

EXTRAORDINARY INFORMATION

18 December 2015

Changes in the Gödöllő Geothermal Project

PannErgy Plc. hereby informs the actors of the capital market about the result of the reappraisal of the Gödöllő Geothermal Project

After the installation and analysis of the results and experiences of the Győr Geothermal Project, the Management of PannErgy has reevaluated the prospects related to the Gödöllő Geothermal Project. As a result of this process it became ascertain to discontinue the Project with its originally planned content, due to Gödöllő Geothermal Project related reappraised implementation risks (both geological and drilling risks, etc.), emerging commercial and business uncertainties, inter alia the extensive availability of the non-refundable European Union grants, availability of potential appropriate sized heat off-taking partners and the extent of the available regulatory off-take and commercial heat price.

In line with the above, the Management of PannErgy is investigating the implementation of a new technical concept that does not require the availability of geothermal water. Nevertheless, compared to the original project, the new concept would allow a significantly lower power generating capacity, according to preliminary calculations, a quantity of 20-30 TJ/year. Task related to the implementation will be carried out within the PannErgy Goup, by PMM Ltd. due to its extensive professional competencies gained in the past years.

By the rejection of the original concept, an approximately HUF 900 million one-off consolidated loss impact is generated in the fourth quarter, according to IFRS. This will be compensated by the transaction profit of HUF 1 100 million resulting from the real estate and reinjection well sales by DoverDrill Ltd (official publication on 9 October 2015).

This announcement is published in Hungarian and English languages. In case of any contradiction between these two versions, the Hungarian version shall prevail.

PannErgy Nyrt.

