

ASX ANNOUNCEMENT 22 OCTOBER 2012

Innamincka Deeps Joint Venture

Flow from Habanero 4 during well clean-up program

Geodynamics Limited (ASX: GDY) is pleased to announce that the Habanero 4 well has flowed steam as part of the well clean-up program that is underway in preparation for flow testing and stimulation.

The Habanero 4 well was first opened under controlled flowing conditions to commence clean-up activities at 9 am (ACST), Wednesday 17 October, with the first steam plume observed early Thursday morning, 18 October.



Above: Steam flowing at Habanero 4 during well clean-up program on Saturday 20 October 2012.

Following the successful clean-up flow, the first stage of the planned testing program is to undertake a sequence of open flow tests followed by a major stimulation program. These activities are scheduled to commence in mid November when the required equipment and contractors are next available.

The Company remains on schedule to complete the planned testing program. Other major elements of the program include commissioning the closed flow loop system using the original Habanero 1 exploration well as the injection well paired with Habanero 4, culminating in a demonstration trial of the 1 MWe Habanero Pilot Plant scheduled to commence in approximately April 2013.

Geodynamics' Chief Executive Officer, Mr Geoff Ward, said, "The successful clean-up flow of Habanero 4 is an important step and continues the safe and consistent implementation of our field program. We are very pleased with the quality of the well achieved at Habanero 4 and are encouraged by these early results in the lead up to our test program. We look forward to the results of the flow testing in November and remain focussed on successfully commissioning the 1 MWe Pilot Plant early next year."

For further information, please check our website (www.geodynamics.com.au) or contact Mr Geoff Ward on + 61 7 3721 7500. Media and investor inquiries may also be directed to Meredith Bird, Corporate Affairs Manager on +61 7 3721 7581.



Geoff Ward
Chief Executive Officer and Managing Director

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About Innamincka 'Deeps' Joint Venture

Participants in the Innamincka 'Deeps' Joint Venture, which focuses on higher temperature Enhanced Geothermal Systems (EGS) greater than 3,500 m depth are:

Geodynamics Limited (Operator) – 70%
Origin Energy Geothermal Pty Ltd* – 30%

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

About Geodynamics

Geodynamics is the leading Australian geothermal exploration and development company. Geodynamics possesses some of the best geothermal resources in the world and is rapidly developing technology to exploit the resource. Geothermal energy has the potential to be a critical element of Australia's future power generation and Geodynamics is at the forefront of development.

About geothermal energy

Geothermal energy offers the prospect of zero carbon, base-load energy generation. "Zero carbon" means that no carbon dioxide (CO₂) will be emitted when generating energy. This is different from some other forms of 'renewable' energy, which still result in significant CO₂ emissions. "Base-load" means that power is available 24 hours a day, 7 days a week, all year round, and therefore can be used to meet energy needs at any time. This is a significant advantage compared to a number of other zero-carbon technologies that are more intermittent (such as wind, wave and solar power).

Geothermal energy produced from hot fractured rocks, also known as Engineered or Enhanced Geothermal Systems (EGS), is generated by special high heat producing granites located 3km or more below the Earth's surface. The heat inside these granites is trapped by overlying rocks which act as an insulating blanket. The heat is extracted from these granites by pumping water through fractures in the granite and bringing the hot water to surface. Geodynamics believes that energy produced using EGS technology is capable of generating base-load power at a cost that will be very competitive with other energy sources (both low carbon and otherwise).