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Torrens Energy to Benefit from \$59m Government Geoscientific Initiative

HIGHLIGHTS

- Australian Government's \$59m Energy Programme to include seismic surveys across geothermal exploration licences of Torrens Energy, representing work to the value of over \$400,000.
- Torrens Energy will benefit from both national and regional Projects under the Federal Government's Onshore Energy Security Programme.
- In addition, Geothermal for Cities Project will assess the potential of near-city areas for hot rock power, which will complement the programs of Torrens Energy.
- Australian government initiatives will initially focus in on geothermal energy around key infrastructure areas, a strategy perfectly aligned with the Company's objectives.

INTRODUCTION

Torrens Energy will directly benefit from the Federal Governments planned \$59 million *Onshore Energy Security Programme* (OESP), outlined at the industry's 3rd Annual Hot Rock Energy Conference in Adelaide last week.

The five year initiative will initially focus on assessing the potential for geothermal energy in Australia's key infrastructure areas, a task perfectly aligned with the Company's stated strategy of exploring close to infrastructure and markets.

The Federal Government has recognised that the principal problem facing the industry is proximity to infrastructure, and that "remoteness of [known] hot rock resources increases the costs of transmission". It also acknowledges a "paucity of appropriate geothermal data" in key greenfields areas around markets and infrastructure.

FEDERAL ONSHORE ENERGY SECURITY PROGRAMME

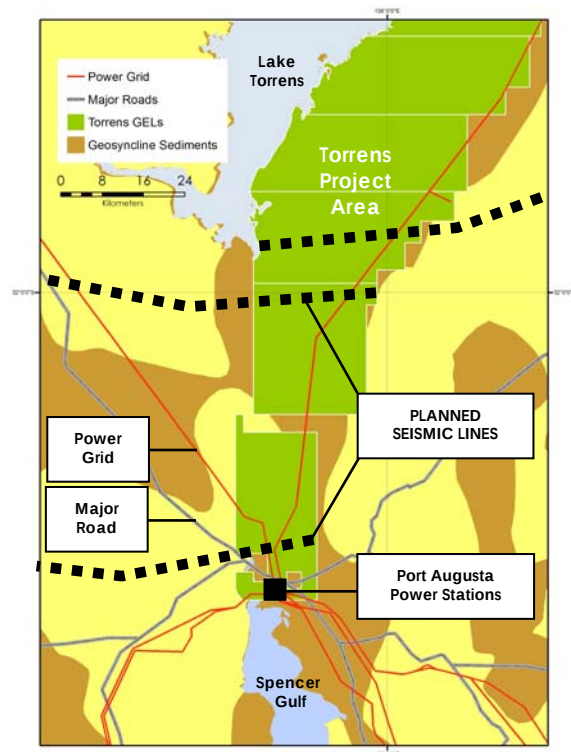
The \$59 million, five year program will deliver “data packages and scientifically based assessments of the potential for onshore energy resources such as oil, gas, uranium, thorium and geothermal energy”. The initiative provides for the collection new data including seismic, radiometrics and magneto-tellurics, to attract investment in exploration.

SEISMIC DATA ACQUISITION

As part of the five year OESP programme, seismic data will be acquired across the Company's Torrens Project Area (below), a task which the Company had included in its initial two-year work programme (TEY Prospectus, March 2007).

The seismic programme to be conducted by Geoscience Australia will:

- increase the understanding of the nature of the South Australian Heat Flow Anomaly (SAHFA) which will have direct relevance to the licence areas of Torrens Energy, and:
- determine the nature and depth of insulating sedimentary cover over heat-producing granites in the eastern Gawler Craton and Torrens Hinge Zone.



GEOTHERMAL FOR CITIES

Geothermal for Cities is another program of Geoscience Australia that will benefit Torrens Energy. This initiative will provide information on geothermal resources close to centres of population. It will address the question: “Are there resources of naturally heated water available near major population centres?”

Torrens Energy has secured geothermal licences adjacent to Adelaide, and has also been granted a geothermal permit in Melbourne.

Torrens Energy is perfectly placed to benefit from the *Geothermal for Cities* program by way of synergies with its aims of exploring in the heart of infrastructure for both hot rock power and applications such as power-plant preheating and geothermal desalination.

SUMMARY

Geologically prospective areas related to the SAHFA and the Torrens Hinge Zone, where they are crossed by the National Electricity Grid, are primary targets for Torrens Energy,. The Company has secured key licence positions in these areas, and demonstrated that its GELs have genuine potential for hot rock and direct-use geothermal energy. The Company's Chief Executive Chris Matthews said today

"The Federal Government has rightly identified the Torrens Project Area as a priority greenfields region for geothermal prospectivity. This will in turn enable the Company to model the heat flow exploration data that will be collected from its shallow drilling, and ultimately help Torrens identify targets for deep geothermal drilling".

The innovative exploration strategy of Torrens Energy is clearly in step with the Federal Government's Onshore Energy Security Programme, which will see real benefits flow back to the Company. This program endorses the strategy of identifying geothermal resources close to infrastructure and markets in Australia.

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