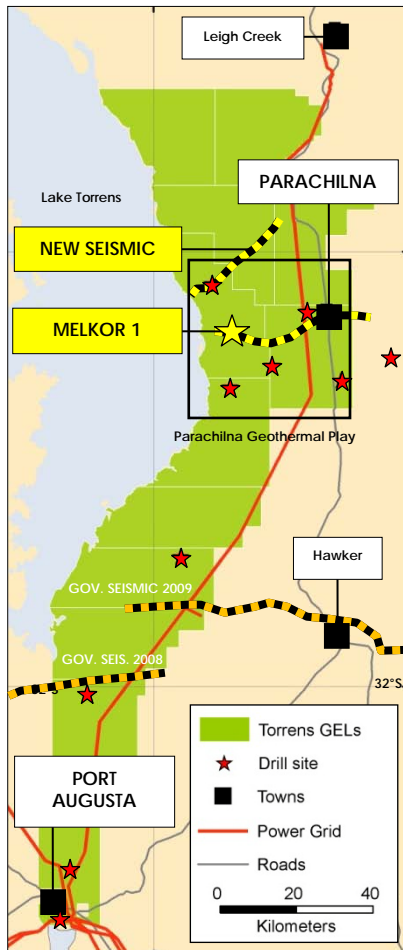

QUARTERLY ACTIVITIES REPORT

DECEMBER 2009

HIGHLIGHTS

- \$7m GDP Grant Awarded to Torrens Energy, Parachilna Project, SA
- Additional seismic acquisition and intermediary drilling completed, Parachilna
- Robert Hodby appointed as Company Secretary
- Jerome Randabel appointed as Exploration Manager



SUMMARY

Torrens Energy Limited (Torrens Energy) was delighted to report the successful award of \$7m Geothermal Drilling Program (GDP) Round 2 funding during the December quarter 2009.

The \$7m "matched" funding will be directed toward achieving proof-of-concept at the Company's outstanding Parachilna Geothermal Play in South Australia (left).

During the December quarter Torrens Energy completed additional drilling and seismic acquisition at the Parachilna Geothermal Play to improve geological understanding, and reduce technical risk for the drilling of the Company's first deep geothermal well, Elendil 1, scheduled to commence later this year.

Elendil 1 is planned to be completed as part of the joint development and commercialisation of geothermal in South Australia, with AGL having the first right to earn a 50% interest in the geothermal resource by sole funding the completion of the Well to approximately 4,000 – 5,000m at an estimated cost of approximately \$15m.

Final results are yet to be returned from heat flow drilling and seismic reported here.

DRILLING

Parachilna Project - Validation Drilling to 1,007m

During the quarter Torrens Energy contracted Watson Drilling Pty Ltd to complete additional intermediary depth validation drilling at the Parachilna Project. Diamond drill hole Melkor 1 was positioned on the seismic line completed in early 2009, to test heat producing basement occurring at depth ranging from 3,300m to 4,000m (ASX Announcement 15 July 2009)

Melkor 1 was drilled with a combination of rotary mud to drill through the soft Tertiary overburden and cored through the underlying Cambrian rocks. The hole was cased with 4" oil-field steel casing to a depth of 423m. Melkor 1 was drilled to the target depth of 1,007m and recorded a promising preliminary temperature of 66.9°C.

Stratigraphic and petrographic data collected from the drill core are being analysed and will be used to update the 3D-TFM (3D Temperature Field Model) for the Play. Temperature measurements were conducted at the end of drilling using third-party contract downhole loggers as well as the Company's temperature probe.

Results are pending.

SEISMIC

Nilpena Project Seismic Survey

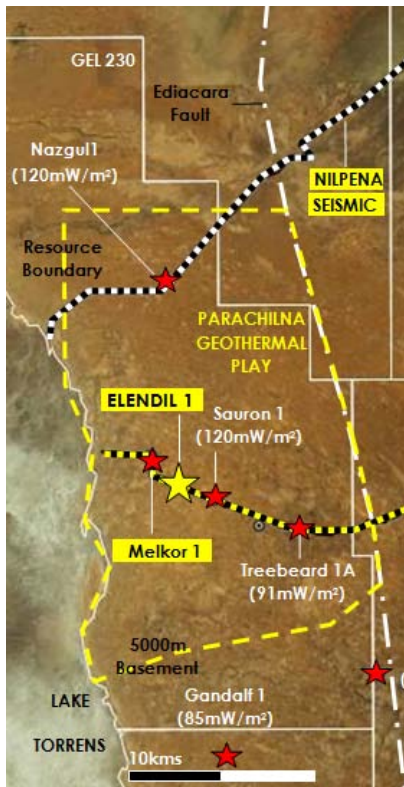
Torrens Energy completed data acquisition for its third separate 2D seismic survey at Parachilna in November 2009. The survey was conducted by Terrex Seismic and the data processed by Valseis Pty Ltd.

The 30 kilometre seismic line lies 40 kilometres north of Parachilna township, following existing access tracks and roads extending from the foothills of the Flinders Ranges to the shores of Lake Torrens (left).

The work was fast-tracked following the outstanding result returned from the Nazgul 1 heat flow drill hole (ASX Announcement 20th August 2008) and the addition of the seismic data to reduce the technical risk associated with the siting of the deep confirmation well planned for later in 2010.

The results of the 09TE-03 Nilpena survey will be reported once final processing and interpretation of the data is complete, however preliminary interpretation of the seismic has confirmed target 'basement' rocks at optimal depths of between 3,500 and 4,000m.

Results are pending.



Parachilna Geothermal Play location diagram.



Terrex Seismic operations 2009.

CORPORATE

Exploration Manager Appointed – Jerome Randabel

During the December quarter Jerome Randabel was appointed as Exploration Manager to replace Bruce Godsmark. Mr Randabel is a geologist with 18 years experience in the fields of mining production and minerals exploration. He holds a Bachelor of Science with Honours in Geology from the University of Adelaide.

He has worked extensively in uranium mining and exploration for Heathgate Resources Pty Ltd and subsequently for Uranium Equities Ltd, and most recently Monaro Mining NL where he was the Chief Geologist responsible for designing and implementing exploration strategies both in Australia and overseas.

Mr Randabel's range of expertise includes 3D resource modelling and resource estimation, project evaluation and exploration management.

Company Secretary Appointed – Robert Hodby

Mr Hodby joined Torrens Energy in 23 November 2009. Mr Hodby is an accountant with over fifteen years experience in various finance roles with a number of Western Australian based private entities and listed companies.

He is an experienced Company Secretary having worked across a range of publicly listed Australian and international private companies covering a range of sectors including energy and resources. He has extensive management and corporate governance experience.

Mr Hodby holds a Bachelor of Commerce from Murdoch University and is a member of CPA Australia and an affiliate of Chartered Secretaries Australia.

Financial Position

The cash at bank at 31 December 2009 is \$2.61m.

Torrens Energy has spent \$7.78m on geothermal activities, of which \$2.78 million has been received back from the Federal Government \$3m REDI grant for work carried out in relation to the 3D Temperature Field Modelling, resulting in net expenditure activities of \$5.0m at 31 December 2009.



Watson Drilling diamond core drill rig during operations at Melkor 1



Well logging operations 2009.

ASX CODE:	TEY
BOARD	
Dr Dennis Gee:	Chairman
John Canaris:	Exec. Director
David Eiszele:	Director
Marcus Gracey:	Director
Howard McLaughlin	Director
MANAGEMENT	
Chris Matthews:	Chief Geologist
Jerome Randabel:	Exp. Manager
Rob Hodby:	Company Secretary
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SUMMARY

The additional information collected in drill hole Melkor 1 and geophysical data acquired in the Nilpena seismic line will undoubtedly provide important geological information, enabling the refinement of the Company's first deep geothermal confirmation well at the Play – Elendil 1.

Elendil 1 is planned to be spudded in 2010 as part of the joint development and commercialisation of geothermal in South Australia, with development partner AGL Energy Limited (AGL).

Torrens Energy entered into a binding agreement with AGL in 2008, where it has first right to earn a 50% interest in the geothermal resource by sole funding the completion of this well to approximately 4,000-5,000m for an estimated cost of approximately \$15m.

AGL is Australia's largest integrated renewable energy company and largest private owner, operator and developer of renewable generation. As part of the arrangement AGL acquired a 9.99% cornerstone position in Torrens Energy.

Executive Director John Canaris Commented:

"The December quarter saw the Company further define what is already the best tested geothermal play in Australia. Since drilling commenced in 2007 Torrens Energy has put into practice world's best practice to measure and model heat flow to 5,000m depth at Parachilna."

"The temperature structure of the Parachilna Geothermal Play is now understood with background heat flows consistently well above national averages over a large area, peaking at around 120mW/m2 enabling temperature modelling consistently well above 200°C at relatively shallow depths."

"With the completion of Melkor 1 and the Nilpena seismic line Torrens Energy believes the nature of the reservoir rocks at depth is now the primary geological uncertainty which must be tested with an appraisal well into the target rock."

For more information please contact:

John Canaris
 Executive Director
 Torrens Energy Limited

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.