



ASX Announcement

Company Announcements Office
Australian Securities Exchange

By e-lodgement

7 July 2014

(ASX Code GRK)

EXCLUSIVE OPTION AGREEMENT TO ACQUIRE TANZANIAN GRAPHITE PROJECT

Highlights

- Exclusive Option Agreement for the acquisition of 100% interest in the Mahenge North Graphite Project ("Mahenge North") located in southern central Tanzania
- Tenure covering 292km² over one of the best graphite districts in Tanzania with many known graphite occurrences and favourable geological characteristics for the discovery of additional graphite mineralisation
- Previous exploration has already identified two graphite prospects - Ndololo and Epanko North Graphite with reported flake sizes ranging between 1.5 and 8.5 mm in size observed at Ndololo
- Mahenge North exploration licence located directly to the north of the Epanko Graphite Resource held by ASX listed, Kibaran Resources Ltd, containing a JORC Inferred Resource of 14.9Mt at 10.47% TGC ("Total Graphitic Carbon").
- Historic metallurgical study completed at Mahenge in 1945 yielded a 95.7% recovery from a sample with a 15.5% carbon head grade. Previous metallurgical study at Ndololo confirms coarse flake graphite potential with ~70% of crushed sample material with a size >500micron.
- Project provides potential for rapid and cheap transformation from discovery, through to resource definition to scoping and off-take

Background

Green Rock Energy Limited (ASX.GRK) (“Green Rock” or “the Company”) is pleased to announce that it has executed an exclusive Option Agreement to acquire 100% interest in the Mahenge North Graphite Project (“Mahenge North”) from Tanzanian Company - Asab Resources Limited.

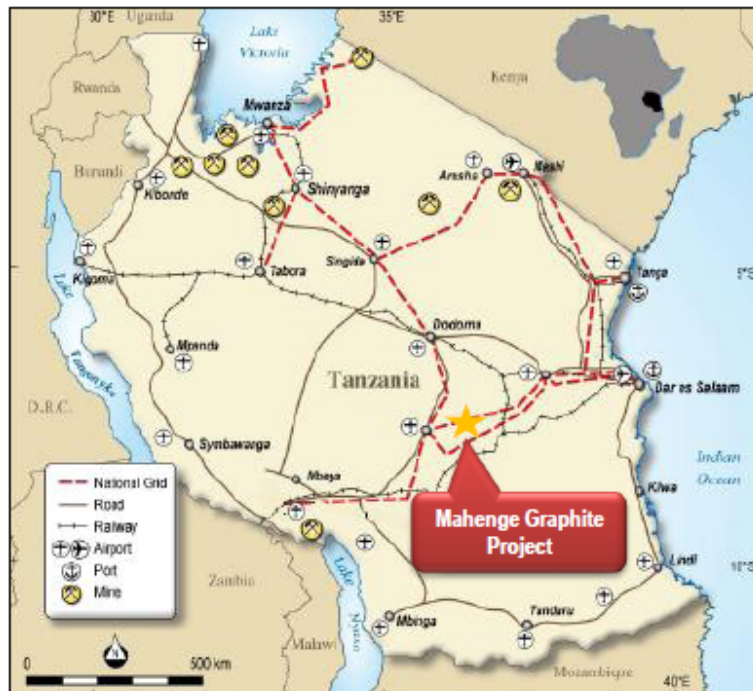


Image 1: Project Location

Mahenge North is located in southern central Tanzania approximately 245km south-west of Morogoro. The project consists of one (1) granted exploration licence covering an area of 292km² and is prospective for graphite mineralisation. Previous exploration has outlined two significant areas of graphite mineralisation, Ndololo and Epanko North. Historic RC drilling and rock chip sampling has confirmed the presence of large flake moderate to high-grade graphite mineralisation with favourable metallurgical properties. In particular, previous exploration work conducted at Ndololo in 1945 reported results of 15.5% Carbon and 97.5% recovery of flake graphite. Recent metallurgical work completed at the project has verified the early exploration results and confirmed the potential for production of a premium coarse flake size product.

Under the terms of the option agreement, Green Rock has been granted a four (4) month exclusivity period within which to complete due diligence on the project. During this period, Green Rock has committed to spend a minimum of \$100,000 on exploration activity and due diligence investigations. The Company has prepared a technical and commercial program to evaluate the opportunity and will be mobilising a field team to commence on ground activities by the end of the month.

Completion of the transaction will be subject to the receipt of Green Rock shareholder approval.

Key Acquisition Terms

- Green Rock granted an exclusive option to acquire 100% of the Mahenge North project in exchange for a non-refundable cash payment of \$50,000 and the issue of 33,333,333 fully paid ordinary shares in Green Rock (“Option”)
- Green Rock provided with an exclusive four (4) month due diligence period to explore the Mahenge North Project with a commitment to spend a minimum of \$100,000 on exploration during this period (“Option Period”).
- In the event that Green Rock elects to exercise the Option, the Company must:
 - (i) Issue 166,666,667 fully paid Green Rock shares to the vendors of the Mahenge North Project;
 - (ii) Commit to spend a minimum of \$500,000 on the Mahenge North Project in the first twelve (12) months from exercise of the option;
- The Company is also committed to make the following milestone payments as required:
 - (i) \$250,000 cash or equivalent number of fully paid Green Rock shares (at the election of the vendor) upon announcement of a JORC compliant resource of greater than 250,000 tonnes of contained graphite at >7% TGC is announced. Issue price of shares to be calculated based on the preceding seven (7) day VWAP;
 - (ii) \$250,000 cash or equivalent number of fully paid Green Rock shares (at the election of the vendor) to be paid when the Green Rock share price exceeds a VWAP of \$0.005 (or equivalent price allowing for share capital reconstruction) for a period of at least ten (10) consecutive trading days. The final number of shares issued to be calculated based on \$0.005 per share; and
 - (iii) \$500,000 cash or equivalent number of fully paid Green Rock shares (at the election of the vendor) upon announcement of a JORC compliant resource of greater than 1,000,000 tonnes of contained graphite at > 7% TGC. Issue price of shares to be calculated based on the preceding five (5) day VWAP.
- In the event that Green Rock does not exercise the Option within fifteen (15) business days of the completion of the Option Period, or the Company does not meet the minimum

expenditure commitment during the Option Period then the right to acquire the Mahenge North Project will lapse.

- Completion of the transaction is subject to the satisfaction of various conditions precedent, including, Green Rock obtaining all necessary regulatory and shareholder approvals under the ASX Listing Rules, Corporations Act 2001 (Cth) (Corporations Act) or any other law to allow lawful completion of the acquisition of the Mahenge North Project.

Share Consolidation

In the event Green Rock exercises the option to acquire the Mahenge North Project, Green Rock may be required to re-comply with Chapters 1 & 2 of the ASX Listing Rules which will require a consolidation of its securities on a post-consolidation basis of AUD\$0.20 per share.

Indicative Timetable

The indicative timetable for completion of the transaction and Green Rock's re-compliance with the ASX listing rules is outlined below:

Event	Date
Execute Long Form option agreement to acquire the Mahenge North Project	10 July 2014
Completion of Option Period	10 November 2014
Despatch Notice of Meeting seeking approval for the acquisition of the Mahenge North Project	20 November 2014
General Shareholder Meeting to approve the acquisition of the Mahenge North Project	20 December 2014
Completion of the Acquisition	31 December 2014

Green Rock will make further announcements as this opportunity progresses.



Richard Beresford
Executive Chairman

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About Green Rock Energy Limited

- A 100% interest via an option agreement in the Mahenge North Graphite Project in Tanzania
- A 100% interest in the Ocean Hill Block in the Perth basin, subject to the successful completion of Native Title negotiations.
- A joint venture with MOL in Hungary for geothermal power generation (GRK 35%)