

November 19, 2015

ASX Release

ASX Code: TSV

## Independent review doubles size of Warro gas field

- **P90 Resource, which accounts for just half of the total Resource, worth \$1.8 billion at current market price.**
- **Spectacular result demonstrates Warro could be a major player in the WA gas market, including being a highly valuable 'offset source' for global LNG giants.**

Transerv Energy (ASX: TSV) is pleased to announce that an independent assessment has increased the size of its Warro onshore gas field in WA by over two times. The field is located approximately 200km north of Perth in RL's 6 and 7.

The new figures provided by RISC Advisory (Table 1) indicate a Contingent Resource Low estimate of 2.4Tcf of total gas initially in-place (GIIP) which is approximately double the amount previously assessed by Gaffney, Cline & Associates prior to the Alcoa farmin work<sup>1</sup>. This category is deemed to be the lowest-risk portion of the Resource and would be the basis of any project development.

The RISC assessment has increased the GIIP estimate<sup>2</sup> to 11.6 trillion cubic feet (Tcf) on a 100 per cent basis. This is an increase of over 15% per cent to the upside GIIP figure of approximately 10 Tcf provided by the Shanley Review<sup>3</sup>.

The new Resource estimates follow the two latest highly successful wells which were drilled at Warro<sup>4</sup> as part of the program funded by Alcoa of Australia whereby Alcoa may earn up to 65 per cent of the project.

Warro Gas-in-Place Tcf - Gross			
Unrisked	Low	Mid	High
<b>Contingent</b>	2.4	3.2	4.3
<b>Prospective</b>	2.0	4.1	7.3
<b>GIIP</b>	4.4	7.3	11.6

Table 1

Warro Field Potential Recoverable Tcf – Gross			
Unrisked <b>4.4 Bcf per 20Ha</b>	P90 C1	P50 C2	P10 C3
<b>Contingent Resources</b>	1.3	1.5	1.8
<b>Prospective Resources</b>	1.3	2.3	3.6
<b>Total</b>	2.6	3.8	5.4

Table 2

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 indicated that wells drilled on a 20-hectare spacing could be expected to yield between 4 - 10 Bcf per well. The estimate<sup>5</sup> of field unrisked recoverable resources (Table 2) has been done assuming 4.4 Bcf per well with a spacing of 20 hectares.

<sup>1</sup> Refer Transerv ASX announcement of March 17<sup>th</sup> 2008. Since the Gaffney Cline work on the Warro field gas contingent resources, 3D seismic data has been acquired and the Warro-3 and 4 wells were drilled, stimulated and flow tested, the Warro-5 and -6 wells drilled and log data acquired. The new data have resulted in an updated structural and stratigraphic interpretation which has allowed the accumulation to be subdivided into discovered and undiscovered areas and hence prospective resources defined and contingent resources re-evaluated. The new well and flow data has been incorporated into dynamic and analogue models which have been used to estimate potential well deliverability, recovery and well spacing.

<sup>2</sup> The RISC assessment is unrisked

<sup>3</sup> Refer Transerv ASX announcements of March 19<sup>th</sup> and April 16<sup>th</sup> 2012

<sup>4</sup> Refer Transerv ASX announcements of September 24<sup>th</sup> and October 25<sup>th</sup> 2015

<sup>5</sup> The contingent and prospective resources have been estimated using probabilistic and deterministic volumetric methods.

The impressive results of the review by consultants RISC Advisory<sup>6</sup>, highlight the immense potential for Warro – already the biggest undeveloped onshore gas field in Australia – to become a major player in the State’s domestic gas market.

Recent work, published in September and October 2015 by Breakaway Research<sup>7</sup> and Strachan Corporate<sup>8</sup>, indicated NPV10 and NPV8 values for Warro gas of 82 cents/Gj and 69 cents/Gj respectively. Based on the lower of these valuations, the potential value of the recoverable resources at Warro is between \$900 million and \$3.7 billion (gross). These reviews assessed the risk associated with these valuations to be 40-50 per cent.

Transerv Managing Director Stephen Keenihan said the RISC results were outstanding in terms of both the overall increase in the size of the resource and the reliability of it.

“The size of the prize we are pursuing at Warro is now substantial by any measure,” Mr Keenihan said.

“It also demonstrates that Warro could be a highly valuable source of “offset gas” for the global LNG companies operating in WA. Under existing WA Government policy, these companies must reserve 15 per cent of the gas they control in WA for domestic use. However, by acquiring an interest in gas fields such as Warro, they can source this gas from elsewhere in WA to meet their 15 per cent obligation, meaning the fields which underpin their LNG projects can be used solely for LNG production.

“In addition to these strong results, there is huge potential for further increases in the Warro Resource because we were still in gas when we stopped drilling the two latest wells.

“Another 100m of gas column would translate into a further 0.7 to 4.1 Tcf of gas in place. This is significant because both the size and the reliability of the resource are central to the economic potential of the field.

“Warro already enjoys the huge economic benefits which stem from its size and close proximity to WA’s major gas pipelines, including the Dampier-to-Bunbury pipeline.

“These latest results further increase the potential to unlock the value of Warro.”

The RISC review drew on information provided by Transerv with the objective of confirming that the configuration and resource potential of the field as defined by Transerv are both reliable and representative.

Contingent Resources are discovered resources that are potentially recoverable but not yet considered mature enough for commercial development due to technological or business hurdles. In the case of Warro, successful flow-testing is required.

Contingent Resources carry with them a risk that commercial development may not proceed. It should be noted that the actual gas recovery will be dependent on the final scheme implemented and may increase or decrease as more information becomes available. Further activities anticipated to confirm the commerciality of the contingent resources are stimulation and flow testing of the Warro-5 and -6 wells to establish if commercial flow rates are sustainable and, if successful, further drilling, establishment of a pilot test, development feasibility studies and gas sales agreements. The number and location of further drilling, if required will be determined following the evaluation of the Warro-5 and 6 flow test results. Any development if it proceeds would likely be carried out in several stages.

Prospective Resources are estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. For Warro, these are gas resources distant from the present wells or in areas where there is no 3D coverage.

<sup>6</sup> Assessment completed November 18<sup>th</sup>, 2015

<sup>7</sup> Refer Transerv ASX Announcement dated August 26<sup>th</sup>, 2015

<sup>8</sup> Refer Transerv ASX announcement dated October 26<sup>th</sup>, 2015

On behalf of the Board



Stephen Keenihan  
Managing Director

#### **Qualified Evaluator Statement**

The information in this Announcement is based on and fairly represents the information and supporting documentation prepared by Mr Stephen Keenihan, a Director of Transerv Energy Ltd, who has consented to its inclusion in the form and context as it is presented. It has been produced for the Company, at its request, for adoption by the Directors. Mr Keenihan has sufficient experience that is relevant to the style and nature of hydrocarbon resources and to the activities discussed in this document, and is a member of the following professional organisations; Society of Petroleum Engineers, Petroleum Exploration Society of Australia, American Association of Petroleum Geologists and Australian Institute of Company Directors. His qualifications, experience and industry membership meet the requirements for a qualified petroleum reserves and resources evaluator as defined in Chapters 19 of the ASX Listing Rules. Terminology and standards adopted by the Society of Petroleum Engineers "Petroleum Resources Management System" have been applied in producing this document.

#### **Media**

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#### **Project Information**

<b>Permit</b>	RL-7
<b>Well Location – Warro-5</b>	30°12'24.55"S, 115°43'43.44"E
<b>Well Location – Warro-6</b>	30°10'53.70"S, 115°43'08.57"E
<b>Transerv Energy's Interest</b>	56%
<b>Field Name</b>	Warro Gas Field
<b>Depth to Reservoir</b>	~4100m RT
<b>Date of Report</b>	17 November 2015
<b>Geological Formation</b>	Yarragadee Sandstone
<b>Forward Operations</b>	Reservoir Stimulation and Testing

#### **Warro Permit and Well Location Map**

