



ANNUAL REPORT

GELs 244, 245, 246, 247 and 248

15 November 2007

to

14 November 2008

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Upper Spencer Gulf Project

GEL 244, 245, 246, 247 and 248

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CONTENTS

- 1. INTRODUCTION**
- 2. WORK REQUIREMENTS**
- 3. WORK CONDUCTED**
- 4. EXPENDITURE**
- 5. COMPLIANCE WITH PETROLEUM ACT**

1. INTRODUCTION

1.1 Background

The proposed work within the area of the five Geothermal Exploration Licences granted is designed to ascertain the geothermal energy potential of these areas.

1.2 Period

Geothermal Exploration Licences GEL 244 (246 km²), 245 (341 km²), 246 (391 km²), 247 (470 km²) and 248 (490 km²), were granted on 15 November 2007 for an initial term of 5 years each.

This report covers the activities in respect of the above five GELs for year 1.

1.2 Licence Data

There was no change in the area of the licences during the year.

1.3 Licensee

GELs 244, 245, 246, 247 and 248 are held solely by Green Rock Energy Limited.

There was no change in working interests for any of the licences during the period.

2. WORK REQUIREMENTS

The exploratory operations required to be conducted in GEL 244, 245, 246, 247 and 248, are as follows:

Year	Minimum Work Requirements
1	<ul style="list-style-type: none">Geological and geophysical studies. <p><i>Note: Year 1 work program to be conducted anywhere within the boundaries of GELs 244, 245, 246, 247, and 248</i></p>
2	<ul style="list-style-type: none">Geological and geophysical studies.Re- entry (if possible) and geophysical logging of existing drill holes to measure in-situ rock temperatures.Conduct thermal conductivity measurements on existing core samples <p><i>Note: Year 2 work program to be conducted anywhere within the boundaries of GELs 244, 245, 246, 247 and 248</i></p>
3	<ul style="list-style-type: none">Economic studies. <p><i>Note: Year 3 work program to be conducted anywhere within the boundaries of GELs 244, 245, 246, 247 and 248</i></p>

4	<ul style="list-style-type: none"> • Drill or deepen an existing well to a depth of 2,000 – 3,000 metres. • Evaluate temperatures, stress regimes and rock properties at depth. <p><i>Note: Year 4 program to be conducted anywhere within the boundaries of GELs 244, 245, 246, 247 and 248</i></p>
5	<ul style="list-style-type: none"> • Economic studies. • Geological and geophysical studies. • Design of a pilot program. <p><i>Note: Year 5 program to be conducted anywhere within the boundaries of GELs 244, 245, 246, 247 and 248</i></p>

3. WORK CONDUCTED

The following work fulfilled the minimum work requirements for GELs 244, 245, 246, 247 and 248 for the year ended 14 November 2008 (year 1 of the licences).

Field work was completed on the GEL's during October and November 2008 and in January 2009. Work comprised scouting for opportunities to measure temperatures in old mineral exploration holes, open water bores and newly drilled mineral exploration holes. Sub-surface temperatures were measured in some holes using a low cost water temperature probe. These were reconnaissance temperatures designed to determine if the holes were open and to obtain indicative sub-surface temperatures.

3.1 Field Reconnaissance

Reconnaissance geothermal temperatures were measured in the Western Spencer Gulf Project area. This area comprised GEL's 244 and 245 and lies within portions of the Nonowie, Mullaquana and Moonabie Pastoral Leases and an area northeast of the Whyalla town site in South Australia. The area was a focus for geothermal exploration as an anomalously warm drilling mud was noted by Uranium SA during the drilling of one of their mineral exploration holes.

Prior to the field survey, all available drill hole data was compiled into a MapInfo GIS database. Most data was sourced from the PIRSA SARIG database but some data was sourced directly from the PIRSA library in Adelaide. No temperature data was found and only holes originally drilled to greater than 50m depth were considered useful for this study.

An In-Situ Troll 500 down hole temperature/ pressure probe was lowered to the end of each hole. Four open holes were found in GEL 244 and eight in GEL 245 (Table 1).

Table 1: Surveyed Holes

Date Surveyed	GEL No.	Hole No.	Profiled Depth (m)
01/10/08	244	WY13	47
		WY17	44
02/10/08	245	RPAC206	86
		MRM10	50
07/10/08		MRM12	42
08/10/08		MMD02	250
2-3/11/2008	244	MRM35	69.5
4-5/11/2008		MRM36	75.4
6/11/2008	245	MRM37	52.6
6/11/2008		MRM38	10
7-8/11/2008		MRM39	48.5
26/01/2009		MRM44	79.7

3.2 Data Results

Reconnaissance temperatures were measured in the above listed holes. Potential temperature gradients varied widely across the project area and appeared to be influenced by varying lithologies and therefore potential varying thermal conductivities. Higher temperatures were found in the southern part of the project area, overlying as well as immediately north of an inferred body of Achaean Hiltaba Suite granite. The high temperatures also confirmed the warm drilling muds reported by Uranium SA.

3.3 Forward Work Commitment

During the next term of the GEL's, Green Rock Energy will continue looking for opportunities to measure sub-surface temperatures in the western project area (GEL's 244 & 245) and will commence measuring temperatures in abandoned mineral exploration holes in the eastern project area (GEL's 246, 247 & 248).

A search of the PIRSA core storage facility for core samples from holes drilled in Green Rock Energy's GEL's will be completed. Useful, representative core samples will be tested for thermal conductivity.

4. YEAR'S EXPENDITURE (commercial in confidence)

Estimated actual in year 1 is \$ 39,345

5. COMPLIANCE WITH PETROLEUM ACT

5.1 Regulated Activities

Field work carried out within the GELs included measurement of reconnaissance temperatures.

5.2 Compliance

The submission of this report after due date is a consequence of a coordinative hitch between the offices of Green Rock Energy and its appointed tenement management services. This matter has been rectified.

Other than the above, no instances of non-compliance were noted during the reporting period.

5.3 Management Systems

Green Rock Energy is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve, the Company has been guided by the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

The Company has in place a detailed Health, Safety and Environment Management Plan, Occupation Health and Safety Procedures and Emergency Response Procedures to cover the activities of the Company, contractors and site visitors.

No significant changes were made to these procedures during the reporting period.

5.4 Relevant Reports and Data

No relevant reports were submitted to PIRSA during the reporting period.

5.5 Reportable Incidents

There were no reportable incidents during the reporting period.

5.6 Foreseeable Threats

No material threats have been identified during the reporting period..