

ASX ANNOUNCEMENT 12 MAY 2009

Habanero 3 – Well Incident Update

Geodynamics as operator of the Innamincka Joint Venture provides the following update on the well incident on 24 April 2009 at its Habanero 3 well site located near Innamincka in remote northeastern South Australia.

- Water and steam continue to flow from Habanero 3.
- Analysis of the well conditions has been performed, enabling a program of work to be designed to stop the flow of steam and water.
- Equipment to carry out the program of work is currently being mobilised to the site.
- The Company expects to be in a position to attempt to stop the flow within the next 1 to 2 weeks.

Once the flow of water and steam has been stopped, the Company will be able to secure the well, examine the cause of the incident and assess in detail the future implications for the well.

On the available information, these events could delay the commissioning of the 1MW Pilot Plant by approximately 6 to 9 months. However the incident at Habanero 3 does not affect the Company's long term plans to develop competitive geothermal energy, save for the delay mentioned above.

The Company continues to closely monitor the situation, and further updates will be provided as material circumstances change.

For further information please check our website (www.geodynamics.com.au) or contact our information service on 1300 796 612. Media representatives should contact Andrew Crook on 0419 788 431.



Gerry Grove-White
Managing Director

Participants in the Innamincka Joint Venture are:

Geodynamics (Operator) – 70%

Origin Energy Geothermal Pty Ltd* – 30%

*A wholly owned subsidiary of Origin Energy Limited (ASX: ORG)

About Habanero 3

Habanero 3 was completed to a depth of 4,221 metres in February 2008. The well was used as a production well during open flow and closed loop testing that has been conducted over the last 12 months and is intended to be the production well supplying brine to the recently constructed 1MW pilot plant.