

27 April 2017

MARCH 2017 QUARTERLY ACTIVITY REPORT

HIGHLIGHTS

\$9.3m received from R & D Tax Incentive Programme

Producing Asset Acquisition in Canada

Xanadu Fully Funded

Warro Data Review

CANADA

Subsequent to the end of the quarter, Transerv Energy Limited (TSV) announced on April 11 that it had signed a binding Term Sheet to invest CAD\$5 million for a 20% working interest in Point Loma Resources Ltd's ("Point Loma") land, property, equipment and production facilities in Alberta, Canada comprising:

- 210,000 net acres– 42,000 acres net to TSV.
- Existing production of 900 boe/d (25% liquids) up from 135 boe/d in July 2016 - 180 boe/d net to TSV.
- 65 producing wells and approximately 70MMcf/d in gas plant capacity (50MMcf/d spare capacity), compressors, tank farms, production facilities, pipelines and associated infrastructure.
- The funds will be invested to:
 - Unlock shut-in and proven behind pipe reserves.
 - Acquire already identified additional producing properties in the vicinity of the Point Loma facilities.
 - Drill and develop additional proven undeveloped and probable reserves.
- Work done by Point Loma has identified over 300 drilling and completion opportunities on the existing lands.
- TSV's investment is expected to double production over the next 12 months.

The acquisition includes land, property, equipment and production facilities. Point Loma has captured a significant land position with over 210,000 net acres over a highly productive and prospective portion of West Central Alberta which has multiple oil and gas zones ranging in age from the Cretaceous Mannville to Mississippian Banff.



Modest drilling depths throughout, and technological advancements associated with horizontal drilling, lead to strong economic returns due to low-cost wells and close proximity of production facilities and easy access to market.

All the investment funds must be spent “in the ground” and directed at bringing on shut-in production, recompletions, production cost efficiencies and drilling activities or to acquire additional assets. Work done by Point Loma has identified over 300 drilling and recompletion opportunities. Point Loma has also identified numerous production acquisition opportunities which will complement its existing holdings and result in not only increased production and reserves but also drive down operating costs due to additional throughput and operating synergies.

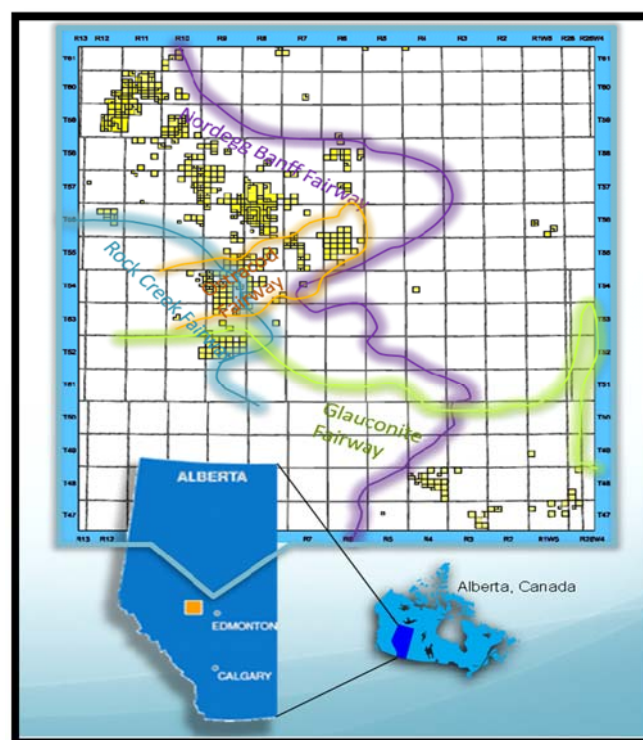


Figure 1 - Location of Point Loma Assets

Through a Strategic Agreement, Point Loma and Transerv will strive to increase the value of the existing assets and work together in Alberta to add new assets to create substantial additional shareholder value.

The table below is taken from Point Loma’s recent year end reserve update released to the market on 27 February 2017. The update was carried out by independent Canadian Oil and Gas Consultant McDaniel and Associates Limited. The table was then extrapolated to reflect Net Reserves to Transerv post Transaction.

Table 1 - Point Loma Reserves and Net Reserves to TSV Post Transaction

Reserve Category	Light and Medium Oil	TSV Net	Conventional Natural Gas	TSV Net	Natural Gas Liquids	TSV Net	Barrels of Oil Equivalent ¹	TSV Net ²
	(mbbl)	(mbbl)	(mmcf)	(mmcf)	(mbbl)	(mbbl)	(mboe)	(mboe)
Proved								
Producing	313.3	62.6	8,513	1702.6	91.9	18.4	1,866	373.2
Non-Producing	5	1	9,802	1960.4	82	16.4	1,723	344.6
Undeveloped	225	45	606	121.2	9	1.8	335	67
Total proved	543.3	108.6	18,922	3784.2	184.9	36.6	3,923	784.8
Probable	217.6	43.5	4,667	933.4	48	9.6	1,048	209.6
Total proved plus probable³	760.9	152.1	23,589	4717.6	231.9	46.38	4,976	994.4

¹ Barrels of Oil Equivalent based on 6:1 for Natural Gas, 1:1 for Condensate and C5+, 1:1 for Ethane, 1:1 for Propane, 1:1 for Butanes.

² This total includes a small contribution from heavy oil not detailed in the table.

³ Pro-forma reserves - The above table is a summary of the combined estimated reserves as at December 31, 2016, based on the McDaniel reserve estimates of Point Loma, the Judy Creek properties and Ascent.

PERTH BASIN

Transerv has continued to seek new opportunities in the Perth Basin during the past quarter.

Xanadu

Planning for the conventional Xanadu-1 well is underway by the permit operator Norwest Energy Ltd (Norwest). The Xanadu prospect is an offshore target that will be drilled from an adjoining onshore permit (EP413) also operated by Norwest, making access straight-forward. The surface location for the well is also situated on Crown Land with extinguished Native Title, and is outside the boundaries of any nature reserves.

Project Delivery

Aztech Well Constructions (Aztech) has been working closely with Norwest management since late 2016 on planning for Xanadu-1, and has been assisting with identification and selection of qualified third party service providers, DMP liaison, well design, siteworks planning, local shire and Main Roads Department planning and approvals. Aztech will also provide project management and technical support throughout the operational phase of the project, and is also contracted for project planning and management services by AWE for their imminent Waitsia drilling campaign, providing excellent synergies between the two programs.

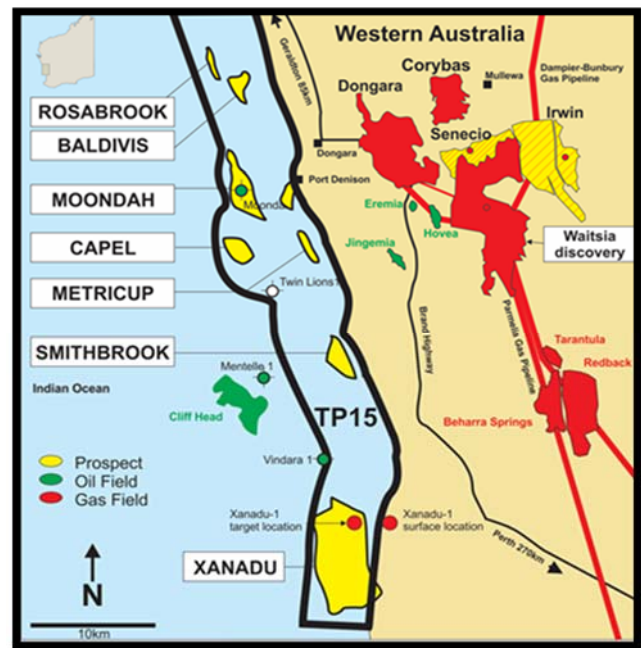


Figure 2 - Location of TP/15

Third Party Services & Consumables

- Work is progressing on finalising all third party services for the drilling campaign, with Norwest close to issuing a Letter of Intent to the successful drilling service provider. More formal contractual agreements will be prepared and executed in due course.
- Long-lead consumable items have been sourced, and deposits paid where required to secure optimal pricing and delivery timeframes.

Regulatory Approvals

- Current approvals under the lead Regulator – the Department of Mines and Petroleum (DMP) are well advanced. The necessary approvals include environmental, technical and health & safety.
- Norwest self-referred this project to the Office of Environmental Protection Authority (OEPA) in late 2016, with the period for public comment now complete. The OEPA will now make a determination on whether the project requires further assessment or information.
- Strategen Environmental (Strategen) is assisting with the Xanadu-1 approvals processes. A detailed review to identify any environmental concerns with this project has been completed, with several botanical surveys completed over the proposed drilling location area by qualified botanists. No rare or endangered flora or fauna were identified within the project boundaries.
- A Heritage Survey with a recognised anthropologist and the local Amangu Elders is planned for mid-May to survey the project area for any indigenous artifacts to be identified and protected. During siteworks, Amangu representatives will also be on site in a similar capacity.

The technical and operational planning for the drilling of Xanadu-1 is close to finalisation, with the drilling date now dependent upon final approvals being granted by DMP and OEPA. Norwest 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.

In estimating the recoverable oil volumes summarised in Table 2 below, a 50 per cent recovery factor has been assumed.

Table 2 - Xanadu Prospect Volumetrics

Un-risked Prospective Resource: Recoverable Volumes Oil (mmstb)⁴			
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
Total	45	160	437

Norwest's assessment of the chance of discovery and chance of development associated with the Xanadu prospect are provided in Table 3.

Table 3 - Reservoir Chance of Success⁵

Reservoir	Chance of Success
Dongara Sandstone	14%
Irwin River Coal Measures	13%
High Cliff Sandstone	6%

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 Norwest.

The TP15 Joint Venture interests and contributions to the well costs will be made up as per Table 3:

Table 4 - Xanadu Joint Venture Interests and Contributions

Company	TP-15 Equity Post Well	Contribution to Xanadu-1 Costs
Norwest	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.

⁴ Norwest 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.

⁵ Refer Norwest announcement released to ASX on 29/10/2014.

Warro Gas Project Update

The petrophysical review of the Warro wells progressed during the quarter.

Environmental Monitoring and Community Consultation continued throughout the quarter as per the commitments of the Environmental Plans approved by the DMP.

The Warro camp location extension was approved by the Shire of Dandaragan for 12 months to March 2018.

The JV is working on a planting scheme in the Watheroo National Park alongside the Badgingarra Primary School.

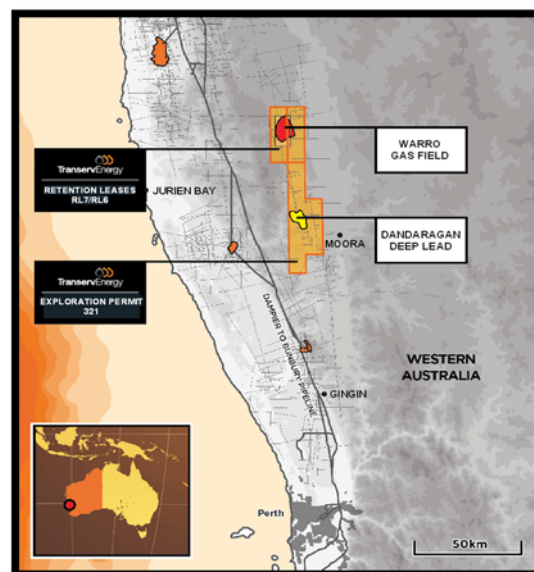


Figure 3 – Warro and RL6, 7 and EP321 location

FINANCIAL

Cash position

On 11 January 2017 Transerv announced that it had received \$9.3m from the ATO by successfully qualifying its portion of the Warro Project under the Australian Government Research and Development Tax Incentive Programme.

At the end of the March 2017 quarter, the Transerv Energy consolidated group had a closing balance of \$9,565,000 as set out in the Appendix 5B.

For and on Behalf of the Board

As at 31 March 2017, Transerv Energy Limited has an interest in the following tenements:

Australian Land Interests					
Lease or Project	Legal Description	Interest	Location	Rights	Change during the quarter
Warro JV	EP321	57%	Western Australia	100%	No change
Warro JV	RL6	57%	Western Australia	100%	No change
Warro JV	RL7	57%	Western Australia	100%	No change

Declaration

Due to the past involvement in Canada the Transerv Chairman, Charles Morgan, has in a private capacity, interests in Point Loma being 812,739 ordinary shares (approx. 3% outstanding stock) in Point Loma Resources.

Canadian Qualified Reserves and Resources Evaluator Statement

The information in this report that relates to the oil and gas reserves of Point Loma Resources Ltd was compiled by technical employees of McDaniel and Associates Ltd a leading independent Canadian Petroleum Consulting Firm, and subsequently reviewed by Mr Stephen Keenihan BSc (Hons) Geology/Geophysics, whom have consented to the inclusion of such information in this report in the form and context in which it appears. Mr Keenihan is consulting to the Company and has more than 40 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE). The reserves included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE) / World Petroleum Council (WPC) / American Association of Petroleum Geologists (AAPG) / Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). There sources information included in this report are based on, and fairly represents, information and supporting documentation reviewed by Mr Keenihan. Mr Keenihan is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

Disclaimer

This presentation includes certain statements that may be deemed 'forward-looking statements'. All statements, other than statements of historical fact, that refer to any future production, resources or reserves, exploration results and events that Transerv Energy Ltd ('TSV' or 'the Company') expects to occur are forward-looking statements. Although the Company believes that the expectations in those forward looking statements are based upon reasonable assumptions, such statements are not a guarantee of future performance and actual results or developments may differ materially from the outcomes. This may be due to several factors, including market prices, exploration and exploitation success, and the continued availability of capital and financing, plus general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance, and actual results or performance may differ materially from those projected in the forward-looking statements. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

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.

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

Name of entity

TRANSERV ENERGY LIMITED

ABN

68 079 432 796

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	153
1.2 Payments for		
(a) exploration & evaluation	-	(916)
(b) development	-	-
(c) production	(3)	(26)
(d) staff costs	(187)	(468)
(e) administration and corporate costs	(390)	(1,499)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	22	25
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	9,349	9,349
1.8 Other – Origin asset sale process costs	(175)	(175)
1.9 Net cash from / (used in) operating activities	8,616	6,443

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	(200)
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(200)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	949	3,322
4.2	Net cash from / (used in) operating activities (item 1.9 above)	8,616	6,443
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(200)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	9,565	9,565

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,524	929
5.2 Call deposits	8,041	20
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	9,565	949

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
166
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8.	Financing facilities available	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	Add notes as necessary for an understanding of the position		
8.1	Loan facilities		
8.2	Credit standby arrangements		
8.3	Other (please specify)		
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	155
9.2	Development	-
9.3	Production	-
9.4	Staff costs	86
9.5	Administration and corporate costs	272
9.6	Other – Acquisition 20% Interest Point Loma – refer ASX release 11 April 2017	4,900
9.7	Total estimated cash outflows	5,413

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 27 April 2017

Company Secretary

Print name: Kevin Hart

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.