



GEODYNAMICS LIMITED

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Excellent progress in hydraulic stimulation at Habanero #1

Geodynamics is pleased to announce excellent progress in its hydraulic stimulation programme at Habanero #1 in the Cooper Basin, South Australia.

The first phase of this involved a number of fracture initiation tests designed to activate the opening of existing joints and fractures in the open hole section of the well (at a depth of 4115m to 4421m), including:

- High pressure/high flow rate pulsed injections;
- Use of dense brines (to increase pressure) and salt slurries (for temporary plugs).

Using high pressure pumps, with a combined capacity of 6000 horse power, pressures up to 9,500psi (65.5MPa) were applied with flow rates up to 24 barrels per minute (65 litres/sec). Early results of this were reported on 12 November 2003.

The main hydraulic stimulation programme is now in full progress and has returned excellent results. The total injection of approximately 4,000 cubic metres of water into the open hole section in the target hot granites has resulted in the recording of more than 4,500 micro-seismic events in a sub-horizontal zone surrounding the well. This activated zone has the following approximate dimensions (see diagram):

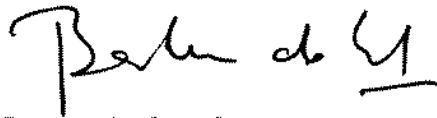
- 300m in thickness;
- 1,200m in length (plus some outliers);
- 900m in width.

The size and shape of this activated zone conforms closely to our predictions. This first hydraulic stimulation is expected to be completed later this week, with the second stimulation (through perforations in the casing) scheduled thereafter.

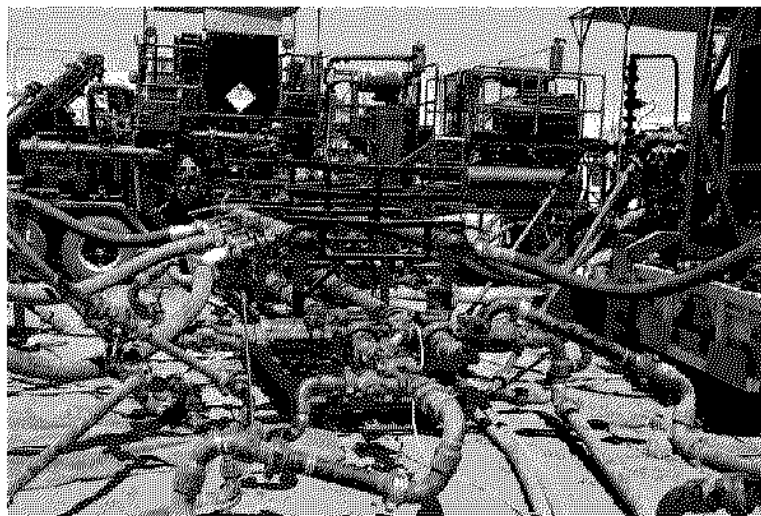
Results achieved to date, combined with the previously discovered existence of a "primed" network of interconnected fractures, (a result of overpressures of >5,000psi, 34.5MPa in the target hot granites), are highly encouraging.

As such, Geodynamics has come a step closer to realising the economic potential of the world's largest known geothermal resource.

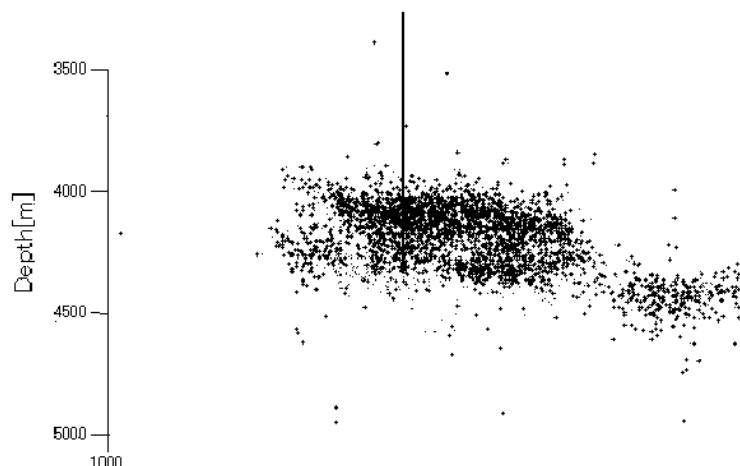
For further information please check our website (www.geodynamics.com.au) or contact Dr Bertus de Graaf on 07 3721 7504.



Bertus de Graaf
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High pressure pumps at Habanero #1 for hydraulic stimulation



Location of micro-seismic emissions as recorded and processed by a team of Japanese experts, headed by staff from Tohoku University.