

ASX ANNOUNCEMENT 3 JULY 2008

Cooper Basin Project Update

Jolokia 1 Drilling Progress

Geodynamics advises that the drilling of Jolokia 1 is progressing well. The 244 mm (9 5/8") diameter casing has been run successfully to its design depth of 3,776 metres and the annulus has been fully cemented.

The forward drilling program will now focus on completing the well to intersect the target fracture zone. The casing and cement job has been pressure tested to prove its integrity, and drilling has commenced in the 216mm (8½") open hole section using the proven managed pressure drilling approach to drilling the fractured granite. The current depth is 3,818 metres.

Geodynamics advises that at a depth of approximately 3,805 metres, the first small fracture in Jolokia was intersected. This is exciting news as it confirms existence, earlier than expected, that the Jolokia location has water saturated over pressured granites consistent with the three Habanero wells. The purpose of stepping Jolokia out 9 km from Habanero was to indeed confirm the consistency of the targeted granites.



Steam flow from Habanero 3 on 19th June 2008

Jolokia 1 is located approximately 9 km from Habanero and is targeting fractured granites at a similar depth known to be 10°C hotter than the Habanero wells. Its target well depth is 4,250 metres.

Closed Loop Flow Test Update

The commissioning sequence of the closed loop test equipment has commenced with the flow line successfully flushed with water. This will be followed by pressure testing the entire assembly, commissioning of the re-injection pump and associated controls. Commencement of the closed loop testing program will immediately follow completion of these activities which are expected within the next week.

The closed loop test with injection of chemical tracers will run for a period of six weeks. Upon the completion of this remaining test and external validation of the results, the Company envisages announcing that it will have successfully completed Stage One of its business plan i.e. 'Proof of Concept'.



Flow Line looking back from Habanero 3 to Habanero 1

For further information please check our website (www.geodynamics.com.au) or contact Mr Gerry Grove-White or Mr Paul Frederiks on + 61 7 3721 7500.

Gerry Grove-White

Gerry Grove-White
Managing Director

Participants in the Innamincka Joint Venture are:

Geodynamics (Operator) – 70%

Origin Energy Geothermal Pty Ltd* – 30%

*A wholly owned subsidiary of Origin Energy Limited (ASX: ORG)