

ASX

ANNOUNCEMENT

14 March, 2012

ASX : EHR

Environmental Impact Assessment Stage 2 Begins

Earth Heat Resources Limited ('Earth Heat' or 'the Company') has mobilised its environmental technical experts, Estudios y Servicios Ambientales ('Ambiental').

Highlights

- Commencement of field program
- Personnel onsite this week
- Environmental baseline to be established
- Each proposed well location
- Transmission line easements

Earth Heat Managing Director, Torey Marshall commented, "This second stage study will encompass many elements of the upcoming program for this year including drilling, civil works, other facilities engineering and transmission line issues. This milestone will confirm the location of wells, location of roads, location of potential plant sites and transmission line locations; an enormous step in our development of the Copahue Project. The Company is looking forward to the commencement of other key studies in the development plan for Copahue."

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.

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 and into 2012, 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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