

23 September 2016

## TRANSERV NORWEST ALLIANCE MOVES CLOSER TO COMPLETING XANADU FARMOUT

On 7 July 2016, Transerv Energy Ltd (TSV) announced the formation of a strategic alliance with Norwest Energy Ltd (NWE) to facilitate the farmout and drilling of the 160 million barrel Xanadu Prospect in TP/15.

On 19 September, NWE announced that it has executed a term sheet with Triangle Energy (Global) Limited (Triangle) for Triangle to earn a 30% interest in TP/15 by paying 40% of the costs of the Xanadu-1 well. Transerv confirms that it will earn 15% by paying 20% of the well costs. Hence, 60% of the anticipated well costs of the Xanadu-1 well are now funded.

The intent is that the farmout process be completed by 31 December 2016 (End Date) or such later date as agreed. By the End Date, if the farmout process has not delivered farmout agreements that fund 100% of the drilling costs of Xanadu-1, then Transerv and Triangle shall have no obligations or interest in TP/15.

The Xanadu Prospect is a highly prospective, well defined structural closure situated in Western Australian State Territorial waters close to the coast near the Cliff Head and Jingemina oilfields. The prospect has the potential for 160 MMbbls of recoverable oil and can be drilled and exploited very cost effectively from a nearby, land-based drilling site (see below). TSV will continue to work closely with NWE to finalise the farmout of the Xanadu well

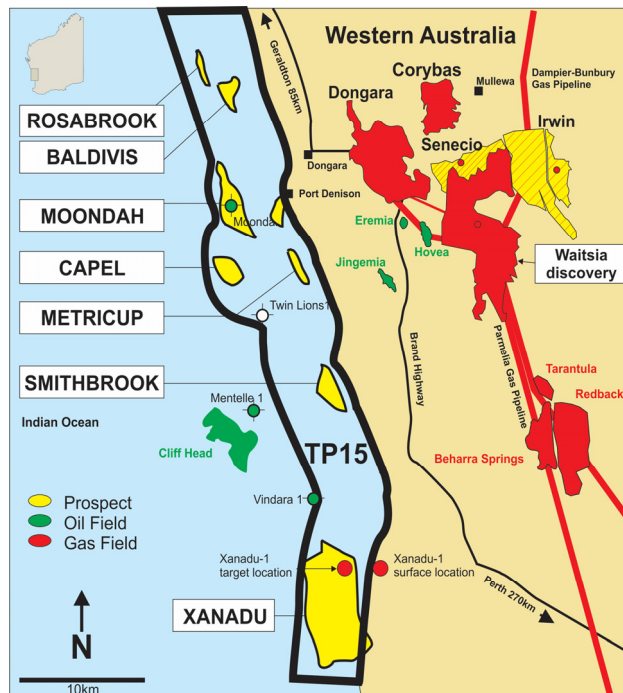


Figure 1. TP/15 Prospect Location Map

during 2016 with the aim that drilling activities take place during 2017.

As previously announced, the alliance also involves the other onshore permits in which NWE has an interest in the Perth Basin. These include EP368 and EP426, which are to the east and adjacent to the Waitsia gas discovery, and EP413 which holds the Arrowsmith discovery. Both companies plan to accelerate the exploration of these areas through farmout drilling.

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“Transerv is looking forward to NWE finalising the Farmout of TP/15 and the 160MMbbls Xanadu prospect by year end and quickly moving towards drilling this material opportunity in 2017.”

## The Xanadu Prospect

The Xanadu Prospect is a prominent horst block lying parallel to the coastline in very shallow water. Xanadu-1 will target Permian sands from a depth of approximately 800 metres. Near-shore sands of the Dongara Sandstone represent the primary target, with secondary targets in the fluvio-deltaic Irwin River Coal Measures and the regressive marine sands of the High Cliff Sandstone.

Mapping of additional 2D marine seismic data has provided a comprehensive regional interpretation of the structural setting and charge history for the Xanadu oil prospect.

The structural mapping, which is based on good quality 2D seismic data and high resolution gravity data resulting from a 2009 airborne 3D Full Tensor Gradiometry Survey indicates the Xanadu Prospect is geologically similar to both the Cliff Head and Hovea structures.

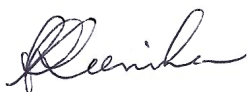
In estimating the recoverable oil volumes summarised in Table 1 below, a 50 per cent recovery factor has been assumed.

Table 1. Xanadu Prospect Volumetrics

Un-risked Prospective Resource: recoverable volumes oil (MMstb) <sup>1</sup>			
Reservoir	Low estimate	Best estimate	High estimate
Dongara Sandstone	3	12	22
Irwin River Coal Measures	13	88	159
High Cliff Sandstone	29	60	256
<b>Total</b>	<b>45</b>	<b>160</b>	<b>437</b>

<sup>1</sup> Refer 7 July 2016 Release - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. 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 and on behalf of the Board.



STEPHEN KEENIHAN  
Managing Director