

EXTRAORDINARY INFORMATION

Budapest, 24 September 2018

Successful drilling operation on a new concession well around Győr, preparations for the heating season

PannErgy Plc hereby advises the actors of the capital market that in the framework of the concession investment implemented by its subsidiary, PannErgy Concession Ltd, following the extraordinary challenges and difficulties due to the larger well diameter, the BON-PE-03 exploratory drilling has been realized in 2858-meter length and 2577-meter depth.

The test results show that the new thermal water well features excellent hydrodynamic properties, and due to its yield the aggregate thermal water extraction capacity of the Geothermal Project of Győr is expected to be as large as 1100 m³/h, representing more than 20% total capacity expansion in the system. To reach this aggregate yield, the BON-PE-03 production well will operate with pumping, whereas the two other production wells will have self-flowing regimes. During the initial period of the heating season lasting for a few weeks and bringing about moderate weather circumstances, all the three production wells will run in self-producing mode – i.e. more or less without any loss of heat input –, and then the first half of October will see the installation of the well pump into the BON-PE-03 well. Accurate information for the yields can be established during the heating season, in the course of long-term operations. With the additional heat volumes coming from the increased capacities, PannErgy will be able to sell further green energy to existing customers.

In Győr, district heating services (for nearly 24,000 residential units) were launched on 21 September 2017. GYŐR-SZOL Ltd makes heating services available for users – based on the relevant legal regulations and its public utility contracts – in the period from 15 September until 15 May in the following year, by starting and stopping heat supply in the light of the prevailing weather. During this period, heating is provided when the daily mean value of outdoor temperature – in view of the forecasts of the Hungarian Meteorological Service – is foreseen to remain under +10 °C or +12 °C on three consecutive days, or otherwise the district heat supplier starts heating upon the request of the community of residents with respect to cold weather.

Further up-to-date information in relation to the initiation of district heat supply in Győr can be found at the following link: <http://gyorszol.hu/index.asp?x=95&t=t>

“We have made strenuous efforts to successfully close the works to deepen and test the BON-PE-03 well still before the beginning of the heating season. In recent weeks, we have been consistently testing the well, and found that with the smaller pipeline resistance owing to the larger well diameter we have been able to meet the yield expectations, though ultimate results can be announced only after the measurements with the pump to be installed early in October. In consequence of the aggregate capacity of the three wells in Győr, PannErgy’s heat-generating capacity will rise, and therefore we will be able to sell more green heat to our partners” – stated Balázs Bokorovics, Chairman of PannErgy Plc’s Board of Directors.

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.

Further information:

The PannErgy Plc’s subsidiary, PannErgy Geothermal Power Plants Ltd (PEGE Ltd) signed a concession agreement with the State of Hungary for a definite term of 35 years (with a non-recurrent renewal option for another term of 17 and half years) in relation to the area of Győr, towards the exploration, extraction and utilization of geothermal energy. In February 2017, PEGE Ltd founded its 100% subsidiary, PannErgy Concession Limited Company.

Through the concession agreement, PannErgy Concession Ltd has secured exploration rights for geothermal energy. As part of the concession project, the purpose of the drilling to extract thermal water at temperatures suitable for energy utilization from a depth below 2500 meters with the utilization of the geothermal properties, hydraulic conditions and water-yielding capacities of the deep-lying geological formations of the Triadic dolomite layer.