

ASX

ANNOUNCEMENT

5 June 2012

ASX : EHR

Receipt of Engineering Study

Earth Heat Resources Limited ('Earth Heat' or 'the Company') is pleased to provide the following update for its shareholders and stakeholders on the power plant engineering progress, at the Company's key geothermal project, Copahue in Argentina.

HIGHLIGHTS

- Receipt of engineering preliminary costing and design proposal
- Direct cycle solution suggested as technically feasible
- Preliminary scheduling indicates developmental and operational milestones are on track with offtaker requirements.
- Earth Heat and SKM to carry out evaluation of the proposal
- Opportunities for additional funding of the power plant under discussion

Earth Heat Managing Director Torey Marshall commented, "We are delighted to receive the proposal on time and are now evaluating it with our engineering advisors prior to a final investment decision sometime around the middle of this year. As the only ASX listed company in the sector to have reached this stage of project development, we are particularly gratified by the cooperation we have received from all the parties involved to date and believe that we will deliver an excellent outcome for our shareholders. "

*** Ends***

For further information please contact:

Victoria Thomas, Six Degrees Investor Relations+613 9674 0347

Earth Heat Resources Ltd

Registered Offices

Australia

Suite 9 Lester Court,
75a Angas Street,
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

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.

Earth Heat Resources Ltd

Registered Offices

Australia

Suite 9 Lester Court,
75a Angas Street,
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