

ASX ANNOUNCEMENT, 1 OCTOBER 2013

GEELONG GEOTHERMAL POWER PROJECT - ETIS FUNDING UPDATE

- Greenearth Energy notified of termination of ETIS Funding Agreement for the GGPP;
- Continues to develop Latrobe Valley interests with Monash University;
- Reviewing next steps for all Australian Geothermal interests;
- The Group is well placed for future growth via its established operating businesses.

Greenearth Energy Ltd ("Greenearth Energy" – ASX:GER) has been notified that the \$25 million Energy Technology Innovation Strategy (ETIS) funding agreement with the Victorian Government's Department of State Development, Business and Innovation has been terminated by the Victorian Government. The funding agreement was terminated due to the unsuccessful Expression of Interest ("EOI") for funding under the Federal Government's Emerging Renewables Program ("ERP") for the company's Geelong Geothermal Power Project ("GGPP").

Greenearth Energy is disappointed with the lack of support and commitment shown by the Victorian Government and the Federal Government's ERP to assist in developing this renewable energy project for Victoria and the regional town of Geelong. Further to the declined proposal from the Federal Government's Emerging Renewables Program ("ERP"), as announced on the 26th August 2013, the Victorian Government declined to hold discussions with Greenearth Energy in relation to the funding agreement and potential next steps, until we were notified that the funding had been withdrawn.

The geothermal team at Greenearth Energy has invested a considerable amount of time and effort into the GGPP and has received fantastic support from industry partners (such as ALCOA of Australia, Leighton Contractors Pty Ltd, Holcim Australia Pty Ltd and The University of Melbourne) and leading engineering consulting firms including Sinclair Knight Merz ('SKM') and Hot Dry Rocks Pty Ltd. It is disappointing to have this funding withdrawn despite positive feedback from these leading geothermal experts and at a stage where the Australian renewable energy sector is looking for ways to progress towards the Australian Federal Government's target of a 5% reduction in CO₂ emissions by 2020.

Greenearth Energy continues to develop the Latrobe Valley geothermal assets with our industry partner, Monash University and will continue discussions with key parties to the GGPP in order to determine the appropriate next steps for Greenearth Energy's Australian geothermal interests.

In recent years, Greenearth Energy's board made a conscious decision to diversify into additional businesses, focusing on both short and medium term cash flow opportunities in the Industrial Energy Efficiency sector. This decision was accompanied by a concerted effort to enable Greenearth Energy to take advantage of the sizeable market opportunities in this segment. This initiative put Greenearth Energy in a great position as we focus on the Industrial Energy Efficiency sector in Australia and New Zealand, and CO₂ to fuel conversion markets globally. These businesses continue to show positive and growing signs of development now and in the future.

Greenearth Energy is very well positioned to capitalise on the new Federal Government's focus on "Direct Action", as a method to reduce CO₂ emissions and improve the profitability of our customers and our businesses.



Greenearth Energy Managing Director, Samuel Marks said:

"Although disappointed with the Victorian Government's approach to Geothermal opportunities in Victoria, the endeavours by our geothermal team, including the enormous effort exuded by our former Managing Director Mark Miller and former Executive Director Robert King, along with the entire Greenearth Energy team, should be applauded. It was not for a lack of effort or determination which has seen this come up against another government funding hurdle.

"With the ongoing focus at a Federal Government Level on reductions in CO₂ emissions, and policy aimed at Direct Action, Greenearth Energy is well positioned for the immediate future via our Industrial Energy Efficiency operations and our investment in NewCO₂Fuels Israel. We look forward to ongoing progress and appreciate the continued support of our shareholders."



Samuel Marks
Managing Director
Greenearth Energy Limited

Please direct all enquiries to Samuel Marks, Managing Director, telephone 03 9620 7299.

About Greenearth Energy Ltd

Greenearth Energy Limited is a diversified Australian-based renewable energy company with interests in conventional geothermal resources in Australia and the wider Pacific Rim as well as technology-focussed solutions in the energy efficiency and CO₂ to fuel conversion markets.

Greenearth Energy Ltd - <http://www.greenearthenergy.com.au>