

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



PannErgy Plc

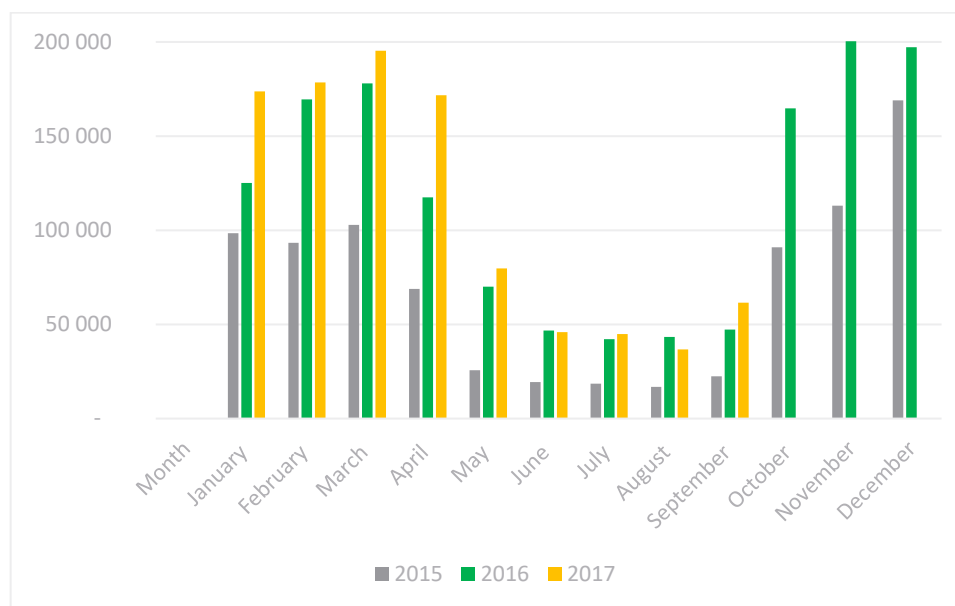
QUARTERLY PRODUCTION REPORT

for the period of Q3 of 2017.

16. October 2017.

**Introduction:**

PannErgy Plc publishes quarterly production reports in order to present its operations in green energy generation and utilization in Hungary. In these reports, the Company gives a brief description of the conditions of its geothermal energy production systems, its operating experience and information relating to the green heat sales realized in the period under review.

**Consolidated quantities of sold heat (GJ):**

The graph shows the heat quantities sold in the Miskolc, Győr, Szentlőrinc and Berekfürdő projects in a monthly breakdown.

**Geothermal Project of Miskolc**

*(Miskolc Geothermal Ltd, Kuala Ltd)*

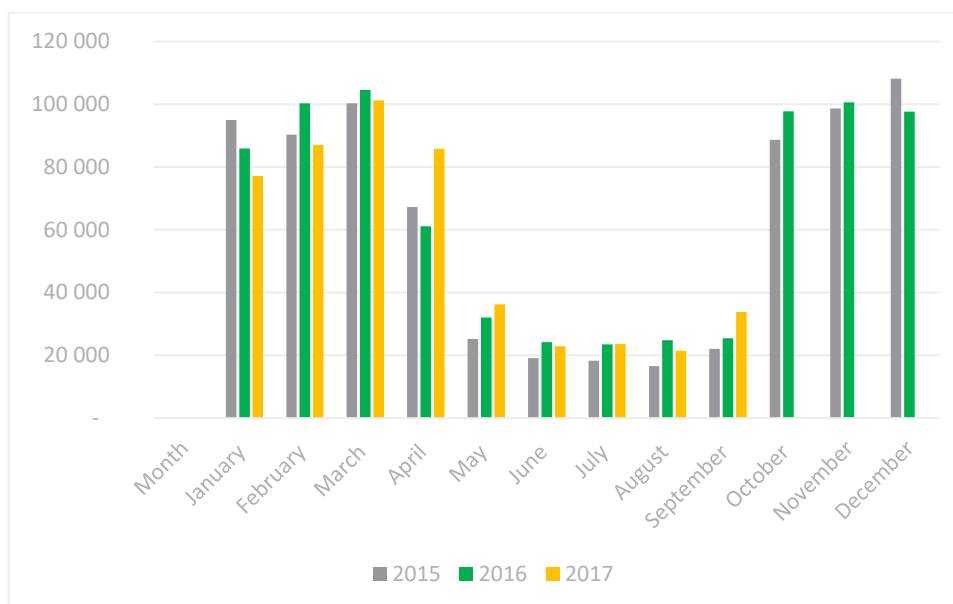
The summer maintenance works have been completed in the Geothermal System of Miskolc, and the system has been prepared for the heating season of 2017/18. In addition to the due refurbishment of several pumps, the Mályi 1 thermal water heat exchanger has been cleaned, and therefore the Company expects the equipment to operate similarly to a new unit with excellent heat transfer efficiency. At the Mályi 1 thermal water well, the Company has executed successful capacity expansion, and as a result the capacity of the Mályi 1 primary thermal water circle has improved from 515 m<sup>3</sup>/h volume flow rate to 545–560 m<sup>3</sup>/h. Summer heat demands could be continuously satisfied with the use of a single well, and thus by using the two wells in turns the due maintenance works progressed flawlessly. The last days of September witnessed the first days of the 2017/18 heating season due to the early cold weather.

In the third quarter of 2017, the Geothermal System of Miskolc sold 78,789 GJ heat energy in total, which represented a 6 % increase in comparison to the corresponding value in Q3 of 2016.

Issue 159 of 2017 of the Hungarian Official Gazette (Magyar Közlöny) published Decree 38/2017 (Sept 29) of the Ministry for National Economy to announce the official district heating rates in effect from 1 October 2017. The so established selling price of heat for Miskolc Geothermal Ltd

is 2382 HUF/GJ, whereas for KUALA Ltd it similarly amounts to 2382 HUF/GJ instead of 2400 HUF/GJ so far.

Quantity of heat sold in Miskolc (GJ):



### Geothermal projects of Győr

*(DD Energy Ltd, Arrabona Geothermal Ltd, PannErgy Concession Ltd)*

As a part of the preparation of the Geothermal System of Győr for the 2017/18 heating season, the thermal water heat exchangers were replaced in the reviewed period, and these works were foreseen to improve the efficiency of the heat exchangers. To prepare the system for its third heating season and achieve trouble-free operations, all the pumps were subjected to vibration diagnostic measurements, based on which the laser-assisted machine adjustments could be performed. The purpose of the measurements is to keep the pumps operable without faults as long as it is possible, and additionally they explore useful information for the Company towards the betterment of the effectiveness of troubleshooting activities, i.e. they identify the pumps for which it is worth stock-piling spare parts.

The overall operating safety of the entire geothermal system was steady; with the exception of a few minutes of outage due to the failure of electric power supply caused by some storms they operated continuously, without faults. During the summer operations, in the phase of the maintenance processes when it was possible to sustain operations without the use of well pumps, the Company relied on the self-flowing feature of the BON-PE-02 well in satisfying consumer demands. The heating season of 2017/18 began in September 2017.

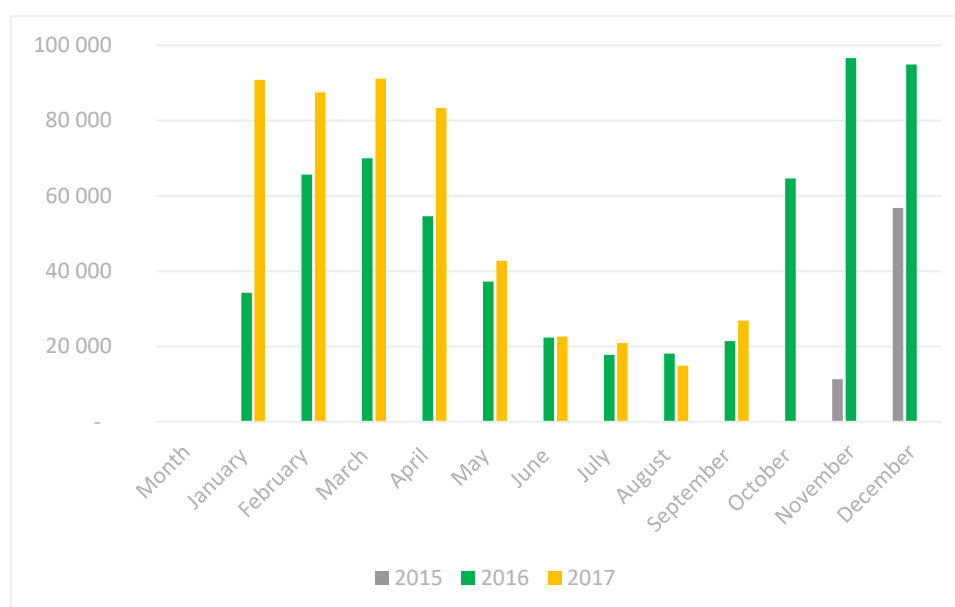
The middle of October 2017 is anticipated to see the hydraulic connection of the first consumer in the Industrial Park of Győr, Innovativ Special Transport Kft. involved in transportation services, after which heat supply can be provided from the service facilities. The consumer will utilize secondary heat energy, which originates from the cooled water returning from large consumers.

As part of the Technical Operating Plan for Researching Minerals in the framework of the Concession Project of Győr, the seismic measurements have been completed. The evaluation of the results is still in progress, but on the basis of the preliminary information the Company has designated the surface coordinates of the BON-PE-03 thermal water well, and the design of the well structure could be started.

In the third quarter of 2017, the Geothermal System of Győr sold 62,722 GJ heat energy in total, which indicated 9 % rise compared to the heat volume of the base period.

Issue 159 of 2017 of the Hungarian Official Gazette (Magyar Közlöny) published Decree 38/2017 (Sept 29) of the Ministry for National Economy to announce the official district heating rates in effect from 1 October 2017. The so established selling price of heat for Arrabona Geothermal Ltd is 2939 HUF/GJ instead of 2650 HUF/GJ so far.

Quantity of heat sold in Győr (GJ):



### Geothermal heating facility of Szentlőrinc

*(Szentlőrinc Geothermal Ltd)*

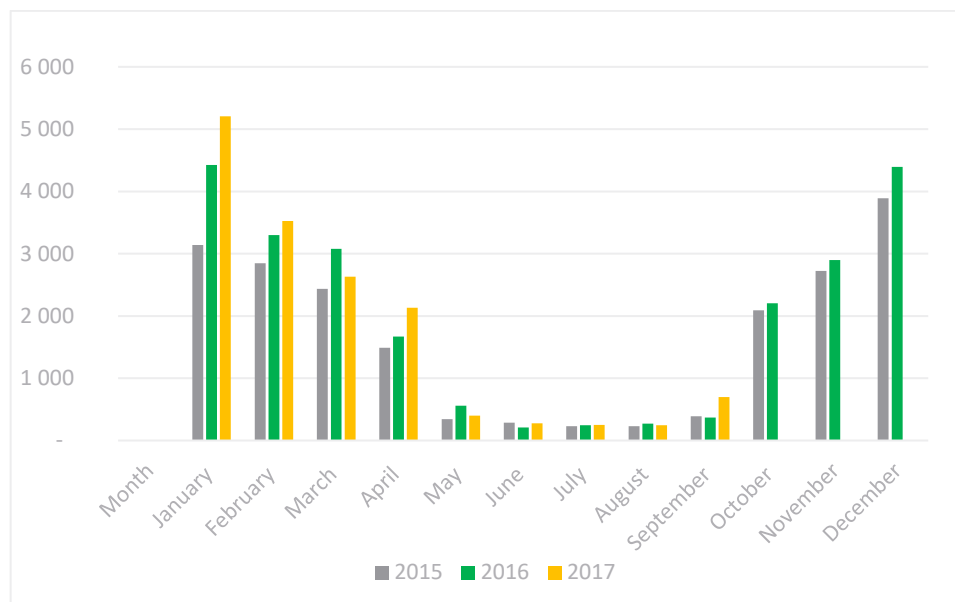
In the reviewed period, the Szentlőrinc facility showed continuous availability, and was operated without faults. Preparations for the maintenance and refurbishment of the well pump that have been operated for more than 6 years now have already been commenced. As a result of the colder weather, the heating season kicked off in September 2017 also in Szentlőrinc, and in consequence the Company sold 36% more heat in the reviewed period than in the corresponding period in 2016.

The quantity of heat sold was 1198 GJ.

Issue 159 of 2017 of the Hungarian Official Gazette (Magyar Közlöny) published Decree 38/2017 (Sept 29) of the Ministry for National Economy to announce the official district heating rates in

effect from 1 October 2017. The so established selling price of heat for Szentlőrinc Geothermal Ltd is 3654 HUF/GJ, which is identical to the so far effective heat price.

Quantity of heat sold in Szentlőrinc (GJ):



#### Geothermal methane utilization facility of Berekfürdő

*(Berekfürdő Energy Ltd)*

In Berekfürdő, electric power production generated 432,477 MWh power with 396,278 kWh actually sold in the period under review. The monthly average price at the commodity exchange after the deduction of the commercial margin was 15.60 HUF/kWh in July, 17.31 HUF/kWh in August and 12.98 HUF/kWh in September. Calculated on a calendar basis, the availability of the gas engines was 87.4%. The quantity of heat sold was 367 GJ.

#### **PannErgy Plc**

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