



PANAX GEOTHERMAL

21 January 2009

ASX ANNOUNCEMENT

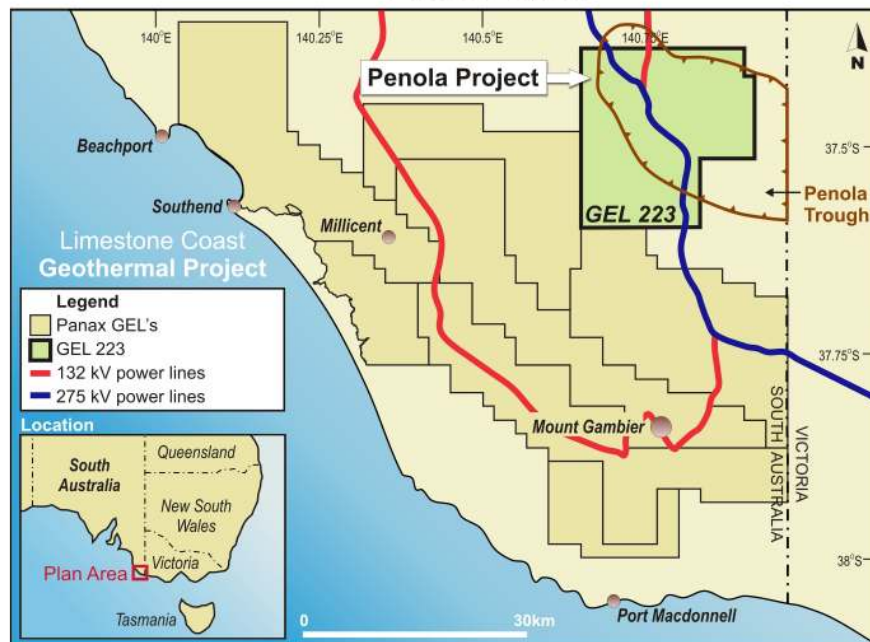
## Limestone Coast – Penola Project has an Inferred Resource of 41,000 PJ

Panax Geothermal Ltd (“Panax”) is pleased to announce that an Inferred Independent Resource assessment has been completed on behalf of Panax by Hot Dry Rocks Pty Ltd (“HDRPL”) which has assessed an Inferred Resource in accordance with the requirements as outlined in the Australian Code for Reporting Exploration Results, Geothermal Resources and Geothermal Reserves (2008 Edition). A full copy of the Statement of Geothermal Resources for the Penola Project is available on our website at [www.panaxgeothermal.com.au](http://www.panaxgeothermal.com.au).

HDRPL (Dr Graeme Beardsmore) have calculated an Inferred Resource of 41,000 PJ for the Penola Project (GEL 223) of Panax’s Limestone Coast Geothermal Project.

The Inferred Resource (or ‘stored heat’) of the Penola Project is contained within 200 cubic kilometers (km<sup>3</sup>) volume of rock of the Pretty Hill Formation, a hot sedimentary aquifer (“HSA”) in the Penola Trough. This aquifer or reservoir has been subject to extensive petroleum exploration (20 deep wells and extensive 2D and 3D seismic surveys), providing Panax with a comprehensive data base of the target aquifer (including temperature and porosity and permeability data).

### Limestone Coast Geothermal Project (100% Panax) - Penola Project



Panax Geothermal Ltd

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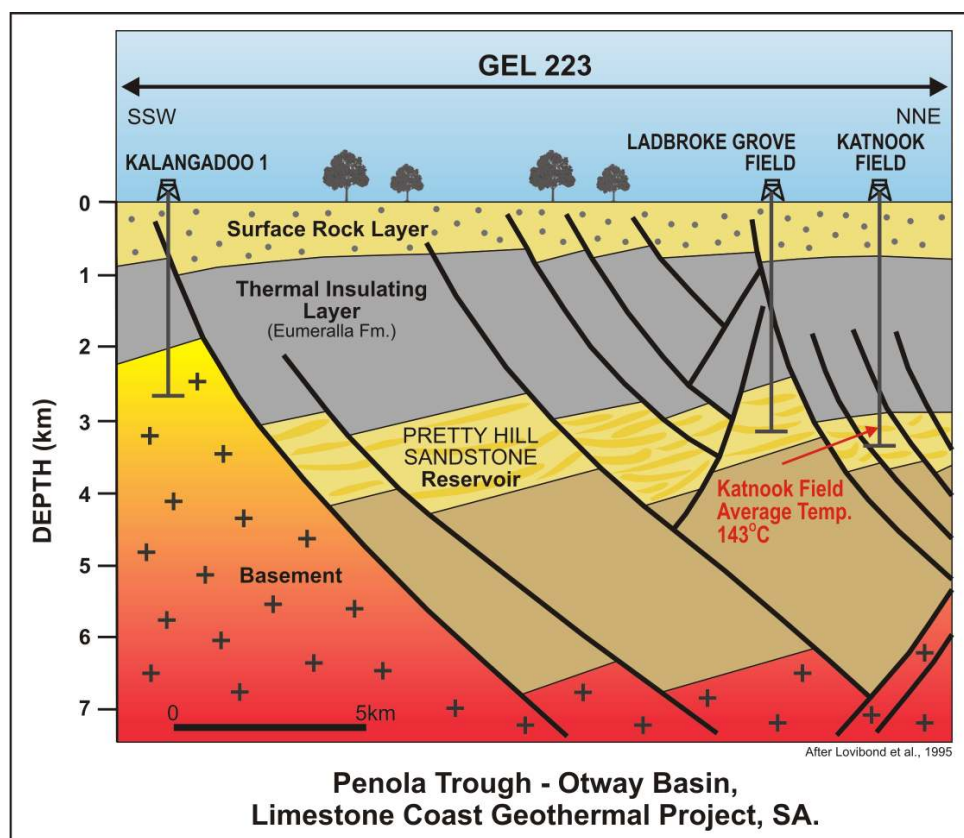
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The above provides Panax with the unique opportunity to proceed with classifying part of the Inferred Resource as an 'Indicated Resource' and/or as a 'Measured Resource'. This work is currently being conducted by HDRPL and will become available for release later this quarter.

It is Panax's understanding that no other Australian HSA projects are currently in a position to calculate 'Indicated' or 'Measured' geothermal resources, highlighting the advanced nature of the Penola Project within the national geothermal scene.

The Penola Project in GEL223 covers an area of 493km<sup>3</sup> and is part of Panax's larger Limestone Coast Geothermal Project which covers a total area of 3,127 km<sup>2</sup> (including GEL223). An assessment of the geothermal resources contained in the GEL's covering three other troughs or sub-basins not yet reported on (totaling an area of 2,634km<sup>2</sup>) is currently in progress by HDRPL.



### ***Penola Project – Inferred Resource in Context***

The above indicates that if only 5% of the 'Inferred Resource' of 41,000 PJ (i.e. equal to 2,050 PJ) can be classified as a 'Measured Resource' that would be sufficient energy to operate a 200 MWe geothermal base-load power plant for 30 years, subject to a full feasibility study.

## **Glossary**

PJ	=	Peta Joule ( $10^{15}$ Joule)
1J	=	1Ws (one Joule = one Watt sec)
3.6kJ	=	1kWh (3.6 kilo Joule = 1 kilo Watt hour)
1PJ	=	278 GWh (one Peta Joule = 278 Giga Watt hour)



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