GEODYNAMICS
LIMITED

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ASX ANNOUNCEMENT 06 NOVEMBER 2009

Federal Government Awards $90 million in Funding to Cooper Basin 25 MW Geothermal Demonstration Project

Geodynamics is pleased to announce the award by the Federal Government of $90 million in funding under the Renewable Energy Demonstration Program (REDP).

The funding has been awarded following a competitive process and forms part of an overall $235 million award to 4 renewable energy demonstration projects across a range of emerging renewable technologies.

The funding will be staged over the life of the project with the final grant payment to be received following the commissioning of a 25 MW geothermal power plant in the Cooper Basin, expected to occur in late 2013.

Geodynamics is delighted with the support shown by the Federal Government through the award of this funding. The Company believes funding of this nature is vital in ensuring that companies are able to bridge the gap between Proof of Concept and commercial demonstration of emerging technologies. The Company continues to enjoy the support of its cornerstone shareholders and this announcement demonstrates the commitment of all parties involved to bringing this valuable resource to market.

Geodynamics applied for funding under the REDP to establish a 25 MW geothermal power station in the Cooper Basin. The principal objective of this Commercial Demonstration Plant (CDP) is to demonstrate cost effective technology at a commercial scale to give lenders confidence to finance the commercial roll out of subsequent units and transmission lines.

The Company wants to reach this point in the most cost effective way and is of the opinion that the 25 MW capacity of the CDP is the minimum output that would demonstrate commercial scale to the satisfaction of lenders. This opinion has been confirmed with a variety of institutional lenders. The 25 MW capacity is also appropriately matched to the range of potential local users of the power from the CDP that are being investigated by the Company.

A press release from the Department of Resources Energy and Tourism is attached.

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.

GF Grove-White

Gerry Grove-White
Managing Director

The Hon Martin Ferguson AM MP 06 Nov 2009

RENEWABLE ENERGY DEMONSTRATION PROGRAM: FOUR INNOVATIVE PROJECTS RECEIVE $235 MILLION

The Minister for Resources and Energy, Martin Ferguson AM MP, today awarded $235 million to four commercial-scale renewable energy projects from the Renewable Energy Demonstration Program (REDP).

This funding – combined with money from successful applicants – will deliver approximately $810 million in renewable energy investment in Australia. It will deliver almost 80 MW of new renewable generation from wave technology, geothermal sources, and an integrated mini-grid project involving wind, solar, biodiesel and storage technologies.

The four successful lead companies are MNGI Pty Ltd (Petratherm), Geodynamics Pty Ltd, Victorian Wave Partners Pty Ltd and the Hydro-Electric Corporation (Hydro Tasmania).

"These projects will diversify Australia's energy supply and help deliver the Government's expanded Renewable Energy Target of 20% by 2020," Minister Ferguson said. "The REDP will support the commercialisation of renewable energy and help accelerate the deployment of new renewable energy technologies for power generation in Australia."

The two geothermal projects proposed by Petratherm and Geodynamics in South Australia deploy different technologies in two different geological settings. Both will significantly add to the body of knowledge supporting Australia's geothermal energy sector.

Ocean energy technology also has great potential in Australia and the Victorian Wave Partners' project will see ocean energy technology deployed in Australia on a large scale for the first time.

Hydro Tasmania's King Island project will demonstrate the integration of wind, solar and storage with a biodiesel generator. This will provide baseload and peak power for King Island's mini grid system and reduce the Island's reliance upon diesel generators. By facilitating the integration of renewables into the grid through elements such as frequency and voltage control, the project aims to reduce dependency upon baseload fossil fuel energy sources and will demonstrate integrated technologies that can help integrate renewables into electricity grids. This project has the potential to refine technologies that will have widespread application in rural and remote Australia.

Following the May 2009 budget, solar energy applications were excluded from funding under the REDP, but were assessed by the Renewable Energy Committee against the original REDP guidelines. As announced last week, an Interim ACRE Board is being appointed and will this year make funding recommendations on the most prospective solar applications received. ACRE will also manage remaining REDP funds.

Media contact: Michael Bradley – 0420 371 74

Details of the successful projects are:

MNGI Pty Ltd - $62.762 million grant subject to successful offer negotiations

The 30MW Paralana Geothermal Energy Project is an engineered geothermal system (EGS) project, based on Petratherm's 'Heat Exchanger Within Insulator' (HEWI) model. The Paralana project is located adjacent to the Beverley uranium mine.

Demonstration of the Paralana project will provide a sound foundation upon which to underpin the large-scale development and deployment of geothermal energy in Australia.

Geodynamics Limited - $90.000 million grant subject to successful offer negotiations

The Geodynamics Cooper Basin 25 MW Geothermal Demonstration Project will demonstrate the potential for hot-rock geothermal energy to be a major generator of zero-emission, base-load power. The Project will be the world's first multi-well hot fractured rock power project.

The Project will be located in the north east corner of South Australia in the Cooper Basin, between Moomba and Innamincka, where Geodynamics has assessed its resource as holding geothermal energy sufficient to support several thousand megawatts of electricity generating capacity.

Victorian Wave Partners Pty Ltd - $66.465 million grant subject to successful offer negotiations

Ocean Power Technologies (Australasia) and its partner Leighton Contractors will construct the first commercial scale ocean energy project in Australia.

The 19 MW Victorian Wave Power Demonstration Project involves the staged construction and demonstration of wave power generation using Ocean Power Technologies PowerBuoy technology off Portland, Victoria.

The Hydro-Electric Corporation (Hydro Tasmania) - $15.280 million grant subject to successful offer negotiations

The King Island Renewable Energy Integration Project will demonstrate the potential for enabling technologies to help integrate renewable technologies into established electricity networks and mini-grid systems in remote areas.

The King Island project is to integrate wind, solar and storage with a biodiesel generator to provide baseload and peak power for the King Island mini grid system, which currently uses diesel generators for its primary energy supply. The integration of these energy sources will require the provision of innovative control mechanisms for load and frequency control.