

Contents Geodynamics Preliminary Final Report

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Appendix 4E

Preliminary final report

Name of entity

GEODYNAMICS LIMITED

ABN

55 095 006 090

Financial year ended

30 JUNE 2003

Results for announcement to the market

Results			\$A
Revenues from ordinary activities	Up	No prior period revenue	to 2,805,341
Loss from ordinary activities after tax attributable to members	Up	75.9%	to (533,913)
Net loss for the period attributable to members	Up	75.9%	to (533,913)

Dividends

The Directors do not propose to recommend the payment of a dividend in respect of the period

Brief explanation of any of the figures reported above:

The Company drew down on the R&D Start Grant during the financial year which has been treated as revenue. An equivalent amount of eligible exploration and evaluation expenditure is written off to offset this revenue. The loss from ordinary activities therefore represents normal administrative overhead expenditure offset by interest income received.

Consolidated Statement of Financial Performance

	2003 \$	2002 \$
Grant Income	2,805,341	-
Interest received	394,496	26,959
Total Revenue	3,199,837	26,959
Proof of Concept phase Expenses	(2,805,341)	-
General and administrative expenses	(884,152)	(326,066)
Depreciation and Amortisation Expense	(44,257)	(4,363)
Total Expenses from ordinary activities	(3,733,750)	(330,429)
Loss from ordinary activities before income tax expense	(533,913)	(303,470)
Income tax benefit attributable to Operating Loss	-	-
Loss attributable to members of Geodynamics Limited	(533,913)	(303,470)
Share Transaction costs taken directly to equity	(1,530,453)	(285,273)
Total changes in equity other than those resulting from changes as owners attributable to members of Geodynamics Limited	(2,064,366)	(588,743)

Consolidated Statement of Financial Position

	2003 \$	2002 \$
Current assets		
Cash assets	1,671,417	137,386
Receivables – Bank Bills and Term deposits	9,040,000	60,000
Receivables – Other	378,215	29,789
Deferred Equity Raising Transaction Costs	-	285,273
Total current assets	11,089,632	512,448
Non-current assets		
Property, plant and equipment	244,295	9,924
Deferred Exploration and Evaluation phase costs	432,328	548,599
Deferred "Proof of Concept" phase costs	6,686,559	-
Total non-current assets	7,363,182	558,523
Total assets	18,452,814	1,070,971
Current liabilities		
Payables	3,212,684	130,456
Provisions	50,855	14,405
Unearned Revenue	944,673	-
Total current liabilities	4,208,212	144,861
Total liabilities	4,208,212	144,861
Net assets	14,244,602	926,110
Equity		
Contributed equity	15,144,468	1,292,063
Accumulated Losses	(899,866)	(365,953)
Total equity	14,244,602	926,110

Consolidated Statement of Cash Flows

	2003 \$	2002 \$
Cash flows from operating activities		
Proceeds from Start Grant	3,750,014	-
Net Goods and Services tax received	430,504	39,931
Payments to suppliers and employees	(1,409,535)	(218,545)
Interest received	360,357	32,931
Net cash inflow (outflow) from operating activities	3,131,340	(145,683)
Cash flows from investing activities		
Payments for property, plant and equipment	(278,628)	(3,233)
Payments for exploration, evaluation and proof of concept expenditure	(6,476,358)	(347,046)
Redemption of short term deposits	2,020,000	533,271
Purchase of short term deposits	(11,000,000)	-
Purchase of controlled entity	-	125
Net cash inflow (outflow) from investing activities	(15,734,986)	183,117
Cash flows from financing activities		
Proceeds from issues of shares	15,668,130	-
Costs of Issue	(1,530,453)	(285,273)
Net cash inflow (outflow) from financing activities	14,137,677	(285,273)
Net increase (decrease) in cash held	1,534,031	(247,839)
Cash at the beginning of the financial year	137,386	385,225
Cash at the end of the financial year	1,671,417	137,386

Consolidated retained losses	2003 \$	2002 \$
Retained losses at the beginning of the financial period	(365,953)	(62,483)
Net profit attributable to members	(533,913)	(303,470)
Net transfers to and from reserves	-	-
Net effect of changes in accounting policies	-	-
Dividends and other equity distributions paid or payable	-	-
Retained losses at end of financial period	(899,866)	(365,953)

Earnings per security (EPS)	2003	2002
Basic EPS	(1.8) cents	(3.5) cents
Diluted EPS	(1.8) cents	(3.4) cents
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	30,015,162	8,673,459

NTA backing	2003	2002
Net tangible asset backing per ordinary security	\$0.347	\$0.095

Dividend Reinvestment Plan

There is no dividend re-investment plan in operation.

Control gained over entities having material effect

Name of entity (or group of entities)	NIL
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Loss of control of entities having material effect

Name of entity (or group of entities)	NIL
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Details of associates and joint venture entities

Name of entity (or group of entities)	NIL
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Comments on the Results

In the 12 months to June 2003, Geodynamics has made considerable progress. The main aims for the period were:

- To finalise an R&D Start Grant for up to \$5 million;
- To complete an IPO to raise at least \$11.5 million so that the Company could commence Stage 1 of its business plan being the development of a Two Well HDR Circulation System to produce 20 MWt of thermal energy;
- To commence the drilling of Habanero #1, Australia's first deep geothermal well.

All these main goals were achieved by the end of June 2003 with a gross of \$11.7 million raised from the IPO.

In December 2001, the Commonwealth Industry Research and Development (IR&D) Board approved the Company's application for funding under the R&D START program. The funding is for the "Proof of Concept" research and development component of an underground heat exchanger including the execution of a long term circulation test at the Company's Cooper Basin Project. Under the grant, the Company has access to funding for 30% of eligible expenditure up to a maximum of \$5 million.

The Company has been successful in forging close ties with the Soultz HDR Project in France (EEIG) and with the Central Research Institute of the Electric Power Industry Japan (CRIEPI). The Company also advanced its exploration on the Hunter Valley Geothermal Licences.

Geodynamics lodged its Prospectus on 6 August 2002 with the Australian Securities and Investments Commission. The Prospectus was an offer of 23,000,000 Shares at an Offer Price of \$0.50 per Share to raise \$11,500,000 with a provision for oversubscriptions of up to 8,000,000 Shares also at \$0.50 per Share. The Offer was closed on 4 September after the Company had achieved a gross raising of \$11,664,726. Geodynamics subsequently listed on the ASX on 12 September 2002.

In May 2003, Geodynamics successfully raised an additional \$3.95 million in funds via an Offer Information Statement (\$2.4 million) and a Share Purchase Plan (\$1.55 million). The capital raising was at an Offer Price of \$0.50 per Share and resulted in the issue of an additional 7,917,724 shares.

Compliance statement

This report is based on accounts which have been audited.

Signed: Date: 27 August 2003
 Paul Frederiks
 Company Secretary