GEODYNAMICS
LIMITED

ABN 55 095 006 090

ASX ANNOUNCEMENT 13 OCTOBER 2010

$90 m REDP grant for Geodynamics now unconditional

Geodynamics Limited is pleased to announce that all conditions precedent for the $90 million grant awarded to the Company under the Federal Government's Renewable Energy Demonstration Program (REDP) have been satisfied. Geodynamics has received confirmation from the Department of Resources, Energy and Tourism that the grant is now unconditional and that funding will commence in line with agreed milestones.

The $90 million grant was initially awarded to Geodynamics in November 2009 and is the largest amount awarded to any project under the program. The funding deed was executed by the Federal Government and Geodynamics in July 2010. Satisfaction of the conditions precedent is the last step in the process before Geodynamics can commence drawing on funds under the program.

The REDP funding will assist in the establishment of a 25MW commercial demonstration plant (CDP) in the Cooper Basin and will be staged over the life of the CDP project. First payments will be received following achievement of agreed project milestones, commencing with the drilling of the next planned well in the program, Habanero 4. Further payments will be made for drilling subsequent wells and construction of the CDP with the final instalment to be received following commissioning of the CDP, expected to occur in early 2015.

Geodynamics' Managing Director, Dr Jack Hamilton, said, "This funding support is vital for demonstrating to all stakeholders that we have full unconditional support of the Federal Government in bringing our vast Cooper Basin geothermal resource to market. Our work program to commercial demonstration is the next major phase of Geodynamics' development and we are grateful that this is supported by the Federal grant. We look forward to achieving commercial demonstration with support from the Government and our joint venture partner, Origin Energy."

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 (CO_2) will be emitted when generating energy. This is different from some other forms of 'renewable' energy, which still result in significant CO_2 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.