



**GEODYNAMICS**

# **2016 Annual General Meeting Shareholder Presentation**

**25 November 2016**

*We Generate Change*



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All references to \$ are references to Australian dollars unless otherwise specifically marked.



Our Vision is to  
***Generate change***

Our Mission is to  
***Deliver innovative clean energy  
products and services to our  
customers, creating sustainable  
value for our shareholders***



## Key Activities FY2016

Geodynamics has successfully transitioned to a clean energy products and services company and de-risked its balance sheet.

- Remediation of the Cooper Basin Geothermal project
- Exited Pacific Islands Geothermal interests
- Acquired Quantum Power
- Secured Power Purchase Agreement and grant funding for the Goulburn Bioenergy project
- Materially completed the EPC projects on foot at the time of the Quantum acquisition
- Developed the new brand - ReNu Energy
- Expanded offering to include solar PV, battery and hybrid solutions
- Progressed and refined transformational growth opportunities

**The Company is positioned for growth.**



# Financial Results FY2016

A large proportion of the cash outlay for the financial year was attributable to the remediation activities in the Cooper Basin.

- Closing cash balance of **\$14.41 million** for the year ending 30 June 2016. Major expenditure:
  - Remediation activities in the Cooper Basin; and
  - Rectification and performance improvement works to Quantum Power's Engineering Procurement and Construction (EPC) projects
- Loss of **\$10.56 million** for the year, down from a loss of **\$14.45 million** the previous year
  - Non-recurring impairment charge to the Quantum Power goodwill and to Geodynamics assets held for sale of **\$4.69 million**
- Quantum business has been slower to yield positive cash flow than anticipated



# Financial Position

The Company remains sufficiently well funded to take advantage of growth opportunities, and complete the Goulburn Bioenergy Project.

## Strong position for growth:

- R&D tax claim with respect to the FY2016 Cooper Basin expenditure in excess of **\$3 million** expected to be received by 31 December
- Cooper Basin and remediation liabilities reduced
- Overheads reduced
- Increased revenues from AJ Bush in calendar Q1 2017 and Southern Meats commencing Q1 2018
- Projected cash balance for 31 December approximately **\$13 million** (including R&D tax claim)
- Carry forward tax losses of approximately **\$250 million**



# Cooper Basin Remediation

The plug and abandonment of the Cooper Basin geothermal wells and the environmental remediation of sites is materially complete.

- Plug and abandonment of wells and related surface remediation of the following wells has been completed:
  - Habanero 1 & 2
  - Celsius 1 & 2
  - Jolokia
  - Savina
- Habanero 3 & 4 are undergoing monitoring prior to final surface plug and well cap being placed
  - Residual risk during final P&A activity
- Power lines and remaining surface remediation at Habanero 3 & 4 to be completed
- Remaining liability estimated at \$0.8 million – net Origin Energy contribution and R&D tax claim Geodynamics outstanding contribution is ~\$0.3 million



Access track remediation



Jolokia post remediation and P&A



# Quantum Power Acquisition

Quantum Power provides entry into renewable energy generation in the agribusiness sector.

- Acquisition was completed in September 2015
- Goulburn Bioenergy Project Power Purchase Agreement (PPA) acquired in November 2015 and announced ARENA funding in November 2016
- Commenced upgrade to generation at the AJ Bush Build Own Operate Maintain (BOOM) site
- Expanded offering to include solar PV, battery and hybrid energy solutions



Biogas facilities in the Darling Downs, QLD





# Quantum Power Acquisition

The acquisition has not been without challenges. But has now turned the corner.

- Capital cost estimates for Goulburn and Mindarra Bioenergy Projects were higher than originally anticipated resulting in the need for grant funding for these projects
  - In August 2016 announced suspension of these projects following uncertainty regarding ARENA grant funding (Goulburn Bioenergy Project has now recommenced)
  - Mindarra project will not proceed
- Long gestation periods means projects conversion from business development pipeline to active projects has been slower than anticipated
  - Revised project expectations of 2-3 projects in the next 24 months
- Significant spend and time required to perform rectification and performance improvements to EPC projects – projects now operating well and achieved practical completion
- FY 2016 financial results recorded a non-recurring impairment charge of \$3.10 million to the Quantum Power goodwill



# Goulburn Bioenergy Project

The Goulburn Bioenergy Project, located at the Southern Meats abattoir, is an innovative, behind-the-meter renewable energy project supporting sustainable industrial processes.

## Site Specifications

- Sheep and lamb abattoir
- 5 days / week operation
- ~1.0 ML effluent water per day

## Project Components

- Covered Anaerobic Lagoon ~90 x 70 m
- Dual Fuel Biogas generation system
- Natural gas connection





# Goulburn Bioenergy Project

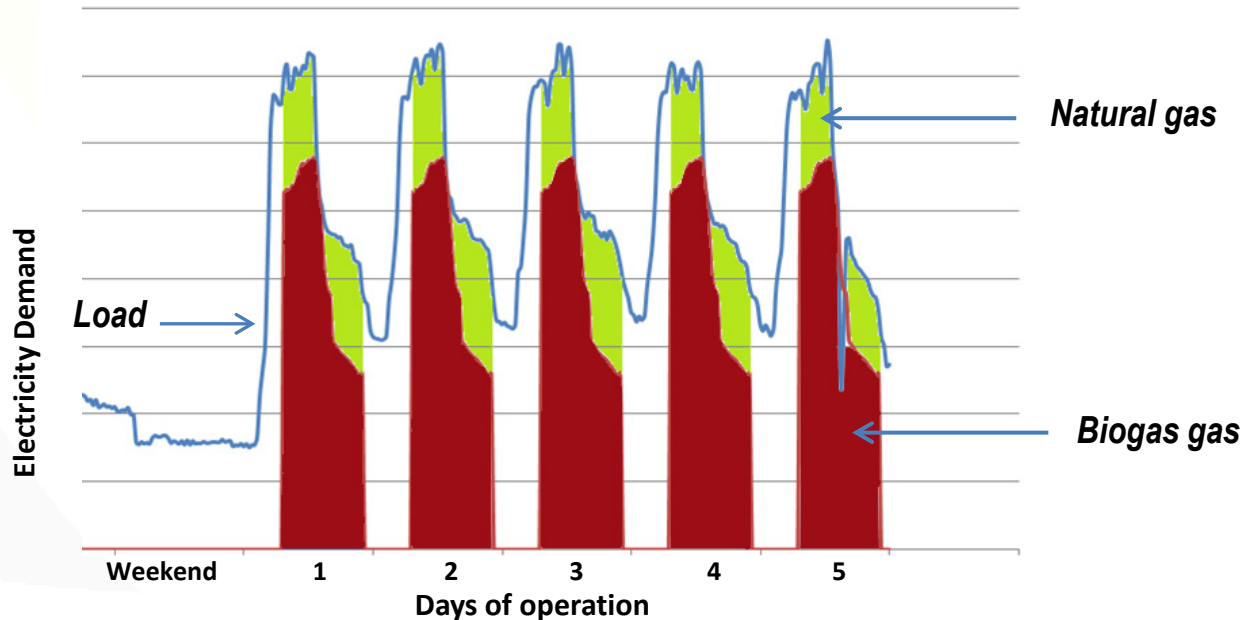
## Project Details

- 20 year Power Purchase Agreement with Southern Meats Abattoir
- Project cost of \$5.75 million
- Innovative ARENA funding structure (subject to finalisation of Funding Agreement)
  - \$2.1 million grant
  - ARENA share in upside of the project, via profit sharing if revenues are higher than agreed and capital return in the event costs are lower than budgeted
- Remaining spend of \$2.5 million after grant and spend to date
- Geodynamics will Build Own Operate Maintain (BOOM) the project
- Dual-fuelled with natural gas to produce ~4,000 MWh pa behind-the-meter energy
- Abating ~14,000 tpa CO<sub>2</sub> equivalent
- Revenue Streams: behind the meter electricity sale, LGCs, Australian Carbon Credit Units
- Construction to commence in Q2 2017 and commercial operation Q1 2018



# Goulburn Bioenergy Project

The abattoir's electricity demand is higher than biogas production. Through dual fuelling with biogas and natural gas the entire peak load can be supplied.





# AJ Bush Bioenergy Project

The AJ Bush rendering facility is the first BOOM project developed by Quantum and is currently undergoing a generation upgrade.

- Existing PPA in place with the facility until 2021
- Generator upgrade underway to replace existing generator and improve gas conditioning
- Upgrade will provide better reliability and performance for the remaining term of the PPA
- Continued revenue from electricity sales and LGCs





# Agribusiness Growth Market

Australian agricultural production for domestic and export is a strong growing industry.

- Agricultural production including export is a strongly growing industry in Australia > \$50 billion industry
- Increasing commercialisation and corporatisation is seeing the size and scale of agribusiness operations increase to service the growing demand
- Environmental regulations continue to drive agribusiness to adopt best industry practice which includes anaerobic digestion and biogas production
- Cost of power and cost of grid connection in remote and regional areas continues to be a primary concern for agribusinesses, driving these businesses towards on-site power production options
- Increasing size and scale of operations makes biogas, solar PV and battery solutions attractive and increasingly economic as a standalone proposition

**To address the demand of the sector Geodynamics has expanded its offering to include solar PV, battery storage and hybrid energy solutions.**





# Renewable Energy Market Drivers

Momentum of growth in the renewable energy sector is strong.

- Increasing community awareness and demand for low carbon emissions energy
- Cost of renewable energy technology such as solar PV and battery storage continuing to fall
- Increasing acceptance and appetite for renewable projects by investors
- Australian Renewable Energy Target of 33,000 GWh by 2020 requires in excess of 5,000 MW of new renewable generation
- The new renewable generation will be addressed by both distributed and utility scale projects
- There are opportunities across the value chain including retail and utility scale projects

**Our current focus is the agribusiness sector, with expansion to commercial and industrial behind the meter generation our next target .**





# FY 2017 Strategic Objectives

For the year ahead we have set ourselves strategic objectives which are focussed on delivering shareholder value.

## **Strengthen the Company's position as a diversified clean energy company**

- Re-brand the Company to ReNu Energy and, subject to shareholder approval, rename Geodynamics Limited to ReNu Energy Limited
- Develop additional clean energy products and services

## **Establish ReNu Energy as the brand of choice for energy generation in the agricultural sector**

- Strengthen the Company's position as a provider of biogas energy generation by securing additional projects
- Broaden the offering to include solar PV, battery storage and hybrid energy solutions

## **Secure and strengthen the balance sheet**

- Transfer Geothermal Retention Licences to Geothermal Exploration Licences in the Cooper Basin
- Secure debt facilities for a portion of future project capex

## **Secure a transformational opportunity**

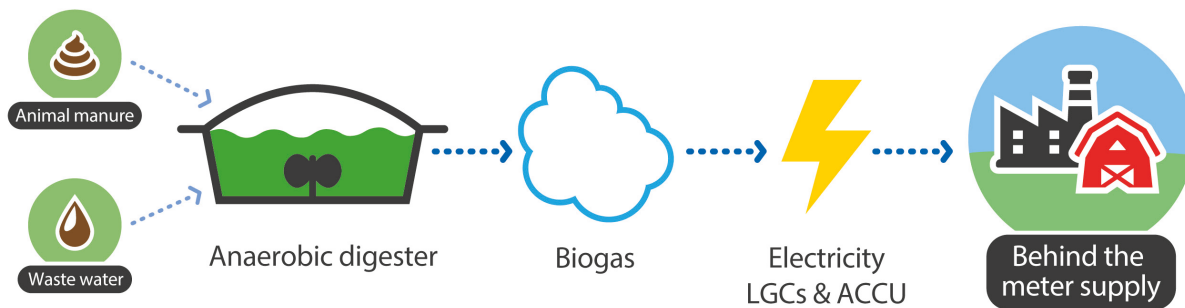
- Secure transformational opportunities that will build on the Quantum Power business and deliver shareholder value





# Business Progression

Agribusiness sector bioenergy projects

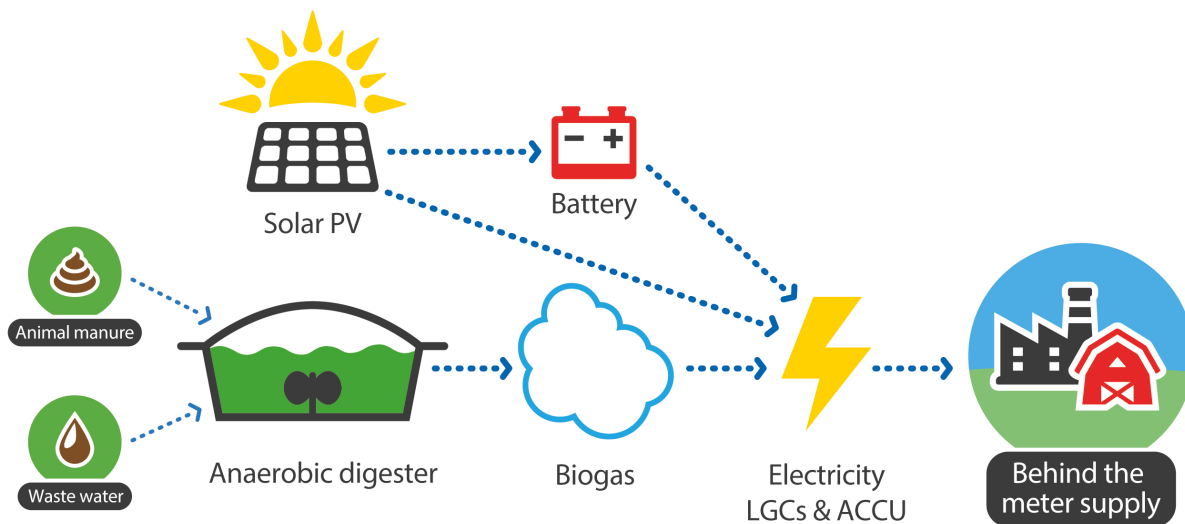




# Business Progression

Agribusiness sector bioenergy projects

**Plus solar & battery**

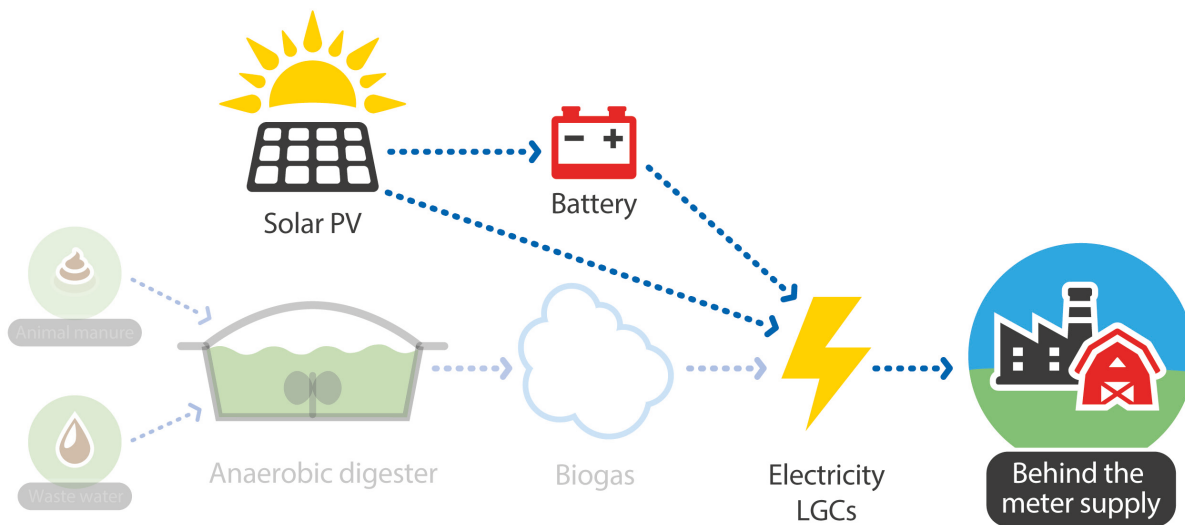




# Business Progression

Agribusiness sector bioenergy projects

Plus solar & battery – **Expansion into C&I**



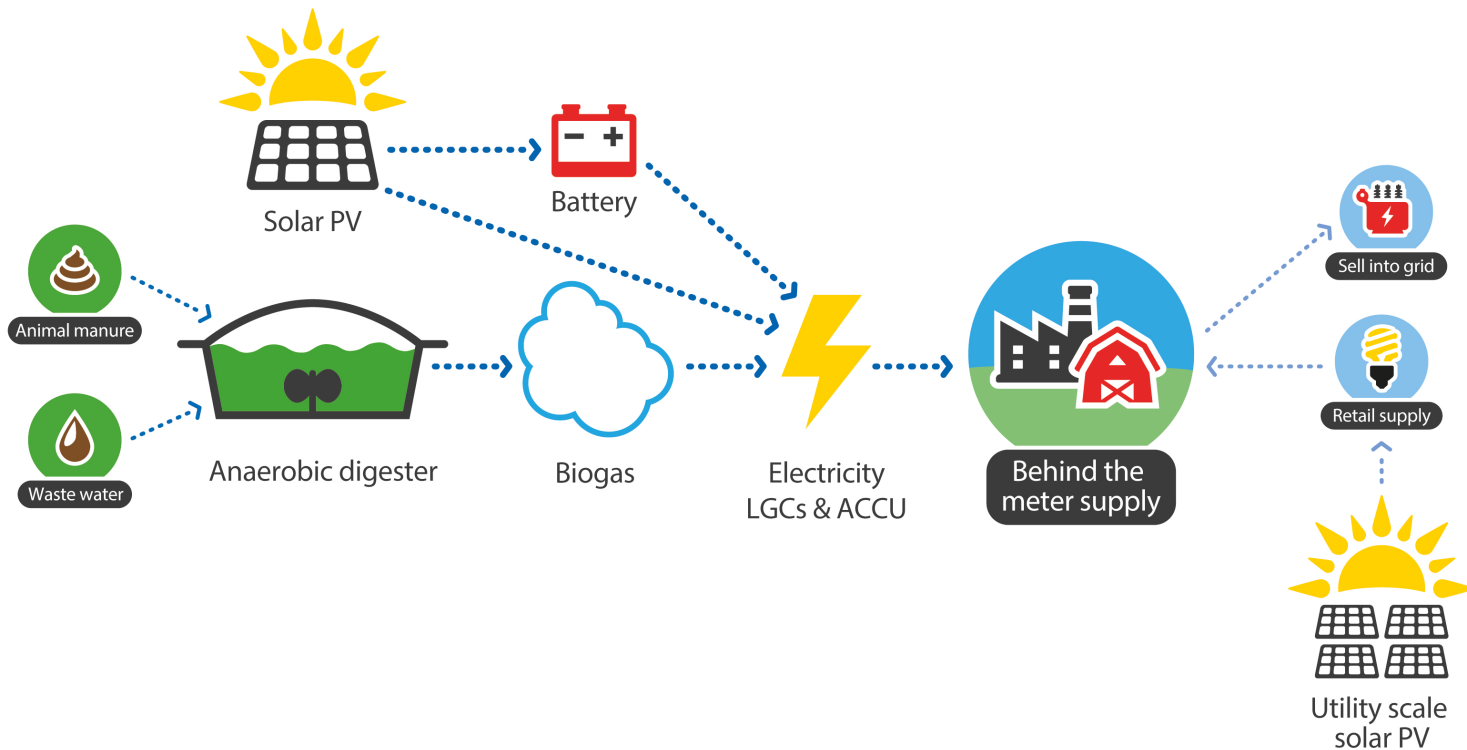


# Fully Integrated Renewable Energy Company

Agribusiness sector bioenergy projects

Plus solar & battery – expansion into C&I

**Plus utility scale solar & retail supply**





*Thank you*

*Questions*