



PANAX GEOTHERMAL

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ASX ANNOUNCEMENT

Further Progress on Sokoria Project

Panax Geothermal Limited (“Panax”) is pleased to report continuing progress on its Sokoria Geothermal Project on Flores Island in Indonesia.

This follows a series of meetings over the course of last week with members of both Local Government and Central Government, in Ende (capital of Flores), and continuing planning and reconnaissance work currently being conducted on and adjacent to the Sokoria project site.

Approximately 60 people attended a series of meetings held last week at Local Government offices in Ende, where a detailed project update and discussions on future planned activities for the project was provided.

Feedback from the meetings indicates there is continuing strong government and community support for the development of the project.



Formal presentation to Ende Government and community

Left to Right : Barnabus Wange (Head of Department of Mining and Energy – Ende Regency); Kerry Parker (Managing Director – Panax Geothermal); Drs Achmad Mochdar (Vice Regent Ende); Ali Herman Ibrahim (President Director - PT Bakrie Power); and Pandam Pandyono (President Director – PT Sokoria Geothermal Indonesia).

A team of about 12 project staff and key consultants are currently on the ground and in nearby areas, undertaking final planning and exploratory studies in and around the project site before drilling commences.

The team is carrying out detailed road and port surveys, selecting and marking out final drill sites, and selecting sites for the power station, on-site camp, warehouse and other amenities.

About the Sokoria Geothermal Project

The Sokoria Geothermal Project is a joint venture between Panax and PT Bakrie Power. Panax has a 45% interest in the 30 MW project.

Electricity generated from the project will be sold to Indonesian Government electricity regulator PT PLN (Persero) at a price of \$US 125/MWh, plus carbon credits.

The Sokoria project has an extensive exploration database, including three exploration wells and extensive coverage from magneto-telluric surveys.

A 2008 report completed by the Japan International Cooperation Agency has estimated the Sokoria field has a potential of 90 megawatts.

The Indonesia Government estimates Sokoria's resource potential at 145 megawatts with a possible reserve of 25 megawatts.

Diesel generators in the region can only provide a maximum of about 12 megawatts of electricity.

Electricity users often lose power daily. Most only have access to power for a portion of the day and some areas are not connected at all.

When the Sokoria Geothermal Project is complete the region will have access to power 24 hours a day.



“Question and Answer” session held during the meetings in Sokoria

About Panax's portfolio of near-term development projects in Indonesia

Over the past 18 months, Panax has established an alliance agreement with PT Bakrie Power (part of the Indonesian Stock Exchange listed, PT Bakrie and Brothers Group) to work co-operatively on near-term geothermal development and production projects in Indonesia.

Panax's portfolio has the capacity to produce more than 300 megawatts of clean electricity, with approximately 165 megawatts net to Panax.

Each of Panax's Indonesian projects, Sokoria, Ngebel and Dairi Prima, are underpinned by agreed, commercially attractive power tariffs with agreed power offtake agreements.

Summary of Panax's current geothermal interests in Indonesia

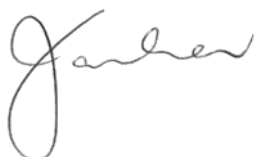
Project	Location	Status	Panax Interest	Gross megawatts	Approximate net megawatts to Panax
Sokoria	Flores	Near-term development	45%	30	15
Dairi Prima	Northern Sumatra	Near-term development	51%	30	15
Ngebel	Java	Near-term development	35%	165	60
Jambi	Central Sumatra	Advanced Exploration	95%	80	75
TOTAL				305	165

About Geothermal in Indonesia

Indonesia is considered a world geothermal "hotspot", with the Indonesian Government planning to increase generation by 240 per cent in the next four years to more than 4,000 megawatts – or the equivalent of about 12 large power stations.

The National Geological Agency of Indonesia estimates total geothermal potential at about 27,000 megawatts, which is equivalent to approximately 50 large coal-fired power stations.

As part of its carbon strategy, the Indonesian Government announced a guaranteed feed-in tariff of US\$97 per megawatt hour, plus carbon credits, to geothermal energy generators – providing investment certainty for renewable energy projects that is not currently available in Australia.



Kerry Parker
Managing Director

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