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ABN: 55 095 006 090

# *ASX Announcement*

**10 October 2013**

## **Lodgement of Bidder's Statement and Notice of Record Date**

Geodynamics Limited (ASX: GDY) refers to its off market takeover bid for KUTh Energy Limited ABN 33 125 694 920 (KUTh), announced to ASX jointly by Geodynamics and KUTh on 18 September 2013.

Geodynamics advises that it has today lodged with the ASIC, and served on KUTh, the Bidder's Statement and Offer in respect of Geodynamics' takeover bid.

Attached, pursuant to item 5 of subsection 633(1) of the Corporations Act, is a copy of the Bidder's Statement and Offer as lodged with ASIC and given to KUTh today.

As stated in the Bidder's Statement, the date for determining the persons to whom the Bidder's Statement is to be initially sent pursuant to items 6 and 12 of subsection 633(1) of the Corporations Act is 7.00pm Sydney time today, 10 October 2013.

For further information please call the Offer Information line on +61 1300 366 176.

A handwritten signature in blue ink, appearing to read "T. Pritchard", with a horizontal line underneath.

Tim Pritchard  
Company Secretary



**GEODYNAMICS**  
LIMITED

# *Bidder's Statement*

*in relation to recommended Offers by*

***Geodynamics Limited***

*ABN 55 095 006 090*

*to acquire all of your Shares in*

***KUTh Energy Limited***

*ABN 33 125 694 920*

The Consideration offered is:

**One (1) Geodynamics Share for every five and a half (5.5) KUTh Shares you own.**

*The KUTh Energy Directors making a recommendation unanimously recommend you accept the Offer (in the absence of a Superior Proposal)*

*To accept an Offer you should follow the instructions on the relevant enclosed Acceptance Form.*

*If you have any questions about the Offers, this document or how to accept the Offers, please contact the Offers Information Line on **+61 1300 366 176** (normal charges apply).*

*If you are not inclined to accept the Offer immediately please retain this Bidder's Statement and the personalised Acceptance Form for future action.*

**This document contains important information and should be read carefully in its entirety. If you are in any doubt as to how to deal with this document, you should consult your legal, financial or other professional adviser as soon as possible.**

*Accept Now*

## Key Dates

<b>Announcement Date</b>	18 September 2013
<b>Date this Bidder's Statement was lodged with ASIC</b>	10 October 2013
<b>Register Date</b>	7.00 pm on 10 October 2013
<b>Offer Opens</b>	9.00* am on Tuesday 15 October 2013
<b>Offer Closes (unless extended or withdrawn)</b>	7.00 pm on 15 November 2013

## Key Contacts

<b>Share Registry for the Offer</b>	Link Market Services Limited
<b>Postal Address</b>	Link Market Services Limited KUTh Energy Limited Takeover Locked Bag A14 SYDNEY SOUTH NSW 1235
<b>Offer Information Line</b>	1300 366 176 from within Australia, or +61 1300 366 176 outside of Australia

\* KUTh has given its consent to Geodynamics despatching this Bidder's Statement to KUTh Shareholders on the date the Offer open, being a date earlier than would otherwise apply under section 633 of the Corporations Act.

## Important Information

### Bidder's Statement

This Bidder's Statement is given by Geodynamics Limited ABN 55 095 006 090 (**Geodynamics**) to KUTh Energy Limited ABN 33 125 694 920 (**KUTh**) under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act together with the terms of the Offer to acquire your KUTh Shares.

This Bidder's Statement is dated 10 October 2013. It includes an Offer dated 15 October 2013 on the Offer terms set out in section 12 and the Defeating Conditions in section 13.

A copy of this Bidder's Statement was lodged with ASIC and ASX 10 October 2013. None of ASIC, ASX nor any of their officers takes any responsibility for the content of this Bidder's Statement.

### Notice to Foreign Shareholders

The distribution of this document and the making of the Offers may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. This document has been prepared having regard to Australian disclosure requirements and Australian accounting standards. These disclosure requirements and accounting standards may differ from those in other countries. This document does not constitute an offer to sell to KUTh Shareholders, or a solicitation of an offer to purchase from KUTh Shareholders, any securities in Geodynamics or KUTh in any jurisdiction in which such an offer or solicitation would be illegal. The Geodynamics Directors will exercise their discretion in such matters.

### Forward-looking statements

Statements contained in this document may contain forward-looking statements including statements with respect to Geodynamics' current intentions (which include those in section 7), statements of opinion and predictions of possible future events. Statements in this document that are not historical facts are 'forward-looking statements'.

Forward-looking statements relate to future matters and are subject to inherent risks and uncertainties. These risks and uncertainties include risks that are specific to the geothermal industry as well as matters such as

general economic conditions, many of which are outside the control of Geodynamics and its directors. These factors may cause the actual results, performance or achievements of Geodynamics, KUTH or the Merged Group to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forward-looking statements. The past performance of Geodynamics is not a guarantee of future performance.

The forward-looking statements do not constitute a representation that future profits (or any other matter) will be achieved in the amounts or by the dates indicated and are presented as a guide to assist KUTH Shareholders in assessing the Offer. The financial information and other forward-looking statements are based on information available to Geodynamics or KUTH at the date of this document and should be read in conjunction with the assumptions underlying their preparation as set out in section 8.6. Actual outcomes may differ materially from the events, intentions or results expressed or implied by any forward-looking statement in this document.

None of Geodynamics, its officers, or persons named in this document with their consent or any person involved in the preparation of this document makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any intentions or outcomes expressed or implied in any forward-looking statement. You are cautioned not to place undue reliance on any forward looking-statement, having regard to the fact that the outcome may not be achieved. The forward-looking statements in this document reflect views held only as at the date of this document.

### **Estimates and assumptions**

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this document are references to estimates, assumptions and derivations of the same by Geodynamics management. Management estimates and assumptions are based on views at the date of this document, and actual facts or outcomes may be materially different from those estimates and assumptions.

### **Investment decisions**

The information provided in this document is not investment advice and has been prepared without taking into account your individual investment objectives, financial circumstances or particular needs. You should seek independent financial and taxation advice from your financial or other professional adviser before deciding whether to accept the Offer.

### **Notice to KUTH Shareholders in New Zealand**

In offering Geodynamics Shares under the Offer in New Zealand, Geodynamics is relying on the Securities Act (Overseas Companies) Exemption Notice 2002. This document is not a prospectus or an investment statement under New Zealand law, and does not contain all the information that a prospectus or investment statement is required to contain under New Zealand law. New Zealand investors should seek their own advice and satisfy themselves as to the Australian and New Zealand tax implications of participating in the Offer.

### **Internet sites**

Each of Geodynamics and KUTH maintains an internet site. The Geodynamics internet site is at the URL [www.geodynamics.com.au](http://www.geodynamics.com.au) and the KUTH internet site is at the URL [www.kuthenergy.com](http://www.kuthenergy.com). Information contained in or otherwise accessible through these internet sites is not a part of this document. All references in this document to these internet sites are for your information only.

### **Privacy**

Geodynamics, and its share registry Link Market Services Limited, may collect your information in the process of making and implementing the Offer, including information from the register of KUTH Shareholders and, if accepted, administering your holding of KUTH Shares. Your information may be disclosed on a confidential basis to Geodynamics or its related bodies corporate and external service providers, and may be required to be disclosed to regulators, such as ASIC.

### **Defined terms**

A number of defined terms are used in this document. Unless expressly specified otherwise, defined terms have the meaning given in the Glossary in section 15. All references to \$, \$A, dollars, ¢ and cents are to Australian currency unless specified otherwise.

### **Effect of rounding**

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this document are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this document.

# ACCEPT NOW

*Geodynamics Offer of one (1) Geodynamics Share for every five and a half (5.5) KUTh Shares is in the best interests of KUTh Shareholders.*

- 1. The Offer represents a significant premium of 31.6% based on the respective 30-day volume weighted average price (VWAP) of Geodynamics and KUTh shares on 17 September 2013.*
- 2. The combination of the two companies provides shareholders with access to a larger portfolio of high quality geothermal opportunities in the Pacific Islands and Australia, backed by a strong company with the technical, financial and operational skills to successfully develop these projects.*
- 3. By accepting the offer KUTh shareholders will gain access to a larger company with increased liquidity in share trading.*
- 4. KUTh has modest cash reserves and is very likely to require a capital raising in the next year. If the Merger does not proceed, KUTh Shareholders face the prospect of significant dilution from future capital raisings to fund and develop its projects.*
- 5. If the Merger does not proceed, there is a significant risk that KUTh's Share price will fall upon the lapsing of the Geodynamics Offer.*
- 6. KUTh's directors who are making a recommendation, unanimously recommend that KUTh Shareholders accept the Offer by Geodynamics, subject to there being no Superior Proposal and no Geodynamics Material Adverse Event having occurred.*
- 7. KUTh Directors have indicated that they intend to accept the Offer in respect of all their KUTh Shares, subject to there being no Superior Proposal and no Geodynamics Material Adverse Event having occurred.*

## How to Accept

**Acceptance Forms must be received in sufficient time for your instructions to be processed by 7:00 pm (Sydney time) on 15 November 2013 unless the Offer is extended.**

Subject to section 12.5 of this Bidder's Statement, the Offer may be accepted only for all of your KUTh Shares.

### **For Issuer Sponsored Holdings of KUTh Shares**

If your KUTh Shares are held on KUTh's issuer sponsored sub-register (that is, if there is an 'I' appearing before your holder number on the enclosed Application Form), complete, sign and return the relevant Acceptance Form in accordance with the instructions on it.

### **For CHESS Holdings of KUTh Shares**

If your KUTh Shares are held in a CHESS Holding (that is if there is an 'X' appearing before your holder number on the enclosed Application Form), either:

- contact your Controlling Participant (usually your broker) and instruct them to accept the relevant Offer on your behalf; or
- complete sign and return the Acceptance Form in accordance with the instructions on it.

**Post your completed Application Form in the enclosed reply paid envelope to:**

**Link Market Services Limited  
KUTh Energy Limited Takeover  
Locked Bag A14  
SYDNEY SOUTH NSW 1235**

For more details on how to complete your Acceptance Form see section e) of this Bidder's Statement. If you have any questions about the Offer or this document or about how to accept the Offer, please contact the Geodynamics Offer Information Line on **1300 366 176** (from within Australia) or **+61 1300 366 176** (from outside Australia) (normal charges apply).

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## Chairman's Letter

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9 October 2013

Dear KUTh Shareholder

On behalf of the Board of Geodynamics Limited (**Geodynamics**), we are pleased to enclose an offer to acquire all of your Shares in KUTh Energy Limited (**KUTh**).

Geodynamics' Offer of one (1) Geodynamics Share for every five and a half (5.5) KUTh Shares:

- provides you value representing a significant premium to KUTh's closing price for KUTh Shares before the announcement of Geodynamics' intention to make the Offer;
- allows you to become a shareholder in a more diversified company with a broader portfolio of projects and greater resources to develop KUTh's assets; and
- allows you to maintain an interest in KUTh's geothermal energy projects.

Geodynamics is committed to building a portfolio of high quality conventional geothermal projects, a process we commenced with the acquisition of the Savo Islands Geothermal Power Project in Solomon Islands, in November last year. We also have the technical skills necessary to rapidly progress these projects building on the capability we have developed in our Australian assets.

With a cash balance in excess of \$40 million as at June 30 2013, Geodynamics is well positioned to develop a portfolio of projects. We recognise the good quality and hard work that has gone into the development of the Takara Geothermal Project to date. With Geodynamics' technical skills and financial resources we believe we can accelerate its development to achieve the goals that you as KUTh shareholders have held for this project.

If Geodynamics' Offer for KUTh is successful, the Merged Group will be a stronger and more diversified group and one with greater capacity to attract interest from the wider investment community. We are confident the Merged Group, with its broader asset base, will be better placed to withstand cyclical downturns in energy prices and volatility in the broader financial markets.

In the event of a successful offer the Board of Geodynamics intends to invite Mr George Miltenyi, a non-executive Director of KUTh, to join the Board of Geodynamics. We believe that Mr Miltenyi's corporate knowledge of the projects, renewable energy venture skills and background in multicultural marketing and management will be a good complement to our Board.

KUTh's Target's Statement, which includes all the information known to KUTh that you would reasonably require to decide whether or not to accept Geodynamics' Offer, has been sent to you at the same time as this Bidder's Statement.

I encourage you to read this Bidder's Statement carefully. If Geodynamics acquires all KUTh Shares, KUTh Shareholders will hold approximately 6.12% (undiluted) of Geodynamics, and you will therefore be in a position to participate on a similar basis with Geodynamics' shareholders in the significant benefits and value the combination of Geodynamics and KUTh will create. As with any investment there are risks and these are described in section 9 of this Bidder's Statement.

The Offer is open until 7:00 pm (Sydney time) on 15 November 2013 (unless extended under the Corporations Act). If you have any questions about the Offer please do not hesitate to contact the Geodynamics Offer Information Line on 1300 366 176 (from within Australia) or +61 1300 366 176 (from outside Australia) (normal charges apply).

Yours faithfully



Keith Spence  
**Chairman**

# 1 Reasons why you should accept Geodynamics' Offer

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## 1.1 The Offer provides substantial value

**The Offer** represents:

- a significant premium of 31.6% based on the respective 30 day Volume Weighted Average Prices (VWAPs) of Geodynamics and KUTh shares on 17 September 2013 and
- a 69% premium based on the companies' respective 90 day VWAP of Geodynamics Shares and KUTh Shares to 17 September 2013

## 1.2 You will hold shares in a more diversified company

KUTh Shareholders will receive fully paid ordinary shares in Geodynamics; the combined company will provide shareholders with access to a larger portfolio of high quality geothermal projects in Australia and the Pacific Islands. Geodynamics is better placed to develop KUTh's projects.

KUTh shareholders will be part of a larger company with increased liquidity in share trading, with the technical, financial and operational skills to successfully develop these projects. Geodynamics is better placed to raise the substantial development capital required to develop KUTh's projects.

## 1.3 Risk of dilution on a capital raising

KUTh has modest cash reserves and is very likely to require a capital raising in order to progress their project portfolio, absent financial support from Geodynamics. KUTh Shareholders face the prospect of significant dilution from future capital raisings to fund and develop its projects.

## 1.4 Risk of KUTh's share price falling

There is a significant risk that KUTh's Share price will fall upon the lapsing of Geodynamics' Offer.

## 1.5 Recommendation of KUTh's Directors

KUTh's directors other than Mr George Miltenyi recommend unanimously that KUTh Shareholders accept the Offer by Geodynamics, subject to there being no Superior Proposal and no Geodynamics Material Adverse Event occurring. Mr Miltenyi declined to make any recommendation because Geodynamics proposes to invite him to join the Geodynamics Board if the Offer is successful, and accordingly it may be perceived that he has a conflict of interest.

## 1.6 KUTh Directors intend to accept the Offer

All of the Directors of KUTh currently intend to accept or procure acceptance of the Offer in respect of all the KUTh Shares they own or control, subject to there being no Superior Proposal and no Geodynamics Material Adverse Event occurring.

## 1.7 The Offer is supported by major shareholders of KUTh

The Offer is supported by major shareholders of KUTh. Shareholders representing an aggregate of 36.7% of KUTh's Shares have advised Geodynamics that they intend to accept the Offer for all KUTh Shares they own or control, in the absence of a Superior Proposal.

## 2 Frequently asked questions

The information in this section is a summary only of Geodynamics' Offer and is qualified by the detailed information set out elsewhere in this Bidder's Statement. You should read the entire Bidder's Statement and KUTH's Target's Statement sent to you at the same time as this Bidder's Statement, before deciding whether to accept the Offer.

Question	Answer	Further information
<b>What is Geodynamics' Offer?</b>	Geodynamics is offering to buy 100% of your KUTH Shares by way of an off-market takeover bid by issuing to you one (1) Geodynamics Share for every five and a half (5.5) KUTH Shares you hold	Section 12
<b>Who is making the Offer?</b>	The Offer is being made by Geodynamics Limited.	Sections 3 - 4.2
<b>Are there any conditions to the Offer?</b>	In summary, the Offer is subject to the following Defeating Conditions: <ul style="list-style-type: none"> <li>a) Geodynamics holding at least 90% (by number) of KUTH Shares;</li> <li>b) before the end of the Offer Period there being no Superior Proposal;</li> <li>c) receipt of all required regulatory approvals;</li> <li>d) no restraint arising adversely affecting the Offers;</li> <li>e) conduct by KUTH of its business in the ordinary course of business;</li> <li>f) the exercise or cancellation of all KUTH Options;</li> <li>g) no KUTH Prescribed Occurrence occurring;</li> <li>h) no KUTH Material Adverse Change occurring; and</li> <li>i) representations regarding KUTH's issued securities continue to be true and correct.</li> </ul>	Section 13
<b>What happens if the Defeating Conditions are not waived or satisfied?</b>	If the Defeating Conditions to the Offer is not satisfied or waived by the Closing Date, including any extensions to the Closing Date, the Offer will lapse and you will retain your KUTH Shares.	Section 12.11
<b>What is this Bidder's Statement?</b>	This Bidder's Statement sets out the terms of the Offer for all of your KUTH Shares and information relevant to your decision whether or not to accept the Offer. It has been issued by Geodynamics under Part 6.5 of the Corporations Act for distribution to KUTH Shareholders and KUTH Option holders. This Bidder's Statement is an important document. If you are in any doubt as to how to deal with this Bidder's Statement, you should consult your Broker or your legal, financial or other professional adviser as soon as possible.	
<b>What if I am a KUTH option holder?</b>	This Bidder's Statement sets out the terms of the offer for all of your KUTH shares only. It is not an offer to, and there is no offer to, acquire any or all outstanding KUTH options. Subject to this Offer becoming unconditional KUTH has agreed to pay compensation to option holders for the cancellation of their options over KUTH shares, such cancellation of the outstanding options being a condition of Geodynamics' Offer. The total compensation extended to option holders in this category is \$37,750.	Section 6.5
<b>What happens if I accept the Offer?</b>	If you accept the Offer for all of your KUTH Shares and the Defeating Conditions are satisfied or waived, Geodynamics will acquire all your KUTH Shares. In return, you will receive one Geodynamics Share for every 5.5 KUTH Shares you own (subject to rounding).	Section 12

Question	Answer	Further information
<b>When will I receive the Offer Consideration?</b>	<p>If you accept the Offer you will receive the Offer Consideration on or before the earlier of:</p> <ul style="list-style-type: none"> <li>• one month after the date the Offer is validly accepted by you or, if the Offer is still conditional when you accept, within one month after the Offer or the contract resulting from your acceptance of the Offer becomes unconditional; and</li> <li>• 21 days after the end of the Offer Period provided that the Offer has become unconditional.</li> </ul>	Section 12.8
<b>What if I accept the Offer and Geodynamics then increases the Offer Consideration?</b>	You will receive the increased Offer Consideration even though you had already accepted the Offer.	
<b>Do I have to pay stamp duty or brokerage charges if I accept the Offer?</b>	There are no stamp duty charges or brokerage payable in relation to the Offer.	
<b>When does the Offer close?</b>	The Offer closes at 7:00pm (Sydney time) on 15 November 2013 unless extended under the Corporations Act. You will receive written notification of any extension.	
<b>Can I accept the Offer in respect of part of my holding?</b>	No, you may only accept the Offer in respect of all the KUTh Shares held by you, subject to sections 12.5(c) to (f) of this Bidder's Statement relating to certain trustees and nominees.	Sections 12.5(c) to (f)
<b>Are there any risks in accepting the Offer?</b>	There are a number of risks that may have a material impact upon the implementation of the Offer, the future performance of the Merged Group and the value of Geodynamics Shares, including Geodynamics' ability to develop its and KUTh's projects and normal market risks.	Section 9
<b>As a KUTh Shareholder, what choices do I have?</b>	<p>As a KUTh Shareholder, you have the following choices in respect of your KUTh Shares:</p> <ul style="list-style-type: none"> <li>• accept Geodynamics' Offer;</li> <li>• sell your KUTh Shares on ASX (unless you have previously accepted the Offer); or</li> <li>• do nothing.</li> </ul>	
<b>What are the tax implications if I accept the Offer?</b>	You should seek your own advice. Section 10 contains a general summary of the major likely Australian tax consequences for KUTh Shareholders who accept the Offer.	Section 10
<b>How do I accept the Offer?</b>	To accept the Offer you should follow the instructions set out in section 12 of this Bidder's Statement.	Section 12
<b>Can I withdraw my acceptance?</b>	Under the terms of the Offer you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act.	
<b>What happens if I do not accept the Offer?</b>	If you do not accept the Offer, you will remain a KUTh Shareholder. If Geodynamics acquires more than 90% of KUTh Shares and the other conditions of the Offer are either satisfied or waived, Geodynamics intends to proceed to compulsorily acquire your KUTh Shares which Geodynamics is entitled to compulsorily acquire in accordance with the Corporations Act. In that case, you will not be paid the consideration for your KUTh Shares until the end of the compulsory acquisition process.	

**Question****Answer****Further  
information**

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***Where do I go for further information?***

If you have any questions about Geodynamics' Offer, this Bidder's Statement or how to accept the Offer, please contact the Offer Information Line on 1300 366 176 from within Australia, or +61 1300 366 176 from outside Australia (normal charges apply).

If you are in any doubt as to how to deal with this document you should consult your legal, financial or other professional adviser as soon as possible.

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## 3 Profile of Geodynamics

### 3.1 Sources of information

Geodynamics Limited (**Geodynamics**) is a “disclosing entity” for the purposes of the Corporations Act and as such is subject to Australian Securities Exchange (**ASX**) continuous reporting and disclosure obligations.

Geodynamics will provide, free of charge, a copy of Geodynamics’ Annual Financial Statement for the year ended 30 June 2013 to any KUTh Shareholder who requests a copy during the Offer Period.

### 3.2 Introduction

Geodynamics is an ASX listed geothermal energy company headquartered in Brisbane, developing geothermal energy projects in Australia and the Solomon Islands. Geodynamics was officially admitted to the ASX in September 2002.

### 3.3 Projects

Geodynamics holds geothermal exploration licences in South Australia, New South Wales, Queensland and the Northern Territory, and a prospecting licence on Savo Island, Solomon Islands. The Company has two key related strategic focus areas:

- The continued measured development of the flagship Habanero Project, located in the Cooper Basin South Australia, as customer needs and market conditions permit. In 2014 our focus will be to secure customer contracts necessary to underpin the first small scale commercial development (5-10 MWe target) of this very large geothermal resource.
- The development of a portfolio of high quality small- medium scale conventional geothermal projects initially targeting the Pacific Islands region, capable of providing strong revenues to shareholders within a short timeframe.

Project	GDY Project Interest	Location	Tenements	Area
Innamincka Deeps	100 %	Cooper Basin, South Australia	GRL 3-7 GRL 8-12	491 km <sup>2</sup> 495 km <sup>2</sup>
Queensland	100%	Nappa Merrie Tennaperra	EPG 6 Nappa Merrie EPG 5 Tennaperra	1200 km <sup>2</sup>
Hunter Valley	100%	Hunter Valley	EL 5560 Muswellbrook EL 5886 Bulga	196 km <sup>2</sup>
Savo Island	25%	Solomon Islands	PL 01/12	42 km <sup>2</sup>

**GRL** – Geothermal Retention License

**EL** – Exploration License

**EPG** – Exploration Permit Geothermal

**PL** – Prospecting License

Further details on Geodynamics Tenements and projects are available at [www.geodynamics.com.au](http://www.geodynamics.com.au)

Geodynamics is currently assessing a range of additional opportunities to invest in high quality small to medium scale conventional geothermal projects in attractive markets with good prospects for positive returns for shareholders. The assessment of these opportunities is at initial stages and the market will be advised should any proposal be capable of being progressed. It is possible that additional projects will be acquired to further develop the Company’s project portfolio in the short to medium term, although there is no certainty that any proposal will be secured by the Company.

### **3.3.1 Innamincka (EGS) Project (Geodynamics 100%)**

#### **Project Overview**

The Innamincka Enhanced Geothermal Systems (EGS) project aims to develop and commercialise the supply of geothermal energy from deep granite hosted EGS in the Cooper Basin, South Australia.

#### **Current Status**

On 2 May 2013 Geodynamics announced the completion of commissioning and first production of EGS derived power in Australia, at the 1MWe Habanero Pilot Plant located ~10km south of Innamincka. This was a major milestone for EGS development globally and significant milestone for geothermal development in Australia. This announcement came as a culmination of a number of key achievements in the development of EGS technology, including the creation of an underground heat exchanger and the completion of Geodynamics' most productive EGS well yet. It successfully demonstrates the technical feasibility of base load, emission free geothermal electricity production from Enhanced Geothermal Systems. The 1MWe Habanero Pilot Plant has completed a 160 day operational trial, aimed at gathering plant and reservoir information. During this period the pilot plant performed above modelled expectations, in key operational parameters.

The data from the trial is currently being analysed for incorporation into a field development plan and feasibility study for the development for a small scale commercial plant 5-10 MWe aimed at supplying power to unconventional shale and gas producers within the Cooper Basin. The field development plan and feasibility study will assess the potential to supply both power and industrial heat from Geodynamics' Innamincka resources.

The Company's long term goal is the development of a renewable energy supply hub in the Cooper Basin, supplying base load renewable power to the National Electricity Market. However a substantial shift in Australia's electricity market, attributable to several factors including changing consumption habits and business models, improvement in energy efficiency and the contribution of solar PV, combined with uncertainty of financial and regulatory markets, has created conditions under which large scale development of the Cooper Basin cannot be supported in the near term. Given this Geodynamics' objective in the immediate term is to find a way to continue to develop the technology, while progressing the small scale commercial plant prospects.

Geodynamics is engaging with potential customers and project partners to define a firm program for the further development of the Habanero Project. This will include securing initial customer agreements and necessary funding to fund further field activities, and may include consideration of additional joint venture arrangements.

### **3.3.2 Further Exploration**

#### **Queensland**

Geodynamics has two geothermal exploration permits in Queensland, EPG 5 Tennaperra and EPG 6 Nappa Merrie. A gravity survey has been conducted over these tenements, the results of which indicate that the Innamincka granite body is unlikely to extend east far beyond the Queensland and South Australian Boarder.

#### **South Australia**

A shallow Hot Sedimentary Aquifers (HSA) geothermal well, Celsius 1, targeting the Hutton Sandstone layer was drilled in 2011. While reservoir temperatures in excess of 145°C were encountered, the permeability at the location was determined to be too low to sustain commercial flows. Further studies of the tenement areas and 3D seismic data have provided no evidence that there are areas of higher permeability within the Hutton formation. As a result there are no plans to conduct further exploration drilling for HSA in the near future.

## NSW

Geodynamics has two geothermal exploration licenses in the Hunter Valley, NSW. They are focused on areas with gravity lows and apparent high temperature gradients in Permian coal measures. The tenements are known as Bulga and Muswellbrook. Reflection seismic profiling has been carried out over both tenements to image the depth to basement and determine the likelihood of granite bodies lying in the depth range of 4-5 km.

An independent seismic risk assessment was completed, for the tenement areas, with the study concluding that the risks of significant seismic events resulting from hydraulic stimulation during a drilling campaign are extremely low.

There has been no further exploration activity in Queensland and New South Wales, though Geodynamics continues to monitor petroleum exploration activities in overlapping and neighbouring permits and will seek to obtain data from any relevant drilling.

### 3.3.3 Gove Direct Heat Geothermal Project (Geodynamics' interest 50%)

#### Project Overview

Geodynamics and Gulkula Mining signed a Heads of Agreement in September 2012 to form the Gove Peninsula Geothermal Joint Venture. The purpose of the joint venture is to investigate the potential for a direct heat geothermal project within Geothermal Exploration Permit (GEP) 28310. Under the terms of the Heads of Agreement Geodynamics and Gulkula Mining will form a 50/50 joint venture with Geodynamics as operator of the Joint Venture.

Initial exploration studies have identified the presence of potentially high heat producing granite formations on the Gove Peninsula that may host a commercially viable large scale direct heat resource. The Joint Venture will investigate the potential to deliver heat to the Rio Tinto owned Pacific Aluminium alumina refinery, focusing on Gumatj land that is adjacent to the refinery.

The Joint Venture will combine the strengths of the two companies:

- Gulkula Mining's extensive experience in the operation of businesses and community development around Gove.
- Geodynamics' expertise in geothermal resource exploration and enhanced geothermal systems technology development.

The ongoing uncertainty surrounding the future of the Pacific Aluminium alumina refinery, identified as the key potential customer for this project, has meant that the joint venture has taken the decision to defer preliminary exploration, until a time of more certainty.

Geodynamics together with Gulkula Mining will continue to engage with Pacific Aluminium as commercial arrangements for gas delivery to the refinery progress. The joint venture does not envisage undertaking any capital expenditure until the refinery's future is confirmed.

### 3.3.4 Savo Island Geothermal Power Project

#### Project Overview

Geodynamics Limited and Kentor Energy Pty Ltd, a subsidiary of KGL Resources (formally Kentor Gold Ltd), announced the signing of an earn-in joint venture agreement on 21 November 2012. The two stage earn-in agreement entitles Geodynamics to acquire up to 70% interest in a conventional geothermal power development project in the Solomon Islands.

Geodynamics fulfilled its commitments under stage one of the agreement in March 2013, to earn a 25% interest in and operatorship of the project. The Company has the right to earn an additional 45% interest through exploration drilling and the completion of a feasibility study for the project (stage two).

The project is located on the island of Savo, 14 km off the north coast of Guadalcanal where a volcanic based geothermal resource has been identified. Preliminary exploration studies indicate

that the island could host a substantial geothermal reservoir at temperatures in excess of 260°C and at depths of 500 - 1,500 metres.

The project has strong support from the local community on Savo Island, as well as the Central Province Assembly and the Solomon Islands Government. A Surface Access Agreement has been signed and is in place with customary landowners on Savo to undertake initial fieldwork and surveying.

The Savo Island Geothermal Power Project is a high quality conventional geothermal exploration project. An initial inferred geothermal resource estimate and assessment for Savo indicates the presence of a high quality geothermal exploration prospect with the potential capacity to generate in excess of 30 MWe, or 100% of Honiara and the Gold Ridge Mine's power requirement. This preliminary exploration work provides confidence that a high temperature resource can be proven at Savo which is expected to be an economically attractive option for Honiara which currently relies on diesel for much of its power generation.

#### **Current Status**

The joint venture is planning to commence an initial exploration drilling campaign of 4 slim hole wells in the dry season of 2014 and, provided exploration drilling results are successful, plans to undertake further production drilling to target first power generation in 2017.

### **3.4 Source of Technical information**

Technical information contained in this section 3 has been extracted from various Geodynamics ASX announcements released over the last five years. The information relating to geothermal resources has been compiled by Competent Persons as defined in the *Australian Code for Reporting Exploration Results, Geothermal Resources and Geothermal Reserves Second Edition (2010)*, and these Competent Persons have consented to the use of this information here. In each case, technical information, including the resource statement, was accompanied by a Competent Persons Statement as reproduced below.

#### **Competent Persons Statement**

The information in this report which relates to Exploration Results, Geothermal Resources or Geothermal Reserves is based on information compiled by Dr. Graeme Wheller and Robert Hogarth, who appear on the Register of Practicing Geothermal Professionals maintained by the Australian Geothermal Energy Group Incorporated at the time of the publication of this announcement.

Dr. Graeme Wheller is employed by Volcanex International. Robert Hogarth is a full-time employee of the Company.

Dr. Graeme Wheller and Robert Hogarth have sufficient experience which is relevant to the style and type of geothermal play under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the Second Edition (2010) of the 'Australian Code for Reporting Exploration Results, Geothermal Resources and Geothermal Reserves'. Dr. Graeme Wheller and Robert Hogarth have consented in writing to the inclusion in the report of the matters based on their information in the form and context in which it appears.

## 3.5 Geodynamics' Board

Details of the directors of Geodynamics Limited are set out below:

### **Mr Keith Spence - Non-executive Chairman**

*B.Sc. (Hons), FAIM*

Mr Spence is an experienced leader in the oil, gas, and energy sectors. Originally trained as a geophysicist, Mr Spence has over 30 years experience in senior executive roles with Shell both in Australia and internationally, and with Woodside Energy Limited, including acting as Interim CEO and Chief Operating Officer. Mr Spence has a long record of successfully leading exploration and development organisations, building skilled and technologically advanced workforces and representing the company and sector with government and the public.

Mr Spence is the Chairman of Clough Limited and a non-executive director of Oil Search Limited, Verve Energy and Synergy. Keith also serves on a number of government bodies, including being the current Chair of NOPSEMA, National Offshore Petroleum Safety and Environment Management Authority, and Director of Australian Workforce and Productivity Agency.

### **Dr Jack Hamilton - Non-executive Director**

*B.Eng. (Chem), Ph.D, FAICD*

Dr Jack Hamilton is a former CEO of the North West Shelf Project, Australia's largest resource projects. Dr Hamilton is also a Non-executive Director of Southern Cross Electrical Engineering Ltd. 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.

### **Mr Andrew Stock - Non-executive Director**

*B.Eng. (Chem) (Hons), FIE Aust, GAICD*

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 Company Horizon Oil Limited (since February 2011), Silex Systems Limited (since August 2013), Board Member of 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.

### **Mr Robert Davies - Non-executive Director**

*CMA (Canada)*

Mr 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.

**Mr Michel Marier - Non-executive Director**

*BBA (Int'l Mgt), M.Sc. (Finance), CFA, FRM*

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.

**Mr Geoff Ward - CEO & Managing Director**

*BE (Chem) (Hons), MBA*

Mr Geoff Ward is Managing Director and Chief Executive Officer of Geodynamics Limited. Prior to his appointment in 2011 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.

With over 15 years experience in the oil and gas industry, Mr Ward has held senior roles with blue chip companies, Woodside and Mobil, 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 Master of Business Administration from the University of Western Australia Business School, receiving the Director's Letter of Commendation. He is a member of the Geodynamics Board.

### 3.6 Geodynamics' management team

**Mr Geoff Ward - CEO & Managing Director**

See above.

**Mr Tim Pritchard - CFO and Company Secretary**

*B.Bus, MCom, MIT, CPA, CSA (CERT)*

Tim Pritchard, Chief Financial Officer and Company Secretary, joined Geodynamics in 2010 and is responsible for managing all financial activities of the company as well as leading the information technology team.

Tim 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, Tim was most recently engaged by leading institutional investment company, QIC as Head of Management Information and Senior Financial analyst.

He is a Certified Practising Accountant and holds a Master of Commerce as well as a Master of Information Technology.

**Mr Robert Hogarth - Reservoir Development Manager**

*B.Eng. (Hon)*

Mr Robert Hogarth is the Reservoir Development Manager for Geodynamics, responsible for managing the geoscience and reservoir engineering programs for the exploration, appraisal and development planning of all Geodynamics' prospects, including our flagship Enhanced Geothermal System (EGS) Deeps project at Innamincka, South Australia.

Robert has over 35 years experience working in sub-surface and reservoir development roles. Prior to joining Geodynamics, Robert spent 21 years in senior roles for BHP Billiton Petroleum. He has also worked for Shell, Petroleum Development (Oman) and Woodside and has consulted in the areas of reserves determination, reserves reporting, production accounting, production reporting and production data management.

Robert holds a Bachelor of Engineering (Min. Hons.) from the University of Queensland.

**Ms Amy Hodson-Clarke - Well Engineering and Technology Manager**

*B.Eng. (Petroleum), MBA*

Ms Amy Hodson-Clarke commenced with Geodynamics as the Wells Development Manager working with a small team to design future EGS wells and progressed to be the Strategic Technology Manager tasked with bridging the technology gaps to enable development of EGS. Amy took on the position of Drilling Manager in mid 2011; she is committed to safely and efficiently optimising drilling costs and aligning technology development and well designs to the corporate strategy.

Prior to joining Geodynamics, Amy has held roles as the Drilling Team Leader of the AGR Alternative Energy Department working closely with ZeroGen developing carbon capture and storage and with Origin Energy as a Drilling Engineer for Origin's conventional resources. Amy has ten years of experience in the drilling industry for coal bed methane, conventional hydrocarbons and carbon capture and storage.

Amy holds a Bachelor of Engineering (Petroleum) from the University of New South Wales and was awarded the MBA Medallion on completion of her MBA at Queensland University of Technology. She is a Registered Professional Engineer of Queensland.

**Mr Tony Mills - Engineering Team Leader**

*B.Eng. (Mech) (Hon) Grad Dip. Energy Studies Grad Dip. Management*

Mr Tony Mills joined Geodynamics in September 2011 in the role of Team Leader – Projects. Tony is responsible for engineering and project managing the company's geothermal infrastructure from the wellhead through to power generation.

Prior to commencing with Geodynamics Tony, worked primarily in oil and gas, in particular the management of multi-disciplinary design teams for onshore gas pipelines associated with major LNG projects. He is interested in renewable energy technologies for a carbon-constrained world and has undertaken post-graduate study in this area. Tony has led a number of studies for clean coal and geosequestration pipeline projects.

Tony is a Mechanical Engineer with 20 years experience in pipelines, mechanical design and project management.

**Mr Gregory Wong - Commercial Manager**

*B.Eng. (Mech) B.Comm.*

Mr Gregory Wong is Geodynamics' Commercial Manager. Greg manages the commercial aspects of Geodynamics' progress, government funding programs, future contractual arrangements and other opportunities with new prospects.

Greg has over ten years experience in the energy and engineering sectors. Prior to joining Geodynamics, Greg held various roles with Eraring Energy, working with and helping to develop a portfolio of assets including coal, wind and hydro power, as well as forestry plantations for carbon sequestration.

Greg holds a Bachelor of Mechanical Engineering from the University of Sydney and was awarded the University Medal. He also holds a Bachelor of Commerce from the University of Sydney.

## 4 Geodynamics' financial information

### 4.1 Source of Information

The information in this section 4 is only a summary of Geodynamics' historical financial information. Full details of Geodynamics' historical financial information, including applicable notes and the accounting policies underlying their preparation, are contained in Geodynamics' financial report for the year ended 30 June 2013 which can be found on the Geodynamics website and in Geodynamics' past announcements to the ASX.

### 4.2 Summary Income Statement

	Year ended 30 June 2013	Year ended 30 June 2012
	\$'000	\$'000
Interest Income	1,166	1,418
<b>Total Revenue</b>	<b>1,166</b>	<b>1,418</b>
Impairment of Property, Plant & Equipment	(10,300)	(728)
Impairment of Deferred Exploration & Evaluation Costs	(78,510)	-
General & Administrative Expenses	(17,817)	(15,860)
Corporate Expenses Recovered	369	3,398
<b>Total Expenses</b>	<b>(106,258)</b>	<b>(13,190)</b>
<b>Income/(Loss) before Income Tax Expense</b>	<b>(105,092)</b>	<b>(11,772)</b>
Income tax Benefit	-	-
<b>Income/(Loss) after Income Tax Expense</b>	<b>(105,092)</b>	<b>(11,772)</b>
<b>Other comprehensive income</b>		
<b>Items that may be subsequently reclassified to profit or loss</b>		
Net Gain/(Loss) On Cashflow Hedge Taken To Equity	-	65
Other Comprehensive Income for the period	-	65
<b>Total comprehensive income/(Loss) for the period attributable to the Owners</b>	<b>(105,092)</b>	<b>(11,707)</b>
Earnings per share		
- Basic and Diluted Earnings/(Loss) per share (cents per share)	(25.86)	(3.06)
- Basic and Diluted Earnings/(Loss) per share attributable to the equity holders of the entity (cents per share)	(25.86)	(3.06)

### 4.3 Summary Balance Sheet

	Year ended 30 June 2013	Year ended 30 June 2012
	\$'000	\$'000
<b>Current Assets</b>		
Cash Assets	41,390	35,146
Inventories – Rig Parts and Well Materials	188	189
Receivables	14,239	3,126
Non-Current Assets Held for Sale	-	14,700
<b>Total Current Assets</b>	<b>55,817</b>	<b>53,161</b>
<b>Non Current Assets</b>		
Property, Plant and Equipment	3,962	19,771
Deferred Exploration, Evaluation & Development phase costs	1,177	106,923
<b>Total Non Current Assets</b>	<b>5,139</b>	<b>126,694</b>
<b>TOTAL ASSETS</b>	<b>60,956</b>	<b>179,855</b>
<b>Current Liabilities</b>		
Payables	4,301	13,773
Provisions	2,201	660
Deferred Income	-	5,700
<b>Total Current Liabilities</b>	<b>6,502</b>	<b>20,133</b>
<b>Non Current Liabilities</b>		
Provisions	4,003	5,299
<b>Total Non Current Liabilities</b>	<b>4,003</b>	<b>5,299</b>
<b>TOTAL LIABILITIES</b>	<b>10,505</b>	<b>25,432</b>
<b>NET ASSETS</b>	<b>50,451</b>	<b>154,423</b>
<b>Equity</b>		
Contributed Equity	346,083	346,083
Other Reserves	10,456	9,336
Accumulated losses	(306,088)	(200,996)
<b>TOTAL EQUITY</b>	<b>50,451</b>	<b>154,423</b>

#### 4.4 Summary Cash Flow Statement

	Year ended 30 June 2013	Year ended 30 June 2012
	\$'000	\$'000
<b>Cash flow from/(used in) operating activities</b>		
Net Goods and Services Tax received	2,096	463
Payments to suppliers and employees	(10,020)	(10,513)
Net Interest Received	1,082	1,317
<b>Net cash from/(used in) Operating Activities</b>	<b>(6,842)</b>	<b>(8,733)</b>
<b>Cash flow from/(used in) investing activities</b>		
Proceeds from Government Grants	14,000	8,050
Proceeds from R&D Tax Incentive	22,115	-
Purchase of Property, Plant & Equipment	(3)	(276)
Payments for Exploration and Evaluation expenditure	(38,657)	(32,830)
Proceeds from Farmin Cash Calls	1,551	10,406
Proceeds from Insurance claim	-	8,215
Proceeds from sale of property, plant & equipment	14,080	11,478
<b>Net cash flow used in investing activities</b>	<b>13,086</b>	<b>5,043</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares	-	9,658
<b>Net cash flow provided by financing activities</b>	<b>-</b>	<b>9,658</b>
Net increase/(decrease) in cash	<b>6,244</b>	<b>5,968</b>
<b>Add: Opening cash carried forward</b>	<b>35,146</b>	<b>29,178</b>
<b>Closing cash carried forward</b>	<b>41,390</b>	<b>35,146</b>

## 5 Information about Geodynamics securities

### 5.1 Geodynamics issued securities

As at 30 September 2013, Geodynamics has:

- 406,452,608 Geodynamics Shares on issue, all of which are quoted on ASX and may be freely traded.
- Geodynamics has no options quoted on ASX. Geodynamics also has 6,828,319 employee options on issue which are not quoted on the ASX.

### 5.2 Trading of Geodynamics Shares

The closing sale price of Geodynamics Shares on ASX on 9 October 2013 (being the last Trading Day before lodgement of the Bidder's Statement with ASIC) was 9.8 cents.

- The highest recorded close price of Geodynamics Shares on ASX in the four months to the last Trading Day before 9 October 2013 was 17 cents on 15 August 2013.
- The lowest recorded close price of Geodynamics Shares in the four months to the last Trading Day before 9 October 2013 was 8.2 cents on 24 June 2013.

### 5.3 Dividends

Geodynamics has not paid dividends. Geodynamics reviews its corporate dividend policy regularly and will continue to do so.

### 5.4 Geodynamics substantial holders

As at 9 October 2013, the substantial shareholders in Geodynamics were:

Name of Shareholder	Number of Geodynamics Shares	Approximate % holding
The Tata Power Company Limited	29,400,400	7.23
Sentient Executive GP II Limited	30,284,592	7.45
Sunsuper	29,999,999	7.38

### 5.5 Rights and liabilities attaching to the Geodynamics Shares offered

A summary of the rights which relate to Geodynamics Shares is set out below. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of Geodynamics Shareholders.

**Voting:** At a general meeting of Geodynamics on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Geodynamics Share held by them.

**Dividends:** The Geodynamics Shares offered under the Offer will rank equally with all other issued shares in the capital of Geodynamics and will participate in dividends out of profits earned by Geodynamics from time to time. Subject to the rights of holders of Geodynamics Shares of any special preferential or qualified rights attaching thereto, the profits of Geodynamics are divisible amongst the holders of Geodynamics Shares in proportion to the Geodynamics Shares held by them irrespective of the amount paid up or credited as paid up thereon. The Geodynamics

Directors may from time to time pay to Geodynamics Shareholders such interim dividends as in their judgement the position of Geodynamics justifies.

**Winding Up:** Upon paying the application moneys, Geodynamics Shareholders will have no further liability to make payments to Geodynamics in the event of Geodynamics being wound up pursuant to the provisions of the Corporations Act.

**Transfer of Securities:** Generally, Geodynamics Shares are freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The Geodynamics Directors may decline to register any transfer of Geodynamics Shares but only where permitted to do so under its Constitution or the ASX Listing Rules.

**Sale of Non-Marketable Holdings:** Geodynamics may take steps in respect of non-marketable holdings of Geodynamics Shares to effect an orderly sale of those Geodynamics Shares in the event that holders do not take steps to retain their holdings in accordance with the Constitution and the ASX Listing Rules.

For more particular details of the rights attaching to Geodynamics Shares, investors should refer to the Constitution of Geodynamics.

## 5.6 Geodynamics employee share plan

Geodynamics operates an employee share scheme as an incentive to employees and as a retention benefit to key employees.

## 5.7 Geodynamics top 20 shareholders

Geodynamics' top 20 shareholders as at 16 September are listed in the table below.

Holder Name	No. of shares	%
HSBC Custody Nominees (Australia) Limited	31,841,395	7.83%
Sentient Executive	30,284,592	7.45%
Trust Energy Resources Pty Limited (Tata Power)	29,400,000	7.23%
Origin Energy Limited	15,454,119	3.80%
JP Morgan Nominees Australia Limited (Cash Income a/c)	9,232,456	2.27%
Citicorp Nominees Pty Limited	4,471,749	1.10%
Geodynamics Share Plans Pty Ltd	3,596,364	0.88%
Invia Custodian Limited	2,950,000	0.73%
Mr Paul Armand Darrouzet	2,723,500	0.67%
J P Morgan Nominees Australia Limited	1,881,245	0.46%
Mr Edward Joseph Gettingby & Mrs Margaret Mary Gettingby	1,675,373	0.41%
Mr Gary Alan Chalmers & Mrs Leanne Chalmers	1,360,313	0.33%
Mr Richard Norman Gibson & Mrs Ingrid Margareta Gibson (Wattle Hill Super Fund a/c)	1,300,000	0.32%
Mr Charles Douglas Sheardown	1,168,421	0.29%
Dr Kuen Seng Chan	1,100,000	0.27%
Mrs Elizabeth Aprieska (Tap Money Family A/C)	1,099,913	0.27%
Mrs Kiara Dione Woods	1,016,132	0.25%

Holder Name	No. of shares	%
Zero Nominees Pty Ltd	975,746	0.24%
Sandhurst Trustees Ltd (DMP Asset Management A/C)	974,518	0.24%
Dr Andrea Maria Thom	972,966	0.24%
<b>Total Top 20 Shareholding</b>	<b>143,478,802</b>	<b>35.30%</b>

## 5.8 Geodynamics Directors' interests in Geodynamics Shares and Geodynamics Options

As at the date of this Bidder's Statement, the Geodynamics Directors had the following Relevant Interests in Geodynamics Shares and Geodynamics Options:

Director	Number of Geodynamics Shares	Number of Listed Geodynamics Options	Number of Unlisted Geodynamics Options
G. Ward	730,319	-	2,700,000
R. Davies	120,775	-	-
J. Hamilton	481,708	-	-
K. Spence	212,413	-	-
A. Stock	62,315	-	-
M. Marier	-	-	-

Geodynamics Shares and Geodynamics Options may be held either directly or indirectly by a Geodynamics Director.

## 6 Profile of KUTh

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### 6.1 Sources of information / disclaimer

KUTh is a “disclosing entity” for the purposes of the Corporations Act and as such is subject to ASX continuous reporting and disclosure obligations. The following information about KUTh has been prepared by Geodynamics using publicly available information and information provided by KUTh that has not been independently verified. Accordingly Geodynamics does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information regarding KUTh in this document should not be regarded as comprehensive.

Information in this section which has been released to ASX by KUTh or provided to Geodynamics by KUTh is dealt with in summary form only. You should refer to the Target’s Statement which has been sent to you at the same time as this Bidder’s Statement for more information in relation to KUTh and you may also wish to view KUTh’s website [www.kuthenergy.com](http://www.kuthenergy.com).

### 6.2 Overview

KUTh Energy is a geothermal power project developer with interests throughout the Pacific and within Australia. It holds a Production Licence on Efate Island in Vanuatu which is the lead project in the Company’s development portfolio. KUTh has pursued a strategy of securing and developing relatively small but high margin projects aiming to displace higher priced diesel generation in island or remote markets. In addition to its Vanuatu project, the Company has progressed early stage exploration, permit applications in Fiji and Papua New Guinea.

### 6.3 Projects

#### **Tasmania, Australia**

Two inferred resource targets have been identified in Tasmania, the midlands (Lemont) and in the northeast of the state (Fingal). Both of these inferred resource targets are prospective Enhanced Geothermal Systems (EGS) targeting heat at depths between 3,000-5,000 metres. Successful EGS projects require a combination of heat and permeability at depth so that economic flow rates can be achieved. Results of a comprehensive geological and geophysical exploration program have been encouraging, identifying the presence of a naturally fractured hot rock development opportunity at Lemont.

The Tasmanian projects are ready to be drilled however further development will be strongly influenced by government policy related to renewable energy support, certainty around long term carbon pricing and access to the necessary capital to develop these opportunities.

#### **Queensland, Australia**

KUTh has identified two prospective locations for geothermal exploration and has lodged licence applications over these areas. One is located near to Weipa and the other is located in the south west of Queensland in the Cooper Basin region. Both have been targeted based on legacy data available to the company.

#### **Efate, Republic of Vanuatu**

KUTh holds a Production Licence in Vanuatu giving it the exclusive right to develop geothermal energy from an identified prospective geothermal area located on the north of the main island of Efate. The next stage for the project is drilling the identified geothermal target. Discussions with government, utility, regulatory authority and land stakeholders to secure approvals for the drilling are under way. The Vanuatu government has formed a Geothermal Task Force to facilitate the

project's continued development. The project will supply geothermal power to Port Vila and throughout Efate through transmission lines that will follow the recently sealed coastal ring road.

KUTh proposes to undertake the geothermal development at Takara in three phases. Phase one will be exploration drilling and confirmation of resource. Phases two and three comprise a net 4 MW power generation block in each stage.

The production licence issued to KUTh on 22 January 2013 has the following key terms:

**Licence Term:** 30 years with renewal options

**Rights of Licensee**

- To exclusively develop and commercialise the geothermal energy in the licence area.
- Established a minimum tariff for geothermal power of 23.9 vatu / KWh (AUD 25 cents approx.) – CPI adjusted annually.
- Rights to earn carbon credits applicable to the project.

**Exploration & Development Program**

- On completion of the Power Purchase Agreement (PPA) with the utility (UNELCO) the company is committed to a program of exploration and development that will lead to the commencement of construction of a geothermal power plant within 36 months of the signing of the PPA (with additional time allowances for any Force Majeure events).

**Papua New Guinea**

On the 7th December 2012, KUTh announced its subsidiary company KUTh Energy (PNG) Ltd (KPNG) had signed agreements with Kula Energy Pty Ltd (KULA) for the ongoing commercial development of its interests in Papua New Guinea (PNG). KULA took a 49.8% interest in KPNG and is now contributing additional working capital and management expertise to help secure tenement rights in West New Britain and Ferguson Island.

**Fiji**

KUTh has been advised that its tenement applications for Vatukoula and Sabeto have been considered by the Minister of Lands and approved subject to modifications to the term and the exploration commitments. Further discussions will be required between the Fiji Minerals Resources Department and KUTh's management to determine if the proposed license terms and conditions can provide an acceptable framework to progress initial exploration activities.

**6.4 KUTh's capital structure**

As at 4 October 2013 KUTh had the following classes of securities and number of securities in those classes:

Class of securities	Number of securities in the class
Ordinary shares	145,931,900
Unlisted options	14,300,000

## 6.5 KUTh Options

There are 14,300,000 KUTh Options on issue as detailed below.

Exercise Date	Exercise Price	Number of Options
30 Nov 2013	\$0.250	1,000,000
5 Jan 2014	\$0.250	1,000,000
30 Sep 2014	\$0.081	1,500,000
30 Sep 2014	\$0.095	3,000,000
5 Jan 2015	\$0.275	1,000,000
30 Sep 2015	\$0.042	1,500,000
31 Dec 2015	\$0.100	2,500,000
31 Dec 2015	\$0.300	100,000
5 Jan 2016	\$0.300	1,000,000
31 Dec 2016	\$0.300	100,000
31 Dec 2017	\$0.300	100,000
30 Sep 2016	\$0.036	1,500,000
<b>Total</b>		<b>14,300,000</b>

This offer does not extend to KUTh options. The holders of the outstanding options over KUTh shares have agreed to the cancellation of their options, such cancellation of the outstanding options being a condition of Geodynamics' Offer. Subject to this offer becoming unconditional KUTh Energy has agreed to pay compensation to option holders for the cancellation of their options over KUTh Energy shares. The total compensation offered for the cancellation of these options amounts to \$37,750.

## 6.6 Market information about KUTh Shares

In the four month period prior to the date of the Offers the range of prices of KUTh Shares traded were:

**Maximum 2 cents on 18 September 2013**

**Minimum 1.2 cents on 4 September 2013**

## 6.7 Financial information

### Source

The information in this section 6.7 is only a summary of KUTh's historical financial information. Full details of KUTh's historical financial information, including applicable notes and the accounting policies underlying their preparation, are contained in KUTh's annual financial report for the year ended 30 June 2013, copies of which can be found on the KUTh website and in KUTh's past announcements to ASX.

## 6.7.1 Summary income statement

	Year ended 30 June 2013	Year ended 30 June 2012
	\$	\$
Revenue	32,497	88,965
Administration expenses	(61,203)	(54,470)
Audit services	(29,700)	(27,450)
Consultant expenses	(140,490)	(91,379)
Depreciation expense	(682)	(204)
Directors' fees	(162,086)	(145,865)
Exploration expenditure written-off	(204,543)	(106,670)
Provision for impairment – exploration assets	(3,073,515)	-
Occupancy expenses	(1,659)	(695)
Salaries and employee benefits expense	(51,259)	(14,643)
Share and option based payments	(22,356)	(46,250)
Travel and accommodation	(743)	(3,458)
Business development	(103,903)	(101,720)
Provision for diminution in value – loans	-	-
Foreign exchange losses	(8,679)	(1,238)
Other expenses from ordinary activities	(3,142)	(19,603)
<b>Loss before income tax</b>	<b>(3,831,463)</b>	<b>(524,680)</b>
Income Tax Benefit	31,238	-
<b>Loss from continuing operations for the year</b>	<b>(3,800,225)</b>	<b>(524,680)</b>
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Foreign exchange translation differences – foreign operations	269,436	-
<b>Total other comprehensive income</b>	<b>269,436</b>	<b>-</b>
<b>Total comprehensive income (loss) for the year</b>	<b>(3,530,789)</b>	<b>(524,680)</b>
Earnings per share		
- Basic profit/(loss) per share	(3.1693)	(0.5121)
- Diluted profit/(loss) per share	(3.1693)	(0.5121)

## 6.7.2 Summary balance sheet

	30 June 2013	30 June 2012
	\$	\$
<b>Current Assets</b>		
Cash and cash equivalents	775,550	1,406,256
Trade and other receivables	79,271	63,028
<b>Total Current Assets</b>	<b>854,821</b>	<b>1,469,284</b>
<b>Non Current Assets</b>		
Tenement Security Deposits	92,000	115,000
Other Security Deposits	-	50,000
Plant and equipment	14,730	14,875
Deferred exploration and evaluation expenditure	2,610,968	4,852,977
<b>Total Non Current Assets</b>	<b>2,717,698</b>	<b>5,032,852</b>
<b>TOTAL ASSETS</b>	<b>3,572,519</b>	<b>6,502,136</b>
<b>Current Liabilities</b>		
Trade and other payables	91,206	118,892
Provisions	13,934	20,524
<b>Total Current Liabilities</b>	<b>105,140</b>	<b>139,416</b>
<b>Non Current Liabilities</b>		
Provisions	4,103	-
<b>Total Non Current Liabilities</b>	<b>4,103</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>109,243</b>	<b>139,416</b>
<b>NET ASSETS</b>	<b>3,463,276</b>	<b>6,362,720</b>
<b>Equity</b>		
Issued capital	10,523,361	9,960,781
Reserves	598,195	351,477
Accumulated losses	(7,667,256)	(3,949,538)
Equity attributable to owners of KUTh Energy Ltd	3,454,300	6,362,720
Non-controlling interest	8,976	-
<b>TOTAL EQUITY</b>	<b>3,463,276</b>	<b>6,362,720</b>

### 6.7.3 Summary cash flow statement

	Year ended 30 June 2013 \$	Year ended 30 June 2012 \$
<b>Cash flow from operating activities</b>		
Payments to suppliers and employees	(477,313)	(504,190)
Interest received	43,766	84,485
<b>Net cash flows used in operating activities</b>	<b>(433,547)</b>	<b>(419,705)</b>
<b>Cash flow from investing activities</b>		
Purchase of plant and equipment	(6,662)	(3,250)
Expenditure on energy interests (exploration)	(738,816)	(970,843)
Security deposits	73,000	20,000
<b>Net cash flows used in investing activities</b>	<b>(672,478)</b>	<b>(954,093)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares	485,515	1,875,415
Equity raising expenses	(10,196)	(145,657)
<b>Net cash flows from financing activities</b>	<b>475,319</b>	<b>1,729,758</b>
Net increase (decrease) in cash held	(630,706)	355,960
Add opening cash brought forward	1,406,256	1,050,296
<b>Closing cash carried forward</b>	<b>775,550</b>	<b>1,406,256</b>

### 6.8 KUTh Board

Details of the directors of KUTh Energy Limited are set out below:

#### **Bruce McKay - Non-executive Chairman**

Bruce McKay comes from a background in oil and gas with over 40 years experience in professional, management and executive roles in the upstream petroleum industry. Bruce is the Non-Executive Chairman of Epic Energy Holdings Pty Ltd and Digital Core Pty Ltd. He also chairs the Advisory Board of the Australian School of Petroleum at Adelaide University and provides executive coaching and mentoring services through the Stephenson Mansell Group.

Bruce, who holds a Bachelor of Science (Hons) in Geology from Sydney University, is an Honorary Life Member of the Australian Petroleum Production and Exploration Association, a member of Petroleum Exploration Society of Australia, the American Association of Petroleum Geologists, a Fellow of the Institution of Engineers Australia and a Fellow of the Australian Institute of Company Directors.

### **George Miltenyi - Non-executive Director**

George Miltenyi has been owner, investor and director in a wide range of commercial ventures including companies engaged in 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 Workforce Development which consults to some of Australia's largest corporations.

George was instrumental in building one of Australia's largest English language educational companies (ACL). Recently, he was a director of Australian Life Insurance Pty Ltd, a unique company specialising in the provision of life and home contents insurance through mortgage brokers. In June 2007, George was involved in floating a recruitment firm (Rubicor), which aggregated 19 separate recruitment companies.

George founded and managed such business as Multicultural Marketing and Management, Immigration Australia and Clean Water Technology. George has a passion for commercialising renewable energy and low carbon emission power ventures.

### **Mary O'Kane - Non-executive Director**

Professor Mary O'Kane is the New South Wales Chief Scientist and Engineer and also Executive Chair of Mary O'Kane & Associates Pty Ltd, a Sydney-based company specialising in major reviews.

She is also a company director being Chair of the Development Gateway and the Development Gateway International, Chair of the Cooperative Research Centre for Spatial Information, and a director of PSMA Ltd, Business Events Sydney, National ICT Australia Ltd, and the Capital Markets Cooperative Research Centre.

She was Chair of the Australian Centre for Renewable Energy, the Commonwealth Government's main renewable energy policy and funding advisory board throughout its existence (May 2010-June 2012).

She was Vice-Chancellor of the University of Adelaide from 1996-2001 and Deputy Vice-Chancellor (Research) from 1994-6. Before that, she was Dean of the Faculty of Information Sciences and Engineering at the University of Canberra. She is a former member of the Australian Research Council, the Co-operative Research Centres (CRC) Committee, the Tax Concession Committee, the board of the CSIRO, and the board of F.H. Faulding & Co Ltd.

Mary O'Kane's research was in the field of automatic speech recognition. She was awarded the Australian Telecommunications and Electronics Research Board (ATERB) Medal in 1990 for her work in this field and a Queensland Science Tall Poppy Award in 2001. She is a Fellow and Vice-President of the Academy of Technological Sciences and Engineering and an Honorary Fellow of Engineers Australia.

### **David McDonald - Managing Director**

David McDonald has extensive experience in commercialising new technologies both within Australia and abroad. He has been an early pioneer of Australian technology into offshore markets including China, India, the Middle East and North America developing unrefined early stage technologies into commercial business propositions. This has required not only strong commercial acumen but also a comprehensive strategy for engaging with international agencies, multi-national organisations and government policies affecting international trade.

David has led KUTH's development initiatives since early 2009 and was a member of the federal government expert panel formed in 2011 to conduct a review of the geothermal industry's progress. A history of international project development, a strong finance background and management experience from start-up through to business maturity are key strengths that David brings to the company to lead it through its growth phase.

## 6.9 KUTH Directors' Interest in KUTH Shares and KUTH Options

As at the date of this Bidder's Statement, the KUTH Directors had the following Relevant Interests in KUTH Shares and KUTH Options:

Director	Number of KUTH Shares	Number of KUTH Listed Options	Number of KUTH Unlisted Options
Bruce McKay	2,859,225	-	2,000,000
George Miltenyi	14,689,866	-	-
Mary O'Kane	795,000	-	-
David McDonald	3,639,014	-	9,000,000

KUTH Shares, KUTH Listed Options and KUTH Unlisted Options may be held either directly or indirectly by a KUTH Director.

Each of the KUTH Directors currently intends to accept or procure acceptance of the Offer in respect of all the KUTH Shares they own or control, subject to there being no Superior Proposal and no Geodynamics Material Adverse Event having occurred.

## 7 Geodynamics' intentions in relation to KUTH

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### 7.1 Overview of intentions

This section sets out the intentions of Geodynamics on the basis of the facts and information concerning KUTH which are available to Geodynamics at the time of preparation of this Bidder's Statement and the existing circumstances affecting the business of KUTH so far as they are known to Geodynamics, in relation to the following:

- a) the continuation of, and changes to, KUTH's business and assets;
- b) the compulsory acquisition of KUTH's Shares and Options and delisting of KUTH; and
- c) the future employment of present employees of KUTH.

All statements of intention in this section are statements of current intention only and may change as new information becomes available and/or circumstances change.

### 7.2 Background to intentions

It is Geodynamics' current intention to maintain KUTH's tenements and work towards the development of its geothermal energy resources. These assets, if brought to development, may be valuable for Geodynamics and the Merged Group.

The geothermal energy tenements KUTH holds in its own right are judged by Geodynamics to have good potential for energy production. Geodynamics will aim to develop these geothermal energy resources. If the Merger does not proceed, KUTH may have difficulty in raising new capital or attracting a funding partner for developing its assets.

### 7.3 Intentions following Geodynamics acquiring 90% or more of KUTH Shares

If Geodynamics acquires a relevant interest in 90% or more of the KUTH Shares, it has the following intentions:

#### **Corporate Matters**

- a) Proceed with the compulsory acquisition of the outstanding KUTH Shares and KUTH Options in accordance with the provisions of the Corporations Act.
- b) Make arrangements for KUTH to be removed from the official list of ASX.

#### **Operations, developments and exploration**

KUTH's activities will be managed internally by Geodynamics once the Merger is complete and accounting systems adjusted to track the costs associated with KUTH as a division of Geodynamics. The staff and executive director of Geodynamics will manage and carry out work on KUTH's projects as Geodynamics management considers appropriate.

#### **KUTH management**

Following the completion of the merger the day to day activities required to operate KUTH's projects will be carried out by Geodynamics staff. It is Geodynamics' intention that KUTH's Managing Director Mr David McDonald will be asked to remain as a consultant to Geodynamics for a period of 6 months to ensure transition of all arrangements particularly with regard to negotiation of commercial agreements concerning the Takara Geothermal Project. Mr David McDonald, has the right to terminate his employment contract in the event of a change in control of KUTH Energy. Cintrex, a company associated with Mr David McDonald, also has the right to terminate its contract with KUTH Energy in the event of a change in control of KUTH Energy. The amount payable on termination of these contracts is likely to exceed the cash reserves of KUTH at the merger completion date. Geodynamics' cash resources are sufficient to discharge any such amount without impacting the financial security of the merged group.

## 7.4 Intentions if Geodynamics acquires less than 90% of KUTH Shares

The Offer is subject to a number of conditions, being the Defeating Conditions, including a condition that Geodynamics and its Associates acquire a relevant interest in 90% or more of the KUTH Shares on issue. Geodynamics does not currently intend to waive this condition. However, if it does not acquire 90% or more of the KUTH Shares on issue, but waives that condition, then Geodynamics has the following intentions:

### **Corporate matters**

Geodynamics intends to maintain KUTH's listing on ASX while it meets ASX requirements for maintaining a listing and it is cost effective to do so. If Geodynamics becomes entitled at some later time to exercise general compulsory acquisition rights under the Corporations Act, it would exercise those rights.

### **Assumption of control of Board and management**

Subject to the Corporations Act and the constitution of KUTH, Geodynamics will seek to appoint one or more members to the Board of KUTH to reflect Geodynamics' proportionate ownership interest in KUTH. Geodynamics will seek, through its nominee on the board of KUTH, to implement the intentions detailed in section 7.3 to the extent that they are consistent with KUTH being a controlled entity of Geodynamics and are considered to be in the best interests of all KUTH Shareholders.

### **Other intentions**

Subject to the above, it is the present intention of Geodynamics on the basis of the information concerning KUTH which is known to it at the date of this document and the existing circumstances affecting the business of KUTH, that:

- a) the business of KUTH will be otherwise continued in substantially the same manner as it is presently being conducted;
- b) no other major changes will be made to the business of KUTH;
- c) there will not be any other redeployment of the fixed assets of KUTH;

## 8 Profile of the Merged Group

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### 8.1 Overview of the Merged Group

The Merged Group will provide shareholders with a diversified geothermal energy company with potential for significant growth resulting in economic benefits which may not be available to either Geodynamics or KUTh individually.

### 8.2 Pro forma historical information for the Merged Group

This section 8 contains reviewed pro forma financial information for the Merged Group, reflecting the aggregated businesses of Geodynamics and KUTh. The pro forma financial information is presented in this section 8 to provide KUTh Shareholders with an indication of the profile of the Merged Group as at the date of the latest disclosed reviewed financial accounts for both Geodynamics and KUTh, being 30 June 2013.

The information in this section 8 is presented on a reviewed pro forma basis only. As a result it is likely that this information will differ from the actual financial information for the Merged Group. The pro forma historical balance sheet of the Merged Group as at 30 June 2013 and the pro forma adjustments are disclosed in this section 8.

### 8.3 Basis of preparation of the Merged Group pro forma financial information

The Merged Group pro forma financial information has been prepared on the basis that Geodynamics acquires KUTh and accordingly:

- a) the accounting policies of the Merged Group used to prepare the Merged Group pro forma financial information are based on AASB standards; and
- b) the Merged Group pro forma financial information has been presented based on the reviewed historical financial statements of Geodynamics and KUTh as at 30 June 2013; and
- c) the Merged Group pro forma financial information is presented in abbreviated form and does not contain all the disclosures that are usually provided in an annual financial report in accordance with the Corporations Act. In particular it does not include notes to and forming part of the financial statements of Geodynamics or KUTh.

No adjustments have been made in the Merged Group pro forma financial information for any expected synergies, integration costs, changes in interest income or expense or other costs that may impact the consolidated income statement following the acquisition by Geodynamics of all KUTh Shares. No adjustments have been made in the Merged Group pro forma financial information for any one-off or non-recurring costs or discontinued operations.

### 8.4 Pro forma unaudited consolidated balance sheet as at 30 June 2013

The Merged Group's reviewed pro forma balance sheet is compiled from the aggregation of the:

- a) Geodynamics historical consolidated balance sheet as at 30 June 2013, a summary of which is set out in section 4.3 of this Bidder's Statement;
- b) KUTh historical consolidated balance sheet as at 30 June 2013, a summary of which is set out in section 6.8 of this Bidder's Statement;
- c) pro forma adjustments to reflect the acquisition of KUTh by Geodynamics as if Geodynamics acquired all KUTh Shares on 30 June 2013.

Set out below is the Merged Group's reviewed pro forma historical balance sheet as at 30 June 2013.

	GDY Balance Sheet 30 June 2013	Adjustments	Adjusted Pro Forma Balance Sheet 30 June 2013
	\$	\$	\$
<b>Current Assets</b>			
Cash	41,390	638	42,028
Inventories	188	-	188
Trade and other receivables	14,239	79	14,318
<b>Total Current Assets</b>	<b>55,817</b>	<b>717</b>	<b>56,534</b>
<b>Non Current Assets</b>			
Tenement Security Deposits	-	92	92
Property, Plant and Equipment	3,962	15	3,977
Deferred Exploration, Evaluation & Development phase costs	1,177	3,470	4,647
<b>Total Non Current Assets</b>	<b>5,139</b>	<b>3,577</b>	<b>8,716</b>
<b>TOTAL ASSETS</b>	<b>60,956</b>	<b>4,294</b>	<b>65,250</b>
<b>Current Liabilities</b>			
Payables	4,301	424	4,725
Provisions	2,201	14	2,215
<b>Total Current Liabilities</b>	<b>6,502</b>	<b>438</b>	<b>6,940</b>
<b>Non Current Liabilities</b>			
Deferred Tax Liability	-	1,041	1,041
Provisions	4,003	4	4,007
<b>Total Non Current Liabilities</b>	<b>4,003</b>	<b>1,045</b>	<b>5,048</b>
<b>TOTAL LIABILITIES</b>	<b>10,505</b>	<b>1,483</b>	<b>11,988</b>
<b>NET ASSETS</b>	<b>50,451</b>	<b>2,811</b>	<b>53,262</b>
<b>Equity</b>			
Contributed Equity	346,083	2,911	348,994
Other Reserves	10,456		10,456
Accumulated losses	(306,088)	(100)	(306,188)
<b>TOTAL EQUITY</b>	<b>50,451</b>	<b>2,811</b>	<b>53,262</b>

The pro-forma balance sheet shows adjustments based on the following transactions as if they occurred on 30 June 2013.

## 8.5 Pro forma adjustments

The following pro forma adjustments (listed as notes in the reviewed pro forma historical balance sheet in section 8.4 above) have been made in the compilation of Merged Group pro forma financial information on the assumed acquisition of all KUTH Shares by Geodynamics:

- a) Payment of advisory fees on completion of the Offer estimated at \$100,000.
- b) Geodynamics' purchase of all KUTH Shares on the issue of 1 Geodynamics Share to KUTH Shareholders for every 5.5 KUTH Shares held. The maximum number of Geodynamics Shares issued under the Offers will be 26,517,382 (subject to rounding) valued at \$2,910,654 (based on Geodynamics 30 day VWAP at 17 September 2013). This assumes that no KUTH Options will be exercised during the Offer Period.
- c) Payment for termination of contractual obligations relating to McDonald and Cintrex.

## 8.6 Main assumptions

It has been assumed that:

- a) 406,452,608 Geodynamics Shares are on issue immediately prior to Geodynamics acquiring all KUTH Shares;
- b) 145,845,600 KUTH Shares are on issue immediately prior to Geodynamics acquiring all KUTH Shares;
- c) Geodynamics' share price is 10.98 cents (being the 30-day VWAP Geodynamics Shares on ASX as at 17 September 2013) on the date Geodynamics acquires all KUTH Shares;
- d) for the purposes of calculating goodwill in the pro forma Merged Group balance sheet as at 30 June 2013, the book value of KUTH's assets and liabilities is assumed to be equal to their fair value as at that date. The fair value assessment post acquisition may result in the identification of differences from book value which could materially impact the gain recognised on acquisition in the Merged Group's pro forma balance sheet.

## 8.7 Material items post 30 June 2013

Since 30 June 2013 there have been no material events to be considered in addition to the pro forma Merged Group's balance sheet.

## 8.8 Outlook for the Merged Group

If Geodynamics acquires all KUTH Shares Geodynamics will remain the entity listed on the ASX and will be the ultimate holding company for all companies within the new Merged Group. The acquisition by Geodynamics of all KUTH Shares will result in a Merged Group with a diversified portfolio of geothermal tenements.

This Bidder's Statement does not include forecasts or projections for production or earnings in relation to Geodynamics or the Merged Group. Geodynamics believes that the inclusion of such forecasts would be unduly speculative and potentially misleading to KUTH Shareholders.

## 8.9 Merged Group top 20

Merged group top 20 as per holdings on 16 September 2013

Holder Name	No. of shares	%
HSBC Custody Nominees (Australia) Limited	31,841,395	7.35%
Sentient Executive GP III Limited	30,908,238	7.00%
Trust Energy Resources Pte Limited	29,400,000	6.79%
Origin Energy Limited	15,454,119	3.57%
JP Morgan Nominees Australia Limited	9,232,456	2.13%
Citicorp Nominees Pty Limited	4,471,749	1.03%
Geodynamics Share Plans Pty Ltd	3,596,364	0.83%
Invia Custodian Pty Limited	2,950,000	0.68%
Mr Paul Armand Darrouzet	2,723,500	0.63%
Bullock Point Pty Ltd	2,355,996	0.54%
J P Morgan Nominees Australia Limited	1,881,245	0.43%
Mr Edward Joseph Gettingby & Mrs Margaret Mary Gettingby	1,675,373	0.39%
Miltout Pty Limited	1,484,494	0.34%
Bluestar Management Pty Ltd	1,445,454	0.33%
Mr Gary Alan Chalmers & Mrs Leanne Chalmers	1,360,313	0.31%
Mr Paul Anthony Broad	1,327,571	0.31%
Mr Richard Norman Gibson & Mrs Ingrid Margareta Gibson	1,300,000	0.30%
Clodene Pty Ltd	1,219,178	0.28%
Mr Charles Douglas Sheardown	1,168,421	0.27%
Dr Kuen Seng Chan	1,100,000	0.25%
<b>Total Top 20 Shareholding</b>	<b>146,272,220</b>	<b>33.78%</b>

## 8.10 Pro forma capital structure

A pro forma capital structure of Geodynamics upon completion of the Offer is set out below. This capital structure has been prepared on the basis that Geodynamics acquires all KUTH Shares. It assumes none of the Geodynamics Options or KUTH Options are exercised before the close of the Offers and that all KUTH Options are cancelled.

Total Number of Geodynamics Shares (post merger)	432,969,724
Total number of Geodynamics Listed Options (post merger)	0
Total number of Geodynamics Unlisted Options (post merger)	6,828,319

## 8.11 Dividends

The current Geodynamics dividend policy will be maintained. It is not anticipated that Geodynamics will pay a dividend in the foreseeable future as the Company's focus is on the development of its project portfolio with any operating surplus expected to be re-invested in the Company's projects.

## 9 Investment risks

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### 9.1 Introduction

An overview of the key risks that may have a material adverse impact upon the implementation of the Offer, the future performance of the Merged Group and the value of Geodynamics Shares are described in this Bidder's Statement and include those risks set out in this section 9. The risks identified in this section 9 are not exhaustive. Geodynamics gives no assurances or guarantees of future performance or profitability, or payment of dividends by, the Merged Group.

Additionally Geodynamics gives no assurances or guarantees that the risks set out in this document will not change. There may be other material risks which are not disclosed in this document because they were not known by Geodynamics or were not considered to be material at the date of this Bidder's Statement. Many of the risks below arising from Geodynamics' Offers are also inherent within each of KUTh and Geodynamics as separate entities.

The value of the Offer to KUTh Shareholders will depend upon the future performance of the Merged Group and the value of Geodynamics Shares. As a result, KUTh Shareholders should carefully consider both the risks affecting the Offer and those risks affecting the future performance of the Merged Group and the value of the Geodynamics Shares.

KUTh Shareholders should be aware that an investment in the Merged Group has risks which are associated with investing in listed securities. Any future dividends, the value of the Merged Group's assets and the market value or price of the Geodynamics Shares quoted on ASX may be influenced by these and other risk factors.

Many of these factors are common to those affecting the current performance of Geodynamics and KUTh. Some of the risks may be mitigated by the use of safeguards and appropriate systems and controls. However, many risks that may affect the Merged Group are outside the control of Geodynamics, KUTh and the Merged Group.

This section 9 does not take into account the investment objectives, financial circumstances or particular needs of individual KUTh Shareholders. It is important that KUTh Shareholders carefully read this Bidder's Statement in its entirety (particularly the risks set out in this section 9), consider their personal circumstances (including financial and taxation issues) and seek independent professional advice before deciding whether to accept the Offer.

### 9.2 Specific risk factors that affect the Merged Group

Set out below are some of the key risks that have been identified as potentially affecting the performance of the Merged Group, the ability of the Merged Group to pay dividends and the value of the Geodynamics Shares.

The past performance of Geodynamics and KUTh is not necessarily representative of the future performance of the Merged Group or the value of Geodynamics Shares.

#### **a) Energy prices**

Any future earnings of the Merged Group will be significantly affected by local and worldwide energy prices. Low energy prices will have a materially adverse affect on the Merged Group. It is not possible to accurately predict future movements in energy prices particularly in the current uncertain economic environment.

#### **b) Offtake risk**

The commercial feasibility of projects depends on Geodynamics' ability to negotiate and enter into offtake agreements with third parties on satisfactory commercial terms (eg for heat, steam or electricity). There is no guarantee that such agreements can be secured either at all or on commercially acceptable terms. Securing a suitable offtake agreement may cause significant delays and a project may not be feasible if such an agreement cannot be secured.

### **c) Production and operation risks**

Geothermal energy development activities carry an inherent degree of risk. Various production and operational factors could affect the success of the Merged Group. These include unanticipated geological conditions, climatic conditions, environmental issues, exploration results, equipment failures, transport interruptions, processing inputs, industrial disputes, cost overruns and other general operating risks. KUTh Shareholders will be exposed to production and operational risks associated with Geodynamics' business if Geodynamics acquires all KUTh Shares.

Certain approvals (whether regulatory, environmental or otherwise) may be needed in connection with the operations of the Merged Group and there is a risk that these approvals will not be given, or will be delayed.

### **d) Development Consents**

Additional development consents will be required as the Merged Group's exploration and development projects are progressed. There is also a risk that the Merged Group will not be able to satisfy the requirements to obtain these development consents or will be able to obtain such consents only on onerous terms and conditions. The Merged Group may also incur material expenses, costs and delays in seeking and obtaining such consents.

### **e) Developments**

Geothermal energy development projects may incur further costs than currently anticipated or may be delayed due to the need to obtain regulatory approvals or licenses or due to problems with contractors or suppliers, financing issues or accidents during construction or commissioning of wells.

### **f) Access right risk**

Geodynamics is commonly required to obtain the consent of owners and occupiers of land within its licence areas in order to obtain immediate and continuing access to the geothermal energy tenements. Compensation may be required to be paid to the owners and occupiers of land in order to carry out Geodynamics' production and exploration activities. This may have a material adverse impact on the Merged Group's activities, in terms of delay and cost.

### **g) Timing delays**

There is a risk that the Merged Group will not achieve its financial and strategic goals due to delays or difficulties occurring during the integration of the two businesses, delays in securing approvals in its areas of operations, climate conditions and lack of availability of equipment and personnel amongst other factors.

### **h) Funding Risk**

Geodynamics may incur greater than anticipated costs during the development of its exploration and development projects. The net funds of the Merged Group may not be sufficient for expenditure that may be required to progress the development of the Merged Groups projects, integrate the operations of Geodynamics and KUTh or to expand its operations or projects or for other capital expenditure, further exploration or feasibility studies or otherwise in the Merged Group's operations. The Merged Group may need to raise additional debt or equity funds in the future. There is no assurance that the Merged Group will be able to obtain additional debt or equity funding when required in the future, or that the terms associated with such funding will be acceptable to the Merged Group, particularly having regard to the current uncertain economic environment and the effect that energy prices may have on future production and earnings performance. This may have an adverse effect on the Merged Group's financial results.

### **i) Cash position**

There is no guarantee that the Merged Group will be able to maintain a sufficient cash balance following the acquisition by Geodynamics of all KUTh Shares.

**j) Hedging risk**

Neither Geodynamics nor KUTH currently use hedging contracts to reduce the impact of future fluctuations on exposures such as the cost of services and materials and currency exchange rates. However, hedging contracts entered into in the future may negatively impact the profitability of the Merged Group if unanticipated changes in energy prices or exchange rates occur. In the current uncertain economic environment such changes have been occurring, and may continue to occur, frequently.

**k) Accounting**

The Merged Group will be required to perform a fair value assessment of all of KUTH's assets and liabilities following the acquisition by Geodynamics of all KUTH Shares. This assessment may result in increased depreciation and amortisation charges. These charges may be substantially greater than those that would exist in Geodynamics and KUTH as separate businesses.

**l) Re-rating**

Post Merger, Geodynamics may not achieve an improved re-rating of its share price or an improved credit profile. Due to the occurrence of adverse changes in the business or unforeseen circumstances, Geodynamics Shares may decline in value.

**m) Regulatory and legislative risks**

Any changes in the laws and regulations in the countries in which the Merged Group operates may adversely impact on the Merged Group's activities, planned projects and financial results. These laws and regulations include mining, geothermal and exploration-related laws, laws requiring permits and licences, environmental regulations and health and safety laws and regulations.

**n) Developing country risk**

Geodynamics already operates in the Solomon Islands and, if the Offer is successful, will also operate in Vanuatu. Both are countries which are less developed than Australia in terms of its legal, regulatory and business frameworks. Those countries may also have business practices and customs which differ significantly from those in Australia. There are risks associated with operating under a different legal and commercial environment. For example, the enforcement of rights and the government processes and the exercise of discretions may be less certain.

**o) Environment**

Geothermal energy exploration and exploitation activities are strictly regulated by environmental legislation and government authorities. There is a risk that environmental regulation may prevent or impede the Merged Group's activities. It is possible that environmental approvals for the Merged Group's projects are not granted or are delayed. If this occurred it may materially affect the Merged Group's earnings.

**p) Litigation**

The Merged Group may be subject to litigation and other claims based on the conduct of Geodynamics and KUTH that occurred prior to the acquisition by Geodynamics of all KUTH Shares and the conduct of Geodynamics which follows the acquisition.

**q) Resource estimates**

Geodynamics has made estimates of its geothermal energy resources based on relevant reporting codes, where required, and judgments based on knowledge, skills and industry experience. However, there is no guarantee that estimates will prove to be accurate. Actual geothermal energy production results may differ materially from estimates due to further findings and results not previously known or fluctuations in operating costs, exchange rates and energy prices.

**r) Insurance**

The Merged Group will have various insurances covering its business. However, certain risks are not covered by insurance due to limitations or exclusions in insurance policies or because the Merged Group will have decided not to insure against certain risks because of high premiums or for

other reasons. Drilling accidents, well failure, business interruption, compensation claims, environmental effects, fires, floods, earthquakes and various other events may not be adequately covered by insurance. Such insurance could significantly increase the costs of the Merged Group.

**s) Health and safety**

The businesses of Geodynamics and KUTh are subject to strict health safety and safety laws and regulations. The Merged Group may become liable for past and current conduct of Geodynamics and KUTh which may have violated such laws and regulations. Penalties for breaching health and safety laws can be significant and include criminal penalties. Victims of workplace accidents may also commence civil proceedings against the Merged Group. These events might not be insured by the Merged Group or may be uninsurable. In addition, any changes in health and safety laws and regulations may increase compliance costs for the Merged Group. Such an event would negatively impact the financial results of the Merged Group.

**t) Native title**

Geodynamics' and KUTh's geothermal energy tenements may be affected by native title claims, unregistered agreements, transfers or unknown defects in title. Native title claims and Aboriginal heritage issues may have a material adverse impact on the Merged Group's activities and may hinder or prevent its production and exploration activities.

**u) Past transactions**

Previous transactions undertaken by either Geodynamics or KUTh which involved the acquisition or disposal of assets may continue to bear risks associated with the possibility of warranty or other claims in connection with such transactions to which it was a party.

**v) Competition**

Upon entry into production, the Merged Group will be subject to competition from other energy producers. Competitors include current energy producers and future entrants into the market. Other companies may have competitive advantages such as new technology and new production processes. The Merged Group may be unable to successfully compete and may suffer material adverse consequences such as loss of market share and customers.

**w) Counterparty risk**

There is a risk, which is higher in the current uncertain economic environment, that contracts and other arrangements to which Geodynamics and KUTh are party and obtain a benefit will not be performed by the relevant counterparties if the those counterparties become insolvent or are otherwise unable to perform their obligations.

### 9.3 General risk factors

In addition to the specific business risks above, there are a number of general risks associated with holding Geodynamics Shares including, but not limited to, the following risks which may impact the operations or financial performance of the Merged Group, the market for its products or the price of Geodynamics Shares:

- a) changes to government, legislation, regulatory regulations and policy (including taxation laws and policies, accounting laws, policies and standards and practices, fiscal, monetary and regulatory policies impacting the a carbon tax and emissions trading scheme);
- b) the condition of the Australian and overseas economies (including the aggregate investment being undertaken and economic output occurring in those economies, inflation and interest rates and the prices of products which are inputs used in the operations of the Merged Group);
- c) investor sentiment, local and international stock market conditions, adverse industry publicity and recommendations by brokers and analysts; and
- d) global geo-political events, hostilities and acts of terrorism.

## 10 Taxation information

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### 10.1 Background

This taxation summary provides a general description of the Australian taxation consequences for KUTh Shareholders who dispose of their KUTh Shares pursuant to the Offer. This summary does not cover foreign tax consequences.

This summary does not take into account the specific circumstances of any particular KUTh Shareholder.

This taxation summary is not, and is not intended to be, taxation advice to any KUTh Shareholder and should not be relied on as such.

The summary does not address the taxation consequences for:

- a) KUTh Shareholders who are subject to special tax rules (for example, tax exempt entities, insurance companies and superannuation funds);
- b) KUTh Shareholders who acquired their KUTh Shares (or options to acquire KUTh Shares) in respect of their employment, or an associate's employment, with KUTh or an associated company of KUTh; or
- c) non-resident KUTh Shareholders who hold their KUTh Shares through a permanent establishment in Australia;
- d) are not subject to the taxation of financial arrangements ("TOFA") rules in Division 230 of the Tax Act in relation to gains and losses on KUTh shares.

All KUTh Shareholders should seek their own independent professional advice regarding the taxation implications associated with the Offer. The following description is based upon the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 as in effect at September 2013, but it is not intended to be an authoritative or complete statement of the applicable law. Future amendments to taxation legislation, or its interpretation by the Courts or Australian taxation authorities, may take effect retrospectively and/or affect the conclusions drawn. This outline does not take into account or anticipate changes in the tax legislation, case law, rulings and determinations issued by the Australian Commissioner of Taxation.

### 10.2 Capital Gains Tax

#### Summary

The Australian tax implications of the sale of KUTh Shares will depend on whether a KUTh Shareholder holds their KUTh Shares on revenue or capital account.

Generally, where the KUTh Shares are held on revenue account, any gain or loss will be included in the KUTh Shareholder's Australian taxable income where:

- The KUTh Shareholder is a tax resident of Australia; or
- The KUTh Shareholder is a tax non-resident of Australia and the gain or loss has an Australian source (subject to the application of Australia's Double Tax Agreements, which may provide relief from Australian taxation). In any event, the CGT rules should also be considered.

Where the KUTh shares are held on capital account, the sale of KUTh Shares pursuant to the Offer will constitute a disposal of the KUTh Shares and a "CGT event" for Australian capital gains tax (CGT) purposes. The "date of disposal" for capital gains tax purposes will generally be the date that the Offer is accepted. If, for any reason the Offer does not proceed, no disposal will occur. A KUTh Shareholder may make a capital gain or a capital loss from the disposal of KUTh Shares pursuant to the Offer. These amounts will be relevant in determining whether the KUTh Shareholder is required to include a net capital gain in their assessable income for the income year

in which the Offer is accepted. In general, capital gains and capital losses are firstly aggregated to determine whether there is a net capital gain, which is calculated after taking into account any discount capital gains or other concessions in respect of the capital gains. The remaining net capital gain, if any, is included in assessable income and subject to tax at the applicable marginal rate of the KUTh Shareholder. Any net capital loss cannot be deducted from assessable income and may be carried forward to offset future capital gains.

## **Capital Gain**

### **Australian Resident KUTh Shareholders**

The taxation treatment on the disposal of KUTh Shares by KUTh Shareholders will depend upon whether the KUTh Shares are held on revenue or capital account. Australian resident KUTh Shareholders who trade in KUTh Shares as part of the ordinary course of their business would hold their KUTh Shares on revenue account. These KUTh Shareholders will be required to include the profit arising from the disposal of their ordinary KUTh Shares in their assessable income. Conversely, a loss arising from the disposal of KUTh Shares on revenue account would be allowed as a deduction from assessable income. Generally, all other Australian resident KUTh Shareholders will hold their KUTh Shares respectively on capital account. These Australian resident KUTh Shareholders should consider the impact of Australian capital gains tax rules on the disposal of their KUTh Shares.

A KUTh Shareholder will acquire their Geodynamics Shares on the date the Offer is accepted. The cost base and reduced cost base of the Geodynamics Shares acquired under the Offer should be determined with reference to the market value of Geodynamics Shares on the date of issue (that is, the date of disposal of their KUTh Shares). This is subject to obtaining access to scrip-for-scrip rollover relief discussed below, in which case the cost base of Geodynamics Shares will be determined with reference to the cost base of the KUTh Shares.

Subject to the application of the CGT scrip-for-scrip rollover relief discussed below, an Australian resident KUTh Shareholder will make a capital gain where the proceeds received on disposal of their KUTh Shares exceeds the cost base. The capital proceeds received on disposal of KUTh Shares will be the market value of the Geodynamics Shares the KUTh Shareholder receives under the Offer. A KUTh Shareholder will make a capital loss on the disposal of their KUTh Shares where the disposal proceeds received are less than the reduced cost base of the KUTh Shares for capital gains tax purposes. Capital losses can only be used to offset current year capital gains or carried forward to offset future capital gains. They cannot be used to reduce non capital income. Any net capital gain (after recoupment of capital losses) is included in the shareholder's or optionholder's assessable income. The applicable tax payable on the net capital gain will be dependent on the type of shareholder. An Australian tax resident individual shareholder will be taxed at their marginal rate. Alternatively, an Australian resident company shareholder will be subject to tax at the corporate rate of 30% of taxable income. Where an Australian resident shareholder as held the ordinary share as a capital asset for at least 12 months the capital gain may be reduced by the general CGT discount concession for particular shareholders. The discount percentage for individuals and trusts (except a trust that is a complying superannuation entity) is 50%, and the discount percentage for a trust that is a complying superannuation entity is 33%. Corporate shareholders are not eligible for the general CGT discount concession.

### **Non-Australian Resident Shareholders**

Where non-Australian residents hold KUTh Shares on revenue account, the profits on their disposal may be required to be included in the shareholder's assessable income. This is subject to the application of any double tax treaty relief which may exclude such profits from Australian taxation. In the event a non-resident holds KUTh shares on revenue account, the CGT rules should still be considered (including the anti-overlap rules which reduces the inclusion of capital gains in assessable income to the extent the gains have been brought to account as revenue gains).

All non-Australian resident KUTh Shareholders should consider the impact of Australian capital gains tax rules on the disposal of their KUTh Shares. Non-Australian resident shareholders are

only subject to Australian capital gains tax where those shareholders are disposing of shares in an Australian company where they, together with their associates, held 10% or more of the company and the company predominately holds interests in land and/or mining, quarrying or prospecting rights within Australia. This may also be subject to any double tax treaty relief. Non-Australian resident shareholders will need to seek specific advice in respect of their particular circumstances with respect to Australian capital gains tax on the disposal of KUTH Shares at the time of any disposal.

### **Scrip-for-scrip Rollover Relief**

If as a result of the Offer, Geodynamics acquires at least 80% of the KUTH Shares, CGT scrip-for-scrip rollover relief (**Rollover Relief**) may be available to KUTH qualifying Shareholders who would otherwise realise a capital gain from the disposal of KUTH Shares pursuant to the Offer. Scrip-for-scrip rollover relief may not be available to non-residents. Non-residents should seek tax advice in relation to how the rollover relief applies to their specific circumstances. The cost base for Geodynamics Shares acquired under the Offer and subject to rollover relief will generally be the cost base of the original parcel of KUTH Shares disposed of under the Offer.

Rollover Relief will not be available to KUTH Shareholders who realise a capital loss from the disposal of KUTH Shares. Where Rollover Relief is available a KUTH Shareholder can elect to either obtain Rollover Relief or recognise the capital gain. If Rollover Relief is available and the KUTH Shareholder elects for Rollover Relief to apply, any capital gain realised by the KUTH Shareholder from the disposal of KUTH Shares will be disregarded. Instead, KUTH Shareholders electing Rollover Relief in respect of their KUTH Shares will acquire a cost base in the replacement Geodynamics Shares equal to its cost base in the KUTH Shares prior to disposal. If Rollover Relief is available and a KUTH Shareholder elects for it to apply, the KUTH Shareholder does not need to lodge a formal election or other document with the Australian Taxation Office. Instead, the income tax return of the KUTH Shareholder needs to be completed in a manner consistent with the Rollover Relief being available. The effect of choosing Rollover Relief will depend upon the particular circumstances of each KUTH Shareholder and may not benefit all Shareholders. KUTH Shareholders should seek their own independent tax advice in relation to whether to choose Rollover Relief.

## 10.3 GST

Australian GST should not apply to the disposal of KUTH Shares by KUTH Shareholders, the issue of Geodynamics Shares, or any subsequent disposal of Geodynamics Shares by Geodynamics Shareholders. KUTH Shareholders who are registered for Australian GST purposes may not be entitled to full input tax credits for any GST incurred on costs associated with acquiring or disposing of shares in Geodynamics or KUTH. KUTH Shareholders should seek their own tax advice in this respect.

## 10.4 Stamp Duty

No stamp duty should be payable by KUTH Shareholders on the transfer of KUTH Shares to Geodynamics or on the issue of Geodynamics Shares to KUTH Shareholders.

## 11 Other material information

### 11.1 Information held by Geodynamics

Information held by Geodynamics about KUTH is as disclosed in KUTH's ASX announcements.

### 11.2 Voting power of Geodynamics in KUTH

As at 14 October 2013, being the date immediately before this Bidder's Statement is sent to all KUTH Shareholders, Geodynamics has voting power of nil in KUTH.

### 11.3 Relevant Interests of Geodynamics in KUTH Shares

Geodynamics holds a relevant interest in nil KUTH Shares, giving it a relevant interest of nil in KUTH Shares.

### 11.4 Acquisition by Geodynamics of KUTH Shares during previous four months

No KUTH Shares have been purchased by or issued to Geodynamics in the four months before the date of this Bidder's Statement.

### 11.5 Inducing benefits given by Geodynamics during previous four months

During the four months before the date of lodgement of this Bidder's Statement with ASIC, neither Geodynamics nor any Associate of Geodynamics gave, offered to give or agreed to give, a benefit to another person that is not available under the Offers to all KUTH Shareholders and was likely to induce the other person, or an Associate of the other person, to:

- a) accept the Offer; or
- b) dispose of KUTH Shares.

### 11.6 KUTH Directors' interests in KUTH Shares and KUTH Options

Director	Number of KUTH Shares	Number of KUTH Listed Options	Number of KUTH Unlisted Options
Bruce McKay	2,859,225	-	2,000,000
George Miltenyi	14,689,866	-	-
Mary O'Kane	795,000	-	-
David McDonald	3,639,014	-	9,000,000

### 11.7 Offer extends to new KUTH Shares

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom this Bidder's Statement is sent is the Register Date.

Should any KUTH Options be exercised after the Register Date and prior to the close of the Offer, then the Offer will extend to any person who becomes registered or entitled to be registered as the holder of KUTH Shares before the close of the Offer.

If additional KUTH Shares are issued after the end of the Offer Period, subject to Geodynamics being entitled to compulsorily acquire KUTH Shares under Chapter 6A of the Corporations Act, Geodynamics may compulsorily acquire any KUTH Shares issued after the end of the Offer Period.

Subject to the takeover becoming unconditional, KUTh Energy has agreed to pay compensation to certain option holders for the cancellation of their options over KUTh Energy Shares. Cancellation of the options is a condition of Geodynamics' Offer. The total consideration is \$37,750.

If additional KUTh Shares are issued after the end of the Offer Period, subject to Geodynamics being entitled to compulsorily acquire KUTh Shares under Chapter 6A of the Corporations Act, Geodynamics may compulsorily acquire any KUTh Shares issued after the end of the Offer Period.

## 11.8 Geodynamics is a disclosing entity

Because Geodynamics is offering Geodynamics Shares as consideration for the acquisition of KUTh Shares under the Offer, the Corporations Act requires that this document must include all information that would be required for a prospectus for an offer of Geodynamics Shares under sections 710 to 713 of the Corporations Act. Geodynamics does not need to issue a prospectus for the offer of Geodynamics Shares as the Offer is occurring pursuant to a regulated takeover bid.

Geodynamics is a disclosing entity (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, Geodynamics is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of Geodynamics Shares. Geodynamics Shares have been quoted on ASX during the 12 months prior to the date of this Bidder's Statement. Geodynamics, as a disclosing entity under the Corporations Act, states that:

- a) it is subject to regular reporting and disclosure obligations;
- b) copies of documents lodged with ASIC in relation to Geodynamics (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an ASIC office; and
- c) it will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:
  - i. the annual financial report of Geodynamics for the 12 months ended 30 June 2013 (being the annual financial report and half year report most recently lodged by Geodynamics with ASIC); and
  - ii. all continuous disclosure notices given by Geodynamics after the lodgement of that annual financial report with ASIC and before the lodgement of this Bidder's Statement with ASIC.

Requests for copies of these documents may be made by calling the Geodynamics Offers Information Line on 1300 366 176 from within Australia or +61 1300 366 176 if calling from outside Australia. Copies of all documents lodged with ASIC in relation to Geodynamics can be inspected at the registered office of Geodynamics during normal office hours.

Other than information contained in this Bidder's Statement, there is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules and is information that a KUTh Shareholder or a professional adviser to a KUTh Shareholder would reasonably require for the purpose of making an informed assessment of:

- a) the assets and liabilities, financial position and performance, profits and losses and prospects of Geodynamics; or
- b) the rights and liabilities attaching to the Geodynamics Shares.

None of the information referred to in this section 11 is incorporated by reference into this document or is included with this document.

## 11.9 Consents

### Statements in this Bidder's Statement

Thomsons Lawyers has given and has not, before the date of lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as legal adviser to Geodynamics in respect of the Offers in the form and context in which it is named.

### Consents not required under ASIC Class Orders

This Bidder's Statement includes or is accompanied by statements which are made in, or based on, statements made in documents lodged with ASIC or ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement. KUTh Shareholders are entitled to obtain from Geodynamics free of charge a copy of any document which contained such a statement. If you would like to receive a copy of any of these documents, please contact the Geodynamics Offer Information Line on 1300 366 176 from within Australia or +61 1300 366 176 from outside Australia and you will be sent a copy free of charge.

## 11.10 Status of Defeating Conditions

The Defeating Conditions of the Offers are set out in section 13. Geodynamics will use all reasonable endeavours to ensure the Defeating Conditions are satisfied as soon as possible after the date of this Bidder's Statement.

## 11.11 Expiry date

No Geodynamics Shares will be issued on the basis of this document and the Offer contained in this document after the date that is 13 months after the date of this Bidder's Statement.

## 11.12 Takeover Bid Implementation Agreement

KUTh has entered into a Takeover Bid Implementation Agreement with Geodynamics. A copy of this agreement was released to ASX on 18 September 2013.

Key terms of the Implementation Agreement (as amended) are:

**Geodynamics to make the Offer:** Geodynamics agreed to make the Offer, subject to the Defeating Conditions. The agreed Offer Consideration is one (1) Geodynamics Share for each five and a half (5.5) KUTh Shares.

**KUTh to support the Offer:** Provided Geodynamics makes the Offer as agreed:

- KUTh's Directors will recommend that KUTh Shareholders accept the Offer, and state their intention to accept the Offer in respect of any KUTh Shares they own or control, and
- KUTh will support the Takeover Bid and participate in efforts reasonably required by Geodynamics to promote the merits of the Takeover Bid, including meeting with shareholders, option holders, analysts, management, customers, press and other parties mutually agreed if requested to do so by Geodynamics,

subject in each case to there being no Superior Proposal, and no Geodynamics Material Adverse Event having occurred.

KUTh also agreed to not initiate any Competing Proposal and, to the extent it is within KUTh's control, to not do anything that will result in any of the Defeating Conditions of the Takeover Bid being breached, provided that nothing in the Implementation Agreement prevents KUTh or the Board of KUTh from acting in accordance with the KUTh Directors' duties as directors.

**Mutual exchange of information:** The Implementation Agreement provides for Geodynamics and KUTH to exchange information required for the purpose of the preparation of the Bidder's Statement or Target's Statement respectively (subject to confidentiality obligations).

**Conduct of business:** Until the end of the Offer Period each of Geodynamics and KUTH must conduct its business in the usual and ordinary course consistent with past practice, and use its reasonable endeavours to preserve and maintain the value of its business and assets and the relationships with suppliers, customers and employees.

#### 11.13 No escalation agreements

Neither Geodynamics nor any Associate of Geodynamics has entered into any escalation agreement in respect of KUTH Shares that is prohibited by section 622 of the Corporations Act.

#### 11.14 No other material information

Except as set out in this document, there is no other information material to the making of a decision by KUTH Shareholders whether or not to accept the Offer that does not relate to the value of the Geodynamics Shares offered as the Offer Consideration under the Offer that is known to Geodynamics and has not previously been disclosed to the holders of KUTH Shares.

## 12 Formal terms of the Offer

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### 12.1 The Offer

- a) Geodynamics offers to acquire all of your KUTH Shares, including any KUTH Shares which become registered in your name in the register of shareholders of KUTH during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights attached to, other securities convertible into KUTH Shares which are on issue on the Register Date, for the Offer Consideration on the terms and subject to the Offer Conditions.
- b) Geodynamics will be entitled to all Rights that accrue after the Announcement Date to KUTH Shares it acquires under the Offer. If any Rights are received by you and such documents as may be necessary to vest title to those Rights in Geodynamics are not passed on to Geodynamics, or the benefit of those Rights is not passed on to Geodynamics, Geodynamics may reduce the Offer Consideration payable to you under the Offer by the amount (or value, as reasonably assessed by Geodynamics or, if there is a dispute, by the Chairman of ASX or his nominee) of those Rights.
- c) The Offer extends to any person who becomes registered or entitled to be registered as the holder of any of your KUTH Shares during the period from the Register Date to the end of the Offer Period.
- d) By accepting the Offer, you undertake to transfer to Geodynamics not only the KUTH Shares to which the Offer relates but also all the Rights attached to those KUTH Shares.
- e) The Offer is dated 15 October 2013.

### 12.2 Offer Consideration

- a) You will receive the Offer Consideration if you accept the Offer and all of the Defeating Conditions are satisfied or waived.
- b) The Offer Consideration is 1 Geodynamics Share for every 5.5 KUTH Shares held (subject to rounding of fractional entitlements).
- c) If you become entitled to a fraction of one Geodynamics Share in respect of any single CHESS Holding or Issuer Sponsored Holding of KUTH Shares in your name, that fraction will be disregarded and will be rounded down to the nearest whole Geodynamics Share.
- d) Geodynamics Shares to be issued under the Offer will rank equally in all respects with existing Geodynamics Shares on issue at the Register Date.

### 12.3 Offer Period

The Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of the Offer, being 15 October 2013 and ending at 7:00pm (Sydney time) on the later of:

- a) 15 November 2013; or
- b) any date to which the Offer Period is extended in accordance with the Corporations Act.

### 12.4 Official quotation of Geodynamics Shares

- a) Geodynamics has been admitted to the official list of ASX and Geodynamics Shares are traded on ASX. Geodynamics Shares of the same class as those to be issued under the Offer have been granted official quotation by ASX.
- b) An application will be made to ASX within seven days after the date of this Bidder's Statement for the granting of official quotation of the Geodynamics Shares to be issued as Offer Consideration. In accordance with section 625(3) of the Corporations Act, the Offer is subject

to a condition that application for admission to quotation of the Geodynamics Shares issued under the Offer is made within seven days after the start of the Offer Period and permission for admission to quotation being granted no later than seven days after the end of the Offer Period. This condition may not be waived.

## 12.5 Persons to whom the Offer is made

### **Offerees**

- a) A Offer in this form and bearing the same date is being made to:
- i. each holder of KUTH Shares registered in KUTH's register of KUTH Shareholders as at the Register Date; and
  - ii. any person who becomes registered or entitled to be registered as the holder of KUTH Shares during the period from the Register Date to the end of the Offer Period due to the conversion of or exercise of rights attached to other securities convertible into KUTH Shares which are on issue on the Register Date.
- b) If at the time the Offer is made to you, or at any time during the period from the Register Date to the end of the Offer Period and before you accept the Offer, another person is, or is entitled to be, registered as the holder of some or all of your KUTH Shares to which the Offer relates (Transferred Shares), then:
- i. a corresponding Offer will be deemed to have been made to that other person in respect of the Transferred Shares;
  - ii. a corresponding Offer will be deemed to have been made to you in respect of your KUTH Shares other than the Transferred Shares; and
  - iii. the Offer is deemed to have been withdrawn immediately after making such corresponding offers.

### **Trustees and nominees**

- c) If you are a trustee or nominee for several persons in respect of separate parcels of KUTH Shares, section 653B of the Corporations Act deems the Offer to have been made to you in respect of each separate and distinct parcel.
- d) To validly accept the Offer for any of those separate and distinct parcels, you must:
- i. if the parcel consists of KUTH Shares held in an Issuer Sponsored Holding, complete and sign the Offer Acceptance Form; and
  - ii. if the parcel consists of KUTH Shares held in a CHESS Holding, initiate acceptance in accordance with Rule 14.14 of the ASX Settlement Rules,
- in each case specifying that the KUTH Shares in respect of which you are accepting are a separate and distinct parcel and the number of KUTH Shares in the separate and distinct parcel to which the acceptance relates.
- e) You may at the one time accept the Offer in respect of two or more such separate and distinct parcels as if they were a single parcel.
- f) If sections 12.5(c) to 12.5(e) apply to you, please contact the Geodynamics Offers Information Line 1300 366 176 (from within Australia) or +61 1300 366 176 (from outside Australia) for such additional copies of this document or the Offer Acceptance Form as are necessary.

## 12.6 How to accept the Offer

### General

- a) Subject to sections 12.5(c) to 12.5(f) and 12.6(j), you may only accept the Offer in respect of all of your KUTh Shares.
- b) You may accept the Offer at any time during the Offer Period.

### Issuer Sponsored Holdings

- c) If any of your KUTh Shares are in an Issuer Sponsored Holding, to accept the Offer in respect of those KUTh Shares you must:
  - i. complete and sign the Offer Acceptance Form in accordance with the instructions on the Offer Acceptance Form; and
  - ii. ensure that the Offer Acceptance Form together with all other documents required by the terms of the Offer and the instructions on the form are received before the expiry of the Offer Period at one of the addresses given on the Offer Acceptance Form.

### CHESS Holdings

- d) If your KUTh Shares are in a CHESS Holding, to accept the Offer you must comply with the ASX Settlement Rules. To accept the Offer in respect of those KUTh Shares:
  - i. you should instruct your Controlling Participant (usually your Broker) to initiate acceptance of the Offer in accordance with Rule 14.14 of the ASX Settlement Rules before the expiry of the Offer Period; or
  - ii. if you are a Participant, you must initiate acceptance of the Offer in accordance with the ASX Settlement Rules before the expiry of the Offer Period.

Alternatively, you may complete and sign the Offer Acceptance Form in respect of those KUTh Shares which are in the CHESS Holding in accordance with the instructions on the form and return the form, together with all other documents required by those instructions, to the address given on the Offer Acceptance Form. This will authorise Geodynamics to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf. You must ensure that the Acceptance Form is received in time for Geodynamics to give instructions to your Controlling Participant and your Controlling Participant to carry out those instructions before the expiry of the Offer Period. You will be taken to have completed acceptance of the Offer when your Controlling Participant initiates acceptance of the Offer in accordance with Rule 14.14 of the ASX Settlement Rules.

### KUTh Shares held in different forms

- e) If your KUTh Shares are held in different parcels in different forms, your acceptance of the Offer will require action under sections 12.5(c) to 12.5(f) in relation to the different parcels of your KUTh Shares.

### Nominee holdings

- f) If your KUTh Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact that nominee for assistance in accepting the Offer.

### **Status of Offer Acceptance Form**

- g) The Offer Acceptance Form which accompanies this document forms part of the Offer. The requirements on the Offer Acceptance Form must be observed when accepting the Offer. Acceptance of the Offer for KUTh Shares held in an Issuer Sponsored Holding will be effective only when (subject to section 12.5(j)) the properly completed Offer Acceptance Form (together with any document required by the instructions on that form) has been received at one of the addresses set out on the Offer Acceptance Form.
- h) The method chosen to deliver the Offer Acceptance Form and other documents is at the risk of each accepting KUTh Shareholder.

### **Where to deliver your Offer Acceptance Form**

- i) You may send your completed and signed Offer Acceptance Form (and any other documents, if any, required by the instructions on the Offer Acceptance Form) by post to:

Link Market Services Limited  
KUTh Energy Limited Takeover  
Locked Bag A14  
SYDNEY SOUTH NSW 1235

Alternatively you can deliver your completed and signed Offer Acceptance Form in person to:

Link Market Services Limited  
KUTh Energy Limited Takeover  
1A Homebush Bay Drive  
RHODES NSW 2138

### **Geodynamics' discretion**

- j) Notwithstanding sections 12.6(a) to 12.6(e) and 12.6(g) to 12.6(i), Geodynamics may at its discretion treat any Offer Acceptance Form received before the end of the Offer Period (at an address indicated on the Offer Acceptance Form or such other address or fax number as may be acceptable to Geodynamics) as valid or waive any requirement of sections 12.6(a) to 12.6(e) and 12.6(g) to 12.6(i) in any case, but the provision of the Offer Consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Geodynamics.

## **12.7 Effect of acceptance**

By accepting the Offer, or initiating acceptance of the Offer, in accordance with section 12.6, you will, or will be deemed to, have:

- a) accepted the Offer for all of your KUTh Shares and irrevocably agreed to the Offer Conditions to sell all of your KUTh Shares to Geodynamics (regardless of the number of KUTh Shares specified in the Offer Acceptance Form or other acceptance);
- b) subject to the Offer being declared free from the Defeating Conditions or those conditions being satisfied or waived, agreed to transfer all of your KUTh Shares to Geodynamics in accordance with the terms set out in the Offer;
- c) subject to the Offer being declared free from the Defeating Conditions or those conditions being satisfied or waived, authorised Geodynamics to issue to you the Geodynamics Shares due to you, and to register your name in the Geodynamics register of shareholders in respect of those Geodynamics Shares, and agreed that you will be bound by the Constitution;

- d) authorised Geodynamics (by its directors, officers or agents) to complete your Offer Acceptance Form by inserting such details as are omitted in respect of your KUTh Shares and to rectify any errors in or omissions from the Offer Acceptance Form (including, without limiting the generality of the foregoing, altering the number of KUTh Shares stated to be held by you if it is otherwise than as set out in the Offer Acceptance Form) as may be necessary to make the Offer Acceptance Form an effective acceptance of the Offer or to enable registration of the transfer of all of your KUTh Shares to Geodynamics;
- e) represented and warranted to Geodynamics that as a fundamental condition going to the root of the contract that, both at the time of acceptance of the Offer and at the time of transfer of your KUTh Shares to Geodynamics, your KUTh Shares (including any Rights) are fully paid and free from all mortgages, charges, liens, encumbrances, interests of third parties of any kind (whether legal or otherwise) and restrictions on transfer of any kind and that you have full power, capacity and authority to sell and transfer your KUTh Shares (including the legal and beneficial ownership in those KUTh Share and any Rights);
- f) with effect from the date that the Offer, or any contract resulting from your acceptance of the Offer, becomes unconditional until registration of a transfer of your KUTh Shares to Geodynamics, irrevocably appointed Geodynamics and each of its directors, secretaries and officers severally as your true and lawful exclusive attorney, agent and proxy in your name and on your behalf, with power to do all things which you could lawfully do concerning your KUTh Shares or in exercise of any right derived from the holding of your KUTh Shares, including (without limiting the generality of the foregoing):
  - i. attending and voting at any meeting of KUTh Shareholders;
  - ii. demanding a poll for any vote to be taken at any meeting of KUTh Shareholders;
  - iii. proposing or seconding any resolution to be considered at any meeting of KUTh Shareholders;
  - iv. requisitioning the convening of any meeting of KUTh Shareholders and convening a meeting pursuant to any such requisition (or joining with other KUTh Shareholders to do either of those things);
  - v. notifying KUTh that your address in the records of KUTh for all purposes, including the despatch of notices of meeting, annual reports and distributions, should be altered to an address nominated by Geodynamics and directing KUTh to send all correspondence, payments or notifications in respect of any Rights and any other communications and documents whatsoever in respect of your KUTh Shares to Geodynamics at that address;
  - vi. executing all forms, transfers, assignments, notices, instruments (including instruments appointing a director of Geodynamics as a proxy in respect of all or any of your KUTh Shares and a transfer form for your KUTh Shares), proxy forms, consents, agreements and resolutions relating to your KUTh Shares as may be necessary or desirable to convey your KUTh Shares and Rights to Geodynamics;
  - vii. requesting KUTh to register in the name of Geodynamics your KUTh Shares which you hold on any register of KUTh; and
  - viii. doing all things incidental or ancillary to any of the foregoing, and to have agreed that in exercising the powers conferred by that power of attorney, the attorney may act in the interests of Geodynamics as the intended registered holder and beneficial owner of your KUTh Shares and to have further agreed to do all such acts, matters and things that Geodynamics may require to give effect to the matters the subject of this paragraph (including the execution of a written proxy form to the same effect as this paragraph which complies in all respects with the requirements of the constitution of KUTh) if requested by Geodynamics.
- g) agreed that the appointment in section 12.7(f) is being given for valuable consideration to secure the interest acquired in your KUTh Shares and is irrevocable;

- h) agreed, in the absence of a prior waiver of this requirement by Geodynamics, not to attend or vote in person at any meeting of KUTh or to exercise any of the powers conferred on Geodynamics or its nominee in section 12.7(f);
- i) agreed to indemnify Geodynamics in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or in consequence of the transfer of your KUTh Shares being registered by Geodynamics without production of your Holder Identification Number for your KUTh Shares;
- j) represented and warranted to, and agreed with, Geodynamics that your KUTh Shares in respect of which you have accepted the Offer will be purchased by Geodynamics with all Rights (being those accruing after the Announcement Date) and you will execute all such instruments as Geodynamics may require for the purposes of vesting in it any such Rights;
- k) irrevocably authorised and directed KUTh to pay Geodynamics or to account to Geodynamics for all Rights (being those accruing after the Announcement Date) in respect of your KUTh Shares subject, however, to any such Rights received by Geodynamics being accounted for by Geodynamics to you if the Offer is withdrawn or the contract formed by your acceptance of the Offer is rescinded or rendered void;
- l) except where Rights (being those accruing after the Announcement Date) have been paid or accounted for, irrevocably authorised Geodynamics and its directors to adjust the Offer Consideration due to you under the Offer by the value of all Rights in respect of your KUTh Shares as reasonably assessed by Geodynamics (or, if there is a dispute, by the Chairman of ASX or his nominee), and agreed that any deduction will be made from the Offer Consideration otherwise due to you on the basis that one Geodynamics Share is valued at the Geodynamics Share five day VWAP to the Business Day prior to the Business Day on which KUTh Shares commence trading on an ex rights basis;
- m) if you signed the Offer Acceptance Form in respect of any of your KUTh Shares in a CHESS Holding, irrevocably authorised Geodynamics to:
  - i. instruct your Controlling Participant to initiate acceptance of the Offer in respect of all such KUTh Shares in accordance with the ASX Settlement Rules; and
  - ii. give any other instruction in relation to your KUTh Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant,
  - iii. even though at the time of such transfer Geodynamics has not paid the Offer Consideration due to you under the Offer;
- n) if at the time of acceptance of the Offer your KUTh Shares are in a CHESS Holding, with effect from the date that the Offer, or any contract resulting from your acceptance of the Offer, becomes unconditional:
  - i. authorised Geodynamics to cause a message to be transmitted to ASX Settlement in accordance with Rule 14.17.1 of the ASX Settlement Rules so as to transfer your KUTh Shares to Geodynamics' takeover transferee holding, even though at the time of such transfer Geodynamics has not provided the Offer Consideration due to you under the Offer; and
  - ii. represented and warranted to Geodynamics that, unless you have notified Geodynamics in accordance with sections 12.5(c) to 12.5(e), your KUTh Shares do not consist of separate parcels of KUTh Shares.

## 12.8 When you will receive your Offer Consideration

- a) Subject to this section 12.8 and sections 12.6, 12.9 and 12.10 and to the Corporations Act, if you accept the Offer Geodynamics will allot the Offer Consideration that you are entitled to under section 12.2 on or before the earlier of:

- i. the day one month after you accept the Offer or, if the Offer is subject to a Defeating Condition when accepted, the day one month after the contract resulting from your acceptance becomes unconditional; and
  - ii. the day 21 days after the end of the Offer Period.
- b) Where documents are required to be given to Geodynamics with your acceptance to enable Geodynamics to become the holder of your KUTh Shares (such as a power of attorney):
  - i. if the documents are given with your acceptance, Geodynamics will allot the Offer Consideration to you in accordance with section 12.8(a);
  - ii. if the documents are given after acceptance and before the end of the Offer Period while the Offer is still subject to a Defeating Condition, Geodynamics will allot the Offer Consideration to you by the end of whichever of the following periods ends first:
    - A. one month after the contract resulting from your acceptance becomes unconditional; and
    - B. 21 days after the end of the Offer Period;
  - iii. if the documents are given after acceptance and before the end of the Offer Period while the Offer is no longer subject to a Defeating Condition, Geodynamics will allot the Offer Consideration to you by the end of whichever of the following periods ends first:
    - A. one month after Geodynamics is given the documents; and
    - B. 21 days after the end of the Offer Period;
  - iv. if the documents are given after the end of the Offer Period while the Offer is no longer subject to a Defeating Condition, Geodynamics will allot the Offer Consideration to you within 21 days after the documents are given; or
  - v. if the documents are given after the end of the Offer Period while the Offer is still subject to a Defeating Condition, Geodynamics will allot the Offer Consideration to you within 21 days after the contract which arises upon your acceptance of the Offer becomes unconditional.
- c) If you accept the Offer, Geodynamics is entitled to all Rights (being those accruing after the Announcement Date) in respect of your KUTh Shares. Geodynamics may require you to provide all documents necessary to vest title to those Rights in Geodynamics, or otherwise to give it the benefit or value of those Rights. If you do not do so before Geodynamics has caused the Offer Consideration to be allotted to you, Geodynamics will be entitled to deduct the amount (or value, as reasonably assessed by Geodynamics or, if there is a dispute, by the Chairman of ASX or his nominee) of such Rights from the Offer Consideration otherwise due to you. Any such deduction will be made from the Offer Consideration that you are otherwise entitled to on the basis that one Geodynamics Share is valued at the Geodynamics Share five day VWAP to the Business Day prior to the Business Day on which KUTh Shares commence trading on an ex rights basis.
- d) The obligation of Geodynamics to allot any Geodynamics Shares to which you are entitled under the Offer will be satisfied by Geodynamics:
  - i. entering your name on the register of shareholders of Geodynamics; and
  - ii. despatching or procuring the despatch to you of an uncertificated holding statement in your name by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on the register of KUTh Shareholders maintained by KUTh. If your KUTh Shares are held in a joint name, an uncertificated holding statement will be issued in the name of the

joint holders and forwarded to the address that appears first in the copy of the register of KUTh Shareholders maintained by KUTh.

- e) If, at the time of acceptance of the Offer, you are resident in or a resident of a place to which, or you are a person to whom, the following regulations apply:
- i. Banking (Foreign Exchange) Regulations 1959;
  - ii. part 4 of the Charter of the United Nations Act 11945 (Cth);
  - iii. the Charter of the United Nations (Dealing with Assts) Regulations 2008 (Cth);
  - iv. the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth); or
  - v. any other law of Australia that would make it unlawful for Geodynamics to provide consideration for your KUTh Shares,

acceptance of the Offer will not create for you or transfer to you any right (contractual or contingent) to receive the Offer Consideration specified in the Offer unless and until all requisite authorities or clearances have been obtained by Geodynamics.

## 12.9 Foreign Shareholders

- a) If you are Foreign Shareholder, you should be aware that this Offer in jurisdictions outside Australia may be restricted by law, and you should seek advice and observe any such restrictions. Any such failure to comply with such restrictions may constitute a violation of applicable securities laws. The Offer does not constitute an offer in any place in which, or to persons to whom, it would not be lawful to make an offer. Geodynamics in its absolute discretion will determine whether to issue Geodynamics Shares to you as the Offer Consideration, having regard to any such restrictions.
- b) In respect of those Geodynamics Shares which you would have become entitled to receive under section 12.2 but for restrictions under section 12.9(a), Geodynamics will:
- i. issue to the Nominee the number of Geodynamics Shares which you and all other Foreign Shareholders would have been entitled to under section 12.2 but for section 12.9(a);
  - ii. cause the Nominee to sell on-market, or cause the Nominee to procure the on-market sale of, all of the Geodynamics Shares issued to it under section 12.9(b)(i) as soon as practicable and in any event not more than 30 Business Days after the close of the Offer;
  - iii. after the sale of the Geodynamics Shares pursuant to section 12.9(b)(ii), cause the Nominee to pay, or procure the payment of, the amount which is received by the Nominee upon the sale of all Geodynamics Shares under section 12.9(b)(ii) less brokerage and other sale expenses (**Proceeds of Sale**) to Geodynamics; and
  - iv. pay the proportion of the Proceeds of Sale which you are entitled to receive, ascertained in accordance with the following formula:

**Proceeds of Sale x (A/B)**

where:

A is the number of Geodynamics Shares which Geodynamics would otherwise be required to issue to you as a result of your acceptance of the Offer under section 12.2; and

B is the total number of Geodynamics Shares issued to the Nominee under section 12.9(b)(i).

- c) The amount payable to you under section 12.9(b) will be paid by cheque in one lump sum in Australian currency. The cheque will be sent to you at your risk by pre-paid airmail to your

address as shown on the copy of the register of KUTh Shareholders maintained by KUTh. Under no circumstances will interest be paid on the proceeds of this sale, regardless of any delay in remitting these proceeds to you.

- d) Notwithstanding anything else contained in this document, Geodynamics is not under any obligation to spend any money, or undertake any action, in order to satisfy itself that a person is not a Foreign Shareholder and is therefore eligible to receive Geodynamics Shares under the Offer.

## 12.10 Defeating Conditions

The Offer and any contract that results from the acceptance of the Offer are subject to fulfilment of the Defeating Conditions set out in section 13.

## 12.11 Nature and effect of Defeating Conditions

- a) Each of the Defeating Conditions set out in section 13 is a condition subsequent.
- b) Each of the Defeating Conditions set out in section 13 is a separate and distinct condition, and shall not be taken to limit the meaning or effect of any other Defeating Condition, nor shall any condition in section 13 merge on completion of any contract arising from acceptance of the Offer.
- c) The breach or non-fulfilment of any Defeating Condition does not prevent a contract to sell your KUTh Shares arising from your acceptance of the Offer, but if

- i. Geodynamics has not declared the Offer to be free from the Defeating Conditions in section 13 before the Conditions Notice Date; and
- ii. the Defeating Conditions in section 13 have not been fulfilled at the end of the Offer Period,

all contracts resulting from the acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In such case, Geodynamics will:

- iii. return all documents forwarded by you to the address shown in the Offer Acceptance Form; and
- iv. notify ASX Settlement of the lapse of the Offer in accordance with Rule 14.19 of the ASX Settlement Rules.

## 12.12 Benefit of the Defeating Conditions

Subject to the provisions of the Corporations Act, Geodynamics alone shall be entitled to the benefit of the Defeating Conditions in section 13 and any non-fulfilment of such Defeating Conditions may be relied upon only by Geodynamics.

## 12.13 Freeing of the Offer from the Defeating Conditions

Subject to section 650F of the Corporations Act, Geodynamics may at any time in its sole discretion declare the Offer free from any or all of the Defeating Conditions generally or in relation to any specific occurrence or any specific entity by giving notice in writing to KUTh.

## 12.14 Statutory condition

- a) The Offer and any contract that results from your acceptance of it are subject to the condition that:

- i. an application is made to ASX within seven days after the date of this Bidder's Statement for the granting of admission to official quotation of the Geodynamics Shares to be issued as Offer Consideration; and
- ii. permission for admission to official quotation by ASX of the Geodynamics Shares to be issued pursuant to the Offer is granted no later than seven days after the end of the Offer Period.

If this condition is not fulfilled, all contracts resulting from the acceptance of the Offer will be automatically void.

#### 12.15 Notice on the status of the Defeating Conditions

The date for giving the notice on the status of the Defeating Conditions required by section 630(3) of the Corporations Act is the Conditions Notice Date (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

#### 12.16 Variation of the Offer

Geodynamics may vary the Offer as permitted by Part 6.6 Division 2 of the Corporations Act.

#### 12.17 Withdrawal of the Offer

- a) In accordance with section 652B of the Corporations Act, the Offer may only be withdrawn with the consent in writing of ASIC, which consent may be given subject to such conditions (if any) as are specified in the consent.
- b) If Geodynamics withdraws the Offer, all contracts arising from its acceptance will automatically be void.

#### 12.18 Governing law

The Offer and any contract that results from your acceptance of the Offer are governed by the laws in force in Queensland.

## 13 Conditions of the Offer

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The Offer, and any contract that results from your acceptance of the Offer, is subject to the following Defeating Conditions being satisfied or waived by Geodynamics. If Geodynamics waives a Defeating Condition in respect of either Offer, then it must, under the terms of the Implementation Agreement, also waive that Defeating Condition in respect of the other Offer.

### 13.1 Minimum acceptance condition

Before the end of the Offer Period, Geodynamics and its associates have relevant interests in at least 90% (by number) of all Shares.

### 13.2 No Superior Proposal

Before the end of the Offer Period, there is no Superior Proposal.

### 13.3 Regulatory Approval

Before the end of the Offer Period, Geodynamics has obtained any Regulatory Approval required in respect of its intended ownership of KUTh and its operation of the business of KUTh and, in each case, those Regulatory Approvals are granted, given, made or obtained on an unconditional basis and remain in full force and effect in all respects and do not become subject to any notice, intimation or indication to revoke, suspend, restrict, modify or not renew the same, and all appropriate waiting and other time periods (including any extensions of such waiting and other time periods) under applicable laws or regulations of any relevant jurisdiction have expired, lapsed or been terminated (as appropriate).

### 13.4 No restraint adversely affecting the Takeover Bid

No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Takeover Bid or the transactions contemplated by the Takeover Bid is in effect at the close of the Offer Period.

### 13.5 Conduct of business

Between the Announcement Date and the end of the Offer Period (each inclusive) KUTh or any subsidiary of KUTh have not done any of the following:

- a) **(licences and permits)** doing or omitting to do anything that causes or is reasonably likely to cause any licence or permit necessary or desirable for the conduct of its business to be suspended, revoked, cancelled or otherwise materially adversely impacted;
- b) **(acquisition of assets)** acquiring (including by way of subscription for equity), offering to acquire, agreeing to acquire, leasing, or entering into a binding commitment, or granting a person an irrevocable option to require it, to acquire or lease any asset for a consideration of greater than \$100,000, or making an announcement in relation to such an acquisition, offer or agreement;
- c) **(disposal of assets)** leasing, sub-leasing or disposing of, offering to lease or sub-lease or dispose of, agreeing to lease or sub-lease or dispose of or granting a person an irrevocable option to require it to lease or sublease or dispose of any asset (including any shares held by KUTh or a subsidiary of KUTh) (or any interest in one or more assets) for a consideration of greater than \$100,000, or making an announcement in relation to such a lease, sublease, disposition, agreement or option, other than inventory in the ordinary course of business;

- d) **(financial indebtedness)** except for liabilities incurred in connection with the Takeover Bid, increasing its level of financial indebtedness (including financial liabilities incurred under finance leases), other than in the ordinary and usual course of business, by an amount in excess of \$100,000;
- e) **(capital expenditure)** making capital expenditure in excess of \$100,000 in aggregate;
- f) **(joint venture or partnership)** entering into a joint venture, partnership or other similar arrangement;
- g) **(dividend)** KUTH declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members;
- h) **(encumbrance)** creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property; or
- i) **(prosecution or litigation)** is or becomes a party to any material prosecution, litigation or arbitration other than as a plaintiff or applicant, in respect of KUTH or any of its subsidiaries or their respective business or assets that exposes KUTH or the subsidiary to a potential liability exceeding \$100,000 (including legal costs) or having a material adverse effect on the business of KUTH or any of its subsidiaries, not including litigation that is initiated or instigated by Geodynamics or any of its subsidiaries.

### 13.6 Options

7 days before the Conditions Notice Date, the exercise or cancellation of the Options.

### 13.7 Change of control and other rights under certain agreements

On or before the Announcement Date and before the end of the Offer Period (each inclusive), no person exercises or purports to exercise or states an intention to exercise, any rights under any provision of any agreement or other instrument to which KUTH or any subsidiary of KUTH is a party or by or to which KUTH or any subsidiary of KUTH or any of its assets may be bound or be subject, and no such rights become capable of being exercised, which results or could result to an extent which is material in the context of KUTH and KUTH's subsidiaries taken as a whole, in:

- a) any other such agreement or other instrument being terminated or modified or becoming capable of being terminated or modified, or any action being taken or arising thereunder;
- b) the interest or rights of KUTH or any subsidiary of KUTH in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified or becoming capable of being terminated or modified; or
- c) the business or assets of KUTH or any subsidiary of KUTH with any other person being adversely affected; or
- d) KUTH or a subsidiary of KUTH being required to dispose of or offer to dispose of, any material asset of the Group or acquire any asset,

as a result of the acquisition of Shares by Geodynamics.

### 13.8 No Prescribed Occurrence

Between the Announcement Date and the end of the Offer Period (each inclusive), no Prescribed Occurrence occurs without the prior written approval of Geodynamics.

### 13.9 No Material Adverse Change

Between the Announcement Date and the end of the Offer Period (each inclusive), no Material Adverse Change occurs.

### 13.10 Representations

Between the Announcement Date and the end of the Offer Period (each inclusive), no circumstance or event occurs which would make any of the following statements, if those statements had been made on the Announcement Date, untrue or incorrect in any material respect:

- a) subject to the issue of any Shares on exercise of Options in accordance their terms, the issued share capital of KUTh comprises 147,900,404 Shares, which includes new 2,054,804 new Shares the issue of which is subject to the approval of Shareholders at KUTh's 2013 Annual General Meeting;
- b) there are no securities of KUTh convertible into Shares other than 14,300,000 Options, which includes 1,500,000 new Options the issue of which is subject to the approval of Shareholders at KUTh's 2013 Annual General Meeting, each option entitling the holder to subscribe for one Share on the terms and conditions applicable to that option;
- c) other than the Options referred to in paragraph (b) above, there are no options or other entitlements over Shares or to have Shares issued; and
- d) KUTh is not involved in any negotiations with a party other than Geodynamics relating to or concerning a Competing Proposal.

### 13.11 No material defect in filings

Between the Announcement Date and the end of the Offer Period (each inclusive), Geodynamics does not become aware that any document filed by or on behalf of KUTh or by or on behalf of any other person in relation to KUTh with the ASIC or ASX contains a statement which is incorrect or misleading in any material particular or form which from which there is a material omission.

### 13.12 Definitions

In this Section 13, unless the context otherwise requires:

**Corporations Act** means the Corporations Act 2001 (Cth).

**Executive Entitlements** means the unvested entitlements to Shares or Options issued in accordance with KUTh's employee share and option plan.

**Insolvency Event** means for a person, being in liquidation or provisional liquidation or bankruptcy or provisional bankruptcy or under administration, having a controller, receiver, receiver and manager or analogous person appointed to it or any of its property, being taken under section 459F(1) of the Corporations Act (or its statutory equivalent in any other jurisdiction) to have failed to comply with a statutory demand, being unable to pay its debts or otherwise insolvent, dying, ceasing to be of full legal capacity or otherwise becoming incapable of managing its own affairs for any reason, becoming an insolvent under administration (as defined in section 9 of the Corporations Act (or its statutory equivalent in any other jurisdiction)), entering into a compromise or arrangement with, or assignment for the benefit of, any of its members or creditors or any analogous event, the making of an order by a court for the winding up of a person, or a person resolving that it be wound up.

**Listing Rules** means the listing rules of ASX.

**Material Adverse Change** means an event, occurrence or matter which individually or when aggregated with all such events, occurrences or matters diminish, or could reasonably be expected to diminish, the Net Assets of KUTh as at 30 September 2013 by \$100,000 or more, other than:

- a) an event, occurrence or matter required to be done or procured by KUTh pursuant to this Agreement or the Takeover Bid;
- b) any asset write off or write down required to be made by the accounting standards;
- c) a change of law or accounting practice;

- d) an actual event, occurrence or matter which is known to Geodynamics or its Representatives prior to the Announcement Date (which does not include knowledge of the risk of an event, occurrence or matter happening);
- e) an event, occurrence or matter that was apparent or reasonably ascertainable by Geodynamics or its Representatives from:
  - i. documents made available to them by KUTh; or
  - ii. responses provided to them in interviews with KUTh management, in the course of the Due Diligence Investigations; or
- f) an event, occurrence or matter that was apparent or reasonably ascertainable by Geodynamics or its Representatives from:
  - i. announcements made by KUTh to ASX prior to the Announcement Date; or
  - ii. information that was publicly available prior to the Announcement Date from databases maintained by ASIC or any other Government Agency.

**Net Assets** means the excess of total assets over total liabilities of KUTh on a consolidated basis.

**Offer** means an offer to acquire Shares to be made by Geodynamics pursuant to its Takeover Offer.

**Offer Period** means the period that the Offer is open for acceptance.

**Option** means an option to acquire by way of issue a Share.

**Prescribed Occurrence** means:

- a) KUTh converting all or any of its Shares into a larger or smaller number;
- b) KUTh or a subsidiary of KUTh resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- c) KUTh or a subsidiary of KUTh:
  - i. entering into a buy-back agreement; or
  - ii. resolving to approve the terms of a buy-back agreement under the Corporations Act;
- d) KUTh or a subsidiary of KUTh issuing shares, securities or other instruments convertible into shares, debt securities or granting an option over its shares, or agreeing to make such an issue or grant such an option other than:
  - i. issuing Shares pursuant to the exercise of Options or Executive Entitlements in accordance their terms; or
  - ii. issuing Shares or Options at the 2013 Annual General Meeting of KUTh (subject to the approval of Shareholders), in accordance with an announcement made to ASX prior to the date of the Implementation Agreement.
- e) KUTh or a subsidiary of KUTh making any change or amendment to its constitution;
- f) an Insolvency Event occurring in relation to KUTh or a subsidiary of KUTh;

**Representative** means in relation to an entity:

- a) any of the entity's related entities; and
- b) any of the officers and advisers of the entity or of any of its related entities.

**Regulatory Approval** means:

- a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Government Agency; or

- b) in relation to anything that would be fully or partly prohibited or restricted by law if a Government Agency intervened or acted in any way after lodgement, filing, registration or notification:
  - i. the expiry of any applicable period without intervention or action; or
  - ii. the receipt of a statement in writing from the Government Agency that it does not intend to intervene or take action.

## 14 Approval of the Bidder's Statement

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This Bidder's Statement has been approved by a unanimous resolution passed by all the directors of Geodynamics.

This Bidder's Statement is dated 10 October 2013.

Signed on behalf of Geodynamics by Keith Spence, being a director of Geodynamics who has been authorised to sign by a unanimous resolution passed by all the directors of Geodynamics.



Keith Spence

**Chairman**

### 15.1 Definitions

**AASB** means the Australian Accounting Standards Board.

**Announcement** means the announcement of the Offer released by Geodynamics and KUTH on the Announcement Date.

**Announcement Date** means 18 September 2013.

**Approvals** includes approvals, licences, authorisations, authorities, consents, permissions, clearances, grants, confirmations, orders, exemptions, waivers or rulings.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time).

**ASX** means ASX Limited ACN 008 624 691 or the securities market operated by ASX Limited ACN 008 624 691, as the context requires.

**ASX Clear Operating Rules** means the operating rules of ASX Clear Pty Limited ABN 48 001 314 503 from time to time.

**ASX Settlement** means ASX Settlement Pty Ltd ABN 49 008 504 532, the body which administers CHES.

**ASX Settlement Rules** means the rules of ASX Settlement from time to time, except to the extent of any relief given by ASX Settlement.

**Bidder's Statement** means this document, which is given by Geodynamics in respect of the Offers pursuant to Part 6.5 of the Corporations Act and in compliance with the requirements of sections 636 and 637 of the Corporations Act.

**Board** means, when used in reference to a company, the board of directors of that company.

**Broker** means a person who is a share broker and a participant in CHES.

**Business Day** has the meaning given in the Listing Rules.

**CHES** means Clearing House Electronic Subregister System, which provides for electronic transfer of securities in Australia.

**CHES Holding** means a holding of KUTH Shares on the CHES subregister of KUTH.

**Closing Date** means 7:00pm (Sydney time) on the last day of the Offer Period.

**Competing Proposal** means a bona fide proposal or offer by any person with respect to any transaction (by purchase, scheme of arrangement, takeover bid or otherwise) that may result in any person (or group of persons) other than Geodynamics or its related entities or associates:

- a) acquiring voting power of more than 20% in KUTH or any Subsidiary of KUTH;
- b) acquiring an interest in all or a substantial part of the assets of KUTH or any Subsidiary of KUTH; or
- c) otherwise acquiring control within the meaning of section 50AA of the Corporations Act of, or merging or amalgamating with, KUTH or any Subsidiary of KUTH.

**Conditions Notice Date** means 7 November 2013 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

**Constitution** means the constitution of Geodynamics, as amended from time to time.

**Controlling Participant** means a Participant who is designated as the controlling participant for share or other security in a CHES Holding in accordance with the ASX Settlement Rules.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Corporations Regulations** means the *Corporations Regulations 2001* (Cth).

**Defeating Condition** means each condition of the Offers set out in section 13 of this Bidder's Statement.

**Foreign Shareholder** means a KUTH Shareholder whose address as shown on the KUTH share register is a place outside Australia and its external territories and New Zealand.

**Government Agency** means any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.

**Geodynamics** means Geodynamics Limited ABN 55 095 006 090.

**Geodynamics Directors** means the board of directors of Geodynamics.

**Geodynamics Group** means Geodynamics and each of its Subsidiaries.

**Geodynamics Material Adverse Event** means any change, event, effect, occurrence or state of facts that is, or would in the reasonable opinion of KUTH Directors be expected to be, material and adverse to the assets, liabilities (including contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise), business, operations, financial condition or prospects of Geodynamics or any of its Subsidiaries taken as a whole.

**Geodynamics Offers Information Line** means the Offers information telephone assistance line which can be contacted during normal business hours on 1300 366 176 from within Australia or on +61 1300 366 176

**Geodynamics Option** means any security which will convert, or may be converted, to Geodynamics Shares or confer rights to be issued Geodynamics Shares.

**Geodynamics Shareholder** means the holder of one or more Geodynamics Shares.

**Geodynamics Shares** means a fully paid ordinary share in the capital of Geodynamics.

**Geodynamics Unlisted Option** means a Geodynamics Option other than a Geodynamics Listed Option and the existing class of Geodynamics listed options.

**Implementation Agreement** means the Takeover Bid Implementation Agreement between KUTH and Geodynamics described in section 11.12.

**Independent Expert** means the independent expert appointed by KUTH to prepare the Independent Expert's Report included in the Target's Statement.

**Insolvency Event** means for a person, being in liquidation or provisional liquidation or bankruptcy or provisional bankruptcy or under administration, having a controller, receiver, receiver and manager or analogous person appointed to it or any of its property, being taken under section 459F(1) of the Corporations Act (or its statutory equivalent in any other jurisdiction) to have failed to comply with a statutory demand, being unable to pay its debts or otherwise insolvent, dying, ceasing to be of full legal capacity or otherwise becoming incapable of managing its own affairs for any reason, becoming an insolvent under administration (as defined in section 9 of the Corporations Act (or its statutory equivalent in any other jurisdiction)), entering into a compromise or arrangement with, or assignment for the benefit of, any of its members or creditors or any analogous event, the making of an order by a court for the winding up of a person, or a person resolving that it be wound up.

**Issuer Sponsored Holding** means a holding of KUTH Shares on KUTH's issuer sponsored subregister.

**KUTH** means KUTH Energy Limited ABN 33 125 694 920.

**KUTH Director** means a director of KUTH.

**KUTH Group** means KUTH and each of its subsidiaries.

**KUTh Option** means any security which will convert, or may be converted, to KUTh Shares or confer rights to be issued KUTh Shares.

**KUTh Share** means a fully paid ordinary share in the capital of KUTh.

**KUTh Shareholder** means the holder of one or more KUTh Shares.

**Listing Rules** mean the official listing rules of ASX as amended or replaced from time to time, except to the extent of any express written waiver granted by ASX.

**Merged Group** means the Geodynamics Group following its acquisition of all or a majority of the KUTh Shares.

**Merger** means the acquisition by Geodynamics of all or a majority of the KUTh Shares.

**Nominee** means a nominee to be appointed by Geodynamics and approved by ASIC.

**Offer** means the offer by Geodynamics to acquire KUTh Shares that Geodynamics does not control, including all KUTh Shares on issue as at the end of the Offer Period on the Offer Conditions.

**Offer Acceptance Form** means the personalised acceptance and transfer form for KUTh Shares enclosed with this Bidder's Statement which forms part of the Offer.

**Offer Conditions** means the terms and conditions of the Offer set out in sections 12 and 13.

**Offer Consideration** means the consideration under the Offer of one (1) Geodynamics Share for every five and a half (5.5) KUTh Shares held (subject to rounding of fractional entitlements) as contained in section 12.2 of this Bidder's Statement.

**Offer Period** means the period during which the Offer remains open.

**Participant** means an entity admitted to participate in CHESS under the ASX Settlement Rules.

**Public Authority** means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority tribunal, agency or entity.

**Register Date** means the date set by Geodynamics under section 633(2) of the Corporations Act, being 10 October 2013.

**Regulatory Approval** means:

- a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Government Agency; or
- b) in relation to anything that would be fully or partly prohibited or restricted by law if a Government Agency intervened or acted in any way after lodgement, filing, registration or notification:
  - i. the expiry of any applicable period without intervention or action; or
  - ii. the receipt of a statement in writing from the Government Agency that it does not intend to intervene or take action.

**Related Entity** means, in respect of a party, another entity which is:

- a) related to the first entity within the meaning of section 50 of the Corporations Act; or
- b) in any consolidated entity (as defined in section 9 of the Corporations Act) which contains the first entity.

**Relevant Interest** has the meaning given in sections 608 and 609 of the Corporations Act.

**Representative** means in relation to an entity:

- a) any of the entity's related entities; and
- b) any of the officers and advisers of the entity or of any of its related entities.

**Rights** means mean all accretions, rights or benefits of whatever kind attaching to or arising from KUTh Shares (as the context requires) directly or indirectly at or after the Announcement Date including, without limitation, all dividends, returns of capital and other distributions (whether in cash or in specie) and all rights to receive any dividends, returns of capital or other distributions (whether in cash or in specie), and all rights to receive or subscribe for shares, units, notes, bonds, options or other securities declared, paid or issued by KUTh or by any Subsidiary of KUTh.

**Subsidiary** has the meaning given to the term in section 9 of the Corporations Act.

**Superior Proposal** means a Competing Proposal that, in the opinion of the KUTh Directors acting in good faith and on the basis of financial advice that supports the determination of the KUTh Directors:

- a) is reasonably capable of being valued and completed, taking into account both the nature of the Competing Proposal and the person or persons making it; and
- b) is more favourable to KUTh Shareholders than the Offer, taking into account all terms and conditions of the Competing Proposal.

**Tax** means any tax, levy, excise, duty (including stamp duty), charge, surcharge, contribution, withholding tax, impost or withholding obligation of whatever nature, whether direct or indirect, by whatever method collected or recovered, together with any penalties, fines, interest or statutory charges.

**Target's Statement** means the target's statement prepared and issued by KUTh pursuant to sections 633 and 638 of the Corporations Act in relation to the Offers.

**Trading Day** has the meaning given in the Listing Rules.

**VWAP** means volume weighted average price, calculated by dividing the value of trades by the volume over a given period.

**your KUTh Shares** means, subject to section 12,

- a) the KUTh Shares of which you are registered or entitled to be registered as the holder in the register of members of KUTh at the Register Date; and
- b) other KUTh Shares to which you are able to give good title at the time you accept the Offer.

## 15.2 Interpretation

The following rules of interpretation apply unless intention appears or the context requires otherwise:

- a) a reference to a time is a reference to Adelaide (South Australian) time;
- b) headings are for convenience only and do not affect interpretation;
- c) the singular includes the plural and conversely;
- d) a reference to a section is to a section of this Bidder's Statement;
- e) a gender includes all genders;
- f) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;
- g) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

- j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
  - k) a reference to any instrument or document includes any variation or replacement of it;
  - l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act or the ASTC Rules, as the case may be;
  - m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
  - n) a reference to you is to a person to whom an Offer is made; and
- the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

## Corporate Directory

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### **Registered Office**

Level 3, 19 Lang Parade  
Milton QLD 4064

### **External Auditors**

Ernst & Young

### **Share Registry**

Link Market Services Limited

### **Legal Advisor**

Thomsons Lawyers

### **Offer Information Line**

Within Australia: 1300 366 176  
Outside Australia: +61 1300 366 176

### **Website**

[www.geodynamics.com.au](http://www.geodynamics.com.au)



**GEODYNAMICS**

**Principal and Registered Office** Level 3, 19 Lang Parade, MILTON QLD 4064 **Telephone:** +61 7 3721 7500 **Facsimile:** +61 7 3721 7599

**Postal Address** PO Box 2046, MILTON QLD 4064 **Internet** [www.geodynamics.com.au](http://www.geodynamics.com.au) **Email** [info@geodynamics.com.au](mailto:info@geodynamics.com.au)