



PANAX GEOTHERMAL

6 April 2010

ASX ANNOUNCEMENT

Salamander-1 Well – Reservoir Test Produces Steam!

Panax Geothermal Ltd (“Panax”) is pleased to advise that the scheduled short clean-up flow test has been successfully completed. The test was conducted at variable flow rates, with downhole instruments used for logging pressure, temperature and flow. A significant amount of steam was released after production flows to surface reached boiling point temperatures (100°C).

A bottom hole temperature (“BHT”) of 156°C was recorded at 4,015m, with approximately 130°C being recorded at 3,000m (being the top of the approximately 1,000m thick target reservoir), which are both in line with earlier estimates. The BHT is expected to increase further as the temperatures in the well have not yet fully recovered from the cooling action of the recently completed drilling.



Salamander-1 short flow reservoir test 31 March, 2010; first steam from a hot sedimentary aquifer in Australia.

Panax Geothermal Ltd
ABN 89 122 203 196

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

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

The data collected during the short clean-up flow test will now be evaluated and interpreted in combination with the well log data (petrophysical logs) collected following completion of drilling in mid-March. According to plan, an extended flow test is scheduled to be carried out in mid-May, 2010. Both tests were designed by SKM (New Zealand) and endorsed by GeothermEx (USA), to collect the necessary data required for the establishment of “geothermal reserves”.

At this stage, it is too early to draw any conclusions as to the quality of the reservoir but completion of the scheduled short flow test brings the Penola Project one further step closer to the establishment of Australia’s first geothermal reserves.

For further photographs and a brief video of the flow test please refer to Panax’s website www.panaxgeothermal.com.au.



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Bertus de Graaf
Managing Director

For further information:

Dr Bertus de Graaf
Managing Director
Chief Executive Officer
bdegraaf@panaxgeothermal.com.au
61 7 3512 7000

Mr Kerry Parker
Executive Director
Chief Financial Officer
kparker@panaxgeothermal.com.au
61 417 731 014