



Exploration Update

**Annual General Meeting
24 November 2008**

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Board of Directors



DR DENNIS GEE – Chairman

- 40yrs + technical, exploration and Aust. geo-political figurehead
- Senior mgmt roles in Australia mining industry
- Senior mgmt roles in Australian government – Director Geol Survey NT



MR DAVID EISZELE – Director

- Power infrastructure industry expert and award winning engineer
- Senior management – Former MD of Western Power
- Past Chairman of the Electricity Supply Association of Australia
- Previous Deputy Chair of BCA Energy and Greenhouse Task Force



MR JOHN CANARIS - Director

- 16yrs exploration geologist in Australia – minerals, oil & gas
- Extensive international experience in business development
- Corporate experience & management – Previous CEO listed explorer



MR MARCUS GRACEY - Director

- Accomplished commercial and corporate lawyer
- Background in international law & IP commercialisation
- Chartered Company Secretary

Management



MR CHRIS MATTHEWS – Chief Geologist

- 9 years minerals exploration & natural resource mgmt
- Project mgmt, govt & extensive South Australian experience
- Post grad research into heat flow & geothermal modelling
- Geothermal geologist



MR BRUCE GODSMARK – Exploration Manager

- 14 years experience in mining, production, mineral exploration
- Expertise include 3D modelling, resource calculation, exploration management, and design and implementation of exploration drilling



MS JADE STYANTS – Company Secretary

- 10 years+ chartered accountant, project financing & development
- Ex Anaconda Nickel Limited and Gillette International SARL.
- Company Secretary of ASX Listed Lefroy Resources Ltd, C@ Ltd, and AIM Listed Empyrean Energy Plc.

Corporate Snapshot

Number of Shareholders	~1,400
Total Shares on Issue	55,878,964
Market Cap @ \$0.20	\$11, 200,000

Cash at Bank – Sept 08	\$6,840,000
Grant Funding Avail – Sept 08	\$1,959,000

- August 2007 REDI Federal Gov Grant: \$3m
- July 2008 placement to AGL @ \$0.40: \$2.2m
- **Capital available (cash + grants): \$8.8m**

Presentation Summary



INDUSTRY DEVELOPMENTS & DRIVERS

- Commercial projects in Germany & France
- Predicted geothermal cost comparisons & carbon effect
- Electricity market conditions in South Australia
- Government incentives for geothermal

KEY ACHIEVEMENTS 2008

- Strategic infrastructure position secured in SA and VIC
- Exploration success in South Australia – “Hot Spot” discovered
- Large Inferred Resource established – Parachilna
- Development partner secured - Alliance Agreement with AGL

SUMMARY OF 2008 - 2009 DRILLING CAMPAIGN - COMMENCED

Geothermal – Commercial Reality

LANDAU GEOTHERMAL PROJECT, GERMANY

- Sedimentary target - approx. 150°C resource at 2500-3000m
- Electrical power output is approx. 3MWe, expandable to 8MWe
- 6,000 households will be serviced
- 200-300 households heated
- Commissioned November 2007



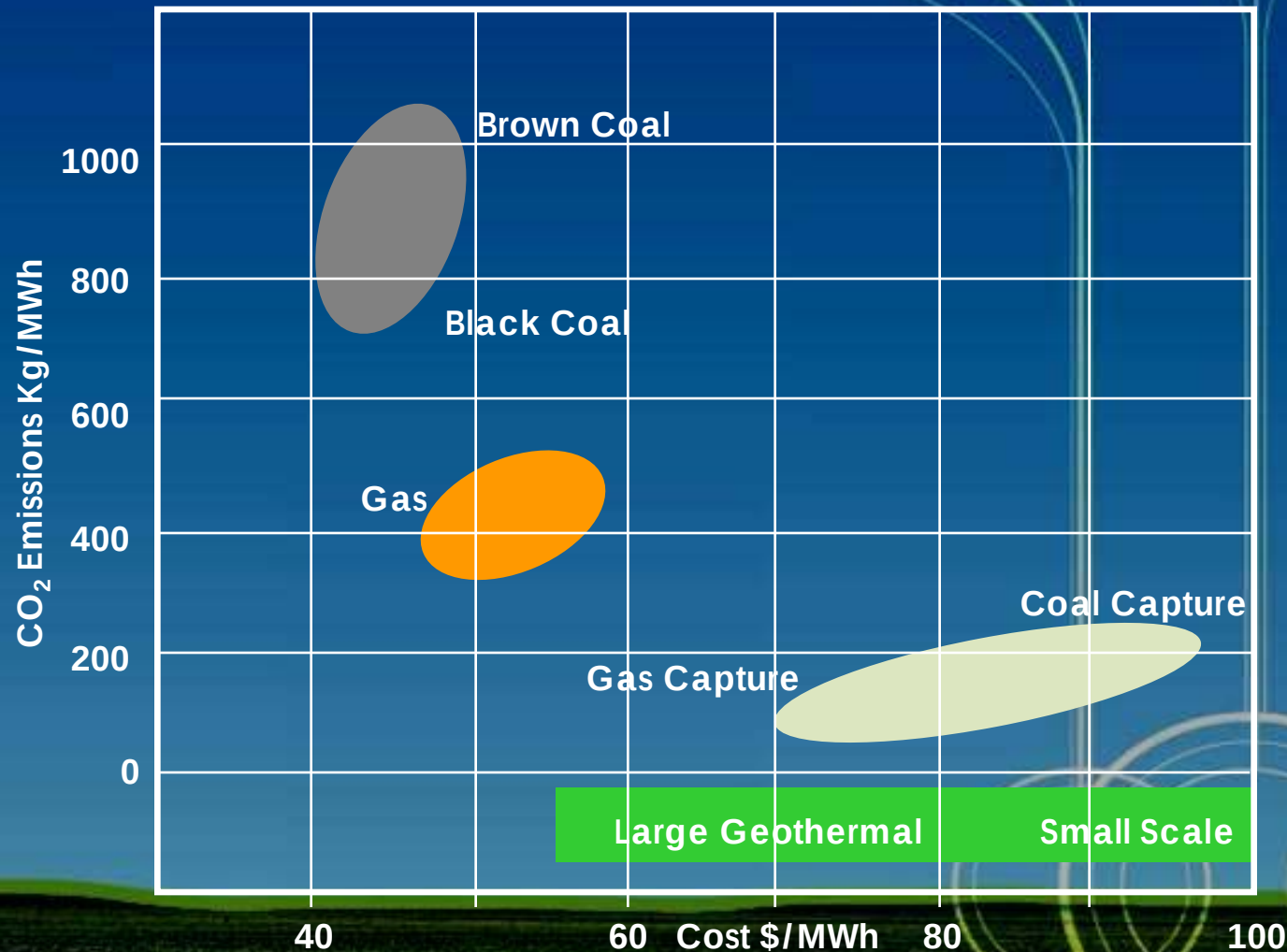
SOULTZ GEOTHERMAL PROJECT, FRANCE

- Granite basement target – approx 200°C at 5,000m
- Electrical output 3-5MWe
- Commissioned June 2008



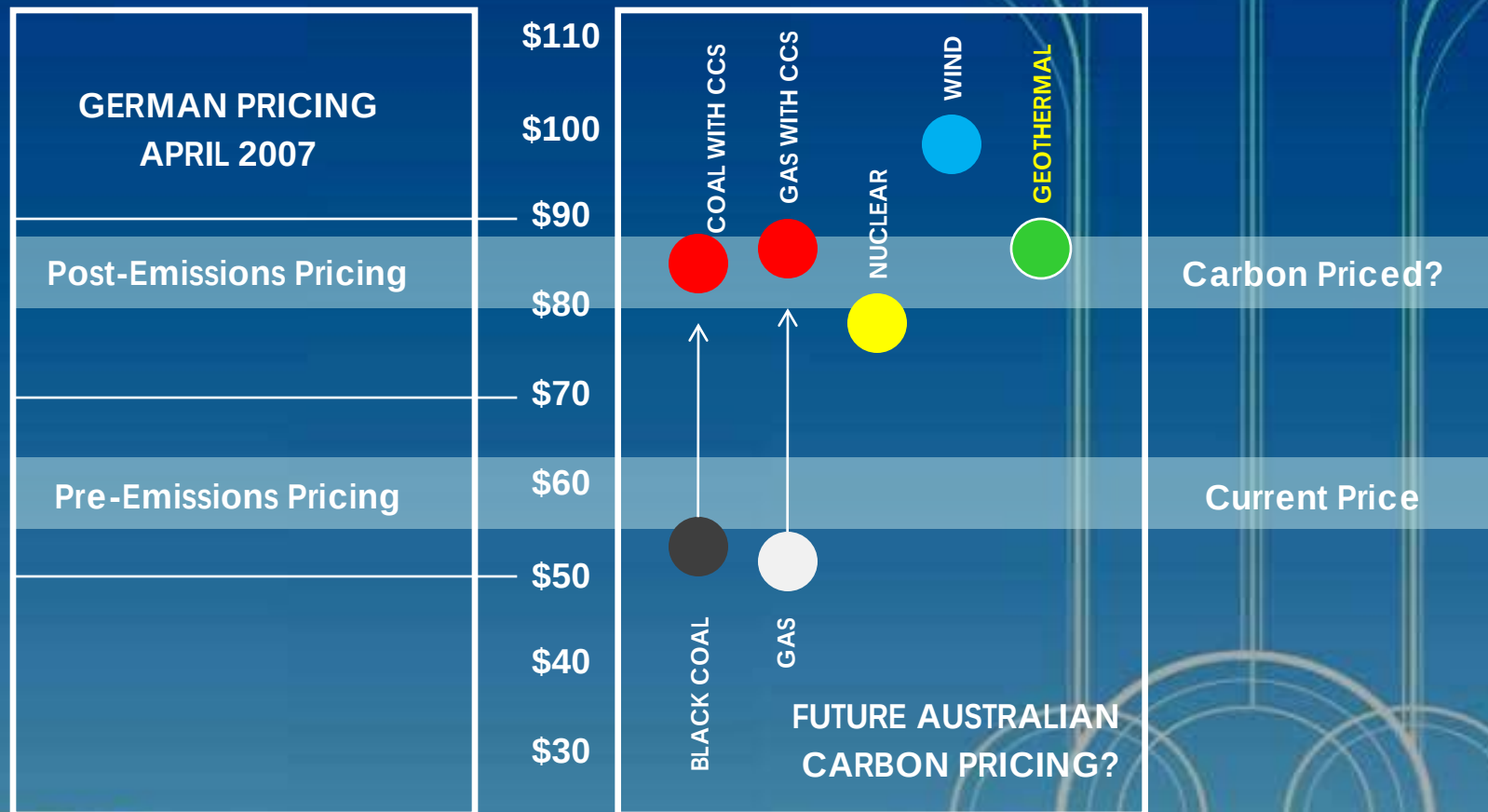
Comparative Costs for Geothermal

- Large scale Hot Rock geothermal competitive with fossil-fuels
- By 2030 6.8% of production from geothermal



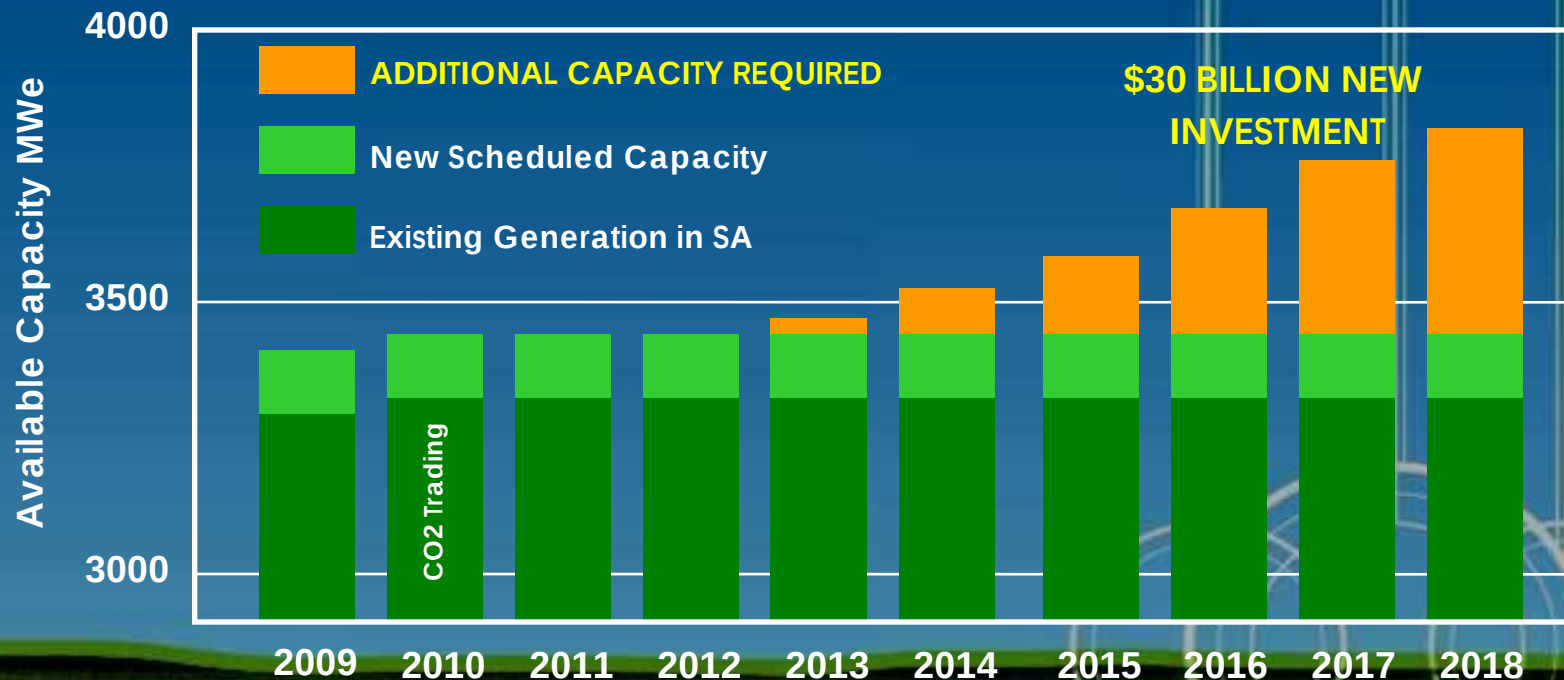
The Future Cost of Carbon

- Emission Reduction Target of 60% below 2000 levels by 2050
- Carbon Emission Trading Scheme by 2010



Demand – Supply Gap in SA

- National demand increase 65% by 2030 (ABARE)
- National Grid supply gap – Additional supply required by 2012
- SA Govt predicts shortfall of 400MWe by 2017
- Not including the Olympic Dam Expansion (500-700MWe)



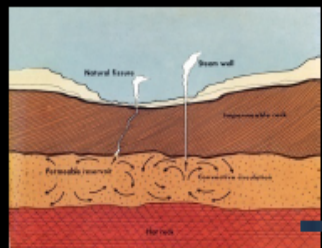
Government Incentives

Fed Gov. Seismic – 2 Lines Across
TEY Ground 2008, worth ~ \$500k

Torrens Energy REDI
Grant \$3m Matched Funding
Awarded April 2007

Fed Gov. Geothermal Drill
Programme (GDP) \$7m
Torrens Eligible Round 2 -2009

Fed Govt REF Fund
\$500m For
Commercialisation



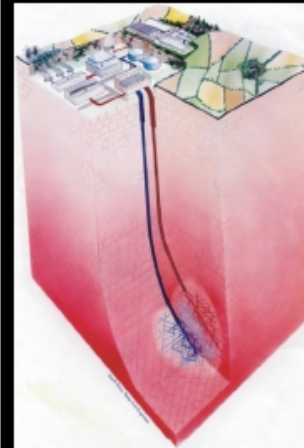
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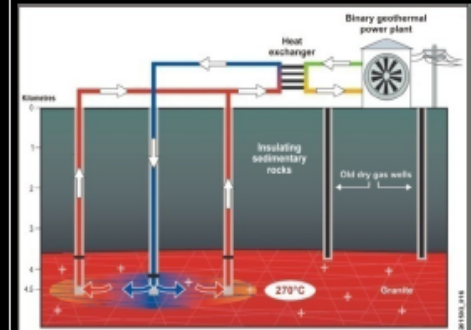
Shallow Drilling



Deep drilling
to prove Hot Rock
reservoirs exist.



Proof-of-Concept.
Hot Rock
Power Production



Pre-competitive Demonstration
of Hot Rock Power Production

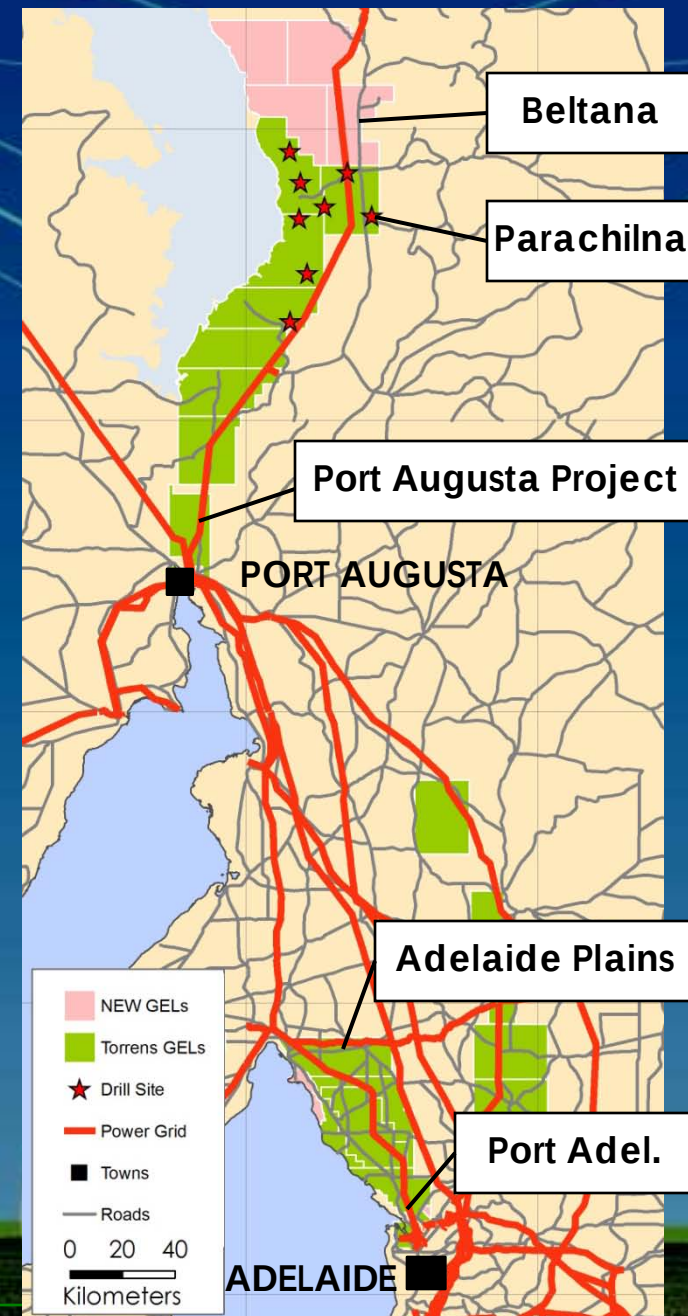
Exploration

Confirmation Drilling

Commercialisation Off-take Market

South Australian Projects

- Beltana Project: **NEW, HIGH HEAT FLOW**
 - Parachilna Project: **INFERRED RESOURCE**
 - Port Augusta Project: **CENTRAL TO POWER**
 - Adel. Plains Project: **CENTRAL TO MARKETS**
 - Port Adel. Project: **CENTRAL TO MARKETS**
 - Barossa-Clare Project
-
- **LARGE SA LAND POSITION ~ 10,000km²**
 - All located proximal to the power grid
 - Centered on SA power infrastructure
 - Electricity markets immediately accessed
 - Parachilna Project “Hot Spot”
 - Exploration concepts validated



The Key to Success

Essential Factors for Hot Rock Exploration	Torrens Energy Project Fundamentals
1. ACTIVE & PROVEN HEAT SOURCE – HEAT FLOW ESTIMATES	✓ Dominant position within SA Heat Flow Anomaly - unique corridor of high heat producing rocks
2. INSULATING COVER & POSITIVE MODELLING	✓ Adelaide Geosyncline - sequence of sediment containing known insulating rock
3. SUITABLE UNDERGROUND RESERVOIR FOR WATER CIRCULATION	✓ Region has favourable earth stresses that create horizontal fracture sets
4. INFRASTRUCTURE & MARKET SUPPORT	✓ Proximal to the National Power Grid, services, roads, towns, existing power stations and associated infrastructure

Exploration Success 2008

- 7 holes drilled for ~ 5,000m
- Spaced 15Kms = Broad coverage
- 1,200Kms covered = 16% of landholding

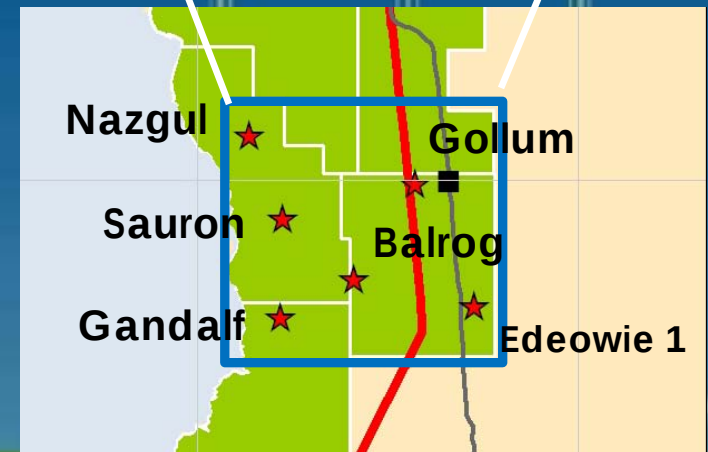
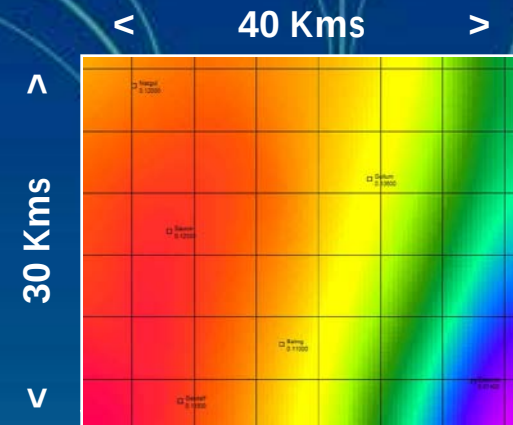
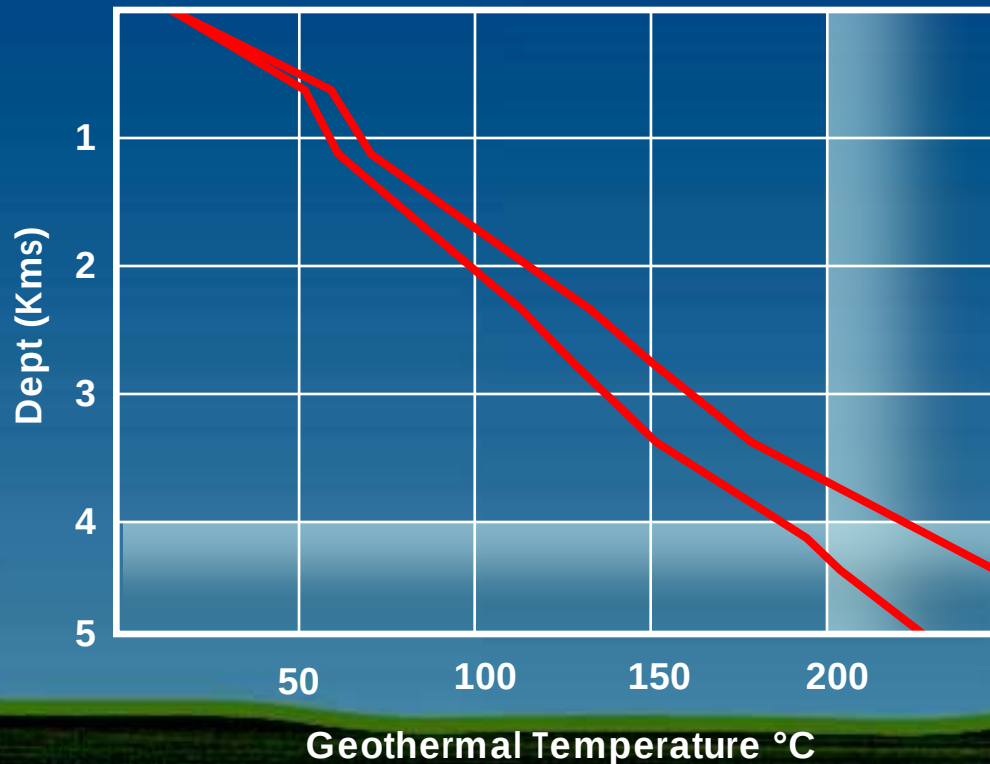
Hole Name	Hole Depth	Heat flow
Nazgul 1	600m	120 mW/m ²
Sauron 1	375m	120 mW/m ²
Balrog 1	507m	110 mW/m ²
Gollum 1	501m	106 mW/m ²
Gandalf 1	585m	116 mW/m ²
Torrens 1	760m	82 mW/m ²
Edeowie 1	759m	74 mW/m ²



- **Outstanding heat flows - High modelled temps. 200°C+ @ 4000m**
- **WELL WITHIN VIABLE TEMPERATURE RANGES FOR POWER GEN.**

Parachilna - Exploration Success

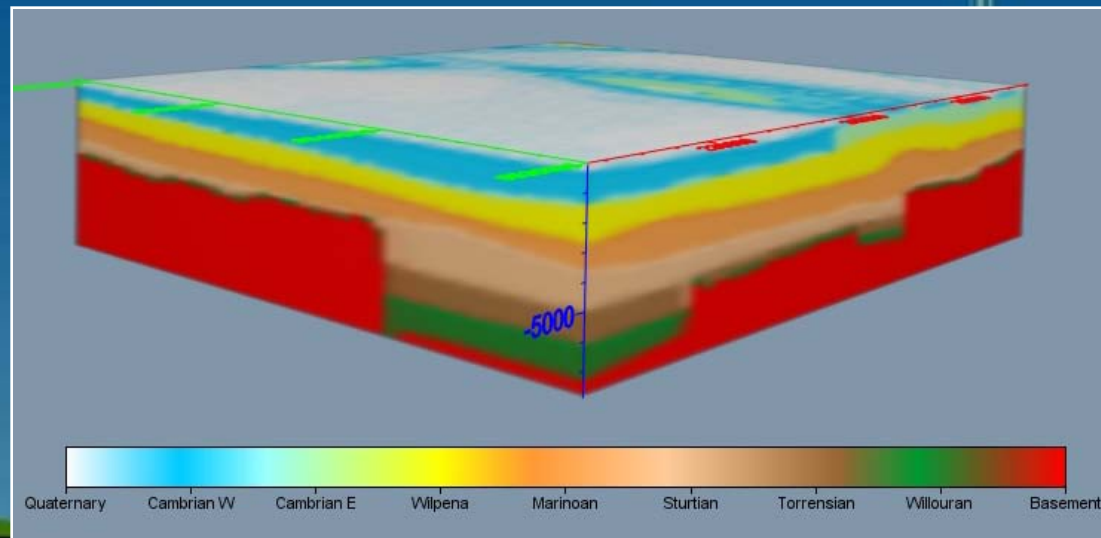
- Outstanding heat flow results
- High modelled temperatures
- Large heat anomaly - 1,000 Km²



Parachilna Resource Estimate

- Geothermal Resource Estimate:
- Inferred Resource:
- Large anomalous area:
- Located on the National Grid:
- Exploration concepts validated:

**WORLD FIRST CODE COMPLIANT
OPEN NORTH - SOUTH
POTENTIAL "GEOTHERMAL FIELD"
COMPETITIVE ADVANTAGE
PROSPECTIVITY UPGRADE**



Parachilna Inferred Resource



- Four target reservoirs: **RANGE OF GEOLOGY**
- Large Inferred Resource: **HUGE POTENTIAL**

Geological Reservoir	Inferred Geothermal Resource (PJ)
Yerelina/Upalinna Subgroups	310,000 $\pm$ 40,000
Umberatana Group	250,000 $\pm$ 20,000
Burra Group	66,000 $\pm$ 1,000
Basement	150,000 $\pm$ 10,000
TOTAL	780,000 $\pm$ 70,000

Development Partner Secured



BROAD TERMS OF GEOTHERMAL ALLIANCE AGREEMENT

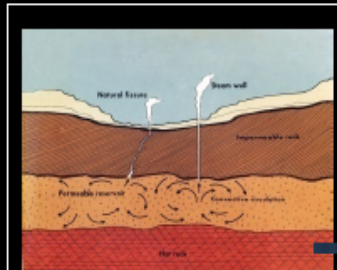


- **AGL Energy:** Australia's largest renewable operator
- **Exclusive:** AGL will expand into geothermal through Torrens Energy
- **Earn-in:** AGL can acquire a 50% JV interest in "Hot Spots"
- **Risk:** AGL sole fund all initial deep drilling ~ \$10m per "Hot Spot"
- **Off-take:** Agreement in place at commercial power rates
- **Strength:** Brings Torrens in line with larger players in Energy Sector

TORRENS AIMS TO IDENTIFY 3 x "Hot Spots" IN CURRENT PROGRAM

- **Funding:** Torrens fully funded right through to JV with AGL
- **Value:** No dilution to Torrens shareholders

Exploration to Development



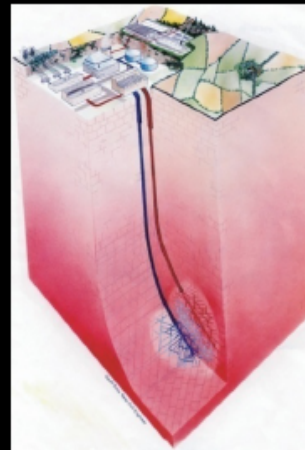
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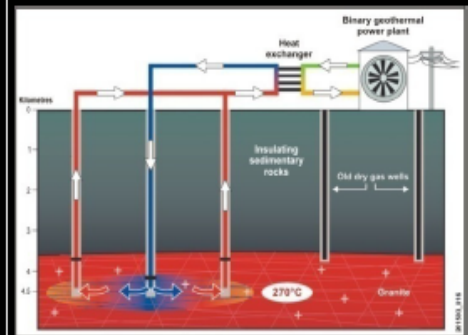
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Exploration

Confirmation Drilling

Commercialisation Off-take Market

Planned Exploration

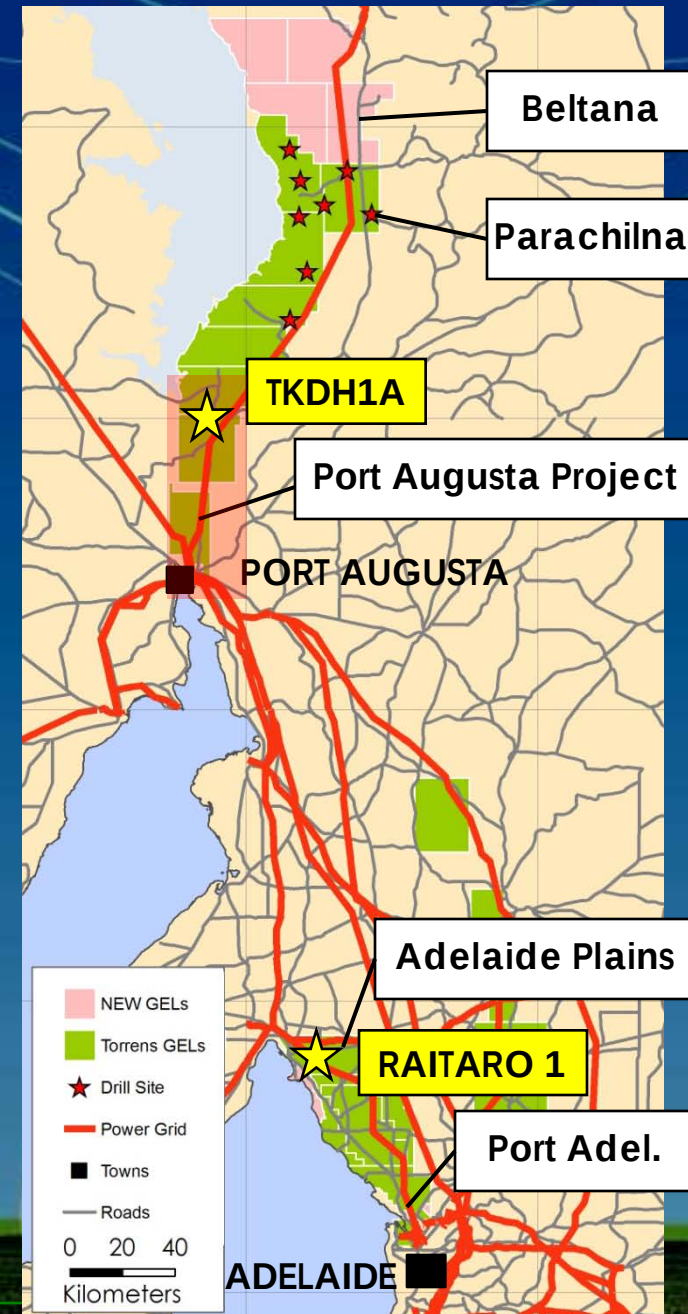
2008-2009 PROGRAMME

- Port Augusta
- Port Adelaide
- Adelaide Plains
 - Shallow (~500m) wells across 3 projects
 - 2D seismic (Parachilna)

2009-2010 PROGRAMME

- Inferred Resources at Port Augusta, Adelaide Plains
- Intermediary (1000-2000m) wells at Port Augusta, Parachilna, Port Adelaide
- Geophysics at Port Augusta, Parachilna
- Deep (~5 km) well notices to AGL

DRILLING COMMENCED



Development Goals – 300MWe



STAGE 1

2008-10 – HEAT MAPPING ON THE GRID

- Fully funded 3D-TFM program covering 5,000km² by middle 2010
- To identify 3 Inferred Geothermal Resources on the grid in SA
- Each Resource tested via intermediary drilling and geophysics
- AGL complete Confirmation Well - 50% development JV established

STAGE 2

RESOURCE AND FEASIBILITY ASSESMENT – 2009/2011

- JV completes 2nd well and proof of concept
- Pre- feasibility assessment, off-take agreements in place

7MWe DEMO PLANT

35MWe PILOT PLANT

100MWe COMMERCIAL

7MWe DEMO PLANT

35MWe PILOT PLANT

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7MWe DEMO PLANT

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100MWe COMMERCIAL

Presentation Summary



- Experienced management: In good hands!
- Strong cash position: In good shape
- Large strategic landholding: Early mover, fast mover
- Exploration validated : Track history, value re-rating
- First Inferred Resource defined: Fast mover, smart mover, re-rating
- High modelled temperatures: Early exploration success
- About to test more key areas: Strong focus
- Pathway to development: Clear vision

Torrens Energy Limited....

..... on the Move

..... in Great Shape

