



ASX ANNOUNCEMENT AND MEDIA RELEASE, 14 December 2009

\$7M GRANT AWARDED TO GEELONG GEOTHERMAL POWER PROJECT

GREENEARTH ENERGY SECURES STATE AND FEDERAL FUNDING

- **\$7M Federal Government grant awarded to Greenearth Energy's Geelong Geothermal Power Project**
- **\$12M Secured for Stage 1 Proof-of-Concept with combined Victorian and Australian Government Funding Support**
- **\$20M Allocated for Stage 2 12MW_e Demonstration Plant with Victorian Government Funding Support**
- **Geelong Geothermal Power Project endorsed by separate Australian and Victorian Government grant programs totalling \$32M**
- **Stage 1 Proof-of-Concept drilling earmarked to commence second half 2010**

Greenearth Energy Limited (ASX:GER) (Greenearth Energy) are pleased to advise that its Geelong Geothermal Power Project (GGPP) has been awarded \$7 million Australian Government funding from round two of the Geothermal Drilling Program (GDP).

The Minister for Resources and Energy, the Honourable Martin Ferguson AM MP, has announced five geothermal energy projects to receive Australian Government funding of \$35 million from round two of the \$50 million Geothermal Drilling Program.

The Geothermal Drilling Program (GDP) will support Proof-of-Concept projects and will help establish Australia as a world leader in geothermal technology development.

This Australian Government funding for Greenearth Energy's flagship Victorian Geelong Geothermal Power Project (GGPP) Stage 1 Proof-of-Concept, comes only a week after the Victorian Government, under the Energy Technology Innovation Strategy (ETIS) for large scale, pre-commercial, sustainable energy demonstration projects, awarded Greenearth Energy \$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 power 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.

Mark Miller, Managing Director commented: "On the back of last week's grant by the Victorian Government for Stages 1 and 2 of the Geelong Geothermal Power Project to now have the Australian Government's support for our Stage 1 Proof-of-Concept, underpins and endorses our flagship Victorian geothermal power project.

"To have Australian Government and State Government technical and commercial experts independently assess our project and separately award grants for both stages of the Geelong Geothermal Power Project confirms our view of the merit and potential of this substantial base load, renewable energy project opportunity.

"We have had stellar support for our project from both industry and community of the Greater Geelong region from day one. We have been greatly assisted; we thank them all and look forward to working hard to deliver these communities and industries alike a clean, base load, renewable energy alternative.

"With such unanimous endorsement in our project we look forward to achieving our immediate priority of securing the remaining funding to commence the Geelong Geothermal Project's Stage 1 Proof-of-Concept as soon as possible".

Greenearth Energy has secured the Weatherford Drilling International 2,000 HP Rig 828 for the company's Stage 1 Proof-of-Concept drilling which is planned to commence in the second half of 2010.



Weatherford Drilling International 2,000 HP Rig 828

Media releases from the Minister for Energy and Resources, the Honourable Martin Ferguson AM MP, Victorian Energy and Resources Minister the Honourable Peter Batchelor and Victorian Environment Minister the Honourable Gavin Jennings for Energy and Resources are attached.

For more information, please contact Mark Miller on (03) 9620 7299 or 0407 035 800.

Mark Miller
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Please visit www.greenearthenergy.com.au to view our Geelong Geothermal Power Project Video

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beneath our feet*



MEDIA RELEASE

MARTIN FERGUSON

Minister for Resources and Energy
Minister for Tourism

13 December, 2009

GEOTHERMAL ENERGY GETS A \$35 MILLION BOOST

The Minister for Resources and Energy, Martin Ferguson AM MP, has announced five geothermal energy projects to receive Australian Government funding of \$35 million from round two of the \$50 million Geothermal Drilling Program.

The Geothermal Drilling Program will support more than \$180 million worth of investment in this exciting new clean energy technology. In addition, geothermal energy was a big winner from the Renewable Energy Demonstration Program, with two projects worth approximately \$535 million receiving Australian Government funding of more than \$150 million.

Geoscience Australia estimates that if just 1% of Australia's geothermal energy was extracted it could supply Australia's total annual energy requirements for 26,000 years.

This is a huge resource if we can get the technology breakthroughs necessary to deliver geothermal energy to market cost-effectively and reliably.

The Australian Government recognises the need to pull through these emerging clean energy technologies as the world transitions to a low carbon economy.

The Geothermal Drilling Program is supporting proof-of-concept projects and will help establish Australia as a world leader in geothermal technology development.

Second-round Geothermal Drilling Program recipients of \$7 million each are:

- **Hot Rock – Koroit in the Otway Basin, Victoria**
- **Geodynamics – near Bulga in the Hunter Valley, New South Wales**
- **GRE Geothermal WA1 – Perth metro area, Western Australia**
- **Greenearth Energy – near Geelong, Victoria**
- **Torrens Energy – Parachilna, South Australia**

This investment will help meet the Australian Government's three major energy-related goals:

- Increasing energy security by diversifying energy supplies;
- Reducing Australia's CO2 emissions to 60 per cent below 2000 levels by 2050; and,
- Producing 20 per cent of Australia's electricity from renewable sources by 2020.

Australia's geothermal resource is world-class and if we can make technology breakthroughs and drive down costs, geothermal energy could play a significant role in providing clean, reliable and affordable baseload energy for centuries.

The Australian Government has now committed more than \$200 million to accelerate geothermal energy technology development, demonstration and deployment in Australia, leveraging a total investment in excess of \$720 million.

Background

Hot Rock Limited's proof of concept project at Koroit in the Otway Basin, Victoria will aim to define 'proven reserves' through the drilling and testing of two deep deviated standard size production appraisal wells. Hot Rock's project could result in the first geothermal pilot power plant in Victoria by the end of 2010, followed by plans for a 10MW demonstration plant by 2012.

Geodynamics Limited's proof of concept project in the Hunter Valley, New South Wales will aim to drill two 4,500m holes followed by stimulation and flow testing. Geodynamics believes this resource has the potential to support a 200 MW plant.

GRE Geothermal WA1's project in Perth will aim to prove the geothermal energy that is recoverable within the Perth Metropolitan Area. This resource is significant as a demonstration of medium temperature geothermal resources for commercial applications.

Greenearth Energy Limited's project near Geelong in Victoria will aim to drill two wells into a hot sedimentary aquifer to a depth of up to 4 kilometres. A sustained extraction and injection of hot fluids will be demonstrated from wells co-located at the surface.

Torrens Energy Limited at Parachilna in South Australia aims to prove the expected temperatures of the geothermal resource and the suitability as an enhanced geothermal system for generating power.

Wednesday, 9 December, 2009

GEELONG REGION HEATS UP AS A HUB FOR GEOTHERMAL

The Brumby Labor Government will provide up to \$25 million for a major clean energy project that could create Victoria's largest demonstration geothermal power plant.

If successful, the Geelong Geothermal Power Project could eventually power more than 120,000 homes with clean, renewable energy.

Energy and Resources Minister Peter Batchelor and Environment Minister Gavin Jennings today announced that Greenerth Energy's proposal was the first to share in \$72 million for large-scale, pre-commercial, sustainable energy demonstration projects.

"Our Government is continuing to move towards a low-emissions energy future by driving investment in cleaner energy projects throughout Victoria," Mr Batchelor said.

"The Greenerth Energy project, located about 11 kilometres north-west of Anglesea, will be planned in two stages.

"We will provide \$5 million immediately for stage one, which involves work to confirm the extent and quality of hot sedimentary aquifers at the project site. The company will drill to depths of up to 4000 metres to test temperatures.

"If the geothermal resource meets expectations, the Brumby Labor Government will provide a further \$20 million towards the construction and demonstration of a \$64 million 12MW geothermal power plant that can feed renewable power into the local grid.

"This would be Victoria's largest demonstration geothermal power plant connected to the grid.

"Importantly, the location is close to crucial electricity grid infrastructure and heavy industry, which is important to the expansion and commercialisation of the project."

Geothermal energy is a clean and green renewable energy source generated from naturally occurring heat from hot rocks and water reservoirs deep beneath the earth's surface.

Preliminary work by Greenerth shows that the geothermal resource at the site is capable of supporting greater than 140MW of renewable base-load power generation.

Mr Jennings said providing funding for sustainable energy projects was just one of the ways the Government was driving investment in cleaner energy sources.

"Geothermal energy is a renewable energy source that has the potential to provide a constant flow of base-load power to the state's electricity grid," Mr Jennings said.

"Government investment in this exciting project underscores the Brumby Government's commitment to ensuring Victoria is a leader in renewable and clean energy development.

Member for South Barwon Michael Crutchfield said the announcement was great news for the Geelong region.

“Victoria’s south-west is rapidly emerging as a cleaner-energy hub and projects like Greenerth’s are creating a climate of opportunity for regional Victoria,” Mr Crutchfield said.

“The development of projects like this is great news for all Victorians who will see not only the environmental benefits from developing cleaner electricity generation, but the economic benefits from new renewable energy jobs.”

Mr Batchelor said the Government awarded three geothermal exploration permits, covering almost 19,000 square kilometres, to Greenerth Energy in May 2007.

These permits enable the company to explore and develop geothermal resources in the Latrobe Valley and Gippsland, Bellarine Peninsula and Surf Coast and the Geelong/Daylesford area.