

August 24, 2011

Warro-4 Flow Testing to Commence

- ***Well completion equipment in place***
- ***Warro-4 flow testing imminent***
- ***Representative flow rates expected within weeks***
- ***Field has estimated resource of 8-10 Tcf of gas in place***

Transerv Energy (ASX: TSV) is pleased to advise that it is set to commence flow testing the Warro-4 onshore gas well in WA after successfully running the completion equipment in the well.

Well clean-up operations are underway and will initially focus on flowing gas from both stimulated zones until a substantial proportion of the fluids injected into the reservoir through the stimulation program have been recovered and a sustained gas flow is achieved.

A sliding sleeve will then be used to close off the upper zone (zone 6) to commence an extended flow test of the lower stimulated reservoir section (zone 4).

This program is designed to confirm the commercial potential of the Warro onshore gas field in WA.

Transerv would consider a flow rate of 1 million cubic feet per day (mmcfpd) from each of the stimulated reservoir sections 4 and 6 (a cumulative rate of 2 mmcfpd) to be a successful outcome for Warro-4, justifying further drilling and the eventual development of the Warro field. Zones 4 and 6 account for approximately 30 per cent of the net pay in the Warro reservoir section, based on the results from Warro 3.

Background

The Warro field is an extensive and contiguous tight sand reservoir discovered by WA Petroleum (WAPET) in 1977, with independent industry expert, Gaffney Cline, estimating it contains a P50 recoverable resource of 1.1Tcf (trillion cubic feet). Gas in place is estimated at 8-10 Tcf.

Warro-4 is being funded by aluminium giant Alcoa, which is earning up to a 65 per cent stake in the Warro field in return for spending up to \$100 million on appraisal and development activities. Transerv will retain a 35 per cent stake and is operator of the project.

Transerv has the right to market separately its 35 per cent share of gas production. The field is only 31 km from both the Dampier-to-Bunbury and Parmelia pipelines, which provide easy access to gas consumers both north and south of the field.

For and on behalf of the Board