



GEODYNAMICS LIMITED

ABN 55 095 006 090

STOCK EXCHANGE ANNOUNCEMENT

16 December 2002

START OF DRILLING OF HISTORIC DEEP GEOTHERMAL WELL IN THE COOPER BASIN

Geodynamics is pleased to announce that:

- The final permitting process for the first geothermal well – **Habanero 1** – is completed and drilling activities can now proceed;
- Documentation for drawdown of AusIndustry's **\$5M R&D Start grant** is finalized.

The Company is now well placed to realize the extraordinary potential of the known Hot Dry Rock geothermal resource in the Cooper Basin, the hottest spot on Earth outside volcanic centres, for the generation of emission-free electricity. Funds required to complete the "Proof of Concept" part of Geodynamics' business plan are in place.

HABANERO 1

Habanero 1 (named after the world's hottest chilli pepper) will be drilled to a depth of 4500 to 4900m (14800 – 16000 ft). Century Resources (a subsidiary of the Downer EDI group) has been awarded the drilling contract. The cost of this historic and deep geothermal well is estimated at approximately \$5.4 million, excluding contingencies. The drilling of this well is estimated to take ten weeks to complete.

In finalizing the well design, Geodynamics has had the benefit of access to Woodside Petroleum's "state of the art" drilling software as well as a subsequent peer review with participation from Woodside Petroleum, Santos, CSIRO, PIRSA (Primary Industry and Resources, South Australia) and the geothermal division of Century Resources and other contractors.

Access to the existing deep gas exploration well, McLeod 1, (500m away from Habanero 1) has been formalised with Santos. A workover programme to prepare this well for use as an observation well and also for water supply, is scheduled to start on 11 January 2003.



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In anticipation of the above, pad preparation has been completed and rig mobilization can now proceed as expenditure is incurred. Pending the delivery of 7300m of specialized steel casing, the spudding date is now scheduled for late January to early February 2003.

\$5M R&D Start Grant

All formal documentation with AusIndustry has been completed and drawdown of these committed funds can now proceed. The R&D Start grant will cover approximately 30% of the total estimated costs of Stage One ("Proof of Concept") of our business plan.

Bertus de Graaf
Managing Director

For further information please contact Bertus de Graaf at 07 3721 7500. Please also check our website at www.geodynamics.com.au