

ASX ANNOUNCEMENT 23 AUGUST 2012

Innamincka Deeps Joint Venture

Habanero 4 drilling progress

Geodynamics Limited (ASX: GDY), operator of the Innamincka Deeps Joint Venture, is delighted to announce that since the last progress update drilling has continued in the 216 mm (8½") hole section in the granite and target depth (TD) of 4,204 m was reached last night. Indications while drilling suggest the target fracture zone has been intersected in line with prognosis.

The safe drilling of Habanero 4 through a highly over-pressured reservoir to TD is a significant milestone in the Habanero investigations.

The next steps to be undertaken to finalise the Habanero 4 well include logging to assess the target fracture zone, confirming cement integrity behind casing for well stimulation and installing the well completion to secure the well.

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).