

ASX

ANNOUNCEMENT

16th January 2013

ASX : EHR

Closure of Entitlement Offer and Placement

Earth Heat Resources Ltd ("Earth Heat" ASX: EHR) is pleased to advise that its fully underwritten pro rata renounceable entitlement offer (the "Entitlement Offer"), which closed on Friday 11 January, has been very well supported.

Of the 645,757,529 ordinary shares available under the Entitlement Offer, the total number subscribed by shareholders was 571,798,221 (the "Entitlement Offer Shares"), equating to 88.5% take up of the entitlements on offer. The Company has notified the Underwriter of the resulting overall shortfall of 73,959,308 ordinary shares (the "Shortfall Shares") which are being taken up by the Underwriter to the Entitlement Offer, DJ Carmichael Pty Ltd.

In order to accommodate additional demand for the offer by the Underwriter, on behalf of non shareholders, the Company has agreed to a placement of a further 200,000,000 new Earth Heat shares to sophisticated and professional investors on the same terms as the Entitlement Offer (including the free attaching short dated and long dated options) which will raise \$400,000 before costs. In total the Entitlement Offer and Placements once settled will have raised in excess of \$1.9 million before costs. DJ Carmichael Pty Limited is acting as Lead Manager for the Placement.

As previously advised, the funds from the capital raising will be used for;

- Expanding the energy project mix of the company; and
- General working capital and costs of the offer.

The despatch date for the Entitlement Offer Shares, the Shortfall Shares and the New Options is expected to occur on 21 January 2013 in accordance with the Prospectus timetable.

Comment

Earth Heat Resources Ltd Managing Director, Torey Marshall commented; "We are pleased with the strong support from our shareholders for the Entitlement Offer which positions us very well to rebalance our growth portfolio and take advantage of some of the high quality opportunities in front of us. We believe that this support will result in a watershed year for the company as we diligently strive towards first cashflow from an energy project."

*** Ends***

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