



4 March 2009

ASX ANNOUNCEMENT

Penola Project - Agreement With Adelaide Energy For Use Of Facilities, Wells, Sharing Of Data

Panax Geothermal Ltd ("Panax") is pleased to announce the recent signing of a Memorandum of Understanding ("MOU") between Panax and Adelaide Energy Limited ("Adelaide Energy"; ASX : ADE) relating to the co-operative sharing of data and facilities over their common acreage positions in the Penola Project area, in the Limestone Coast area of South Australia. (Panax is the holder of the geothermal exploration rights in the area, whilst Adelaide Energy is the holder of the oil and gas rights to the same area).

Under the terms of the MOU, Panax and Adelaide Energy have agreed to :

- A data sharing arrangement, on a strictly confidential basis between the two parties, whereby Panax and Adelaide Energy will share relevant technical data that is of interest and use between the parties (including but not limited to well data, seismic, MT survey information, and the like);
- Sharing of facilities and infrastructure under commercial terms that are owned by each of the Parties in the Otway Basin area of South Australia;
- Working co-operatively to enable Panax to utilize gas wells that are owned by Adelaide Energy for possible use by Panax as geothermal re-injection wells; and
- Working co-operatively to enable Panax to utilize water storage facilities that are currently owned by Adelaide Energy for use by Panax for temporary disposal of geothermal fluids, particularly during the testing phase for Panax's Salamander-1 well which is scheduled to spud in September 2009.

Commenting today, Dr Bertus de Graaf, Managing Director of Panax noted "This is a significant step for Panax. The possible use of Adelaide Energy's gas wells for re-injection purposes has the potential for significant savings for Panax in terms of both capital cost and time. Similarly the data sharing arrangements, and agreement for sharing of facilities and infrastructure that have been agreed will be of enormous benefits to both parties".

Bertus de Graaf
Managing Director

Panax Geothermal Ltd
ABN 89 122 203 196

Ground Floor, 20 Railway Terrace
PO Box 2142
Milton QLD 4064

Ph: 07 3512 7000
Fx: 07 3512 7099
www.panaxgeothermal.com.au

For further information:

<p>Dr Bertus de Graaf Managing Director Chief Executive Officer bdegraaf@panaxgeothermal.com.au 61 7 3512 7000</p>	<p>Mr Kerry Parker Executive Director Chief Financial Officer kparker@panaxgeothermal.com.au 61 7 3512 7000</p>
---	---