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## **DRILLING RE-COMMENCES ON FROME PROJECT**

Geothermal Resources Limited (Geothermal Resources – ASX : GHT) advises that it **has commenced the first of three further shallow drillholes designed to test the geothermal gradient on its Frome Project**. The holes are being drilled in the area between drillholes Frome 3 and Frome 9, both of which returned abnormally high bottom of hole temperatures from downhole logging completed last year (see map).

The holes are being drilled to near the maximum depth capacity of the available percussion drill rig, which is expected to be in the range of 200-300 metres. Based on logging results from last year, it appears that a reliable indication of the geothermal gradient can be obtained from boreholes of this depth, thereby saving the expense of drilling to depths of 500 metres in the first testing phase.

The purpose of the three additional holes is to narrow down the area of highest geothermal gradient in the interpreted core region of the buried Vulcan granite. Based on this information, the optimum location will be selected for a drillhole to at least 1000 metres deep in the next stage of deeper drill testing. It is planned that the deeper hole will be commenced in the first half of 2008, once all temperature logging results are available for the current drillholes and a suitable capacity drill rig can be contracted. This will prelude a hole at least 3 kilometres deep to be drilled into the granite geothermal reservoir later in the year, subject to results.

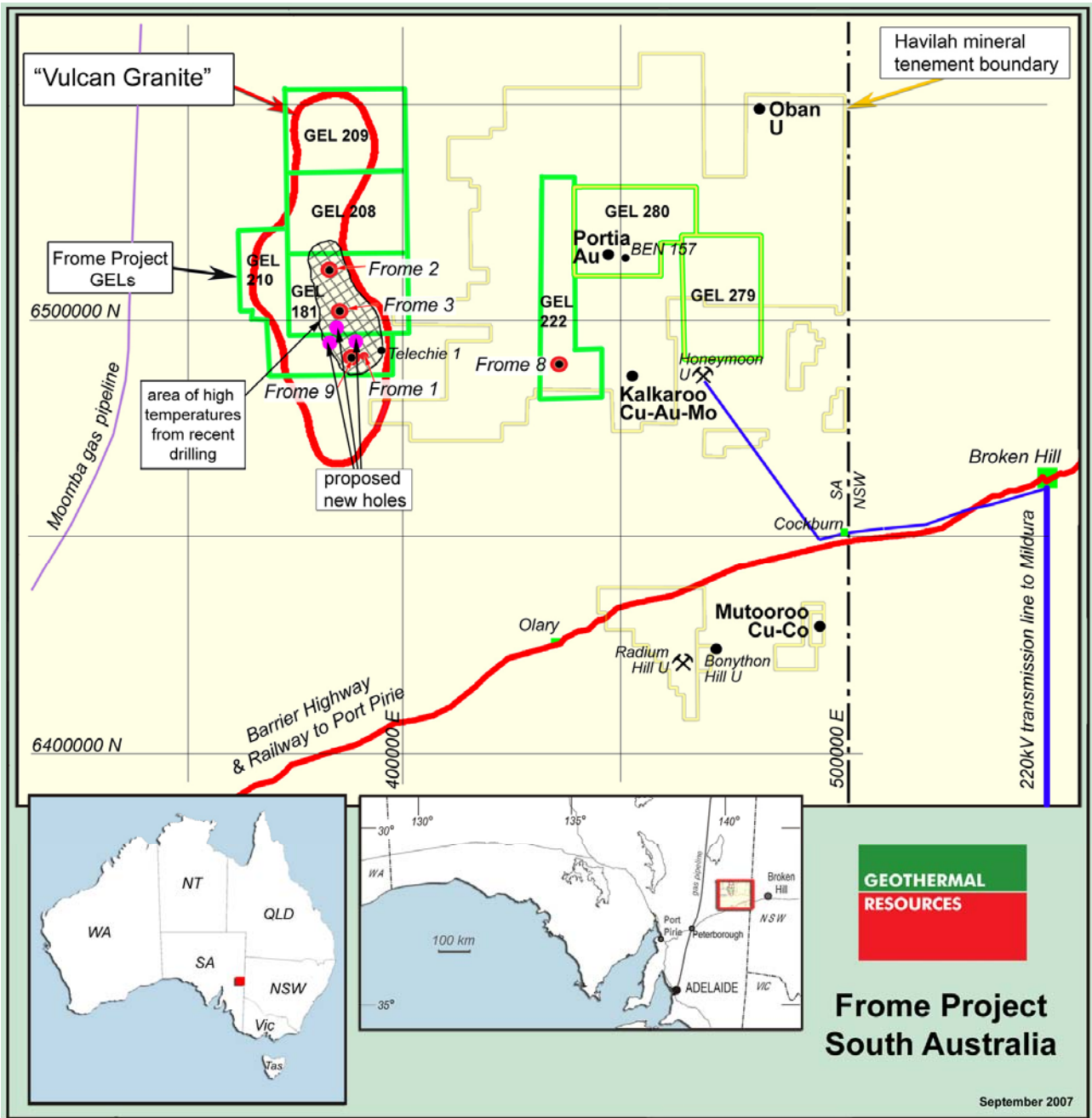
This drilling is being supported by a \$2.4 million REDI (Renewable Energy Development Initiative) grant from the Federal Government, which will match the Company's funding until completion of at least one deep hole into the hot rock geothermal energy source.

Geothermal Resources is 63.6% owned by Havilah Resources, and holds extensive tenements over two prime hot rock geothermal projects in South Australia, namely the Frome project near Broken Hill and the Crower project in the South East. Both projects are well located with respect to existing power grids and end user consumers.

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 South Australia

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