TORRENS ENERGY LIMITED

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ASX ANNOUNCEMENT, 29 JANUARY 2008

Outstanding Preliminary Temperature Results, Torrens Project Area, South Australia

HIGHLIGHTS

- **Very High Preliminary Temperatures Recorded**
- **Hot Rock Prospectivity Confirmed on the Grid**
- **Modelled Temperatures of 240°C at 5000m**
- **Drilling Continues**

Torrens Energy is pleased to announce that "hot rock" exploration drilling, underway at the Torrens Project Area, north of Port Augusta in South Australia, has returned outstanding early temperature results.

TEMPERATURE MEASUREMENTS

Temperature gradients measured from two wells have yielded very high values. Heat flows at Nazgul #1 and Gollum #1 are over 100mW/m^2, well above the Company's stated target heat flow of 90mW/m^2. Results are summarised as follows:

Hole Name	Current Depth	Gradient	Heat Flow
Nazgul #1	600m	58 ^{o}C/km	**102 mW/m^2**
Gollum #1	501m	38 ^{o}C/km	**105 mW/m^2**
Sauron #1	324m	To be Completed	
Gandalf #1	232m	To be Completed	

These values represent a significant discovery and are above averages recorded in the Cooper Basin of South Australia, which has traditionally been the focus of geothermal exploration activity in Australia.

PRELIMINARY TEMPERATURE MODELLING

Standard temperature modelling shows that temperatures of 240°C are achievable at approximately 5000m depth (Nazgul #1, below).

These modelled results are higher than temperatures currently being exploited for "hot rock" geothermal power in Europe, and amongst the highest being evaluated in Australia. The results confirm the existence of hot rock geothermal targets in the Company's wholly owned Torrens Project, located on the National Electricity Grid in South Australia.

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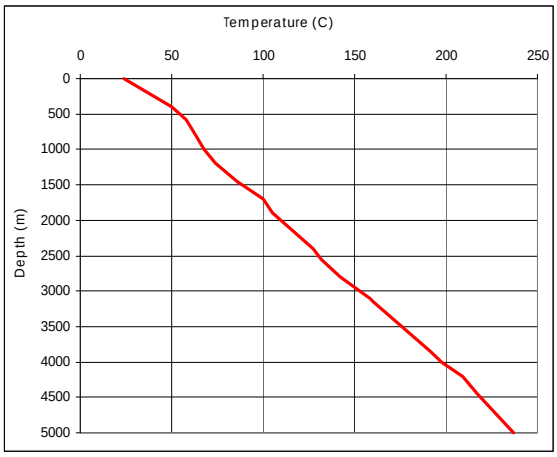
DRILLING CONTINUES

The Company has completed drilling 4 and commenced a further 3 (total 7) planned "hot rock" exploration drillholes over 2000km² at the Torrens Project Area. Work is being carried out by two drilling rigs, one drilling "pre-collars" through unconsolidated ground, while the other is drilling core "tails" to enable accurate heat flow measurements to be made at depths ranging from 500-600m.

Exploration activity is supported by a matching $3M Federal Government grant (totalling $6M expenditure) under the Federal Government's Renewable Energy Development Initiative (ASX Announcement, 27 August 2007).

SUMMARY

Nazgul #1 Temperature Modelling to 5000m



These early results are comparable to the best "hot rock" exploration results recorded in Australia, and represent a significant breakthrough in the exploration for viable sources of geothermal energy in Australia.

CEO Chris Matthews was delighted with the results and noted their geographic significance:

"One of the most exciting aspects of these results is that they are from drillholes that are adjacent to each other, indicating that the results may be highlighting a continuous region, and delineate a larger heat anomaly than anticipated".

Chris Matthews added "This could become a major discovery right next to the Power Grid in South Australia".

Further evaluation and interpretation of these results is in progress, and temperature measurements are being collected from remaining drill holes. Exploration drilling continues.

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