



**18 September 2012**

**ASX ANNOUNCEMENT**

## **Emerging Renewables Program Grant**

Panax Geothermal Limited ("Panax") is pleased to announce that it is part of a consortium of industry, government and research organisations that has been awarded a \$1.25 million grant under the Federal Government's Emerging Renewables Program.

The University of Adelaide's South Australian Centre for Geothermal Energy Research ("SACGER") will receive the funding from the Australian Renewable Energy Agency ("ARENA") for the study "Reservoir Quality In Sedimentary Geothermal Resources".

The two-year study has a total cost of more than \$3.5 million and is actively supported by personnel from Panax, Geodynamics Ltd, CSIRO and the South Australian Government Department for Manufacturing, Innovation, Trade, Resources and Energy ("DMITRE").

As a result of the project, Panax will gain key insights into the drilling, completion and potential next steps in the Penola Trough and hot sedimentary aquifer ("HSA") well Salamander 1.

Salamander 1, completed to a depth of 4,025 metres in 2010, was the first deep geothermal well in the Otway Basin and is the first well of its type to demonstrate conventional geothermal technology in Australia.

Panax is making available to the project all data, samples and testing results from Salamander 1, access to the well, plus access to and use of Panax personnel.

The project will assess whether formation damage occurred as a result of drilling, devise remediation strategies for future geothermal wells in HSA settings, and help the industry understand rock-fluid interactions in hot water aquifers.

Panax Managing Director Kerry Parker said the research to be conducted by the consortium would provide insight into the complications found during drilling and testing of Salamander, and would help progress this important geothermal project.

"Panax is building on its investment in deep drilling by making the well available to this project, and the results of the two-year research program will have deep implications for the viability of HSA reservoirs in Australia's sedimentary basins," Mr Parker said.

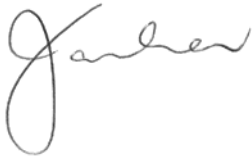
"By making our infrastructure, personnel and data available to this project, Panax will allow the best Australian technical minds in this field to turn their attention to our Limestone Coast Geothermal Project.

"We will be able to use the results and refine our strategies for progressing the project to the ultimate goal of commercialising this nationally significant, 'under the grid' energy resource in the heart-land of Australia."

Mr Parker said the project would provide Panax with a much clearer idea of how to improve drilling outcomes and the success rate of geothermal wells in Australia.

“The geothermal industry in Australia has come to realise that hot water reservoirs are likely to be different to hydrocarbon reservoirs, and it is this kind of issue that this project will address,” he said.

“This project will meet our industry-based priorities such as maximising exploration and development success rates, but will also meet ARENA's strategic priorities such as facilitating national coordination, and gathering and disseminating knowledge.”



Kerry Parker  
**Managing Director**

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