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HIGH TEMPERATURES IN FROME PROJECT DRILLHOLES

Geothermal Resources Limited (Geothermal Resources – ASX : GHT) announces that temperature logging of three recently completed Frome Project drillholes has recorded relatively high bottom of hole temperatures. **Drillhole Frome 3 had the highest bottom of hole temperature of 45 deg C at 440 metres** (see attached map and temperature logs). This is supported by nearby holes, Frome 2 and Frome 9, which have slightly lower, but still markedly elevated bottom of hole temperature readings. All holes are **located near the centre of an interpreted large buried granite body** here informally referred to as the “**Vulcan granite**” after the Roman god of energy and fire.

These results indicate high geothermal gradients, comparable with temperature gradients found in the Cooper Basin, some 500 kms to the north. It is therefore inferred that suitably high temperatures (over 200 deg C) are likely to be present at around 4,000 metres and within economic drilling depths. **Ranking of the thermal profiles for the three holes shows an area of at least 400 square kilometers where temperatures over 40 deg C exist at 500m indicating a potentially large geothermal heat reservoir at depth.** Conductivity measurements will be undertaken on core samples in order to calculate hypothetical heat flows in due course.

The temperature logging was carried out by the Department for Water, Land and Biodiversity Conservation using extremely accurate and sensitive state of the art logging equipment. Some old deep mineral exploration holes in the region were also logged to gain additional information. In general, the data shows a marked temperature variation across the region with the highest subsurface temperatures located where predicted above granite bodies. For example, former Paminco drillhole BEN 157 within GEL 280 lies above a large granite body in the core of the Benagerie Dome, and has down hole temperatures comparable to Frome 3. This indicates a second major potential granite geothermal reservoir in the region

Commenting on these results, Geothermal Resources Chairman, Dr Bob Johnson, said that it was remarkable how the highest temperatures related so closely to the predicted locations of buried granite bodies, thus confirming the geological model used by Geothermal Resources in this region. “The temperatures encountered in our shallow Frome drillholes are comparable with the best so far obtained in Australia in places such as the Cooper Basin. Our next step will be to drill and log some further shallow holes to pin-point the area of highest heat flow, which is where we will drill our deeper test holes into the large granite geothermal reservoirs.” said Dr Johnson.

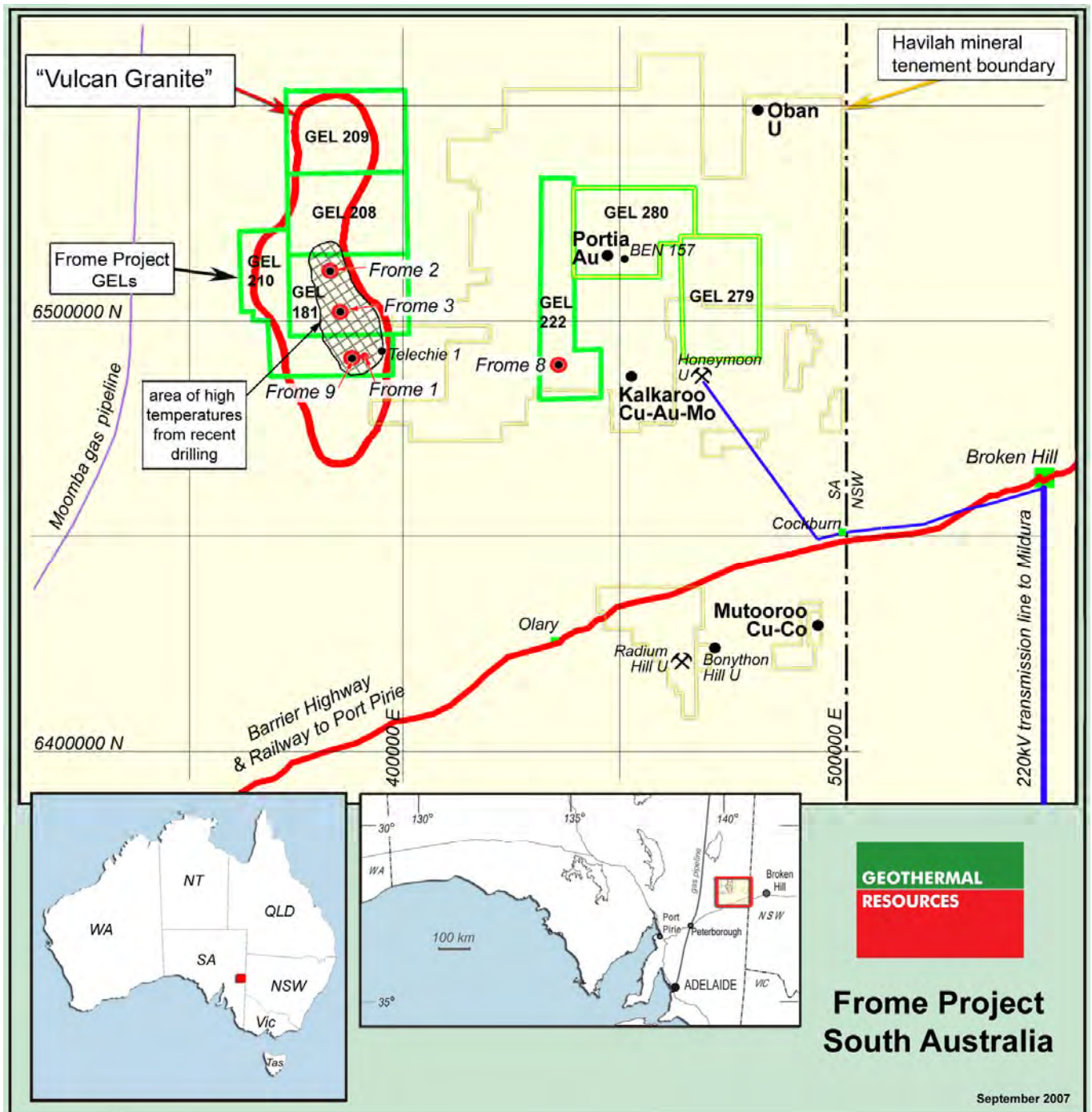
The Frome project lies some 120 kms to the west of Broken Hill where there is a National Electricity Grid Connector. Between Broken Hill and the Frome Project area are several potential mining projects including the large Havilah Resources-Glencore Kalkaroo copper-gold-molybdenum project, which is currently in feasibility stage.

This drilling is being supported both by a South Australian PACE grant and by a \$2.4 million REDI (Renewable Energy Development Initiative) grant from the Federal Government. Geothermal Resources is 63.6% owned by Havilah Resources.

Dr K R Johnson
CHAIRMAN

The information in this report has been prepared by Dr Bob Johnson who is a member of the Australasian Institute of Mining and Metallurgy and Dr Chris Giles who is a member of The Australian Institute of Geoscientists. Drs Johnson and Giles are employed by the Company on consulting contracts. They have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration to qualify as Competent Persons as defined in the JORC Code 2004. Drs Johnson and Giles consent to the release of the information compiled in this report in the form and context in which it appears

Enquiries should be directed to Dr Bob Johnson, Chairman, on (08) 8338 9292 .





FROME PROJECT

RESULTS OF DOWNHOLE TEMPERATURE SURVEY

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