



Geothermal Resources Limited
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The Manager
Companies Announcements Office
Australian Stock Exchange Ltd
10th Floor, 20 Bond Street
SYDNEY NSW 2000

8 December 2008

Dear Sir / Madam,

Results of Annual General Meeting and Chairman's Address

Geothermal Resources Limited wishes to advise that the two resolutions put to the Annual General Meeting today were approved.

In accordance with section 251AA of the Corporations Act 2001 details of proxy votes received are as follows :

Resolution 1 – adoption of remuneration report
For : 24,868,664 Against : 96,100 Abstain : 1440

Resolution 2 – re-election of Mr Kenneth G Williams as a director
For : 24,964,294 Against : 2000 Abstain : 0

The Chairman's address is attached below.

Yours faithfully

GEOTHERMAL RESOURCES LIMITED
Bob Johnson, Ph.D, FAusIMM, Chairman

GEOTHERMAL RESOURCES LIMITED

CHAIRMAN'S ADDRESS TO AGM

8 December 2008

FORWARD DIRECTION AND STRATEGY

Dear Fellow Shareholders

Geothermal Resources achieved a milestone this year with the completion of the Frome 12 drillhole to a depth of 1761 metres. Notably, granite was intersected above our target depth meaning that we have sampled the granite which is the likely cause of the high thermal gradients. We will now be able to assay the granite for potassium, uranium and thorium to calculate its theoretical heat output.

We have just received a promising bottom of hole temperature of 93.5°C for Frome 12 and now need to evaluate all the temperature data collected for the hole to assess its full significance. We estimate the granite is likely to be at least 5-8 km thick, 25 km wide and to extend north through our tenements for over 80 km. It represents a staggering potential geothermal energy source.

The drillcore shows that the granite has relatively abundant subhorizontal fracturing and the seismic data suggests that the upper 1.5 km of the granite body is likely to be similarly horizontally fractured. This is a positive characteristic that is critical to good reservoir development of the geothermal resource. We will be re-interpreting the seismic data in the light of the hard facts gained from the rock sequence logged in Frome 12.

Our whole exploration philosophy was based on an interpretation that there were deeply buried granites in the Frome Project area that were capable of generating abundant heat. Having now intersected granite in Frome 12 with abnormally high geothermal gradients, we have now succeeded in validating our initial exploration concept.

We chose diamond drilling for Frome 12 because it offered a lower cost alternative to using a conventional oil drilling rig. The hole was drilled without any significant problems within the budgeted cost, which is a tribute to the close supervision and scrutiny of our Project Manager, Dr Geoff Stolz, and the skill of the drilling contractor.

We can now move on with a higher level of confidence to drill similar deep exploration holes on the Frome Project over the next six months before taking the next high cost step of drilling a large diameter production hole to develop the resource. The logistics of the Frome Project make it increasingly attractive as a geothermal energy resource because it is only 70 km from the electricity grid. This will allow an incremental growth of the power generating capacity without major grid connection investment. Our initial customers are likely to be local miners such as Havilah Resources planned Kalkaroo mine some 50 km to the east en-route to the grid connection point.

We have continued with collecting additional temperature data from old mineral drillhole holes in the region, using various types of temperature probes that we have adapted and modified to suit our purposes. This regional temperature data adds to our knowledge database and understanding of the thermal characteristics of the region. We are also pleased to have the opportunity of co-operating with Geoscience Australia who have embarked on an innovative program to expand the Australian geothermal database to a higher level of detail. We consider this work will be of great benefit to the geothermal exploration industry.

The new Commonwealth Government also announced a programme to support geothermal exploration by committing up to \$7m per company for drilling deep wells. Following the drilling of additional deep holes on the Frome project in the first half of 2009, we expect to be in a good position to apply for funding under this grant scheme after July 2009. This will require us to raise additional funds or bring in partners to farm-in to our projects to spread the risk and capture additional skills where necessary. We will address the funding issue as a priority next year.

For the Crower project in the South East of South Australia, we are presently embarking on a major re-interpretation of all the historic seismic data across this part of the Otway Basin to assist in selection of the first drill sites. Fortuitously, we have also recently acquired two Petroleum Exploration Licences (PEL's) over parts of our Geothermal Exploration Licence (GEL) holding. This is significant, because if we happen to discover natural gas in the area, it does not belong to the GEL holder but the PEL holder. Better that opportunity falls to our Company than another party.

The geothermal energy potential of the Crower Project is established from bottom-of-hole temperatures of old petroleum wells in the area, and also temperature profiling of deep water bores. It is notable that the area is already known for its hot ground water with an established aquaculture industry (barramundi farming) using the warm ground waters at Robe for the fish tanks. Subject to funding we plan to start drilling work in late 2009 with at least one exploratory hole to confirm the best site for deep drilling. The Crower Project straddles the national electricity grid and could be quickly developed if the temperature gradients we expect at depth are achieved.

The engineering risk in all of this is whether fracturing of the reservoirs can be achieved with resultant satisfactory permeability and water flow between adjacent

wells. Regarding production of electricity, good progress has been made overseas with commercial off-the-shelf heat exchange generators now being produced both in Europe and the USA. The implementation risk once the flow is established is relatively low. These heat exchange units are efficient and not excessively expensive.

The imperatives of global warming have not altered because of the global credit crisis. We need to press on with our important work and make a success of generating renewable and non-greenhouse gas emitting electricity. With the expected carbon offset taxes, this form of geothermal power should be competitive.

We would like to thank the Commonwealth Government for their support via the REDI Grant we have received for the Frome Project, without which our progress would have been considerably retarded. The new Labor Government in Canberra has honoured its election promise by moving rapidly to implement a simple and practical drilling support scheme to aid geothermal exploration in Australia. Their decisive and clear action on this matter is refreshing to see.

We are planning a busy year on both our Frome and Crower projects. We continue to better understand our projects and in particular the heat distribution in the earth beneath our tenements. Our firm objective is to move to the next step of deep drilling in order to bring the concept to reality.

In closing, I believe all shareholders can be proud of what Geothermal Resources has achieved over the past year on a very small budget. We have been successful in realizing our main objectives to date and I expect this will continue as we progress with a measured, scientific approach in a manner that reduces risk to the maximum extent possible.

K R Johnson, Ph.D
CHAIRMAN