

16 November 2010

Dear Shareholder

Share purchase plan with attaching options

On behalf of the Board of Geodynamics Limited, I am pleased to invite you to participate in a Share Purchase Plan (**SPP**) to purchase up to \$15,000 worth of shares in Geodynamics.

Subject to shareholder approval at the Company's Annual General Meeting, successful applicants for shares under the SPP will also be entitled to receive one attaching option for every share they are issued under the SPP, provided that their shareholding as at 7.00pm AEDT on the Option Record Date (17 December 2010) is not less than their shareholding as at 7.00pm AEDT on the SPP Record Date (15 November 2010).

Offer documents

For technical legal reasons, the offer of shares under the SPP and the offer of attaching options are made under the following **enclosed** separate offer documents:

- SPP Offer Booklet;
- Prospectus for the attaching options;
- Combined application form for the shares and attaching options.

These documents are important and should be read thoroughly in conjunction with the publicly available information relating to Geodynamics, including the Quarterly Report for the period ended 30 June 2010 and the 2010 Annual Report.

If you have any queries about any part of the SPP or Prospectus you should consult your accountant, stockbroker, solicitor or other professional adviser.

How to apply

Applications for shares under the SPP, and for attaching options, must be made by returning the completed application form to the address on the application form.

Payment can be made either by cheque, money order, bank draft or BPAY in accordance with the instructions on the application form.

The close date of the offer is 5.00pm (Brisbane time) on Friday 10 December 2010.

If you have any questions, I would be pleased to assist and may be contacted on 07 3721 7500 or by email at: info@geodynamics.com.au.

Yours sincerely
Geodynamics Limited



Jack Hamilton
Managing Director and Chief Executive Officer
ENC



GEODYNAMICS
LIMITED

ABN 55 095 006 090

Share Purchase Plan

An offer to shareholders of Geodynamics Limited to purchase additional fully paid ordinary shares in Geodynamics under the terms and conditions of this Share Purchase Plan.

INDICATIVE TIMETABLE

Share Purchase Plan Record Date	15 November 2010
Announcement of Share Purchase Plan	16 November 2010
Share Purchase Plan Opens	19 November 2010
AGM — approval of grant of attaching Options	25 November 2010
Share Purchase Plan Offer Closes	10 December 2010
Option Record Date	17 December 2010
Allotment and Issue of Shares and Grants of Options	20 December 2010
Quotation of Shares on ASX	24 December 2010

Letter from the Chairman

16 November 2010

Dear Shareholder



On behalf of the Board of Geodynamics Limited, I am pleased to invite you to participate in a Share Purchase Plan (SPP).

I invite you to read this document thoroughly in conjunction with the publicly available information relating to Geodynamics, including the recently released Annual Report, the Quarterly Report for the period ended 30 September 2010 and the Prospectus relating to attaching options. Your Board strongly supports this capital raising initiative. I commend the Share Purchase Plan to you and look forward to your participation.

Share purchase plan

The Plan entitles all Eligible Shareholders to purchase up to \$15,000 worth of shares in Geodynamics at an issue price of the lower of \$0.50 per share or a 10% discount to the volume weighted average price of all the Company's shares sold on ASX during the five trading days on which sales are recorded between 13 December and 17 December 2010 inclusive.

Attaching options

Subject to shareholder approval at the Company's Annual General Meeting, successful applicants for shares under the SPP will also be entitled to receive attaching options, on the condition that their shareholding as at 7.00pm AEDT on the Option Record Date (17 December 2010) is not less than their Shareholding as at 7.00pm AEDT on the SPP Record Date (15 November 2010).

If shareholder approval is obtained, each Eligible Shareholder will be granted one Option exercisable at \$0.55 per Share and expiring on 31 March 2012 for every one Share successfully subscribed for under the SPP. The options offer will be made separately under a prospectus which will be sent to shareholders as a separate document accompanying the SPP.

If shareholder approval is not obtained for the grant of the options which attach to the shares proposed to be issued under this SPP, it is the Board's present intention to withdraw this SPP and refund any application monies received by the Company.

Looking ahead

I will be retiring as Chairman at the forthcoming Annual General Meeting, but remain passionately committed to Geodynamics and its vision to become a world-leading Australian geothermal energy company supplying competitive zero carbon energy and base load power. What has never changed in the nine years I have been Chairman is the quality of our world class resource – indeed the potential cornerstone of a nation building, Cooper Basin Renewable Energy Hub.

I am encouraged post the Federal election, to see Prime Minister Gillard's speed in putting the introduction of carbon pricing policy back on the agenda. A carbon-pricing framework would ultimately enable the full cost of fossil fuels to be recognised. Geodynamics supports this direction strongly as it would give greater certainty to both industry and the market in planning for the future in a carbon constrained world. Geodynamics is proactively engaged with all levels of government and industry in support of this initiative.

I thank you in advance for your support.

Yours sincerely

Geodynamics Limited

Martin Albrecht AC

Chairman

Letter from the Managing Director

16 November 2010

Dear Shareholder



As I write to you today momentum continues to build as we evaluate initial results from the stimulation program at Jolokia. Since our August quarterly report, we have been focused on operations in the field, completing the Jolokia 1 well and conducting initial hydraulic fracture stimulation of the granite.

As we go to press, initial stimulation activities have been successfully undertaken with early results providing encouragement. We have been able to establish two fracture zones deep within the granite at approximately 4,400 m and 4,700 m and have demonstrated fluid flow into the reservoir. These enhanced fractures are deeper than the previously stimulated zone at Habanero which was at 4,250 m. The suitability of these fractures for further enhancement for use as an underground heat exchanger is still to be assessed.

The stimulation activity underway at Jolokia continues to advance our development by providing important data on the characteristics, size and extent of the vast Cooper Basin resource. The results obtained to date are being further evaluated and will guide the next steps in the development of the Jolokia reservoir.

The work we are undertaking advances our lead position in the development of enhanced geothermal systems (EGS) resources nationally and internationally. It takes us a step closer to our near term objective of commissioning the 1 MWe pilot plant and to the investment decision to construct and commission the 25 MWe commercial demonstration plant. Our forward work program has clearly defined objectives and demonstration outcomes that are designed to bring us to this point.

In collaboration with Origin Energy, as operator of the 'Shallows' Joint Venture, we are also poised to commence the exploration phase for a Hot Sedimentary Aquifer development within the same Cooper Basin tenement area. As planned, Geodynamics is now securing Rig 100 for release to the 'Shallows' program. The first well on our permit areas is planned to commence in the coming month.

Post the Federal election, it is encouraging to see Prime Minister Gillard's speed in putting the introduction of carbon pricing policy back on the agenda. Geodynamics supports this direction strongly as it will give greater certainty to both industry and the market in planning for the future in a carbon constrained world. Geodynamics is actively engaged with all levels of government and is proactively supporting this initiative to develop a carbon-pricing framework that would see the full cost of fossil fuels recognised.

We have embarked on the preparations for a capital raising program beginning with this Share Purchase Plan that will provide the Company with working capital to continue our work program that leads us to the 25 MWe commercial demonstration plant. This includes development activities such as the commissioning of the 1 MWe pilot plant to deliver the first power using EGS technology in Australia. I would personally like to encourage all shareholders to support the Company and to participate to the fullest extent possible in the Share Purchase Plan.

I look forward to advancing the work program over the coming months and progressing toward commissioning the 1 MWe pilot plant.

If you have any questions, I would be pleased to assist and may be contacted on 07 3721 7500 or by email at: info@geodynamics.com.au

Yours sincerely

Geodynamics Limited

Jack Hamilton

Managing Director and Chief Executive Officer

Geodynamics Limited Share Purchase Plan

This is an offer to you as a shareholder of Geodynamics Limited (**Company**) to purchase additional fully paid ordinary shares in the Company (**Shares**) under the terms and conditions of the Geodynamics Limited Share Purchase Plan (**SPP**).

Eligible shareholders have the opportunity to subscribe for additional Shares at a discount to market value and without incurring brokerage or stamp duty.

1. ELIGIBILITY

You will be eligible to participate in the SPP if you are a holder of Shares at 7.00 pm (AEDT) on 15 November 2010 (**Record Date**), with a registered address in either Australia or New Zealand (**Eligible Shareholder**).

This SPP does not constitute an offer in any jurisdiction in which or to any person to whom it would be unlawful to make such an offer. The Company reserves the right to reject any acceptance which it believes comes from a person who is not an Eligible Shareholder.

Participation in the SPP is entirely optional. Offers made under the SPP are not renounceable. This means that shareholders cannot transfer their right to purchase shares under this offer to another person.

Existing optionholders who are not also shareholders are not entitled to participate in the SPP.

2. PARTICIPATION

(Single holders) If you are the only registered holder of a holding of Shares, but you receive more than one offer under the SPP (for example, due to multiple registered holdings), you may only apply for up to \$15,000 worth of Shares.

(Joint holders) If you are recorded with one or more other persons as the joint holder of Shares, that joint holding is considered to be a single registered holding for the purpose of the SPP, and the joint holders are entitled to participate in the SPP in respect of that single holding only. If the same joint holders receive more than one offer under the SPP due to multiple identical holdings, whether those joint holdings be in the same registered name of the joint holding, or as an individual holder, the joint holders may only apply for a maximum parcel of \$15,000 worth of Shares.

(Custodians, trustees and nominees) If you are a Custodian and hold Shares on behalf of one or more persons that are not custodians (each a **Participating Beneficiary**), you may apply for a maximum of \$15,000 worth of Shares for each Participating Beneficiary subject to providing the Company with written certification of the matters listed in paragraph 10.

If you hold Shares as a trustee or nominee for another person, but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holders (as above) will apply.

If you hold Shares as a Custodian for joint holders:

- the \$15,000 limit applies jointly in relation to those persons as if the Custodian holds the Shares on behalf of a single person; and
- where the terms on which the Shares are held do not cover the giving of instructions of this kind—the Custodian has received such an instruction from any of those persons.

Custodians should contact Company's Share Registry, Computershare Investor Services Pty Limited, on 1300 552 270 (within Australia) or +61 3 9415 4000 (outside Australia) for the custodian certificate required under these SPP terms and conditions.

3. SHAREHOLDER APPROVAL AND ATTACHING OPTIONS

Subject to shareholder approval, successful applicants for shares under the SPP will also be entitled to receive attaching options, on the condition that their shareholding as at 7.00pm (AEDT) on the Option Record Date (17 December 2010) is not less than their shareholding as at 7.00pm (AEDT) on the SPP Record Date (15 November 2010). The options offer will be made separately under a prospectus which will be sent to shareholders as a separate document accompanying the SPP, and which will be available on the Company's website www.geodynamics.com.au. Successful applicants should consider the prospectus when deciding whether to acquire the options, and must complete the combined application form (**Application Form**) which accompanies this SPP.

The grant of attaching options is subject to shareholder approval at the Company's Annual General Meeting on 25 November 2010. If shareholder approval is not obtained for the grant of the options which attach to the shares proposed to be issued under this SPP, it is the Board's present intention to withdraw this SPP and refund any application monies received by the Company by way of cheque to the applicant's registered address.

4. POSSIBLE PLACEMENT

As announced to ASX on 22 October 2010, the Company is considering undertaking a placement of up to 60 million shares and 60 million attaching options to professional, sophisticated and institutional investors domestically and overseas (**Possible Placement**).

The Board has decided to postpone its decision on whether the Company will proceed with the Possible Placement until early 2011.

There is no guarantee that the Possible Placement will proceed or be successful.

The Board and the Company reserve the right to determine the timing, pricing and other terms and conditions of any Placement, subject to any applicable law and the listing rules.

5. PRICING OF SHARES UNDER THE SPP

The SPP Shares are priced at the lower of \$0.50 per Share, or a 10% discount (rounded up to the next whole cent) to the volume weighted average price of all the Company's shares sold on ASX during the five trading days on which sales are recorded between 13 December and 17 December 2010 inclusive (**SPP Offer Price**). Accordingly, only changes to the share price during this period will affect the purchase price for shares under this SPP.

Shareholders should be aware that the market price of Shares may rise or fall between the date of this offer and the date when Shares are allotted and issued to you. You should obtain your own independent investment advice in relation to the offer and consider price movements of shares before accepting the offer.

6. SHARES OFFERED

Eligible Shareholders may apply for a specified number of Shares under one of the following alternative offer

OFFER	MINIMUM NUMBER OF SHARES OFFERED (ASSUMING SPP OFFER PRICE OF \$0.50)*	TOTAL AMOUNT PAYABLE
A	2,000	\$1,000
B	6,000	\$3,000
C	10,000	\$5,000
D	16,000	\$8,000
E	20,000	\$10,000
F	30,000	\$15,000

* If the price of Shares under the SPP is less than \$0.50, (ie if the price calculated using a 10% discount to the volume weighted average share price for the five trading days on which sales are recorded between 13 December and 17 December 2010 is less than \$0.50), applicants will be issued with a greater number of Shares, rather than receive a refund for the difference between \$0.50 and the issue price of the Shares.

For example, if the SPP Offer Price is \$0.48, the number of shares offered under Offer F would be 31,250 Shares being \$15,000 divided by \$0.48.

You may apply for the total dollar value of shares specified under any one of the Offers A, B, C, D, E or F. The rounding difference between the total amount payable under each alternative and the total subscription price will be donated by the Company to the Royal Flying Doctor Service of Australia.

7. SCALE BACK

In accordance with the ASX Listing Rules, the maximum number of Shares that may be issued under the SPP without specific shareholder approval is 87,852,065 Shares (**Maximum Amount**). The Company will scale back applications if they exceed the Maximum Amount. The scale back will be conducted at the discretion of the Directors. Fractional entitlements below 0.5 will be rounded down to the next whole Share and fractional entitlements 0.5 and above will be rounded up to the next whole Share. If applications are scaled back, the Company will refund the balance of application monies, without interest, following allotment by way of cheque to the applicant's registered address.

The Company also reserves the right to scale back applications if it believes that to do otherwise would be contrary to law.

8. APPLYING FOR SHARES UNDER THE SPP

If you would like to apply for Shares under the SPP, please complete the enclosed Application Form and return it, together with your cheque made payable to “Geodynamics Limited - Allotment Account”, to either of the following addresses:

POST TO:	OR	HAND DELIVER TO:
Computershare Investor Services Pty Limited		Computershare Investor Services Pty Limited
GPO Box GPO Box 5240		Level 19
Brisbane QLD 4001		307 Queen Street Brisbane QLD 4000

Applications should only be made in one of the designated amounts set out in the application form. If the amount of the cheque tendered with the Application Form is not one of the designated amounts, Geodynamics reserves the right to return the Application Form and cheque and not allot any Shares to you or to accept the cheque in respect of a lesser number of Shares and refund the balance of your application monies without interest.

You can also remit funds electronically using BPAY as indicated on the application form. Please be sure to type the customer reference number and biller code exactly as it appears on your application form. If you receive more than one application form you are required to use the Customer Reference Number and Biller Code found on each form to make your applications.

Duly completed application forms together with payment must be received by 5:00 pm (AEST) on Friday 10 December 2010 (Closing Date). Applications received after that time will not be accepted.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment.

The return of the Application Form with the application monies, or the remittance of funds via BPAY will constitute the Eligible Shareholder's offer to subscribe for shares on the terms and conditions of this SPP. Once an application has been made, it cannot be revoked. No notice of acceptance of the application will be provided.

9. CERTIFICATION BY ELIGIBLE SHAREHOLDERS

By making payment by cheque, money order, bank draft or BPAY, you certify that:

- you are an Eligible Shareholder, as defined in paragraph 2;
- you have read, understand and agree to be bound by the terms and conditions of the SPP;
- you agree to be bound by the terms of the Company's constitution; and
- the aggregate of the application price for the following does not exceed \$15,000:
 - the Shares the subject of the application; and
 - any other Shares issued to you under the SPP or any similar arrangement in the 12 months before the application; and
 - any other Shares that you have instructed a custodian to acquire on your behalf under the SPP; and
 - any other Shares that have been issued to a Custodian in the 12 months before the application as a result of an instruction given by you to the Custodian to apply for Shares on your behalf under an arrangement similar to the SPP.
- Custodians wishing to apply on behalf of one or more Participating Beneficiaries need to provide a custodian certificate in accordance with the requirements in paragraph 10. Please contact the Company's share registry on 1300 552 270 or +61 3 9415 4000 to obtain a copy of the custodian certificate.
- If two or more persons are recorded in the Company's register of members as jointly holding shares or interest in the Company, they are taken to be a single registered holder and a certification given by any of them is taken to be a certification given by all of them.

10. CERTIFICATION BY CUSTODIANS

Custodians must provide to the Company written certification of the following when making payment by cheque, money order, bank draft or BPAY:

- either or both of the following:
 - that you hold Shares on behalf of the Participating Beneficiary;
 - that another Custodian (**Downstream Custodian**) holds beneficial interests in Shares on behalf of one or more Participating Beneficiaries, and the Custodian holds the Shares to which those beneficial interests relate on behalf of the Downstream Custodian or another Custodian;
 - on the Record Date, and that each Participating Beneficiary has subsequently instructed the following persons:
 - where subparagraph i applies — the Custodian; and
 - where subparagraph ii applies — the Downstream Custodian;
- to apply for Shares on their behalf under the SPP
- the number of Participating Beneficiaries;
- the name and address of each Participating Beneficiary;
- in respect of each Participating Beneficiary:
 - where subparagraph (a)(i) applies- the number of Shares the Custodian holds on their behalf; and
 - where subparagraph (a)(ii) applies- the number of Shares to which the beneficial interests relate;
- in respect of each Participating Beneficiary:
 - where subparagraph (a)(i) applies- the number or the dollar amount of Shares or interests they instructed the Custodian to apply for on their behalf; and
 - where subparagraph (a)(ii) applies- the number or the dollar amount of Shares or interests they instructed the Downstream Custodian to apply for on their behalf;
- there are no Participating Beneficiaries in respect of which the total of the application price for the following exceeds \$15,000:
 - the Shares applied for by the Custodian under the SPP in accordance with the instructions referred to in subparagraph (e); and
 - any other Shares issued to the Custodian in the 12 months before the application as a result of an instruction given by them to a Custodian or the Downstream Custodian to apply for Shares on their behalf under an arrangement similar to the SPP;
- that a copy of the written offer document was given to each Participating Beneficiary;
- where subparagraph (a) (ii) applies — the name and address of each Custodian who holds beneficial interests in the Shares held by the Custodian in relation to each Participating Beneficiary.

11. ISSUE OF SHARES

The Company will not be obliged to allot shares and the applicant will not be entitled to receive or be issued shares until the Board resolves to allot the shares. Shares under the SPP will be allotted and issued on or about 20 December 2010. After all Shares have been allotted, Geodynamics will promptly make application to ASX Limited for the Shares to be admitted to quotation. Holding statements will be despatched shortly after the allotment date.

12. INDICATIVE TIMETABLE

Share Purchase Plan Record Date	15 November 2010
Announcement of Share Purchase Plan	16 November 2010
Share Purchase Plan Open Date	19 November 2010
AGM— approval of grant of options	25 November 2010
Share Purchase Plan Offer Closes	10 December 2010
Option Record Date	17 December 2010
Allotment and Issue of Shares and Grants of Options	20 December 2010
Quotation of Shares on ASX	24 December 2010

These dates are indicative only. The Company may vary the dates and times of this offer or withdraw it without notice. Accordingly, Eligible Shareholders are encouraged to submit their Application Form as early as possible.

13. ADDITIONAL TERMS OF THIS SPP

The requirements of the Australian Securities and Investments Commission's Class Order CO 09/425 are incorporated into this SPP.

Under that Class Order, the yearly limit that can be raised from a participant in a share purchase plan is \$15,000. Accordingly, no Eligible Shareholder (including through joint holdings, multiple share accounts or any holding in which the Eligible Shareholder may have a beneficial interest) will be issued with shares under this or any other share purchase plan with an application value totalling more than \$15,000 in any consecutive 12 month period.

All Shares issued under the SPP will rank equally with existing Shares.

The SPP is administered by the Board which may determine in any manner it thinks fit, any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant, or application, or Shares and the determination of the Board will be conclusive and binding on all participants and other persons to whom the determination relates.

The Board reserves the right to withdraw this SPP and any offer under it at any time prior to the allotment of shares and to waive strict compliance with any provision of these terms and conditions, to amend or vary these terms and conditions and to suspend or terminate the SPP at any time. If the SPP is withdrawn, all application monies will be refunded without interest.

14. WHY SHOULD YOU SUBSCRIBE FOR SHARES PURSUANT TO THIS SPP?

Shares offered under this SPP are offered at a discount to their market value prior to the date when the SPP was announced. There is no brokerage, commissions or other participation costs payable by you in respect of any acquisition of Shares under this SPP.

15. RISKS

Potential investors should consider the risks that could affect the Company before deciding to invest. Risk factors include:

- Evaluation and development drilling risk
- Operator and rig ownership risk
- Reservoir testing development and performance risk and reserve evaluation risk
- Power station development and electricity transmission risk
- Commercial risks including power and carbon sale and pricing risk
- Regulatory risks including risk of legislative and regulatory changes, native title risk and permitting risk
- Single operation risk
- Financing risk
- Risks related to general market conditions including exchange rate risk, interest rates, market sentiment and circumstances and conditions which are not within the Company's control
- New entrants and competition
- Joint venture risk

Potential investors should carefully consider the risks in light of their personal circumstances (including financial and taxation issues) and seek professional advice from their stockbroker, accountant, lawyer or other professional adviser.

Further details on the above risks are set out in Section 2 of the Prospectus relating to the offer of attaching options.

QUERIES

If you have any queries concerning the SPP, please call Computershare Investor Services Pty Limited on 1300 552 270 (within Australia) or +61 3 9415 4000 (outside Australia).

Yours sincerely

Geodynamics Limited



Jack Hamilton

Managing Director

Glossary

Custodian	means a custodian, trustee or, nominee within the definition of 'custodian' in ASIC Class Order [CO 09/425], that: <ul style="list-style-type: none">• holds an Australian financial services licence that:<ul style="list-style-type: none">– covers the provision of a custodial or depository service; or– includes a condition requiring the holder to comply with ASIC Class Order [CO 02/294]; or• is exempt under:<ul style="list-style-type: none">– paragraph 7.6.01(1)(k) of the Corporations Regulations 2001; or– ASIC Class Order [CO 05/1270] to the extent that it relates to ASIC Class Order [CO 03/184]; or– ASIC Class Orders [CO 03/1099], [CO 03/1100], [CO 03/1101], [CO 03/1102], [CO 04/829] or [CO 04/1313]; or– An individual instrument of relief granted by ASIC to the person in terms similar to one of the class orders referred to in the above paragraph; or– Paragraph 911A(2)(h) of the Act; from the requirement to hold an Australian financial services licence for the provision of a custodial or depository service; or <ul style="list-style-type: none">• that is a trustee of a:<ul style="list-style-type: none">– self-managed superannuation fund; or– superannuation master trust; or• that is the responsible entity of an IDPS-like scheme; or• that is the registered holder of shares or interests in the class and is noted on the register of members of the body or scheme (as the case may be) as holding the shares or interests on account of another person.
Company	means Geodynamics Limited ACN 095 006 090.
SPP Record Date	means 7.00pm (AEDT) 15 November 2010.
Shares	means fully paid ordinary shares in the Company.



GEODYNAMICS
LIMITED

PRINCIPAL and REGISTERED OFFICE Level 3, 19 Lang Parade, MILTON QLD 4064 **Telephone:** +61 7 3721 7500 **Facsimile:** +61 7 3721 7599
POSTAL ADDRESS PO Box 2046, MILTON QLD 4064 **Internet** www.geodynamics.com.au **Email** info@geodynamics.com.au