

Notice of **Annual General Meeting and Explanatory Statement**

**Annual General Meeting to be held at
Subiaco Hotel, 465 Hay Street, SUBIACO
on 24 November 2011
commencing at 10.30 am (WST)**

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on + 61 8 680 1003.

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of Torrens Energy Ltd will be held at the Subiaco Hotel, 465 Hay Street, Subiaco Western Australia on 24 November 2011 at 10:30 am (WST).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 5:00pm (WST) (8:00pm Sydney daylight savings time) on 21 November 2011.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

Your vote is important

The business of the Annual General Meeting affects your shareholding and your vote is important.

Voting in person

To vote in person, attend the Annual General Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - o the proxy is not recorded as attending the meeting;
 - o the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Agenda

1. Annual Report

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2011 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

Shareholders should consider this document and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item of business.

2. Resolution 1 - Remuneration Report (Non-binding Resolution)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a non-binding resolution:

"That, for the purposes of Section 250R (2) of the Corporations Act and for all other purposes, approval is given for the Company to adopt the Remuneration Report as set out in the Director's Report in the Annual Report for the year ended 30 June 2011".

Short Explanation: Section 300A of the Corporations Act requires the Directors' Report to contain a remuneration report containing information about the Board's policy for determining the nature and amount of the remuneration of directors and senior management. The report must also explain the relationship between the remuneration policy and the Company's performance.

Sections 250R(2) and 250R(3) of the Corporations Act provides that the vote on the adoption of the remuneration report is advisory only and does not bind the Directors or the Company.

During this item of business, Shareholders at the Meeting may comment on and ask questions about the Remuneration Report which appears in the Torrens Energy 2011 Annual Report.

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (d) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

3. Resolution 2 - Re-election of Director

To consider, and if thought fit, to pass the following as an ordinary resolution:

"That Mr David Eiszele who retires by rotation in accordance with clause 11.3 the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

Short Explanation: Pursuant to clause 11.3 of the Company's Constitution, one third of the Company's Directors must retire at each Annual General Meeting. A Director who retires in accordance with clause 11.3 of the Constitution is eligible for re-election.

4. Resolution 3 Change of Auditor

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Section 327B of the Corporations Act, and for all other purposes, Stantons International, having been nominated by a Shareholder and having consented to act as the Company's auditor, be appointed as auditor of the Company with effect from the close of the Annual General Meeting."

DATED: 14 OCTOBER 2011

BY ORDER OF THE BOARD

ROB HOBBY

COMPANY SECRETARY

Explanatory Statement

Introduction

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at Subiaco Hotel, 465 Hay Street, Subiaco Western Australia on 24 November 2011 at 10:30 am (WST).

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the resolutions in the Notice of Meeting.

Annual Report

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2011 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <http://www.torrensenergy.com/>.

Resolution 1 – Remuneration Report

General

In accordance with Section 250R(2) of the Corporations Act, the Company must put a resolution that the Remuneration Report as set out in the Directors' Report be adopted to vote on at the Annual General Meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2012 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's 2012 annual general meeting. All of the Directors who were in office when the Company's 2012 Directors' report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2011.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

Proxy Restrictions

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member as your proxy to vote on this Resolution 1, you must direct the proxy how they are to vote. Where you do not direct the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or a Closely Related Party of that member on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution 1.

Resolution 2 – Re-Election of Director

Pursuant to Clause 11.3 of the Company's Constitution, at every Annual General Meeting, one third of all the Directors shall retire from office at each annual general meeting of the Company. A retiring Director is eligible for re-election.

The Company currently has four (4) directors, and accordingly one (1) must retire.

In accordance with Constitution Mr David Eiszele retires and seeks re-election.

Details regarding Mr Eiszele are set out in 2011 Annual Report.

Resolution 3 Change of Auditor.

The Directors put the audit of the Company to tender and invited a number of firms, including the current auditor, Deloitte Touche Tohmatsu, to tender for the audit of the Company.

The Directors understand that the Company's current auditor, Deloitte Touche Tohmatsu, has given notice to ASIC of their intention to resign as auditor of the Company (under section 329(5) of the Corporations Act). Upon receipt of the consent of ASIC, Deloitte Touche Tohmatsu has advised that it will submit a notice of resignation to the Company in accordance with section 329(5) of the Corporations Act. Such resignation will take effect from the date of the Annual General Meeting.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for Stantons International to be appointed as the Company's auditor. A copy of this nomination is attached to this Explanatory Statement as Schedule 1.

Stantons International has given its written consent to act as the Company's auditor, subject to Shareholder approval and the resignation of Deloitte Touche Tohmatsu.

Subject to ASIC consenting to the resignation of Deloitte Touche Tohmatsu, it is proposed that the Company by this Resolution 3 appoint Stantons International as auditor of the Company with effect from the passing of this Resolution.

If Resolution 3 is passed, the appointment of Stantons International as the Company's auditors will take effect from the close of the Annual General Meeting.

If Deloitte does not obtain ASIC approval and resign by the date of the Annual General Meeting, the Company will not put Resolution 3 to Shareholders but instead intends to

appoint Stantons International as its auditor under section 327C(1) of the Corporations Act once ASIC approval is obtained and Deloitte Touche Tohmatsu has resigned. The Company will then seek Shareholder approval for the re-appointment of Stantons International as its auditor at its next annual general meeting.

Other Information.

Scrutineer

A representative of Torrens Energy's external auditor, Deloitte Touche Tohmatsu, will act as a scrutineer for any polls that may be required at the meeting.

Questions and Comments by Shareholders at the Meeting

In accordance with the Corporations Act 2001, a reasonable opportunity will be given to shareholders – as a whole – to ask questions or make comments on the management of Torrens Energy at the meeting.

Similarly, a reasonable opportunity will be given to shareholders – as a whole – to ask questions to Torrens Energy's external auditor Deloitte Touche Tohmatsu, relevant to:

- a) the conduct of the audit;
- b) the preparation and contents of the audit report;
- c) the accounting policies adopted by Torrens Energy in relation to the preparation of the financial statements; and
- d) the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to Deloitte Touche Tohmatsu if the question is relevant to the content of Deloitte Touche Tohmatsu's audit report or the conduct of its audit of Torrens Energy's financial report for the year ended 30 June 2011.

Relevant written questions for Deloitte Touche Tohmatsu must be received no later than 5.00pm (WST) on Monday, 21 November 2011. A list of those relevant questions will be made available to Shareholders attending the meeting. Deloitte Touche Tohmatsu will either answer questions at the meeting or table written answers to them at the meeting. If written answers are tabled at the meeting, they will be announced on ASX no later than the start of the meeting.

Please send any written questions for Deloitte Touche Tohmatsu:

- a) by post to Torrens Energy Ltd, PO Box 1505 West Perth, WA 6904; or
- b) by facsimile to the Company on facsimile number + 61 8 6380 1026.

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

Annexure means the annexure to this Explanatory Statement.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 118 065 704).

ASX Listing Rules means the Listing Rules of ASX.

Board means the board of Directors at the date of this Notice.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

Company means Torrens Energy Limited (ABN 79 118 065 704).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report as contained in the Directors' report section of the Company's annual financial report for the financial year ended 30 June 2011.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

14 October 2011

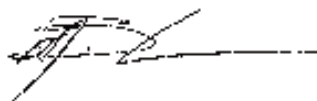
The Directors
Torrens Energy Limited
338 Hay Street
Subiaco WA 6008

Dear Sirs

NOMINATION OF AUDITOR

For the purposes of section 328B(1) of the Corporations Act 2001, Invia Custodian Pty Limited <Elliot Point Pty Ltd A/C>, being a member of Torrens Energy Ltd, hereby nominate Stantons International, of Level 1, 1 Havelock Street, West Perth WA, for appointment as auditor of Torrens Energy Limited at the Company's next Annual General Meeting.

Yours faithfully

A handwritten signature in black ink, appearing to read 'M Bracher', is written over a horizontal dashed line.

Mr Michael Bracher
Invia Custodian Pty Limited

Shareholder's Name and Address

Please write your name(s) above

Please write your address above

Appointment of Proxy

I/We being a member/s of Torrens Energy Limited and entitled to attend and vote hereby appoint:

Name of Proxy

OR the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Annual General Meeting to be held at 10.30am (WST), on 24 November 2011 at Subiaco Hotel, 465 Hay Street, Subiaco, Western Australia, and at any adjournment thereof.

Comment

Important for Resolution 1: If the Chair of the Meeting or any member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or a Closely Related Party of that member is your proxy and you have not directed the proxy to vote on Resolution 1, the proxy will be prevented from casting your votes on Resolution 1. If the Chair, another member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or Closely Related Party of that member is your proxy, in order for your votes to be counted on Resolution 1, you must direct your proxy how to vote on Resolution 1. Important Notice for Resolution 1 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

OR

Voting on business of the Annual General Meeting

RESOLUTIONS	FOR	AGAINST	ABSTAIN
1. Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of David Eiszele	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Change of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

PLEASE SIGN HERE - This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Shareholder 1

Shareholder 2

Shareholder 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Dated: ___/___/2011

Contact Email address

Contact Telephone Number

Proxies may be lodged either by facsimile on (08) 6380 1026, by mail or delivery to the registered office of the Company at Suite 1, 338 Hay Street, Subiaco, 6008, Western Australia. To be valid, a proxy form must be received by the Company no later than 48 hours before the time appointed for the Annual General Meeting. For assistance in completing this form, please refer below.

INSTRUCTIONS FOR COMPLETION OF THE PROXY FORM

Shareholders Name

This is the name of the shareholder as it appears on the Company's share register. In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that ordinary shares held as at 5.00pm on 22 November 2011 will be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time.

Appointment of Proxy

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two other persons (whether shareholders or not) as proxy or proxies to attend in the shareholder's place at the Annual General Meeting. The proxy has the same right as the shareholder to speak and vote at the Annual General Meeting. If you leave this section blank, the Chairman of the meeting will be your proxy to vote your shares even if you attend the Annual General Meeting (unless you revoke your proxy before the meeting).

Vote on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the resolution/s you wish to direct your proxy to vote on. If you do so, all your shares will be voted in accordance with your direction. You can split your vote on any resolution/s by inserting the number/s of shares you wish to vote in the appropriate box/es. Please ensure you clearly mark the box in black or blue ink by placing a mark or the number of shares you are voting. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.

Appointing a Second Proxy

If a shareholder appoints two proxies, each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded. The appointment of a second proxy must be done on a separate copy of the Proxy Form.

Contact Telephone

This will help us if there are any problems with your proxy form.

Signature(s)

Each shareholder must sign this form. Where the holding is in one name, the shareholder must sign. If your shares are held in joint names, all shareholders must sign in the boxes. If you are signing as an Attorney, then the Power of Attorney must have been noted by the Company or be duly stamped and accompany this form. Only duly authorised officer(s) can sign on behalf of a Company. Please sign in the boxes provided which state the office held by the signatory. Where the holder is a company with a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the [Annual] General Meeting.

Delivery of Proxy

To be effective, forms to appoint proxies must be received by the Company no later than 48 business hours before the time appointed for the holding of this Annual General Meeting, that is by 10.30 am on **Tuesday 22 November 2011**, by post or facsimile to the respective addresses stipulated in this proxy form. **Proxy forms received after this time will be invalid.**

Chairman's Voting Intentions

The Chairman intends to vote in favour of the resolutions set out in the Notice.

