

ASX ANNOUNCEMENT 16 JULY 2010

Innamincka 'Deeps' Joint Venture – Cooper Basin Project Update

Highlights:

- **Well completion operations commenced at Jolokia 1 as planned**
- **The plug sealing the well bore has been removed and well checking is in progress**
- **Preparation to undertake fracture stimulation of the granite is progressing to plan**

Geodynamics Limited, as Operator of the Innamincka 'Deeps' Joint Venture, in partnership with Origin Energy, is pleased to report that operations have commenced at Jolokia to complete the well, fracture the granite and create a geothermal reservoir.

Rig 100 has re-entered Jolokia 1 and has successfully drilled through the cement plug set in September 2008. The well has been cleaned and Geodynamics is undertaking scheduled logging to check the condition of the well.

The Joint Venture is currently preparing to run 7 inch completion casing into the well. After the casing is set, the hydraulic fracture stimulation program will commence with the objective of creating an underground heat exchanger at Jolokia, which is 9 km from the Habanero location.

Successful fracturing of the granite at Jolokia will demonstrate the ability of Geodynamics to create heat exchangers across its tenement areas - a major step towards validating the geological model. It will mark a significant milestone in the overall work plan and will be the first milestone in the 'Deeps' forward work program announced in April 2010.



7" casing racked beside Rig 100 at Jolokia 1

The stimulation program is planned to commence in late July and will run through August. Results from hydraulic stimulation activities will be recorded by Geodynamics' seismic monitoring network located at Habanero, Jolokia and Savina.

Following the stimulation of Jolokia 1, operations are planned to return to Habanero for the drilling of two more wells and the commissioning of the 1 MW Pilot Plant. The overarching objective of the work program is to position the Joint Venture to be able to make the final investment decision regarding development of the 25 MW Commercial Demonstration Plant.

For further information please check our website (www.geodynamics.com.au) or contact Dr Jack Hamilton or Mr Paul Frederiks on + 61 7 3721 7500.



Dr Jack Hamilton
Managing Director

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About Innamincka 'Deeps' Joint Venture

Participants in the Innamincka 'Deeps' Joint Venture, which focuses on higher temperature Enhanced Geothermal Systems (EGS) greater than 3,500 m depth are:

Geodynamics Limited (Operator) – 70%
Origin Energy Geothermal Pty Ltd* – 30%

About Innamincka 'Shallows' Joint Venture

Participants in the Innamincka 'Shallows' Joint Venture which focuses on exploration of shallow Hot Sedimentary Aquifers (HSA) above approximately 3,500 m depth are:

Origin Energy Geothermal Pty Ltd* (Operator) – 50%
Geodynamics Limited – 50%

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

About Geodynamics

Geodynamics is the leading Australian geothermal exploration and development company. Geodynamics possesses some of the best geothermal resources in the world and is rapidly developing technology to exploit the resource. Geothermal energy has the potential to be a critical element of Australia's future power generation and Geodynamics is at the forefront of development.

About geothermal energy

Geothermal energy offers the prospect of zero carbon, base-load energy generation. "Zero carbon" means that no carbon dioxide (CO₂) will be emitted when generating energy. This is different from some other forms of 'renewable' energy, which still result in significant CO₂ emissions. "Base-load" means that power is available 24 hours a day, 7 days a week, all year round, and therefore can be used to meet energy needs at any time. This is a significant advantage compared to a number of other zero-carbon technologies that are more intermittent (such as wind, wave and solar power).

Geothermal energy produced from hot fractured rocks, also known as Engineered or Enhanced Geothermal Systems (EGS), is generated by special high heat producing granites located 3km or more below the Earth's surface. The heat inside these granites is trapped by overlying rocks which act as an insulating blanket. The heat is extracted from these granites by pumping water through fractures in the granite and bringing the hot water to surface. Geodynamics believes that energy produced using EGS technology is capable of generating base-load power at a cost that will be very competitive with other energy sources (both low carbon and otherwise).

Geodynamics is also working to exploit the lower grade, hot sedimentary aquifers at shallower depths. While hot sedimentary aquifers have lower temperatures than EGS, and hence lower power conversion efficiency, the shallower nature of these resources render them more readily accessible with simpler technology and therefore may be more rapidly commercialised.