



Geothermal Resources Limited
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Dear Shareholders and Investors,

The highlight of the quarter was Geothermal Resources' successful application for a \$2.4m Renewable Energy Initiative grant from the Federal Government. This is an excellent outcome for the Company and will considerably expand funds available for proving the Frome project. This grant is in addition to the \$100,000 PACE grant for drilling assistance received from the SA Government.

In preparation for drilling we have conducted Aboriginal Heritage clearances for eight drill sites in the Frome project area and have also lodged necessary drilling approval applications. Approval of the proposed work programme will allow the drilling to proceed.

The Company has applied for additional ground in the Crower project area where some gaps existed over potentially prospective terrain. Other companies have recognised the prospectivity and have also been active in pegging ground in this region.

Moving forward we expect to commence drilling possibly late this quarter or early the next, which will generate the vital geothermal data for the Frome project area.

GEOTHERMAL RESOURCES LIMITED

Bob Johnson, Ph.D, FAusIMM
Chairman

Enquiries should be directed to Dr Bob Johnson on (08) 83389292