

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Panax Geothermal Ltd

ABN

89 122 203 196

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Up to 800,826,830 fully paid new ordinary shares issued under the rights issue
46,000,000 fully paid ordinary placement shares issued under the placement
Up to 266,942,277 attaching options issued under rights issue
200,000,000 underwriter options
150,000,000 placement options issued under the placement |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- 3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

The terms of the fully paid ordinary shares will be the same as the terms of the existing fully paid ordinary shares.

The terms of the 266,942,277 options are as follows:

Exercisable at \$0.003 per share and exercisable before the third anniversary of their issue (expected to be 9th April 2016)

The terms of the 200,000,000 options are as follows:

Exercisable at \$0.003 per share and exercisable before the third anniversary of their issue (expected to be 9th April 2016).

The terms of the 150,000,000 options are as follows:

Exercisable at \$0.0015 per share and exercisable before the third anniversary of their issue (expected to be 9th April 2016)

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p><u>Shares</u> Yes</p> <p><u>Options</u> Yes. Any shares issues upon the exercise of options will rank equally with all other shares of the company then on issue.</p>
<p>5 Issue price or consideration</p>	<p><u>Shares</u> Up to 800,826,832 fully paid ordinary shares at \$0.0015 each issued pursuant to rights offer</p> <p>46,000,000 fully paid ordinary shares at \$0.0015 each issued pursuant to the placement.</p> <p><u>Options</u> 266,942,277 attaching options issued under the rights issue.</p> <p>200,000,000 underwriter options issued to the underwriter</p> <p>150,000,000 placement options issued pursuant to the placement.</p>

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p><u>Shares</u></p> <p>800,826,832 fully paid ordinary shares issued pursuant to rights issue</p> <p>46,000,000 placement shares issued to sophisticated investors under the placement</p> <p><u>Options</u></p> <p>266,942,277 options issued pursuant to rights issue</p> <p>200,000,000 options issued to underwriter</p> <p>150,000,000 options issued pursuant to the placement</p>
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	N/A
6b	The date the security holder resolution under rule 7.1A was passed	N/A
6c	Number of +securities issued without security holder approval under rule 7.1	N/A
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of securities issued under an exception in rule 7.2	N/A

+ See chapter 19 for defined terms.

6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A										
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A										
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A										
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	Expected to be 2 April 2013										
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>1,647,653,664</td><td>Ordinary Fully Paid Shares</td></tr><tr><td>72,235,655</td><td>Options to acquire fully paid ordinary shares exercisable at \$0.04 expiring 8 July 2014</td></tr><tr><td>157,550,899</td><td>Options to acquire fully paid ordinary shares exercisable at \$0.01 expiring 31 December 2014</td></tr><tr><td>466,942,277</td><td>Options to acquire fully paid ordinary shares exercisable at \$0.003 expiring on the third anniversary of their issue (Expected to be 9th April 2016)</td></tr></table>	Number	+Class	1,647,653,664	Ordinary Fully Paid Shares	72,235,655	Options to acquire fully paid ordinary shares exercisable at \$0.04 expiring 8 July 2014	157,550,899	Options to acquire fully paid ordinary shares exercisable at \$0.01 expiring 31 December 2014	466,942,277	Options to acquire fully paid ordinary shares exercisable at \$0.003 expiring on the third anniversary of their issue (Expected to be 9 th April 2016)
Number	+Class											
1,647,653,664	Ordinary Fully Paid Shares											
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157,550,899	Options to acquire fully paid ordinary shares exercisable at \$0.01 expiring 31 December 2014											
466,942,277	Options to acquire fully paid ordinary shares exercisable at \$0.003 expiring on the third anniversary of their issue (Expected to be 9 th April 2016)											

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	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	
	600,000	04/12/2013 \$0.30 options
	200,000	30/6/2013 \$0.30 options
	400,000	30/7/2014 \$0.18 options
	1,575,000	29/7/2014 \$0.04 options
	1,575,000	29/7/2014 \$0.06 options
	4,750,000	14/12/2016 \$0.075 options
	1,500,000	14/12/2016 \$0.10 options
	1,000,000	14/12/2016 \$0.125 Options
	1,000,000	14/12/2016 \$0.15 options
	2,750,000	14/12/2016 \$0.10 options
	150,000,000	Expiring on the third anniversary of their issue (expected to be 9 th April 2016) exercisable at \$0.0015 each
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Renounceable
13	Ratio in which the +securities will be offered	One new fully paid ordinary share for every one existing fully paid ordinary share held at record date together with one attaching new option with every new share issued

+ See chapter 19 for defined terms.

14	+Class of +securities to which the offer relates	Fully Paid Ordinary Shares Listed Options exercisable at \$0.03 each expiring on the third anniversary of their issue (anticipated to be 9 th April 2013)
15	+Record date to determine entitlements	Wednesday 13 th March 2013
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Entitlements to New shares and Options will be rounded to the nearest whole number per section 1.1 of the prospectus
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	All countries other than Australia and New Zealand. Refer to sections 1.16 of the Prospectus.
19	Closing date for receipt of acceptances or renunciations	Tuesday 2 nd April 2013
20	Names of any underwriters	Pacific Energy International Pty Ltd
21	Amount of any underwriting fee or commission	The underwriter will <ul style="list-style-type: none"> - Receive a fee of 6.0% of the total gross amount raised by the company under the offer. - Be issued 200,000,000 options to acquire fully paid ordinary exercisable at \$0.03 each expiring on the third anniversary of their issue (expected to be 9 April 2016)
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A

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24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Friday, 15 th March 2013
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	Wednesday 6 th March 2013
29	Date rights trading will end (if applicable)	Friday 22 nd March 2013
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	The security holder should instruct their broker personally in accordance with instructions on the Entitlement & Acceptance Form contained in the prospectus issued
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Security holders should instruct their broker personally in accordance with the instructions on the Entitlement and Acceptance Form contained in the prospectus issued. Security holders should also then forward the payment slip with subscription monies or make payment using B-Pay for the quantity they wish to accept.
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	A standard renunciation form must be used which can be obtained through the security holders' broker or from the company's share registry.

+ See chapter 19 for defined terms.

33 +Despatch date

Friday 15th March 2013

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☒ Fully paid quoted ordinary shares described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

N/A

39 Class of +securities for which
quotation is sought

N/A

+ See chapter 19 for defined terms.

40	<p>Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	N/A					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	N/A					
42	<p>Number and ⁺class of all ⁺securities quoted on ASX (<i>including</i> the securities in clause 38)</p>	<table><tr><th>Number</th><th>⁺Class</th></tr><tr><td>N/A</td><td>N/A</td></tr></table>	Number	⁺ Class	N/A	N/A	
Number	⁺ Class						
N/A	N/A						

Quotation agreement

- ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.
- We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.

⁺ See chapter 19 for defined terms.

- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 4 March 2013
Company Secretary

Print name: George Yatzis

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	
Add the following: <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	
“A”	

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“C”	
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	
Total [“A” x 0.15] – “C”	<i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.10] – “E”	<i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.