

ASX ANNOUNCEMENT AND MEDIA RELEASE, 20 May 2010

\$7M DRAFT FUNDING AGREEMENT RECEIVED BY GREENEARTH ENERGY

Greenearth Energy Limited (ASX:GER) (Greenearth Energy) on December 14, 2009 announced that the company's flagship Victorian geothermal energy project, the Geelong Geothermal Power Project (GGPP) had been awarded \$7 million Australian Government funding from round two of the Geothermal Drilling Program (GDP).

On Tuesday May 18 2010, the company received the draft GDP funding agreement from the newly formed Australian Centre for Renewable Energy (ACRE) within the Department of Resources, Energy and Tourism (DRET). Greenearth Energy has until June 17 to execute the agreement allowing an initial drawdown of funds in support of the company's flagship hot sedimentary aquifer (HSA) geothermal energy project located in the Wensleydale - Gherang area northwest of Anglesea, Victoria.

Greenearth Energy is also currently in advanced negotiations with the Victorian State Government further to its announcement of December 9, 2009 regarding the Victorian Government awarding the company \$25 million under the Energy Technology Innovation Strategy (ETIS) for large scale, pre-commercial, sustainable energy demonstration projects. The Geelong Geothermal Power Project was awarded \$5 million for the Stage 1 Proof of Concept and, upon successful completion of Stage 1, a further \$20 million for the Stage 2, 12MW_e geothermal demonstration energy plant.

Greenearth Energy's Geelong Geothermal Power Project Stage 1 Proof of Concept is in a unique position, being supported by both State and Federal funding totalling \$12 million.

Since the grants were announced in December 2009 the company has been involved in detailed community and stakeholder consultation program as well as operational planning for the commencement of the Stage 1 Proof of Concept.

Mark Miller, Managing Director commented: "We are delighted to finally see a draft funding agreement from ACRE and we can now conclude our contractual negotiations with the Australian and Victorian Government"



Mark Miller
Managing Director
Greenearth Energy Limited