



August 7<sup>th</sup>, 2012

ASX Announcement

## **Transerv Canadian Unconventional Oil Assets Receive Major Value Boost**

Transerv Energy (ASX: TSV) is pleased to advise that drilling and testing results just released by operators of adjacent acreage have confirmed the value potential in the extensive land holdings held by Transerv's subsidiary Carnaby Energy Ltd in the heart of the emerging Montney tight oil play in British Columbia, Canada. Transerv holds a 55% interest in Carnaby.

Carnaby's Montney land holdings in the area of interest comprises over 20,000 net acres. Independent assessments have estimated the resource potential of this acreage over 750 mmbbl in-place, with potential recoverable reserves of 50-75 mmbbl net to the Transerv Group.

### **New Montney Well Flow Rates**

Information recently released by Crew Resources and Arc Energy include results from five wells which have produced over 300 barrels of oil a day (bopd) each, with one yielding over 900 bopd from the Montney. One of these wells is only two miles from Carnaby's lands (see map).

These results, along with previous independent assessments of the area, confirm the immense commercial potential of Carnaby's Montney acreage in which Transerv holds a majority stake.

Carnaby is currently working to define a number of priority drilling locations as part of its initial Montney drilling program.

### **Montney Unconventional Oil - Analogous US Plays**

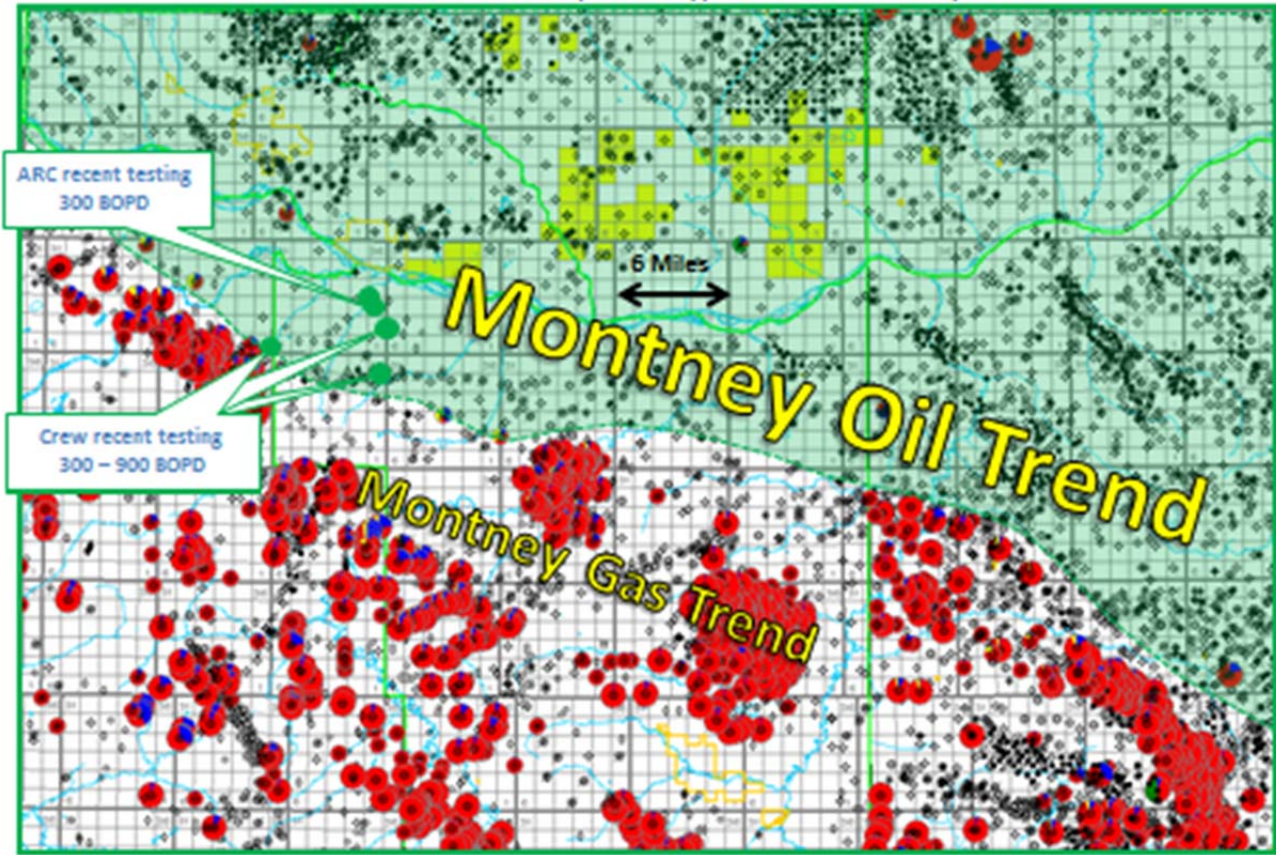
The liquids yield and scale of the Montney oil play is similar to the Eagleford and Woodbine ("Eaglebine") trends in the USA where tight reservoirs have provided substantial oil reserves growth through the application of horizontal well and multistage fracture stimulation technology. There are clear analogies with the USA plays where early exploration was aimed at gas but later moved to gas/condensate and then oil prone rocks. The Montney operators have previously concentrated on the gas, gas/condensate regions and only very recently started to look at the oil prone areas. In the USA, asset values and land prices have escalated rapidly as attention was turned to the liquid rich areas. This phenomenon was recently observed in Canada with the Duvernay trend and the Montney oil play is expected to provide a similar opportunity for the Transerv Group.

#### *Competent Person Statement*

*The inclusion of the information in this Announcement has been consented to by Mr Terry Meek, a Director of Woma Energy Ltd, a wholly owned subsidiary of Transerv Energy Ltd. It has been produced for the Company, at its request, for adoption by the Directors. Mr Meek has sufficient experience that is relevant to the style and nature of hydrocarbon resources and prospects under consideration, and to the activities discussed in this document. His qualifications and industry membership both comply with the criteria for "Competence" under ASX Listing Rule 5.11. Terminology and standards adopted by the Society of Petroleum Engineers "Petroleum Resources Management System" have been applied in producing this document.*

### Montney Oil Trend with Recent Drilling Results

● Oil Well    ■ Transerv (Carnaby) land    □ Montney Oil Area



Adapted from Crew July 2012 annual report

*For and on behalf of the Board*