

## HIGH MODELLLED TEMPERATURES BENEATH THE LOY YANG POWER STATIONS, LATROBE VALLEY, VICTORIA

- Zone of elevated heat flow encompassing the Latrobe Valley to Sale region.
- 150°C modeled temperature beneath the Loy Yang Power Stations at a depth of 2,900m.
- Heat flow investigation returned estimates ranging up to 101 ± 26 mW/m<sup>2</sup>.
- Potential to explore for Power Generation, Direct Heat applications and onshore geo-sequestration.
- Located beneath electricity grid infrastructure.

Greenearth Energy Limited ("GER") announces significant results from heat flow investigations in its Geothermal Exploration Permits areas 12 and 13 in the Latrobe Valley area of Gippsland, Victoria.

The heat flow investigation, carried out by Greenearth Energy's consultants, Hot Dry Rocks Pty Ltd, advanced the earlier work presented in the Greenearth Energy IPO Prospectus in late 2007. The results confirmed that there is a trend of elevated heat flow through the Latrobe Valley from Moe towards Sale.

The heat flow investigation, across 10 wells, returned estimates ranging up to 101 ± 26 mW/m<sup>2</sup> (figure 1). Such values are significantly higher than the 60 mW/m<sup>2</sup> that is regarded as the global average for heat flow, which confirms the high level of prospectivity throughout major areas of both Greenearth Energy's Gippsland geothermal exploration permits.

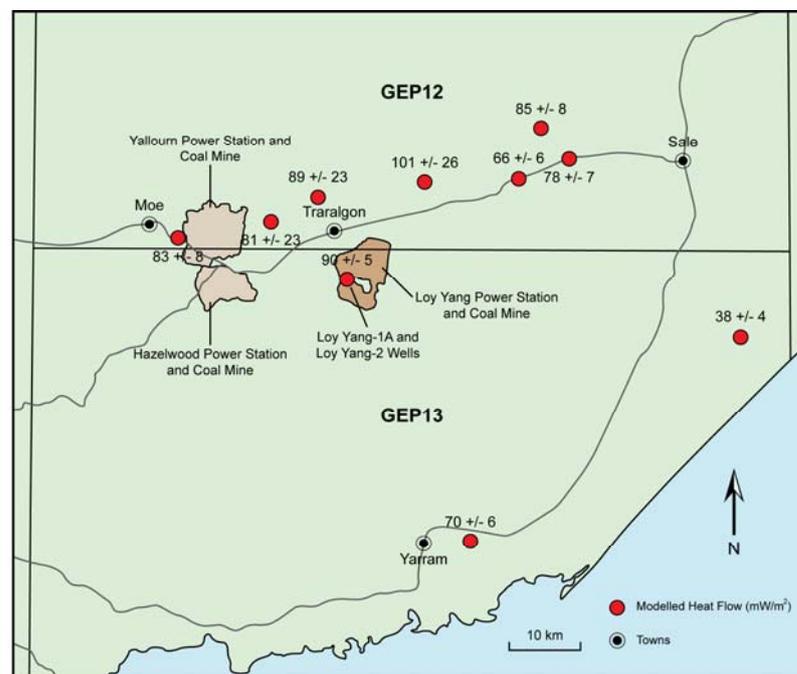


Figure 1 - Summary of heat flow investigations; red dots show heat flows well above the global average are recorded in the Latrobe Valley Area.

One of the most significant temperature projections is that of the Petroleum Well Loy Yang 2. Loy Yang 2 was drilled in 2005 by Lakes Oil N.L. (ASX:LKO) and is situated within the grounds of the Loy Yang A brown coal fired power station. Due to the strategic alliance with Lakes Oil N.L., Greenearth Energy was able to gain access and complete precision temperature logging to a depth of 713m. This combined with log data, original temperature readings, stratigraphic information and thermal conductivity measurements assigned to the sandy and silty sedimentary sequences in the Cretaceous rocks of the area, enabled a reliable estimate of heat flow of 90 mW/m<sup>2</sup> for this location.

Based on this information a heat flow model was used to predict the temperature down the well. The model was used to predict temperatures at depth based on assumed deeper geology. The geology is known to 1,736m from the nearby Loy Yang 1A well and below 1,736m, a scenario was modeled down to 3,500m.

An estimated temperature of 150°C, was achieved considering the geological scenario presented, at a projected depth of 2,900 ± 400m (figure 2).

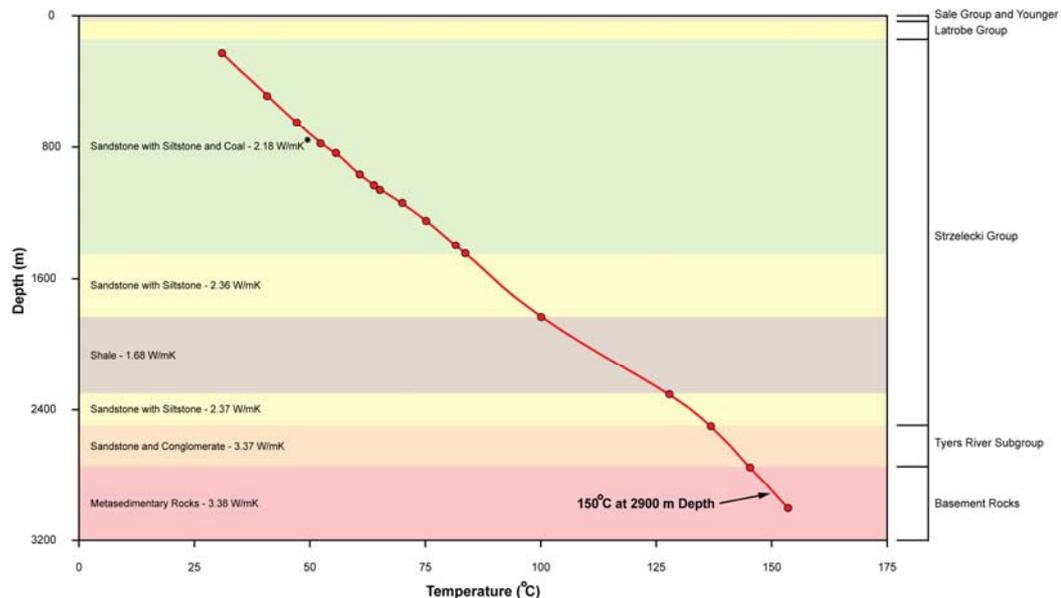


Figure 2 – Modelled temperature of Loy Yang 2 Well (\*Thermal Conductivity)

Greenearth Energy’s Managing Director, Mark Miller, said “This modelling shows excellent temperatures at around 3km beneath the Latrobe Valley. Any porous sandy sediment at that depth in the Latrobe Valley area should exhibit sufficient permeability to yield adequate fluid flow for the generation of electricity utilising an Organic Rankine Cycle (ORC) geothermal power plant.

“The Loy Yang 2 Well has established high heat flows in the heart of the industrial power generation hub of Victoria. This area is adjacent to major electricity generation and transmission facilities and further underpins the company’s view of the significant geothermal potential of the Latrobe Valley area.

“Additionally we believe these units have the potential for further investigation in terms of their ability to act as onshore CO<sub>2</sub> storage sites at the point of generation.

“The potential to generate emissions free base-load renewable electricity, heat for industrial processes as well as onshore CO<sub>2</sub> geo-sequestration at the point of generation represents a unique opportunity for the State that requires a collaborative approach to funding for research and ultimately development.”

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