

Company Announcements Office
Australian Securities Exchange

22 August 2014

(ASX Code GRK)

GREEN ROCK INCREASES TENEMENT HOLDINGS AT MAHENGE GRAPHITE PROJECT

Highlights

- Increased footprint around the Mahenge Graphite Project via an option to acquire 3 new tenements (“Mahenge Projects”)
- 2 of the 3 tenements have significant existing graphite bands mapped with the Tanzanian Geological Survey mapping indicating a 4km and a separate 1.75km band of graphite mineralisation within the new Optioned tenements
- Potential graphite mineralisation identified within a number of prospective horizons totalling close to 50km of strike that requires mapping and evaluation to validate the strike extrapolation
- Option allows Green Rock to increase its total area at Mahenge to approx. 675km²
- Potential to increase total Graphitic Mineralised zone(s) on very favourable acquisition terms
- On Site Due diligence to commence this week
- Mahenge Projects provides potential for rapid and cheap transformation from discovery, through to resource definition to scoping and off-take
- Company objective to increase tenure in Tanzania

Background

Further to recent announcements by Green Rock Energy Limited (ASX.GRK) to acquire a 100% interest in the Mahenge North Graphite project (Figure 2), Green Rock is pleased to announce that it has secured a further 383km² of prospective graphite projects (“Mahenge Projects”) by way of an option agreement (refer Figure 1). Together with the Mahenge North agreement announced 7 July 2014, this brings the total Mahenge ground under option to Green Rock to 675km².

Under the terms of the option agreement, Green Rock has been granted up to a four (4) month exclusivity period within which to complete due diligence on the Mahenge Projects. During this period, Green Rock has committed to spend a minimum of \$20,000 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 this week.

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

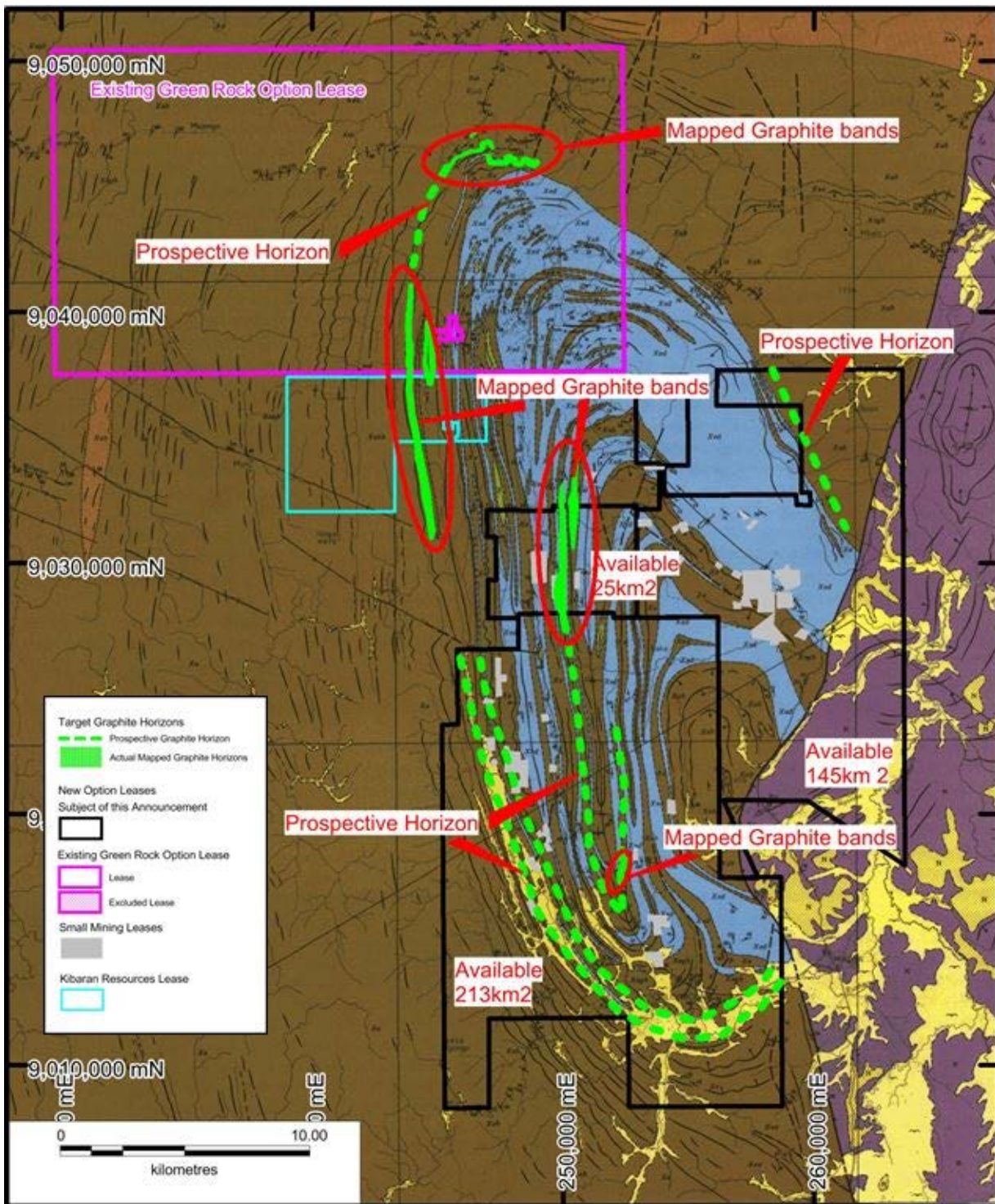


Figure 1. Existing Mahenge North Project location and new adjacent Mahenge Projects under acquisition agreement (black outlines)

Geological Background

A number of mapped bands of graphite schist mineralisation have been mapped by the Tanzanian Geological Survey published from QDS Map-sheet 251 – Mahenge dated 1960. The bands extend beyond the boundaries of the Mahenge Projects but within the Mahenge Projects 3 bands of graphite schist have been mapped that have strike lengths of 4000m, 1750m and 900m with mapped widths ranging from 90 to 400m. The purpose of the geological due diligence program is to confirm the length, width and grade range potential of the mapped graphite bands.

In addition the Company believes it has identified a number of stratigraphic horizons totalling 50km in length that are highly prospective for graphite schist mineralisation as either outcrop or buried under shallow cover within valleys. Green Rock will also be evaluating this potential by conducting a number of targeted traverses looking for graphite in outcrop, sub-crop or residually within the soils profile. Should the potential be validated then Green Rock is confident it significantly expands the potential of the Mahenge Region to host large scale graphite mineralisation.

Key Acquisition Terms

- Green Rock granted an exclusive option to acquire 100% of the Mahenge Projects in exchange for a non-refundable cash payment of \$50,000 and the issue of 8,000,000 fully paid ordinary shares in Green Rock (“**Option**”)
- Green Rock provided an exclusive due diligence of up to four (4) months to explore the Mahenge Projects with a commitment to spend a minimum of \$20,000 on exploration during this period (“**Option Period**”).
- Two of the projects are under application and subject to approval from the Tanzanian Ministry of Energy & Minerals, the third project (25km² with existing mapped Graphite bands) is currently owned by a third party with an acquisition price of USD\$110,000 which goes towards Green Rock’s minimum expenditure. In relation to the Third Party Project, Green Rock has 4 weeks from the date of the payment of the Option Fee upon which to determine if it will proceed with exercising its option to acquire the project. Green Rock has one business day following the completion of the option period in which to exercise the option over the Third Party project.
- In the event that Green Rock elects to exercise the Mahenge Projects Option, the Company must:
 - (i) Issue 80,000,000 fully paid Green Rock shares to the vendors of the Mahenge Projects;
 - (ii) Commit to spend a minimum of \$500,000 on the Mahenge Projects 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 >9% TGC is announced. Issue price of shares to be calculated based on the preceding seven (7) day VWAP; and

- (ii) AUD\$375,000 cash and the equivalent value (AUD\$375,000) in GRK Shares to be paid when a JORC compliant Resource with greater than 1,000,000 tonnes of contained graphite at >9% total graphite content at any of the Projects is announced by GRK on the ASX. The issue price of GRK Shares is to be calculated based on the VWAP of GRK Shares in the 5 days prior to the release of the announcement,
- In the event that Green Rock does not exercise the Option within ten (10) 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 Projects 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 Projects.

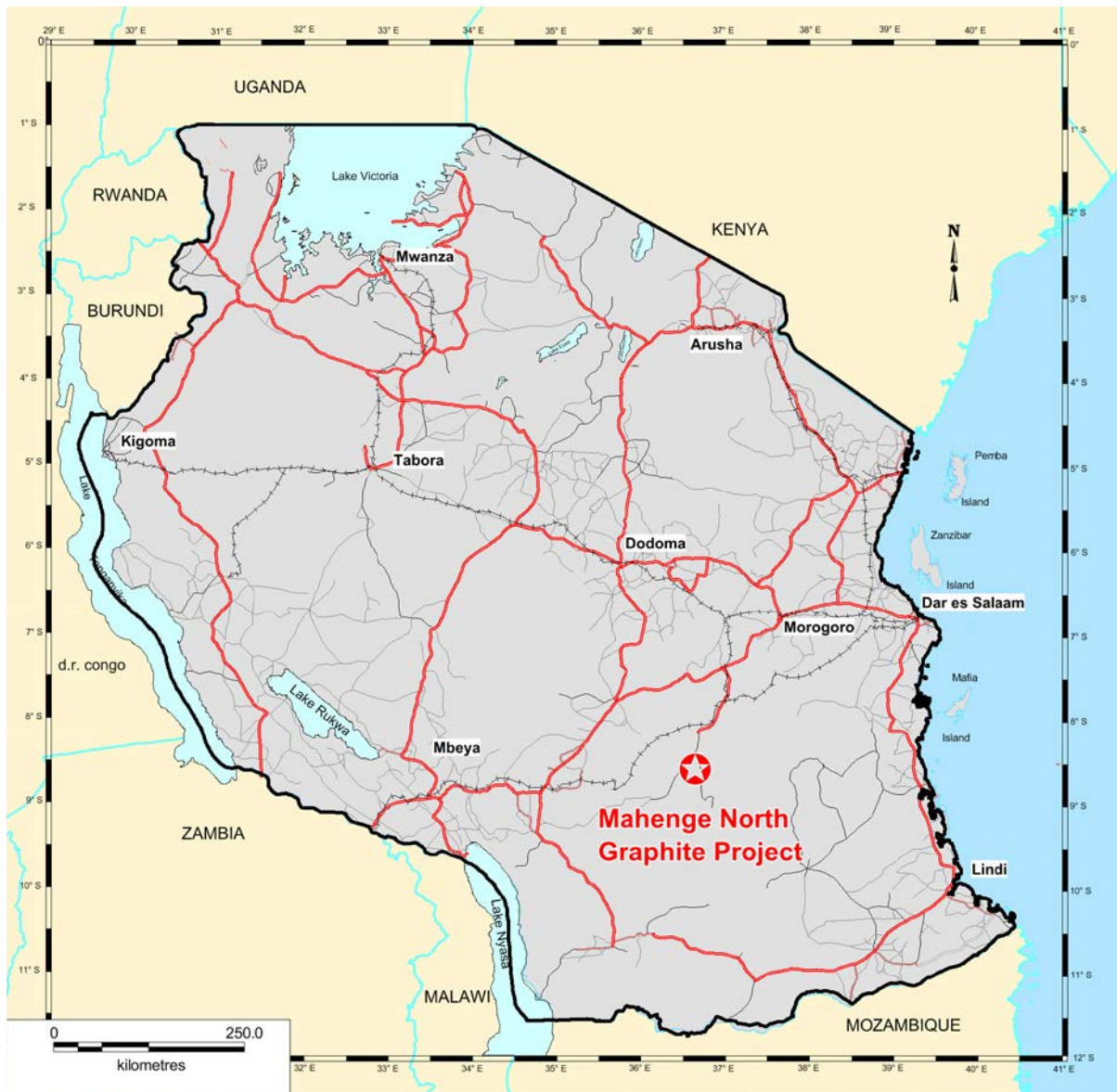


Figure 2. Mahenge North Project and Mahenge Project location

TIMING

On-site geological due diligence, mapping, trenching and rock chip sampling commencing this week and expected to be completed early to mid-September with assay results of rock chip samples to be available for review and disclosure mid-September 2014.

PROJECT LOCATION & INFRASTRUCTURE

The Mahenge North and Mahenge Graphite Projects are located in Tanzania, which has a mining friendly Government policy with good Infrastructure and access to rail and port. The Mahenge North and Mahenge Projects are approximately 70kms by road from the nearest train line (the TAZARA Line) that runs to Dar es Salaam.

SHARE CONSOLIDATION

In the event Green Rock exercises the option to acquire the Mahenge Projects, 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.

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Director

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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 via an option agreement in the Mahenge Graphite Projects 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%)

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Brendan Cummins, who is a member of Australian Institute of Geoscientists. He is a full time employee of Westoria Capital Pty Ltd which is providing consulting services to Green Rock Energy Limited. Brendan Cummins has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 and 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Brendan Cummins consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.