

ASX

ANNOUNCEMENT

7 March, 2012

ASX : EHR

Capital Raising Completed

Earth Heat Resources Limited ('Earth Heat' or 'the Company') completed a placement to sophisticated investors domestically and internationally.

Highlights

- \$2.16m AUD by issuing 72.07m shares.
- Domestic and international investors
- Earth Heat can progress the major components of the Copahue Project.
- 'Turning the Keys' to ignite the Copahue development

Earth Heat Managing Director, Torey Marshall commented, "A tough sector has characteristically tough hurdles to reach, and the Company has had to fight to continue putting its shareholders in a position of progress and growth. We welcome all new shareholders, and in particular fund managers, who share the vision for where the Company is moving. Our history of dragging a geothermal power project into investment relevance is building a passionate shareholder base that the board will work tirelessly to reward through eventual market re-rating."

For further information please contact:

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About Copahue

Earth Heat signed a Heads of Agreement to farm-in to the Copahue Geothermal Development Project in Argentina in May 2010, which comprises an identified initial 30 MW geothermal development with the potential for significant expansion. Development of Copahue is anticipated to provide first power production and revenue within four years and Earth Heat has the right to earn up to 87.5% of the Project by funding various stages of development.

Earth Heat Resources Ltd
Registered Offices

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The Copahue project area is located in the western part of Neuquén Province, approximately 300 km from the provincial capital and just a few kilometres from the Chilean border. The geothermal resource on which the project is based occurs on the North-East flank of the Copahue volcano a young, historically active stratovolcano whose summit is on the international border. It is also situated within a broad caldera that is inferred to have formed by activity that pre-dates that of the Copahue volcano.

The project area has been the site of geothermal exploration and development activities since the 1970s. This work has included a number of superficial and shallow exploratory surveys (geology, geochemistry, geophysics and temperature gradient drilling).

Four deep wells, reaching depths of as much as 1,414m have also been drilled in the area. These wells have demonstrated the presence of a commercially exploitable, vapor-dominated geothermal reservoir within at least a part of the project area.

Through the Course of 2011, EHR has increased the resources by 150%, completed an EIA, a pre-feasibility study and most recently signed Letters of Intent for offtake of the power to be produced well in excess of stage 1 and 2 development.

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