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## QUARTERLY ACTIVITIES REPORT

SEPTEMBER 2011

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ASX CODE: TEY

### BOARD

Dr Dennis Gee: Chairman

John Canaris: Managing Director

David Eiszele: Director

Howard McLaughlin: Director

### MANAGEMENT

Rob Hodby: Company Secretary

### CORPORATE OFFICE

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### SUMMARY

The Australian Federal Government strengthened its commitment to renewable development through the passing of \$23/ton carbon pricing legislation through its Lower House of Parliament this quarter, stimulating renewed interest in Australian renewables and geothermal.

Torrens Energy successfully completed a \$0.045 Rights Issue for approximately \$0.9m. Given the immediate prospects for Australian geothermal, the directors are investigating other exploration opportunities in the resources and energy sector which aim to provide a more immediate return for shareholders.

Torrens Energy jointly announced that it has mutually executed Deeds of Termination with the Australian Government for Geothermal Drilling Program (GDP) grant funding.

### Carbon Pricing Legislation Passed

The Government's revised position on carbon has been a key driver behind renewed investor interest for the Australian renewable energy sector, and geothermal.

The Australian Government carbon pricing legislation, tabled earlier this year, passed through a vote of the Lower House of Parliament this quarter. The Clean Energy Future package will form the platform for the \$23/ton carbon tax and broader renewable policy incentives, expected to commence in July 2012.

Support will also come through a succession of new Government funding initiatives, brought together under the new \$10b Clean Energy Finance Corporation (CEFC), designed to provide financial support for renewable energy. Under this scheme a \$3.2b allocation will be administered under the new independent body ARENA (Australian Renewable Energy Agency).

Funding has already been allocated to the development of geothermal energy, with up \$40m expected to be available for early development assistance. In addition there will be around \$170m of pre-existing geothermal funding which will form part of the new ARENA funding for consideration next year.

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## Rights Issue Completed

Torrens Energy closed its 1-for-3 Entitlement Issue during the quarter. The Rights Issue secured approximately \$900,000 of new funding at \$0.045. The raising was strongly supported by the Company's shareholders, with applications subscribing for approximately 13million Torrens Energy shares, representing a take-up of approximately 62%. Under-subscriptions to the entitlement totalled approximately 8million shares, were underwritten to the full extent.

The proportionally large uptake on the rights issue represents a strong show of confidence and signals to the Board of Torrens Energy that our shareholders are prepared to continue to support the Company's direction. Cash reserves have been increased to approximately \$3.7m, giving the Company a strong financial base in times of both uncertainty and opportunity.

## GDP Funding Mutually Terminated

Torrens Energy was amongst four Australian listed geothermal explorers who received the grant in 2010 after being competitively evaluated and selected through a rigorous technical and financial merit assessment. Projects selected represent some of the highest quality potential geothermal development projects in Australia.

Regrettably current economic conditions over the past year and the construct of the GDP have limited the recipients' ability to attract project funding and thus fulfil all the requirements of their GDP grants in the timeframes stipulated. As a result the four companies advised the ASX that they have mutually executed Deeds of Termination with the Australian Government for their Geothermal Drilling Program (GDP) grant funding.

## New Opportunities Considered

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

For more information please contact:

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