

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

GEODYNAMICS LIMITED

ABN

55 095 006 090

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

1 \*Class of \*securities issued or to be issued

Unquoted Options to acquire fully paid ordinary shares

2 Number of \*securities issued or to be issued (if known) or maximum number which may be issued

325,000

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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- 3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

Options have been granted in accordance with the terms and conditions of the Company's Director & Employee Incentive Share & Option Plan.

**Number and Exercise Price** - Options have been granted to acquire 325,000 fully paid ordinary shares at an exercise price of \$0.54.

**Exercise Period and Expiry Date** – Options granted under the Plan vest in the holder of the Options as follows.

1. as to one third on the day which the Company makes an ASX announcement that it has completed a circulation test in a HDR geothermal reservoir (first tranche);
2. as to one third on the day the Company makes an ASX announcement that it has completed a bankable feasibility study for the development of a demonstration HDR geothermal power plant or if the closing share price on ASX is 75 cents or greater from the day which is two years after the date on which the Company is admitted to the Official List (second tranche);
3. as to one third on the day the Company makes an ASX announcement that it has successfully completed the development and construction of a demonstration HDR geothermal power plant or if the closing share price on ASX is \$1.00 or greater from the day which is 3 years after the date on which the Company is admitted to the Official List (third tranche).

Options may only be exercised if the above performance criteria in respect of the options have been met.

Options expire on June 30, 2008.

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+ See chapter 19 for defined terms.

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?  If the additional securities do not rank equally, please state: <ul style="list-style-type: none"><li>• the date from which they do</li><li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li><li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li></ul>	<b>The options are unquoted.</b> All shares issued upon the exercise of the options will rank equally in all respects with the existing fully paid ordinary shares.
5	Issue price or consideration	Nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issued to 3 executives (who are not directors) pursuant to the Directors & Employees Incentive Share & Option Plan.
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	1 September 2003

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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8	Number and +class of all +securities quoted on ASX ( <i>including</i> the securities in clause 2 if applicable)	Number	+Class
		37,683,007	Ordinarys shares fully paid
9	Number and +class of all +securities not quoted on ASX ( <i>including</i> the securities in clause 2 if applicable)	Number	+Class
		3,367,495	Restricted fully paid ordinary shares until 12/09/04 (GDYAM)
		1,100,000	Restricted Options until 12/09/04 and expiring 26/04/07 (GDYAM)
		100,000	Options expiring 26/04/07 exercisable at 50 cents (GDYAO)
		40,000	Options expiring 17/06/07 exercisable at 50 cents (GDYAQ)
		325,000	Options expiring 30/06/08 exercisable at 54 cents
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	There is no entitlement for the option holder to participate in dividends until the options have been exercised.	

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+ See chapter 19 for defined terms.

## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the <sup>+</sup> securities will be offered	N/A
14	<sup>+</sup> Class of <sup>+</sup> securities to which the offer relates	N/A
15	<sup>+</sup> Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has <sup>+</sup> security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup> security holders	N/A

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**Appendix 3B**  
**New issue announcement**

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25	If the issue is contingent on *security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do *security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do *security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do *security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	*Despatch date	N/A

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### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

##### Additional securities forming a new class of securities

*(If the additional securities do not form a new class, go to 43)*

*Tick to indicate you are providing the information or documents*

35  The names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  A distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

*(now go to 43)*

#### Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

N/A

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

N/A

42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class
N/A	

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+ See chapter 19 for defined terms.

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) of the Corporations Act or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
3. We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
4. We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: ..... Date: 1 September 2003  
(Company secretary)

Print name: Paul Michael Frederiks  
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