



PANAX GEOTHERMAL

13 May 2010

ASX ANNOUNCEMENT

Salamander-1 Well Bottom Hole Temperature Increases to 171.4°C

Panax Geothermal Ltd ("Panax") is pleased to advise that a bottom hole temperature ("BHT") of 171.4°C has been recorded in the Salamander-1 well at a depth of 4,000m.

This new temperature measurement exceeds the projected temperature of 160°C at 4,000m by more than 11°C and is 15.4°C hotter than previously reported to the ASX on 23 April, 2010. The new BHT of 171.4°C was measured earlier today during well logging, conducted as part of the well clean-up flow operations.

Clean-up flow operations (accompanied by steam releases) will continue intermittently over the next week or so, in preparation for the long term well productivity test, scheduled for June, 2010.

It is too early to draw any specific conclusions from the above, but for the fact that increased geothermal temperatures in the target reservoir rocks have a highly positive effect on the overall economics of the Penola Project.



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