

1 May 2008

Dear Shareholder

On behalf of the Board of Geodynamics Limited, I am pleased to invite Eligible Shareholders to participate in a Share Purchase Plan (**SPP**) and an offer for attaching options (**Options Offer**).

Enclosed please find the following documents:

- the SPP offer document;
- a Prospectus in relation to the Options Offer; and
- our new look March 2008 quarterly report.

The SPP offer and Options Offer are consistent with our previous commitment to offer shareholders the opportunity to participate in the share capital expansion of the Company on the same pricing terms as those offered to The Sentient Group and Sunsuper Pty Ltd.

The SPP entitles all Eligible Shareholders to purchase up to \$5,000 worth of shares in Geodynamics at an issue price of \$1.50 per share, a 1.5% discount to the market, free of all brokerage, commission and stamp duty. The above discount is based on the volume weighted average market price of \$1.523 for the twenty trading days prior to when the SPP was announced, i.e. from 2 April 2008 to 30 April 2008.

Under the Options Offer, Eligible Shareholders are entitled to one option exercisable at \$2.00 per Share and expiring on 28 February 2009 for every two Shares successfully subscribed for under the SPP, provided that their Shareholding as at 7.00pm AEST on the Option Record Date (13 June 2008) is not less than their Shareholding as at 7.00pm AEST on the SPP Record Date (30 April 2008).

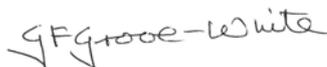
The funds raised from the SPP and exercise of options will be directed toward preparing for the commercialisation phase of our flagship Cooper Basin Project. We are well underway connecting the closed circulation pipe work between Habanero 1 and Habanero 3 and expect to complete the six week closed circulation test in June. In addition, Jolokia 1, located 9 km from the Habanero wells, has now reached a depth of 2,717 metres at the time of writing. Its target well depth is 4,250 metres.

I invite you to read both documents thoroughly in conjunction with the publicly available information relating to Geodynamics, including the Quarterly Report for the period ended 31 March 2008.

Your Board strongly supports this capital raising initiative. I commend the Share Purchase Plan and Options Offer to you and look forward to your participation.

Yours sincerely

Geodynamics Limited



Gerry Grove-White
Managing Director

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