
QUARTERLY ACTIVITIES REPORT

JUNE 2009

HIGHLIGHTS

- Further Drilling immediately north of Port Augusta returns high heat flow
- Excellent electricity connection point for Far North Transmission Network
- Seismic data acquisition completed at Port Augusta and Parachilna
- Validation drilling at Parachilna returns 94.7°C at 1653m
- Drilling supported by REDI (\$3m) matched funding
- Strong cash position with planned exploration fully funded

SUMMARY

The June quarter saw Torrens Energy rapidly advance its South Australian geothermal positions with various drilling and seismic completed at the Parachilna, Port Augusta and Adelaide Plains Projects.

Exploration 'heat flow' drilling at Port Augusta recorded excellent results north of the Davenport Substation, with a heat flow value measured in drill hole Thorin 1 of **93mW/m²**.

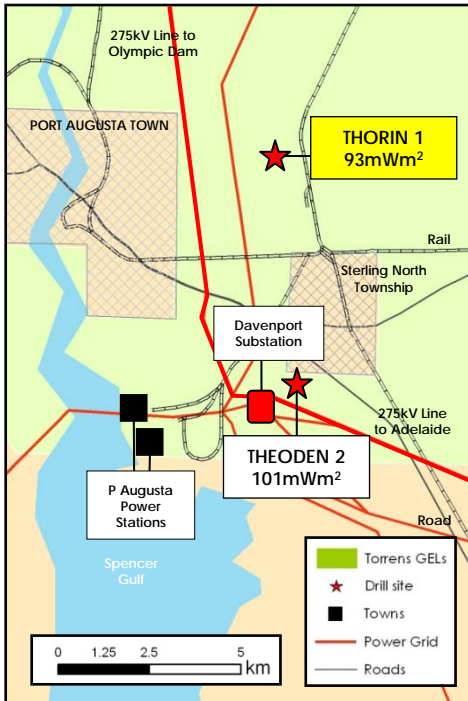
Thorin 1 is located seven kilometres north of Theoden 2 which returned outstanding modelled temperatures in the previous quarter; the Port Augusta 'hot spot' is at an ideal connection point, which an independent study concluded may be connected to the National Power Grid for as little as **\$10m**.

At Parachilna to the north, the Company's most advanced geothermal play, activity intensified with validation drilling returning a promising preliminary temperature result of **94.7°C at 1653m** on the recently completed seismic line.

Much of the activity forms part of a broad scale 'temperature mapping' programme designed to discover and delineate geothermal 'hot spots' on the electricity grid in South Australia. This programme is financially supported by a matching \$3m Federal Government grant under the Renewable Energy Development Initiative (REDI).



Boart Longyear drilling operations at Treebeard 1A, Parachilna Project.



Diamond drill hole Thorin 1 immediately north of Port Augusta and the Davenport Substation (& Theoden 2) connecting to the Network (red).



Adelaide Plains drilling operations utilising Watson Drilling diamond core rig.

DRILLING

Heat Flow Drilling Completed

A total of 12 diamond drill holes have been completed this financial year for 5,643m with five drilled by the Company in the March quarter, for approximately 2,465 metres. Heat flow results were recorded from four drill holes between April and June 2009 (below) with one result pending.

Drilling was completed by Watson Drilling Pty Ltd, using a combination of rotary mud and diamond core drilling, to enable temperature measurements to be taken.

Final heat flow results for measured holes are summarised below, with the methodology presented in more detail in the Company's ASX Announcements dated 30 July 2009 and 14 April 2009.

Hole	Northing	Easting	Depth	GEL	mW/m ²
Thorin 1	6403333	765133	363m	285	93 ± 2
Uwibami 1	6218932	265451	300m	260	77 ± 1
Rinjin 1	6198986	254134	297m	226	72 ± 1
Shelob 1	6453313	775655	321m	235	61 ± 5
Moria 1*	6439231	766855	162m	235	Pending

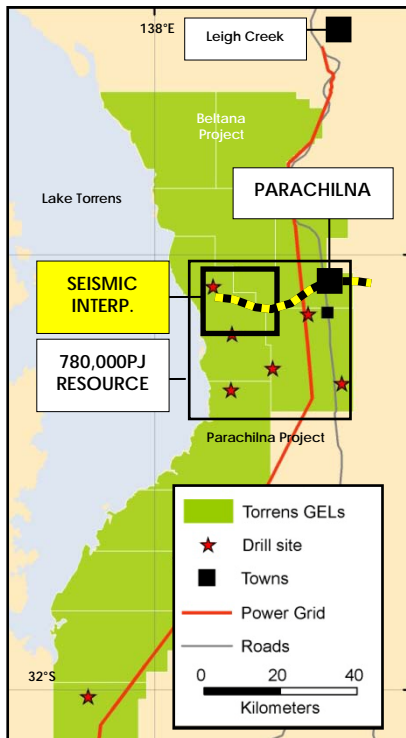
Coordinates are in the GDA 94 Datum, UTM (Zone 53, 54) projection. GEL = Geothermal Exploration Licence number. Hole not completed due to drilling difficulties.

The final heat flow value from Thorin 1, located just seven kilometres from the Davenport Substation is highly significant, and above the Company's stated target of 90mW/m².

The result extends the new discovered area of high heat generation at least seven kilometres north of the Davenport Substation, highlighting the potential for the establishment of a "geothermal field" at Port Augusta.

The heat flows reported for the Adelaide Plains are lower than the Company's stated target. They are however, well above background and have revealed some excellent insulating properties of the overlying sediments in the area.

Temperature modelling is scheduled to be completed for significant results returned during the quarter, after seismic and other data has been interpreted and a 3D geological model completed.



Parachilna seismic survey line.



Terrex Seismic operations on-line north of Port Augusta with transmission infrastructure in the background.

Treebeard 1A - Validation Drilling to 1653m (Underway)

During the quarter Torrens Energy reported on intermediary depth validation drilling at the Parachilna Project, where a promising preliminary temperature result of 94.7°C was returned at a depth of 1653m.

The temperature was recorded at the bottom of the hole after drilling had ceased for 24 hours, during which an increase of less than 0.1°C was recorded.

A final geothermal temperature gradient and heat flow estimate will be provided once the well has been completed and allowed to equilibrate.

SEISMIC

Torrens Energy has completed two separate 2D seismic surveys, one at Parachilna completed in January, and a second completed at Port Augusta in May.

Parachilna Seismic Survey

Seismic imagery from the Parachilna seismic survey has allowed geological formations and structures to be interpreted to 5000m depth – it has been a standout success, with interpreted basement identified between approximately 4,000 and 5,000m depth, overlain by a thick sequence of insulating cover, on eastern side of Lake Torrens (left).

The 40 kilometre seismic line at Parachilna traverses the Parachilna Inferred Resource (780,000PJ) announced in August 2008, and the 132KV Port Augusta-Leigh Creek Power Line forming the north eastern part of the Far North Transmission Network (left).

These activities confirm the prospectivity of the Parachilna Geothermal Play identified last year, bringing the Company a step closer to deep drill testing of this outstanding, on-grid 'hot rock' target.

Port Augusta Seismic Survey

A 25 kilometre seismic line at Port Augusta has been completed eight kilometres north of the town, following existing access tracks and roads to the east of the Stuart Highway (left). The work was fast-tracked following the outstanding result returned from heat flow drilling at the Davenport Substation adjacent to the Port Augusta Power Stations (summarised below, Theoden 2).

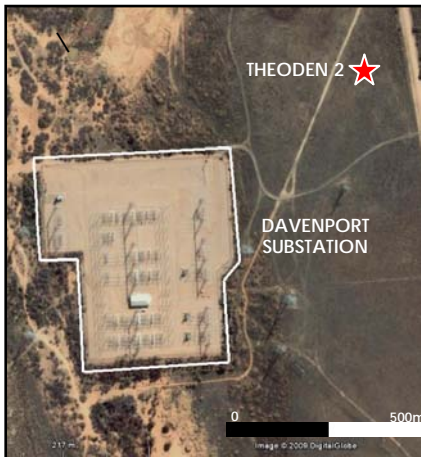
The interpretation of the seismic, whilst incomplete has revealed primary target "Basement" rocks overlain by a thick sequence of horizontal insulating sediments.

GRID CONNECTION – DAVENPORT SUBSTATION

An independent study completed by transmission experts John Thomson Inclusive Pty Ltd (JTIPL) last quarter concluded that network access for geothermal power production can be made via the Davenport Substation.

The study confirms that connection via the 33kV network can be completed for approximately \$10m for the first 50MWe of geothermal power production, and an additional \$22m for up to 200MWe production.

The Davenport Substation (left) connects the Far North Transmission Network at Port Augusta, to the Northern and Playford coal-fired power stations and represents an ideal point to feed into the National Electricity Market (NEM).



Google Image of the Davenport Substation and Theoden 2 drill site.

CORPORATE

AGL Geothermal Alliance

In 2008, Torrens Energy entered into a Geothermal Alliance Agreement (GAA) with AGL Energy Limited (AGL), to jointly develop commercial geothermal sites in Australia; AGL is Australia's largest integrated renewable energy company and largest private owner, operator and developer of renewable generation.

Under the agreement, Torrens Energy, as the upstream explorer, will continue to initiate geothermal project generation through the systematic application of its 3D-TFM exploration methodology across its landholdings.

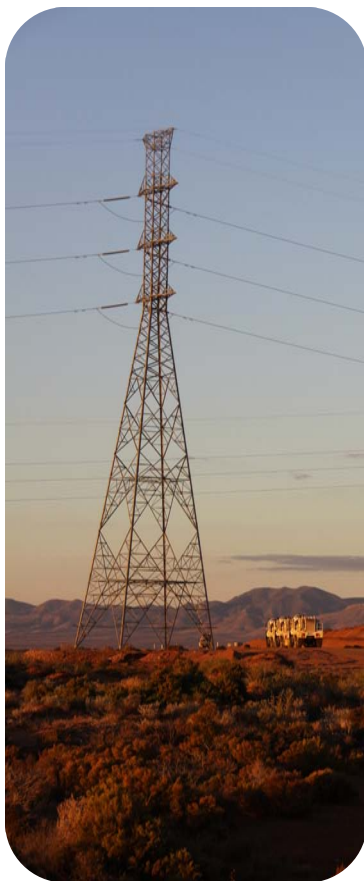
Once Torrens Energy has advanced its projects through to delineating sites for a deep drilling, AGL will have the first right to earn-in 50% to a geothermal hot spot by sole funding the completion of a confirmation well to target depth (approximately 4000–5000m) for a cost of around \$15m.

During the June quarter Torrens met with AGL to advance its plans for deep drill testing its most advanced project at Parachilna, and AGL reiterated its commitment to the programme and the development of geothermal resources at Parachilna and Port Augusta.

Financial Position

The current cash at bank is \$5.46 million

To date Torrens Energy has spent \$5.8m on geothermal activities, of which \$2.4m has been received back from the Federal Government's \$3m REDI grant for work carried out in relation to the 3D Temperature Field Modelling, resulting in net expenditure activities of \$3.4m.



Seismic operations at Port Augusta.

ASX CODE: TEY

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SUMMARY

The June quarter saw activity surge forward on a number of fronts with excellent results returned from the Parachilna and Port Augusta Projects, South Australia. Activity is within budgeted expenditure and well ahead of scheduled time.

Results returned from the Adelaide Plains, while less than target values, are still well above background heat flow and have discovered excellent insulating sediments which may produce high geothermal gradients.

The intersection of high heat flow north of Port Augusta extends the heat anomaly from the Davenport Substation at least seven kilometres north, which is an outstanding result for the Company.

The interpretation of newly acquired seismic is pending however, an initial review looks promising with basement and insulating cover present.

In addition the recent interpretation of the seismic at Parachilna, whilst still being refined by the results from Treebeard 1A, has thus far confirmed primary target "Basement" rocks at between 4,000 and 5,000m depth.

Executive Director John Canaris Commented: "These factors combine to effectively upgrade the Parachilna Geothermal Play, and establish it as one of Australia's largest and most advanced on-grid EGS geothermal resources"

He added: "the Company's strategy is to establish a 'pipeline' of geothermal projects, and the while our Alliance Agreement with AGL is on track to see through deep drilling at Parachilna, the Company continues to successfully advance its second Project at Port Augusta, and the 'green-fields' exploration work further south".

For more information please contact:

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The information in this report that relates to geothermal exploration results has been compiled by Chris Matthews. Mr Chris Matthews, a full time employee of the Company, has sufficient experience in the style of geothermal play under consideration to qualify as a Competent Person under the Australian Code for Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves (2008 Edition). Chris Matthews has consented in writing the public release of this report in the form and context in which it appears.