



Quarterly Activities Report – Period ending July 2010

Geothermal Resources

Geothermal Resources Limited is exploring two geothermal projects in South Australia that are well located with respect to power grids and markets. The hot fractured rock (HFR) Frome project has an estimated inferred heat resource of 84,000 PJ based on temperature measurements in eight wells drilled by the Company, including two to approximately 1800m depth. Seismic surveying has confirmed optimum locations for two proof of concept wells to be drilled into the fractured granite heat source. The Penola-Robe project in the South East is primarily a hot sedimentary aquifer (HSA) play. Positive results from Panax Geothermal's nearby Salamander 1 well have validated the potential of this project. Ongoing seismic interpretation has already identified several optimum drilling targets.*

Issued Capital

35.9 million ordinary shares
2 million unlisted options

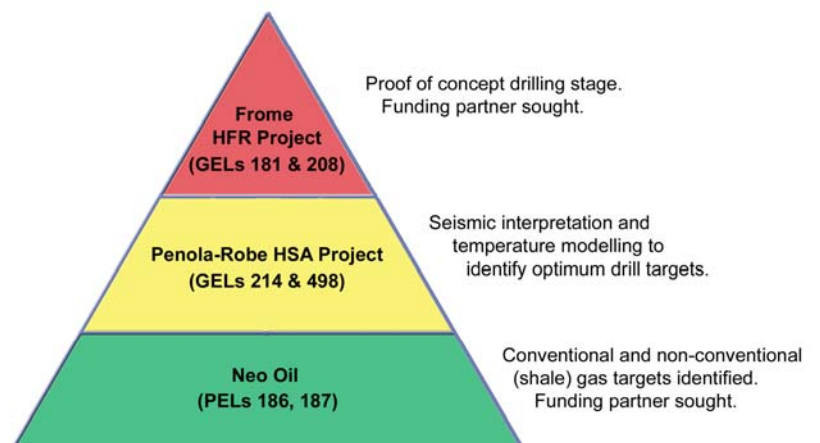
Contact

Dr Bob Johnson – Chairman
+ 61 (0)8 83389292

Highlights

- Penola-Robe project geothermal targets continue to be refined by ongoing seismic data interpretation.
- Farm in partners sought to exploit conventional gas and shale gas potential identified on 100% owned Otway Basin Petroleum Exploration Licences (PELs) 186 and 187.
- Funding sought to progress Frome project proof of concept drilling.

Geothermal Resources Project Status



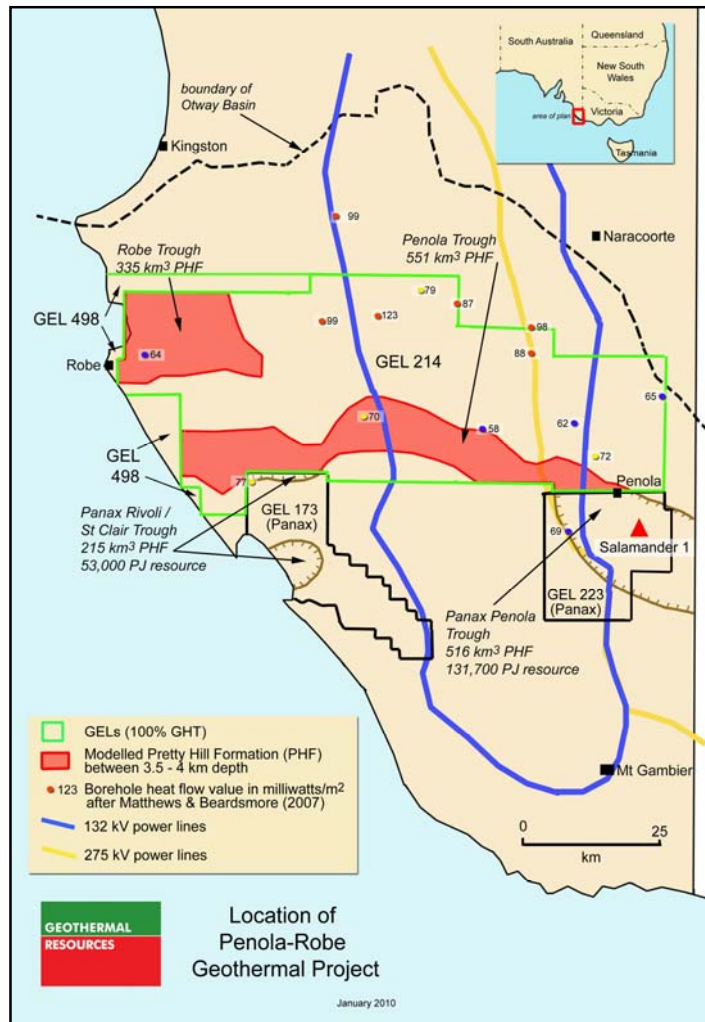
* For details of resource estimate refer ASX release 13/7/09

Penola-Robe Project (100%)

During the quarter Geothermal Resources (ASX: GHT, referred to as Geothermal Resources or the Company; 58% owned by Havilah Resources NL, ASX: HAV), focused most effort on the Penola-Robe project, with the objective of identifying the best location for its initial Hot Sedimentary Aquifer (HSA) test well.

The Company has continued to systematically interpret all available seismic data within the project area for 'bright spots' (technically referred to as high amplitude acoustic impedance zones), which can give an indication of zones of higher than average porosity within the known sedimentary aquifers. This work has identified several potential high porosity zones located at optimal depths within the target Pretty Hill Formation.

The overall objective is to identify the best area to target drilling for a HSA geothermal reservoir, where there is coincidence of the highest temperature and the highest permeability (indicated by porosity) within the target Pretty Hill Formation sedimentary aquifer. These criteria were employed by Panax Geothermal in selecting their successful Salamander 1 well site. By carefully evaluating these criteria ahead of drilling the chances of a successful outcome are greatly enhanced.



Frome Project (100%)

Over the past three years Geothermal Resources has systematically advanced the Frome project via drilling, temperature logging and seismic surveying to the proof of concept drilling stage. The proof of concept wells are designed to establish that the hot water flow rates would support a commercial operation, similar to that presently being tested by Geodynamics in the Cooper Basin. As a hot dry rock enhanced geothermal project the Frome project ranks amongst the best in Australia.

A detailed implementation strategy has been formulated for drilling of two proof of concept wells, Frome 15 and 16, for an estimated budget of approximately \$17 million. Geothermal Resources continues to actively seek an external partner with the necessary expertise to assist with funding of the proof of concept drilling.

Neo Oil (100%)

Through the detailed study of seismic data and the data in well completion reports from petroleum exploration wells in the Otway Basin, Geothermal Resources has identified several possibilities for both conventional gas and shale gas exploration within PELs 186 and 187. The Company has approached several potential farm-in partners to fund additional petroleum exploration work.

Finance

As at 31 July 2010 the Company had available funds of approximately \$0.366million. Expenditure during the quarter was almost entirely directed towards the Penola-Robe project and running expenses. Geothermal Resources has moved to cut its running expenses to a minimum, in order to preserve its cash reserves until it is able to raise the funding required to advance its projects.

For further information visit the Company website www.geothermal-resources.com.au or contact :

Dr Bob Johnson, Chairman, on (08) 83389292 or email : info@geothermal-resources.com.au

Competent Persons Statement

The information in this report has been prepared by geologists 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 reporting of geothermal exploration results to qualify as Competent Persons as defined in Edition 1 (2008) of the "Geothermal Reporting Code, 2008". Drs Johnson and Giles consent to the release of the information compiled in this report in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

GEOHERMAL RESOURCES LIMITED

ACN

115 281 144

Quarter ended ('current
quarter')

31/7/2010

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a)exploration and evaluation	-46	-795
	(b) development		
	(c) production		
	(d) administration	-75	-278
	Dividends received		
1.4	Interest and other items of a similar nature received	4	22
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other		
	Net Operating Cash Flows	-117	-1051
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects		
	(b)equity investments		
	(c) other fixed assets	-	-5
1.9	Proceeds from sale of:		
	(a)prospects		
	(b)equity investments		
	(c)other fixed assets		

1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (REDI grant reimbursement)	37	277
	Net investing cash flows	37	272
1.13	Total operating and investing cash flows (brought forward)	-80	- 779
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	-	-36
1.18	Dividends paid		
1.19	Other - share issue costs		
	Net financing cash flows	-	-36
	Net increase (decrease) in cash held	-80	-815
1.20	Cash at beginning of quarter/year to date	446	1181
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	366	366

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	107
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

The payments relate to management and consulting fees payable to entities associated with the directors pursuant to contracts entered into with the Company, and also reimbursement of expenses incurred by directors on behalf of the Company.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	
4.3 Production	
4.4 Administration	50
Total	100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	92	66
5.2 Deposits at call	274	380
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	366	446

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			

7.3	+Ordinary securities	35,869,753	35,869,753		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	1,600,000 200,000 25,000 200,000	Directors Employee Employee Employee	<i>Exercise price</i> 60 cents 31 cents 36 cents 86 cents	<i>Expiry date</i> 21/03/2011 19/10/2011 12/02/2012 30/07/2013
7.8	Issued during quarter				
7.9	Exercised during quarter			<i>Exercise price</i>	<i>Expiry date</i>
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				

7.12	Unsecured notes (<i>totals only</i>)		
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Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does ~~/does not*~~ (*delete one*) give a true and fair view of the matters disclosed.

Sign here:
(Director/Company secretary)

Date: 27 August 2010

Print name: Dr KR Johnson...Chairman / Director.....

Notes

1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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