,942
Share placement 4 August 2010 (at 1.5 cents each)	-	-	30,000,000	450,000
Share placement 2 September 2010 (at 1.5 cents each)	-	-	40,000,000	600,000
Non-Renounceable rights issue 5 October 2010 (at 1.5 cents each)	-	-	62,049,895	930,748
Non-Renounceable rights issue 29 October 2010 (at 1.5 cents each)	-	-	48,454,866	726,823
Share placement 5 April 2011 (at 1.8 cents each)	-	-	65,000,000	1,170,000
Non-Renounceable rights issue 3 June 2011 (at 1.8 cents each)	-	-	169,005,436	3,042,232
Options exercised 9 August 2011 (at 3.6 cents each)	52,998	1,908	-	-
Options exercised 20 September 2011 (at 3.6 cents each)	3,000	108	-	-
Share placement 8 November 2011 (at 1.2 cents each)	1,000,000	12,000	-	-
Share placement 2 February 2012 (at 0.5 cents each)	100,000,000	500,000	-	-
Share placement 16 March 2012 (at 1.05 cents each)	3,138,319	33,003	-	-
Share placement 22 March 2012 (at 0.5 cents each)	300,000,000	1,500,000	-	-
Share placement 24 April 2012 (at 0.9 cents each)	157,000,000	1,413,000	-	-
Share placement 15 June 2012 (at 0.4 cents each)	597,716,046	2,343,047	-	-
Share placement 18 June 2012 (at 0.8 cents each)	4,874,885	41,266	-	-
Share placement 19 June 2012 (at 0.4 cents each)	1,773,750	6,953	-	-
Share issue costs	-	(1,341,400)	-	(767,998)
Balance at end of financial year	1,841,583,479	31,175,632	676,024,481	26,665,747

(c) Options

As at 30 June 2012, there were 115,600,000 unlisted and 1,023,772,566 listed unissued ordinary shares in respect of which options were outstanding (2011 : Unlisted 43,750,000, Listed 239,005,436).

	Opening Balance	Exercised in year	Granted in year	Expired in year	Closing Balance
Listed options	239,005,436	(55,998)	784,823,128	-	1,023,772,566
	239,005,436	(55,998)	784,823,128	-	1,023,772,566
Unlisted options					
Expiring 26 Nov 2011 at \$0.15	2,050,000	-	-	(2,050,000)	-
Expiring 19 Nov 2012 at \$0.06	6,100,000	-	-	-	6,100,000
Expiring 18 Nov 2014 at \$0.08	5,550,000	-	-	-	5,550,000
Expiring 16 Nov 2014 at \$0.04	5,050,000	-	-	-	5,050,000
Expiring 30 June 2013 at \$0.02	25,000,000	-	-	-	25,000,000
Expiring 15 Nov 2015 at \$0.02	-	-	1,900,000	-	1,900,000
Expiring 31 Jan 2015 at \$0.012	-	-	40,000,000	-	40,000,000
Expiring 18 March 2015 at \$0.015	-	-	30,000,000	-	30,000,000
Expiring 11 June 2016 at \$0.008	-	-	2,000,000	-	2,000,000
Total	43,750,000	-	73,900,000	(2,050,000)	115,600,000
Weighted average exercise price	\$0.03	-	\$0.01	\$0.15	\$0.02

The weighted average remaining contractual life of options as at 30 June 2012 is 786 days (2011: 664 days)

Options to directors and executives are issued under the Green Rock Energy Limited Employee Share Incentive Option Plan ("the Plan"). Further details of options issued under the Plan are set out in Note 15.

13. ACCUMULATED LOSSES

	Consolidated	
	2012	2011
	\$	\$
Accumulated losses at the beginning of the year	13,598,216	11,015,806
Net loss attributable to members	9,936,493	2,725,910
Transfer from share option reserve	(198,436)	(143,500)
Accumulated losses at the end of the year	23,336,273	13,598,216

14. RESERVES

Share option reserve (i)	158,332	158,332
Share based payments reserve (ii)	1,864,245	928,276
Foreign translation reserve (iii)	(67,953)	(53,872)
	1,954,624	1,032,736

(i) Share Option Reserve

Balance at the beginning of the year	158,332	158,332
Add: Amounts expensed in current year	-	-
Balance at the end of the year	158,332	158,332

Share Option Reserve

The share option reserve comprises options issued for the purchase of Green Rock Energy International Pty Ltd (previously Vulcan Geothermal Pty Ltd). The reserve will be reversed against share capital when the underlying share options are exercised.

(ii) Share Based Payments Reserve

Balance at the beginning of the year	928,276	548,822
Add: Amounts expensed in current year	117,436	160,954
Add: Costs of capital raising in current year	1,016,969	362,000
Less: Options expired	(198,436)	(143,500)
Balance at the end of the year	1,864,245	928,276

Share Based Payments Reserve

The share based payments reserve comprises any equity settled share based payment transactions. The reserve will be reversed against share capital when the underlying share options are exercised.

14. RESERVES (continued)
(iii) Foreign Translation Reserve

Balance at the beginning of the year
Add: Exchange movement for the year
Balance at the end of the year

Consolidated	
2012 \$	2011 \$
(53,872)	(58,270)
(14,081)	4,398
(67,953)	(53,872)

Foreign Translation Reserve

The foreign currency translation reserve arises on the consolidation of the Group's overseas subsidiary company, Green Rock (Vulcan) Energy Kft.

15. SHARE BASED PAYMENTS
(a) Employee Share Incentive Scheme

The establishment of the Green Rock Energy Limited Employee Share Incentive Option Plan ("the Plan") was initially approved by special resolution at a General Meeting of shareholders of the Company held on 21 November 2006 and approval renewed by shareholders on 18 November 2009. All eligible Directors, executive officers and employees of Green Rock Energy Limited are eligible to participate in the Plan.

The Plan allows the Company to issue free options to eligible persons. The options can be granted free of charge and are exercisable at a fixed price calculated in accordance with the Plan.

The expense recognised in the statement of comprehensive income in relation to share-based payments is disclosed in Note 3.

The share based payment expense in relation to share options granted, during the year was \$117,436.

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The share based payment arrangements that were in existence during current and prior reporting periods is detailed in note 12 (c).

The following factors and assumptions were used in determining the fair value of options at grant date:

	Messrs Beresford, Larking and Baumgärtner	G Chiappini	N Hodder	Employee	Consultants
Grant date	15 November 2011	11 June 2012	15 November 2011	15 November 2011	15 November 2011
Number of options		2,000,000	250,000	150,000	250,000
- R Beresford	500,000				
- A Larking	500,000				
- J Baumgärtner	250,000				
Vesting conditions and dates	50% 15 November 2011 50% 15 November 2012	50% 11 June 2012 50% 11 June 2013	50% 15 November 2011 50% 15 November 2012	50% 15 November 2011 50% 15 November 2012	50% 15 November 2011 50% 15 November 2012
Grant date share price (cents)	1.30	0.40	1.30	1.30	1.30
Exercise price (cents)	2.00	0.80	2.00	2.00	2.00
Expected volatility	110%	122%	110%	110%	110%
Option life	4 years	4 years	4 years	4 years	4 years
Dividend yield	-	-	-	-	-
Risk-free interest rate	3.60%	2.36%	3.60%	3.60%	3.60%

15. SHARE BASED PAYMENTS (continued)

Share based payment arrangements relating to employees and directors.

Grant date	Expiry date	Exercise price	Number of options at the beginning of the year	Options granted this year	Options Expired/Lapsed this year	Options cancelled this year	Number of Options at the end of the year	Options Exercisable at the end of the year	Fair value at grant date
26 Nov 2007	26 Nov 2011	\$0.15	2,050,000	-	(2,050,000)	-	-	-	\$0.10
19 Nov 2008	19 Nov 2012	\$0.06	5,100,000	-	-	-	5,100,000	5,100,000	\$0.03
18 Nov 2009	18 Nov 2014	\$0.08	4,550,000	-	-	-	4,550,000	-	\$0.05
16 Nov 2010	16 Nov 2014	\$0.04	4,300,000	-	-	-	4,300,000	4,300,000	\$0.01
15 Nov 2011	15 Nov 2015	\$0.02	-	1,650,000	-	-	1,650,000	825,000	\$0.01
11 Jun 2012	11 Jun 2016	\$0.008	-	2,000,000	-	-	2,000,000	1,000,000	\$0.01

The following reconciles the outstanding share options granted under the Plan at the beginning and end of the financial year:

	2012		2011	
	Number of options	Weighted Average Exercise price (Cents)	Number of options	Weighted Average Exercise price (cents)
Balance at beginning of the financial year	16,000,000	6.00	13,500,000	9.00
Granted during the financial year				
• Directors	3,250,000	1.00	3,500,000	4.00
• Employees	400,000	2.00	800,000	4.00
Forfeited / Expired	(2,050,000)	11.00	(1,800,000)	11.00
Balance at end of the financial year	17,600,000	5.00	16,000,000	6.00
Vested and Exercisable at end of the financial year	11,375,000	3.00	9,450,000	7.00

Expected volatility is based on the movement of the underlying share price around its average price over the expected term of the option.

Exercised or forfeited during the financial year

As above, 2,050,000 share options granted under the Employee Share Incentive Option Plan ("the Plan") expired during the financial year.

Balance at end of the financial year

The share options outstanding and exercisable at the end of the financial year under the Plan had a range of exercise prices from 0.8 to 8 cents and a weighted average remaining contractual life of 855 days. (2011 : 664 days)

(b) Share Based Payments – Other

A total of 3,900,000 options were granted in the year of which 3,650,000 were under the Option Plan above.

There were an additional 250,000 Options granted to consultants. The factors and assumptions of determining fair value at grant date is noted above.

45,000,000 options, with no dividend yield, were granted during the year in consideration for services provided. 5,000,000 on 11 July 2011 have an exercise price of \$0.04 and vest immediately, 40,000,000 on 22 March 2012 with an exercise price of \$0.01 that vest immediately. Then following factors and assumptions were used in determining the fair value of options at grant date:

	11 July 2011	22 March 2012
Grant date	11 July 2011	22 March 2012
Grant date share price (cents)	2.10	0.80
Expected volatility	110%	120%
Option life	1.7 years	2.8 years
Risk-free interest rate	4.57%	2.36%

Performance incentive options of 30,000,000 were granted on 27 June 2012. The fair value of share options granted is estimated at the date of the grant using a Monte-Carlo simulation model, taking into account the terms and conditions upon which the share options were granted.

Key term	Tranche 1	Tranche 2	Tranche 3
Grant Date	11 June 2012	11 June 2012	11 June 2012
Underlying Share Price at Grant Date	0.004	0.004	0.004
Vesting Date (but still subject to exercise conditions)	18 September 2012	18 March 2013	18 March 2014
Performance Hurdle	At any time after vesting Market Capitalisation of GRK being >= \$15million based on a 10 day closing average price	At any time after vesting Market Capitalisation of GRK being >= \$30million based on a 10 day closing average price	At any time after vesting Market Capitalisation of GRK being >= \$40million based on a 10 day closing average price
Exercise Price	2.36%		
Volatility	100%	100%	100%
Dividend Yield	Nil	Nil	Nil
Risk free rate	3%	3%	3%
Number of Options Granted	10 Million	10 Million	10 Million

15. SHARE BASED PAYMENTS (continued)
Share based payment arrangements relating to consultants.

Grant date	Expiry date	Exercise price	Number of options at the beginning of the year	Options granted this year	Options Expired/Lapsed this year	Options cancelled this year	Number of Options at the end of the year	Options Exercisable at the end of the year	Fair value at grant date
19 Nov 2008	19 Nov 2012	\$0.06	1,000,000	-	-	-	1,000,000	1,000,000	\$0.03
18 Nov 2009	18 Nov 2014	\$0.08	1,000,000	-	-	-	1,000,000	-	\$0.05
16 Nov 2010	16 Nov 2014	\$0.04	750,000	-	-	-	750,000	750,000	\$0.01
16 Nov 2011	16 Nov 2015	\$0.02	-	75,250,000	-	-	75,250,000	71,875,000	\$0.01

	2012		2011	
	Number of options	Weighted Average Exercise price (Cents)	Number of options	Weighted Average Exercise price (cents)
Balance at beginning of the financial year	27,750,000	6.00	3,000,000	10.00
Granted during the financial year	75,250,000	1.00	25,750,000	2.00
Exercised	-	-	-	-
Forfeited / Expired	-	-	(1,000,000)	15.00
Balance at end of the financial year	103,000,000	2.00	27,750,000	6.00
Vested and Exercisable at end of the financial year	71,875,000	2.00	26,375,000	5.00

Balance at end of the financial year

The share options outstanding and exercisable at the end of the financial year under the Plan had a range of exercise prices from 2 to 8 cents and a weighted average remaining contractual life of 802 days. (2011 : 865 days)

16. KEY MANAGEMENT PERSONNEL REMUNERATION

The key management personnel of Green Rock Energy Limited during the year were:

- Richard Beresford Executive Chairman Appointed 30 September 2008
Managing Director Appointed 2 February 2010
- Jeffrey Schneider Non-Executive Director Appointed 1 May 2010
- Jörg Baumgärtner Non-Executive Director Appointed 25 April 2007
- Gabriel Chiappini Non-Executive Director Appointed 21 March 2012
- Adrian Larking Managing Director Appointed 25 February 2005
Director - Operations Appointed 2 February 2010
Resigned 21 March 2012
- Nigel Hodder Company Secretary Appointed 4 April 2005

Details of the remuneration of key management personnel are set out as follows:

	Short term employee benefits – salary and fees	Post employment benefits - superannuation	Share based payment	Other benefits	Total
	\$	\$	\$	\$	\$
2012					
Richard Beresford	192,200	7,740	13,652	-	213,592
Jeffrey Schneider	34,060	3,065	-	-	37,125
Jörg Baumgärtner	30,835	2,775	7,859	-	41,469
Gabriel Chiappini	12,000	-	2,977	-	14,977
Adrian Larking	211,938	7,740	29,856	-	249,534
Nigel Hodder	136,400	16,200	11,001	-	163,601
Total	617,433	37,520	65,345	-	720,298
2011					
Jeffrey Schneider	51,606	4,644	-	-	56,250
Richard Beresford	206,424	18,576	30,140	-	255,140
Adrian Larking	174,998	50,000	38,952	-	263,950
Jörg Baumgärtner	45,872	4,128	11,197	-	61,197
Nigel Hodder	163,500	16,350	14,876	-	194,726
Total	642,400	93,698	95,165	-	831,263

Remuneration for Gabriel Chiappini relates to the period from his date of appointment on 21 March 2012 to 30 June 2012.

17. REMUNERATION OF AUDITORS

During the year the following fees were paid or were payable for services provided by the auditor of the Company, its related practices and non related audit firms:

	Consolidated	
	2012 \$	2011 \$
Audit and review		
Deloitte Touche Tohmatsu	37,406	35,275
Other non-audit services		
Deloitte Touche Tohmatsu	-	-
Audit and review of Hungarian subsidiary		
M Audit	4,268	7,303
	41,674	42,578

The auditor of Green Rock Energy Limited is Deloitte Touche Tohmatsu.

18. RELATED PARTY TRANSACTIONS

(i) Remuneration details for Directors and Executives are included in the Remuneration Report and have been audited.

(ii) Movement in Shares

The aggregate numbers of shares of the Company held directly, indirectly or beneficially by Directors and other Key Management Personnel of the Company or their personally-related entities are as follows:

Key Management Personnel Equity Holdings	Ordinary Shares					30 June 2012
	1 July 2011	Options Exercised	Purchases	Sales	Other Changes	
Directors						
Richard Beresford	2,659,258	-	-	-	-	2,659,258
Jeffrey Schneider	3,932,700	-	-	-	-	3,932,700
Jörg Baumgärtner	-	-	-	-	-	-
Gabriel Chiappini	-	-	3,000,000	-	-	3,000,000
Adrian Larking	16,262,153	-	-	-	(16,262,153)	-
Secretary						
Nigel Hodder	468,507	-	-	-	-	468,507

Shares acquired by Gabriel Chiappini were acquired prior to his appointment as a Director. Other changes relate to resignation of Director

Key Management Personnel Equity Holdings	Ordinary Shares					30 June 2011
	1 July 2010	Options Exercised	Purchases	Sales	Other changes	
Directors						
Jeffrey Schneider	2,212,121	-	1,720,579	-	-	3,932,700
Richard Beresford	1,716,667	-	942,591	-	-	2,659,258
Adrian Larking	12,151,042	-	4,111,111	-	-	16,262,153
Jörg Baumgärtner	-	-	-	-	-	-
Secretary						
Nigel Hodder	342,951	-	125,556	-	-	468,507

(iii) Movement in Unlisted Options

The aggregate numbers of unlisted options of the Company held directly, indirectly or beneficially by Specified Directors and other Key Management Personnel of the Company or their personally-related entities are as follows:

Key Management Personnel Equity Holdings	Unlisted Options						Vested during the year
	1 July 2011	Options Granted As Remuneration	Options lapsed	Other changes	30 June 2012	Vested at 30 June 2012	
Directors							
Richard Beresford	3,300,000	500,000	-	-	3,800,000	2,250,000	250,000
Jeffrey Schneider	-	-	-	-	-	-	-
Jörg Baumgärtner	1,100,000	250,000	-	-	1,350,000	675,000	125,000
Gabriel Chiappini	-	2,000,000	-	-	2,000,000	1,000,000	-
Adrian Larking	5,000,000	500,000	(1,000,000)	(4,500,000)	-	-	-
Secretary							
Nigel Hodder	1,500,000	250,000	-	-	1,750,000	825,000	125,000

No options were exercised during the year. Other changes relate to options on resignation.

18. RELATED PARTY TRANSACTIONS (continued)

All options are exercisable once vested.

Key Management Personnel Equity Holdings	1 July 2010	Unlisted Options					
		Options Granted As Remuneration	Options lapsed	Other changes	30 June 2011	Vested at 30 June 2011	Vested during the year
Directors							
Jeffrey Schneider	-	-	-	-	-	-	-
Richard Beresford	1,300,000	2,000,000	-	-	3,300,000	2,000,000	1,000,000
Adrian Larking	4,000,000	1,000,000	-	-	5,000,000	3,000,000	500,000
Jörg Baumgärtner	1,600,000	500,000	(1,000,000)	-	1,100,000	550,000	250,000
Secretary							
Nigel Hodder	1,800,000	500,000	(800,000)	-	1,500,000	750,000	250,000

(iv) Movement in Listed Options

The aggregate numbers of listed options of the Company held directly, indirectly or beneficially by Directors and other Key Management Personnel of the Company or their personally-related entities are as follows:

Key Management Personnel Equity Holdings	1 July 2011	Listed Options				
		Options Exercised	Purchases	Sales	Other Changes	30 June 2012
Directors						
Richard Beresford	370,370	-	-	-	-	370,370
Jeffrey Schneider	983,175	-	-	-	-	983,175
Jörg Baumgärtner	-	-	-	-	-	-
Gabriel Chiappini	-	-	-	-	-	-
Adrian Larking	1,111,111	-	-	-	(1,111,111)	-
Secretary						
Nigel Hodder	55,556	-	-	-	-	55,556

Other changes relate to options on resignation.

Key Management Personnel Equity Holdings	1 July 2010	Listed Options				
		Options Exercised	Purchases	Sales	Other Changes	30 June 2011
Directors						
Jeffrey Schneider	-	-	983,175	-	-	983,175
Richard Beresford	-	-	370,370	-	-	370,370
Adrian Larking	-	-	1,111,111	-	-	1,111,111
Jörg Baumgärtner	-	-	-	-	-	-
Secretary						
Nigel Hodder	-	-	55,556	-	-	55,556

19. EXPENDITURE COMMITMENTS**(a) Exploration**

The Company has certain obligations to perform minimum exploration work on geothermal licences held. These obligations may vary over time, depending on the Company's exploration programs and priorities. As at the date of the report, the total estimated exploration expenditure commitments on licences held by the Company is approximately \$54.5m for the tenements in South Australia and Western Australia for the next 12 months. The total \$54.5m of the estimated exploration expenditure is currently under application for variation. These obligations are also subject to variations by farm-out arrangements or sale of the relevant licences or relinquishment.

Due to the nature of the consolidated entity's operations in exploring and evaluating areas of interest, it is very difficult to forecast the nature and amount of future expenditure.

In relation to the various South Australian geothermal exploration licences ("GEL's") that are held by the Company, in accordance with the applications for these GEL's, work programs were submitted with estimated costs to meet the minimum work program requirements. The original estimate of work program costs, as contained in the applications for the various licences held, amounts to \$8.4 million for the coming year. However, in the year under review applications were made to the Department of Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) in respect of 14 GEL's to vary the work programs of these licences. Should these applications be approved by DMITRE the likely expenditure in the coming year to meet the commitments of these licences will be significantly reduced and be in the order of \$30,000.

In respect of its various South Australian projects, the Company continues to be required to maintain with the Minister security of \$100,000 for the satisfaction of any obligations arising under the South Australian Petroleum Act of 2000. The security lodged with the Minister covers all South Australian GEL's granted to the Company.

The Western Australian geothermal exploration permits ("GEP's") which have been granted for a period of six years are each bound by a "minimum work program." Indicative costs for the work programs were given at the time of making application. Green Rock is currently in its fourth year of the work programs for the majority of these GEP's. The indicative costs of the minimum work programs accepted by the Department of Mines and Petroleum (DMP) for the various GEP's is a total of approximately \$45.8 million for the coming year. Applications have however been made to DMP to vary the work requirements of these permits and in one case to amalgamate the work programs of 7 contiguous permits. Should these applications be approved by DMP the likely expenditure in the coming year for these permits will be significantly reduced and be in the order of \$120,000.

In regard to EP 417, Green Rock has the right to earn an additional 5% equity interest (an increase from 15% to 20%) in EP 417 through funding 22.5% of the costs of drilling and coring a second well (location and timing to be determined) and fracing and testing of the well drilled subject to a cap of \$10 million on total costs following which any additional expenditure will be payable 20% by Green Rock. Only minimal expenditure of \$29,000 is anticipated as at the date of the report.

With regards to Backreef Area, the cost of drilling of East Blina-1 exploration well was pre-funded by the Company in the amount \$2.5 million before 30 June 2012. Only minimal expenditure of \$306,000 is anticipated as at date of the report.

(b) Capital Commitments

The Group has no capital commitments (2011: NIL).

19. EXPENDITURE COMMITMENTS (continued)
(c) Operating Lease Commitments

Total operating lease expenditure contracted for at balance date but not provided for in the consolidated financial statements, payable:

	Consolidated	
	2012	2011
	\$	\$
Not later than one year	75,560	62,583
Between one and five years	-	56,427
	75,560	119,010

The operating lease relates to the Company's registered office premises in West Perth. The operating lease is for an initial two year period expiring on 31 May 2013 with an option to renew the term of the lease for a further period of two years after the expiry date, to 31 May 2015. During the term of the lease the rent is reviewed annually on each successive anniversary date.

20. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on the geographical location of resources being explored for and evaluated. The Group principal activities involve hydrocarbon and geothermal energy development operating in Australia and Hungary. Segment information was previously disclosed on a geographical basis, however, as the Group now operate in the hydrocarbon and geothermal energy markets, segment information has been reported on this basis.

Operational Segments

2012	Geothermal	Hydrocarbon	Inter Company Items	Consolidated
Revenue				
Interest	72,263	-	-	72,263
Other income	-	-	-	-
Total revenue	72,263	-	-	72,263
Loss before tax (continuing operations)	(10,030,718)	-	-	(10,030,718)
Share of loss from associates	(251,495)	-	-	(251,495)
Income tax benefit	345,720	-	-	345,720
Loss for the year	(9,936,493)	-	-	(9,936,493)
Total segment assets	10,415,812	2,524,758	(2,944,123)	9,996,447
Total segment liabilities	202,464	-	-	202,464
Fixed asset additions	473	-	-	473
Depreciation	33,387	-	-	33,387
Non-current assets	8,655,313	2,524,758	(2,944,123)	8,235,948
Interest in associates	1,071,175	-	-	1,071,175
2011	Geothermal	Hydrocarbon	Inter Company Items	Consolidated
Revenue				
Interest	60,124	-	-	60,124
Other income	96,143	-	-	96,143
Total revenue	156,267	-	-	156,267
Loss before tax (continuing operations)	(3,119,009)	-	-	(3,119,009)
Share of loss from associates	(223,332)	-	-	(223,332)
Income tax benefit	616,431	-	-	616,431
Loss for the year	(2,725,910)	-	-	(2,725,910)
Total segment assets	14,785,832	-	-	14,785,832
Total segment liabilities	685,565	-	-	685,565
Fixed asset additions	45,729	-	-	45,729
Depreciation	29,274	-	-	29,274
Non-current assets	10,223,023	-	-	10,223,023
Interest in associates	1,205,677	-	-	1,205,677

20. SEGMENT INFORMATION (continued)
Geographical Segments

2012	Australia	Hungary	Inter Company Items	Consolidated
Revenue				
Interest	72,259	4	-	72,263
Other income	-	-	-	-
Total revenue	72,259	4	-	72,263
Loss before tax (continuing operations)	(10,013,681)	(13,292)	(3,745)	(10,030,718)
Share of loss from associates	-	(251,495)	-	(251,495)
Income tax benefit	345,720	-	-	345,720
Loss for the year	(9,667,961)	(264,787)	(3,745)	(9,936,493)
Total segment assets	11,776,173	1,164,397	(2,944,123)	9,996,447
Total segment liabilities	200,009	38,514	(36,059)	202,464
Fixed asset additions	473	-	-	473
Depreciation	33,387	-	-	33,387
Non-current assets	10,021,219	1,158,852	(2,944,123)	8,235,948
Interest in associates	-	1,071,175	-	1,071,175
2011	Australia	Hungary	Inter Company Items	Consolidated
Revenue				
Interest	60,119	5	-	60,124
Other income	96,143	-	-	96,143
Total revenue	156,262	5	-	156,267
Loss before tax (continuing operations)	(3,006,448)	(111,631)	(930)	(3,119,009)
Share of loss from associates	-	(223,332)	-	(223,332)
Income tax benefit	616,436	(5)	-	616,431
Loss for the year	(2,390,012)	(334,968)	(930)	(2,725,910)
Total segment assets	17,163,296	109,026	(2,486,490)	14,785,832
Total segment liabilities	2,841,947	26,945	(2,183,327)	685,565
Fixed asset additions	45,729	-	-	45,729
Depreciation	29,274	-	-	29,274
Non-current assets	9,188,524	1,322,309	(287,810)	10,223,023
Interest in associates	-	1,205,677	-	1,205,677

All hydrocarbon activities are undertaken in Australia.

	<u>2012</u> \$	<u>2011</u> \$
21. LOSS PER SHARE		
The following reflects the loss and share data used in the calculations of basic and diluted loss per share:		
Loss used in calculating basic and diluted loss per share	9,936,493	2,725,910
	<u>Number of Shares 2012</u>	<u>Number of Shares 2011</u>
Weighted average number of ordinary shares used in calculating basic and diluted loss per share:	856,921,891	425,558,074
Basic and Diluted loss per share (cents per share)	0.01	0.64

***Non-dilutive securities**

As at balance date, 1,139,372,566 options (30 June 2011: 282,755,436) which represent potential ordinary shares were not considered dilutive as they would decrease the loss per share.

Conversions, calls, subscriptions or issues after 30 June 2012

There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

22. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost after adjustments for share of losses.

Name of entity	Country of incorporation	Ownership interest	
		2012 %	2011 %
Central European Geothermal Energy Private Company Ltd	Hungary	50	50

(a) Movements during the year in equity accounted investment in associated companies

	Consolidated	
	2012 \$	2011 \$
Balance at beginning of the financial year	1,205,677	92,185
Investment in Central European Geothermal Energy Private Company Limited (CEGE)	116,993	1,336,824
Share of loss after income tax	(251,495)	(223,332)
Carrying amount at the end of the financial year	1,071,175	1,205,677

The Group acquired a one third share in Central European Geothermal Energy Private Company Limited (CEGE) on 30 July 2008. On 2 February 2009 the Group acquired an additional interest in CEGE. The geothermal company incorporated in Hungary is now jointly owned by Green Rock Energy International Pty Ltd and MOL Plc. As at 30 June 2012 the Group held a one half interest in CEGE.

22. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)
(b) Equity accounted profits of associates are broken down as follows:

	Consolidated	
	2012 \$	2011 \$
Share of associate's loss before income tax expense	251,495	223,332
Share of associate's income tax expense	-	-
Share of associate's loss after income tax	251,495	223,332

(c) Summarised presentation of aggregate assets, liabilities and performance of associates

Current assets	146,074	222,353
Non-current assets	1,725,175	2,103,261
Total assets	1,871,249	2,325,614
Current liabilities	52,973	77,656
Non-current liabilities	-	-
Total liabilities	52,973	77,656
Net assets	1,818,276	2,247,958
Revenues	9,866	19,661
Profit/(Loss) after income tax of associates	(502,990)	(446,665)

- (d)** Ownership interest in Central European Geothermal Energy Private Company Limited (CEGE) at that company's balance date was 50%. The reporting date of Central European Geothermal Energy Private Company Limited (CEGE) is 31 December. The principal activity of Central European Geothermal Energy Private Company Limited (CEGE) is the development of geothermal resources in Hungary and the subsequent production and sale of geothermal generated electricity to the Hungarian market.

(e) Capital and other expenditure commitments

The Group has no capital commitments.

(f) Contingent liabilities

There are no contingent liabilities at 30 June 2012.

23. GROUP ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries.

Name of entity	Country of incorporation	Ownership interest	
		2012 %	2011 %
<i>Parent Entity</i>			
Green Rock Energy Limited	Australia		
<i>Subsidiaries (Consolidated)</i>			
Green Heat Resources Pty Ltd	Australia	100	100
Green Rock Geothermal Pty Ltd	Australia	100	100
Green Rock Energy International Pty Ltd (previously Vulcan Geothermal Pty Ltd)	Australia	100	100
Green Rock (Vulcan) Energy Kft (previously Vulcan Energy Kft)	Hungary	100	100
GRE WA Geothermal 1 Pty Ltd	Australia	100	100
GRE UWA Corporation Pty Ltd	Australia	100	100
Geothermal Operations (UWA) Pty Ltd	Australia	100	100
Green Rock Canning Basin Pty Ltd	Australia	100	-
<i>Associates (Equity accounted)</i>			
Central European Geothermal Energy Private Company Ltd	Hungary	50	50

24. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash and Cash Equivalents

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated	
	2012 \$	2011 \$
Cash at bank	1,304,056	3,825,574
Deposits at call	-	-
	1,304,056	3,825,574

(b) Reconciliation of the loss from ordinary activities after income tax to the net cash flows used in operating activities

	Consolidated	
	2012 \$	2011 \$
Loss after income tax	(9,936,493)	(2,725,910)
<i>Non-cash items:</i>		
Depreciation	33,387	29,274
Share based payments	233,705	160,954
Exchange losses	5,187	(714)
Interest income	(72,263)	(60,124)
Impairment	8,313,680	-
Plant & equipment impaired	-	102,529
Share of loss from associate	251,495	223,332
Government grants	(251,600)	-
<i>Change in operating assets and liabilities:</i>		
Decrease/(Increase) in prepayments	(12)	8,411
Decrease/(Increase) in receivables	280,800	(257,690)
Increase/(Decrease) in trade creditors	(175,364)	247,634
Increase in other creditors and accruals	(1,446)	3,852
Increase in employee entitlements provision	(54,691)	14,430
Net operating cash flows	(1,373,615)	(2,254,022)

(c) Significant non-cash items

During the year the Company issued 78,900,000 options as share based payments which were valued at \$233,705. (2011: 35,050,000 options valued at \$432,700).

25. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks and market risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. However, the Company does not hold any complex financial instruments. The financial instruments of the Company are all disclosed on an amortised cost basis.

Capital Management

The main focus of the Group's capital management policy is to ensure adequate working capital to fund the exploration and development activities of its various geothermal projects. This is done through the close monitoring of cash flow projections.

The Group's working capital as at balance date was:

	Consolidated	
	2012	2011
	\$	\$
Cash	1,304,056	3,825,574
Other receivables	451,451	732,255
Other assets	4,991	4,980
Trade and other payables	(142,691)	(571,101)
Provisions	(37,262)	(74,993)
	1,580,545	3,916,715

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments.

Risk management is the responsibility of the Board of Directors.

(a) Market risk
(i) Foreign exchange risk

The Group has a significant operation in Hungary and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the Hungarian Forint.

Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations.

The Group's exposure to foreign currency risk at the reporting date was as follows:

Group sensitivity

The parent entity advances funds to the Hungarian subsidiary in Australian Dollars. In practical terms the Australian Dollar is converted to the Euro and the Hungarian Forint ("HUF"). The foreign exchange risk is recognized by the Hungarian subsidiary. The consolidated entity's pre-tax profit for the year would have been \$14,368 higher/\$14,368 lower (2011: \$33,497 higher/ \$33,496 lower) had the Australian dollar strengthened/weakened by 10% against the Hungarian Forint.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk through cash and cash equivalents \$1,304,056 (2011: \$3,825,574).

25. FINANCIAL INSTRUMENTS (continued)

At 30 June 2012, if the interest rates had weakened/strengthened by 100 basis points from the year end rates with all other variables held constant, post tax profit for the year would have been \$12,891 lower/higher (2011: \$23,760 lower/higher) mainly as a result of interest income decreases/increases.

(iii) *Price Risk* - The Group is not exposed to price risk.

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and committed transactions.

Cash and cash equivalents are held with recognisable banking and financial institutions.

Other receivables are due from third parties considered credit worthy. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised at note 5. The ageing analysis of receivables is as follows:

	Current	> 30 days	> 60 days	> 90 days
<u>2012</u>				
Consolidated				
Australian Taxation Office	58,140	-	-	386,790
<u>2011</u>				
Consolidated				
Australian Taxation Office	109,616	-	616,436	-

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to ensure that the Group's liabilities can be settled as and when they become due.

Maturities of financial liabilities

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	< 1 month	1 - 3 months	3 - 6 months	6 - 12 months
<u>2012</u>				
Trade payables - consolidated	142,691	-	-	-
Other creditors	3,105	6,210	9,315	18,631
<u>2011</u>				
Trade payables - consolidated	278,795	-	-	-
Other creditors	3,203	6,407	9,611	19,222

25. FINANCIAL INSTRUMENTS (continued)
(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

26. CONTINGENT LIABILITIES

There were no material contingent liabilities as at 30 June 2012.

In compliance with the requirements of the South Australian Petroleum Act of 2000 the Company is required to maintain with the Minister, for the satisfaction of obligations arising under the Act or the Geothermal Exploration Licences (GELs) granted, security of \$100,000. The security is to be lodged in cash or an unconditional irrevocable bank guarantee. The security lodged by the Company covers all South Australian GELs granted to the Company.

If on expiry of the GELs they are not renewed and the Minister is satisfied that there are no further obligations under the licences or the Act, the Minister will return the security to the Company.

27. EVENTS SUBSEQUENT TO BALANCE DATE

- **Backreef Area, Canning Basin – 2012 drilling operations**

On 14 August 2012, Oil Basins Limited as designated Operator on behalf of the Backreef Area Joint Venture announced that it had significantly advanced its preparations for the proposed 2012 Canning Basin drilling operations by:

- a) entering into a Letter of Intent (LOI) to contract a petroleum drilling rig for the East Blina-1 and an option for a second well
- b) the LOI and subsequent contract are subject to the rig being cleared for use in WA by the Department of Mines and Petroleum (DMP) and all site clearances approved by DMP and stakeholders

OBL conducted an exhaustive search of available suitable rigs through a tender process to 18 rig contractors which was managed by petroleum and drilling engineering consultant Du-el Drilling Services Pty Ltd.

The East Blina-1 exploration well of about 1,100 m total depth (TD) (and possible contingent Backreef-2 well of about 1,000m TD) will be drilled by Dynamic Drilling Rig 17, a fit for purpose drilling rig rated to depth of about 1,500m. Its use is expected to significantly reduce both drilling and mobilisation costs of comparable competitor rigs.

The drilling time is estimated as 10 days to drill, evaluate and complete. Subject to all DMP approvals it is expected that East Blina-1 will spud in early October 2012 and be completed ahead of the deadline for completion of the Backreef Area farm-in commitment well by 31 October 2012.

- **Laurel Project, Canning Basin - Airborne Gravity Survey over EP417 and Seven Lakes SPA**

On 23 August 2012, New Standard Energy Ltd as designated operator of the Laurel Project in the Canning Basin announced that an Airborne Gravity Survey had commenced over the Seven Lakes SPA and EP 417 in the Canning Basin. The survey is expected to take approximately 3 weeks, with initial results available within 40 days of completion.

The blocks are located in the south eastern Fitzroy Trough of the Canning Basin, which has strong geological similarities to Buru's recent discoveries in the Fitzroy Trough within the Laurel Formation at Valhalla, Paradise and Yulleroo. Potential for oil discoveries similar to the Ungani Field also exist given the positive oil indications in nearby wells.

27. EVENTS SUBSEQUENT TO BALANCE DATE (continued)

The gravity survey will acquire approximately 3,695 line kilometres of data, providing block-wide coverage over both the Seven Lakes SPA and EP 417. The results will contribute valuable data that will be analysed together with the available seismic and well information over the area, and will be used to help define the extent of the prospective basin-centred plays in the Laurel Formation. This will assist the selection of blocks within Seven Lakes SPA for conversion to a full Exploration Permit (EP). This survey exceeds the minimum Work Program commitment for the SPA.

The survey will also improve the Joint Venture's understanding of the structure and stratigraphy of the EP 417 area that will be incorporated into the assessment of the results of Lawford-1 well deepening undertaken by the Joint Venture in 2011 and help guide the future exploration program in the area. The survey and associated technical studies will fulfil the 2012 and 2013 Work Program commitments for EP 417.

- Issue of Shares**

923,913 GRK fully paid ordinary shares were issued on 20 July 2012 in lieu of consulting fees for services provided. On 23 August 2012 a further 800,847 shares were issued in lieu of consulting fees to the same consultant in addition to 5,000,000 shares to OPptimal Exploration and Development Pty Ltd, which issue was approved by shareholders at a General Meeting held on 11 June 2012 and are pursuant to an agreement to supply consultancy services to the Company.

28. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Green Rock Energy Limited, at 30 June 2012. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	Company	
	2012 \$	2011 \$
Current assets	3,957,176	6,382,711
Non-current assets	7,143,489	8,976,794
Total assets	11,100,665	15,359,505
Current liabilities	176,498	388,023
Non-current liabilities	22,511	39,471
Total liabilities	199,009	427,494
Contributed equity	31,175,630	26,665,747
Reserves	2,022,577	1,086,608
Accumulated losses	(22,296,551)	(12,820,344)
Total equity	10,901,656	14,932,011
Loss for the year	(9,674,647)	(2,499,658)
Other comprehensive loss	-	-
Total comprehensive loss for the year	(9,674,647)	(2,499,658)

Commitments

Refer to Note 19 for Expenditure Commitments of the Parent Entity

Contingent Liabilities

Refer to Note 26 for Contingent Liabilities of the Parent Entity

In the opinion of the Directors of Green Rock Energy Limited ("the Company"):

- (a) the financial statements and notes and the Remuneration report in the Directors Report, set out on pages 23 to 26 and 30 to 69, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards in Australia and the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2012 and of its performance, as represented by the results of its operations, for the financial year ended on that date.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(b); and
- (c) there are reasonable grounds to believe that Green Rock Energy Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Managing Director and the Company Secretary for the financial year ended 30 June 2012.

This declaration is made in accordance with a resolution of the Directors.

Signed at Perth this 28th day of September 2012



Richard Beresford
Executive Chairman



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Independent Auditor's Report to the Members of Green Rock Energy Limited

Report on the Financial Report

We have audited the accompanying financial report of Green Rock Energy Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 30 to 70.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Green Rock Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Green Rock Energy Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1(b).

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion, we draw attention to Note 1(a) in the financial report which indicates that the consolidated entity has incurred net losses of \$9,936,493 (2011: \$2,725,910) and experienced net cash outflows from operating and investing activities of \$7,932,107 for the year ended 30 June 2012 (2011: \$3,614,746). These conditions, along with other matters set out in Note 1(a), indicate the existence of a material uncertainty which may cast significant doubt about the company's and the consolidated entity's ability to continue as going concerns and therefore, whether they will realise their assets and extinguish their liabilities in the ordinary course of business, and at amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 26 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Green Rock Energy Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.


DELOITTE TOUCHE TOHMATSU


Chris Nicoloff
Partner
Chartered Accountants
Perth, 28 September 2012

ASX Additional Information

NUMBER OF HOLDERS OF EQUITY SECURITIES

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information was applicable as at 30 September 2012.

ORDINARY SHARE CAPITAL

1,848,308,240 fully paid ordinary shares are held by 2,897 shareholders

There are no partly paid ordinary shares held by any shareholder.

All ordinary shares carry one vote per share.

DISTRIBUTION OF HOLDERS OF ORDINARY SHARES

Range	Total holders	Units	% of Issued Capital
1 - 1,000	60	13,914	0.00
1,001 - 5,000	126	505,901	0.03
5,001 - 10,000	324	2,722,302	0.15
10,001 - 100,000	1,247	55,154,524	2.98
100,001 - 9,999,999,999	1,140	1,789,911,599	96.84
Rounding			0.00
Total	2,897	1,848,308,240	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.002 per unit	250,000	2,152	13,227,801

SUBSTANTIAL SHAREHOLDERS

There are no substantial shareholders.

**Twenty largest holders of fully paid ordinary shares
as at 30 September 2012**

Rank	Name	Units	% of Units
1.	DECK CHAIR HOLDINGS PTY LTD	90,000,000	4.87%
2.	TROCA ENTERPRISES PTY LTD <COULSON S/F A/C>	51,020,408	2.76%
3.	MAHSOR HOLDINGS PTY LTD <ROSHAM FAMILY S/F NO 2 A/C>	46,771,010	2.53%
4.	SCINTILLA STRATEGIC INVESTMENTS LIMITED	46,265,306	2.50%
5.	GUINA NOMINEE PTY LTD <THE BYASS SUPER FUND A/C>.	32,142,857	1.74%
6.	NUTSVILLE PTY LTD <INDUSTRIAL ELEC CO S/F>	31,887,755	1.73%
7.	GLAMOUR DIVISION PTY LTD <THE HAMMER A/C>	31,567,342	1.71%
8.	MS MERLE SMITH + MS KATHRYN SMITH <THE MINI PENSION FUND A/C>	30,775,510	1.67%
9.	MAINVIEW HOLDINGS PTY LTD	30,000,000	1.62%
10.	SEIVAD INVESTMENTS PTY LTD	28,684,059	1.55%
11.	EYEON INVESTMENTS PTY LTD	22,222,222	1.20%
12.	LBT CORP PTY LTD	22,222,222	1.20%
13.	MR DANIEL PAUL WISE <ARK INVESTMENTS A/C>	21,755,102	1.18%
14.	LKC TECHNOLOGY PTY LTD <LKC TECHNOLOGY P/L S/F>	21,400,000	1.16%
15.	MR FARIS CASSIM	20,000,000	1.08%
16.	LENVANT PTY LTD <LENVANT SUPERFUND A/C>	20,000,000	1.08%
17.	MR MATTHEW MARK SABATO	20,000,000	1.08%
18.	RYLET PTY LTD	18,479,592	1.00%
19.	DIGITAL INVESTMENTS PTY LTD <ROBERTS SUPER FUND A/C>	17,981,133	0.97%
20.	WALSAL NOMINEES PTY LTD	17,755,102	0.96%
	Total twenty largest shareholders	620,929,620	33.59%
	Balance of register	1,227,378,620	66.41%
	Total register	1,848,308,240	100.00%