



**GEODYNAMICS**  
LIMITED

**PRESS RELEASE**

**23 April 2003**

**GDY secures additional \$1.9 m  
as Habanero #1 reaches heat bearing granites**

Geodynamics Limited said on Wednesday its Habanero #1 well had intersected the heat-bearing granite rock, with drilling progressing on schedule to open up one of the world's hottest hot dry rock geothermal resource.

Chief executive Bertus de Graaf said Habanero #1 well located near Innamincka in South Australia, penetrated its target heat bearing granites on Saturday 19 April, 2003 at 3,668 metres with the temperature indirectly measured at 230<sup>0</sup>C, which is right on target.

"We are pleased with the progress of the well, with drilling work continuing at about 2.5-3.0 metres an hour and the total depth now at 3,826 metres," he said.

"We are on target with Habanero #1, which will be the deepest well ever drilled on onshore Australia and the hottest well ever drilled."

Dr de Graaf said Geodynamics had also secured an additional \$1.9 million in pre-commitments from institutional and professional investors under an Offer Information Statement (OIS) due to be lodged with the ASIC next week.

"We found a high level of interest in our Company and the project, and I look forward to welcoming a number of new investors to our register when the OIS is released," he said.

He said the funds would allow Habanero #1 to be drilled to the Company's preferred depth of 4,900 metres during the current drilling programme.

"The raising of this additional capital was always part of our funding arrangements and was outlined in the prospectus of August 2002," he said.

"It means we can take the well to a depth of 4,900 metres from the outset, rather than deepening the wells at a later stage".

Dr de Graaf said by undertaking the additional drilling work now, Geodynamics avoided the risk of damaging the wells and the developed underground heat exchangers upon re-entry and subsequent drilling.

“In addition, it will save substantial mobilization costs which would be incurred if the wells were deepened at a later stage,” he said.

Dr de Graaf said the OIS funds also meant that Geodynamics would fulfill its obligation to Metasource Pty Ltd, which has a 31.6 percent stake in the Company.

“Geodynamics was obliged to raise \$1.9 million in new equity by June 2003, and by meeting this obligation, we have now ensured that Geodynamics retains 100 percent equity in the Cooper Basin tenements,” he said.

Dr de Graaf said Habanero #1 was expected to reach its target depth of 4,900 metres with projected temperatures of 270°C by the end of May 2003.

“Habanero #1 is part of the first step of achieving our goal, to be an emission free base-load electricity generator using renewable HDR geothermal energy,” he said.

He said work was also completed on the existing 3.7 km Santos well, McLeod 1, which is located about 500 metres from Habanero #1, to convert it to a seismic observation well.

## **BACKGROUND**

Geodynamics was listed on the ASX (GDY) in September 2002 after raising \$11.7 million through its IPO. The Company has secured another \$5 million through a Federal Government grant.

The thermal energy stored at a depth of less than 5km (ie. within the ‘oil window’) in Geodynamics’ two Geothermal Exploration Licences totaling 985 square kilometres, is equivalent to 50 billion barrels of oil. By comparison, the proved oil reserves in the USA are estimated at about 30 billion barrels, and in Australia, three billion barrels.

HDR geothermal electricity qualifies for the Federal Government incentives for renewable energy called Renewable Energy Certificates. This has the potential to double the electricity revenue received by Geodynamics compared with fossil fuel power stations.

The success of the project does not depend on new technology, but on the economic extraction of heat from the hot granite rocks.

The known high temperatures of the granite rocks in the Cooper Basin are at depths accessible by standard contract drilling rigs, making Geodynamics' resource unique. It offers the scope to produce large scale, renewable electricity at a lower cost than hydro, wind, biomass or solar alternatives, at a cost close to that of conventional fossil fuel power stations.

HDR geothermal energy can also supply power on a continuous basis, further distinguishing it from other intermittent renewable resources.

The company has 33.1 million shares on issue and a market capitalization of around \$18 million.

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# HABANERO #1

