

ASX

ANNOUNCEMENT

10 August 2012

ASX : EHR

ASX Market Announcements,
Australian Securities Exchange Limited,
20 Bridge Street,
Sydney NSW 2000

**RE: Earth Heat Resources Ltd – EHR
Capital Raising Completed and appendix 3B**

Further to the announcement made on 7 August 2012 regarding completion of the capital raising, the directors are pleased to advise that the placement of \$670,000 was fully subscribed by unrelated sophisticated investors. Consequently, the directors' underwriting was not called upon.

The Appendix 3B is attached.

The Company intends to hold an Extraordinary General Meeting in the near future to conduct business that cannot be left to an AGM in February 2013, and to refresh its ability to make share placements pursuant to listing rule 7.1. The meeting date and the record date (for Canadian voting purposes) will be announced separately.



ME Lucas-Smith
Company Secretary

Ends

FOR FURTHER INFORMATION PLEASE CONTACT:

| | |
|------------------------------------|----------------|
| Torey Marshall, Managing Director | +618 8212 0579 |
| Mal Lucas-Smith, Company Secretary | 0418 366 532 |

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Registered Offices

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ABRN 86 115 229 984

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

EARTH HEAT RESOURCES LTD

ABN

86 115 229 984

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | ORD / CDI Free attaching options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | ORD / CDI - 77,000,000 Free attaching options - 23,500,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Free attaching options Ex \$0.04 each, Exp 10 August 2015 |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>ORD / CDI yes</p> | | | | |
|--|---|--------|--------|-------------|-----------|
| <p>5 Issue price or consideration</p> | <p>ORD / CDIs - \$0.01 each Options - free attaching</p> | | | | |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>67,000,000 Special share placement as previously announced. 23,500,000 free attaching options 10,000,000 commitment shares in lieu of cash payment for work done and to be done. Escrowed until the EGM to be held late October 2012</p> | | | | |
| <p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p> | <p>10 August 2012</p> | | | | |
| <p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p> | <table border="1"> <thead> <tr> <th data-bbox="686 1444 989 1478">Number</th> <th data-bbox="989 1444 1283 1478">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1478 989 1700">741,010,038</td> <td data-bbox="989 1478 1283 1700">CDI / ORD</td> </tr> </tbody> </table> | Number | +Class | 741,010,038 | CDI / ORD |
| Number | +Class | | | | |
| 741,010,038 | CDI / ORD | | | | |

+ See chapter 19 for defined terms.

| | Number | +Class |
|---|----------------------------|---|
| 9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable) | 3,264,423 | EHRAI |
| | 48,158,228 | Common stock |
| | 40,000,000 | Unquoted Options Unquoted Performance Rights |
| 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | As for existing ORD / CDIs | |

Part 2 - Bonus issue or pro rata issue

| | |
|--|--|
| 11 Is security holder approval required? | |
| 12 Is the issue renounceable or non-renounceable? | |
| 13 Ratio in which the +securities will be offered | |
| 14 +Class of +securities to which the offer relates | |
| 15 +Record date to determine entitlements | |
| 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 Policy for deciding entitlements in relation to fractions | |
| 18 Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small> | |
| 19 Closing date for receipt of acceptances or renunciations | |

+ See chapter 19 for defined terms.

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New issue announcement

- | | | |
|----|---|--|
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker? | |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | |

+ See chapter 19 for defined terms.

32 How do +security holders dispose of their entitlements (except by sale through a broker)?

33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

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New issue announcement

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

| |
|------------|
| 67,000,000 |
|------------|

39 Class of +securities for which quotation is sought

| |
|-----------|
| ORD / CDI |
|-----------|

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

 If the additional securities do not rank equally, please state:
 • the date from which they do
 • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

| |
|-----|
| yes |
|-----|

41 Reason for request for quotation now

 Example: In the case of restricted securities, end of restriction period

 (if issued upon conversion of another security, clearly identify that other security)

| |
|-------------------------|
| Special share placement |
|-------------------------|

| | | |
|---|---------------|---------------|
| | Number | +Class |
| 42 Number and +class of all +securities quoted on ASX (including the securities in clause 38) | 741,010,038 | CDI / ORD |

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.


Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

+ See chapter 19 for defined terms.

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- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  Date: 10th August 2012
(Company secretary)

Print name: M Lucas-Smith.....

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+ See chapter 19 for defined terms.