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QUARTERLY REPORT

PERIOD ENDING 31 March 2016

ASX CODE: GDY

SHARES ON ISSUE

563.2 million

MANAGING DIRECTOR AND CEO

Mr Christopher Murray

COMPANY SECRETARY

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HIGHLIGHTS

- *Progression of planning, approvals and project costing for the Goulburn and Mindarra Bioenergy Projects.*
- *Assessing further investment opportunities to broaden and diversify the Company's activities in the clean energy sector.*
- *Continuation of remediation and plug and abandonment activities in the Cooper Basin. Activities are progressing well and nearing completion.*
- *Positive news from the Government on the establishment of a new Clean Energy Innovation Fund to support emerging technologies transition to commercial deployment through the provision of both debt and equity for clean energy projects.*
- *Post reporting period, signing of non binding term sheet with a piggery for the delivery of a biogas project.*

The Company's cash position at the end of the quarter stood at \$21.22 million.





Letter to Shareholders

Dear Shareholder

Geodynamics' transition from a geothermal developer to a diversified clean energy and services company is well under way. During the quarter I enjoyed meeting and talking to a number of our stakeholders including shareholders, customers, potential customers, government and industry representatives. Thank you to those who have made their time available to me. Looking forward I am positive about the opportunities for Geodynamics in the agribusiness and clean energy sectors.

The remediation of our Cooper Basin geothermal infrastructure is progressing to plan and we expect to have the program materially completed by 30 June 2016. We also plan to exit our interests in the Solomon Islands and Vanuatu in the same time frame.

We are working on a number of build-own-operate-maintain (BOOM) development opportunities in the agribusiness sector and remain confident in the viability of these projects. Whilst it is clear the agribusiness sector represents a growing market opportunity, the projects have a long gestation period. Given the long lead times associated with these projects we estimate 2-3 new projects to be converted over the next 2 years.

Our Quantum Power team has progressed our two BOOM bioenergy projects that are currently in the planning and approvals stage (the Goulburn and Mindarra Bioenergy Projects). During the quarter we went to tender on the major scope of work items for the Goulburn project. The responses to our tender process are indicating that the costs for the project are higher than first budgeted. We are investigating strategies to reduce the capital cost and to secure funding for the projects, including options for government grant and loan programs.

Post the period in review, I'm pleased to report that Quantum Power has signed a non binding term sheet with a piggery for the delivery of a biogas project. Over the coming months Quantum will work with the piggery in an open book process to develop a project. It is envisaged that Quantum will construct the gas handling and power generation aspect of the project under BOOM contract.

We have engaged with Quantum Power customers to review the operation of their bioenergy plants. A number of areas where the performance of the plants could be improved were identified and we are working with the customers to that end. As a result we have committed to spend up to \$1.7m, \$0.7m of which was incurred by 31 March 2016 with the balance to be spent over the next 4 months.

If you have questions or require further information, we would be pleased to assist. Media and investor inquiries should be directed to Friederike Graser, on +61 7 3721 7588 or via info@geodynamics.com.au.



Yours Sincerely

Christopher Murray

Managing Director and Chief Executive Officer





Geodynamics

Cooper Basin Remediation

The plug and abandonment (P&A) and remediation work in the Cooper Basin is progressing well and nearing completion. Habanero 1 & 2, Savina and Celsius have been plugged and abandoned with Habanero 3 & 4 approximately 90% of the way through the program with only final the surface plug and surface remediation to be completed. Post the period in review, at Jolokia the surface plug was set with the rig released and demobilised. The progress of the program has been very pleasing, the overall spend is within our initial indicated budget and progress is on schedule to have the program materially completed by the end of this financial year.

Quantum Power

Project Pipeline

The agricultural, food processing and clean energy sectors continue to be strong and growing within Australia and we are experiencing ongoing interest in our renewable energy systems for agribusiness operations. The nature and size of these projects however requires considerable gestation period before investment decisions are made. Given the speed at which potential projects are progressing and the time needed to reach financial close, our current aim is to close 2-3 additional projects in the next 24 months at an estimated \$15 - \$20m investment. From a funding perspective this approach is also better suited to our capital structure and allows time for financing facilities to be put in place.

Goulburn Bioenergy Project (Southern Meats) - Update

Activities for the Southern Meats project focussed on progressing regulatory approvals and firming up the project budget through tendering of the major scope of work items. Pleasing news during the quarter was the confirmation from Essential Energy that the Network Connection Application for the project had been approved, allowing for export of surplus power into the grid.

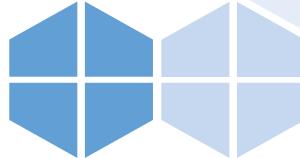
Following the completion of a Noise Impact Study and Statement of Environmental Effect in March, Quantum Power submitted a Development Application with the Goulburn Mulwaree Council in mid April. The application will first progress to a 30 day exhibition period, during which the public are invited to submit comments. We expect to receive a response to our application from the Joint Regional Planning Panel by early August.

During the quarter engineering and design specifications for the Project were completed, with Quantum Power commencing a tender process for the major components. These include civil construction of the digester, digester liner and cover, engine packaging and gas conditioning. An appraisal of the tender submissions indicated that costs were above initial budgeted estimates. In part, it was identified that the strong market for civil construction associated with housing in some parts of NSW has contributed to higher costs, and secondly, as further detailed design works on the integration of the biogas generation into the Southern Meats abattoir facility progressed the complexity of the electrical and engineering work has been realised, which has also resulted in cost increases.

In parallel to the approval, design and costing work streams, we are investigating strategies to reduce the capital cost and to secure funding for the project, including options for government grant and loan programs. The targeted construction date for this project is Q3 this calendar year.

Mindarra Bioenergy Project (WA Piggery) - Update

Post the period in review Quantum Power submitted the Development Application to the Gin Gin Shire Council for the work to be undertaken as part of the biogas project. Following several discussions with Western Power, the network operator for the Mindarra Project, we were recently advised that a Network Connection Application assessment would take approximately 26 weeks to be completed. Western Power has provided early indications that the connection to the network may involve costs in the order of ~\$200,000 to \$1 million. More accurate cost estimates are expected on completion of the assessment, due in Q4 this calendar year. The connection to the network is an essential component for this project as up to 50% of the generated power will be exported to the grid. The expected construction start date will be delayed by the network connection assessment and associated work.





Quantum Power

Litigation

During the quarter we settled the litigation with Windridge Farms Pty Ltd and the D&J Walker Superannuation Pty Ltd.

Quantum Current Project Summary

Quantum Power currently has three projects under development. Of these one is nearing final commissioning and two are in the planning and approval stage with construction to commence in 2016.

 QUEENSLAND PIGGERY	Location: Clifton, Queensland Business type: Piggery Methane Potential: 1,600 m ³ /day Power capacity: 400 kWe (continuous)	Project Type: Turnkey Project Phase: Commissioning Phase 1 Complete Phase 2 Underway
 GOULBURN BIOENERGY PROJECT	Location: Goulburn, NSW Business type: Abattoir Methane Potential: 2,100m ³ /day Power capacity: 1.6 MWe (supplying peaking power)	Project Type: BOOM PPA: 20 years Project Phase: Planning & Approvals Construction start Q3 CY2016
 MINDARRA BIOENERGY PROJECT	Location: Near Perth, WA Business type: Piggery Methane Potential: 4,200 m ³ /day Power capacity: 1 MWe (continuous)	Project Type: BOOM PPA: 10 + 5 + 5 years Project Phase: Planning & Approvals Construction start early 2017