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28 May 2010

Ms Farlee Walker  
Australian Securities Exchange  
Adviser, Issuers (Perth)  
2 The Esplanade  
Perth WA 6000

Fax: +61 8 9221 2020

Dear Farlee

**SUBJECT: RESPONSE TO TRANSERV ENERGY LIMITED PRICE QUERY FROM 27 MAY**

In response to your Transerv price query for 27 May, we advise as follows;

1. The Company does not believe there is any unannounced information concerning it that would explain this recent increase in the Company's share price.

As previously announced, technical studies following the results of the Warro 3 well were being completed by the Warro Joint Venture and planning for the Warro 4 well was substantially advanced.

Both the Warro 3 technical studies and the Warro 4 well design planning are now complete. The recommendation is to proceed with both Warro 4 and a 3D seismic survey.

As referenced in recent press reports, the Warro joint venture is now awaiting a formal decision by Alcoa re proceeding with the Warro 4 well under its farm-in agreement. This decision is expected shortly.

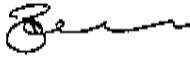
*Background on the Warro Gas Project*

The Warro Gas project is the leading unconventional gas play in Western Australia. Transerv holds a 10% interest in Warro and is free carried for the first \$40m of project expenditure, including the Warro 4 well. Alcoa of Australia may earn a 65% interest in Warro by funding 5 appraisal wells and a 3D seismic survey. The first of these appraisal wells (Warro 3) was drilled in 2009, with Warro 4 planned for the second half of 2010. If Alcoa completes the farm-in, the project interests held will be Alcoa 65%, Latent Petroleum 25% (Operator) and Transerv 10%.

2. N/A
3. Other than as detailed above, the Company does not have any explanation for the price and volume change in the securities.

4. The Company can confirm that it is currently in compliance with the Listing Rules, and, in particular, Listing Rule 3.1.

Yours sincerely  
**Transerv Energy Limited**



**Brett Mitchell**  
Executive Director



ASX Markets Supervision Pty Ltd  
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28 May 2010

Mr Brett Mitchell  
 Company Secretary  
 Transerv Energy Limited  
 Level 21 Allendale Square  
 77 St Georges Tce  
 PERTH WA 6005

*By facsimile: 9324 2171*

Dear Brett,

**Transerv Energy Limited (the "Company") - PRICE AND VOLUME QUERY**

We have noted a change in the price of the Company's securities from 1.2 cents to 1.4 cents on 27 May 2010.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

In answering this question please address the recent press reports in *The Australian* on Friday 28 May 2010 on page 34 regarding the Warro Gas Project.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **10.00 am (WST) today**.

**Australian Securities Exchange**

Australian Stock Exchange  
 Sydney Futures Exchange

Australian Clearing House  
 SFE Clearing Corporation

ASX Settlement and Transfer Corporation  
 Austraclear

The response must be in a form suitable for release to the market. If you have any concern about release of a response, please contact me immediately.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**


If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the company's securities. As set out in listing rule 17.1 and the guidance note titled "Trading halts" we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely



Farlee Walker  
**Adviser, Issuers (Perth)**