

ASX

ANNOUNCEMENT

23 July 2012

ASX : EHR

New Research and Strategic Review

Research

Earth Heat Resources Limited ('Earth Heat' or 'the Company') is pleased to advise shareholders on the new research piece on the Company which has been put on the corporate website.

Strategic Review

Over the past 12 months the Company has continued to field a number of enquiries from interested investor groups looking to participate in its projects in East Africa, Australia and Argentina. The vast majority of these groups have focused their interest at project level where the asset backing to the corporate entity is anchored. These discussions have invariably raised the disconnect between project values and the Company value (measured by market capitalisation). This is a frustration voiced by shareholders on numerous occasions particularly after reading research reports. As a result of this continued interest in its projects and the chronic disconnect in combined value, the Company has retained the services of a boutique corporate finance group to assist management in the assessment of options for unlocking the value of the Company for all shareholders. No specific outcome is anticipated, planned, nor timeframe is being suggested.

Funding

Undercapitalisation of small development companies such as EHR is at a pandemic level in the current global economic conditions and the Company is one of the few to progress by creating innovative and novel funding solutions.

Managing Director Torey Marshall said "We believe that our portfolio and intellectual property can be unlocked during this challenging market and have taken steps to bring results forward, and indeed the funding arrangements we have in place at the moment speak highly of the calibre of our Copahue Project."

The Company intends to continue with its counter-cyclical investment opportunities, and to this end we are progressing these in Africa and Argentina in particular. The Company is also looking at non-specific project finance options in order to progress other potential projects using the same intellectual property template as that developed for Copahue.

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Torey Marshall said “we are looking towards closing the previously announced US\$30m Preference Share raising, and will provide updated materials and timetables to the market soon.”

*** Ends***

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