



QUARTERLY REPORT

PERIOD ENDING 30 June 2015

ASX CODE: GDY

SHARES ON ISSUE

435.8 million

MANAGING DIRECTOR AND CEO

Mr Geoff Ward

COMPANY SECRETARY

Mr Tim Pritchard CPA CSA (CERT)

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KEY ACTIVITIES

On 14 July we announced the proposed acquisition of Quantum Power Limited, a market leader in the anaerobic digestion and biogas generation market.

FOLLOWING IS A SUMMARY OF KEY ACTIVITIES FROM THE QUARTER:

- Completion of due diligence and negotiations in regards to the Takeover Offer for Quantum Power Limited.
- Signing of Bid Implementation Agreement with Quantum Power
- Continued progress in the ongoing remediation works to reduce liability associated with geothermal permits in the Hunter Valley, NSW and Innamincka, SA (Cooper Basin).

The Company's cash position at the end of the quarter stood at \$28 million.





Letter to Shareholders

Dear Shareholders,

Earlier this month we were pleased to announce, that Geodynamics would be making an off-market takeover bid to acquire Queensland based biogas company Quantum Power Limited.

The proposed acquisition of Quantum Power presents an exciting opportunity for Geodynamics to service and support the important and growing agribusiness sector in Australia. Quantum has a track record of delivering successful bio-energy projects having installed projects at 7 sites to date. The combination of Quantum's technical capability with Geodynamics' project management skills and balance sheet, will allow us to accelerate delivery of projects and pursue larger bio-energy opportunities in both agribusiness and municipal waste sectors.

The biogas projects provide value through improved management of effluent and other waste by-products, conversion of waste by-products into higher value goods, on-site production of heat and power from renewable energy sources and reducing greenhouse gas emissions by eliminating methane emissions (methane has a 21 times CO2 global warming potential). These characteristics make the biogas market a very attractive opportunity with good growth potential.

Quantum has delivered more biogas projects than any other company in Australia, and is the only company in Australia to deliver projects spanning meat rendering, abattoirs, pig production, layer chickens and dairy processing.

The upcoming six months will be an exciting period as we work to merge the two entities, deliver existing projects and secure additional biogas projects. As we work to close out the Quantum acquisition we are continuing to review and explore further investment opportunities that will compliment and build on this investment, with Quantum being the first step towards Geodynamics transition into the distributed energy market.

We have also recently announced a decision by to Board to reduce its numbers to a more optimal size once the future path of the company had been determined. With the proposed Quantum acquisition now underway the Board will reduce the number of non-executive directors to three non-executive Directors. In light of this, giving consideration to experience and diversity, Mr Andrew Stock, Mr Michel Marier and Mr Bob Davies have offered to step down as Directors. I would like to express my personal thanks to Michel, Bob and Andrew for their guidance and council as we have explored and navigated the Company's future, particularly over the past 12 months.

For further information, please check our website (www.geodynamics.com.au) or contact Mr Geoff Ward on + 61 7 3721 7500. Media and investor inquiries may also be directed to Friederike Graser, on +61 7 3721 7588.

Regards,



Geoff Ward

Managing Director and Chief Executive Officer

Investor Relations

Quantum Power takeover proposal

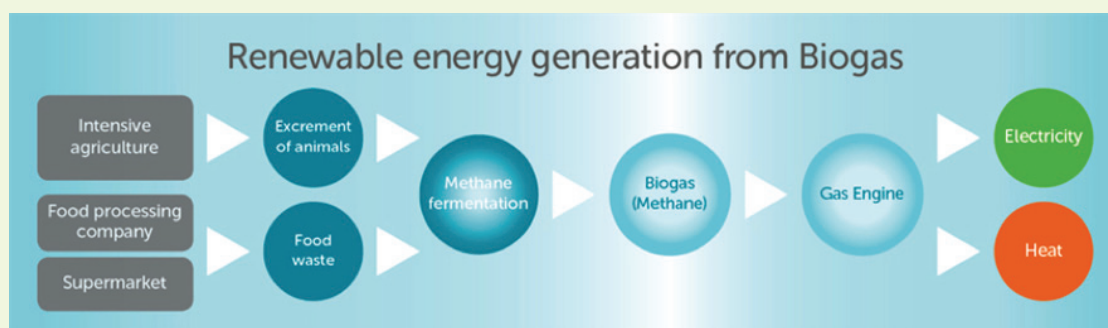
Post the Quarter, in July, Geodynamics announced it had entered into a binding Takeover Bid Implementation Agreement with unlisted public company Quantum Power Limited (Quantum). Under the agreement Geodynamics will make an off-market takeover bid to acquire all of the issued ordinary and preference shares in Quantum.

ABOUT QUANTUM

Based in Queensland, Quantum is an unlisted public company focused on the production and sale of electricity from biogas. Quantum develops, owns and operates anaerobic digester systems and biogas fuelled power stations supplying electricity and co-generated heat. The company targets livestock producers and food processors offering complete turnkey, EPC solutions as well as a build, own, operate and maintain (BOOM) contracts that provide customers with the benefits of anaerobic digestion systems and biogas fuelled power stations without the need for upfront capital.

Anaerobic Digestion

A series of biological processes in which microorganisms break down biodegradable material (livestock manure, municipal wastewater solids, food waste, wastewater and residuals) in the absence of oxygen. One of the end products is biogas, which is combusted to generate electricity and heat, or can be processed into renewable natural gas and transportation fuels.



BENEFITS OF ANAEROBIC DIGESTION & BIOGAS PLANTS

Energy

- Co-generation of heat and power
- Uses local raw material / energy self sufficiency
- A form of distributed generation

Environmental

- Reduces greenhouse gas emissions
- Less odour

Agricultural Benefits

- Converts waste product into higher value materials such as fertiliser.



Investor Relations

OFFER RATIONALE

As announced at our Annual General Meeting in December 2014, with the completion of our planned geothermal activity programs in the Cooper Basin and Pacific Islands, Geodynamics is seeking to diversify its business focus to become a broader clean technology company.

Over the past 9 months Geodynamics has undertaken a disciplined process to assess and secure new investment opportunities in the areas of renewable energy and associated clean technology. This process has seen Geodynamics analyse investment opportunities covering clean energy supply (including solar PV), energy efficiency, energy storage, distribution and micro-grids, various clean industrial process technologies and services and a range of other potential investment opportunities.

Through this process the supply of distributed energy to the agri-business and food manufacturing sector through biogas sourced power has been identified as an attractive market segment. As environmental controls and cost of power have increased, the use of anaerobic digestion technology to reduce environmental emissions and produce biogas for power generation is increasingly attractive to manufacturers. In particular, primary food production and agricultural industries stand to benefit from the improved management of their waste streams which can be combined with the simultaneous sustainable, lower cost production of onsite power. Following recent announcements providing clarity with respect to the future of the Renewable Energy Target, together with opportunities accessible through the Emission Reductions Fund, Geodynamics believes the Australian biogas market presents an attractive investment opportunity.

Quantum Power is a market leader in the Australian biogas market, specialising in the engineering, procurement and installation of anaerobic digestion systems and biogas fuelled power stations. The proposed acquisition of Quantum provides Geodynamics with a strong entry point to this attractive market. Quantum has developed a solid pipeline of project opportunities which, with the strength of the combined entities balance sheet, engineering and project management skills, can be steadily progressed and harnessed.

KEY POINTS:

- Quantum shareholders will be offered four and a half (4.5) fully paid ordinary Geodynamics shares for every issued Quantum share, being a total of 127,488,870 Geodynamics shares (subject to rounding). Geodynamics will also acquire certain outstanding Quantum preference shares at a face value of \$527,000, conditional on the takeover offers becoming unconditional.
- Quantum shareholders will represent approximately 23% of the enlarged Geodynamics Group, with existing Geodynamics shareholders retaining approximately 77% ownership.
- The transaction will provide Geodynamics shareholders with entry into the biogas energy market, a growing and attractive segment of the clean technology and renewable energy sector, and exposure to immediate short-term attractive project opportunities and a pipeline of medium and longer term growth opportunities.
- Merger with Geodynamics will enable Quantum to accelerate delivery of its identified projects, and pursue larger project opportunities with the support of Geodynamics' financial capacity, project management and engineering capability.
- The Offer has been considered by the Directors of Quantum who unanimously recommend that Quantum shareholders accept the Offer, in the absence of a Superior Proposal and no Material Adverse Event occurring in relation to Geodynamics.
- The Offer is supported by major shareholders of Quantum, with shareholders representing an aggregate of 56.66% of Quantum's issued ordinary shares having advised Geodynamics that they intend to accept the Offer for all the Quantum shares they own or control in the absence of a Superior Proposal.





Investor Relations

Board Changes

As indicated to shareholders in the Chairman's address at the Geodynamics AGM in December 2014 while outlining the Company's change in strategic direction, it was the Board's intention that the number and composition of Directors on the Geodynamics Board would be reviewed and finalised once the future direction and path for the Company had been established. It was determined that the existing Directors of Geodynamics would remain in place, but at reduced fees, while this acquisition search process was undertaken in order to assist the Company management in determining a new direction for Geodynamics.

With the proposed acquisition of Quantum the Board has taken a decision to reduce the number of non-executive directors to three (3) non-executive Directors in addition to the Managing Director.

After giving due consideration to Board renewal, breadth and diversity of experience, Mr Andrew Stock, Mr Michel Marier and Mr Bob Davies have offered to step down as Directors of Geodynamics. These resignations will come into effect from the completion of Geodynamics' scheduled August Board meeting.

Mr Keith Spence will continue in his role as Non Executive Chairman, together with fellow non - executive Directors, Dr Jack Hamilton, Mr George Miltenyi and Mr Geoff Ward as Managing Director.

In announcing the Board changes Mr Spence said "It has been a pleasure working with and besides Bob, Michel and Andrew in my role as Chairman over the past 5 years. As a Board we are very grateful for the counsel, support and invaluable contribution they have made in particular over the past 12 months as the Company has transitioned to a new strategic direction and focus."

In addition to the continuing Directors it is the Board's intention to invite Mr Richard Brimblecombe, the current Executive Chairman of Quantum Power, to the Geodynamics Board upon the Offer becoming unconditional.

