



**Greenearth
Energy Ltd.**

A.C.N 120 710 625



**QUARTERLY
ACTIVITIES REPORT
FOR THE THREE
MONTHS ENDED
30 SEPTEMBER 2008**

CORPORATE DIRECTORY

Directors

Simon R. Molesworth AM, QC (Chairman)
Robert J. Annells (Non-executive Director)
John T. Kopcheff (Non-executive Director)
Robert L. King (Executive Director)

Managing Director

Mark Miller (Managing Director)

Company Secretary

Vicki M. Kahanoff BBus CPA

Registered Office

Level 14
500 Collins Street
Melbourne Victoria 3000

Telephone: (03) 9620 7299

Facsimile: (03) 9629 1624

Stock Exchange

Australian Stock Exchange Limited
Level 3 530 Collins Street
Melbourne Victoria 3000
ASX code: GER

Auditors

Pitcher Partners

Bankers

Westpac Banking Corporation

Address for Correspondence

P.O. Box 24
Collins Street West
Victoria 8007

Email: greeneearth@greeneearthenergy.com.au

Web site: www.greeneearthenergy.com.au

Share Registry

Computershare Investor Services Pty. Ltd.
Yarra Falls 452 Johnston Street
Abbotsford Victoria 3067
(03) 9415 5000

Legal Advisors

Baker & McKenzie

The company operates a web site (www.greeneearthenergy.com.au) which directors encourage you to access for the most recent information on the Greenearth Energy Group.

HIGHLIGHTS

- Managing Director position filled by Mr Mark Miller
- Expression of Interest (EOI) made to the Commonwealth Government's Geothermal Drilling Fund for a proof of concept well in the Geelong area
- Expression of Interest (EOI) made to the Commonwealth Government's Geothermal Drilling Fund for a proof of concept well in the Gippsland area
- Preparatory work commenced for the Bellarine Magnetotelluric survey with lodgement of the Operations Plan with the Regulator and Landowner access agreements signed

OVERVIEW OF ACTIVITIES

CORPORATE DIRECTIONS

Greenearth Energy Limited (Greenearth) listed on the Australian Stock Exchange (ASX) on 4 February 2008.

The company holds permits in Victoria where the major energy companies are situated and any potential geothermal resource found will be close to existing infrastructure. Initial geological work is indicating that the company's acreage has the ability to contain hot sedimentary aquifer (HSA) systems as well as Hot Dry Rock (HDR) or Enhanced Geothermal Systems (EGS).

Greenearth Energy is also strategically interested in other areas in Australia, New Zealand and the greater Pacific Rim.

A number of potential end users within its permits have been identified and discussions are continuing with various parties with the aim to establish a number of mutually beneficial working relationships.

New Managing Director

On 3 September 2008, Mr Mark Miller joined the Greenearth Energy Ltd team, in the capacity of Managing Director. Mr Miller has extensive senior management experience across a number of industries both domestically and internationally, including downstream oil marketing, consumer products manufacturing and distribution, banking and finance as well as environmental technology. Mr Miller holds a Bachelor of Science Degree (majoring in Geology) from LaTrobe University, Melbourne.

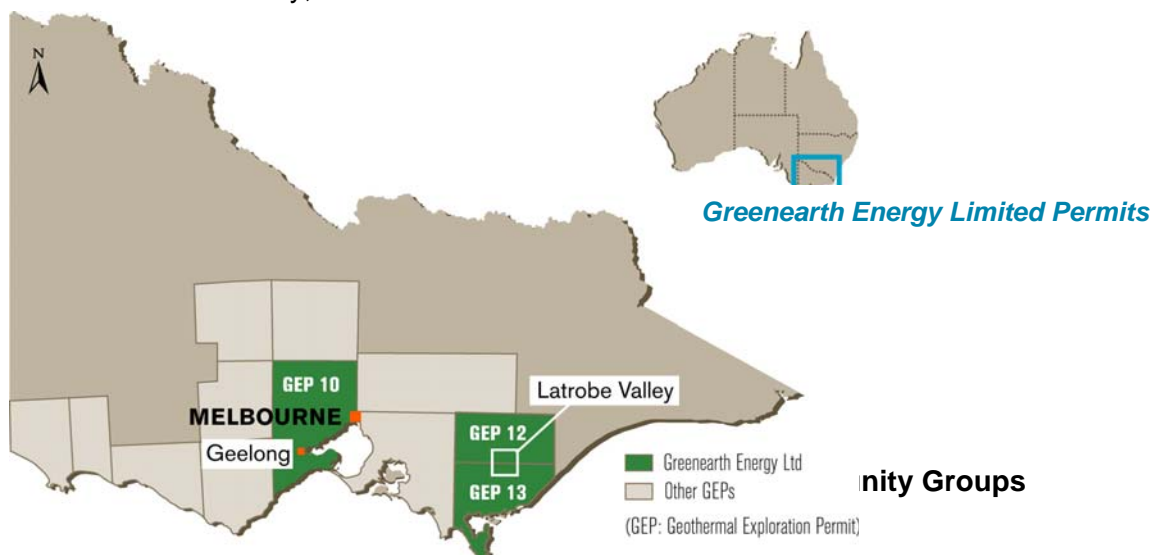
Submission of Expression of Interests (EOIs)

Greenearth Energy submitted two Expression of Interests (EOIs) to the Federal Government for funding from the Geothermal Drilling Fund.

The funding can provide up to \$7m for each individual application to assist in drilling "proof of concept" wells within the Geothermal industry.

One EOI relates to Greenearth's Hot Sedimentary Aquifer geothermal potential in the onshore Gippsland area. The agreement with Lakes Oil NL has enabled Greenearth to access petroleum well data, which has helped identify areas where hot saline aquifers are known to exist. Greenearth Energy has also proposed to test rocks that have the only onshore potential for sequestering CO₂. If they are successful in their application, providing an opportunity to extract double the data from the one application of funds. The sedimentary layers that have been modelled to underlie the Latrobe Valley, which contains the most concentrated greenhouse gas footprint in Australia. To date no drill hole has intersected these rocks in Gippsland and they remain untested at depth.

The second EOI is centred around Greenearth Energy's hot saline aquifer potential within the Geelong area. Work completed to date as well as work currently being undertaken, has highlighted a number of areas of interest where sandy horizons were mapped in the depth window of 3-4.5 km.



Greenearth Energy Limited has identified a number of interested parties across its permits that would benefit from forging relationships to achieve joint goals in advancing geothermal resources as a viable alternative to existing energy sources. Greenearth Energy is having ongoing discussions with power generating companies, end user industries, concerned community representatives as well as Universities who have research and development opportunities to enhance the renewable sector.

OPERATIONAL ACTIVITIES

Gippsland Basin (GEP 12 and 13), - 100% Equity

The Gippsland area is currently the primary focus of the company. This area contains historical data that can be used to confirm that this area is a prospective geothermal area. Operations in these areas have been a mixture of geological studies and exploration drilling.

Mapping and Modelling

The company contracted Hot Dry Rocks Pty Ltd to carry out thermal mapping work within all its permit areas. The initial work results which were included in the IPO Prospectus indicated specific areas of relatively high heat flow.

The second phase of Heat flow mapping continued in this permit. This program of temperature measurement and thermal conductivity analysis is designed to validate and build upon the first phase of heat flow mapping carried out in 2007.

Micro Earthquake (MEQ) Monitoring – Pilot Trial

Greenearth Energy together with the University of Auckland commenced work for a trial of monitoring micro earthquakes as a technique to identify prospective geothermal areas. This technique (which is used overseas) records earthquakes. From the recording, indicative patterns can help delineate major fracture zones and key sedimentary layers. Also, importantly, use of shear wave splitting may define potential permeable zones. Although micro-earthquake monitoring while creating artificial fractures is common place, the use of monitoring natural micro earthquakes as an exploratory tool in this context is believed to be a first within Australia.

Small earthquakes are numerous in the Gippsland area and it is planned to place a geophone or

sonde down an existing deep well to record these small earthquakes. The coordination agreement with the concurrent petroleum explorer, Lakes Oil NL, has enabled Greenearth to gain access to the Loy Yang 2 petroleum well which can be accessed to a depth of 1,400m which is well below the brown coal zones. The coals have greatly constrained previous surface geophysical techniques in the area. Regulatory approval was obtained during the quarter and work commenced on the design of the sonde that will enable it to operate in the Loy Yang 2 well. It is expected the sonde will be placed in the well in the next quarter. If proved to be successful the pilot trial will be expanded in the future.

Otway Basin- Geelong Area (GEP 10) - 100% Equity

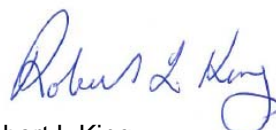
Mapping and Modelling

An assessment was conducted of the Hot Sedimentary Aquifer potential of the permit and highlighted that the area to the southwest of Geelong offered potential for this type of geothermal resource. Seismic sequence stratigraphy showed a number of areas of interest where sandy horizons were mapped in the depth window of 3-4.5 km. These areas are located near a number of industries in the Geelong area with significant greenhouse gas footprints. Work commenced on calculating an inferred geothermal resource.

Regulatory approval was obtained for a 50 km magnetotelluric survey and running from the Lake Modewarre area along the Bellarine Peninsula to St Leonards. Land access owner agreements were obtained and the survey is scheduled to commence in late October 2008. The magnetotelluric survey method is an important tool in mapping the shape of the basement and the location of the overlying potential target hot sedimentary aquifers.

The second phase of Heat flow mapping continued in this permit. This program of temperature measurement and thermal conductivity analysis is designed to validate and build upon the first phase of heat flow mapping carried out in 2007.

Signed on behalf of Greenearth Energy Ltd.



Robert L King
Executive Director
Dated 30 October 2008

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

GREENEARTH ENERGY LIMITED

ABN

60 120 710 625

Quarter ended ("current quarter")

30 SEPTEMBER 2008

Consolidated statement of cash flows

	Current quarter \$A '000	Year to date (3 months) \$A '000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for: (a) exploration and evaluation	(191)	(191)
(b) development	-	-
(c) production	-	-
(d) administration	(284)	(284)
(e) capital raising costs	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	26	26
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 (a) Net movement in GST suspense account	30	30
Net operating cash flows	(419)	(419)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	(758)	(758)
(c) other fixed assets	(148)	(148)
1.9 Proceeds from sale of: (a) prospects	66	66
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Debtors	(138)	(138)
Net investing cash flows	(978)	(978)
1.13 Total operating & investing cash flows (carried forward)	(1,397)	(1,397)

Appendix 5B – Greenerth Energy Limited (GER)
Mining exploration entity quarterly report – 30 September 2008

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.13 Total operating & investing cash flows (brought forward)	(1,397)	(1,397)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares options, etc.	1	1
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Farm-in/Joint Venture contributions	-	-
Net financing cash flows	1	1
Net increase (decrease) in cash held	(1,396)	(1,396)
1.20 Cash at beginning of quarter/year to date	8,304	8,304
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	6,908	6,908

**Payments to Directors of the entity and associates of the Directors;
Payments to related entities and associates of the related entities.**

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	130
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors Fees: \$64,037

Consulting and professional fees paid to Director-related entities: \$65,876

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

Appendix 5B – Greenearth Energy Limited (GER)
Mining exploration entity quarterly report – 30 September 2008

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements – Bank overdraft	-	-

Estimated cash outflows for next quarter

	\$ A'000
4.1 Exploration and evaluation	250
4.2 Development	-
Total	250

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$ A'000
5.1 Cash on hand and at bank (item 1.22)	6,908	8,304
5.2 Deposits at call	45	45
5.3 Bank overdraft	-	-
5.4 Investments in listed companies (market value)	137	150
Total: cash at end of quarter	7,090	8,499

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Appendix 5B – Greenearth Energy Limited (GER)
Mining exploration entity quarterly report – 30 June 2008

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Number issued	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-	-		
7.2 Changes during quarter	-	-		
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	66,780,762	42,714,096		
7.4 Changes during quarter				
(a) Increases through issues	2	2	-	-
(b) Decrease through returns of capital, buy-backs	-	-		
7.5 +Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		

Appendix 5B – Greenearth Energy Limited (GER)
Mining exploration entity quarterly report – 31 March 2008

7.7	Options			<i>Exercise price</i>	<i>Expiry date</i>
	<i>Directors</i>	4,500,000	-	45 cents	30 September 2012
	<i>Staff</i>	1,500,000	-	45 cents	30 September 2012
	<i>Man. Director</i>	1,000,000	-	20 cents	30 September 2010
	<i>Man. Director</i>	2,000,000	-	20 cents	30 September 2012
	<i>Third parties</i>	33,333,333	-	45 cents	30 September 2012
	<i>Third parties</i>	2,000,000	-	45 cents	30 September 2012
	<i>Third parties</i>	22,260,118	14,237,897	30 cents	15 April 2009
	TOTAL	<u>66,593,451</u>	<u>14,237,897</u>		
7.8	Issued during the quarter	1,000,000		20 cents	30 September 2010
		2,000,000		20 cents	30 September 2012
7.9	Exercised during the quarter	2	2	30 cents	15 April 2009
7.10	Expired during the quarter	-	-	-	-
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>	-	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 30 October 2008

Company Secretary

Print name: **Vicki Kahanoff**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

Appendix 5B – Greenearth Energy Limited (GER)
Mining exploration entity quarterly report – 30 June 2008

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 1022; *Accounting for Extractive Industries* and AASB 1026: *Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complies with.

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