

WARRO UPDATE

February 9, 2016

Warro-6 well sustains substantial gas flows as water production rate falls by half

Warro-5 well records initial gas flows as clean-up progresses ahead of full testing

Transerv Energy (ASX: TSV) is pleased to announce that the Warro-6 well at the Warro onshore gas project in WA has maintained a constant, substantial gas flow over the past week in another promising sign for the project's economic potential.

Results from testing at Warro-6 also reveal that the water-to-gas ratio has reduced by more than 50 per cent during the past week and is continuing to improve.

Warro-6 gas flow rate has been reasonably constant over the past week, averaging 1.3mmcf/d. A liquid volume equivalent to the stimulation fluids injected into Warro-6 has been now recovered from the well. The jet pump is being used to deplete the water in the reservoir associated with the gas. This process is proceeding according to plan.

At the Warro-5 well, initial gas flows have been recorded as the well clean-up progresses. The flow rates are yet to stabilise and are continuing to improve.

Transerv Managing Director Stephen Keenihan said the results from both wells were in line with Transerv's expectations at this stage.

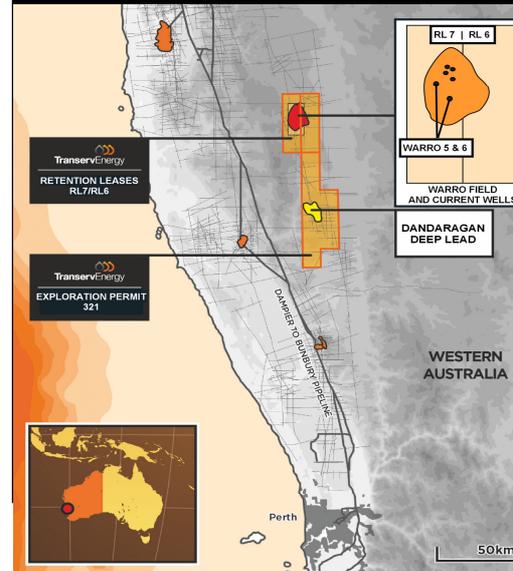
"We designed these wells in such a way that we could use the jet pump to remove excess water from the reservoir section and establish the free flow gas potential of the wells," Mr Keenihan said.

"This work is going according to plan. Our objective now is to flow the wells using the jet pump until the water rate reduces to acceptable levels, this may take several weeks." Mr Keenihan said.

For and on behalf of the Board.



STEPHEN KEENIHAN
Managing Director



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

ASX : TSV

Registered Office:
Level 7, 1008 Hay Street
Perth, 6000, Australia

PO Box 7209
Cloisters Square, WA, 6850

Ph: 08 6555 6000

Fax: 08 6555 6099

Email: info@transerv.com.au

Directors:

Charles Morgan (Chairman)
Stephen Keenihan
Brett Lawrence

Company Secretary & CFO

Jo-Ann Long

Website:

www.transerv.com.au