



Quarterly Activities Report – Period ending July 2011

Geothermal Resources (ASX : GHT)

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. Ongoing seismic interpretation has already identified several optimum drilling targets.*

Issued Capital

35.9 million ordinary shares
2.425 million unlisted options

Contact

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

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

Highlights

- Assistance for geothermal explorers with Australian projects in new government initiatives recently announced.
- Work on geothermal projects reduced in order to minimize expenditure and preserve capital.
- All geothermal exploration licences maintained in good standing.
- New exploration opportunities being investigated by directors.



Frome project deep drilling in 2009

Current Position

Geothermal Resources (referred to as Geothermal Resources or the Company; 58% owned by Havilah Resources NL, ASX: HAV) carried out minimal activity on its geothermal projects during the quarter in order to conserve remaining capital reserves. The Company has taken all necessary steps to keep its geothermal licences in good standing, including annual reporting, payment of rental fees and lodging variations to work programs.

Over the past few weeks the Commonwealth Government has released details of its new carbon tax proposals. This will have the effect of taxing energy using and generating businesses, but will also mean that generators of alternative energy, such as geothermal, will be relatively less taxed. The Commonwealth Government also announced its new Emerging Renewables Program. In 2005, Geothermal Resources was successful in obtaining a REDI Grant, which supported field activities that led to an estimated Inferred Resource of 84,000 PJ of thermal energy in place for the Frome Project. Unfortunately, the Company was unsuccessful in its subsequent application for a grant to drill two proof of concept wells designed to establish that the hot water flow rates would support a commercial operation. Search for potential investment partners to fund this drilling has also been unsuccessful to date, partly due to the skepticism over whether the technical issues relating to exploitation of deep "hot rock" geothermal energy can be overcome. Government assistance is therefore essential to help support this high risk test work. Details of the new Emerging Renewables Program grant scheme are therefore being studied with the view to applying for grant funds to assist with proof of concept drilling.

Company's projects are of high quality, and the Directors consider that under more favourable investment circumstances for geothermal explorers in Australia, the projects will be financeable. During the quarter, directors maintained their search for other suitable exploration opportunities that could utilize the Company's existing exploration skills and could provide shareholders with more immediate returns whilst waiting for an improvement in the geothermal exploration investment climate. However, current ASX Listing Rules and ASIC regulations make this a potentially difficult and expensive process.

Finance

As at 30 April 2011 the Company had available funds of \$293,000. Net expenditure during the quarter was \$44,000, the majority of which was for administrative 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.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Geothermal Resources Limited

ABN

45 115 281 144

Quarter ended ("current quarter")

31 July 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date 12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	62	156
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	-39 -71	-141 -298
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	4	10
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	-44	-273
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	-	200
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	200
1.13 Total operating and investing cash flows (carried forward)	-44	-73

1.13	Total operating and investing cash flows (brought forward)	-44	-73
	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		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	-44	-73
1.20	Cash at beginning of quarter/year to date	337	366
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	293	293

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	51
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

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

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

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	20
4.2 Development	
4.3 Production	
4.4 Administration	45
Total	65

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	38	36
5.2 Deposits at call	255	301
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.2.2)	293	337

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>	2,000,000 200,000 25,000 200,000	Directors Employees Employees Employees	<i>Exercise price</i> 0.15c 0.31c 0.36c 0.15c	<i>Expiry date</i> 3/1/2015 19/10/2011 12/2/2012 6/7/2015
7.8 Issued during quarter	200,000	Employees	0.15c	6/7/2015

7.9	Exercised during quarter				
7.10	Expired during quarter	200,000	Employees	0.86c	30/7/2013
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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 5).

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

Sign here:Date : 15 August 2011
(Director/Company secretary)

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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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.