

July 25, 2011

Reservoir stimulation and flow testing equipment on its way to Warro gas field

- ***Warro-4 stabilised flow rates expected within weeks***
- ***Field has estimated P50 recoverable resource of 1.1Tcf***

Transerv (ASX: TSV) is pleased to advise that the equipment which will undertake the reservoir stimulation program at its Warro onshore gas project in WA has departed South Australia and is expected to arrive at Warro this week.

The Warro-4 stimulation and flow testing program is scheduled to start before the end of July, with well testing expected to commence mid-August.

The immense potential of the Warro field was highlighted by the recently completed Warro-4 well, which intersected high-quality, tight gas sands in the reservoir section below 3750m.

The logs from the Warro-4 well confirmed the continuation and strong correlation of the reservoir sections between all the Warro wells and delineated excellent target zones for the planned reservoir stimulation and flow testing program.

Initial flow testing will focus on two of the eight potential reservoir sections (zones 4 and 6 of Warro-3) representing approximately 30 per cent of the total potential net pay in the Warro reservoir sands. The stabilised flow rate from these two zones can be extrapolated across the other six known reservoir sections, which have similar reservoir characteristics, to establish a likely total flow rate.

Transerv would consider a cumulative flow rate of 2mmcfpd from these two sections a successful outcome for Warro-4 justifying further drilling and the eventual development of the Warro field. Based on well results in the US, the flow rates achieved in the vertical wells Warro-3 and 4 can also be used to infer the expected production from horizontal wells, which would most likely be used in the commercial development of the Warro gas field.

The Warro field was 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