



PANAX GEOTHERMAL

3 July 2012

ASX ANNOUNCEMENT

Increase In Planned Capacity For Ngebel Geothermal Project; Tariff Pricing Review

Panax Geothermal Limited (“Panax”) is pleased to announce that its Ngebel Geothermal Project is expected to increase generating capacity to 220MW, in response to Indonesia’s growing demand for secure, renewable energy.

The Ngebel Geothermal Project, a joint venture between Panax and Indonesian-owned company PT Bakrie Power is expected to be revised to deliver capacity of 220 MW (up from 165MW), allowing the project to deliver more power to a nation hungry for energy.

In Indonesia, only 65% of residents currently have access to reliable, grid-connected power – a problem that the Indonesian Government is seeking to fix by incentivizing geothermal development of the country’s abundant geothermal resources.

The Ngebel Geothermal Project is also expected to have its tariff pricing reviewed and increased in line with the proposed feed-in tariff increase soon to be offered by the Indonesian Government.

Panax Geothermal Managing Director Kerry Parker said the increase in planned capacity was a sign of Indonesia’s demand for geothermal.

“The Ngebel Project was originally expected to grow to up to 165 MW in stages, but we can now confirm we that the Indonesian Government is looking to increase its initial capacity to 220 MW,” Mr Parker said.

“In addition to this and based on our recent discussions in Indonesia, we are confident of being able to secure an increased electricity tariff for our Ngebel Project, which is centrally located in East Java, directly under the national transmission grid”.

“Panax is experiencing sustained and notable growth within Indonesia and is reaping the benefits of an environment specifically designed to support investment in renewable energy and encourage geothermal energy development,” Mr Parker said.

“These latest developments are clear-cut examples of the benefits of investment in Indonesia and Panax looks forward to future growth and expansion in the region.”

Summary of Panax’s current geothermal interests in Indonesia

Project	Sokoria	Dairi Prima	Ngebel	Jambi
Location	Flores	Northern Sumatra	East Java	Central Sumatra
Panax share	45%	51%	Earning 35%	95%
JV Partner	PT Bakrie Power	PT Bakrie Power	PT Bakrie Power	PT Petrogas Jambi Power
Operator	Panax	Panax	Panax	Panax
Project size	30 MW	30 – 55 MW	165 MW	80MW initially
Depth/ Temp.	< 2,000m / ~240°C	< 2,000m / ~240°C	< 2,000m / ~240°C	N/A
Power price	US\$125 / MWh, indexed	US\$150 / MWh, indexed ¹	US\$90 / MWh, indexed	N/A

(Note – Ngebel power price expected to increase to app US\$125/MWh indexed, following current pricing review)

Panax’s portfolio has the capacity to produce more than 300 megawatts of clean electricity generation, 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 power offtake arrangements in line with the awarded terms of the tender for each of the project.

Panax Geothermal’s portfolio of Indonesian investments

Panax Geothermal has an established 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.

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	Earning into 35%	165	60
Jambi	Central Sumatra	Advanced Exploration	95%	80	75
TOTAL				305	165

About Geothermal in Indonesia

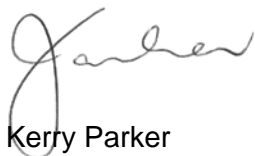
Indonesia is considered a world geothermal “hotspot”, with the Indonesian Government planning to increase generation by 240 per cent in the next four years to more than 4,000 megawatts – or the equivalent of about 12 large power stations.

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 energy security strategy, the Indonesian Government provides 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.

The Indonesian Government also provides a guarantee to protect projects during exploration and construction. The government guarantee supports financier funding and independent power producer purchase agreements for power generation projects undertaken by Indonesia’s State Power Company, PT PLN (Persero). By purpose of the guarantee, the Indonesian government will be

guaranteeing the payment obligations of PT PLN – providing strong investment security to investors and lenders.



Kerry Parker
Managing Director

For further information:

Mr Kerry Parker kpark@panaxgeothermal.com.au +61 417 731 014	Media enquiries: Margaret Lawson + 61 419 643 243	Shareholder enquiries: Panax Geothermal Limited + 61 7 3512 7000 / + 61 417 731 014
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About Panax Geothermal

Panax Geothermal Ltd is an Australian-based exploration and development company that is dedicated to identifying and harnessing natural geothermal resources and reserves to meet the world's growing demand for cleaner energy.

Geothermal energy is the only source of renewable energy that can replace base-load power currently generated by fossil fuels. Geothermal energy generates economical, reliable zero-emission base-load power, 24 hours per day, 7 days per week.

Panax has identified and is pursuing a range of projects in Australia and internationally, all of which utilise proven, demonstrated, conventional geothermal technology.

Australia has not successfully converted its geothermal potential, and Panax Geothermal is dedicated to developing the right methods to convert Australian geothermal resources to economic geothermal reserves.

Panax also has considerable investments in Indonesia. Indonesia is considered a world geothermal "hotspot", with the 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 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.

Panax utilises the research and technology gained from its successful investments in Indonesia and applies this expertise to advancing Australia's geothermal technology.