



TORRENS
ENERGY LIMITED

ACN 118 065 704

Half-Year Financial Report
31 December 2011

TORRENS ENERGY LIMITED

HALF YEAR REPORT

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TORRENS ENERGY LIMITED

HALF YEAR REPORT

COMPANY DIRECTORY

Directors	Dennis Gee John Canaris David Eiszele Howard McLaughlin Anthony Wooles
Company Secretary	Robert Hodby
Registered Office	Suite 1, 338 Hay Street Subiaco WA 6008 PO Box 1505 Subiaco WA 6904 Telephone: +61 8 6380 1003 Facsimile: +61 8 6380 1026
Website	www.torrensenergy.com
Share Registry	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace Perth WA 6000
Auditors	Stantons International Level 2 1 Walker Avenue West Perth WA 6005

TORRENS ENERGY LIMITED HALF YEAR REPORT

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2011.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

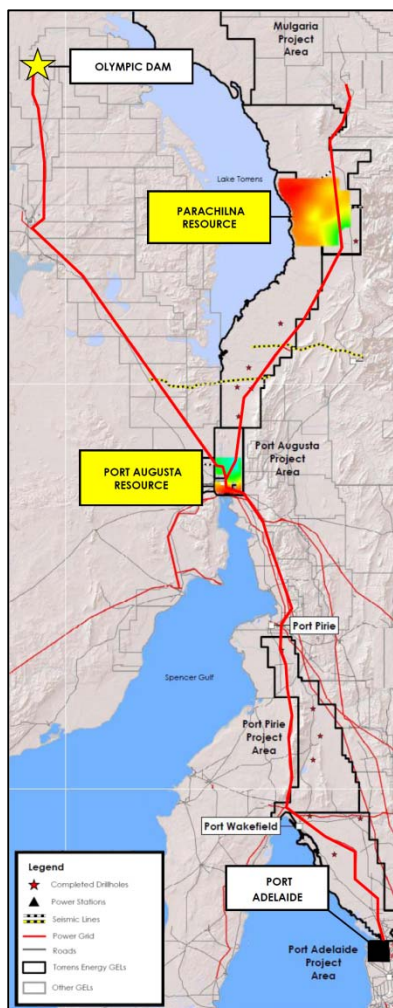
Dennis Gee (Executive Chairman)
John Canaris (Non-Executive Director)(Executive Director until 16 February 2012)
David Eiszele (Non-Executive Director)
Howard McLaughlin (Non-Executive Director)
Anthony Wooles (Non-Executive Director)(appointed 27 February 2012)

REVIEW AND RESULTS OF OPERATIONS

The principal activity of Torrens Energy Limited ('the Company' or 'Torrens') during the period was geothermal exploration and evaluation. The operating loss after income tax for the half-year ended 31 December 2011 was \$748,417 (2010: \$503,833).

HIGHLIGHTS

- Geothermal resource updated at Parachilna, South Australia
- Geothermal resource updated at Port Augusta, South Australia
- Government support
- Rights Issue



SUMMARY

During the half year ended 31 December 2011 Torrens Energy updated its inferred resource estimates for geothermal energy at its leading projects at Parachilna and Port Augusta, South Australia.

The newer 2010 edition of the Australian Code for the reporting of geothermal resources ('The Code') is a more accurate estimate of geothermal benefit than the preceding version, which is an estimate of "heat in place" (reported in 2008).

Torrens Energy contracted independent geothermal consultants Hot Dry Rocks Pty Ltd (HDR) to recalculate estimates of 'recoverable heat' in November 2011 by applying the new version of the Code.

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Results are summarised below, and key information given in the Company's ASX Announcements from 14 and 19 December 2011 including a Competent Person's Statement.

Parachilna Geothermal Resource

Estimate of Inferred Resources (global)	88,000PJ
Potential Power Production (over 30 years)	2,900MWe
Target Resource Temperature Estimate	224°C
Target Resource Depth	3,500-4,000m

Port Augusta Geothermal Resource

Estimate of Inferred Resources (global)	7,160PJ
Potential Power Production (over 30 years)	130-500MWe
Target Resource Temperature Estimate	158-200°C
Target Resource Depth	3,500-5,000m

Both projects are ideally situated on the national grid, feeding directly into the Northern Transmission Network in South Australia and associated mining developments including the BHP Billiton's Olympic Dam Project.

Government Support

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.

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.

Economic conditions over the past year and the construct of the GDP 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.

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Rights Issue Completed

Torrens Energy closed its 1-for-3 Entitlement Issue during the period. The Rights Issue secured approximately \$954,000 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.

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.

Financial Position

As at 31 December 2011 the Company held \$3,372,249 in cash.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor's, Stantons International, which is included on page 7.

Signed in accordance with a resolution of the directors



Dennis Gees
Executive Chairman
9 March 2012

9 March 2012

Board of Directors
Torrens Energy Limited
Suite 1, 338 Hay Street
Subiaco, Western Australia

Dear Sirs

RE: TORRENS ENERGY LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Torrens Energy Limited.

As the Audit Director for the review of the financial statements of Torrens Energy Limited for the period ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)



John P Van Dieren
Director

TORRENS ENERGY LIMITED
HALF YEAR REPORT

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Notes	31 December 2011 \$	31 December 2010 \$
Continuing Operations			
Revenue			
Interest Revenue	4	97,589	76,736
Proceeds from sale of capitalised exploration sundries		-	1,500
Other Income	4	-	10,836
Employee benefits expense		(287,952)	(377,148)
Depreciation expense		(5,542)	(11,860)
Occupancy expenses		(36,914)	(31,547)
Finance & Legal expenses		(62,478)	(90,925)
Travel expenses		(35,477)	(11,137)
Communications and internet		(7,453)	(9,358)
Impairment of Capitalised Exploration Assets		(319,591)	-
Share based payments		(16,681)	-
Other expenses		(73,918)	(60,930)
Loss from continuing operations before income tax		(748,417)	(503,833)
Income tax expense		-	-
Loss from continuing operations after tax		(748,417)	(503,833)
Other comprehensive income:		-	-
Total comprehensive loss for the year		(748,417)	(503,833)
Earnings per share (cents per share)			
- basic; for profit for the half-year		(1.00)	(0.90)
- diluted; for profit for the half-year		(1.00)	(0.90)

The accompanying notes form part of the financial statements

TORRENS ENERGY LIMITED
HALF YEAR REPORT

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Notes	31 December 2011 \$	30 June 2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,372,249	2,945,358
Trade and other receivables		53,855	11,710
Other financial assets		147,091	162,639
Total Current Assets		3,573,195	3,119,707
Non-Current Assets			
Property, plant and equipment		46,549	63,181
Exploration and evaluation expenditure		2,228,199	2,228,199
Total Non-Current assets		2,274,748	2,291,380
TOTAL ASSETS		5,847,943	5,411,087
LIABILITIES			
Current liabilities			
Trade and other payables		313,040	47,095
Provisions		32,246	19,658
Other liabilities		2,500	-
Total Current Liabilities		347,786	66,753
TOTAL LIABILITIES		347,786	66,753
NET ASSETS		5,500,157	5,344,334
EQUITY			
Contributed equity	7	11,379,582	10,492,024
Retained earnings		(6,336,795)	(5,588,379)
Reserves		457,370	440,689
TOTAL EQUITY		5,500,157	5,344,334

The accompanying notes form part of the financial statements

TORRENS ENERGY LIMITED
HALF YEAR REPORT

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Notes	31 December 2011 \$	31 December 2010 \$
Cash flows from operating activities			
Payments to suppliers and employees		(488,244)	(418,928)
Interest Received		27,501	55,854
Payments for Exploration and Evaluation		-	(812,177)
Reimbursement of E&E by funding partner		-	839,437
Receipt of government grants		-	500,740
Net cash flows from/(used in) operating activities		<u>(460,743)</u>	<u>164,926</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		75	1,500
Net cash flows from/(used in) investing activities		<u>75</u>	<u>1,500</u>
Cash flows from financing activities			
Proceeds from issue of shares		887,559	-
Other cash flows used in financing activities		-	-
Net cash flows from/(used in) financing activities		<u>887,559</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		426,891	166,426
Cash and cash equivalents at beginning of period		2,945,358	3,323,213
Cash and cash equivalents at end of period		<u><u>3,372,249</u></u>	<u><u>3,489,639</u></u>

The accompanying notes form part of the financial statements

TORRENS ENERGY LIMITED
HALF YEAR REPORT

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Ordinary shares \$	Option Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 July 2011	10,492,024	440,689	(5,588,379)	5,344,334
Loss for the period	-	-	(748,417)	(748,417)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(748,417)	(748,417)
Issue of share capital	887,558	-	-	887,558
Share-based payments	-	16,681	-	16,681
At 31 December 2011	11,379,582	457,370	(6,336,796)	5,500,156
At 1 July 2010	10,492,024	359,063	(1,886,249)	8,964,838
Loss for the period	-	-	(503,833)	(503,833)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(503,833)	(503,833)
Issue of share capital	-	-	-	-
Share-based payments	-	81,626	-	81,626
At 31 December 2010	10,492,024	440,689	(2,390,082)	8,542,631

The accompanying notes form part of the financial statements

TORRENS ENERGY LIMITED
HALF YEAR REPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

1. CORPORATE INFORMATION

The financial report of Torrens Energy Limited (the company) for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 1 March 2011.

Torrens Energy Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The Company has a 100% owned subsidiary, Torrens Energy (SA) Pty Ltd, with no activity and having share capital of \$1. The subsidiary being dormant has not been consolidated.

Basis of Preparation

The half year financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2011 annual financial report for the financial year ended 30 June 2011, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods.

3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information. The Company does not have any customers, and all the Company's assets and liabilities are located within Australia.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

TORRENS ENERGY LIMITED
HALF YEAR REPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

4. REVENUE, INCOME AND EXPENSES

Revenue and Income from Continuing Operations

	31 December 2011	31 December 2010
	\$	\$
Breakdown of finance revenue		
Bank interest receivable	97,589	76,736
Other income		
Sundry receipts	-	586
Government grants released	-	10,250
	<u>-</u>	<u>10,836</u>

5. CASH AND CASH EQUIVALENTS

For the purposes of the half-year condensed cash flow statement, cash and cash equivalents are comprised of the following:

	31 December 2011	31 December 2010
	\$	\$
Cash at bank and in hand	25,832	353,700
Short term deposits	3,346,417	3,135,939
	<u>3,372,249</u>	<u>3,489,639</u>

6. CONTINGENCIES

There have been no material changes to any contingent liabilities or contingent assets.

7. CONTRIBUTED EQUITY

	31 December 2011	30 June 2011
	\$	\$
Ordinary shares (i)	11,379,582	10,492,024

(i) Ordinary shares

Full paid ordinary shares carry one vote per share and carry the right to dividends.

	\$	No. Shares
<i>Movement in ordinary shares on issue</i>		
At 1 July 2011	10,492,024	63,662,842
Entitlement Issue (net of costs)	887,558	21,220,947
At 31 December 2011	<u>11,379,582</u>	<u>84,883,789</u>

Options

At the date of this report, the unissued ordinary shares of Torrens Energy Limited under option are as follows:

Date of Expiry	Exercise Price	Options Issued	Balance
31/12/2012	\$0.10	1,000,000	1,000,000
24/02/2013	\$0.40	1,000,000	1,000,000
30/06/2015	\$0.15	2,150,000	2,150,000

TORRENS ENERGY LIMITED
HALF YEAR REPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Movements in share options are as follows:

Grant Date	Exercise Price	Date of Expiry	Balance at beginning of period	Granted during period	Exercised/ Expired during year	Balance at end of period
20/12/2010	\$0.15	30/06/2015	2,150,000	-	-	2,150,000
13/04/2010	\$0.40	24/02/2013	1,000,000	-	-	1,000,000
11/08/2011	\$0.10	31/12/2012	-	1,000,000	-	1,000,000
			3,150,000	1,000,000	-	4,150,000

8. SUBSEQUENT EVENTS

On the 27 February 2012 the Company appointed Mr Anthony Wooles as a non-executive director and issued 10,560,484 to a company associated with Mr Wooles raising \$528,024.

Other than this issue, there have been no events or circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations or the state of affairs of the consolidated entity in the future financial years.

TORRENS ENERGY LIMITED HALF YEAR REPORT

DIRECTORS'S DECLARATION

The directors of the company declare that:

- 1) The financial statements and notes, as set out on pages 8 to 14 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b) giving a true and fair view of the Company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.
- 2) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made and signed in accordance with a Resolution of the Board of Directors and is signed for and on behalf of the Board of Directors by:

On behalf of the Board



Dennis Gee
Executive Chairman

Subiaco, 9 March 2012

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
TORRENS ENERGY LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Torrens Energy Limited, which comprises the condensed statement of financial position as at 31 December 2011, the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Torrens Energy Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Torrens Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence


In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Torrens Energy Limited on 09 March 2012.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Torrens Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd


John P Van Dieren
Director

West Perth, Western Australia
9 March 2012