TranservEnergy

ABN 68 079 432 796

April 29, 2013

March 2013 Quarter Activity Report

HIGHLIGHTS

Warro Gas Project

- **3D reprocessing project continues**
- **Discussions underway to potentially secure a new strategic partner to fast track next phase of Warro appraisal drilling program**

Canadian Operations

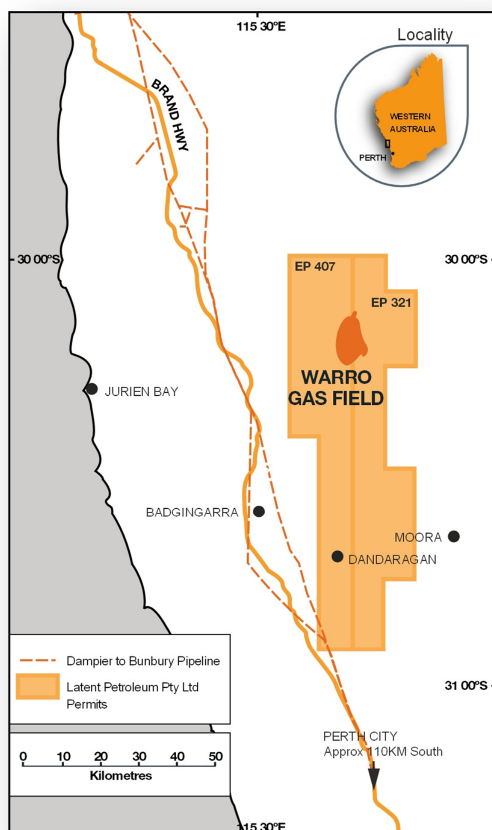
- **Increase in strategic Montney acreage position**
- **Independent review of Carnaby's Montney potential completed**
- **Montney Channel well planning advanced**
- **Term sheet executed for disposal of petroleum interests in Duvernay and Rock Creek acreage in Alberta**

Corporate

- **Completion of Rights Issue**

Warro Gas Project Update

An extensive 3D interpretation program was undertaken by a team of tight gas specialists in the US in order to further validate the large resource potential of the field and to identify optimum locations for the next drilling campaign in the Warro Field. This was successfully achieved as the field is considered to be a multi-TCF gas resource. Two drilling locations have been tentatively selected which are felt to deliver the best opportunity to extend the proven productive area of the field. The targeted locations are also designed to test areas of the field relatively unaffected by faults and fractures, and as such, limit extraneous water production. This future drilling program is targeted for early 2014.



Transerv and Alcoa are currently working together to bring a new financial and technical partner to the project to fast track the next phase of appraisal drilling activities.

Native Title discussions have commenced between Transerv and the South West Aboriginal Land Council with a meeting held on 10th April 2013 where the negotiation protocol was discussed.

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Warro Project Background

The Warro field lies 200km north of Perth in the Perth Basin and is one of the largest undeveloped onshore gas fields in Australia.

Transerv currently has a 57 per cent stake in Warro and is the project operator. Alcoa is earning up to 65 per cent under a farm-in agreement, in which Alcoa will spend up to $100 million on exploration and development at Warro. Alcoa will fund a staged evaluation and construction program, which includes the recently completed 3D seismic survey, drilling wells and constructing production infrastructure.

Warro, which covers 7,000ha and starts from about 3,750m below surface, is located just 31km east of both the Dampier-to-Bunbury Natural Gas Pipeline and the Dongara-to-Perth Parmelia Pipeline. Alcoa has substantial capacity reserved in the Dampier line.

Canadian Activities

Transerv holds interests in Canadian oil and gas assets in three regions: Alberta Duvernay/Rock Creek, Alberta Genesee (Mannville tight oil) and British Columbia (Carnaby).

Alberta

Duvernay/Rock Creek (TSV Working Interest = 34%)

Map 2 –Woma Location

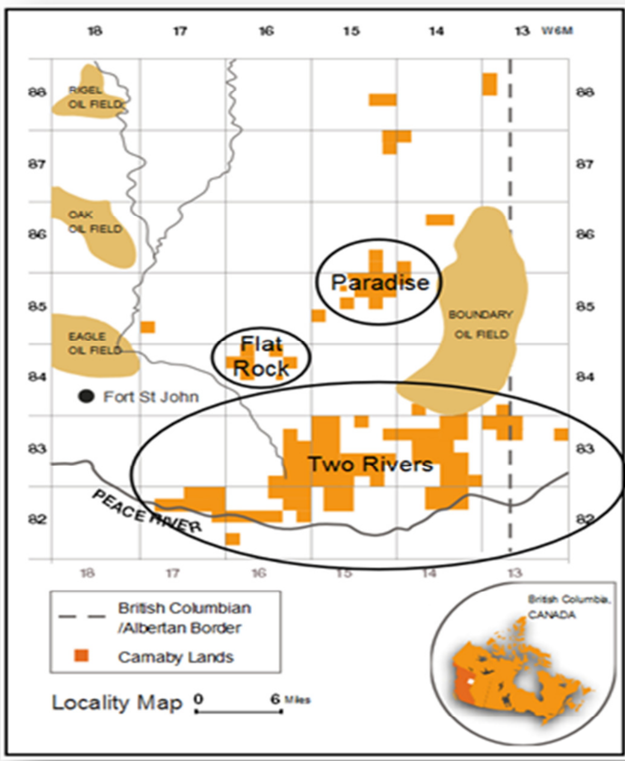
During the quarter the Black Swan Duvernay well in Rimbey was drilled, cored and plugged back to prepare for a future Hz leg. The core is currently being analysed and results are expected shortly.

On 5 March 2013, the Company executed a term sheet with Canadian Pan Ocean Limited for the sale of the Company's Duvernay and Rock Creek petroleum interests in Alberta, which are jointly held in the Alberta Joint Venture with Mako Hydrocarbons and Tamaska Oil and Gas Limited. On completion Transerv will receive sale proceeds of approximately A$14 million before tax. The sale is conditional on the execution of a formal sales and purchase agreement and normal due diligence which is anticipated to be finalised shortly.

Genesee – Pembina

Woma Energy (Transerv's wholly owned Canadian subsidiary) now has an interest in over 37,000 acres (gross) in the Genesee area. Woma Energy has two drilling locations identified to evaluate the tight Mannville oil potential. These locations are ready for drilling in the northern summer of 2013. Continued success in offset producing wells in the Genesee area (Ravenwood Energy) provide a template for success on the Woma lands.

British Columbia



Carnaby (TSV Working Interest = 55%)

Carnaby has producing properties and exploration assets in British Columbia to the east of Ft. St John. These lands are held in three different areas as set out in the Locality Map.

Montney – Two Rivers

During the quarter Carnaby Energy acquired a further 1,557 hectares (3,846 acres) of land in the Montney oil trend at an average cost of $47/acre. Adjacent lands, won by other operators, attracted bids in the range $230 - $600/acre. These new lands bring Carnaby's holding in the Two Rivers area to 54,111 acres net (59,744 acres gross).

Independent Review - Montney

McDaniel & Associates, independent resource and reserves assessors, have recently carried out an independent review of Carnaby's Montney potential (excluding the lands acquired during the quarter). The outcome of this analysis is as follows:

Net Resource	Low Estimate Recoverable	Best Estimate Recoverable	High Estimate Recoverable	Hydrocarbons In Place
Contingent Resource	1.8 mmboe	2.8 mmboe	4 mmboe	4.7 mmboe
Prospective Resource	30 mmboe	55 mmboe	99 mmboe	530 mmboe

The resource estimates have been done in accordance with NI-51-101 rules (COGEH Standard Canada).

Industry activity in the area continues to increase and also continues to reinforce the oil potential of the Montney zone. Nearby operator Arc drilled 8 wells in 2012 and has requested drilling licenses for 8 more wells in the Montney Oil Trend. Crew, the other active operator in the area, has announced plans to drill 11 wells this year. Both companies have indicated they are also undertaking significant facilities additions to handle the expected new volumes of oil and gas. Recently published, nearby well results show high liquids yields of oil (260 – 908 bopd) or condensate (130bbl/mmcf) (see map).

This continuing activity combined with the McDaniel's review, reinforces the significant potential of the Carnaby Montney lands. Transerv and Carnaby are presently seeking to attract a substantial pool of funds to develop its Montney Oil Trend lands.

Transerv emphasises that the Montney Oil Trend is an emerging play. As a result the present assumptions used to define the potential of this play, and in particular the identification of pay cut-offs and the likely recoveries, are strongly influenced by previous industry experience in the area rather than the outcomes that could result should large scale horizontal fracture technology be successfully applied. Should this happen there is opportunity to have substantial upward revision of overall resource and expected recovery factors.

Paradise

Carnaby Energy has reprocessed and reviewed 3D seismic over the Paradise area and has identified drilling targets in a Montney turbidite channel. The wells will offset a successful vertical well that has produced from the Montney. Carnaby's interest in the area is approximately 50%. Timing of the drilling is expected to be in the northern summer of 2013.

In addition Carnaby has identified a recompletion candidate in the Gething. The well is already tied in and will be an inexpensive test of the zone. As gas prices continue to improve in the Canadian market more opportunities will follow.

Flatrock

Carnaby Energy has identified a recompletion candidate at Flatrock in the Gething zone. The well is tied-in to production facilities and will be tested this summer. In addition Carnaby has identified additional Belloy oil drilling potential in the area and will be pursuing these opportunities.

Corporate

Rights Offer

On 6 December 2012, the Company announced that it was undertaking a pro-rata non-renounceable rights offer to raise up to $4.6 million before costs, on the basis of two (2) new shares (**New Shares**) for every nine (9) shares held on 14 December 2012, at an issue price of 0.6 cents per New Share. The purpose of the offer was to fund ongoing exploration and development activities in Canada, including a Montney Channel field step-out well in the Paradise area, further land acquisition in the Montney Resource play, as well as for general working capital purposes. In addition, the Company offered shortfall shares (**Shortfall Shares**) under a shortfall offer, at an issue price of 0.6 cents per Shortfall Share. The offer for New Shares closed on 24 January 2013, and Directors agreed to extend the allotment and despatch date to 4 February 2013, in order to enable all funds received to be cleared.

The shortfall offer period to eligible shareholders closed on 18 February 2013. The shortfall offer period to sophisticated and professional investors closed on 22 February 2013.

Under the rights offer, a total of 589,748,543 New Shares and Shortfall Shares were issued at 0.6 cents per share to raise a total of $3,538,490.

For and on behalf of the Board

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

TRANSERV ENERGY LIMITED

ABN	Quarter ended ("current quarter")
68 079 432 796	31 March 2013

Consolidated statement of cash flows
for the Transerv Energy Group of Companies

	Cash flows related to operating activities	Current quarter $A'000	Year to date(9 months) $A'000
1.1	Receipts from product sales and related debtors	479	2,234
1.2	Payments for (a) exploration & evaluation	(304)	(2,017)
	(b) development		
	(c) production	(282)	(972)
	(d) administration	(565)	(1,634)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	5	9
1.5	Interest and other costs of finance paid	(19)	(19)
1.6	Income taxes paid		
1.7	Other –R & D tax incentive	-	97
	Net Operating Cash Flows	(686)	(2,302)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	(297)	(457)
	(b) equity investments		
	(c) other fixed assets		
1.9	Proceeds from sale of: (a) prospects	-	629
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other – JV Cash Call (Carnaby)		
	Net investing cash flows	(297)	172
1.13	Total operating and investing cash flows (carried forward)	(983)	(2,130)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(983)	(2,130)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	3,538	3,538
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	-	380
1.17	Repayment of borrowings	(380)	(380)
1.18	Dividends paid		
1.19	Other – facility fee		
	Other – interest paid		
	Net financing cash flows	3,158	3,538
	Net increase (decrease) in cash held	2,175	1,408
1.20	Cash at beginning of quarter/year to date	599	1,366
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	2,774	2,774

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	356
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Directors and executive service fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	1,107
4.2	Development	-
4.3	Production	177
4.4	Administration	738
4.41	Other	1,428
	Total	**3,450**

4.5 Explanation necessary for an understanding of the estimated cash outflows

Please note the cash outflows are expenditure only and do not include any revenue earned and to be received for the next quarter.
The other amount payable of $1,428,000 is Canadian tax on Exploration Income due to sale of Duvernay interests.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	2,654	479
5.2	Deposits at call	120	120
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	2,774	599

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased	Carnaby lands: Tract 1:082-15W6:19, 082-16W6:24 Tract 2:082-15W6:30, 082-16W6:25, 082-16W6:07, 082-16W6:19,082-17W6:24 Tract 1:083-14W6:S&NW34 Tract 2:083-14W6:NE34	Acquisition of new acreage during the quarter (Carnaby)	Nil	55%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	4,034,097,761	4,034,097,761		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	589,748,543	589,748,543		
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	593,500,000 Convert on a 1:1 basis	Nil	*Exercise price* 1.5cents (386m) 3.2cents(137.5m) 4.0cents (70m)	*Expiry date* 22 Mar 2015 30 Jun 2015 31 Dec 2014
7.8	Issued during quarter	Nil	Nil		
7.9	Exercised during quarter	Nil	Nil		
7.10	Expired during quarter	Nil	Nil		
7.11	**Debentures** *(totals only)*				

7.12	**Unsecured notes** *(totals only)*		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: Chief Financial Officer Date: 29th April 2013

Print name: Jo-Ann Long

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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