

ASX ANNOUNCEMENT, 11 SEPTEMBER 2008

Exploration Drilling Commenced, Heat Mapping Accelerated, South Australia

HIGHLIGHTS

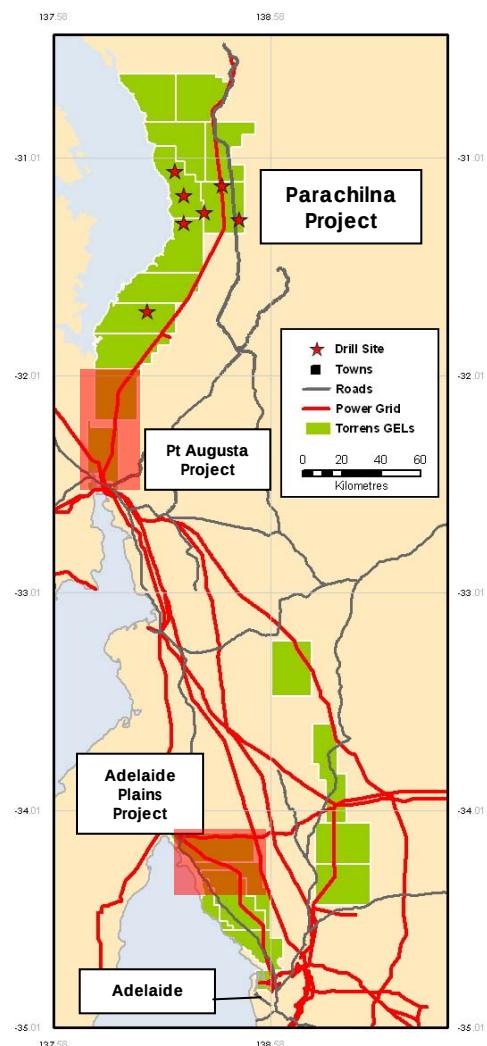
- **Torrens Energy to step up exploration drilling, with budgeted expenditure increased by 91% from 2008.**
- **Drilling commenced in Adelaide Plains Project, exploration will target areas central to supporting power infrastructure in South Australia**
- **Geothermal resources identified during the exploration program will be progressed as part of Geothermal Alliance Agreement with AGL for deep drill testing.**

Torrens Energy is pleased to announce that exploration “heat mapping” has commenced, with the first well spudded in the Company’s 2008-9 exploration programme. Drilling will continue for approximately 6 months, targeting two new highly prospective geothermal areas central to power infrastructure in South Australia.

The Company is set to accelerate exploration activity for the 2008-2009, with budgeted expenditure increased by 91% from the previous year.

Activity will focus on the South Australian Heat Flow Anomaly (SAHFA), which has long been recognised as being highly prospective for “hot rocks”. Torrens is the first company however, to recognise the heat source and insulating cover of the Torrens Hinge Zone, targeted in the coming field season.

This unique geological model brings the search for “hot rocks” to the Port Augusta and Adelaide Regions – the hub of power infrastructure and markets in South Australia.



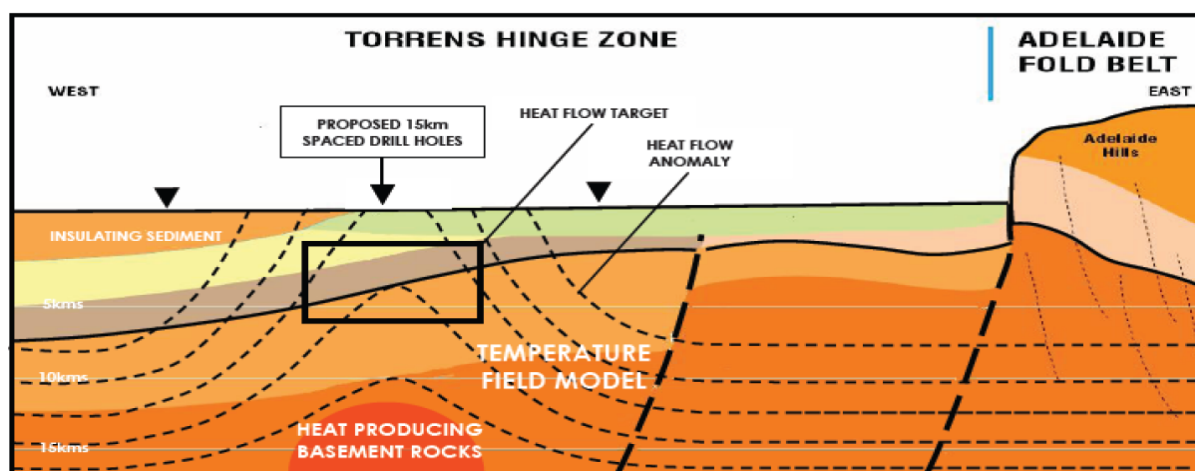
DRILLING COMMENCED

The Company's planned exploration coverage will test two key areas at its wholly owned Adelaide Plains and Port Augusta Projects. This programme is fully funded and supported by \$3M in matched funding under the Australian Government's Renewable Energy Development Initiative (REDI). Up to 10 exploration wells will be drilled for a total of 5000 m of drilling.

A combination of heat flow drilling and the Company's innovative 3D temperature field modelling (3D-TFM) allows systematic and efficient exploration of the Company's substantial GEL acreage in South Australia.

The 3D-TFM methodology models temperature variation in an area and serves to reduce critical uncertainties. This allows cheap and effective assessment of the geothermal potential of Project areas, adding value to projects.

This methodology was used to map, model and calculate the recently announced Parachilna Project Inferred Resource (ASX Announcement 20 August 2008).



AGL GEOTHERMAL ALLIANCE AGREEMENT (GAA)

In July Torrens Energy entered into a Geothermal Alliance Agreement (GAA) with iconic Australian integrated energy company, AGL Energy Limited (ASX Announcement 9 July 2008).

Under the terms of the GAA, AGL can acquire a 50% JV interest in "hot spots" identified by Torrens Energy, by sole funding the completion of a deep well at each geothermal resource Project.

Torrens Energy's fully funded exploration project pipeline aims to deliver multiple "hot spots" on the grid in South Australia, to be advanced through deep drilling and power generation via joint participation of the two companies. Torrens Energy will advance each project's development through to delineating sites for a deep confirmation well, with the newly defined geothermal resource "carved out" forming a "JV Area".

GEOPHYSICS & INTERMEDIARY DRILLING

Torrens Energy has increased exploration funding allocation to cover the costs of geophysics and intermediary drilling (to between 1000 and 2000m) in areas where exploration drilling has identified inferred resources. This work will allow accurate siting of deep (4,000-5,000m) confirmation wells, via which inferred resources can be brought to indicated status.

SUMMARY

Torrens Energy is in a strong position with its 2008-9 exploration programme fully funded to explore two prospective Projects on the Power Grid in South Australia.

CEO Chris Matthews is very excited about the Company's planned exploration: "Torrens Energy's exploration programmes continue to break new ground and delineate new areas with the potential for indicated geothermal resources to be established, right under the wires in South Australia. We are operating in a State where there are significant pressures on both the electricity supply and demand sides, as well as the crucial need for emissions free baseload power. With our projects advancing so quickly and our programmes fully funded, we are on track to identify quality 'hot spots' for deep testing."

He added: "The locations of the Parachilna Resource and the other areas to be tested in the next year - in the heart of existing power infrastructure, provide a real advantage over other geothermal plays in Australia. We have used innovation and clear thinking to gain prime geothermal real estate, and now are forging ahead in identifying hot rock prospects right where they will be most economic."

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The information in this report relating to exploration results is reported in accordance with the Australian Geothermal Energy Group, Geothermal Code Committee "Draft Code for Geothermal Resources and Reserves Reporting" (July 2008). The information is based on information compiled by Chris Matthews, who is a Competent Person as defined by the Draft Code. Chris Matthews is a full time employee of the Company and has more than 5 years experience in the reporting of resource exploration and geothermal. Chris Matthews has consented to the inclusion in this report of the numbers based on the information in the form and context in which it appears.