

EXTRAORDINARY INFORMATION

Budapest, 28 August 2018

PannErgy's Subsidiary Awarded Development Grant

PannErgy Plc advises the actors of the capital market that according to the notification provided via the interface of the Electronic Portal for Proposals, Information and Communication the application of its subsidiary, DoverDrill Deep Drilling Ltd has been awarded a non-repayable grant of HUF 500 million that under the scheme of the Economic Development Operational Programme (GINOP). Based on this grant scheme, DoverDrill may have access to an additional loan of preferential interest rate amounting to HUF 250 million.

DoverDrill Deep Drilling Ltd submitted its application to the project titled "*GINOP-2.1.2-8.1.4-16 Support for corporate R&D&I activities with combined loan products*" announced under the scheme of the Economic Development Operational Programme. As a result of the awarded project of an overall budget of HUF 1,250 million, such a niche and significantly innovative technological procedure will be created that is unique in Europe, and that can extend the lifetime of geothermal wells, thus improving the sustainability of geothermal systems.

An important operational task of geothermal wells is to track and monitor changes in the erosion and fluid composition. DoverDrill's innovation facilitates that the fluid bases of geothermal wells are tested in a way that is different from previous methods, and therefore the impacts of physical, chemical, electrochemical, mixed and selective erosion caused by fluids to be obtained from geothermal wells can be significantly reduced and the changes can be anticipated. Due to the R&D development, the installation of new, as well as the operation of existing geothermal wells will be optimized in an economically quantifiable manner. Once the project is closed, the company is planning to market the technological innovation domestically and internationally.

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