



GEODYNAMICS LIMITED

Level 3 19 Lang Parade PO Box 2046 Milton 4064

Tel: + 61 7 3721 7500 Fax: + 61 7 3721 7599 Email: info@geodynamics.com.au

ABN: 55 095 006 090

ASX Announcement

24 September 2014

Geodynamics agrees grant Variation with ARENA

Geodynamics Limited (ASX: GDY) is pleased to report that it has agreed on the variation and continuation of funding under its grant with the Australian Renewable Energy Agency (ARENA).

Geodynamics was originally awarded a \$90 million grant in November 2009 by the Department of Resources Energy and Tourism. To date Geodynamics has drawn down a total \$32.4 million under this grant which has supported the continuing development of the Cooper Basin geothermal resources, particularly the drilling and stimulation of Habanero 4 and subsequent Habanero 1 MW Pilot Plant trial. Under the Variation agreed, ARENA will continue to contribute up to \$27.15 million of grant funds in support of a revised program of future activities, with the total overall grant being reduced by \$30.45 million to \$59.55 million. ARENA grant funds will be paid in arrears upon completion of milestone activities.

With the successful completion of the Habanero 1 MW Pilot Plant Trial and the emergence of significant unconventional shale gas resources in the Nappamerrie Trough area presenting a potential need for large scale process heat and power in the Innamincka region, Geodynamics has reviewed its future development activities to align with the requirements of this future customer base.

A revised work program and milestones have been agreed with ARENA that builds on the success and learnings gained from the pilot plant trial. This program will demonstrate the cost, reliability and environmental benefits of utilising large scale geothermal direct process heating in new gas processing facilities to be developed in the Cooper Basin. The final objective of the program is securing customer agreements and financing necessary to develop the supply of large scale process heat from Geodynamics Cooper Basin geothermal resources.

As the first stage in the revised program Geodynamics has commenced work on an initial research and development program examining the feasibility of integrating geothermal process heat into natural gas processing facilities. This is being undertaken in conjunction with Beach Energy, with whom Geodynamics signed an 18 month Exclusivity Agreement with regards to negotiation of a farm-in agreement to the geothermal licences held by Geodynamics in March 2014.

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Geodynamics' CEO Geoff Ward stated "ARENA is a key partner in the development of our Cooper Basin Project, and we greatly appreciate the ongoing support of ARENA and the Australian Government. The Habanero Project is a world leading example of an enhanced geothermal system, and the success of the Habanero Pilot Plant Trial is example of the importance of ARENA's work in supporting the development of emerging energy technologies.

With the emergence of potential customers through the future development of shale gas resources in the area we are delighted that we have been able to demonstrate a strong development program that has won support from ARENA and Beach Energy. We look forward to working with these partners as we progress the further development of the Habanero EGS Resource. "

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 Friederike Graser, on +61 7 3721 7588.

A handwritten signature in black ink, appearing to read "Geoff Ward", written in a cursive, flowing style.

Geoff Ward
Managing Director and Chief Executive Officer

— ends —

About Geodynamics

Geodynamics Limited is Australia's leading geothermal exploration company in the emerging field of Enhanced Geothermal Systems (EGS) through the development of its Cooper Basin Habanero Project in South Australia. Geodynamics is also actively pursuing conventional volcanic-hosted geothermal projects in the Pacific Islands.