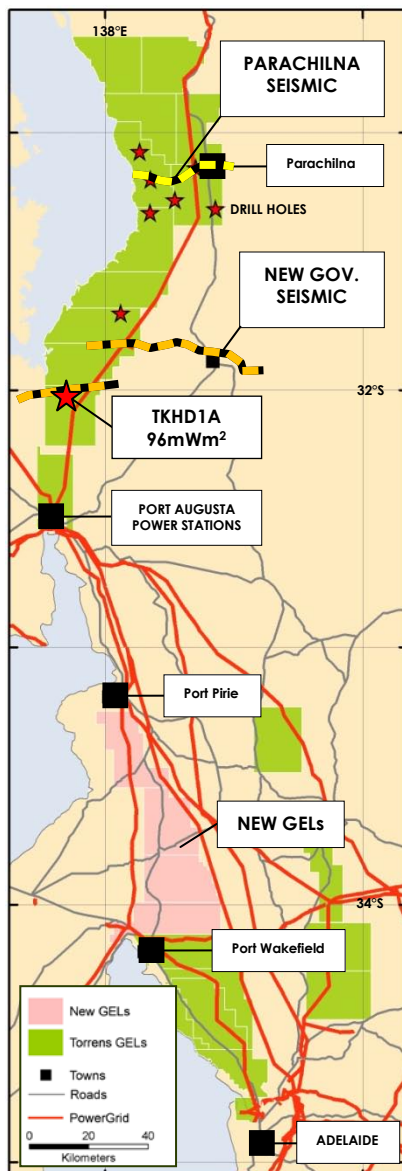

QUARTERLY ACTIVITIES REPORT DECEMBER 2008

HIGHLIGHTS

- High recorded heat flow and modelled temperatures from drilling in late 2008
- Seismic data acquisition completed, Parachilna and Port Augusta Projects
- Acquisition of Port Pirie Project, South Australia
- Appointment of Executive Director
- Seismic and drilling supported by REDI (\$3m) matched funding
- Strong cash position with exploration programme fully funded



The December quarter saw continued exploration success for Torrens Energy, with outstanding heat flow results returned from exploration drilling near Port Augusta. The result is highly significant and resulted in modelled temperature estimates of approximately 200°C at 4600m depth located 6 kilometres from the National Power Grid and 53 kilometres from the town of Port Augusta.

The Parachilna Inferred Resource was advanced with the acquisition of important seismic information. Furthermore a Government funded seismic programme was also undertaken which will provide important geo-scientific information for the highly prospective Port Augusta Project area.

In a move to consolidate the southern portion of the Torrens Hinge Zone, four additional Geothermal Exploration Licences (GELs) were granted to Torrens Energy to form the Port Pirie Project.

During the quarter the Company announced the appointment of Mr John Canaris to Executive Director. This internal change was complimented with the former CEO Chris Matthews' move to the technically focused role of Chief Geologist.

The Company remains in a strong cash position, aided by the ongoing \$3million matched funding support from the Federal Governments Renewable Energy Development Initiative (REDI), which returns almost half of direct exploration expenditure.

EXPLORATION

Heat Flow Results from Drilling 2008

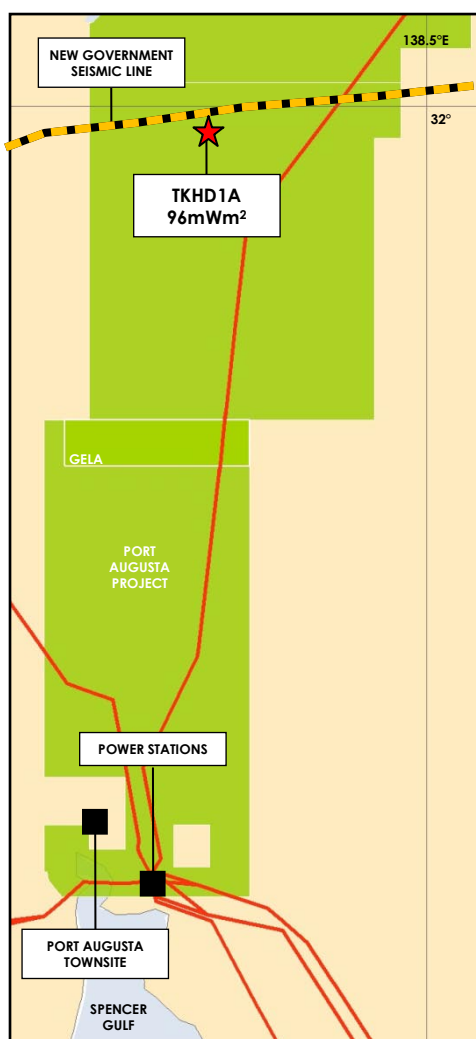
Results were recorded from two diamond drill holes completed from September to November 2008, at the Adelaide Plains and Port Augusta Projects in South Australia.

A combination of rotary mud and diamond core drilling was undertaken at the Raitaro 1 hole and TKHD1A hole, for a total depth of 403m and 1002m respectively, to enable 'clean' temperature measurements to be taken.

Thermal gradient and conductivity data was then used to derive heat flow values from cored sections of each hole, summarised as follows:

Hole	Northing	Easting	Depth	GEL	mWm ²
Raitaro 1	6219680	242403	403m	260	75 ± 7.4
TKHD1A	6454259	769049	1002m	235	96 ± 1.8

Coordinates are in the GDA 94 Datum, UTM (Zone 54) projection.
GEL = Geothermal Exploration Licence number.



Final heat flow value from the TKHD1A hole located 53 kilometres north of Port Augusta, is significantly high and above the Company's stated target of 90mWm⁻².

Preliminary Temperature Modelling to 5000m

Temperature modelling to target reservoir depth was completed using the TKHD1A heat flow, resulting in an estimated target temperature of approximately 200°C at 4600m depth.

This result is highly significant for the Company, in that 'hot rock' geothermal power production in a similar geological environment in Europe utilises reservoir temperatures in the order of 150°C.

Furthermore TKHD1A is located just 6 kilometres from the 132kV Port Augusta - Leigh Creek transmission power line, representing a considerable commercial advantage in comparison to remotely located 'hot rock' plays in South Australia.

Seismic Data Acquisition Completed

Torrens Energy completed data acquisition in early in 2009 at the Parachilna Project, north of Port Augusta. The seismic line traversed approximately 40 kilometres of pastoral land across the Torrens Hinge Zone from the Flinders Ranges in the east to Lake Torrens in the west, complementing heat flow drilling results collected in 2008.

The data collected will allow the interpretation of geological structures to target depth, and the refinement of a 3-D geology and temperature model, which will in turn be used to model the relationship between temperature and target reservoirs in the Parachilna Inferred Resource.

The newly derived geological model will then be used to determine the position of an 'intermediary' drill hole, to approximately 1500m. Processing and interpretation of the data will commence immediately.

In addition to the proprietary seismic information collected by Torrens Energy, the Company stands to benefit from a Commonwealth seismic initiative further south, which will be made publically available, and will assist the Company in the evaluation of the Port Augusta Project.



Terrex's 'bird-wagen' MARK IV off-road carrier with HEMI 60 vibrator.



PORT PIRIE PROJECT ACQUISITION

Torrens Energy continues its land acquisition strategy with the granting of GELs 425, 481, 482 and 483, between Port Wakefield and Port Pirie in South Australia, collectively called the Port Pirie Project (as per the map shown above).

The newly offered tenements incorporate a corridor of interpreted high heat flow which coincides with prospective insulating sedimentary rocks, straddled by the national electricity grid (NEM). This geological setting is being successfully explored by the Company approximately 300 kilometres to the north, at Parachilna.

Torrens Energy is very pleased to be granted these new GEL areas, which will be included in its systematic exploration of areas around the NEM in South Australia, to form part of the Company's 'project development pipeline' of Inferred Resources in South Australia.

As per the Company's suite of projects, the location of the Port Pirie Project continues to present a competitive advantage over other projects due to its positioning on the NEM.

ASX CODE: TEY

BOARD

Dr Dennis Gee: Chairman

John Canaris: Exec. Director

David Eiszele: Director

Marcus Gracey: Director

MANAGEMENT

Chris Matthews: Chief Geol.

Bruce Godsmark: Exp. Man.

Jade Styants: Comp. Sec.

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CORPORATE

During the Quarter Mr Canaris moved from his role as a Non-Executive Director to Executive Director to strengthen the Board with an executive member to progress the Company's projects as they reach a number of critical milestones. The appointment comes as Mr Chris Matthews steps down from his role as Chief Executive Officer to commence the more specialised role of Chief Geologist with the Company. The appointment of Mr Bruce Godsmark to Exploration manager in 2008 allows Mr Matthews to focus on providing technical expertise for the Company's advanced exploration projects.

Financial Position

The current cash at bank is \$6.8 million.

To date the Company has spent \$3.3 million on exploration activities, of which \$1.8 million has been received back from the Federal Government's \$3M Renewable Energy Development Initiative (REDI) grant, resulting in net expenditure on exploration of \$1.7 million.

SUMMARY

Executive Director John Canaris reflected on 2008:

"Whilst the results from 2008, and the time frame in which they were delivered speak for themselves, it is important to point out the broader significance of what has been achieved. In less than two years Torrens Energy's search for 'hot rock' resources proximal to power infrastructure and markets has changed the exploration landscape in Australia."

He added:

"If you consider that a major obstacle facing geothermal development in Australia is the cost of the supporting power infrastructure, then the geothermal exploration being undertaken by Torrens Energy on the National Power Grid is some of the most important work being done in geothermal."

For further information please contact:

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Torrens Energy Limited
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