

14 December 2012

## NOTICE TO EARTH HEAT LIMITED SHAREHOLDERS

Dear Shareholder

### Renounceable Rights Issue

On 13 December 2012, Earth Heat Ltd (ASX: EHR, the **Company**) announced a renounceable rights issue to Eligible Shareholders of three New Shares for every four Shares held by Eligible Shareholders on the Record Date, at an issue price of \$0.002 per New Share to raise up to approximately \$1.29 million before costs of the Offer. The Offer will include one attaching option exercisable at \$0.005 and expiring on 31 January 2014 for every two New Shares subscribed for and one attaching option exercisable at \$0.007 and expiring on 31 January 2016 for every three New Shares subscribed for.

The Offer is fully underwritten by DJ Carmichael Pty Limited.

The funds raised from the offer will be used for expenditure on the Copahue Geothermal Project, working capital and new ventures, and the costs of the offer and contingency.

The Prospectus for the Offer was lodged with the Australian Securities and Investments Commission and ASX on 13 December 2012. It is available on the ASX website and also on the Company's website, [www.earthheat.com.au](http://www.earthheat.com.au).

The Offer is available to all the Company's shareholders on the register as at the Record Date of 21 December 2012 with registered addresses in Australia and New Zealand (**Eligible Shareholders**). As a shareholder with a registered address in Australia or New Zealand, you are an Eligible Shareholder and the Offer will be extended to you.

### Indicative Timetable

The indicative timetable for the Offer is set out below:

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

These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to change any date including to extend the Closing Date of the Offer, to close the Offer early, to accept late acceptances either generally or in particular cases, or to withdraw or reduce the size of the Offer without notice.

The Prospectus containing the Entitlement and Acceptance Form will be dispatched to you shortly. Potential investors should consider the Prospectus in full in deciding whether to acquire the securities offered. Anyone who wants to acquire the securities offered will need to complete the Entitlement and Acceptance Form that will accompany the Prospectus.

Please contact the Company on +618 8223 1681 if you have any queries regarding this letter.

Yours faithfully,



For and on behalf of the Company  
Mal Lucas-Smith  
Company Secretary