

ASX ANNOUNCEMENT

January 31, 2012

ASX : EHR

General Update

Earth Heat Resources Limited ('Earth Heat' or 'the Company') has progressed in its various financing negotiations for Senior debt, Mezzanine style debt and equity.

Senior debt

The relationship between Senior debt and Mezzanine debt has been handled very carefully, and as a result the Company is attempting to 'soft close' the Senior debt in Q1 of 2012. This will involve participants agreeing to being bound take an allocation of the Senior debt subject to various covenants ('formal close'). Earth Heat is working closely with the Inter-American Development Bank to achieve this quickly, though also ensuring the best mix of participants in the facility.

Mezzanine debt

Earth Heat is in a strong position to bridge to Senior debt by the use of innovative Mezzanine debt instruments. To a certain extent, the actual framework of an agreement has implications for the structure and conditions of Senior debt and this secondary financing has affected timelines as a result. However, since the last update discussions have been considerably focused to a small group of parties, with some promising results. The timeline for this is similar to the Senior debt in that by the end of Q1 2012, Earth Heat expects to be in a 'soft close' position, with standard covenants, and thus be able to give shareholders a transparent financing scenario.

Earth Heat Managing Director, Torey Marshall commented, "An enormous workload has fallen on the shoulders of our employees and to date we have stood up remarkably well. At this point in time we are confident in project financing scenario's and will provide guidance again at the AGM, if not before. We have had a number of parallel discussions with parties on potential farmin's and or equity investments, and they continue to be promising, though drawn out."

For further information please contact:

Torey Marshall, Managing Director, Earth Heat +618 8212 0579
Victoria Thomas, Director, Six Degrees Investor Relations +613 9674 0347

Earth Heat Resources Ltd
Registered Offices

Australia

Level 7, Ferrari House,
28-30 Grenfell St,
Adelaide SA 5000

p +61 8 8212 0579

f +61 8 8212 2230

ABRN 86 115 229 984

Canada

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

p +1 604 685 2222

f +1 604 685 3764

www.earthheat.com.au