

ASX ANNOUNCEMENT 14 DECEMBER 2009

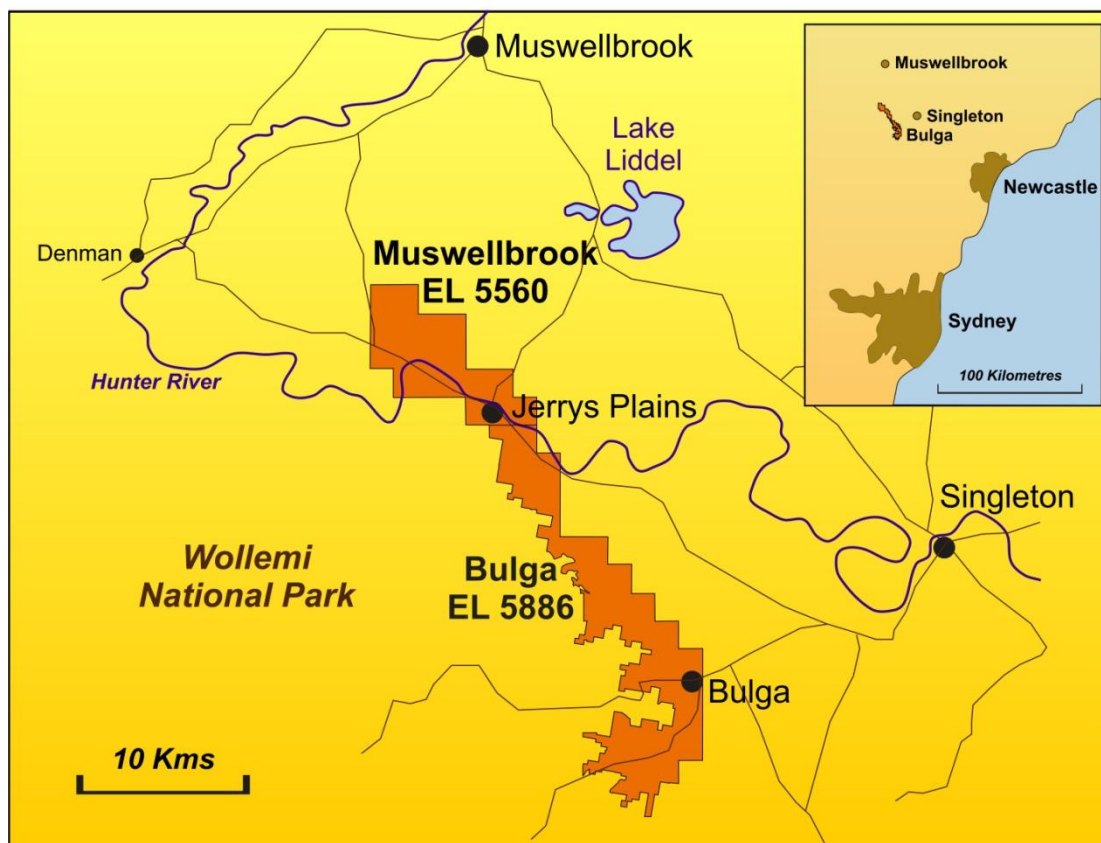
\$7 million awarded under the Geothermal Drilling Program

Geodynamics is pleased to announce the award by the Federal Government of \$7 million in funding under Round 2 of the Geothermal Drilling Program. The funding has been granted for the development of the Company's Hunter Valley geothermal project.

This funding is in addition to the \$10m granted in late 2009 under the NSW Climate Change Fund Renewable Energy Development Program to develop a geothermal power plant in the Hunter Valley.

The Geothermal Drilling Program is designed to assist project developers reach proof of concept on their geothermal projects. The program provides matched funding dollar for dollar.

The Company has identified a location for a 2 km deep well to confirm temperature gradients in the Bulga tenement and planning is underway to drill that well in the first half of 2010 with deeper exploration wells expected to follow. The Company's tenements in New South Wales include Bulga EL 5886 and Muswellbrook EL 5560.

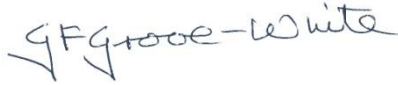


Geodynamics' NSW tenements

The funding granted under the Geothermal Drilling Program will be staged over the duration of the exploration activity with the final amount payable following the successful announcement of 'Proof of Concept' in the Hunter Valley Project.

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.

Handwritten signature of Gerry Grove-White in blue ink.

Gerry Grove-White
Managing Director

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MEDIA RELEASE

MARTIN FERGUSON

Minister for Resources and Energy
Minister for Tourism

13 December, 2009

GEOTHERMAL ENERGY GETS A \$35 MILLION BOOST

The Minister for Resources and Energy, Martin Ferguson AM MP, has announced five geothermal energy projects to receive Australian Government funding of \$35 million from round two of the \$50 million Geothermal Drilling Program.

The Geothermal Drilling Program will support almost \$180 million worth of investment in this exciting new clean energy technology. In addition, geothermal energy was a big winner from the Renewable Energy Demonstration Program, with two projects worth \$535 million receiving Australian Government funding of \$150 million.

Geoscience Australia estimates that if just 1% of Australia's geothermal energy was extracted it could supply Australia's total annual energy requirements for 26,000 years.

This is a huge resource if we can get the technology breakthroughs necessary to deliver geothermal energy to market cost-effectively and reliably.

The Australian Government recognises the need to pull through these emerging clean energy technologies as the world transitions to a low carbon economy.

The Geothermal Drilling Program will support proof-of-concept projects and will help establish Australia as a world leader in geothermal technology development.

Second-round Geothermal Drilling Program recipients of \$7 million each are:

- **Hot Rock – Koroit in the Otway Basin, Victoria**
- **Geodynamics – near Bulga in the Hunter Valley, New South Wales**
- **GRE Geothermal WA1 – Perth metro area, Western Australia**
- **Greenearth Energy – near Geelong, Victoria**
- **Torrens Energy – Parachilna, South Australia**

This investment will help meet the Australian Government's three major energy-related goals:

- Increasing energy security by diversifying energy supplies;
- Reducing Australia's CO2 emissions to 60 per cent below 2000 levels by 2050; and,
- Producing 20 per cent of Australia's electricity from renewable sources by 2020.

Australia's geothermal resource is world-class and if we can make technology breakthroughs and drive down costs, geothermal energy could play a significant role in providing clean, reliable and affordable baseload energy for centuries.

The Australian Government has now committed \$200 million to accelerate geothermal energy technology development, demonstration and deployment in Australia, leveraging a total investment of \$735 million.

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