



GEODYNAMICS LIMITED

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# ASX Announcement

**14 November 2016**

## **Geodynamics to negotiate terms of Funding Agreement with ARENA**

Geodynamics Limited (ASX:GDY) is pleased to announce that the ARENA Board has confirmed it will negotiate and finalise terms of a Funding Agreement for Geodynamics' Goulburn Bioenergy Project.

The Goulburn Bioenergy Project is located at the Southern Meats abattoir, one of Australia's leading sheep meat exporters. Under the long term Power Purchase Agreement (PPA) with Southern Meats, Geodynamics will supply over 4,000 MWh of energy annually, representing over 50% of the abattoir's power consumption. The project is expected to deliver significant cost and environmental benefits to Southern Meats.

The project had previously been suspended due to the uncertainty around Federal Government funding. However, the retention of ARENA funding included in the final Budget Savings (Omnibus) Bill has enabled the project to proceed.

Geodynamics' Managing Director and Chief Executive Officer, Mr Chris Murray said, "ARENA plays a critical role in assisting technologies and businesses to successfully demonstrate and commercialise emerging renewable energy technologies. The retention of ARENA's grant funding is not only good news for the biogas industry but is also significant for emerging renewable technologies in Australia."

"With ARENA's support we will demonstrate the technical and commercial viability of biogas projects. The knowledge from the Goulburn Bioenergy Project will further enable Geodynamics to develop a portfolio of projects in the agriculture and meat processing sectors, the development of which will lead to cost reduction through capital cost efficiencies, risk diversification and a targeted lower cost of capital."

"We wish to acknowledge and thank Southern Meats for its ongoing support while Geodynamics and ARENA finalise funding discussions"

The project will operate under a Build Own Operate Maintain (BOOM) model whereby Geodynamics owns the digester, gas conditioning and generation equipment and the owner of the facility obtains on-site renewable energy with no upfront costs and without the need to operate and maintain the plant and equipment.

The Goulburn Bioenergy Project will be an excellent example of a waste to energy application in the meat processing sector. Once commissioned, the project will have the capacity to generate

approximately 1.6 MWe. On top of the revenue from the PPA, the project will produce Large Scale Generation Certificates (LGCs.) It is also registered with the Clean Energy Regulator as an Emissions Reduction Fund project eligible for Australian Carbon Credit Units (ACCUs), with a delivery contract for these already in place. The project will make use of dual fuel technology in the generator, blending biogas with natural gas enabling the project to better meet the customer's peak demand cycles and enhancing the projects' viability.

The project has a capital cost of \$5.75 million. Following ARENA grant funding of \$2.1 million and project spend to date, Geodynamics has a remaining project cost of \$2.5 million. Geodynamics and ARENA have agreed on an innovative funding structure, with ARENA sharing in the upside of the project, through profit sharing if revenues are higher than the agreed budget and capital return in the event that costs are lower than budgeted. With all development and environmental approvals in place construction is expected to commence in Q1 2017.

With sustainable agriculture key to Australia's continuing prosperity, the market opportunity for renewable generation projects in the sector is significant. The Goulburn Bioenergy Project is the second project in Geodynamics' biogas portfolio, following the biogas generation project at the AJ Bush rendering plant, which is currently undergoing a major generator upgrade. It builds on Geodynamics' mission to deliver innovative clean energy products and services, creating sustainable value for shareholders.

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#### **About Geodynamics**

*Geodynamics is a clean energy products and services company with strong commercial and technical capability in the clean energy and associated utility and infrastructure sectors. The Company's wholly owned subsidiary Quantum Power is a supplier of biogas and anaerobic digestion systems, solar PV, battery storage and hybrid energy solutions for the agribusiness and food processing sector. The Company is actively engaged in the analysis of a number of transformational opportunities that will build on the Quantum Power business and deliver shareholder value. Geodynamics is seeking shareholder approval to change its name to ReNu Energy with ASX ticker code RNE.*