



PANAX GEOTHERMAL

20 November 2009

ASX ANNOUNCEMENT

Update – Rig Mobilisation Date for Salamander-1 Well

Panax Geothermal Limited (“Panax”) advises that it has again received further updated advice from Weatherford Drilling International (“WDI”) in relation to the estimated arrival time for the Le Tourneau Lightning Rig # 828, which will be used for the drilling of our Salamander-1 well in the Penola Geothermal Project.

WDI have now advised that the contract drilling rig is estimated to be released from its current location on or about 25 November 2009, an additional ten days later to that previously advised, and some 90 days later than originally anticipated.

On this basis and after allowing for sufficient time to transport the rig from its current location, we would expect to be able to spud our Salamander-1 well in the latter half of December 2009.

While the extended delays to the commencement of our drilling programme continue to be disappointing, Panax remains well prepared for the commencement of transporting the rig to the Penola site and the commencement of drilling activities.

The Salamander-1 well is a production well designed with the aim to convert part of the “Geothermal Resources” of the Penola Project into Geothermal Reserves, which in turn will form the basis for the development of a commercial, grid connected Demonstration Plant, a first for Australia.

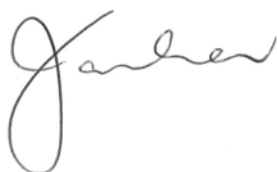
As previously disclosed, it is unlikely that the drilling of the Salamander-1 well will suffer from major delays. Out of a total 28 petroleum wells drilled in the Penola Trough, 11 were deeper than 3,000m, averaging 3,240m. The average drilling time over these 11 wells to reach total depth*) (“TD”) equates to 28.3 days, whilst the deepest well in the Penola Trough (Katnook-4) reached TD of 3,499m in 24 days. Salamander-1 is designed to reach a maximum depth of 4,000m, but may be pulled short following confirmation of the intersection of high porosity/permeability zones within the target reservoir.

*) = time taken to reach total depth.

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