

# 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 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

EARTH HEAT RESOURCES LTD

ABN

88 115 229 984

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; and<br>Unquoted options   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | ORD / CDI<br>Short dated options 322,878,764<br>Long dated options up to 971,010,038<br>including U/W and broker fees  |
| 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) | Securities to be issued pursuant to the fully underwritten renounceable rights issue announced today.<br><br>Short dated options ex 0.5 cents exp 31/01/14<br><br>Long dated options ex 0.7 cents exp 31/01/16 |

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**Appendix 3B**  
**New issue announcement**

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|--|--|
| <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"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul> | <p>ORD / CDI will rank equally with the existing ORD / CDIs</p> <p>Options may not participate in dividends unless first exercised</p> |
| <p>5 Issue price or consideration</p>  | <p>ORD / CDI \$0.002 (0.2 cents) each<br/> Options free attaching</p>  |
| <p>6 Purpose of the issue<br/> (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>   | <p>Renounceable rights issue to eligible shareholders as per the Prospectus released today.</p>  |
| <p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>  | <p>No</p>  |
| <p>6b The date the security holder resolution under rule 7.1A was passed</p>   |  |
| <p>6c Number of +securities issued without security holder approval under rule 7.1</p>   |  |
| <p>6d Number of +securities issued with security holder approval under rule 7.1A</p>   |  |

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| 6e            | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)  |   |        |        |               |                      |
|---------------|--|---|--------|--------|---------------|----------------------|
| 6f            | Number of securities issued under an exception in rule 7.2   |   |        |        |               |                      |
| 6g            | If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation. |   |        |        |               |                      |
| 6h            | If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements  |   |        |        |               |                      |
| 6i            | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements   | NA  |        |        |               |                      |
| 7             | Dates of entering +securities into uncertificated holdings or despatch of certificates   | 21 January 2013   |        |        |               |                      |
| 8             | Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)   | <table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">+Class</th> </tr> </thead> <tbody> <tr> <td>1,506,767,567</td> <td>ORD / CDI fully paid</td> </tr> </tbody> </table> | Number | +Class | 1,506,767,567 | ORD / CDI fully paid |
| Number        | +Class   |   |        |        |               |                      |
| 1,506,767,567 | ORD / CDI fully paid   |   |        |        |               |                      |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

|  | Number                     | +Class                                  |
|--|----------------------------|---|
| 9 Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable) | 3,264,423                  | Unquoted common stock issued in Canada  |
|  | 1,342,047,031              | Unquoted options ex various exp various |
|  | 40,000,000                 | Unquoted performance rights             |
| 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)          | As for existing securities |   |

**Part 2 - Bonus issue or pro rata issue**

|   |   |
|---|---|
| 11 Is security holder approval required?  | Not required  |
| 12 Is the issue renounceable or non-renounceable?   | Renounceable  |
| 13 Ratio in which the +securities will be offered   | 3 new shares for every 4 existing shares                                  |
| 14 +Class of +securities to which the offer relates   | ORD / CDI   |
| 15 +Record date to determine entitlements   | 21 December 2012  |
| 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?   | No applicable   |
| 17 Policy for deciding entitlements in relation to fractions  | To be increased to the next whole number                                  |
| 18 Names of countries in which the entity has +security holders who will not be sent new issue documents<br><br><small>Note: Security holders must be told how their entitlements are to be dealt with.<br/> Cross reference: rule 7.7.</small> | USA, Canada, Barbados, France, United Kingdom, Hong Kong and South Africa |
| 19 Closing date for receipt of acceptances or renunciations   | 11 January 2013   |
| 20 Names of any underwriters  | DJ Carmichael Pty Ltd   |

+ See chapter 19 for defined terms.

|    |   |   |
|----|---|---|
| 21 | Amount of any underwriting fee or commission  | 5.5% of the underwritten amount<br>Up to 645,757,529 long dated options to be paid to the underwriter or its nominee                            |
| 22 | Names of any brokers to the issue   | DJ Carmichael Pty Ltd   |
| 23 | Fee or commission payable to the broker to the issue  | 110m long dated options<br>\$60,000 corporate advisory fee  |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders   | Nil   |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting  | No applicable   |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled  | 27 December 2012  |
| 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 | 13 December 2012  |
| 28 | Date rights trading will begin (if applicable)  | 17 December 2012  |
| 29 | Date rights trading will end (if applicable)  | 4 January 2013  |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker?   | By providing their Entitlement & Acceptance Form to their broker  |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?  | By first completing their E&A Form with the number to be accepted and then providing a copy of their E&A form to the broker to sell the balance |
| 32 | How do +security holders dispose of their entitlements (except by sale through a broker)?   | Must be through a broker  |

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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33 +Despatch date

27 December 2012

**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

**Entities that have ticked box 34(b)**

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

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+ See chapter 19 for defined terms.

40 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>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

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)

42 Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (*including* the securities in clause 38)

| Number        | <sup>+</sup> Class |
|---------------|--------------------|
| 1,506,767,567 | ORD fully paid     |

**Quotation agreement**

- 1 <sup>+</sup>Quotation of our additional <sup>+</sup>securities is in ASX's absolute discretion. ASX may quote the <sup>+</sup>securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the <sup>+</sup>securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those <sup>+</sup>securities should not be granted <sup>+</sup>quotation.
  - An offer of the <sup>+</sup>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

<sup>+</sup> See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

- 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.
  - 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.
- 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.



13 December 2012

Sign here:.....Date: .....  
(Director/Company secretary)

Print name: Mal Lucas-Smith  
.....

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+ See chapter 19 for defined terms.



# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

### Part 1

| <b>Rule 7.1 – Issues exceeding 15% of capital</b>  |    |
|--|----|
| <b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>  |    |
| <b>Insert</b> number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue   | NA |
| <p><b>Add</b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul> |    |
| <b>Subtract</b> the number of fully paid ordinary securities cancelled during that 12 month period   |    |
| <b>“A”</b>   |    |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

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|---|---|
| <b>Step 2: Calculate 15% of “A”</b>   |   |
| <b>“B”</b>  | 0.15<br><br><i>[Note: this value cannot be changed]</i>                       |
| <b>Multiply “A” by 0.15</b>   |   |
| <b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>  |   |
| <p><b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable ) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul> |   |
| <b>“C”</b>  |   |
| <b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>   |   |
| <p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>  |   |
| <p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>   |   |
| <p><b>Total</b> [“A” x 0.15] – “C”</p>  | <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p> |

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+ See chapter 19 for defined terms.

## Part 2

| <b>Rule 7.1A – Additional placement capacity for eligible entities</b>  |   |
|---|---|
| <b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>   |   |
| <b>“A”</b><br><br><i>Note: number must be same as shown in Step 1 of Part 1</i>   |   |
| <b>Step 2: Calculate 10% of “A”</b>   |   |
| <b>“D”</b>  | 0.10<br><br><i>Note: this value cannot be changed</i> |
| <b>Multiply “A” by 0.10</b>   |   |
| <b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>   |   |
| <i>Insert</i> number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A<br><br><b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul> |   |
| <b>“E”</b>  |   |

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**Appendix 3B**  
**New issue announcement**

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|--|---|
| <b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b> |   |
| <b>“A” x 0.10</b><br><br><i>Note: number must be same as shown in Step 2</i>                           |   |
| <b>Subtract “E”</b><br><br><i>Note: number must be same as shown in Step 3</i>                         |   |
| <b>Total [“A” x 0.10] – “E”</b>  | <br><br><i>Note: this is the remaining placement capacity under rule 7.1A</i> |

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