

NOTICE OF MEETING
AND
MANAGEMENT INFORMATION CIRCULAR
FOR AN
ANNUAL GENERAL MEETING
OF THE SHAREHOLDERS OF
EARTH HEAT RESOURCES LTD
TO BE HELD ON FEBRUARY 23, 2011

**Registered Offices
Australia**

Level 7, Ferrari House,
28-30 Grenfell Street,
Adelaide SA 5000

British Columbia

Suite 711, 675 West Hastings Street
Vancouver, BC V6B 1N2 Canada

EARTH HEAT RESOURCES LTD
ARBN 86 115 229 984

**NOTICE OF THE ANNUAL GENERAL MEETING OF
SHAREHOLDERS TO BE HELD ON FEBRUARY 23, 2011**

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “Meeting”) of the shareholders of Earth Heat Resources Ltd. (the “Company”) will be held at City Tattersall’s Club Limited, The Sydney Room, Level 2, 194-204 Pitt Street, Sydney NSW on Wednesday February 23, 2011 at 11.00am to conduct the Business as detailed in this Notice of Meeting.

If you are unable to attend the meeting, we encourage you to complete and return the enclosed Voting Form. Information to assist Shareholders with the lodgement of proxies and the relevant time frame for lodgement, is provided on page 4 of this Notice under the heading "Important Information".

The enclosed Management Information Circular accompanies and forms part of this Notice of Meeting. Shareholders are advised to read these documents in full as important background information is included.

The Chairman will be casting undirected proxy votes held by him in favour of the Resolutions.

BUSINESS

A. Financial Statements

To receive and consider the comparative financial statements of the Company for the financial years ended September 30, 2010 and 2009, together with the report of the auditor thereon. Consideration of the financial statements does not require a formal vote.

B. Proposed Resolutions:

The following resolutions are ordinary resolutions requiring a simple majority of votes from shareholders attending in person or voting by proxy.

- 1. To set the number of Directors for the ensuing year**
Resolution 1 - as an Ordinary resolution
"That the number of Directors for the ensuing year be set at 6"
- 2. To re-elect Raymond Douglas Shaw as a Director**
Resolution 2 - as an Ordinary Resolution
"That Raymond Douglas Shaw be re-elected as a Director of the Company."
- 3. To re-elect Torey Robert Marshall as a Director**
Resolution 3 - as an Ordinary Resolution
"That Torey Robert Marshall be re-elected as a Director of the Company."
- 4. To re-elect David Henty Sutton as a Director**
Resolution 4 - as an Ordinary Resolution
"That David Henty Sutton be re-elected as a Director of the Company."
- 5. To re-elect Norman Joseph Zillman as a Director**
Resolution 5 - as an Ordinary Resolution
"That Norman Joseph Zillman be re-elected as a Director of the Company."
- 6. To re-elect Stephen William Pearce as a Director**
Resolution 6 - as an Ordinary Resolution
"That Stephen William Pearce be re-elected as a Director of the Company."

7. To elect Alexander Rose-Innes as a Director

Resolution 7 – as an Ordinary Resolution

“That Alexander Rose-Innes be elected as a Director of the Company.”

8. To appoint auditors for the ensuing year and to authorize the Directors to fix their remuneration

Resolution 8 - as an Ordinary Resolution

“That KS Black & Co be appointed as auditors of the Company for the ensuing year and the Directors be authorised to fix the auditors remuneration as appropriate.”

9. Consideration of Remuneration Report

Resolution 9 – as an Ordinary Resolution

“That the Remuneration Report be adopted.”

**10. To issue options to Alexander Rose-Innes pursuant to his Employment Agreement
Resolution 10 - as an Ordinary Resolution**

“That for the purposes of ASX Listing Rule 10.11, and all other purposes, Shareholders approve the issue of Options to Alexander Rose-Innes (and in the manner) specified in Table 2 on page 6 of the Management Information Circular which accompanies and forms part of this Notice of Meeting.”

Voting Restriction on Resolution 10

The Company will disregard any votes cast on Resolution 10 by:

- Alexander Rose-Innes; and
- Any associate of Alexander Rose-Innes.

However, the Company need not disregard a vote if it is cast by:

- a person as a proxy for a person who is entitled to vote, in accordance with the directions on the voting form; or
- the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the voting form to vote as the proxy decides.

11. Share issue for the transfer of rights to acquire, and for assistance with the acquisition of, the Fiale project in Djibouti

Resolution 11 - as an Ordinary Resolution

“That approval be given for the purposes of ASX Listing Rules 7.1 and 7.4 and all other purposes, for the issue and allotment in October 2010 of 10,037,500 fully paid ordinary shares in the Company at no cost to the recipients in the manner and for the purpose described in the Management Information Circular which accompanies and forms part of this Notice of Meeting.”

Voting Restriction on Resolution 11

The Company will disregard any votes cast on Resolution 11 by:

- Planet Gas Limited or David Anderson; and
- Any associate of Planet Gas Limited or David Anderson.

However, the Company need not disregard a vote if it is cast by:

- a person as a proxy for a person who is entitled to vote, in accordance with the directions on the voting form; or
- the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the voting form to vote as the proxy decides.

12. Share Placement to non related sophisticated investors

Resolution 12 - as an Ordinary Resolution

"That approval be given for the purposes of ASX Listing Rules 7.1 and 7.4 and all other purposes, for the issue and allotment in October 2010 of 10,000,000 fully paid ordinary shares in the Company at \$0.025 each for a total consideration valued at \$250,000 to non-related sophisticated investors in the manner described in the Management Information Circular which accompanies and forms part of this Notice of Meeting."

Voting Restriction on Resolution 12

The Company will disregard any votes cast on Resolution 12 by:

- A person who participated in the issue of securities; and
- Any associate of those persons.

However, the Company need not disregard a vote if it is cast by:

- a person as a proxy for a person who is entitled to vote, in accordance with the directions on the voting form; or
- the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the voting form to vote as the proxy decides.

13. Approval of Employee Share Option Scheme ("ESOS")

Resolution 13 - as an Ordinary Resolution

" That for the purpose of ASX Listing Rule 7.2 Exception 9, and all other purposes, Members approve the Employee Share Option Scheme on the terms described in the Management Information Circular which accompanies and forms part of this Notice of Meeting. By obtaining approval under ASX Listing Rule 7.2 exception 9 the Company may issue ESOS Options under the Employee Share Option Scheme without the need to obtain approval pursuant to ASX Listing Rule 7.1 for a period of 3 years (subject to the provisions of the ASX Listing Rules)."

Voting Restriction on Resolution 13

The Directors of the Company are not included in the definition of Eligible Employee in the ESOS, and accordingly there is no requirement for a voting exclusion statement.

14. Approval of future share placement

Resolution 14 - as an Ordinary Resolution

"That for the purposes of Listing Rule 7.1 and all other purposes the shareholders approve the allotment and issue of up to 136,000,000 fully paid ordinary shares to any party or parties nominated by the Company (who shall not be related parties) at an issue price for the shares being at least 80% of the volume weighted average market price of securities in this class calculated over the last 5 days on which sales in the securities were recorded before the day on which the issue is made or, if there is a Prospectus, Offer Information Statement or Product Disclosure Statement relating to the issue, over the last 5 days on which sales in the securities were recorded before the date on which the Prospectus, Offer Information Statement or Product Disclosure Statement is signed, on the terms and conditions set out in the Explanatory Memorandum."

Voting Restriction on Resolution 14

The Company will disregard any votes cast on Resolution 14 by:

- Any person who may participate in the proposed issue of securities;
- A person who may obtain a benefit except solely in the capacity of a holder of ordinary securities if the resolution is passed; and
- Any associate of those persons.

However, the Company need not disregard a vote if it is cast by:

- a person as a proxy for a person who is entitled to vote, in accordance with the directions on the voting form; or
- the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the voting form to vote as the proxy decides.

C. Chairman's address on significant events during the financial year.

To be presented at the Meeting.

IMPORTANT INFORMATION

The accompanying Management Information Circular provides additional information relating to the matters to be addressed at the Meeting and is deemed to form part of this Notice.

Record Date

The Directors have fixed the close of business on January 19, 2011 as the record date for determination of shareholders entitled to notice of and the right to vote at the Meeting, either in person or by proxy.

Proxy voting by holders of common stock

Shareholders who are unable to attend the Meeting are requested to complete, sign, date and return the proxy. A proxy will not be valid unless it is deposited by mail or by fax at the office of Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, ON M5J 2Y1 (Fax: Within North America: 1-866-249-7775. Outside North America: (416) 263-9524 not less than 72 hours (excluding Saturdays and holidays) before the time fixed for the Meeting or an adjournment thereof.

Proxy voting by holders of CDIs

Holders of CDIs are invited to attend the meeting. CDI holders may complete, sign and return the enclosed CDI Voting Instruction Form to Computershare Investor Services Pty Limited, at GPO Box 242, Melbourne, Victoria, 3001 Australia (free fax number within Australia: 1800 753 447 or outside Australia: +61 3 9473 2555) in order to direct CHESS Depositary Nominees Pty Ltd. ("CDN") to vote the relevant underlying Common Shares on his or her behalf or may instruct CDN to appoint such CDI holder or his or her nominee as proxy to vote the Common Shares underlying the CDIs in person at the meeting. In either case, the CDI Voting Instruction Form needs to be received at the address shown on the Form not less than 72 hours (excluding Saturdays and holidays) before the time fixed for the Meeting or an adjournment thereof.

DATED at Sydney, Australia, this 11th day of January 2011.

BY ORDER OF THE BOARD OF DIRECTORS



M E Lucas-Smith
Company Secretary

MANAGEMENT INFORMATION CIRCULAR
FOR AN
ANNUAL GENERAL MEETING
OF SHAREHOLDERS
TO BE HELD ON FEBRUARY 23, 2011

**Earth Heat Resources Ltd.
Australia**

Level 7, Ferrari House,
28-30 Grenfell Street,
Adelaide SA 5000

British Columbia

Suite 711, 675 West Hastings Street
Vancouver, BC V6B 1N2 Canada

LEGAL JURISDICTION

As the Company is incorporated in the province of British Columbia, Canada, registered in Australia as a foreign company and listed on the Australian Securities Exchange our legal advisers are of the view that the Australian Corporations Act 2001 as well as the Business Corporations Act (British Columbia) and the ASX Listing Rules apply. Accordingly this notice of meeting is issued in accordance with the requirements of the relevant legislations and the ASX Listing Rules.

A. CONSIDERATION OF FINANCIAL STATEMENTS

The Annual Report of the Company including the comparative Financial Statements for the financial years ended September 30, 2010 and 2009 will be presented to the meeting for review and discussion. A representative of the Company's auditor, KS Black & Co will be present at the meeting to answer questions on the Financial Statements. Consideration of the Annual Report and Financial Statements does not require a resolution.

B. PROPOSED RESOLUTIONS

RESOLUTION 1: SET NUMBER OF DIRECTORS

Management has nominated six (6) Directors and the proposed Resolutions are detailed in the Notice of Meeting which accompanies this Management Information Circular. Five (5) are existing Directors elected by the Shareholders at the 2009 AGM and now being submitted for re-election in accordance with the requirements of the Company's Constitution and one (1) is a Director appointed by the Directors during the year and now being submitted for election by the Shareholders.

Details of each of the nominees qualifications and experience is provided below and further information regarding all positions held in the Company and Director's compensation may be found in the Annual Report made available to Shareholders in accordance with their indicated preference i.e. by mail, email or notice of availability on the Company web site.

Details are provided hereunder and in the Annual Report for the new Director nominee as required by Canadian National Instrument 51-102F5 including all positions and offices in the Company presently held by such nominee, the nominee's municipality of residence, principal occupation at the present and during the preceding five years, the period during which the nominee has served as a director, and the number and percentage of Common Shares of the Company that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the date of this Management Information Circular.

Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the election of the persons named in Table 1. to the Board of Directors.

Management does not contemplate that any of such nominees will be unable to serve as directors. However, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies held by Management Designees will be voted for another nominee in their discretion unless the shareholder has specified in his form of proxy that his Common Shares are to be withheld from voting in the election of directors.** Each director elected will hold office until the next Annual General Meeting of Shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Company or the provisions of the Business Corporations Act (British Columbia) (the “BCBCA”) to which the Company is subject.

The Chairman will be casting undirected proxy votes held by him in favour of this Resolution. The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

RESOLUTIONS 2 TO 6: RE-ELECTION OF DIRECTORS

ASX Listing Rule 14.4 requires that Directors must not hold office (without re-election) past the third AGM following the Director’s appointment or 3 years whichever is longer, and ASX Listing Rule 14.5 requires an entity to hold an election of Directors each year. However the Company’s Constitution requires all Directors to be re-elected each year. Accordingly existing Directors, Dr. Raymond Shaw, Torey Marshall, David Sutton, Norman Zillman and Stephen Pearce are submitted for re-election. Details of their qualifications and experience are provided below.

Dr. Raymond Shaw - Non-executive Chairman

Experience and expertise:

Dr Raymond Shaw is a geologist and geophysicist with more than 30 years’ experience in the resources energy sector including the oil, gas and coal industries. He commenced his professional career as a petroleum explorationist with Shell Development Australia in Perth, prior to working for various consulting groups including the Swiss based international consulting firm Petroconsultants SA, as resident director based in Singapore and responsible for its Far East operations.

He has consulted extensively to industry, government, and international aid agencies on a variety of resource projects throughout Australia and Asia, including the World Bank, Asia Development Bank and Ausaid. He was a part time consultant with the New South Wales Department of Mineral Resources for 7 years providing input for industry initiatives during the late 1990’s and early 2000’s. Dr Shaw was founding Managing Director of Great Artesian Oil and Gas Limited prior to its listing on the ASX in 2003 until April 2007.

In May 2007 he became Executive Chairman of ASX listed Enterprise Energy Limited. In 2008, Ray Shaw oversaw the merger and backdoor listing of some \$250 million of coal assets into Enterprise Energy as part of a restructuring and change in business to form Bandanna Energy Limited, of which he is currently Managing Director. Bandanna holds extensive thermal coal assets in the Galilee and Bowen basins of Queensland.

Special responsibilities
Chairman of Board of Directors

Torey Marshall - Managing Director

Experience and expertise:

Mr Torey Marshall is a geologist with broad based technical and business development experience in the minerals, petroleum and geothermal sectors. This has resulted in the successful execution of various exploration programs (some resulting in discoveries), in a number of different areas. Having worked extensively as an exploration geoscientist, his skills have been considerably expanded to include senior management experience of various private and public (unlisted) companies. As part of his consulting practice, he has developed strategies for, and acquired projects on behalf of a number of clients.

He has assisted a number of private and public (unlisted) companies build their businesses to enhance shareholder value such as Phoenix Oil and Gas Ltd, Australian Oil Company Ltd, Red Gum Resources Ltd, Great Artesian Oil and Gas Ltd & QGC Ltd (A BG Group Company).

Mr Marshall is a Director of Red Gum Resources Ltd and Polymetallic Exploration Pty Ltd. Mr Marshall holds a B.Sc (Hons) and M.Sc from the University of South Australia, and is a Chartered Professional Geologist of the Australasian Institute of Mining and Metallurgy, a member of the Geological Society of Australia and American Association of Petroleum Geologists.

Special responsibilities
Managing Director

David Sutton - Independent Non-executive Director

Experience and expertise:

Mr Sutton holds a B Comm from University of Melbourne, was a member of the Stock Exchange Melbourne and subsequently the Australian Stock exchange, and has many years experience as a director of companies in stockbroking and investment banking. He is a director of Dayton Way Financial Pty Ltd, a licensed securities dealer, where he is responsible for corporate finance and stockbroking activities. He is Chairman of Silver Mines Ltd and a director of Sinovus Mining Ltd and Imperial Company Limited and a former director of Martin Place Securities Pty Limited.

Special responsibilities
Member of the audit committee

Norman Zillman

Experience and expertise:

Norman Zillman (aged 66 years) is a professional geologist (B.Sc. Geology and B.Sc.Hons. Botany University of Queensland) with more than 40 years experience in minerals, petroleum, coal, coal bed methane and geothermal exploration and production in Australia and internationally. His initial experience was as a petroleum geologist with international companies Aquitaine Petroleum in Australia and Papua New Guinea and Union Oil Company of California in Australia and Indonesia.

Mr Zillman has occupied the positions of Deputy CEO of Crusader Limited, General Manager Exploration and Production with Beach Petroleum N L and Claremont Petroleum Limited and Manager of the Petroleum Branch of the Queensland Department of Mines and Energy and State Mining Engineer for Petroleum.

From 1994 to early 1998 Mr Zillman was Regional Manager of Northern Queensland for the Queensland department of Mines and Energy, based in Charters Towers, where he supervised all aspects of mineral exploration and mining activities in that region including among others, the Ravenswood, Pajingo, Mt Leyshon and Thalanga Mines.

More recently Norm has been responsible for a number of successful public resource floats on the Australian Stock Exchange (ASX). He was the inaugural Managing Director and a Founder of Coal Bed Methane (CBM) company Queensland Gas Company Limited (QGC) being responsible for the initial acquisition of all of its areas, the successful floating on the ASX and the discovery of QGC's first CBM gas field Argyle. He was also the inaugural Chairman and Founder of conventional oil and gas company Great Artesian Oil and Gas Limited (GOG) which he also successfully listed on the ASX resulting in numerous oil and gas discoveries.

Norm was also non-executive Chairman and a Founder of Blue Energy Limited (BUL), Hot Rock Limited (HRL) and a Director and Founder of Planet Gas Limited (PGS). He was a Founder and still is a significant shareholder of Bandanna Energy Limited.

Norm is presently non-executive co-Chairman of China Yunnan Copper Australia Limited (CYU), non-executive Chairman of Burleson Energy Limited (BUR) and non-executive Director of Earth Heat Resources Limited (EHR). Norm is a member of Australasian Institute of Mining and Metallurgy (Aust.I.M.M) and the Petroleum Exploration Society of Australia (PESA).

Special responsibilities
Member of the audit committee

Stephen Pearce - Independent Non-executive Director and Joint Company Secretary

Experience and expertise:

Mr Pearce is a practising lawyer who specialises in corporate and securities work in Vancouver, British Columbia. Stephen serves as a director and/or officer of the following mainly resource related public companies: Neodym Technologies Inc. (NEX-V) (Director, Corporate Secretary), Sable Resources Ltd. (TSX-V) (Director, Corporate Secretary), Flying A Petroleum Ltd. (TSX-V), Sunorca Development Corp. (CSNX) and Golden Goliath Resources Ltd (TSX-V) (Director, Corporate Secretary). Stephen has a law degree from the University of British Columbia and economics degree from York University.

Special responsibilities
Member of the audit committee
Joint Company Secretary

The Chairman will be casting undirected proxy votes held by him in favour of these Resolutions. The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of these Resolutions.

RESOLUTION 7: ELECTION OF DIRECTOR

Alexander Rose-Innes was appointed by the Directors as a Director of the Company in July 2010 and is now submitted for election by the Shareholders. Alexander is a resident of Sydney NSW, Australia.

Alexander Rose-Innes - Executive Director

Experience and expertise:

Mr Alexander Rose-Innes is a portfolio manager for long / short equities and global macro funds who has extensive experience working within the equity capital markets of Australia. With a strategic focus on the resources sectors of the ASX, JSE and FTSE markets, Alexander has a deep knowledge of African politics and business including a wide variety of contacts through his macroeconomic research that guides investment decisions. He was appointed to the Board in July 2010 and will be responsible for Business Development and Finance.

Alexander is currently employed as a Macroeconomic Analyst and Portfolio Manager at Coldstream Investment Holdings where he maintains a balanced portfolio of equities, derivatives, bonds and commodities. Previous experience includes Invicta Holdings Pty Ltd in South Africa and Publishing and Broadcasting Limited. He is fluent in English, Afrikaans and French.

Special responsibilities
Executive of African operations

DIRECTORS' INTERESTS IN VOTING SECURITIES

The following table sets forth the number of voting securities that are beneficially owned, or controlled or directed, directly or indirectly by each proposed Director

Table 1. Directors Interests in Ordinary Voting Securities in the Company

Director	Number of Shares owned or controlled	Percentage of issued Capital
Raymond Shaw	67,839,641	12.47%
Torey Marshall	68,846,307	12.65%
David Sutton	6,894,995	1.27%
Norman Zillman	64,576,294	11.87%
Stephen Pearce	3,743,633	0.69%
Alexander Rose-Innes	nil	nil
Total	211,900,870	38.94%

Note: The number of CDIs or common stock disclosed on page 15 of the Annual Report 2010 as held or controlled by David Sutton and Stephen Pearce was incorrect. The above numbers are correct.

The Chairman will be casting undirected proxy votes held by him in favour of this Resolution.
The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

RESOLUTION 8: APPOINTMENT OF AUDITOR

The appointment of K S Black & Co. as auditors of the Company was confirmed by shareholders at the last Annual General Meeting of the Company held on 26 February 2009. Management again nominates K S Black & Co., Chartered Accountants, as auditor of the Company to hold office until the next Annual General Meeting of Shareholders with the Directors authorised to fix the auditor's remuneration.

The Chairman will be casting undirected proxy votes held by him in favour of this Resolution.
The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

RESOLUTION 9: CONSIDERATION OF REMUNERATION REPORT

The Annual Report forwarded to Members with this Notice, or made available according to each Shareholder's nominated preference, includes a Remuneration Report commencing at page 26. The Corporations Act 2001 requires that a resolution to adopt the Remuneration Report is put to the Members at each AGM. The vote on the resolution is advisory only and does not bind the Directors or the Company. The Directors commend the Remuneration Report to the Members.

The Chairman will be casting undirected proxy votes held by him in favour of this Resolution. The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

RESOLUTION 10: ISSUE OF OPTIONS TO ALEXANDER ROSE-INNES PURSUANT TO HIS EMPLOYMENT AGREEMENT

Resolution 10 is proposed to obtain approval for the allotment of unquoted options to acquire ordinary shares in the Company to the Company's Executive Director, Mr. Alexander Rose-Innes in accordance with the terms of his Employment Agreement. The options have not yet been issued to Mr. Rose-Innes.

On August 3, 2010 the Company announced the acquisition of geothermal assets in Djibouti and the appointment of Mr. Alexander Rose Innes as an Executive Director with primary responsibility for fund raising and the progress and management of its African ambitions. Also on August 3, 2010 the Company released an Appendix 3X Initial Directors Interest Notice for Mr. Rose-Innes providing details of his interest in 30,000,000 (thirty million) options to be granted (in accordance with his Employment Agreement negotiated in July 2010 and subject to Shareholder approval), to acquire fully paid ordinary shares in the Company with various vesting dates, exercise prices and expiry dates as detailed in Table 2. below.

The 30,000,000 options comprise 10,000,000 being a short term incentive in recognition of assistance given in respect to the acquisition of the Djibouti asset and 20,000,000 being a long term incentive in respect to the primary responsibility for progress and management of African assets

Given that Mr. Rose-Innes is a related party, approval is being sought for the proposed issue in accordance with ASX Listing Rule 10.11. ASX Listing Rule 10.11 provides that an entity must not issue or agree to issue equity securities to a related party, without the approval of Members.

If approval is obtained under ASX Listing Rule 10.11 then approval under ASX Listing Rule 7.1 is not required. ASX Listing Rule 7.1 provides that an entity must not issue, or agree to issue, more than fifteen percent (15%) of its capital without the approval of its Members.

This proposed Resolution is subject to a voting restriction as detailed in the Notice of Meeting.

Table 2 – Proposed issue of unquoted options to Mr. Alexander Rose-Innes:

Column 1	Column 2	Column 3	Column 4	Column 5
Number of Options	Grant Date	Vesting date	Exercise Price	Expiry date
10,000,000	3/08/2010	Immediately	\$0.03	3/08/2011
10,000,000	3/08/2010	3/08/2011	\$0.05	3/08/2012
10,000,000	3/08/2010	3/08/2012	\$0.08	3/08/2013
30,000,000				

NOTES:

- 1) All Options listed in Column 1 will be issued within 1 month of Shareholder approval being obtained however the effective grant date will be August 3, 2010.
- 2) The Share price at the date of acceptance of the Employment Agreement was \$0.014.

As the options will be issued to Mr. Rose-Innes as part of his remuneration no funds will be raised from the issue of the Options. Any funds raised upon the exercise of the Options will be applied towards the Company's working capital requirements at the time.

The Chairman will be casting undirected proxy votes held by him in favour of this Resolution.
The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

RESOLUTION 11: SHARE ISSUE FOR TRANSFER OF RIGHTS TO ACQUIRE, AND FOR ASSISTANCE WITH THE ACQUISITION OF, THE FIALE PROJECT IN DJIBOUTI

As announced on August 3, 2010, the Company entered into a series of arrangements via a Heads of Agreement ("HOA") with Planet Gas Limited and with the assistance of Mr. David Anderson (a resident of Africa) that enabled it to assume rights and to lodge applications for areas of interest to the Company, inclusive of geothermal and coal bed methane opportunities in Djibouti, Kenya & Botswana.

Consideration for entering into the HOA was the issue of 10,037,500 fully paid ordinary shares at no cost to the recipients as detailed in Table 3. below. The shares were issued on October 22, 2010 and all except 912,500 are escrowed for up to 24 months as specified in Table 3.

Subsequently, on October 22, 2010 the Company announced that it had entered into a binding Memorandum of Understanding (MOU) to develop a major geothermal resource in Djibouti. The MOU is with the Djibouti Ministry of Energy and Natural Resources and Electricite' de Djibouti.

Under ASX Listing Rule 7.4, shareholders may subsequently approve the issue of securities made within the limitation prescribed by Listing Rule 7.1. This Resolution seeks approval of the issues for the purposes of Listing Rules 7.1 and 7.4.

The effect of shareholder approval being obtained under Listing 7.4 is that shares issued without approval under Listing Rule 7.1 are treated as having been made with approval for the purposes of Listing Rule 7.1.

Table 3 - Share issue in respect to the acquisition of assets in Djibouti

Allottees	Number of shares
Not escrowed	
David Warwick Anderson	912,500
Escrowed for 12 months to October 26, 2011	
David Warwick Anderson	456,250
Planet Gas Limited	4,106,250
Escrowed for 24 months to October 26, 2012	
David Warwick Anderson	456,250
Planet Gas Limited	4,106,250
TOTAL	10,037,500

The Chairman will be casting undirected proxy votes held by him in favour of this Resolution.
The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

RESOLUTION 12: SHARE PLACEMENT TO NON RELATED SOPHISTICATED INVESTORS

In October 2010 the Company raised \$250,000 by the issue and allotment of 10,000,000 fully paid ordinary shares at \$0.025 per share by private placement to non-related sophisticated investors introduced primarily by an existing shareholder. Details of the placement are provided at Table 4.

The funds raised from the placements have been and will be used to fund the Company's Working Capital needs to assist in particular, continuing negotiations in respect to the various African opportunities previously mentioned.

Under ASX Listing Rule 7.4, shareholders may subsequently approve the issue of securities made within the limitation prescribed by Listing Rule 7.1. This Resolution seeks approval of the placements for the purposes of Listing Rules 7.1 and 7.4. The effect of shareholder approval being obtained under Listing 7.4 is that shares issued without approval under Listing Rule 7.1 are treated as having been made with approval for the purposes of Listing Rule 7.1.

Following approval of this Resolution 12 and the previous Resolutions 10 and 11, the Company will again effectively be able to issue new securities up to a limit of 15% of its existing issued capital without prior approval of shareholders.

Table 4 – Details of Share Placement to non related sophisticated investors at \$0.025 per share

Allottees	Number of shares
Dayton Way Financial Pty Ltd	800,000
Mr Anthony & Mrs Patricia Sheridan ATF Triston Super Fund A/C	1,200,000
1147 Pty Ltd ATF the TJ & CJ Mann Pension Fund A/C	4,000,000
Muscoda Holdings Pty Ltd	4,000,000
TOTAL	10,000,000

The issued shares rank equally in all respects from the date of allotment with other ordinary shares on issue.

The Chairman will be casting undirected proxy votes held by him in favour of this Resolution.
The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

RESOLUTION 13: APPROVAL OF EMPLOYEE SHARE OPTION SCHEME

The incentive stock option plan previously approved by the shareholders has lapsed. For the purposes of ASX Listing Rule 7.2 Exception 9(b), the Company has not issued any stock options under the Plan since listing on the ASX. The Board now submits a new Employee Share Option Scheme ("the ESOS") for adoption by the Shareholders. Full terms and conditions of the ESOS are attached at Appendix A.

The purpose of the ESOS is to attract, retain and motivate officers and employees of the Company and consultants engaged to provide ongoing management or consulting services for the Company or any subsidiary thereof by providing such persons with the opportunity to acquire an increased proprietary interest in the Company.

ASX Listing Rule 7.1 essentially provides that a company may not issue securities representing more than 15% of its issued capital, over any 12 month period, without the approval of its members.

Approval is being sought by the Company for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) so that any issues of securities under the ESOS are not counted as a reduction for the purpose of the calculation of the number of securities that can be issued under Listing Rule 7.1 without shareholder approval. This exception is only available provided that within 3 years before the date of the issue, shareholders have approved the issue of securities under the ESOS as an exception to Listing Rule 7.1.

Under the ESOS, full or part time continuing employees and consultants (or their nominees) are included in the definition of "Eligible Employee". Directors are not included in the definition of "Eligible Employee" as it is not proposed to issue securities under the ESOS to Directors or their associates as such issues will require the approval of the Members pursuant to ASX Listing Rule 10.14.

Details of any securities issued under the ESOS will be published in each Annual Report of the Company relating to a period in which securities have been issued.

The Chairman will be casting undirected proxy votes held by him in favour of this Resolution. The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

RESOLUTION 14: APPROVAL OF FUTURE SHARE PLACEMENT

On December 6, 2010 the Company release a Corporate Update in respect to recent and historic activities and the conclusions reached for future directions.

The Board has concluded that 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 investors 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 advanced development projects. In light of these developments the Company has been discussing with potential cornerstone investors various financing models. A number of Confidentiality Agreements 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 is considering all finance options which include the potential dual listing or transfer of the Company on or to an exchange that recognises the value in New Energy investments.

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.

The Managing Director, Torey Marshall observed in the Corporate Update that:

"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".

Aggressive and rapid expansion of the Company's activities, particularly in respect to major overseas jurisdictions as planned by the Board, will require significant financial investment. Accordingly, Shareholders are asked to pre-approve a placement of up to 136,000,000 fully paid ordinary shares (**Placement Shares**) at an issue price of no less than 80% of the volume weighted average market price (**VWAP**) of the securities in this class calculated over the last 5 days on which sales in the securities are recorded before the day on which the issue is made, or if there is a Prospectus, Offer Information Statement or Product Disclosure Statement relating to the issue, over the last 5 days on which sales in the securities were recorded before the date on which the Prospectus, Offer Information Statement or Product Disclosure Statement is signed, on the terms and conditions set out in this Explanatory Statement.

At the date of this Management Information Circular the closing price of the Company's shares was 5.0 cents (\$0.05) each. If the share price remains unchanged during the period to when the placement is made and the Board determines to place the full 136,000,000 shares, the Company will raise approximately \$5,440,000. Depending on movements in the share price during the period and the actual share placement price, the Company may potentially raise more or less than the stated amount. If the share price has increased during the period and depending on the circumstances at the time, the Board may determine to place a lesser number of shares than the stated number.

However, the Directors are of the opinion that the Company is substantially undervalued at present and it is their intention to attempt a placement at a premium to market rather than a discount. Unfortunately, given the state of the financial markets at present, it may not be possible to achieve a premium hence the conservative nature of the proposed resolution.

If the full number of 136,000,000 shares are issued to a single Holder that Holder will control 19.99% of the then issued capital of the Company and become the cornerstone investor.

Listing Rule 7.1

Listing Rule 7.1 broadly provides, subject to certain exceptions, that a company may not issue or agree to issue securities which represent more than 15% of the company's issued capital at the beginning of any 12 month period without obtaining Member approval. The Company's propose issue of the Placement Shares requires Member approval under Listing Rule 7.1 and none of the exceptions under Listing Rule 7.2 apply.

Listing Rule 7.3

In accordance with Listing Rule 7.3 the following information is provided in relation to the issue of the Placement Shares:

a) The maximum number of securities the entity is to issue

The maximum number of Placement Shares to be issued is 136,000,000.

b) The date by which the entity will issue the securities

The Placement Shares and Placement Options will be issued no later than 3 months after the date of the Meeting.

c) The issue price of the Placement Shares

The issue price will be no less than 80% of the volume weighted average market price (**VWAP**) of the securities in this class calculated over the last 5 days on which sales in the securities are recorded before the day on which the issue is made, or if there is a Prospectus, Offer Information Statement or Product Disclosure Statement relating to the issue, over the last 5 days on which sales in the securities were recorded before the date on which the Prospectus, Offer Information Statement or Product Disclosure Statement is signed, on the terms and conditions set out in the Explanatory Memorandum.

d) The names of the allottees

The names of the allottees are currently not known but will be a party or parties nominated by the Company or by an entity appointed by the Company for that purpose, and will not be related parties.

e) The terms of the securities

The Placement Shares will be fully paid ordinary shares that rank equally in all respects with the existing fully paid ordinary shares.

g) The dates of allotment

The dates of allotment are unknown. Allotment may occur progressively and no later than 3 months after the date of the meeting.

The Chairman will be casting undirected proxy votes held by him in favour of this Resolution. The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of this Resolution.

OTHER BUSINESS

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act there under.**

GENERAL

Unless otherwise directed, it is management's intention to vote proxies in favour of the resolutions set forth herein. All proposed Resolutions are ordinary resolutions and require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares.

Additional information relating to the Company may be found on the Company's web site www.earthheat.com and on SEDAR at their web site sedar.com. Shareholders may contact the Company to request copies of the Company's financial statements and MD&A by sending a request to either of the Adelaide or the Vancouver office of the Company.

Contact details are provided on page one of this document. Financial information is provided in the Company's comparative financial statements and MD&A for the financial year ended September 30, 2010.

IMPORTANT INFORMATION SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR ("MANAGEMENT INFORMATION CIRCULAR") IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF EARTH HEAT RESOURCES LTD. (THE "COMPANY") of proxies from the holders of common shares (the "**Common Shares**") for the annual general meeting of the shareholders of the Company (the "Meeting") to be held on Wednesday, February 23, 2011 at the time and place for the purposes set forth in the Notice of Meeting.

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares (as defined below) held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named (the "**Management Designees**") in the enclosed instrument of proxy ("**Instrument of Proxy**") have been selected by the directors of the Company and have indicated their willingness to represent as proxy the shareholder who appoints them. A shareholder has the right to designate a person (who need not be a shareholder) other than the Management Designees to represent him or her at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting there from the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Company. Such shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instructions on how the shareholder's shares are to be voted. The nominee should bring personal identification with him to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form). In addition, a proxy may be revoked by a shareholder personally attending at the Meeting and voting his shares.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Company's transfer agent, Computershare Trust Company of Canada at 100 University Avenue, Toronto, Ontario, M5J 2Y1, at least forty-eight (72) hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the shareholder or by his authorized attorney in writing, or, where the shareholder is a Company, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Company at 711 -- 675 West Hastings Street, Vancouver, British Columbia, V6B 1N2 or with Computershare Trust Company of Canada at 100 University Avenue, Toronto, Ontario, M5J 2Y1, at

any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his shares.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold Common Shares in their own name.

Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Management Information Circular as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the shareholder’s name. Such Common Shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for the Canadian Depositary for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications (“**ADP**”) in Canada. ADP typically prepares a machine readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to ADP, or otherwise communicate voting instructions to ADP (by way of the Internet or telephone, for example). ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting.

Beneficial Shareholders who receive an ADP voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to ADP (or instructions respecting the voting of Common Shares must otherwise be communicated to ADP) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or the intermediary for assistance.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity.

Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.

All references to shareholders in this Management Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

VOTING OF PROXIES

Each shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification.

In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.

The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Company is not aware of any amendments to, variations of or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of management of the Company.

CDI HOLDERS

Many shareholders having an interest in the Common Shares hold such interests in the form of CHES Depositary Instruments ("CDIs"). CHES is the electronic settlement system used in Australia. The main difference between holding CDIs and holding Common Shares is that a holder of CDIs has beneficial ownership of the equivalent number of Common Shares of the Company instead of legal title. Legal title is held by the CHES Depositary Nominees Pty Ltd. ("CDN"). The Common Shares registered in the name of CDN are held by that entity on behalf of and for the benefit of the CDI holder.

CDI HOLDERS MAY GIVE DIRECTIONS TO CDN

Pursuant to the Articles of the Company, the Company will permit CDI holders to attend the Meeting. Each CDI holder has the right to:

- (a) direct CDN how to vote in respect of their CDIs; or
- (b) instruct CDN to appoint the CDI holder or a person nominated by the holder as the holder's proxy for the purposes of attending and voting at the Meeting.

If you are a CDI holder and you wish to direct CDN how to vote in respect of your CDIs or appoint yourself or a nominee as your proxy, you should read, complete, date and sign the accompanying CDI Voting Instruction Form and deposit it with Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne, Victoria, Australia, 3001 not later than 11:00 am (Melbourne time) on February 18, 2011.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares (previously defined as “**Common Shares**”). As at the effective date of the Management Information Circular (the “**Effective Date**”), which is January 11, 2011, the Company has 544,216,187 Common Shares without nominal or par value outstanding. The Common Shares are the only securities entitled to be voted at the Meeting, and holders of Common Shares are entitled to one vote for each Share held.

Of the 544,216,187 Common Shares outstanding on January 11, 2011, 540,314,222 Common Shares were held by CDN, a wholly owned subsidiary of the Australian Securities Exchange (“ASX”) on behalf of holders of CDIs. CDN has issued CDIs that represent beneficial interests in the Common Shares held by CDN. CDIs are traded on the electronic transfer and settlement system operated by the ASX. Holders of Common Shares of record at the close of business of January 19, 2011 (the “**Record Date**”) are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that:

- (a) the holder has transferred the ownership of any of his Common Shares after the Record Date, and
- (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns the Common Shares, and demand not later than ten (10) days before the day of the Meeting that his name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting.

To the knowledge of the Directors and Executive Officers of the Company, as at the Effective Date, no person, firm or Company beneficially owned, directly or indirectly, or exercised control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Company, except as disclosed in Table 1. above and in the Annual Report of the Company.

BOARD APPROVAL

The Board of Directors of the Company has approved the contents and the sending of the Notice of Meeting and this Management Information Circular.

DATED at Sydney, Australia this 11th day of January 2011.



Mal Lucas-Smith
Company Secretary

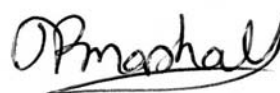
ALBERTA CERTIFICATE

The foregoing contains no untrue statement of a material fact (as defined in the Securities Act (Alberta), as amended) and does not omit to state a material fact that is required to be stated or that is necessary to make a statement contained herein not misleading in light of the circumstances in which it is made.

DATED at Sydney, Australia this 11th day of January 2011.



Dr. Raymond Shaw
Chairman



Torey Marshall
Managing Director

**EARTH HEAT RESOURCES LTD
ACN 115 229 984**

EMPLOYEE SHARE AND OPTION SCHEME

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Scheme, unless the context otherwise requires, the following terms and expressions have the following meanings:

Acceptance Date has the meaning ascribed to that term in clause 3.2(f);

Acceptance Form means a form for the acceptance of offers made to Eligible Employees in such form as the Board may approve from time to time;

Acknowledgement means the form of acknowledgement from time to time approved by the Board for the purposes of clause 12;

associated body corporate shall have the meaning ascribed to it in ASIC Class Order [03/184] as amended from time to time;

ASX means the ASX Limited;

Auditor means the auditor of the Company;

Board means the board of directors of the Company;

Business Day means a day on which ASX is open for business;

Class Order means an instrument issued by ASIC providing for relief from any provision of the *Corporations Act* as amended from time to time;

Company means Earth Heat Resources Ltd ACN 115 229 984;

Corporations Act means the *Corporations Act 2001 (Cth)*;

Current Market Price means:

- (a) if the Company is listed on ASX, the last sale price on the Business Day prior to any grant; and
- (b) otherwise, the market value determined by the Auditor;

Dividend means;

- (c) Franked Dividends; and/or
- (d) unfranked Dividends.

Eligible Employee means any full-time or part-time continuing employee or consultant (or their nominee) of the Company or an associated body corporate of the Company who is employed at the time of the offer of the Securities and is determined by the Board from time to time in their absolute discretion to be eligible for participation under this Scheme;

Employee Option means an Option that is allotted to a Participant under this Scheme;

Employee Share means a Share that is allotted to a Participant under this Scheme;

Exercise Price means the price to be determined by the Board at its sole discretion;

Financial Year means the financial year adopted by the Company for the purpose of making up the profit and loss account and balance sheet of the Company pursuant to the *Corporations Act*;

Franked Dividends means dividends the whole or part of which have been franked in accordance with Division 202 of the *Tax Act*.

Group Company means the Company and each subsidiary of the Company.

Interest means the interest to be paid by an Eligible Employee on any Loan made to an Eligible Employee.

Interest Rate means BBY at the time of the loan plus 3%;

Issue Date means the date on which the Securities are issued to Participants;

Issue Price means the price payable by a Participant which shall at the time of issue be determined by the Board at its sole discretion;

Listing Rules means the Listing Rules of the ASX as they apply to the Company;

Loan means the provision of financial accommodation by the Company to an Eligible Employee for the purposes of paying the subscription price for Shares by the Eligible Employee offered under this Scheme;

Market Price means on any particular day or any particular time the average closing price of shares on the ASX on the five (5) Business Days immediately proceeding that date or time;

Offer means an offer to take up Securities pursuant to clauses 3 and 4;

Option means an option to subscribe for a Share;

Option Commencement Date means the date to be determined by the Board prior to the issuance of the relevant Options;

Option Exercise Period means in respect of an Option the period commencing on the Option Commencement Date and ending on the last Business Day of the Option Period;

Option Period means in respect of an Option, the period commencing on the date on which the Option was granted and (unless the Board determines a shorter period) expiring on the earlier of:

- (a) the expiration of such period nominated by the Board at its sole discretion at the time of the grant of the Option but being not less than two (2) years; or
- (b) the Business Day after the expiration of three (3) months, or any longer period which the Directors determine, after the Eligible Employee ceases (as applicable), under clause 23.1(a), to be employed by the Company or an associated body corporate of the Company; or
- (c) the Eligible Employee ceasing to be employed by the Company or an associated body corporate of the Company under the circumstances set out in clause 23.1(b).

Participant means an Eligible Employee who accepts an offer from the Board to participate in this Scheme;

Prospectus has the meaning ascribed to that term in the *Corporations Act*;

Restricted Option means an Employee Option issued pursuant to this Scheme that is subject to the restrictions contemplated in clause 17;

Restricted Share means an Employee Share issued pursuant to this Scheme that is subject to the restrictions contemplated in clause 15;

Scheme means this Scheme;

Securities means collectively a Share and Option and **Security** has a corresponding meaning;

Share means fully paid ordinary shares in the capital of the Company;

Terms of Allotment means, in relation to a Security:

- (a) the terms and conditions of this Scheme;
- (b) the Acknowledgement required under clause 12;
- (c) each restriction and other condition prescribed by the Board in relation to the Security; and
- (d) each statement setting out particulars in relation to the Security under clause 13;

Unrestricted Option means an Employee Option that is no longer subject to the restrictions imposed by the Board pursuant to clause 17;

Unrestricted Share means an Employee Share that is no longer subject to the restriction imposed by the Board pursuant to clause 15.

1.2 In this Scheme, unless the context otherwise requires:

- (a) A reference to any legislation includes an amendment, consolidation, re-enactment or replacement of it, and any subordinate legislation;
- (b) A reference to rules or to an agreement or document is to the rules, agreement or document as amended or replaced;
- (c) The singular includes the plural and vice versa;
- (d) A reference to any gender includes all genders;
- (e) If an expression is defined, another part of speech and grammatical form of the expression have a corresponding meaning; and
- (f) Headings and references to headings are for ease of reference only and do not affect interpretation.

2. OPERATION OF SCHEME

- 2.1 Subject to clauses 2.2 and 2.3, the Board may at any time decide that this Scheme should be operated in respect of any Financial Year and the Board may determine at its discretion the total number of Securities to be offered to each Eligible Employee and the Issue Price at which the Securities are offered.
- 2.2 The total number of Securities which may be offered by the Company under this Scheme shall not at any time exceed five percent (5%) of the Company's total issued Shares in that class at that time of the offer when aggregated with:
- (a) the number of Shares in the same class which would be issued on the basis that each outstanding offer with respect to Shares or Options under any employee share option scheme of the Company were accepted and exercised; and
 - (b) the number of Shares in the same class issued during the previous five (5) years pursuant to:
 - (i) this Scheme to an Eligible Employee; or
 - (ii) any employee share option scheme of the Company,but excluding for the purposes of the calculation, any offer made, or Option acquired or Share issued by way of or as a result of:
 - (i) any offer to a person situated at the time of receipt of the offer referred to in paragraph clauses 2.2(a) and 2.2(b) (**Relevant Offer**) outside of this jurisdiction; or
 - (ii) an offer that did not require disclosure to investors because of Section 708 of the *Corporations Act*; or
 - (iii) an offer that did not require the giving of a product disclosure statement because of Section 1012D of the *Corporations Act*; or
 - (iv) an offer made under a disclosure document or product disclosure statement within the meaning of those terms in the *Corporations Act*.
- 2.3 The Board may only offer to issue Securities pursuant to this Scheme:
- (a) if the Company has issued a Prospectus pursuant to which the Company offers to issue Securities pursuant to this Scheme; or
 - (b) where Shares have been quoted on the ASX throughout the twelve (12) month period immediately before the Offer without suspension for more than a total of two trading days during that period; or
 - (c) if the Company is otherwise authorised or permitted to do so pursuant to Section 708 of the *Corporations Act* or a Class Order and the offer and issue of those Securities is in accordance with the *Corporations Act* or the relevant Class Order as the case may be.

3. OFFER OF SHARES

- 3.1 The Board shall offer such number of Shares to such Eligible Employees as determined in accordance with clause 2 subject to the terms and conditions of this Scheme for the time being.
- 3.2 Such Offer shall be in writing and shall specify:
- (a) The name and address of the Eligible Employee to whom the Offer is made;
 - (b) The number of Shares being offered;
 - (c) The Current Market Price of the Shares;
 - (d) The Issue Price of the Shares on offer;
 - (e) The date of the Offer;
 - (f) The date, being not more than 45 days after the date of the Offer by which the Offer must be accepted (**Acceptance Date**); and
 - (g) Any other terms and conditions attaching to the Offer including, without limitation, whether any restrictions contemplated in clause 15 of this Scheme shall be imposed on the Shares being offered.
- 3.3 Where the Board, at its absolute discretion, has resolved to provide a Loan to an Eligible Employee to fund the subscription by the Eligible Employee for the Shares offered in clause 3.2, then such offer shall also:
- (a) provide for the terms and conditions upon which the Company will provide a Loan to finance the subscription by the Eligible Employee for the Shares offered;
 - (b) specify the amount of the Loan;
 - (c) specify the Loan termination date;
 - (d) specify the Interest to be paid on any Loan and the manner in which it shall be paid;
 - (e) specify whether the Company requires security over the Shares to secure repayment of the Loan;
 - (f) require the establishment of an account into which Dividends in respect of the Shares shall be paid and applied to payment of Interest and repayment of the Loan;
- 3.4 The Offer shall be accompanied by an Acceptance Form, the terms and conditions of this Scheme and the Explanatory Memorandum of this Scheme.
- 3.5 An Offer to an Eligible Employee is personal to that employee and is not assignable.
- 3.6 If the Company is listed on ASX, within three (3) Business Days of a written request to the Company from a Participant to do so, the Board shall provide information as to the Current Market Price of Shares to the Participant.

4. OFFER OF OPTIONS

- 4.1 The Board shall offer such number of Options to such Eligible Employees as determined in accordance with clause 2, subject to the terms and conditions of this Scheme for the time being.
- 4.2 Such Offer shall be in writing and specify:
- (a) The name and address of the Eligible Employee to whom the Offer is made;
 - (b) The number of Options being offered;
 - (c) The Option Period;
 - (d) The Option Exercise Period;
 - (e) The Exercise Price;
 - (f) Any other terms and conditions attaching to the Offer including without limitation the requirements that the Shares being traded on ASX must trade at a price equal to or in excess of a price set by the Board;
 - (g) The date of the Offer;
 - (h) The date, being not more than 45 days after the date of the Offer by which the Offer must be accepted (**Acceptance Date**); and
 - (i) Any other terms and conditions attaching to the Offer including, without limitation, whether any restrictions contemplated in clause 17 of this Scheme shall be imposed on the Options being offered.
- 4.3 Where the Board, at its absolute discretion, has resolved to provide a Loan to an Eligible Employee to fund the subscription by the Eligible Employee for Shares upon the exercise of the Options offered in clause 4.2, then such offer shall also:
- (a) provide for the terms and conditions upon which the Company will provide a Loan to finance the subscription by the Eligible Employee for Shares upon the exercise of the Options offered under clause 4.2;
 - (b) specify the amount of the Loan;
 - (c) specify the Loan termination date;
 - (d) specify the Interest to be paid on any Loan and the manner in which it shall be paid;
 - (e) specify whether the Company requires security over the Shares issued to a Participant upon the exercise of the Employee Options to secure repayment of the Loan;
 - (f) require the establishment of an account into which Dividends in respect of the Shares, issued to a Participant upon the exercise of the Employee Options, shall be paid and applied to payment of Interest and repayment of the Loan;
- 4.4 The Offer shall be accompanied by an Acceptance Form, the terms and conditions of this Scheme and the Explanatory Memorandum of this Scheme.

- 4.5 An Offer to an Eligible Employee is personal to that employee and is not assignable.
- 4.6 If the Company is listed on ASX, within three Business Days of a written request to the Company from a Participant to do so, the Board shall provide information as to the Current Market Price of the Shares to the Participant.

5. **ACCEPTANCE OF OFFER**

- 5.1 An Eligible Employee (as the case may be) may accept the offer by:
- (a) delivering to the Company the completed Acceptance Form by the Acceptance Date; and
 - (b) paying the Issue Price applicable to the Offer in cleared funds.
- 5.2 An Offer which is not accepted by the Participant by the Acceptance Date shall lapse.
- 5.3 No brokerage, commission, stamp duty or other transaction costs will be payable by Eligible Employees in respect of any allotment of Securities under this Scheme.
- 5.4 All Securities allotted under this Scheme shall rank pari passu in all respects with the Securities of the same class for the time being on issue with the exception of:
- (a) any rights attaching to other Securities by virtue of entitlements arising from a record date prior to the date of the allotment in respect of those Securities; and
 - (b) the restrictions applying by virtue of clauses 15 and 17.

6. **LAPSE OF OPTIONS**

- 6.1 Any Option shall automatically lapse:
- (a) where it has not been exercised on the expiry of the Option Period; or
 - (b) on the Business Day after the expiration of three (3) months, or any longer period, which the Directors determine, after the Eligible Employee ceases, under clause 23.1(a), to be employed by the Company or an associated body corporate of the Company; or
 - (c) where an Eligible Employee ceases employment under clause 23.1(b).
- 6.2 Any Option which is exercised as to the whole of the Shares comprised in the Option shall lapse when it is last exercised.

7. **EXERCISE OF OPTIONS**

- 7.1 A Participant may at any time during the Option Exercise Period (but not after an Option has lapsed and subject to clause 7.2) exercise all or any of the Options held by him or her by lodging with the Company:
- (a) a written notice of exercise of option specifying the number of Shares in respect of which Options are being exercised (**Option Exercise Notice**); and
 - (b) unless the Company (on approval by the Board) has offered under clause 4.3 a Loan to the Participant to fund the subscription for the Shares upon exercise of the Option,

payment to the Company by way of a cheque, electronic transfer or such other method of payment approved by the Board for the Exercise Price multiplied by the number of Shares in respect of which Options are being exercised on a Business Day within thirty (30) days of delivery of the Option Exercise Notice.

- 7.2 Options must be exercised so as to result in the allotment of a marketable parcel within the meaning of the Listing Rules PROVIDED THAT where the number of Options held by a Participant has been adjusted from time to time in accordance with the terms and conditions of this Scheme, the Options shall be exercised by the Participant so as to result in as near as possible a marketable parcel of Shares being created.
- 7.3 Upon receipt of the Option Exercise Notice and the cheque referred to in clause 7.1, the Board shall allot to the Participant the Shares to which the Participant is entitled subject to the provisions of the Constitution of the Company.
- 7.4 Upon allotment of Shares pursuant to the exercise of Options, the Company shall use its best endeavours to have such Shares quoted and listed on the Official List of the ASX.

8. APPLICATION OF DIVIDENDS AND SALES PROCEEDS

- 8.1 The Board may determine;
 - (a) when Interest is payable;
 - (b) how Interest will be paid from Dividends received in respect of the Shares;
 - (c) whether unpaid Interest shall be capitalised.
- 8.2 The Board may determine;
 - (a) the term of the Loan;
 - (b) when repayments of the Loan shall be made;
 - (c) how repayments of the Loan shall be paid from Dividends received in respect of the Shares;
 - (d) how repayments of the Loan shall be paid from the sale proceeds arising from the sale of Shares and/or Restricted Shares;
 - (e) whether the liability of a Participant in respect of repayment of the Loan shall be limited in recourse in any way;
 - (f) the rights of the Company to Dispose of Restricted Shares for the purposes of repayment of the Loan.

9. BONUS ISSUE

- 9.1 A Participant does not have any participating rights or entitlements in respect of a pro rata issue of Securities to the Company's shareholders generally (otherwise than pursuant to any scheme) by way of bonus issue which may include but is not limited to capitalisation of reserves or distributable profits (**Bonus Issue**), except as allowed pursuant to this clause 9 and clause 10.

- 9.2 If, during the Option Exercise Period of any Option, the Company intends to undertake a Bonus Issue, the Company shall provide each Participant with at least ten (10) Business Days notice of the Bonus Issue before the record date nominated by the Company to determine entitlements to the issue (**Record Date**).
- 9.3 A Participant will only have participating rights or entitlements in respect of a Bonus Issue in respect of the Options which the Participant has exercised prior to the Record Date and only to the extent that the Participant holds Shares in the Company prior to the Record Date.

10. **ADJUSTMENT FOR RIGHTS ISSUE**

- 10.1 If, during the life of any Option:

- (a) shares are offered pro rata for subscription by the Company to its shareholders generally (otherwise than pursuant to any scheme) by way of rights issue; and
- (b) the price at which each share is so offered is less than the Market Price in force on the day of public announcement of the rights issue,

then the subscription price applicable to each Share then comprised in the Option shall be reduced by the value of the theoretical rights entitlement per cum rights share and that theoretical rights entitlement per cum rights share shall be taken to have a value calculated by applying the formula:

$$O^1 = O - \frac{E [P - (S + D)]}{N + 1}$$

where

O^1 = the new exercise price of the option

O = the old exercise price of the option

E = the number of underlying securities into which one option is exercisable

P = the average Market Price per security (weighted by reference to volume) of the underlying securities during the five (5) trading days ending on the day before the ex right date or the ex entitlements date

S = the subscription price for a security under the pro-rata issue

D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro-rata issue)

N = the number of securities which rights of entitlements that must be held to receive a right to one new security

11. **RIGHTS OF PARTICIPANTS**

- 11.1 In addition to the rights set forth in clauses 8 and 10, the Board may, subject to and in accordance with any relevant Listing Rule, vary:

- (a) the number of Options to which a Participant is entitled under this Scheme;
- (b) the Exercise Price; or
- (c) both the number of Options and the Exercise Price,

to make such adjustments to the entitlements of Participants as the Board may regard as appropriate following any reduction or restructuring of the capital of the Company PROVIDED ALWAYS that:

- (d) in the event of the reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the number of Options or the Exercise Price of the Options or both shall be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred on Participants which are not conferred on holders of Shares; and
- (e) (subject to the provisions with respect to rounding of entitlements as sanctioned by the meeting of the holders of Shares approving the reconstruction of capital) in all other respects the terms for the exercise of Options shall remain unchanged.

- 11.2 A Participant is not entitled to receive a Dividend or participate in a rights issue in respect of any Share for which an Option remains unexercised.

12. ELIGIBILITY AND ACKNOWLEDGEMENT FOR SECURITIES

- 12.1 The Board may in its absolute discretion determine that an employee who otherwise would be eligible to acquire Securities under this Scheme is nonetheless not eligible.
- 12.2 An employee shall not be eligible to acquire Securities under this Scheme at any time if he or she has been given notice of dismissal for misconduct from the employment by virtue of which he or she would, but for this clause 12.2, be eligible to acquire Securities (or has given notice of resignation from employment in order to avoid such dismissal).
- 12.3 The Board may, at such time as it determines, issue Securities under this Scheme to each Eligible Employee, subject to the Eligible Employee providing, or having provided to the Company, a valid Acknowledgement that the Eligible Employee agrees to be bound by the Terms of Allotment and by the constitution of the Company.
- 12.4 An Acknowledgment required under this clause 12 must be in the form from time to time approved by the Board and must state any restrictions or other conditions relating to the Shares as determined by the Board.
- 12.5 The Board may at any time in its absolute discretion determine that an existing Acknowledgment provided by an Eligible Employee under this clause 12 ceases to be of effect and that a new Acknowledgment must be provided by the Eligible Employee if that Eligible Employee wishes to participate in any future issue under this Scheme.

13. STATEMENT OF ALLOTMENT, INTEREST IN SECURITIES

- 13.1 As soon as reasonably practicable after the allotment of Securities, the Company shall cause a statement to be provided to each Eligible Employee setting out particulars of the Securities allotted to that Eligible Employee.

- 13.2 Each Participant has full legal and beneficial ownership of the Securities allotted to that Participant but any dealings with those Securities by the Participant are restricted as provided in this Scheme.

14. CERTIFICATES: NON-CERTIFICATION

- 14.1 The Company is not required to issue Share certificates or Option certificates, and is entitled to retain custody of any Share certificates or Option certificates issued, in respect of Employee Shares or Employee Options as long as those Shares are Restricted Shares or those Options are Restricted Options.
- 14.2 If any Employee Shares or Employee Options are uncertificated, the Company is authorised to implement any procedure it deems appropriate to restrict the Participant from dealing with the Shares or Options (as the case may be) for as long as those Shares are Restricted Shares or Options are Restricted Options.

15. RESTRICTION ON DISPOSAL OF SHARES

- 15.1 The Board, at its discretion may offer and issue Restricted Shares under this Scheme upon the terms and conditions it sees fit, including without limitation, the length of and any exceptions to such restriction imposed. If the Board offers and issues Restricted Shares the following provisions shall apply:
- (a) Shares allotted under this Scheme may not be dealt with (meaning for the purposes of this Scheme, disposed of, transferred, encumbered or otherwise dealt with on such terms and with such exceptions as the Directors see fit) by a Participant at any time whilst those Shares are Restricted.
 - (b) the Company will not apply for listing of Restricted Shares on ASX.
 - (c) if the Participant deals with or attempts to deal with an Employee Share in breach of clause 15.1(a), to the extent permitted by law, the Board shall be entitled to refuse to register any transfer of a Restricted Share.

16. UNRESTRICTED SHARES

- 16.1 Upon an Employee Share becoming an Unrestricted Share, all restrictions on dealing with the Share provided or pursuant to this Scheme shall lapse.
- 16.2 As soon as practicable after a Share becomes an Unrestricted Share, the Company shall:
- (a) cause the removal of any restriction imposed on dealing with the Share under clause 15.1(a);
 - (b) cause a statement of holding to be sent to the Participant to whom the Share is allotted; and
 - (c) at the expense of the Company, forthwith apply to ASX for quoting of the Unrestricted Share on ASX.

17. RESTRICTION ON DISPOSAL OF OPTIONS

- 17.1 The Board, at its discretion may offer and issue Restricted Options under this Scheme upon the terms and conditions it sees fit, including, without limitation, the length of and any

exceptions to such restriction imposed. If the Board offers and issues Restricted Options the following provisions shall apply:

- (a) Options allotted under this Scheme may not be dealt with (meaning for the purpose of this Scheme disposed of, transferred, encumbered or otherwise dealt with on such terms and with such exceptions as the Directors see fit) by a Participant at any time until they become Unrestricted Options.
- (b) The Company will not apply for listing of Restricted Options on ASX.
- (c) If the Participant deals with or attempts to deal with an Employee Option in breach of clause 17.1(a) to the extent permitted by law, the Board shall be entitled to refuse to register any transfer of a Restricted Option.

18. **UNRESTRICTED OPTIONS**

- 18.1 Upon an Employee Option becoming an Unrestricted Option, all restrictions on dealing with the Option provided or pursuant to this Scheme shall lapse.
- 18.2 As soon as practical after an Option becomes an Unrestricted Option, the Company shall:
 - (a) cause the removal of any restriction imposed on dealing with the Option under clause 17.1(a); and
 - (b) cause a statement of holding to be sent to the Participant to whom the Option is allotted.
- 18.3 Following an Option becoming an Unrestricted Option the Board may, at the expense of the Company, apply for those Unrestricted Options to be quoted on ASX if the Board forms the view, acting reasonably, that the Unrestricted Options meet the quotation requirements set forth in the Listing Rules.

19. **EXERCISE OF RESTRICTED OPTION**

- 19.1 For the avoidance of doubt, in the event that a Participant exercises a Restricted Option in accordance with this Scheme, the resulting Shares allotted as a consequence of exercise of the relevant Option shall be deemed to be Restricted Shares pursuant to clause 15 (**Relevant Restricted Shares**).
- 19.2 The Relevant Restricted Shares shall remain Restricted Shares for the purpose of this Scheme until the expiration of the restriction period imposed on the exercised Restricted Option.
- 19.3 Upon the Relevant Restricted Shares becoming Unrestricted Shares in accordance with clause 19.2, the provisions of clause 16.1 and clause 16.2 shall apply.

20. **ADMINISTRATION OF SCHEME**

- 20.1 The Board administers this Scheme and may:
 - (a) determine appropriate procedures for the administration of this Scheme consistent with the Terms of Allotment; and
 - (b) delegate to any one or more persons for such period and on such conditions as it may determine, the exercise of any of its powers or discretions arising under this Scheme.

- 20.2 Except as otherwise expressly provided in this Scheme, the Board has absolute and unfettered discretion in the exercise of any of its powers or discretions pursuant to this Scheme and to act or refrain from acting under or in connection with this Scheme.
- 20.3 The Board may, in relation to any Employee Share or Employee Option, waive in whole or in part, on terms it considers appropriate, any of the Terms of Allotment.
- 20.4 If there is any dispute or disagreement as to the interpretation of this Scheme or the Terms of Allotment of any Security, the decision of the Board is final and binding upon all persons.

21. AMENDMENTS TO THIS SCHEME

- 21.1 Subject to clause 21.2 and the Listing Rules, the Board may by resolution amend (meaning, for the purposes of this clause 21, amend, add to, revoke or replace) this Scheme (including this clause 21) or any of the Terms of Allotment of an Employee Share or an Employee Option.
- 21.2 The Board may not amend this Scheme if the amendment would materially reduce the rights of a Participant in respect of an Employee Share or an Employee Option allotted before the date of the amendment, unless the amendment is introduced primarily:
- (a) for the purpose of complying with any State or Commonwealth legislation that affects this Scheme;
 - (b) to correct a manifest error; or
 - (c) to address possible adverse tax implications in respect of this Scheme arising from, amongst others:
 - (i) a ruling of any relevant taxation authority;
 - (ii) a change to tax legislation (including an official announcement by any relevant taxation authority); or
 - (iii) changes in the interpretation of tax legislation by a court or tribunal of competent jurisdiction; or
 - (d) to enable the Company to comply with its constitution, the *Corporations Act*, other legislation or the Listing Rules.
- 21.3 As soon as reasonably practicable after making any amendment under clause 21, the Board, by written notice, will inform each Participant affected.

22. TERMS OF EMPLOYMENT NOT AFFECTED

- 22.1 The Terms of Allotment of this Scheme do not:
- (a) form part of any contract of employment or any arrangement in respect of any such employment, between a Participant and the Company; or
 - (b) constitute a related condition or collateral arrangement to any such contract of employment or arrangement,

and participation in this Scheme does not in any way affect the rights and obligations of a Participant under the terms of his or her employment or arrangement.

22.2 The terms of a Participant's employment or arrangement with the Company do not in any way affect the rights and obligations of a Participant under this Scheme.

22.3 A Participant has no right to compensation or damages from the Company in respect of any loss of future rights under this Scheme, as a consequence of termination of the Participant's employment or arrangement.

23. CESSATION OF EMPLOYMENT

23.1 An Eligible Employee shall cease to be an Eligible Employee where the Eligible Employee:

- (a) voluntarily resigns from employment with the Company or a Group Company; or
- (b) is dismissed from employment with the Company as a result of any one or more of the following:
 - (i) a breach, as determined by the Company, by the Eligible Employee of his or her contract of employment;
 - (ii) wilful misconduct bringing disrepute on the Company or a Group Company;
 - (iii) repeated disobedience, after prior written warning;
 - (iv) incompetence in the performance of any duties for which the Eligible Employee was employed, after prior written warning;
 - (v) fraud or other dishonesty in respect of the property or affairs of the Company or a Group Company; or
 - (vi) any other reason, based on which the Directors believe is fair and reasonable to warrant the lapsing and forfeiture of the Options.

24. TAXATION

24.1 The Company and the Directors shall not be responsible or assume any liability for the taxation liabilities of Participants under this Scheme.

24.2 Participants shall be solely responsible for seeking any independent taxation or other advice in respect of any Shares, Options or Loan approved by the Board to be provided under this Scheme.

25. NOTICES

25.1 A notice (meaning for the purposes of this clause 23, notice, application, permission or other communication) under this Scheme may be given in writing, addressed to the person to whom it is given, and is taken to be given and received if sent in accordance with clauses 25.2, 25.3 and 25.4.

25.2 For the purposes of clause 25.1 a notice is duly given and received by the Company if sent to the Company by pre-paid mail or by facsimile or other electronic communication, to an address at which it is actually received by:

- (a) the person who is, from time to time, designated by the Board as the person to whom the notice should be sent or by whom it should be received, and whose name or title and address are notified to the sender; or

- (b) if no other person is designated by the Board for this purpose, the secretary of the Company.
- 25.3 For the purposes of clause 25.1, a notice is duly given and received by a natural person (other than a person designated as the person to whom the notice should be sent in order to be received by the Company) if sent to:
- (a) the person's last known mailing address or the person's last known facsimile or other electronic communication address; or
 - (b) in the case of an Eligible Employee or a Participant, to the last known mailing, facsimile or other electronic communication address of the place of business at which the person performs the whole or substantially the whole of his or her office or employment.
- 25.4 A notice given under clause 25.1 to a person being a natural person, is duly given even if the person is then deceased (and whether or not the Company has notice of his or her death), unless the legal personal representative of the person has established title to the satisfaction of the Company and supplied to the Company an address to which documents should be sent.
- 25.5 A notice sent in accordance with clause 25.1 is treated as given and received:
- (a) in the case of a notice sent to the Company, at the time it is actually received by the secretary or other person designated by the Board as the person to whom it should be sent or by whom it should be received;
 - (b) in the case of any other notice sent by prepaid mail, forty eight (48) hours after it was put into the post properly stamped; and
 - (c) in the case of any other notice sent by facsimile or other electronic communication, at the time of transmission.
26. **CONSTITUTION, LISTING RULES AND GOVERNING LAW**
- 26.1 This Scheme and its Terms of Allotment are subject to the Company's constitution and the Listing Rules.
- 26.2 This Scheme is governed by the laws in force in New South Wales and the Commonwealth of Australia.



Earth Heat Resources Ltd
ABN 86 115 229 984

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000 EHR
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

CDI Voting Instruction Form

For your vote to be effective it must be received by 11.00am Sunday 20 February 2011

How to Vote on Items of Business

Each CHESS Depositary Interest (CDI) is equivalent to one share of Company Common Stock, so that every 1 (one) CDI that you own at 19 January 2011 entitles you to one vote.

You can vote by completing, signing and returning your CDI Voting Instruction Form. This form gives your voting instructions to CHESS Depositary Nominees Pty Ltd, which will vote the underlying shares on your behalf. You need to return the form no later than the time and date shown above to give CHESS Depositary Nominees Pty Ltd enough time to tabulate all CHESS Depositary Interest votes and to vote on the underlying shares.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the Australian registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided, which state the office held by the signatory, i.e. Sole Director, Sole Company Secretary or Director and Company Secretary.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- ☒ Review your securityholding
- ☒ Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

CDI Voting Instruction Form

Please mark ☒ to indicate your directions

STEP 1 CHESS Depositary Nominees will vote as directed

XX

Voting Instructions to CHESS Depositary Nominees Pty Ltd

I/We being a holder of CHESS Depositary Interests of Earth Heat Resources Ltd hereby direct CHESS Depositary Nominees Pty Ltd to vote the shares underlying my/our holding at the Annual General Meeting of Earth Heat Resources Ltd to be held at City Tattersall's Club Limited, The Sydney Room, Level 2, 194-204 Pitt Street, Sydney NSW on Wednesday 23 February 2011 at 11.00am and at any adjournment of that meeting.

By execution of this CDI Voting Form the undersigned hereby authorises CHESS Depositary Nominees Pty Ltd to appoint such proxies or their substitutes to vote in their discretion on such business as may properly come before the meeting.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

RESOLUTIONS	For	Against	Abstain		For	Against	Abstain
1. To set the number of Directors for the ensuing year	☐	☐	☐	9. Consideration of Remuneration Report	☐	☐	☐
2. To re-elect Raymond Douglas Shaw as a Director	☐	☐	☐	10. To issue options to Alexander Rose-Innes pursuant to his Employment Agreement	☐	☐	☐
3. To re-elect Torey Robert Marshall as a Director	☐	☐	☐	11. Share issue for the transfer of rights to acquire, and for assistance with the acquisition of, the Fiale project in Djibouti	☐	☐	☐
4. To re-elect David Henty Sutton as a Director	☐	☐	☐	12. Share Placement to non related sophisticated investors	☐	☐	☐
5. To re-elect Norman Joseph Zillman as a Director	☐	☐	☐	13. Approval of Employee Share Option Scheme ("ESOS")	☐	☐	☐
6. To re-elect Stephen William Pearce as a Director	☐	☐	☐	14. Approval of future share placement	☐	☐	☐
7. To elect Alexander Rose-Innes as a Director	☐	☐	☐				
8. To appoint auditors for the ensuing year and to authorize the Directors to fix their remuneration	☐	☐	☐				

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

EHR

1 2 5 5 7 5 A

Computershare +



Earth Heat Resources Ltd
ABN 86 115 229 984



All general correspondence to:
Computershare Investor Services Pty Limited
GPO Box 2975 Melbourne
Victoria 3001 Australia
Enquiries (within Australia) 1300 855 080
(outside Australia) 61 3 9415 4000
Facsimile 61 3 9473 2500
web.queries@computershare.com.au
www.computershare.com

000001 000 EHR
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Dear Securityholder,

We have been trying to contact you in connection with matters arising from your securityholding in Earth Heat Resources Ltd. Unfortunately, our correspondence has been returned to us marked "Unknown at the current address". For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notice of meeting.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

- > Security Reference Number (SRN);
- > ASX trading code;
- > Name of company in which security is held;
- > Old address; and
- > New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

Earth Heat Resources Ltd