

ASX

ANNOUNCEMENT

3rd December 2012

ASX : EHR

\$1.5m Capital Raising and Broadened Direction

Earth Heat Resources Limited ('Earth Heat' or 'The Company') is pleased to announce a Placement and Rights issue at 0.2 cent per share to eligible shareholders. The Placement will see 110m shares placed at 0.2cps which will raise \$220,000 before costs. In addition, a fully underwritten Rights Issue will be offered to shareholders and will raise a further \$1.35m. At the completion of the rights issue, the total funds raised will total \$1.57m and will be directed towards supporting existing assets and new venture opportunities. DJ Carmichael Pty Limited will act as Lead Manager and Underwriter to the Placement and Rights Issue

The Rights Issue will consist of a renounceable pro rata offer to shareholders to subscribe for three (3) new shares for every four (4) shares held at the record date with a one (1) free attaching option with a 0.5¢ strike and 31 January 2014 expiry ("Short Dated Option") for every two (2) rights shares subscribed, and a one (1) free attaching option with a 0.7¢ strike and 31 January 2016 expiry ("Long Dated Option") for every three (3) rights shares subscribed.

Participants to the Placement will, subject to shareholder approval, also receive one (1) Long Dated Option for every two (2) Placement shares subscribed. Full documentation and timelines will be released to the market in the near future.

Managing Director of Earth Heat Mr Torey Marshall commented: "Today we have a fresh start and can offer our shareholders and stakeholders an opportunity to be a part of an energy company who's integrated approach will lower market perception risks versus its peers. Equally today I can say that we now have the support of a broking house that we have not managed to attract since January of 2010, and today will mark a strategic turning point which we believe will significantly benefit shareholders when reflected on in a number of years time."

*** Ends***

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