

# GRP Corporation Limited

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27 June 2011

## NOTICE OF ANNUAL GENERAL MEETING – SUPPLEMENTARY MATERIAL

On 5 May 2011, GRP Corporation Limited (ASX: GRP) (to be renamed Cady Energy Limited) (**Company**) despatched a notice of annual general meeting (**Notice**) to its shareholders in respect of an annual general meeting to be held on 7 June 2011 (**Meeting**). An Independent Expert's Report prepared by HLB Mann Judd Corporate (WA) Pty Ltd dated 5 May 2011 (**IER**) and USA Expert's Report prepared by Robert. A. King dated 10 April 2011 (**Valuation Report**) were also despatched to shareholders on this date.

The Notice, IER and Valuation Report relate to the proposed acquisition by the Company of all of the issued capital of Cady Energy Pty Ltd (**Cady**) (**Transaction**).

Since the date of despatch of the Notice, IER and Valuation Report, it has come to the Company's attention that within those documents there are statements and references to the effect that Cady owns 100% of the Hanging Woman coal bed methane project, located in the Powder River Basin, Wyoming, USA (**Hanging Woman Project**). Any such statements are in error and should in fact read that Cady has an "exclusive right to purchase 100% of the Hanging Woman Project".

Accordingly, the Company provides this addendum to the Notice (together with an addendum to the IER and a revised Valuation Report), to ensure shareholders have considered additional material prior to making a decision on the matters to be resolved at the Meeting.

The Company remains suspended from trading and will not recommence trading until the Company is readmitted to quotation on ASX following successful completion of the Transaction and associated capital raising.

Attached to this letter is supplementary material in relation to the Hanging Woman Project. We draw to shareholders' attention that, whilst an addendum to the IER and a revised Valuation Report are provided, the conclusion by the Independent Expert on the acquisition by the Company of all of the issued capital of Cady has remained unchanged, being **FAIR AND REASONABLE** to the non associated shareholders of the Company.

Notwithstanding the addendum to the IER and revised Valuation Report, the Board still recommends the Transaction to shareholders. If the Transaction is not completed, the Company will remain without a project or significant asset and will not be re-admitted to quotation on ASX until an alternate transaction is sourced.

Please note that due to the provision of this supplementary material, the Meeting has been postponed to:

**Date: 6 July 2011**

**Time: 10.00 am EST**

**Venue: Nicols and Brien, Level 2, 350 Kent Street, Sydney NSW 2000**

Opportunity will be made for shareholders to ask any questions at the Meeting relating to the material contained in the Notice and in the attached supplementary material.

We also attach a new proxy form to allow shareholders that have already lodged a proxy form to revoke that proxy form if they chose to do so. **All proxy forms must be returned to the address detailed on the proxy form by no later than 10.00 am EST 4 July 2011.**

We encourage shareholders to review the material annexed in conjunction with the Notice and contact the Company if you have any queries about the material.

We look forward to receiving your proxy form or attendance at the Meeting.

Yours faithfully



**Steve Nicols  
Non-Executive Director  
GRP Corporation Limited**

**GRP CORPORATION LIMITED**  
**(to be renamed Cady Energy Limited)**  
**ABN 57 096 781 716**

**Supplementary Material to the Notice of Annual General Meeting Dated 5 May 2011**

The material contained in this document is supplementary to the material contained in the Notice of Annual General Meeting issued by GRP Corporation Limited (to be renamed Cady Energy Limited) (**Company**) dated 5 May 2011 (**Notice**) and should be read together with that Notice. Defined terms in this document carry the same meaning attributable to the term in the Notice.

**Correction and Clarification - Interest to be acquired in the Hanging Woman Project**

As summarised in the Notice of Meeting, on 15 April 2011 the Company entered into a formal share sale agreement (**Share Sale Agreement**) with all of the shareholders of Cady Energy Pty Ltd (**Cady**) (**Cady Vendors**) pursuant to which the Cady Vendors agreed to sell, and the Company agreed to acquire, 100% of the fully paid ordinary shares in the capital of Cady (**Transaction**).

It has come to the Company's attention that within the Notice there are statements and references to the effect that Cady owns 100% of the Hanging Woman coal bed methane project, located in the Powder River Basin, Wyoming, USA (**Hanging Woman Project**). Any such statements are in error and should in fact read that Cady has an "exclusive right to purchase 100% of the Hanging Woman Project" (**not** ownership or title).

As a result the following references in the Notice are to be updated as follows:

- the reference "*in particular Cady's coal bed methane hanging woman project in the Powder River Basin, Wyoming, USA (**Hanging Woman Project**), is such an opportunity;*" in the letter to shareholders set out in Page 1 of the Notice is deleted in its entirety and replaced with the following:

**"in particular Cady's right to acquire the coal bed methane hanging woman project in the Powder River Basin, Wyoming, USA (**Hanging Woman Project**), is such an opportunity;"**

- the following is inserted before the heading "Consolidation" in Section 6 of the Explanatory Memorandum to the Notice:

**"Kennedy Oil Agreement**

Pursuant to a sale and purchase agreement dated 11 June 2010, between Kennedy Oil and M. John Kennedy (together, the Kennedy Vendors), Cady Energy US Inc. (Cady Energy US) (a wholly owned subsidiary of Cady) and Cady (in the capacity of guarantor), Cady Energy US was granted an exclusive right to acquire a 100% interest in the Hanging Woman Project (Kennedy Oil Agreement).

In accordance with the terms of the Kennedy Oil Agreement and on completion of the Transaction:

- immediately following re-admission of the Company to the official list of ASX (Admission Date), the Company must reimburse the Kennedy Vendors for past operating costs on the Hanging Woman Project for the period from 26 January 2010 to the Admission Date to a maximum of US\$35,000 per month (estimated to be a total of approximately US\$500,000 to US\$550,000 as at the Admission Date) (Reimbursement Payment);
- within 30 days of the Admission Date, the Company must pay the Kennedy Vendors US\$1,550,000 (Re-Admission Payment);

(c) within 30 days of the expiration of the period allowed for the Company to perform the Minimum Agreed First Year Work Program (being 30 September 2011 or 29 weeks from the date of permitting/approvals to drill at the project) (or earlier, at the election of the Company), the Company must, at the election of the Kennedy Vendors, either:

(i) pay the Kennedy Vendors US\$2,000,000; or

(ii) issue the Kennedy Vendors the equivalent value of Shares at a deemed issue price of \$0.20 each,

(Title Transfer Payment); and

(d) within 30 days of first shipment to market of commercial natural gas produced from the Hanging Woman Property, (or earlier at the Company's election), the Company must, at the election of the Kennedy Vendors, either:

(i) pay the Kennedy Vendors US\$3,000,000 in cash; or

(ii) issue the Kennedy Vendors the equivalent value in Shares at a deemed issue price of \$0.20 each,

(Production Payment).

The Minimum Agreed First Year Work Program includes the drilling of a minimum of two new wells at the Hanging Woman Project, and performing analysis on the core from at least one well to the Company's satisfaction.

Following completion of the Minimum Agreed First Year Work Program, or earlier, at the election of the Company, 100% of the legal title to the leases, which comprise the Hanging Woman Project will be transferred to Cady Energy US and the Company will be required to pay the Title Transfer Payment within 30 days of the date of transfer of title.

The anticipated date of completion of the Minimum Agreed First Year Work Program is January 2012. The Company proposes to raise a minimum of A\$7 million pursuant to the Capital Raising and those funds raised will be sufficient to cover the US\$3.1 million detailed above (made up of the Reimbursement Payment, Re-Admission Payment and estimated expenditure incurred in completing the Minimum Agreed First Year Work) plus costs associated with the offer of A\$200,000 plus working capital for 24 months. When the payment to the Kennedy Vendors is due and if they elect to receive cash rather than Shares in satisfaction of that payment, then an additional US\$2 million will be paid.

In addition, various parties including associates of the Kennedy Vendors hold the following royalties:

(a) in total a royalty equal to 16.5% of revenues over WYW-142099, WYW-142100, WYW-142101, WYW-142104, WYW-142105, WYW-142846 and WYW-142 848;

(b) in total a royalty equal to 17.75% of revenues over WYW-143089;

(c) in total a royalty equal to 22.0% of revenues over WYW-160915;

(d) in total a royalty equal to 17.0% of revenues over WY#97-00255; and

(e) in total a royalty equal to 22.0% of revenues over the Fee Simple Land located at Township/Range 57-80: Section 23 SENW and Township/Range 57-79: Section 30, Lot 3 (NWSW) and SESW, and Lot 31 NENW.

**The Kennedy Oil Agreement is governed and is to be construed under the laws of the State of Wyoming.”**

- the statement in Section 6 of the Explanatory Memorandum to the Notice under the heading “Details of Cady Energy Pty Ltd”, “*Cady is an Australian company based in Perth, focused on the commercial development of its 100% owned coal bed methane hanging woman project located in the Powder River Basin Wyoming, USA (Hanging Woman Project)*” is deleted in its entirety and replaced with the following:

**“Cady is an Australian company based in Perth, focused on the commercial development of the coal bed methane hanging woman project to which is has an exclusive right to purchase 100%, located in the Powder River Basin Wyoming, USA (Hanging Woman Project)”.**

- the statement in Section 6 of the Explanatory Memorandum to the Notice under the heading “Details of Cady Energy Pty Ltd”, “*Cady purchased the Hanging Woman Project from Kennedy Oil in June 2010*” is deleted in its entirety and replaced with the following:

**“In June 2010, Cady’s wholly owned subsidiary, Cady Energy US entered into an agreement with Kennedy Oil pursuant to which Cady was granted the exclusive right to acquire the Hanging Woman Project. Refer to the summary of the Kennedy Oil Agreement set out above.”**

**For the avoidance of doubt:**

- (a) **upon settlement of the Transaction, which is anticipated to occur as soon as practicable after the date of the Meeting, the Company will acquire 100% of the issued capital of Cady; and**
- (b) **subject to the Company making the Reimbursement Payment and Re-Admission Payment within the required time frames, completing the Minimum Agreed First Year Work Program and making the Title Transfer Payment the Company will then acquire legal title to the leases which comprise the Hanging Woman Project.**

**Use of funds raised from the Capital Raising**

The Company intends to apply funds raised pursuant to the Capital Raising (assuming A\$7,000,000, A\$10,000,000 or A\$15,000,000 is raised) as follows:

Use	Total Assuming A\$7 million raised  (\$)	Total Assuming A\$10 million raised  (\$)	Total Assuming \$15 million raised  (\$)
Project Acquisition Costs - Kennedy Oil <sup>2,4</sup>	2,000,000	2,000,000	2,000,000
Agreed First Year Work Programme	1,000,000	1,000,000	1,000,000
Title Transfer Payment - Kennedy Vendors <sup>3,4</sup>	1,900,000	1,900,000	1,900,000
Land Acquisition Costs	-	250,000	300,000
Further Drilling and Well Completion Costs	-	2,500,000	4,400,000
Expenses of the Offer	200,000	350,000	500,000
Working Capital and Administration Costs	1,900,000	2,000,000	2,000,000
Production Payment – Kennedy Vendors <sup>4</sup>	-	-	2,900,000
<b>Total <sup>4, 5, 6</sup></b>	<b>7,000,000</b>	<b>10,000,000</b>	<b>15,000,000</b>

**Notes:**

1. It should be noted that the allocation of funds will be subject to modification based on the outcome and success of exploration.
2. This amount includes the Reimbursement Payment and Re-Admission Payment payable pursuant to the Kennedy Oil Agreement.
3. This is the Title Transfer Payment payable pursuant to the Kennedy Oil Agreement (assuming the Kennedy Vendors elect to receive the Title Transfer Payment as a cash payment).
4. Payments in the above table which are to be made in US dollars assume an exchange rate of AUD\$1 = US\$1.05.
5. In the event that more than \$7,000,000 but less than \$10,000,000 is raised, the Company intends to allocate the funds firstly towards the expenses of the issue, and secondly towards land acquisition and drilling and well completion costs.
6. In the event that more than \$10,000,000 but less than \$15,000,000 is raised, the Company intends to allocate the funds firstly towards the expenses of the issue, and secondly towards land acquisition and drilling and well completion costs.

## Risks

The Notice contains a summary of the key risks that the Board considers apply to the Transaction. In addition to those risks, the following is particularly relevant to Shareholders when considering whether to pass the Resolutions contained in the Notice.

### Contractual and Jurisdictional Risk

Pursuant to the Share Sale Agreement the Company has agreed to acquire 100% of Cady which holds an exclusive right to purchase 100% of the Hanging Woman Project pursuant to the terms and conditions of the Kennedy Oil Agreement.

Various contracts Cady (and its subsidiaries) are a party to (including the Kennedy Oil Agreement) are governed by Wyoming law or jurisdictions outside Australia. Legal action instituted in Australia or overseas can be costly. There is a risk that the Company may not be able to seek the legal redress that it could expect under Australian law; and generally there can be no guarantee that a legal remedy will ultimately be granted on the appropriate terms.

On completion of the Transaction, the Company's primary asset will be Cady's right to acquire an interest in the Hanging Woman Project held pursuant to the Kennedy Oil Agreement. The Company will not acquire legal title to the Hanging Woman Project until it has satisfied the required obligations under the Kennedy Oil Agreement (as summarised above).

The Company is reliant on the Kennedy Vendors complying with the terms and conditions of the Kennedy Oil Agreement and the conditions attaching to the leases. Should the Kennedy Vendors fail to comply with the terms of the Kennedy Oil Agreement, the Company's right to acquire an interest in the Hanging Woman Project may be adversely affected.

There is a risk that the Company will be unable to satisfy its obligations under the Kennedy Oil Agreement or the Company may elect not to proceed to acquire the project after completion of the Minimum Agreed First Year Work Program and therefore will not acquire the Hanging Woman Project. If this occurs, and the Company has not subsequently acquired an alternative project or asset, there is a risk the Company will not have an asset sufficient to maintain its listing on ASX and may be suspended from trading until an alternate project or asset is secured.

### Addendum to Independent Expert's Report and Revised Valuation Report

Attached to this Supplementary Notice is an addendum to the Independent Expert's Report and a revised Valuation Report which Shareholders should read carefully. Shareholders should note that whilst an addendum to the Independent Expert's Report and a revised Valuation Report have been obtained, it has not altered the Independent Expert's view that the Transaction is **FAIR AND REASONABLE** to the non associated shareholders of the Company.

### Enquiries

Shareholders may contact the Steve Nicols on (+61 2) 9299 2289 if they have any queries in respect of the matters set out in this Supplementary Notice.

Yours faithfully



**Steve Nicols**  
**Non-Executive Director**  
**GRP Corporation Limited**

## Consolidation

The Company will consolidate its existing share capital on a one for twenty basis.

The Important Dates that the Company will be following in accordance with Appendix 7A for the Consolidation of capital are as follows:

Company announces the capital consolidation by way of consolidating one (1) for twenty (20) Shares and fractions of Securities will be rounded up	6 July 2011
Record date to determine transfers on a pre-consolidated basis	14 July 2011
Registration of Securities on a post-consolidated basis	15 July 2011
Despatch Date	21 July 2011

As at the date of this Notice the Company's Securities remain suspended.

# GRP CORPORATION LIMITED

ABN 57 096 781 716

## PROXY FORM

The Company Secretary  
GRP Corporation Limited

**By delivery:**

Level 2  
350 Kent Street  
SYDNEY NSW

**By post:**

Level 2  
350 Kent Street  
SYDNEY NSW

**By facsimile:**

+61 (0) 2 9299 2239

I/We 1 \_\_\_\_\_  
of \_\_\_\_\_ being a

member/members of GRP Corporation Limited and entitled to \_\_\_\_\_  
votes in the Company, hereby appoint <sup>2</sup> \_\_\_\_\_

or failing him the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Nicols and Brien of Level 2, 350 Kent Street, Sydney New South Wales on Wednesday 6 July 2011 at 10.00am and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes of this proxy is authorised to exercise is \_\_\_\_\_% of the member's votes. (An additional Proxy Form will be supplied by the Company, on request).

### INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the resolutions referred to in the notice convening the Annual General Meeting, as follows:

If you do not wish to direct your proxy how to vote, please place a mark in each of the boxes under the heading "Chair". The Chair will be voting *for* the resolutions. By marking these boxes, you acknowledge that the Chair may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

		For	Against	Abstain	Chair
Resolution 1	Adoption of 2008 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Adoption of 2009 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Adoption of 2010 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-Election of Mr Mark Rowbottam as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Change of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Acquisition of Cady Energy Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Authority to make Placement of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Election of Director – Mr Murray Durham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Election of Director – Mr Saxon Palmer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Election of Director – Mr John (Gus) Simpson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Adoption of a New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Authorised signature/s** this section *must* be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder<sup>1</sup>

Sole Director and  
Sole Company Secretary

Shareholder<sup>2</sup>

Director

Shareholder<sup>3</sup>

Director/Company Secretary

---

Contact Name

Contact Daytime Telephone

Date

<sup>1</sup>Insert name and address of shareholder

<sup>2</sup>Insert name and address of proxy

\*Omit if not applicable

**Proxy Notes:**

A member entitled to attend and vote at the Annual General Meeting of the Company may appoint a natural person as the member's proxy to attend and vote for the member at that meeting. If the member is entitled to cast 2 or more votes at the Annual General Meeting the member may appoint not more than 2 proxies. Where the member appoints more than one proxy the member may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the member's votes. A proxy may, but need not be, a member of the Company.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the registered office of the Company (Level 2 350 Kent Street, Sydney, New South Wales or by post to Level 2 350 Kent Street, Sydney, New South Wales or Facsimile (02) 9299 2239 if faxed from within Australia or +61 2 9299 2239 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Annual General Meeting in the place where the Annual General Meeting is being convened.



**Mann Judd Corporate (WA) Pty Ltd**  
ACN 009 978 555

Licensed Investment Adviser

1106 GRP015 LDI

22 June 2011

The Directors  
GRP Corporation Limited  
c/- Allegra Capital Pty Ltd  
Level 1, 173 Mounts Bay Road  
PERTH WA 6000

Dear Sirs

**ADDENDUM IN RESPECT OF INDEPENDENT EXPERT'S REPORT  
GRP CORPORATION LIMITED**

We refer to our Independent Expert's Report dated 5 May 2011 ("Report") which was included in the Notice of Annual General Meeting and Explanatory Memorandum ("Notice") issued by GRP Corporation Limited ("GRP" or "the Company") on 6 May 2011. Our Report was required to consider various resolutions, including the resolutions giving effect to the acquisition of 100% of the issued shares in Cady Energy Pty Ltd ("Cady") for consideration represented by the issue by GRP to the Cady shareholders of 90,000,000 shares in GRP (on a post-Consolidation basis) and 11,250,000 Consideration Options (on a post-Consolidation basis).

The Company has issued an Addendum to the Notice dated 22 June 2011 and titled "Notice of Annual General Meeting - Supplementary Material" to highlight the fact that statements and references in the Notice, our Report and the Independent Valuation Report of the Hanging Woman Project by Mr Robert A King, PE dated 10 April 2011, to the effect that Cady owns 100% of the Hanging Woman coal bed methane project, located in the Powder River Basin, Wyoming USA, are incorrect. Any such statements are in error and should in fact read that Cady has "an exclusive right to purchase 100% of the Hanging Woman Project".

As a result, the following references in our Report are to be updated as follows:

1. Page 8, Section 1.2 - "Cady is focused on the commercial development of its 100% owned coal bed methane project known as the Hanging Woman Project located in the Powder River Basin, Wyoming USA ("Project")". This is to be replaced with "Cady is focused on the commercial development of the coal bed methane project known as the Hanging Woman Project located in the Powder River Basin, Wyoming USA ("Project"), in which Cady has an exclusive right to purchase".

HLB Mann Judd Corporate (WA) Pty Ltd AFSL 250903  
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.  
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2. Page 8, Section 1.2 - "Cady purchased the Project from Kennedy Oil in June 2010". This is to be replaced with "Cady has an exclusive right to purchase the Project from Kennedy Oil".
3. Page 14, Section 4.2 - "Cady is focused on the commercial development of its 100% owned coal bed methane project (known as the Hanging Woman Project) located in the Powder River Basin in Wyoming, USA. Cady purchased the Project in June 2010 from Kennedy Oil, an established private coal bed methane producing company based in Gillette, Wyoming". This is to be replaced with "Cady is focused on the commercial development of the coal bed methane project (known as the Hanging Woman Project) located in the Powder River Basin in Wyoming, USA. Cady has an exclusive right to purchase this Project from Kennedy Oil, an established private coal bed methane producing company based in Gillette, Wyoming".
4. Page 15, Section 4.5 - "We have commissioned an independent valuation report of the Hanging Woman Project owned by Cady". This is to be replaced by "We have commissioned an independent valuation report of the Hanging Woman Project, in which Cady has an exclusive right to purchase".

We have also been advised that in accordance with the terms of a share purchase agreement between Cady and Kennedy Oil, Cady has certain acquisition commitments and future expenditure commitments in relation to the Hanging Woman Project. In our opinion, a portion of the acquisition commitments which are payable in the short term should be deducted from the value derived by the Independent Valuer. This has resulted in the proforma consolidated net assets reducing. In addition, the Independent Valuer has issued a revised independent valuation report dated 26 May 2011 which reduces slightly the valuation of the Project. The following references in our Report are to be updated as follows:

1. Page 3, Section 3.1 - "Estimated fair market value of GRP after the Proposed Transaction (Section 6.1)" of \$63,279,188 is to be replaced with \$60,775,188.
2. Page 15, Section 4.5 - the date of the independent valuation report is changed to 26 May 2011. The table of values is replaced with:

	\$US
Low case value	37,521,000
High case value	60,033,000
Preferred case value	47,526,000

The commentary below the table of values is replaced with:

"In our valuation in Section 6.1 of this Report, we have used the preferred case value of \$US47,526,000 and have assumed an exchange rate of \$US1 = \$A1, resulting in a value of \$A47,526,000".

3. Page 15, Section 4.5 – the following commentary is to be added to Section 4.5:

“As part of the share purchase agreement with Kennedy Oil, Cady is required to pay to Kennedy Oil the following amounts as acquisition costs for the Hanging Woman Project:

- \$US1,550,000 within 30 days of the reinstatement of GRP’s shares to official quotation; and
- Reimbursement of operating costs of \$US500,000 - \$US550,000 (for the purposes of our Report, we have factored an amount of \$US550,000).

The value of the Hanging Woman Project used in our valuation in Section 6.1 of our Report is as follows:

	\$US
Value determined above	47,526,000
Less Further acquisition costs:	
• Cash	(1,550,000)
• Reimbursements	(550,000)
	<u>45,426,000</u>

As noted above, we have assumed an exchange rate of \$US1 = \$A1 in our valuation.

Deferred acquisition costs have not been factored into our valuation as these are contingent on future events, nor have we incorporated any expenditure commitments as these will arguably add to the value of the Project.

Page 21, Section 6.2 – “In our opinion, the fair market value of GRP after taking into account the proforma adjustments noted above is \$63,279,188”. This is to be replaced with “In our opinion, the fair market value of GRP after taking into account the proforma adjustments noted above is \$60,775,188”.

4. Page 22, Section 7.1 - “Estimated fair market value of GRP after the Proposed Transaction (Section 6.1)” of \$63,279,188 is to be replaced with \$60,775,188.
5. Page 20, Section 6.1 – the consolidated proforma market value balance sheet at 31 December 2010 is to be replaced with the following:

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	Consolidated Proforma Market value 31 Dec 2010
<b>Current Assets</b>	
Cash	15,414,313
Receivables	7,778
	<u>15,422,091</u>
<b>Non-Current Assets</b>	
Deferred exploration expenditure	45,426,000
	<u>45,426,000</u>
<b>Total Assets</b>	<u>60,848,091</u>
<b>Current Liabilities</b>	
Payables	72,903
	<u>72,903</u>
<b>Total Liabilities</b>	<u>72,903</u>
<b>Net Assets</b>	<u>60,775,188</u>
<b>No. of shares on issue (Proforma)</b>	175,060,672
<b>Net asset backing per share</b>	\$0.35

We note that references in the Independent Valuation Report of the Hanging Woman Project by Mr Robert A King, PE have also been updated in relation to Cady having an exclusive right to purchase 100% of the Hanging Woman Project.

We also note that our conclusion in relation to whether the Proposed Transaction is fair and reasonable to GRP's non-associated shareholders has not changed, namely that **we are of the opinion that the Proposed Transaction is fair and reasonable to GRP's non-associated shareholders.**

This Addendum is to be read in conjunction with our Financial Services Guide attached to our Report dated 5 May 2011.

Yours faithfully  
 HLB MANN JUDD CORPORATE (WA) PTY LTD  
 Licensed Investment Advisor (AFSL Licence number 250903)



L DI GIALONARDO  
 Authorised Representative

**ROBERT A. KING, P.E.**  
1551 THREE CROWNS DRIVE, SUITE 301  
CASPER, WYOMING 82504  
(307) 266-5464  
robking06@qwestoffice.net

May 26, 2011

Lucio DiGiallonardo  
HLB Mann Judd Corporate (WA) Pty Ltd  
Level 4, 130 Stirling Street  
Perth WA 6000

Re: Independent Valuation Report  
GRP Corporation Limited

Dear Mr. DiGiallonardo:

I have been requested by HLB Mann Judd Corporate (WA) Pty Ltd ("HLB") to prepare an independent valuation of certain assets to be acquired by GRP Corporation Limited ("GRP") from Cady Energy Pty Ltd ("CADY"), which holds an exclusive right to purchase 100% of the Hanging Woman Coalbed Methane Project in Campbell County, Wyoming, USA. It is my understanding this valuation is to be included in an Independent Expert's Report by HLB to the shareholders of GRP.

Based on my knowledge and valuation of similar coalbed methane properties in the Powder River Basin of Wyoming, I value the probable (P2) reserves associated with the Hanging Woman Project as follows:

Low Case Value	US\$37,521,000
Preferred Case Value	US\$47,526,000
High Case Value	US\$60,033,000

**Background**

CADY entered into an agreement to purchase 100% of the Hanging Woman Project, which consists of development rights on 13,280 net acres and 30 completed coalbed methane wells, from Kennedy Oil. In May 2011, I prepared a reserves report for CADY that quantified the potential coalbed methane gas resources within the Hanging Woman Project. From this work, I concluded using a volumetric analysis there were 50,031 mmcf (million cubic feet) of probable gross gas reserves based on 1) geologic mapping of the various coals present, 2) coal gas content data published by the United States Geologic Survey, and 3) proximity to established coalbed methane production within the surrounding area. Attached is a copy of this report. Nothing has come to my attention to suggest that the reserves as represented in my May 2011 report are materially different as of the date of this letter. In March 2011 GRP announced it had entered into an agreement with CADY to acquire 100% of CADY.

## **Valuation Report**

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### **Methodology**

It is my opinion the methodology used to prepare this valuation report is in accordance with industry standards as set out in the Australian Institute of Mining and Metallurgy's Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code, 2005 Edition).

The valuation of reserves in the ground, both proven and unproven, is highly speculative, and subject in part to the time frame of development, the valuator's expectation of future gas prices, marketing options, projected development and operating costs, accuracy of the geologic model, and other unforeseen risks and uncertainties.

This determination of value for probable (unproven) reserves is based on assumptions that 1) the project will be implemented in a timely manner consistent with proven drilling and infrastructure development methods, 2) gas price will remain relatively constant for the foreseeable future at NYMEX of about US\$4.40/mmbtu, 3) marketing, transportation, gas quality, and processing deductions will range between US\$1.00/mcf and US\$1.25/mcf, 4) normal operating costs for the wells and equipment will be around US\$1,000 per well-month, 5) production taxes will remain at the current observed level of approximately 13% of gross revenue, 6) GRP will retain a 100% working interest in the project, 7) the leases associated with the project will not be unduly burdened with over-riding royalty interests, 8) the average cost to drill, complete, and equip a typical coalbed methane well in the project area is projected at about US\$250,000, and 9) the reserves calculated in my June 2010 report will be actually recovered and developed within GRP's acceptable risk tolerance and economic expectations.

### **Qualifications**

It is my opinion that my qualifications as an independent expert comply with the Australian Securities & Investments Commission (ASIC) Regulatory Guide 112, Independence of Experts. I graduated from the Colorado School of Mines in 1972 with a Bachelor of Science Degree, and was employed by Exxon Company, USA as a petroleum engineer from 1972 to 1980 in reservoir and production engineering. From 1980 through 2005 I was employed in Casper, Wyoming by Monsanto Company for two years and Wold Oil Properties, Inc. for 23 years as a petroleum engineer and manager responsible for all aspects of field operations and petroleum engineering, including property evaluations, principally dealing with Rocky Mountain oil and gas fields. I have been a consulting petroleum engineer since 2006. I served eight years as Commissioner on the Wyoming Oil & Gas Conservation Commission from 2000 to 2008, and was the interim Supervisor of the Commission in 2009. I am a registered professional engineer in the States of Wyoming and Colorado.

I have no beneficial interest in CADY or GRP, nor do I have any beneficial interest in the Hanging Woman Project.

### **Declarations**

The statements and opinions made in this report are given in good faith and in the belief that such statements are neither false nor misleading. I have relied on technical interpretations prepared by other qualified professionals and information provided by CADY. Where appropriate, I have used information available in the public domain, and have formed opinions based on my experience in coalbed methane property evaluation.

**Valuation Report**  
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Because of economic and political forces, there is significant uncertainty regarding the forecasting of future hydrocarbon prices and volumes. The recoverable reserves and the income attributable thereto have a direct relationship to the hydrocarbon prices actually received; therefore, volumes of reserves actually recovered and amounts of income actually received may differ significantly from the estimated quantities presented in this report.

**Disclaimer**

Conclusions in this valuation are based on sound engineering practices, but because of variable conditions and other pertinent engineering and technical information which must be relied upon, no warranty, expressed or implied, as to the accuracy or completeness of the data or of any calculations or opinions herein is made.

**Consent**

I consent to the inclusion of this report in the Independent Expert's Report prepared by HLB, in the form and context in which it appears and have not withdrawn this consent.

Sincerely,



Robert A. King, P.E.

Attachment (1)