



# PANAX GEOTHERMAL

## Media Release

**September 9, 2008**

### **PANAX TO ACQUIRE OSIRIS ENERGY FOR \$14.8 MILLION**

Panax Geothermal Ltd ("Panax") today announced it had reached agreement to acquire unlisted geothermal exploration company Osiris Energy Limited ("Osiris") for \$14.8 million. This amount is in the consideration of 70.1 million fully paid ordinary Panax shares.

Panax Managing Director Dr Bertus de Graaf said "It will greatly increase the likelihood of success of our Limestone Coast Geothermal Project as it is highly likely that proof of concept of the project will be achieved during 2009".

Dr de Graaf said the acquisition of Melbourne-based Osiris would lift Panax to a new level as a geothermal company and enhance its profile as a "player" in the international 'clean tech' energy sector.

The merger is subject to Panax raising a minimum of \$20 million in new working capital and has to be approved by the Company's shareholders.

Brisbane-based Panax has engaged the services of Dundee Securities Corporation ("Dundee") to assist in raising \$25 million to \$30 million in new equity. Dundee is an international investment bank based in Toronto, Canada and is renowned for its financing and support of global geothermal energy companies.

Dr de Graaf said following completion of the merger, Panax will have approximately \$35 million to \$37.5 million in available cash, which would help to significantly advance its key Limestone Coast Geothermal Project in South Australia.

"It will enable us to drill a deep appraisal production well and to undertake reservoir testing without being overly dependent on Government grants or on commercially unattractive joint venture arrangements," he said.

Dr de Graaf said Osiris' key asset is the GEL223 (Penola Trough) in the Otway Basin, which is adjacent to the Limestone Coast Geothermal Project. Osiris also holds geothermal exploration licences in the Cooper Basin region in SA as well as an application for a licence in northern New South Wales.

“The completion of the Osiris transaction will lift Panax as a geothermal company to a new level and provide Panax with the necessary funding to secure and advance geothermal projects both in Australia and internationally” Dr de Graaf said.

“A successful first deep well in the Penola Trough in GEL223 would also enhance the value of Panax’s current geothermal tenements in the Limestone Coast Geothermal Project area by demonstrating ‘proof of concept’ of the geothermal potential of deeply buried sedimentary basins, which has an estimated generating potential of 1,500 MWe, the equivalent of two coal fired power stations”.

Dr de Graaf said this development could lead the Company to the development of the first module of an off the shelf commercial power plant. This would allow us to have the first commercial, grid connected geothermal power plant in Australia.

“The significant amounts of carbon credits generated by producing zero-emission base-load power is the key to the commercial benefits the Limestone Coast project could create,” he said.

The founding Directors of Osiris will remain in the business ensuring that their expertise and experience remains accessible.

Panax is a pure geothermal company with more than \$9 million in cash, and no debt.

The Company’s focus is on exploring exisiting reservoirs containing hot geothermal fluids, which have less risks than hot fractured rock geothermal projects and a much shorter development time.

## **ENDS**

Further information:

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