
GREEN ROCK ENERGY LIMITED
(TO BE RENAMED BLACK ROCK MINING LIMITED)
ACN 094 551 336

NOTICE OF GENERAL MEETING

TIME: 10am WST
DATE: 4 March 2015
PLACE: 50 Ord Street, West Perth, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9226 3815

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10am (WST) on 4 March 2015 at:
50 Ord Street, West Perth, Western Australia

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00am (WST) on 2 March 2015.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES TO MAHENG VENDOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 48,863,916 pre Consolidation Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – ISSUE OF SHARES UNDER PROSPECTUS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 70,000,000 post Consolidation Shares at a price of \$0.05 per Share together with up to 35,000,000 Options on the basis of one Option for every two Shares issued, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – APPROVAL OF ISSUE OF SECURITIES TO MR STEPHEN COPULOS (OR HIS ASSOCIATES) UNDER THE CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 2, for the purposes of Section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue (on a post Consolidation basis) up to:

- (a) 30,000,000 Shares (**New Shares**);*
- (b) 15,000,000 Options (**New Options**);*
- (c) 15,000,000 Shares upon the exercise of the New Options referred to in paragraph (b) above;*
- (d) 1,221,598 Shares in payment of the fee in relation to the Converting Loan (**Facility Fee Shares**);*

- (e) 1,675,000 Performance Rights; and
- (f) 1,675,000 Shares upon conversion of the Performance Rights referred to in paragraph (d) above,

to Eyeon Investments Pty Ltd ATF Eyeon Investments Family Trust (**Eyeon Investments**) on the terms and conditions set out in the Explanatory Statement, which in addition to the 18,807,738 post Consolidation Shares already held will result in Eyeon Investments' (or its Associates) maximum voting power increasing from 16.59% to 34.89% in the capital of the Company."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Eyeon Investments Pty Ltd (or its Associates) or any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this resolution to the non-associated Shareholders in the Company.

4. RESOLUTION 4 – PARTICIPATION OF DIRECTORS IN THE CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 2, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2,700,000 Shares and 1,350,000 Options (on a post Consolidation basis) under the Capital Raising to the Directors (or their nominees) and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any of the Directors seeking to participate in the Capital Raising (and their nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – ISSUE OF SHARES – ACQUISITION OF MAHENG RESOURCES LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval be given for the Company to issue 4,000,000 post Consolidation Shares (80,000,000 pre Consolidation Shares) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 6 – ISSUE OF SHARES – ACQUISITION OF MAHENG NORTH GRAPHITE PROJECT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purpose, approval is given for the Company to issue up to 8,333,333 post Consolidation Shares (166,666,667 pre Consolidation Shares) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR – MR STEVEN TAMBANIS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the completion of the Acquisitions, in accordance with Section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,350,000 Performance Rights (on a post-Consolidation basis) to Mr Steven Tambanis (or his nominees) on the terms and conditions set out in the Explanatory Statement”.

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Steven Tambanis (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. RESOLUTION 8 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR – MR GABRIEL CHIAPPINI

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the completion of the Acquisitions, in accordance with Section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,675,000 Performance Rights (on a post-Consolidation basis) to Mr Gabriel Chiappini (or his nominees) on the terms and conditions set out in the Explanatory Statement”.

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Gabriel Chiappini (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

9. RESOLUTION 9 – ELECTION OF DIRECTOR – MR STEPHEN COPULOS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Stephen Copulos, a Director who was appointed as an additional director on 22 January 2015, retires, and being eligible, is elected as a Director.”

10. RESOLUTION 10 – ELECTION OF DIRECTOR – MR STEVEN TAMBANIS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Steven Tambanis, a Director who was appointed as an additional director on 22 January 2015, retires, and being eligible, is elected as a Director.”

11. RESOLUTION 11 - SECTION 195 APPROVAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolutions 4, 7 and 8, for the purposes of Section 195(4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the Company to complete the transactions as contemplated in this Notice of Meeting."

Dated: 28 January 2015

By order of the Board

Gabriel Chiappini
Director

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND TO APPROVALS AND TRANSACTION

1.1 History to transaction

On 7 July 2014, the Company announced to ASX that it had entered into an option agreement to investigate, with the option to acquire, ground prospective for graphite exploration in Tanzania (**Mahenge Graphite Project**). Subsequently, on 22 August 2014, the Company announced that it had entered into an additional option agreement over additional prospective graphite ground in Tanzania (**Mahenge North Graphite Project**).

On 18 September 2014, the Company announced that it had exercised each of the options over the Mahenge Graphite Project and Mahenge North Graphite Project and would move to satisfy the conditions precedent to the settlement of the acquisition of the interest under each of the agreements.

Finally, on 6 October 2014, the Company announced it had entered into two further option agreements over additional prospective graphite lands in Tanzania. The Company does not currently propose to exercise these two options prior to re-instatement to trading on ASX (**Remaining Graphite Options**).

On 15 December 2014, Shareholders approved various resolutions to implement the transactions outlined above, including resolutions approving:

- (a) the change in the nature and scale of the Company;
- (b) the consolidation of the Company's securities on issue on a 1 for 20 basis;
- (c) approval to undertake a capital raising, including the approval for the Directors to participate in that capital raising.

On 19 December 2014, the Company announced that it had been required to withdraw certain resolutions from the meeting on 15 December 2014 relating to the participation in the capital raising because of issues identified by ASIC with the report provided to the Company by the Independent Expert.

The effect of the withdrawal of those resolutions has meant significant delays for the Company being able to complete the acquisition of the Mahenge Graphite Project and the Mahenge North Graphite Project, and meant that the Company had to withdraw its prospectus that it had lodged dated 4 December 2014.

1.2 Purpose of the General Meeting

The purpose of this General Meeting is to seek the approval from Shareholders that the Company was unable to seek at the general meeting in December 2014 and to renew other approvals to ensure that the Company has the appropriate time to undertake the Transaction. The Company considers that it does not need to re-seek approvals from the change to the nature and scale of the Company, as the fundamentals underlying this previous approval from December 2014 have not changed. On 21 January 2015, the Company announced the timetable for the completion of the Consolidation. References in this Notice of Meeting and Explanatory Statement are to post Consolidation Shares unless indicated otherwise.

The background to the Transaction, including information relating to the Projects, the incoming Directors, and the risks relating to the Transaction are outlined in the notice of meeting for the December 2014 general meeting (**Previous Notice of Meeting**). Shareholders are encouraged, where they wish further information on the Transaction to refer to that notice of meeting, which is available from the ASX announcements platform.

1.3 Variation to agreements

As announced to ASX on 22 December 2014, the Company has managed to negotiate with the vendors of each of the Mahenge Graphite Project and the Mahenge North Graphite Project to extend the date for completion of those transactions until 31 March 2015 in consideration for the issue of US\$50,000 in Shares in the Company at \$0.0025 per Share. The Company is seeking the ratification of the issue of those Shares pursuant to Resolution 1. The Company also agreed to pay in advance the upcoming Mining Rental fees payable on the Mahenge Projects to the Tanzanian Department of Energy & Minerals.

Otherwise, those agreements remain on the same terms and conditions as set out in the Previous Notice of Meeting.

Re-negotiations of the Acquisitions also included the securing of a loan facility with the Copulos group of companies (**Copulos Group**) for the provision of funding for working capital expenses and general ongoing expenses in relation to its re-compliance with Chapters 1 and 2 of the ASX Listing Rules. As announced on 23 December 2014, the intention is for the loan facility to be offset against the Copulos Group's subscription pursuant to the Prospectus and be converted into Shares on the same terms and conditions as all other investors.

1.4 Changes to the capital raising

Because of the delays caused by the inability to seek all of the necessary Shareholder approvals in December, and the desire of the Company to continue its investigations on the Projects, the Company has needed additional funds under the Capital Raising to enable it to satisfy the requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules.

On 23 December 2014, the Company announced that the Copulos Group had agreed to provide a \$1,000,000 loan facility to the Company, which, subject to the approval of Shareholders at this General Meeting, would be converted into equity as part of the Capital Raising. The effect of this conversion will be that the Company will not receive in cash the full amount being offered under the prospectus for the Capital Raising, but will convert the \$1,000,000 loan debt into equity by offsetting the application of the Copulos Group for Shares (and Options) under the Capital Raising against the loan debt. This will have the same effect as if they subscribed for Shares and Options under the Capital Raising and the funds raised were used to repay that loan debt.

The Capital Raising will now see the Company seeking to raise up to \$3,500,000 through the issue of up to 70,000,000 Shares and 35,000,000 Options (on the basis of one Option for every two Shares issued) under a prospectus (**Capital Raising**). The minimum the Company is seeking to raise is \$2,500,000 through the issue of 50,000,000 shares and 25,000,000 options.

Resolution 3 seeks approval for the Copulos Group, through its associate, Eyeon Investments Pty Ltd to participate in the Capital Raising and to receive other Securities, as set out in that Resolution.

1.5 Timetable

The expected timetable of the completion of the Transaction and the re-instatement of the Company to trading on ASX is now as follows:

ITEM	DATE
Despatch of Notice of Meeting	29 January 2015
Lodgement of Prospectus	10 February 2015
Close Capital Raising	2 March 2015
Proposed Settlement of Capital Raising	4 March 2015
Meeting of shareholders	4 March 2015
Re-compliance Date (Trading suspension complete)	12 March 2015

* The Directors reserve the right to change the above indicative timetable without requiring any disclosure to Shareholders.

1.6 Use of funds

As referenced in Section 1.4, the Company has received \$1,000,000 from the Copulos Group in December 2014 under a loan which, subject to Shareholder approval, is intended to be applied against the Copulos Group's subscription for Shares under the Capital Raising rather than repaid. Following completion of the Acquisition and Capital Raising, the Company expects to use its cash funds as follows:

Funds available	Full Subscription (\$3,500,000)	Percentage of Funds (%)	Minimum Subscription (\$2,500,000)	Percentage of Funds (%)
Existing cash reserves of the Company ¹	\$940,000	23%	\$940,000	30%
Funds to be received from the Offer ²	\$2,500,000	60%	\$1,500,000	47%
Funds received from the sale of Ocean Hills Asset ³	\$300,000	7%	\$300,000	9%
Repayment of loan from Sunbird Energy Ltd	\$435,000	10%	\$435,000	14%
Total	\$4,175,000	100%	\$3,175,000	100%
Allocation of funds	Total	Percentage of Funds (%)	Total	Percentage of Funds (%)
Exploration on the Mahenge Graphite Project and Mahenge North Graphite Project	\$1,900,000	45%	\$1,450,000	46%
Conduct of due diligence investigations on Remaining Graphite Options	\$200,000	5%	\$200,000	6%
Expenses of the Offer ³	\$275,000	7%	\$245,000	8%
Working capital	\$1,800,000	43%	\$1,280,000	40%
Total	\$4,175,000	100%	\$3,175,000	100%

Notes

1. These funds represent existing cash held by the Company at or around the date of this Notice of Meeting and includes funds received under the Loan. The Company expects to incur costs within the ordinary course of its business which will diminish this amount prior to completion of the Transaction.
2. Calculated by determining the funds raised under the Offer less the Loan funds already received.
3. On 22 October 2014, the Company announced that it had entered into an agreement to sell its interest in its Ocean Hills oil and gas permit. The Company will receive this amount when the sale is settled together with 40,000,000 shares in Eneabba Gas Ltd, which is expected to occur following the completion of the re-instatement to trading of the Company on ASX.
4. Working capital includes the general costs associated with the management and operation of the business including administration expenses, salaries, directors' fees, rent and other associated costs.

The above table is a statement of current intentions as of the date of this Notice of Meeting. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

1.7 Pro-forma capital structure

The pro-forma capital structure of the Company excluding the current listed pre consolidation 819,823,128 options (ASX:GRKOB) due to expire on 31 January 2015 and following completion of the change of activities and the Acquisition is set out below:

	Shares	Options	Shares	Options
	\$3.5m raising		\$2.5m raising	
Current issued capital (post Consolidation)	113,390,184	5,372,500 ¹	113,390,184	5,372,500 ¹
Issue pursuant to acquisition of Mahenge Resources (Resolution 5)	4,000,000	-	4,000,000	-
Issue pursuant to acquisition of Mahenge North Graphite Project (Resolution 6)	8,333,333	-	8,333,333	-
Issue of Shares for Capital Raising (Resolutions 2, 3 & 4)	70,000,000	35,000,000	50,000,000	25,000,000
Shares issued to Copulos Group (Resolution 3)	1,221,598	-	1,221,598	-
Total	196,945,115	40,372,500	176,945,115	30,372,500

Notes:

1. Comprising Options on the following terms:
 - (a) 97,500 unlisted Options exercisable at \$0.40 on or before 15 November 2015;
 - (b) 1,500,000 unlisted Options exercisable at \$0.30 on or before 18 March 2015;
 - (c) 100,000 unlisted Options exercisable at \$0.16 on or before 11 June 2016;
 - (d) 375,000 unlisted Options exercisable at \$0.06 on or before 28 November 2016; and
 - (e) 3,300,000 unlisted Options exercisable at \$0.20 on or before 19 January 2018.

In addition to the above, the Company proposes issuing 6,700,000 Performance Rights on a post-Consolidation basis on the terms set out in Schedule 1.

2. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES TO THE MAHENGHE VENDORS

2.1 General

As announced by the Company on 22 December 2014, on 7 January 2015, the Company issued 48,863,916 Shares in consideration to extend the completion of the Acquisitions to 31 March 2015.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

2.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 48,863,916 Shares were issued;
- (b) the deemed issue price was \$0.0025;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to the Mahenge Vendors, who are not related parties of the Company; and
- (e) no funds were raised from this issue as the Shares were issued in consideration for the extension of time in which to complete the Acquisitions.

3. RESOLUTION 2 – ISSUE OF SHARES UNDER PROSPECTUS

3.1 Background

Resolution 2 seeks the approval of Shareholders to enable the Company to undertake the Capital Raising for the purpose of satisfying the ASX Listing Rule conditions for the re-instatement to trading of the Company following the completion of the Acquisition.

At the Previous General Meeting held on 15 December 2014, the Company received approval to issue 50,000,000 Shares and 12,500,000 Options for the purpose of undertaking the Capital Raising. As outlined above, due to the delays in being able to complete the Transaction, the Company has identified that it will require additional funding to complete the Acquisitions and satisfy the ASX conditions for re-instatement to trading on ASX.

Accordingly, Resolution 2 seeks approval for the Company to now issue up to 70,000,000 Shares and 35,000,000 Options (on the basis of one Option for every two Shares issued) (with a minimum required raising of 50,000,000 Shares and 25,000,000 Options) to enable it to complete the Capital Raising, to raise up to \$3,500,000. The Company notes for Shareholders that the Shares issued under this Resolution 2 will **not** be aggregated with any approval granted at the Previous General Meeting, and therefore the maximum amount that will be raised under the Capital Raising is now \$3,500,000.

On 22 October 2014, ASX granted the Company a waiver to enable the Company to undertake the Capital Raising at 5 cents per Share and to have Options on issue with an exercise price less than 20 cents. The waiver is conditional upon Shareholders approving the price at which the Capital Raising is being undertaken.

A summary of ASX Listing Rule 7.1 is contained in Section 2.1 above.

Resolutions 3 and 4 seek approval for specific parties to participate in the Capital Raising. Shareholders should note that any Shares issued under those Resolutions will be deducted from the number of Shares and Options issued under this Resolution 2 such that the total number of Shares and Options issued for the Capital Raising is not more than 70,000,000 Shares and 35,000,000 Options (on a post-Consolidation basis).

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 7:

- (a) the maximum number of Shares and Options to be issued is 70,000,000 Shares and 35,000,000 Options on a post-Consolidation basis;
- (b) the Shares and Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will progressively;
- (c) the Shares will be issued for \$0.05 per Share and the Options will be issued for nil cash consideration on the basis of one Option for every two Shares subscribed for;
- (d) the Options will be issued to applicants under a prospectus to be issued by the Company, and no Securities under this Resolution 2 will be issued to related parties (except the existing Directors);

- (e) the Shares will be issued on the same terms and conditions as the Company's existing Shares on issue (on a post-Consolidation basis) and the Options will be issued on the terms and conditions set out in Schedule 3; and
- (f) the funds raised from the issue will be used in the manner set out in Section 1.6 above.

4. RESOLUTION 3 – APPROVAL OF ISSUE OF SECURITIES TO COPULOS GROUP UNDER THE CAPITAL RAISING

4.1 Background

As set out in Section 3 above, Eyeon Investments Pty Ltd (**Eyeon Investments**), an entity associated with Director, Mr Stephen Copulos has agreed to support the Capital Raising for up to \$1,500,000, representing 30,000,000 New Shares and 15,000,000 New Options on a post-Consolidation basis. As announced on 23 December 2014, the Copulos Group provided funding of \$1,000,000 which shall be offset against the Copulos Group's subscription of \$1,500,000 in support of the Capital Raising and be converted into Shares on the same terms and conditions as all other investors.

Given the voting power of the Copulos Group prior to the issue of these Shares and Options, the participation of Eyeon Investments in the Capital Raising will see the voting power of the Copulos Group increase above 20%.

In addition, it is proposed that Eyeon Investments (or his nominee) be issued Performance Rights in the Company, which, if converted could also see the voting power of the Copulos Group increase further above 20%.

Details of the entities in the Copulos Group are set out in this Section 4.

4.2 General

Resolution 3 seeks Shareholder approval for the purpose of Item 7 of Section 611 of the Corporations Act to allow the Company to issue 30,000,000 New Shares to Eyeon Investments and 15,000,000 New Options under the Capital Raising and for the future issue of up to 15,000,000 Shares upon the exercise of the New Options. Resolution 3 also seeks Shareholder approval for the issue of 1,221,598 Shares to Eyeon Investments in payment of a fee in relation to the Loan Facility Agreement (**Facility Fee Shares**).

The issue of the New Shares, when aggregated with the existing Shares held by the Copulos Group and Facility Fee Shares, will result in the voting power of the Copulos Group increasing from 16.59% up to 28.27% (based on the minimum subscription).

If all of the New Shares are issued, the New Options are issued and exercised, the Facility Fee Shares issued and the existing Options held by the Copulos Group are also exercised, it will result in the Copulos Group voting power in the Company increasing to up to 34.32%, based on the minimum subscription raised under the Prospectus and assuming no other Shares are issued and no other Options are exercised.

Finally, Resolution 3 seeks Shareholder approval for the issue of 1,675,000 Performance Rights to Eyeon Investments and for the future issue of 1,675,000 Shares upon the conversion of those Performance Rights.

If all of the Performance Rights and options are converted, it will result in the Copulos Group's voting power in the Company increasing to up to 34.89%, assuming no other

Shares are issued, Options exercised or other Performance Rights converted and the minimum subscription raised under the Prospectus.

In addition, approval under Listing Rule 10.11 is sort because Mr Copulos is a Director of the Company and is an associate of Eyeon Investments. ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies. If Shareholders approve the issue of securities pursuant to Resolution 3, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

4.3 Item 7 of Section 611 of the Corporations Act

(a) Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%.

(Prohibition).

(b) Voting Power

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

(c) Copulos Group existing holding in the Company

Mr Stephen Copulos (or his Associates) under the Capital Raising currently holds the following Shares and/or Options in the Company:

Current holdings of the Copulos Group:

Shares	Options	Performance Rights	Voting Power
18,807,738	1,291,080	Nil	16.59%

Following the Capital Raising, the Copulos Group interest in Shares, Options and Performance Rights in the Company and resulting voting power in the Company, will be as follows:

Holdings of Copulos Group following the Issue

Shares	Options	Performance Rights	Voting Power ¹
50,029,336	16,291,080	1,675,000	28.27%

1. Following the issue of 30,000,000 Shares under the Capital Raising and assuming the minimum subscription is raised (but does not include the exercise of the Options and conversion of Performance Rights).

(d) **Associates**

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an “associate” of the other person (**first person**) if:

- (i) (pursuant to Section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:
 - (A) a body corporate the first person controls;
 - (B) a body corporate that controls the first person; or
 - (C) a body corporate that is controlled by an entity that controls the person;
- (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

(e) **Relevant Interests**

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- (i) are the holder of the securities;
- (ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, Section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (iv) a body corporate in which the person's voting power is above 20%;
- (v) a body corporate that the person controls.

(f) **Associates of Eyeon Investments under the Capital Raising**

For the purpose of the Corporations Act, the following persons are deemed to be associates of the Eyeon Investments:

- (i) Mr Stephen Copulos;
 - (ii) Supermax Pty Ltd; and
 - (iii) Eyeon No.2 Pty Ltd,
- (together, the **Copulos Group**).

The nature of each of the person's relevant interest is summarised below:

Name of party to whom "Associate" reference relates	Name of Associate	Reason for association
Eyeon Investments Pty Ltd	Stephen Copulos	Director and controller of Eyeon Investments Pty Ltd, Supermax Pty Ltd and Eyeon No.2 Pty Ltd
Eyeon Investments Pty Ltd	Supermax Pty Ltd	Controlled by Stephen Copulos
Eyeon Investments Pty Ltd	Eyeon No.2 Pty Ltd	Controlled by Eyeon Investments

(g) **Control**

The Corporations Act defines "control" and "relevant agreement" very broadly as follows:

- (i) Under section 50AA of the Corporations Act control means the capacity to determine the outcome of decisions about the financial and operating policies of the Company.
- (ii) Under Section 9 of the Corporations Act, a relevant agreement includes an agreement, arrangement or understanding whether written or oral, formal or informal and whether or not having legal or equitable force.

4.4 Reason Section 611 Approval is Required

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Following the issue of the New Shares and the Facility Fee Shares, the Copulos Group will have a relevant interest in 50,029,336 post-Consolidation Shares in the Company, representing 28.27% voting power in the Company. This assumes that no other Shares are issued (other than the minimum subscription under the Capital Raising) or Options are exercised.

Further, following the issue of the New Options, Mr Stephen Copulos (or his Associates) under the Capital Raising will be entitled to exercise the New Options

and unlisted options he will be issued up to 16,291,080 additional Shares. Assuming all existing Options held by Mr Stephen Copulos have been exercised, this would increase the Copulos Group's voting power to 34.32%. This also assumes that no other Shares are issued or Options are exercised.

Finally, Eyeon Investments is also to be issued 1,675,000 Performance Rights. Where the performance hurdles of those Performance Rights are met, 1,675,000 new Shares will be issued to Eyeon Investments. This would increase the voting power of the Copulos Group to 34.89%.

Accordingly, Resolution 3 seeks Shareholder approval for the purpose of Section 611 Item 7 and all other purposes to enable the Company to issue the New Shares and Facility Fee Shares to Eyeon Investments and to enable the Copulos Group to exercise the New Options and convert the Performance Rights.

In addition, the Associates identified in section 6.3(f) above will have a relevant interest in any securities held by Eyeon Investments.

Shareholder approval is required to enable these parties to acquire a relevant interest in the securities issued to Eyeon Investments as their voting power in the Company could also increase above 20%.

4.5 Specific Information required by Section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by RM Corporate Finance Pty Ltd annexed to this Explanatory Statement.

(a) Identity of the Acquirer and its Associates

It is proposed that Eyeon Investments will be issued the New Shares, New Options and Performance Rights as set out in Section 4.1 of this Explanatory Memorandum.

The identity of the Associates of Eyeon Investments and the nature of their relevant interest is summarised in Section 6.3(f) of this Explanatory Statement.

(b) Relevant Interest and Voting Power

Relevant Interest

The relevant interests of Eyeon Investments and its Associates in voting shares in the capital of the Company (both current, and following the issue of the New Securities to Eyeon Investments as contemplated by this Notice) are set out in the table below (shown on a post-Consolidation basis):

Party	Relevant Interest as at the date of this Notice of Meeting	Relevant Interest after the issue of the New Shares , Facility Fee Shares, New Options, and Performance Rights	Relevant Interest after exercise of the New Options and existing unlisted Options	Relevant Interest after exercise of New Options, existing unlisted Options and conversion of Performance Rights
Stephen Copulos	18,807,738 ¹	50,029,336	66,320,416	67,995,416
Eyeon Investments Pty Ltd	12,741,072 ²	43,962,670	58,962,670	60,637,670
Supermax Pty Ltd	6,066,667 ³	6,066,667	7,357,774	7,357,774
Eyeon No.2 Pty Ltd	5,862,747 ⁴	5,862,747	5,862,747	5,862,747

The Copulos Group does not have any contract, arrangement or understanding relating to the controlling or influencing of the composition of the Company's board or the conduct of the Company's affairs, nor are any of those persons proposing to act in concert in relation to the Company's affairs.

(i) **Voting Power**

The maximum voting power of the Copulos Group (both current, and following the issue of the New Securities to Eyeon Investments as contemplated by this Notice) is set out in the table below:

Party	As at the date of this Notice of Meeting	After issue of the New Shares and New Options	After exercise of the New Options and existing unlisted Options	After exercise of the New Options, existing unlisted Options and conversion of the Performance Rights
Copulos Group	16.59%	28.27%	34.32%	34.89%

Further details on the voting power of the Copulos Group are set out in the Independent Expert's Report prepared by RM Corporate Finance Pty Ltd.

(ii) **Summary of increases**

From the above chart it can be seen that the maximum relevant interest that Copulos Group will hold after completion of the Issue (and after the exercise of all of the existing Options, New Options and conversion of Performance Rights) is 67,995,416 Shares, and the maximum voting power that will hold is 34.89%. This represents a maximum increase in voting power of 18.30% (being the difference between 16.59% and 34.89%).

(iii) **Assumptions**

Note that the following assumptions have been made in calculating the above:

- (A) the Company has 113,390,184 post Consolidation Shares on issue as at the date of this Notice of Meeting;
- (B) the Company does not issue any additional Shares other than pursuant to the Capital Raising, the New Options, the existing Options and the Performance Rights;
- (C) no other Existing Options are exercised, except the existing Options held by the Copulos Group;
- (D) the Copulos Group does not acquire any additional Shares other than under the New Options and existing Options exercise or conversion of the Performance Rights; and
- (E) The minimum equity is raised based on \$2,500,000 raising through the issue of 50,000,000 shares and 25,000,000 options.

(c) **Reasons for the proposed issue of securities**

As set out in Section 4.1 of this Explanatory Statement, the reason for the issue of securities to Eyeon Investments is to assist the Company in the completion of the Capital Raising and therefore complete the change to the Company's activities.

(d) **Date of proposed issue of securities**

The New Shares, New Options, Facility Fee Shares and Performance Rights the subject of Resolution 3 will be issued on a date after the Meeting to be determined by the Company.

(e) **Material terms of proposed issue of securities**

As set out in section 4.1 of this Explanatory Statement, the Company is proposing to issue:

- (i) 30,000,000 New Shares at a price of \$0.05 per Share; and
- (ii) 15,000,000 New Options for nil cash consideration on the terms set out in Schedule 3;
- (iii) 1,221,598 New Shares in payment of the fee in relation to the Converting Loan; and
- (iv) 1,675,000 Performance Rights for nil cash consideration on the terms set out in Schedule 1.

(f) **Copulos Group Intentions**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that the Copulos Group:

- (i) has no present intention of making any significant changes to the business of the Company;
- (ii) has no present intention to inject further capital into the Company;
- (iii) has no present intention regarding the future employment of the present employees of the Company;
- (iv) does not intend to redeploy any fixed assets of the Company;
- (v) does not intend to transfer any property between the Company and the Copulos Group; and
- (vi) has no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to the Copulos Group under the Capital Raising at the date of this document.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(g) **Interests and Recommendations of Directors**

None of the current Board members (other than Mr Copulos) has a material personal interest in the outcome of Resolution 3.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3. The Director's recommendations are based on the reasons outlined in section 4.6 below.

The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 3.

(h) **Capital Structure**

The New Shares, New Options, Facility Fee Shares and Performance Rights are being issued as part of the Capital Raising and transaction to acquire the new graphite assets in Tanzania.

4.6 Advantages of the Issue – Resolution 3

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on proposed Resolution 3:

- (a) the issue of the New Shares to Eyeon Investments will assist the Company complete the Capital Raising, complete the Acquisitions and be re-instated to trading on ASX;
- (b) the funds raised will enable the Company to be re-instated to trading on ASX and complete the Acquisitions;
- (c) the Copulos Group is a strong institutional shareholder partner who will add value to the Company's strategic goals;
- (d) if the New Options are issued to and exercised by Eyeon Investments, additional funds of \$1,500,000 will be raised from the exercise price of the New Options;
- (e) The acquisition of the Mahenge Projects is a speculative investment by the Company and given the current and general negative sentiment towards early stage mineral exploration, the Investment by the Copulos Group provides the Company with scarce early stage capital to enable it to pursue its goal of becoming a Tanzanian focused resources company; and
- (f) RM Corporate Finance Pty Ltd has concluded that the issue of the New Shares is reasonable but not fair to the non-associated shareholders.

4.7 Disadvantages of the Issue – Resolution 3

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on proposed Resolution 3:

- (a) the issue of the New Shares to Eyeon Investments will increase the voting power of the Copulos Group from 16.59% to 28.27%, reducing the voting power of non-associated Shareholders in aggregate from 83.41% to 71.73%; and

- (b) the issue of the New Options will not increase the voting power of the Copulos Group, however if all the New Options and unlisted options issued to Eyeon Investments and are exercised by Eyeon Investments, the issue of Shares upon the exercise of the New Options will further increase the voting power of the Copulos Group from 28.27% to 34.32% reducing the voting power of non-associated Shareholders in aggregate from 71.73% to 65.68% (assuming no other Shares are issued, no other existing Options exercised and no Performance Rights converted).

4.8 Independent Expert's Report – Resolution 3

The Independent Expert's Report prepared by RM Corporate Finance Pty Ltd (a copy of which is attached as the Annexure to this Explanatory Statement) assesses whether the transactions contemplated by Resolution 3 are fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the transactions contemplated by Resolution 3 are reasonable but not fair to the non-associated Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

4.9 Performance Rights

As part of this Resolution 3, the Company seeks approval to issue Performance Rights to Eyeon Investments. The issue of the Performance Rights is intended to recognise the role that Mr Stephen Copulos will play as a Director of the Company following the completion of the Acquisitions. Resolutions 7 and 8 seek approval to issue Performance Rights to each of Messrs Tambanis and Chiappini, the other persons expected to be directors of the Company following completion of the Acquisitions (Mr Chiappini is a current Director also. Shareholders are directed to Section 7 for information on the Performance Rights being issued to those two parties for additional information.

4.10 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the participation in the Capital Raising involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

4.11 Technical information required by ASX Listing Rule 10.11

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of the New Shares, New Options and Performance Rights:

- (a) the number of New Shares to be issued is 30,000,000 and the maximum number of New Options to be issued is 15,000,000 Options;
- (b) the maximum number of Performance Rights is 1,675,000 Performance Rights as follows:

- (i) Tranche A Performance Rights: 558,334;
- (ii) Tranche B Performance Rights: 558,333; and
- (iii) Tranche C Performance Rights: 558,333;
- (c) the maximum number of Facility Fee Shares is 1,221,598;
- (d) the Shares, Options and Performance Rights will be issued no later than 1 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the issues will occur on the same date;
- (e) the issue price of the New Shares will be \$0.05 per Share;
- (f) the deemed issue price of the Facility Fee Shares will be \$0.05 per Share;
- (g) the issue price of the New Options will be nil as they will be issued free attaching with the Shares on a 1 for 2 basis;
- (h) the issue price of the Performance Rights will be nil;
- (i) the New Shares, New Options, Facility Fee Shares and Performance Rights will be issued to Eyeon Investments;
- (j) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (k) the Options will be issued on the terms and conditions set out in Schedule 3;
- (l) the Performance Rights will be issued on the terms and conditions set out in Schedule 1;
- (m) no funds will be raised from the issue of the Facility Fee Shares as the Facility Fee Shares are being issued in payment of a consulting fee under the Converting Loan; and
- (n) funds raised from the New Shares issued under Resolution 3 will be used together with the funds raised under Resolution 2 in the manner outlined in Section 1.6 above.

5. RESOLUTION 4 – PARTICIPATION OF DIRECTORS IN CAPITAL RAISING

5.1 General

Pursuant to Resolution 4 the Company is seeking Shareholder approval to enable the existing Directors (or their nominated entities) to participate in the Capital Raising a cumulative amount of up to 2,700,000 Shares and 1,350,000 Options on the same terms and conditions as other investors under the Capital Raising. As at the date of this Notice, the Directors have not yet determined which of them (or for how much) will participate in the Capital Raising, but it will not be more than the maximum limit outlined for each Director in this Resolution.

Any Shares and Options issued to the Directors will be deducted from the Shares and Options issued under Resolution 2.

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Shares and Options which constitutes giving a financial benefit and the Directors are each a related party of the Company by virtue of being a Director.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of this participation because the Shares and Options will be issued to any participating Directors on the same terms as Shares and Options issued to non-related party participants in the Capital Raising and as such the giving of the financial benefit is on arm's length terms.

5.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the participation in the Capital Raising involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

5.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the Shares and Options will be issued to Gabriel Chiappini, Steven Tambanis and Richard Beresford who elect to participate in the Capital Raising (or their respective nominees) up to the following limits for each Director:

	Shares	Options
Mr Richard Beresford	200,000	100,000
Mr Gabriel Chiappini	500,000	250,000
Mr Steven Tambanis	2,000,000	1,000,000
	2,700,000	1,350,000

- (b) the maximum number of Shares and Options to be issued under this Resolution is 2,700,000 Shares and 1,350,000 Options (on the basis of one Option for every four Shares in the Capital Raising) where each of the Directors applies for the maximum number of Shares and Options set out in (a) above;

- (c) the Shares and Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the issue price will be \$0.05 per Share, being the same as all other Shares issued under the Capital Raising. The Options will be issued for nil cash consideration. Each Director will be required to subscribe for the Shares and Options under the Capital Raising, but their cumulative applications may not exceed the limited outlined in (b) above;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Options will be issued on the terms and conditions set out in Schedule 3; and
- (g) the funds raised will be used for the same purposes as all other funds raised under the Capital Raising as set out in section 1.9 of this Explanatory Statement.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Steven Tambanis, Richard Beresford and Gabriel Chiappini (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

6. APPROVAL FOR ISSUE OF SHARES TO COMPLETE ACQUISITIONS – RESOLUTIONS 5 AND 6

6.1 General

Resolutions 5 and 6 seek approval for the issue of Shares required to be issued to complete the acquisition of the Mahenge Project in Tanzania, comprising the Mahenge North Graphite Project and the Mahenge Graphite Project. Shareholders are encouraged, where they wish further information on the Transaction to refer to that notice of meeting, which is available from the ASX announcements platform.

As announced on 21 January 2015, the Company expects to complete the Consolidation of its capital on a 20:1 basis on 29 January 2015. All references to Shares in this Section have been stated on a post Consolidation basis.

A summary of the requirements of ASX Listing Rule 7.1 is outlined in Section 7.1 above.

The effect of the passing of each of Resolutions 5 and 6 will be to allow the Company to issue these Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

6.2 Resolution 5 – Issue of Shares to Mahenge Resources shareholders

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the maximum number of Shares to be issued is up to 4,000,000 post Consolidation Shares (or 80,000,000 pre Consolidation Shares);
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or

modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;

- (c) the Shares are being issued as consideration for the acquisition of 100% of the shares in Mahenge Resources at a deemed issue price of \$0.05 per Share (on a post Consolidation basis);
- (d) the Shares will be issued to the following vendors of shares in Mahenge Resources, none of whom are related parties of the Company:

Mahenge Resources shareholder	No. of Shares
Artemis Corporate Ltd	1,333,333
Kabunga Holdings Pty Ltd	1,333,333
CH2 Investments Pty Ltd	1,333,334

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Shares as they are being issued as consideration for the acquisition of 100% of the shares in Mahenge Resources.

6.3 Resolution 6 – Issue of Shares to acquire Mahenge North Graphite Project

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 6:

- (a) the maximum number of Shares to be issued is up to 8,333,333 post Consolidation Shares (or 166,666,667 pre Consolidation Shares);
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the Shares are being issued as consideration for the acquisition of the tenements comprising the Mahenge North Graphite Project at a deemed issue price of \$0.05 per Share (on a post Consolidation basis);
- (d) the Shares will be issued to the following vendors of the tenements comprising the Mahenge North Graphite Project, none of whom are related parties of the Company:

Mahenge Resources shareholder	No. of Shares
Kabunga Holdings Pty Ltd	1,666,667
Asab Resources (Tanzania) Limited	6,666,666

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and

- (f) no funds will be raised from the issue of the Shares as they are being issued as consideration for the acquisition of the tenements comprising the Mahenge North Graphite Project in Tanzania.

7. ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS – RESOLUTIONS 7 AND 8

7.1 Background

The Company has agreed, subject to obtaining Shareholder approval pursuant to these Resolutions to issue a total 5,025,000 Performance Rights to Messrs, Tambanis and Chiappini (**Participating Directors**) on the terms and conditions set out below.

Each Participating Director is a related party of the Company by virtue of the fact that they are a Director. Accordingly, the issue of the Performance Rights requires shareholder approval under Chapter 2E of the Corporations Act and ASX Listing Rule 10.11.

The issue of the Performance Rights were the subject of resolutions approved by Shareholders at the Previous General Meeting. However, given the delays in the Transaction, have not been issued within the time period approved by Shareholders (one month after approval). The terms of, and the basis for issue of, these Performance Rights has not changed.

The primary purpose of the issue of Performance Rights is to provide a realistic, market-linked incentive component to the remuneration package of the Participating Directors, while also preserving the Company's cash reserves. The Performance Share hurdles are aligned to key market milestones are set out in Schedule 1. The independent members of the Board have determined that the number of Performance Rights remain reasonable taking into account the Directors' fees payable to the Participating Directors. Further, the independent members of the Board consider that the total value of the package to the Participating Directors, including the Performance Rights, is in line with the corporate remuneration of non-executive directors of similar companies.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act. The grant of the Performance Rights constitutes giving a financial benefit and Messrs Tambanis and Chiappini are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of the Performance Rights to Messrs Tambanis and Chiappini involves the issue to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

7.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

In accordance with the requirements of ASX Listing Rule 10.13 and to provide Shareholders with sufficient information regarding the issue, the following information is provided to allow Shareholders to assess the proposed issue of Performance Rights:

- (a) the related parties are Messrs, Tambanis and Chiappini and they are related parties by virtue of being a Director;
- (b) the maximum number of Performance Rights (being the nature of the financial benefit being provided) to be issued to the Participating Directors is:

	Tranche A	Tranche B	Tranche C	Total
Mr Tambanis	1,116,667	1,116,667	1,116,666	3,350,000
Mr Chiappini	558,334	558,333	558,333	1,675,000

- (c) the Performance Rights will be issued for nil cash consideration, accordingly no funds will be raised;
- (d) the value of the Performance Rights and the pricing methodology is set out in Schedule 2;
- (e) the trading history (pre-Consolidation) of the Shares on ASX in the 12 months before the date of this Notice of Meeting is as follows:

Highest close	\$0.006 on 24 & 25 July and 8 & 9 September 2014
Lowest close	\$0.001 from 21 January to 7 July 2014
Last	\$0.002 at 21 January 2015

- (f) the Participating Directors currently have an interest in the following securities in the Company (on a pre-Consolidation basis):

Participating Director	Shares	Options
Mr Steven Tambanis	nil	nil
Mr Gabriel Chiappini	3,000,000	3,500,000

- (g) the remuneration and emoluments from the Company to the Participating Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Participating Director	Current Financial Year	Previous Financial Year
Mr Steven Tambanis ⁽¹⁾	\$100,000	Not applicable
Mr Gabriel Chiappini ⁽²⁾	\$150,000	\$98,049

Notes

- It is proposed that Mr Tambanis will receive a per annum salary of \$200,000 remuneration plus statutory superannuation from the Company. The Company will also introduce a short term incentive plan for Mr Tambanis to align the Company's near term goals with that of Shareholders. The \$100,000 noted above assumes appointment in Executive Capacity from 1 January 2015. Prior to appointment on Executive basis Mr Tambanis was

engaged as Geological Consultant and remunerated on an hourly and per diem basis on standard commercial and arm's length basis;

2. Mr Chiappini currently receives remuneration based on a monthly retainer of \$8,250 per month not inclusive of superannuation for providing services related to company secretarial, financial officer, non-executive director duties and management and corporate administration services. In addition to the monthly fees noted above, Mr Chiappini is paid for services provided in addition to the fixed fee, with the fees paid on a standard commercial and arm's length basis;
- (h) the terms and conditions of the Performance Rights are set out in Schedule 1
 - (i) the Performance Rights will be issued to the Participating Directors no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Performance Rights will be issued on one date;
 - (j) if the Performance Rights issued to the Participating Directors are converted into Shares, a total of 5,025,000 Shares would be issued. This will increase the number of Shares on issue from 196,945,115 to 201,970,115 (assuming that no other Options are exercised and no other Shares are issued and no shares other than those contemplated by the Resolutions of this Notice are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 2.49%, comprising 1.66% by Mr Tambanis and 0.83% by Mr Chiappini.
 - (k) the primary purpose of the issue of the Performance Rights is to:
 - (i) retain these key personnel and link part of the remuneration paid to the Participating Directors to significant performance criteria, namely the achievement of the Milestones; and
 - (ii) provide a market-linked incentive component in the remuneration package for the Participating Directors and for the future performance by the Participating Directors in managing the operations and strategic direction of the Company.
 - (l) the Board believes that the issue of Performance Rights provides cost effective consideration to the Participating Directors for their ongoing and future commitments and contributions to the Company in their respective roles as Directors of the Company. Given this purpose, the Board does not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights upon the terms proposed;
 - (m) the Board acknowledges the issue of Performance Rights to Mr Chiappini is contrary to Recommendation 8.3 of the ASX Good Corporate Governance and Best Practice Recommendations. However, the Board considers the issue of Performance Rights to Mr Chiappini is reasonable in the circumstances, given that it will assist the Company in achieving its goals by aligning the interests of Mr Chiappini with the interests of Shareholders, whilst maintaining the Company's cash reserves;
 - (n) Mr Steven Tambanis declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that Mr Tambanis is to be issued Performance Rights should Resolution 7 be passed. However, in respect of Resolution 8,

recommends that Shareholders vote in favour of that Resolution for the reasons set out above;

- (o) Mr Chiappini declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution on the basis that Mr Chiappini is to be issued Performance Rights should Resolution 8 be passed. However, in respect of Resolution 7 recommends that Shareholders vote in favour of that Resolution for the reasons set out above;
- (p) with the exception of Messrs Tambanis and Chiappini, no other Director has a personal interest in the outcome of Resolutions 7 and 8;

7.3 Directors' recommendation

- (a) The Directors (other than as set out below) recommend that Shareholders vote in favour of Resolutions 7 and 8 for the following reasons:
 - (i) the benefits set out in Section 7.2(j) above the proposed issue of Performance Rights to the Participating Directors will have on the Company;
 - (ii) the issue of the Performance Rights to the Participating Directors is an appropriate form of incentive to maximise returns to Shareholders; and
 - (iii) the terms of the proposed issue of Performance Rights to the Participating Directors are reasonable to the Company.
- (b) The independent Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 7 and 8.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Performance Rights to the Related Parties as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Performance Rights to the Participating Directors will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

8. RESOLUTION 9 AND 10 – ELECTION OF DIRECTORS – MR STEPHEN COPULOS AND MR STEVEN TAMBANIS

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 13.4 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Stephen Copulos, having been appointed on 21 January 2015 will retire in accordance with clause 13.4 of the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

Mr Steven Tambanis, having been appointed on 21 January 2015 will retire in accordance with clause 13.4 of the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

9. RESOLUTION 11 - SECTION 195 APPROVAL

Approval of Resolutions 4, 7 and 8 may result in the Directors having a "material personal interest" in the matters referred to in this Notice. In the absence of this Resolution 11, the Directors may not be able to form a quorum at any meetings necessary to carry out the transactions contemplated by Resolutions 4, 7 and 8.

Accordingly, Shareholder approval is being sought to allow the Directors to form a quorum to implement the transactions contemplated in this Notice.

GLOSSARY

\$ means Australian dollars.

Acquisitions means the acquisition of the Mahenge Graphite Project and the Mahenge North Graphite Project.

Asab means Asab Resources (Tanzania) Limited (Incorporated in Tanzania), who is the legal and beneficial holder of 100% of the Mahenge Project comprising Tanzanian Prospecting Licence number 7802/2012.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Capital Raising means the capital raising to raise up to \$3,500,000, with a minimum raising of \$2,500,000 the subject of Resolution 2.

Chair means the chair of the Meeting.

Company means Green Rock Energy Limited (ACN 094 551 336).

Conditions Precedent means as defined in Section 1.4

Constitution means the Company's constitution.

Consolidation means the consolidation of the Company Securities approved by Shareholders at a general meeting held on 15 December 2014.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current Directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Facility Fee Shares means 1,221,598 Post Consolidation Shares to be issued to Eyeon Investments as a fee pursuant to the Converting Loan.

General Meeting or Meeting means the meeting convened by the Notice.

Kabunga means Kabunga Holdings Pty Ltd (ACN 166 309 039).

Mahenge means Mahenge Resources Limited (Incorporated in Tanzania, incorporation number 110606).

Mahenge Project means as defined in clause 1.4.

Mahenge Shareholders means Artemis Corporate Ltd, Kabunga Holdings Pty Ltd and CH2 Investments Pty Ltd.

Mahenge Vendors means the Mahenge Shareholders and Asab.

Notice or Notice of Meeting means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Performance Share means a Share to be issued pursuant to Resolutions 3, 7, and 8 on the terms set out in Schedule 1 of this Notice of Meeting.

Projects means the Mahenge Graphite Project and the Mahenge North Graphite Project.

Prospectus means the prospectus to issue the Shares pursuant to Resolution 2..

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Transaction means the transaction pursuant to which the Company will acquire the interest in graphite projects in Tanzania and undertake a re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – SUMMARY OF PERFORMANCE RIGHTS TERMS

The Performance Rights entitle the holder to Shares on the following terms and conditions:

- (a) Subject to the satisfaction of the vesting condition set out in paragraph (b), each Performance Right vests to one (1) Share.
- (b) The Performance Rights will vest upon satisfaction of the following milestones:
 - (i) **Tranche A:** The Company announces a JORC Code compliant resource of not less than 1,000,000 tonnes of contained graphite at 9% or more total graphite content from the Mahenge Projects;
 - (ii) **Tranche B:** The Company announces a JORC compliant resource of greater than 2,000,000 tonnes of contained graphite at 9% or more total graphite content from the Mahenge Projects; and
 - (iii) **Tranche C:** From the date of receipt of the Performance Rights, the Company's 10 day VWAP is equal to or greater than \$0.0875 for a period of 10 consecutive trading days;(together, the **Vesting Conditions**).
- (c) The Board may, in its absolute discretion, determine that all or a specified number of a holder's Performance Rights automatically vest in the event of:
 - (i) a takeover bid in respect of the Company under Chapter 6 of the Corporations Act is made;
 - (ii) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
 - (iii) any person becomes bound or entitled to acquire shares in the Company under:
 - (A) section 414 of the Corporations Act; or
 - (B) Chapter 6A of the Corporations Act;
 - (iv) the Company passes a resolution for voluntary winding up; or
 - (v) an order is made for the compulsory winding up of the Company, andsuch a determination shall be notified to the holder in writing. If no determination is made or if the Board determines that some or all of a holder's Performance Rights do not vest, those Performance Rights shall automatically lapse.
- (d) In the event the holder ceases to be a Director, consultant or employee prior to the satisfaction of the Vesting Condition, all Performance Rights shall automatically lapse unless the holder ceases to be a Director as a result of being removed from office by Shareholders other than for misconduct in which case the Board may, in its absolute discretion, determine that all or a specified number of a holder's Performance Rights automatically vest.

- (e) The Performance Rights will expire on the following dates:
- (i) Tranche A Performance Rights not converted into a Share in the Company before 31 December 2017 will lapse;
 - (ii) Tranche B Performance Rights not converted into a Share in the Company before 31 December 2017 will lapse; and
 - (iii) Tranche C Performance Rights not converted into a Share in the Company before 31 December 2017 will lapse,

(separately, the **Relevant Expiry Dates**).

Any Performance Right not vested before the Relevant Expiry Date of each Tranche shall automatically lapse on the Relevant Expiry Date and the holder shall have no entitlement to Shares pursuant to those Performance Rights.

- (f) The Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Performance Rights on the satisfaction of the Vesting Condition.
- (g) Immediately following the Relevant Expiry Date the Company shall notify the holder of that proportion of Performance Rights that have vest and shall, unless otherwise directed by the holder, allot the associated number of Shares within 10 Business Days of the Relevant Expiry Date.
- (h) The Company will not apply for quotation of the Performance Rights on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the vesting of Performance Rights on ASX within 10 Business Days after the date of allotment of those Shares.
- (i) All Shares allotted upon the vesting of Performance Rights will upon allotment rank pari passu in all respects with other Shares.
- (j) The Performance Rights are not transferable except with the prior written consent of the Board.
- (k) A Performance Right does not confer any right to participate in new issues of securities, such as bonus issues or entitlement issues, or any right to vote at meetings, unless expressly authorised by law.
- (l) If Shares are issued pro-rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment) involving capitalisation or reserves or distributable profits, the number of Performance Rights to which each holder is entitled, or any amount payable on vesting of the Performance Rights, or both as appropriate, will be adjusted in the manner determined by the Board to ensure that no advantage accrues to the holder as a result of the bonus issue and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the bonus issue.
- (m) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Performance Rights to which each Participant is entitled, or any amount payable on vesting of the Performance Rights, or both as appropriate, will be adjusted in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the holder as a result of such corporate actions and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

- (n) Subject to paragraphs (k) and (m), there are no participating rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights unless the Vesting Conditions have been satisfied and the relevant Shares have been issued prior to the records date for determining entitlements. However, the Company will give notice to the holders of any new issues of capital prior to the records date for determining entitlements.
- (o) A Performance Right does not confer the right to vote or receive dividends.

SCHEDULE 2 – VALUATION OF PERFORMANCE RIGHTS

The Performance Rights to be issued to the Participating Directors pursuant to Resolutions 7 and 8 have been valued by internal management.

Based on the assumptions set out below, the Performance Rights were ascribed the following value based on the Binomial Securities Valuation model:

Assumptions:	
Valuation date	21 January 2015
Market price of Shares	5 cents on post consolidation basis
Price payable on vesting	Nil
Discount (probability – market based condition)	Nil
Discount (unlisted status and transferability restrictions)	Nil
Term – days	1,095
Volatility rate	80%
Risk Free Interest Rate	2.48%
Indicative value per Performance Right	5 cents per share
Total Value of Performance Rights	\$251,250
- Steven Tambanis (3,350,000 Performance Rights)	\$167,500
- Gabriel Chiappini (1,675,000 Performance Rights)	\$83,750

Note: The valuation noted above is not necessarily the market price that the Performance Rights could be traded at and is not the market price for taxation purposes.

SCHEDULE 3 – TERMS AND CONDITIONS OF OPTIONS FOR CAPITAL RAISING

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.05 (**Exercise Price**).

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on the date that is 24 months from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A (5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.



Green Rock Energy Limited
ABN 59 094 551 336

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000 GRK
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 10:00am (WST) Monday, 2 March 2015

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Green Rock Energy Limited hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Green Rock Energy Limited to be held at 50 Ord Street, West Perth, Western Australia on Monday, 4 March 2015 at 10:00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 3, 7 and 8 (except where I/we have indicated a different voting intention below) even though Resolutions 3, 7 and 8 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 3, 7 and 8 by marking the appropriate box in step 2 below.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Ratification of Prior Issue to Mahenge Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Issue of Performance Rights to Director – Steven Tambanis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Shares under Prospectus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Issue of Performance Rights to Director – Gabriel Chiappini	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Issue of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Election of Director – Mr Stephen Copulos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Participation of Directors in the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Election of Director – Mr Steven Tambanis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Shares – Acquisition of Mahenge Resources Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Section 195 Approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Shares – Acquisition of Mahenge North Graphite Project	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

GRK

1 9 5 3 1 9 A

Computershare +

GREEN ROCK ENERGY LIMITED

INDEPENDENT EXPERTS REPORT

*IN OUR OPINION THE PROPOSED TRANSACTION IS
NOT FAIR BUT REASONABLE*

29 January 2015

By

Guy T. Le Page, FFIN, AusIMM

 **RM Corporate Finance**

About RM Corporate Finance

RM Corporate Finance Pty Ltd ACN 108 084 386 (“**RM Corporate Finance**”) holds Australian Financial Services Licence No. 315235 authorising it to provide financial product advice on securities and interests in managed investments schemes to wholesale and retail clients.

What advisory services does RM Corporate Finance provide?

RM Corporate Finance is authorised under the licence to advise and deal in the following financial products:

- Deposit and payment products including basic deposit products, and non-cash payment products;
- Debentures, stocks or bonds issued or proposed to be issued by a government;
- Life products including investment life insurance products and life risk insurance products;
- Interests in managed investment schemes;
- Retirement savings accounts products (within the meaning of the Retirement Savings Account Act 1997);
- Securities;
- Superannuation;
- Derivatives;
- Corporate Finance; and
- Margin Lending.

Background to this Report

The Corporations Act (Cwth) 2001 requires **RM Corporate Finance** to provide this Financial Services Guide (“FSG”) in connection with its provision of an independent expert’s report (“the report”) in relation to subscription for shares by 17.08% Green Rock Energy Limited (“**Green Rock**”, **GRK**, “the Company” or “the Entity”) shareholder the **Copulos Group** as part of a proposed acquisition of certain exploration assets in Tanzania.

This report has been commissioned as a result of Section 606 of the Corporations Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders. **RM Corporate Finance** understands that **Green Rock** intends to lodge this Independent Expert’s Report (“the Report”) with the Australian Securities Exchange (“ASIC”) for public release.

Remuneration and other benefits received by our Representatives

When providing independent expert reports, **RM Corporate Finance’s** client is the Entity to which it provides the report. **RM Corporate Finance** receives its remuneration from the Entity. In respect of the Report, **RM Corporate Finance** will receive a fixed fee of \$7,500 plus reimbursement of out-of-pocket expenses. No related body corporate of **RM Corporate Finance**, or any of the directors or employees of **RM Corporate Finance** or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of this Report.

Compliance with Regulatory Guideline 112

RM Corporate Finance is required to be independent of the Entity in order to provide an independent expert’s report. The guidelines for independence in the preparation of reports are set out in Regulatory Guide 112 issued by ASIC on 30 March 2011. The following information in relation to the independence of **RM Corporate Finance** is stated in section 12 of this Report.

RM Corporate Finance is stated in Section 17.0 of the Report:

*“**RM Corporate Finance** and its related entities do not have at the date of this Report, and have not had within the previous two years, any business or professional relationship with **Green Rock** or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposal. **RM Corporate Finance** advises that it prepared an independent expert’s report dated 30 December 2014 for **Green Rock** in relation to the proposed issue of securities to Copulos Group.*

***RM Corporate Finance** had no part in the formulation of the Proposal. Its only role has been the preparation of this Report. If the Proposal is recommended to shareholders **RM Corporate Finance** will prepare the Shareholder Report.*

RM Corporate Finance will receive a fixed fee of \$7,500 for the preparation of this Report. This fee is not contingent on the conclusions reached or the outcome of this Report. RM Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. RM Corporate Finance will receive no other benefit for the preparation of this Report.

RM Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011."

External Dispute Resolution

RM Corporate Finance has internal complaints-handling mechanisms and is a member of the Financial Ombudsman Service, No. 11265. We are committed to providing quality advice to our clients. This commitment extends to providing accessible complaint resolution mechanisms for our clients. If you have any complaint about the service provided to you, you should take the following steps:

- If your complaint is not satisfactorily resolved within 7 days please contact the Compliance Officer at **RM Corporate Finance** on +61-8-6380 9200 or put your complaint in writing and send it to us at, Compliance Officer, c/- **RM Corporate Finance** PO Box 154 West Perth WA 6872 Australia. We will try and resolve your complaint quickly and fairly.
- If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service on 1300 780 808. **RM Corporate Finance** is a member of this complaints resolution service.
- ASIC also has a free call Infoline on 1300 300 630 which you may use to make a complaint or obtain information about your rights.

Compensation Arrangements / Professional Indemnity

RM Corporate Finance confirms that it has arrangements in place to ensure it continues to maintain Professional Indemnity Insurance in accordance with s.912B of the Corporations Act (as amended). In particular our Professional Indemnity insurance, subject to its terms and conditions, provide indemnity up to the Sum insured for **RM Corporate Finance** and our authorised representatives / representatives / employees in respect of our authorisations and obligations under our Australian Financial Services Licence.

This insurance will continue to provide such coverage for any authorised representatives / representatives / employee who has ceased work with **RM Corporate Finance** for work done whilst engaged with us.

Other

RM Corporate Finance is only responsible for the Report and this FSG. **RM Corporate Finance** is not responsible for any material publicly released by **Green Rock** with this Report. **RM Corporate Finance** will not respond in any way that might involve any provision of financial product advice to any retail investor.

29 January 2015

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29th January 2015

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Dear Sirs,

Independent Experts Report

4.0 INTRODUCTION

On 7 January 2015, Green Rock Energy Limited ("**Green Rock**", "**GRK**" or "**the Company**") announced that it intended issuing a Prospectus to raise a minimum \$2,500,000 (via the issue of up to 50,000,000 Shares) with oversubscriptions for up to \$3,500,000 (via the issue of up to 70,000,000 Shares) at an issue price of 5 cents each together with one for two free attaching options ("Options") to acquire shares at 5 cents each 24 months from the date of issue ("the Offer").

The Offer will be undertaken post a 20 for 1 consolidation of the Company's securities.

The Copulos Group ("**Copulos**"), a major shareholder of **Green Rock**, supports the Offer with a firm commitment to convert existing loans of up to \$1 million to Shares in the Company on the terms and conditions set out in Annexure A. Furthermore, the **Copulos Group** have committed a further \$500,000 pursuant to the Offer. This may result in the **Copulos Group** exceeding 19.9% of ownership on a post consolidation and fully diluted basis.

Green Rock is seeking the approval of its shareholders for the issue of securities to the **Copulos Group** which may result in the **Copulos Group** increasing its holding in **Green Rock** to between 34.89% (minimum subscription) to 31.64% (maximum subscription).

The Offer is in support of announcements first made on 7 July 2014 and made through to 9 January 2015 in relation to the agreements to acquire graphite projects in Tanzania ("**Agreement**"). **Green Rock** will also be seeking the approval of its shareholders for the acquisition of **Green Rock's** Graphite Projects following the announcement of the exercise of the option over these projects on 18 September 2014.

For the specific purpose of the valuation which forms a part of this fair and reasonable report ("Report"), site visits were not carried out to the Company's Tanzanian projects. However, **RM Corporate Finance** has examined various experts' reports, ASX releases and technical information provided by **Green Rock** in formulating an opinion. Furthermore we have interviewed key staff and technical personnel in regard to the much of the material and where necessary independently verified the data referred to in this Report.

Green Rock has advised **RM Corporate Finance** that there have been no material developments on its projects on which to form an opinion over and above that presented in the technical information provided. On this basis, a field visit was not considered warranted. **RM Corporate Finance** has satisfied itself that **Green Rock** has disclosed all material information pertaining to its mineral assets. A draft version of this Report was provided to the directors of **Green Rock** for comment in respect of omission and factual accuracy.

RM Corporate Finance has not independently verified the ownership and legal standing of the mineral tenements of **Green Rock** that are the subject of this valuation and is not qualified to make legal representations in this regard. Rather we have relied upon documents and information provided by **Green Rock** in particular a tenement report by Rex Attorneys (2014). With reference to the Rex Attorneys report, **RM Corporate Finance** understands that all of **Green Rock's** graphite Prospecting Licenses are in good standing.

RM Corporate Finance is a Perth based independent firm providing corporate finance, with an emphasis on mining and energy related transactions. The company has prepared Independent Expert's Reports and mineral asset valuations on a variety of mineral commodities in a number of countries.

This report was prepared by Guy T. Le Page, B.A., B.Sc., B. App. Sc. (Hons), M.B.A., Grad. Dip.App.Fin.& Inv., M. AUS.I.M.M., F.FIN. (Director, **RM Corporate Finance**) in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Experts Reports ("the VALMIN Code 2005") and in particular paragraph 26 and 67 of the Valmin Code 2005. In addition the Report complies with the

Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - the JORC Code 2012 ("JORC Code").

Neither **RM Corporate Finance** nor those involved in the preparation of this report have any material interest in any of the companies or mineral assets considered in this report that could be reasonably regarded as being capable of affecting their independence. **RM Corporate Finance** is remunerated for this report by way of a professional fee determined according to a standard schedule of rates that is not contingent on the outcome of this report.

All dollar amounts are in Australian dollars unless otherwise indicated.

Yours faithfully,

A handwritten signature in black ink, reading "Guy T. Le Page". The signature is written in a cursive, flowing style.

Guy T. Le Page, FFIN, MAusIMM
DIRECTOR

5.0 SUMMARY AND OPINIONS

5.1 Purpose of the Report

The directors of the Company have engaged RM Corporate Finance Pty Ltd (A.C.N. 108 084 386)- AFSL 315235 ("**RM Corporate Finance**") to complete an independent expert's report ("**the Report**") indicating, in our opinion, whether the proposed transaction is fair and reasonable to the shareholders of **Green Rock**.

The Report is prepared in accordance with section 611 of the Corporations Act 2001 ("**the Act**") and is to be included in the Notice of General Meeting for **Green Rock** in order to assist the Shareholders in their decision as to whether or not to approve the issue of Shares to the **Copulos Group**, which may increase their shareholding to over 20% of the issued capital of the Company.

Under the terms of the Offer, shareholders of **Green Rock** will be asked to vote on, amongst other things, the following resolutions at the General Meeting.

To consider and, if thought fit, to pass, with or without amendment, the following resolutions, as an ordinary resolution:

- **Resolution – Consolidation of Capital (approved at the 15 December 2014 General Meeting)**
"That, subject to the passing of all of the Acquisition Resolutions and in accordance with Section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated with immediate effect on the basis that:
 - a) *Every twenty (20) Shares be consolidated into one (1) Share; and*
 - b) *All Options on issue be adjusted in accordance with ASX Listing Rule 7.22, and where this consolidation results in a fraction of a security being held by a security holder, the Directors be authorized to round that fraction up to the nearest whole Share or Option".*
- **Resolution – Resolution 3- Approval of issue of shares to Mr Stephen Copulos (or his associates) under the capital raising (to be considered by GRK Shareholders on 3 March 2015)**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 2, for the purposes of Section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue (on a post Consolidation basis) up to:

- 30,000,000 Shares (New Shares);
- 15,000,000 Options (New Options);
- 15,000,000 Shares upon the exercise of the New Options referred to in paragraph (a) above;
- 1,221,598 Shares in payment of the fee in relation to the Converting Loan (Facility Fee Shares);
- 1,675,000 Performance Rights; and
- 1,675,000 Shares upon conversion of the Performance Rights referred to in paragraph (d) above,

to Eyeon Investments Pty Ltd ATF Eyeon Investments Family Trust (Eyeon Investments) on the terms and conditions set out in the Explanatory Statement, which in addition to the 18,807,738 post Consolidation Shares already held will result in Eyeon Investments' (or its Associates) maximum voting power increasing from 16.59% to 34.89% in the capital of the Company."

5.2 Approach

This Report has been in accordance with Australian Securities and Investments Commission ("**ASIC**") Regulatory Guide 111 ("**RG 111**"), 'Content of Expert's Reports' and Regulatory Guide 112 ("**RG 112**") 'Independence of Experts'.

In formulating our opinion, we have reviewed the terms of Offer as outlined in the Notice of General Meeting and we consider the following to be relevant:

- A comparison of the value of a **Green Rock** Share pre and post the announcement;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Announcement of issue of Shares; and
- The position of Shareholders should the issue of Shares not proceed.

5.3 Opinion

We have concluded that the issue of Shares is not fair but reasonable to **Green Rock** shareholders ("Shareholders").

- Based on our assessment of the proposed transaction, the issue of Shares is not fair because the value of a **Green Rock** Share prior to the proposed transaction is more than the value of a **Green Rock** after the proposed Transaction.
- However, in our opinion, the issue of Shares is reasonable because the advantages of approving the transaction outweigh the disadvantages of approving the transaction, as set out in Section 15.4 of this Report.

5.3.1 Fairness

In section 12.1 we determined that the value of a **Green Rock** Share prior to the Announcement And in section 12.2 we determined the value of a **Green Rock** Share after the Announcement and Offer. The findings are set out below in Table 5.1:

Valuation of GRK before the Proposed Transaction	Ref	Low	Midpoint	High
Control (Premium)	13	30.20%	32.88%	35.47%
Equity Value of GRK Share	12.1	\$0.0144	\$0.0144	\$0.0144
Value of GRK Share prior to Agreement	14	\$0.0187	\$0.0191	\$0.0195
Valuation of GRK post the Proposed Transaction (minimum subscription)	Ref	Low	Midpoint	High
Minority Interest (discount)	14	23.20%	24.74%	26.18%
Equity Value of GRK Share	12.2	\$0.0200	\$0.0242	\$0.0215
Value of GRK Share prior to Agreement	14	\$0.0154	\$0.0182	\$0.0158
Valuation of GRK post the Proposed Transaction (maximum subscription)	Ref	Low	Midpoint	High
Minority Interest (discount)	14	23.20%	24.74%	26.18%
Equity Value of GRK Share	12.2	\$0.0211	\$0.0249	\$0.0224
Value of GRK Share prior to Agreement	14	\$0.0162	\$0.0187	\$0.0165

Table 5.1: Valuation summary for **Green Rock**.

Note: The Share prices in above table are based on a post consolidation ratio of 20:1 and have been recalibrated for relative comparison to new capital structure.

5.3.2 Reasonableness

Based on a more detailed commentary in Section 15.4 and 15.5 of this report we have considered the advantages and its advantages of the transaction. In addition we have considered the alternatives, if any in the proposed transaction is not approved. The respective advantages and disadvantages considered are summarized below in Table 5.2.

Advantages and Disadvantages			
Section	Advantage	Section	Disadvantage
15.4	Immediate funds received	15.5	Dilution of existing Shareholder's interest.
15.4	Secure prospective Graphite projects in Tanzania as without a viable project of some description, Green Rock will fail to comply with the requirements of the ASX. Costs will continue to be incurred and the company's share price will continue to fall	15.5	Copulos Group's level of control of Green Rock increases
15.4	ACQUISITION. Strategic benefits of acquiring tenements with a sizeable Graphite resource. Unlike many other resources, graphite prices remained fair, constant over the last 12 months.		

Table 5.2: Advantages and Disadvantages of the issue of Shares.

Other key matters we have considered for the issue of Shares are summarised in Table 5.3.

Section	Description
15.1	Alternative Proposals
15.2	The practical level of control
15.3	Consequences of not approving the issue of Shares

Table 5.3: Other factors considered in this report in forming our view on the Fairness and Reasonableness of this proposed Transaction.

6.0 SCOPE OF REPORT

6.1 Purpose of the Report

Section 606 of the Corporations Act (cwth) 2001 ("Corporations Act" or "the Act") expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders. As at the date of our report the **Copulos Group** holds 16.59% of the issued shares in **Green Rock**. Assuming a 20 for 1 consolidation of the **Green Rock** Shares is undertaken then;

- If the minimum of 50 million Shares are issued by **Green Rock** (\$2.5 million @ 5 cents per Share each) and the **Copulos Group** acquire 20 million Shares (being \$1.0 million @ 5 cents per Share each), the issue of Shares will increase the **Copulos Groups'** holding to 34.89% (Table 6.1).
- If the maximum subscription is taken up and 70 million Shares are issued by **Green Rock** (\$3.5 million @ 5 cents per Share each) and the **Copulos Group** acquires 20 million shares (being \$1 million @ 5 cents per Share each), the issue of Shares will increase the **Copulos Groups** existing holding to 31.64% (Table 6.2).

This potential change in shareholding is summarized in the table below (table 6.1), assuming that existing shareholders take up all their rights under the Offer and none of the current options and performance rights are exercised.

		Equity \$2.5m		Equity \$3.5m	
		Minimum Pre Consol	Post Consol	Maximum Pre-Consol	Post Consol
Current Shares on issue		2,267,803,673	113,390,184	2,267,803,673	
Shares to be allotted					
Copulos Loan		24,431,958	1,221,598	24,431,958	
Westoria		0		0	
Mahenge North - Asab		166,666,667	8,333,333	166,666,667	
Mahenge Resources		80,000,000	4,000,000	80,000,000	
Total		2,538,902,298	126,945,115	2,538,902,298	126,945,115
Consolidation				126,945,115	
Equity Raising	shares		50,000,000		70,000,000
	Options		25,000,000		35,000,000
Total shares on issue			176,945,115		196,945,115
Copulos equity					
Current shares	pre-consol	376,154,763	18,807,738	376,154,763	18,807,738
		16.59%		16.59%	
Current Options - unlisted	Options	25,821,596	1,291,080	25,821,596	1,291,080
Loan Conversion			20,000,000		20,000,000
equity contribution			10,000,000		10,000,000
Fee for converting loan			1,221,598		1,221,598
Option conversion prospectus			15,000,000		15,000,000
Unlisted option conversion			1,291,080		1,291,080
Performance Rights			1,675,000		1,675,000
Total Maximum Potential Copulos Equity			67,995,416		67,995,416
GRK Revised equity diluted for Copulos options & rights			194,911,195		214,911,195
Max potential equity ownership			34.89%		31.64%

Table 6.1: Shareholdings in **Green Rock** of other shareholders and the **Copulos Group**.

Section 611 (7) exempts a company from compliance with section 606 Corporations Act where the shareholders of that entity have agreed to the issue of such shares. An agreement of this nature must be passed by resolution at a General Meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

Regulatory Guide 74 issued by ASIC deals with "Acquisitions Agreed to by Shareholders" and states that the onus on supplying shareholders with all information that is material can be satisfied by the non-associated directors of **Green Rock**, by either:

- undertaking a detailed examination of the issue of Shares themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of **Green Rock** have commissioned an Independent Expert's Report to satisfy this obligation.

Listed and Unlisted Options

As part of the Offer, **Green Rock** is offering a free attaching Option on a 1 for 2 basis where the investor will receive 1 free option for every 2 shares subscribed. Assuming the **Copulos Group** receives the full \$1,500,000 allocation, they will be entitled to 15,000,000 Options.

At the date of the transaction, these rights are out of the money and the exercise of these options will only likely arise in the event the share price exceeds 5 cents. Given this uncertainty, the potential increase in shareholding by the **Copulos Group** of exercising these options has not been taken into consideration in this report, notwithstanding that the change in shareholding would not be significant.

Similarly, **Green Rock** has a large number of listed and unlisted options¹ on issue, which are subjected to varying price hurdles. At the date of this report, the **Copulos Group** does not hold any listed or unlisted options. Given the uncertainty on these options being exercised, the potential dilution of the **Copulos Group** shareholding upon exercise of these options has not been taken into consideration.

6.2 Regulatory Guidelines

There is currently no reference in either the ASX Listing Rules or the Corporations Act defining "fair and reasonable". Therefore, we have referred to the views expressed by ASIC in RG 111. This regulatory guide provides a framework as to what matters an independent expert should consider to assist shareholders in making informed decisions about any proposed transaction cover by the Corporations Act or the Listing Rules.

In instances of a control transaction the guide suggests the expert should concentrate on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction it should be assessed on a basis similar to that of a takeover bid.

In the instance set out in Section 1 of this report it is our opinion the issue of Shares is a control transaction as defined by RG 111 and we have therefore assessed the issue of Shares to consider whether in our opinion it is fair and reasonable to Shareholders.

¹ 819,823,128 quoted Options (ASX Code: GRKOB) exercisable at \$0.012 (pre-Consolidation) on or before 31 January 2015; 1,900,000 unlisted Options exercisable at \$0.02 (pre-Consolidation) on or before 15 November 2015; 30,000,000 unlisted Options exercisable at \$0.015 (pre-Consolidation) on or before 18 March 2015; 2,000,000 unlisted Options exercisable at \$0.008 (pre-Consolidation) on or before 11 June 2016; and 7,500,000 unlisted Options exercisable at \$0.003 (pre-Consolidation) on or before 28 November 2016.

6.3 Adopted Basis of Evaluation

As stated in RG 111, a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, **RM Corporate Finance** has considered this transaction in two parts:

- A comparison between the value of consideration to be received by **Green Rock** for the issue of Shares (fairness – see Section 14 “Is the Issue of Shares Fair?”), and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness – see Section 15 “Is the Issue of Shares Reasonable?”).

7.0 OUTLINE OF THE TRANSACTION

On 21 January 2015, **Green Rock** announced that it intended issuing, post a one for 20 consolidation of the Company's securities, and on 7 January 2015, the Company announced the intention to register a Prospectus to raise a minimum of \$2,500,000 (via the issue of 50,000,000 Shares) with oversubscriptions for up to \$3,500,000 (via the issue of up to 70,000,000 Shares) at an issue price of 5 cents each together with one for two free attaching Options ("Options").

Cygnnet Capital Pty Ltd ("**Cygnnet**") has been appointed as Lead Manager of the Offer (refer ASX Announcement. 7th January 2015).

Copulos is a major shareholder of **Green Rock**, supports the Offer with a firm commitment received to convert existing loans of \$1 million under the Offer, together with a commitment for a further \$500,000 under the Offer, which may result in the **Copulos Group** exceeding 19.9% of ownership on a post consolidation and fully dilutive basis. On this basis, the Offer will be conditional on the Company obtaining shareholder approval in accordance with item 7 of section 611 of the Corporations Act in addition to obtaining approval for the acquisition of **Green Rock's** Graphite Projects.

A firm commitment of \$100,000 has also been received from the Managing Director elect of the Company Mr Steve Tambanis.

8.0 PROFILE OF GREEN ROCK ENERGY

Green Rock is an Australian based company listed on the Australian Securities Exchange ("ASX"). In July and August 2014, the Company announced two acquisition agreements relating to the investment in Graphite Projects in Tanzania. Since then, the Company has been in transition to a Graphite focused resource vehicle.

The Company has historically held geothermal projects in Australia and Europe and petroleum projects in Western Australia. The company is now in the process of relinquishing these non-core assets.

The two acquisition agreements announced by **Green Rock** relate to the following projects – Mahenge North Graphite Project and Mahenge Resources Limited ("**MRL**") – which underline the basis of this Report.

8.1 Mahenge North Graphite Project

On 10 July 2014 the Company entered into an exclusive option agreement ("Option Agreement") to acquire 100% of the Mahenge North Graphite project in exchange for a non-refundable cash payment of \$50,000 and the issue of 33,333,333 Shares in **Green Rock**. Under the terms of this agreement, the Company has been granted a four month exclusivity period within which to complete due diligence on the project. During the period, ending 10 November 2014, the Company has committed to spend a minimum of \$100,000 on exploration activity and due diligence investigations.

In the event that the Company elects to exercise the options referred to, the Company must:

- Issue 166,666,667 **Green Rock** Shares to the vendors of the Mahenge North Project; and
- Commit to spend a minimum of \$500,000 on the project in the first twelve months from exercise of the option.

The Company is also committed to make the following milestone payments as required:

- \$25,000 cash or equivalent number of **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.
- \$250,000 cash or cash equivalent number of **Green Rock** Shares (at the election of the vendor) to be paid when the Company Share price exceeds a Volume Weighted Average Share Price ("VWAP") of \$0.005 for a period of at least ten consecutive trading days. The final number of Shares issued will be based on \$0.005 per Share; and
- \$500,000 cash or cash equivalent number of **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.

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 or any other law to allow lawful completion of the acquisition of **MRL**.

On 18 September 2014, the Company announced to the ASX that it had exercised its option to acquire the Mahenge North project.

8.2 Mahenge Resources Limited (incorporated in Tanzania)

On 22 August 2014 the Company entered into an exclusive option agreement to acquire 100% of the issued capital of **Mahenge Resources** for a non-refundable deposit of \$50,000 and the issue of 8,000,000 **Green Rock** Shares. **MRL** has a 100% interest in three new tenements within the Mahenge region, thereby increasing its total footprint in the Mahenge region to 675km².

Under the terms of this agreement, the Company has been granted a four month exclusivity period within which to complete due diligence on the project. During the period, ending 22nd December 2014, the Company has committed to spend a minimum of \$20,000 on exploration activity and due diligence investigations.

In the event that the Company elects to exercise the options referred to, the Company must:

- Fund the acquisition of one of the tenements by way of payment of USD\$110,000 to the vendor;
- Issue 8,000,000 **Green Rock** Shares to the vendors of **MRL**; and
- Commit to spend a minimum of \$500,000 on the project in the first twelve months from exercise of the option.

The Company is also committed to make the following milestone payments as required:

- \$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 day volume weighted average share price ("VWAP"); and
- \$375,000 cash and the equivalent value (\$375,000) in **Green Rock** 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 **Green Rock** on the ASX. The issue price of **Green Rock** Shares is to be calculated based on the VWAP of **Green Rock** 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 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 or any other law to allow lawful completion of the acquisition of **MRL**.

On 18 September 2014, the Company announced to the ASX that it had exercised its option to acquire **MRL**.

On 30 September 2014, the Company announced to the ASX that it had entered into a Lead Manager agreement with **Foster Stockbroking Pty Ltd**, to raise up to \$5,000,000 (minimum \$4,000,000).

8.3 Remaining Graphite Options

On 3 October 2014, the Company entered into an exclusive option agreement with Kabunga Holdings Limited (**KHL**) (**KHL** Option) relating to five Prospecting License Applications (**KHL** Permits).

The material terms of the **KHL** Options are as follows:

- a) In consideration for payment of the US\$45,000 (non-refundable) option fee to **KHL**, the Company was given the exclusive option to undertake due diligence on the **KHL** Permits;
- b) The payment of the **KHL** Option Fee is conditional upon receipt by the Company of documentation which establishes, in the Company's sole discretion:
 - i) **KHL** has sole ownership of the **KHL** Permits; and
 - ii) The **KHL** Permits are in good standing.
- c) The **KHL** Option is for a period of 8 months from the date of payment of the option fee (unless extended) and the **KHL** Option can be exercised at any time within this period;
- d) The **KHL** Acquisition is conditional on completion of the Acquisitions, receipt of all necessary approvals, there being no material adverse change to the **KHL** Permits and other conditions precedent standard for an agreement of this nature.
- e) The consideration for the **KHL** Acquisition will be:
 - i) Payment of US\$60,000; and
 - ii) Issue of US\$60,000 in **Green Rock** Shares
- f) The **KHL** Option Agreement is subject to other terms and conditions.

Milestone Payments to **KHL**

Milestone Payments to be made to **KHL** on achievement of JORC Compliant resource on either of the permits associated with the **GML** or **KHL** agreements:

- i) \$150,000 cash or, at the sole election of the vendor, subject to compliance with the ASX Listing Rules, the equivalent value in **Green Rock** Shares to be paid when **Green Rock** announces a JORC compliant Resource with greater than 250,000 tonnes of contained graphite at >9% total graphite content at any of the Projects is announced by **Green Rock** on the ASX. The issue price of **Green Rock** Shares is to be calculated based on the VWAP of **Green Rock** Shares in the 5 trading days prior to the release of the announcement.
- ii) \$125,000 cash and the equivalent value of \$125,000 in **Green Rock** Shares to be paid when **Green Rock** announces 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 **Green Rock** on the ASX. The issue price of **Green Rock** Shares is to be calculated based on the VWAP of **Green Rock** Shares in the 5 trading days prior to the release of the announcement.

8.4 Historical Financial Information

Green Rock's financial statements for the years ending 30 June 2014, and for 30 June 2013, were audited by **Deloitte Touche Tohmatsu**. **RM Corporate Finance** has not undertaken any audit or review on the historical financial statements of **Green Rock**, however nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

In 2013, **Green Rock** issued 72,727,528 Shares and raised approximately \$84,412 after associated costs. Exploration assets decreased by \$325,711 as a result of additions of \$547,771 and impairment cost of \$873,482 in the year to 30 June 2014. To date the only source of revenue has been interest. The major items of expenditure are administration expenses, wages and salaries and the write off of exploration expenditure. The financial statements for the year to 30 June 2014 show a loss attributable to members of \$2,428,562, compared to a loss of \$5,970,061 incurred in the year to 30 June 2013.

8.4.1 Historical Balance Sheet

Green Rock Balance Sheet	Audited as at 30 June 2014 (\$)	Audited as at 30 June 2013 (\$)
Current Assets		
Cash and bank balances	801,258	1,178,576
Trade and other receivables	24,896	1,133,604
Other financial assets	400,000	-
Total current assets	1,226,154	2,312,180
Non-Current Assets		
Exploration & Evaluation asset	334,454	660,165
Property, plant and equipment	3,526	116,964
Other financial assets	105,300	125,344
Investments accounted for using the equity method	-	944,633
Total non-current assets	443,280	1,847,106
Total assets	1,669,434	4,159,286
Current Liabilities		
Trade and other payables	81,171	174,393
Provisions	-	56,655
Total current liabilities	81,171	231,048
Total liabilities	81,171	231,048
Net assets	1,588,263	4,159,286
Equity		
Issued capital	31,311,043	31,266,631
Reserves	1,247,528	1,243,353
Accumulated losses	(30,970,308)	(28,541,746)
Total equity	1,588,263	3,928,238

Table 8.1: Historical 2013 and 2014 Balance Sheet for **Green Rock**
(source: **Green Rock**, Annual Report, 2014).

8.4.2 Historical Income Statements

Green Rock Income Statement	Audited as at 30 June 2014 \$	Audited as at 30 June 2013 \$
Investment income	29,681	33,539
Expenses		
Other gains and losses	56,144	(4,206,218)
Administration expenses	(52,981)	(33,997)
Employee benefit expense	(128,459)	(313,818)
Consulting expense	(296,144)	(343,487)
Depreciation and amortization expense	(13,136)	(26,548)
Exchange differences on translating foreign operations	(2,370)	6,403
Exploration expenditure	(61,902)	(462,432)
Other expenses from ordinary activities	(43,702)	(130,267)
Impairment of Exploration & Evaluation assets	(873,482)	(456,879)
Impairment of property, plant and equipment	(97,580)	-
Impairment of investment accounted for using the equity method	(927,577)	-
Share of net profits/(losses) of associates	(17,054)	(126,544)
Loss before tax	(2,428,562)	(6,060,248)
Income tax benefit	-	90,187
Loss for the year	(2,428,562)	(5,970,061)
Foreign currency translation differences for foreign operations	2,197	6,693
Comprehensive income attributable to owners of the Company	(2,426,365)	(5,963,368)
Loss for the year attributable to owners of the Company	(2,428,562)	(5,970,061)

Table 8.2: Historical 2013 and 2014 Income Statements for **Green Rock**.
(source: **Green Rock**, Annual Report, 2014).

8.4.3 Capital Structure

The share structure of **Green Rock** as at 15 August 2014 is outlined below in Table 8.3:

	Number
Total ordinary shares on issue	2,202,273,091
Top 20 shareholders	928,156,016
Top 20 shareholders - % of shares on issue	42.15%

Table 8.3: Issued Shares and distribution for **Green Rock**.

(source: **Green Rock**, December 2014).

The range of Shares held in **Green Rock** as at 15 August 2014 is as follows in Table 8.4:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Capital (%)
1 – 1,000	69	13,241	0.00
1,001 – 5,000	120	481,897	0.02
5,001 – 10,000	313	2,636,591	0.12
10,001 – 100,000	1,128	50,481,890	2.29
100,001 – 9,999,999,999	1,285	2,148,659,472	97.57
TOTAL	2,915	2,202,273,091	100.00

Table 8.4: Range of Shares held in **Green Rock**.

(source: **Green Rock**, December 2014).

The Shares held by the most significant shareholders as at 30 October 2014 are detailed below in Table 8.5:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Eyeon Investments Pty Ltd	137,566,490	6.2
Supermax Pty Ltd	121,333,333	5.5
HSBC Custody Nominees (Australia) Ltd	117,254,940	5.3
Blamco Trading Pty Ltd	95,000,000	4.3
Subtotal	471,154,763	21.4
Others	1,731,118,328	78.6
Total ordinary shares on issue	2,202,273,091	100.00

Table 8.5: Major Shareholders of **Green Rock** as at 18th September 2014

(source: **Green Rock**, December 2014).

Green Rock also had the following Options on issue as at 30 October 2014 as set out in Table 8.6:

Details	Number
Listed options with an exercise price of 1.2 cents expiring 31 January 2015	819,823,128
Total Listed Options	819,823,128
Unlisted options with an exercise price of 1.0 cents expiring 18 March 2015	10,000,000
Unlisted options with an exercise price of 1.5 cents expiring 18 March 2015	20,000,000
Unlisted options with an exercise price of 0.8 cents expiring 11 June 2016	2,000,000
Unlisted options with an exercise price of 0.3 cents expiring 28 November 2016	7,500,000
Total Unlisted Options	52,000,000

Table 8.6: **Green Rock** Options as at 18th September 2014

(source: **Green Rock**, December 2014).

9.0 GRAPHITE INDUSTRY ANALYSIS

9.1 Graphite

Natural graphite is a metallic steel-grey coloured mineral, composed entirely of elemental carbon in a crystallised form. Graphite has the same chemical composition as diamonds, which is also pure carbon, but the molecular structure is entirely different.

Graphite is a good conductor of heat and electricity and has the highest natural strength and stiffness of any known material. It is also the lightest of all reinforcing agents, and has a high natural lubricity. It is these unique properties of graphite that have historically given rise to numerous industry applications, including:

- Steelmaking
- Refractories
- Lubricants and greases
- Batteries
- Breaks and clutches; and
- Pencils.

With advances in technology the industry is seeing increasing uses for graphite, particularly in the production of lithium-ion batteries which are used in mobiles, laptops and hybrid and electric cars. There is also anticipation of developments in the nuclear industry with the use of graphite in pebble bed nuclear reactors.

9.2 Graphite Markets

The perceived largest growth area is associated with lithium ion batteries, which is currently the preferred battery source for electric vehicles. According to Industrial Minerals, graphite is the second-largest input material required in lithium ion batteries by volume. Another source suggests that these batteries require 20 times more graphite in a lithium ion battery than lithium. Currently, batteries account for roughly 5% of global graphite demand; however, there are some accounts that suggest that demand for lithium ion batteries, for use in various applications, is growing by 20% per year.

According to the Chinese Ministry of Science, the government aims to have one million electric-powered vehicles on the road by 2015, and electric car sales will exceed those in the United States by 2020 (figure 9.1). Other growth areas that could require larger graphite sources are in fuel cells and in pebble-bed nuclear reactors.

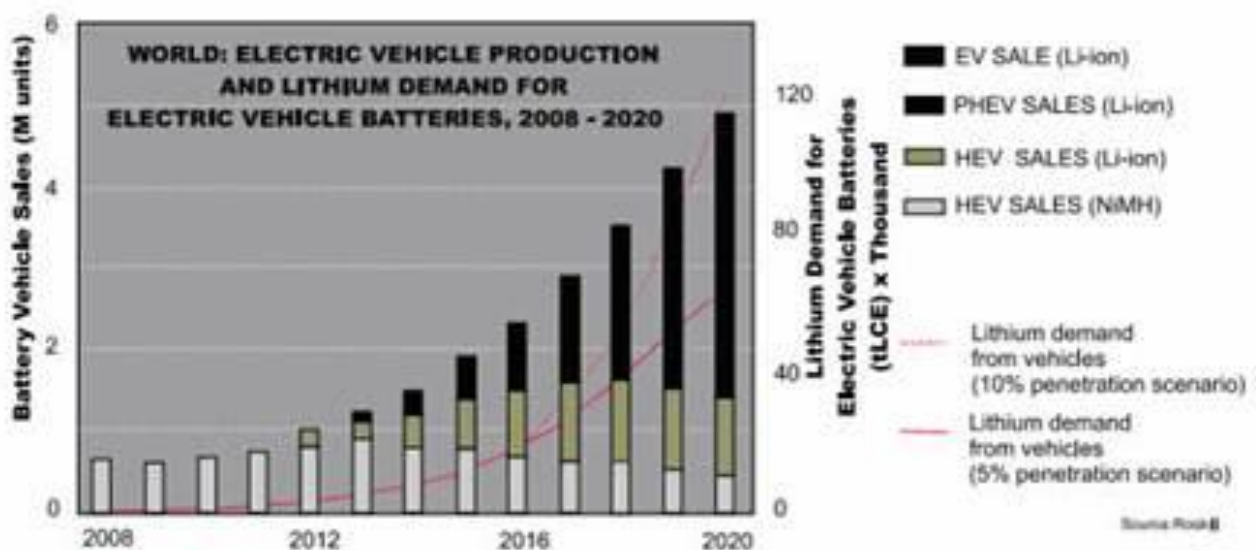


Figure 9.1: Forecast world electric car production and lithium demand for electric vehicle batteries 2008-2020 (source: cannaord.com).

Electric Vehicles Market Penetration		1%	5%	10%	15%	20%
Hybrid Electric Vehicles Market Penetration	5%	286	637	1,082	1,520	1,965
	10%	479	836	1,274*	1,719	2,163
	15%	678	1,029	1,473	1,918	2,356
	20%	877	1,228	1,672	2,111	2,555
	25%	1,070	1,310	1,865	2,310	2,748

Source: Canaccord Research

*10% increase in usage for EV & HEV will triple current flake-graphite demand by 2020.

Figure 9.2: Hybrid vs Electric vehicle market penetration.
(source: canaccord.com).

“As battery manufacturers grow with the burgeoning automotive lithium battery industry, these manufacturers will need a stable supply of raw materials. Increasingly, they are looking for graphite outside of China. Today, there is annual demand for roughly 1.1 million tonnes of natural graphite ... but 960,000 tonnes of that capacity comes from China. This leaves customers largely dependent on China as a source of supply.” – Byron Capital Markets, 2012

9.3 Graphite Global Markets

9.3.1 Graphite Imports

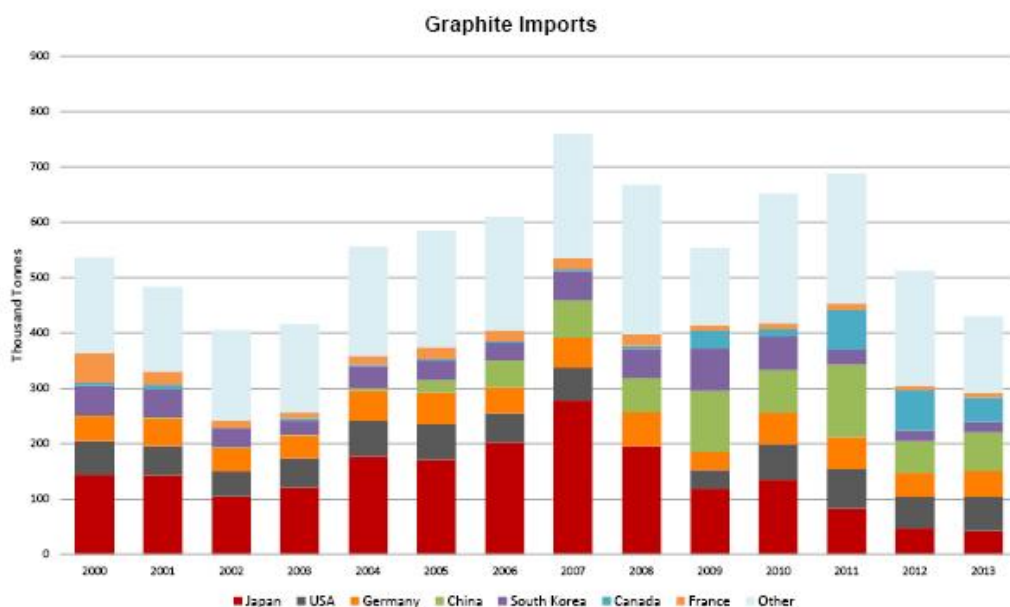


Figure 9.3: World graphite imports.
(source: USGS, HDR Salva, 6 August 2014).

China is the largest consumer of graphite and accounts for more than ~35% of total global demand. However, its share in seaborne trade is only 10% of the global market due to its large domestic production.

Going forward, demand for graphite is expected to remain strong, driven by growth in Lithium ion batteries (LIB). LIBs are being increasingly used in the mobile phones, laptops and specifically electric vehicles (EV). Several car manufactures such as Tesla, Nissan and Daimler are investing heavily in EV development.

Another potential future demand driver for graphite could be the development of pebble bed nuclear reactor, where graphite spheres (pebbles) are used as a moderator. These reactors are gas cooled and can operate at very high temperature. Because of its design and its high temperatures, higher thermal efficiencies are possible than in traditional nuclear power plants.

Forecasts of graphite demand vary widely, but a minimum additional supply of 400,000 tonnes per annum by 2020 is considered a conservative estimate. This equates to the development of 20 new graphite mines in the next 3-6 years.

9.3.2 Global Graphite Supply

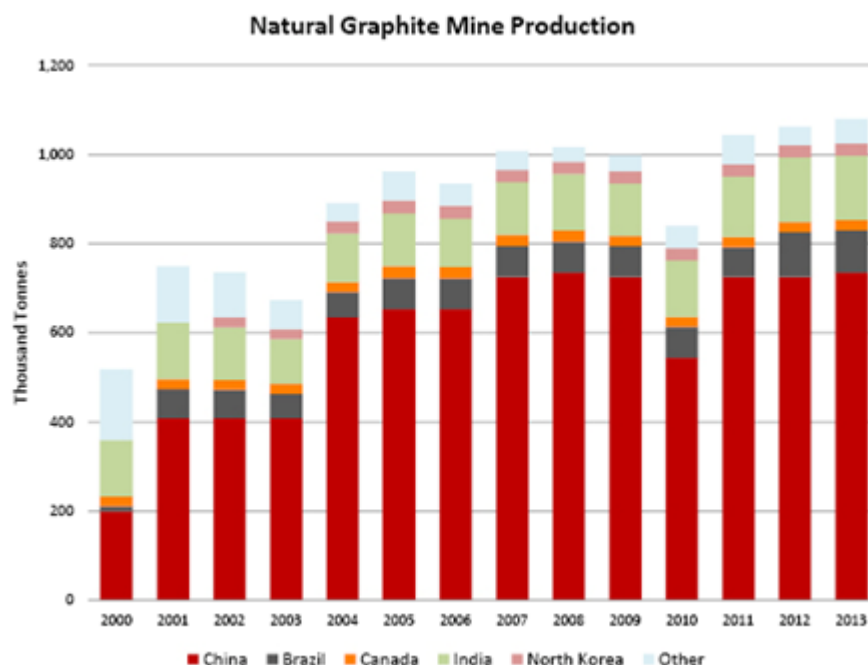


Figure 9.4: Natural graphite mine production.
(source: USGS, HDR Salva).

World graphite reserves are estimated to exceed 800Mt. The supply of natural graphite is dominated by China, which produces upwards of 70% of global supply (Figure 9.4).

The US Geological Survey estimates natural graphite production globally in 2013 was ~1.1 Mt, primarily from China (750kt), India (145kt), Brazil (95kt), North Korea (27kt), and Canada (23kt).

Australia's only graphite mine, the Uley mine near Port Adelaide in South Australia, re-opened earlier this year after raising capital based on a widening gap between supply and demand.

Moving forward, an alternative source of secondary graphite could be flake graphite recovered from steelmaking kish (near-molten waste skimmed from the molten iron).

Although the process of recovering of flake graphite from steelmaking Kish is technically feasible. It is not currently practiced as the abundance of graphite in the world market inhibits recycling efforts and information on the quantity and value of recycled graphite is unavailable.

9.3.3 Global Graphite Outlook

World graphite demand – natural and synthetic – is expected to increase as the global economy improves. Refractory end users will remain the key demand driver for natural graphite and are likely to account for a steady 38% of demand through to 2016.

The development of hybrid and electric vehicles are likely to increase demand for high-purity graphite in fuel-cell and battery applications. This is a potential high-growth, large-volume end use but currently accounts for very little consumption and whether this demand eventuates is uncertain.

However on the supply side, the advanced project pipeline is insufficient to meet expected demand in the next five years as there are a small number of new graphite projects coming online.

Since 2011, the Chinese Government has ordered the majority of graphite mines under its control in Hunan Province be closed for environmental and resource protection. These mines were estimated to have been producing as much as 10% of the world's natural graphite. With a projected need for more than 20 new mines worldwide by 2020, the Chinese closures will have a significant impact on supply.

The closure of mines for environmental purposes, or because of marginal costs of production, is limiting supply and will also limit further price decreases. With no new mines being built during the recent cycle, existing production is ageing and current mine grades are dropping.

As a result of this, the price of graphite has recovered slightly in early 2014 and expectations are for a continued price rise into next year.

9.3.4 Graphite Price Trends

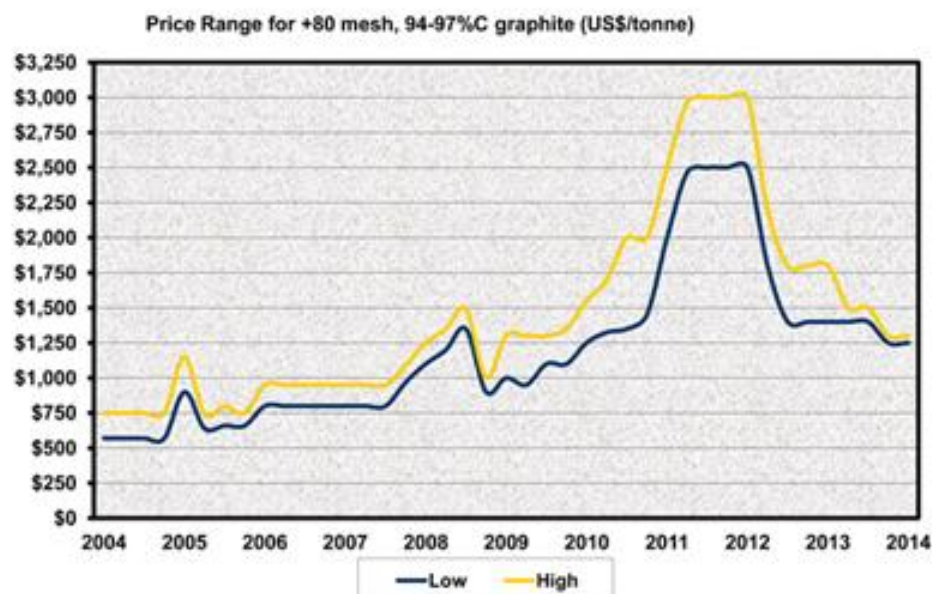


Figure 9.5: Graphite price range for +80 Mesh, 94-97%C Graphite (US\$/Tonne, 2004-2014 (source: NorthernGraphite.com, Graphite Pricing, November 2014).

The posted price for graphite provides a long term guideline for pricing trends; however transactions are largely based on direct negotiations. Prices of graphite vary according to flake size (larger flake sizes are

more valuable) and purity. Pricing of graphite crashed in the 1990s as Chinese producers flooded the market. During this period, little exploration was carried out and as a result there are few projects in the development pipeline.

The graphite market began to recover in 2005, and world demand increased during the second half of 2009, continuing to increase steadily throughout 2010 and 2011. The Chinese government has recently begun tightening controls over mines and consolidating the industry, this could result in a 10% loss of annual global graphite supply. Graphite may be in a sharp supply deficit in the next few years with prices rising significantly.

Pursuant to HDRSalva.com Global Commodity Update for August 2014, recent downward trends in demand and prices appear to be stabilising, and these should be offset, and potentially overtaken, by increases in high-tech industries in the mid to long term. This will occur as the graphite market shifts from being driven by steel and foundry to battery driven should an increased battery demand eventuate.

The current depressed market is expected to continue through 2015, rising through 2020 as high-tech demand increases. The supply side may play a key role, as the project pipeline is modest and not all exploration projects will make it to production.

10.0 BASIS OF EVALUATION

In preparing this report, I have considered the relevant ASIC regulatory guidelines in particular RG 111 that relates to the content of experts reports.

11.0 VALUATION METHODOLOGIES

11.1 Fair Market Value of Mineral Assets

Mineral assets are defined in the VALMIN Code as all property including, but not limited to real property, mining and exploration tenements held or acquired in connection with the exploration, the development of and the production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

The VALMIN Code defines the value, that is fair market value, of a mineral asset as the estimated amount of money or the cash equivalent of some other consideration for which, in the opinion of the Expert or Specialist reached in accordance with the provisions of the VALMIN Code, the mineral asset should change hands on the valuation date between a willing buyer and a willing seller in an arm's length transaction, wherein each party has acted knowledgeably, prudently and without compulsion.

Therefore the valuation expert is assumed to have the knowledge and experience necessary to establish a realistic value for a mineral asset. The real value of a tenement can only be established in an open market situation, where an informed public is able to bid for an asset. The most open and public valuation of mineral assets occur when they are sold to the public through a public share offering by a company wishing to become a public listed resource company, or by a company raising additional finance. In this instance, the public is given a free hand to make the decision, whether to buy or not buy shares at the issue price, and once the shares of the company are listed, the market sets a price.

It is well known to most valuation experts that where mineral tenement valuation is concerned there really are two distinct markets operating in Australia. Almost without exception, the values achieved for mineral assets sold through public flotation are higher than where values are established through, say, the cash sale by a liquidator, or the sale by a small prospector to a large company neighbour, or through joint venture arrangements.

It is my opinion, that in all these circumstances the terms of sale generally do not meet the criteria laid out in the VALMIN Code for fair market value (ie. transaction between a willing buyer, willing seller in an arm's length transaction, wherein each party had acted knowledgeably, prudently and without compulsion).

Invariably one of the parties is a less than enthusiastic participant and it can't be said that the purchase or sale is without an element of compulsion.

It is my opinion that the fair market value of mineral assets should be valued by the Expert on the assumption that they are traded by vending them into a public float. Generally this will mean that the vendor is issued escrow shares (escrow period is usually two years). Importantly, this is a true cash sale situation, since the purchaser of the tenements (the public) is always expected to pay cash.

The VALMIN Code notes that the value of a mineral asset usually consists of two components, the underlying or Technical Value and the Market component which is a premium relating to market, strategic or other considerations which, depending on circumstances at the time, can be either positive, negative or zero. When the Technical and Market components of value are added together the resulting value is referred to as the Market Value.

The value of mineral assets is time and circumstance specific. The asset value and the market premium (or discount) changes, sometimes significantly, as overall market conditions, commodity prices, exchange rates, political and country risk change. Other factors that can influence the valuation of a specific asset include the size of the company's interest, whether it has sound management and the professional competence of the asset's management. All these issues can influence the market's perception of a mineral asset over and above its technical value.

11.2 Methods of Valuing Mineral Assets in the Exploration Stage

When valuing an exploration or mining property the Expert is really attempting to arrive at a value that reflects the potential of the property to yield a mineable ore reserve and which is, at the same time, in line with what the property will be judged to be worth when assessed by the market. Arriving at the value estimate by way of a desktop study is notoriously difficult because there are no hard and fast rules and no single industry-accepted approach.

It is obvious that on such a matter, based entirely on professional judgement, where the judgement reflects the valuation Expert's previous geological experience, local knowledge of the area, knowledge of the market and so on, that no two valuers are likely to have identical opinions on the merits of a particular property and therefore, their assessments of value are likely to differ - sometimes markedly.

The most commonly employed methods of exploration asset valuation are:

- Multiple of exploration expenditure method (exploration based) also known as the premium or discount on costs method or the appraised value method;
- Joint venture terms method (expenditure based);
- Yardstick Method (asset based), for example using rule of thumb for JORC resources;
- Geoscience rating methods such as the Kilburn method (potential based); and
- Comparable market value method (real estate based).

It is possible to identify positive and negative aspects of each of these methods. It is notable that most valuers have a single favoured method of valuation for which they are prepared to provide a spirited defence and, at the same time present arguments for why other methods should be disregarded. The reality is that it is easy to find fault with all methods since there is a large element of subjectivity involved in arriving at a value of a tenement no matter which method is selected. It is obvious that the Expert valuer must be cognisant of actual transactions taking place in the industry in general to ensure that the value estimates are realistic.

In my opinion a geologist charged with the preparation of a tenement valuation must give consideration to a range of technical issues as well as make a judgement about the "market". Key technical issues that need to be taken into account include:

- Geological setting of the property;
- Results of exploration activities on the tenement;
- Evidence of mineralisation on adjacent properties; and
- Proximity to existing production facilities of the property.

In addition to these technical issues the valuation Expert has to take particular note of the market's demand for the type of property being valued. Obviously this depends upon professional judgement. As a rule, adjustment of the technical value by a market factor must be applied most judiciously. It is my view that an adjustment of the technical value of a mineral tenement should only be made if the technical and market values are obviously out of phase with each other.

It is my opinion that the current market in Australia may pay a premium over the technical value for high quality mineral assets (ie. assets that hold defined resources that are likely to be mined profitably in the short-term or projects that are believed to have the potential to develop into mining operations in the short term even though no resources have been defined). On the other hand exploration tenements that have no defined attributes apart from interesting geology or a "good address" may well trade at a discount to technical value. Deciding upon the level of discount or premium is entirely a matter of the Experts professional judgement. This judgement must of course take account of the commodity potential of the tenement. Currently in Australia for example, a tenement may have an elevated value for its gold, base metals, nickel and iron ore potential. There are of course numerous factors that affect the value such as proximity to an established processing facility and the size of the land holding.

11.2.1 Kilburn Method

It is my view that the Kilburn method provides one appropriate technical valuation method of the exploration potential of mineral properties on which there are no JORC compliant resources (Table 11.1).

Kilburn was a Canadian mining engineer who was concerned about the haphazard way in which exploration tenements were valued and proposed an approach which essentially requires the valuer to justify the key aspects of the valuation process. The valuer must specify the key aspects of the valuation process and must specify and rank aspects which enhance or downgrade the intrinsic value of each property. The intrinsic value is the base acquisition cost ("BAC") which is the average cost incurred to acquire a base unit area of mineral tenement and to meet all statutory expenditure commitments for a period of 12 months. Different practitioners use slightly differing approaches to calculate the BAC.

The successful application of this method depends on the selection of appropriate multipliers that reflect the tenement prospectivity. There is, furthermore, the expectation that the outcome reflects the market's perception of value. I am philosophically attracted to the Kilburn type of approach because it at least makes an attempt to implement a system that is systematic and defensible. It endeavours to take account of the key factors that can be reasonably considered to impact on the exploration potential. The keystone of the method is the BAC which provides a standard base from which to commence a valuation. The acquisition and holding costs of a tenement for 1 year provides a reasonable, and importantly, consistent starting point. Presumably when a tenement (EL, MLN or MCN) is pegged for the first time by an explorer the tenement has been judged to be worth at least the acquisition and holding cost. Some argue that on occasions it is expedient to convert say an EL to a MLN or MCN for strategic rather than exploration success reasons and hence it is unreasonable to value such a MLN or MCN starting at a relatively high BAC compared to that of an EL. In our opinion the multiplier factors will take care of this issue and will value the tenement appropriately.

Kilburn Rating Criteria				
Rating	Off Property Factor	On property factor	Anomaly factor	Geological factor
0.1				Generally Unfavourable lithology
0.2				Generally Unfavourable lithology & structures
0.3				
0.4				Generally favourable lithology & structures (10-20%)
0.5			Extensive previous exploration with poor results	Alluvium covered generally favourable lithology (50%)
0.6				
0.7				
0.8				Generally favourable lithology (50%)
0.9				
1	No known mineralisation	No known mineralisation	No targets outlined	Generally favourable lithology (70%)
1.5	Minor workings	minor workings		Generally favourable lithology
2	Several old workings	Several old workings		Generally favourable lithology with structures
2.5	Abundant workings	Abundant workings	Several well defined targets	Generally favourable lithology with structures
3			Several significant sub economic intersections	along strike of a major mine
3.5	Abundant workings/mines, significant historical production		Abundant workings/mines with significant historical production	
4				
4.5				
3.5	Abundant workings/mines with significant historical production	Major mine with significant historical production	Several significant ore grade correlatable intersections	
10	Along strike from world class mine (s)			

Table 11.1 Kilburn Method (source: Kilburn, JC, 1990).

It has also been argued that the Kilburn method is a valuation-by-numbers approach. In our opinion the strength of the method is that it reveals to the public, in the most open way possible, just how a tenement's value was arrived at. It is anything but misleading for the public and is indeed the only approach that lays out, for all to see, the subjective judgements made by the valuation Expert.

11.2.2 Comparable Market Transactions

Comparable methods allow the value estimated for a mining project to be benchmarked against mining project values established in the market. Comparable methods therefore are a tool for ensuring value estimates are congruent with what the market would actually pay. The comparable transaction method uses the transaction price of comparable properties to establish a value for the subject property.

Determinative factors of the value an exploration property:

- Potential for the existence and discovery of an economic deposit
- Geological attributes: ore grade (high or low) depends of the amount of impurities in the ore. Separation of impurities gives rise to higher cost. A low grade ore will mean more material has to be processed to produce a tonne of metal versus a higher grade ore.
- Mineralization, exploration results and targets, neighbouring properties
- Infrastructure: a fully developed infrastructure will benefit mines through cheaper and more efficient transport links, water supply, energy supply etc.
- Area and location of an exploration property: exploration properties in established mining areas often have a premium value because of the higher perceived potential for discovery of a mineral deposit, and because of developed infrastructure. Ore bodies located in remote areas, such as some Chilean copper mines high in the Andes, or deep underground, such as some South African gold mines, will have higher unit costs due to the difficulties of extraction. However, this can normally be compensated by other beneficial factors such as a high ore grade and / or valuable by-products.

- Existing permits

Challenges:

There are a limited number of transactions for mineral properties

- There are no true comparables in the mining industry. Each property is unique with respect to key factors such as geology, mineralization, costs and stage of exploration.
- Effective date of valuation is important (value of a property will vary widely from day to day, week to week and year to year because of the volatility of mineral price).
- Therefore, especially for purposes of litigation, it is necessary to establish a date on which to value the asset.
- Subjective judgment is needed to identify similar properties any given time. It should be noted again that exploration is cyclical, and in periods of low metal prices there is often no market, or a market at a very low price.
- Comparable transactions are indispensable for valuing speculative and exploration properties, where there is not enough information to perform a reasonable fundamental NPV analysis. This method can provide a benchmark for development and producing properties when calculating the fundamental value of the asset. Comparable transactions also take into account the market factor for reserve and other risk.

To allow market values to be compared among projects, they are generally expressed (or normalized) as ratios of the form:

$$\text{Market value} / \text{Fundamental project parameter}$$

Table 11.2 summarizes the terminology typically used to distinguish between fundamental and market value, and between project and corporate value.

	Fundamental Value	Market Value
Project Value	Net Present Value (NPV)	Adjusted Market Capitalisation (AMC) or Enterprise Value (EV) or Asset Transaction Price
Corporate Value	Net Present Value	Market Capitalisation or Corporate Transaction Price

Table 11.2 Fundamental vs Market Value
(source: Baurens, 2010).

The market value of a mining company's project(s) (AMC or EV) (Table 11.3) is estimated from the market value of the company (market capitalization) that holds the project(s) is calculated in the following manner:

+Company Market Capitalisation:
-Working Capital
-Value of other investments
+/-Value of hedge book
+Liabilities
(+Capital to production)
= Implied market value of mining projects (AMC or EV)

Table 11.3 Adjusted market capitalisation vs Enterprise Value
(source: Baurens, 2010).

The principle is that in addition to value the projects held by a mining company, the market also takes into account things such as working capital, debt, hedge book value and other investments when deciding what to pay for a share in a company. When taking these considerations into account the market value have to be adjusted according to the table above. After the adjustment, the value of the mining project itself is isolated from the other assets and liabilities undertaken by the company.

A company's net asset value (NAV) is calculated from the estimated aggregate net present values (NPV's) of the company's projects, by essentially the reverse back in comparison to the AMC (Table 11.4):

Aggregate Net Present Value of a Company's Projects:

+Working Capital
 +value of other investments
 +Value of hedge book
 -Liabilities
 = Net asset value of the Company (NAV)

Table 11.4 Net Asset Value

(source: Baurens, 2010).

Now it is possible to compare the implied market value of a company's mining projects (AMC or EV) to the estimated fundamental value (NPV) of its projects. A valuation indicates whether the estimated fundamental values are above or below the values that would likely be realized in the market.

Similarly, by comparing a company's market value (market capitalization) to its estimated fundamental value (NAV), an analyst can calculate the premium or discount the market is paying to a particular fundamental value (NAV) estimate.

Table 11.5 shows some examples of comparable project parameters and market valuation ratios of a comparable project.

Comparable Project Parameter	Market Valuation Ratio or comparable project
Geological Resources	AMC/oz resources
Mineable Reserve	AMC/oz reserve
Operating Cash Flow (=EBITDA)	AMC: Operating cash flow or EBITDA
Cash Flow after Capital (=EBIT)	AMC: EBIT
Net Cash Flow (=Earnings)	AMC: NCF or earnings
Net Present Value	AMC: NPV

Table 11.5: Comparable Project Parameter v Market Valuation Ratio or Comparable Project

(source: Baurens, 2010).

As the table moves down, more information of the project is taken into account, including all information in the upper parameters. The AMC / NPV ratio includes all the quantifiable information about a project comparables to derive a single ratio for market to fundamental value.

Equity Value / Current Resources ratio is also one of the widely used ratios. If two companies would have approximately the same Current Resources but different Equity Value, logically the ratio of the company with higher Equity Value would have higher Equity Value / Current Resources ratio. But the advantage would have the company with lower ratio. Implementing market comparable analysis involves a number of challenges, for example in selecting valid comparables, and in estimating the market value of comparable projects from the companies that own those projects.

11.3 Methods of Valuing Mineral Resources and Ore Reserves

11.3.1 Discount Cash Flow Analysis

Where resources and/or ore reserves have been defined our approach is to excise them from the mineral property and to value them separately on a value per resource tonne basis or on the basis of a discounted cashflow ("DCF"). The value of the exploration potential of the remainder of the property can then be assessed. Where appropriate, discounts are applied to the estimated contained metal to represent uncertainty in the information.

11.3.2 Comparable Market Transactions

Once a resource has been assessed for mining by considering revenues and operating costs the economically viable component of the resource becomes the ore reserve. When this is scheduled for mining and all capital costs are considered, the net present value ("NPV") of the project is established by discounting future annual cash flows using an appropriate discount rate. The resulting "classical" NPV has numerous deficiencies which are linked to the fact that the method assumes a static approach to investment decision making which is obviously not the case. Nevertheless the NPV represents the only practical approach to valuing a proposed or on-going mining operation. When only a resource has been outlined and its economic viability has still to be established (ie. there is no ore reserve) then typically a "rule of thumb" approach is usually applied. This means allocating a dollar value to the resource tonnes in the ground.

The quality of the resource tonnes and therefore value is a factor of:

- the grade of the resource;
- the proximity to infrastructure such as an existing mill, roads, power, water, skilled work force, equipment, etc;
- likely operating and capital costs;
- the amount of pre strip (for open pits) or development (for underground mines) necessary;
- the likely ore to waste ratio (for open pits); and
- the overall confidence in the resource.

11.4 Quoted Market Price

The quoted market price ("QMP") method can also be applied however is only applicable for listed companies. The market value is determined by multiplying the quoted share price of the company by the number of issued shares. This valuation reflects the price that the market at a point in time is prepared to pay for the shares. This valuation method broadly takes into account the investors' perceptions about the performance of the company and the management's capabilities to deliver a return on their investments. The major challenge with this method is the liquidity of a company's securities – the less liquid a security is the less reliable this method is likely to be.

12.0 VALUATION OF GREEN ROCK ENERGY

In selecting the appropriate methodology by which to value **Green Rock** we have considered available information presented to us and taken into consideration section 11 of this Report.

Taking into consideration the greenfields nature of the exploration assets, I consider that the Comparable Market Values, Kilburn Method, Comparable Transactions and Base Acquisition Cost are the most applicable valuation methodologies for the valuation of the Graphite projects.

12.1 Valuation of Green Rock before the proposed transaction

12.1.1 Net Tangible Assets

To determine the fair market value of **Green Rock** before the Proposed Transaction, we have considered the NAV of **Green Rock** as at 30 June 2014, as set out below (Table 12.1):

NAV	1,588,263
Equity of Green Rock (control)	1,588,263
Number of ordinary shares on issue	2,202,273,091
Value pre consolidation	\$0.007
Number of shares post 20 to 1 consolidation	110,113,654
Equity value of Green Rock per share (\$)	\$0.0014
Equity value of Green Rock per share	\$0.0144

Table 12.1 Valuation Summary of the fair market value of **Green Rock** Shares before the Proposed Transaction

In relation to the NAV of **Green Rock** before the Proposed Transaction we note the following:

- We have assumed **Green Rock** will operate as a going concern for purposes of our assessment.
- We have assumed that no material contingent liabilities exist as at the time of preparing this Report.

Based on the book value of **Green Rock** tangible assets as at 30th June 2014, **Green Rock's** NAV per Share pre consolidation is \$0.0073 and post consolidation is approximately \$0.014 per share on a controlling interest basis, before the Proposed Transaction.

As noted previously, **Green Rock's** auditor has raised concerns **Green Rock's** ability to operate as a going concern and the value of assets is likely to decrease in the context of liquidation. Accordingly, adopting the book value of tangible assets is likely to be conservative for purposes of assessing the fairness of the Proposed Transaction.

12.1.2 Quoted Market Price of Securities Prior to issue of shares

Figure 12.1 below details the trading performance of **Green Rock** shares from November 2013 to October 2014 with trading volumes underneath.



Figure 12.1 Green Rock Share price and volume data December 2013 to December 2014.

(source: E*Trade Australia, 30 December 2014).

To provide a comparison to the valuation of **Green Rock**, we have also assessed the quoted market price for a **Green Rock** share. The quoted market value of a Company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- Control over decision making and strategic direction;
- Access to underlying cash flows;
- Control over dividend policies; and
- Access to potential tax losses.

Whilst the **Copulos Group** will not be acquiring 100% of **Green Rock**, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 14. Therefore, our calculation of the quoted market price of a **Green Rock** Share including a premium for control has been prepared in two parts.

1. The first part is to calculate the quoted market price on a minority interest basis.
2. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Our analysis of the quoted market price of a **Green Rock** Share is based on the pricing prior to the announcement of the agreement to acquire graphite projects in Tanzania and the subsequent announcement of the issue of Shares. This is because the value of a **Green Rock** Share after the announcement may include the effect of any change in value as a result of the agreement and issue of Shares. However, we have considered the value of a **Green Rock** Share following the

announcement when we have considered reasonableness in Section 14. The daily price of **Green Rock** shares from 1 November 2012 to 3 July 2014 has ranged from a low of \$0.001 to a high of \$0.002. Post Agreement, the daily price of **Green Rock** Shares has ranged from a low of \$0.002 to a high of \$0.005. During this period a number of announcements were made to the market. The key announcements are set out below in Table 12.2.

Date	Announcement	Closing Share Price Following Announcement \$	Closing share Price 3 Days After Announcement \$
20/01/2015	GRK - Expiry of Quoted Options	0.002	0.002
20/01/2015	Securities Consolidation	0.002	0.002
20/01/2015	GRK - Securities Consolidation	0.002	0.002
20/01/2015	ENB: Update on Ocean Hill Project and Acquisition Timetable	0.002	0.002
20/01/2015	GRK - ENB: Update on Ocean Hill Project and Acquisition Timetable	0.002	0.002
20/01/2015	Cleansing Statement and Appendix 3B	0.002	0.002
20/01/2015	GRK - Cleansing Statement and Appendix 3B	0.002	0.002
9/01/2015	Cleansing Statement and Appendix 3B	0.002	0.002
9/01/2015	GRK - Cleansing Statement and Appendix 3B	0.002	0.002
9/01/2015	New Prospectus Mandate Confirmed \$3.5m	0.002	0.002
7/01/2015	GRK - New Prospectus Mandate Confirmed \$3.5m	0.002	0.002
23/12/2014	Secures \$1m Funding to Underpin Acquisitions	0.002	0.002
22/12/2014	Negotiates extension to Graphite Projects to 31 March 2015	0.002	0.002
19/12/2014	Company Update on Completion of Acquisition and Prospectus	0.002	0.002
16/12/2014	Suspension from Official Quotation	0.002	0.002
16/12/2014	Results of General Meeting	0.002	0.002
12/12/2014	Trading Halt	0.002	0.002
5/12/2014	Shareholder Priority Offer - Chairman's Letter	0.003	0.0025
5/12/2014	Shareholder Investor Presentation	0.003	0.0025
4/12/2014	Prospectus to raise up to \$2.5m	0.003	0.0025
4/12/2014	Epanko North Trench Results including 48m @ 11.18% TGC	0.0025	0.0025
2/12/2014	Lapse of Options	0.002	0.002
28/11/2014	Results of 2014 Annual General Meeting	0.002	0.002
27/11/2014	Wide and Excellent Graphite Trenching Results - Cascade	0.003	0.002
24/11/2014	ENB: Eneabba Completes Due Diligence on Ocean Hill Project	0.002	0.003
17/11/2014	Notice of Extraordinary General Meeting/Proxy Form amended	0.002	0.002
14/11/2014	Notice of Extraordinary General Meeting/Proxy Form	0.002	0.002
31/10/2014	Annual Report to Shareholders	0.003	0.003
31/10/2014	Green Rock Quarterly Activities Reports	0.003	0.003
31/10/2014	Prospectus for \$2.5m with Priority Offering to Shareholders	0.003	0.003
29/10/2014	Trading Halt	0.003	0.003
27/10/2014	Graphite Discovery and Exploration Update	0.003	0.003
22/10/2014	ENB: Eneabba to acquire prospective Perth Basin gas project	0.003	0.003
6/10/2014	Green Rock Expands Tanzanian Graphite Tenement Portfolio	0.004	0.003
30/09/2014	Foster Stockbroking appointed Lead Manager \$5m raising	0.004	0.003
24/09/2014	New Experienced Board Elect to join Green Rock	0.005	0.005
18/09/2014	Exercises Option to Purchase Tanzanian Graphite Projects	0.004	0.004
10/09/2014	Additional & Encouraging Graphite Mineralisation	0.005	0.004
22/08/2014	GRK Increases its Tenement Holding Mahenge Tanzania	0.004	0.005
7/08/2014	GRK Exploration Underway at Mahenge Nth Graphite Prospect	0.005	0.004
29/07/2014	Cleansing Statement and Appendix 3B	0.004	0.004
23/07/2014	Working Capital Placement	0.005	0.005
7/07/2014	Agreement to Acquire Graphite Project Tanzania	0.001	0.003
3/07/2014	Trading Halt	0.001	0.001
30/06/2014	Hungary Geothermal Concession Terms Agreed	0.001	0.001
13/06/2014	Strategic Investment in SNY	0.001	0.001
16/04/2014	Mid West Geothermal Power – AWE withdrawal	0.001	0.001
12/03/2014	Geothermal Concession Awarded in Hungary	0.001	0.001

Table 12.2: Green Rock ASX Announcements 12/3/2014 to 21/01/2015. (source: ASX.com.au).

To provide further analysis of the market prices for a **Green Rock** Share, we have also considered the volume weighted average market price for 10, 30, 60 and 90 day periods to 3 July 2014 as set out in Table 12.3.

	3 July 2014	10 days	30 days	60 days	90 days
Closing Price	\$0.001				
VWAP		\$0.001	\$0.001	\$0.001	\$0.001

Table 12.3: Green Rock 10, 30, 60 and 90 day VWAP.
(source: ASX.com.au).

The above volume weighted average prices are prior to the date of the Agreement of the issue of Shares, to avoid the influence of any increase in price of **Green Rock** shares that has occurred since the Announcement. An analysis of the volume of trading in **Green Rock** Shares for the six months to 3 July 2014 is set out below in Table 12.4:

	Share Price	Share Price	Cumulative Volume	% of Issued
	Low (\$)	High (\$)	Traded	Capital
1 day	0.001	0.001	650,000	0.03%
10 days	0.001	0.001	29,450,900	1.52%
30 days	0.001	0.001	113,866,974	5.87%
60 days	0.001	0.001	135,502,268	6.98%
90 days	0.001	0.001	180,337,001	9.45%
180 days	0.001	0.001	297,760,854	15.61%

Table 12.4: Green Rock 10, 30, 60, 90 and 180 day share price high low and volume (source: asx.com.au).

This table 12.4 indicates that **Green Rock's** Shares do not display a satisfactory level of liquidity, with only 15.61% of the Company's current issued capital being traded in a six month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

The volume traded would suggest that the market for **Green Rock** is "not sufficiently deep", and therefore does not demonstrate sufficient activity levels to use this as the primary methodology in valuing **Green Rock** with a significant number of trades over a 30, 60, 90, and 180 day period.

For the purposes of calculating the valuation of the assets (and in turn the fair market value) of the Company prior to the proposed Transaction we have discounted this valuation methodology.

12.1.3 Procedures for reviewing reasonableness of financial information

RG111.77 requires an expert to undertake critical analysis of the information on which the Report is based. The expert needs to be satisfied that critical information is not materially inaccurate.

For reasons to be discussed later, the NAV approach was selected as the most appropriate methodology to value **Green Rock** before and after the Proposed Transaction. Application of this method requires that the balance sheets for **Green Rock** are not materially inaccurate. The primary asset for **Green Rock** prior to transaction costs of cash, other financial assets and exploration assets represents by expenditure incurred in respect of the Tanzania Option and tenements.

We consider the financial information for **Green Rock** and the IGR prepared by Arc Resources to provide a reasonable basis upon which to undertake the NAV analysis.

12.1.4 Control Premium and Minority Interest Discount

In accordance with ASIC regulatory guides, we have assessed the value of **Green Rock** before the proposed Transaction on a control basis. Applying an asset based approach to value **Green Rock** before the proposed Transaction provides a controlling value. Accordingly, we have not included an additional premium for control.

If the proposed Transaction is approved, the **Green Rock** Non-associated Shareholders together will hold a minority interest in **Green Rock**. Accordingly, it is necessary to apply a minority interest discount in valuing **Green Rock** on after the Proposed Transaction. We have assumed a minority interest discount of 10%. This is equivalent to a control premium of 12.5%, which we do not consider to be unreasonable based on our review of empirical studies and historical control premiums.

12.1.5 Cross Checks

As noted above, we do not consider it appropriate to value **Green Rock** using the capitalization of earnings or DCF methods. However, **Green Rock's** ASX share trading prices prior to the announcement of 7th July 2014, highlighting **Green Rocks** decision to move away from Geothermal and the associated write down of these assets, impairment of its mining assets, and subsequent announcements informing the market of proposed acquisitions do provide an appropriate indicator of value, given the significant trading volumes. On this basis, we propose using trading price as a cross check in our fairness assessment. We note that an asset based approach typically provides the lowest value for an entity operating as a going concern, and is often used as a cross check to income or market based methods.

12.2 Valuation of Green Rock after the Proposed Transaction

Throughout this section 12.2 **RM Corporate Finance** has valued the granted Prospecting Licenses only (PL 10111/2014 and PL 7802/2012) while assigning only a nominal value in section 12.3 on the Prospecting License Applications and the other graphite tenements under option.

12.2.1 Comparable Market Values

Company	ASX	Loc	Share	Attrib	Area	Explor	JORC	Grade	Graph	EV	EV/T
			Price	EV		Results	Res			per	
	Ticker		(\$)	\$(m)	km ²	Flake TGC%	(T)	%	(T)	Km ²	Graph
Discovery Africa	DAF	NAM-UG	\$0.03	3.78	416	4.4-8.1				\$7,273	
Oakdale Res	OAR	AUS	\$0.20	9.45	2,008	5-10				\$4,706	
Sovereign Metals	SVM	MAL	\$0.35	29.26	7,261	4.10				\$4,029	
Malagasy Mins	MGY	MAD	\$0.03	3.05	1,780	6.30				\$1,713	
IMX Res	IXR	TAN	\$0.02	5.66	6,800	12.90				\$832	
Lamboo Res	LMB	AUS	\$0.90	118.08	330		12.6	5.00	0.63		\$187
Valence Ind	VXL	AUS	\$0.41	60.55	25		6.4	7.10	0.45		\$133
Triton Minerals	TON	AUS	\$0.90	206.12	1,150		103	5.40	5.56		\$37
Kibaran Res	KNL	TAN	\$0.26	27.66	1,578		14.9	10.50	1.56		\$18
Lincoln Minerals	LML	AUS	\$0.06	11.28	4,077		5.4	12.70	0.69		\$16
Archer Explor	AXE	AUS	\$0.15	5.80	2,100		8.55	9.00	0.77		\$8
Syrah Res	SVR	MOZ	\$4.46	643.55	6,056		1,150.00	10.20	117.3		\$5

Table 12.5: ASX listed graphite explorers showing EV/Square km and EV/tonne graphite JORC Resources.

Figure 12.2 and Table 12.5 set out the Enterprise Value for various ASX listed graphite explorers/developers based on (a) Enterprise Value per square kilometre for early stage exploration and (b) Enterprise Value per tonne of contained graphite for those with JORC Resources.

Valence Industries Ltd, Triton Minerals Ltd, Kilbaran Resources Ltd, Lincoln Minerals Ltd, Archer Exploration Ltd and Syrah Resources Ltd have outlined JORC Resources and are hence at a more advanced stage than **Green Rock** and have been excluded from our comparative analysis. This leaves Discovery Africa Ltd, Oakdale Resources Ltd, Sovereign Metals Ltd, IMX Resources Ltd and Malagasy Minerals Ltd as our nearest comparable companies which are also set out in Figure 12.2.

The Enterprise Value of each company has been adjusted to reflect the cash, debt and other exploration assets in an attempt to isolate the implied value of the graphite exploration assets. On this basis we can estimate an implied value for Prospecting License of the Company, excluding those Prospecting licenses that remain under application.

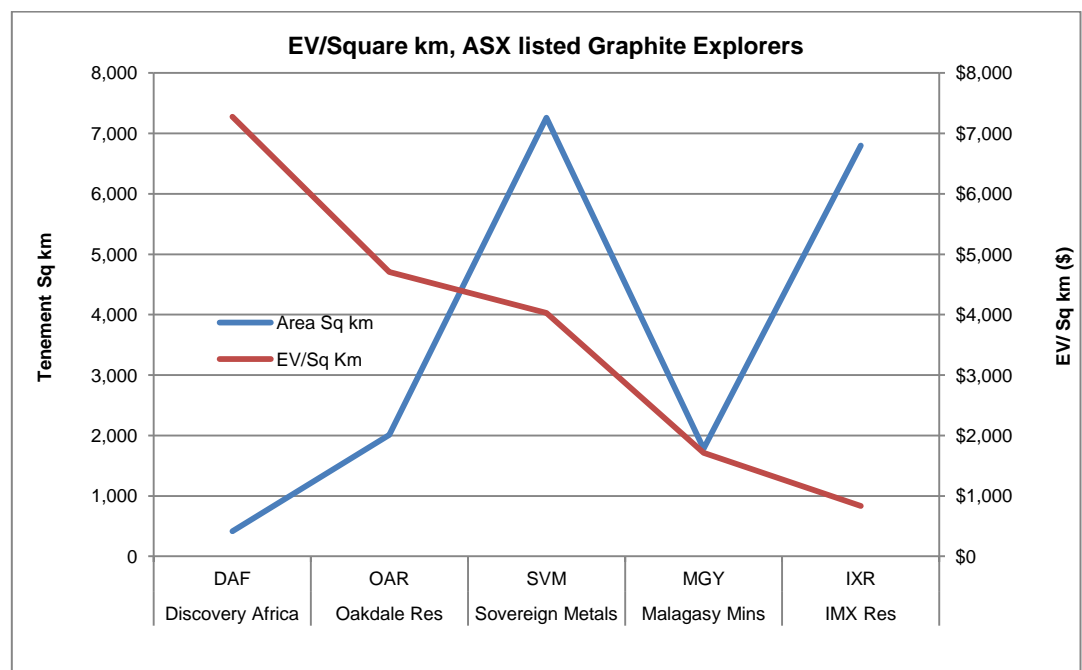


Figure 12.2: Enterprise Value per square kilometre for selected ASX listed graphite explorers/developers.

	EV/sq Km	PL 10111/2014 & PL 7802/2012
Low	\$832	\$263,944
Median	\$4,029	\$1,287,160
High	\$7,273	\$2,307,287

Table 12.6 Implied valuations for PL 10111/2014 and PL 7802/2012 based on Enterprise Value per square kilometre.

Table 12.6 sets out the low, median and high values based on the data set out in Table 12.2 and Figure 12.2 above. The data is somewhat skewed by the metrics for **Discovery of Africa Ltd** (ASX: **DAF**) at an Enterprise Value of approximately \$7,273 per square kilometre.

Given the prospectivity of the Prospecting Licenses as outlined in the Independent Geologist Report (ARC Resources, December 2014) and taking into consideration the exclusion of the options from our comparative analysis, then the median valuation of \$1,287,160 (based on the median enterprise value per square kilometre of \$4,029) represents a conservative value for these two Prospecting Licenses (PL 10111/2014 and PL 7802/2012).

12.2.2 Base Acquisition Cost

This represents the exploration cost for the current period of the tenements. Based on the following parameters (also summarised in Table 12.7):

- There is no minimum expenditure requirement for a Prospecting License in Tanzania is however we have assumed that the Company would be looking to spend at least US\$300 (A\$323)- per square kilometre.
- The annual rent per square kilometre for a Prospecting License is US\$100 (A\$107.5) per square kilometre.
- Examination of the geology, previous exploration and rock chip sampling would indicate that between 70-75% of the tenement area is prospective, and
- The Prospecting License is granted with a factor of 1.0 applied
- Inflation at approximately 2.0% per annum

Tenure Nos	Equity	Size (Km ²)	Base Acquisition Cost		Base Acquisition Cost		Inflation 2013-14	Grant Factor
			Low	High	Low	High		
PL 10111/2014 & PL 7802/2012	100%	317	\$108	\$430	70%	75%	2%	1

Table 12.7: Base acquisition cost assumptions for PL 10111/2014 and PL 7802/2012.

The historical base acquisition cost for the Tenement is therefore summarised as follows:

BASE ACQUISITION COST VALUATION			
Tenement Nos	Low (\$m)	High (\$m)	Preferred (\$m)
PL 10111/2014 & PL 7802/2012	\$24,337	\$104,303	\$64,320

Table 12.8: Base acquisition cost summary for PL 10111/2014 and PL 7802/2012.

12.2.3 Kilburn Method

This includes consideration of a number of important factors identified in the Arc Resources Pty Independent Geologists Report (Arc Resources, December 2014):

- Presence of mapped bands of graphite schist mineralisation identified by the Tanzanian Geological Survey (published from QDS Map-sheet 251 – Mahenge, 1960).
- Graphite bands extend beyond the boundaries of the Mahenge Graphite Project.
- At the Mahenge Graphite Project, three bands of graphite schist were mapped with strike lengths of 4,000 metres, 1,750 metres and 900 metres respectively with widths ranging from 90 metres u to 400 metres.
- The configuration of the outcropping graphite has been largely confirmed by due diligence undertaken by the Company.
- Several prospective horizons totalling 50 kilometres in length have been identified as outcrop/sub-crop within valleys.

Assessments in each category are based on a set scale (see paragraph 11.2.1 of this Report) and are multiplied to arrive at a Prospectivity Index (Table 12.9).

PROSPECTIVITY									
Tenement Nos	Off Site		On Site		Anomaly		Geology		
	Low	High	Low	High	Low	High	Low	High	
PL 10111/2014 & PL 7802/2012	1.00	1.00	1.00	1.20	1.00	1.20	0.90	1.00	

Table 12.9: Prospectivity calculations for PL 10111/2014 and PL 7802/2012.

The Technical Value is estimated by multiplying the Base Project Value (calculated from the area, base acquisition cost, inflation, equity, prospective area and grant factor) by the Prospectivity Index (calculated from the Geoscientific Rating) as set out in Table 12.91.

TECHNICAL VALUATION			
Tenement	Low	High	Preferred
Nos	(\$m)	(\$m)	(\$m)
PL 10111/2014 & PL 7802/2012	\$36,506	\$2,933,528	\$2,401,565

Table 12.91: Technical valuation for PL 10111/2014 and PL 7802/2012.

12.2.4 Comparable Transactions

Company	ASX	Loc	Date	Int	Area	Low	High	EV per km ²	EV per km ²
	Ticker			(%)	km ²	(\$m)	(\$m)	(Low)	(High)
Discovery Africa	DAF	Tan	Mar-14	80%	416	\$0.91	\$1.94	\$2,197	\$4,653
Discovery Africa	DAF	Uganda	Apr-14	100%	93.5	\$0.54	\$0.62	\$5,750	\$6,613
Oakdale Res	OAR	AUS	Mar-13	100%	2,480	\$5.05	\$7.96	\$2,230	\$3,510

Table 12.92: Table of consideration paid for selected graphite acquisitions by ASX listed explorers/developers expressed as a dollar value of consideration per km².

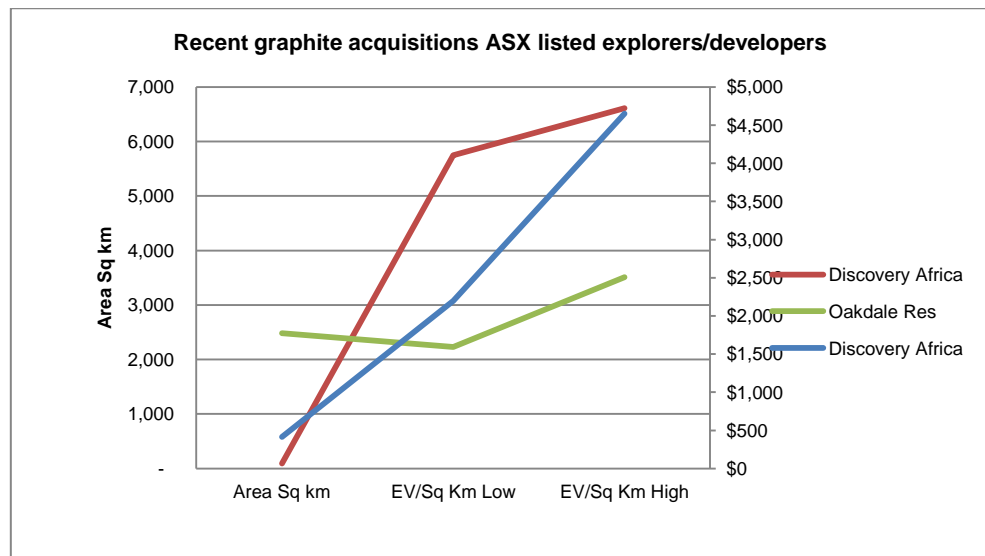


Figure 12.3: Graph of consideration paid for selected graphite projects by ASX listed explorers/developers.

COMPARABLE TRANSACTIONS VALUATION			
Project	Low	High	Preferred
	(\$m)	(\$m)	(\$m)
PL 10111/2014 & 7802/2012	\$706,910	\$2,096,199	\$1,318,318

Table 12.93: Implied value of PL 10111/2014 and PL 7802/2012 based on comparable transactions over 2013 and 2014.

Table 12.93 and Figure 12.3 set out comparable acquisitions of graphite exploration projects over 2013 to 2014 by selected ASX listed explorers/developers. It is notable that the implied valuations for PL 10111/2014 and PL 7802/2012 are not inconsistent with the findings in section 12.2.1. It should be noted however that this is a very limited data set and therefore likely to be statistically unreliable when assessed in isolation.

12.2.5 Valuation Summary for PL's 10111/2014, 7802/2012, P28539 & P28540

Valuation Methodologies	Preferred Value Granted PL's (\$)	PL Applications (\$)	Graphite Options (\$)	Preferred Value (\$)
Comparable Market Values	\$1,287,160	\$50,000	\$50,000	\$1,387,160
Base Acquisition Cost	\$64,320	\$50,000	\$50,000	\$164,320
Kilburn Method	\$2,401,565	\$50,000	\$50,000	\$2,501,565
Comparable Transactions	\$1,318,318	\$50,000	\$50,000	\$1,418,318

Table 12.94: PL 10111/2014, PL 7802/2012, PL P28539 & PL P28540, and graphite options valuation outcomes based on a range of valuation methodologies.

We do not consider that the Base Acquisition Cost represents a realistic reflection of the valuation of the Prospecting License as at 7 July 2014 and therefore our valuation can be summarised as in Table 12.95. Our preferred value for the Prospecting Licenses, Prospecting License Applications and other graphite options is \$1,769,014 (Table 12.96). This includes a nominal \$50,000 for the Prospecting License Applications, namely PL-P28539 and PL-P28540 and a further \$50,000 for the remaining graphite options (Table 12.95).

Agreement	License Number	Area km ²
KHL Option	HQ-P28687	192.79
KHL Option	HQ-P28688	225.78
KHL Option	HQ-P28689	262.51
KHL Option	HQ-P28690	172.03
KHL Option	HQ-P28691	7.3

Table 12.95: KHL Options.

Valuation Range	Valuation (\$)
High	\$2,501,565
Low	\$1,387,160
Preferred	\$1,769,014

Table 12.96: PL 10111/2014, PL 7802/2012, PL-P28539 & PL P28540, and graphite options valuation summary.

12.2.6 Valuation Summary of Green Rock Post Acquisition

Net Tangible Assets

To determine the fair market value of **Green Rock** after the Proposed Transaction, we have considered the pro-forma NAV of **Green Rock** based on the minimum subscription (\$2.50 million) (Table 12.97) and the maximum subscription (\$3.50 million) (Table 12.98).

Green Rock Balance Sheet	Audited as at 30-Jun-14 (\$) Low	Audited as at 30-Jun-14 (\$) High	Audited as at 30-Jun-14 (\$) Preferred
Current Assets			
Cash and bank balances	801,258	801,258	801,258
Minimum Capital Raising	2,500,000	2,500,000	2,500,000
Trade and other receivables	24,896	24,896	24,896
Other financial assets	400,000	400,000	400,000
Total current assets	3,726,154	3,726,154	3,726,154
Non-Current Assets			
Exploration & Evaluation asset	334,454	334,454	334,454
Property, plant and equipment	3,526	3,526	3,526
Other financial assets	105,300	105,300	105,300
Graphite Exploration Assets	1,387,160	2,501,565	1,769,014
Total non-current assets	1,830,440	2,944,845	2,212,294
Total assets	5,556,594	6,670,999	5,938,448
Current Liabilities			
Trade and other payables	81,171	81,171	81,171
Expenses of the Offer	200,000	200,000	200,000
Provisions	-	-	-
Total current liabilities	281,171	281,171	281,171
Total liabilities	281,171	281,171	281,171
Net assets	5,275,423	6,389,828	5,657,277
Minority Interest Discount	32.88%	32.88%	32.88%
Net Assets (discounted or minority interest)	3,540,864	4,288,853	3,797,164
Potential No Shares on issue after proposed Transaction	176,945,119	176,945,119	176,945,119
Net Asset Value of Green Rock Shares (Minority)	0.0200	0.0242	0.0215

Table 12.97: Valuation Summary of the fair market value of **Green Rock** Shares after the proposed Transaction based on the minimum subscription.

Green Rock Balance Sheet	Audited as at 30-Jun-14 (\$) Low	Audited as at 30-Jun-14 (\$) High	Audited as at 30-Jun-14 (\$) Preferred
Current Assets			
Cash and bank balances	801,258	801,258	801,258
Maximum Capital Raising	3,500,000	3,500,000	3,500,000
Trade and other receivables	24,896	24,896	24,896
Other financial assets	400,000	400,000	400,000
Total current assets	4,726,154	4,726,154	4,726,154
Non-Current Assets			
Exploration & Evaluation asset	334,454	334,454	334,454
Property, plant and equipment	3,526	3,526	3,526
Other financial assets	105,300	105,300	105,300
Graphite Exploration Assets	1,387,160	2,501,565	1,769,014
Total non-current assets	1,830,440	2,944,845	2,212,294
Total assets	6,556,594	7,670,999	6,938,448
Current Liabilities			
Trade and other payables	81,171	81,171	81,171
Expenses of the Offer	280,000	280,000	280,000
Provisions	-	-	-
Total current liabilities	361,171	361,171	361,171
Total liabilities	361,171	361,171	361,171
Net assets	6,195,423	7,309,828	6,577,277
Minority Interest Discount	32.88%	32.88%	32.88%
Net Assets (discounted or minority interest)	4,158,368	4,906,357	4,414,668
Potential No Shares on issue after proposed Transaction	196,945,114	196,945,114	196,945,114
Net Asset Value of Green Rock Shares (Minority)	0.0211	0.0249	0.0224

Table 12.98: Valuation Summary of the fair market value of **Green Rock** Shares after the proposed Transaction based on the maximum subscription.

13.0 PREMIUM FOR CONTROL

In a recent study (Bird Cameron, 2013), which assessed 96 transactions in the mining and Energy sectors from 2006 to 2012, the following range of control premiums resulted based on 2, 5 and 20 day share prices.

	No Transactions	2	5	20
Control Premium	96	30.2%	32.88%	35.47%

Table 13.1: Control Premiums for ASX listed companies in Metals and Mining based on 2, 5 and 20 day Share prices.

(source: Bird Cameron, 2013).

For the purpose of our Fairness Opinion we have based our analysis on the same data.

14.0 IS THE ISSUE OF SHARES FAIR?

The value of a **Green Rock** Share prior to the Agreement compared to the value of the Green Rock Shares after the Agreement is shown in table 14.1 below (based on a post consolidation basis). This analysis is based on the NAV prior to the proposed Transaction with a control premium (refer section 13.0):

	Ref	Low	Midpoint	High
Premium for Control	13	30.20%	32.88%	35.47%
Equity Value of GRK Share	12.1	\$0.0144	\$0.0144	\$0.0144
Value of GRK Share prior to Agreement	14	\$0.0187	\$0.0191	\$0.0195

Table 14.1: **Green Rock** Shares low, mid-point and high values prior to the Agreement and value of consideration offered.

The value of a **Green Rock** Share post the Agreement compared to the consideration per Share is shown in table 14.2 and 14.3 below (based on a post consolidation basis) and is based on the NAV after the proposed Transaction with a minority discount ranging from 23.20% to 26.18%²:

	Ref	Low	Midpoint	High
Minority Interest (discount)	14	23.20%	24.74%	26.18%
Equity Value of GRK Share	12.2	\$0.0200	\$0.0242	\$0.0215
Value of GRK Share after the Agreement	14	\$0.0154	\$0.0182	\$0.0158

Table 14.2: **Green Rock** Shares low, mid-point and high values after the Agreement and value of consideration offered (minimum subscription).

	Ref	Low	Midpoint	High
Minority Interest (discount)	14	23.20%	24.74%	26.18%
Equity Value of GRK Share	12.2	\$0.0211	\$0.0249	\$0.0224
Value of GRK Share after the Agreement	14	\$0.0162	\$0.0187	\$0.0165

Table 14.3: **Green Rock** Shares low, mid-point and high values after the Agreement and value of consideration offered (maximum subscription).

We note from Tables 14.1, 14.2 and 14.3 that in all instances, the value of the consideration is lower than the value of **Green Rock** Shares prior to the proposed Transaction.

Therefore, we consider that the issue of Shares is not fair.

² The minority discount is the inverse of the control premium and is calculated on the following formula: $1 - (1/(1 + \text{control premium}))$

15.0 IS THE ISSUE OF SHARES REASONABLE?

We have considered the following factors in forming an opinion as to whether the issue of Shares is reasonable and where it is reasonably practicable to do so with sufficient precision we have quantified these factors.

15.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of **Green Rock** a premium over the value ascribed to that resulting from the issue of Shares.

15.2 Practical Level of Control

If the issue of Shares is approved then the **Copulos Group** will hold an interest of between 33.87% and 37.70% in **Green Rock**. When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favor to approve a matter and a special resolution requires 75% of shares on issue to be voted in favor to approve a matter. If the issue of Shares is approved then the **Copulos Group** will not be able to pass general or special resolutions but will be able to block special resolutions.

The **Copulos Group's** control of **Green Rock** following the issue of Shares will be significant when compared to all other shareholders. In our opinion, while the **Copulos Group** will be able to significantly influence the activities of **Green Rock**, it will not be able to exercise a similar level of control as if it held 100% of **Green Rock**.

15.3 Consequences of not approving the issue of Shares

Potential decline in share price

We have analysed movements in **Green Rock's** Share price since the issue of Shares was announced, and there has been no significant changes in the Company's Share price since the announcement.

15.4 Advantages of approving the issue of Shares

RM Corporate Finance has considered the following advantages when assessing whether the issue of Shares is reasonable (Table 14.3).

Advantage	Description
Immediate funds received	If the issue of Shares is approved Green Rock will receive cash of approximately \$2.5 million.
No requirement for Green Rock to source Alternative funding arrangements.	To progress various Projects and complete the acquisition of the Project, Green Rock will be required to source additional funding. If the Shares are not issued to the Copulos Group , it is unlikely that the Copulos Group will assist with this funding. The board of Green Rock would therefore have to explore other funding opportunities including potential joint ventures, placements. Some of these alternatives would likely be at a discount to the current market price and could potentially dilute Shareholder's interests further.
No changes to current operating arrangements	The Copulos Group is supporting of Green Rock's management and its current operating plan. There has been no indication from the Copulos Group that it intends to change Green Rock's business as conducted by the current management.

Table 14.3: Advantages of approving the issue of Shares in **Green Rock**.

15.5 Disadvantages of approving the issue of Shares

If the issue of Shares is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below (Table 14.4):

Disadvantage	Description
Dilution of existing Shareholders' interest	The issue of Shares may result in a dilution of existing Green Rock shareholders' interest to approximately 7%. The capacity of shareholders to influence the operations of Green Rock will be reduced.
The Copulos Group will gain a significant level of control of Green Rock	If the issue of Shares is approved, the Copulos Group will be increasing its shareholding interest from approximately 17% to a maximum of approximately 26%, meaning the Copulos Group may be able to influence any voting required on the activities of Green Rock .

Table 14.4: Disadvantages of approving the issue of Shares in **Green Rock**.

16.0 CONCLUSION

We have considered the terms of the issue of Shares as outlined in the body of this report and have concluded that the issue of Shares is fair and reasonable to the Shareholders of **Green Rock**.

17.0 INDEPENDENCE AND DISCLOSURE OF INTERESTS

Prior to accepting this engagement I considered its independence with regard to ASIC RG 111 and RG 112. I determined that **RM Corporate Finance** is independent of **Green Rock**.

RM Corporate Finance and its related entities do not have at the date of this Report, and have not had within the previous two years, any business or professional relationship with **Green Rock** or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposal. **RM Corporate Finance** advises that it prepared an independent expert's report dated 30 December 2014 for **Green Rock** in relation to the proposed issue of securities to Copulos Group.

RM Corporate Finance had no part in the formulation of the Proposal. Its only role has been the preparation of this Report. If the Proposal is recommended to shareholders **RM Corporate Finance** will prepare the Shareholder Report.

RM Corporate Finance will receive a fixed fee of \$7,500 for the preparation of this Report. This fee is not contingent on the conclusions reached or the outcome of this Report. **RM Corporate Finance's** out of pocket expenses in relation to the preparation of the report will be reimbursed. **RM Corporate Finance** will receive no other benefit for the preparation of this Report.

RM Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011.

18.0 QUALIFICATIONS

The person responsible for preparing and reviewing this report is Guy T. Le Page. Mr Le Page is currently a Director & Corporate Adviser of **RM Corporate Finance** and is actively involved in a range of corporate initiatives from mergers and acquisitions, initial public offerings to valuations, independent expert reports, consulting and corporate advisory roles.

Mr Le Page was Head of Research at Morgan Stockbroking Limited (Perth) prior to joining Tolhurst Noall as a Corporate Advisor in July of 1998. As Head of Research, Mr Le Page was responsible for the supervision of all Industrial and Resources Research. As a Resources Analyst, Mr Le Page published detailed research on various mineral exploration and mining companies listed on the ASX. The majority of this research involved valuations of both exploration and production assets. Prior to entering the stockbroking industry, he spent 10 years as an exploration and mining geologist in Australia, Canada and the United States. His experience spans gold and base metal exploration and mining geology, and he has acted as a consultant to private and public companies. This professional experience included the production of both technical and valuation reports for resource companies.

Mr Le Page holds a Bachelor of Arts, a Bachelor of Science and a Masters Degree in Business Administration from the University of Adelaide, a Bachelor of Applied Science (Hons) from the Curtin University of Technology and a Graduate Diploma in Applied Finance and Investment from the Financial Securities Institute of Australia. He is a Member of the Australasian Institute of Mining and Metallurgy and a Fellow of the Financial Securities Institute of Australia.

19.0 COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Guy T. Le Page, who is a Member of the Australasian Institute of Mining & Metallurgy. Mr Mitchell has sufficient experience relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 JORC CODE. Mr Guy T. Le Page consents to the inclusion in the Notice of Meeting and Independent Expert Report in the matters based on his information in the form and context in which it appears.

20.0 DISCLAIMERS AND CONSENTS

This report has been prepared at the request of **Green Rock** for inclusion in the Notice of General Meeting which will be sent to all **Green Rock** Shareholders. **Green Rock** engaged **RM Corporate Finance** to prepare an independent expert's report to consider the proposal for **Green Rock** to raise additional funds as set out in **Green Rock's** announcement to the ASX on 31 October 2014.

RM Corporate Finance hereby consents to this report accompanying the above Notice of General Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of **RM Corporate Finance**. **RM Corporate Finance** takes no responsibility for the contents of the Notice of Meeting other than this report.

RM Corporate Finance has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of **Green Rock** in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of **RM Corporate**

Finance acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence. **RM Corporate Finance** provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of **RM Corporate Finance** is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the transactions, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Green Rock, or any other party.

RM Corporate Finance has also considered and relied upon independent property valuations for properties held by Green Rock. The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that **RM Corporate Finance** has no obligation to update this report for events occurring subsequent to the date of this report.

Yours sincerely

A handwritten signature in black ink, reading "Guy T. Le Page". The signature is written in a cursive, flowing style.

Guy T. Le Page. FFIN, MAusIMM
DIRECTOR

ANNEXURE A- Copulos Group Funding Terms

Short Term Funding Agreement – material terms

1.	Loan	AUD\$1,000,000
2.	Conversion Price	\$0.05 or, if the remainder of the Capital Raising is undertaken at a lower price, the same price as the remainder of the Capital Raising.
3.	Conversion Conditions	<p>(a) The Company obtaining all necessary regulatory and shareholder approvals pursuant to the ASX Listing Rules, Corporations Act 2001 (Cth) or any other law to allow the Company to issue the Shares to the Lender; and</p> <p>(b) the Company lodging a prospectus with the Australian Securities and Investments Commission subsequent to the date of this Agreement for the offer of Securities to raise at least \$2,500,000; and</p> <p>(c) the Company receiving conditional approval for the re-instatement to trading of the Company.</p>
4.	Issue Date	The date that Shares are issued in respect of a conversion of the Loan being not more than 30 days after satisfaction of the Conversion Condition.
5.	End Date	The date that is 12 months from the Execution Date.
6.	Interest Rate	10% per annum.
7.	Placement Securities	<p>(a) 20,000,000 Shares; and</p> <p>(b) 5,000,000 Options</p> <p>subject to any change that might arise if the Conversion Price in Item 2 is altered.</p>
8.	Repayment Date	31 December 2015
9.	Facility fee	USD\$50,000 payable in Green Rock Ordinary Shares (subject to shareholder approval)

ANNEXURE B- Sources of Information

In making our assessment, I have reviewed relevant published and unpublished information on **Green Rock Energy** and the relevant associated entities. In addition I have held discussions with the directors and management of **Green Rock Energy**. Information received and reviewed by me includes, but is not limited to the following:

1. Annual Report, **Green Rock**. 2012.
2. Annual Report, **Green Rock**. 2013.
3. Annual Report, **Green Rock**. 2014.
4. ASX Announcement, **Green Rock**, Quarterly Activities Report, 31 October 2014.
5. ASX Announcement, **Green Rock**, Prospectus for \$2.5 million with priority offer to shareholders, 31 October 2014.
6. ASX Announcement, **Green Rock** Trading Halt, 29th October 2014.
7. ASX Announcement, **Green Rock**, Graphite Discovery and Exploration Update, 27th October 2014.
8. ASX Announcement, **Green Rock**, ENB, Eneabba to acquire prospective Perth Basin gas project, 22nd October 2014.
9. ASX Announcement, **Green Rock**, Green Rock expands Tanzanian Graphite Tenement Portfolio, 6th October 2014.
10. ASX Announcement, **Green Rock**, Foster Stockbroking appointed Lead Manager, \$5.0 million capital raising, 30th September 2014.
11. ASX Announcement, **Green Rock**, New experienced board elect to join Green Rock, 24th September 2014.
12. ASX Announcement, **Green Rock**, Exercises option to Purchase Tanzanian Graphite Projects, 18th September 2014.
13. ASX Announcement, **Green Rock**, Additional & Encouraging Graphite Mineralisation, 10th September 2014.
14. ASX Announcement, **Green Rock**, GRK Increases its Tenement Holding Mahenge Tanzania, 22nd August 2014.
15. ASX Announcement, **Green Rock**, GRK Exploration Underway at Mahenge Nth Graphite Prospect, 7th August 2014.
16. ASX Announcement, **Green Rock**, Cleansing Statement and Appendix 3B, 29th July 2014.
17. ASX Announcement, **Green Rock**, Working Capital Placement, 23rd July 2014.
18. ASX Announcement, **Green Rock**, Agreement to acquire Graphite Project Tanzania, 7th July 2014.
19. Baurens. S. (2010) **Valuations of Metals and Mining Companies**.
20. Baxter, J.L. and Chisolm, J.M. (1990) **Valuation reflections**. The AusIMM Bulletin, vol. 3, 1990. pp. 22–26.
21. Bird Cameron, **Control Premium Study**, 2013. pp. 7–8.
22. Kilburn, L.C. (1990) **Valuation of Mineral Properties which do not Contain Exploitable Reserves**, CIM Bulletin, vol. 83, pp. 90–93, August 1990.
23. Lawrence, R.D. (1989) **Valuation of Mineral Assets: Accountancy or Alchemy? Paper presented at CIM Annual General Meeting**, Quebec, 2, May 1989.
24. Lawrence, R.D. (17 May 1998) **Valuation of Mineral Assets: An Overview. Paper presented as part of a course for the Geological Association of Canada and the Prospectors and Developers Association of Canada**.
25. Lilford, E.V. (2002) **Methodologies in the Valuation of Mineral Rights**. Project Report submitted to the Faculty of Engineering, University of the Witwatersrand, Johannesburg.
26. Lilford, E.V. **Advanced Considerations, Applications and Methodologies in the Valuation of Mineral Properties**. Doctoral thesis submitted to the Faculty of Engineering and the Built Environment, University of the Witwatersrand, Johannesburg 2004.
27. Roscoe, W.E. (1999), **The Valuation of Mineral Properties for Compensation**. Presentation to the British Columbia Expropriation Society, Fall Seminar, Vancouver, October 1999.
28. Schwab, B. and L Usztig, P (1969). **A Comparative Analysis of the Net Present Value and the Benefit-Cost Ratio as Measures of the Economic Desirability of Investments**, Journal of Finance, 24 June 1969, pp. 507–511.
29. HDRSalva.com Global Commodity Update, August 2014
30. Alabamagraphite.com website, December 2014
31. Globe Metals and Mining website, December 2014.

ANNEXURE C- Glossary of Terms

A\$	Australian dollars.
Act	The Corporations Act (cwth) 2001.
Archaeon	The geologic eon before the Proterozoic Eon, before 2.5 Ga (billion years) ago, or 2,500 Ma (million years).
ASIC	The Australian Securities and Investments Commission.
ASX	The Australian Securities Exchange.
Assay	A procedure where the element composition of a rock soil or mineral sample is determined.
Craton	Is an old and stable part of the continental lithosphere.
DCF	Discount Cash Flow.
Deposit	A mineralised body which has been physically delineated by sufficient drilling and found to contain sufficient average grade of metal or metals to warrant further exploration and development expenditure.
Diamond drilling	A method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.
Dip	The angle at which a rock stratum or structure is inclined from the horizontal.
EBIT	Earnings before interest and tax.
Fault zone	A wide zone of structural dislocation and faulting.
FME	Future maintainable earnings.
Geochemical	Pertains to the concentration of an element.
Geophysical	Pertains to the physical properties of a rock mass.
Granite	A common type of intrusive, felsic, igneous rock.
Igneous	A rock that has solidified from molten rock or magma.
In-situ	In the natural or original position.
IGR	Independent Geologists Report
Indicated Mineral Resource	An Indicated Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.
Inferred Mineral Resource	An Inferred Mineral Resource is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes which may be of uncertain quality and reliability.
Intrusion/Intrusive	A body of igneous rock that invades older rock.
Internal Rate of Return	The discount rate often used in capital budgeting that makes the net present value of all cash flows from a particular project equal to zero. Generally speaking, the higher a project's internal rate of return, the more desirable it is to undertake the project. As such, IRR can be used to rank several prospective projects a firm is considering. Assuming all other factors are equal among the various projects, the project with the highest IRR would probably be considered the best and undertaken first.
Joint venture	A business agreement between two or more commercial entities.
JORC Code 2012	Joint Ore Reserves Committee (of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia). A code developed by the Australian Joint Ore Reserves Committee which sets minimum standards for public reporting of exploration results, Mineral Resources and Ore Reserves.
Lithology	A term pertaining to the general characteristics of rocks.
M	Millions.
MAusIMM	A post-nominal that signifies the holder is Member of the Australian Institute of Mining and Metallurgy ("AusIMM"). Under the JORC reporting code, a competent person must be at a minimum a member of the AIG or the AusIMM.
Metamorphism	Process by which changes are brought about to rock in the earth's crust by the agencies of heat, pressure and chemically active fluids.
Mineralisation	A geological concentration minerals or elements of prospective economic interest.
Mineral	A substance occurring naturally in the earth which may or not be of economic value.
Mineralised zone	Any mass of rock in which minerals of potential commercial value may occur.

Mineral Resource	A mineral inventory that has been classified to meet the JORC code standard.
Mt	Million Tonnes.
NAV	Net asset value.
Net Present Value	NPV compares the value of a dollar today to the value of that same dollar in the future, taking inflation and returns into account. If the NPV of a prospective project is positive, it should be accepted. However, if NPV is negative, the project should probably be rejected because cash flows will also be negative.
Open pit	A mine working or excavation open to the surface.
Ore	Material that contains one or more minerals which can be recovered economically.
Ore Reserve	An Ore Reserve that has been classified to meet the JOR code standard.
Outcrops	Surface expression of underlying rocks.
Payback Period	The time required for the cumulative net cash inflows from a project to equal the initial cash outlay.
RAB drilling	A relatively inexpensive and less accurate drilling technique (compared to RC drilling) involving the collection of sample returned by compressed air from outside the drill rods.
RC drilling	Reverse Circulation drilling, whereby rock chips are recovered by airflow returning inside the drill rods, rather than outside, thereby returning more reliable samples.
Reserves	The portion of a mineral deposit which could be economically extracted or produced at the time of the Reserve determination. These are classified as either proven, probable or possible Ore Reserves based on the JORC code.
Resource	An occurrence of material of intrinsic economic interest in a form that provides reasonable prospects for eventual economic extraction. These are classified as Measured, Indicated or Inferred ore resources based on the JORC code.
Rock chip sampling	The collection of rock specimens for mineral analysis.
Shareholders	Means the shareholders of Green Rock.
Shear Zone	A generally linear zone of stress along which deformation has occurred by translation of one part of a rock body relative to another part.
Strike	Horizontal direction or trend of a geological structure.
Subscription Agreement	Agreement which outlines a strategic partnership between Green Rock and the Copulos Group and the terms that the Copulos Group will invest approximately \$1 million for an approximate 22.81%-24.24% to stake in the capital of Green Rock.
t	Tonne.
Tpa	Tonnes per annum.
Tenements	Large tracts of land granted under lease to mining companies and prospectors by the government.
US\$	United States Dollars.
Vein	A hydrothermal igneous rock that intrudes other rocks, often containing valuable minerals.
Volcanic	A geological term to describe rocks formed from volcanic activity.
VWAP	Volume weighted average shares.