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## QUARTERLY ACTIVITIES REPORT

JUNE 2011

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### HIGHLIGHTS

- Expenditure commitments reduced by tenement consolidation
- New exploration opportunities considered
- Cash position maintained
- Carbon tax renews interest in geothermal investment

### SUMMARY

The Government's new carbon policy has renewed investor interest for the Australian renewable energy sector, and has been the driver behind the Company's recent share price increase.

During the quarter Torrens Energy successfully consolidated future expenditure commitments, deferred the requirement for drilling Elendil-1, and rationalised existing licences.

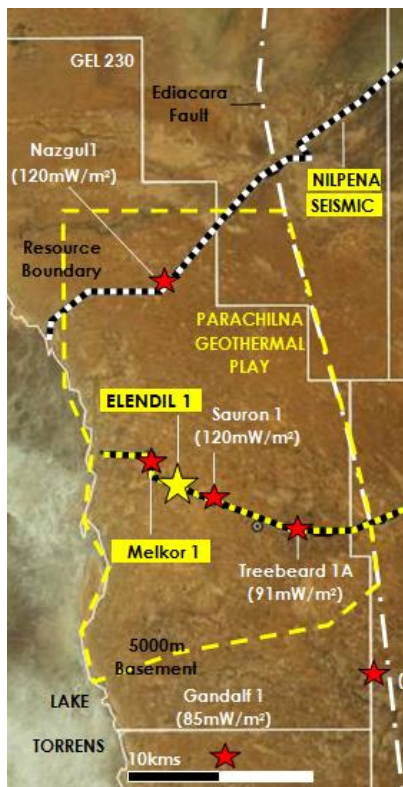
#### Carbon Tax Stimulates Investor Interest

A relevant part of the Clean Energy Futures package released in July will be support for renewable energy through the new Clean Energy Finance Corporation (CEFC).

The CEFC has been set up to administer ~\$10b for development of low-emission technologies. The Australian Renewable Energy Agency (ARENA) has been allocated \$3.2b of existing grant funding, and will establish a \$200m Clean Technology Innovation Program. This is expected to provide much-needed financial assistance for early-stage geothermal developments.

While market conditions mean that proof-of-concept drilling will still need to be deferred, Torrens Energy hopes this new carbon policy will signal the first step toward the recovery of the geothermal sector.

Geothermal energy remains the prime choice for zero-emission base-load energy in Australia. Torrens Energy having established world class on-grid geothermal resources in South Australia, remains positioned to benefit in the future from such government stimulatory programs.



Parachilna Geothermal Play location diagram showing the Elendil 1 location, South Australia.

ASX CODE: TEY

#### BOARD

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John Canaris: Managing Director

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## Expenditure Commitment Relief Granted

Torrens Energy maintains one of Australia's largest geothermal land holdings, and certainly the largest land position in South Australia. One of the many licence conditions is a minimum work program and expenditure commitment that is agreed at the time of grant.

The minimum work program for GEL230 which contains the advanced Parachilna Geothermal Play required the completion of a deep geothermal well (Elendil-1 4500m) in 2011 at an estimated cost of \$20M.

Despite the Company's continued efforts, market conditions remain unfavourable for up-stream geothermal investment and untenable for deep drilling.

During the quarter Torrens Energy successfully negotiated with PIRSA the consolidation and rationalisation of work commitments, in particular relief for the drilling of Elendil-1. PIRSA has approved the voluntary suspension of GEL230 till January 2012, deferring the requirement for deep drilling.

PIRSA acknowledges that the *Petroleum and Geothermal Energy Act 2000* allows for the rationalisation of most of the Company's existing landholdings, enabling realistic future work programs and expenditures to be matched with the consolidated areas.

In addition to the expenditure relief, Torrens Energy has surrendered GELs 227 and 501 which are considered peripheral to its primary interests.

Torrens Energy is grateful to PIRSA for granting this relief which displays their depth of understanding of an industry with so much future potential. South Australia remains Australia's prime geothermal state - both geologically and legislatively.

## New Opportunities Considered

Torrens Energy remains committed to the geothermal space. However whilst major expenditures can be deferred, the Board of Directors are investigating opportunities for alternative resource projects to enhance shareholder value in the near term.

For more information please contact:

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