

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

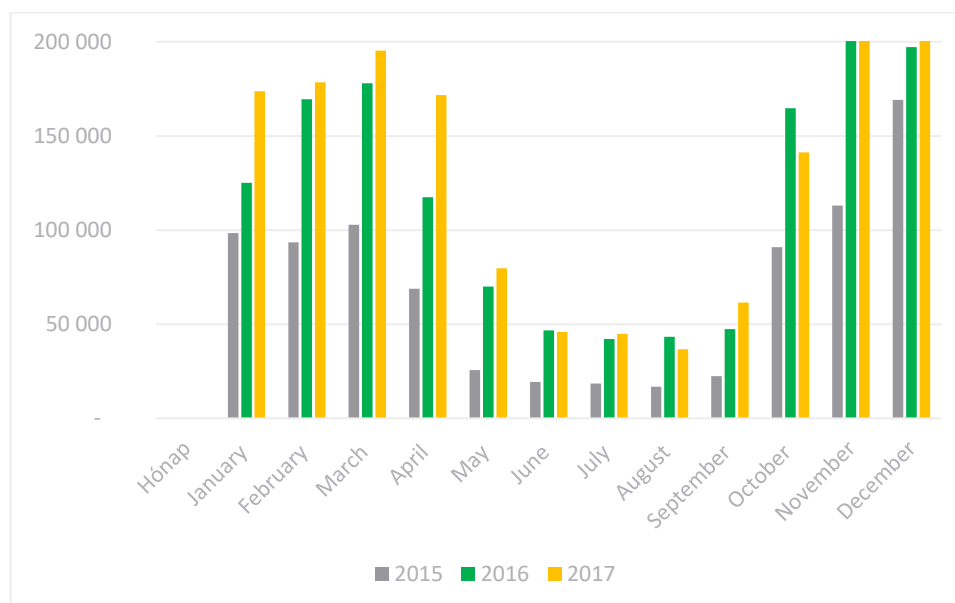
QUARTERLY PRODUCTION REPORT

for the period of Q4 of 2017.

15 January 2018

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.

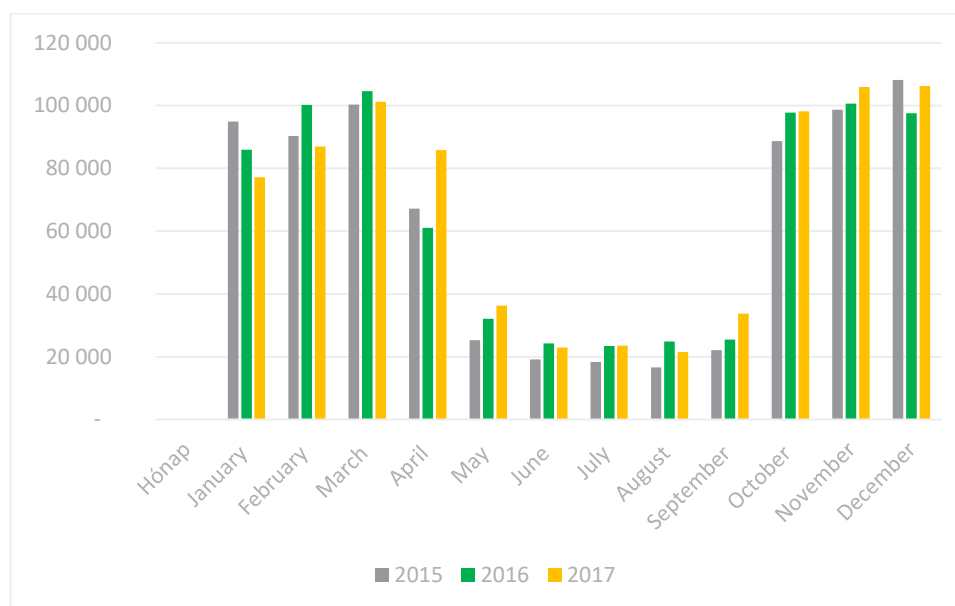
Geothermal Project of Miskolc

(Miskolc Geothermal Ltd, Kuala Ltd)

In the period under review of the heating season of 2017/18 having started on 28 September 2017, there was no such remarkable failure that disturbed the continuous feeding of the geothermal heat into the district heating system of Miskolc. The weather of this period was ideal for the system, as there was no such cold that could hinder the utilization of the geothermal capacity, due to the repeated temperature increase. The average of the daily minimum temperature was 2.24°C, and the lowest temperature measured on the coldest day was as high as -5°C, while the daily maximum temperatures were measured around 10°C, which is considered ideal. In the period under review, there were 26 days when the daily maximum temperature exceeded 14°C, however only for a few hours in the afternoon, and therefore the daily heat demand was not influenced on the consumer side. On 12 December, the geothermal system reached peak daily heat sales of 3 812 GJ. As a result of the system-optimizing investments implemented outside the heating season, yields rose, and therefore the aggregate yield increased by 3-5%.

In the fourth quarter of 2017, the Geothermal System of Miskolc sold 310 427 GJ heat energy in total, which represented a 5 % increase in comparison to the corresponding value in Q4 of 2016.

Quantity of heat sold in Miskolc (GJ):



Geothermal projects of Győr

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

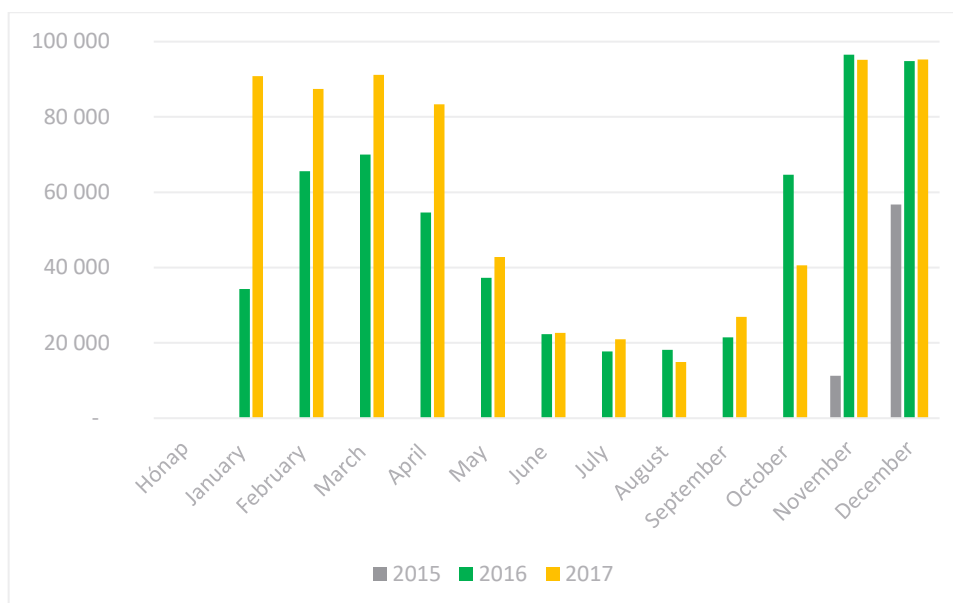
In the period under review of the heating season of 2017/18 having started on 20 September 2017, no remarkable technical issue disturbed the feeding of geothermal system's heat into the district heating system of Győr and the geothermal heat supply to AUDI HUNGARIA Ltd. Due to the delayed service of an external partner, the reinstallation of well pump into well no. BON-PE-02 was completed 30 day later than the planned date, and therefore it was not until the last day of October that the full geothermal capacity became available. The total heat sales loss of almost 47 TJ (in September and October) was fully compensated by the supplier in default, which amount was accounted as other income.

The weather conditions of this period were ideal for the geothermal system, as there was no such cold that could hinder the utilization of the capacity, due to the repeated temperature increase. The average of the daily minim temperature was 3.6°C, and the lowest temperature measured on the coldest day was as high as -5.5°C, while the daily maximum temperatures were around 11.5°C, which is considered ideal. In the period under review, there were 30 days when the daily maximum temperature exceeded 14°C, however only for a few hours in the afternoon, and therefore the daily heat demand was not significantly limited on the consumer side. Furthermore, in Győr, there is a larger proportion of such non-household consumers that use district heating and require heating even when the heating centers supplying households are off, and as a consequence, a few hours of higher temperature did not cause significant loss in Győr either. On 24 December 2017, an outstanding daily sales of 3 369 GJ were achieved.

In the middle of November 2017, heat supply to Innovative Special Transport Ltd – a consumer based in the Industrial Park of Győr – was started. This consumer is fully supplied from secondary heat power originating from the cooled water returning from large consumers.

In the fourth quarter of 2017, the Geothermal System of Győr sold 231 055 GJ heat energy in total, which indicated a 9,8 % decrease compared to the heat volume of last year's base period; this volume, however, needs to be corrected with 37 TJ that corresponds to the October loss caused by the delayed service, which was compensated. As a result, heat generation increased by almost 5%.

Quantity of heat sold in Győr (GJ):



Geothermal heating facility of Szentlőrinc

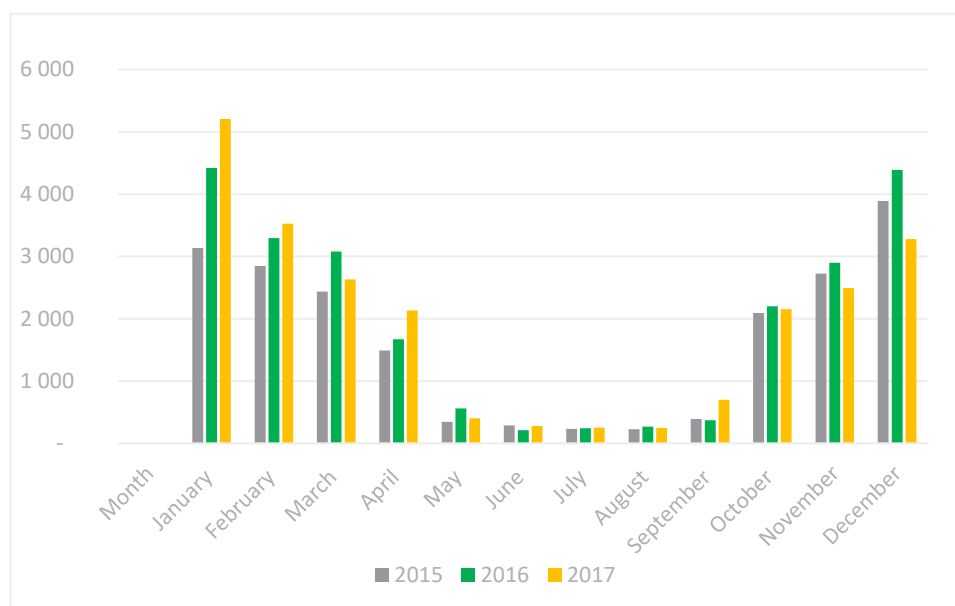
(Szentlőrinc Geothermal Ltd)

The volume of heat sold to our primary consumer (Szentlőrinc Public Utility Ltd) corresponds approximately to the heat volume supplied in the same period of last year. In order to guarantee a failsafe winter heating season, a minor check was conducted on the assemblies of the production well, which process did not reveal any unexpected problem. In the last week of November, the Company, together with the supplying partner, conducted a check on the well pump, and it was concluded that the pump would need to be replaced outside the heating season of 2018.

In November 2017, the Final Project Report of Project no. KEOP-4.2.0/B-09-2009-0026 was approved by the supporting authority, and therefore the tender was closed successfully.

In the period under review the quantity of heat sold was 7 923 GJ.

Quantity of heat sold in Szentlőrinc (GJ):



Geothermal methane utilization facility of Berekfürdő

(Berekfürdő Energy Ltd)

In Berekfürdő, electric power production generated 472 820 kWh power with 438 905 kWh actually supplied to the electric network and sold in the period under review. The monthly average price at the commodity exchange after the deduction of the commercial margin was as follows: 15.44 HUF/kWh in October, 18.92 HUF/kWh in November and 11.88 HUF/kWh in December. Calculated as per the calendar time base, the availability of gas engines was lower – corresponding to 79.1% – due to the renovation of gas engine Liebherr 925 Ti (70kW). In the period under review the volume of heat sold was 1 160 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.