



GEODYNAMICS
LIMITED

Geodynamics Limited *2011 Annual General Meeting*

SHAREHOLDER PRESENTATION:

Geoff Ward – Managing Director and CEO

24 November 2011



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.

Competent Persons Statement

The information in this report that relates to Exploration Results, Geothermal Resources or Geothermal Reserves is based on information compiled by Dr Doone Wyborn, who appears on the Register of Practicing Geothermal Professionals maintained by the Australian Geothermal Energy Group Incorporated at the time of the publication of this Report.

Dr Doone Wyborn has sufficient experience which is relevant to the style and type of geothermal play under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the Second Edition (2010) of the 'Australian Code for Reporting Exploration Results, Geothermal Resources and Geothermal Reserves'. Dr Doone Wyborn has consented in writing to the inclusion in the report of the matters based on his/her information in the form and context in which it appears.



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2011 ANNUAL GENERAL MEETING

Agenda:

- *2011 Year in review*
- *Clean Energy Future*
- *Operations review*
- *Project strategy review*
- *Habanero appraisal program*
- *Outlook*



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2011 *Year in review*

2011 has been a challenging year but brings significant positives for the renewables sector and Geodynamics.

Our highlights at a glance:

- Jolokia well completed to a target depth of 4,911 m with subsequent major stimulation undertaken. Temperatures and stress conditions encountered as expected but injectivity low.*
- Deployed the latest acoustic imaging technology at Jolokia 1.*
- Expanded our Cooper Basin acreage through the acquisition of GEL 268.*
- Comprehensive review of the longer-term commercialisation strategy for the Cooper Basin with a decision to tightly focus activities at Habanero.*
- Positive boost for renewables through Federal Government's climate change initiatives.*
- Geodynamics and Origin complete drilling of first HSA geothermal exploration well. Test results confirm reservoir temperatures of $>145^{\circ}\text{C}$ but reservoir permeability below expectation.*





Drivers for geothermal

The drivers for geothermal development continue to strengthen and will not abate.

The energy transformation challenge:

- *Rising fossil fuel prices*
- *Globalisation of energy markets*
- *Energy security – sources and technologies*
- *Aging infrastructure - replacement challenge*
- *Lower carbon emissions target*

What geothermal offers:

- *Base-load, renewable power*
- *Vast resource potential*
- *Integrates with existing networks*
- *Adaptive technology platform – oil and gas, conventional geothermal*

The policy drivers:

- *Carbon price legislation*
- *Clean Energy Finance Corporation (CEFC) to support private investment in large scale renewables*
- *Large scale Renewable Energy Target in place until 2020*

Geodynamics continues to offer one of the largest and most prospective renewable base load energy options available in Australia.



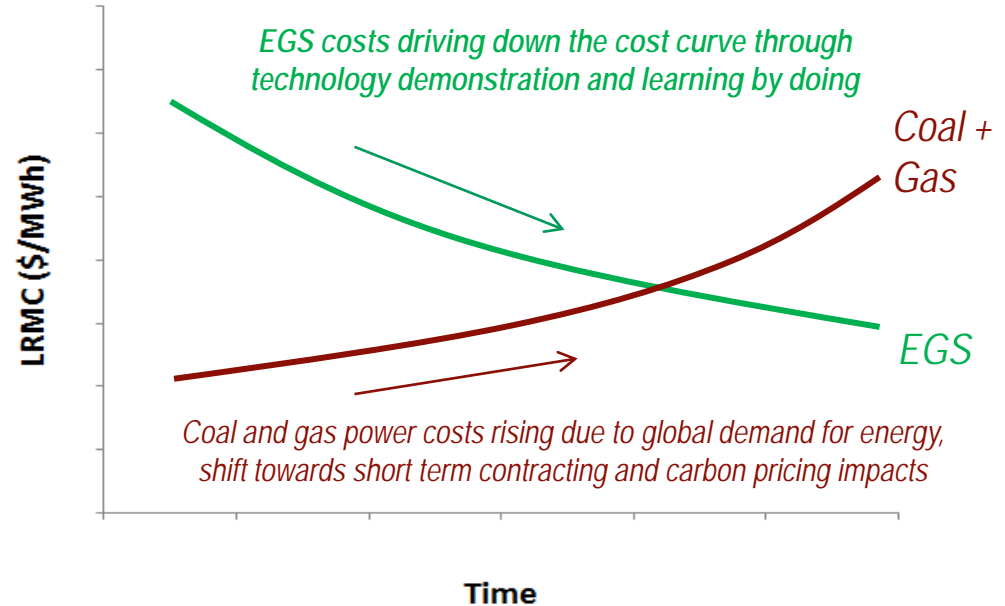
FUTURE COST TRAJECTORIES

Fossil fuel prices are rising regardless of carbon pricing.

As EGS industry experience deepens, the technology will be driven down the cost curve.

This is a trend that has been observed across all resource industries as they move from emergent to proven.

EGS has the potential to be a cost competitive supplier of base-load power within the life of first generation plants.



Available renewable technologies currently sit at the upper end of the cost curve, but costs are reducing continually, both in absolute and relative terms.



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"By investing in geothermal technologies, we are also investing in our nation's energy future and creating opportunities for energy innovation in the United States."

STEVEN CHU, US SECRETARY OF ENERGY
June 2011

"Capable of running 24 hours a day, seven days a week, geothermal power is one of the vital clean energy resources of the future needed to make this transformation."

GREG BOURNE, FORMER CEO, WWF
June 2009



CLEAN ENERGY FUTURE

The Clean Energy Future package offers substantial support over short, medium and long term to drive investment in and development of cost effective renewable energy supplies.

Proposed measures will allow industry and private investment to respond.

- *Legislated economy wide carbon price will provide long term market signal for clean energy technologies*
 - *Fixed price period starting 1 July 2012 at \$23/tCO₂e*
 - *Transitioning to floating price cap and trade scheme 1 July 2015*
- *Creation of Australian Renewable Energy Agency (ARENA) to oversee federal funds totalling A\$3.2 billion to promote emerging technologies*
- *Creation of Clean Energy Finance Corporation (CEFC) with A\$10 billion funds to leverage private investment into deployment of clean energy technologies into market at scale*

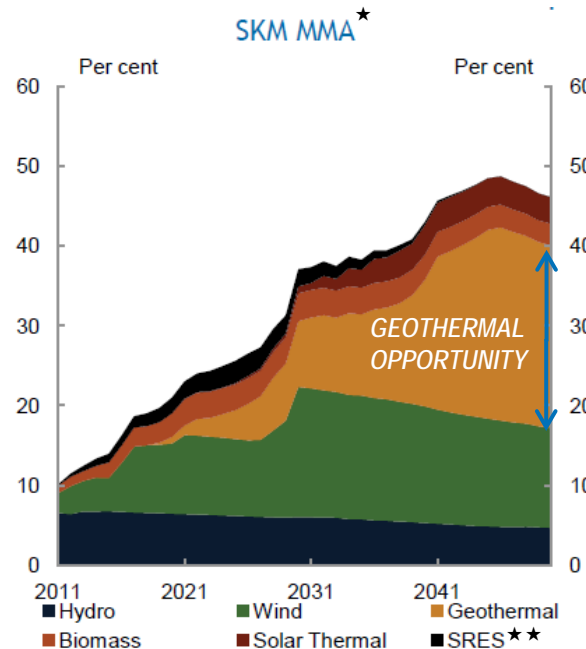
Our project will be excellent candidate for consideration - substantially funded by private investment and developed to accepted industry standards and practices.



Australia's Future Energy Mix

Geothermal is positioned as a critical major supplier of low emissions energy as identified in the Treasury modelling of the Clean Energy Future package.

- *Under Treasury's core policy scenario between 12-25% is estimated to be derived from geothermal by 2050.*
- *This is a deployment of ~6,000 -13,000MW of geothermal capacity.*
- *There will be transformation across the energy spectrum with transmission investment, smart grids, distributed generation, electric vehicles and demand side management.*



* Source: Sinclair Knight Merz Group

** SRES = Small-scale Renewable Energy Scheme

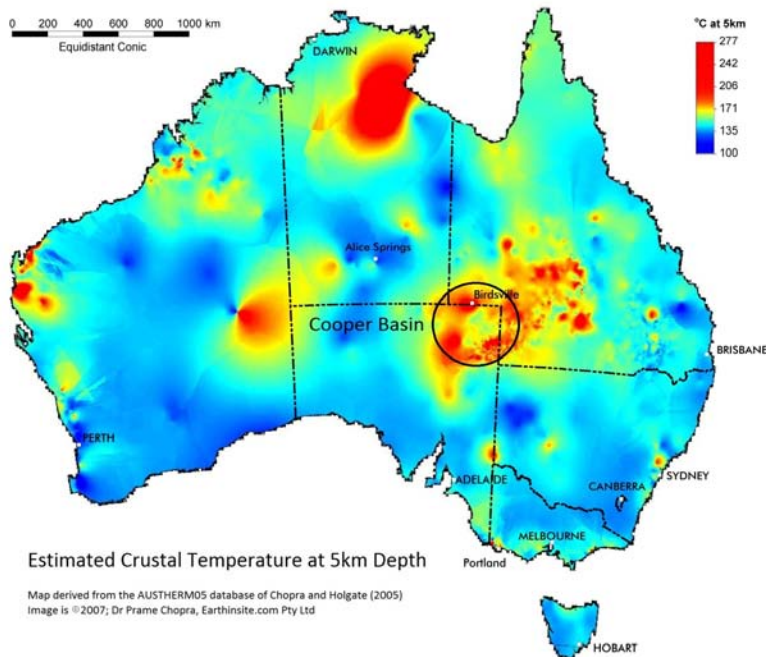


Transforming Australia's energy landscape

Our Cooper Basin asset continues to be recognised as the most advanced and most prospective geothermal opportunity for Australia.

Our asset has a major role to play:

- *World class resource in the Cooper Basin with heat producing granite underlying tenement area*
- *228,000 PJ heat in place resource → ~7,000 PJ end user energy*
- *Equivalent to ~16 Tcf of natural gas or ~750 MT thermal coal (40% eff.)*
- *Ultimate potential to supply gigawatts of long term base-load power.*



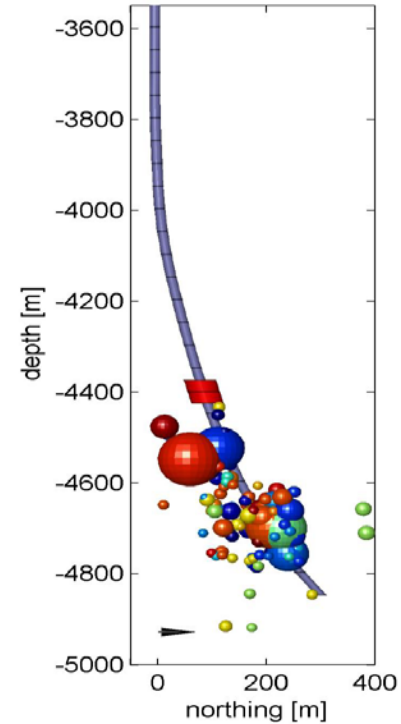


Operations Review – Jolokia 1

Jolokia 1 stimulation confirmed temperatures and stress conditions as expected but injectivity was low and higher pressures were needed to achieve fracture activation.

- *278 °C at 4,900 m, 8°C higher than like-for-like temperatures at Habanero*
- *Despite the overthrust stress environment only steeply dipping fractures activated*
- *Initial assessment of Jolokia is that optimally oriented, shallowly dipping fractures were not available in the depth interval stimulated between 4,325 m and total depth of 4,911 m*
- *It is unlikely that the fractures present will be suitable for use as an underground heat exchanger*

Jolokia 1 provides a valuable alternative set of data for use in resource and geological modelling to that derived from our Habanero tests.





Operations Review – Shallows

Completed first Shallows exploration well, Celsius 1, to test Hot Sedimentary Aquifer potential in the Hutton Sandstone.

- Shallows JV is operated by Origin Energy with Geodynamics holding a 50% interest*
- The first exploration well, Celsius 1, was drilled to a depth of 2,416 m*
- Test results confirmed reservoir temperatures in excess of 145°C as predicted*
- However reservoir permeability, a key contributor to flow rate, was determined to be too low at this location to sustain commercial flows*
- Studies are being undertaken by Origin Energy to assess the data obtained and make recommendations with regard to the further activities in this exploration program.*

Drilling confirmed target reservoir temperatures but reservoir permeability was below expectation.



Habanero 3 Well Investigation

Geodynamics has concluded a two year investigation into the causal effect of the Habanero 3 casing failure.

- Independent experts initially identified two possible failure mechanisms, hydrogen embrittlement or caustic corrosion cracking*
- Subsequent metallurgical studies have found that failure due to low temperature hydrogen embrittlement triggered is unlikely*
- As a precaution potential for both failure mechanisms has been factored into the material selection, design and execution plans of Habanero 4*
- The potential for caustic cracking has been addressed through additional pressure barriers to remove wellbore pressure and revision of cementing design and operational procedures*

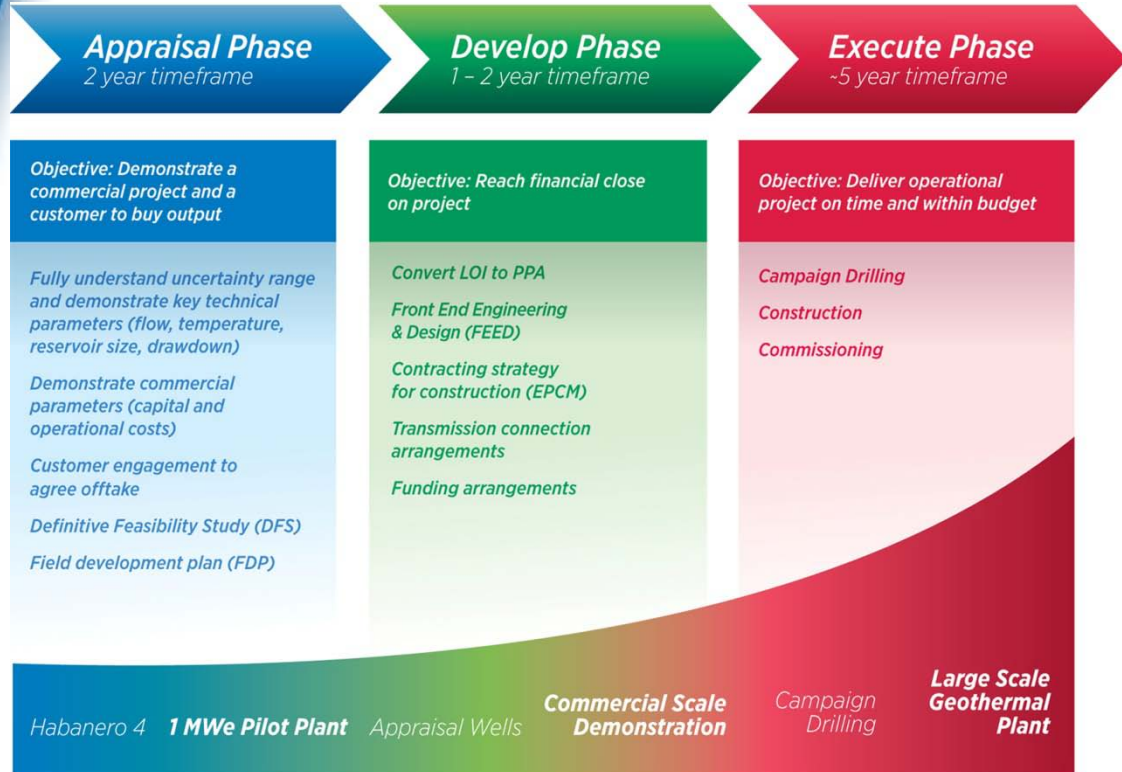
The learnings from this investigation have allowed the successful settlement of the Habanero 3 insurance claim and have been fully incorporated into the Habanero 4 well design.



STRATEGY REVIEW

Appraisal strategy to convert resources to reserves sufficient for an initial deployment of 200MW+ of geothermal power generation capacity

Driven by Geodynamics' new leadership team, Geodynamics and Origin Energy have undertaken a comprehensive strategic review.





Execution Focus

Despite some disappointing operational results in 2011, we remain confident in the quality of our geothermal resource and committed to its development.

Progress to Date:

- *Drilled 5 of the deepest, hottest EGS wells globally*
- *Discovered and enhanced the most productive granite fracture system in the world*
- *Created extensive (~4km²) enhanced permeability reservoir*
- *Habanero Pilot Plant (1 MWe) ready for commissioning following near term appraisal activities*

What we have demonstrated:

- *Extent of granite*
- *Temperatures exist*
- *Existence of natural fractures*
- *Fractures can be stimulated*
- *Flow can be achieved*
- *Initial performance parameters for reservoir temperature, flow and life*

What we need to demonstrate:

- *Fracture system can be extended significantly from one location*
- *True flow potential from established fracture system*
- *Multiple fractures exist at multiple heights within one reservoir location*
- *Demonstrate ability to control, access and flow multiple fractures*

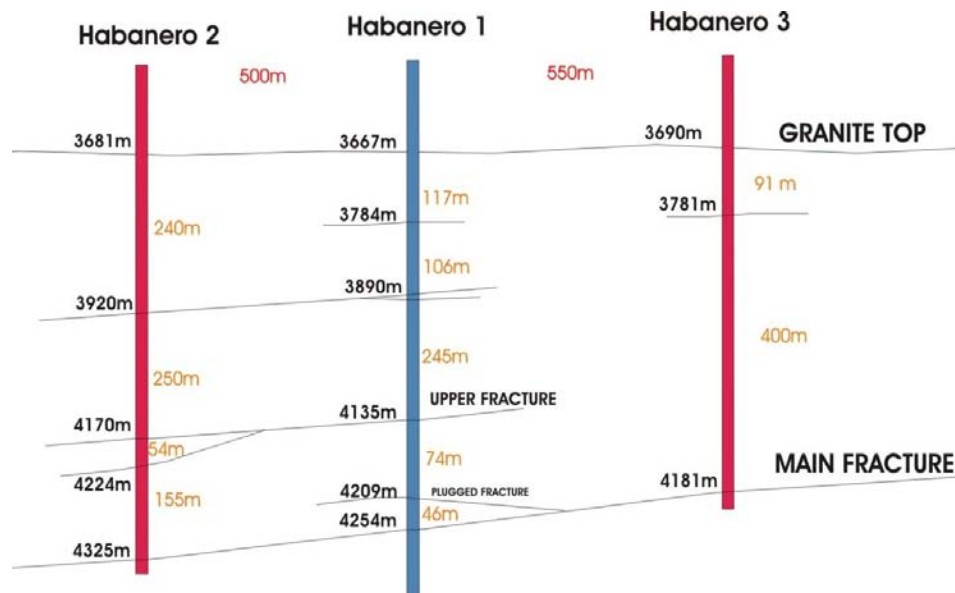
Geodynamics continues to be recognised as a global leader in the development of EGS technology.



Habanero Location

The Habanero location offers the best site to demonstrate the first commercial geothermal reserve.

- Three previous Habanero wells all successfully encountered highly productive fracture system
- Successfully flowed high pressure hot water at 216 °C at surface from a deep fracture zone in granite at 4,180 m at rates of up to 30 kg/s from hot granite rocks using EGS technology
- Stimulated and enhanced the fracture system over an area of ~4 km² and conducted successful closed loop trial for 6 week period
- 2 year engineering and technology review has built on past data to improve well design and operations



Habanero is the site of Australia's first successfully enhanced geothermal system fracture network.



HABANERO 4

The Joint Venture is targeting to spud Habanero 4 Q1 2012 - we are currently seeking final Joint Venture and regulatory approvals prior to full remobilisation start of 2012.

This is a first step in a clear staged process to demonstrate commercial reserves at this site.

Immediate Activities:

- Drill Habanero 4
- Re-establish flow at Habanero main fracture and conduct flow tests
- Q1 2012 target spud date for Habanero 4

Follow-on Activities:

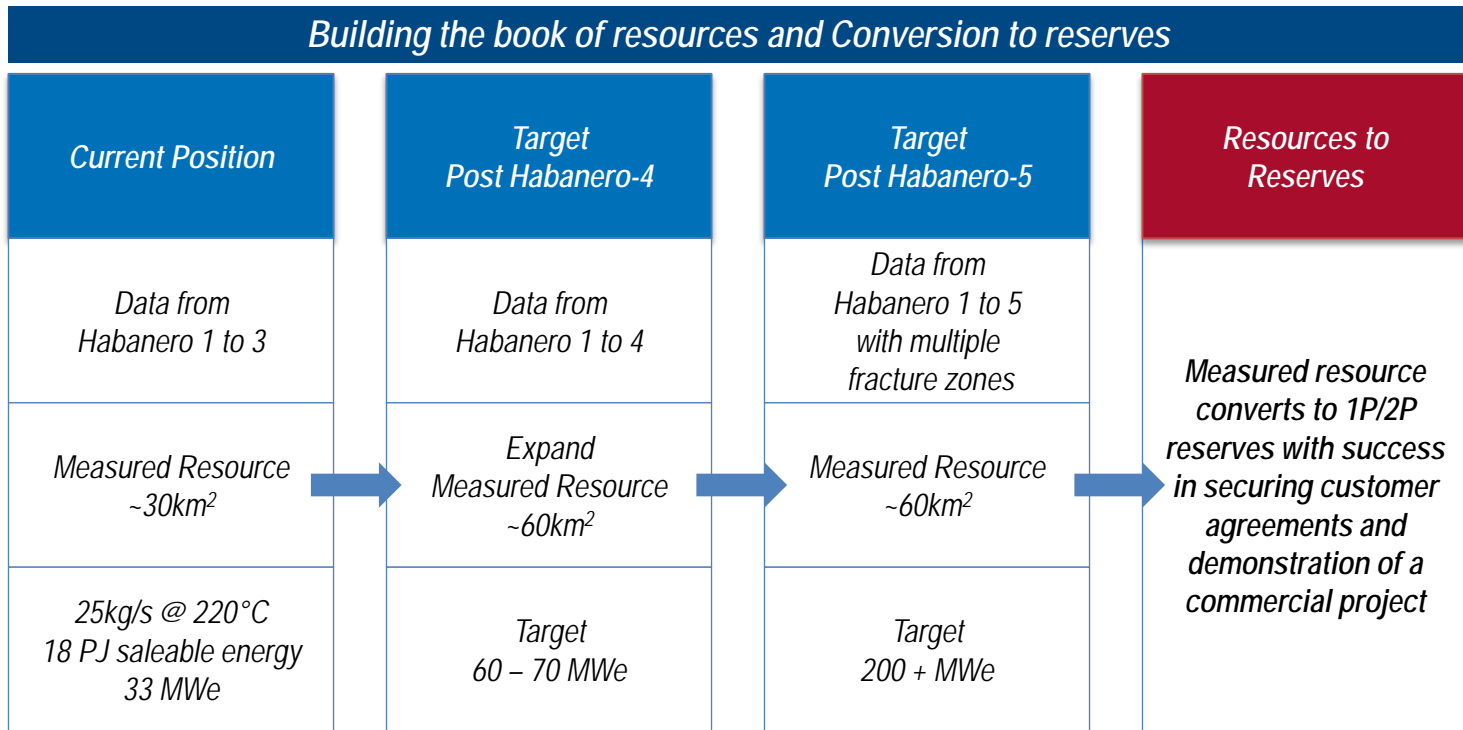
- Expand main fracture zone reservoir at Habanero
- Re-establish hot circulation loop with Habanero 1
- Commission 1MWe Pilot Plant
- Extended reservoir testing to establish performance characteristics





Habanero Resource Definition

Demonstration of commercial flow rates through multiple fractures and extension of the stimulated zone at Habanero will drive delivery of a measured resource capable of supporting the first large scale commercial project.





Future Funding Capability

In combination with our government funding support, Geodynamics has significant existing balance sheet capability, with existing cash and rig assets, to deliver the appraisal program.

Recent Funding:

- *Geodynamics has agreed the drawdown profile of the \$90 million Renewable Energy Demonstration Program (REDP) grant with the Department of Resources Energy and Tourism (DRET) - The re-profiling of funding arrangements under the existing grant will see a greater proportion of the funds received in the early stages of the project*
- *Habanero 3 insurance claim – Settlement agreed for outstanding claim amounts*

Capital management initiatives:

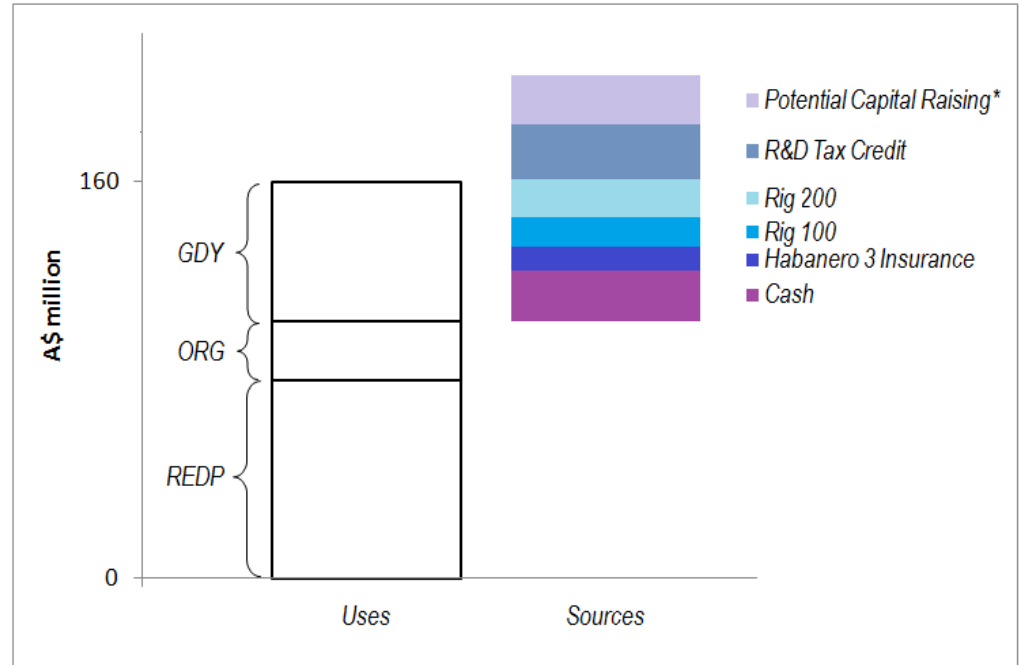
- *Geodynamics is proceeding with sale of Rig 100 and Rig 200 to release funds for resource appraisal*
- *Strong internal program of cost control*
- *Shareholder approval has been sought for the placement of 100 million shares*



FINANCIAL RESOURCES

Geodynamics is well positioned to fund the proposed appraisal work program starting with Habanero 4.

Subject to successful achievement of defined appraisal milestones, a program of ~A\$160 million could be delivered over the next 2 years from identified resources.



* Potential capital raising will be based on strategic considerations and is subject to approval at November AGM



DRIVERS FOR RE-RATING

We believe that 2012 will be a strong year for Geodynamics with key short term milestones and a supportive long term environment.

Short term drivers for re-rating:

- *Revised strategy focused on delivering proven reserves sufficient to support marketing of first large scale project as a key step to delivering commercial demonstration*
- *Realignment with Joint Venture partner, Origin Energy, on the back of the strategic review*
- *Strong support from government - \$90 million Renewable Energy Demonstration Program (REDP) grant funds weighted to support appraisal program*
- *Turning the bit - Habanero 4 well spud Q1 2012*

Macro drivers for re-rating include:

- *Introduction of carbon price legislation*
- *Creation of financing bodies - Clean Energy Finance Corporation (CEFC) and Australian Renewable Energy Agency (ARENA)*
- *Geothermal identified in Australian Treasury modelling as having the potential to provide 12-25% of long term future energy needs*
- *Our Cooper Basin assets have the size and potential to make a major contribution to filling this identified need*



WHERE COULD WE BE IN TWO YEARS?

Geothermal reserves sufficient for commercial scale development

- *Demonstrated long term operations from Habanero Pilot Plant*
- *Demonstrated measured resource / 1P & 2P reserve capable of supporting major project*
- *Fully engineered project to Definitive Feasibility Status*
- *Secured initial Power Purchase Agreement (PPA) for first EGS geothermal base-load*
- *Clean Energy Finance Corporation (CEFC) (from July 2013) provides new route to funding*
- *Ready to enter major project development stages from 2014, if market conditions and field results are favourable*



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Thank you

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