

EARTH HEAT RESOURCES LTD
ARBN 86 115 229 984

**NOTICE OF THE ANNUAL GENERAL MEETING OF
SHAREHOLDERS TO BE HELD ON FEBRUARY 28, 2013**

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "Meeting") of the shareholders of Earth Heat Resources Ltd. (the "Company") will be held at The London Room, The George, 216 St. Georges Terrace, Perth WA on Thursday February 28, 2013 at 11.00am to conduct the Business as detailed in this Notice of Meeting.

If you are unable to attend the meeting, we encourage you to complete and return the enclosed Voting Form. Information to assist Shareholders with the lodgement of proxies and the relevant time frame for lodgement, is provided on page 3 of this Notice under the heading "Important Information".

The enclosed Management Information Circular accompanies and forms part of this Notice of Meeting. Shareholders are advised to read these documents in full as important background information is included.

Where permitted by law, the Chairman will be casting undirected proxy votes held by him in favour of the Resolutions.

BUSINESS

A. Financial Statements

To receive and consider the comparative financial statements of the Company for the financial years ended September 30, 2012 and 2011, together with the report of the auditor thereon. Consideration of the financial statements does not require a formal vote.

B. Proposed Resolutions:

Resolutions 1 to 7 and 10 to 11 are ordinary resolutions requiring a simple majority of votes cast and Resolutions 8 and 9 are special resolutions requiring a majority of votes cast in excess of 75%, both from shareholders attending in person or voting by proxy.

1. To set the number of Directors for the ensuing year

Resolution 1 - as an Ordinary resolution

"That the number of Directors for the ensuing year be set at 3"

2. To re-elect Raymond Douglas Shaw as a Director

Resolution 2 - as an Ordinary Resolution

"That Raymond Douglas Shaw be re-elected as a Director of the Company."

3. To re-elect Torey Robert Marshall as a Director

Resolution 3 - as an Ordinary Resolution

"That Torey Robert Marshall be elected as a Director of the Company."

4. To elect Malcolm Edward Lucas-Smith as a Director

Resolution 4 - as an Ordinary Resolution

"That Malcolm Edward Lucas-Smith be elected as a Director of the Company."

5. To appoint auditors for the ensuing year and to authorize the Directors to fix their remuneration

Resolution 5 - as an Ordinary Resolution

"That Grant Thornton Audit Pty Ltd be appointed as auditors of the Company for the ensuing year and the Directors be authorised to fix the auditors remuneration as appropriate."

6. Consideration of Remuneration Report

Resolution 6 – as an Ordinary Resolution

“That for the purposes of section 250R(2) of the Corporations Act, the Remuneration Report (which forms part of the Directors' Report for the year ended 30 September 2012) be adopted”.

Note: Although section 250R(3) of the Corporations Act provides that the vote on this Resolution is advisory only and does not bind the Directors, there are potentially serious consequences associated with a "No" vote greater than 25%.

Voting Restriction on Resolution 6: A vote on Resolution 6 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the remuneration report; or
- (b) a closely related party of such a member.

However, a person described above may cast a vote on Resolution 6 if:

- (a) both the following apply:
 - (i) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 6; and
 - (ii) the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above; or
- (b) all of the following apply:
 - (i) the person is the Chairman of the Meeting; and
 - (ii) the Chairman does so as a proxy appointed by means of the proxy form circulated with this Notice of Meeting that does not specify how the proxy is to vote on Resolution 6; and
 - (iii) the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above; and
 - (iv) the proxy expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the company.

7. Ratification of Prior Issue of Securities to Non Related Sophisticated Investors

Resolution 7 - as an Ordinary Resolution

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue in December 2012 of 110,000,000 Shares at \$0.002 each and 55,000,000 attaching options on the terms and conditions set out in the Management Information Circular which accompanies and forms part of this Notice of Meeting.”

Voting Restriction on Resolution 7

The Company will disregard any votes cast on Resolution 7 by:

- A person who participated in the issue of securities; and
- Any associate of those persons.

However, the Company need not disregard a vote if it is cast by:

- a person as a proxy for a person who is entitled to vote, in accordance with the directions on the voting form; or
- the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the voting form to vote as the proxy decides.

8. Change of Place of registration of the Company from Canada to Australia

Resolution 8 - as a Special Resolution

“That for the purposes of Section 60IAJ of the Corporations Act 2001 (Cth) and all other purposes, Shareholders approve:

- 1. the transfer of the Company's place of registration / incorporation from British Columbia, Canada to Australia;*
- 2. the transfer of the Company's unquoted common stock issued in Canada to quoted ordinary shares listed on the Australian Securities Exchange;*
- 3. the conversion of the quoted CHESS Depository Instruments issued in Australia to quoted ordinary shares;*
- 4. changing the Company balance date to 30 June annually; and*

authorising the Directors of the Company to take all other steps and do all other things that may be necessary and / or required to bring about such changes as soon as possible."

9. Adoption of New Constitution

Resolution 9 - as a Special Resolution

"That Shareholders approve the adoption of a replacement Constitution for the Company as attached to the Management Information Circular which accompanies and forms part of this Notice of Meeting."

10. To approve an issue of shares to Director, Torey Robert Marshall in lieu of cash payment for accrued remuneration

Resolution 10 - as an Ordinary Resolution

"That for the purposes of ASX Listing Rule 10.11, and all other purposes, Members approve the issue of fully paid ordinary shares to Torey Robert Marshall (or his nominee) in the manner and for the purpose specified in the Management Information Circular which accompanies and forms part of this Notice of Meeting."

Voting Restriction on Resolution 10

The Company will disregard any votes cast on Resolution 10 by:

- Torey Robert Marshall; and
- Any associate of Torey Robert Marshall.

However, the Company need not disregard a vote if it is cast by:

- a person as a proxy for a person who is entitled to vote, in accordance with the directions on the voting form; or
- the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the voting form to vote as the proxy decides.

11. To approve an issue of shares to Director, Dr. Raymond Douglas Shaw in lieu of cash payment for accrued remuneration

Resolution 11 - as an Ordinary Resolution

"That for the purposes of ASX Listing Rule 10.11, and all other purposes, Members approve the issue of fully paid ordinary shares to Dr. Raymond Douglas Shaw (or his nominee) in the manner and for the purpose specified in the Management Information Circular which accompanies and forms part of this Notice of Meeting."

Voting Restriction on Resolution 11

The Company will disregard any votes cast on Resolution 11 by:

- Dr. Raymond Douglas Shaw; and
- Any associate of Dr, Raymond Douglas Shaw.

However, the Company need not disregard a vote if it is cast by:

- a person as a proxy for a person who is entitled to vote, in accordance with the directions on the voting form; or
- the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the voting form to vote as the proxy decides.

12. Approval of future securities placement

Resolution 12 - as an Ordinary Resolution

"That for the purposes of Listing Rule 7.1 and all other purposes the shareholders approve the allotment and issue of up to 200,000,000 fully paid ordinary shares and 166,666,667 free attaching options to any party or parties nominated by the Company, or nominated by the Placement Manager, DJ Carmichael Pty Ltd for that purpose (who shall not be related parties), on the terms and conditions set out in the Management Information Circular which accompanies and forms part of this Notice of Meeting."

Voting Restriction on Resolution 12

The Company will disregard any votes cast on Resolution 12 by:

- Any person who may participate in the proposed issue of securities;
- A person who may obtain a benefit except solely in the capacity of a holder of ordinary securities if the resolution is passed; and

- Any associate of those persons.

However, the Company need not disregard a vote if it is cast by:

- a person as a proxy for a person who is entitled to vote, in accordance with the directions on the voting form; or

the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the voting form to vote as the proxy decides.

C. Chairman's address on significant events during the financial year.

To be presented at the Meeting.

IMPORTANT INFORMATION

The accompanying Management Information Circular provides additional information relating to the matters to be addressed at the Meeting and is deemed to form part of this Notice.

Record Date

In accordance with the requirements of the Business Corporations Act (British Columbia), the Directors have fixed the close of business on January 24, 2013 as the record date for determination of shareholders entitled to notice of and the right to vote at the Meeting, either in person or by proxy.

Proxy voting by holders of common stock

Shareholders who are unable to attend the Meeting are requested to complete, sign, date and return the proxy. A proxy will not be valid unless it is deposited by mail or by fax at the office of Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, ON M5J 2Y1 (Fax: Within North America: 1-866-249-7775. Outside North America: (416) 263-9524 not less than 72 hours (excluding Saturdays and holidays) before the time fixed for the Meeting or an adjournment thereof.

Proxy voting by holders of CDIs

Holders of CDIs are invited to attend the meeting. CDI holders may complete, sign and return the enclosed CDI Voting Instruction Form to Computershare Investor Services Pty Limited, at GPO Box 242, Melbourne, Victoria, 3001 Australia (free fax number within Australia: 1800 753 447 or outside Australia: +61 3 9473 2555) in order to direct CHESS Depository Nominees Pty Ltd. ("CDN") to vote the relevant underlying Common Shares on his or her behalf or may instruct CDN to appoint such CDI holder or his or her nominee as proxy to vote the Common Shares underlying the CDIs in person at the meeting. In either case, the CDI Voting Instruction Form needs to be received at the address shown on the Form not less than 72 hours (excluding Saturdays and holidays) before the time fixed for the Meeting or an adjournment thereof.

DATED at Sydney, Australia, this 16th day of January 2013.

BY ORDER OF THE BOARD OF DIRECTORS



M E Lucas-Smith
Company Secretary

MANAGEMENT INFORMATION CIRCULAR
FOR AN ANNUAL GENERAL MEETING
OF SHAREHOLDERS
TO BE HELD ON FEBRUARY 28, 2013

Earth Heat Resources Ltd.

Australia

Suite 9, Lester Court,
75a Angas Street,
Adelaide SA 5000

British Columbia

Suite 711, 675 West Hastings Street
Vancouver, BC V6B 1N2 Canada

LEGAL JURISDICTION

As the Company is incorporated in the province of British Columbia, Canada, registered in Australia as a foreign company and listed on the Australian Securities Exchange our legal advisers are of the view that the Australian Corporations Act 2001 as well as the Business Corporations Act (British Columbia) and the ASX Listing Rules apply. Accordingly this Management Information Circular (or "MIC") and the accompanying Notice of Meeting are issued in accordance with the requirements of the relevant legislations and the ASX Listing Rules.

A. CONSIDERATION OF FINANCIAL STATEMENTS

The Annual Report of the Company including the comparative Financial Statements for the financial years ended September 30, 2012 and 2011 will be presented to the meeting for review and discussion. A representative of the Company's auditor, Grant Thornton Audit Pty Ltd will be present at the meeting to answer questions on the Financial Statements. Consideration of the Annual Report and Financial Statements does not require a resolution.

B. PROPOSED RESOLUTIONS

RESOLUTION 1: SET NUMBER OF DIRECTORS

At the AGM held on 23 February 2012 management nominated (and the Shareholders appointed) three (3) Directors. Since that time Director Norman Zillman has retired effective 23 April 2012 and Malcolm Lucas-Smith was appointed as a Director as an interim measure. As a result of the above Directors Dr. Raymond Shaw, Mr. Torey Marshall and Mr. Malcolm Lucas-Smith are nominated for re-election as Directors in accordance with the requirements of the Company's Constitution.

Details of each of the nominees qualifications and experience is provided below and further information regarding all positions held in the Company and Director's compensation may be found in the Annual Report made available to Shareholders in accordance with their indicated preference i.e. by mail, email or notice of availability on the Company web site.

Details are provided hereunder and in the Annual Report for the Director nominees as required by Canadian National Instrument 51-102F5 including all positions and offices in the Company presently held by such nominees, the nominee's municipality of residence, principal occupation at present and during the preceding five years, the period during which the nominee has served as a director, and the number and percentage of Common Shares of the Company that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the date of this Management Information Circular.

Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the election of the persons named in Table 1 to the Board of Directors.

Management does not contemplate that any of such nominees will be unable to serve as directors. However, if for any reason any of the proposed nominees do not stand for election or are unable to

serve as such, **proxies held by Management Designees will be voted for another nominee in their discretion unless the shareholder has specified in his form of proxy that his Common Shares are to be withheld from voting in the election of directors.** According to the requirements of the current Constitution of the Company, each director elected will hold office until the next Annual General Meeting of Shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Company or the provisions of the Business Corporations Act (British Columbia) (the “**BCBCA**”) to which the Company is subject. However it should be noted that following the adoption of a new Constitution for the Company the election of Directors will be governed by that Constitution and the ASX Listing Rules which will only require one third of the Directors to be re-elected each year.

The Chairman will be casting undirected proxy votes held by him in favour of this Resolution. The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

RESOLUTIONS 2 TO 4: RE-ELECTION OF DIRECTORS

ASX Listing Rule 14.4 requires that Directors must not hold office (without re-election) past the third AGM following the Director’s appointment or 3 years whichever is longer, and ASX Listing Rule 14.5 requires an entity to hold an election of Directors each year. However the Company's Constitution requires all Directors to be re-elected each year. Accordingly the three existing Directors are submitted for re-election. Details of their qualifications and experience are provided below.

Dr. Raymond Douglas Shaw - Non-executive Chairman

Dr. Shaw was appointed a Director of the Company on January 22, 2010 and has been a resident of Sydney NSW for longer than the last 5 years.

Experience and expertise:

Dr Raymond Shaw is a geologist and geophysicist with more than 30 years’ experience in the resources and energy sector including the oil, gas and coal industries. He commenced his professional career as a petroleum explorationist with Shell Development Australia in Perth, prior to working for various consulting groups including the Swiss based international consulting firm Petroconsultants SA, as resident director based in Singapore and responsible for its Far East operations.

Dr Shaw was founding Managing Director of Great Artesian Oil and Gas Limited, prior to its listing on the ASX in 2003, until April 2007. In May 2007 he became Executive Chairman of ASX listed Enterprise Energy Limited. In 2008 he oversaw the merger and backdoor listing of some \$250 million of coal assets into Enterprise Energy as part of a restructuring and change in business to form Bandanna Energy Limited, of which he was Managing Director until March 2012.

He has consulted extensively to industry, government, and international aid agencies on a variety of resource projects throughout Australia and Asia, including the World Bank, Asia Development Bank and Ausaid. He was a part time consultant with the New South Wales Department of Mineral Resources for 7 years providing input for industry initiatives during the late 1990’s and early 2000’s. Dr Shaw holds a B.Sc (Hon 1) and Ph.D from the University of Sydney and Dip Law (SAB). He is a member of the Australasian Institute of Mining and Metallurgy and the American Association of Petroleum Geologists and he is also a director of ASX listed Red Gum Resources Ltd.

Special responsibilities

Chairman of Board of Directors

Torey Robert Marshall – Managing Director

Mr Marshall was appointed a Director of the Company on January 22, 2010 and has been a resident of Adelaide SA for 4 years and prior to that was a resident of Sydney NSW.

Experience and expertise

Mr Torey Marshall is a geologist with broad based technical and business development experience in the petroleum, mineral and geothermal sectors. This has resulted in the successful execution of various exploration programs (some resulting in discoveries), in a number of different areas. Having worked extensively as an exploration geoscientist in Australia, South America, Africa & the Middle East, his skills have been considerably expanded to include senior management experience of various private and public (unlisted) companies.

As part of his consulting practice, he has developed strategies for, and acquired projects on behalf of a number of clients at a number of scales (between \$1m and \$100m).

Mr. Marshall has a B.Sc (Hons) and M.Sc from University of South Australia and is a Chartered Professional member of the Australasian Institute of Mining and Metallurgy and an associate member of the American Association of Petroleum Geologists.

Mr. Marshall has been Managing Director of Earth Heat since January 2010 and was responsible for assembling its geothermal assets.

He is a director of ASX listed Red Gum Resources Ltd.

Special responsibilities

Managing Director

Malcolm Edward Lucas-Smith - Non Executive Director

Mr Lucas-Smith was appointed a Director of the Company on April 23, 2012 and has been a resident of Coolangatta NSW for 4 years and prior to that was a resident of Sydney NSW.

Experience and expertise

Mal Lucas-Smith has over 40 years' experience in finance, executive and non executive management, property development, corporate secretarial and administrative services.

During that period he spent 12 years with State Bank of New South Wales and 18 years with the property finance and the property joint venture divisions of Australian Guarantee Corporation Limited (AGC), at the time a listed subsidiary of Westpac Bank.

Mal left AGC of his own accord in September 1987 to form a corporate services business and has since worked within and consulted to the corporate sector often assisting new start ups and existing operations proposing to list on the Australian Securities Exchange, and also providing local representative and registered office services for offshore entities.

He is the Company Secretary of the following ASX listed companies; Healthlinx Limited, Medivac Limited and Red Gum Resources Limited and is also a Non Executive Director of HealthLinx Limited.

Special responsibilities

Company Secretary

| | | | | | | | | |
|------------------------|------|----------|-----|-----------|---------|-----|---------|-----|
| Joseph Zillman | 2012 | \$27,067 | nil | nil | nil/nil | nil | nil/nil | nil |
| | 2011 | \$48,000 | nil | nil | nil/nil | nil | nil/nil | nil |
| Non Executive Director | 2010 | \$28,280 | nil | nil | nil/nil | nil | nil/nil | nil |
| Jack Mulready | 2012 | nil | nil | nil | nil/nil | nil | n/a | nil |
| | 2011 | nil | nil | nil | nil/nil | nil | n/a | nil |
| Executive Director | 2010 | \$63,737 | nil | \$485,281 | nil/nil | nil | n/a | nil |

Notes:

- (1) “SARs” or “Stock appreciation right” means a right granted by the Corporation as compensation for services rendered, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of publicly traded securities of the Corporation.
- (2) “LTIP” or “long term incentive plan” means any plan which provides compensation intended to serve as incentive for performance to occur over a period longer than one financial year, but does not include option or stock appreciation right plans or plans for compensation through restricted shares or restricted share units.
- (3) Jack Mulready resigned as an Executive Director from January 12, 2010.
- (4) Norman Zillman resigned as a Director on April 23, 2012.

Option/SAR Grants During the Most Recently Completed Financial Year

There were no stock options granted to the Named Executive Officers during the year ended September 30, 2012.

LTIP or Long Term Incentive Plan

On 23 February 2012 the Managing Director, Torey Marshall was granted 40,000,000 long term Performance Rights escrowed for 24 months with conversion to ordinary shares subject to various KPIs and at the discretion of the Board. On 21 December 2012 the Board resolved that due to the changed and broadened direction of the Company the KPIs were no longer capable of being met and accordingly the Performance Rights were cancelled.

Aggregated Option/SAR Exercises During the Most Recently Completed Financial Year and Financial Year-End Option/SAR Values

There were no stock options or free standing SARs exercised by a Named Executive Officer, during the Corporation’s most recent fiscal year and the fiscal year end of unexercised options and SARs.

Long-Term Incentive Plans – Awards in Most Recently Completed Fiscal Year

On February 23, 2010 Shareholders approved an Employee Share Option Scheme full details of which were provided in the Management Information Circular for that meeting. The Company has not issued any stock options under the Scheme.

Pension and Retirement Plans and Payments Made Upon Termination of Employment

The Company does not have any pension or retirement plan. The Company has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person in connection with or related to the retirement, termination or resignation of such person and the Company has provided no compensation to such persons as a result of change of control of the Company, its subsidiaries or affiliates. The Company is not party to any compensation plan or arrangement resulting from the resignation, retirement or termination of employment of such persons.

Compensation of Directors

There are no arrangements under which directors were compensated by the Company and its subsidiaries during the most recently completed financial year for their services in their capacity as directors or consultants, other than as described below and as disclosed under “Summary Compensation Table”.

The following Table 3 sets forth compensation awarded or paid to, or earned by, the Directors of the Company in all capacities for services provided to the Company during the financial year ended September 30, 2012:

Table 3

| Name of Director | Directors' Compensation (A\$) | All Other Compensation Paid (A\$) | Number of Shares Under Option | Exercise Price | Date Granted/ Expiry Date |
|-------------------------|--------------------------------------|--|--------------------------------------|-----------------------|----------------------------------|
| Malcolm Lucas-Smith | Nil | \$48,000 | Nil | n/a | n/a |

Note:

Malcolm Lucas-Smith was not paid any Directors' Compensation. The All Other Compensation Paid represents his Company Secretary's fees.

For further information on Directors' experience and expertise including attendances at Directors' Meetings refer to the Directors' Report contained in the Consolidated Financial Statements for the year ended September 30, 2012.

Indebtedness of Directors and Senior Officers

During the most recently completed financial year, no director or senior officer, nominee for election as a director, nor any of their respective associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Corporation nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation.

Management Contracts

During the most recently completed financial year, no management functions of the Corporation were to any substantial degree performed by a person or company other than the directors of the Corporation.

Securities Authorized For Issuance Under Equity Compensation Plans

The following Table 4 sets out, as of the end of the Company's financial year ended September 30, 2012, all information required with respect to compensation plans under which equity securities of the Company are authorized for issuance:

Table 4

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a) | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b) | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c) |
|--|--|--|--|
| Equity compensation plans approved by securityholders | Nil (1) | N/A | 37,713,723 ⁽²⁾ |
| Equity compensation plans not approved by securityholders ⁽³⁾ | N/A | N/A | N/A |
| Total | NIL | N/A | 37,713,723 |

- (1) Options outstanding which have been granted pursuant to the Company's Stock Option Plan.
- (2) The Company has an Employee Share Option Scheme. The aggregate number of common shares reserved for issuance is a maximum of 5% of the issued and outstanding share capital of the Company at the date of grant. As at September 30, 2012, 37,713,723 options remained available for issuance.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth herein and below, or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or Named Executive Officer, proposed nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

Audit Committee

The Company does not currently have a properly constituted Audit Committee due to an insufficient number of Independent Directors. Consequently the responsibilities of the Audit Committee are held by the full Board. A summary of the responsibilities, activities and desirable membership of the Audit Committee is set out below and is followed by the Board in the discharge of that responsibility.

The Audit Committee's Charter

Mandate

The primary function of the audit committee (the "Committee") is to assist the board of directors in fulfilling its financial oversight responsibilities. The Committee reviews the financial reports and other financial information provided by the Company to regulatory authorities and its shareholders and reviews the Company's systems of internal controls regarding finance and accounting including our auditing, accounting and financial reporting processes.

The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

Composition

The Committee is comprised of three directors as determined by the Board of Directors. At least one member of the Committee should have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Audit Committee Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee are elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee is to meet at least once annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee is to meet at least annually with the external auditors in separate sessions.

Responsibilities and Duties

To fulfil its responsibilities and duties, the Committee shall:

Documents/Reports Review

- (a) Review and update the Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (c) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (d) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors.

Provided pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and account principles and practices as suggested by the external auditors and management.
- (d) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (e) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (f) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (g) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (h) Review certification process.
- (i) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

- (a) Review any related party transaction.

Composition of the Audit Committee

As stated above the functions and responsibilities of the Audit Committee are currently conducted by the full Board.

Relevant Education and Experience

Each audit committee member has gained financial literacy through their years of experience serving as directors or officers of other companies. In these positions, each member would be responsible for receiving financial information relating to their company and obtaining an understanding of the balance sheet, income statement and statement of cash flows and how these statements are integral in assessing the financial position of the company and its operating results. Each member has significant understanding of the oil and gas business which the Company engages in and has an appreciation for the relevant accounting principles for that business.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of MI 52-110 (*De Minimis Non-audit Services*), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of Multilateral Instrument 52-110.

Pre-Approval of Policies and Procedures

The Directors' have adopted specific policies and procedures for the engagement of non-audit services and are satisfied that the provision of non-audit services during the period by the auditor (or by another person or firm on the auditors' behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The aggregate fees billed by the Company's external auditors for each of the last two financial years was \$67,420 for 2011 and \$52,340 for 2010 as follows in Table 5:

Table 5

| | Grant Thornton Audit Pty Ltd. | | K S Black & Co | |
|------------------------|-------------------------------|-----------------|----------------|-----------------|
| | 2011 | 2011 | 2012 | 2011 |
| Audit Fees - Full Year | \$23,480 | \$28,480 | Nil | Nil |
| - Half Year | \$9,900 | Nil | Nil | \$8,250 |
| Tax related services | | Nil | Nil | \$18,690 |
| Other | \$5,000 | \$10,000 | Nil | \$2,000 |
| TOTALS | \$38,380 | \$38,480 | Nil | \$28,940 |

The Chairman will be casting undirected proxy votes held by him in favour of these Resolutions. The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of these Resolutions

RESOLUTION 5: APPOINTMENT OF AUDITOR

Grant Thornton Audit Pty Ltd was appointed auditor of the Company on 14 December 2011 and conducted the audit of the Company's 2011 and 2012 financial statements.

Accordingly, Management now nominates Grant Thornton Audit Pty Ltd, as auditor of the Company to hold office until the next Annual General Meeting of Shareholders with the Directors authorised to fix the auditor's remuneration.

The Chairman will be casting undirected proxy votes held by him in favour of this Resolution. The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

RESOLUTION 6: CONSIDERATION OF REMUNERATION REPORT

The Annual Report for the financial year ended 30 September 2012 forwarded to Shareholders with this Notice, or made available according to each Shareholder's nominated preference, includes a Remuneration Report commencing at page 8. The Corporations Act 2001 requires that a resolution to adopt the Remuneration Report is put to the Members at each AGM. The Directors commend the Remuneration Report to the Members.

This Resolution is subject to a material voting restriction which is detailed in the Notice of Meeting.

For the information of Members, the "No" vote cast on the Remuneration Report at the 2012 AGM was 0.4%.

The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

RESOLUTION 7: RATIFICATION OF PRIOR ISSUE OF SECURITIES TO NON RELATED SOPHISTICATED INVESTORS

In December 2012 the Company raised \$220,000 by the issue and allotment of 110,000,000 fully paid ordinary shares at \$0.002 per share plus 55,000,000 free attaching options, by private placement to non-related sophisticated investors. Details of the placement are provided at Table 6.

The free attaching options expire on 31 January 2016 and are exercisable at \$0.007 each.

The funds raised from the placement have been, and will be, used to fund the Company's working capital needs, to support existing assets and to pursue new opportunities.

Under ASX Listing Rule 7.4, shareholders may subsequently approve the issue of securities made within the limitation prescribed by Listing Rule 7.1. This Resolution seeks approval of the placements for the purposes of Listing Rules 7.1 and 7.4.

The effect of shareholder approval being obtained under Listing 7.4 is that securities issued without approval under Listing Rule 7.1 are treated as having been made with approval for the purposes of Listing Rule 7.1.

Following approval of this Resolution, the Company will again effectively be able to issue new securities up to a limit of 15% of its existing issued capital without prior approval of shareholders.

Table 6 – Placement to non related sophisticated investors at \$0.002 per share plus free attaching options

| Allottees | No. of Shares | No. of Options |
|---|----------------------|-----------------------|
| Zimwil Pty Ltd | 1,250,000 | 625,000 |
| Miss Kristy Lee Jennings | 500,000 | 250,000 |
| Michael James Ron | 2,000,000 | 1,000,000 |
| Mr Edwin Edward Bulseco | 1,500,000 | 750,000 |
| Mr Guiseppe Robert Spadaccini | 1,000,000 | 500,000 |
| Brownlow PR Pty Ltd | 500,000 | 250,000 |
| RADS Marketing Services Pty Ltd <RADS Family A/C> | 2,000,000 | 1,000,000 |
| LUCA Construct Pty Ltd | 500,000 | 250,000 |
| Mr Cameron John Pratt | 1,000,000 | 500,000 |
| Mr James Alexander Titcombe | 750,000 | 375,000 |
| Talltree Holdings Pty Ltd <D Steinepreis Family A/C> | 7,500,000 | 3,750,000 |
| N&J Mitchell Holdings Pty Ltd <Ord Street Properties A/C> | 7,500,000 | 3,750,000 |
| Mr HD Warner & Mrs DM Warner <The CBM Super Fund A/C> | 4,250,000 | 2,125,000 |
| Leilani Investments Pty Ltd <Rice Family Investment A/C> | 7,500,000 | 3,750,000 |
| Mr JR Taranto & Mrs TL Taranto <The Taranto Super Fund A/C> | 500,000 | 250,000 |
| Wiseplan Investments Pty Ltd <Leon Davies Investment A/C> | 1,000,000 | 500,000 |
| Mr C Macri & Mrs G Macri <The Claudio Macri S/F A/C> | 500,000 | 250,000 |
| Mr FP Saraceni & Mrs SM Saraceni <Saraceni Group S/Fund A/C> | 500,000 | 250,000 |
| Mr Peter Grogan | 2,000,000 | 1,000,000 |
| Mr BE Mazzucchelli & Mrs VA Mazzucchelli | 1,000,000 | 500,000 |
| HD Welding Services Pty Ltd <Ohoka Castle Ent S/F A/C> | 1,000,000 | 500,000 |
| Mr D Macri & Mrs R Macri <The Ricco Superfund A/C> | 2,000,000 | 1,000,000 |
| Mr Geoffrey Wake | 300,000 | 150,000 |
| Dr Margaret Jean Gibson | 500,000 | 250,000 |
| Mrs Toni Mathieson Frank | 5,000,000 | 2,500,000 |
| Gemelli Nominees Pty Ltd <Gemelli Family A/C> | 5,000,000 | 2,500,000 |
| Mr Stephen John Josland | 2,000,000 | 1,000,000 |
| Mrs LB Diggins & Mr MM Blanche <Diggins Superfund A/C> | 1,500,000 | 750,000 |
| Mr JA Carslaw & Mrs NC Carslaw <Carslaw Super Fund A/C> | 1,000,000 | 500,000 |
| Penryth Pty Ltd <Evelyn Broadley Retire A/C> | 1,000,000 | 500,000 |
| Firgrove Pty Ltd <The JAPA A/C> | 1,500,000 | 750,000 |
| LEET Investments Pty Ltd | 7,500,000 | 3,750,000 |
| Mr CJ Whitehead & Mrs EF Whitehead <Whitehead Super Fund A/C> | 1,500,000 | 750,000 |
| Verbena Road Pty Ltd | 1,000,000 | 500,000 |
| Mr Giovanni Spagnolo <Marcus Deluca A/C> | 7,500,000 | 3,750,000 |
| Mr Michael Nitsche | 2,500,000 | 1,250,000 |
| Camdor Investments Pty Ltd | 2,500,000 | 1,250,000 |
| Bond Street Custodians Pty Ltd <CPCPL-V08296 A/C> | 1,500,000 | 750,000 |
| Dinheiro Investments Pty Ltd | 1,000,000 | 500,000 |
| RJM Super Investments Pty Ltd <Matthews Super fund A/V> | 1,000,000 | 500,000 |
| Bearden Pty Ltd <Conacher Trading A/C> | 1,000,000 | 500,000 |
| Mr John Gary Gold <Family A/C> | 1,000,000 | 500,000 |
| Ms BL Roychowdhury & Mr HK Gilbert | 1,000,000 | 500,000 |
| Mr Toby Peter Jefferis <Toby Jefferis family A/C> | 1,000,000 | 500,000 |
| Jefferis Superannuation Pty Ltd <P&G Jefferis S/F A/C> | 1,000,000 | 500,000 |
| Mr MJ Doust & Mrs DM Doust <The Doust S/F A/C> | 2,500,000 | 1,250,000 |
| Peninsula Investments (WA) Pty Ltd | 2,500,000 | 1,250,000 |
| Mrs Terina Nancy Beeching Adams | 1,500,000 | 750,000 |
| LS Rocchi Pty Ltd <Rocchi Superannuation A/C> | 500,000 | 250,000 |
| Ms Alicia Nicole Honey <Home Loan A/C> | 7,950,000 | 3,975,000 |
| TOTALS | 110,000,000 | 55,000,000 |

The issued shares rank equally in all respects from the date of allotment with other ordinary shares on issue.

This proposed Resolution is subject to a voting restriction as detailed in the Notice of Meeting.

The Chairman will be casting undirected proxy votes held by him in favour of this Resolution and the Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

RESOLUTION 8: CHANGE OF PLACE OF REGISTRATION FROM CANADA TO AUSTRALIA - Special Resolution

On 3 December 2012 the Company announced the \$1.5m capital raising mentioned above and at the same time stated that the funds raised will be used to support existing assets and new ventures with the Company embarking on a fresh start through an integrated energy approach.

The Chairman's Letter accompanying the renounceable rights issue prospectus sent to all eligible shareholders on 17 December 2012, noted that the Board is determined to re-establish shareholder value through the combination of an introduction of new, broader based, energy opportunities with the support of DJ Carmichael Pty Ltd.

Following the engagement of corporate advisors and as announced on 3 January 2013, a major internal strategic review of the Company's current assets (which is ongoing), and a review of other value enhancing business opportunities future projects and funding requirements is being conducted. Your Board has already accepted that there is currently insufficient levels of market interest in the geothermal sector in Australia to continue to persevere with our purely geothermal assets. In the announcement on 3 January 2013 the Managing Director stated:

"The strategic review reflects both the diminished prospectivity for capital markets funding of geothermal projects and increasingly accessible market opportunities in the broader energy sectors. The Company's improved cash reserves, strengthened share register, distinctive capability in the energy sector, and strategic intent for creating value through growth provide the basis for a successful company"

At the present time the Company is registered in British Columbia ("BC"), Canada under the Business Corporations Act (British Columbia) which is why the securities traded on the ASX are referred to as CDIs (CHESS Depository Interests). A detailed explanation of the CDI system may be found on page 19 of this MIC. Whilst the Company is registered in British Columbia it is not quoted on any securities exchange in Canada. The result of this structure is that there is no easily accessible market for the 3.2m unquoted common stock issued in BC.

An early result from the strategic review is the recognition by the Board and the corporate advisors that the Company's and the Shareholder's future interests would be better served if the place of incorporation and registration of the Company was moved from Canada to Australia where the investment market appears stronger for broad based resource projects including oil and gas and other energy assets. In addition the Australian market is more convenient for the vast bulk of shareholders who are domiciled in this jurisdiction.

Assuming Shareholder approval for the move, the steps to be taken will include but may not be limited to the following:

- applying to ASIC for registration (incorporation) as an Australian company;
- taking all steps necessary and / or required by the Business Corporations Act (British Columbia) to bring about the change;
- transferring the existing unquoted common stock issued in Canada to listed shares quoted on the ASX;
- conversion of the CHESS Depository Interests (CDIs) quoted on the ASX in Australia to quoted shares; and
- changing the Company's annual balance date to 30 June.

The Resolution for this matter also authorises the Directors to take all steps and to do all things necessary and/ or required to bring about the changes as soon as possible as it may be that additional steps will become necessary or be revealed as the processes proceed. It should be expected that the changes will take several weeks to conclude and progress announcements will be released to the ASX. Application will be made to the ASX for quotation of the Canadian common stock at the appropriate time.

Advantages of the Proposed Change

The principal advantages of transferring the Company's registration from Canada to Australia are as follows:

- significant cost savings to be derived through only needing to deal with one corporate regulator;
- significant cost savings by eliminating the need to deal with Canadian based lawyers;
- significant audit cost savings;
- major simplification of the general meeting requirements (due to the Canadian meeting regulations) and the resulting cost and time savings;
- major simplification of the Company's administration generally;
- removal of the various intermediaries that are common place between companies and their shareholders in the Canadian and US markets and the resulting cost saving;
- provision of a reasonably liquid market for the existing 3.2m currently unquoted common stock issued in Canada which will become ordinary shares quoted on the ASX;
- removal of the need to maintain a registered office and place of business in Canada; and
- most importantly, clarification in the marketplace of the Company's structure in, and relationship with Australia which is expected to assist with the market's understanding of the Company and with future fund raising efforts.

Disadvantages of the Proposed Change

The only apparent disadvantage appears to relate to a relatively small number of Canadian shareholders known as Non Objecting Beneficial Owners ("NOBO") and Objecting Beneficial Owners ("OBO") both of whom have their shares held by a Nominee. The difference between the two is that OBOs object to having their identity revealed. These shareholders may need to appoint replacement nominees in Australia which is not difficult to arrange. Alternatively, if they wish the Company can arrange for their shares to be sold on their behalf. At current market prices the quantum value of the shares involved is less than A\$10,000.

The Chairman will be casting undirected proxy votes held by him in favour of this Resolution and the Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

RESOLUTION 9: ADOPTION OF NEW CONSTITUTION - Special Resolution

The Company's existing Constitution is a British Columbia related documents originally adopted by the Company when it was known as Fall River Resources Ltd and apart from being somewhat outdated, as such is not suitable for the Company on transfer to Australian registration. The Constitution now recommended for adoption is attached as Appendix A and the principal terms are summarised as follows:

Rights attaching to Shares in the Company

A summary of the rights which relate to all Shares in the Company is set out below. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of the Company's Shareholders.

(a) Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present

in person, or by proxy, attorney or representative has one vote for every Share held by them.

(b) **Dividends**

The Shares will rank equally with all other issued Shares in the capital of the Company and will participate in dividends out of profits earned by the Company from time to time. Subject to the rights of holders of Shares of any special preferential or qualified rights attaching thereto, the profits of the Company are divisible amongst the holders of Shares in proportion to the Shares held by them irrespective of the amount paid up or credited as paid up thereon. The Directors may from time to time pay to Shareholders such interim dividends as in their judgement the position of the Company justifies.

(c) **Winding up**

Upon paying the application moneys, shareholders will have no further liability to make payments to the company in the event of the company being wound up pursuant to the provisions of the *Corporations Act*.

(d) **Transfer of securities**

Generally, the Shares and Options in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The Directors may decline to register any transfer of Shares but only where permitted to do so under its Constitution or the ASX Listing Rules.

(e) **Sale of non-marketable holdings**

(1) The Company may take steps in respect of non-marketable holdings of Shares in the Company to effect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings.

(2) The Company may only take steps to eliminate non-marketable holdings in accordance with the Constitution and the ASX Listing Rules.

For more particular details of the rights attaching to Shares in the Company, investors should refer to the Constitution of the Company. For a copy of the Company's Constitution please contact the Company's office at Suite 9, Lester Court, 75a Angas St., Adelaide SA 5000 telephone 08 8212 0579.

The Chairman will be casting undirected proxy votes held by him in favour of this Resolution. The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

RESOLUTIONS 10 AND 11: APPROVE AN ISSUE OF SHARES IN LIEU OF CASH PAYMENT FOR ACCRUED REMUNERATION - Ordinary Resolutions

Mr. Torey Marshall and Dr. Raymond Shaw had previously agreed to allow their remuneration entitlements to accrue for a period up to 22 January 2013 in order to assist the Company's short term cash flow. Following negotiation both Mr. Marshall and Dr. Shaw have agreed to accept fully paid ordinary shares in the Company at the same share price as the recent placement and renounceable rights issue, that is \$0.002 per share, in lieu of cash payments. The shares will be issued within one month of the meeting.

Mr. Torey Marshall as Managing Director has accrued remuneration entitlements based upon termination of his existing Employment Agreement, totalling \$344,000. Mr Marshall has agreed to accept 50m fully paid ordinary shares at \$0.002 each in full settlement of the accrued amount which represents an equivalent value of \$100,000. Accordingly accrued remuneration entitlements totalling \$244,000 will be foregone. Going forward Mr. Marshall has negotiated a new Employment Agreement and agreed to accept a remuneration package totalling \$225,000 per annum subject to review at a later date.

Dr. Raymond Shaw as Chairman has accrued remuneration entitlements totalling \$60,569. Dr Shaw has agreed to accept 8.3m fully paid ordinary shares at \$0.002 each in full settlement of the accrued amount which represents an equivalent value of \$16,600. Accordingly accrued remuneration entitlements totalling \$43,969 will be foregone. Going forward Dr. Shaw has agreed to accept reduced Chairman's fees of \$24,000 per annum subject to review at a later date.

Statement of the Terms of the Issues

- issue price \$0.002 each;
- the shares will have the same terms and conditions as the existing class of ordinary shares;
- the shares will be issued within one month of approval.

Given that Mr Marshall and Dr. Shaw are related parties, approval is being sought for the proposed share issue in accordance with ASX Listing Rule 10.11. ASX Listing Rule 10.11 provides that an entity must not issue or agree to issue equity securities to a related party, without the approval of Members.

If approval is obtained under ASX Listing Rule 10.11 then approval under ASX Listing Rule 7.1 is not required. ASX Listing Rule 7.1 provides that an entity must not issue, or agree to issue, more than fifteen percent (15%) of its capital without the approval of its Members.

RESOLUTION 12: APPROVAL OF FUTURE SECURITIES PLACEMENT - Ordinary resolution

The success of the Company's recent renounceable rights issue and the unsatisfied demand from non shareholders as reported by the entitlement issue underwriter, DJ Carmichael Pty Ltd has prompted the Company to take advantage of that demand and the opportunity to raise further cash to assist with the previously announced intentions to broaden the Company's energy projects base, and for additional working capital. Accordingly the Company has announced a placement of 200,000,000 ordinary shares ("Placement Shares") at \$0.002 each (the same price as the previous placement (see Resolution 7 above) and the renounceable rights issue, subject to shareholder approval at this AGM. The Placement will be managed by DJ Carmichael Pty Ltd. The Company does not have sufficient space under the requirements of ASX Listing Rule 7.1 to make the entire placement as at the date of this Notice hence the request for approval in advance.

As for the previous placement and the renounceable rights issue, the placement will include free attached options ("Placement Options") on identical terms as follows:

- One free attaching short dated option exercisable at \$0.005 expiring on 31 January 2014 for every two placement shares allotted - maximum 100,000,000 options; and
- One free attaching long dated option exercisable at \$0.007 expiring on 31 January 2016 for every three placement shares allotted - maximum 66,666,667 options.

Short Dated Options

The above short dated option terms are identical to the terms of the 322,878,764 short dated options issued as a result of the renounceable rights issue. Accordingly, if the placement is fully subscribed a further 100,000,000 short dated options will be issued and the total short dated options issued by the Company with identical terms will be 422,878,764.

Long Dated Options

The above long dated option terms are identical to the terms of the following existing options:

- Free attaching placement options announced on 6 December 2012 subject to shareholder approval at this AGM (see resolution 7 above) - 55,000,000
 - Free attaching long dated options issued to Eligible Holders as a result of the renounceable rights issue - 215,252,510
 - Options issued to the underwriter of the renounceable rights issue as a fee under the Underwriting Agreement - 110,000,000
 - Options issued to the underwriter or his nominee (sub-underwriter) as a fee under the Underwriting Agreement - 645,757,529
- Total existing long dated options - 1,026,010,039

Therefore, subject to the approval of this Resolution, the total number of long dated options issued by the Company with identical terms will be 1,092,676,706.

Quotation of Short and Long dated Options

The underwriter has asked for the above total short dated and long dated options to be quoted and accordingly the Company will be applying to the ASX for quotation as soon as practical after this AGM.

Listing Rule 7.1

Listing Rule 7.1 broadly provides, subject to certain exceptions, that a company may not issue or agree to issue securities which represent more than 15% of the company's issued capital at the beginning of any 12 month period without obtaining Member approval. The Company's proposed issue of the Placement Shares and the Placement Options requires Member approval under Listing Rule 7.1 and none of the exceptions under Listing Rule 7.2 apply.

Listing Rule 7.3

In accordance with Listing Rule 7.3 the following information is provided in relation to the issue of the Placement Shares and the Placement Options:

a) The maximum number of securities the entity is to issue

- The maximum number of Placement Shares to be issued is 200,000,000.
- The maximum number of short dated options to be issued is 100,000,000
- The maximum number of long dated options to be issued is 66,666,667

b) The date by which the entity will issue the securities

The Placement Shares and Placement Options will be issued no later than 1 month after the date of the Meeting.

c) The issue price of the Placement Shares

The issue price of the Placement Shares will be \$0.002 each.

d) The issued price of the Placement Options

The Placement Options are free attaching.

e) The names of the allottees

The names of the allottees are currently not known but will be a party or parties nominated by the Company or by the Placement Manager, DJ Carmichael Pty Ltd and will not be related parties.

f) The terms of the Placement Shares

The Placement Shares will be fully paid ordinary shares that rank equally in all respects with the existing fully paid ordinary shares.

g) The terms of the short dated Placement Options

- Exercise price \$0.005;
- Expiry date 31 January 2014.

h) The terms of the long dated options

- Exercise price \$0.007;
- expiry date 31 January 2016

i) The terms common to both short and long dated options

- The option holder cannot participate in new issues without first exercising the option;
- The option holder is not entitled to receive any dividends without first exercising the option;
- On conversion the resulting ordinary shares will have the same terms and conditions as existing fully paid ordinary shares.

j) The dates of allotment

Allotment will take place within 1 months after the date of this meeting.

The Chairman will be casting undirected proxy votes held by him in favour of this Resolution. The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

OTHER BUSINESS

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act there under.**

GENERAL

Unless otherwise directed, it is management's intention to vote proxies in favour of the resolutions set forth herein. All proposed Resolutions are ordinary resolutions and require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares.

Additional information relating to the Company may be found on the Company's web site www.earthheat.com and on SEDAR at their web site sedar.com. Shareholders may contact the Company to request copies of the Company's financial statements and MD&A by sending a request to the Adelaide NSW office of the Company.

Contact details are provided on page one of this document. Financial information is provided in the Company's comparative financial statements and MD&A for the financial year ended September 30, 2012.

IMPORTANT INFORMATION

SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR ("MANAGEMENT INFORMATION CIRCULAR") IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF EARTH HEAT RESOURCES LTD. (THE "COMPANY") of proxies from the holders of common shares (the "**Common Shares**") for the annual general meeting of the shareholders of the Company (the "Meeting") to be held on Tuesday, February 26, 2013 at the time and place for the purposes set forth in the Notice of Meeting.

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services.

In accordance with National Instrument 54-101, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares (as defined below) held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named (the “**Management Designees**”) in the enclosed instrument of proxy (“**Instrument of Proxy**”) have been selected by the directors of the Company and have indicated their willingness to represent as proxy the shareholder who appoints them. A shareholder has the right to designate a person (who need not be a shareholder) other than the Management Designees to represent him or her at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting there from the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Company. Such shareholder should notify the nominee of the appointment, obtain the nominee’s consent to act as proxy and should provide instructions on how the shareholder’s shares are to be voted. The nominee should bring personal identification with him to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form). In addition, a proxy may be revoked by a shareholder personally attending at the Meeting and voting his shares.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Company’s transfer agent, Computershare Trust Company of Canada at 100 University Avenue, Toronto, Ontario, M5J 2Y1, at least forty-eight (48) hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the shareholder or by his authorized attorney in writing, or, where the shareholder is a Company, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Company at 711 -- 675 West Hastings Street, Vancouver, British Columbia, V6B 1N2 or with Computershare Trust Company of Canada at 100 University Avenue, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his shares.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold Common Shares in their own name.

Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Management Information Circular as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the shareholder’s name.

Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for the Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications ("ADP") in Canada. ADP typically prepares a machine readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to ADP, or otherwise communicate voting instructions to ADP (by way of the Internet or telephone, for example). ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting.

Beneficial Shareholders who receive an ADP voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to ADP (or instructions respecting the voting of Common Shares must otherwise be communicated to ADP) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or the intermediary for assistance.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.** All references to shareholders in this Management Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

VOTING OF PROXIES

Each shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification.

In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such

form of proxy will be voted in favour of the matters set out therein. The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Company is not aware of any amendments to, variations of or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of management of the Company.

CDI HOLDERS

The majority of shareholders having an interest in the Common Shares hold such interests in the form of CHESS Depository Instruments (“CDIs”). CHESS is the electronic settlement system used in Australia. The main difference between holding CDIs and holding Common Shares is that a holder of CDIs has beneficial ownership of the equivalent number of Common Shares of the Company instead of legal title. Legal title is held by the CHESS Depository Nominees Pty Ltd. (“CDN”). The Common Shares registered in the name of CDN are held by that entity on behalf of and for the benefit of the CDI holder.

CDI HOLDERS MAY GIVE DIRECTIONS TO CDN

Pursuant to the Articles of the Company, the Company will permit CDI holders to attend the Meeting. Each CDI holder has the right to:

- (a) direct CDN how to vote in respect of their CDIs; or
- (b) instruct CDN to appoint the CDI holder or a person nominated by the holder as the holder’s proxy for the purposes of attending and voting at the Meeting.

If you are a CDI holder and you wish to direct CDN how to vote in respect of your CDIs or appoint yourself or a nominee as your proxy, you should read, complete, date and sign the accompanying CDI Voting Instruction Form and deposit it with Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne, Victoria, Australia, 3001 not later than 11:00 am (Melbourne time) on February 17, 2012.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares (previously defined as “**Common Shares**”). As at the effective date of the Management Information Circular (the “**Effective Date**”), which is January 6, 2013, the Company has 864,274,461 Common Shares without nominal or par value outstanding. The Common Shares are the only securities entitled to be voted at the Meeting, and holders of Common Shares are entitled to one vote for each Share held.

Of the 864,274,461 Common Shares outstanding on January 6, 2013, 861,160,704 Common Shares were held by CDN, a wholly owned subsidiary of the Australian Securities Exchange (“ASX”) on behalf of holders of CDIs. CDN has issued CDIs that represent beneficial interests in the Common Shares held by CDN. CDIs are traded on the electronic transfer and settlement system operated by the ASX. Holders of Common Shares of record at the close of business of January 24, 2013 (the “**Record Date**”) are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that:

- (a) the holder has transferred the ownership of any of his Common Shares after the Record Date, and
- (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns the Common Shares, and demand not later than ten (10) days before the day of the Meeting that his name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting.

To the knowledge of the Directors and Executive Officers of the Company, as at the Effective Date, no person, firm or Company beneficially owned, directly or indirectly, or exercised control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Company, except as disclosed in Table 1. above and in the Annual Report of the Company.

BOARD APPROVAL

The Board of Directors of the Company has approved the contents and the sending of the Notice of Meeting and this Management Information Circular.

DATED at Sydney, Australia this 16th day of January 2013.



Mal Lucas-Smith
Company Secretary

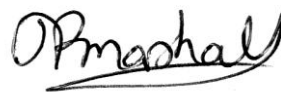
ALBERTA CERTIFICATE

The foregoing contains no untrue statement of a material fact (as defined in the Securities Act (Alberta), as amended) and does not omit to state a material fact that is required to be stated or that is necessary to make a statement contained herein not misleading in light of the circumstances in which it is made.

DATED at Sydney, Australia this 16th day of January 2013.



Dr. Raymond Shaw"
Chairman



Torey Marshall
Managing Director

Constitution

Earth Heat Resources Limited ABN 86 115 229 984

A Company Limited by Shares

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Constitution of Earth Heat Resources Limited ABN 86 115 229 984

1. Replaceable Rules

The provisions of the Corporations Act relating to a company's internal management which are described as replaceable rules do not apply to the Company.

2. Interpretation

2.1 In this Constitution, unless a contrary intention appears:

ASIC means the Australian Securities and Investments Commission.

ASTC - Regulated Transfer has the meaning given in section 9 of the Corporations Act.

ASTC Settlement Rules means the settlement rules of the SCH.

Auditor means the auditor of the Company from time to time.

Business Days has the meaning given in the Listing Rules.

Call Notice means a notice given under Rule 15.1.

Capital or **share capital** means the capital for the time being issued for the purposes of the Company.

CHESS has the meaning given in the ASTC Settlement Rules.

CHESS holding has the meaning given in the ASTC Settlement Rules.

Claim means any threat, claim or proceedings brought or made by a person against another person relating to or arising from any action, claim, Cost, demand, Damage, debt, expense, Liability, Loss, cause of action or proceeding of any kind, howsoever arising.

Company means Earth Heat Resources Limited ABN 86 115 229 984.

Constitution means this Constitution as amended or added to from time to time.

Corporate Representative means an individual appointed as a representative of a body corporate member of the Company under section 250D of the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth) and any statutory modification amendment or re-enactment of that Act for the time being in force or any later Act relating to Companies and for the time being in force in replacement (in whole or part) of that act in the place of incorporation of the Company and a reference to a particular provision of the Corporations Act is a reference to that provision as so modified, amended or re-enacted or contained in any such later Act.

Corporations Regulations means the *Corporations Regulations 2001* (Cth) as made under the Corporations Act as amended or replaced from time to time.

Cost includes any cost, charge, expense, outgoing, payment or other expenditure of any nature whatsoever including all legal fees on a full indemnity basis, and whether calculated on a time charge basis or otherwise.

Damage includes any award, Cost, damage, expense, injunction, injury, judgment, liability, loss and order and includes any such damage suffered, incurred or sustained in connection with any Claim.

debenture means debenture stock, bonds, notes and other securities and obligations of a corporation whether constituting a charge on its assets or not.

Debt Securities includes bonds, unsecured notes, unsecured deposit notes, mortgage debentures, mortgage debenture stock, debentures, debenture stock and convertible unsecured notes as those terms are defined from time to time in the Listing Rules.

Director means any person acting as a Director, regardless of that person's title.

Directors or the Board means the whole or any number of the Directors of the Company for the time being assembled at a meeting of Directors, being not less than a quorum, or such one or more of them as shall have authority to act for the Company.

Directors' Report means a report referred to in Part 2M.3 of the Corporations Act.

dividend includes distribution of profit by way of a bonus issue of shares.

Equity means the amount by which the Company's assets exceed the Company's liabilities in accordance with section 254T of the Corporations Act.

Equity Securities means shares (including preference shares), stock, stock units, units, and rights to or options to subscribe for any of the foregoing.

Exchange means ASX Limited ACN 008 624 691.

Executive Director includes any Director of the Company or of a subsidiary of the Company who is retained or otherwise acts in an executive capacity.

financial report has the meaning given to that term in section 9 of the Corporations Act.

financial statements has the meaning given to that term in section 9 of the Corporations Act.

Home Branch means a branch of the Exchange designated as such by the Exchange for administrative purposes.

Issuer Sponsored has the meaning given in the ASTC Settlement Rules.

joint holders means two or more persons holding any share in the capital of the Company, whatever their interest may be in that share.

Liabilities means any and all liabilities, debts or obligations, whether actual or contingent, present or future, qualified or unqualified or incurred jointly or severally with any other person and a reference to **Liability** has a corresponding meaning.

Listed means admitted to the Official List of the Exchange.

Listing Rules or **LR** means the Listing Rules of the Exchange and any other rules of the Exchange which are applicable while the Company is admitted to the Official List of the

Exchange, each as amended or replaced from time to time, except to the extent of any expressed written waiver by the Exchange.

Loss means any and all losses (including loss of profit and loss of expected profit), claims, actions, liabilities, damages, expenses, diminution in value or deficiencies of any kind (whether indirect, consequential or otherwise and whether known or asserted on or before Completion) including all (on a full indemnity basis) and other expenses reasonably incurred in connection with investigating or defending any claims or actions and a reference to **Losses** has a corresponding meaning.

Managing Director means any person appointed as such under Rule 43 and includes any Acting Managing Director.

Marketable Parcel means marketable parcel as defined in the Listing Rules.

Meeting means a duly constituted meeting of Members, or a class of Members, and being either:

- (a) an annual general meeting; or
- (b) a general meeting,

and a reference to **Meetings** has a corresponding meaning.

Member means a person who is registered for the time being as a shareholder or stockholder in the Register of the Company, including the person's personal representatives and assigns.

month means calendar month.

Notice means any notice of a general meeting of Members or class of Members and any explanatory memorandum or other documents accompanying any such notice.

Office means the registered office for the time being of the Company.

Officer has the meaning given to that term in section 9 of the Corporations Act.

Official List means the official list of the Exchange.

ordinary shares means ordinary shares in the capital of the Company.

paid or **paid up** means amounts paid and does not include amounts credited as paid or paid up.

person and words importing **persons** includes partnerships, associations, corporations and companies.

Prime Rate means, in relation to any interest made payable on any sum under this Constitution, the rate charged from time to time by the bankers for the Company on overdraft accounts in excess of \$100,000.

Proper ASTC Transfer has the meaning given in regulation 1.0.02 of the Corporations Regulations.

Register means the Register of Members kept under the Corporations Act or the Listing Rules and, where appropriate, includes branch registers and sub-registers.

related body corporate has the meaning given in section 50 of the Corporations Act.

representative means a person authorised under section 250D of the Corporations Act to act as a representative of a body corporate.

Restricted Securities has the meaning given in the Listing Rules.

Rule means a provision of this Constitution as amended or added to from time to time.

SCH Register means the facilities established by the SCH to record holdings of securities of the Company in accordance with the ASTC Settlement Rules and includes both issuer sponsored and broker sponsored facilities.

Secretary means any person appointed to perform the duties of Secretary of the Company and includes the acting Secretary where appropriate.

securities has the meaning given in section 9 of the Corporations Act.

Securities Clearing House or **SCH** means any securities clearing house approved by the ASIC in Australia.

shares means shares in the capital of the Company and shall include stock except where a distinction between shares and stock is expressed or implied.

State means the State of Queensland.

takeover bid has the meaning given in section 9 of the Corporations Act.

in writing or **written** means printing, typewriting and all other means of representing or reproducing words in visible form, including handwriting.

- 2.2 Terms used in this Constitution and not defined in Rule 2.1 shall have the meaning given to them in the Corporations Act or the Listing Rules, as the case may be.
- 2.3 Words importing the singular include the plural and vice versa.
- 2.4 Words importing the masculine include the feminine and the neuter and vice versa.
- 2.5 The index, headings and references to provisions of the Listing Rules and the ASTC Settlement Rules shall not affect the construction of this Constitution.

3. Registered Office

The Directors shall determine the place of the Office.

4. Issue of Shares

- 4.1 Subject to the provisions of this Constitution, all matters relating to the issue of shares shall be under the control of the Directors who may issue, allot or otherwise dispose of the same to such person or persons on such terms and conditions and with such rights and privileges attached and at such times as the Directors may think fit.
- 4.2 Subject to the provisions of this Constitution and any resolution passed in accordance with Rule 19, the Directors may issue new shares with or without any special conditions, preferences or priority either as to dividends or capital or both and with any other special rights or advantages. In the absence of any special conditions or rights, such new shares when

Constitution

issued shall be held upon the same conditions as if they had been ordinary shares in the original capital, and shall be subject to the provisions of this Constitution that relate to ordinary shares in the Company.

- 4.3 Where the Company is Listed, any allotment of shares or other securities in the Company and dispatch of certificates (or list of allotments to the Member's uncertificated account, as the case may be) shall take place in the manner prescribed in the Listing Rules.
- 4.4 Where the Company is Listed, the Company shall only be entitled to issue such securities as permitted under the Listing Rules.

[See LR 6.2]

5. Preference Shares

- 5.1 Subject to the Corporations Act and without prejudice to any special rights previously conferred on the holders of any existing shares or classes of shares the Directors may issue any share or shares:
- (a) with a preferential, deferred or qualified right to dividends, or in the distribution of assets of the Company, or both;
 - (b) subject to Rule 5.3, with a special or qualified right of voting or without a right of voting; or
 - (c) with any other special privileges or advantages over or equally with any shares previously issued or then about to be issued,

subject to any conditions or provisions and on such terms as the Directors shall determine. Any preference share may be issued on the terms that it is or at the option of the Company is liable to be redeemed.

- 5.2 If a Company has preference shares on issue, the holders of the preference shares shall have the same rights as the holders of ordinary shares to:
- (a) receive notices, reports and financial statements; and
 - (b) attend Meetings of the Company.

[See LR 6.7]

- 5.3 Preference shareholders shall have no voting rights at any Meeting of the Company other than:
- (a) during a period when all or part of a dividend in respect of the preference share is in arrears;
 - (b) on a proposal to reduce the capital of the Company;
 - (c) on a resolution to approve the terms of a buy-back agreement;
 - (d) on a proposal that affects rights attaching to preference shares;
 - (e) on a proposal to wind up the Company;
 - (f) on a proposal sanctioning a sale of the undertaking of the Company; or

Constitution

(g) during the winding up of the Company.

[See LR 6.3 and 6.4]

5.4 Where the Company is Listed, preference shareholders shall be entitled to a dividend determined in accordance with the Listing Rules.

[See LR 6.5]

5.5 Preference shareholders shall also be entitled to a return of capital in preference to the holders of ordinary shares in the Company when the Company is wound up.

[See LR 6.6]

6. Convertible securities

Without prejudice to any of the powers of the Directors conferred by Rule 4, the Directors may create and issue any Equity Securities or Debt Securities (convertible securities) on the following terms:

- (a) they are or may become convertible into ordinary shares;
- (b) the Directors may issue ordinary shares to the holders of convertible securities under the terms of issue; and
- (c) such other terms as the Directors may decide.

7. Participation of Directors in share issue

Where the Company is Listed, a Director of the Company or any person who would be regarded for the purposes of Division 2 of Part 1.2 of the Corporations Act as being an associate of any Director may only participate (directly or indirectly) in an issue by the Company of securities with rights of conversion to equity as permitted by the Listing Rules.

[See Chapter 10 of the LR generally]

8. Acceptance of Constitution by Member

A person who becomes a Member agrees to observe and perform the provisions of the Constitution and any regulations or by-laws which may be made under the Constitution.

9. Variation of rights

9.1 If at any time the share capital is divided into different classes of shares, preference capital (other than redeemable preference capital) shall not be repaid, and the rights attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class) shall not at any time, be varied without:

- (a) the consent in writing of the holders of 75% of the issued shares of that class; or
- (b) the sanction of a special resolution passed at a separate Meeting of the holders of the shares of that class (**Class Meeting**).

Constitution

- 9.2 At any Class Meeting:
- (a) the quorum shall be persons holding or representing by proxy 25% of the nominal amount of the varied issued shares of the class;
 - (b) Any holders of shares of that class present in person or by proxy at a Class Meeting may demand a poll,

but otherwise the provisions of this Constitution dealing with Meetings shall apply.

- 9.3 The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking equally with those shares.
- 9.4 The issue of securities ranking in priority to, or any conversion of existing securities to securities ranking equally or in priority to an existing class of preference shares shall be deemed a variation of the rights attached to that existing class of preference shares.
- 9.5 The rights conferred upon the holders of the shares of any class shall be deemed to be varied by any special resolution to alter Rule 9.

10. Shares held upon trust

- 10.1 The Company shall recognise the rights of the registered holder of any share.
- 10.2 Even where the Company has notice of equitable, contingent, future, or partial interest in any share or unit of a share (beneficial interest), no person shall be recognised by the Company as holding any beneficial interest and the Company shall not be bound by or be compelled in any way to recognise any beneficial interest except as required by:
- (a) law;
 - (b) this Constitution;
 - (c) the ASTC Settlement Rules in the event that the Company is Listed; or
 - (d) an order of a court of competent jurisdiction.

11. Shareholding statements and certificates

- 11.1 Subject to Rules 11.3 and 11.6, the Company shall issue to every person whose name is entered as a Member in the Register either a holding statement or share certificate (as the case may be) issued in accordance with the Corporations Act, the Listing Rules and the ASTC Settlement Rules.
- 11.2 Where a share or shares are held jointly by several persons the Company shall only be required to issue one holding statement or certificate, and delivery of a holding statement or certificate for a share to one of several joint holders shall be sufficient delivery to all joint holders.
- 11.3 The Company shall renew any share certificate which becomes worn out, defaced, lost or destroyed at the time and in the manner required by the provisions of Corporations Act.

Constitution

11.4 The Company shall:

- (a) register all:
 - (1) proper ASTC Transfers; and
 - (2) paper-based registrable transfer forms;
- (b) split certificates, renunciations and transfer forms;
- (c) issue certificates and transmission receipts;
- (d) effect conversions between subregisters;
- (e) mark or note transfer forms; and
- (f) where the Company is Listed, do those other matters referred to in Listing Rule 8.14 of the Listing Rules,

without charge, except where the issue of certificates is to replace those lost or destroyed.

[See LR 8.14]

11.5 The Company shall issue within five Business Days a certificate in replacement of a certificate already issued only if:

- (a) the certificate to be replaced is received by the Company for cancellation and is cancelled; or
- (b) subject to Rule 11.3, satisfactory evidence has been received by the Company that the certificate previously issued has been lost or destroyed and has not been pledged, sold or otherwise disposed of.

A certificate issued to replace a certificate which has been lost or destroyed shall be clearly endorsed "issued in lieu of lost or destroyed certificate".

11.6 Despite the provisions of this Rule 11, the Company shall not be required to issue a certificate for shares held by a Member and may cancel a certificate without issuing a replacement certificate where:

- (a) this is permitted by the Corporations Act; or
- (b) where the Company is Listed this is:
 - (1) permitted by the Listing Rules; or
 - (2) permitted by the ASTC Settlement Rules.

11.7 The provisions of the Listing Rules and the ASTC Settlement Rules shall regulate the manner in which the Company deals with the delivery up and cancellation of certificates for the purposes of converting the securities to an SCH register.

Constitution

12. Lien on Share

- 12.1 The Company shall have a first and paramount lien and charge for:
- (a) unpaid calls and unpaid instalments (and reasonable interest and expenses payable) due in respect of the specific shares registered in the name of each Member in respect of which such calls or instalments is or are due and unpaid respectively and upon the proceeds of sale of such shares;
 - (b) amounts (and corresponding reasonable interest and expenses payable) owed for acquiring shares under an employee incentive scheme; and
 - (c) amounts (and corresponding reasonable interest and expenses payable) required by law to be paid that have been paid in respect of the shares of a holder or a deceased former holder,
- and the lien shall extend to the shares and any dividends from time to time declared in respect of such shares.
- 12.2 The Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Rule.
- 12.3 The Company shall be entitled to take all reasonable steps considered necessary to protect its rights to any lien or charge created under this Rule.
- 12.4 Unless a contrary intention is expressly shown, the registration of a transfer shall operate as a waiver of the Company's lien (if any) on a share, but notwithstanding any such waiver, the transferor shall remain liable to pay to the Company all money which, at the date of registration of the transfer, was payable by it to the Company in respect of the share, but such liability shall cease upon the Company receiving payment of all money outstanding in respect of the share.
- 12.5 Where the Company is Listed, the provisions of Rule 12.1 to Rule 12.4 inclusive shall apply subject to the provisions of the ASTC Settlement Rules.

13. Sale of Shares subject to lien

- 13.1 The Company may sell in such manner as the Directors think fit, any shares on which the Company has a lien (**Lien Sale**), but no sale shall be made unless:
- (a) there are unpaid moneys in respect of which the lien exists;
 - (b) a notice in writing stating and demanding payment of such moneys has been given to the registered holder for the time being of the shares or the person entitled to the shares by reason of the Member's death or bankruptcy; and
 - (c) a period of 14 days has elapsed since the giving of the notice.
- 13.2 The following shall apply to a Lien Sale:
- (a) to give effect to any such sale the Directors may authorise any person to effect a transfer of the shares sold to the relevant purchaser;
 - (b) the purchaser shall be registered as the holder of the shares comprised in any such transfer, and it shall not be bound to see to the application of the purchase money, nor shall a purchaser's title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale; and

Constitution

- (c) the purchaser shall be deemed to hold the share free from all calls, instalments, interest and expenses due prior to such purchase.
- 13.3 Unless the Directors do not require production of a certificate to effect the transfer, the holder of the certificate of any share sold under this Rule shall be bound to deliver the certificate to the Directors and if it fails to do so the Company may, without prejudice to any of the Company's rights against such holder, cancel the share certificate.
- 13.4 The proceeds of the shares sold shall be received by the Company and applied to the payment of all share sale expenses and in payment of any outstanding lien. Any residue shall be paid to the person entitled to the shares at the date of the sale unless another lien upon the shares has arisen in respect of sums which were not presently payable before the sale.

14. Calls on Shares

- 14.1 The Directors may at any time after allotment, make calls upon the Members in respect of any money which remains unpaid on their shares except where the conditions of allotment in respect of the shares made payments payable at fixed times.
- 14.2 Directors may require a call to be paid in instalments.
- 14.3 The Directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.
- 14.4 Where the Company is Listed, the Company shall immediately notify the Exchange of any call to be made in respect of shares.
- [See LR 3.10.2]
- 14.5 A Member shall pay the amount of any call made on it to the persons and at the times and places nominated by the Directors.
- 14.6 Each Member upon whom a call is to be made shall be given such prior notice prescribed under the Listing Rules before the due date for payment and such notice shall state:
- (a) the name of the shareholder;
 - (b) the number of shares held by the shareholder;
 - (c) the amount of the call;
 - (d) the due date for payment;
 - (e) the consequences of non-payment of the call;
 - (f) the last day for trading of the shares on which the call is to be made (which shall be the business day prior to the due date for payment);
 - (g) the last day for acceptance at the office of the Register of lodgements of transfers of the shares on which the call is to be made (which shall be no earlier than that number of Business Days prior to the due date for payment as specified in the Listing Rules);
 - (h) the latest available market sale price on the Exchange of the shares on which the call is being made before the date of issue of the call notice; and
 - (h) where the Company is Listed:

Constitution

- (1) the highest and lowest sale price on the Exchange of the shares on which the call is being made during the three months immediately preceding the date of issue of the call notice and the respective dates of those sales;
- (2) the latest available market sale price on the Exchange of the shares on which the call is being made immediately before the announcement to the Exchange that it is intended to make a call; and
- (3) where the Company has quoted shares that are (or would be if fully paid) in the same class as the shares on which the call is being made, the information required by Rules 1.1(h), 14.6(h)(1) and 14.6(h)(2) if the shares the subject of the call were fully paid.

[See paragraph 5.1 of Appendix 6A of the LRs]

- 14.7 Where the Company is Listed, Rule 14.6 shall apply subject to the Listing Rules and the ASTC Settlement Rules.
- 14.8 Notwithstanding anything contained in Rule 14.6, the Directors may by notice in writing to the Members revoke the call at any time before the date nominated for payment of the call.
- 14.9 A call shall be deemed to have been made at the time when a resolution of the Directors authorising the call was passed.
- 14.10 The joint holders of a share shall be jointly and severally liable to pay all instalments and calls in respect of such share, and such several liability shall be enforceable against the estate of any deceased joint holder.
- 14.11 If a sum called in respect of a share is not paid before or on the day appointed for payment, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment to the time of actual payment at the rate of 1% per annum in excess of the Prime Rate but the Directors shall have the discretion to waive payment of that interest wholly or in part, or may accept payment of the same by instalments.
- 14.12 In any action by the Company against any Member for the recovery of any money payable on any allotment of shares or due under any call or instalment or in respect of any share it shall be sufficient to prove that:
- (a) the name of the Member sued is entered in the Register as the holder or one of the holders of the shares in respect of which the debt accrued;
 - (b) that the resolution making the allotment or call is duly recorded in the minute book; and
 - (c) that the notice of such allotment or call was duly given to such Member,
- and the proof of these matters shall be conclusive evidence of the debt and it shall not be necessary to prove the appointment of the Directors who made the allotment or call or that a quorum was present at the meeting of Directors at which the allotment or call was made, or any other matter.
- 14.13 Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date shall for the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable and if not paid all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture, lien or otherwise shall apply as if the sum had become payable by virtue of a duly notified call.

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- 14.14 The Directors may if they think fit receive from any Member willing to advance the same all or any part of the money uncalled and unpaid upon any shares held by the Member. The Directors may pay interest upon all or any part of the moneys so advanced until the same would but for the advance become payable. Interest shall be paid at such rate as the Directors and the Member making the advance shall agree. The Company is under no obligation to repay the same but the Directors may repay the whole or any part of such money upon giving the Member at least one month's notice. Amounts paid on shares and advanced calls shall not confer the right to participate in dividends.

15. Forfeiture of Shares

- 15.1 If a Member fails to pay any call or instalment of a call on the day appointed for payment, the Directors may, at any time after the day appointed for payment, during such time as any part of the call or instalment remains unpaid, serve a Call Notice on the Member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
- 15.2 The Call Notice shall:
- (a) name a further day (not earlier than the expiration of 14 days or ten Business Days, whichever period shall be the greater, from the date of the Call Notice) on or before which the payment required by the Call Notice is to be made; and
 - (b) state that, in the event of non-payment at or before the time appointed (**Relevant Day**), the shares in respect of which the call is made or the instalment is payable will be liable to be forfeited.
- 15.3 If the requirements of any such Call Notice are not complied with by the Relevant Day, any share in respect of which the Call Notice has been given may at any time after the Relevant Day, before the payment required by the notice has been made (together with all dividends declared in respect of the forfeited shares and unpaid), be forfeited by a resolution of the Directors to that effect.
- 15.4 When any share is so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture and an entry of forfeiture with the date that the share was forfeited shall be entered in the Register.
- 15.5 Any shares forfeited in accordance with the terms of this Rule shall be re-issued, sold or otherwise disposed of in accordance with the provisions of the Corporations Act and, in the event the Company is Listed, in accordance with the provisions of the Listing Rules.
- 15.6 A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall remain liable to pay and shall pay to the Company all money which, at the date of forfeiture, was payable by that person to the Company in respect of the shares (together with interest at the rate of 1% per annum in excess of the Prime Rate from the date of forfeiture on the money for the time being unpaid if the Directors think fit to enforce payment of such interest), but this liability shall cease if and when the Company receives payment in full of all such money in respect of the shares.
- 15.7 In the event of any share being forfeited and sold the residue of the proceeds of such sale after the satisfaction of the moneys due and unpaid in respect of such share and accrued interest and expenses incurred by the Company in relation to the forfeiture shall be held in trust until paid to the Member in whose name such share stood immediately prior to the forfeiture or to the executors administrators or assigns of the Member, or as the Member

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directs. The Company shall make such payment of the residue of the sale proceeds within five Business Days of the receipt of the relevant share certificate.

15.8 The Directors may at any time before any forfeited share is sold or otherwise disposed of with the consent of the Member in whose name the share stood immediately prior to the forfeiture annul the forfeiture upon such terms and conditions as they shall think fit.

15.9 A statutory declaration in writing that:

- (a) the declarant is a Director or the Secretary of the Company;
- (b) the call or instalment paid in respect of any share was made or was due;
- (c) the Call Notice was duly served;
- (d) default in payment of the call or instalment was made; and
- (e) a share in the Company has been duly forfeited by a resolution of the Directors to that effect on a date stated in the declaration,

shall be conclusive evidence of the facts stated in the declaration as against all persons claiming to be entitled to the share and of the title of the Company to dispose of the share.

15.10 The Directors may accept a surrender of any share by way of compromise of any question as to the holder being properly registered in respect of the share. Any shares so surrendered may be disposed of in the same manner as forfeited shares.

15.11 The Company may receive the consideration, if any, given for a forfeited share or a surrendered share on any sale or disposition and the Directors may authorise any person to transfer the share to the person to whom the share is sold or disposed of and that person shall then be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, surrender or disposal of the share. The remedy of any person aggrieved by any such sale or disposal shall lie in damages only against the Company.

15.12 To the extent that it may be necessary, the Directors are authorised to do all acts and to take all reasonable steps to effect the sale of any shares the subject of this Rule 15 subject to, in the event that the Company is Listed, the requirements of the Listing Rules or the ASTC Settlement Rules.

16. Transfer of Shares

- 16.1 (a) The Company may participate in any computerised or electronic system for market settlement, securities transfer and registration conducted in accordance with the Corporations Act, the Listing Rules and the ASTC Settlement Rules.
- (b) If the Company participates in a system of the kind referred to in Rule 16.1(a), then notwithstanding any other provision of this Constitution, the Company shall comply with and give effect to the ASTC Settlement Rules.
- 16.2 Subject to the provisions of this Rule and the Corporations Act, securities in the Company may be transferred as follows:
- (a) in the case of an ASTC - Regulated Transfer, in any manner required or permitted by the Listing Rules or the ASTC Settlement Rules; and

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- (b) in other cases, in the following form, or in common form (or in any form approved or adopted by the Exchange, or in any form approved by the Directors) or as near thereto as circumstances will permit:

Earth Heat Resources Limited ABN 86 115 229 984

I,

of

in consideration of the sum of

paid to me by(Purchaser)

of

transfer to the Purchaser the shares numbered toinclusive standing in my name in the Register of Members to hold the same unto the Purchaser absolutely subject to the conditions upon which I held the same immediately before the execution of this form. And I, the Purchaser, agree to take the said shares subject to such conditions.

Signed the day of

.....

(Signatures of transferor and transferee)

16.3 In the case of all non-ASTC - Regulated Transfers, the following provisions shall apply:

- (a) when a share to be transferred is not distinguished by a separate number, the instrument of transfer shall specify the total number of shares to be transferred and when a share to be transferred is distinguished by a separate number, the instrument of transfer shall, in addition to specifying the total number of shares to be transferred, specify the distinguishing number or numbers of the shares being transferred;
- (b) the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect;
- (c) no fee shall be charged by the Company for the registration of a transfer of a share;
 [See LR 8.14]
- (d) every instrument of transfer shall be left at the Office for registration accompanied by the following:
 - (1) the certificate of the share to be transferred;
 - (2) such other evidence to be transferred and such other evidence as the Directors may reasonably require to prove the title of the transferor or his right to transfer the share, the due execution of the transfer and the due compliance with the requirements of any law;

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- (e) despite Rule 16.3(d), if, in accordance with the Corporations Act:
- (1) a certificate covering shares to be transferred has not been issued by the Company; and
 - (2) the instrument of transfer covering such share is not required to be accompanied by a certificate,
- the instrument of transfer left at the Office for registration need not be accompanied by such a certificate;
- (f) if transfer or stamp duty is payable on the transfer of shares, every instrument of transfer shall be presented to the Company duly stamped, or certified in accordance with the provisions of Part 7.11 Division 2 of the Corporations Act that stamp duty has been or will be paid. The Directors may require production of evidence that the provisions of any other Commonwealth or State statute imposing a tax or duty on the transfer have been complied with;
- (g) the instrument of transfer, when registered, shall be retained by the Company for such period as may be required by law, after which it may be destroyed at any time. Any instrument of transfer which the Directors shall decline to register shall be returned to the person lodging it, except in the case of fraud;
- (h) the Company shall dispatch within three Business Days or (in the event that the Company is Listed), such other time as provided by the Listing Rules, after the day of lodgement of a registrable transfer of securities of the Company a certificate in respect of such securities and a balance certificate for any remainder. Where a marking is made against a certificate, the Company, in the absence of instructions to the contrary, shall dispatch to the seller of those securities or if so instructed, to the lodging broker within three Business Days or (in the event that the Company is Listed) such other time as laid down by the Listing Rules, from the date of the last marking, a balance certificate for the number of securities against which no marking has been made;
- [See Appendix 8A of the LR]
- (i) where an instrument of transfer of shares is signed by a Member or his attorney, and the Member was of unsound mind at the time the Member executed the transfer or the power of attorney under which such transfer was signed, or subsequently became of unsound mind, the Company shall be under no liability for registering as a Member of the transferee of such shares if the Company had no notice of such unsoundness of mind at the time of the registration of the transfer.

16.4 Except as required by law and subject to Rules 16.5 and 81.1, the Company shall not refuse to register or fail to register or give effect to any transfer of shares in registrable form lodged with the Company.

[See LR 8.10, LR 8.10.1]

16.5 Where the Company is listed it shall not refuse, prevent, delay or in any way interfere with the registration of a Proper ASTC Transfer or seek to apply a holding lock to prevent a Proper ASTC Transfer unless permitted to do so by the Listing Rules or the ASTC Settlement Rules, as the case may be.

[See LR 8.10]

16.6 If, when permitted to do so, the Directors refuse to register a transfer of shares or apply a holding lock, the Company shall give to the lodging party written notice of the refusal and the

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precise reasons for such action within five Business Days after the date on which the transfer was lodged with the Company.

[See LR 8.10.2, LR 8.10.3]

17. Transmission of Shares

- 17.1 In the case of the death of a Member, the survivor or survivors where the deceased was a joint holder and the legal personal representatives of the deceased where the Member was a sole holder, shall be the only persons recognised by the Company as having any title to the Member's interest in the shares but nothing in these Rules shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by the Member with other persons.
- 17.2 Any person becoming entitled to a share in consequence of the death or bankruptcy or liquidation of a Member may, upon such evidence being produced as may from time to time properly be required by the Directors and subject to these Rules, elect either:
- (a) to be registered as holder of the share; or
 - (b) subject to the provisions of this Constitution, the Listing Rules and the ASTC Settlement Rules (in the event that the Company is Listed as the case may be) with respect to the transfer of shares, effect a transfer of the shares,
- but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before the death, bankruptcy or liquidation of the Member.
- 17.3 Any person lawfully administering the estate of a Member under the provisions of any law relating to mental health or any law relating to the administration of estates of patients or infirm persons shall, subject to the provisions set out in Rule 17.2, have the same rights as are set out in Rule 17.2.
- 17.4 If, under Rule 17.2 or Rule 17.3, a person elects to be registered as the holder of any share that person shall deliver or send to the Company a notice in writing signed by that person and confirming the election.
- 17.5 If, under Rule 17.2 or Rule 17.3, a person elects to transfer the share to another person, that person shall testify its election by executing in favour of that person a transfer of the share or effecting an SCH regulated transfer of the share to that person (as the case may be).
- 17.6 All limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares (including ASTC - Regulated Transfers) shall be applicable to any notice of transfer referred to in Rule 17.4 or Rule 17.5 respectively as if the Member who has died or has become bankrupt or has gone into liquidation or whose estate is being administered as set out in Rule 17.3 has signed such notice of transfer.
- 17.7 Where the registered holder of any share dies or becomes bankrupt its personal representative or the assignee of its estate, as the case may be, shall upon the production of such evidence as may from time to time be properly required by the Directors in that behalf, be entitled to the same dividends and other advantages, and to the same rights (whether in relation to meetings of the Company, or to voting, or otherwise), as the registered holder would have been entitled to if the registered holder had not died or become bankrupt and where two or more persons are jointly entitled to any share in consequence of the death of the registered holder they shall, for the purposes of this Constitution, be deemed to be joint holders of the share.

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- 17.8 Until a person entitled by transmission to any shares has proved its title to the satisfaction of the Directors, the Company may retain any dividend or bonus declared on such shares.
- 17.9 The provisions of this Rule 17 shall be subject to the operation of the ASTC Settlement Rules to any securities registered at a Securities Clearing House.

18. Register of Members

- 18.1 The transfer books and the Register shall be kept by the Secretary under the control of the Directors and may be closed during such time as the Directors think fit in accordance with the requirements of:
- (a) the Corporations Act; and
 - (b) if the Company is Listed, the Listing Rules and the ASTC Settlement Rules.
- 18.2 Where the Company is Listed, the Directors shall immediately notify the Exchange of any intention to:
- (a) fix a record date to determine entitlements to a reduction of capital stating the record date, which shall be that date specified in the Listing Rules; and
 - (b) fix any other record date and the reason therefore, stating the record date, which shall be that number of Business Days specified from time to time in the Listing Rules or the ASTC Settlement Rules after the notification, and the address of share registries at which documents will be accepted for registration until 5:00pm on the record date or in the case of a Proper ASTC Transfer, until such later time on the record date as may be permitted by the ASTC Settlement Rules.
- [See paragraphs 5 and 6 of Appendix 7A of the LR and LR 3.20 and Appendices 3A and 7A of the LR]
- 18.3 In the event of there being at any one time more than three persons jointly holding securities in the Company, the Directors may only record the first three persons in the register and the names of all other holders shall be disregarded for the purposes of registration.

19. Alteration of capital

The Company in Meeting may from time to time by ordinary resolution:

- (a) increase the share capital in such manner and to such extent as the resolution shall prescribe;
- (b) consolidate all or any of its share capital into shares of smaller number;
- (c) subdivide its shares or any of them into shares of a larger number and in the case of a subdivision of a partly paid share, the proportion between the amount paid and the amount (if any) unpaid on each both before and after subdivision must remain the same; or
- (d) cancel shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

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20. Reduction of capital

- 20.1 Subject to Rule 9, the Company may, in accordance with the Corporations Act, reduce its share capital or any capital account in any manner and with, and subject to, any incident, authority or consent required by law.
- 20.2 The Directors may do all the things necessary and expedient to obtain the confirmation of any reduction of capital which the Company desires to effect.

21. Meetings

- 21.1 An annual general meeting of the Company shall be held in accordance with the provisions of the Corporations Act.
- 21.2 The Directors shall convene a Meeting of the Company:
- (a) on the requisition of a majority of Directors;
 - (b) on the requisition of such other person as shall be entitled to requisition such Meeting under the law; or
 - (c) upon the Board so resolving,
- and the Directors shall comply with any provisions of the Corporations Act with respect to the convening of such Meetings.
- 21.3 Subject to the provisions of the Corporations Act relating to special resolutions, special notice and agreements for shorter notice:
- (a) where the Company is Listed, 28 days' notice; or
 - (b) otherwise, 21 days' notice,
- at the least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) shall be given to such persons as are entitled to receive such notices from the Company under this Constitution which notice shall specify the place, the day and the hour of the Meeting and, except as provided by Rule 21.4, the general nature of the business to be transacted at the Meeting.
- 21.4 It is not necessary for a notice of annual general meeting to state that the business to be transacted at the Meeting includes the declaring of a dividend, the consideration of financial statements and the reports of the Directors and Auditors, the election of Directors in the place of those retiring by rotation or otherwise or the appointment and fixing of the remuneration of the Auditors.
- 21.5 The accidental omission to give the notice required by this Constitution to any of the Members or the non-receipt of such notice by any Member shall not invalidate any resolution passed at a Meeting or adjournment of the Meeting.
- 21.6 Where the Company is listed, the Company shall give the Home Branch a copy of all documents it proposes to send to persons entitled to receive those documents from the Company in respect of every Meeting, immediately prior to dispatch of the same.

[See LR 3.17]

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- 21.7 Every notice given to such persons as are entitled to receive such notices from the Company under the provisions of this Constitution shall be accompanied by a form of proxy in a form substantially in accordance with the form set out in Rule 29 of this Constitution. The form of proxy shall be blank as far as the person primarily to be appointed as proxy is concerned.

[See LR 14.2]

22. Quorum at Meetings

- 22.1 No business shall be transacted at any Meeting unless a quorum of Members is present at the time when the meeting proceeds to business.
- 22.2 The Company may hold a Meeting at two or more venues in Australia or at such other place as may be determined by the Directors using any form of technology which gives the Members a reasonable opportunity to participate.
- 22.3 Subject to Rule 22.4, three Members present in person shall be a quorum.
- 22.4 If within fifteen minutes from the time appointed for the Meeting a quorum is not present, the Meeting:
- (a) if convened upon the requisition of Members, shall be dissolved; and
 - (b) in any other case, it shall stand adjourned to the same day in the next week at the same time and place, but no notice of such adjournment shall be required to be given to the Members. If at the adjourned Meeting a quorum is not present within half an hour from the time appointed for the Meeting, the Meeting shall proceed with whatever may be the number of Members present, and those Members present shall be deemed to constitute a quorum.
- 22.5 In this Rule, **Member** includes a person attending as a proxy, attorney, or as a Corporate Representative of a corporation which is a Member.

23. Chairman at Meetings

- 23.1 The Chairman of Directors or, in the absence of the Chairman of Directors, the Deputy Chairman (if any) shall be entitled to take the chair at every Meeting.
- 23.2 The Directors shall be entitled to elect a Director or any other person as Chairman for all or part of any Meeting.
- 23.3 If at any Meeting:
- (a) the Company has no Chairman of Directors, Deputy Chairman or Chairman appointed in accordance with Rule 23.2;
 - (b) neither the Chairman of Directors, the Deputy Chairman nor the Chairman appointed in accordance with Rule 23.2 is present within 15 minutes after the time appointed for holding the Meeting; or
 - (c) neither the Chairman of Directors, the Deputy Chairman nor the Chairman appointed in accordance with Rule 23.2 is willing to act as Chairman,

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the Members present shall choose another Director as Chairman and if no other Director is present, or if all the Directors present decline to act, then the Members shall choose one of their number to be Chairman.

24. Conduct of general Meetings

- 24.1 The Chairman shall at any time prior to, at or during a Meeting determine;
- (a) the conduct of the Meeting;
 - (b) the security arrangements to apply to the Meeting; and
 - (c) the procedures to be adopted at the Meeting.
- 24.2 The Chairman or any person acting with the Chairman's authority may at any meeting:
- (a) require any person wishing to attend to comply with any search or other security arrangements;
 - (b) refuse access to the Meeting to any person who does not comply with the security arrangements;
 - (c) refuse access to the Meeting to any person who possesses a recording or broadcasting device; or
 - (d) refuse access to the Meeting to any person who possesses any item or chattel considered to be dangerous, offensive or disruptive to the Meeting.
- 24.3 At any Meeting, the Chairman may, if it is considered necessary or desirable for the proper and orderly conduct of the Meeting:
- (a) stop debate or discussion on any business, resolution, motion or question; and
 - (b) if appropriate, require the business, resolution, motion or question to be voted on by the Members.
- 24.4 A Director shall be entitled to attend and speak at any Meeting.

25. Adjournments and postponement of Meetings

- 25.1 Subject to Rule 25.2, the Chairman may:
- (a) with the consent of any Meeting at which a quorum is present, adjourn the Meeting from time to time and from place to place; and
 - (b) without the consent of any Meeting, adjourn the Meeting from time to time and from place to place where it appears the facilities are inadequate to enable all persons to attend and be heard at the Meeting or it is impossible for the Chairman to maintain order or to enable the conduct of a poll.
- 25.2 Any poll duly demanded on the election of a Chairman of a Meeting, or on any question of adjournment, shall be taken at the Meeting without adjournment.

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- 25.3 No business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place.
- 25.4 When a Meeting is adjourned for 14 days or more, seven days' notice shall be given of the place, date and time of the adjourned Meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at such adjourned Meeting.
- 25.5 Save as provided in Rule 25.4, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned Meeting.
- 25.6 The Directors may postpone any Meeting from time to time by giving notice to all Members of the place, date and time of the postponed Meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the postponed Meeting.

26. Voting rights of Members

- 26.1 Subject to this Constitution, a holder of ordinary shares in the Company shall be entitled to be present at any Meeting, and to vote in respect of ordinary shares held by the holder. Any Member present at any Meeting may decline to vote on any question put to that Meeting, but shall not by so doing be considered absent from the Meeting.
- 26.2 Unless otherwise provided in this Constitution, every Member present in person or by proxy or by attorney or (in the case of a body corporate) by Corporate Representative shall be entitled:
- (a) on a show of hands, to one vote; and
- [See LR 6.8]
- (b) subject to Rule 26.7, on a poll, to one vote for each share of which the Member is the holder.
- [See LR 6.9]
- 26.3 Except where otherwise provided by the Corporations Act or this Constitution, every question to be decided by any Meeting shall be decided by a majority on a show of hands by persons present who are Members, or proxies or attorneys or Corporate Representatives entitled to act under this Constitution, unless immediately on the declaration of the result of the show of hands a poll be directed by the Chairman of the Meeting, or demanded in the manner provided in Rule 27.
- 26.4 Unless a poll is demanded, a declaration by the Chairman that a resolution has in a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minutes of the Meeting is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 26.5 Where any persons are registered as joint holders of a share any one of such persons may vote at any Meeting either personally or by proxy or Corporate Representative in respect of such share as if the person was solely entitled and if more than one joint holder is present at any Meeting personally or by proxy attorney or Corporate Representative the senior of such persons shall alone be entitled to vote in respect of the jointly held share. Seniority shall be determined by the order in which the names of the holders stand in the Register.
- 26.6 A Member holding shares in respect of which all sums due and payable to the Company have not been paid shall not be entitled to attend and vote at Meetings in respect of such shares but shall be entitled to attend Meetings and vote in respect of all other shares held in respect of which no sums are due and payable to the Company.

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26.7 Where a poll is demanded, a Member holding partly paid shares shall be entitled, for each share, to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) bears to the total issue price for the share (excluding amounts credited).

[See LR 6.9]

26.8 A Member who is of unsound mind or whose personal estate is liable to be dealt with in any way under the law relating to mental health may vote, whether on a show of hands or on a poll, by his Committee or by the Public Trustee or by such other person as properly has the management of his estate, and such Committee, Public Trustee or other person may vote by proxy or attorney.

26.9 No objection shall be raised to the qualification of any voter except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered, and every vote not disallowed at such Meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the Meeting whose decision shall be final and conclusive.

27. Poll

27.1 Subject to this Constitution, a poll may be demanded by:

- (a) the Chairman, at any time;
- (b) not less than five Members having the right to vote on the resolution present in person or by proxy, attorney or Corporate Representative; and
- (c) by any one or more Members present in person or by proxy, attorney or Corporate Representative holding shares conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 5% of the total sum paid up on all the shares conferring that right.

27.2 Any poll demanded under this Constitution shall be taken at such time and place and in such manner as the Chairman of the Meeting shall direct and, subject to Rule 25.2, shall be taken either at once, or after an interval or adjournment, and the result of the polls shall be deemed to be the resolution of the Meeting at which the poll was demanded.

27.3 The demand of a poll shall not prevent the continuance of a Meeting for the transaction of any business other than the question upon which the poll has been demanded.

27.4 The demand of a poll may be withdrawn at any Meeting before the conduct of such poll.

28. Casting vote

The person in the chair at a Meeting shall not, in the case of an equality of votes on a show of hands or on a poll, have a second or casting vote.

29. Proxies

29.1 Any person who is entitled to attend and vote at any Meeting of the Company may appoint:

- (a) where the Member is entitled to cast one vote on a poll, one person; or

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- (b) where the Member is entitled to cast more than one vote on a poll, not more than two other persons,
- (whether Members or not) as the Member's proxy or proxies to attend and vote at the Meeting on the Member's behalf.
- 29.2 A proxy appointed to attend and vote at a Meeting on behalf of a Member shall have the same right as the Member to speak at the Meeting.
- 29.3 A Member may instruct the Member's proxy or proxies to vote for or against any specific resolution submitted to a Meeting at which such proxy or proxies are present.
- [See LR 14.2.1]
- 29.4 Where a Member appoints two proxies:
- (a) the appointment may specify the proportion or number of votes that the proxy may exercise; and
- (b) otherwise, each proxy may exercise half of the votes.
- 29.5 Despite anything to the contrary contained in this Constitution, if a Member appoints one proxy only, that proxy shall be entitled to vote on a show of hands, but if a Member appoints two proxies, neither proxy shall be entitled to vote on a show of hands.
- 29.6 If a Member appoints:
- (a) one proxy only, that proxy shall be entitled on a poll to one vote for each share held by the appointor Member; or
- (b) two proxies, each proxy shall be entitled on a poll to that number of votes determined in accordance with Rule 29.4.
- 29.7 Where a proxy and a Member who appointed such proxy both attend at the Meeting or adjourned Meeting, or on the taking of a poll:
- (a) where the proxy is appointed to represent the whole of a Member's voting rights, the Member shall not be entitled to vote at the Meeting or adjourned Meeting or to vote on the poll, as the case may be, unless notice in writing of the revocation of the instrument appointing such proxy shall have been received at the place for deposit of proxies or by the Chairman before the Meeting or adjourned Meeting or the poll is taken; and
- (b) where the proxy is appointed for a specified portion of that Member's voting rights only, the Member shall be entitled to vote at the Meeting or adjourned Meeting or to vote on the poll as if the shares or the portion of shares in respect of which the Member has not appointed a proxy were the only shares held by the Member provided that in this case the proxy shall not be entitled to vote on a show of hands.
- 29.8 The instrument appointing a proxy shall be in writing under the hand of the appointor or the appointor's attorney duly authorised in writing or if such appointor is a corporation, properly executed by the corporation under the Corporations Act.
- 29.9 Despite anything else in this Constitution:
- (a) where a share or shares is or are jointly held, the instrument appointing a proxy may be signed by the joint holders of such share or shares or by any one or more of them; and

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(b) where more than one person is entitled by transmission under Rule 17 to a share or shares in the Company, the instrument appointing a proxy may be signed by all the persons so entitled or any one or more of them.

29.10 A proxy shall not remain in force for a period of more than three months from the date of the proxy, unless such proxy is incorporated in a power of attorney.

29.11 Every instrument of proxy whether for a specified Meeting or otherwise shall be in the following form or in any other form which the Directors may approve or which may be required by the Corporations Act or (in the event that the Company is Listed) the Listing Rules:

Earth Heat Resources Limited ABN 86 115 229 984

"I,
of
appoint.....

of
or

(a)
of

in respect of per cent of my voting rights in the Company;

and

(b)
of

in respect of per cent of my voting rights in the Company

or failing her/him or them, the Chairman of the Meeting as my proxy or proxies to vote for me and on my behalf at the General Meeting (or annual general meeting as the case may be) of the Company to be held on the day of and at any adjournment.

This form is to be used*in favour of the resolution
.....**against

Signed this day of

.....
Signature of Shareholder

*(Strike out whichever is not desired or is inapplicable)

**To be inserted if desired.

[See LR 14.2.2]

29.12 Any instrument appointing a proxy which is entitled to be used at a Meeting at which any resolution is proposed to be passed shall clearly indicate that the holder of the proxy is entitled

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to vote for or against such resolution as directed by the Member or failing such direction, at the discretion of the holder of the proxy.

30. Powers of attorney

- 30.1 Any Member may by power of attorney appoint an attorney to attend and act and vote at any Meetings of the Company on behalf of such Member and as his or its proxy without any special appointment other than such power of attorney (**Attorney**).
- 30.2 An Attorney shall be appointed in writing under the hand and seal of the Member and attested by one witness, or if the appointor is a corporation, properly executed by the corporation under the Corporations Act.
- 30.3 An Attorney appointed in accordance with this Rule may, within the limits of the relevant power of attorney and whether the Attorney is a Member of the Company or not, appoint in writing as proxy on behalf of the appointor, a person (whether a Member of the Company or not) who shall be deemed to be the proxy of such appointor.
- 30.4 An Attorney appointed in accordance with this Rule, whether the Attorney is a Member of the Company or not, may on behalf of the Attorney's appointor, within the limits of the relevant power of attorney, sign any consent which the appointor would under this Constitution be required or entitled to sign.
- 30.5 Any Attorney appointed in accordance with this Rule and any substitute Attorney or proxy appointed may attend and take part in the proceedings of and vote at all Meetings of the Company (or any Meeting of any class of shareholders in the Company of which such Member is a Member) so long as the power of attorney shall remain in force in the same manner as the Member could do if the Member was personally present. If the power of attorney is expressed to be given for value, the votes of the Attorney or substitute Attorney or proxy shall take precedence over the votes of the Member or of any other proxy appointed by or claiming under the Member.

31. Appointing instrument to be deposited with Company

- 31.1 The following instruments shall be deposited at the Office or at such other place as is specified for that purpose:
- (a) any instrument appointing a proxy under Rule 29, together with the power of attorney or other authority, if any, under which it is signed; and
 - (b) any power of attorney under Rule 30.
- 31.2 Any such instrument shall be forwarded to the Company not less than 48 hours before the time for holding the Meeting or adjourned Meeting at which the person named in the instrument proposes to vote or, in the case of a poll, not less than 48 hours before the time appointed for the taking of the poll.
- 31.3 Any instrument which is not deposited with the Company in the manner and within the time provided in this Rule is invalid.
- 31.4 Subject to the Corporations Act, a copy of any of the instruments referred to in Rule 31.1 may be deposited at the Office if such copy has been certified as being a true and correct copy by either a Justice of the Peace, Solicitor or Notary Public.
- 31.5 Despite anything else in this Constitution, where a Corporate Representative is appointed and:

- (a) the appointment is a standing one, the certificate appointing a Corporate Representative is not required to be produced to the Company prior to the commencement of a Meeting at which a Corporate Representative proposes to attend where:
 - (1) the certificate appointing the Corporate Representative has been previously produced to the Company;
 - (2) the Corporate Representative is entitled to attend the Meeting on the basis of the same certificate (without amendment or extension) as the certificate referred to in Rule 31.5; and
 - (3) the certificate referred to in Rule 31.5 is otherwise valid; or
- (b) otherwise, a certificate appointing a Corporate Representative must be produced to the Company prior to the commencement of a Meeting at which a Corporate Representative proposes to attend.

32. Revocation and invalidity of instruments

A vote given in accordance with the terms of the instrument appointing a proxy, attorney or Corporate Representative shall be valid, subject to Rule 29, despite;

- (a) the death of the principal;
- (b) the unsoundness of mind of the principal;
- (c) the winding up or dissolution of the principal, if a corporate body; or
- (d) the revocation of the instrument or the power of attorney under which the instrument was executed,

so long as no intimation in writing of any such event is received at the place for deposit of proxies or by the Chairman before the Meeting or the adjourned Meeting takes place or the poll is taken.

33. Number of Directors

- 33.1 The Company may from time to time by resolution passed at a Meeting increase or reduce the number of Directors.
- 33.2 Subject to Rule 33.1, the number of Directors shall be:
 - (a) not less than three; and
 - (b) no more than nine.

34. Qualification of Directors, Alternate Directors and Associate Directors

- 34.1 Every Director shall be a natural person.
- 34.2 A Director, Alternate Director or Associate Director need not be a shareholder.

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35. Vacation of office of Director

- 35.1 The office of the Director shall become vacant if the Director:
- (a) ceases to be a Director by virtue of the Corporations Act or by order of any court of competent jurisdiction;
 - (b) becomes prohibited from being a Director by reason of any order made under the Corporations Act;
 - (c) becomes bankrupt or suspends payment or makes any arrangement or composition with his creditors generally;
 - (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
 - (e) resigns his office under Rule 35.2 provided that in the case of an Executive Director holding office as such for a fixed term such resignation and vacation of office shall be without prejudice to any claims that the Company may have against the Executive Director for any breach of any contract of service between the Executive Director and the Company;
 - (f) for a continuous period of more than six months is absent without the permission of the Directors from meetings of the Directors held during that period, provided that attendance by the Alternate for the Director shall be deemed to be attendance by the Director for the purposes of this paragraph;
 - (g) is removed from office under Rule 36; or
 - (h) where the Director is a shareholder, fails to pay any call within four weeks from the date such call is made payable.
- 35.2 A Director may resign from office upon giving one month's notice in writing to the Company of his intention to do so and such resignation shall take effect upon the expiration of the notice, or its earlier acceptance by the Board.

36. Appointment and removal of Directors

- 36.1 The Directors may at any time and from time to time appoint any other person qualified in accordance with Rule 34 as a Director, either to fill a casual vacancy or as an addition to the Board but only if the total number of Directors do not at any time exceed the maximum number for the time being allowed under this Constitution.
- 36.2 Any Director appointed under Rule 36.1 shall hold office only until the next following annual general meeting of the Company, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that Meeting.
- [See LR 14.4]
- 36.3 Subject to the provisions of the Corporations Act, the Company at a Meeting may by resolution:
- (a) remove any Director before the expiration of the Director's term of office;
 - (b) appoint another qualified person as a Director; or

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- (c) remove any Director before the expiration of the Director's term of office and appoint another qualified person in the removed Director's stead.

36.4 Any appointment of a Director proposed under Rules 36.3(b) or 36.3(c) shall be subject to prior notice having been given under Rule 38.13.

36.5 A person appointed under Rule 36.3(b) shall hold office subject to Rule 38.

36.6 Any person appointed or re-elected under Rule 36.3(c) shall hold office only during such time as the Director in whose place the person is appointed or, in the case of re-election, the re-elected Director would have continued to hold office had the Director not been removed under this Rule.

37. Offices of profit in Company

37.1 Subject to the provisions of the Corporations Act, any Director may hold any other office or place of profit under the Company or in connection with the Company's business other than that of Auditor.

37.2 No person being a partner or employer or employee of any Auditor of the Company shall be eligible to be appointed or elected as Director or Alternate Director of the Company.

38. Term of office of Directors

38.1 At each annual general meeting of the Company, the following Directors must retire from office:

- (a) any Director required to submit to re-election because of Rule 38.6;
- (b) any Director required to submit to re-election because of Rule 36.2;
- (c) one-third of the Directors for the time being excluding:
 - (1) any Director to whom Rule 38.1 applies; and
 - (2) any Managing Director subject to Rule 43.2(a) and Rule 43.2(b),
 or if their number is not a multiple of three then the greater of:
 - (3) one; or
 - (4) the number nearest to but not exceeding one-third.

[See LR 14.4 and 14.5]

38.2 Rule 38.1 does not apply to the Managing Director but if there is more than one Managing Director, Rule 38.1 does not apply to that Managing Director determined in accordance with Rule 43.2(b).

[See LR 14.4]

38.3 The Directors to retire under Rule 38.1(c) shall be determined according to the length of time each Director has spent in office, with those having spent the longest time in office retiring.

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- 38.4 Where two or more Directors have been in office an equal length of time, the Directors to retire shall, in default of agreement between them, be determined by lot.
- 38.5 The length of time a Director has been in office shall be computed from the Director's last election or appointment where the Director has previously vacated office.
- 38.6 Subject to Rule 38.2 but despite anything to the contrary in this Constitution, a Director shall not continue in office for a period in excess of three consecutive years or until the third annual general meeting following the Director's appointment, whichever is the longer, without submitting to re-election.
- 38.7 A retiring Director shall retain office until the conclusion of the Meeting at which the retiring Director's successor is elected.
- 38.8 A retiring Director shall be eligible for re-election.
- 38.9 At any Meeting at which any Directors retire in the manner provided for in this Rule, the Company may elect a like number of persons to fill the vacancies left by the retiring Directors, and subject to Rule 38.13 may also fill any other vacancies.
- 38.10 A motion for the appointment of two or more persons as Directors by a single resolution shall not be made unless a resolution that it be so made has been first agreed to by the Meeting without any vote being given against it. A resolution passed in contravention of this Rule shall be void, whether or not it was objected to at the time the resolution was moved. For the purposes of this Rule a motion for approving a person's appointment or for nominating a person for appointment shall be treated as a motion for the person's appointment. Nothing in this Rule shall be deemed to prevent the election of two or more Directors by ballot or poll.
- 38.11 If at any Meeting at which an election of Directors ought to take place, the offices of the retiring Directors or some of them are not filled, then any vacancy created shall be deemed to be a casual vacancy capable of being filled by the Directors under Rule 36.1.
- 38.12 The Company may at any Meeting from time to time:
- (a) increase or reduce the number of Directors;
 - (b) alter the Directors' qualifications; and
 - (c) determine in what rotation such increased or reduced number is to go out of office.
- 38.13 Nominations for election to the office of Director shall be accepted:
- (a) where the Company is Listed, up to 30 Business Days; or
 - (b) otherwise, up to 25 Business Days,
- before the date of a general Meeting at which Directors will be elected or re-elected.
- [See LR 14.3]

39. Remuneration of Directors

- 39.1 Each Director shall be entitled to remuneration for the Director's services from the date of the Director's election or appointment to the Board.
- 39.2 The remuneration of the Executive Directors:

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- (a) shall be determined by the Board; and
- (b) where the Company is Listed, must not include a commission on or percentage of operating revenue.

[See LR 10.17]

39.3 The Directors are entitled to be paid all reasonable travelling, hotel and other expenses incurred by them in:

- (a) attending and returning from meetings of the Directors of the Company;
- (b) otherwise in connection with the business of the Company; and
- (c) in the execution of their duties as Directors,

but may be required to provide reasonable verification of these expenses.

39.4 The remuneration of non-Executive Directors must be a fixed sum for each non-Executive Director.

[See LR 10.17.2]

39.5 The total amount of Director's fees payable by the Company or any subsidiary of the Company to non-Executive Directors must:

- (a) be set by resolution of the Company; and
- (b) only be increased by resolution of the Company, with the notice of Meeting relating to any proposed increase to specify the amount of the proposed increase and the maximum sum that may be paid.

[See LR 10.17.1]

39.6 Except as provided in this Constitution, the Directors shall not without the prior consent of the Company given in Meeting have the power to fix or pay a salary or allowance for the a non-Executive Director that would have the effect of exceeding the total amount of Director's fees payable determined in accordance with Rule 39.5.

39.7 Nothing in this Constitution shall prevent the Directors approving the payment of consulting or other professional services to any Director. In the event of a Director ceasing to be a Director as a consequence of dying, retiring or ceasing to hold office (**Retiring Director**), the Directors may approve and make such payment to the Retiring Director, or his legal personal representatives or dependents as permitted under section 200F of the Corporations Act (**Permitted Payment**).

39.8 The Directors shall only be entitled to approve and make to a Retiring Director a payment in excess of the Permitted Payment where:

- (a) the particulars of the proposed payment referred to above (together with such other particulars as are required by the Corporations Act to be disclosed) shall have been disclosed to, and approved by, the Company at a Meeting prior to the death, retirement or vacation of office of the Director; and
- (b) the Director has not ceased to be a Director under the provisions of Rules 35.1(a) or 35.1(b).

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40. Directorships in other companies

- 40.1 Subject to Rule 40.2, a Director may be or become a director of any other company and no Director who is or becomes a director in another company shall be accountable for any benefits received as a director or Member of such other company.
- 40.2 A Director shall not, without the approval of the other Directors accept, hold or retain the office of director of any other company which in the opinion of the other Directors is for the time being in active competition with the Company.

41. Alternate Directors

- 41.1 Subject to the provisions of Rule 34, any Director may appoint any person to act as an Alternate Director in the Director's place, whether for a stated period or periods or until the happening of a specified event or from time to time, whenever by absence or illness or for any other reason the Director is unable to attend to the Director's duties as a Director as follows:
- (a) with approval of a resolution of the Board; or
 - (b) with the approval of a majority of the other Directors.
- 41.2 The following provisions shall apply to any such Alternate Director:
- (a) subject to this Constitution, the Alternate Director shall be entitled to receive notice of meetings of the Directors and to attend and vote at meetings of Directors if the Director by whom the Alternate Director was appointed is not present;
 - (b) where the Alternate Director is already a Director, the Alternate Director shall have a separate vote on behalf of the Director the Alternate Director is representing in addition to the Alternate Director's own vote;
 - (c) the Alternate Director shall be entitled to exercise all the powers (except the power to appoint an Alternate Director) and to perform all the duties of a Director, insofar as the Director by whom the Alternate Director was appointed has not exercised or performed them;
 - (d) the Alternate Director shall vacate office as Alternate Director if the Director by whom the Alternate Director was appointed is removed or otherwise ceases to hold office for any reason;
 - (e) the Alternate Director shall, whilst acting as an Alternate Director, be responsible to the Company for the Alternate Director's own acts and defaults and shall not be deemed to be the agent of the Director by whom the Alternate Director was appointed;
 - (f) the Alternate Director shall not be entitled to receive any remuneration from the Company as a Director except for special services which in the opinion of the Directors are outside the range of the ordinary duties of a Director;
 - (g) the Alternate Director shall not be taken into account in determining the number of Directors but shall, if the Director by whom the Alternative Director was appointed is not present, be taken into account for the purpose of determining whether a quorum is present under Rule 44.2; and
 - (h) the Alternate Director may be removed or suspended from office by written notice, letter, facsimile, or other form of visible communication sent to the Company by the Director by whom the Alternate Director was appointed.

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41.3 An instrument appointing an Alternate Director may be delivered to the Company by written notice, letter, facsimile or other form of visible communication and shall be retained by the Company and shall be substantially in the following form:

Earth Heat Resources Limited ABN 86 115 229 984

I,..... a Director of,
..... Limited

in pursuance of the power contained in the Constitution of the Company nominate

of.....

to act as Alternate Director of the Company in my place and stead, and to exercise and discharge all my duties and to exercise all my authorities, prerogatives, privileges and powers as a Director of the Company during my absence (or my illness or my inability to act or attend as a Director, as the case may be).

Signed this day of

Signature

Witness

42. Associate Directors

42.1 Subject to the provisions of Rule 34, the Directors may from time to time appoint any person to be an Associate Director and may at any time remove from office any person so appointed.

42.2 The Directors may define and limit from time to time the duties and powers of such Associate Directors and may fix their remuneration if any.

42.3 An Associate Director:

- (a) shall not be deemed to be a Director of the Company within the meaning of the Corporations Act or of this Constitution;
(b) and shall not be recognised in a quorum or exercise any of the powers which are by this Constitution conferred on the Directors or in any way share their responsibilities; and
(c) may, on the invitation of the Directors, attend those Meetings to which the invitation extends.

43. Managing Director

43.1 The Directors may from time to time appoint one or more of the Directors to the position of Managing Director or Assistant Managing Director on such terms as they think fit and may

from time to time remove any Director so appointed from office and appoint another Director in place of the Director removed from that position.

43.2 A Managing Director or Assistant Managing Director shall be subject to the same provisions as to resignation and removal as the other Directors of the Company and shall immediately cease to be a Managing Director or Assistant Managing Director on ceasing to hold the office of Director from any cause, provided that:

- (a) where there is only one Managing Director, the Managing Director shall not be subject to the provisions of this Constitution as regards retirement by rotation, and the Managing Director shall not be taken into account in determining the rotation or retirement of Directors;
- (b) where there is more than one Managing Director, only one Managing Director shall be entitled not to be subject to the provisions of this Constitution as regards retirement by rotation and shall not be taken into account in determining the retirement by rotation of Directors and as between any two or more Managing Directors, in the absence of agreement between them, the Managing Director to whom the exemption in this Rule 43.2 applies shall be determined by lot;
- (c) after a determination has been made under Rule 43.2(b), the exemption referred to in that Rule will not apply to any other Managing Director until the Managing Director first determined to have the benefit of the exemption ceases to be a Managing Director; and
- (d) if, at the time a Managing Director ceases to have the benefit of the exemption referred to in Rule 43.2(b), that Managing Director has not submitted to re-election for a period longer than that provided in Rule 38.6, the Managing Director shall submit to re-election at the next annual general meeting of the Company.

[See LR 14.4]

43.3 Despite Rule 39, the remuneration of a Managing Director or Assistant Managing Director shall be fixed by the Directors from time to time and may be by way of fixed salary or commission on profits of the Company or of any other company in which the Company is interested or by participation in any such profits or by any or all of these modes, but shall not be by way of commission on or percentage of operating revenue.

43.4 The Directors may from time to time:

- (a) entrust to and confer upon a Managing Director or Assistant Managing Director for the time being such of the powers exercisable under this Constitution by the Directors as they think fit;
- (b) confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient; and
- (c) confer such powers collaterally with, but not to the exclusion of or in substitution for, all or any of the powers of the Directors in that behalf and may from time to time revoke withdraw alter or vary all or any of such powers.

43.5 This Rule 43 is subject to the provisions of any contract between the Managing Director or Assistant Managing Director and the Company so long as the terms of any contract between the Managing Director or Assistant Managing Director and the Company which are inconsistent with this Constitution, have been first approved of by the Company in general Meeting.

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44. Directors' Meetings

- 44.1 The Directors may meet together in person or by any form of electronic device which must allow at all times the Directors to be able to hear and be heard by all other Directors at the meeting, for the dispatch of business, to adjourn and to otherwise regulate their meetings as they think fit.
- 44.2 Subject to the Corporations Act, the quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be two.
- 44.3 A Director may at any time convene a meeting of the Directors.
- 44.4 The Secretary shall, upon the requisition of a Director, convene a meeting of the Directors.
- 44.5 Unless otherwise decided by the Directors, notice of every meeting of Directors, shall be given by delivering the same to, or by letter, facsimile or other form of visible communication to each Director at an address notified by the Director to the Secretary as the Director's address for receipt of notice. If such address is outside the State then a copy of such notice shall also be given in any of the above modes to the address (if any) within the State notified by such Director to the Secretary as the Director's address in the State for the receipt of notices.
- 44.6 If, prior to any meeting of Directors, the Secretary is advised by the Chairman of Directors or by any other Director that any urgent or contentious business is or may be transacted at such meeting, notice of such meeting shall contain a statement of the general nature of the urgent or contentious business to be transacted.
- 44.7 Questions arising at any meeting of the Directors shall be determined by a majority of votes and such a determination shall be deemed a determination of the Directors.
- 44.8 In case of an equality of votes, the Chairman of the meeting shall, when more than two Directors including the Chairman are present and competent to vote on the question at issue, have a second or casting vote.
- 44.9 A resolution in writing which is signed and dated by all the Directors (including any Alternate Director appointed by an absent Director) containing a statement that they are in favour of the resolution shall be as valid and effectual as if it had been duly passed at a meeting of Directors duly convened and constituted. Any such resolution may consist of separate copies of a document each signed by one or more Directors if the wording of the resolution and statement is identical in each copy.
- 44.10 A resolution under Rule 44.9 shall be deemed to have been passed on the day (according to the dates of signing) when the resolution shall have been signed by all the Directors and any Alternate Director (as the case may be). If a signed copy of the resolution shall be returned to the Secretary undated, the Secretary shall fill in the date on which it was received and the same shall be deemed to have been signed on that day.
- 44.11 For the purposes of Rules 44.9 and 44.10:
- (a) a facsimile or other form of visible communication issued by a Director shall be deemed to be signed and dated by such Director; and
 - (b) a reference to all the Directors does not include a reference to a Director who, at a meeting of Directors, would not be entitled to vote on the resolution.
- 44.12 The continuing Directors may act despite any vacancy in their body but, if and so long as their number is reduced below the number fixed by or under this Constitution as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of increasing

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the number of Directors to that number or of summoning a Meeting of the Company, but for no other purpose, except in an emergency.

- 44.13 Subject to Rule 44.12, a meeting of the Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under this Constitution or by or under statute for the time being vested in or exercisable by the Directors generally.
- 44.14 The Directors may adopt a code of conduct regulating the conduct and procedures to apply to all meetings of Directors, including disclosure and use of information received at any meeting of Directors.

45. Chairman of Directors

- 45.1 The Directors may from time to time appoint a Chairman of Directors or Chairman and may entrust to and confer upon such Chairman of Directors or Chairman all or any of the powers of the Directors (excepting the powers to make calls, forfeit shares, borrow or otherwise raise money or issue debentures) that they may think fit.
- 45.2 The exercise of all powers by such Chairman of Directors or Chairman shall be subject to such regulations and restrictions as the Directors may from time to time make and impose and the said powers may at any time be withdrawn, revoked or varied.
- 45.3 The Chairman of Directors shall be entitled if present to take the chair at meetings of the Directors. If the Chairman of Directors is not present within ten minutes after the time appointed for the meeting, the Directors shall choose one of their number to be chairman of the meeting.
- 45.4 The Chairman may be removed at any time by resolution of the Directors of which reasonable notice shall have been given to all Directors before the meeting of Directors at which the resolution is proposed.

46. Defective appointment of Directors

All acts done at a meeting of the Directors or of a committee of the Directors or by any person acting bona fide as a Director shall be as valid as if every such person had been duly appointed or had duly continued in office and was qualified and had continued to be a Director, regardless as to whether it is afterwards discovered that there was some defect in the appointment or continuance in office of any of such Directors or persons acting or that any of them were disqualified or had vacated office.

47. Delegation to committees of Directors

- 47.1 The Directors may delegate any of their powers to committees consisting of such Member or Members of their body as they think fit and may revoke or vary such delegation whenever they think fit.
- 47.2 Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it from time to time by the Directors.
- 47.3 The committee may meet and adjourn as it thinks proper, questions arising at any meeting shall be determined by a majority of votes of the Members present and, in the case of an equality of votes, the chairman shall have a second or casting vote.

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48. Minutes of Meetings

- 48.1 The Directors shall cause minutes to be made of all proceedings all Meetings of Directors and of all meetings of Directors and committees of Directors.
- 48.2 The minutes shall contain details of all proceedings including:
- (a) of all appointments of officers; and
 - (b) of names of Directors present at all Meetings and meetings of the Directors and of any committee of the Directors,
- and shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.
- 48.3 The minutes of a meeting signed by the Chairman of that meeting as provided in Rule 48.2 shall be sufficient evidence without further proof of the facts stated in the minutes.

49. General powers of Directors

- 49.1 The Directors shall manage and control the business and affairs of the Company.
- 49.2 The Directors may exercise all of the powers and do all acts and things that the Company has power and authority to do, except those powers, acts or things which may only be done by the Company in general Meeting.
- 49.3 The powers of the Directors under this Rule shall be subject to:
- (a) any contract which may be made with a Managing Director in which the Directors delegate certain powers; and
 - (b) the provisions of the Corporations Act, this Constitution, and any regulations made from time to time by the Company at a Meeting.
- 49.4 The Company shall not make any regulation which would have the effect of invalidating any prior act of the Directors which was validly made.
- 49.5 So far as shall be practicable and not inconsistent with the provisions of this Constitution, any power, authority or discretion vested in the Directors may be exercised at their discretion.

50. Borrowing powers of Directors

- 50.1 The Directors may, at their discretion, raise or borrow money or other financial accommodation of any kind whatever on behalf of the Company and do not require the consent of the Members to exercise these powers (**Borrowing Powers**).
- 50.2 The Borrowing Powers of the Directors include power to:
- (a) raise or borrow any money in any manner whatever, either alone or jointly with another or others (including but without limitation by way of overdraft account, letters of credit or bill acceptance and discounting facility); and

- (b) to secure the payment or repayment of such money in such manner and on such terms and conditions in all respects as they may think fit and, in particular, by the issue or sale of Debt Securities, bonds or other obligations of the Company whether:
 - (1) perpetual or otherwise;
 - (2) payable to bearer or otherwise; and
 - (3) either:
 - (A) without security;
 - (B) secured by deposit or pledge of the securities;
 - (C) secured by properties of the Company;
 - (D) secured by mortgages bills of exchange or promissory notes or other instruments; or
 - (E) secured in any other manner.
- 50.3 The Directors may offer as security, in any manner whatever, any part of the Company's property and assets including its future property and uncalled capital for the time being.
- 50.4 Any debentures, Debt Securities, and other securities or obligations issued by the Company may be made assignable free from any equities between the Company and the person who was granted or issued the same.
- 50.5 Any debentures, Debt Securities and other securities or obligations may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, attending and voting at general Meetings of the Company, appointment of Directors, making calls on Members for any uncalled capital included in such securities and otherwise.
- 50.6 The Directors shall establish and maintain all proper registers required by law to be kept of all debentures, Debt Securities and other securities, mortgages and charges specifically affecting the property of the Company.

51. Interested Directors

- 51.1 A Director shall be entitled to acquire or have the following interests:
- (a) an interest of the kind set out in section 191 of the Corporations Act (**Material Personal Interest**);
 - (b) an interest of the kind set out in Chapter 2E of the Corporations Act (**Financial Benefit**); and
 - (c) an interest of any other kind whatever permitted or authorised by law.

52. Directors' material personal interests

- 52.1 A Director shall only be entitled to acquire, receive and have a Material Personal Interest in the manner and to the extent permitted by law.

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52.2 A Director holding a Material Personal Interest shall comply with all obligations required by law including any disclosure obligations under the Corporations Act and the Listing Rules in respect of the same.

53. Directors' financial benefits

53.1 A Director shall only be entitled to be given a Financial Benefit in the manner and to the extent permitted by law.

53.2 A Director given or to be given a Financial Benefit shall comply with all obligations required by law including any disclosure obligations under the Corporations Act and the Listing Rules in respect of the same.

54. Local management

54.1 The Directors may provide for the management and transaction of the business and affairs of the Company in any place in Australia or elsewhere to the extent permitted by law.

54.2 The Directors may from time to time establish any local boards of directors, managers, branch offices or agencies for managing the affairs of the Company in any locality and may:

- (a) appoint any persons to be Members of such local boards of directors or managers or agents; and
- (b) fix their remuneration.

54.3 The Directors may at their discretion make regulations for the management of any local board, branch office or agency from time to time. The Directors may pay the expenses occasioned by any of the matters in this Rule out of the funds of the Company, and may at their discretion from time to time discontinue all or any of such local boards of directors, branch offices or agencies.

54.4 All local boards of directors, branch offices, agencies, local directors, agents, officers, clerks, servants and workmen wherever located shall at all times be under the control of the Directors.

54.5 Except for the power of making calls which cannot be delegated, the Directors may from time to time delegate to any person appointed under Rule 54.2 any of the powers, authorities and discretions for the time being vested in the Directors other than and may authorise the Members for the time being of any local board of directors or any of them to fill any vacancies therein and to act notwithstanding such vacancies.

54.6 Any appointment made under Rules 54.2 and 54.5 shall be made on such terms and conditions as the Directors determine at their discretion.

54.7 The Directors may at any time:

- (a) remove any person appointed under Rules 54.2 and 54.5; and
- (b) annul or vary any delegation of their powers to persons so appointed.

54.8 Any person appointed under Rules 54.2 and 54.5 may be authorised by the Directors to sub-delegate all or any of the powers authorities and discretions for the time being vested in that person.

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- 54.9 Where permitted or authorised by law, the Directors may cause to be kept in any other State or Territory of Australia, or other country in which it transacts business a branch register of Members. The Directors may, at their discretion, make provisions with respect to the keeping of such branch register, and may do whatever they consider necessary to comply with any local law.
- 54.10 If a Director is in any place where there is a local board of directors, the Director shall be entitled to act and vote at all meetings of the local directors.

55. Attorneys for Company

- 55.1 The Directors may, in any manner permitted and effective by law, appoint any corporation, firm, or person or body of persons to be the attorney or agent of the Company for such purposes and with such powers, authorities and discretions and for such period and subject to such conditions as they may think fit so long as the powers do not exceed those vested in or exercisable by the Directors under this Constitution.
- 55.2 An appointment under Rule 55.1 may contain such provisions for the protection and convenience of persons dealing with any such attorney or agent as the Directors may think fit and may authorise any such attorney or agent to delegate all or any of the powers, authorities, and discretions vested in the attorney or agent.
- 55.3 The Directors may appoint local directors or agents by facsimile, email or other form of visible communication in cases of urgency to act for and on behalf of the Company.

56. Execution of documentation by Company

- 56.1 The Company shall not be required to have a common seal.
- 56.2 If the Company has a common seal it shall contain:
- (a) the name of the Company; and
 - (b) its Australian Company Number or Australian Business Number.
- 56.3 The Directors shall provide for the safe custody of any common seal and any duplicate of the Company as they shall think fit. No document, writing or other material shall be executed by the Company except by the authority of the Board of Directors or of a committee of the Directors duly authorised or as otherwise permitted under the Corporations Act.
- 56.4 A Company may execute any agreement, deed, share certificate (if any) or other document in any manner permitted by law including with or without the use of a common seal. Every document which is executed shall be signed by either:
- (a) two Directors;
 - (b) a Director and the Secretary; or
 - (c) a Director and another authorised signatory appointed for that purpose by the Directors.
- 56.5 The Directors may, by resolution, determine either generally or in any particular case that the signature of any Director, Secretary or other person appointed by the Directors for the purpose of signing any instruments or documents which may need to be executed by the Company is affixed by some mechanical means (to be specified in the resolution of the Directors) provided

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that the use of such means is by such resolution restricted to instruments and documents which bear evidence of examination by the Company's Auditors.

57. Bills of Exchange

All cheques, promissory notes, drafts, bills of exchange, and other negotiable instruments and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by any two Directors or in such other manner as the Directors from time to time determine.

58. Secretary

58.1 The Secretary:

- (a) shall be appointed by the Directors for such term, at such remuneration, and on such conditions as they may think fit in any manner permitted by law; and
- (b) may be removed by the Directors in any manner permitted by law.

58.2 The Directors may appoint an acting Secretary as temporary substitute for the Secretary who while exercising such office shall be deemed to be the Secretary for the purpose of this Constitution.

58.3 The Directors may also appoint Assistant Secretaries.

59. Public officer

The Directors may appoint a public officer to the Company and may, if they think fit, remove such person from office and appoint another in place of the person removed from office.

60. Reserves

60.1 The Directors may set aside out of the profits or other surplus assets such sums as they may think fit as reserves.

60.2 Subject to the provisions of the Corporations Act, all sums set aside as reserves may be applied from time to time in the discretion of the Directors for:

- (a) meeting depreciation;
- (b) meeting contingencies;
- (c) repairing, improving or maintaining the property of the Company;
- (d) special dividends;
- (e) bonuses;
- (f) equalising dividends;
- (g) paying dividends; or

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- (h) such other purposes as the Directors in their absolute discretion think proper and conducive to the interest of the Company or which may be required by law.
- 60.3 The Directors may divide such reserves into separate funds as they shall think fit.
- 60.4 The Directors may, pending any application of reserve sums as provided in Rule 60.2:
- (a) invest such reserve sums upon such investments and securities (other than shares of the Company or of its holding company) as they may think fit;
 - (b) place such reserve sums or part thereof either upon deposit or at call at interest with any bank or banking institution or with any corporation receiving money on deposit;
 - (c) from time to time deal with and vary any such investments and securities and dispose of all or any part of the investments for the benefit of the Company; or
 - (d) divide the reserve fund into such special funds as they may think fit.
- 60.5 The Directors may employ any asset or assets constituting the reserves of the Company or any part of the asset or assets in the business of the Company without being bound to keep same separate from the other assets of the Company.
- 60.6 Any interest or other income derived from or accretions to such investments or securities shall be dealt with as profits arising from the business of the Company.
- 60.7 The Directors may re-value any assets of the Company.
- 60.8 The Directors may carry forward so much of the profits as the Directors consider appropriate or necessary without transferring same to a reserve.

61. Dividends

- 61.1 Subject to:
- (a) the provisions of Rule 60;
 - (b) this Constitution;
 - (c) the Corporations Act in relation to when a company may pay a dividend; and
 - (d) the special conditions or rights (if any) as to dividends attaching to any shares,
- the Directors shall be entitled to distribute the Equity of the Company by way of dividend and payment of dividends upon the shares shall be in proportion to the amounts paid up on such shares respectively at the date of declaration of the dividend.
- [See LR 6.11]
- 61.2 If any capital is paid up on any share in advance of calls or otherwise on the footing that the same shall carry interest, such capital while carrying interest shall not confer a right to participate in dividends.
- [See LR 6.11]
- 61.3 Subject to Rules 61.1 and 61.2, all dividends shall be apportioned and paid proportionately to the amounts paid on the shares during any portion or portions of the period in respect of which

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the dividend is declared unless any share is issued on terms providing that it shall rank for dividend as from a particular date in which case it shall only rank for dividend from that date.

[See LR 6.11]

- 61.4 Subject to this Constitution and the Corporations Act, the Directors may from time to time declare and pay to the Members such final dividends as appear to the Directors to be justified by the Equity of the Company.
- 61.5 Subject to this Constitution and the Corporations Act, the Directors may from time to time declare and pay to the Members such interim dividends as appear to the Directors to be justified by the Equity of the Company.
- 61.6 No dividend shall be paid otherwise than out of the Equity or shall bear interest against the Company.
- 61.7 A declaration by the Directors as to the amount of the profits available for dividend shall be conclusive and binding on all Members of the Company.
- 61.8 Subject to this Constitution and the Corporations Act, the Directors may determine that any dividend declared or recommended by them shall be made payable out of any particular profits (whether current, past or reserved profits) or otherwise as they in their discretion shall think fit, subject however to any requirements of law in relation to amounts held in share premium reserves, capital redemption accounts or other special funds.
- 61.9 A transfer of shares shall not pass the right to any dividend declared after such transfer and before the registration of the transfer.
- 61.10 All dividends and interest shall belong and be paid (subject to any lien or charge) to those Members who are on the Register at the date on which the dividend is declared payable, or at the date on which interest is payable respectively, despite any subsequent transfer or transmission of shares, provided that the Directors may retain any dividend payable on a share in respect of which any person is entitled under Rule 17 to become a Member or which any person is entitled to transfer under that Rule, until such person shall become a Member in respect of such share or shall duly transfer the same as the case may be.
- 61.11 The Directors may deduct from any dividend payable to any Member all sums of money, if any, presently payable by the Member to the Company on account of calls or otherwise in relation to the shares of the Company.
- 61.12 Any one of the several persons who are registered as the joint holders of a share may give an effectual receipt for any dividends, payments on account of dividend, bonuses or other money payable in respect of the share so held.
- 61.13 Any dividend, interest, or other money payable in cash in respect of shares or Debt Securities may be paid by:
- (a) cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register or to such person and to such address as the holder or joint holders may in writing direct and every such cheque or warrant shall be made payable to the order of the person to whom it is sent;
 - (b) electronic funds transfer to an account nominated by the holder to the Company for the purpose of receiving such payments, or in the case of joint holders, to the account nominated to the Company by that joint holder who is first named in the Register for the purpose of receiving such payments; or

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- (c) in such other manner as the Directors determine from time to time.
- 61.14 Notice of declaration of dividend whether interim or otherwise shall be given in the manner specified in Rule 78 to the persons entitled to share in the dividend.
- 61.15 All dividends unclaimed after having been declared may be invested and otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect of those funds. This paragraph is subject to the provisions of section 544 of the Corporations Act and the *Public Trustee Act 1978* (Qld).

62. Election to forego cash dividends

- 62.1 The Board may, at its discretion and subject to the provisions of this Rule, adopt a dividend reinvestment plan (**DRP**) under which the Board may decide (at the same time as it resolves to pay or to recommend any dividend on the ordinary shares) that each holder of ordinary shares to the extent that the holder's ordinary shares are fully paid shall have the option to:
- (a) elect to forego the holder's right to share in such dividend; and
- (b) to receive instead an issue of ordinary shares credited as fully paid to the extent and within the limits and on the terms and conditions in the **DRP** and as set out in this Rule.
- 62.2 The Board shall provide a copy of the **DRP** and a summary of its terms and conditions to all holders of ordinary shares from time to time.
- 62.3 If the Board resolves to allow such option in relation to any dividend, each holder of fully paid ordinary shares conferring a right to share in such dividend may, by notice in writing to the Company (**Notice of Election**) given in such form and within such period as the Board may from time to time decide, elect to forego (subject to the provisions of Rule 62.4) the dividend which otherwise would have been paid to the holder on such of the holder's ordinary shares conferring a right to share in such dividend as the holder shall specify in the **Notice of Election** and to receive in lieu ordinary shares, to be allotted and issued credited as fully paid in the manner and upon the terms determined by the Board under the **DRP**.
- 62.4 A shareholder entitled to make an election under Rule 62.3 shall not be permitted to forego under the provisions of Rule 62.3 such amount of dividend per share as the Board in its sole discretion may resolve shall not be foregone.
- 62.5 Following the receipt of a duly completed **Notice of Election** under Rule 62.3, the Board shall appropriate from such other reserve or account which may be conducted by a company and from which bonus shares may be distributed, an amount equal to the aggregate nominal amount of the ordinary shares to be allotted and credited as fully paid to those holders of ordinary shares who have given **Notices of Election** and shall apply the same in paying up in full the number of ordinary shares required to be so allotted. The ordinary shares so allotted and issued will rank *pari passu* with the existing fully paid ordinary shares and will rank for all dividends on ordinary shares declared after the date of such allotment.
- 62.6 The Board shall not exercise the power conferred on them by Rule 62.1 unless the Company shall then have sufficient reserves to give effect to any elections which could be made under the terms of this Rule.
- 62.7 The powers given to the Board by this Rule are additional to the provisions for capitalisation of profits provided for by this Constitution.
- 62.8 The Board shall not adopt a **DRP** or exercise the power conferred on them by Rule 62.1 under the **DRP** in respect of any dividend payment which they resolve to make or recommend unless

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the Company shall, by ordinary resolution passed at a Meeting, have approved the adoption of the DRP and the use of that power in respect of any such payment or recommendation by the Board under the DRP.

63. Dividends in specie

- 63.1 Any Meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets, and in particular of paid up shares, debentures or debenture stock of the Company or of any other company or in any one or more of such ways and the Directors shall give effect to such resolution.
- 63.2 Where any difficulty arises in relation to the distribution of assets as provided in Rule 63.1, the Directors may settle such difficulty in such manner as they think fit and may:
- (a) fix the value for distribution of all or part of the assets;
 - (b) determine that cash payments shall be made to any Members upon the basis of the value so fixed or that fractions of less than \$1 may be disregarded in order to adjust the rights of all parties; and
 - (c) vest any such specific assets in trustees upon such trusts for the persons entitled to the dividend as determined by the Directors at their discretion.

64. Employee bonuses and employee scheme

- 64.1 The Directors may from time to time reserve out of the profits of the Company in any year a sum or sums of money, and distribute all or any part of the amount as a bonus or bonuses among the employees of the Company and the subsidiaries of the Company or any of them at such time and in such amounts and on such terms and conditions as the Directors may determine.
- 64.2 The Directors may at their discretion introduce an employee scheme under which the Company may issue securities in the Company to employees of the Company in any manner permitted by:
- (a) this Constitution, the Corporations Act and the law; and
 - (b) where the Company is Listed, the Listing Rules.

[See LR 10.14]

65. Capitalisation of profits

- 65.1 The Company at a Meeting may, on the recommendation of the Directors, resolve:
- (a) that any part of the undivided profits of the Company which are available for distribution (including profits standing to the credit of any reserve other than the capital redemption reserve or of the profit and loss account and profits arising from accretion in value as disclosed on revaluation of fixed assets) shall be divided or distributed as capital among such of the Members as would be entitled to receive the same if distributed as dividends and in the same proportions; and

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- (b) that all or any part of the profits referred to in Rule 65.1(a) be appropriated in or towards payment of the uncalled liability of such Members on issued shares or debentures held by them, or be applied in paying up in full previously unissued shares or debentures all of which shall be distributed to the Members entitled according to their respective rights, or partly in one way and partly in the other.
- 65.2 A capital redemption reserve fund may for the purposes of this Rule be applied only in the paying up of unissued shares to be issued to Members of the Company as fully paid bonus shares.
- 65.3 Whenever a resolution has been passed under the provisions of Rule 65.1, the Directors must in accordance with such resolution:
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised;
 - (b) make all allotments and issues of fully paid shares or debentures, if any; and
 - (c) do all acts and things required to give effect to the resolution.
- 65.4 In carrying out their duties under Rule 65.3, the Directors have full power to make such provision by payment in cash or otherwise as they think fit, for the case of shares or debentures becoming distributable in fractions.
- 65.5 Any payment or distribution of or in relation to capitalised profits to any Members made under this Rule is binding on and accepted by such Members in full satisfaction of their respective interests in such profits.

66. Accounts

- 66.1 The Directors shall cause the Company to:
- (a) keep such accounting records as correctly record and explain the transactions (including any transactions as trustee) and financial position of the Company;
 - (b) keep its accounting records in such a manner as will enable true and fair accounts of the Company to be prepared from time to time; and
 - (c) keep its accounting records in such manner as will enable the accounts of the Company to be conveniently and properly audited in accordance with the Corporations Act.
- 66.2 Subject to any law to the contrary, the Directors shall lay before each annual general meeting of the Company the financial statements and financial report made up to the end of the Company's financial year giving a true and fair view of the state of affairs of the Company as at the end of that financial year.

67. Directors' report

The Directors of the Company shall cause to be attached to every financial report, a report made in accordance with a resolution of the Directors and signed by not less than two of the Directors with respect to the profit and loss of the Company for that financial year and the state of the Company's affairs as at the end of that financial year, stating the matters required by the Corporations Act.

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68. Distribution of accounts

- 68.1 The financial report together with such other material as is required to be sent by section 314 of the Corporations Act (**Annual Report**) shall be sent direct to every person entitled to receive notice of Meetings of the Company by the earlier of:
- (a) 21 days before the next annual general meeting after the end of the relevant financial year to which the reporting under section 314 of the Corporations Act relates (**Relevant Financial Year**); or
 - (b) four months after the end of the Relevant Financial Year.
- 68.2 If the Company is Listed:
- (a) Rule 68.1 is to be read subject to the requirements for reporting to Members under the Listing Rules; and
 - (b) a copy of such financial statements, financial report, Directors Report and such other material as is required to be sent by section 314 of the Corporations Act shall be forwarded to the Home Branch at the same time as the material is provided to shareholders (or at such other time as may be prescribed under the Listing Rules), together with additional copies of all such material as the Company shall be obliged to provide under the Listing Rules.
- 68.3 The Company shall (when it is obliged under the Corporations Act to lodge annual financial statements) provide the Home Branch with a copy of those documents at the same time as they are lodged with the ASIC.
- [See LR 4.5]
- 68.4 The Company may provide the Annual Report in any manner permitted by the Corporations Act including, without limitation, section 314.
- 68.5 Notwithstanding any other Rule of this Constitution, the Annual Report to be sent to a Member in accordance with this Constitution shall be deemed to have been given to that Member:
- (a) where the Annual Report is sent by post, on the day following that on which the letter envelope or wrapper containing the same was posted;
 - (b) where the Annual Report is sent or notified by facsimile, service shall be deemed to have been given at the time when a transmission of the facsimile is completed by the Company and a report is generated stating that the transmission has been sent to the facsimile number; or
 - (c) where the Annual Report is sent or notified by electronic transmission or other electronic means, service shall be deemed to have been given when the Company receives a report confirming the transmission has been received, or if no such report is received, on the day following that which it was sent.

69. Inspection of books of account

- 69.1 The books of account and records shall be kept at the Office of the Company or at such other place or places as the Directors think fit and shall at all times be open to inspection by the Directors of the Company or of any holding company of the Company.

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- 69.2 Subject to the provisions of the Corporations Act, the Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the books of account and records of the Company or any of them shall be open to the inspection of the Members.
- 69.3 A Member shall only be entitled to inspect any accounts, records, books or documents of the Company:
- (a) if that Member also a Director;
 - (b) as provided by the Corporations Act;
 - (c) as authorised by the Directors under Rule 69.2; or
 - (d) by a resolution of the Company at a Meeting.

70. Accounts conclusive

Every account of the Company (including any consolidated accounts of the Company and its subsidiaries or holding company if any) when audited and approved by a Meeting shall be conclusive.

71. Audit

- 71.1 An Auditor or Auditors shall be appointed and his or their duties shall be regulated in accordance with the Corporations Act.
- 71.2 The Auditor shall report to the Members on the financial statements to be laid before the Company at a Meeting and on the Company's accounting records relating to those financial statements and, if the Company is a holding company for which group accounts are required by the Corporations Act, the Auditor of the Company shall also report to the Members on the group accounts.
- 71.3 Any person who is:
- (a) a Director of the Company;
 - (b) an Officer of the Company;
 - (c) a partner, employer or employee of a Director or Officer of the Company;
 - (d) a partner, employer or employee of an employee of a Director or Officer of the Company;
 - (e) not a registered company auditor; or
 - (f) indebted in any amount exceeding \$5,000 to the Company or to a related body corporate,
- shall not be capable of being appointed or of acting as Auditor of the Company.
- 71.4 A copy of an Auditor's qualified report must be supplied by the Directors to the Home Branch.

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- 71.5 The Company's Share Register and branch registers (if any) shall be audited at such times as are required by any relevant law (if any) or the Listing Rules (if required).

72. Buy-back arrangements

The Company may buy securities in itself from time to time and shall be entitled to give financial assistance to any entity for the purpose of the same:

- (a) to the extent and in the manner permitted by the Corporations Act or by law; and
- (b) if Listed, to the extent and in the manner permitted by the Listing Rules.

[See LR 7.29]

73. Sale of less than minimum holding

- 73.1 This Rule has effect notwithstanding any other provision of this Constitution to the contrary and shall override the same to the extent of any inconsistency.

- 73.2 In this Rule:

Continuation Election Notice means a notice by a Small Holder in the form contained on or enclosed with a Continuing Member Notice and completed and signed in accordance with the instructions on the Continuing Member Notice, notifying the Company that this Rule is not to apply to that Small Holder so that that Small Holder may remain as the holder of the securities registered in its name.

Continuing Member Notice means a notice issued under Rule 73.3 below.

Election Deadline means 5.00pm (Australian Eastern Standard Time) on a date specified in a Continuing Member Notice, being a date not less than six weeks after the date of dispatch of that Continuing Member Notice.

Sale Consideration means the consideration received for the sale of any securities (less any unpaid calls instalments or interest (if any) accrued on those instalments) under this Rule.

Small Holders means persons registered, either alone or jointly with any other persons, as the holders of less than a Marketable Parcel of a class of securities in the Company.

- 73.3 Subject to the provisions of this Rule, the Board may determine no more than once in any 12 month period, to require all (and not merely some) of the Small Holders of any class of securities in the Company to elect whether they wish to remain as the holders of the securities of that class in the Company registered in their name by forwarding to each such Small Holder (including all persons registered jointly) a Continuing Member Notice containing or enclosing:

- (a) details of the securities of that class in the company held by the Small Holder;
- (b) statements to the effect that:
 - (1) the Company intends to invoke the provisions of this Rule which allows for the sale of securities of that particular class held by all Small Holders in that class;
 - (2) if the Company does not receive from any such Small Holder a Continuation Election Notice by the Election Deadline, the Company will be, subject to this

Rule, entitled to sell the securities of that particular class held by those particular Small Holders in its absolute discretion; and

- (3) in the case of a Member whose securities are in a CHESS holding, that the Company may, without further notice, after the Election Deadline, move the securities from the CHESS holding to an Issuer Sponsored or certificated holding for the purpose of sale;

- (c) a Continuation Election Notice;
- (d) a copy of the text of this Rule; and
- (e) any other information which the Directors may desire to include.

73.4 If a Small Holder on whom a Continuing Member Notice has been served wants to keep the securities referred to in the Continuing Member Notice, the Small Holder must give the Company a Continuing Election Notice which must be received by the Company before the Election Deadline, in which event the Company will not sell the securities referred to in the Continuing Member Notice.

73.5 If a Small Holder on whom a Continuing Member Notice has been served does not give a Continuing Election Notice which is received by the Company before the Election Deadline, the Company shall be entitled to, subject to this Rule:

- (a) if the Small Holder holds those securities in a CHESS Holding, move those securities from the CHESS Holding to an Issuer Sponsored or a certificated holding for the purpose of the sale; and
- (b) in any case, sell those securities in accordance with this Rule,

but only if the securities held by the Small Holder in the class of securities the subject of the Continuing Member Notice on the Election Date is less than a Marketable Parcel.

73.6 Any securities to be sold under this Rule may be sold on such terms and conditions, in such manner, at such prices and to such persons (including the Company itself where authorised by law) as the Board may, in its absolute discretion, think fit and, for the purposes of such sale, each such Small Holder shall be deemed to have:

- (a) appointed the Company as its agent for sale;
- (b) authorised the Company to effect on its behalf a transfer of the securities sold and to deal with the proceeds of the sale of the securities in accordance with this Rule;
- (c) appointed the Company, its Directors and the Secretary at the relevant time jointly and severally as its attorney to execute any instrument or take such steps in its name and on its behalf as they or any of them may consider appropriate to transfer the securities so sold; and
- (d) authorised each of the attorneys appointed under Rule 73.6(c) to appoint an agent to do a thing referred to in Rule 73.6(c).

73.7 Any transferee of any securities sold under this Rule shall not be bound to see to the regularity of any procedure or to the application of the purchase consideration in respect of such sale nor shall any transferee be required to produce the certificates in respect of such securities to enable registration. Once the transferee has been registered as the holder of such securities the transferee's title shall not be affected by any irregularity or invalidity in any procedure and the only remedy of any Small Holder aggrieved by the sale of its securities under this Rule

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shall be in damages only and against the Company exclusively and shall be limited to the amount of the relevant Sale Consideration.

- 73.8 The costs and expenses of any sale of securities under this Rule (including legal costs and disbursements, brokerage and stamp duty) shall be borne and paid by the Company.
- 73.9 The Sale Consideration shall be held by the Company in trust for the Small Holder whose securities have been so sold.
- 73.10 On receipt of the Sale Consideration, the Company shall forthwith notify such Small Holder in writing that the relevant class of securities held by it have been sold and that the relevant Sale Consideration is being held by the Company pending the receipt by the Company of written instructions as to how such moneys are to be dealt with. If the Small Holder has been issued with a share certificate or certificates, the Small Holder's instructions to be effective, must be accompanied by the share certificate or certificates in respect of such securities sold or, if the certificate or certificates have been lost or destroyed, by a statement and undertaking under section 1070D(5) of the Corporations Act.
- 73.11 Despite any provision of this Rule, either express or implied, to the contrary:
- (a) the Board shall not be bound to exercise the powers conferred by this Rule and shall be entitled, at any time prior to a sale of securities being effected, to suspend or terminate its use by written notice to the Small Holders affected;
 - (b) the accidental omission by the Company to give any notice required under this Rule or the non-receipt of any such notice by any Small Holder shall not invalidate any action undertaken in good faith under this Rule;
 - (c) the Board may, in its absolute discretion, settle any ambiguity, difficulty, anomaly or dispute which may arise in relation to the operation of this Rule; and
 - (d) no sale of any securities under this Rule shall be undertaken if prior to such sale a takeover bid (within the meaning of section 9 of the Corporations Act) to acquire securities of the same class as the securities which are to be sold under this Rule has either been announced as being intended to be made or has been made and is still open for acceptance.
- 73.12 If the Company is Listed, this Rule shall be subject to the potential operation of the Listing Rules or the ASTC Settlement Rules (as the case may be) to the securities intended to be sold under this Rule.

[See LR 15.13]

74. Fractional entitlements and difficulties

The Board may determine, as it thinks fit, the manner in which fractional entitlements or any difficulties relating to distribution and adjustment of the rights of the Members themselves are to be dealt with and, without limitation, may:

- (a) specify that fractions are to be disregarded or that any fractional entitlements are to be increased to the next whole number;
- (b) make cash payments in lieu of fractional entitlements or sell shares not divisible by reason of fractional entitlements and account for the net proceeds of sale to Members entitled to such fractions proportionately;

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- (c) fix the value for distribution of any specific assets or any part of those assets;
- (d) vest any such cash shares or specific assets in trustees upon trusts for the persons entitled to the dividend or capitalised sum; or
- (e) appoint a person to sign a contract, on behalf of the Members entitled to any further shares or debentures upon the capitalisation, with the Company providing for the issue to them, credited as fully paid up, of any such further shares or debentures or for the payment by the Company on their behalf of the amounts or any part of the amounts remaining unpaid on their existing shares by the application of their respective proportions of the sum resolved to be capitalised.

75. Takeover approval provisions

Subject to the provisions of the Corporations Act, where offers have been made for shares in the Company under a takeover bid and each such offer relates to a proportion of these shares in the Company included in a class of shares being a proportion that is the same in respect of each offer (**Takeover Bid**) the Directors shall refuse to register a transfer giving effect to a contract resulting from the acceptance of any offer under the Takeover Bid unless the provisions of this Rule have been complied with:

- (a) the Directors shall convene a Meeting of the Company to be held in accordance with this Constitution on a day which is not less than 15 days prior to the end of the period during which the offers made under the Takeover Bid remain open;
- (b) at the Meeting referred to the Members entitled to vote in accordance with Rule 75(c) shall consider and vote on a resolution approving the Takeover Bid which resolution shall be taken to have been passed if the votes cast in favour of the resolution exceed 50% of all votes validly passed in respect of the resolution; and
- (c) for the purposes of the resolution referred to in Rule 75(b), a person (other than the offerer under the Takeover Bid or a person associated within the meaning of the Corporations Act with the bidder) who, as at 5.00pm on the day on which the first offer under the Takeover Bid was made, held shares included in the class of shares the subject of the Takeover Bid is entitled to vote and despite anything contained in this Constitution shall have one vote for each such share held.

76. Notice to holders

- 76.1 Despite any other provision of this Constitution to the contrary, a Member shall not be entitled to receive Notices in respect of a holding in the event that the Member has returned to the Company a duly completed Request for Suspension of Full Notice Rights as described in Rule 76.2(d) (**Request for Suspension of Full Notice Rights**).
- 76.2 The Company shall at any time be entitled to give to a Member (in the manner prescribed for the giving of notice of general meetings) the documents referred to below:
 - (a) a written invitation to complete and return to the Company a Request for Suspension of Full Notice Rights;
 - (b) an explanation that, in the event of that Member returning to the Company a duly completed Request for Suspension of Full Notice Rights, the Member will not be entitled to receive Notices in respect of that holding and that such entitlement will be restored to the Member on return to the Company of a duly completed Request for Full

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Notice Rights as described in Rule 76.3 (**Request for Full Notice Rights**) at any time during which the Member is a Member;

- (c) an envelope, pre-printed with the address of the Registered Office of the Company, in which the Request for Suspension of Full Notice Rights may, should the Member so desire, be mailed to the Company free of postage cost to the Member; and
- (d) a form of Request for Suspension of Full Notice Rights as nearly as practicable in the following form:

Earth Heat Resources Limited ABN 86 115 229 984

Request for Suspension of Full Notice Rights

I/We

.....

.....(Full Name(s))

of

.....

.....(Address(es))

being a Member, advise under Rule 76.2 of the Constitution of the Company that I/we wish to cease to receive all Notices to which I/we would be entitled were it not for the operation of Rule 76.2.

.....

.....

(Signature of Member(s))

.....(Date)

76.3 A Member who, by returning to the Company a duly completed Request for Suspension of Full Notice Rights, has ceased to be entitled to receive Notices shall have that right restored forthwith upon the Company receiving from that Member a duly completed Request for Full Notice Rights at any time, and which Request for Full Notice Rights shall as nearly as practicable be in the following form:

Earth Heat Resources Limited ABN 86 115 229 984

Request for Full Notice Rights

I/We

.....

.....(Full Name(s))

of

.....

..... (Address(es))

being a Member, advise under Rule 76.3 of the Constitution of the Company that I/we wish to receive all Notices to which I/we would be entitled were it not for the operation of Rule 76.2.

.....
 (Date) (Signature of Member(s))

- 76.4 On being requested to do so by a Member, the Company shall forward a Request for Full Notice Rights to the Member in an envelope, pre-printed with the address of the Registered Office of the Company, in which the Request for Suspension of Full Notice Rights may, should the Member so desire, be mailed to the Company free of postage cost to the Member.
- 76.5 By execution of a Request for Suspension of Full Notice Rights a Member for the duration of any requested suspension shall not be entitled to make any Claim against the Company in respect of non receipt of a Notice.

77. Confidential information

- 77.1 No Member, not being a Director, shall be entitled to require or receive any information concerning the business, trading or customers of the Company or any trade secret or secret process of or used by the Company.
- 77.2 Every Director, manager, trustee or Member of a committee of the Company may be required by the Directors to sign a declaration pledging to observe strict secrecy respecting all transactions of the Company. Such a declaration may require the person so signing to pledge not to reveal any of the matters which may come to the person's knowledge in the discharge of the person's duties except when required to do so by the Directors or a Member of a local board or by any Meeting of Members or by a court of law and except so far as may be necessary in order to comply with any of the provisions in this Constitution.
- 77.3 A person who ceases to be a Director of the Company shall, within a period of seven years from the date of cessation from office, be given access by the Company to materials referred to in Rule 77.1 (which came into existence during the Director's term of office or arose from conduct during that term) on the following terms and conditions:
 - (a) a written request is made to the Company for access by the former Director (or that person's duly authorised representative) stating a reasonable and lawful purpose for the access as well as particulars of the documentation that the former Director is wishing to obtain access to;
 - (b) the notice in Rule 77.3(a) gives the Company a reasonable period of time prior to when access is requested;
 - (c) the Company shall be entitled (acting at all times reasonably) to reject or postpone (as the case may be) any request for access on the basis that to provide access would impose an unreasonable burden on the Company's resources, having regard to the circumstances of the Company at the time;
 - (d) the former Director provides the Company with an undertaking to meet all reasonable costs to be incurred by the Company in providing access; and
 - (e) the former Director signs a declaration along similar terms to that contemplated by Rule 77.2.

78. Notices

- 78.1 Any notice or document to be given by the Company under this Constitution may be served on the person to be notified either personally, by sending it through the post in a prepaid letter envelope or wrapper to the person to be notified at his registered place of address or by sending it to any facsimile number or electronic address notified by that person to the Company for the purposes of the Company giving notices or documents to that person.
- 78.2 Notwithstanding Rule 78.1, written notice of a meeting of the Company and all associated documents may be given to a Member in any manner permitted by the Corporations Act including, without limitation, sections 249J(3) and 249J(3A).
- 78.3 Notwithstanding any other Rule of this Constitution, a notice of meeting and all associated documents provided by the Company to a Member in accordance with this Constitution shall be deemed to have been given to that Member:
- (a) where served personally, on the date of service;
 - (b) where the notice of meeting is sent by post, on the day following that on which the letter envelope or wrapper containing the same was posted;
 - (c) where the notice of meeting is sent or notified by facsimile, service shall be deemed to have been given at the time when a transmission of the facsimile is completed by the Company and a report is generated stating that the transmission has been sent to the facsimile number; or
 - (d) where the notice of meeting is sent or notified by electronic transmission or other electronic means, service shall be deemed to have been given when the Company receives a report confirming the transmission has been received, or if no such report is received, on the day following that which it was sent.
- 78.4 The signature to any notice to be given by the Company may be written, typewritten or printed.
- 78.5 Where a non-resident Member has supplied an overseas facsimile or other electronic address to the Secretary, the Secretary may endeavour to send by facsimile or other means of electronic communication to the facsimile or electronic address (as the case may be) a copy of any notice given to Members but a failure to do so shall not affect the validity of any Meeting.
- 78.6 A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the Register in respect of the share and notice so given shall be sufficient notice to all the holders of such share.
- 78.7 Every person who becomes entitled to any share shall be bound by every notice in respect of such share which, prior to that person's name and address being entered on the Register, has been duly given to the Member from whom the person derives title to such share.
- 78.8 Any notice or document delivered, sent or notified to a Member under this Constitution shall, despite that such Member is then deceased and whether or not the Company has notice of the Member's decease, be deemed to have been duly served in respect of any share whether held by the Member solely or jointly with other persons, until some other person be registered in the Member's stead as the holder or joint holder and such service shall for all purposes of this Constitution be deemed a sufficient service of such notice or document on the Member's legal personal representatives and on all persons, if any, jointly interested with the Member in the share.
- 78.9 Any notice served personally on a person shall be deemed to have been given on the day of service.

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- 78.10 Any notice sent by post shall be deemed to have been given on the day following that on which the letter envelope or wrapper containing the same was posted.
- 78.11 Any notice sent by facsimile shall be deemed to have been given at the time when a transmission of the facsimile is completed by the Company and a report is generated stating that the transmission has been sent to the facsimile number.
- 78.12 Any notice sent by electronic transmission or other electronic means, service shall be deemed to have been given when the Company receives a report confirming the transmission has been received, or if no such report is received, on the day following that which it was sent.
- 78.13 In proving service of a notice by post it shall be sufficient to prove that the letter envelope or wrapper containing the notice was properly addressed stamped and posted. A certificate in writing signed by any manager Secretary or other officer of the Company that the letter envelope or wrapper containing the notice was so addressed and posted shall in the absence of evidence to the contrary be conclusive evidence.
- 78.14 Subject to Rule 78.15, any notices to be given under or in reference to this Constitution by the Company to any Director or vice versa may be given in accordance with Rule 78.1 and, if so given, shall be deemed to have been given in accordance with rules 78.9, 78.10, 78.11 and 78.12. Where a given number of days' notice or notice extending over any period is required to be given, the day on which the notice is deemed to be served shall be excluded but the day for which the notice is given shall be included in calculating the number of days or other period.
- 78.15 Subject to any provisions with respect to service in the Corporations Act or in the rules of any court in which proceedings are brought by the Company or its liquidator against any Director or Member, all summonses, notices, process, orders and judgments in relation to any such proceedings may be served on such Director or Member by registered post and the provisions contained in the foregoing paragraphs of this Rule shall apply mutatis mutandis and such service shall be deemed for all purposes to be personal service.
- 78.16 Subject to Rule 78.1, notice of every Meeting or, if required, any adjournments shall be given in any manner authorised under this Rule to:
- (a) every Member;
 - (b) every person entitled by transmission to vote under this Constitution; and
 - (c) the Auditor for the time being of the Company.

79. Overseas Shareholders

- 79.1 Upon an issue of Equity Securities, the Directors may take such steps as are authorised from time to time by the Listing Rules and as they shall think fit to provide equitably in all the circumstances for the rights and interests of any Overseas Shareholder.
- 79.2 Documents for Overseas Shareholders shall be forwarded by air, by facsimile, by electronic transmission or in another way that ensures they will be received quickly.
- [See LR 15.10]
- 79.3 In this Rule 79, **Overseas Shareholder** means a Member of the Company who has not supplied to the Company an address within Australia under Rule 78.1 and:
- (a) being an individual, the Directors have reason to believe is not resident in Australia; or

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- (b) being a company, the Directors have ascertained that it is not registered in Australia.

80. Indemnity and liability of directors and other officers

- 80.1 To the extent permitted by law, the Company shall:
- (a) indemnify a person who is or has been an Officer of the Company against liability incurred by the person as such an Officer to another person (other than the Company or a related body corporate); and
 - (b) indemnify a person who is or has been an Officer or Auditor of the Company against liability for costs and expenses incurred by the person in defending proceedings, whether civil or criminal, in which judgment is given in favour of the person or in which the person is acquitted or in connection with an application, in relation to such proceedings, in which the Court grants relief to the person under the Corporations Act.
- 80.2 The Company may pay, or agree to pay, at the discretion of the Directors, a premium in respect of a contract insuring a person who is or has been an Officer of the Company against the liability incurred by the person as such an Officer, except for a liability arising out of conduct involving a wilful breach of duty in relation to the Company or a contravention of sections 182 or 183 of the Corporations Act. In the case of a Director, any such premium shall be paid in addition to any remuneration paid to that Director by the Company in accordance with the Constitution.

81. Restricted Securities

- 81.1 Subject to Rule 16.5, the Company shall refuse to acknowledge, deal with, accept or register any sale, assignment or transfer of Restricted Securities which is or might be in breach of the Listing Rules or any escrow agreement entered into by the Company under the Listing Rules in relation to the Restricted Securities.

[See LR 15.12]

- 81.2 In the event of a breach of any escrow or restriction agreement entered into by the Company under the Listing Rules in relation to shares which are Restricted Securities, the Member holding the Restricted Securities shall to the extent permitted by law whilst the breach continues cease to be entitled to any dividends and to any voting rights in respect of those shares.

[See LR 15.12.3]

82. Winding up

- 82.1 In this Rule, **Surplus Assets** means those assets of the Company which, on the winding up of the Company, remain after the payment of debts and liabilities of the Company and of the costs of winding up.
- 82.2 Subject to Rule 82.3, and the terms and conditions on which any shares have been issued, the Surplus Assets shall be distributed as follows:
- (a) first, in repayment of paid-up capital in accordance with the respective rights of the Members; and

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- (b) second, the balance then remaining shall be distributed among the ordinary Members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively other than amounts paid in advance of calls.
- 82.3 Subject to the provisions of Rule 82.4, if the Surplus Assets shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed, so that the losses shall be borne by the Members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively, but disregarding amounts paid in advance of calls.
- 82.4 If the Company is wound up in any way, then, subject to the rights of holders of shares issued on special conditions, the liquidator, with the sanction of a special resolution, may:
- (a) divide in specie among the contributories of the Company any part of the Surplus Assets; and
- (b) vest any part of the Surplus Assets in trustees on such trusts for the benefit of the contributories or any of them as the liquidator shall think fit.
- 82.5 Any division by a liquidator under Rule 82.4 may be otherwise than in accordance with the legal rights of the contributories of the Company and in particular any class may be given preference or special rights or may be excluded altogether or in part provided that if any division otherwise than in accordance with the legal rights of the contributories shall be decided on, any contributory who would be prejudiced thereby shall have a right of dissent and ancillary rights as if such determination were a special resolution passed under the Corporations Act.
- 82.6 If the Surplus Assets to be distributed under Rule 82.4 are shares on which there are unpaid calls, any person entitled under such distribution to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the liquidator to sell that person's proportion and pay the person the net proceeds.
- 82.7 Remuneration may only be paid by the Company to any Director or liquidator upon any sale or realisation of any part of the Company's undertaking or assets except with the prior sanction of a Meeting convened by at least seven days' notice specifying the remuneration proposed to be paid.

83. Supply of documentation to Exchange

The Company shall supply to the Exchange all documentation required by the Listing Rules to be lodged with the Home Branch or released or issued by the Company for the information of holders of any of the Company's securities.

[See LR 3.17 and 15.2 to 15.7 inclusive]

84. Sale of main undertaking

Any sale or disposal of the Company's main undertaking shall be conditional on approval by shareholders at a Meeting who are permitted to vote on the resolution.

[See LR 11.2]

85. Listing and ASTC Settlement Rules

- 85.1 If the Company is Listed and for so long as the Company remains Listed, the following provisions shall apply:
- (a) even if contrary to a provision in this Constitution, if the Listing Rules prohibit an act being done, the act must not be done;
 - (b) no provision contained in this Constitution may prevent an act being done that the Listing Rules require to be done;
 - (c) if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
 - (d) if the Listing Rules require this Constitution to contain a provision which is omitted, this Constitution is deemed to contain that provision;
 - (e) if the Listing Rules require this Constitution to omit a provision which is in this Constitution, this Constitution is deemed not to contain that provision; and
 - (f) if any provision of this Constitution is or becomes inconsistent with the Listing Rules, this Constitution is deemed not to contain that provision to the extent of the inconsistency.
- 85.2 If the Company is Listed and for so long as the Company remains Listed, this Constitution (other than Rule 85.1) is also to be read as subject to the ASTC Settlement Rules and in the case of any inconsistency between any Rule (other than Rule 85.1) and any provision of the ASTC Settlement Rules, the provisions of the ASTC Settlement Rules shall prevail and the Rule should be read down accordingly.
- 85.3 The provisions of Rule 85.1 shall be paramount and given full force and effect despite any inconsistency between any Rule or any provision of the ASTC Settlement Rules.

[See Appendix 15A of the LR]

86. Foreign listing

If the Company is admitted to quotation upon a foreign stock exchange (**Foreign Exchange**) so long as the Company is listed on the Foreign Exchange it shall comply with the rules and regulations of the Foreign Exchange (**Foreign Listing Rules**) except to the extent that the Foreign Listing Rules are contrary to or inconsistent with the Listing Rules.

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000 EHR
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

CDI Voting Instruction Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au

- Cast your vote**
- Access the annual report**
- Review and update your securityholding**

Your secure access information is:

Control Number: 999999

SRN/HIN: 19999999999

PIN: 99999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 11.00am (AWST) Monday February 25, 2013**

How to Vote on Items of Business

Each CHESS Depository Interest (CDI) is equivalent to one share of Company Common Stock, so that every 1 (one) CDI that you own at January 24, 2013 entitles you to one vote.

You can vote by completing, signing and returning your CDI Voting Instruction Form. This form gives your voting instructions to CHESS Depository Nominees Pty Ltd, which will vote the underlying shares on your behalf. You need to return the form no later than the time and date shown above to give CHESS Depository Nominees Pty Ltd enough time to tabulate all CHESS Depository Interest votes and to vote on the underlying shares.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the Australian registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided, which state the office held by the signatory, ie Sole Director, Sole Company Secretary or Director and Company Secretary. Delete titles as applicable.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE 
or turn over to complete the form

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

CDI Voting Instruction Form

Please mark to indicate your directions

STEP 1 CHESSE Depository Nominees will vote as directed

XX

Voting Instructions to CHESSE Depository Nominees Pty Ltd

I/We being a holder of CHESSE Depository Interests of Earth Heat Resources Ltd hereby direct CHESSE Depository Nominees Pty Ltd to vote the shares underlying my/our holding at the Annual General Meeting of Earth Heat Resources Ltd to be held at The London Room, The George, 216 St. Georges Terrace, Perth WA on Thursday February 28, 2013 at 11.00am (AWST) and at any adjournment of that meeting. By execution of this CDI Voting Form the undersigned hereby authorises CHESSE Depository Nominees Pty Ltd to appoint such proxies or their substitutes to vote in their discretion on such business as may properly come before the meeting.

STEP 2 Items of Business



PLEASE NOTE: If you mark the Withhold box for an item, you are directing CHESSE Depository Nominees Pty Ltd or their appointed proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

| | | FOR | AGAINST |
|----|--|--------------------------|--------------------------|
| 1 | To set the number of Directors for the ensuing year. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | To re-elect Raymond Douglas Shaw as a Director. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | To re-elect Torey Robert Marshall as a Director. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 | To elect Malcolm Edward Lucas-Smith as a Director. | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 | To appoint auditors for the ensuing year and to authorize the Directors to fix their remuneration. | <input type="checkbox"/> | <input type="checkbox"/> |
| | | FOR | WITHHOLD |
| 6 | That the Remuneration Report be adopted. | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 | Ratification of Prior Issue of Securities to Non Related Sophisticated Investors | <input type="checkbox"/> | <input type="checkbox"/> |
| 8 | Change of Place of registration of the Company from Canada to Australia. | <input type="checkbox"/> | <input type="checkbox"/> |
| 9 | Adoption of New Constitution. | <input type="checkbox"/> | <input type="checkbox"/> |
| 10 | To approve an issue of shares to Director, Torey Robert Marshall in lieu of cash payment for accrued remuneration. | <input type="checkbox"/> | <input type="checkbox"/> |
| 11 | To approve an issue of shares to Director, Dr. Raymond Douglas Shaw in lieu of cash payment accrued remuneration. | <input type="checkbox"/> | <input type="checkbox"/> |
| 12 | Approval of future securities placement | <input type="checkbox"/> | <input type="checkbox"/> |

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /