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GEODYNAMICS
LIMITED

Geodynamics'
**2012 Annual
General Meeting**

Shareholder Presentation
29 November 2012



IMPORTANT INFORMATION

Disclaimer

Any forward looking information in this presentation has been prepared on the basis of a number of assumptions which may prove to be incorrect and these statements speak only as of the date of this presentation.

This presentation should not be relied upon as a recommendation to buy or sell shares by Geodynamics Limited.

Nothing in this presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in Geodynamics Limited.

All references to \$ are references to Australian dollars unless otherwise specifically marked.

Geodynamics' Limited

2012 Annual General Meeting:

Operations review

Market outlook

Cooper Basin development

New projects





2012 has been a strong year for Geodynamics:

HIGHLIGHTS

Achieved key financial, strategic and operational milestones.

- *Excellent safety record*
- *Successfully drilled and tested Habanero 4*
- *Revitalised balance sheet; rig sales, insurance settlement, and accelerated grant funds*
- *Reduced costs substantially through smaller team and improved cost control*
- *Strategic broadening of activities with acquisition of new lower cost projects*
- *Well funded to complete test program at Habanero and advance new exploration projects*



Financial Management:

Through careful financial management, Geodynamics has maximised available funds for investment at Habanero and expenditure on new projects.

- *REDP grant funding re-phased, \$12.4 million to 30 June 2012 and up to \$21.5 million for FY2013*
- *Sale of Rigs 100 and 200 delivering a combined \$26.5 million for Geodynamics' 70% interest*
- *Settlement of Habanero 3 insurance claim resulting in receipt of ~\$12 million (100%)*
- *Placement and oversubscribed Share Purchase Plan raising combined maximum target amount of \$10 million*
- *Internal cost control program – smaller team, lower corporate and Board costs*
- *Positive Advance Finding for eligibility for R&D tax rebate; estimate ~\$8 million to be received in 2013*
- *Geodynamics has sufficient funds for planned FY2013 work program*
- ***Cash position as at 30 September - \$29 million***



Drilling and completion of Habanero 4:

Our key operational highlight for 2012 has been the safe drilling of Habanero 4 through a highly over-pressured reservoir to target depth.

- *Drilled to a depth of 4,204m and completed 8 September 2012*
- *Excellent safety performance – no reportable injuries for FY2012*
- *Completed first reverse cementing operation in Australasia*
- *Achieved technical improvements in drilling operations leading to faster drilling rates and improved reliability – key to reducing costs in following wells*
- *Total cost ~\$52 million including planned testing activities*
- *Due to costs exceeding the JV control budget, Origin ceased funding contribution to the well beyond the completion of the 9 7/8" casing, resulting in ~\$3 million additional GDY share of funding*





Open flow testing:

Geodynamics recorded the highest reservoir productivity result to date at the Habanero location from open flow testing conducted in November.

- *First flowed steam as part of well clean-up activities 18 October 2012*
- *Prior to local stimulation, achieved planned maximum flow rate of 35 kg/s. Flowing pressures indicate higher rates achievable*
- *Temperature of 241°C at 4,130m depth; surface temperature of 191°C and increasing*
- *Post local stimulation, second test achieved average flow rate of ~38 kg/s at higher pressure than first flow test*
- *Results exceed those achieved in previous programs – Stabilised flow rate of 27kg/s recorded at Habanero 3 after stimulation*
- *Represents one of the highest flow rates achieved from EGS globally*



VIDEO CLIP: Steam flow at Habanero 4





Habanero test program:

Test program is well underway to evaluate reservoir performance and deliver the “spinning shaft” on the 1MWe Habanero Pilot Plant.

Open flow testing

- Open flow testing of Habanero main fracture

■ Completed

Stimulation Program

- Local stimulation to improve well connection to fracture
- Major stimulation to expand main fracture zone reservoir

■ In Progress

Closed loop

- Establish hot circulation loop between Habanero 4 and 1

■ Q3 FY2013

1 MWe Pilot Plant

- Commission 1MWe Habanero Pilot Plant
- Conduct extended operational trial (~90 days)

■ Q4 FY2013



Stimulation program:

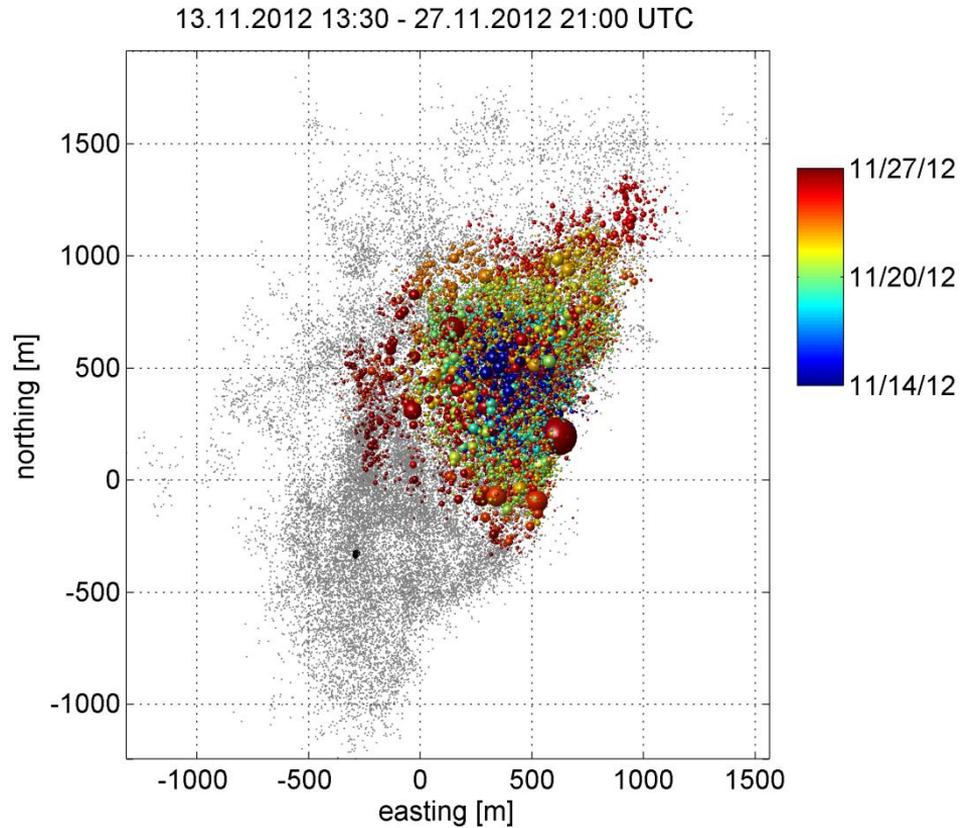
Major stimulation is underway at Habanero with initial results indicating higher injectivity than previously achieved.

- *Local stimulation successfully conducted to improve the connection between the well and the fracture zone*
- *Major stimulation to extend and enhance the area of measured geothermal resource is in progress with continuing evidence of very high injectivity with seismicity at low injection pressures*
- *Injectivity of well significantly above that recorded at Habanero 1 and Habanero 3; potential to achieve higher closed loop flows in future*
- *As of 12:00 (Adelaide time) on 28 November 2012, have recorded 17,900 seismic events resulting from the stimulation of Habanero 4*
- *Largest event so far was magnitude 3.0 at 18:33 (Adelaide) on 27 November 2012*
- *All detected events will be re-processed after the stimulation to refine our seismic model and determine direction of fracture movement*





Major stimulation progress:



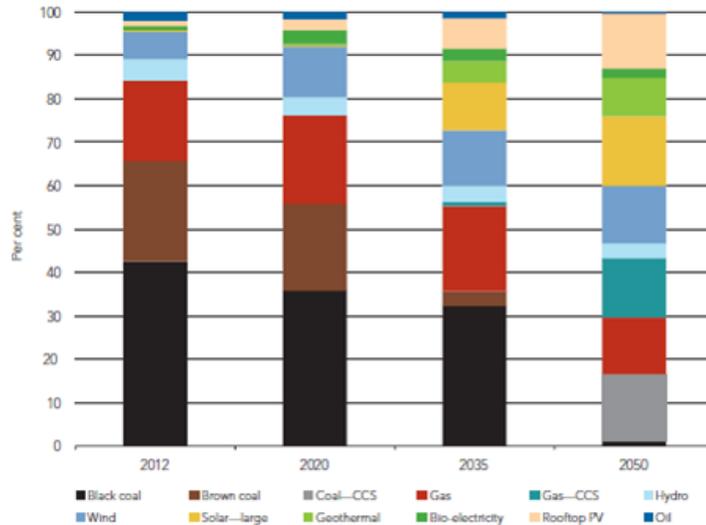
ANIMATION: Progress of major stimulation at Habanero 4



Geothermal Market Outlook:

The federal government's Energy White Paper indicates that clean energy technologies including geothermal could provide ~40% of Australia's electricity generation by 2035 and up to 85% (or 305 TWh) by 2050.

Figure 6.1: Electricity generation technology shares to 2050



Source: BREE (2012d).

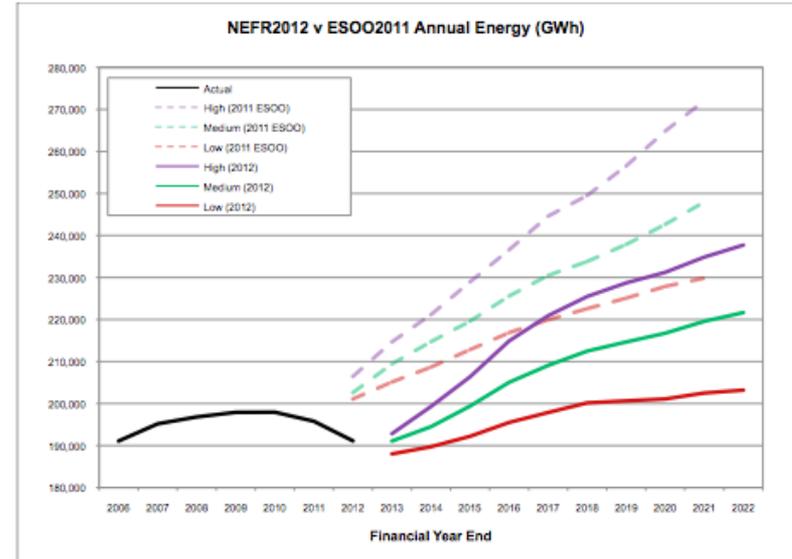
- *Estimates of geothermal's potential contribution range from 9% to 22% of Australian demand pointing to a major long term position for the technology.*
- *Geothermal technology is mostly forecast to be competitive after 2030.*
- *Near term geothermal is impacted by continued domestic uncertainty surrounding carbon policy and higher cost than gas, wind and solar alternatives.*



Electricity Market Outlook:

The market demand for large scale baseload power is currently weak. Industry consensus is that new baseload will not be required until after ~2020.

- *Electricity consumption has declined over the last 3 years. Decline attributed to:*
 - *structural changes in economy & GFC,*
 - *rooftop solar PV (negative demand),*
 - *rising end user prices driving energy efficiency*
 - *mild weather*
- *AEMO now forecasts no need for new baseload capacity before 2020 – 2022*

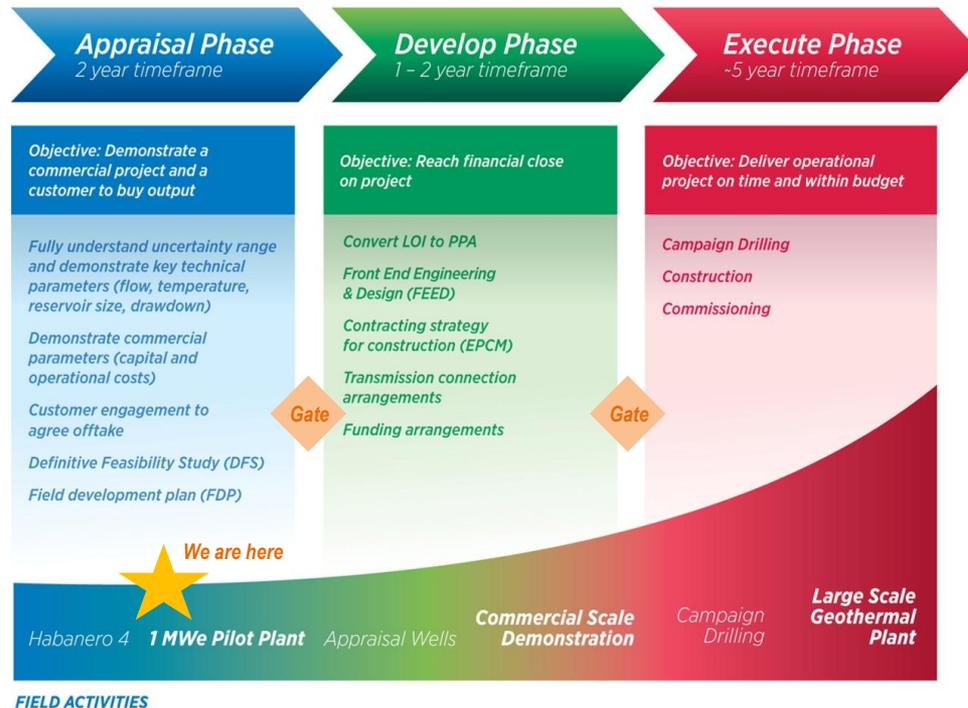


Source: AEMO 2012



Program delivery:

Achieved program milestones and on target to deliver the 1MWe trial, H2 FY2013. A feasibility study and field development plan will be produced to support customer engagement for an initial small-scale commercial project. Progression through later development gates will be driven by market and customer demand.





Ongoing Cooper Basin Development:

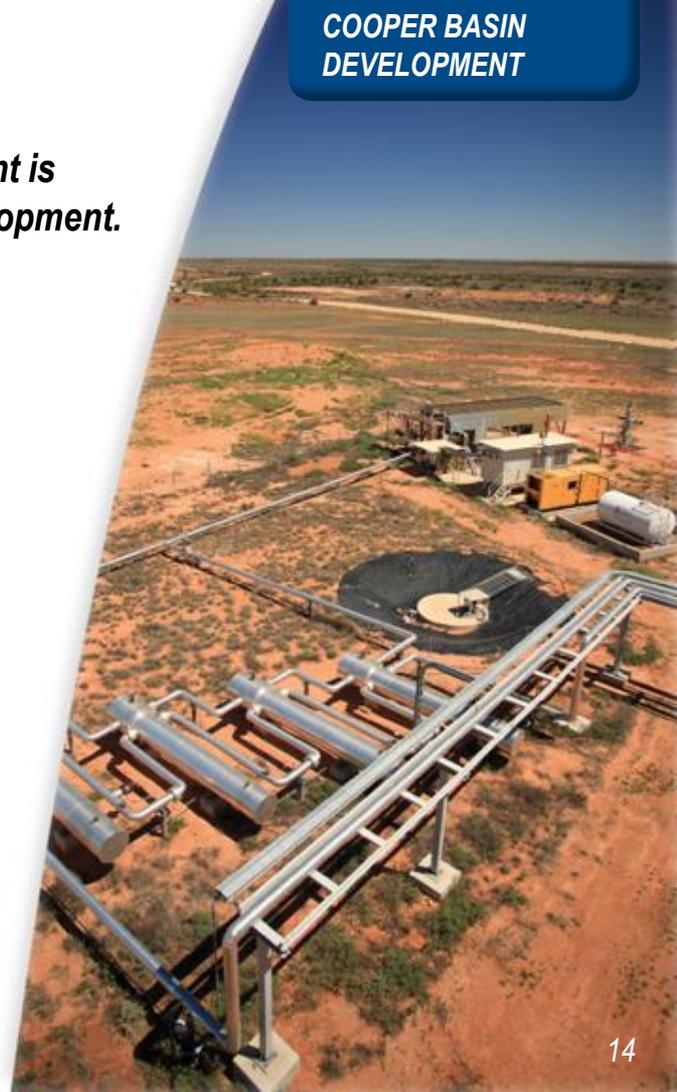
Material progress has been made this year but the market environment is increasingly challenging requiring us to re-evaluate the pace of development.

FY2013 Program:

- *Complete the testing program and run the 1MWe trial*
- *Use data from testing, stimulation and trial to produce feasibility study and field development plan to secure a customer for initial small-scale commercial project*

Further commercial development driven by customer support:

- *Origin Energy's withdrawal of funding support for Innamincka Deeps Joint Venture has reduced funds available for further drilling*
- *Securing additional support will be critical to justify further work – new partner or other co-funder is required*
- *Geodynamics will balance the continued development of Cooper Basin Project with other projects offering shorter development timeframes and higher returns*

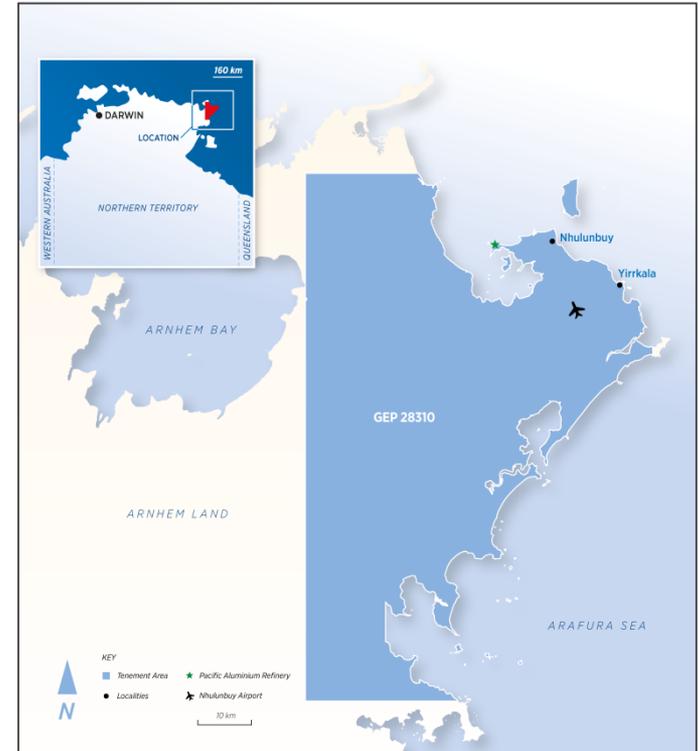




Gove Peninsula Direct Heat Geothermal Project:

New joint venture project opportunity in Gove Peninsula, Northern Territory offers a promising commercial prospect in an area where granites are present.

- *50/50 joint venture formed with Gulkula Mining, the commercial arm of the Gumatj clan and traditional owners of land within Geothermal Exploration Permit GEP 28310*
- *Initial exploration costs low*
- *Direct heat use as opposed to power generation*
- *Targeting shallower cooler granites (~80 – 100°C at ~2,000m)*
- *Lower risk and low cost project*
- *Aim to reduce fuel oil costs at the Gove Alumina Refinery*
- *Strong initial interest from Commonwealth and Northern Territory governments*





Savo Island Geothermal Power Project:

Geodynamics will acquire up to 70% interest in a conventional geothermal project in the Solomon Islands, targeting supply of electricity to Honiara to displace expensive aging diesel fired generation.

- *Two stage earn-in agreement signed with Kentor Energy with Geodynamics as operator*
- *Savo Island is located 35 km from Honiara*
- *Honiara currently supplied by diesel generated power at a cost of ~A\$0.80 per kWh*
- *Honiara has an average demand of 14MW and is rapidly growing*
- *Gold Ridge Mine located 25 km from Honiara uses an additional ~18 MW of power - also diesel supplied*





Savo Island Geothermal Power Project:

Preliminary exploration studies indicate that Savo Island could host a substantial geothermal reservoir at temperatures in excess of 260°C and at depths of 500 – 1,500 m.

- *Widespread occurrence of surface geothermal features – vigorous hot springs, fumaroles, steaming ground and rock alteration*
- *High temperatures indications in excess of 260°C – 300°C at shallow drilling depths*
- *Geophysical survey (3D magneto-telluric) survey completed in October 2012*
- *Maiden inferred resource statement and scoping study for the project to be delivered by June 2013*



VIDEO CLIP: Savo Island Field Trip





FY 2013 and beyond:

A portfolio of the Cooper Basin, Savo Island and Gove Peninsula projects can be expected to produce clear progress at a manageable spend.

Twelve month objectives:

COOPER BASIN DEVELOPMENT

Habanero:

- ***Major stimulation***
- ***1MWe Habanero Pilot Plant trial***
- ***Feasibility study***
- ***Field development plan***
- ***Letter of intent for offtake***

NEW PROJECTS EXPLORATION

Savo Island:

- ***3D magneto-telluric survey***
- ***Initial resource report and Feasibility study***
- ***Possible initial drilling campaign***

Gove Peninsula:

- ***Preliminary surface studies***
- ***3D magneto-telluric survey or other geophysical survey***



FY 2013 will see us advance projects that offer near term revenue at low exploration cost in parallel to progress at Habanero.

SUMMARY

- *We successfully completed significant program in FY2012*
- *Trial of 1MWe Habanero Pilot Plant in H2 FY 2013*
- *We have created a balanced and diversified project portfolio*
 - *short vs longer term*
 - *lower vs higher risk*
- *We have a defined program for the next 2 years*
 - *demonstration program in the Cooper Basin*
 - *exploration activities in the Northern Territory and Solomon Islands*
- *We have a stable funding position*
 - *no capital raising required within the next 12 – 18 months*

Thank you

We invite you to join our Directors, management team and staff for light refreshments in the Ballroom foyer.



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