

# ASX

## ANNOUNCEMENT

6 December 2010

## Corporate Update

Earth Heat Resources Ltd provides the following update on its corporate activities since undertaking a review of its historical activities earlier in the year.

The review concluded.

- Future success of the Company could be best accommodated by embracing opportunities within the “New Energy” sector, including green power such as geothermal power. This is particularly so in emerging economies where they do not have to compete with existing and established infrastructure and pre-existing market share.
- The ASX does not have a large following in the New Energy Sector. For this reason the Company has been considering a secondary listing, such as on the TSX, where there is a greater depth of investor more aligned with our future activities. As yet however, the Board has not made any final decision on this.
- The Company now has the potential to establish 180 MW of power via relatively lower risk development projects. In light of these developments the Company has been discussing with potential cornerstone investors various financing models. A number of CA’s have been signed with various parties both in Europe and North America, however, at this stage the Company has not yet proceeded with any specific third party financing arrangements.

Earth Heat has been actively engaging with various financing groups to assist in progressing key projects in Djibouti and Argentina.

Review of the geothermal sector clearly shows that financing, on the scale of developments contemplated by the Company is not readily available in Australia at this time. In contrast investor appetite for this particular style of investment is much stronger particularly in North America and Europe, as evidenced by recent capital raisings by Magma Energy and Ram Power on the TSX.

Therefore, EHR considering all finance options which include the potential dual listing of the Company on an exchange that recognises the value in New Energy investments.

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Potential cornerstone investors have approached the Company and these include both finance organisations in addition to other groups such as engineering firms. At the present time the Company is in confidential discussions with a number of groups, which may or may not yield any material agreement on assisting in moving projects forward.

Managing Director, Torey Marshall -

"Our high quality projects yield a number of options for the future financing of the Company, however the level of interest for financing geothermal power projects is much higher outside Australia. The calibre of the projects which the Company has now enables it consider a variety of JV and finance options of up to \$70m, for the delivery of key project milestones such as a bankable feasibility study".

The Company is extremely pleased with the outcome to date and the potential to develop 180 MW of power places it in the top tier of independent geothermal developers.

\*\*\* Ends\*\*\*

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