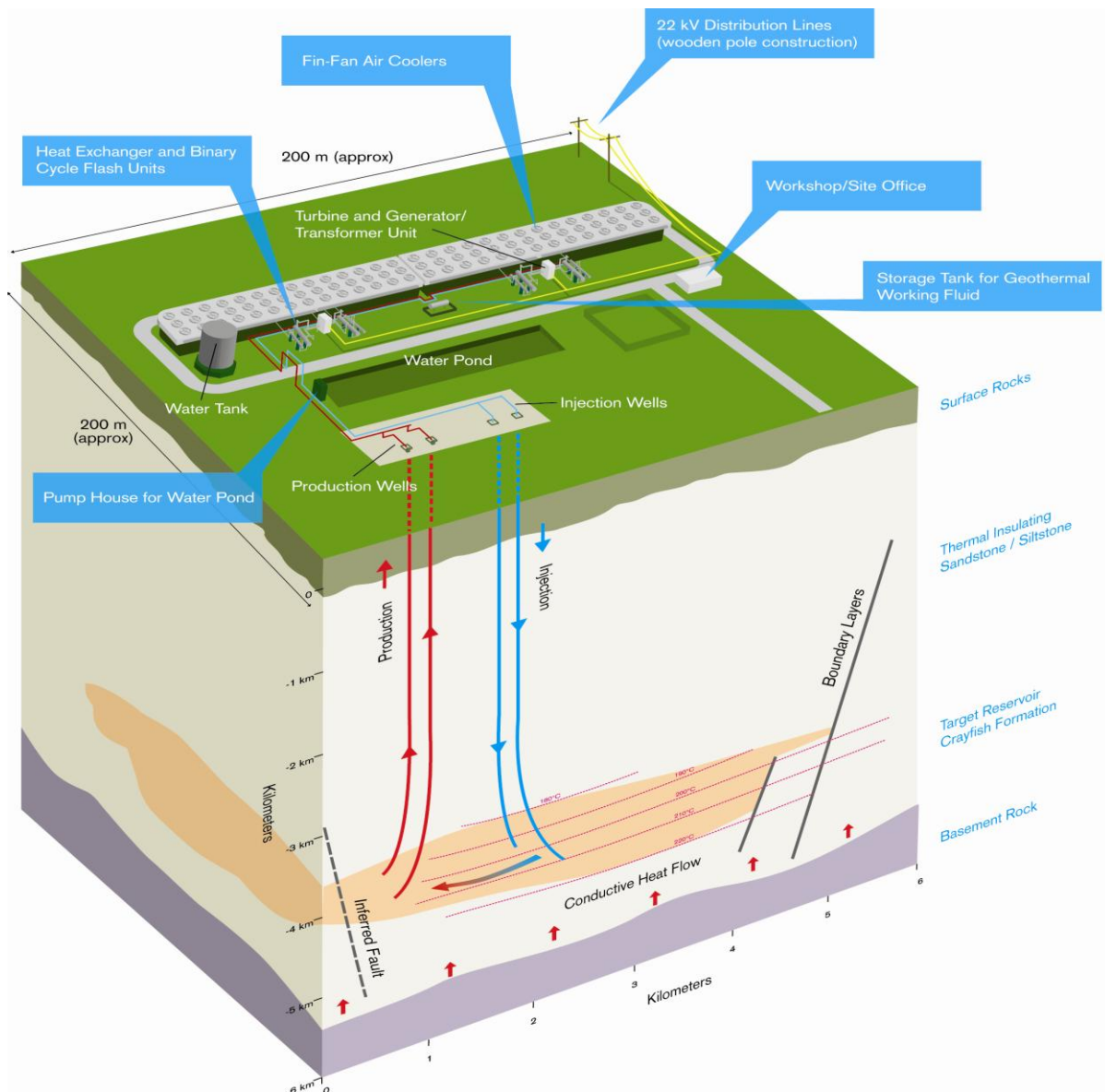


GREENEARTH ENERGY SIGNS \$25M FUNDING AGREEMENT WITH VICTORIAN STATE GOVERNMENT

Greearth Energy Limited (ASX:GER) is pleased to announce it has successfully concluded negotiations with the Victorian State Government and executed the \$25 million funding agreement for our flagship conventional geothermal project, the Geelong Geothermal Power Project (GGPP).

The \$25 million Victorian Government grant funding was awarded in December 2009 under the government's Energy Technology Innovation Strategy (ETIS). The funding was awarded to assist two stages of the GGPP development, the first being \$5 million towards establishing Proof of Resource, with a further \$20 million awarded for Stage 2 12MW_e demonstration upon a successful Proof of Concept.



Geelong Geothermal Power Project Demonstration Stage (12MW_e) 3D Conceptual Model

Proof of Resource will involve the drilling of an initial well to a depth of approximately 4,000m and conducting a short term flow test to analyse the results in terms of temperature, geothermal fluid flow rate and formation permeability. The \$5 million grant funding will be applied to assist the completion of this stage.

Upon the establishment of suitable resource parameters, a second well will be drilled to produce a "couplet" and establish Proof of Concept and allow for an extended flow test to allow extensive analysis of the commercial viability of the resource and construction of a 12MW_e geothermal demonstration plant. The \$20 million portion of the ETIS grant will contribute to achieving the development of the demonstration stage being the 12MW_e geothermal plant. The separate tranches of the funding are paid on the achievement of set milestones and are subject to a number of conditions precedent including securing the necessary project funds to complete each stage.

Greenearth Energy is delighted with the continued dedication and support shown by the Victorian Government. The vision, leadership and commitment shown demonstrates the importance that the Victorian Government places on developing renewable energy alternatives and to Victorian-based companies who have demonstrated innovative projects which will provide benefits to all Victorians.

In parallel with the funding agreement negotiations, Greenearth Energy have continued its discussions with Alcoa of Australia in relation to areas of potential collaboration outlined in the Memorandum of Intent (MoI) signed in November 2010 as well as undertaking community consultation in relation the selection of a suitable site for Stage 1 and Stage 2.

Mark Miller, Managing Director commented: "The achievement of this milestone after many months of negotiations is most welcome and underpins the potential value this flagship conventional geothermal project holds for the state. The ongoing support from the Victorian Government highlights its dedication to promote innovative, renewable energy alternatives to the people of Victoria."

"We will now seek support from the Australian Government in the form of an application to the newly announced *Emerging Renewables* program for support for Stage 1 of the GGPP."

"The GGPP represents a major opportunity for collaboration between the Victorian and Commonwealth governments along with Industry partners, to bring to fruition a baseload (24/7) renewable energy alternative fulfilling the vision of a Clean Energy Future."

For more information, please contact Greenearth Energy on +61 3 9620 7299.



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Harnessing the heat beneath our feet



Media release

The Hon Michael O'Brien MP

Minister for Gaming
Minister for Consumer Affairs
Minister for Energy and Resources

Thursday 3 November 2011

Vic Coalition Govt commits \$25 million to potential Geelong-area geothermal plant

The Victorian Coalition Government has provided further significant support for renewable energy with a \$25 million investment in a grid-connected geothermal demonstration project near Geelong.

Minister for Energy and Resources Michael O'Brien said today that Greenerth Energy Ltd had signed a contract with the Coalition Government for the Geelong Geothermal Power Project (GGPP), which could result in a 140-megawatt (mW) geothermal power plant providing clean, renewable power for 100,000 homes.

"The Coalition Government is committed to supporting the future of renewable energy through projects like the GGPP," Mr O'Brien said.

"Realisation of this geothermal resource is still some time away, but this grant will support Greenerth Energy to prove the geothermal resource and pilot a 12 mW power station using hot water from about 4 km beneath the surface.

"Our Energy Technology Innovation Strategy (ETIS) provides practical support for the development of sustainable energy in Victoria, and this year's Budget delivered on our commitment to double the funding for ETIS to \$82 million over this term."

The staged approach to GGPP will initially confirm the productive properties of the target hot sedimentary geothermal aquifer and – if a geothermal resource is proven – then develop a commercial geothermal plant that could produce up to 140 mW of baseload energy.

The Coalition Government will contribute \$5 million to help Greenerth prove the geothermal resource, with a further \$20 million to be made available if milestones are met and a 12 mW grid-connected demonstration plant is built.

While a site for the project is yet to be finalised, Greenerth holds an exploration licence that covers an area around the Geelong-area townships of Gherang, Wensleydale and Anglesea.

"Greenerth would have to satisfy rigorous and comprehensive planning and environmental regulations and carry out local community consultation before any work could begin," Mr O'Brien said.

"Greenerth already has a significant consultation program underway and the Coalition Government expects Greenerth to work closely and cooperatively with any communities in which it seeks to operate."

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