



PANAX GEOTHERMAL

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MEDIA RELEASE

Panax Announces Second Significant “Measured Geothermal Resource”

Panax Geothermal Ltd (“Panax”) today announced its second Measured Geothermal Resource – the Tirrawarra Project in the Cooper Basin – making it one of Australia’s leading geothermal exploration and development companies.

Panax Managing Director Dr Bertus de Graaf said an independent assessment had confirmed a Measured Geothermal Resource of 11,000 petajoules*¹ at its Tirrawarra Project in GEL281, boosting the company’s total Measured Geothermal Resource base to 22,000 PJ.

The assessment, conducted by Hot Dry Rocks Pty Ltd (HDRPL), follows a similar successful announcement last February of the Company’s Penola Project in South Australia’s Otway Basin, which also measured 11,000 PJ.

The results announced today mean Panax currently owns two of Australia’s only three measured geothermal resources - a significant step forward for the 18 month old geothermal company.

“These results are very encouraging and underline the significance of both the Penola and the Tirrawarra projects,” Dr de Graaf said.

“We now have two hot sedimentary aquifer (HSA) projects with drill holes in the target reservoirs. Most of the exploration risk normally associated with Inferred Geothermal Resources has been eliminated.

“Ownership of these two advanced geothermal opportunities puts Panax in a leading and unique position as a geothermal exploration and development company in Australia.”

Both projects are based on Hot Sedimentary Aquifers (HSA), which use the energy stored in hot water contained in existing aquifers or reservoirs to generate power.

The development of HSA projects is fast because it targets hot water contained in existing reservoirs (aquifers). In contrast with Hot Fractured Rock (HFR) Geothermal Resources, HSA Geothermal Reserves can be established by drilling only one well, which can subsequently be utilized as a production well.

Once flow rates are established, HSA projects can be developed using commercial, off the shelf binary geothermal power plants.

*¹ in accordance with the Australian Code for Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves, 2008 edition. This Measured Resource depends on certain assumptions; please refer to Panax’s ASX announcement of today.

“A measured resource of 11,000 PJ is significant by any standard,” Dr de Graaf said.

“To put it in perspective, approximately 150 PJ of the Tirrawarra Project’s resources would be sufficient to generate 20 Mega Watts (net) of electric power for 30 years.”

The results announced today, show Tirrawarra GEL281 measured 11,000 PJ, with a further 30,000 PJ indicated, combining to make a total of 41,000 PJ.

This boosts Panax’s total measured and indicated geothermal resources to 84,000 PJ, when combined with the Penola Project

The Tirrawarra project is located in a relatively remote location, about 35km north of Moomba in South Australia’s Cooper Basin – Australia’s main on-shore gas and oil processing facility.

The resource is hosted by Permian and Triassic sandstones, which form part of the Cooper Basin’s largest oil field. Geothermal power from the Tirrawarra Project can replace costly diesel power generation which is widely used in the oil and gas production in the region.

Panax is applying to the Commonwealth’s Geothermal Drilling Program for a \$7million grant for drilling a production well in the Tirrawarra Project.

The company is scheduled to start drilling its first production well, Salamander 1, at the Penola Project in the Limestone Coast region of South Australia in September, 2009, with this expected to lead to the development of the grid-connected demonstration plant by late 2011.

Panax is a pure geothermal company with a focus on exploring existing reservoirs containing hot geothermal fluids, which have fewer risks than hot fractured rock geothermal projects and a much shorter development time.

*The information in this Statement that relates to the estimation of Geothermal Resources has been compiled by Dr Graeme Beardsmore, an employee of Hot Dry Rocks Pty Ltd. Dr Beardsmore has over 15 years experience in the measurement and estimation of crustal temperatures and stored heat for the style of geothermal play under consideration. He is a member of the Australian Society of Exploration Geophysicists and abides by the Code of Ethics of that organization.
Dr Beardsmore qualifies as a Competent Person as defined by the Australian Code for Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves (2008 Edition). Dr Beardsmore consents to the public release of this report in the form and context in which it appears.*

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