

# ASX ANNOUNCEMENT

23 February, 2012

ASX : EHR

## Earth Heat ahead of the Pack

Earth Heat Resources Limited ('Earth Heat' or 'the Company') has made enormous progress over the last 12 months, putting it far ahead of its competitors in the ASX listed space.

### Highlights

- the Company has over **90% of required funds**, and **has completed the Copahue project financing package**.
- the Company has **brought \$174m in guaranteed and indicative finance to EHR** over the last 6 months which is circa **\$43.5 for every \$1 of shareholder funds raised or 29cps of financial backing for the Copahue Project**.
- Earth Heat is the **only company on the ASX** to have a geothermal project delineated and project financing in place.
- Earth Heat is on track to be the first Company to install a power plant.

The financing package comes despite various commentators and some competitors maintaining the impossibility of debt funding such a project, as was for instance applied to groups like Fortescue Metals and Sandfire Resources.

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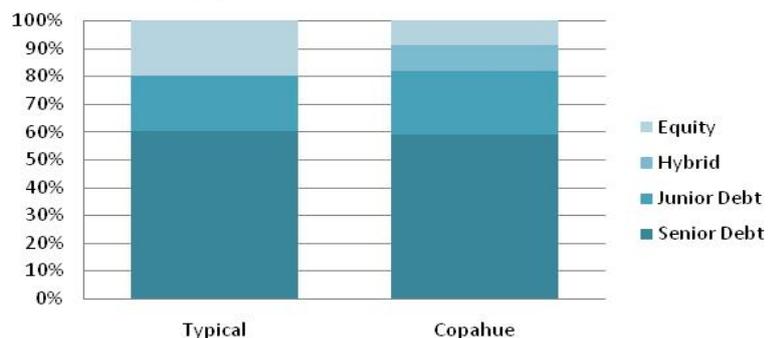
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### Typical Financial Structure



The funding is subject to the usual due diligence and conditions precedent as is normal for agreements of this type.

The reality is that Copahue is a superior project with a compelling business plan which is now well recognized by third party debt lenders of international reputation. With this level of project financing EHR is in an even stronger position for future negotiations with Joint Venture and Corporate participants in not just Copahue, but other projects Earth Heat is involved in.

**Earth Heat Managing Director, Torey Marshall commented,** "For the last 2 years we have undertaken a task few thought attainable; financing the development of a geothermal project. Yet here we are, with a project worth multiples of our current market capitalization. Significantly we have a finance package that doesn't just confine itself to the construction phase of the project but includes the drilling phase as well, with funding for 3 of the 4 production wells needed. Comparatively none of our ASX peers are even close to this. Delivering this result so far is as much common sense as it is tenacity from everyone within Earth Heat. From my personal perspective we have exceeded anybody's expectations and shareholders and investors can now see that we have delivered on our promises and outperformed in the geothermal sector. Now is the time to be a part of the EHR story."

For further information please contact:

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#### **About Copahue**

Earth Heat signed a Heads of Agreement to farm-in to the Copahue Geothermal Development Project in Argentina in May 2010, which comprises an identified initial 30 MW geothermal development with the potential for significant expansion. Development of Copahue is anticipated to provide first power production and revenue within four years and Earth Heat has the right to earn up to 87.5% of the Project by funding various stages of development.

The Copahue project area is located in the western part of Neuquén Province, approximately 300 km from the provincial capital and just a few kilometres from the Chilean border. The geothermal resource on which the project is based occurs on the North-East flank of the Copahue volcano a young, historically active stratovolcano whose summit is on the international border. It is also situated within a broad caldera that is inferred to have formed by activity that pre-dates that of the Copahue volcano.

The project area has been the site of geothermal exploration and development activities since the 1970s. This work has included a number of superficial and shallow exploratory surveys (geology, geochemistry, geophysics and temperature gradient drilling).

Four deep wells, reaching depths of as much as 1,414m have also been drilled in the area. These wells have demonstrated the presence of a commercially exploitable, vapor-dominated geothermal reservoir within at least a part of the project area.

Through the Course of 2011, EHR has increased the resources by 150%, completed an EIA, a pre-feasibility study and most recently signed Letters of Intent for offtake of the power to be produced well in excess of stage 1 and 2 development.

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