

ASX

ANNOUNCEMENT

13th December 2012

ASX : EHR

Rights Issue Prospectus

Earth Heat Resources Limited ('Earth Heat' or 'The Company') is pleased to update shareholders and stakeholders on the lodgement today of a prospectus for the renounceable rights issue previously announced.

The Rights Issue will consist of a renounceable pro rata offer to shareholders to subscribe for three (3) new shares for every four (4) shares held at the record date with a one (1) free attaching option with a 0.5¢ strike and 31 January 2014 expiry ("Short Dated Option") for every two (2) rights shares subscribed, and a one (1) free attaching option with a 0.7¢ strike and 31 January 2016 expiry ("Long Dated Option") for every three (3) rights shares subscribed. The offer is fully underwritten by DJ Carmichael Pty Ltd.

A timetable and key dates summary is presented at the end of this release.

Managing Director of Earth Heat Mr Torey Marshall commented: "Following the engagement of corporate advisors and a major internal strategic review your Board is convinced that there are inadequate levels of market interest in the Australian geothermal sector for Earth Heat to persevere with a purely geothermal asset base, despite our view that Earth Heat's existing projects afford exceptional long term growth opportunity. A broadened energy asset mix will afford much better opportunities for our shareholders over the short and medium term, with longer term opportunity already in the portfolio. The rights issue is fully underwritten by DJ Carmichael Pty Ltd which is a very strong vote of confidence in the conclusions of the board and its relationship to the investment community as a whole. We have used evolution to survive and thrive in the current environment."

*** Ends***

For further information please contact:

Torey Marshall, Managing Director, +61 8 8223 1681

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

Announcement of Offer	Prior to commencement of trading on Thursday 13 December 2012
Lodgement of Prospectus with ASIC and ASX	Prior to commencement of trading on Thursday 13 December 2012
Notice sent to Shareholders containing Appendix 3B information	Friday 14 December 2012
Shares commence trading on an ex rights basis	Monday 17 December 2012
Rights trading starts	Monday 17 December 2012
Record Date for the Offer	Friday 21 December 2012
Opening Date of Offer	Monday 24 December 2012
Prospectus and Entitlement and Acceptance Form despatched to Shareholders	Thursday 27 December 2012
Rights trading ends	Friday 4 January 2013
Shares quoted on a deferred settlement basis	Monday 7 January 2013
Closing Date of Offer	Friday 11 January 2013
Advise ASX of any Shortfall	Wednesday 16 January 2013
Expected date of despatch of holding statements for New Shares	Monday 21 January 2013
Commencement of trading of New Shares on ASX	Tuesday 22 January 2013

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