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## QUARTERLY ACTIVITIES REPORT

### MARCH 2008

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#### HIGHLIGHTS

- Exploration Success – Outstanding Heat Flow Recorded
- Preliminary Modelling shows Great Promise
- Favourable Location in relation to Electricity Grid in SA
- Cooperative Exploration Agreement signed with GulfX
- \$100,000 SA Government Grant Awarded for Adelaide Project
- Exploration Planning for 2008 Underway

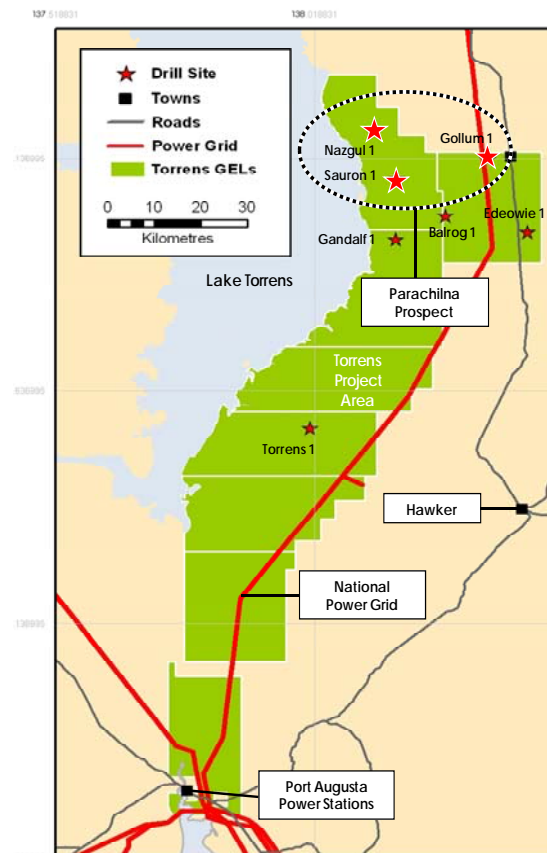
#### Summary

The March Quarter marks the first anniversary of Torrens Energy Limited (Torrens Energy), since listing on the ASX in 2007.

During this time, Torrens Energy has established itself as a fast moving geothermal explorer and, with the discovery of high heat flow at Parachilna (shown right), a serious player in the Australian “hot rock” sector.

During the March Quarter systematic exploration of the Torrens Project Area has returned high heat flows from adjacent drill holes, indicating a potentially extensive geothermal prospect on the electricity grid, in South Australia.

In addition geological information has confirmed the potential for highly favourable geological conditions underlying the Company’s extensive landholding.



Torrens Energy, through continued and innovative exploration, plans to advance its project areas, and the Company looks positively towards the commencement of the 2008 exploration programme.

## EXPLORATION

Since drilling commenced in October 2007, five diamond holes have been drilled for approximately 2500m, and two existing holes measured, effectively covering approximately 2000km<sup>2</sup> of highly prospective geothermal geology (Torrens Energy GELs 230, 231 and 278) at the wholly owned Torrens Project Area, South Australia. Activity is supported by a matching \$3M Federal Government grant (totalling \$6M expenditure) under the Federal Government REDI programme. (ASX Announcement 27 August 2007).

Continuous temperature logging was conducted at 1m intervals from surface to bottom of hole, using a thermistor probe mounted on a motorised cable winch. Resistance is measured downhole and then converted to temperature using a standard equation. Each hole contains at least 200m of continuous core section, with conductivity samples taken every 7 metres on average. Unless otherwise stated temperature recordings have been taken from holes that have been allowed to equilibrate (5–8 weeks) after drilling.

Result returned during the March Quarter from the first round of exploration drilling have shown that heat flow values are well above the Company's stated targets for the area (90mW/m<sup>2</sup>). Heat flows recorded from recent drilling (below) are comparable to those in the Cooper Basin, which has traditionally been the focus of geothermal exploration activity in Australia (ASX Announcement 25 February 2008).

Temperature modelling completed at the Parachilna Prospect north of Port Augusta in SA (see map above) shows that temperatures of over 200°C are achievable at approximately 4000m depth (ASX Announcement 18 April 2008). These temperatures are higher than those currently being exploited for "hot rock" geothermal power in Europe, and among the highest being evaluated in Australia (ASX Announcement 29 January 2008). Results to date are summarised as follows:

Hole Name	Northing*	Easting*	Hole Depth	Heat flow	Test. @ 5000m
Nazgul 1	6558636	228175	600m	106 mW/m <sup>2</sup>	259°C ± 6°C
Sauron 1	6546894	231051	375m	106 mW/m <sup>2</sup>	258°C ± 6°C
Gollum 1	6551120	247129	501m	90 mW/m <sup>2</sup>	222°C ± 5°C
Torrens 1**	6488846	221583	760m	90 mW/m <sup>2</sup>	212°C ± 10°C
Edeowie 1	6534753	255505	759m	70 mW/m <sup>2</sup>	160°C ± 5°C
Gandalf 1	6533218	231885	585m	Results to be Returned	
Balrog 1	6537810	240075	507m	Results to be Returned	

\*Coordinates are in the GDA 94 Datum, using the UTM (Zone 54) projection. \*\*Torrens 1 was measured shortly after drilling and is therefore not equilibrated.

The estimated temperatures at 5000m depth are modelled from near-surface heat flow data collected from drilling, and measured or assigned thermal conductivities, with geological profiles taken from existing mapping and modelling, potential field modelling and current drilling data.

**Results are still being returned from two holes (above), and the 2008/2009 exploration programme is in preparation which will include further drill testing of prospective areas in South Australia.**

### 3D-TFM Heat Mapping Commenced

Torrens Energy has commenced the development of the 3D Temperature Field Model (3D-TFM) at the Parachilna Prospect. "The 3D-TFM methodology will effectively remove several critical uncertainties, reduce risk, and maximise our understanding of the deeper heat and geology at a fraction of the cost of conventional deeper exploration drilling", CEO Chris Matthews said.

### Favourable Heat Reservoir Modelled

Preliminary geological modelling shows that the target heat exchanger reservoir at the Parachilna Prospect, at approximately 4000m depth, corresponds to "basement" geology in the area. This geological setting is analogous to the Cooper Basin, which is in the process of being successfully engineered to support a large heat exchanger (GDY ASX Release 1 April 2008).

Furthermore, recent technical work completed by Green Rock Energy at their nearby Olympic Dam Project shows a favourable stress regime, enabling probable effective fracturing of a geothermal reservoir (GRK ASX Announcement 8 April 2008).

It is considered highly likely that these favourable geological conditions, successfully being tested in the Cooper Basin, will extend to the Parachilna Prospect.

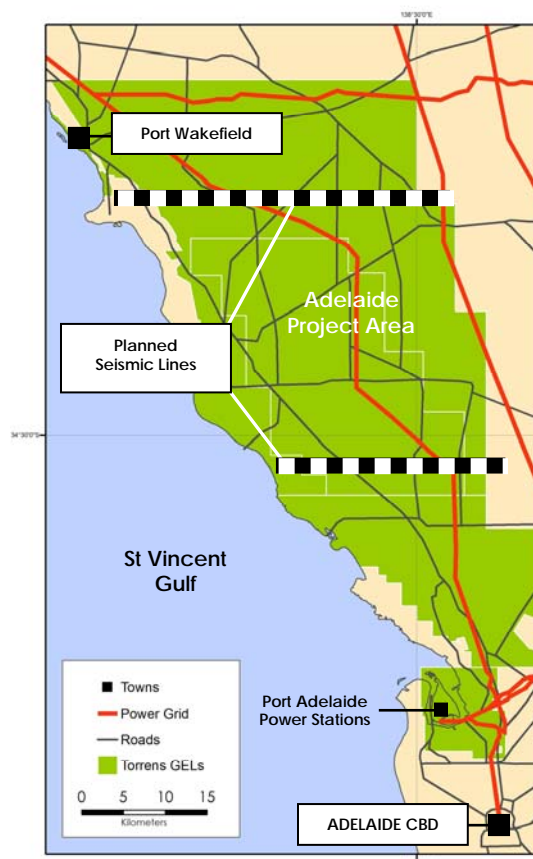
### SA Government PACE Grant Awarded

During the March Quarter Torrens Energy was awarded \$100,000 for seismic work under the South Australian Government Plan for Accelerating Exploration (PACE) Scheme.

The 2D seismic survey (right) forms part of a comprehensive exploration programme scheduled for 2008-2009 in the wholly-owned Adelaide Project Area, South Australia (ASX Announcement 11 February 2008).

The seismic survey will complement exploration drilling in the Adelaide Project scheduled for 2008.

The Adelaide Project Area showing planned 2D seismic lines. Data collected will complement drilling scheduled 2008.



## CORPORATE

### New Exploration Manager

Torrens Energy has bolstered its exploration team in South Australia, with inclusion of geologist Mr Bruce Godsmark. Mr Godsmark is an experienced exploration geologist, having worked for Pasminco Exploration, and most recently Unimin Australia, designing and implementing exploration strategies in Australia and overseas.

Mr Godsmark's areas of expertise include 3D modelling and resource calculation, exploration management, and design and implementation of exploration drilling programmes. Having completed his studies in South Australia, he has an excellent understanding of the geology being explored (ASX Announcement 18 April 2008).

### Cooperative Exploration Agreement with GulfX Limited

Torrens Energy and GulfX Limited (GulfX) signed a Cooperative Exploration Agreement during the March Quarter, covering areas where both companies are planning on-ground activity. Torrens Energy will complete geothermal exploration drilling to approximately 500m in an area GulfX is planning an intensive shallow coal drilling programme.

Torrens Energy and GulfX will work to find operational efficiencies including sharing permitting approval costs and geological information for mutual benefit (ASX Announcement 10 March 2008).

### Financial Position

The current cash at bank is \$5.58 million.

For further information please contact:

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The information in this report relating to exploration results is reported in accordance with the Australian Geothermal Energy Group, Geothermal Code Committee "Draft Code for Geothermal Resources and Reserves Reporting", Version 2.0 (February 2008). The information is based on information compiled by Chris Matthews, who is a Competent Person as defined by the Draft Code. Chris Matthews is a full time employee of the Company and has more than 5 years experience in the reporting of resource exploration and geothermal. Chris Matthews has consented to the inclusion in this report of the numbers based on the information in the form and context in which it appears.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**TORRENS ENERGY LIMITED**

ABN

**79 118 065 704**

Quarter ended ("current quarter")

**31 March 2008**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for :		
(a) exploration and evaluation	(374)	(993)
(b) development	-	-
(c) production	-	-
(d) administration	(89)	(286)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	114	320
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (REDI grant receipts)	237	705
<b>Net Operating Cash Flows</b>	<b>(112)</b>	<b>(254)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(5)	(49)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(5)</b>	<b>(49)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(117)</b>	<b>(303)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(117)	(303)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(117)	(303)
1.20	Cash at beginning of quarter/year to date	5,695	5,881
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	5,578	5,578

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	49
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Directors salary and consulting fees - \$49,288	

**Non-cash financing and investing activities**

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	Not Applicable
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	Not Applicable

**Financing facilities available**

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	450
4.2	Development	-
<b>Total</b>		<b>450</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	436	1,542
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (Commercial Bills & Security Deposits)	5,142	4,153
<b>Total: cash at end of quarter (item 1.22)</b>		<b>5,578</b>	<b>5,695</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	50,125,000	40,247,499		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	27,325,000 100,000 80,000 200,000 400,000	24,193,750 - - - -	<i>Exercise price</i> \$0.25 \$0.20 \$0.70 \$1.00 \$1.50	<i>Expiry date</i> 31 March 2010 31 March 2010 30 June 2010 30 June 2010 30 June 2010
7.8 Issued during quarter	300,000 350,000 400,000	- - -	\$0.44 \$0.66 \$0.99	11 March 2011 11 March 2011 11 March 2011
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Jade Styants  
Company Secretary

Date: 30/04/2008

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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