



GEODYNAMICS
LIMITED

Media Release

17 JANUARY 2012

Preparations on track for February spud of Habanero 4

Geodynamics Limited (ASX: GDY) as operator of the Innamincka Deeps Joint Venture is pleased to announce that preparations for the Habanero 4 well are advanced and the Joint Venture remains on target for spudding the Habanero 4 well in Q1 2012, as previously announced. All required regulatory approvals and clearances are in progress and will be completed in time for an anticipated spud date of February 2012.

Geodynamics' Managing Director Mr Geoff Ward has confirmed that personnel and equipment are now being mobilised on site in readiness for drilling activity.

"Our drilling contractor Weatherford Drilling International has been notified to move drilling crews back to site and commence crew training. Material and other service contractors have also been engaged in preparation for a planned spudding before the end of February 2012."

"We remain very focused on our drilling program. Habanero 4 represents the first major step in an appraisal program designed to demonstrate a commercial scale energy project at the Habanero site within the next two years."

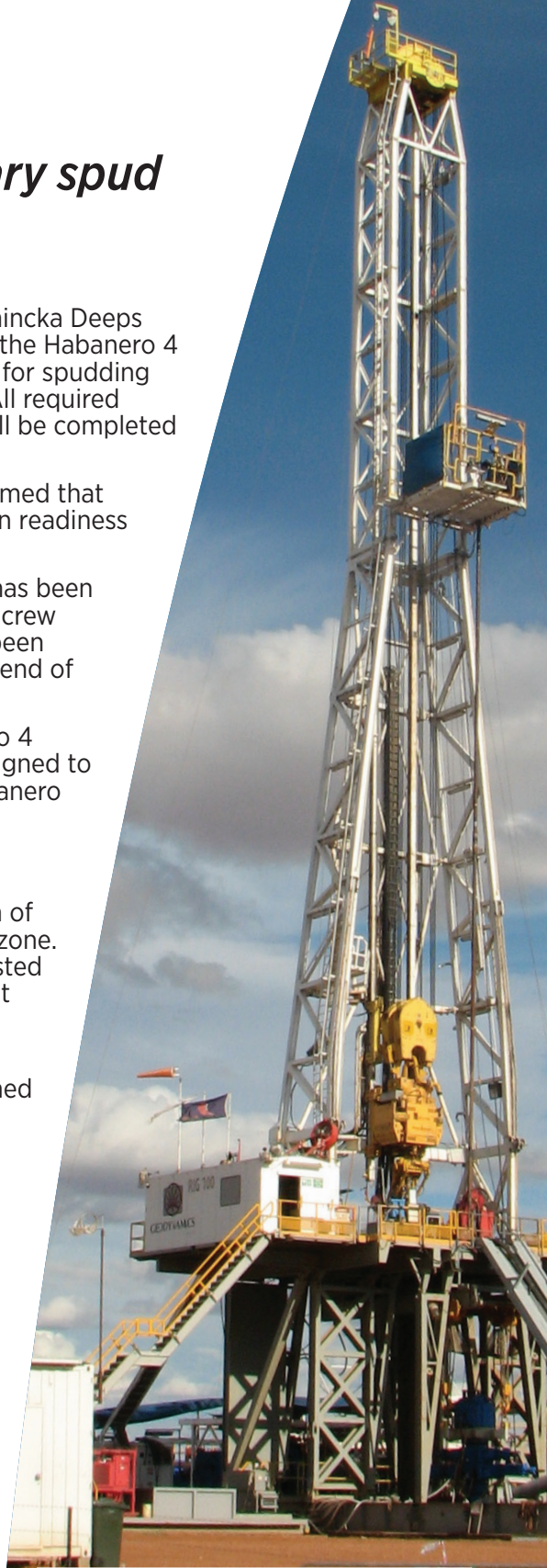
Habanero 4 will be drilled using Rig 100, with the program expected to take approximately four months. The Joint Venture plans to drill the Habanero 4 well to a target depth of approximately 4,170 metres to access the existing fracture zone. Following achievement of this objective, the well will be tested to secure data necessary to continue reservoir development studies and validate reservoir models.

On the basis of the well information obtained, the fracture zone may then be locally stimulated similar to that performed at Habanero 3 with the purpose of extending the fracture network.

"Our return to operations at Habanero is a significant step towards the development of this valuable resource for Australia," concluded Mr Ward.

For further information, please check our website (www.geodynamics.com.au) or contact Mr Geoff Ward on + 61 7 3721 7500. Media and investor inquiries may also be directed to Meredith Bird, Corporate Affairs Manager on + 61 7 3721 7581.

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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.

Geodynamics SPP



Share Purchase Plan closing soon

SPP offer closes 20 January 5pm (AEST)

*Details of the SPP can be found on the Geodynamics website
www.geodynamics.com.au*

If you require a replacement Application form or would like further information on the offer please contact the Shareholder Information line on 1300 58 704 (within Australia) and +61 3 9415 4802 (outside Australia) or email info@geodynamics.com.au

The Company welcomes your continued support, as we develop this world class resource in the Cooper Basin.

Note to Shareholders: *The SPP Application form should be read in conjunction with the SPP Booklet available from the ASX website*