



PannErgy Plc

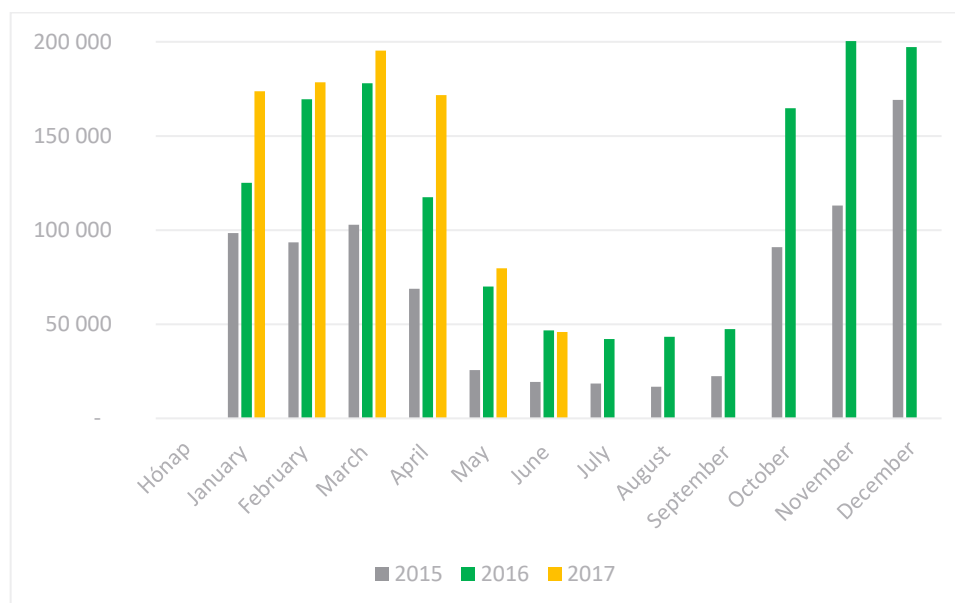
QUARTERLY PRODUCTION REPORT

for the period of Q2 of 2017

18 July 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

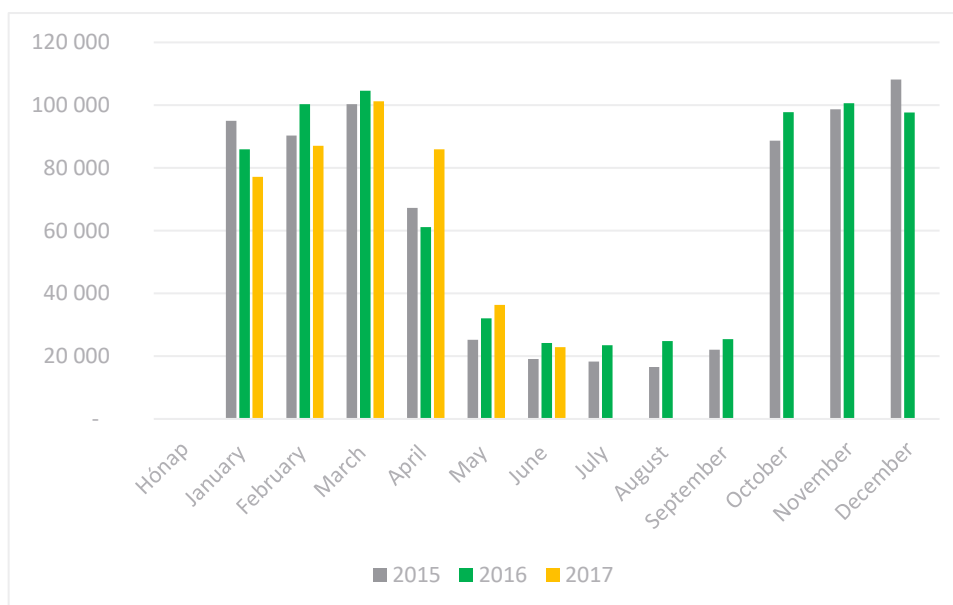
(Miskolc Geothermal Ltd, Kuala Ltd)

During the period after the end of March, heat sales benefited from more favourable weather conditions than in the first quarter of the year, which mostly compensated for the turnover lost in the beginning of the year. As a result, district heating services had to be restarted on several occasions in the early weeks of May, primarily because of the low temperatures at night. In the second quarter of the year, the smallest volume of heat fed into the system was 883 GJ on days when daily mean temperatures rose above the average, while the highest heat input was 3656 GJ due to the need to heat up the system during a quick spell of chill following a warmer day. Based on our experience in relation to the heating season of 2016/2017, it can be claimed that in between periods bringing about extreme temperature values winter daily mean temperatures went fluctuating, which prolonged the heating season. Eventually, 10 May 2017 indicated the end of the heating season of 2016/2017.

A large proportion of the works planned for the summer maintenance program could be completed until the end of May and beginning of June.

In the second quarter of 2017, the Geothermal System of Miskolc sold 145,066 GJ heat energy in total, which represented a 23,5% increase in comparison to the corresponding value in the second quarter of 2016.

Quantity of heat sold in Miskolc (GJ):



Geothermal projects of Győr

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

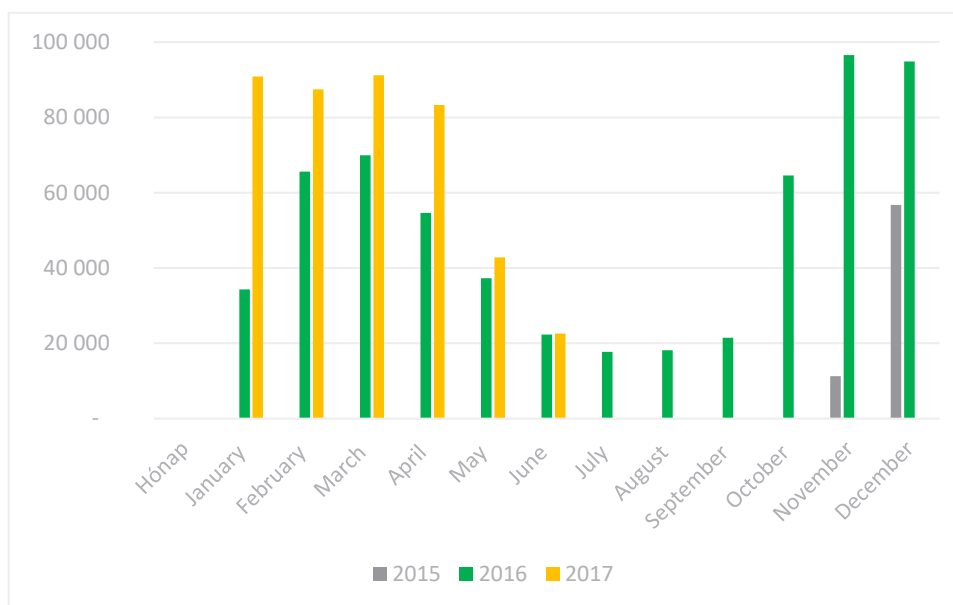
The Geothermal System of Győr showed fail-safe operations during the heating season of 2016/2017, meaning that the equipment could steadily be run without any stoppage. Similarly to Miskolc, following the weather conditions that were rather unfavourable for geothermal operations in the first quarter, Győr witnessed a positive turn from the end of March, which partly compensated for the depressed level of heat sales in the earlier period of the year.

The lowest input value of the second quarter was 413 GJ, whereas as the highest value for daily sales was 3336 GJ on a mostly ideal day when the mean temperature was measured to be 11°C. The heating season was closed on 17 May 2017.

In the second quarter of 2017, the Geothermal System of Győr sold 148,715 GJ heat energy in total, which indicated 30% rise compared to the heat volume of the base period.

On 26 May 2017, the Technical Operating Plan for Researching Minerals, connected with PannErgy's concession project in Győr, became effective, and thus geological exploration could be launched in line with the provisions of the concession agreement, with the first step being the performance of the planned seismic measurements in the second half of June 2017. The processing and evaluation of the measurements are set to be followed by the detailed specification of further research activities.

Quantity of heat sold in Győr (GJ):



Geothermal heating facility of Szentlőrinc

(Szentlőrinc Geothermal Ltd)

In the second quarter of 2017, the Szentlőrinc facility was operating without problems. Owing to the rather chilly April, heating services were stopped just on 30 April 2017, which gave a nearly 20% boost to heat sales in the second quarter of the year.

Geothermal methane utilization facility of Berekfürdő

(Berekfürdő Energy Ltd)

In Berekfürdő, electric power production generated 530 MWh power with 498 MWh actually sold in the period under review. The monthly average prices at the commodity exchange after the deduction of the commercial margin were 11.89 HUF/kWh in April, 13.20 HUF/kWh in May and 13.87 HUF/kWh in June. Calculated on a calendar basis, the availability of the gas engines was 96.2%. The quantity of heat sold was 729 GJ in the discussed period.

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