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ASX ANNOUNCEMENT

## Further Progress On Sokoria Project

Panax Geothermal Limited ("Panax") is pleased to announce that the company is one step closer to commencing drilling operations on its first geothermal project in Indonesia.

Required geochemical sampling works were successfully completed on the Sokoria Geothermal Project ("Sokoria Project") last week.

Drilling operations are expected to commence after the findings of the testing have been analysed and a detailed conceptual reservoir model is finalized (already commenced) to confirm preferred sites of appraisal wells.

### Project background

Panax will develop the Sokoria Project in a joint venture with PT Bakrie Power ("Bakrie").

Panax has a 45 per cent interest and is the operator of the project, which is located on Flores Island.

The Sokoria Project has a power purchase agreement of US\$125 per megawatt hour for the first 30 megawatts of geothermal production.

### Works undertaken

Panax has completed a detailed geochemical sampling program for the Sokoria Project which was carried out by Sinclair Knight Mertz New Zealand in conjunction with local Indonesian contractors.

The aim of the program was to finalise all required geoscience works prior to drilling operations.

The following geochemistry requirements were identified following a detailed review to ensure no information gaps existed :

- Gas and condensate samples were collected from fumaroles;
- Gas samples were collected from the existing exploration wells; and
- Water samples were collected from a number of hot springs and one of the crater lakes on Mount Kelimutu.

Gas samples are being analysed in Indonesia and water samples are being analysed in New Zealand.

Panax was assisted with the survey by personnel from Department of Mines and Energy, Ende Regency (Flores, Indonesia) and people from Sokoria, Roga and Toba villages.

## Comparison to Australian geothermal projects

The following table provides an overview of power generation parameters and costs for Indonesian geothermal projects in comparison to likely similar parameters for Australian geothermal projects.

Well parameter	Likely Australian geothermal project	Typical Indonesian Geothermal Project
Typical well depth	4,000 to 4,500 metres, or more	Approximately 2,000 metres
Typical temperature	170°C – 200°C	240°C or more
Typical cost (US\$)	\$12 million to \$14 million	Approximately \$5 million
Typical output per well	Up to 5 megawatts per well	6 to 7 megawatts per well with some wells currently producing more than 30 megawatts

## Project economics

In-house pre-feasibility modeling has been completed on the Sokoria Project. The modeling is based on a 10 megawatt development which will be increased to 30 megawatts approximately 12 to 18 months after the initial development.

Total costs of generation would be approximately US\$57 per megawatt, inclusive of capital and operating costs and costs of finance, and based on average estimated production rates of 5 megawatts per production well.

The following table provides an overview of total cost per megawatt of electricity produced based on varying megawatt output per production well.

Output per production well	Total cost of production/megawatt (US\$)
4.0	64
5.0	57
6.0	52
7.0	48

## About geothermal In Indonesia

Indonesia is considered a world geothermal “hotspot”, with the Government planning to increase generation by 240 per cent in the next four years to more than 4,000 megawatts – or the equivalent of about 12 power stations. The National Geological Agency of Indonesia estimates total geothermal potential at about 27,000 megawatts which is equivalent to approximately 50 large coal-fired power stations.

As part of its carbon strategy, the Indonesian Government has announced a guaranteed feed-in tariff of US\$97 per megawatt hour, plus carbon credits, to geothermal energy generators – providing investment certainty for renewable energy projects that is not currently available in Australia.



**Gas Sampling at Mutabusa Fumarole**



**Water Sampling at a Hot Spring near Toba Village**



**Mount Kelimutu Crater Lakes**

*Kerry Parker*  
Kerry Parker  
Managing Director

**For further information:**

**Mr Kerry Parker**  
kparker@panaxgeothermal.com.au  
+61 417 731 014

**Media enquiries:**  
Margaret Lawson  
+ 61 419 643 243