

9 February 2011

**Rheochem Plc  
("Rheochem" or the "Company")**

**New Geothermal Letter of Intent**

Rheochem plc, the oil and gas business with oil services, production, development and exploration assets is pleased to announce that its 100% owned Australian subsidiary Rheochem Ltd has signed a letter of intent with Geodynamics Limited to proceed to a contract to supply drilling fluids and related engineering services. The proposed contract is subject to agreement on terms and final negotiation and is for an initial two years with the potential to add a further two year extension based on mutual agreement.

Geodynamics is the leading Australian geothermal exploration and development company. Holding geothermal licences over highly prospective areas in South Australia, New South Wales and Queensland, Geodynamics' current focus is on commercialising the extraction of energy from its geothermal tenements near Innamincka in South Australia's Cooper Basin, where the world's hottest known deep granite resources exist.

**Haydn Gardner, CEO of Rheochem said:**

"We are very pleased that Geodynamics has chosen Rheochem to provide these services. Rheochem's technical team developed ultra high temperature drilling fluids for this program and we look forward to the utilisation of these fluids on this project and for other international geothermal applications."

- Ends -

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