



ASX Release

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The Manager
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Company Announcements Office

GB ENERGY LIMITED (ASX: GBX) QUARTERLY ACTIVITIES REPORT FOR QUARTER ENDED 31 December 2009

Highlights

- **\$1,544,034 non-renounceable rights issue successfully completed**
- **Supreme Court of WA rules in favour of GB Energy in Protean Power funding dispute**
- **Deed of Settlement signed with Protean Power resulting in GB Energy's equity interest increasing to 49% and return of \$250,000 cash held in Court**
- **Slovak Uranium Project year 2 exploration program completed**
- **Russell Barnett appointed non-executive Chairman**



Review of Operations

Energy and Clean-Tech and Renewable Energy Opportunities

GB Energy is focused on developing and commercialising early stage energy projects through its strategy of project acquisition in the energy and clean-tech and renewable energy sectors.

Non-Renounceable Rights Issue - \$1,544,034

In December GB Energy successfully completed a non-renounceable rights issue of 61,761,385 shares at 2.5 cents per share with 1 free attaching option with each share subscribed for on the basis of 1 share for every 1 share held by shareholders. The maximum amount of \$1,544,034 was raised with the issue being partly underwritten by the directors of GB Energy. Proceeds of the placement will be used to: repay in full the Directors loans of \$414,834; Slovak uranium exploration expenditure; project acquisition in the energy and clean-tech and renewable energy sectors; and general working capital.

Protean Power™ Wave Energy Technology - 49% interest

In November the Supreme Court of Western Australia found in favour of GB Energy in the matter of GB Energy Limited vs. Protean Power Pty Ltd & Others. In finding for GB Energy, the Honourable Justice Le Miere confirmed GB Energy's position that the Funding and Subscription Deed is binding on the parties and that GB Energy is entitled to be sole funder of stage 2 of the development of the Protean Wave Energy Technology. His Honour also found that Sean Moore and Kingsley Fiegert are obliged under the Deed to appoint two GB Energy nominee directors to the Board of Protean Power. The defendants, Protean Power, Sean Moore and Kingsley Fiegert were also ordered to pay GB Energy's costs of the action. His Honours findings mean that GB Energy was wholly successful in the action and the steps taken by GB Energy completely vindicated.

Following the successful court action a Deed of Settlement was signed in December between GB Energy, Protean Power, Sean Moore and Kingsley Fiegert. Under the original Funding and Subscription Deed GB Energy could earn up to a 50% equity interest in Protean Power by expending a total of \$2.1 million dollars of stage 2 funding. GB Energy has currently provided Protean Power with funding of \$750,000 to earn a 20% equity interest with a further \$250,000 paid into court pending the outcome of the Supreme Court proceedings. Under the new Deed of Settlement reached between the parties the following terms have been agreed:

- GB Energy will be returned the \$250,000 currently held in court



- GB Energy will be transferred shares from Sean Moore and Kingsley Fiegert so as to hold 49% of Protean Power with 1% to be held by eNGN Limited, a company controlled by Graeme Kirke, a former Director of GB Energy and current substantial shareholder, and the remaining 50% to be held by Sean Moore and Kingsley Fiegert
- GB Energy waives any right it has to enforce the costs order against Protean Power, Sean Moore and Kingsley Fiegert as handed down in the recent Supreme Court proceedings
- GBX nominee directors on the Protean Power Board immediately step down as directors of Protean Power
- In the event that Protean Power engages in any capital raising within the next 2 years, GB Energy has the right to participate under the same terms and conditions and proportion to their shareholding

Day to day operations of the company will be managed by Protean Power Managing Director Sean Moore and work on stage 2, which involves the design and construction of a commercial prototype is in progress.

The directors of GB Energy are pleased with the settlement as it provides GB Energy with a similar shareholding in Protean Power to what would have been obtained under the original deed but without the further expenditure of \$1.35 million dollars and allows Protean Power to concentrate current resources on completing design and construction of the commercial prototype.

Uranium Exploration Slovakia – 100%

GB Energy, through its wholly owned subsidiary GBE Exploration Pty Ltd, holds 100% of three uranium exploration licences in Slovakia. In nearby licences Canadian company Tournigan Energy Ltd have completed a positive Preliminary Assessment (Scoping Study) and is moving towards a Prefeasibility Study on the development of a published 31 million pound resource at Kuriskova (Indicated Resource 1.19MT grading 0.558% U3O8 for 14.6 million pounds and Inferred Resource 3.78MT grading 0.215% U3O8 for 17.9 million pounds).

Modern systematic uranium exploration programmes have not been conducted on the GB Energy licences which cover uranium mineralisation areas initially explored by the Soviets in the 1960's.

During the quarter GB Energy completed a year 2 exploration program on the three licences including ground radiometric surveys. The results of the program are expected to be known in the first quarter of 2010.



About GB Energy

GB Energy is an Australian based company (ASX code GBX) focused on developing and commercialising early stage energy projects through its strategy of project acquisition in the energy and clean-tech and renewable energy sectors.

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The technical information contained in this report was compiled by Mr Ross Ashton B.Sc. (Geology) who has over 37 years experience in the resources sector.