

ASX ANNOUNCEMENT 15 NOVEMBER 2010

Innamincka 'Deeps' Joint Venture – Cooper Basin Project Update

Highlights:

- **Two fracture zones stimulated at 4,400m and 4,700m**
- **Demonstration of fluid flow into the reservoir**
- **Rig 100 to commence exploration for the Innamincka 'Shallows' Joint Venture**

Initial results received from hydraulic fracture stimulation program

Geodynamics, as operator of the Innamincka 'Deeps' Joint Venture, is pleased to advise that the hydraulic fracture stimulation program at Jolokia 1 has had initial success in establishing enhanced fracture zones within the granite at its Jolokia site across two intervals at approximate depths of 4,400m and 4,700m.

Initial results from the two fracture zones indicate that the enhanced fractures have different characteristics to the fractures observed at Habanero. Hydraulic and seismic data indicates that the enhanced fractures at Jolokia are initially steeply dipping and as a result, required higher pressures to achieve stimulation than at Habanero. Fracture conductivity increased threefold during initial stimulation, with 550 cubic metres of fluid injected into the fractures and 130 micro seismic events occurring, mainly associated with the lower fracture. The suitability of these fractures for further enhancement for use as an underground heat exchanger is still to be assessed.

The results follow the earlier positive indications from wireline logging and imaging data that fractures exist deeper within the granite at higher temperatures at the Jolokia location than those recorded at Habanero. Indicated temperatures in Jolokia at 4,900 m are around 278 °C which is 8°C higher than temperatures at Habanero at the same depth.

The results obtained to date are being further evaluated and will guide the next steps in the development of the Jolokia reservoir. The Rig is not expected to be required for further stimulation activities at Jolokia, as further stimulation is likely to be carried out using coil tubing units in support of pumping equipment.

Geodynamics has temporarily secured Jolokia 1 to allow the release of Rig 100, as planned, to its Hot Sedimentary Aquifer exploration program that will be undertaken by the Innamincka 'Shallows' Joint Venture ('Shallows') with Origin Energy as Operator.

Rig 100 to commence exploration on the Innamincka 'Shallows' Joint Venture

The Joint Venture is planning to commence a two well exploratory drilling program in December to assess the potential of the Hot Sedimentary Aquifer resource within the Cooper Basin tenement area. While in the early exploration phase, the 'Shallows' project diversifies and extends Geodynamics' geothermal portfolio and if successful, has the potential through further appraisal and development to deliver geothermal electricity production earlier to market from the Cooper Basin area.

For further information, investors please check our website (www.geodynamics.com.au) or contact Dr Jack Hamilton or Mr Paul Frederiks on + 61 7 3721 7500. For media enquiries, please contact Rebecca Wilson, Buchan Consulting on + 61 417 382 391.



Jack Hamilton
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%

About Innamincka 'Shallows' Joint Venture

Participants in the Innamincka 'Shallows' Joint Venture which focuses on exploration of shallow Hot Sedimentary Aquifers (HSA) above approximately 3,500 m depth are:

Origin Energy Geothermal Pty Ltd* (Operator) – 50%
Geodynamics Limited – 50%

*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).

Geodynamics is also working to exploit the lower grade, hot sedimentary aquifers at shallower depths. While hot sedimentary aquifers have lower temperatures than EGS, and hence lower power conversion efficiency, the shallower nature of these resources render them more readily accessible with simpler technology and therefore may be more rapidly commercialised.