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ASX Announcement

4 September 2014

Completion of Takara Geothermal Project ESIA

Geodynamics Limited (ASX: GDY) is pleased to advise that it has completed the draft Environmental and Social Impact Assessment (ESIA) for the Takara Geothermal Power Project. The ESIA is currently being reviewed by the Vanuatu Department of Environmental Protection and Conservation, and will be on public display for consultation and comment until 20 October 2014.

The ESIA comprehensively reviews the potential impacts of the proposed activities and assessed these against baseline conditions of the Takara area. Mitigation measures and best practice guidelines have been set out in an Environmental and Social Management and Monitoring Plan (ESMMP) which forms an integral part of the report.

Commenting on the Report Geodynamics CEO Geoff Ward said, "The delivery of the draft ESIA is a key step in the project. We are pleased with the findings of the ESIA, which confirms that the Project can be developed safely with low impact on the environment through the application of high HSE standards and good industry practice. Further the report highlighted and reinforces our view that the development of the Project would positively impact Vanuatu, by replacing imported diesel fuel with a sustainable locally produced electricity supply. This would make Vanuatu less dependent on imported fuel, while also increasing reliability of supply at reduced end user prices."

Geodynamics is well prepared to commence exploration drilling once environmental and other required approvals have been confirmed. Equipment and materials required to complete the initial exploration well including a highly mobile drill rig, well head valve assemblies and well casing materials are being stored in Brisbane in readiness for drilling.

In acknowledging the support received during the ESIA study Mr Ward said "I would like to thank the community, customary landowners and government agencies for their cooperation in this process. Your support has been paramount to the successful

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completion of the work and we are encouraged by the continued enthusiasm and interest from all stakeholders as the Project progresses to the exploration drilling phase."

Geodynamics and the Vanuatu Governments Geothermal Task force will be holding public meetings in Takara and Port Vila to explain the ESIA report and take public comments.

The ESIA is available at Geodynamics website at www.geodynamics.com.au and is open for public comment until the 20 October 2014.

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

A handwritten signature in black ink, appearing to read "Geoff Ward".

Geoff Ward
Managing Director and Chief Executive Officer

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About Geodynamics

Geodynamics is the leading Australian geothermal exploration and development company. Geodynamics possesses some of the best geothermal resources in the world and is rapidly developing technology to exploit the resource. Geothermal energy has the potential to be a critical element of Australia's future power generation and Geodynamics is at the forefront of development.

About the Project

KUTh Energy Vanuatu, a wholly owned subsidiary of Geodynamics, holds a 30 year Production Licence with exclusive rights to develop geothermal energy from an identified prospective geothermal area located near Takara on the main island of Efate.

The Takara projects is expected to be developed in the following phases:

- *Exploration drilling and confirmation of resource.*
- *Stage one development of a net 4 MW plant to meet baseload demand to be completed in 2018.*
- *Stage two development of second net 4MW plant to meet peak demand and future demand growth.*