



Consolidated interim financial report
for six months ended

31 December 2015

Directors' report

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2015 and the review report thereon.

Directors

The Directors of the Consolidated Entity at any time during or since the end of the half-year to the date of this report are:

Charles Morgan	Chairman (appointed 9 th October 2015)
Stephen Keenihan	Executive Director
Brett Lawrence	Non-Executive Director (appointed 9 th October 2015)
Craig Burton	Executive Chairman (resigned 12 th October 2015)
Ian Cockerill	Executive Director (resigned 9 th October 2015)

Review of operations – Half-year ended 31 December 2015

Warro Gas Project (TSV Working Interest = 57%)

Warro Gas Project Background

The Warro field lies 200km north of Perth in the Perth Basin and is one of the largest undeveloped onshore gas fields in Australia.

Transerv currently has a 57 per cent stake in Warro and is the project operator. Alcoa is earning up to 65 per cent under a farm-in agreement by spending up to \$100 million on exploration and development activities at Warro. Alcoa is funding a staged evaluation and construction program, which includes wells, production infrastructure and the recently completed 3D seismic survey.

Warro, which covers approximately 7,000ha is about 3,750m below the surface and is located just 31km east of both the Dampier-to-Bunbury Natural Gas Pipeline and the Dongara-to-Perth Parmelia Pipeline.

The Warro Joint Venture (WJV) completed the drilling of Warro-5 and Warro-6 in the second half of 2015. Stimulation of the wells commenced towards the end of this six month period and will be completed in January 2016.

Work carried out during the past six months included:

Drilling

- Drilling at Warro-5 commenced on 15 August 2015. The well was sidetracked at 1867m RT when the bottom hole assembly became stuck in the hole and had to be abandoned. The sidetrack well was designated Warro-5ST.
- Warro-5ST reached a final TD of 4422m MD (4327m TVD) on 23 September. Strong gas shows were encountered over a gross interval of 175m with approximately 130m of net gas pay. A gas-water contact was not observed in the well, but gas-on-rock was seen on logs at the base of the lowest pay section. While more gas-charged sands are expected deeper in the well, Warro-5ST achieved its prime objective of providing a substantial interval of gas charged reservoir for stimulation and testing.
- Warro-5/5ST is located approximately 3.5 km south of previous wells and represents a substantial step-out that has significantly extended the proven extent of the gas field.
- Warro-6, which is located approximately 1.5km to the southwest of previous wells, commenced drilling in the first week of October 2015. Warro-6 reached total depth of 4520m RT and ran wireline logs prior to setting 5 ½" casing. Logs indicated the presence of a 315.5m gas interval from 4147m to 4462.5m RT in the main reservoir unit. Additional hydrocarbon bearing sands are also present between 4483m – 4520m (well TD).

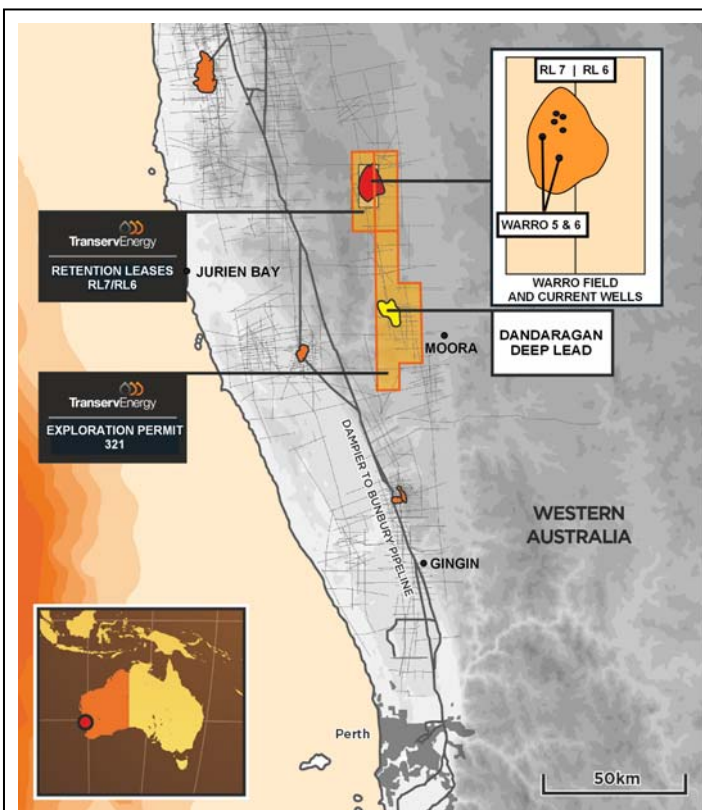


Figure 1: The Warro Gas Field is located close to key pipelines

Directors' report

- A summary of both well results is shown below:

	Warro-5	Warro-6
Well Total Depth TVD	4327m	4520m
Top Gas Pay	4152m	4147m
Gross Pay	161m	315.5m
Net Pay	95m	210m
Average Porosity	9.80%	9.50%

- Warro-5 Stage 1 stimulation was completed in December 2015 but these operations were suspended when proppant from the initial stimulation phase back filled into the borehole. Following the completion of the stimulation of Warro-6, equipment moved to back Warro-5 location to complete the stimulation programme suspended in November 2015.
- Warro-6 completed three stages of reservoir stimulation resulting in the successful emplacement of over 715,000 pounds (325,000kg) of proppant. Only the deeper 50% of the gross reservoir section was targeted by these three stages.
- Initial flow back operations commenced at Warro-6 on December 17, 2015 and resulted in the recovery of a substantial portion of the stimulation fluids.
- An independent review by RISC Advisory increased the total Resource estimate to 13.6 trillion cubic feet (Tcf) of gas in place which is an addition of over 30 per cent to the upside GIIP figure of approximately 10 Tcf provided by the Shanley Review.

Warro Field Gas-in-Place Tcf			
	P90	P50	P10
Contingent	2.4	3.2	4.3
Prospective	2.0	4.1	7.3
GIIP	4.4	7.3	13.6

- This includes a Contingent P90 estimate of 2.4Tcf which is approximately 220% more than previously assessed by Gaffney, Cline & Associates prior to the Alcoa farm-in work. This category is deemed to be the lowest-risk portion of the Resource and would be the basis of any project development.
- Although accurate estimates for well deliverability will not be available until testing of Warro-5 and 6 is completed, previous estimates done as part of the Shanley Review indicate that wells drilled on a 20-hectare spacing could be expected to yield between 4 - 10 Bcf per well. The following estimate of field recoverable resources has been done assuming 4.4 Bcf per well with a spacing of 20 hectares. The P90 Contingent outcome would result in the drilling of approximately 300 wells.

Warro Field Potential Recoverable Tcf			
4.4 Bcf per 20Ha	P90	P50	P10
Contingent Resources	1.3	1.5	1.8
Prospective Resources	1.3	2.3	3.6
Total	2.6	3.8	5.4

Environmental Monitoring and Community Consultation

- Water and soil samples are ongoing during operations and as part of the agreement to participate in a water and soil/atmospheric gas project with CSIRO and other Perth Basin Operators. CSIRO and UWA have visited the site over the last six months and the seismic monitoring arrays were installed by ESS in October 2015.
- The local community, surrounding shires and stakeholders were invited to tour the site in December. Opportunities to view the stimulation equipment, learn more about the project and view the footprint of the wells sites was well regarded and received by those that attended.
- Further update meetings have been held with representatives from Local Shires, DMP and DoW. The Warro Joint Venture was also represented at the Irwin Shire Oil & Gas day on 23 September 2015.

Directors' report

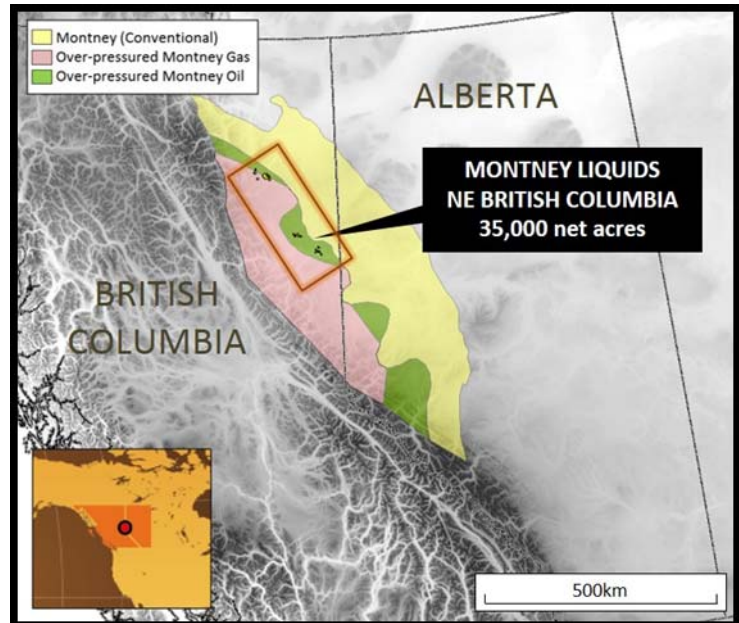
Canadian Demerger

In August the Board of Transerv resolved, (subject to shareholder approval which was received on 25th September 2015), to demerge one of the Consolidated Entity's Canadian assets, primarily comprising its 60% interest in the Montney play.

The demerger of these assets was completed on 20 October 2015 and share certificates in TSV Montney have been issued to all shareholders. Transerv will no longer report on TSV Montney to its shareholders.

Structure of the Demerger

To effect the demerger, Transerv incorporated a new Australian subsidiary, TSV Montney Limited. TSV Montney was transferred 100% of Woma Energy Ltd (Transerv's subsidiary which owns the Canadian assets). All the issued shares in TSV Montney (80,681,989 shares) have now been distributed by Transerv to its shareholders on a 1 for 10 basis (an in-specie distribution).



Directors' report

Financial

The Consolidated Entity's cash balance at 31 December 2015 was \$1,756,473 (30 June 2015: \$2,255,635).

A net gain of \$7,330,340 is reported for the six months ended 31 December 2015 (31 December 2014: \$5,619,869 loss), with a basic gain per share of 0.9013 cents (31 December 2014: 0.1559 cents per share loss).

Equity

As at 31 December 2015 835,264,337 ordinary shares were on issue with the Consolidated Entity. The number of unlisted options on issue was 1,675,000.

Directors' report

The Auditor's Independence Declaration under section 308C of the Corporations Act 2001

The Auditor's Independence Declaration is set out on page 6 and forms part of the Directors' report for the half-year ended 31 December 2015.

Dated at Perth this 15th day of March, 2016

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'Keenihan', with a stylized flourish at the end.

Stephen Keenihan
Managing Director

Auditors Independence Declaration



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Auditor's Independence Declaration To The Directors of Transerv Energy Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Transerv Energy Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink, appearing to read "C A Becker".

C A Becker
Partner - Audit & Assurance

Perth, 15 March 2016

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Independent Auditor's Review Report



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Independent Auditor's Review Report To the Members of Transerv Energy Limited

We have reviewed the accompanying half-year financial report of Transerv Energy Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Transerv 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 and the Corporations Act 2001 and for such controls 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 consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard 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 half-year financial report is not in accordance with the Corporations Act 2001, including giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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 Transerv Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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Independent Auditor's Review 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.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

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 Transerv Energy Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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.

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink that appears to read "C A Becker".

C A Becker
Partner - Audit & Assurance

Perth, 15 March 2016

Consolidated statement of profit or loss and other comprehensive income

For the six months ended 31 December 2015

	Notes	31-Dec-15 AUD	31-Dec-14 AUD
Revenue		(9)	288,637
Cost of sales		1,937	(405,098)
Gross profit		1,928	(116,461)
Other income/(loss)	6	366,763	33,611
Unrealised (loss) on marketable securities	7	(750,043)	(2,744,649)
Profit/(loss) on disposal of assets		(1,281)	(1,296,609)
Expenses			
Administrative expenses	8	(703,636)	(1,257,476)
Finance costs	9	(15,124)	(3,441)
Other expenses	10	(298,568)	(129,306)
Loss before income tax expense from continuing operations		(1,399,961)	(5,514,331)
Income tax benefit/(expense)		-	(10,959)
Loss after income tax expense for the period		(1,399,961)	(5,525,290)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	11	8,730,301	(94,579)
Profit/(loss) for the year		7,330,340	(5,619,869)
Loss attributable to:			
Members of the parent entity		7,654,392	(4,736,057)
Non-controlling interests		(324,052)	(883,812)
		7,330,340	(5,619,869)
Other comprehensive income, net of tax			
Foreign currency translation		421,844	473,163
Total comprehensive loss for the period		7,752,184	(5,052,127)
Total comprehensive (loss)/income for the year attributable to:			
Members of the parent entity		8,076,236	(4,262,894)
Non-controlling interest		(324,052)	(883,812)
		7,752,184	(5,146,706)
Earnings per share			
Basic (cents per share)			
Continuing operations		(0.1721)	(0.1533)
Discontinued operations		1.0734	(0.0027)
Diluted (cents per share)			
Continuing operations		(0.1721)	-
Discontinued operations		1.0729	-

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated statement of financial position

For the six months ended 31 December 2015

	Note	31-Dec-15 AUD	30-Jun-15 AUD
Assets			
<i>Current Assets</i>			
Cash and cash equivalents		1,756,473	2,255,635
Trade and other receivables		202,008	855,810
Other current assets		133,892	132,797
		<u>2,092,373</u>	<u>3,244,242</u>
Non current assets held for sale	12	1,778,872	-
Total current assets		<u>3,871,245</u>	<u>3,244,242</u>
<i>Non-current Assets</i>			
Property, plant and equipment		131,913	150,791
Exploration and evaluation assets	13	51,879,928	57,269,040
Financial assets	12	-	3,312,135
Total non-current assets		<u>52,011,841</u>	<u>60,731,966</u>
Total assets		<u>55,883,086</u>	<u>63,976,208</u>
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables		330,329	1,048,817
Financial liabilities		539,377	-
Provisions		129,062	81,224
Total current liabilities		<u>998,768</u>	<u>1,130,041</u>
<i>Non-current liabilities</i>			
Financial liabilities		240,031	1,344,490
Deferred tax liability		-	220,806
Provisions		27,191	177,293
Total non-current liabilities		<u>267,222</u>	<u>1,742,589</u>
Total liabilities		<u>1,265,990</u>	<u>2,872,630</u>
Net assets		<u>54,617,096</u>	<u>61,103,578</u>
Equity			
Issued capital	14	52,646,771	66,952,804
Reserves		1,577,209	1,412,938
Minority interest		2,382,533	2,706,584
Retained earnings		(1,989,417)	(9,968,748)
Total equity attributable to equity holders of the Consolidated Entity		<u>54,617,096</u>	<u>61,103,578</u>

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated statement of changes in equity

As at 31 December 2015

<i>For the six months ended 31 December 2015</i>		Share Capital	Reserves	Accumulated Losses	Non-controlling interest	Total Equity
	Note	AUD	AUD	AUD	AUD	AUD
Balance at 1 July 2015		66,952,804	1,412,938	(9,968,749)	2,706,585	61,103,578
Total comprehensive income for the period						
Profit attributable to members of the parent entity		-	-	7,654,392	-	7,654,392
Loss attributable to non-controlling interests					(324,052)	(324,052)
Foreign currency translation differences		-	421,844	-	-	421,844
Total other comprehensive income		-	421,844	7,654,392	(324,052)	7,752,185
Total comprehensive income for period		-	421,844	7,654,392	(324,052)	7,752,185
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Demerger of Woma Energy Ltd share capital	14	(14,522,033)	-	-	-	(14,522,033)
Options exercised		196,000	-	-	-	196,000
Shares Issued		20,000	-	-	-	20,000
Share options vested		-	67,367	-	-	67,367
Share options expired		-	(324,940)	324,940	-	-
Total contributions by and distributions to owners		(14,306,033)	(257,573)	324,940	-	(14,238,666)
Balance at 31 December 2015		52,646,771	1,577,209	(1,989,417)	2,382,533	54,617,096

<i>For the six months ended 31 December 2014</i>		Share Capital	Reserves	Accumulated Losses	Non-controlling interest	Total Equity
		AUD	AUD	AUD	AUD	AUD
Balance at 1 July 2014		66,952,804	9,110,795	(9,574,397)	1,597,155	68,086,357
Total comprehensive income for the period						-
Loss attributable to members of the parent entity		-	-	(4,736,057)	-	(4,736,057)
Loss attributable to non-controlling interests		-	-	-	(883,812)	(883,812)
Other comprehensive income						
Foreign currency translation differences		-	473,163	-	-	473,163
Total other comprehensive income		-	473,163	-	-	473,163
Total comprehensive income for period		-	473,163	(4,736,057)	(883,812)	(5,146,706)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Recognition of change in non-controlling interest of Carnaby Energy Ltd		-	-	-	(195,910)	(195,910)
Transactions with non-controlling interests				(123,518)	123,518	-
Share options vested		-	324,940	-	-	324,940
Total contributions by and distributions to owners		-	324,940	(123,518)	(72,392)	129,030
Balance at 31 December 2014		66,952,804	9,908,898	(14,433,972)	640,951	63,068,681

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated statement of cashflow

For the six months ended 31 December 2015

	Note	31-Dec-15 AUD	31-Dec-14 AUD
Cash flows from operating activities			
Receipts from customers		656,596	722,169
Interest received		379	7,851
Payment to suppliers and employees		(910,211)	(1,576,674)
Net cash used in operating activities		(253,236)	(846,654)
Cash flows from investing activities			
Payment for production, exploration and evaluation expenditure		(307,809)	(781,301)
Payment for property, plant & equipment		-	(64,882)
Proceeds from sale of assets		-	7,695,353
Payment for purchase of prospects		(625,023)	(3,093,744)
Net cash used in investing activities		(932,832)	3,755,426
Cash flows from financing activities			
Proceeds from borrowings		461,133	5,932,337
Proceeds from share issue and option exercise		216,000	(8,057,247)
Net cash from financing activities		677,133	(2,124,910)
Net increase/ (decrease) in cash and cash equivalents		(508,935)	783,862
Cash and cash equivalents at beginning of year		2,255,635	3,570,239
Effect of exchange rate fluctuations on cash held		9,773	-
Cash and cash equivalents at 31 December 2015		1,756,473	4,354,101

The consolidated statement of cash flow is to be read in conjunction with the notes to the consolidated interim financial report.

Notes to the accounts

1. Reporting entity

Transerv Energy Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Level 7, 1008 Hay Street, Perth, WA 6000. The consolidated interim financial report of the consolidated entity for the six months ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the consolidated entity). The consolidated entity is primarily involved in oil and gas exploration in Australia and Canada.

2. Statement of compliance

The consolidated interim financial report is a general purpose financial report prepared in accordance with the requirements of the Corporation Act 2001, Australian Accounting Standards AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Standards Board. Compliance with the Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2015.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in annual financial report of the consolidated entity as at and for the year ended 30 June 2015.

This consolidated interim financial report was approved by the Board of Directors on 15th March 2016.

3. Significant accounting policies

These consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 June 2015.

The accounting policies have been applied consistently throughout the Consolidated Entity for the purposes of preparation of these consolidated interim financial statements.

The Consolidated Entity has adopted the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current period.

Impact of new and revised Standards and amendments thereof and Interpretations effective for the current period that are relevant to the Group include:

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality (applicable for annual reporting periods commencing on or after 1 July 2015).

This standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.

The adoption of this standard has had no impact on the entity.

New standards and interpretations not yet adopted

- * AASB 9 Financial Instruments (2014) (applicable for annual reporting periods commencing on or after 1 January 2018).

This standard introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

- * AASB 15 Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2018).
 - o Replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations

Notes to the accounts

- o Establishes a new revenue recognition model
- o Changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- o Provides new and more detailed guidance on specific topics (eg. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- o Expands and improves disclosures about revenue

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

- * AASB 2014-1 Amendments to Australian Accounting Standards (Part D: Consequential Amendments arising from AASB 14) (applicable for annual reporting periods commencing on or after 1 January 2016).

Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14.

When these amendments become effective for the first time for the year ending 30 June 2017 they will not have any impact on the entity.

- * AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (applicable for annual reporting periods commencing on or after 1 January 2016).

- o Amends AASB 11 to state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a 'business' (def AASB 3 Business Combinations), should:
 1. Apply all principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except principles that conflict with the guidance of AASB 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, ie. the existing interest is not remeasured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and
 2. Provide disclosures for business combinations as required by AASB 3 and other Australian Accounting Standards.

When these amendments are first adopted for the year ended 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

- * AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable for annual reporting periods commencing on or after 1 January 2016).

The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (ie. a revenue-based amortisation method might be appropriate) only in two limited circumstances:

- 1 The intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
- 2 When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

When these amendments are first adopted for the year ended 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

Notes to the accounts

- * AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 2014-5 incorporates the consequential amendments arising from the issuance of AASB 15.

When these amendments are first adopted for the year ended 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

- * AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9.

When these amendments are first adopted for the year ended 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

- * AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (applicable for annual reporting periods commencing on or after 1 January 2016).

The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

The amendments are not expected to impact the group.

- * AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable for annual reporting periods commencing on or after 1 January 2016).

The amendments address a current inconsistency between AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures (2011).

The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 Business Combinations. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business.

The amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Corresponding amendments have also been made to AASB 128 (2011).

The amendments are not expected to impact the group.

- * AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (applicable for annual reporting periods commencing on or after 1 January 2016).

These amendments arise from the issuance of Annual Improvements to IFRSs 2012-2014 Cycle.

Among other improvements, the amendments clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of IFRS 5.

The amendments are not expected to impact the group.

Notes to the accounts

- * AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (applicable for annual reporting periods commencing on or after 1 January 2016).

The amendments:

- o Clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information;
- o Clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated;
- o Add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position;
- o Clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order;
- o Remove potentially unhelpful guidance in IAS 1 for identifying a significant accounting policy.

The amendments are not expected to impact the group.

- * AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception (applicable for annual reporting periods commencing on or after 1 January 2016).

The narrow-scope amendments to AASB 10 Consolidated Financial Statements, AASB 12 Disclosure of Interests in Other Entities and AASB 128 Investments in Associates and Joint Ventures introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.

The amendments are not expected to impact the group.

- * AASB 1057 Application of Australian Accounting Standards (applicable for annual reporting periods commencing on or after 1 January 2016).

In May 2015 the AASB decided to revise Australian Accounting Standards that incorporate IFRSs to minimise Australian-specific wording even further. The AASB noted that IFRSs do not contain application paragraphs that identify the entities and financial reports to which the Standards (and interpretations) apply. As a result, the AASB decided to move the application paragraphs previously contained in each Australian Accounting Standard (or Interpretation), unchanged, into a new Standard AASB 1057 Application of Australian Accounting Standards. The standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.

When this Standard is first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

4. Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2015.

Notes to the accounts

5. Segment reporting

During the period the Consolidated Entity operated in two business segments – mineral exploration, development and production of oil and gas in two geographical areas – Australia and Canada.

The Consolidated Entity has identified its operating segment based on the internal report that is reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

	Australia 31-Dec-15	Canada 31-Dec-15	Discontinued 31-Dec-15	Total Segment 31-Dec-15	Reconciling 31-Dec-15	Consolidated 31-Dec-15
Revenue						
Sales to external customers	-	(9)	-	(9)	-	(9)
Total Sales Revenue	-	(9)	-	(9)	-	(9)
Financial income	351	2	27	380	-	380
Other income	366,393	-	-	366,393	-	366,393
Total Revenue	366,744	(7)	27	366,763	-	366,763
Segment result	(443,142)	(208,054)	8,732,295	8,081,099	14,203	8,095,301
Unrealised (loss) profit on marketable securities	-	(750,043)	-	(750,044)	-	(750,044)
Loss on disposal of marketable securities	-	(1,281)	-	(1,282)	-	(1,282)
Depreciation and amortisation	(9,792)	(2,202)	(1,885)	(13,880)	-	(13,880)
Impairment of assets	-	-	(135)	(135)	-	(135)
Interest revenue	351	2	27	380	-	380
Profit before income tax expense	(452,583)	(961,578)	8,730,301	16,046,439	14,203	7,330,340
Income tax	-	-	-	-	-	-
Profit after income tax expense	-	-	-	-	-	7,330,340
Assets						
Total current assets	2,047,845	1,823,401	-	3,871,246	-	3,871,246
Total non-current assets	51,950,080	61,760	-	52,011,840	-	52,011,840
Total assets	53,997,925	1,885,162	-	55,883,086	-	55,883,086
Liabilities						
Total current liabilities	(330,920)	(667,848)	-	(998,768)	-	(998,768)
Total non-current liabilities	-	(267,222)	-	(267,222)	-	(267,222)
Total liabilities	(330,920)	(935,070)	-	(1,265,990)	-	(1,265,990)

	Australia 31-Dec-14	Canada 31-Dec-14	Discontinued 31-Dec-14	Total Segment 31-Dec-14	Reconciling 31-Dec-14	Consolidated 31-Dec-14
Revenue						
Sales to external customers	-	446,392	-	446,392	-	446,392
Total Sales Revenue	-	446,392	-	446,392	-	446,392
Financial income	288	7,192	22	7,502	-	7,502
Other income	26,270	(6,327)	33,306	53,249	-	53,249
Total Revenue	26,558	447,257	33,328	507,143	-	507,143
Segment result	(841,711)	(4,647,842)	(85,347)	(5,574,900)	(243)	(5,575,143)
Depreciation and amortisation	(12,844)	(19,254)	(7,853)	(39,951)	-	(39,951)
Interest revenue	288	7,192	22	7,502	-	7,502
Finance costs	-	83	(1,401)	(1,318)	-	(1,318)
Profit before income tax expense	(854,267)	(4,659,821)	(94,579)	(5,608,667)	(243)	(5,608,910)
Income tax	-	-	-	-	-	(10,959)
Profit after income tax expense	-	-	-	-	-	(5,619,869)
Assets						
Total current assets	1,546,966	2,331,171	1,145,573	5,023,710	-	5,023,710
Total non-current assets	52,010,001	9,308,095	660,647	61,978,743	-	61,978,743
Total assets	53,556,967	11,639,266	1,806,220	67,002,453	-	67,002,453
Liabilities						
Total current liabilities	(38,215)	(631,328)	(245,460)	(915,003)	-	(915,003)
Total non-current liabilities	-	(3,018,771)	-	(3,018,771)	-	(3,018,771)
Total liabilities	(38,215)	(3,650,099)	-	(3,933,774)	-	(3,933,774)

Notes to the accounts

6. Other income

	31-Dec-15 AUD	31-Dec-14 AUD
Interest income	353	7,502
Foreign currency loss - realised	-	(197)
Foreign currency gain - unrealised	-	11
Gain on capitalised interest (not payable)	-	25
Insurance proceeds	-	412
Other service income	366,410	25,858
	<u>366,763</u>	<u>33,611</u>

7. Unrealised (loss) on marketable securities

	31-Dec-15 AUD	31-Dec-14 AUD
Loss from financial assets through profit and loss	(750,043)	(2,744,649)
	<u>(750,043)</u>	<u>(2,744,649)</u>

8. Administrative expenses

	31-Dec-15 AUD	31-Dec-14 AUD
Directors' fees	(65,105)	(118,002)
Administration and finance support	(125,078)	(240,228)
Share based payments expense	(67,367)	(324,940)
General and administration	(446,086)	(574,306)
	<u>(703,636)</u>	<u>(1,257,476)</u>

9. Financing costs

	31-Dec-15 AUD	31-Dec-14 AUD
Interest expense	-	(3,441)
Foreign currency loss - unrealised	(15,124)	-
	<u>(15,124)</u>	<u>(3,441)</u>

10. Other operating expenses

	31-Dec-15 AUD	31-Dec-14 AUD
Depreciation and amortisation	(11,994)	(39,951)
Exploration expenditure	-	3,782
Legal fees	(24,434)	(10,511)
Bad debt expense	(104,948)	-
Tax advisory services	(33,250)	(12,450)
Accountancy services	(32,050)	(6,988)
Consultancy fees	(91,892)	(63,188)
	<u>(298,568)</u>	<u>(129,306)</u>

Notes to the accounts

11. Discontinued Operation

DISCONTINUED OPERATIONS

The demerger of Transerv's Canadian Assets was completed on 20 October 2015. To effect the demerger, Transerv incorporated a new Australian subsidiary, TSV Montney Limited. TSV Montney was transferred 100% of Woma Energy Ltd (Transerv's subsidiary which owns the Canadian assets). All the issued shares in TSV Montney (80,816,989 shares) are now in the process of being distributed by Transerv to its shareholders on a 1 for 10 basis (an in-specie distribution).

The end result is Transerv shareholders will directly own TSV Montney, an unlisted Australian public company, which will own the Canadian assets through Woma Energy Ltd.

The results of the discontinued operations included in the statement of profit or loss and other comprehensive income are set out below. Results of the discontinued operations for the period:

	31-Dec-15 AUD	31-Dec-14 AUD
Revenue	239,343	191,061
Expenses	(174,796)	(285,640)
Profit before tax	64,547	(94,579)
Attributable income tax benefit	572,549	-
	637,096	(94,579)
Gain on sale of discontinued operations	8,093,205	-
Attributable income tax benefit	-	-
Gain on sale of discontinued operations	8,730,301	(94,579)
Cash flows from discontinued operations		
Net cash flows from operating activities	(372,878)	(261,206)
Net cash flows from investing activities	(625,023)	208,748
Net cash flows from financing activities	-	(632,452)
Net cash flows	(997,901)	(684,910)

	31-Dec-15
Effects on disposal on the financial position of the group	
Current assets	
Cash and cash equivalents	(255,757)
Trade and other receivables	(1,062,501)
Other receivables	(31,706)
Non-current assets	
Property, plant and equipment	-
Exploration and evaluation assets	(6,044,748)
Investments	(657,680)
Current Liabilities	
Trade and other payables	209,085
Non-current liabilities	
Deferred tax liability	221,761
Net assets and liabilities disposed of	(7,621,546)
Latent Investment in Woma disposed	(14,112,910)
Reduction of share capital	14,522,033
Disposal of ordinary share capital	15,305,628
Gain on sale of discontinued operation	8,093,205

Notes to the accounts

12. Non-current assets held for sale

	31-Dec-15 AUD	30-Jun-15 AUD
Opening Balance	-	-
Transferred in		
Shares in Leucrotta Exploration Inc	2,528,915	
Change in market value during the six months	(750,043)	-
	<u>1,778,872</u>	<u>-</u>

The above shares were previously held in Financial assets with the remainder of Financial assets having been disposed of as part of the demerger of Canadian assets.

*The Consolidated Entity intends to market and sell its shareholding in Leucrotta Exploration Inc within the next 12 months.

13. Exploration and evaluation assets

	31-Dec-15 AUD	30-Jun-15 AUD
Exploration and evaluation assets	51,879,928	57,269,040
Movement in exploration and evaluation expenditure		
Opening Balance	57,269,040	53,802,799
Demerger of Woma Energy Ltd	(6,044,748)	(1,686,412)
Expenditure incurred during the period	674,402	5,110,453
Depreciation/amortisation for exploration assets	(7,830)	(15,660)
Impairment for exploration and evaluation assets	-	(21,878)
Foreign currency movement	(10,936)	79,738
	<u>51,879,928</u>	<u>57,269,040</u>

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

Notes to the accounts

14. Issued capital

The Consolidated Entity recorded the following amounts within shareholder's equity as a result of the issuance of ordinary shares:

For the six months ended 31 December 2015

	31-Dec-15	Ordinary shares	Number of shares	Issue price	AUD
01-Jul-15		Opening balance	806,819,893		68,063,521
		New share issue	444,444		20,000
		Exercise of options	28,000,000		196,000
		Demerger of Woma Energy Ltd			(14,522,033) *
		Closing balance	835,264,337		53,757,488
		Less share issue costs:			
		Opening balance			(1,110,717)
		Share issue costs at the end of the year			(1,110,717)
					52,646,771

For the year ended 30 June 2015

	2015	Ordinary shares	Number of shares	Issue price	AUD
01-Jul-14		Opening balance	4,034,097,761		68,063,521
		Consolidation (1:5)	(3,227,277,868)		-
		Closing balance	806,819,893		68,063,521
		Less share issue costs:			
		Opening balance			(1,110,717)
		Share issue costs at the end of the year			(1,110,717)
					66,952,804

*Refer to note 11 for details of reduction in share capital.

15. Options

The outstanding balance of options over ordinary shares at 31 December 2015 represented by:

Unlisted options on issue

	Grant date	Exercisable	Expiry date	Exercise price	Number of options
17-Nov-15		17-Nov-15	10-Jul-18	\$0.060	1,675,000

The outstanding balance of options over ordinary shares at 30 June 2015 represented by:

	Grant date	Exercisable	Expiry date	Exercise price	Number of options
19-Nov-14		19-Nov-14	31-Mar-19	\$0.025	28,000,000

The fair value of options granted during the six months ended 31 December 2015 was \$0.04 with a weighted average of \$0.04. The fair value at grant date is determined using the binomial method of valuing options that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following table lists the inputs to the model used for valuation of options:

	6C Options
Dividend yield (%)	Nil
Expected volatility (%)	120%
Risk-free interest rate (%)	3.11%
Expected life of option (year)	2.52
Option exercise price (\$)	\$0.060
Weighted average share price at grant date (\$)	\$0.060

Notes to the accounts

16. Related parties

Directors and specific executives

The totals of remunerations paid to Key Management Personnel of the Company and the consolidated entity during the year are as follows:

	31-Dec-15 AUD	30-Jun-15 AUD
Short-term employee benefits	(633,603)	(1,184,548)
Post-employment benefits	(26,023)	(62,422)
Share-based payments	-	(324,940)
	<u>(659,626)</u>	<u>(1,571,910)</u>

Arrangements with related parties continue to be in place. The aggregate amounts recognised during the year relating to directors and their related parties were as follows:

	Transactions value year end		Balance outstanding as at	
	31-Dec-15	30-Jun-15	31-Dec-15	30-Jun-15
TB & S Consulting Pty Ltd ⁽ⁱ⁾	289,187	383,471	-	-
Saval Consulting Pty Ltd ⁽ⁱⁱ⁾	30,000	182,669	87,333	2,433
Leopard Energy Pty Ltd ⁽ⁱⁱⁱ⁾	9,000	-	-	-
	<u>328,187</u>	<u>566,140</u>	<u>87,333</u>	<u>2,433</u>

- i. TB and S Consulting Pty Ltd is a company associated with Mr Stephen Keenihan. The charges from TB and S Consulting were for consultancy fees and reimbursement for travel costs incurred in the ordinary course of business.
- ii. Saval Consulting Pty Ltd is a company associated with Mr Craig Burton. The charges from Saval Consulting Pty Ltd are for Directors fees.
- iii. Leopard Energy Pty Ltd is a company associated with Mr Brett Lawrence. The charges from Leopard Consulting Pty Ltd are for Directors fees.

Notes to the accounts

17. Financial Instruments

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31-Dec-15	Carrying amount					Total	Level 1
	Non-current assets		Current assets				
	Trade and other receivables	Other investments including derivatives	Trade and other receivables	Other investments including derivatives	Cash and cash equivalents		
Financial assets measured at fair value							
Non current assets held for sale	-	1,778,872	-	-	-	1,778,872	1,778,872
Financial assets not measured at fair value							
Trade and other receivables	-	-	202,008	-	-	202,008	-
Cash and cash equivalents	-	-	-	-	1,756,473	1,756,473	-
	-	1,778,872	202,008	-	1,756,473	3,737,353	1,778,872

30-Jun-15							
Financial assets measured at fair value	-	-	-	-	-	-	-
Equity securities	-	2,657,288	-	-	-	2,657,288	2,657,288
Financial assets not measured at fair value							
Trade and other receivables	-	-	855,810	-	-	855,810	-
Cash and cash equivalents	-	-	-	-	2,255,635	2,255,635	-
Equity securities	-	654,847	-	-	-	654,847	654,847
	-	3,312,135	855,810	-	2,255,635	6,423,580	3,312,135

31-Dec-15	Carrying amount					Total	Level 1
	Non-current liabilities			Current liabilities			
	Trade and other payables	Loans and borrowings	Bank overdraft	Trade and other payables	Loans and borrowings		
Financial liabilities measured at fair value							
Financial liabilities not measured at fair value							
Finance lease liabilities	-	-	-	47,489	-	47,489	-
Trade and other payables	-	-	-	1,109,737	-	1,109,737	-
	-	-	-	1,157,226	-	1,157,226	-

30-Jun-15							
Financial liabilities measured at fair value							
Financial liabilities not measured at fair value							
Finance lease liabilities	5,715	-	-	171,653	-	177,368	-
Trade and other payables	-	-	-	2,393,307	-	2,393,307	-
	5,715	-	-	2,564,960	-	2,570,675	-

Notes to the accounts

18. Subsequent events

No matters or circumstances have arisen since the end of the financial period which significantly affect or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years, other than as set out below.

Sale of Leucrotta Shares

During February 2016 a sale process was commenced for the Leucrotta shares and was finalised on 3 March 2016 for a total sale price of \$2.1 million.

Warro Gas Project

Well testing is continuing at both Warro 5 and Warro 6. Both of these wells continue to flow naturally and it is the intention to re-test Warro-4.

Following is a summary of well results to date:

Warro-5 and 6

Warro-5 gas flow rates have slowly increased to average 0.5 mmcf/d with the accompanying water rates steadily declining to 230 bwpd.

Testing at Warro-6 continues with a gas rate averaging 0.6 mmcf/d with associated water now averaging 220 bwpd.

Warro-4 Retesting

The results of Warro-5 & 6 have shown the original testing programme was too short and valuable information can be obtained about the potential of the upper reservoir section by retesting the well.

Commitments and contingencies

There has been no change since 30 June 2015.

Directors' Declaration

In the opinion of the Directors of Transerv Energy Limited and its subsidiaries ("Consolidated Entity"):

1. the financial statements and notes set out on pages 9 to 24, are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the financial position of the consolidated entity as at 31 December 2015 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - b. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

Dated in Perth this 15th day of March, 2016

Signed in accordance with a resolution of Directors:

A handwritten signature in black ink, appearing to read 'S. Keenihan', with a stylized, cursive script.

Stephen Keenihan

Managing Director