GEODYNAMICS
LIMITED

Half Year Report ended 31 December 2014

ABN 55 095 006 090

CORPORATE DIRECTORY

Directors	**Keith Spence** *Non-Executive Chairman* **Geoff Ward** *Managing Director and Chief Executive Officer* **Michel Marier** *Non-Executive Director* **Bob Davies** *Non-Executive Director* **Jack Hamilton** *Non-Executive Director* **Andrew Stock** *Non-Executive Director* **George Miltenyi** *Non-Executive Director*
Secretary	**Tim Pritchard CPA**
Principal registered office in Australia	Level 1, 9 Gardner Close MILTON QLD 4064 Telephone: +617 3721 7500 Facsimile: +617 3721 7599
Postal Address	PO Box 2046 MILTON QLD 4064
Internet	www.geodynamics.com.au info@geodynamics.com.au
Share registry	Link Market Services Limited Level 15, 324 Queen Street BRISBANE QLD 4000 Telephone Australia: 1300 554 474 Telephone International: +617 3237 2100 Facsimile: +617 3229 9860
Auditor	Ernst & Young Level 49 111 Eagle Street BRISBANE QLD 4000
Solicitors	Thomsons Lawyers Level 16, Waterfront Place 1 Eagle Street BRISBANE QLD 4000
Securities exchange listings	Geodynamics Limited shares are listed on the Australian Securities Exchange. The home branch is Sydney, Ticker: GDY.

APPENDIX 4D

HALF YEAR REPORT

Name of entity

GEODYNAMICS LIMITED

ABN

55 095 006 090

Half year ended

31 December 2014

Previous corresponding period: 31 December 2013

Results for announcement to the market

Results			
Revenues from ordinary activities	Down	49% to	556,853
Loss from ordinary activities after tax attributable to members	Down	94% to	482,243
Net loss for the period attributable to members	Down	94% to	482,243

Dividends

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

Net Tangible Asset Backing	**As at 31 December 2014**	As at 30 June 2014
Net tangible asset backing per ordinary security (cents per share)	**8.7**	8.8

Brief explanation of any of the figures reported above:

The revenue for this half year comprised $534,746 interest income and $22,107 corporate overhead expense recovery.

The loss from ordinary activities represents exploration and evaluation costs incurred and normal administrative overhead offset by interest income and recovery of remediation costs from Origin Energy.

With a net tangible asset backing of 8.7 cents per share the company has cash reserves of $33 million and with a reduction in personnel costs of 50% and in general and administrative costs of 20% compared to the same period in the prior year this cash position has only decreased by $880,000 in the last 12 months.

This information should be read in conjunction with the most recent annual report and the Directors' report and the half year financial statements for the period.

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2014.

DIRECTORS

The names of the Directors of Geodynamics Limited in office during the half-year and until the date of this report are as follows.

Keith Spence (Non-executive Chairman)
Geoff Ward (Managing Director & CEO)
Andrew Stock (Non-executive Director)
Robert Davies (Non-executive Director)
Jack Hamilton (Non-executive Director)
Michel Marier (Non-executive Director)
George Miltenyi (Non-executive Director)

Directors were in office for this entire period unless otherwise stated.

COMPANY SECRETARY

Tim Pritchard

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 1, 9 Gardner Close, Milton QLD 4064.

PRINCIPAL ACTIVITIES

The principal activity of Geodynamics Limited during the half year was focussed on accelerating our search for profitable growth investments in the clean technology sectors outside of geothermal developments.

Since flagging our new diversified strategy to the market many opportunities have presented in the areas of Clean Energy Supply and Services, Efficiency and Storage and Cleantech Industrial Services.

Our focus on reducing operating costs and expenses over the past 12 months have resulted with the company having a strong cash position. Closing cash has decreased by only 2.6% over the last twelve months with personnel costs and general and administrative costs having been reduced by 50% and 20% respectfully when compared to the same period in the prior year. This strong cash position together with our internal capabilities are key assets and advantages to successfully growing the Company beyond geothermal.

While actively seeking diversification opportunities we have continued to progress our existing geothermal projects to key milestones at low cost. In the Cooper Basin we have completed the agreed research and development program with Beach Energy regarding potential future uses for the Habanero Project and the Innamincka Deeps Granite Resources. In the Pacific Islands, we continue our engagement with host governments, electricity utilities, regulators, development agencies and local communities in Vanuatu and Solomon Islands to secure required environmental approvals and off-take agreements necessary to support further development activities. There continues to be strong interest in the development of renewable energy in the Pacific Region from major stakeholders and we will continue to work with all key stakeholders as we look to progress these projects towards achieving a return on investment for shareholders.

REVIEW AND RESULTS OF OPERATIONS

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

	6 months ended 31 December 2014 $000	6 months ended 31 December 2013 $000
Loss before income tax expense	(482)	(8,203)
Net loss attributable to members of Geodynamics Limited	(482)	(8,203)
Earnings per Share	(cents)	(cents)
Basic and diluted loss per share	(0.11)	(2.00)

The key achievements and highlights for the 6 months to 31 December 2014 were as follows:

- Completion of the Takara Geothermal Power Project Environmental and Social Impact Assessment, confirmed that the Project can be developed safely with low impact on the environment.
- Submission of ESIA to Vanuatu Department of Environmental Protection and Conservation for approval.
- Variation to the ARENA (Australian Renewable Energy Agency) grant deed with continued contribution of up to $27.15 million.
- Major strategic review agreed on diversification into areas beyond geothermal.
- Receipt of $3.5 million under R&D Tax Incentive rebate in December.
- Completion of research program under the farm - in agreement with Beach Energy, paper currently under review.
- Continued progress of remediation activities to further reduce liabilities.

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.

AUDITOR INDEPENDENCE DECLARATION

The Directors have obtained an independence declaration from our auditors, Ernst & Young, which can be found on page 16 of the Half Year Report.

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.

Signed in accordance with a resolution of the Directors

K. Spence

Chairman

Brisbane, 27 February 2015

Half Year Financial Report ended 31 December 2014

ABN 55 095 006 090

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2014	Note	6 months ended 31 December 2014 $'000	6 months ended 31 December 2013 $'000
Continuing Operations			
Interest Income		535	703
Total Revenue		**535**	**703**
Other Income	3C	1,471	504
Personnel expenses	3A	(1,461)	(3,036)
Exploration and Evaluation Costs	3B	733	(4,533)
Other General & Administrative Expenses	3C	(1,782)	(2,225)
Corporate Expenses Recovered		22	384
Total Expenses		**(1,017)**	**(8,906)**
Income/(Loss) before Income Tax Expense		**(482)**	**(8,203)**
Income Tax Benefit		-	-
Income/(Loss) after Income Tax Expense		**(482)**	**(8,203)**
Other Comprehensive Income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		2	-
Other Comprehensive Income for the period		-	-
Total Comprehensive Income for the period attributable to the Owners		**(480)**	**(8,203)**
Basic and Diluted Loss per share (cents per share)		(0.11)	(2.00)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014	Note	31 December 2014 $'000	30 June 2014 $'000
Current Assets			
Cash Assets	4	33,095	33,815
Inventories – Rig Parts and Well Materials		892	893
Receivables	5	507	5,335
Total Current Assets		**34,494**	**40,043**
Non Current Assets			
Property, Plant and Equipment	6	4,071	4,127
Deferred Exploration, Evaluation & Development phase costs	7	8,089	7,390
Total Non Current Assets		**12,160**	**11,517**
Total Assets		**46,654**	**51,560**
Current Liabilities			
Payables	8	1,320	4,091
Provisions		1,951	3,001
Total Current Liabilities		**3,271**	**7,092**
Non Current Liabilities			
Provisions		5,380	6,052
Total Non Current Liabilities		**5,380**	**6,052**
Total Liabilities		**8,651**	**13,144**
Net Assets		**38,003**	**38,416**
Equity			
Contributed Equity	9	348,338	348,338
Other Reserves	10	11,016	10,947
Accumulated Losses		(321,351)	(320,869)
Total Equity		**38,003**	**38,416**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2014	Note	6 months ended 31 December 2014 $'000	6 months ended December 2013 $'000
Cash Flows from/(used in) Operating Activities			
Net Goods and Services Tax received		494	(198)
Payments to suppliers and employees		(4,412)	(3,246)
Net Interest Received		874	563
Net cash flows from/(used in) Operating Activities		**(3,044)**	**(2,881)**
Cash Flows from/(used in) Investing Activities			
Proceeds from Government Grants		-	3,000
Proceeds from R&D Tax Incentive		3,400	-
Purchase of Property, Plant & Equipment		(83)	(389)
Payments for Exploration and Evaluation expenditure		(3,964)	(7,911)
Proceeds from joint venture recoveries		1,471	-
Proceeds from sale of property, plant & equipment		1,500	584
Cash from KUTh acquisition		-	186
Net cash flow (used in) investing activities		**2,324**	**(4,530)**
Cash Flows from Financing Activities			
Net cash flow provided by financing activities		**-**	**-**
Net increase / (decrease) in cash held		**(720)**	**(7,411)**
Add: Opening cash carried forward		33,815	41,390
Closing cash carried forward		**33,095**	**33,979**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2014	Issued Capital $'000	Employee Equity Benefits Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Total Equity $'000
At 1 July 2014	**348,338**	**10,969**	**(22)**	**(320,869)**	**38,416**
Recognition of foreign exchange hedge reserve	-	-	-	-	-
Total expense for period recognised directly in equity	-				
Loss for the period	-			(482)	(482)
Other comprehensive income	-		2		2
Total loss for the period	-		2	(482)	(480)
Equity Transactions:					
Share based payment on Employee Share Plan	-	67	-	-	67
Cost of share-based payment - recognition of share option expense	-	-	-	-	-
At 31 December 2014	**348,338**	**11,036**	**(20)**	**(321,351)**	**38,003**

FOR THE HALF YEAR ENDED 31 DECEMBER 2013					
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	-	-	-	(8,203)	(8,203)
Total loss for the period	-	-	-	(8,203)	(8,203)
Equity Transactions:					
Share based payment on Employee Share Plan	-	146	-	-	146
Cost of share-based payment - recognition of share option expense	-	129	-	-	129
Shares to be issued in consideration of KUTh off-market takeover	2,255				2,255
At 31 December 2013	**348,338**	**10,731**	**-**	**(314,291)**	**44,778**

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – CORPORATE INFORMATION

The financial report of Geodynamics Limited (the Company) for the half year ended 31 December 2014 was authorised in accordance with a resolution of the Directors on 28 February 2015.

Geodynamics Limited is a Company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. Its registered office and principal place of business is Level 1, 9 Gardner Close, Milton QLD 4064.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation

This general purpose condensed financial report for the half-year ended 31 December 2014 has been prepared in accordance with AASB 134 *Interim Financial Reporting and the Corporations Act* 2001. The half-year financial report has been prepared on a historical cost basis and going concern basis and is presented in Australian dollars. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year report be read in conjunction with the annual report for the year ended 30 June 2014 and considered together with any public announcements made by Geodynamics Limited during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations of the ASX listing rules. The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2014.

B. Joint Arrangements

The Company is a party to a joint operation the assets of which comprise the South Australian geothermal tenements and all property plant and equipment for use in the Cooper Basin. The joint operation is named the Innamincka 'Deeps' Joint Venture. Since 30 June 2013 Geodynamics has been the sole participant in the joint operation.

The Company is also a party to a joint arrangement 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 31 December 2014 Geodynamics had met all requirements for the initial 25% interest.

C. 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.

Accordingly, the financial report has been prepared on a going concern basis and no adjustments have been made relating to the recoverability and classification of recorded amounts and classification of liabilities that might be necessary should the Company not continue as a going concern

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.

D. Share Appreciation Rights

On 20 October 2014, the Company issued 4,862,222 share appreciation rights ("SARs") to Mr Geoff Ward (Managing Director and Chief Executive Officer). The issue of the SARs was in accordance with the Company's Share Appreciation Rights Plan (the "Plan") which was introduced and approved by shareholders at the Company's Annual General Meeting on Thursday 28 November 2013.

A SAR is a right to receive either or both, a cash payment or shares in the Company, as determined by the Board, subject to the Company satisfying certain conditions including performance conditions.

The SARs have been issued in two tranches. The first tranche totalled 2,580,274 SARs and the earliest vesting date is 1 September 2015. The second tranche totalled 2,281,948 SARs and the earliest vesting date is 1 September 2016.

The performance conditions are based on growth in the Company's share price.

The following vesting conditions apply to each tranche:

Tranche 1

- The growth in the Company's share price must exceed 20% before any SAR vests;
- At this threshold 30% of the SARs vest; and
- 100% of the SARs in tranche 1 will vest with a 90% increase in the Company's share price.

Tranche 2

- The growth in the Company's share price must exceed 30% before any SAR vests;
- At this threshold 30% of the SARs vest; and
- 100% of the SARs in tranche 2 will vest with a 100%% increase in the Company's share price.

No SARs in tranche 1 or tranche 2 will vest if the growth in the Company's share price does not exceed the thresholds above. Vesting will occur on a straight line basis between these points.

Under the Plan rules the Company has the discretion to make a cash payment equivalent to the reward value of the vested SARs (i.e. instead of delivering the reward value in shares).

On cessation of employee the default position is all unvested SARs will lapse on that date. However, in certain circumstances the Board may, at its discretion, alter the treatment of any unvested SARs.

NOTE 3A – PERSONNEL EXPENSES	6 months ended 31 December 2014 $'000	6 months ended 31 December 2013 $'000
Loss before income tax has been determined after charging/(crediting) the following specific items:		
Share Based Payments Expense	67	153
Employee Expenses	1,394	2,883
	1,461	**3,036**

NOTE 3B – EXPLORATION AND EVALUATION COSTS	6 months ended 31 December 2014 $'000	6 months ended 31 December 2013 $'000
Loss before income tax has been determined after charging/(crediting) the following specific items:		
Expenditure for the period	667	6,731
Change in Rehabilitation	-	770
Proceeds from Government Grants	-	(1,500)
R&D Tax Incentive [1]	(1,400)	(1,468)
	(733)	**4,533**

1. Consistent with the Company's established accounting policy, R&D tax incentive is treated as a government grant. The R&D tax incentive is received in respect of the Company's geothermal exploration in the Cooper Basin. At 30 June 2014, the Company recognised a receivable of $2.0 million in respect of its R&D claim for the 2014 financial year. On finalising the R&D tax incentive for the 2014 financial year a total of $3.4 million was received by the Company. The incremental R&D tax incentive of $1.4 million has been applied against the associated exploration expenditure.

NOTE 3C – OTHER EXPENSES AND LOSSES/(GAINS)	6 months ended 31 December 2014 $'000	6 months ended 31 December 2013 $'000
Loss before income tax has been determined after charging/(crediting) the following specific items:		
Depreciation of plant and equipment and Amortisation of leasehold improvements	48	241
Operating lease rentals paid	639	501
Foreign exchange loss/(gain)	7	1
(Profit)/loss on disposal of property, plant & equipment	13	(504)
Recovery of prior period expenditure from previous joint venture party	(1,471)	-

NOTE 4 – CASH ASSETS	31 December 2014 $'000	30 June 2014 $'000
Cash at Bank	795	890
Short-term Deposits	32,300	32,925
	33,095	33,815

NOTE 5 – RECEIVABLES (CURRENT)	31 December 2014 $'000	30 June 2014 $'000
GST Receivable	116	295
Interest Receivable	92	432
Other Receivables	299	4,608
	507	5,335

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

NOTE 6 – PROPERTY, PLANT & EQUIPMENT	31 December 2014 $'000	30 June 2014 $'000
Plant and Equipment at cost	25,119	25,370
Less: accumulated depreciation and impairment	(21,048)	(21,243)
Total Property, Plant and Equipment	**4,071**	**4,127**
Reconciliation of Plant & Equipment		
Carrying amount at beginning	4,127	3,962
Additions (including KUTh acquisition)	42	1,352
Disposals	(50)	(668)
Depreciation/Amortisation Expense	(48)	(519)
Carrying amount at the end	**4,071**	**4,127**

NOTE 7 – DEFERRED EXPLORATION AND EVALUATION COSTS	31 December 2014 $'000	30 June 2014 $'000
Evaluation Phase	8,089	7,390
Total	**8,089**	**7,390**
Reconciliation of Deferred Exploration & Evaluation costs		
Carrying amount at beginning	7,390	1,177
Add: Evaluation assets acquired as part of KUTh transaction	-	2,485
Add: Evaluation & Development expenditure for period	699	3,768
Less: Impairment of Evaluation & Development expenditure	-	(40)
Carrying amount at the end	**8,089**	**7,390**

The carrying amount of deferred exploration and evaluation costs increased during the half year 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.

NOTE 8 – ACCOUNTS PAYABLE	31 December 2014 $'000	30 June 2014 $'000
Current		
Trade Creditors	545	2,293
Accrued Liabilities	775	1,798
Trade creditors and accruals	**1,320**	**4,091**

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 – CONTRIBUTED EQUITY	31 December 2014 $'000	30 June 2014 $'000
Authorised Shares		
435,880,130 (2014 – 435,880,130) fully paid ordinary shares	**348,338**	**348,338**

MOVEMENT IN ORDINARY SHARE CAPITAL:		NUMBER OF SHARES	ISSUE PRICE $ PER SHARE	$'000
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	1,331,425	0.155	-
May 2014	Ordinary shares issued for the deferred employee share plan	1,563,293	0.165	-
30/06/14	**Balance end of financial year**	**435,880,130**		**348,338**
	No Movement			
31/12/14	**Balance**	**435,880,130**		**348,338**

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 10 – RESERVES	31 December 2014 $'000	30 June 2014 $'000
Deferred Employee Share Plan Reserve	3,528	3,462
Employee Share Option Reserve	7,508	7,507
Foreign Currency Translation Reserve	(20)	(22)
	11,016	10,947
Reconciliation of Reserves		
Carrying amount at beginning	10,947	10,456
Recognition of Share Plan Expense – Transfer from Contributed Equity	-	-
Recognition of Share Plan Expense	67	337
Recognition of Share Option Expense	-	176
Recognition of Foreign Currency Translation Reserve	2	(22)
	11,016	10,947

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.

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.

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 11 - EARNINGS PER SHARE	6 months ended 31 December 2014 $'000	6 months ended 31 December 2013 $'000
Basic and diluted earnings/(loss) per share attributable to the equity holders (cents per share)	**(0.11)**	**(2.00)**
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net loss attributable to equity shareholders ($'000)	**(480)**	**(8,203)**
Weighted average number of ordinary shares used in calculation of basic earnings per share	**435,880,130**	**410,346,009**

NOTE 12 - 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 31 December 2014 (comparative information as at 30 June 2014 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

Half Year Ended 31 December 2014	Pacific $'000	Australia $'000	Consolidated $'000
Property Plant & Equipment	1,369	2,702	4,071
Deferred Exploration and Evaluation	8,089	-	8,089
Total Non Current Assets	**9,458**	**2,702**	**12,160**

Year Ended 30 June 2014	Pacific $'000	Australia $'000	Consolidated $'000
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**

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

NOTE 13 – 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 and 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.

As the consideration for the acquisition was shares in the Company, the cost of the acquisition was 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.

In this way the purchase consideration was measured as $2,255,000 (26,532,804 shares at 8.5 cents per share). The fair value assets acquired and liabilities assumed as part of the business combination are the same as those reported in the 30 June 2014 financial report and include $186,000 of cash and cash equivalent and $2,485,000 of deferred exploration and evaluation expenditure.

NOTE 14 – CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date there has been no material change in contingent liabilities or contingent assets.

NOTE 15 – SUBSEQUENT EVENTS

There has not arisen between 31 December 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.

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 and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

      i. giving a true and fair view of the financial position as at 31 December 2014 and the performance for the half-year ended on that date of the consolidated entity;

      ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

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

On behalf of the Board.

K. Spence

Chairman

Brisbane 27 February 2015

Ernst & Young
111 Eagle Street
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Auditor's Independence Declaration to the Directors of Geodynamics Limited

In relation to our review of the financial report of Geodynamics Limited for the half-year ended 31 December 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
27 February 2015

Building a better working world

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Independent review report to members of Geodynamics Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Geodynamics Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Geodynamics Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Geodynamics Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations* 2001.

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Andrew Carrick
Partner
Brisbane
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