



23 April 2010

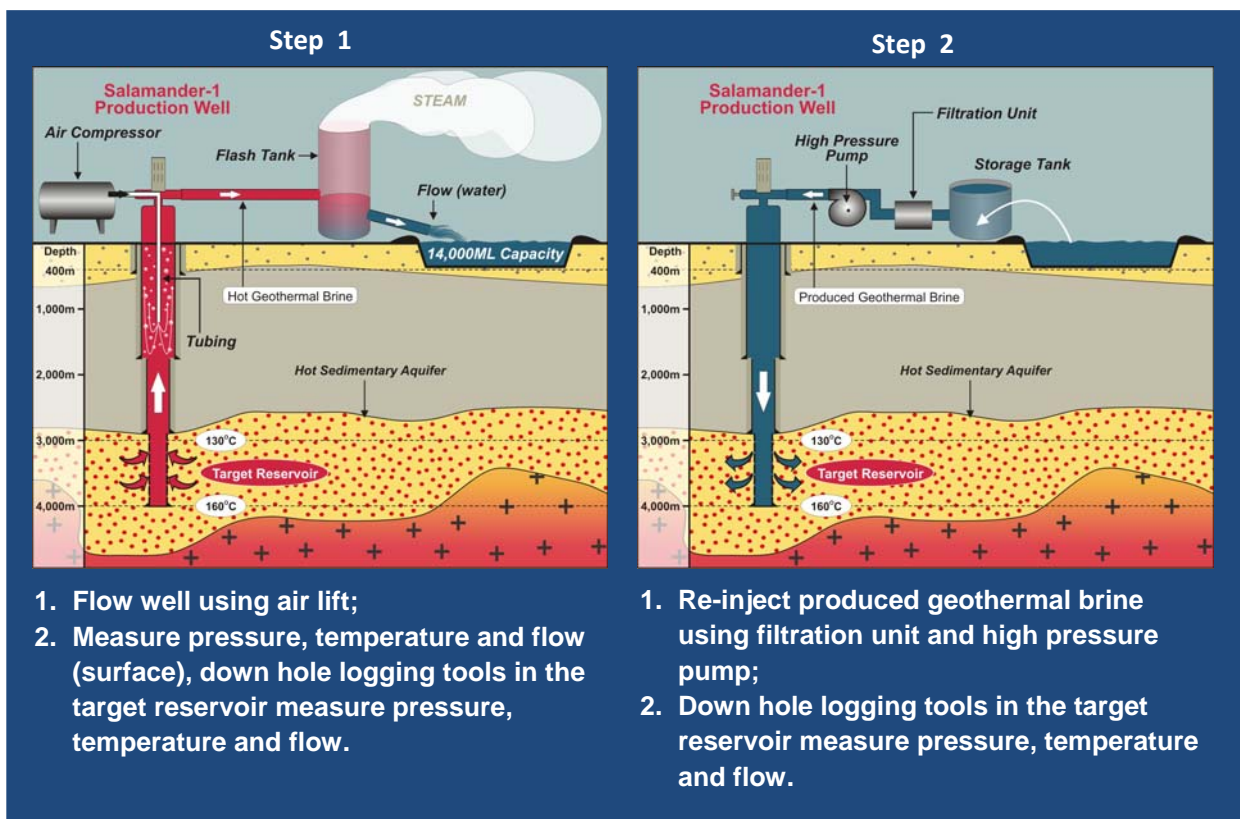
ASX ANNOUNCEMENT

## Short Flow Test Results of Salamander-1 Well

Panax Geothermal Ltd ("Panax") advises that results of the recently completed short term clean-up flow indicate that the Salamander-1 well requires further clean-up before the long term flow or well productivity test can be undertaken. This second clean-up has been scheduled to be carried out in the week starting 10 May, 2010.

As a consequence of the above, the long term flow or productivity test, which is designed to convert part of the established "Measured Geothermal Resources" into "Geothermal Reserves" (see attached diagram), is now rescheduled to take place in June, 2010. The costs of this additional clean-up flow can easily be accommodated from current cash reserves.

### Long Term Flow or Well Productivity Tests



At the time of writing, the interpretation of the petrophysical logs of Salamander-1 and the newly acquired vertical seismic profile data (“VSP”) are still awaited. As reported previously, the geothermal temperatures in the Salamander-1 well, as measured to date, are in line with predictions prior to drill testing.

<b>Salamander-1 Well Geothermal Temperatures</b>		
<b>Depth</b>	<b>Predicted</b>	<b>Measured</b>
3,000m	130°C	130°C
4,000m	160°C	156°C*)

\*) minimum temperature; @4,015m, bottom hole temperatures are still equilibrating following cooling action of drilling



Penola Project – First short term flow test as reported on 6 April, 2010.

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