



ASX Announcement

Company Announcements Office
Australian Securities Exchange

By e-lodgement

31 July 2014

(ASX Code GRK)

Quarterly Activities Report

for the three months ending 30 June 2014

Highlights

- Exclusive Option Agreement to acquire Mahenge North Graphite Project in Tanzania
- Further progress in farm-out and approvals on the Ocean Hill Block in the Perth Basin
- Hungry Geothermal concession terms agreed
- Strategic investment in Sunbird Energy Limited supporting development of the Ibhesi Gas Project in South Africa
- Placement raises \$639,000 with strong support from new major shareholder the Copulos Group

PROJECTS

Mahenge North Graphite Project (Option to acquire 100%)

On 7 July 2014 Green Rock announced that it had executed an exclusive Option Agreement to acquire 100% interest in the Mahenge North Graphite Project ("Mahenge North") from Tanzanian Company - Asab Resources Limited.

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.

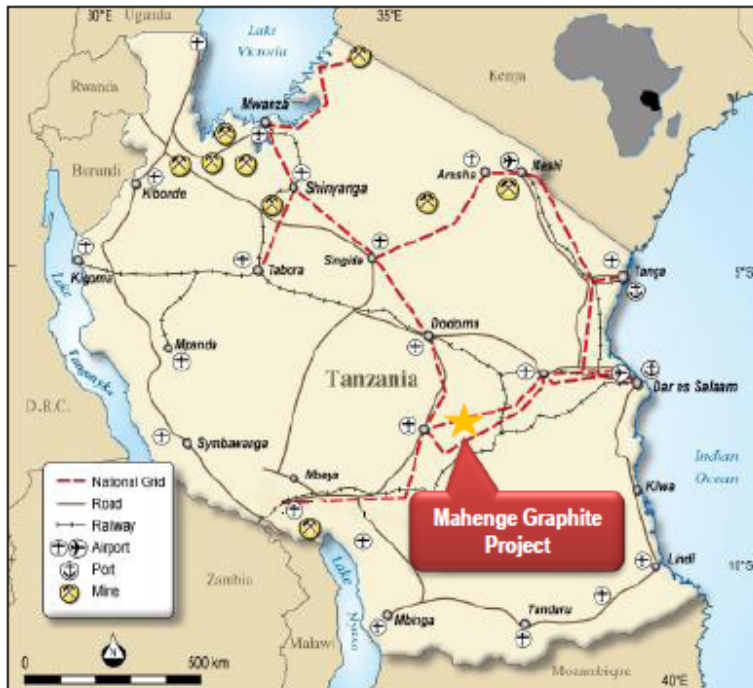


Image 1: Project Location

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 95.7% 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.

Ocean Hill Block (100% GRK)

Green Rock is the Preferred Applicant for the Ocean Hill Block, and the area will be converted to an Exploration Permit once Native Title negotiations have been concluded. On 4 October 2013 Green Rock Energy announced the completion of an independent evaluation by DeGolyer and MacNaughton of Contingent and selected Prospective Resources in the Ocean Hill Block. The 2C Contingent Gas Resource is evaluated to be 360Bcf.

Further progress was made during the quarter towards in Native Title and Heritage agreements negotiations and in discussions with potential farm-in partners. Planning is underway for a 250km² 3D seismic survey which will provide high quality 3D data coverage over the Ocean Hill structure and the other prospects and leads identified and will allow exploration, appraisal and development to proceed quickly as positive results are achieved.

Hungary Geothermal concession terms agreed

On 30 June 2014 Green Rock announced that CEGE, its JV geothermal company with MOL in Hungary, had agreed terms and conditions with the Hungarian Government on the Jászberény geothermal concession.

CEGE will now progress the project, commencing with planning for the second well close to the well successfully evaluated in 2010 for its geothermal potential and now owned by CEGE.

Green Rock and MOL have agreed that MOL will fully fund the 2014 work program budgeted for approximately \$700,000, with Green Rock's interest reducing from 46% to 35.3%. This will provide time for Green Rock to seek to raise equity in Europe into its share of the geothermal project company.

CORPORATE

Strategic Investment in Sunbird Energy Limited

On 13 June 2014 Green Rock announced that it had completed a A\$400,000 strategic investment in southern African oil & gas developer, Sunbird Energy Limited (ASX:SNY). The investment was completed as part of the A\$5,000,000 secured loan facility announced by Sunbird on 26th of February 2014. This investment provides Green Rock with an exposure to the South African energy market where limited domestic gas supply and growing energy needs have created significant development opportunity. The Loan Facility is fully secured against Sunbird's ownership of Sunbird Energy (Ibhubesi) Pty Ltd which holds a 22.8% working interest in the Ibhubesi Gas Project with 540 BCF (2P) Proven Reserves located offshore South Africa.

Placement raises \$639,000

On 23 July 2014 Green Rock announced that it had successfully secured funding for working capital purposes to assist Green Rock's strategic focus to finalise its farm out of Ocean Hill Block in the Perth Basin and for working capital purposes.

Green Rock used its available placement capacity under ASX Listing Rule 7.1 to issue approximately 213 million fully paid ordinary shares at an issue price of \$0.003 per share to raise approximately \$639,000, together with the issue of 66 million unlisted options at an exercise price of \$0.01. The options are to be issued at a later date and will be subject to shareholder approval at a general meeting.

The Board expressed its appreciation of the support of its new major shareholder the Copulos Group and welcomed the support of Foster Stockbroking.



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%)

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

| |
|----------------------------------|
| Green Rock Energy Limited |
|----------------------------------|

ABN

| |
|-----------------------|
| 59 094 551 336 |
|-----------------------|

Quarter ended ("current quarter")

| |
|---------------------|
| 30 June 2014 |
|---------------------|

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date \$A'000 |
|---|----------------------------|-------------------------|
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for (a) exploration & evaluation - geothermal | (25) | (503) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (104) | (671) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 16 | 39 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | 0 |
| 1.7 Other (provide details if material) – employee entitlement for annual leave and long service leave for redundant employee | - | (51) |
| 1.8 Other (provide details if material) – research and development incentive received | - | 90 |
| Net Operating Cash Flows | (113) | (1,096) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.9 Proceeds from sale of: (a) prospects | - | 650 |
| (b) equity investments | - | 475 |
| (c) other fixed assets | - | - |
| 1.10 Loans to other entities | (400) | (400) |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other (provide details if material) | - | - |
| Net investing cash flows | (400) | 725 |
| 1.13 Total operating and investing cash flows (carried forward) | (513) | (371) |

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

| | | | |
|------|--|-------|-------|
| 1.13 | Total operating and investing cash flows (brought forward) | (513) | (371) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | - |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (provide details if material) | - | - |
| | Net financing cash flows | - | - |
| | Net increase (decrease) in cash held | (513) | (371) |
| 1.20 | Cash at beginning of quarter/year to date | 1,325 | 1,179 |
| 1.21 | Exchange rate adjustments to item 1.20 | (11) | (7) |
| 1.22 | Cash at end of quarter | 801 | 801 |

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 72 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

Director related payments relate to Non-Executive Director fees and payment for Executive Chairman.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

+ See chapter 19 for defined terms.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | - | - |
| 3.2 Credit standby arrangements | - | - |

Estimated cash outflows for next quarter

| | \$A'000 |
|--|------------|
| 4.1 Exploration and evaluation – Hydrocarbon (i) | 25 |
| Exploration and evaluation – Geothermal (i) | 25 |
| Exploration and evaluation - Other | 150 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 50 |
| Total | 250 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 801 | 1,254 |
| 5.2 Deposits at call | - | - |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 801 | 1,254 |

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

| | Tenement reference and location | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|---|-------------------------------|----------------------------------|----------------------------|
| 6.1 | Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed | | | |
| 6.2 | Interests in mining tenements and petroleum tenements acquired or increased | | | |

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|-----|---------------|---------------|---|--|
| 7.1 | Nil | Nil | | |
| 7.2 | Nil | Nil | | |
| 7.3 | 1,941,273,090 | 1,941,273,090 | | |
| 7.4 | NIL | NIL | | |
| | NIL | NIL | | |
| 7.5 | Nil | Nil | | |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

| | | | | | | |
|------|---|--|-------------|--|--|--|
| 7.6 | Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | Nil | Nil | | | |
| 7.7 | Options <i>(description and conversion factor)</i> | <p>Listed Options</p> <p style="text-align: center;">GRKOB 819,823,128</p> <p>Total Listed 819,823,128</p> <p>Unlisted Options</p> <p style="text-align: center;">5,550,000 5,050,000 1,950,000 10,000,000 20,000,000 2,000,000 7,500,000</p> <p>Total Unlisted 52,050,000</p> | 819,823,128 | <p>Exercise price</p> <p style="text-align: center;">1.2 cents</p> <p style="text-align: center;">8 cents 4 cents 2 cents 1.0 cents 1.5 cents 0.8 cents 0.3 cents</p> | <p>Expiry date</p> <p style="text-align: center;">31 January 2015</p> <p style="text-align: center;">18 November 2014 16 November 2014 15 November 2015 18 March 2015 18 March 2015 11 June 2016 28 November 2016</p> | |
| 7.8 | Issued during quarter | Nil | | | | |
| 7.9 | Exercised during quarter | Nil | | | | |
| 7.10 | Expired during quarter | Nil | | | | |
| 7.11 | Debentures <i>(totals only)</i> | Nil | | | | |
| 7.12 | Unsecured notes <i>(totals only)</i> | Nil | | | | |

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



Mr Gabriel Chiappini
Director
31 July 2014

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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