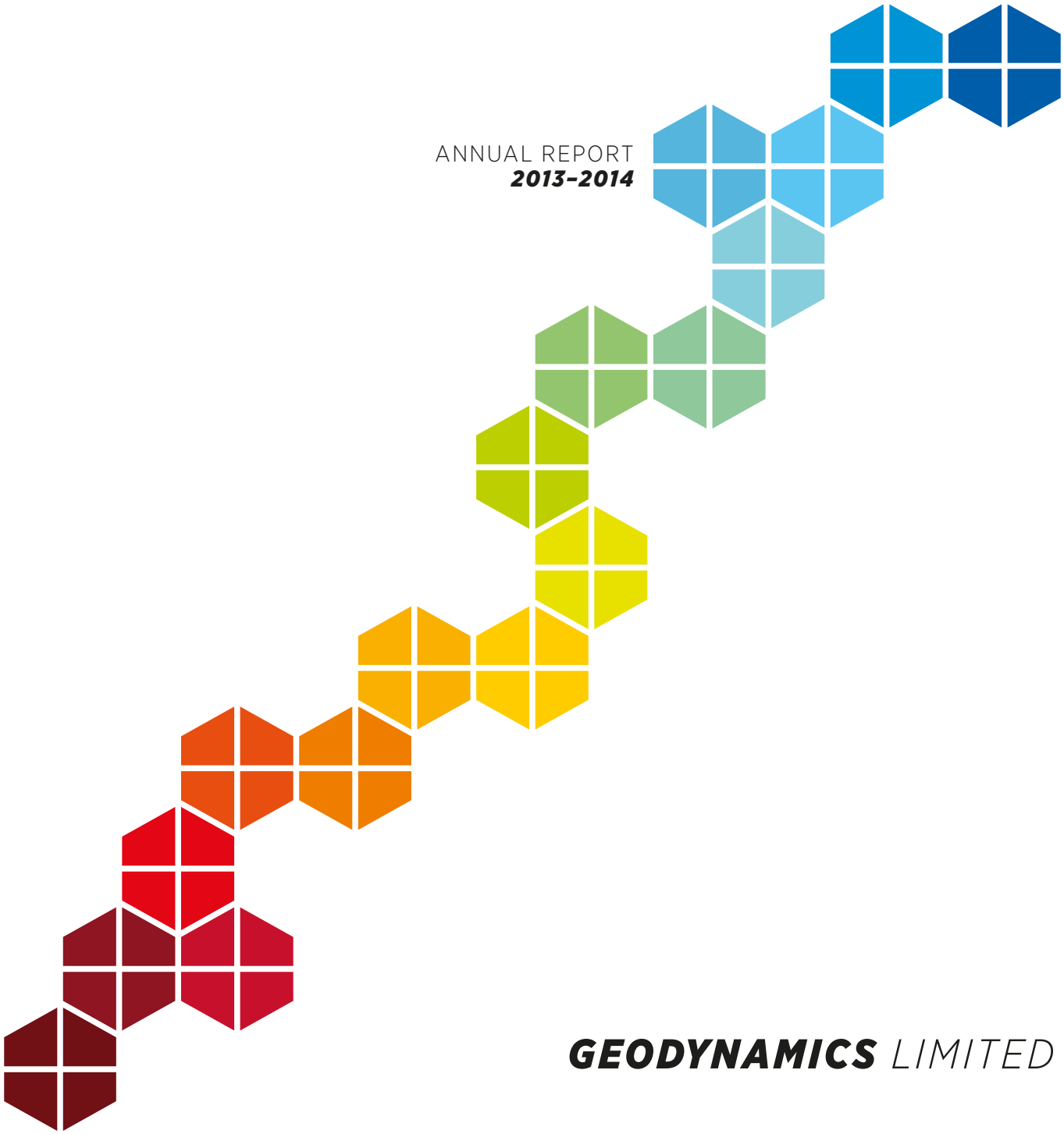
ANNUAL REPORT
2013–2014



GEODYNAMICS *LIMITED*

Our Vision:

We are working to establish Geodynamics as a world-class energy provider creating shareholder and customer value by supplying clean energy products and sustainable services.

CONTENTS

ABOUT GEODYNAMICS

Geodynamics Limited is a publicly listed company, incorporated and domiciled in Australia. Geodynamics listed on the Australian Securities Exchange (ASX) in September 2002.

We are Australia's most advanced geothermal exploration and development company, and a world leader in the emerging field of Enhanced Geothermal Systems (EGS). This year, the Company passed a major milestone with completion of the 1 MW_e Habanero Pilot Plant trial near Innamincka, South Australia, one of only three EGS plants operating globally.

Following the successful pilot plant trial, the Company signed an exclusivity agreement with Beach Energy Limited, in regards to our exploration tenements in the Cooper Basin, an important step towards securing a customer for the geothermal resource. Under the agreement, a research program will assess the potential of the Habanero resource to supply heat and/or power to Beach's potential gas developments in the area.

Geodynamics is also developing conventional volcanic-hosted geothermal projects in Vanuatu and Solomon Islands which have the potential to deliver cleaner, cheaper and more reliable power to these Pacific Island nations.

The Company is focussed on securing value from each of our Cooper Basin, Solomon Islands and Vanuatu assets through identifying a clear path to market and funding, securing customers and environmental approvals, and defining a clear technical and operational plan.

Whilst Geodynamics is principally focussed on geothermal exploration and development, the Company also possesses a strong capability in a range of clean energy, technology and the associated utility and infrastructure sectors. With the significant changes occurring in these markets, we are continuing to actively assess and consider opportunities outside our existing portfolio that can provide returns to shareholders.

HIGHLIGHTS

- Successfully completed 160-day, 1 MW_e Habanero Pilot Plant trial demonstrating EGS power for Australian and global markets;
- Signed Exclusivity Agreement with Beach Energy Limited to negotiate farm-in to Geodynamics' geothermal exploration tenements in the Cooper Basin;
- Received development consent from Solomon Islands Department of Environment in relation to exploration activities for the Savo Island Geothermal Power Project. Consent followed completion and submission of the Savo Island Geothermal Project Environmental and Social Impact Assessment;
- Sold Cooper Basin Operating Base to Beach Energy for a consideration of $1.5m, with Geodynamics to retain all geothermal assets and power plant facilities;
- Acquired KUTh Energy Limited under a scrip-only deal, strengthening our portfolio of smaller scale conventional geothermal projects; and
- Completed Environmental and Social Impact Assessment for Takara Geothermal Project in Vanuatu.

CHAIRMAN & CHIEF EXECUTIVE OFFICERS REPORT

Geoff Ward, Managing Director and CEO (left) and Keith Spence, Chairman (right).

2014: NOTABLE MILESTONES

2014 commenced with the achievement of a long awaited milestone – the operation and successful demonstration of power generation from the Habanero Pilot Plant. The pilot trial at Habanero, commenced in March 2014 and completed in October 2014, demonstrated the reliability and capacity of the Habanero geothermal system, and achieved some notable operational successes including the highest flow rates yet achieved in open and closed flow modes.

In July 2014 we were honoured to host Federal Minister, the Hon Gary Gray AO and former Minister, the Hon Martin Ferguson AM as well as representatives from industry, the Government of South Australia and CSIRO to a demonstration at Habanero. All were impressed by the quality of the operation that we have built, our achievements in HSE and depth of understanding and technical rigour that our team had brought to bringing this project to operation. This was further reinforced in late July when we were recognised by the Clean Energy Council in winning the Innovation Award.

Following the pilot plant trial we proceeded to complete the integrated Field Development Plan (FDP) and Feasibility Study for the development of Enhanced Geothermal Systems (EGS) energy at Habanero. We believe this study is a first of its type for a geothermal project, integrating sub-surface, drilling and surface engineering for a whole of life assessment of a range of development options for the Habanero EGS resource. Significantly the FDP Study identified the potential to economically supply process heat or combined power and process heat to possible future unconventional gas developments in the Nappamerrie Trough area of the northern Cooper Basin.

An Exclusivity Agreement with Beach Energy, secured in March 2014, builds on this opportunity. As noted last year the increasing interest in unconventional gas exploration in the Cooper Basin presents an opportunity for considerable growth in local energy demand (both process heat and power) in the Cooper Basin. This agreement with Beach Energy is the first stage in securing a long term customer and partner for the further development of Habanero. This will be a long term prospect which is dependent on successful exploration for unconventional gas in the area being sufficient to support the development of new gas processing facilities. A future development at Habanero is tied to the timing and pace of the development of this nascent industry which is likely to have a significant lead time, with large scale development not likely until the period 2020 - 2025. Currently this remains the best opportunity to secure a viable customer to support the further development of Habanero and we continue to work with ARENA and Beach on a robust long term plan that will preserve the knowledge and options for future development created by our work at Habanero.

As noted last year the increasing interest in unconventional gas exploration in the Cooper Basin presents an opportunity for considerable growth in local energy demand (both process heat and power) in the Cooper basin.

PROGRESS IN THE PACIFIC

Throughout the year we have continued to progress our Pacific Islands conventional geothermal project strategy, which commenced with the acquisition of our interest in the Savo Island Geothermal Project in November 2012. January 2014 saw the completion of the acquisition of KUTh Energy Limited adding the Takara Geothermal Project in Vanuatu to our portfolio. We continue to see significant potential in the supply of geothermal power to replace imported diesel fuel in these developing island markets. Based on high quality shallow volcanic resources, geothermal power has the potential to reduce costs for consumers, support economic development through reduced business costs, increase availability of power, reduce emissions and improve energy security and self sufficiency for these nations.

At Savo Island we have secured several key milestones with the completion of the Environmental and Social Impact Assessment (ESIA), receipt of Development Consent being the required environmental approval to progress with exploration drilling and development activities and continued positive engagement with the local community on Savo Island allowing good progress with pre-drilling planning activities. We continue to be warmly received within the local Savo community and remain focussed on building good relations with local landowners and community, contributing to small scale community development projects throughout the year.

Progress in negotiating required commercial arrangements to support the project moving into the drilling phase slowed after Honiara was significantly impacted by flooding in the aftermath of Tropical Cyclone Ita in April, with government resources focussing, appropriately, on assisting people displaced from their homes and restoring basic services in the capital. The impact of this flooding also significantly affected the finances of the Solomon Islands including loss of royalties with the shutdown of the Gold Ridge Mine, following flood damage to its operations. The mine is yet to fully resume production. At year end we are continuing to negotiate with the Solomon Islands Electrical Authority and the Ministry of Finance to secure the required Power Purchase Agreements and guarantees.

Acquisition of KUTh Energy Limited in January has increased the depth of our Pacific portfolio allowing us to transfer knowledge and capability acquired in the Solomon Islands to accelerating development of the Takara Geothermal project while bringing to bear our strong balance sheet to progress early stage project activities, while also reducing Geodynamics reliance on the Solomon Islands electricity market for short term growth.

Since acquiring the Takara project we have made strong headway on this project gaining agreement with all local parties to restart field work, completing a comprehensive ESIA and identifying an accessible drill site, following verification of suitable ground conditions. This significant progress has helped to re-energise government and community support for the project and we look to capitalise on this as we move into FY2015.

We continue to believe that our Pacific geothermal projects are important projects that bring substantial benefits to host nations, consumers and communities. They are important examples of private investment in these small growing economies and have a very material positive impact on emissions in some of the countries that are most at risk from the consequences of ongoing climate change. As we progress this year we will look to work with governments (both host and Australian), development agencies and international funders to look at innovative ways these projects can be structured to maximise their many benefits.

A CHALLENGING YEAR FOR AUSTRALIAN CLEANTECH

While Geodynamics has made steady progress at each of our key assets and in implementing the first part of our diversification strategy, overall 2014 was a very challenging year for the renewable energy and clean technology industry in Australia. With the election of the Coalition government in September 2013 combined with a Senate balance of power consisting of a historically diverse cross-bench, the focus on all things carbon pricing and clean energy related has become, if possible, even more politicised and fraught. Legislation to repeal the carbon price, disband the Climate Change Authority, Climate Commission, the Clean Energy Finance Corporation and abolish the Department of Environment and Climate Change was anticipated. Additional moves to abolish the Australian Renewable Energy Agency (ARENA) and make sweeping changes to the mandatory Renewable Energy Target (both supported by the Coalition prior to the election) were less expected. In June this picture became even more confusing with the joint appearance of Palmer United Party leader, Clive Palmer with former US Vice President, Al Gore, in Canberra to make a joint declaration of support for the RET, CEFC, and ARENA.

As we write this report the RET review has just released its report recommending a substantial reduction in support for renewable energy in Australia, the consequences of which are expected to be devastating for investment in large scale wind and solar and will also harshly affect uptake of small scale solar PV. All this has contributed to a hostile environment of amplified uncertainty with very negative consequences for investment and consumers.

POWER MARKET IN TRANSITION

Political uncertainty aside, we remain poised at an inflection point as we transition from a legacy power system based on large centralised coal and gas fired power stations and a rigid network grid system to a more decentralised smarter electricity system maximising efficient use of power, and the ability of consumers to generate their own power. Electricity demand in Australia has continued to decline for the fifth consecutive year leaving the National Electricity Market significantly oversupplied.

Innovation and improvements in areas of solar PV, battery storage, grid integration of renewables, smart grids and micro grids have made these energy supplies cheaper than the existing coal and grid system for many consumers already, with widely held predictions (amongst both renewable sceptics and supporters alike) that this will be uniformly true in markets like Australia within three to five years. This transition will not be easy, affecting a very substantial industry and asset base, requiring changes in regulation and market design. It is likely to be characterised by boom and bust cycles and false starts as our modern economy adapts to rapidly evolving ways of generating, using, transporting and sharing energy. This transition is well underway, driven by consumers and businesses looking for better and cheaper energy solutions and seeking to reduce harmful environmental impacts, and cannot be stopped.

SOUND CAPITAL MANAGEMENT

As noted in last year's report one of the strategic aims of the Board has been to ensure that Geodynamics is financially strong enough to weather this uncertainty and be poised to take advantage of new opportunities as they appear. Our efforts to rebuild Geodynamics balance sheet have continued and during FY2014 we received an $8.5 million rebate under the R&D Tax incentive scheme, and drew $4.5 million of funding under our Australian Renewable Energy Agency Grant. In addition to this we completed the sale of our Habanero Camp to Beach Energy, in doing so increasing our financial reserves and reducing our future liabilities. With our major spending commitments at Innamincka now completed we finished FY2014 with $33.8 million in cash leaving us well placed financially.

During FY2014 we have also worked hard to reduce our operating costs and expenses. This is a difficult process as it has meant that we have reduced staff numbers through redundancy, losing valued team members who have contributed significantly to our operational success over the past 3 years. The team faced this

We are well positioned to identify, assess and progress corporate or project opportunities created by the unfolding energy transformation.

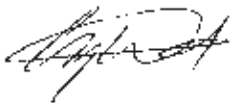
challenge with integrity and good spirit, and we would like to thank everyone for their response. As a result of these efforts, Geodynamics will be able to maintain our capability and progress our existing projects over the next 2 years within our existing funding.

CHANGE BRINGS OPPORTUNITY

In addition to ensuring our Company is well positioned financially we are also seeking to take advantage of opportunities being created by the substantial change and uncertainty in our sector. The first stage of this has been the diversification from our solely Australian focus to acquire niche conventional geothermal projects in the Pacific. Additionally Geodynamics has a strong capability in a range of clean energy, sustainable technology and associated utility and infrastructure areas calling on the skills and experience of your Board and staff. With the significant changes occurring in these markets we believe good opportunities to create value for shareholders can be identified. We are increasing or efforts in this area and this has included a rigorous and deliberate review of emerging opportunities in the energy and technology sectors that has identified a number of areas for further consideration. As we assess these opportunities we will keep shareholders fully updated should they mature to a material position.

Looking forward to 2015, Geodynamics remains in a secure position despite the challenging conditions faced by the renewable energy and clean technology sectors. We are well funded with a small but capable team. We have a specific plan for each of our key assets focussed on securing value through identifying a clear path to market and funding strategy, securing customers and environmental approvals, and defining a clear technical and operational plan. We are also well positioned to identify, assess and progress corporate or project opportunities created by the unfolding energy transformation. We would like to thank all shareholders for your ongoing support and look forward to 2015.

Keith Spence
Non-Executive Chairman



Geoff Ward
Managing Director and CEO

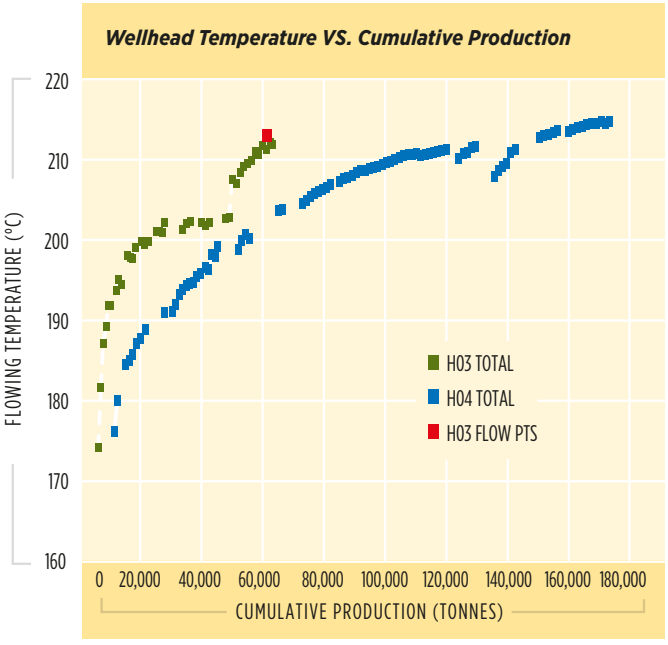
Following the successful commissioning of the 1 MW_e Habanero Pilot Plant in April 2013, Geodynamics completed the extended closed loop test program at Habanero in October 2013. The completion of the 1 MW_e Habanero Pilot Plant Trial was a significant milestone for the Company and an important demonstration of EGS technology in Australia and globally.

1 MW_e HABANERO PILOT PLANT TRIAL

The 1 MW_e Habanero Pilot Plant trial ran for a period of 160 days and concluded on 7 October 2013. A rigorous testing program conducted during the trial period reported excellent results, exceeding all modelled expected values to achieve the best recorded closed loop and open flow test results at Habanero.

Key results of the trial:

- Recorded highest open flow results yet achieved with a stabilised flow rate of 39 kg/s recorded in open flow testing at Habanero 4; the test results indicate the potential of Habanero 4 to flow between 40–50 kg/s at full drawdown in open flow mode.
- Strong and stable production observed at Habanero 4. Temperature rises consistent with models and estimates, coupled with improved injectivity in original Habanero 1 well.
- Prior to trial closure, pilot plant sustained a maximum closed loop flow rate of 19 kg/s.
- New maximum well-head temperature of 215°C was achieved at Habanero 4. At the time of completing the trial, well-head temperature at Habanero 4 continued to rise after 160 days of production.
- Plant demonstrated better than expected reliability and system stability. Extended continuous production run in excess of 50 days was achieved with availability exceeding 75% up-time.



Above: Graph plotting wellhead temperature vs. cumulative production (tonnes) demonstrates increasing temperature trend during the trial.

A green Gibber Plain surrounds the camp.

OFFICIAL SITE TOUR

In July 2013, Geodynamics hosted key stakeholders including the Hon. Gary Gray AO, MP, Federal Minister for Resources, Tourism and Energy, former minister the Hon. Martin Ferguson AM, representatives from industry, Commonwealth and State authorities, including the Australian Renewable Energy Agency (ARENA), Clean Energy Finance Corporation (CEFC), the South Australian Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE), and the Federal Department of Resources, Energy and Tourism (DRET) at a demonstration of the 1 MW_e Habanero Pilot Plant Trial.

Speaking about the 1 MW_e Habanero Pilot Plant, Minister Gary Gray said: "This particular development is impressive because of its technical excellence. It's impressive because of its remote location. It's impressive because it's allowed the exploitation of a deep, hot resource that otherwise would simply have been unknown and unremarkable".

CASE STUDY

TRACER TESTING ADDS TO RESERVOIR UNDERSTANDING

During the trial, testing using naphthalene sulphonate tracers was initiated to evaluate reservoir size, productivity and other characteristics. This was achieved by injecting the tracer in one well and monitoring the concentration of tracer in produced fluid from another well or the same well. Since testing began, brine samples from Habanero 4 have been collected at regular intervals and analysed for tracer concentration and chemical makeup.

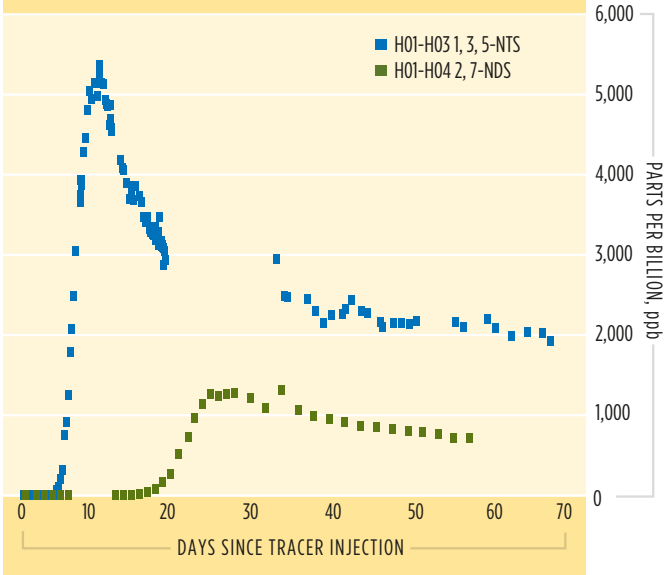
In the initial test in October 2012, a tracer was added to the water used for stimulation of Habanero 4. From this tracer it has been interpreted that Habanero 4 is now producing a mixture of about 15% stimulation water and 85% formation brine.

A second tracer was injected as a concentrated solution into Habanero 1 in June 2013. The tracer fluid took about 25 days to travel between Habanero 1 and Habanero 4. The data captured was used to establish the estimated volume of the reservoir through which brine flows.

These results compare favourably with the tracer test undertaken in 2009 in which the tracer fluid took nine days to move from Habanero 1 to Habanero 3. The increase in residence time is partly due to the greater separation between the wells, but also suggests that reservoir volume has been enhanced during the latest stimulation campaign - meaning heat recovery should be improved.

Below: Graph tracking the time (days) since injection of tracer into Habanero 1 against concentration (parts per billion) of tracer in reservoir fluid at Habanero 4. A comparison of the Habanero 1 - Habanero 3 results is also provided.

Habanero Naphthalene Sulphonate Tracer Results



FIELD DEVELOPMENT PLAN

Following completion of the pilot plant trial, Geodynamics technical staff completed a rigorous analysis of the trial results through the production of an integrated Field Development Plan. The Field Development Plan (FDP) is the key body of work summarising the Habanero Trial results and applying them to potential further development of the Habanero resource as part of a future geothermal project. We believe this to be the first, or one of the first, such integrated whole of life studies to have been completed for an EGS reservoir, representing a significant technical and engineering achievement.

This comprehensive engineering study addressed the feasibility and economics of a number of heat and power project options based on up to six EGS wells. The FDP identifies a number of pathways to potentially develop the Habanero resource. The strongest of these options proposes the supply of process heat to emergent shale gas producers as an economically viable, long term option with significant scale. This option has been strengthened with ongoing expansion and appraisal of gas resources in the Nappamerri Trough area in the northern Cooper Basin.

Inspecting surface equipment during trial.

HABANERO KNOWLEDGE SHARING

The significance of our achievements at Habanero has attracted substantial interest from geothermal organisations and research institutes in Australia and internationally.

Over the past year, Geodynamics has been invited to present and share its findings at several domestic and international forums. In particular, our data relating to stimulation, closed loop testing and reservoir modelling has proven to be of great value to researchers in thermodynamic modelling and reservoir interpretation as they develop tools to assist in resource evaluation and reservoir planning.

Our data has been used by NICTA (National Information Communications Technology Australia) in its machine learning project, which aims to develop processes and software to merge data from disparate sources into a single, unified model.

Geodynamics has also collaborated extensively with the South Australian Centre for Geothermal Energy Research, based at University of Adelaide, Geoscience Australia, and the Faculty of Engineering at the University of Auckland.

Noteworthy publications during the period include:

- Implications of Habanero EGS stimulation and testing; proceedings of International Workshop on Hot Dry Rocks and Enhanced Geothermal Systems, Changchun, China, July 2013
- Production, injection and closed-loop testing at Habanero enhanced geothermal system; proceedings of New Zealand Geothermal Workshop, Rotorua, November 2013
- Case study of the seismicity associated with the stimulation of the enhanced geothermal system at Habanero, Australia; proceedings of New Zealand Geothermal Workshop, Rotorua, November 2013
- Habanero pilot project, Australia's first EGS power plant; proceedings of New Zealand Geothermal Workshop, Rotorua, November 2013
- First reverse circulation cement job in Australia executed in HP-HT geothermal well in Cooper Basin; proceedings of 2013 Unconventional Resources Conference and Exhibition, Brisbane, November 2013
- Australia's first enhanced geothermal system pilot power plant; MESA Journal 69, Issue 2 – 2013.

Following completion of the trial and FDP, Geodynamics staff have also been invited to present on the learnings from Habanero and potential of further EGS development to companies and research institutes in Korea, China and Europe, as well as attracting interest from USA.

The trial demonstrated excellent safety and environmental performance, with zero incidents recorded during the commissioning and trial period. Geodynamics is delighted to have conducted the trial in such a successful manner.

Pressure gauges monitor steam turbine auxiliaries.

CASE STUDY

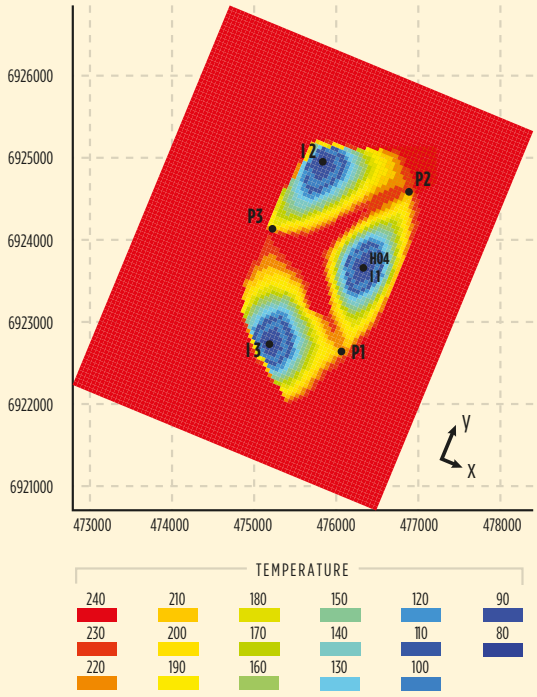
HABANERO RESERVOIR MODEL

Trial data and results were used to further develop a 3D numerical computer simulation model of the Habanero reservoir using software known as TOUGH2, the geothermal industry's most widely used thermodynamic simulation tool.

This model was calibrated using data from the stimulations, the closed loop tests and the tracer tests. The calibrated simulation model has been used to guide the selection of well locations for further development options as part of field development planning and to forecast flowing temperatures of production wells in development scenarios. The model simulates the effect of long-term closed loop production, allowing temperature changes in the geothermal reservoir to be examined and visualised. The example right shows the estimated temperature distribution within the reservoir after 15 years of continuous closed-loop flow at 35 kg/s per well.

Right: Plan view of the thermodynamic model of the Habanero reservoir, showing the locations of injection wells (+) and production wells (*) and, in colour, the distribution of temperatures within the reservoir after 15 years of closed-loop circulation. The legend shows the temperature scale in °C. The figure shows that the reservoir has been cooled around the injection wells, but remains hot around the production wells and outside the area of development.

Habanero (FDP); Anisotropic K; Rate: 35kg/s; Scenario 9: triangular four spot



EXCLUSIVITY AGREEMENT WITH BEACH ENERGY LIMITED

Building on the findings of the Field Development Plan, Geodynamics began engaging with potential customers involved in unconventional gas exploration in the Cooper Basin region. This engagement resulted in the Company signing an Exclusivity Agreement with Beach Energy Limited (Beach) in May 2014.

Under the terms of the agreement which relates to Geodynamics' tenements in the Cooper Basin, Geodynamics has granted Beach an exclusive right (until November 2015) to negotiate a farm-in into the geothermal project.

During the Exclusivity Period, Geodynamics will lead a research program focused on assessing the potential of the Habanero resource to supply heat and/or power to Beach's prospective gas developments in the area. The research program will be completed within the first 12 months of the Exclusivity Period.

Beach will contribute $200,000 towards the cost of the research program. This amount is fully refundable if a farm-in agreement is not agreed between the companies by the end of the Exclusivity Period.

The signing of an Exclusivity Agreement with Beach comes at a critical point for Geodynamics, and enables our flagship project to progress in the face of regulatory, investor and political uncertainty in the Australian renewable energy market.

We look forward to strengthening our relationship with Beach as a potential customer and future joint venture partner.

CAMP SALE

Following completion of the Habanero trial in October, the 1 MW_e Habanero Pilot Plant was placed in care and maintenance mode for possible future use as part of an initial commercial development.

Following our signing of an Exclusivity Agreement we look forward to strengthening our relationship with Beach as a potential customer and future joint venture partner.

Arial view of 1 MW_e Habanero Pilot Plant and Operating Base.

The adjacent Habanero operating and logistics base, which was not required for near term activities following the completion of the Habanero trial, was sold to Beach in March 2014 for $1.5 million.

Our former operating base is well suited to Beach's shale and tight gas exploration program in the Nappamerri Trough. Following a formal handover in June 2014, Beach has now assumed responsibility for maintaining the operating base to comply with regulatory requirements.

Geodynamics retains ownership and responsibility for all geothermal tenements associated with its Innamincka granite resource, and ownership and responsibility for geothermal wells, brine pipelines and geothermal facilities including the 1 MW_e Habanero Pilot Plant. The Habanero 1 and 4 wells have been fitted with remote monitoring equipment to observe well conditions. Data relating to well head pressures and temperature is relayed back to the Brisbane head office via satellite link.

PLUG AND ABANDONMENT OF WELLS

Plug and abandonment (P&A) work on three wells no longer required under ongoing operations commenced during the year in review. Completion of this program will reduce our operational footprint and future liabilities and decrease environmental risks and exposures.

Celsius 1 and Habanero 2 have been successfully completed, while planning for the P&A program for Habanero 3 is continuing with operations scheduled to commence in CY 2015.

YEAR AHEAD

The year ahead for the Cooper Basin Project will see the completion of the Research Program outlined in the Exclusivity Agreement in collaboration with Beach. The program will focus on the integration of the Habanero resource into a potential future gas development. Geodynamics will also continue to engage with Beach on a farm-in agreement into the Company's Cooper Basin assets.

EXPLORATION PROJECTS

PROGRESSING OUR PACIFIC PORTFOLIO

Over the past 12 months Geodynamics has continued to develop our portfolio of conventional geothermal projects servicing growing, import-dependent, power markets in the Pacific Islands. This is a deliberate strategic decision of the Board to de-risk our portfolio by diversifying our interests beyond our Innamincka Deeps EGS resource in the Cooper Basin, South Australia and seeking access to projects that we can develop at lower costs and in a shorter timeframe than the Habanero Project while leveraging our core geothermal skills.

In the past twelve months, the Company has made sound progress in the Pacific by advancing the Savo Island Geothermal Project in the Solomon Islands. The acquisition of KUTh Energy Limited in January 2014 has added the Takara Geothermal Power Project in Vanuatu to our portfolio, further augmenting the Pacific Islands strategy.

SAVO ISLAND GEOTHERMAL POWER PROJECT

The Savo Island Geothermal Power Project, a joint venture with KGL Resources Limited, progressed steadily during the period, with key milestones including:

- Completion of an Environmental and Social Impact Assessment;
- Granting of development consent from the Department of Environment;
- Procurement of a track mounted drill rig and long lead items for exploration drilling;
- Progressed negotiation of Terms Sheet and draft Power Purchase Agreement with Solomon Islands Electrical Authority; and
- Completion of customary land mapping and identification.

ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT

Geodynamics completed an Environmental and Social Impact Assessment (ESIA) detailing the potential environmental and social impacts of the Project. While focussed on the exploration phase, the ESIA also addressed production drilling and operations. The ESIA and associated Environmental Management Plan (EMP) were submitted to the Solomon Islands Department of Environment for review and public comment in March 2014.

The ESIA report found that the Project would positively impact the Solomon Islands by replacing imported diesel fuel with a sustainable, locally produced electricity supply. The report also concluded that the development could be undertaken with a low impact on the local environment at Savo Island, with risks managed with good industry practice.

In June 2014, the Department granted development consent to Geodynamics, covering exploration activities for the Savo Island Geothermal Power Project. This consent, approving the ESIA and EMP, is the final regulatory approval required prior to geothermal drilling activities on Savo Island.

View of Undine Bay Efate Vanuatu.

SURVEYING AND MAPPING ON SAVO

In the Solomon Islands, the majority of land is held under customary landownership with little land officially registered and mapped. A key priority for Geodynamics has been the establishment of a Customary Land Owner register, combined with a cadastral mapping exercise over the Company's key area of interest in the south east quadrant of Savo Island. Mapping and surveying was conducted by the Solomon Islands Department of Mines and Department of Lands on the Project's behalf and was completed in September 2013.

The completion of mapping and landowner identification has enabled Geodynamics to carry out further project planning work, ensuring land access negotiations and compensation payments for preliminary planning activities are carried out with the correct parties.

In preparation for an exploration drilling campaign, Geodynamics contracted a local, Honiara-based land surveying company, Mosese & Associates, to conduct a topographic survey of proposed drill site locations, laydown yard and access tracks. Civil engineering design was then completed for these locations.

CASE STUDY

Cadastral surveying is the discipline of land surveying which respects to land ownership laws and property boundaries. It involves interpreting and advising on boundary locations, the status of land ownership and on the rights, restrictions and interests in property, and recording of such information for plans and maps.

Cadastral surveying also involves the physical delineation of property boundaries and the determination of dimensions, areas and certain rights associated with properties on land, water or defined by natural or artificial features.*

The cadastral survey in the South East quadrant of Savo Island identified approximately 100 individual land holdings in an area of 5 km^2. These holdings are further identified by six tribal groupings. It is believed the cadastral survey on Savo Island is the first of its kind in the Solomon Islands, where traditionally land ownership resides with the village or clan and cannot be bought or sold like other marketable commodities.

Above: Surveyors at work on Savo Island.

**Reference Surveyors Registration Board of Victoria.*

Taking delivery of the track mounted drill rig in Brisbane.

POWER PURCHASE AGREEMENTS / GOVERNMENT ENGAGEMENT

Building relationships and ongoing engagement with Solomon Islands Government departments and with their representatives is extremely important to Geodynamics.

During the year in review, the Solomon Islands appointed a Large Scale Renewable Energy Taskforce chaired by Prime Minister, Gordon Darcy Lilo, to review the merits of the Savo Island Geothermal Power Project and the proposed Tina River Hydro Project. Both projects offer significant benefits to the Solomon Islands. The provision of reliable, renewable power to the Honiara grid will help enable the economic development of the Solomon Islands.

The Taskforce agreed that the progression of both the geothermal and hydro projects is in the best economic and energy security interests of the Solomon Islands. As a result, Geodynamics and the Solomon Islands Electricity Authority have been investigating a staged development of the Savo Geothermal Project in alignment with Honiara grid requirements and the presence of a second power generation source - the proposed Tina River Hydro Project.

The staged development of the Savo Island project will see a first phase 10 MW_e development of the Savo resource, with subsequent phases to be constructed post-2020, in line with increases in local energy demand.

Throughout the year, negotiations with the Solomon Islands Electricity Authority on the key terms of the Power Purchase Agreement continued to progress. Agreement on the customer off-take contract is a vital next step, prior to Geodynamics commencing exploration drilling.

PREPARATIONS FOR DRILLING

A highly mobile, track mounted, mineral style drill rig suited to the tropical terrain of Savo Island and Vanuatu has been procured by Geodynamics.

The Hanjin DB35 rig and accompanying rod carriers are currently being stored in Brisbane ready for transportation once a start date for exploration drilling is confirmed. Further long lead items such as wellheads and drill pipe were also procured during the financial year.

Over the past 12 months Geodynamics has continued to develop our portfolio of conventional geothermal projects servicing growing, import-dependent, power markets in the Pacific Islands.

View of Guadalcanal from Savo Island.

KUTh ACQUISITION

In line with the Company's strategy of portfolio diversification, Geodynamics announced an off-market bid for geothermal peer, KUTh Energy Limited (KUTh) in September 2013. The acquisition was based on an offer of one (1) Geodynamics share for every five and a half (5.5) KUTh shares, and resulted in Geodynamics issuing 26,517,390 shares to complete the acquisition.

The transaction was successfully completed in January 2014, following the compulsory acquisition of all outstanding shares in KUTh.

Rationale

The portfolio of geothermal energy projects acquired from KUTh is focussed on the growing energy needs of the Pacific Islands.

The primary project, the Takara Geothermal Project in Vanuatu, has substantial synergies with the Savo Island Geothermal Project, and merging the portfolios ensures technical capability is available to accelerate the development of the Takara Geothermal Project alongside development of the Savo Island Geothermal Power Project. Significant benefits through combined drilling campaigns, shared technical resources and cost efficiencies can be realised through the parallel progression of both Pacific Island projects.

The addition of the Takara Geothermal project also increases our portfolio diversification and reduces our reliance on and exposure to the single market of the Solomon Islands.

TAKARA GEOTHERMAL POWER PROJECT

The Takara Geothermal Project is located on the north east corner of Vanuatu's main island of Efate. Initial geological and geophysical studies have identified a commercial exploration prospect with an estimated temperature of 180 – 220°C at depths of 1,200 - 1,500 m. A inferred resource assessment reports a resource with an estimated capacity of 18 MW_e.

KUTh Energy Vanuatu, now a wholly owned subsidiary of Geodynamics, holds a 30-year production licence with exclusive rights to develop geothermal energy from the identified prospect.

Following the acquisition in January, Geodynamics' first priority was the completion of an Environmental and Social Impact Assessment (ESIA) for the Takara project area. Prior to commencing work on the ESIA, Geodynamics consulted with kastom (traditional) owners and the Takara community and an agreement enabling full access to undertake an ESIA was signed by all parties in February 2014. It was agreed that Geodynamics would commence work on the ESIA, community mapping and land evaluation works, all of which have now been completed.

Potential Market

Like many other Pacific Island nations, electricity supply in Vanuatu is dominated by diesel generation. The concession for the Port Vila area is held by UNELCO, a private electricity provider which operates 23 MW_e of diesel power capacity and 3 MW_e of wind power capacity. As a result of the reliance on diesel generation, the base tariff is relatively high. The Takara Geothermal Power Project has the potential to supply reliable base load power to the expanding Port Vila / Efate network at a lower cost than current diesel generation. It is anticipated that the Takara Geothermal project will initially be developed as a 4 MW_e project with potential to expand through a second 4 MW_e stage as demand permits.

Takara Project Development

Following successful exploration drilling, the project would be developed in two stages of 4 MW_e each for 8 MW_e in total. Exploration drilling to confirm the resource is due in 2015 following the completion of the environmental studies and landholder agreements. Production drilling and plant construction will follow given successful exploration results.

Preparations for Drilling

Synergies between the Takara and Savo Island projects have enabled the planning and ordering of long lead items that can be utilised in both locations. A track mounted Hanjin DB35 rig and accompanying rod carrier, wellheads and drill pipe have been procured and are ready to be utilised for the two exploration drilling campaigns.

The ESIA report found that the Project would positively impact the Solomon Islands by replacing imported diesel fuel with a sustainable, locally produced electricity supply.

Community consultation of Kaogele Village Savo Island.

AUSTRALIAN EXPLORATION INTEREST

Relinquishment of Queensland and New South Wales tenements

In line with Geodynamics' increased focus on regional and remote markets and their higher value diesel replacement markets, the Company has reviewed its tenement portfolio. The following tenements have been or will be relinquished once remediation work in accordance with permit obligations has been completed.

New South Wales – Hunter Valley

- The two tenements EL5886 and EL5560 will be relinquished following completion of rehabilitation work. Planning for the remediation of the tenements in the Hunter Valley has commenced. Shallow temperature gradient holes located on the Muswellbrook tenement, and geothermal temperature wells located in the Bulga tenement will be remediated.

Queensland

- Nappa Merrie and Tennaperra tenements in south west Queensland have both been relinquished. Gravity surveys conducted in 2011 confirmed that the high heat producing granite at Innamincka does not extend into these tenements, making them unsuitable for geothermal exploration.
- KUTh tenement applications for Weipa on Cape York Peninsula and Epsilon Bore in south west Queensland were withdrawn.

Tasmania

- Geodynamics has submitted surrender applications for the Tasmania tenements held by KUTh. The Company is currently working with the Department of Minerals Resources Tasmania (MRT) to confirm any rehabilitation work that may be required and to determine the process for surrender.

OUR HEALTH AND SAFETY PERFORMANCE

Medical oxygen in Field Ambulance.

GEODYNAMICS IMPLEMENTS SOLID SAFETY MANAGEMENT STRATEGIES FOR KEY PROJECTS

Geodynamics strives to be an incident-free workplace.

The Company works with employees and contractors to build a strong culture ensuring a healthy, safe and productive work environment embodying the motto; “nothing is so important, it cannot be done safely”.

A GREAT YEAR IN SAFETY PERFORMANCE IN 2014

Total Recordable Injury Frequency Rate (TRIFR) is the primary industry standard measure of safety performance, representing the number of medical, restricted work and lost time injuries recorded for every million hours worked.

Geodynamics achieved an enviable TRIFR of 0.0 in 2014, a record we will strive to maintain in 2015. We are greatly appreciative for all the efforts our staff and contractors have made to work safely over the past year.

EMERGENCY RESPONSE IN THE COMMUNITY

Whilst operating in the Cooper Basin Geodynamics has maintained a strong emergency medical response capability to support our activities. Good management and fortune has seen no injuries or call-outs relating to our own operations. The capability of our Emergency Response Team though was called upon several times this year to assist the general public.

Geodynamics’ Emergency Medical Technicians were requested to assist in several vehicle incidents involving tourists in the Innamincka area. Over the past few years, the Cooper Basin has experienced an increase in tourist traffic seeking 4WD and motorbike adventures, particularly in the cooler winter months. Geodynamics’ technicians have been called upon to provide first-response medical support, involving stabilising the patients and providing transport to the nearest Royal Flying Doctors Service (RFDS) airstrip.

We are happy to report that all injured parties were successfully stabilised before treatment and transportation by the RFDS to larger medical centres for further treatment where needed.

The Company works with employees and contractors to build a strong culture ensuring a healthy, safe and productive work environment embodying the motto; "nothing is so important, it cannot be done safely".

Emergency Response Team Ambulance.

TAILOR MADE SAFETY MANAGEMENT PLANS

Ongoing efforts to improve staff health and safety culminated in the completion of Safety Management Plans (SMP) for key operational activities and a revised SMP for the Habanero operational site.

Key components of the SMP include plans for the "plug and abandon" program in the Cooper Basin, de-manning of our operations base and ongoing management of facilities in care and maintenance.

The Company has also put in place a number of safety measures to manage drilling and operational activities in preparation for exploration in the Pacific Islands.

SMPs are structured on the Geodynamics Safety Management System, itself aligned with principles of the Australian/New Zealand Standard (AS/NZS) 4801 and its framework. These plans set requirements for managing health and safety across operational projects and various activities across the business.

These new plans are at the core of our broader health and safety management system, which is essential for improved safety processes, systems and governance requirements. These systems in turn manage and measure company-wide performance and align with our operational activities.

FOCUS ON TRAINING

A strong safety culture relies on a confident, competent and informed workforce. All employees and contractors who undertake tasks posing significant health and safety risks are therefore required to complete the necessary training prior to commencing work. To support a strong safety culture across the business, training takes the highest priority within Geodynamics, with competency levels constantly tracked and maintained.

YEAR AHEAD

Geodynamics will continue to place a strong emphasis on hazard identification, risk assessment and risk management across all work activities to prevent injuries and minimise impact on the environment.

Our goals for the year ahead include:

- Target zero incidents in the workplace;
- Further embed and implement our SMP and reporting structure throughout the business;
- Ensure competence levels of employees and contractors are maintained and enhanced in their occupation area promoting safe work behaviours; and
- Continue to improve our health and safety culture and maintain our strong position with respect to incident prevention.

OUR ENVIRONMENTAL PERFORMANCE

Andamooka Lily "Crinum flaccidum".

OVERVIEW

Sound environmental performance is an essential component to a successful operation.

Geodynamics is committed to minimising the impact of its activities on the natural landscape, waterways, flora and fauna in a manner consistent with environmental best practice standards. To act on this commitment, Geodynamics continues to work within the framework of its Environmental Management System (EMS) which sets out policies, procedures and processes to reduce and mitigate the impact of the Company's activities.

OUR ENVIRONMENTAL PRINCIPLES

- Maintain and continually improve the Environment Management System across the organisation.
- Comply with all relevant laws, regulations and standards and aspire to higher standards within the business.
- Ensure that all employees and contractors receive appropriate training to fulfil their individual environmental responsibilities.
- Ensure that we have the necessary resources and skills to achieve our environmental commitments.
- Implement strategies to minimise pollution, manage waste effectively, use water and energy efficiently and address relevant cultural heritage and biodiversity issues.
- Formally monitor, audit, review and report annually on our environmental performance against defined objectives.
- Require that companies providing contract services to Geodynamics manage their environmental performance in line with this Policy.
- Work towards the achievement of a high level of external recognition for the quality of our on-site environmental management.

COOPER BASIN OPERATIONS

Geodynamics is pleased to report that during the year there were zero environmental incidents as defined by the *Petroleum and Geothermal Energy Act 2000 (SA)*.

In June 2014 Geodynamics de-manned the Cooper Basin operating base. The Company retains ownership and responsibility for all geothermal permits, wells, brine pipelines and geothermal facilities including the 1 MW_e Habanero Pilot Plant. In line with our responsibilities in the Cooper, it is important that the Company maintains an ongoing high standard of environmental management and protection for this period where we have no permanent presence at the site.

Geodynamics is committed to minimising the impact of its activities on the natural landscape, waterways, flora and fauna in a manner consistent with environmental best practice standards.

To ensure the continued high level of environmental performance, the Company has implemented a surveillance plan to monitor all facilities and tenement areas, which is designed to ensure compliance with all environmental obligations and monitor the status of remediation.

Integral to this surveillance plan, as provided to the South Australian Department of State Development, is the incorporation of remote sensing technology for our wells which provide real time alerts to ensure timely intervention can occur if required.

To minimise our environmental footprint several areas have been cordoned off to allow regeneration of vegetation. The environmental remediation program of wells Celsius 1, Habanero 2 and Habanero 3 will continue, following the completion of plug and abandonment programs.

SAVO ISLAND GEOTHERMAL POWER PROJECT

During the year in review, Geodynamics received Development Consent from the Department of Environment for exploration activities relating to the Savo Island Geothermal Power Project.

Approval from the Department followed the completion of an Environmental and Social Impact Assessment (ESIA) for proposed exploration activities on Savo Island. The ESIA highlights significant social and economic benefits for the Solomon Islands, the city of Honiara and the local community on Savo Island. Importantly, the study also found environmental and social impacts associated with the exploration phase of the Project are considered acceptable with the implementation of good international industry practice, monitoring and mitigation measures.

Incorporated in the ESIA was a comprehensive Environmental Management and Monitoring Plan (EMMP), which provides a guide to the monitoring, mitigation and remediation measures which will be implemented by Geodynamics during and post exploration drilling activities. The EMMP has been developed in line with our environmental objectives and principles, and incorporates the needs and requirements of the Savo Island community and Solomon Islands Environmental Act.

The ESIA and associated technical report are available from the Company website www.geodynamics.com.au/Savo_ESIA.aspx

TAKARA GEOTHERMAL PROJECT

In March 2014, Geodynamics engaged SLR Consulting to conduct an ESIA covering the Takara Geothermal Project area.

The key elements of the ESIA are:

1. Socio-economic / cultural heritage;
2. Land (soils and land-use);
3. Water (surface and groundwater);
4. Ecology (terrestrial);
5. Noise and acoustics;
6. Air / greenhouse gas emissions;
7. Waste and hazardous substances;
8. Visual impact assessment; and
9. Marine ecology.

Post the reporting period a draft of the ESIA was released for a public consultation period, during which meetings and consultation with Government and the local community took place. Community and Government representatives will also be briefed and invited to make submissions on the Draft ESIA, after which the final ESIA will be submitted to the Vanuatu Government for approval.

The ESIA and associated technical reports are available from the Company Website www.geodynamics.com.au/Vanuatu_ESIA_English.aspx

YEAR AHEAD

Geodynamics will continue to focus on improved environmental performance as we work to achieve our strategic goal of recording zero environmental incidents.

Our targets for the year ahead are to:

- Refine Environmental Management and Monitoring Plans in line with exploration drilling campaigns;
- Complete the ESIA for Takara and receive environmental approvals for the exploration drilling campaign; and
- Remediate Cooper Basin and Hunter Valley sites following the successful plug and abandonment program for selected geothermal well locations.

ENGAGING WITH THE COMMUNITY

The ongoing positive engagement with the communities in which we operate is an integral part of ensuring the success of our projects. Geodynamics seeks active, inclusive engagement with our stakeholders, while respecting their rights and wishes to engage with us on their terms.

Our aim is to ensure that local stakeholders and the community are well informed about all the key operational aspects and developments of our projects. Listening to the feedback and recommendations of community members as well as providing opportunities to raise questions and voice any concerns, will help us develop a project that brings benefits to all.

SAVO ISLAND STAKEHOLDER ENGAGEMENT

During the year Geodynamics appointed an in country manager Mr Mal Küper, to assist with day-to-day community relations and communications in the Solomon Islands. Mr Küper has been engaging with the community to build and maintain good working relationships, while also keeping stakeholders informed of relevant business activities and staying abreast of stakeholder issues and concerns.

Community Consultation

With the completion of the Environmental and Social Impact Assessment (ESIA) in March, Geodynamics collaborated with the Department of Environment to conduct several Public Hearings on Savo Island and in Honiara. These meetings were an important opportunity for the community members and stakeholders to respond to the draft ESIA and seek any clarification from Geodynamics or SKM Consulting on the findings. To ensure a more inclusive discussion and to enable the dissemination of information to the broader community, translations of the executive summary and key ESIA findings in Pijin and Savo Savo were distributed. The high attendance and level of interest shown at the meetings was an encouraging sign of the strong community support for the Project.

As well as hosting formal meetings as part of the ESIA consultations, Geodynamics has placed a strong emphasis on the value of informal engagements. As part of field trips to Savo, we have sought to meet with land owners, community groups and the House of Chiefs whenever possible. Informal meetings lead to more open feedback and dialogue, enabling us to gain a better understanding of their concerns and needs, as we work to foster a strong relationship with the communities.

ESIA Outcomes

A key finding of the ESIA details the potential socio-economic impact of the Project. The significant project expenditure is expected to have major direct and indirect economic benefits to industry and the wider regional economy of Honiara and the Solomon Islands.

Specifically exploration activities will increase access to economic resources for individuals and households, while also providing training and employment opportunities for local people. Local business and industry are also expected to benefit through the increased demand for goods and services to support exploration activities.

Listening to the feedback and recommendations of community members as well as providing opportunities to raise questions and voice any concerns, will help us develop a project that brings benefits to all.

ESIA community consultation at Kaogele Village on Savo Island.

Community development

Geodynamics has now entered the third year of the Surface Access agreement under which the Company has committed to fund thirty community projects on the Island (ten per year for the duration of the three year prospecting licence). To date, twenty projects supporting local infrastructure improvements, particularly upgrades of health and education facilities have been completed. The community projects are overseen by the Savo House of Chiefs and are identified, scoped and carried out by the local community using funds provided by the Joint Venture to secure materials and equipment.

While most projects are focused on the improvement of infrastructure and facilities, projects have also included the support of community events. The Savo Island Football tournament, a key sporting and social event for the youth of the Island, was supported by the community projects fund. A boys tournament and a girls tournament were both held over several weekends, with teams representing their villages, and games being hosted around the island.

TAKARA STAKEHOLDER ENGAGEMENT

Mr Tim Hewatt was engaged as in country manager for Vanuatu. Based in Port Villa, Mr Hewatt has been working closely with the kastom (traditional) land owners and users in the Takara area to build their understanding of the proposed geothermal project and develop community ties.

The commencement of the ESIA saw the first in a series of community consultation conducted by Geodynamics. An important first meeting laying the foundations of our ongoing engagement with the community was held in February 2014. An agreement was signed at the meeting between the Takara Community and Geodynamics, enabling commencement of the first stages of the exploration project.

In combination with the ESIA field studies, community meetings focused on cultural and socio-economic factors were held in Takara and nearby Emao Island. Meetings with special interest groups including women and youth groups were of particular importance, ensuring that all community groups were represented and consulted.

Further consultation with the community will be held as part of the ESIA public consultation process. As we progress the project to the exploration phase, it is our priority to work in close co-operation with stakeholders to ensure that all parties are informed and consulted, enabling a mutually beneficial outcome for all.

THE YEAR AHEAD

The continued regular engagement with the communities in which we operate is of high importance to Geodynamics. Our project's long term success is dependent on the positive relationships and collaborative, transparent work within the community.

We will continue to strengthen our community performance during the coming year by:

- Maintaining effective community consultation across our projects to provide a forum for ongoing feedback and to ensure local stakeholders are informed of key developments;
- Further consulting and negotiating on land access agreements, as exploration drilling programs are confirmed;
- Collaborating with local communities in preparation for exploration drilling to ensure all parties are informed and consulted on the process; and
- Supporting community development through community projects.

RESOURCE STATEMENTS

INNAMINCKA RESOURCES STATEMENT

Background

Located in the Nappamerrie trough area of the northern Cooper Basin in South Australia, our geothermal resources are based on the heat stored within the Innamincka granite body drilled at Habanero, Jolokia and Savina locations.

The Innamincka granite resource is held by Geodynamics under ten (10) geothermal retention leases, GRLs 3-12. Since the withdrawal of Origin Energy from the Innamincka joint ventures, Geodynamics holds 100% of all these licences.

Geodynamics also holds GRLs 20-24 over the Moomba area and GELs 211 and 268 which adjoin the GRLs 3-12. Since no deep wells have yet been drilled to test the temperature and productivity of granite bodies known or believed to exist beneath these other tenements in South Australia, no geothermal resources have been declared in these areas.

Resource Estimation

The Innamincka tenements, GRLs 3 -12, cover an area of 991 km^2. These are areas where Geodynamics has high confidence in the presence of hot granite lying immediately below the Cooper Basin sedimentary sequences and are the basis of the "in-place" thermal energy estimates.

Resources estimated for this granite area has been referred to as "Inferred Geothermal Resources". Within this larger area, Indicated and Measured Geothermal Resource estimates have been based on a small areas around Habanero where Geodynamics has secured greater geological data through drilling activities, remote sensing and geological studies over previous years.

In parallel with the successful Habanero Pilot Plant Project and preparation of the Field Development Plan, our resource estimates have been revised and externally reviewed to ensure compliance with The Geothermal Reporting Code *Second Edition (2010)*. Key inputs into the resource estimates include:

- Resource estimates are based on 991 km^2 of the Innamincka tenements where the presence of conductive faults within the granite have been proven at Habanero and Savina;
- Measured Geothermal Resources are estimates based upon a reasonable, but limited, extension of the existing seismic cloud at Habanero;
- Measured and Indicated Geothermal Resources are estimates based upon the presence of one conductive fault as proven at Habanero and indicated at Savina;
- Inferred Geothermal Resources are estimates based upon the presence of a possible, second, deeper conductive fault;
- Estimates for all resources are based upon a 20 year project life with wells drilled at 1,000 metre spacing; and
- Estimates of all geothermal resources are based upon production forecasts.

As input to the Field Development Plan, a numerical 3D thermodynamic simulation model of the Habanero reservoir was developed. This model was used to derive forecasts of temperature performance of the multi-well system for long-term circulation at rates of 25, 35 and 45 kg/s. The heat extraction derived from these models implies a recovery factor of approximately 6% when circulating at the most likely rate of 35 kg/s for 20 years.

Resources Summary

	Units	Measured	Indicated	Inferred
Area	km^2	16	975	991
Depth Range	m	4,000 – 4,500	4,000 – 4,500	4,500 – 5,000
Temperature	°C	247	250	266
Heat in Place	PJ_{th}	1,400	89,000	111,000
Geothermal Resources (Recoverable Thermal Energy)	PJ_{th}	80	5,000	5,700

Competent Persons Statement

The Exploration Results and estimates of Geothermal Resources and Geothermal Reserves in this report have been compiled in accordance with The Geothermal Reporting Code, Second Edition (2010), prepared by the Australian Geothermal Reporting Code Committee.

The information in this report is based on data and estimates compiled by Robert Hogarth, who appears on the Register of Practicing Geothermal Professionals maintained by the Australian Geothermal Energy Group Incorporated at the time of the publication of this report.

Robert Hogarth is an employee of Geodynamics. Robert Hogarth has sufficient experience which is relevant to the style and type of geothermal play under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in The Geothermal Reporting Code. Robert Hogarth has consented in writing to the inclusion in this report of the matters based on his information in the form and context in which it appears.

2014 SAVO RESOURCE STATEMENT

Background

The Savo geothermal project is located on the south-east slopes of Savo Island in the Solomon Islands, approximately 35 km from the nation's capital, Honiara. Savo Island is the top 490 m of a sub-marine stratovolcano which displays numerous geothermal features including boiling jets and springs, sulphurous steaming fumaroles and areas of warm ground. Geodynamics has farmed-in to the prospecting licence over Savo Island that was granted to Kentor Energy Pty. Ltd. (Kentor). Geodynamics currently holds 25% of the licence and is the project operator. The joint venture agreement with Kentor provides for Geodynamics to acquire 70% of the licence after conducting agreed exploration activities.

Resource Estimation

The initial geothermal resource assessment for Savo was prepared by Dr Graeme Wheller of Volcanex in 2013 and forms the basis for this resource statement. This assessment is based upon a comprehensive geothermal conceptual model for the island. The model incorporates the nature and locations of the main surface thermal features, the geochemical and isotopic compositions of the thermal fluids, and a 3D model of the sub-surface resistivity structure derived from a magneto-telluric (MT) survey of the island. The figure above shows a cross-section through the 3D MT model and indicates the location of the main surface features in the south-east of the island.

In the conceptual model, all of the known surface thermal fluids are considered to be of secondary origin, formed as a result of having absorbed H_2S, CO_2 and steam evolving from the boiling tops of two hydrothermal systems about 350-500m below the surface. The larger system occurs in the southern part of the island and the smaller system in the north.

The surface thermal fluids contain very little chloride but substantial and variable amounts of sulphate, silica and bicarbonate. Contrasting low-volume acidic and high-volume alkaline sulphate fluids are thought to have been derived from small, near-surface ephemeral pools and a shallow flowing aquifer lying below the summit crater floor, respectively. Silica contents suggest the formation temperatures of the latter are probably in excess of 200°C.

Discharges of primary hydrothermal fluids from the deep convection cells are not known on Savo Island but may occur offshore on the lower flanks of the volcano. Resource temperatures have been estimated from the minimum temperatures at which water would boil directly below the conductive clay caps suggested by the 3D resistivity model.

The absence of strong surface discharges of magmatic gases suggests the primary fluids are unlikely to be excessively acidic and therefore may be suitable for electricity generation.

The geothermal resource estimate for Savo Island has been prepared based upon a probabilistic stored-heat assessment using ranges of input parameters. Since no new data has been acquired recently, the parameter ranges established by Wheller (2013) have been adopted and are shown in the table below.

Input Estimates and Assumptions	Units	Minimum	Most Likely	Maximum
Northern Area				
Resource Area	km^2	1.5	2.6	3.9
Resource Temperature	°C	220	240	260
Southern Area				
Resource Area	km^2	5.0	6.5	8.9
Resource Temperature	°C	240	260	280
Common				
Resource Thickness	m	500	1,000	1,500
Porosity	%	5	7	9
Liquid Saturation	%		100	
Cut-off Temperature	°C		180	
Rock Density	kg/m^3		2,500	
Rock Specific Heat Capacity	J/(kg.K)		900	
Recovery Factor	%	5	17.5	25
Conversion Efficiency	%	10	12	14
Plant Capacity Factor	%		90	
Project Economic Life	yr		30	

Estimates and assumptions for Savo Island input parameter

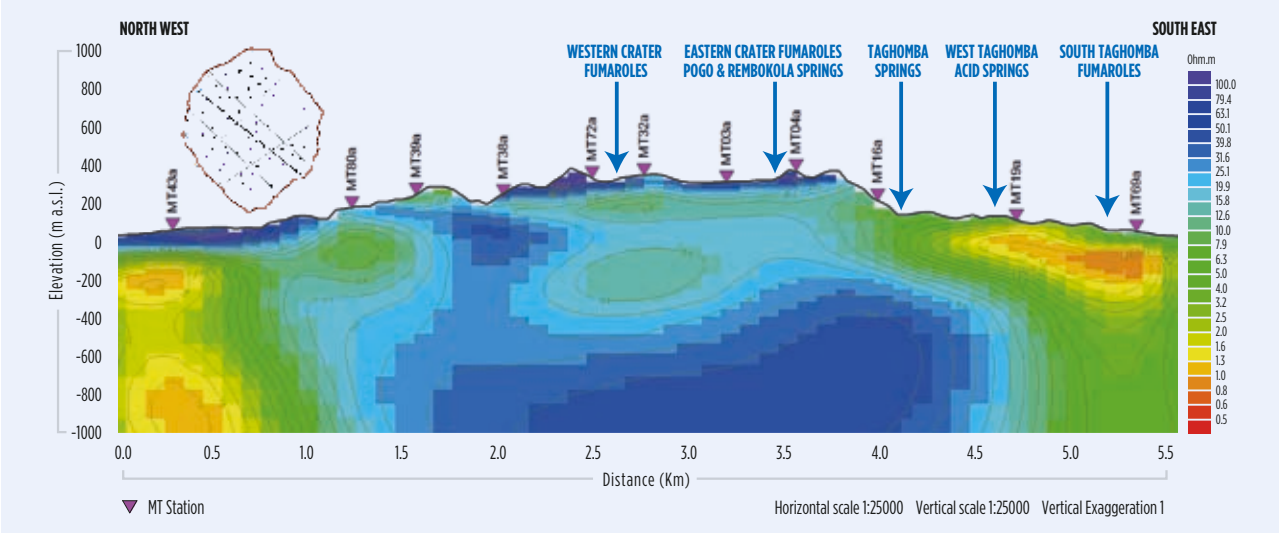
Resource Summary

The results of this probabilistic assessment are shown below in Table 2. Since neither prospect has yet been drilled, the resources are categorised as Inferred Geothermal Resources.

Results	Units	P90	P50 (Median)	P10
Northern Area				
Stored Heat	PJ_{th}	220	390	620
Inferred Geothermal Resources (Recoverable Thermal Energy)	PJ_{th}	33	60	100
Electrical Power Potential	MW_e	5	8	14
Southern Area				
Stored Heat	PJ_{th}	820	1,340	2,020
Inferred Geothermal Resources (Recoverable Thermal Energy)	PJ_{th}	116	209	329
Electrical Power Potential	MW_e	16	29	46

Geothermal resource and power potential estimates for Savo Island

Geodynamics is planning to drill exploration wells in the Southern Area, with a view to developing an initial 10 MW_e power project to supply the Honiara market.



North-west to south-east section through the 3D MT model with topography and nearby surface geothermal features.

2014 TAKARA RESOURCES STATEMENT

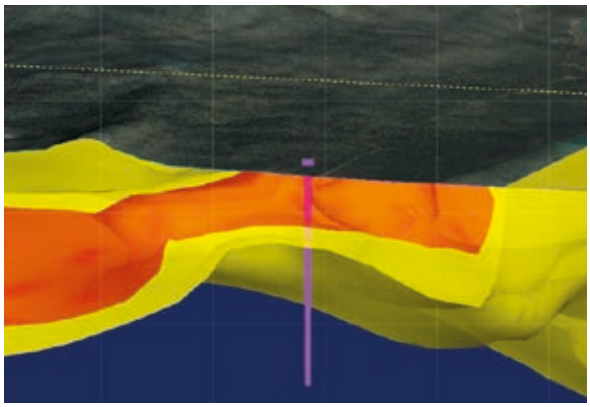
Background

The Takara geothermal project is located on the north-east corner of the island of Efaté in the Republic of Vanuatu. Efaté is the main island of Vanuatu and the nation's capital, Port Vila, is located approx. 25 km south-west from Takara. The Takara production licence is held by KUTh Energy (Vanuatu) Limited which became a wholly-owned subsidiary of Geodynamics in January 2014.

The presence of hot springs at Takara and elsewhere on Efaté has long been recognised as an indicator of the potential for geothermal development on the island. Resource investigations have been undertaken by several consulting groups including BRGM (1972), KRTA-GENZL (1986) and Sinclair Knight Merz (SKM, 2011).

Resource Estimation

The most recent and complete geothermal resource assessment was prepared for KUTh by SKM in July 2011 and forms the basis for this resource statement. The SKM 2011 assessment identified three geothermal prospects within the Takara licence area, labelled Targets A, B and C. Of these three, Target C, located in the vicinity of the Takara airstrip, was recommended by SKM as the "priority for drilling on the basis of the highest measured surface temperature and where there is low resistivity and the conductive cap is thin". This Target C prospect described by SKM is the focus for Geodynamics' Takara geothermal project. Limited new geological data has been obtained since 2011, hence the resource estimates reported here have been taken directly from the SKM report. The figure below provides a cross-section view of the MT resistivity model looking towards the west-south-west and shows the proposed exploration well trajectory.



Cross section view through Takara MT resistivity model looking towards the west-south-west. Red shading indicates <5 ohm.m and yellow shading indicates 5-8 ohm.m.

The resource estimate for Takara has been prepared based upon a probabilistic stored-heat assessment using ranges of input parameters. The inputs and results for this estimate are shown in the tables below. The resource area has been based upon the interpreted extent of the conductive layer using the results of a 2009 magneto-telluric survey. The resource thickness has been based upon the planned well design. There is no evidence in the geochemistry for steam zones in the reservoir, so 100% liquid saturation has been assumed. The range of recovery factors assumed (10-30%) is based upon experience in similar geothermal systems and projects elsewhere.

The resource temperatures used in this estimate have been based upon geothermometry from surface water samples, with a minimum value set at 120°C, just above the approximate 100°C recorded near surface. The only new data obtained since 2011 have been temperature measurements recorded in shallow, soil sampling holes drilled along the Takara airstrip. The deepest of these holes was drilled to 29 metres below surface and borehole temperatures were recorded at 9 metres and at 29 metres depth. The temperature gradient between these two borehole recordings suggests that the minimum resource temperature of 120°C is overly conservative. This would suggest that the resource estimate is conservative, but until an exploration well is drilled the current estimate has been retained.

In addition, rock samples recovered from the bottom four metres of the 29 metre hole at Takara are heavily altered basaltic rock, consisting largely of smectite clays which indicates that the hole has drilled into the top of the clay cap. This confirms the presence of a hydrothermal system beneath the Takara airstrip.

Input Estimates and Assumptions	Units	Minimum	Most Likely	Maximum
Resource Area (Target C)	km^2	2.60	3.45	4.30
Resource Thickness	m	500	1,375	1,600
Porosity	%	10	15	20
Resource Temperature	°C	120	150	190
Base Temperature	°C		80	
Rock Density	kg/m^3		2,500	
Rock Specific Heat Capacity	J/(kg.K)		1,010	
Liquid Saturation	%		100	
Recovery Factor	%	10	20	30
Conversion Efficiency	%	10	13.5	17
Plant Capacity Factor	%		98	
Project Life	yr		30	

Input parameters for Takara stored heat resource assessment.

RESOURCES SUMMARY

The results of this probabilistic assessment for the Takara geothermal prospect are shown in the table below. Since the prospect has yet to be drilled, the resource is categorised as an Inferred Geothermal Resource.

Results	Units	P90	P50 (Median)	P10
Stored Heat	PJ_{th}	430	730	1,000
Inferred Geothermal Resources (Recoverable Thermal Energy)	PJ_{th}	82	140	220
Electrical Power Potential	MW_e	10	18	28

Takara geothermal resource and power potential estimates

Geodynamics is planning to drill an exploration well at Takara, with a view to developing an initial 4 MW_e power project to supply the Port Vila market.

2014 FINANCIAL REPORT

GEODYNAMICS LIMITED ABN 55 095 006 090

CONTENTS

DIRECTOR PROFILES

Your Directors submit their report for the period ended 30 June 2014. The names and details of the Directors of Geodynamics Limited in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

NAME & QUALIFICATIONS	EXPERIENCE
KEITH SPENCE B.Sc (Hons), FAIM ***Non-executive Chairman***	Mr Spence was most recently Executive Vice President Enterprise Capability for Woodside and was responsible for ensuring the business operated with the best people, technology and processes. Mr Spence held many roles during his time with Woodside, including Chief Operating Officer, Acting Chief Executive Officer, Director – Oil Business Unit, Director – Northern Business Unit and Exploration Manager – North West Shelf. Mr Spence has gained a broad knowledge across the industry having over 30 years of experience in the oil and gas industry including 18 years with Shell. Mr Spence is a Non-executive Director of Oil Search. He is Chairman of the State Training Board of Western Australia, the National Offshore Petroleum Safety and Environmental Management Authority Board and the Industry Advisory Board of the Australian Centre for Energy and Process Training.
GEOFF WARD B.E (Chem) (Hons) MBA ***Managing Director & CEO***	Mr Ward was appointed Managing Director and Chief Executive Officer of Geodynamics in January 2011. Prior to his appointment he held the role of Director at Azure Capital, a Perth-based independent advisory firm, offering corporate advisory services to leading firms in the resources and engineering industries where he had worked since 2007. Mr Ward has over 20 years experience in the energy and finance industries in senior roles covering business development, mergers and acquisitions, operations, oil and product trading, strategic and organisational development, planning and economics, investor relations and new project development. Mr Ward holds an honours degree in Chemical Engineering from the University of Melbourne and a Masters of Business Administration from the University of Western Australia Business School, receiving the Director's Letter of Commendation.
ANDREW STOCK B.Eng. (Chem) (Hons), FIE Aust ***Non-executive Director***	Mr Andrew Stock was formerly Director, Executive Projects for Origin Energy and in previous roles, he was responsible for Origin's major capital investments in upstream petroleum, power generation, and low emissions technology businesses. With over 35 years of experience, he previously held senior management positions in energy industries in Australia and overseas. He is a Non-executive Director of the listed Companies Horizon Oil Limited (since February 2011) and Silex Systems Limited (since August 2013), a Board Member of Alinta Holdings and the Clean Energy Finance Corporation, a member of the Advisory Board of the Faculty of Engineering, Computer and Mathematical Sciences, Institute for Mineral and Energy Resources and Centre for Energy Technology at the University of Adelaide, and Melbourne University's Energy Institute. He has a Chemical Engineering degree (Honours) from the University of Adelaide, is a Fellow of the Institution of Engineers Australia, and a Graduate member of the Australian Institute of Company Directors.
ROBERT DAVIES CMA (Canada) ***Non-executive Director***	Mr Robert Davies is a Certified Management Accountant (Canada) and has extensive senior finance experience with global mining and resource companies. He was formerly the Chief Executive Officer and a Director of Australian Energy Company Limited, an unlisted public company. Prior to that he was Executive Vice President and Chief Financial Officer for Inco Ltd, the western world's largest nickel producer. Prior to that, he was Chief Financial Officer for Alumina Ltd., and General Manager Treasury Tax and Investor Relations for WMC Ltd. He has previously held senior finance positions with BHP in Canada, the US, Chile and Australia, acquiring significant operational and corporate finance experience. He was also previously a director of PT Inco and Alcoa of Australia.

NAME & QUALIFICATIONS	EXPERIENCE
JACK HAMILTON B.Eng. (Chem), Ph.D, FAICD ***Non-executive Director***	Dr Jack Hamilton was formerly CEO of Exergen Pty Ltd, a low emission coal resource development Company and prior Director of NWS Ventures with Woodside Energy. Dr. Hamilton is also a non-executive director of Southern Cross Electrical Engineering Ltd, Calix Ltd, Duet Group, Antilles Oil and Gas NL and Federation Training. Dr Hamilton graduated from Melbourne University with a Bachelor of Chemical Engineering and Doctorate of Philosophy in 1981. He has over 28 years' experience both locally and internationally in operations management, in refining, petrochemicals and gas production, marketing, strategy and LNG project management.
MICHEL MARIER BBA (Int'l Mgt), M.Sc. (Finance), CFA, FRM ***Non-executive Director***	Mr Michel Marier joined The Sentient Group in 2009 and he is based at their office in Sydney. Before joining the Sentient Group, Mr Marier worked 8 years at the Private Equity division of la Caisse de dépôt et placement du Québec (CDPQ). While at CDPQ, his responsibilities ranged from currency hedging, risk and return analysis to investments. In 2006, he participated in the establishment of a new sector in the Private Equity division – distressed debt. In less than two years, the portfolio grew to billions through co-investments and private equity funds. After this accomplishment, Mr Marier concentrated his efforts on restoring the natural resources sector within the Private Equity division. Michel Marier holds a Master's degree in finance from HEC Montreal. He is a CFA charter holder. He is a former Director of Natural Resources USA Corp, and a Director of Samco Gold, a company listed on the TSX.V exchange.
GEORGE MILTENYI LLB, BSW ***Non-executive Director*** (appointed 1 March 2014)	Mr. George Miltenyi has been owner, investor and director in a wide range of commercial ventures including companies engaged in geothermal energy, distributed tri-generation, organisational development, marketing, immigration, education, life insurance, water distillation technology and recruitment. Since 1989, George has been the managing director of an organisation development company, EMD which consults to some of Australia's largest corporations. For the past two decades George has had interest in renewable energy, energy efficiency and ways to commercialise new technologies. He constantly scans the market globally for new opportunities. His expertise is building and optimising organisations. He was instrumental in building one of Australia's largest English language educational companies (ACL) and was involved in floating a recruitment firm (Rubicor), which aggregated 19 separate recruitment companies.

COMPANY SECRETARY

TIM PRITCHARD

MCom, MIT, CPA, GIA (Cert)

Mr Tim Pritchard joined Geodynamics in 2010 as Financial Controller and became Chief Financial Officer in May 2011 responsible for managing all financial activities of the Company as well as leading the information technology team. He was appointed Company Secretary in March 2012.

Mr Pritchard has over 20 years management experience in finance, accounting, consulting, project management and information technology. In addition to extensive accounting experience, he has led a number of successful business transformation and system implementation assignments that have resulted in significantly improved financial processes and business systems.

Before joining Geodynamics, Mr Pritchard was most recently engaged by leading institutional investment company, QIC as Head of Management Information.

CORPORATE STRUCTURE

Geodynamics Limited is a company limited by shares, incorporated and domiciled in Australia. It listed on the Australian Securities Exchange on September 2002 under code GDY. Its registered office and principal place of business is Level 3, 19 Lang Parade, Milton QLD 4064.

PRINCIPAL ACTIVITIES

The principal activity of Geodynamics Limited during the financial year was to explore and develop areas suitable for geothermal power production or utilisation of geothermal direct heat applications.

Geodynamics actively monitors developments in clean energy and clean technology markets to assess opportunities to utilise its skills and capacity in clean energy and clean technology related projects, technologies or services that provide an acceptable return for shareholders. Geodynamics has an advanced capability and understanding of energy markets and strategies, the impact of emerging technologies and business models in the clean technology and energy sectors, and a well established framework for business management and corporate governance that positions the company to be an active player in these sectors.

Geodynamics has established a leading capability in the exploration and development of Enhanced Geothermal Systems (EGS). Through our Cooper Basin tenement position covering the Innamincka Deep granite resource the company has identified a substantial heat resource with the potential to play a material role in Australia's long term energy system as a reliable source of large scale continuous and controllable energy. In exploring and demonstrating the capability of supplying EGS derived power from the Innamincka Deep granite, Geodynamics has capacity to manage the technical and commercial development of major utility projects, the identification, assessment and development of sub-surface resources, the management of construction and operational activities associated with high risk activities in remote locations and the appropriate management of HSE and risk associated with these activities to a high standard. The Company is pursuing the further development of the identified Innamincka Deep resources through a research program together with Beach Energy Limited to investigate the use of geothermal resources to supply heat and/or power to potential gas developments in the area.

Geodynamics continues to develop its portfolio of conventional geothermal projects based on hydrothermal (volcanic) resources. The Company has identified that there is a good opportunity to utilise our geothermal development capacity to supply power to isolated or island markets that have access to good high temperature geothermal resources and are currently supplied through high cost imported liquid fuels such as diesel or fuel oil. The first project of this type is the Savo Island Project, located in the Solomon Islands, approximately 35 km from the capital of Honiara. The Company acquired its interest in the Savo Island Project in November 2012 and is targeting initial exploration drilling to be undertaken in 2015 with a target of first power production in 2018. The second project is the Takara project in Vanuatu. The Company acquired this project through its acquisition of KUTh Energy Limited during the financial year with exploration drilling targeted to be undertaken late 2014. Commercial negotiations, land access and environmental studies are all being progressed for these projects to allow a decision on exploration drilling to be made. Geodynamics continues to analyse other geothermal project opportunities both in the Pacific Islands as well as globally.

REVIEW AND RESULTS OF OPERATIONS

The Company realised a loss before tax for the financial period as set out below:

	2014 $	2013 $
Loss before income tax expense	(14,780,549)	(105,092,252)
Net loss attributable to members of Geodynamics Limited	(14,780,549)	(105,092,252)
Earnings per Share	**(cents)**	**(cents)**
Basic and diluted loss per share	(3.51)	(25.86)

In the 12 months to 30 June 2014, Geodynamics has made further progress in its development of zero-emissions, renewable energy generation. The key achievements and highlights for the 12 months to June 2014 were as follows:

REVIEW AND RESULTS OF OPERATIONS *(continued)*

Habanero

- The 1 MW_e Habanero Pilot Plant Trial concluded on 7 October 2013 with no safety or environmental incidents throughout the campaign. Prior to closure of trial, the plant was operating at 19 kg/s and 215°C production well-head temperature; the highest results ever achieved at the plant. The Field Development Plan incorporating data from the trial was also completed, identifying future development options for this resource.
- Geodynamics hosted The Hon. Gary Gray AO, MP, Federal Minister for Resources and Energy and other guests at a site tour to observe the 1 MW_e Habanero Pilot Plant in operation in July 2013.
- Sale of Cooper Basin Operating base to Beach Energy Limited for a consideration of $1.5m, with Geodynamics to retain all geothermal assets and power plant facilities.
- Signing of an Exclusivity Agreement with Beach Energy Limited, for the right to negotiate a farm-in to Geodynamics' geothermal exploration tenements in the Cooper Basin.

Savo Island Geothermal Power Project

- Activities for the Savo Island Geothermal Power Project focussed on continued engagement with customary landowners to negotiate land access agreements, with government ministries to secure further exploration approvals and with the Solomon Islands Electricity Authority to progress electricity supply and power purchase agreements.
- Exploration drilling planning for the Savo Island Geothermal Power Project included procurement of long lead items and materials, the company purchased a track mounted drilling rig for the campaign.
- Completion and submission of the Savo Island Geothermal Project Environmental and Social Impact Assessment to Solomon Islands Department of Environment. Report highlights significant social and economic benefits for the Solomon Islands, the city of Honiara and the local community on Savo Island, through reduced reliance on imported diesel fuel, increased reliability of power supply, reduced end user prices and employment opportunities.
- Receipt of development consent from the Solomon Islands Department of Environment in relation to exploration activities for the Savo Island Geothermal Power Project.

KUTh acquisition

- In September 2013, Geodynamics announced its intention to acquire 100% of geothermal energy company, KUTh Energy Limited (KUTh), through a conditional off-market acquisition offer. In January 2014, Geodynamics successfully completed the compulsory acquisition of all outstanding shares to hold 100% of KUTh. The acquisition of KUTh aligns with Geodynamics' strategy to develop a portfolio of high quality, small-medium scale, conventional ("volcanic-hosted") geothermal projects initially targeting the Pacific Islands region, capable of providing nearer term revenues to shareholders.

Takara Project

- Signing of agreement with kastom (traditional) owners for the commencement of first stage exploration activities at Takara, Vanuatu, with strong support from Vanuatu Prime Minister Carcasses and key stakeholders.
- Commencement of Environmental and Social Impact Assessment and community engagement program for Takara Geothermal Power Project in Vanuatu.

Other

- Geodynamics received the Clean Energy Council (CEC) Innovation Award, which recognises the leading edge technology developed and deployed in producing Australia's first Enhanced Geothermal Systems (EGS) power using the 1 MW_e Habanero Pilot Plant. In addition, founding member of Geodynamics and former Chief Scientist, Dr Doone Wyborn, was awarded the Geothermal Resource Council Special Achievement Award for his important contribution to the development of EGS over 15 years.

EMPLOYEES

The Company had 23 equivalent full time employees as at 30 June 2014 (2013: 30 employees).

DIVIDEND

The Directors do not propose to recommend the payment of a dividend in respect of the period ended 30 June 2014.

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in the shares of Geodynamics Limited were:

DIRECTOR	FULLY PAID ORDINARY SHARES	OPTIONS OVER ORDINARY SHARES
K. Spence	212,413	-
G. Ward	730,319	-
R. Davies	120,775	-
J. Hamilton	481,708	-
M. Marier	-	-
A. Stock	62,315	-
G. Miltenyi	2,648,152	-

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial period were as follows:

- The acquisition of KUTh Energy Limited was completed in January 2014.
- The focus activities in the Cooper Basin after the completion of the pilot plant trial is on the plugging and abandonment of wells and progressing the research program with Beach Energy Limited to investigate the use of geothermal resources to supply heat and/or power to potential gas developments in the area.
- The focus of geothermal exploration activities has moved to the Pacific region, specifically the projects in the Solomon Islands and Vanuatu.

There were no other significant changes in the state of affairs of the Company during the financial period.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There has not arisen between 30 June 2014 and the date of this report any item, transaction or event of a relevant and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The principal activity of Geodynamics Limited during the financial year was to explore and develop areas suitable for geothermal power production or utilisation of geothermal direct heat applications.

In addition to this historic focus, Geodynamics has a strong capability in a range of clean energy technologies and the associated utility and infrastructure sectors. With the significant changes occurring in these markets we are continuing to actively assess and consider opportunities outside our existing portfolio that can provide returns to shareholders. Our activities in this area have included a rigorous and deliberate review of emerging opportunities in the clean technology sectors that has identified a number of areas of opportunity for further consideration.

While continuing to actively seek opportunities outside of our traditional geothermal portfolio, we will continue to pursue our planned programs for our Cooper Basin, Solomon Islands and Vanuatu assets. The Company has a specific plan for each asset focussed on securing value through identifying a clear path to market and funding strategy, securing customers and environmental approvals, and defining a clear technical and operational plan.

Having successfully completed the Pilot Plant demonstration during the past financial year and completing the sale of the Habanero Camp to Beach Energy Limited, additional field works in the Cooper Basin will be undertaken to plug and abandon and complete site remediation works associated with the earlier Habanero-3, Habanero-2 and Celsius-1 well sites in line with our permit obligations.

With the continued exploration for unconventional gas and oil in the Cooper Basin we believe there is potential for the market for energy, both power and industrial heat, to grow and which our Innamincka Deeps resource is well positioned to supply. Securing such a customer capable of supporting further capital expenditure will be a pre-requisite to any further material spending at Habanero. Geodynamics is working with potential customers however if further exploration and development activities are required to allow potential customers to enter into a contract this may be delayed.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

Geodynamics Limited is strongly committed to the effective environmental management of our exploration, development and operating activities. Our Environmental Policy is the driver for maintaining our Environment Management System (EMS). This in turn provides the framework to support and guide activities, both in our offices and on our sites, in relation to environmental performance.

A successful annual surveillance audit by SAI Global ensured Geodynamics maintained ISO 14001:2004 certification in 2013/2014. Geodynamics made a business decision not to continue our EMS Certification mid-2014 predominantly due to our decreased presence in the Cooper Basin - the primary focus area of our EMS. Geodynamics will continue to manage the rehabilitation and plug and abandonment activity in the Cooper Basin in line with the Statement of Environmental Objectives (SEO) requirements for the area.

A summary of the Company's environmental performance over the year is as follows:

- Generally, compliance has been achieved with environmental regulatory requirements.
- No serious environmental incidents occurred.
- All scheduled environmental audits have been completed on time, with the majority of the findings closed out or in progress.
- Notices of Entry have been submitted to all relevant stakeholders prior to commencement of activities, including traditional owners and pastoralists, with no complaints received.
- The environmental best practice reference guide ('The Green Book') is provided to site personnel and contractors once inducted. It provides a best practice reference guide specific to Geodynamics' activities in the Cooper Basin.
- Environmental and Social Impact Assessments have been carried out in the Solomon Islands and Vanuatu (Takara).
- The 1MW Geothermal Power Plant SEO 5-yearly review was undertaken by Geodynamics.

We continue to build on our environmental achievements by seeking ways to reduce the day-to-day impact of our activities on the environment while at the same time maintaining a framework for continued environmental performance focussing on mitigating our environment impacts.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE *(continued)*

In particular, Geodynamics is focussing on rehabilitating those areas that are no longer being actively used for geothermal exploration and development. Monitoring and evaluation of these areas indicates that Geodynamics' rehabilitation work at the Savina 1 and Celsius 1 & 2 well sites has resulted in good vegetation cover that either meets or exceeds the revegetation requirements for such well sites.

Even within active sites such as the main Habanero camp, Geodynamics is minimising its footprint by cordoning off areas not required for operations so that they can recover and revegetate naturally.

The majority of rehabilitation work will commence once post-abandonment monitoring activities have concluded.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the entity paid premiums in respect of contracts insuring directors, secretaries, and executive officers of the Group and related entities against liabilities incurred as director, secretary or executive officer to the extent permitted by the Corporations Act 2001, subject to the terms, conditions, limitations and exclusions of the policy.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

SHARE OPTIONS

Unissued shares – employee options

As at the date of this report, there were NIL unissued ordinary shares under employee options (2013 – 6,828,319).

Shares issued as a result of the exercise of employee options

There were no employee options exercised during the financial year (2013 – Nil) or since the end of the financial year.

Unissued shares – shareholder options

As at the date of this report, there were no unissued ordinary shares under shareholder options (2013 – Nil).

Shares issued as a result of the exercise of shareholder options

There were no shareholder options exercised during the financial year (2013 – Nil) or since the end of the financial year.

DIRECTORS' MEETINGS

During the period there were eight directors' meetings held of which four were by telephone conference. The number of directors' meetings and the number of meetings attended by each of the Directors of the Company during the financial period are as follows:

	DIRECTORS' MEETINGS		AUDIT & RISK MANAGEMENT COMMITTEE MEETINGS		REMUNERATION & NOMINATIONS COMMITTEE MEETINGS		HEALTH, SAFETY & ENVIRONMENT COMMITTEE MEETINGS	
	NUMBER HELD WHILST IN OFFICE	NUMBER ATTENDED	NUMBER HELD WHILST IN OFFICE	NUMBER ATTENDED	NUMBER HELD WHILST IN OFFICE	NUMBER ATTENDED	NUMBER HELD WHILST IN OFFICE	NUMBER ATTENDED
K. Spence	8	8	-	-	3	3	1	-
G. Ward	8	8	-	-	-	-	-	-
B. Davies	8	8	2	2	3	3	-	-
J. Hamilton	8	8	2	2	-	-	1	1
M. Marier	8	8	2	2	-	-	1	1
A. Stock	8	8	-	-	3	3	1	1
G. Miltenyi	2	1	-	-	-	-	-	-

DIRECTORS' MEETINGS (continued)

The Company had three committees during the year with the following membership:

Audit & Risk Management Committee – Membership comprises three Non-executive Directors being Messrs Davies (Chair), Marier and Hamilton.

Remuneration & Nominations Committee – Membership comprises three Non-executive Directors being Messrs Stock (Chair), Spence and Davies.

Health, Safety & Environment (HSE) Committee – Membership comprises three Non-executive Directors being Messrs Hamilton (Chair), Spence, and Stock with G. Ward as an ex-officio member. The Company's Health and Safety Manager (K. Coates) is also an ex-officio member of this Committee.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Directors received a declaration from the auditor of Geodynamics Limited which is listed immediately after this report and forms part of this Directors' report.

During the 2014 financial year, no non-audit services were provided by the entity's auditor, Ernst & Young (2013: $nil). Other assurance services provided by Ernst & Young represent audits of government grants.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

CORPORATE GOVERNANCE

The Directors recognise the need for the highest standards of corporate behaviour and accountability and therefore support and have adhered to the principles of Corporate Governance. The Company's Corporate Governance Statement is printed immediately following this Directors' Report.

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2014 outlines the remuneration arrangements in place for Directors and Executives of Geodynamics Limited in accordance with the requirements of the Corporations Act 2001 and its Regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
   - A. Remuneration principles and strategy
   - B. Approach to setting remuneration
   - C. Detail of Incentive Plans
4. Executive remuneration outcomes for 2013/14 (including link to performance)

REMUNERATION REPORT (AUDITED) (continued)

5. Executive contracts
6. Non-executive Director remuneration (including statutory remuneration disclosures)
7. Additional statutory disclosures

1. Introduction

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company directly or indirectly including any Director.

For the purposes of this report, the term 'executive' encompasses the Managing Director and the executive management team of the Company.

NON-EXECUTIVE DIRECTORS (NEDS)	
K. Spence	Chairman
R. Davies	Director
J. Hamilton	Director
M. Marier	Director
A. Stock	Director
G. Miltenyi	Director – appointed 1 March 2014
EXECUTIVE DIRECTORS	
G. Ward	Managing Director and CEO
OTHER EXECUTIVES	
K. Coates	Operations Manager
R. Hogarth	Reservoir Engineering Manager
T. Pritchard	Chief Financial Officer & Company Secretary
A. Hodson	Well Engineering and Technology Manager
A. Mills	Project Engineering Team Leader

2. Remuneration governance

Remuneration Committee

The Remuneration & Nominations Committee comprises three Non-executive Directors (NEDs). The Remuneration and Nominations Committee has the primary objective of assisting the Board in developing and assessing the remuneration policy and practices of the Directors, Chief Executive Officer (CEO) and Senior Executives who report directly to the CEO.

Specifically, the Board approves the remuneration arrangements of the CEO, the aggregate annual fixed remuneration salary review, the level of the short-term incentive (STI) pool and the methodology for awards made under the long-term incentive (LTI) plan, following recommendations from the Remuneration & Nominations Committee. The Board also sets the aggregate remuneration of NEDs, which is then subject to shareholder approval, and NED fee levels.

REMUNERATION REPORT (AUDITED) *(continued)*

2. Remuneration governance (continued)

Committee assessments incorporate the development of remuneration policies and practices which will enable the Company to attract and retain executives who will create value for shareholders.

Executives will be fairly and responsibly rewarded having regard to the performance of the Company, the performance of the executive and the general market environment. The Committee also assists the Board in its own self evaluation by annually reviewing the process for self evaluation. This considers attributes such as the qualitative and quantitative nature of the review, and the mix between total Board review and individual Director review.

The Remuneration & Nominations Committee meets regularly through the year. The CEO attends remuneration committee meetings by invitation, where management input is required. The CEO is not present during any discussions related to his own remuneration arrangements.

Further information on the Remuneration & Nomination Committee's role, responsibilities and membership can be found on the Company's web site at www.geodynamics.com.au

Use of Remuneration Consultants

In keeping with the legislation relating to the appointment of remuneration consultants for organisations, Guerdon Associates was appointed by the Chair of the Remuneration and Nominations Committee to provide advice on the Long Term Incentive for the Managing Director.

Based on the advice and recommendation provided by Guerdon Associates, the Geodynamics Limited Share Appreciation Rights Plan was introduced and approved by shareholders at the company's Annual General Meeting on Thursday 28 November 2013.

The fees paid to Guerdon Associates for the remuneration recommendations were $40,481.

The Company is satisfied the advice received from Guerdon Associates is free from undue influence from the Managing Director to whom the remuneration recommendations apply as the reports received from Guerdon Associates were presented to the Remuneration and Nominations Committee.

Remuneration Report approval at FY12/13 AGM

The FY12/13 remuneration report received positive shareholder support at the FY12/13 AGM with a vote of 94.5% in favour.

3. Executive Remuneration Arrangements

3A. Remuneration principles and strategy

Geodynamics' executive remuneration strategy is designed to attract, motivate and retain highly skilled executives and align the interests of executives and shareholders.

To this end, the company embodies the following principles in its remuneration framework:

- Provide competitive salaries to attract high calibre executives;
- Link executive performance rewards to medium and longer term shareholder value creation through the KPI linked Short Term Incentive plan and periodic grants of shares and share options;
- Establish appropriate share price performance hurdles under its long term incentive plan to align executive reward with shareholder value creation, the achievement of which will depend on the Company achieving key corporate milestones that are integral to the Company's successful completion of its business plan.

The Company aims to reward its Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward Executives for company, business division and individual performance against targets set by reference to appropriate benchmarks;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

3B. Approach to setting remuneration

The Managing Director's and key executives' emoluments are structured to retain and motivate Executives by offering a competitive base salary, a short term annual cash-based performance related component together with longer term performance incentives through the Geodynamics Limited Share Appreciation Rights Plan which allow executives to align with the success of Geodynamics Limited.

Remuneration consists of the following key elements:

- Fixed Remuneration – Base salary and superannuation;
- Variable Remuneration under the Geodynamics Short Term Incentive Plan (STIP) – payable in cash at the end of the financial year;
- Variable Remuneration under the Geodynamics Limited Share Appreciation Rights Plan payable in Shares subject to performance conditions in accordance with the Plan.

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration of the Managing Director is reviewed annually by the Remuneration and Nominations Committee and approved by the Board. Factors considered include Company and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice.
The Remuneration and Nominations Committee has access to external advice independent of management.

Senior Executives receive their fixed (primary) remuneration in cash. The fixed remuneration component of KMP is detailed in Table 1 of this report.

REMUNERATION REPORT (AUDITED) (continued)

3. Executive Remuneration Arrangements (continued)

3C. Details of Incentive Plans

Short Term Incentive Plan (STIP)

The objectives of the Geodynamics STIP are to:

- Reward employees for their contribution in ensuring that Geodynamics achieves the corporate key deliverables;
- Encourage team work;
- Enhance Geodynamics attracting and retaining high calibre and high performing employees; and
- Link remuneration directly to the achievement of key annual organisational objectives.

The Company has in place an annual STIP that establishes a pool of funds up to a maximum of 30% of annualised fixed remuneration, adjusted in size according to the achievement of key Company Business Plan milestones in a year.

The distribution of the pool is to be determined by team achievement in delivering the team business plan milestones. Specifically, base targets are outlined that if achieved would result in an award of 20% of annualised fixed remuneration. First stretch targets are outlined that if achieved would result in an award of up to 25% of fixed annual remuneration and second stretch targets are outlined that if achieved would result in an award of up to the maximum of 30% of fixed annual remuneration.

To participate in the Plan, eligible staff must be employed for at least six months for the financial year in question meaning that for the FY13/14 year, eligible staff must have started by 1 January 2014.

On an annual basis, after consideration of performance against KPIs, the board, in line with their responsibilities, determine the amount, if any, of the short-term incentive to be paid from the pool of funds.

Long Term Incentive Plan (LTIP)

The LTIP was terminated by resolution of the Board at a meeting held on 27 February 2014. A final issue of shares was completed at the discretion of the Board in consideration of the termination of the LTIP on 1 May 2014. The final allocation was subject only to a continuous service requirement being for a 36 month period from 31 December 2011 or 31 March 2013.

Hedging of shares and options risk

Currently no Director or officer uses hedging instruments to limit their exposure to risk on either shares or options in the Company. The Company's policy is that the use of such hedging instruments is prohibited.

4. Executive Remuneration outcomes for FY13/14

Company performance and its link to short-term incentives

The key business plan milestones driving STI payment outcomes for FY13/14 with relevant performance against targets are outlined in the table below:

MILESTONE	FY13/14 PERFORMANCE VERSUS TARGETS
Health Safety & Environment – delivering the business plan safely with low environmental impact	All of four base targets and first stretch target met
Delivery of operational results on schedule, quality and budget with a weighting of time 20%, cost 40% and quality 40%	All of four base targets met
Management of Finances – the Company remains securely funded through management of income and costs, and uses financial resources to develop new opportunities.	Both of two base targets met

In FY13/14 the Board has elected not to make any payments under the Company's Short Term Incentive Plan. This decision was made taking into consideration the Company's financial position, the continued short-term performance of Geodynamics securities, and the efforts the Company had made through FY13/14 to reduce costs and preserve financial assets through cost saving measures undertaken including reduction in staff numbers. The Company had established short term targets, approved by the Board, for FY13/14 under the rules of the STI Plan. An assessment of performance against these targets indicates that all Base Targets had been successfully achieved which would have resulted in an eligibility for a payment of 10% (33% of the eligible STI amounts) should the Board have ruled that a payment under the STI was to be made.

The following table outlines the proportion of maximum STI that was earned and forfeited in relation to FY2014:

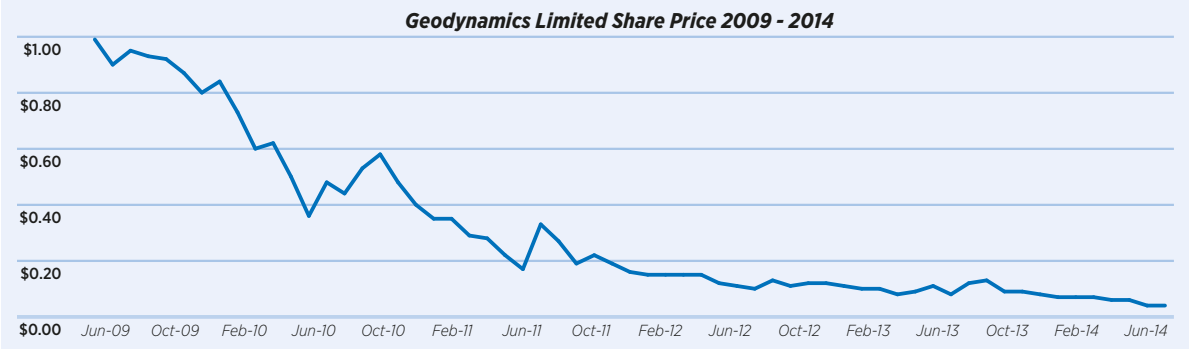
NAME	PROPORTION OF MAXIMUM STI EARNED IN FY14	PROPORTION OF MAXIMUM STI FORFEITED IN FY14
G. Ward	0%	100%
K. Coates	0%	100%
R. Hogarth	0%	100%
T. Pritchard	0%	100%
A. Hodson	0%	100%
A. Mills	0%	100%

REMUNERATION REPORT (AUDITED) *(continued)*

4. Executive Remuneration outcomes for FY13/14 (continued)

Company performance and its link to long-term incentives

The graph below shows the performance of the Company as measured by its share price and therefore by definition its Total Shareholder Return. The loss per share from continuing operations for the last five years was as follows: 2009/10 - $0.051, 2010/11 - $0.43, 2011/12 - $0.031, 2012/13 - $0.26, 2013/14 - $0.03.



No options vested during the year under the Employee Option Plan as share price vesting performance hurdles were not met in addition all unvested options were cancelled as part of the termination of the LTIP on 1 May 2014.

1,675,675 shares vested during the year for nineteen employees who met the vesting hurdle of three years of continuous service.

2,894,718 shares were issued to the Deferred Employee Share Plan in accordance with the process for the termination of the plan. The final allocation was subject only to a continuous service requirement being for a 36 month period from 31 December 2011 or 31 March 2012.

Table 1 – Remuneration of KMP of the Company for the year ended 30 June 2014

	SHORT-TERM		POST EMPLOYMENT	SHARE BASED PAYMENT		TOTAL	PERFORMANCE RELATED
	SALARY	CASH BONUS – SHORT TERM INCENTIVE	SUPERANNUATION	SHARES (AMORTISED COST)	OPTIONS (AMORTISED COST)		
G. Ward [1]	466,609	0	4,225	39,583	61,517	**571,934**	**17.68%**
K. Coates	293,685	0	17,803	22,027	0	**333,515**	**6.60%**
R. Hogarth	314,767	0	21,905	27,005	0	**363,677**	**7.43%**
T. Pritchard	265,695	0	15,381	19,329	0	**300,405**	**6.43%**
A. Hodson	233,429	0	23,661	21,752	0	**278,842**	**7.80%**
A. Mills	252,714	0	20,224	17,358	17,080	**307,376**	**11.20%**
Totals	**1,826,899**	**0**	**103,199**	**147,054**	**78,597**	**2,155,749**	

1 The share and option amortised cost relate to those shares and options issued to the CEO as approved by shareholders at the November 2011 Annual General Meeting

Table 2 – Remuneration of KMP of the Company or the year ended 30 June 2013

	SHORT-TERM		POST EMPLOYMENT	SHARE BASED PAYMENT		TOTAL	PERFORMANCE RELATED
	SALARY	CASH BONUS – SHORT TERM INCENTIVE	SUPERANNUATION	SHARES (AMORTISED COST)	OPTIONS (AMORTISED COST)		
G. Ward [1]	475,000	194,508	42,992	39,286	104,265	**856,051**	**39.49%**
K. Coates	288,546	27,345	21,760	29,573	2,297	**369,521**	**16.02%**
R. Hogarth	366,992	26,819	22,441	36,960	3,418	**456,630**	**14.72%**
T. Pritchard	244,220	29,808	24,737	19,086	9,327	**327,178**	**17.79%**
A. Hodson	257,562	16,519	16,071	28,880	2,671	**321,703**	**14.94%**
A. Mills	264,962	38,142	24,712	12,500	34,190	**374,506**	**22.65%**
Totals	**1,897,282**	**333,141**	**152,713**	**166,285**	**156,168**	**2,705,589**	

1 The share and option amortised cost relate to those shares and options issued to the CEO as approved by shareholders at the November 2011 Annual General Meeting

REMUNERATION REPORT (AUDITED) (continued)

5. Summary of Executive Contractual arrangements

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are provided below.

The contracts below include arrangements entered into prior to the amendments to the Corporations Act 2001 regarding termination payments which came into effect on 24 November 2009. No contracts of the Company however exceed the revised limits on termination payments.

Managing Director and Chief Executive Officer

Mr Geoff Ward was appointed Managing Director on 31 January 2011. Mr Ward's remuneration package is formalised in an open ended contract, the details of which were disclosed in the 2013 Notice of Meeting for the Annual General Meeting on 28 November 2013. The key terms of Mr Ward's contract are as follows:

- He currently receives a base remuneration including superannuation of $450,000 per annum. As part of a comprehensive review as set out in the notice of meeting for the Annual General Meeting held on 28 November 2013, his salary was reduced from $500,000 to $450,000 at 1 December 2013;
- Short Term Incentive – Up to $225,000 per annum which is only payable on the achievement of certain performance milestones.

The members of the Remuneration and Nominations Committee have assessed that Mr Ward is eligible for a payment under the Short Term Incentive Scheme having achieved key financial and operational milestones identified for FY2014. In recognition of the continued underperformance of GDY shares and negative returns experienced by shareholders in FY2014, the Board have used their discretion and have elected not to pay any short term incentive payments for FY2014. The key performance milestones set for Mr Ward for FY13/14 were focussed on health and safety minimising risks of incidents and ensuring close out of key actions within schedule, successful field activities including progressing activities for the pacific region, ensuring expenditure within approved budgets was achieved, and completion of the acquisition of KUTh Energy Limited.

- Long term incentive (Share Appreciation Rights) – an annual grant of Share Appreciation Rights (SARs) based on a maximum of 50% of his base remuneration. Performance conditions for the vesting of the SARs at the testing dates is based on growth in the GDY share price. No share appreciation rights were granted during the financial year. In addition no shares or options were issued under the previous LTIP. It is the Board's intention to issue SARs to Mr Geoff Ward in accordance with the shareholder approval at the Annual General Meeting on 28 November 2013.

The CEO's termination provisions are as follows:

	NOTICE PERIOD	PAYMENT IN LIEU OF NOTICE	TREATMENT OF STI ON TERMINATION	TREATMENT OF LTI ON TERMINATION
Resignation	6 months	6 months	Unvested awards forfeited	Unvested awards forfeited
Termination for cause	14 days	None	Unvested awards forfeited	Unvested awards forfeited
Termination in cases of long term illness, disablement, or notice without cause	6 months	6 months	Maybe prorated for time and performance subject to Board discretion	Maybe prorated for time and performance subject to Board discretion
Change of control	14 days	12 months	Prorated for time and performance	Prorated for time and performance

Other KMP

All other KMP have rolling contracts.

Other standard KMP provisions are as follows:

	NOTICE PERIOD	PAYMENT IN LIEU OF NOTICE	TREATMENT OF STI ON TERMINATION	TREATMENT OF LTI ON TERMINATION
Resignation	3 months	3 months	Unvested awards forfeited	Unvested awards forfeited
Termination for cause	None	None	Unvested awards forfeited	Unvested awards forfeited
Termination in cases of long term illness, disablement, or notice without cause	3 months	3 months	Maybe prorated for time and performance subject to Board discretion	Maybe prorated for time and performance subject to board discretion
Change of control	1 month	1 month	Prorated for time and performance	Prorated for time and performance

REMUNERATION REPORT (AUDITED) *(continued)*

6. Non-executive Director remuneration arrangements

Remuneration Policy

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to Non-executive Directors of comparable companies when undertaking the annual review process. The amounts are set at a level that compensates the Directors for their significant time commitment in overseeing the progression of the Company's business plan.

The Constitution of Geodynamics and the ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 28 November 2007 when shareholders approved an aggregate remuneration of $700,000 per year.

The Board will not seek any increase for the NED pool at the 2014 AGM.

Structure

Each Non-executive Director receives a fee for being a Director of the Company. The current fee structure is to pay Non-executive Directors a base annual remuneration of $64,500 p.a. with the Chairman paid $118,250 p.a. The Chairman of each committee receives an additional fee of $16,125 p.a. These fee structures have remained the same with no increase in the past five years. There are no retirement benefits offered to Non-executive Directors other than statutory superannuation which is in addition to these amounts. In accordance with good corporate governance practice, the Non-executive Directors do not participate in share and share option based remuneration plans of the Company.

The Company notes that collectively Sunsuper Pty Ltd & The Sentient Group, as major investors, have a right to appoint a Non-executive Director to the Company and as such that Director (where appointed) is not considered by the ASX Corporate Governance Principles to be independent.

The remuneration of Non-executive Directors for the year ending 30 June 2014 is detailed in Table 3 of this report and the remuneration for the comparative year ending 30 June 2013 is detailed in Table 4 of this report.

Table 3 – Non-executive Directors' Remuneration for the year ended 30 June 2014

	SALARY & CONSULTING FEES	DIRECTORS FEES	SUPERANNUATION	OTHER	TOTAL
K. Spence	-	118,250	10,938	-	**129,188**
R. Davies	-	80,625	7,458	-	**88,083**
J. Hamilton	-	88,083	-	-	**88,083**
M. Marier	-	64,500	5,966	-	**70,466**
A. Stock	-	80,625	7,458	-	**88,083**
G. Miltenyi [1]	-	21,500	1,989	-	**23,489**
Totals	**-**	**453,583**	**33,809**	**-**	**487,392**

1 Appointed 1 March 2014

Table 4 – Non-Executive Directors' Remuneration for the year ended 30 June 2013

	SALARY & CONSULTING FEES	DIRECTORS FEES	SUPERANNUATION	SHARES (AMORTISED COST)	TOTAL
K. Spence	-	118,250	10,643	-	**128,893**
P. Chopra [1]	-	35,875	2,419	-	**38,294**
R. Davies	-	80,625	7,256	-	**87,881**
J. Hamilton	-	87,881	-	-	**87,881**
M. Marier	-	64,500	5,805	-	**70,305**
A. Stock	-	80,625	7,256	-	**87,881**
Totals	**-**	**467,756**	**33,379**	**-**	**501,135**

1 Retired 29 November 2012

REMUNERATION REPORT (AUDITED) (continued)

7. Additional statutory disclosures

Table 5 – Shares granted to executives as part of remuneration for the year ended 30 June 2014

During the financial year, shares were granted under the Long Term Incentive Plan to certain executives as disclosed below. The shares were issued as a final grant as part of the termination process of the Long Term Incentive Plan.

Shares granted to executives for the year ended 30 June 2014.

	GRANT DATE	GRANTED NUMBER	VALUE OF SHARES GRANTED DURING THE YEAR	% OF REMUNERATION
R. Hogarth	1/5/14	149,818	8,540	2%
K. Coates	1/5/14	122,205	6,966	2%
A. Hodson	1/5/14	130,045	7,413	2%
T. Pritchard	1/5/14	166,514	9,491	4%
A. Mills	1/5/14	113,636	6,477	2%
G. Ward	-	-	-	-

Shares vested to executives for the year ended 30 June 2014.

	VALUE OF SHARES VESTED DURING THE YEAR	VALUE OF SHARES FORFEITED DURING THE YEAR	VALUE PER SHARE VESTED AT GRANT DATE
R. Hogarth	9,983	-	0.52
K. Coates	8,143	-	0.52
A. Hodson	7,724	-	0.52
T. Pritchard	-	-	-
A. Mills	-	-	-
G. Ward	15,517	-	0.29

During the financial year, no options were granted or were proposed to be granted under the Long Term Incentive Plan.

Table 6 - Employee Share Plan Option holdings of Key Management Personnel

FY2014	BALANCE AT BEGINNING OF PERIOD	GRANTED AS REMUNERATION/ BECAME KEY MANAGEMENT PERSONNEL	OPTIONS EXERCISED	OPTIONS LAPSED/ NO LONGER KEY MANAGEMENT PERSONNEL	BALANCE AT END OF PERIOD	TOTAL VESTED & EXERCISABLE
Directors						
G. Ward	2,700,000	-	-	(2,700,000)	-	-
J. Hamilton	-	-	-	-	-	-
R. Davies	-	-	-	-	-	-
M. Marier	-	-	-	-	-	-
K. Spence	-	-	-	-	-	-
A. Stock	-	-	-	-	-	-
G. Miltenyi	-	-	-	-	-	-
Executives						
K. Coates	-	-	-	-	-	-
R. Hogarth	-	-	-	-	-	-
T. Pritchard	-	-	-	-	-	-
A. Hodson	-	-	-	-	-	-
A. Mills	1,079,914	-	-	(1,079,914)	-	-
Total	**3,779,914**	**-**	**-**	**(3,779,914)**	**-**	**-**

REMUNERATION REPORT (AUDITED) *(continued)*

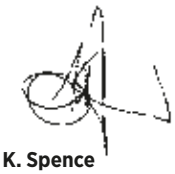
7. Additional statutory disclosures *(continued)*

Table 7 - Shareholdings of Key Management Personnel

FY2014	BALANCE AT BEGINNING OF PERIOD 01/07/13	APPOINTMENTS/ BECAME KEY MANAGEMENT PERSONNEL	GRANTED AS REMUNERATION*	PURCHASED ON MARKET, SHARE PURCHASE PLAN	RESIGNATIONS DISPOSED OF/ OTHER / NO LONGER KEY MANAGEMENT PERSONNEL	BALANCE AT END OF PERIOD 30/06/14
Directors						
G. Ward	730,319	-	-	-	-	730,319
R. Davies	120,775	-	-	-	-	120,775
J. Hamilton	481,708	-	-	-	-	481,708
M. Marier	-	-	-	-	-	-
K. Spence	212,413	-	-	-	-	212,413
A. Stock	62,315	-	-	-	-	62,315
G. Miltenyi	-	2,648,152	-	-	-	2,648,152
Executives						
K. Coates	279,191	-	122,205	-	-	401,396
R. Hogarth	394,451	-	149,818	-	-	544,269
T. Pritchard	118,171	-	166,514	-	-	284,685
A. Hodson	309,394	-	130,045	-	-	439,439
A. Mills	187,500	-	113,636	-	-	301,136
Total	**2,896,237**	**2,648,152**	**682,218**	**-**	**-**	**6,014,194**

* Shares granted as remuneration were issued under the Geodynamics Deferred Employee Share Plan and are held in escrow on behalf of the Executive. The Executive is required to remain employed by Geodynamics for 36 months from the date of allocation for the shares to vest.

Signed in accordance with a resolution of the Directors.



K. Spence

Chairman

Brisbane, 28 August 2014

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF GEODYNAMICS LIMITED

In relation to our audit of the financial report of Geodynamics Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Andrew Carrick
Partner
Brisbane
28 August 2014

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Geodynamics Limited is responsible for the corporate governance of the Company and is committed to achieving and demonstrating the highest standards of corporate governance.

The Geodynamics Limited Corporate Governance Statement is structured with reference to the Australian Securities Exchange Corporate Governance Council's "Corporate Governance Principles and Recommendations with 2010 Amendments" as revised in June 2010 the Principles of which are as follows:

Principle 1. Lay solid foundations for management and oversight

Principle 2. Structure the Board to add value

Principle 3. Promote ethical and responsible decision making

Principle 4. Safeguard integrity in financial reporting

Principle 5. Make timely and balanced disclosure

Principle 6. Respect the rights of shareholders

Principle 7. Recognise and manage risk

Principle 8. Remunerate fairly and responsibly

This Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

Geodynamics Limited's corporate governance practices were in place throughout the year ended 30 June 2014 and were fully compliant with the Council's recommendations except for the following:

Recommendation 3.3 - Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.
The Company has adopted a Diversity Policy that encourages the participation and provision of opportunity to all interested in working at Geodynamics. As the Company has a relatively small work-force with many requiring specific skills that may not be widely available, the Company has not deemed it appropriate to set specific numeric targets as these could be inappropriately skewed by the small sample size. Geodynamics currently has participation from a diverse workforce, with gender diversity being in advance of industry averages for our sector.

Recommendation 3.4 - Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board. The Company has adopted a Diversity Policy that encourages the participation and provision of opportunity to all interested in working at Geodynamics. As the Company has a relatively small work-force with many requiring specific skills that may not be widely available, the Company has not deemed it appropriate to publish specific employment numbers as Company does not believe this information adds any meaningful value due to its small workforce.

For further information on corporate policies adopted by Geodynamics Limited, please refer to "Governance" under the Our Company Tab on our website located at www.geodynamics.com.au

For 2014, the Company's reporting against the Principles is as follows:

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Companies should establish and disclose the respective roles and responsibilities of Board and management.

The Board operates in accordance with the following principles and guidelines.

- The Board does comprise a majority of Non-executive Directors.
- The Chairperson is an independent Director.
- The Board does comprise Directors with an appropriate range of qualifications and expertise.
- The terms and conditions of the appointment of Non-executive Directors are set out in a letter of appointment. The appointment letter covers the following matters:
  - the level of remuneration;
  - the tenure of appointment;
  - the expectation of the Board in relation to attendance and preparation for all Board meetings;
  - the Directors code of conduct;
  - the procedures dealing with conflicts of interest; and
  - the availability of independent advice - The Board has agreed a procedure for Directors to take independent professional advice at the expense of the Company. Prior approval of the Chairman is required, but this will not be unreasonably withheld.
- The Board meets as often as required to attend to the affairs of the Company and follow meeting guidelines set down to ensure all Directors are made aware of, and have available to them all necessary information enabling them to participate in an informed discussion of all agenda items.
- The Chairman of the Board meets regularly with the Managing Director.

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT *(continued)*

The Board is responsible for the direction and supervision of the Company's business on behalf of the shareholders, by whom they are elected and to whom they are accountable. This includes ensuring that internal controls and reporting procedures are adequate and effective. The Directors recognise the need to maintain the highest standards of behaviour, ethics and accountability. The primary functions of the Board include responsibility for:

- Approving objectives, goals and strategic direction for management;
- Monitoring financial performance including adopting annual budgets and approving the Company's financial statements;
- Ensuring that adequate systems of internal control exist and are appropriately monitored for compliance;
- Selecting, appointing and reviewing the performance of the Managing Director and Chief Executive Officer and reviewing the performance of senior operational management;
- Ensuring significant business risks are identified and appropriately managed; and
- Reporting to shareholders on performance.

The Company's Managing Director's performance and remuneration is reviewed annually by the Non-executive Directors. The performance criteria against which executives are assessed is aligned with the financial and non-financial objectives of Geodynamics Limited. Further details of the process for evaluating performance are set out in the Remuneration Report.

The Board may determine from time to time to establish specific purpose sub-committees to deal with specific issues. All matters determined by committees are submitted to the full Board as recommendations for Board decision. Minutes of committee meetings are tabled at the immediate subsequent Board meeting.

2. STRUCTURE THE BOARD TO ADD VALUE

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

SKILLS, EXPERIENCE AND EXPERTISE OF DIRECTORS

The Directors in office at the date of this statement are:

NAME	POSITION	INDEPENDENT	TERM IN OFFICE	EXPERTISE
Keith Spence	Non-executive Chairman	Yes	6.1 years	Energy, Engineering and Management
Geoff Ward	Managing Director	No	3.6 years	Energy, Engineering, Corporate Finance and Management
Robert Davies	Non-executive Director	Yes	5.8 years	Finance, Governance and Management
Jack Hamilton	Non-executive Director	Yes	7.9 years	Energy, Engineering and Management
Michel Marier	Non-executive Director	No	3.5 years	Finance and Management
Andrew Stock	Non-executive Director	Yes	10.8 years	Energy, Engineering and Management
George Miltenyi	Non-executive Director	Yes	0.5 years	Energy, Management and Employment

INDEPENDENT DIRECTORS

Directors of Geodynamics Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.

In the context of director independence, 'materiality' is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the Directors as marked in the previous table are considered to be independent. Therefore there are six Non-executive Directors, five of whom are deemed independent, and one Executive Director. One Non-executive Director who is not deemed independent is an Officer of one of the Company's three largest shareholders which has a right to appoint a Director to the Board under their Investment Deed. (The Sentient Group and Sunsuper Pty Ltd are jointly treated as a cornerstone investor in so far as they have a collective right to appoint a Director).

Further details of the members of the Board including their experience and expertise are set out in the Directors' Report.

2. STRUCTURE THE BOARD TO ADD VALUE *(continued)*

NON-EXECUTIVE DIRECTORS

The six Non-executive Directors periodically meet for a period of time, without the presence of management, to discuss the operation of the Board and a range of other matters including those relating to Remuneration and Directors' Nominations. Relevant matters arising from these meetings are shared with the full Board.

TERM OF OFFICE

The Company's constitution specifies that all Directors (with the exception of the Managing Director) must retire from office no later than the third annual general meeting (AGM) following their last election. Where eligible, a Director may stand for re-election.

NOMINATIONS

The Company has established a combined Remuneration and Nominations Committee. Membership and composition of this Committee is discussed at the end of this Corporate Governance Statement. With regard to the Nominations charter of the Committee, the main functions of the Committee are to:

- Devise criteria (necessary and desirable competencies) for Board membership for approval by the full Board.
- Identify specific individuals for nomination.
- Make recommendations to the Board for new Directors and membership of committees being always mindful that any recommendation should ensure there is a complementary mix of necessary skills.
- Annually, assist the Chairman of the Company in advising Directors about their performance and tenure.
- Oversee management succession plans, including the Managing Director and Chief Executive Officer and first line managers;
- Review of the Board succession plan.
- Critically examine the Committee's performance and recommend any changes to the responsibilities to the Board.

In devising criteria for Board membership, the Company uses a Board skills matrix to identify any gaps in the skills and experience of the Directors on the Board. In addition, the Company uses a combination of professional intermediaries to identify and assess candidates as well as the network of contacts within the Board itself.

PERFORMANCE

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Non-executive Directors is reviewed annually by the Chairman. In addition during the year, all Directors completed a structured self evaluation questionnaire that aimed to evaluate the performance of the Board as a whole. These responses are collated and subsequently discussed by the Board to improve the functional operations of the Board. The Chairman meets privately with each Director as appropriate to discuss their individual performance. The Chairman's performance is reviewed by the Board.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Companies should actively promote ethical and responsible decision-making.

The Company supports and has adopted the Code of Conduct published by The Australian Institute of Company Directors in 2005. This code recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics and its commitment to ensuring compliance with the insider trading laws.

The Company has established a policy regarding Diversity that is underpinned by four key principles:

- Fairness: Every person will have the opportunity to work and succeed at Geodynamics - regardless of their gender, nationality, background, age, physical ability or sexual orientation.
- Support: The Company will support the varying needs of its diverse workforce by providing flexible working conditions and ensuring programs are in place to enable every Geodynamics employee to reach their career potential.
- Respect: Every Geodynamics employee will be treated with dignity and respect, recognising that success depends upon the commitment, capabilities and diversity of the Company's employees.
- Leadership: The Board and senior leaders will be ultimately responsible for instilling a culture that embraces and values diversity amongst the workforce.

At least once every 12 months, the Remuneration and Nominations Committee will review the Diversity Policy including a review of the diversity objectives and initiatives to ensure they remain current and appropriate and a review of progress on the achievement of diversity objectives over the preceding year.

4. SAFEGUARD INTEGRITY OF FINANCIAL REPORTING

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

The Board has adopted an Audit & Risk Committee Charter to ensure the truthful and factual presentation of the Company's financial position and to review and advise on the company's risk management processes. Audit & Risk Committee meetings will be held periodically throughout the year. It is the policy of the Board that the members of the committee shall be a minimum of three Non-executive Directors. The Audit & Risk Committee will be chaired by a Non-executive Director other than the Chairman of the Board.

The Chief Executive Officer and Chief Financial Officer may attend the committee meetings by invitation.

- The main functions of the committee will be to:
- Assess the appropriateness of accounting policies, practices and disclosures and whether the quality of financial reporting is adequate;
- Review the scope and results of internal, external and compliance audits;
- Maintain open lines of communication between the Board and external auditors and the Company's compliance officers;
- Review and report to the Board on the annual report, the half-year financial report and all other financial information published by the Company or released to the market;
- Assess the adequacy of the Company's internal controls and make informed decisions regarding compliance policies, practices and disclosures;
- Ensure effective deployment of risk management processes;
- Nominate the external auditors and review the terms of their engagement, the scope and quality of the audit and the auditor's independence;
- Review the level of non-audit services provided by the external auditors and ensure that it does not adversely impact on auditor independence.

The Chairman of the Audit & Risk Management Committee reviews the performance of the Committee with members and reports annually to the Board.

The members of the Audit & Risk Committee during the year were:

Robert Davies (Chairman)

Michel Marier

Jack Hamilton

For details on the qualifications of the audit & risk committee members, the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

5. MAKE TIMELY AND BALANCED DISCLOSURE

Companies should promote timely and balanced disclosure of all material matters concerning the company.

The Board has adopted a Listing Rule 3.1 Compliance Policy, which has been designed to ensure compliance with the ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

The Company rigorously polices its continuous disclosure responsibilities to ensure a fully informed market at all times. The Company's Continuous Disclosure Policy is available on the Company's website.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are provided with all information necessary to assess the performance of the Company.

Information is communicated to the shareholders through:

- The Annual Report, which will be distributed to all shareholders (unless shareholders specifically indicate otherwise);
- Quarterly Reports to all shareholders;
- The Annual General Meeting, and other meetings called to obtain approval for Board action as appropriate; and

The Company's Corporate Internet site at www.geodynamics.com.au This web site is actively maintained and includes all market announcements, research reports from analysts, briefings to shareholders, full texts of notices of meeting and explanatory material and compliance reports such as the quarterly cash flow report and annual report.

Shareholders are actively encouraged to become 'online shareholders' by registering electronically with the Company to receive an email notification of announcements as they are made. The Company endeavours to respond to all shareholder queries on a prompt and courteous basis.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX.

7. RECOGNISE AND MANAGE RISK

Companies should establish a sound system of risk oversight, management and internal control.

The Company is committed to having a culture of risk management and has established a risk management system that supports a pro-active approach to managing risk and to exploiting opportunity at all levels.

A series of extensive workshop reviews have been held for each component phase of the Company's business plan and these will continue to be held for subsequent stages to highlight major risk areas and plan the treatment to manage those risks. In addition, a formal risk management plan is included as part of every major capital acquisition or procurement decision and key risk/opportunity areas and their drivers are included in the Management/Board reporting system. The Board has also established a Health Safety and Environment Committee which operates under a charter approved by the Board.

Management, through the Managing Director and Chief Executive Officer, is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. Management reports to the Audit and Risk Committee on the Company's key risks and the extent to which it believes these risks are being managed. This is performed on a six monthly basis or more frequently as required by the Board or Committee.

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. It reviews strategic, operational and technical risks in conjunction with, and as a key input to an annual corporate strategy workshop attended by the Board and senior management. This workshop reviews the Company's strategic direction in detail and includes specific focus on the identification of business risks which could prevent the Company from achieving its objectives. Management are required to ensure that appropriate controls and mitigation strategies are in place to effectively manage those risks. Compliance and reporting risks are reviewed on an ongoing basis and independently audited from time to time. The Audit and Risk Committee oversees the adequacy and comprehensiveness of risk reporting from management.

The Board receives a written assurance from the Chief Executive Officer and the Chief Financial Officer that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks. The Board notes that due to its nature, internal control assurance from the Chief Executive Officer and Chief Financial Officer can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

HEALTH, SAFETY & ENVIRONMENT COMMITTEE

Health, Safety & Environment (HSE) meetings are held on an as required basis. The Committee is comprised of a Chair drawn from the Non-executives of the Geodynamics Board. It is the policy of the Board that the members of the committee shall be a minimum of three Non-executive Directors. The HSE Committee has been given the following Terms of Reference:

- Its primary objective is to assist the Board of Directors in its responsibilities relating to establishing and maintaining the highest standards of HSE performance by Geodynamics, and compliance with all relevant legislation. In addition the Committee will ensure that Management reports to the Board on:-
  - Compliance with statutory requirements, codes, standards, and guidelines;
  - Establishment of measurable objectives and targets aimed at elimination of work related incidents or environmental impacts from Geodynamics' activities;
  - The defining of roles, responsibilities and levels of accountability for HSE within Geodynamics.
- Act as an independent and objective party to review the safety and environmental performance reports presented by management for the use of all stakeholders.
- Review HSE risk assessment processes and monitor their effectiveness.
- Review all significant Geodynamics incident reports along with the results of the subsequent investigations and the implementation of the identified corrective actions.
- Oversee and appraise the quality of the health & safety and the environmental audits conducted by the HSE auditors.
- Ensure through regular meetings that open lines of communication exist among the Board, Management and HSE Auditors.

The members of the HSE Committee during the year were:

Jack Hamilton (Chairman)

Keith Spence

Andrew Stock

8. REMUNERATE FAIRLY AND RESPONSIBLY

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

REMUNERATION

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. The Managing Director's and key executives' emoluments are structured to retain and motivate executives by offering a competitive base salary together with short and long term performance incentives through cash, shares and options which allow executives to share in the success of Geodynamics Limited. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit.

The Company currently has six Non-executive Directors and a Managing Director. The Company's Managing Director does not receive Directors' fees and his remuneration package is formalised in a service agreement. The Non-executive Directors' maximum aggregate remuneration as approved by shareholders is currently $700,000 and is set at a level that compensates the directors for their significant time commitment in overseeing the progression of the Company's business plan.

There are no retirement benefits offered to Non-executive Directors other than statutory superannuation. For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and Executives in the current period, please refer to the Remuneration Report which is contained within the Directors' Report.

REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee operates under a charter approved by the Board. Remuneration and Nomination Committee meetings are held at least semi-annually and otherwise as required throughout the year. It is the policy of the Board that the members of the Committee shall be a minimum of three Non-executive Directors and a majority of independent directors. The Remuneration and Nominations Committee will be chaired by a Non-executive Director other than the Chairman of the Board.

With regard to the Remuneration charter of the Committee, the main functions of the Committee are to:

- Set the terms and conditions of employment for the Chief Executive Officer.
- Set policies for Senior Executive remuneration including the Chief Executive Officer and other Executive Directors (if any) and review from time to time as appropriate.
- Set policies for Non-executive Director remuneration and review and recommend the level of remuneration with the assistance of external consultants as appropriate.
- Make recommendations to the Board on remuneration for the Chief Executive Officer and Executive Director(s).
- Review and approve the recommendations of the Chief Executive Officer on the remuneration of Senior Executives.
- Review all equity based plans and make recommendations to the Board for approval.
- Review and approve the design of Executive Incentive Plans ensuring appropriate performance hurdles are in place.
- Review transactions between the group and the Directors, or any interest associated with the Directors, to ensure the structure and the terms of the transaction are in compliance with the Corporations Act 2001 and are appropriately disclosed.
- Review and approve the annual Remuneration Report contained within the Directors' Report.

The members of the Remuneration and Nominations Committee during the year were:

Andrew Stock (Chairman)

Keith Spence

Robert Davies

For details on the number of meetings of the Remuneration and Nominations Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FINANCIAL YEAR ENDED 30 JUNE 2014	NOTE	2014 $'000	2013 $'000
Continuing Operations			
Interest Income		1,507	1,166
Total Revenue		1,507	1,166
Impairment of Property, Plant & Equipment	6	-	(10,300)
Impairment of Deferred Exploration & Evaluation Costs	7	(40)	(78,510)
Personnel expenses	3A	(5,694)	(7,182)
Exploration and Evaluation Costs	3B	(8,425)	-
Other General & Administrative Expenses	3C	(2,740)	(10,635)
Corporate Expenses Recovered		611	369
Total Expenses		(16,288)	(106,258)
Income/(Loss) before Income Tax Expense		(14,781)	(105,092)
Income Tax Benefit	4	-	-
Income/(Loss) after Income Tax Expense		(14,781)	(105,092)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations	12	(22)	-
Other Comprehensive Income for the period		(22)	-
Total Comprehensive Income/(Loss) for the period attributable to the Owners		(14,803)	(105,092)
Basic and Diluted Earnings/(Loss) per share (cents per share)	15	(3.51)	(25.86)
Basic and Diluted Earnings/(Loss) per share attributable to the equity holders of the entity (cents per share)	15	(3.51)	(25.86)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014	NOTE	2014 $'000	2013 $'000
Current Assets			
Cash Assets	21(A)	33,815	41,390
Inventories – Rig Parts and Well Materials		893	188
Receivables	5	5,335	14,239
Total Current Assets		**40,043**	**55,817**
Non Current Assets			
Property, Plant and Equipment	6	4,127	3,962
Deferred Exploration, Evaluation & Development phase costs	7	7,390	1,177
Total Non Current Assets		**11,517**	**5,139**
Total Assets		**51,560**	**60,956**
Current Liabilities			
Payables	8	4,091	4,301
Provisions	9	3,001	2,201
Total Current Liabilities		**7,092**	**6,502**
Non Current Liabilities			
Provisions	9	6,052	4,003
Total Non Current Liabilities		**6,052**	**4,003**
Total Liabilities		**13,144**	**10,505**
Net Assets		**38,416**	**50,451**
Equity			
Contributed Equity	11	348,338	346,083
Other Reserves	12	10,947	10,456
Accumulated Losses		(320,869)	(306,088)
Total Equity		**38,416**	**50,451**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

FINANCIAL YEAR ENDED 30 JUNE 2014	NOTE	2014 $'000	2013 $'000
Cash Flows from/(used in) Operating Activities			
Net Goods and Services Tax received		138	2,096
Payments to suppliers and employees		(7,798)	(10,020)
Net Interest Received		1,388	1,082
Net cash flows from/(used in) Operating Activities	21(B)	**(6,272)**	**(6,842)**
Cash Flows from/(used in) Investing Activities			
Proceeds from Government Grants		4,500	14,000
Proceeds from R&D Tax Incentive		8,542	22,115
Purchase of Property, Plant & Equipment		(1,118)	(3)
Payments for Exploration and Evaluation expenditure		(14,003)	(38,657)
Proceeds from Cash Calls		-	1,551
Cash acquired from KUTh Energy Limited	17	186	-
Proceeds from sale of property, plant & equipment		590	14,080
Net cash flow (used in) investing activities		**(1,303)**	**13,086**
Cash Flows from Financing Activities			
Net cash flow provided by financing activities		-	-
Net increase / (decrease) in cash held		(7,575)	6,244
Add: Opening cash carried forward		41,390	35,146
Closing cash carried forward	21(A)	**33,815**	**41,390**

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FINANCIAL YEAR ENDED 30 JUNE 2014	ISSUED CAPITAL $'000	EMPLOYEE EQUITY BENEFITS RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	ACCUMULATED LOSSES $'000	TOTAL EQUITY $'000
At 1 July 2013	**346,083**	**10,456**	**-**	**(306,088)**	**50,451**
Recognition of foreign exchange hedge reserve	-	-		-	
Total expense for period recognised directly in equity	-	-	-	-	-
Loss for the period	-	-	-	(14,781)	(14,781)
Other comprehensive income	-	-	(22)	-	(22)
Total loss for the period	-	-	(22)	(14,781)	(14,803)
Equity Transactions:					
Issue of Share Capital for the acquisition of KUTh Limited	2,255	-	-	-	2,255
Share based payment on Employee Share Plan	-	337	-	-	337
Cost of share-based payment - recognition of share option expense	-	176	-	-	176
At 30 June 2014	**348,338**	**10,969**	**(22)**	**(320,869)**	**38,416**

FINANCIAL YEAR ENDED 30 JUNE 2013					
At 1 July 2012	**346,083**	**9,336**	**-**	**(200,996)**	**154,423**
Recognition of foreign exchange hedge reserve	-	-	-	-	-
Total expense for period recognised directly in equity	-	-	-	-	-
Loss for the period	-	-	-	(105,092)	(105,092)
Total loss for the period	-	-	-	(105,092)	(105,092)
Equity Transactions:					
Share based payment on Employee Share Plan	-	582	-	-	582
Cost of share-based payment - recognition of share option expense	-	538	-	-	538
At 30 June 2013	**346,083**	**10,456**	**-**	**(306,088)**	**50,451**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTE 1 – CORPORATE INFORMATION

The financial report of Geodynamics Limited (the Company) for the year ended 30 June 2014 was authorised in accordance with a resolution of the Directors on 28 August 2014.

Geodynamics Limited is a Company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Company are described in the Directors' Report.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis except for the valuation of available for sale financial assets which are carried at fair value. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated. The Directors have adopted the going concern assumption in preparing the financial report.

(B) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(C) New Accounting standards and interpretations

Certain Australian Accounting Standards and interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 30 June 2014.

The new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 are:

- AASB10 Consolidated Financial Statements;
- AASB11 Joint Arrangements;
- AASB12 Disclosure of Interests in Other Entities;
- AASB13 Fair Value Measurement;
- AASB119 Employee Benefits;
- AASB2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities; and
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.

None of these standards or amendments to standards affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period. The following new accounting standards and interpretations are not likely to affect future periods.

- AASB2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (effective 1 July 2014);
- AASB Interpretation 21 Levies (effective 1 July 2014);
- Annual Improvements to IFRS 2010-2012 Cycle (effective 1 July 2014);
- Annual Improvements to IFRS 2011-2013 Cycle (effective 1 July 2014);
- AASB 1031 Materiality (1July 2014);
- AASB 2013-9 Amendments to Australian Accounting Standards- Conceptual Framework, Materiality and Financial Instruments Cycle (effective 1 July 2014); and
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (effective July 2016).

The impacts of the following two standards are yet to be assessed:

- AASB 9 Financial Instruments (effective 1 July 2018); and
- IFRS 15 Revenue from Customer Contracts (effective 1July 2017).

(D) Basis of Consolidation

The consolidated financial statements comprise of the financial statements of the Group as at 30 June each year.

The controlled entities are all those entities over which the Group has power, exposure or rights to variable returns from its involvement with the entity, and the ability to use its power over the entity to affect its returns.

The financial statements of the controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

The controlled entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Controlled entity/subsidiaries

The consolidated financial statements include the financial statements of Geodynamics Limited and its controlled entities listed in the following table:

		EQUITY INTEREST %	
NAME	COUNTRY OF INCORPORATION	2014	2013
Parent Entity			
Geodynamics Limited	Australia	100	100
Directly controlled by Geodynamics Limited			
Geodynamics NT Pty Ltd	Australia	100	100
Geodynamics (Savo Island) Pty Ltd	Australia	100	100
Geodynamics Share Plans Pty Ltd	Australia	100	100
KUTh Energy Limited	Australia	100	-
Directly Controlled by KUTh Energy Limited			
KUTh Exploration Pty Ltd	Australia	100	-
Mineral Ventures Pty Ltd	Australia	100	-
KUTh Pacific Ltd	Australia	100	-
Directly Controlled by KUTh Pacific Ltd			
KUTh Exploration (Fiji) Limited	Fiji	100	-
KUTh Energy (PNG) Ltd	PNG	50.2	-
KUTh Energy (Vanuatu) Ltd	Vanuatu	100	-

(E) Significant Accounting Judgements, Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on judgement, estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes model.

Provision for site rehabilitation

The Company reviews rehabilitation requirements for its geothermal exploration tenements on a six-monthly basis by undertaking an in-house analysis of the costs to rehabilitate the sites including the plugging and abandoning of wells as appropriate.

Capitalisation of Deferred Exploration and Evaluation Expenditure & Impairment

The Company determines whether Deferred Exploration and Evaluation Costs are impaired as described by AASB 6 at least on an annual basis. The Company considers whether an area of interest will be subject to further activity in the foreseeable future. Where substantive expenditure on further exploration and evaluation is neither budgeted or planned consideration is given as to whether an impairment cost should be recognised relating specifically to that area of interest.

Classification and valuation of investments

The Company classifies investments in listed and unlisted securities as 'available for sale' investments and movements in fair value are recognised directly in equity unless impairment has occurred in which case impairment is expensed. The fair value of unlisted securities not traded in an active market is determined by the pricing of those securities when share allotments of those securities are made on or around balance date to independent third parties.

(F) Foreign Currency Translation

Both the functional and presentation currency of Geodynamics is Australian dollars ($A). Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the financial report are taken to net income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(G) Property, Plant & Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. The costs include obligations relating to reclamation, plant closure and other costs associated with the restoration of the site. Depreciation is provided on a straight line basis on all property, plant and equipment. All classes are depreciated over periods ranging from 3 to 15 years (comparable to prior year). The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate the carrying value may be impaired.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment exists when the carrying value exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the statement of comprehensive income in the year the loss is recognised.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(H) Exploration, Evaluation, Development and Restoration costs

Costs carried forward

Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

As reported at 30 June 2013, the Company finalised the technical appraisal of its Cooper Basin project and associated resource. In the absence of a small scale commercial project or other plan to commercialise the project in the medium term, the Company impaired the carrying amount of its deferred exploration, evaluation and development costs in respect of the Cooper basin project to $nil.

Commensurate with the ongoing appraisal and review of the Cooper Basin project additional evaluation costs have been incurred since 1 July 2013. As it is not possible to reliably demonstrate the additional costs in respect of the Cooper Basin project will be recouped through successful development or sale, the Company has recorded these costs in the Statement of Comprehensive Income for the year ended 30 June 2014.

Grants and subsidies (including R&D incentives) relating deferred exploration and evaluation costs are recorded as a reduction in the carrying amount of the associated asset. Grants and subsidies (including R&D incentives) related to exploration and evaluation costs recorded in the Statement of Comprehensive Income are recognised in profit or loss at the same time as the expenses for the costs for which the grant is expected to compensate.

Impairment

The carrying values of exploration, evaluation, development and restoration costs are reviewed for impairment in accordance with AASB 6 Exploration and Evaluation of Mineral Resources when facts and circumstances suggest that the carrying amount of such an asset may exceed its recoverable amount. Any impairment loss identified is recognised as an expense in accordance with AASB 136 Impairment of Assets.

Amortisation

Costs on productive areas will be amortised over the life of the area of interest to which such costs relate on the production output basis.

Restoration costs

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation, development, construction or production phases that give rise to the need for restoration. Accordingly, these costs will be recognised gradually over the life of the facility as these phases occur. The costs include obligations relating to reclamation, plant closure and other costs associated with the restoration of the site.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Intangibles

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

(J) Impairment of Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(K) Cash and Cash Equivalents

Cash assets on the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks and short term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

(L) Trade and Other Receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

(M) Inventories

Inventories include spare parts and consumable items used in drilling operations and are valued at the lower of cost and net realisable value.

(N) Contributed Equity

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(O) Trade and Other Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(P) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(Q) Employee Benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(R) Share-based Payment Transactions

The Company provides benefits to employees (including executive directors) in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares ('equity-settled transactions').
The current plan in place to provide these benefits is the Geodynamics Limited Share Appreciation Rights Plan which both provides benefits to executive directors and senior employees.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

(S) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. In the case of interest, revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(T) Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account until such time as all conditions associated with the grant are met. Once these conditions are achieved the credit is allocated to the relevant asset. The amount of the grant is then released to net income over the expected useful life (by way of reduced depreciation or amortisation) of the relevant asset.

(U) Earnings per Share

Basic earnings per share is determined by dividing the profit/(loss) after tax by the weighted average number of ordinary shares outstanding during the financial period. Diluted earnings per share is determined by dividing the profit/(loss) after tax adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial period.

(V) Income Tax

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

For Geodynamics Limited, no deferred income tax asset is being recognised in the accounts as the benefit is not considered to be probable of being realised at this stage of the Company's development. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Income taxes relating to items recognised directly in equity are recognised in equity and not in net income.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(V) Income Tax (continued)

Deferred income tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(W) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the Cash Flow Statement on a net basis and the GST component arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(X) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a distinguishable component of that entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(Y) Available for sale securities

Available for sale investments are those non-derivative financial assets, principally equity securities that are designated as available for sale. After initial recognition available for sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(Z) Joint Arrangements

The Company is also a party to a joint operation with Kentor Energy Pty Ltd (Kentor). The joint operation assets comprise the Savo Island prospecting license and all property plant and equipment for use on Savo Island. The joint operation is named the Savo Island Geothermal Joint Venture.

Under the terms of the agreement, Geodynamics (Savo Island) Pty Ltd is entitled to earn an initial 25% interest in the Savo Island Geothermal Power Project following the completion of initial geophysical studies to determine target locations for a drilling program. The Company has the right to earn an additional 45% interest through exploration drilling and the completion of a feasibility study for the Project. At 30 June 2014 Geodynamics had met all requirements for the initial 25% interest.

In prior years the Company was a party to two joint operations named the Innamincka 'Deeps' Joint Venture and the Innamincka 'Shallows' Joint Venture. The joint operations with Origin Energy Limited were formed to explore and evaluate enhanced geothermal systems in the Cooper/Eromanga basin in South Australia. The joint operations comprised South Australian geothermal tenements and all property plant and equipment for use in the Cooper/Eromanga basin. At 30 June 2013, Origin Energy Limited withdrew from the joint operations. Coincident with the withdrawal, the Company became the 100% participant in the arrangement and obtained control of its geothermal tenements and all property plant and equipment.

(AA) Going Concern

As the Company's assets are in the exploration and development phase, Geodynamics is currently non-revenue generating. As such a major focus of the Board and management is on ongoing cash flow forecasting and management of cash flows to ensure that the Company always has sufficient funds to cover its planned activities and any ongoing obligations. The Company has sufficient cash resources to cover its near term planned exploration expenditure. The Company also has significant ability to slow or defer spending on its major activities to ensure that it is always able to meet its obligations when they fall due, including deferring expenditure on our drilling program as the company's permit expenditures are well in advance of the minimum permit conditions.

While principally focussed on geothermal exploration and development, Geodynamics will continue to actively monitor developments in clean energy markets and technologies to assess opportunities to acquire interests in projects or technologies where it is able to utilise its skills and capacity to develop further clean energy projects that provide an acceptable return for shareholders.

NOTE 3A – PERSONNEL EXPENSES

	2014 $'000	2013 $'000
Loss before income tax has been determined after charging/(crediting) the following specific items:		
Share Plan Expense	337	582
Share Option Expense	176	538
Employee Expenses	5,181	6,062
	5,694	**7,182**

NOTE 3B – EXPLORATION AND EVALUATION COSTS

Loss before income tax has been determined after charging/(crediting) the following specific items:		
Expenditure for the period	8,300	-
Change in Rehabilitation	2,157	-
Proceeds from Government Grants	(1,500)	-
Change in R&D Tax Incentive for 2013 financial year	1,468	-
R&D Tax Incentive for the 2014 financial year	(2,000)	-
	8,425	**-**

NOTE 3C – OTHER EXPENSES AND LOSSES/(GAINS)

Loss before income tax has been determined after charging/(crediting) the following specific items:		
Depreciation of plant and equipment and Amortisation of leasehold improvements [1]	522	7,431
Interest expense	4	32
Operating lease rentals paid	1,143	856
Foreign exchange loss/(gain)	(6)	(27)
(Profit)/loss on disposal of property, plant & equipment	(1,336)	(79)

1 The 1MW$_e$ pilot plant was depreciated during the trial operating period at the end of the last financial year. At 30 June 2013 the carrying amount of the plant was impaired to its residual value being an estimate of the fair value less costs to sell. No further depreciation expense was recorded for the pilot plant during the year ended 30 June 2014.

NOTE 4 – INCOME TAX	2014 $'000	2013 $'000
Income tax expense		
The prima facie tax benefit on loss of 30% (2013 - 30%) differs from the income tax provided in the financial statements as follows:		
Prima facie tax on loss	(4,434)	(31,528)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
R&D Tax Incentive Receivable	2,000	10,000
Change in R&D Incentive for the prior year	(1,468)	-
Other income/(expenses)	156	340
Income tax benefit attributable to current year losses	(3,746)	(21,188)
Deferred tax asset not brought to account as realisation of the asset is not regarded as probable	3,746	21,188
Income tax benefit attributable to operating loss	-	-

Deferred income tax

Deferred income tax at 30 June relates to the following:

	STATEMENT OF FINANCIAL POSITION		STATEMENT OF COMPREHENSIVE INCOME	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Deferred tax liabilities				
Deferred exploration phase expenditure	-	(10)	-	-
Deferred evaluation phase expenditure [3]	-	(343)	-	-
Other deferred tax liability	(199)	(1,064)	-	-
Deferred tax assets				
Losses available for offset against future taxable income			-	-
Company[1]	77,433	75,925		
Subsidiary[2]	4,407	-		
Other deferred tax asset	2,944	1,924	-	-
Net deferred tax assets	84,585	76,432		
Deferred tax asset for tax losses not recognised	(84,585)	(76,432)		
Gross deferred income tax assets	-	-		
Deferred tax income/(expense)	-	-	-	-

1 The deferred tax asset arising from estimated tax losses is only brought to account to the extent that it offsets the Company's deferred tax liabilities arising from temporary differences. To the extent surplus tax losses are available, the deferred tax asset associated with these tax losses is not brought to account at balance date as the benefit is not yet regarded as probable.

The deferred tax asset will only be obtained if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(c) no changes in tax legislation adversely affect the Company in realising the benefit.

The Company's tax losses for the 2013 financial year (reported above) have been adjusted to reflect the income tax return lodged during the 2014 financial year.

2 The subsidiary tax losses were acquired as part of the acquisition of KUTh Energy Limited (refer note 21). No fair value was allocated to the tax losses as part of the business combination accounting as the tax losses are not considered probable of recovery. Given the change in ownership of KUTh Energy Limited and its controlled entities, the recovery of the tax losses is likely to be subject to the same business test.

3 At 30 June 2014, the Group's deferred exploration and evaluation expenditure relates to operations in the Solomon Islands and Vanuatu. As the corporate tax rate in Vanuatu is nil%, no deferred tax liability is recognised in respect of this component for the deferred evaluation phase asset. In addition, it is yet to be determined whether the company's exploration expenditure in the Solomon Islands will be deductible for tax purposes (and in which jurisdiction).

NOTE 5 – RECEIVABLES (CURRENT)	2014 $'000	2013 $'000
GST Receivable	295	109
Interest Receivable	432	315
Other Receivables	4,608	13,815
	5,335	**14,239**

Accounts receivable, GST receivable, interest receivable and sundry receivables are non-interest bearing.

The other receivables balance represents an amount receivable in relation to the sale of the Habanero Camp as well as an estimate of the amount due under the R&D Tax Incentive Scheme relating to expenditure incurred during the year ended 30 June 2014.

Allowance for Impairment loss.

No allowance has been made for impairment loss. A provision for impairment loss is only recognised when there is objective evidence that an individual receivable is impaired. None of the balances within receivables contain impaired assets.

NOTE 6 – PROPERTY, PLANT & EQUIPMENT	2014 $'000	2013 $'000
Plant and Equipment at cost	25,370	25,467
Less: accumulated depreciation and impairment	(21,243)	(21,505)
Total Property, Plant and Equipment	**4,127**	**3,962**
Reconciliation of Plant & Equipment		
Carrying amount at beginning	3,962	19,771
Additions (including KUTh acquisition)	1,352	127
Disposals	(1,450)	(156)
Impairment *	-	(10,300)
Reclassification from Deferred Exploration and Evaluation Costs	-	9,919
Less: Proceeds of Government Grants	-	(8,000)
Depreciation/Amortisation Expense	263	(7,399)
Carrying amount at the end	**4,127**	**3,962**

* Impairment of Property Plant & Equipment

The reclassification from Deferred Exploration and Evaluation costs at June 2013 related to the transfer of carrying costs for the $1MW_e$ pilot plant and reclassification as a depreciable asset as at the time of commissioning.

While the technical appraisal of the resource and trial of the $1MW_e$ Pilot Plant has been successful and provides proof of concept, the development of EGS geothermal resources in Australia remains a long term challenge requiring significant capital investment and extension of infrastructure.

The $1MW_e$ pilot plant was designed to provide a platform for proof of concept but is not commercially viable as a long term source of power production. The Board therefore impaired the carrying amount of the $1MW_e$ pilot plant to its residual value being an estimate of the fair value less costs of disposal at 30 June 2013. The Board has assessed residual amount of the $1MW_e$ pilot plant remains its best estimate of the fair value less costs of disposal at 30 June 2014.

NOTE 7 – DEFERRED EXPLORATION AND EVALUATION COSTS	2014 $'000	2013 $'000
Exploration Phase	-	32
Evaluation Phase	7,390	1,145
Total	**7,390**	**1,177**
Reconciliation of Deferred Exploration & Evaluation costs		
Carrying amount at beginning	1,177	106,923
Add: Exploration Expenditure for period	-	57
Add: Evaluation assets acquired as part of KUTh transaction	2,485	-
Add: Evaluation & Development expenditure for period	3,768	28,741
Less: Proceeds of Government Grants	-	(14,000)
Less: Proceeds from R&D Tax Incentive	-	(32,115)
Reclassification to Property Plant and Equipment	-	(9,919)
Less: Impairment of Evaluation & Development expenditure	(40)	(78,510)
Carrying amount at the end	**7,390**	**1,177**

The carrying amount of deferred exploration and evaluation costs increased during the year mainly due to expenditure on the Pacific Islands projects.

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective geothermal exploration tenements.

As reported at 30 June 2013, the Company finalised the technical appraisal of its Cooper Basin project and associated resource. In the absence of a small scale commercial project or other plan to commercialise the project in the medium term, the Company impaired the carrying amount of its deferred exploration, evaluation and development costs in respect of the Cooper Basin Project to $nil.

Commensurate with the ongoing appraisal and review of the Cooper Basin project additional evaluation costs have been incurred during the year ended 30 June 2014. As it is not possible to reliably demonstrate the additional costs in respect of the Cooper Basin project will be recouped through successful development or sale, the Company has recorded these costs in the Statement of Comprehensive Income for the period in line with the Company's accounting policy (refer note 3B).

NOTE 8 – ACCOUNTS PAYABLE	2014 $'000	2013 $'000
Current		
Trade Creditors	2,293	801
Accrued Liabilities	1,798	3,500
Trade creditors and accruals	**4,091**	**4,301**

Terms and conditions

Accounts payable and accrued liabilities are non-interest bearing. Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. All amounts are normally settled within 30 days, and discounts for early payment are normally taken where it is considered advantageous for the Company to do so. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

NOTE 9 – PROVISIONS

	EMPLOYEE ENTITLEMENTS $'000	RESTORATION PROVISION $'000	MAKE GOOD PROVISION $'000	TOTAL PROVISIONS $'000
At 1 July 2013	**634**	**5,328**	**242**	**6,204**
Arising during the year	1,125	2,158	7	3,290
Utilised	(441)	-	-	(441)
At 30 June 2014	**1,318**	**7,486**	**249**	**9,053**
Current 2014	1,102	1,899	-	3,001
Non current 2014	216	5,587	249	6,052
	1,318	**7,486**	**249**	**9,053**
Current 2013	504	1,697	-	2,201
Non current 2013	130	3,631	242	4,003
At 30 June 2013	**634**	**5,328**	**242**	**6,204**

The restoration provision relates to the ultimate restoration of the Habanero 1, Habanero 2, Habanero 3, Habanero 4, Jolokia 1, Savina 1 and Celsius 1 sites including the wells themselves (permanent plugs), the monitoring wells and water supply pipeline routes.

Bank guarantees totalling $307,000 are held to cover South Australian, NSW and Tasmanian governments tenement rehabilitation obligations.

The make good provision relates to the lease agreement on the Company's corporate office premises in Brisbane. Under this agreement, Geodynamics is required to restore the leased premises to its original condition at the end of the lease. A bank guarantee totalling $465,820 is held by the landlord of these leased premises.

The components of the provision for employee entitlements is detailed in note 14.

NOTE 10 – FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise of cash and cash equivalents, receivables and payables.

All financial assets are recognised initially at fair value plus transaction costs, and financial liabilities are recognised initially at fair value. Subsequent measurement of financial assets and liabilities depends on their classification, summarised in the table below.

	2014 $'000	2013 $'000
	Amortised Cost	Amortised Cost
Financial Assets		
Cash and Cash Equivalents	33,815	41,390
Receivables	5,335	14,239
	39,150	**55,629**
Financial Liabilities		
Payables	4,091	4,301
	4,091	**4,301**

Financial assets and liabilities carried at amortised cost are measured by taking into account any discount or premium on acquisition, and fees or costs associated with the asset or liability. Due to the short-term nature of these assets and liabilities, their carrying value is assumed to approximate their fair value.

AASB7 *Financial Instruments: Disclosures* requires disclosures of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 – the fair value if calculated using quoted market prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The Group does not have any level 1, level 2 or level 3 financial instruments as at 30 June 2014 or 30 June 2013.

NOTE 11 – CONTRIBUTED EQUITY	2014 $'000	2013 $'000
Authorised Shares		
435,880,130 (2013 – 406,452,608) fully paid ordinary shares	348,338	346,083

MOVEMENT IN ORDINARY SHARE CAPITAL:		NUMBER OF SHARES	ISSUE PRICE $ PER SHARE	$'000
30/06/12	**Balance end of financial year**	**406,452,608**		**346,083**
	NIL Movement			
30/06/13	**Balance end of financial year**	**406,452,608**		**346,083**
Jan 2014	Ordinary shares issued for KUTh acquisition acceptances	24,128,364	0.085	2,051
Jan 2014	Ordinary shares issued for KUTh compulsory acquisition	2,404,440	0.085	204
May 2014	Ordinary shares issued for the deferred employee share plan[1]	1,331,425	0.155	-
May 2014	Ordinary shares issued for the deferred employee share plan [1]	1,563,293	0.165	-
30/06/14	**Balance end of financial year**	**435,880,130**		**348,338**

1 The total movement in ordinary share capital for shares issued for the deferred employee share plan is lower than the total shown at note 14, the difference being shares reallocated from the forfeited share pool.

Terms and Conditions of contributed equity

Ordinary Shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued capital.

Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern and to maintain a structure that ensures the lowest cost of capital available to the entity. As the entity is not in position to be debt funded until it advances its projects to a completed feasibility phase which has the support of financiers, it must rely totally on shareholders and government grants for its funding requirements.

Unissued Shares – Shareholder Options

At 30 June 2014, there were no unissued ordinary shares under shareholder options (2013 – Nil). Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate. There were no shareholder options granted during the financial year ended 30 June 2014 (2013 – Nil).

NOTE 12 – RESERVES	2014 $'000	2013 $'000
Deferred Employee Share Plan Reserve	3,462	3,125
Employee Share Option Reserve	7,507	7,331
Foreign Currency Translation Reserve	(22)	-
	10,947	**10,456**
Reconciliation of Reserves		
Carrying amount at beginning	10,456	9,336
Recognition of Share Plan Expense – Transfer from Contributed Equity	-	-
Recognition of Share Plan Expense	337	582
Recognition of Share Option Expense	176	538
Recognition of Foreign Currency Translation Reserve	(22)	-
	10,947	**10,456**

NOTE 12 – RESERVES *(continued)*

Nature and purpose of reserves

Deferred employee share plan reserve

The employee share plan reserve is used to record the value of fully paid ordinary shares granted to employees, including key management personnel, as part of their remuneration. Refer to Note 14 for further details.

Employee share option reserve

The employee share option reserve is used to record the value of share options granted to employees, including key management personnel, as part of their remuneration. Refer to Note 14 for further details.

Foreign currency translation reserve

This reserve records the differences arising as a result of translating the financial statements of subsidiaries recorded in foreign currencies to the presentational currency.

NOTE 13 – EXPENDITURE COMMITMENTS

Enhanced Geothermal Systems (EGS) Tenement Commitments

In order to maintain current rights of its EGS tenements, the Company is required to outlay annual rentals and to meet certain expenditure requirements of the New South Wales, South Australian, Queensland and Tasmania Mines Departments. Also included are fees for Solomon Islands licenses. These obligations are subject to renegotiation upon expiry of the tenements. The obligations are not provided for in the financial report and are payable as follows:

	2014 $'000	2013 $'000
Payable not later than one year	245	164
Operating Leases (non-cancellable)		
Payable not later than one year	1,127	1,071
Later than one year but not later than five years	18	1,109
	1,145	**2,180**
Other Commitments (Open Purchase Orders)	**1,423**	**3,204**

Included in the other commitments are open purchase orders in relation to the Deeps Joint Venture – refer to Note 25 for details.

The Company has no capital commitments at 30 June 2014.

NOTE 14 - EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS	2014 $'000	2013 $'000
Employee Benefits		
The aggregate employee benefit liability is comprised of:		
Provision for Annual Leave (current)	455	440
Provision for Long Service Leave (current)	-	-
Provision for Time off in Lieu	72	64
Provision for Terminations	576	-
Provision for Long Service Leave (non-current)	215	130
	1,318	**634**

Superannuation Commitments

The Company contributes to external accumulation funds for its employees which provide benefits for employees and their dependants on retirement, disability or death. These funds provide benefits on a defined contribution basis. Contributions are enforceable to the extent of the contribution required by the Superannuation Guarantee Levy.

Employer contributions paid or payable to the plans	**507**	**695**

NOTE 14 - EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS (continued)

Long Term Incentive Plan (LTIP)

In October 2008, the Board resolved to approve a new Long Term Incentive Plan (LTIP) with the key objective being to retain, motivate and reward senior executives and staff in a manner which aligns this element of remuneration with the creation of long term shareholder value.

The LTIP is provided in two components being Geodynamics Limited shares as traded on the ASX and options to purchase Geodynamics Limited shares at the current price, sometime in the future. The LTIP is designed to provide rewards over a three year term.

The Geodynamics LTIP offers eligible employees and Executive Directors of Geodynamics the opportunity to participate in the growth of Geodynamics through participation in:

- the Geodynamics Limited Deferred Employee Share Plan (DESP); and
- the Geodynamics Limited Employee Option Plan (EOP).

Shares and Options issued under the DESP and EOP respectively are allocated and issued to participants for no consideration. The issue of options and allocations of shares within the LTIP is also subject to the participants satisfactory performance as judged by their line manager.

To become entitled to the shares and options, participants are required to satisfy certain performance requirements. On satisfying the performance requirements for options, the options can be converted into shares by payment of the exercise price.

The service requirements for shares issued under the DESP require that for each annual allocation of shares made to participants under the DESP, the participant will be required to remain employed by Geodynamics or a Related Body Corporate for 36 months from the date of allocation of the shares for the shares to vest.

The performance requirements for options issued under the EOP requires that options will only vest should the compound growth in the Geodynamics share price increase by 15% per annum and the participant remains employed by Geodynamics or a Related Body Corporate for :

- 12 months from the date of allocation for 30% vesting of the total option number; and
- 24 months from the date of allocation for 30% vesting of the total option number; and
- 35 months from the date of allocation for 40% vesting of the total option number.

Employee Option Plan (EOP)

The options are issued for a term of three years. The options are valued using the Black-Scholes formula which is a function of the relationship between a number of variables that principally comprise the share price, option exercise price, risk free interest rate and the volatility of the Company's underlying share price. Accordingly, the formula requires a number of inputs, some of which must be assumed.

The LTIP was terminated in March 2014. As such there were no options issued during the 2013/14 financial year and all remaining options in the plan were cancelled.

3,490,087 shares were issued to employees as part of the process for the termination of the Long Term Incentive Plan. 2,894,718 of these were new shares with the remainder being reallocated from the forfeited share pool. These shares are still subject to the Long Term Incentive provisions and as such have a vesting period of 36 months.

Information with respect to the number of options granted under the EOP is as follows:

	2014		2013	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance at beginning of year	**6,828,319**	**$0.39**	**10,729,530**	**$0.44**
Granted during the year	-	-	-	-
- lapsed or forfeited	2,887,463	$0.39	(3,901,211)	$0.55
- cancelled	3,940,856	$0.40		
Balance at end of year	**-**	**-**	**6,828,319**	**$0.39**
Options that vested during the period	-	-	-	-
Vested & Exercisable at end of year	**-**	**-**	**-**	**-**

NOTE 14 - EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS *(continued)*

Options exercised

There were no options exercised by employees during the year ended 30 June 2014.

Total Options held at the end of the reporting period

The following table summarises information about options held by employees as at 30 June 2014:

GRANT DATE	NUMBER OPTIONS	TYPE	EXPIRY DATE	EXERCISE PRICE
	All options cancelled as part of the termination of the Long Term Incentive Plan			
TOTAL	**-**			**-**

Deferred Employee Share Plan (DESP)

The shares are issued for a term of three years. The shares are valued using fair value at the date of grant which is deemed to be the five day volume weighted average share price at the date of grant.

Information with respect to the number of shares granted under the DESP is as follows:

	2014		2013	
	NUMBER OF SHARES	WEIGHTED AVERAGE ISSUE PRICE	NUMBER OF SHARES	WEIGHTED AVERAGE ISSUE PRICE
Balance at beginning of year	**3,119,681**	**$0.30**	**4,512,489**	**$0.41**
- granted [1]	3,490,087	$0.06	471,698	$0.16
- transferred to employees or forfeited	(1,675,675)	$0.37	(1,864,506)	$0.54
Balance at end of year	**4,934,093**	**$0.11**	**3,119,681**	**$0.30**
Vested & Exercisable at end of year	-	-	-	-

1 The total amount granted for the year ended 30 June 2014 is greater than the movement in ordinary share capital due to a reallocation from the forfeited share pool Refer to note 11

Total Shares held at the end of the reporting period

The following table summarises information about shares held by employees under the DESP as at 30 June 2014:

GRANT DATE	NUMBER SHARES	TYPE	VESTING DATE	ISSUE PRICE
30/06/11	278,636	Deferred Employee Share Plan	30/06/14	$0.31
30/09/11	831,413	Deferred Employee Share Plan	30/09/14	$0.20
01/05/14	1,331,425	Deferred Employee Share Plan	31/12/14	$0.06
22/02/13	471,698	Deferred Employee Share Plan	31/01/15	$0.16
01/05/14	2,020,921	Deferred Employee Share Plan	31/03/15	$0.06
TOTAL	**4,934,093**			**$0.11**

NOTE 15 - EARNINGS PER SHARE	2014 $'000	2013 $'000
Basic and diluted earnings/(loss) per share attributable to the equity holders (cents per share)	**(3.51)**	**(25.86)**
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net loss attributable to equity shareholders ($'000)	**(14,781)**	**(105,092)**
Weighted average number of ordinary shares used in calculation of basic earnings per share	**421,547,416**	**406,452,608**

NOTE 16 - SEGMENT INFORMATION

The Company operates in one segment, being geothermal energy exploration and evaluation.

The Company's areas of operation are currently located in Australia, the Solomon Islands and Vanuatu (Pacific Islands). With the expansion of the Company's activities outside of Australia in the 2014 financial year, the Company has disclosed a geographic split of non-current assets as at 30 June 2014 (comparative information has also been reported).

Operating segments are identified on the basis of internal reports that are regularly reviewed and used by the Board of Directors (chief operating decision maker) in order to allocate resources to the segment and assess its performance. The financial information presented in the Statements of Comprehensive Income and Financial Position is the same as that presented to the chief operating decision maker.

Unless otherwise stated, all amounts reported to the Board of Directors as the chief operating decision maker are in accordance with the entity's accounting policies.

Geographic Split of Non Current Assets

YEAR ENDED 30 JUNE 2014	PACIFIC	AUSTRALIA	CONSOLIDATED
Property Plant & Equipment	1,332	2,795	4,127
Deferred Exploration and Evaluation	7,390	-	7,390
Total Non Current Assets	**8,722**	**2,795**	**11,517**

YEAR ENDED 30 JUNE 2013			
Property Plant & Equipment	-	3,962	3,962
Deferred Exploration and Evaluation	1,145	32	1,177
Total Non Current Assets	**1,145**	**3,994**	**5,139**

The Company's revenue represent interest on cash and cash equivalents and is all generated in the Australian geographic segment.

NOTE 17 – BUSINESS COMBINATION ACCOUNTING FOR THE ACQUISITION OF KUTH ENERGY LIMITED

On 4 December 2013, the Company announced its off-market offer to acquire shares in Kuth Energy Limited ("KUTh") was unconditional.

KUTh is a geothermal power project explorer/developer with interests throughout the Pacific and Australia. KUTh holds a production Licence on Efate Island in Vanuatu which is the lead project in its portfolio.

As detailed in the Company's Bidder's Statement, dated 10 October 2013, on accepting the offer KUTh shareholders would receive one (1) Geodynamics Limited share for every five and a half (5.5) KUTh shares. On 4 December 2013, the Company received acceptances equivalent to 86.06% of the issued share capital of KUTh. On declaring the offer unconditional, the Company assessed it had obtained control of KUTh and as such has accounted for the acquisition at that time.

Pursuant to the off-market offer (which remained open until 13 December 2013), the Company increased its beneficial interest in KUTh to 90.45% as at 12 December 2013 and at that time commenced the process of compulsorily acquiring the outstanding shares in KUTh. On 12 December 2013, Geoff Ward was also appointed to the Board of KUTh.

As the consideration for the acquisition was shares in the Company, the cost of the acquisition has been measured with reference to the Geodynamics share price at the close of business on the day the offer was declared unconditional, being 8.5 cents per share.

Given the short period of time between obtaining control of KUTh and commencing compulsory acquisition of the remaining interest in KUTh, the Company has treated the acquisition as a single transaction for the purpose of its acquisition accounting. The consideration shares were issued to KUTh's shareholders in two tranches of 24,128,364 shares on 3 January 2014 and 2,404,440 on 17 January 2014.

NOTE 17 – BUSINESS COMBINATION ACCOUNTING FOR THE ACQUISITION OF KUTH ENERGY LIMITED *(continued)*

Assets acquired and Liabilities assumed

The business combination accounting resulted in the following fair values being allocated to the identifiable assets and liabilities of KUTh at the acquisition date.

	4 DECEMBER 2013 $000
ASSETS	
Current Assets	
Cash and Cash Equivalents	186
Trade and Other Receivables	162
Total Current Assets	**348**
Non Current Assets	
Property, Plant and Equipment	6
Deferred Exploration, Evaluation & Development phase costs	2,485
Total Non Current Assets	**2,491**
Total Assets	**2,839**
LIABILITIES	
Current Liabilities	
Trade and Other Payables [1]	433
Provisions (employee) [1]	151
Total Liabilities	**584**
Total Identifiable Net Assets At Fair Value	**2,255**
Purchase Consideration	
26,532,804 shares at 8.5 cents per share	2,255

1 The reported trade payables and provisions include amounts payable in respect of terminating KUTh's contractual obligations.

No changes have been made between the provisional combination accounting reported at 31 December 2013 and the final business combination accounting at 30 June 2014.

In addition, general and administrative expenses in the Consolidated Statement of Comprehensive Income includes $154,782 of transaction costs in respect of the acquisition.

Since acquisition, KUTh's contribution to the Group's loss for the year ended 30 June 2014 is $105,283. In addition, the Company has determined it is impracticable to disclose the revenue and loss which would have been included in the consolidated statement of comprehensive income had the acquisition of KUTh occurred at the beginning of the reporting period.

NOTE 18 – REMUNERATION OF AUDITORS

	2014 $	2013 $
Amounts received or due and receivable by Ernst & Young Australia for:		
An audit or review of the financial report of the entity	83,500	92,500
Other assurance services	5,000	5,000
	88,500	**97,500**

NOTE 19 – KEY MANAGEMENT PERSONNEL

Details of Key Management Personnel

DIRECTORS	
K. Spence	Chairman (non-executive)
G. Ward	Managing Director & CEO
R. Davies	Director (non-executive)
J. Hamilton	Director (non-executive)
M. Marier	Director (non-executive)
A. Stock	Director (non-executive)
G. Miltenyi	Director (non-executive) (appointed 1 March 2014)

EXECUTIVES	
K. Coates	Operations Manager
R. Hogarth	Reservoir Engineering Manager
T. Pritchard	Chief Financial Officer
A. Hodson	Well Engineering & Technology Manager
A. Mills	Project Engineering Team Leader

Compensation of Key Management Personnel

	2014 $	2013 $
Short-term employee benefits	2,280,482	2,698,179
Post Employment benefits	137,008	186,092
Share based payment	225,651	322,453
	2,643,141	**3,206,724**

Further information on remuneration of Key Management Personnel is shown in the Remuneration Report contained within the Directors' Report.

NOTE 20 – RELATED PARTY DISCLOSURES

Services rendered during the year

During the year electricity was provided to the Company by Origin Energy under normal commercial terms and conditions.

The Metasource (Woodside) environmental credits off take rights

In 2002 Metasource committed by an Agreement to subscribe for 10,443,392 fully paid ordinary shares as a pre-IPO investor in the Company's August 2002 Prospectus. Under the terms of that Agreement Metasource has the right to participate pro rata to its then current shareholding in any further issue of equity in Geodynamics at the price payable by other parties at the time and Metasource has a right to nominate a person to be appointed as a director of Geodynamics.

On 31 March 2004 the Company announced that it had executed an Environmental Credits Off take Deed with Metasource which formalises Metasource's rights to Environmental Credits. Metasource or its nominee has the right to procure all of the environmental credits which arise from 50% (capped at 1,300 GWh/year) of the power generated by Geodynamics' power plant(s). 37.5% of the Environmental Credits can be sold to Metasource at full market price with the balance of 12.5% of the Environmental Credits assigned to Metasource without separate consideration. The term for the purchase of Environmental Credits commenced on 8 April 2004 and ends on the earlier of:

a) 10 years after the commissioning of the first commercial power plant with capacity exceeding 250 megawatts;

b) 20 years after the Company achieves commissioning of EGS plants with a combined sales capacity exceeding 25 megawatts; or

c) 80 years after the date of the contract.

NOTE 20 – RELATED PARTY DISCLOSURES *(continued)*

The Origin Energy environmental credits and power off take rights

On 5 August 2003, Geodynamics executed an Investment Deed with Origin Energy Limited wherein the parties agreed to enter into a strategic alliance under which Origin would subscribe for 10,000,000 shares in Geodynamics. Under the terms of the Investment Deed, Origin Energy has a right of participation in future share issues pro rata to its then percentage shareholding in Geodynamics and Origin has a right to nominate a person to be appointed as a director of Geodynamics.

On 29 April 2005, Geodynamics executed a Heads of Agreement (HOA) with Origin Energy Electricity Limited (Origin) under which, at the time final contracts are entered into, the parties will enter into a power purchase agreement (PPA) and Renewable Energy Certificate purchase agreement (RPA). Under the terms of the PPA, Origin will have the right to purchase 50% of the power generated by Geodynamics (capped at 1300 GWh/year) from any power plant that is connected to a transmission system at a discount of 5% to the then market price. The term of the PPA will commence on the first generation of power by Geodynamics from any power plant that is connected to a transmission system and end 10 years after the commissioning of Geodynamics first large commercial power plant (being a power plant which has a nominal rated capacity of 200 MW or more);

Under the terms of the RPA, Origin will have the right to purchase any Renewable Energy Certificates (RECs) and/or environmental credits (ECs) arising from 47.5% of all power generated by Geodynamics at market price (up to a maximum of the number of RECs and ECs arising from the generation of 1300 GWh of power which qualify for the issue of RECs or ECs in each year). In addition a further 2.5% of the RECs and/or ECs will be assigned to Origin without separate consideration. The RPA will start on the first generation of power by Geodynamics and will end 10 years after the commissioning date of Geodynamics first large commercial power plant.

The Origin Energy Joint Ventures

In December 2007, shareholders approved a farmin with Origin Energy (Origin) on the Innamincka "Deeps" EGS geothermal resource. In the subsequent 24 month period, Origin contributed $105.6m to project costs in addition to its own 30% share of project expenditure to satisfy the terms of the farmin. The resulting Joint Venture is known as the Innamincka "Deeps" Joint Venture and sees Geodynamics as Operator with a 70% project interest and Origin with a 30% project interest. The Joint Venture assets comprise the South Australian geothermal tenements and all property plant and equipment in the Cooper Basin including the drilling rigs.

In February 2010, Geodynamics announced that it had agreed to enter into a second joint venture with Origin to explore for shallow geothermal resources on existing Joint Venture licence areas in the Eromanga Basin in South Australia.

The Innamincka "Shallows" Joint Venture focuses on the exploration of shallow hot sedimentary aquifers (HSA) down to approximately 3,000 m depth, as distinct from the existing "Deeps" Joint Venture with Origin, which focuses on higher temperature enhanced geothermal systems (EGS) in the deeper granites generally below 4,000 m. The participating interests in the "Shallows" Joint Venture are Origin as Operator with a 50% interest and Geodynamics with a 50% interest. At 30 June 2014, Origin Energy Limited, held 15,454,119 fully paid ordinary shares in Geodynamics representing 3.6% of its issued capital.

As advised to the ASX on 28 March 2013, Origin Energy have withdrawn from both of the above joint ventures effective 30 June 2013. The result being Geodynamics hold a 100% interest in the Deeps and Shallows joint ventures as at 1 July 2013.

The Kentor Energy Joint Venture

In November 2012, Geodynamics Limited entered into a two stage earn-in and joint operating agreement with Kentor Energy Pty Ltd ("Kentor"), a subsidiary of Kentor Gold Ltd (ASX: KGL), to acquire up to 70% interest in a conventional geothermal power supply project in the Solomon Islands.

Under the terms of the agreement, Geodynamics is entitled to earn an initial 25% interest in the Savo Island Geothermal Power Project ("Project") following the completion of initial geophysical studies to determine target locations for a drilling program. The Company has the right to earn an additional 45% interest through exploration drilling and the completion of a feasibility study for the Project.

In April 2013 Geodynamics fulfilled its commitments under Stage One of the Earn-In by releasing a Savo Island Inferred Geothermal Resource Assessment and became entitled to the initial 25% in the Savo Island Geothermal Power Project.

The Sentient/Sunsuper investment

On 10 April 2008, Geodynamics announced that The Sentient Group (Sentient) and Sunsuper Pty Ltd (Sunsuper) had agreed to become joint cornerstone investors in Geodynamics. It had been agreed that Sentient and Sunsuper would collectively subscribe for 11.8% of the Company's then current issued share capital or 25 million fully paid ordinary shares in Geodynamics at an issue price of $1.50 per share. In addition, one attaching unquoted placement option exercisable at $2.00 per share for every two Shares issued (i.e. 12.5 million options) and expiring 28 February 2009 would be issued. An extraordinary general meeting of shareholders was convened on 29 May 2008 and unanimously approved the placement.

As part of the investment, Sentient and Sunsuper have the right to collectively appoint a Non-executive Director to the Board of Geodynamics. Sentient and Sunsuper are collectively required to maintain a 10% shareholding in Geodynamics to maintain this Board representation. Mr Pieter Britz was appointed to the Board on 25 June 2008 as the director representative under this condition. He resigned as a Director on 24 February 2011 and Mr Michel Marier was appointed as his replacement on the same date under that condition.

NOTE 20 – RELATED PARTY DISCLOSURES (continued)

The Sentient/Sunsuper investment *(continued)*

In March 2010, Sentient and Sunsuper purchased a combined total 14,974,385 fully paid ordinary shares in Geodynamics representing 5.2% of its issued capital. This occurred in an off market transaction thereby increasing their respective holdings by 7,784,592 and 7,189,793 shares. The substantial shareholder notices lodged at the time by both Sentient and Sunsuper showed that Sentient held 20,284,592 fully paid ordinary shares in Geodynamics representing 7.0% of its issued capital and Sunsuper held 19,689,793 fully paid ordinary shares in Geodynamics representing 6.8% of its issued capital.

The Tata Power investment

On 4 September 2008, Geodynamics announced that The Tata Power Company Limited (Tata Power) had agreed to become a cornerstone investor in the Company. It had been agreed that Tata Power would subscribe for 11.4% of the Company's then current issued share capital or 29.4 million fully paid ordinary shares in Geodynamics at an issue price of $1.50 per share. In addition, one attaching unquoted placement option exercisable at $2.25 per share for every two Shares issued (i.e. 14.7 million options) and expiring 28 February 2009 would be issued. At the Annual General Meeting held on 20 November 2008 shareholders approved the placement and attaching options issue.

As part of the investment, Tata Power has the right to appoint a Non-executive Director to the Board of Geodynamics. Tata Power is required to maintain a 10% shareholding in Geodynamics to maintain this Board representation. Mr Minesh Dave was appointed to the Board on 23 February 2012 as the director representative under this condition. At 30 June 2013, Tata Power through its subsidiary Trust Energy Resources, held 29,400,000 fully paid ordinary shares in Geodynamics representing 7.2% of its issued capital. Mr Minesh Dave retired from the Board on 29 November 2012 and, due to the Tata shareholding being below the required level of 10%, was not replaced.

NOTE 21 - NOTES TO THE CASH FLOW STATEMENT		2014 $'000	2013 $'000
(A)	Reconciliation of Cash		
	Cash is defined in Note 2K to this financial report. Cash balance comprises:		
	Cash on Hand	-	-
	Cash at Bank	890	10,590
	Bank Bills and Term Deposits	32,925	30,800
	Total Cash	**33,815**	**41,390**
(B)	Reconciliation of the operating loss after tax with the net cash flows used in operations		
	Loss after income tax	(14,781)	(105,092)
	Depreciation and amortisation	522	7,431
	Net (profit)/loss on disposal of property, plant & equipment	(1,538)	(90)
	Share Option Valuation Expense	176	538
	Shares issued under Deferred Employee Share Plan	337	582
	Exploration and Evaluation Cost treated as an investing activity	8,425	-
	Impairment of Property Plant & Equipment	-	10,300
	Impairment of Exploration & Evaluation Costs	40	78,510
	Changes in Assets & Liabilities		
	(Increase)/decrease in receivables and prepayments	(477)	(90)
	Increase/(decrease) in other creditors and accruals	(393)	823
	(Increase)/decrease in inventories	(704)	-
	Increase/(decrease) in general provisions	2,164	325
	Increase/(decrease) in provision for employee benefits	(43)	(79)
	Net Cash Flow used in Operating Activities	**(6,272)**	**(6,842)**
(C)	Non-Cash Financing and Investing Activities. During the year nil (2013 – nil) fully paid ordinary shares were issued in consideration of professional services rendered by external consultants to the Company in the ordinary course of business.		

NOTE 22 – CONTINGENT LIABILITIES

Geodynamics Limited has been advised that the South Australian Geothermal Exploration Licences No. 211 (GEL) and Geothermal Retention Licences (GRL) No. 3 through to 12 and 20 to 24 have been granted by the Department of Primary Industries and Resources South Australia on the basis that the grant of a GEL or GRL is not an act which creates a 'right to mine' and therefore 'the right to negotiate' process in the relevant native title legislation does not apply and the grant of the GELs and GRLs are valid for native title purposes. The Company's legal advice is that this is a sustainable position although it would be open to a Court to reach a different conclusion. Any substantiated claim may have a financial ramification for the Company.

The Company has also been advised that none of the New South Wales tenements are invalid for native title purposes or attract the relevant right to negotiate provisions in the applicable native title legislation.

Bank guarantees totalling $307,000 are held to cover South Australian, New South Wales and Tasmanian governments tenement rehabilitation obligations. A bank guarantee totalling $465,820 is held by the landlord for the lease of the Brisbane office premises.

NOTE 23 – SUBSEQUENT EVENTS

There has not arisen between 30 June 2014 and the date of this report any item, transaction or event of a relevant and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company.

NOTE 24 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to manage the finances for the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are cash flow interest rate risk and foreign currency risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Primary responsibility for identification and control of financial risks rests with the board of directors, however the day-to-day management of these risks is under the control of the Managing Director and Chief Financial Officer. The Board agrees the strategy for managing future cash flow requirements and projections.

(A) Interest rate risk

The Company's exposure to interest rate risks primarily relates to the Company's funds held on term deposit. The Company has no debt obligations. At balance date, the Company had the following mix of financial assets and liabilities exposed to interest rate risk:

	2014 $'000	2013 $'000
Cash and cash equivalents	33,815	41,390

The Company's policy is to place funds in interest-bearing deposits that are surplus to immediate requirements. The Company's interest rate exposure is reviewed near the maturity date of term deposits to assess whether more attractive interest rates are available without increasing risk.

At 30 June 2014, if interest rates had moved, as illustrated in the table below, with all other variables held constant, the post tax loss and equity would have been affected as follows:

	POST TAX PROFIT HIGHER/(LOWER)		EQUITY HIGHER/(LOWER)	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
+1%	338	414	338	414
-0.5%	(169)	(207)	(169)	(207)

The movements in the loss and equity are due to higher/(lower) interest income from cash balances.

(B) Credit Risk

The Company's maximum exposures to credit risk at balance date in relation to financial assets, is the carrying amount of those assets as recognised on the statement of financial position. There are no derivative financial instruments currently being used by the Company to offset its credit exposure.

The Company trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Company's policy to securities its trade and other receivables. It is noted that the company's significant receivable balances at 30 June 2014 relate to the R&D tax incentive and the amount receivable from the sale of the Cooper Basin Operating Base to Beach Energy Limited.

(C) Foreign Currency Risk

During the course of its business activities, the Company has had some transactional currency exposures, principally to the US dollar. Such exposure arises from purchases in currencies other than the Company's functional currency. The Company enters into forward currency contracts to hedge some of these exposures due to the length and size of the currency exposure. They generally relate to the purchase of capital assets or major material purchases. Conversely, the purchase of foreign currency operational supplies and services are generally not hedged due to the short time frame associated with the currency exposure and the relatively modest overall exposure at any one point in time.

NOTE 24 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(C) Foreign Currency Risk (continued)

Approved foreign exchange derivatives are limited to foreign exchange forward contracts and foreign exchange swaps (i.e. simultaneous purchase and forward sale) with tenors of less than 12 months except for long lead time capital items where the tenor shall be as specified under the contract.

Contractually agreed or committed (i.e. Board approval received) foreign currency exposures in excess of the equivalent of AUD 500,000 payable within 12 months are to be fully covered. In addition, contracted capital items with a foreign currency exposure in excess of the equivalent of AUD 500,000 payable beyond 12 months are to be fully covered.

Exposures of less than the equivalent of AUD 500,000 will not normally be covered, as the business risk of not covering these is considered negligible (due to the short time between supply and payment).

It is the Company's policy not to enter into forward contracts until a firm commitment is in place and to negotiate the terms of the hedge derivatives to exactly match the terms of the hedged item to maximise hedge effectiveness.

At 30 June 2014, the Company had the following exposures to foreign currency that is not designated in cash flow hedges:

	2014 $'000	2013 $'000
Financial Liabilities		
Trade and other payables	273	41
Derivatives	-	-

At 30 June 2014, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, the post tax loss and equity would have been affected as follows:

	POST TAX PROFIT HIGHER/(LOWER)		EQUITY HIGHER/(LOWER)	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
+10%	25	4	25	4
-5%	(14)	(2)	(14)	(2)

The movements in profit and equity in 2014 are more sensitive than in 2013 due to the higher value of the financial liabilities.

- Significant assumptions used in the foreign currency exposure sensitivity analysis include:
- Reasonably possible movements in foreign exchange rates were determined based on a review of the last years historical movements.
- The reasonably possible movement of 10% was calculated by taking the relevant foreign currency spot rates as at balance date, moving those spot rates by 10% and then re-converting back into AUD with the "new spot-rate".
- This methodology reflects the translation methodology undertaken by the Company.

(D) Liquidity Risk

The Company's objective is to maintain sufficient funds to finance its current operations with additional funds to ensure its long-term survival in the event of a business downturn. The Company's policy is that it is dependent on shareholder funds until such time as it commences generating revenue from operations. It has no finance facilities in place and no borrowings. The contractual maturity of the Company's financial liabilities are:

	2014 $'000	2013 $'000
6 months or less	4,091	4,301

NOTE 25 – INTEREST IN JOINT OPERATIONS

The Company is a party to a joint operation with Kentor Energy Pty Ltd (Kentor). The joint operation assets comprise the Savo Island prospecting license and all property plant and equipment for use on Savo Island. The joint operation is named the Savo Island Geothermal Joint Venture.

Under the terms of the agreement, Geodynamics (Savo Island) Pty Ltd is entitled to earn an initial 25% interest in the Savo Island Geothermal Power Project following the completion of initial geophysical studies to determine target locations for a drilling program. The Company has the right to earn an additional 45% interest through exploration drilling and the completion of a feasibility study for the Project. At 30 June 2014 Geodynamics had met all requirements for the initial 25% interest.

In prior years the Company was a party to two joint operations named the Innamincka 'Deeps' Joint Venture and the Innamincka 'Shallows' Joint Venture. The joint operations with Origin Energy Limited were formed to explore and evaluate enhanced geothermal systems in Cooper/Eromanga basin in South Australia. The joint operations comprised South Australian geothermal tenements and all property plant and equipment for use in the Cooper/Eromanga basin. At 30 June 2013, Origin Energy Limited withdrew from the joint operations. Coincident with the withdrawal, the Company become the 100% participant in arrangement and obtained control of its geothermal tenements and all property plant and equipment.

NOTE 26 – INFORMATION RELATING TO GEODYNAMICS LIMITED (THE PARENT)

	2014 $'000	2013 $'000
Current Assets	45,752	55,817
Total Assets	51,556	60,956
Current Liabilities	7,067	6,502
Total Liabilities	13,119	10,505
Contributed Equity	348,338	346,083
Accumulated Losses	(320,870)	(306,088)
Other Reserves	10,969	10,456
	38,437	50,451
Profit or loss of the Parent entity	(14,781)	(105,092)
Total comprehensive income of the Parent entity	(14,781)	(105,092)

The Parent has not issued guarantees in relation to the debts of its subsidiaries.

The Parent has no contingent liabilities nor any contractual obligations on behalf of its subsidiaries at 30 June 2014.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Geodynamics Limited, I state that:

1. In the opinion of the Directors:

(a) the financial statements, notes and additional disclosures included in the Directors' Report designated as audited of the Company are in accordance with the *Corporations Act 2001,* including:

(b) giving a true and fair view of the Company's financial position as at 30 June 2014 and of their performance for the period ended on that date; and

(c) complying with Accounting Standards and Corporations Regulations 2001; and

(d) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and

(e) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ending 30 June 2014.

On behalf of the Board.

K. Spence

Chairman

Brisbane 28 August 2014

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEODYNAMICS LIMITED

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Geodynamics Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2B, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with I*nternational Financial Reporting Standards.*

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Geodynamics Limited is in accordance with the *Corporations Act 2001*, including:
   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2B.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Geodynamics Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Andrew Carrick
Partner
Brisbane
28 August 2014

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OFFTAKE AGREEMENTS

THE METASOURCE AGREEMENT (2002)

Metasource Pty Ltd (a wholly owned subsidiary of Woodside Energy Limited) was at the time of listing in 2002 the Company's largest shareholder. Metasource committed by an Agreement to subscribe for 10,443,392 fully paid ordinary shares as a pre-IPO investor in the Company's August 2002 Prospectus and was therefore a substantial shareholder at the time the Company was admitted to the official list of the Australian Stock Exchange (ASX) on 11 September 2002. At that time, Metasource's shareholding represented 31.6% of the issued share capital of the Company. Metasource subsequently subscribed for a further 1,111,111 fully paid ordinary shares at an issue price of 90¢ per share on 31 March 2004 to support the Company's working capital requirement for the Cooper Basin Stage One project. In 2008, Metasource sold all of its shares in Geodynamics.

The Metasource Agreement of 2002 contains the following material conditions which remain current:

- Metasource or its nominee has the right to purchase Environmental Credits from Geodynamics and the parties agreed to negotiate and enter into a formal purchase contract. Environmental Credits is defined broadly and includes renewable energy certificates, carbon credits and any other legal, commercial or other benefit (whether present or future) from any use of renewable energy arising directly or indirectly from the use of thermal energy or the generation of power from power plants developed by Geodynamics. On 31 March 2004 the Company announced that in conjunction with Metasource's subscription for a further 1,111,111 fully paid ordinary shares at 90 cents, that it had executed an Environmental Credits Off-take Deed with Metasource which formalises Metasource's rights to Environmental Credits.
- Metasource or its nominee has the right to buy all of the environmental credits which arise from 50% (capped at 1,300 GWh/year) of the power generated by Geodynamics' power plant(s). Metasource is, however, not entitled to purchase Environmental Credits in the form of renewable energy certificates, unless either renewable energy certificates become an instrument which is used for purposes other than those currently prescribed in the Renewable Energy (Electricity) Act 2000 or Geodynamics does not claim the benefit of the environmental credits which Metasource is entitled to buy under the purchase contract other than by reason of there being no legal framework within which such benefits can reasonably be claimed.
- The price of environmental credits will be the lower of 75% of the then market price in Australia or the then market price minus $5/tonne. The purchase price of environmental credits cannot be less than zero. Subsequently, this condition has been varied following execution of an Environmental Credits Off-take Deed with Metasource on 31 March 2004 such that 12.5% of the Environmental Credits will be assigned to Metasource without separate consideration and the balance of 37.5% of credits can be sold to Metasource at full market value (therefore the weighted average effective discount for the credits remains unchanged at 25%).

ASX agreed to grant a waiver from ASX listing rule 10.1 to the extent necessary to permit the Company to enter into an agreement for the purchase of Environmental Credits which arise from 50% of the power generated by power plants developed by the Company for a period commencing on the date of commissioning the first power station developed by the Company and terminating 10 years after the commissioning of the first commercial power plant with capacity exceeding 250 megawatts. Subsequently, following execution of an Environmental Credits Off-take Deed with Metasource on 31 March 2004, the Company agreed that the term for the purchase of Environmental Credits shall commence on 8 April 2004 and end on the earlier of:

a) 10 years after the commissioning of the first commercial power plant with capacity exceeding 250 megawatts;
b) 20 years after the Company achieves commissioning of HDR plants with a combined sales capacity exceeding 250 megawatts; or
c) 80 years after the date of the contract.

The waiver from ASX listing rule 10.1 was granted on the following conditions:

- The Company makes full disclosure of the Environmental Credit purchase agreement to any person who may subscribe for the Company's securities under a prospectus issued by the Company during the life of the Environmental Credit purchase agreement;
- The Company includes the following information in each annual report during the life of the Environmental Credit purchase agreement:
  - A statement that Metasource was a substantial holder of the Company at the time that the Company was admitted to the official list of ASX together with details as to Metasource's relevant interest in the total votes attaching to the voting securities of the Company at the time that the Company was admitted to the official list.
  - An explanation of the circumstances under which Metasource first became a substantial holder of the Company.
  - A summary of the terms of the Environmental Credit purchase agreement.
  - The terms of the waiver.

THE ORIGIN AGREEMENT (2003)

Origin Energy Limited (Origin) is the Company's third largest shareholder and currently holds 18,388,688 fully paid ordinary shares representing 4.5% of the issued capital of the Company.

Geodynamics executed an Investment Deed with Origin on 5 August 2003 wherein the parties agreed to enter into a strategic alliance under which Origin would subscribe for 10,000,000 shares in Geodynamics for a subscription price of $0.50 cents per share and also provide technical assistance and Geodynamics would sell to Origin power generated from any power plant that is or could be connected to a transmission system and renewable energy certificates arising from the generation of any power generated by Geodynamics.

Under the terms of the Investment Deed and following shareholder approval, 10,000,000 fully paid ordinary shares were issued and allotted to Origin on 30 September 2003.

Geodynamics was required to apply the subscription monies towards the development of a two well HDR program in the Cooper Basin to produce 20 MWt of thermal energy and for the conduct a full bankable economic feasibility study in relation to the generation of power using HDR geothermal energy from Geodynamics Cooper Basin HDR resource.

The Origin Investment Deed also contains the following material conditions:

Origin will have the right to appoint a non-executive director to the Board of Geodynamics;

- The parties will proceed to negotiate in good faith a heads of agreement (subject to final contracts) under which as long as Origin holds not less than 10,000,000 shares at the time the final contracts are entered into, the parties will enter into a power purchase agreement (PPA) and Renewable Energy Certificate (REC) purchase agreement. Subsequently, on 4 May 2005, Geodynamics announced that it had executed a Heads of Agreement with Origin;
- Under the terms of the PPA, Origin will have the right to purchase 50% of the power generated by Geodynamics up to a maximum of 1300 GWh per annum from any power plant that is or could be connected to a transmission system at a discount of 5% to the then market price. The term of the PPA will commence on the first generation of power by Geodynamics from any power plant that is or could be connected to a transmission system and end 10 years after the commissioning of Geodynamics' first large commercial power plant (being a power plant which has a nominal rated capacity of 200 MW or more);
- Under the terms of the REC purchase agreement, Origin will have the right to purchase any RECs and/or environmental credits arising from 50% of all power generated by Geodynamics (up to a maximum of the number of RECs and environmental credits arising from the generation of 1300 GWh of power which qualifies for the issue of RECs or environmental credits in each year) at a discount of 5% to the then market price. The REC purchase agreement will start on the first generation of power by Geodynamics and will end 10 years after the commissioning date of Geodynamics' first large commercial power plant. Subsequently as part of the Heads of Agreement executed on 3 May 2005, the Company has agreed to vary this condition such that 2.5% of the environmental credits will be assigned to Origin without separate consideration and the balance of 47.5% of credits can be sold to Origin at full market value (therefore the weighted average effective discount for the credits remains unchanged at 5%);
- Geodynamics can terminate either or both agreements if at any time during those agreements Origin holds less than 10,000,000 shares in Geodynamics;
- Origin has a right of participation in future share issues pro rata to its then percentage shareholding in Geodynamics;
- Origin can be involved in the exploration, development, use or generation of HDR geothermal energy without the consent of Geodynamics.
- Under the terms of a waiver granted by the ASX on 25 August 2003, ASX agreed to grant a waiver from listing rule 6.18 to the extent necessary to permit the Company to enter into the above Investment Deed which would enable Origin to maintain its shareholding in the event of further equity issues by the Company (the 'Top-Up Right'). The waiver was granted by ASX on the following conditions:
- The Top-Up right lapses if the strategic relationship between the Company and Origin ceases;
- The Top-Up Right may only be transferred to a wholly owned subsidiary of Origin;
- Any securities issued under the Top-Up Right are issued on the same terms and conditions as are offered to third parties; and
- The Company discloses in each annual report a summary of the terms of the agreement with Origin.

SUMMARY OF THE METASOURCE AND ORIGIN OFF-TAKE RIGHTS

PARTY	ELECTRICITY OFF-TAKE RIGHTS	RENEWABLE ENERGY CERTIFICATES (RECS) AND ENVIRONMENTAL CREDITS (EC'S) OFF-TAKE RIGHTS
Metasource	-	12.5% free to a maximum of those RECs or ECs arising from 325GWh per year.
Metasource	-	37.5% market price – right but not obligation to a maximum of those RECs or ECs arising from 975GWh per year.
Origin	-	2.5% free to a maximum of those RECs or ECs arising from 65GWh per year.
Origin	50% of export electricity produced to a maximum amount of 1300GWh per calendar year - 95% of forward electricity contract market price.	17.5% market price – right but not the obligation to a maximum of those RECs or ECs arising from 455GWh per year.
Total off-take obligations of Geodynamics based on a generated capacity of 2,600 GWh per calendar year	**80%**	100%
Origin	-	For subsequent plants (defined as any other plant other than the first plant), Origin has a right but not the obligation to purchase up to 70% of the REC volume generated from those plants but such quantity cannot exceed more than 30% of the equivalents REC's or EC's capable of being generated at the first plant.
Tenure*	10 years after commissioning of first plant.	10 years after commissioning of first plant.

'* refer to specific detail in the agreements outlined above.

SHAREHOLDER INFORMATION

The shareholder information set out below is applicable as at 30 September 2014.

DISTRIBUTION OF FULLY PAID ORDINARY SHARES

Analysis of number of equity security holders by size and holding:

RANGE	SECURITIES	NO OF HOLDERS
100,001 and Over	277,624,997	547
50,001 to 100,000	45,894,370	634
10,001 to 50,000	79,264,143	3,497
5,001 to 10,000	18,385,285	2,418
1,001 to 5,000	13,233,126	4,662
1 to 1,000	1,478,209	2,448
TOTAL	**435,880,130**	**14,206**
Unmarketable Parcels	36,502,364	9,845

TWENTY LARGEST HOLDERS -ORDINARY FULLY PAID SHARES

The names of the twenty holders of fully paid ordinary shares are listed below:

1	HSBC Custody Nominees (Australia) Limited	31,496,871	7.23%
2	Sentient Executive	30,284,592	6.95%
3	Tata Power International Pte Limited	29,400,000	6.74%
4	Origin Energy Limited	15,454,119	3.55%
5	J P Morgan Nominees Australia Limited	10,439,032	2.39%
6	CS Fourth Nominees Pty Ltd	4,095,728	0.94%
7	Geodynamics Share Plans Pty Ltd	3,846,183	0.88%
8	Mr Paul Armand Darrouzet	2,723,500	0.62%
9	Cooee Investments Pty Ltd	2,650,000	0.61%
10	Pacific Custodians Pty Ltd (Geodynamics Plans Ctrl A/C)	2,557,997	0.59%
11	Bullock Point Pty Ltd (Bishop Family Super Fund A/C)	2,355,996	0.54%
12	Dr Gary Robert Lillicrap & Mr Damian Gary Lillicrap & Mrs Imelda Anne Lillicrap (Lillicrap Super Fund A/C)	2,079,499	0.48%
13	Miltout Pty Ltd (The Miltout A/C)	1,840,478	0.42%
14	Mr Edward Joseph Gettingby & Mrs Margaret Mary Gettingby	1,675,373	0.38%
15	Jetosea Pty Ltd	1,459,725	0.33%
16	Invia Custodian Pty Limited (Franmart Super Fund A/C)	1,400,000	0.32%
17	Mr Gary Alan Chalmers & Mrs Leanne Chalmers	1,360,313	0.31%
18	Mr Paul Anthony Broad	1,327,571	0.30%
19	Mr Richard Norman Gibson & Mrs Ingrid Margareta Gibson (Wattle Hill Super Fund A/C)	1,300,000	0.30%
20	Clodene Pty Ltd	1,219,178	0.28%
TOTAL		**148,966,155**	**34.160**

SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2011* are:

		ORDINARY SHARES	
		NUMBER HELD	PERCENTAGE OF ISSUED SHARES*
1	The Tata Power Company	29,400,000	6.74%
2	Sentient executive	30,284,592	6.95%
3	Sunsuper Pty Ltd	29,999,999	6.88%

*Represents holding percentage at the time of notification

VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

No voting rights.

SECURITIES EXCHANGE LISTING

The shares of the Company are listed under the symbol GDY on the Australian Securities Exchange Limited. The Company's home branch is Brisbane.

SHAREHOLDER ENQUIRIES

Shareholders with queries about their shareholdings should contact the Company's Share Registry as follows:

Link Market Services

Locked Bag A14

Sydney South NSW 1235

Telephone Australia: 1300 554 474

Telephone International: +61 1300 554 474

Fax: +61 2 9287 0303

Email: registrars@linkmarketservices.com.au

CHANGE OF ADDRESS

Issuer sponsored shareholders should notify the share registry immediately upon any change in their address quoting their Securityholder Reference Number (SRN). This can be done by phoning the share registry, by writing to them, or through their web portal at www.linkmarketservices.com.au. Changes in addresses for broker sponsored holders should be directed to the sponsoring brokers with the appropriate Holder Identification Number (HIN).

ANNUAL REPORT

The Company's Annual Report is posted on its web site immediately upon release to ASX. Shareholders will not be mailed a copy of the Annual Report unless they have specifically opted in to request one.

NOTICE OF MEETING AND PROXY VOTING

The Company offers online voting and shareholders may elect to receive the Company's notice of meeting and proxy form via email. The Company encourages this form of electronic communication. Voting can be undertaken online, by loging in to the Link website using the holding details as shown on the proxy form. Shareholders who do not register for online access will continue to receive these documents by post. Shareholder who would like to opt in to receive these documents by email should register their communication preferences at the share registry's web portal at www.computershare.com.au.

CONSOLIDATION OF MULTIPLE SHAREHOLDINGS

If you have multiple shareholding accounts that you wish to consolidate into a single account, please advise the Share Registry in writing. If your holdings are broker sponsored, please contact the sponsoring broker directly.

REGISTER FOR EMAIL ALERTS

Please note, that as a shareholder you can register through the 'Email Alerts' section of our web site to receive electronic communications from the Company. To do so, you should select the 'Shareholder Information' tab on our web site at www.geodynamics.com.au. Registration will provide you with an email advice with a link to www.geodynamics.com.au each time a relevant announcement is made by the company and posted on this site.

At www.geodynamics.com.au shareholders can view:

- Annual and half-year Reports
- Quarterly Reports
- Securities Exchange Announcements
- Geodynamics Share Price Information
- General Shareholder Information

USEFUL TERMS

TERM	DEFINITION
Annulus	In a borehole, the space between the drill pipe and the borehole, between tubing and casing, or between casing and formation.
Bit	The end piece of the drill string that cuts and penetrates the earth.
Brine	Water containing dissolved inorganic salts, mainly sodium chloride. Brine from Innamincka granite has salinity approximately two thirds that of sea water.
Casing	Large-diameter steel pipe with threaded connections lowered into an open hole and cemented in place.
Casing shoe	A bull nose shaped device, known as a guide shoe or casing shoe, that is attached to the bottom of the casing string, including the cement around it.
Christmas tree	A set of valves, spools and fittings connected to the top of the well to direct and control the flow of fluids from the well.
Completion	The assembly of down hole tubular and equipment required to enable safe and efficient production from, or injection into, a geothermal well.
Conventional Geothermal	Conventional geothermal resources are hydrothermal systems that are associated with active volcanic systems.
Drilling mud	Provides lubrication and cooling at the drill bit and carries the cuttings back to surface. Its high density holds back overpressures in fractures during drilling.
Enhanced Geothermal Systems (EGS)	A geothermal source which needs stimulation measures to become economically viable by improving energy output.
Fingerprinting	Plotting the flow back of the well at each connection to understand the 'breathing' of the well. It also requires checking this behavior with a variety of surface equipment turned on/off to understand the impact of these actions on the well.
Geotechnical drilling	It involves drilling small holes to shallow depths, to remove rock and soil samples for soil stability evaluation, to determine a sites suitability for exploration drilling, and construction of a drill pad and site.

TERM	DEFINITION
Heat exchanger	The piece of equipment built for efficient heat transfer from one medium to another – geothermal brine to de-mineralised water.
Hot Sedimentary Aquifers (HSA)	HSA systems are typically developed in naturally occurring porous sandstones containing water that is heated by either crustal heat flow or proximate hot rocks. Fracturing techniques may still be used to enhance water flow between wells and HSA systems have been successfully operating in Australia and internationally for decades.
Hydraulic stimulation	In the sense of EGS development, a treatment involving the action of fluid pressure on existing natural fractures to enhance fluid pathways in the granite. It is achieved by pumping water down a well at high pressure. Special chemicals are not used.
Magneto Telluric	An electromagnetic geophysical method of imaging the earth's subsurface by measuring natural variations of electrical and magnetic fields at the Earth's surface. Providing information about the earth's interior composition and structure since naturally occurring rocks and minerals exhibit a broad range of electrical resistivity.
Reserve	A measured resource for which commercial production can be forecast with some confidence with existing technology and prevailing market conditions.
Resistivity	Quantifies how strongly a given material opposes the flow of electric current. A low resistivity indicates a material that readily allows the movement of electric charge.
Resource	An area/volume of rock that has demonstrated character or dimensions to indicate that a body of thermal energy can be extracted. Commerciality not yet established.
Slim hole drilling	A drill hole of the smallest practicable size having a diameter of 5 inches (12.7 centimeters) or less.
Wellhead	The surface termination of a well bore that incorporates facilities for installing casing hangers during the well construction phase.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mr Keith Spence
(Non-executive Chairman)

Mr Geoff Ward
(Managing Director and CEO)

Mr Bob Davies
(Non-executive Director)

Dr Jack Hamilton
(Non-executive Director)

Mr Michel Marier
(Non-executive Director)

Mr Andrew Stock
(Non-executive Director)

Mr George Miltenyi
(Non-executive Director)

COMPANY SECRETARY

Mr Tim Pritchard CPA CSA (CERT)

PRINCIPAL AND REGISTERED OFFICE

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Facsimile: +61 7 3721 7599

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INTERNET

www.geodynamics.com.au

EMAIL

info@geodynamics.com.au

ABN

55 095 006 090

BANKER

Westpac Banking Corporation

AUDITOR

Ernst & Young

SOLICITOR

Thomsons Lawyers

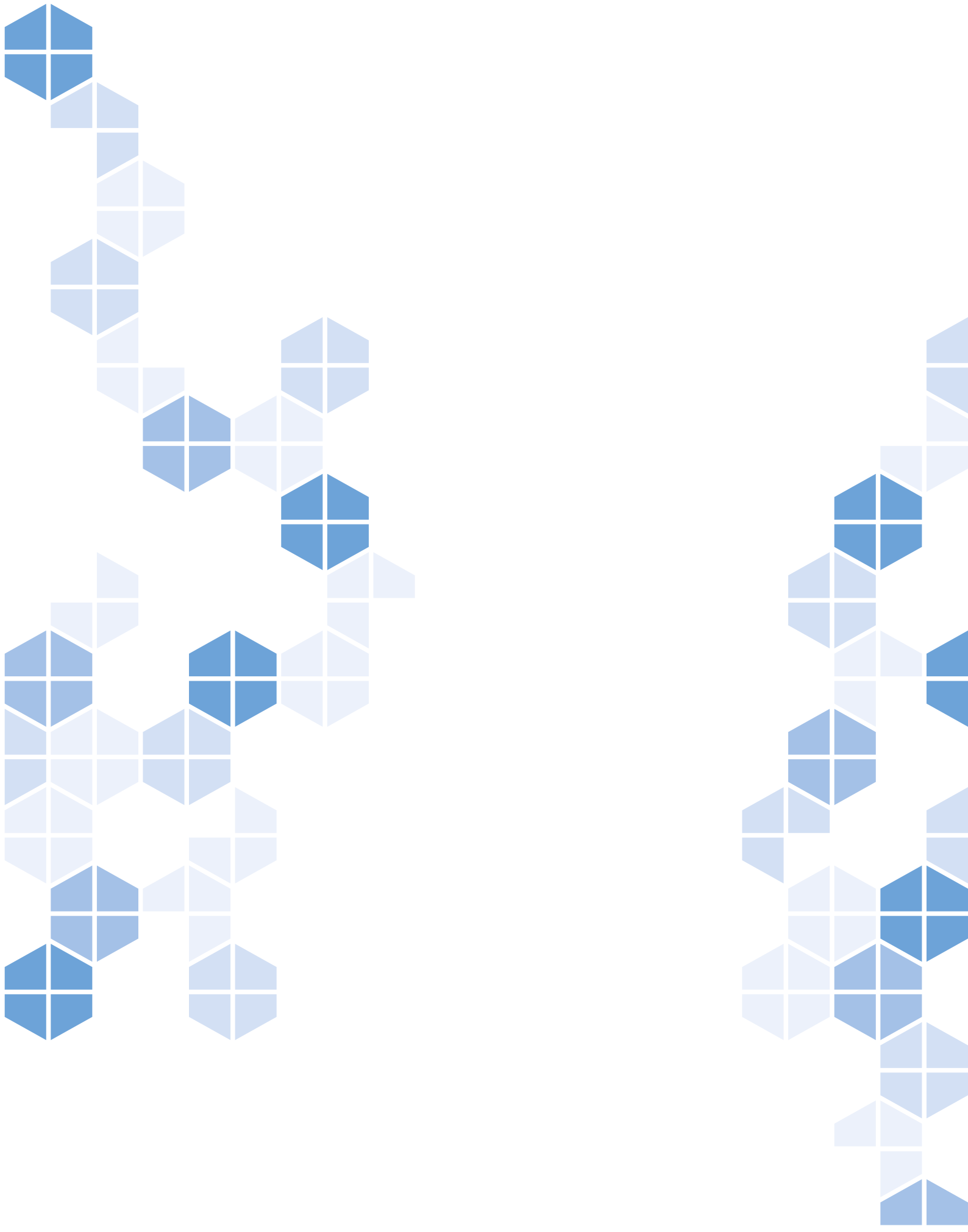
SHARE REGISTRY

Link Market Services Limited
Locked Bag A14, Sydney South NSW 1235
Phone: +61 1300 554 474
Fax: 02 9287 0303
Website: www.linkmarketservices.com.au
Email: registrars@linkmarketservices.com.au

SECURITIES EXCHANGE LISTING

Geodynamics Limited shares are listed on the Australian Securities Exchange.

Ticker: GDY



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