Budapest, 27 November 2013

**DD Energy Production and Service Ltd has signed a grant agreement**

DD Energy Production and Service Ltd owned by PannErgy Plc's business entity has signed the grant agreement for the project awarded under 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 and utilizing funds from the European Union.

In compliance with its disclosure obligations, on 20 September 2013 the Company announced that a HUF one billion non-repayable grant had been awarded to DD Energy Production and Service Kft. in the grant application scheme "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. Associated with the awarded project, the grant agreement has been signed today towards the implementation of the supply of heat generated from geothermal energy to large industrial consumers.

The environmental impacts of the project have been reviewed by the competent Inspectorate of Environmental Protection, and thus the investment has been given an environmental permit. With the implementation of the investment, the volume of greenhouse gases – mostly carbon dioxide and nitrogen oxides – emitted to the air will be cut by approximately 7280 tons annually. The utilization of geothermal energy reduces natural gas consumption – by at least 5.5 million cubic meters per annum –, thus contributing to the accomplishment of the objectives described in the National Energy Strategy. The HUF 1 billion grant awarded will support one of the dominant actors of the industrial scene in Győr to partly change to a renewable energy base with the implementation of PannErgy Group's project.

**PannErgy Plc**