

OTHER INFORMATION

Budapest, 18 June 2014

Drilling operations for the first well of the Geothermal Project of Győr have been launched

On 17 June, PannErgy Plc's subsidiary, DD Energy Production and Service Ltd started to drill well no. PER-PE-01 as part of the investment relating to the Geothermal Project of Győr. The investment launched in the vicinity of the village of Pér is expected to yield 340–400 TJ heat annually. On commission of DD Energy Ltd, the drilling works are being performed by a PannErgy entity, DoverDrill Ltd.

Following the terrain preparation works started in February 2014 and permitting procedure, in the vicinity of the village of Pér PannErgy Plc's subsidiary, DD Energy Ltd completed the pre-drilling preparatory tasks as a result of which 17 June witnessed the first drilling operations of well no. PER-PE-01 in the framework of the Geothermal Project of Győr.

The drilling activities are being carried out in the Kisalföld region, around Pér, which is situated to the south of the city of Győr. The traits of two different phases of geological evolution can be distinguished in the base of the Kisalföld basin. The structural borderline between these two areas is formed by the valley of River Rába. For the well system of Győr, the purpose of the first drilling in association with the investment is geothermal exploration with a focus on the exploration of the geothermal properties of the geological formations of the Triadic top zone, its hydrological conditions and water-yielding capacities down to a depth of approximately 2400 meters. In view of the type of drilling executed, it is directional deflected drilling in order to cross the NE–SW fault line whose angle of inclination has been determined to be 40–45 degrees with the use of seismic measurements perpendicularly.

With the drilling operations foreseen to last for two months, the implementation phase of the Geothermal Project of Győr has been launched for the industrial-scale utilization of the thermal water activities in the region.

PannErgy Group partly finances the realization of the investment from the grant that was awarded to DD Energy Ltd on 20 September 2013 from the EU fund belonging to the grant application scheme KEOP-2012-4.10.0/B, "Satisfaction of local heat and/or cooling demands with the use of renewable energies" announced within the framework of the Environment and Energy Operational Programme of the New Széchenyi Plan. With the HUF one billion non-repayable grant, DD Energy Ltd implements of the supply of heat generated from geothermal energy to large industrial consumers.

"Our Company has been offered a novel opportunity to prove the world-class standards of Hungarian knowledge and expertise, as after the largest geothermal investment of Eastern and Central Europe, i.e. the Geothermal Project of Miskolc, it has again initiated green energy utilization of European scale in the surroundings of Győr, based on the local, significant thermal water activity.



Our objective is to reduce our dependence on fossil energy carriers, and make environmentally conscious energy consumption available in the broadest possible circle in Hungary. With the implementation of the investment launched in the vicinity of the village of Pér, the volume of greenhouse gases – mostly carbon dioxide and nitrogen oxides – emitted to the air will be cut. The utilization of geothermal energy reduces natural gas consumption, thus contributing to the accomplishment of the objectives described in the National Energy Strategy. – declared Péter Tóth, Chief Executive Officer, member of PannErgy Plc's Board of Directors"

PannErgy Plc



Company information

PannErgy Plc is a company listed at the Budapest Stock Exchange, included in the BUX basket, and is a premium share issuer.

As the legal successor of Pannonplast founded in 1922 and known for its world-class plastics manufacturing operations, the Company announced a new strategy in 2007. Based on well-grounded calculations and studies, it set a strategic objective focusing on a fully different business opportunity that had so far been unexploited in Hungary.

The Company follows the mission to rise to a leading role in the region of the Carpathian Basin in the utilization of geothermal energy in order to create value for the future generations. To this end, in May 2013 the Company opened a system in Miskolc featuring the largest operating geothermal energy capacity in Hungary to provide the city with environmentally friendly heating services.

The Geothermal Project of Miskolc has been recognized with GeoPower Market's international prize "Best Heating Project 2013". In its operations, beside household-oriented heat utilization the Company is involved in industrial, innovative investments creating new jobs, such as the 10-hectare Greenhouse Project in Kistokaj, or the introduction of two-phased heat sales for secondary heat utilization in order to supply secondary heat to the foil greenhouse erected by Miskolc Agricultural Ltd.

Further information

www.pannergy.com

Valéria Szabó, valeria.szabo@pannergy.com

