

ASX Announcement

11 January 2016

Commencement of Managing Director and Remuneration Package Details

Further to our announcement on 22 December 2015, Geodynamics is pleased to advise that Mr. Christopher Murray today commences his role as Managing Director and Chief Executive Officer of Geodynamics Limited.

Geodynamics advises the following details regarding the remuneration package as agreed with Mr. Murray.

The principal components of the total remuneration package are as follows:

- An annualised salary of \$335,000 per annum including compulsory superannuation.
- Short term incentive – Mr Murray will be entitled to participate in a Short Term Incentive (STI) Scheme as approved by the Board. Where Mr Murray participates in the Short Term Incentive Plan the maximum available earnings for the STI will be 20% of gross salary and is only payable on the achievement of performance targets.
- Long term incentive (Share Appreciation Rights) – Subject to shareholder approval, the Company will grant Mr Murray a total of 20 million Share Appreciation Rights (SARs) under the rules associated with the Geodynamics Limited Share Appreciation Rights Plan.
 - The SARs will be granted in two equal Tranches as follows;

Tranche	Percentage	Earliest Vesting Date
1	50% of total award	2 years
2	50% of total award	3 years

- The grant of SARs is to be effective from the commencement date subject to approval of shareholders;
- The performance condition is based on growth in the Geodynamics share price. All SARs granted under this LTI will have a performance condition threshold of Geodynamics Limited achieving a minimum share price of \$0.05 / share. No SARs in either tranche 1 or 2 will vest if the growth in the Geodynamics share price is below threshold. The SARs in each tranche will be initially tested against the performance condition on the earliest vesting date applicable to that tranche;
- Any SARs that do not vest in either tranche 1 or 2 will be subject to a maximum of 4 additional tests occurring every 6 months from the earliest vesting date for the relevant tranche;
- No amount will be payable in respect of the grant of, or on the vesting of, the SARs;
- The SARs will vest to the extent the performance condition is met at the relevant vesting date. Subject to the plan rules, each SAR that vests will deliver a reward based on the increase in Geodynamics share price over the performance period. The reward value will be converted into shares using the following formula:

$$\frac{\text{Number of SARs} \times (\text{Closing Price} - \text{Opening Price})}{\text{Closing Price}}$$

Where:

Opening Price is the VWAP of GDY's ordinary shares for the 30 calendar days immediately prior to the grant date.

Closing Price is the VWAP of GDY's ordinary shares for the 90 calendar days immediately prior to the relevant vesting date

The shares allocated will not be subject to any additional trading restrictions.

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

- If the Managing Director ceases employment with Geodynamics prior to SARs vesting, the default position is that all unvested SARs will lapse on that date. However, in certain circumstances (such as cessation for reasons of death, disability or otherwise in circumstances approved for this purpose by the Board), the Board may determine the treatment of any unvested SARs.

The Company proposes to have the proposed allotment of SARs to Mr Murray tabled at the November 2016 Annual General Meeting (or at an earlier Extraordinary General Meeting should one be convened for other purposes) for shareholders to consider and if deemed appropriate, approve the issue of those SARs to Mr Murray.

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The commencement of employment date for the purposes of the grant of the SARs previously outlined, is 11 January 2016.

The Board believes the package is both competitive in the current market, and suitably rewarding of success in progressing the Company's strategy.

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

A handwritten signature in dark ink, appearing to read "T. Pritchard", with a long, sweeping horizontal line extending from the end of the signature.

Tim Pritchard
Company Secretary

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