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# 160 MILLION BARREL XANADU PROSPECT TO BE DRILLED IN H2 2017

## *Norwest finalises Farmout of Xanadu*

*TSV is funding 20% to earn 15% working interest Xanadu*

*Xanadu expected to be drilled in H2, 2017*

## **XANADU**

Transerv Energy (TSV) is pleased to announce that Norwest Energy Ltd (NWE) has finalised its farmout of TP15 by executing a binding term sheet for the remaining farmout portion of the Xanadu-1 well with the 3C Group. This means the drilling of the 160 million barrel Xanadu prospect in TP-15 is expected in the second half of 2017.

TSV announced in July 2016 that it would commit to funding 20% of the costs of Xanadu-1 to earn a 15% interest in Xanadu prospect and TP15, conditional on the balance of the well costs being funded and the execution of a farmin agreement and JOA.

In addition to the farmin, TSV acquired 100,000,000 shares in NWE for \$200,000 giving TSV an additional indirect interest of presently ~3.7% in Xanadu / TP15.

The TP15 Joint Venture interests and contributions to the well costs will be made up as follows:

Company	TP-15 Equity post well	Contribution to Xanadu-1 Costs
NWE	25%	0
TSV	15%	20%
Triangle	30%	40%
3C Group	30%	40%

It is anticipated TSV's contribution to the drilling of the well will be approximately \$1.25m to earn its 15% WI.

## PROSPECT BACKGROUND:

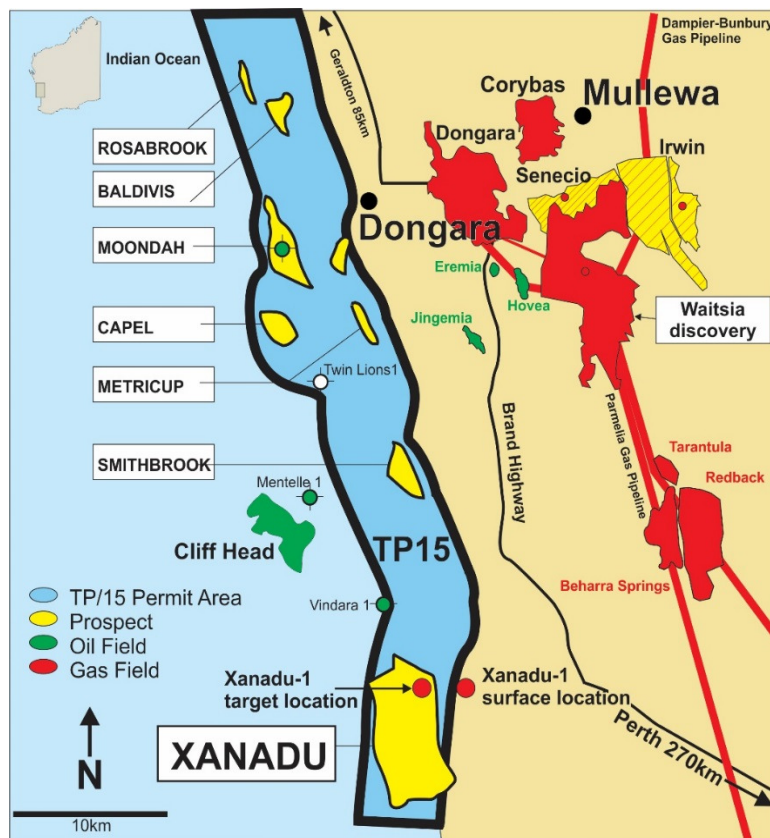
TP15 is located near Dongara in the offshore northern Perth Basin, Western Australia. The Joint Venture is planning to drill a well on the Xanadu prospect, located at the southern end of TP/15 (see map below), and holding an un-risked recoverable resource of 160 MMbbls<sup>1</sup> (Refer Table 1) in H2 2017.

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 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 Graviometry 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.



Location of Xanadu-1 and TP15

Table 1. Xanadu Prospect Volumetrics

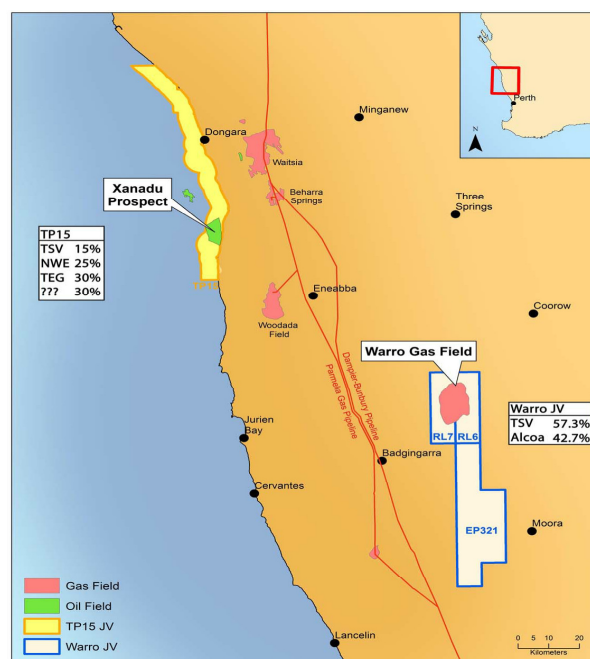
Un-risked Prospective Resource: recoverable volumes oil (MMstb) <sup>1</sup>			
Reservoir		Low estimate	High estimate
Dongara Sandstone	3	12	22
Irwin River Coal Measures	13	88	159
High Cliff Sandstone	29	60	256
<b>Total</b>	<b>45</b>	<b>160</b>	<b>437</b>

<sup>1</sup> NWE Referenced Data- 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.

Now that the makeup of the Joint Venture has been finalised, plans to drill the well can be accelerated in order to take advantage of the cost savings associated with aligning the drilling of Xanadu-1 with other wells, such as the two wells to be drilled by AWE on the Waitsia discovery later this year.

The Department of Mines and Petroleum is currently reviewing all documentation submitted with respect to the drilling of Xanadu-1, and Norwest is working closely with the regulator to ensure a timely approval is granted.

Managing Director David Messina said “after a short delay we are very happy that NWE has been able to complete the farmout of Xanadu-1, crystalizing our commitment to the program and the drilling of the 160mm barrel prospect later this year. Transerv is continuing to seek new opportunities and looks forward to updating the market as they come to fruition”.



Transerv Permit Map

**Competent Person:** The information on the Xanadu prospect is based on information compiled by Mr Dean Powell of Powell Seismic Services. Mr Powell holds a Bachelor Degree of Applied Science (Physics) and is a member of the Society of Exploration Geophysicists. He has over 40 years of experience in petroleum exploration. Mr Powell has consented in writing to the inclusion of the information stated in the form and context in which it appears.