

11 July 2016

TRANSERV EXPANDS IN THE PERTH BASIN

Transerv Energy Ltd (TSV) is pleased to announce that it has formed a strategic alliance with Norwest Energy Ltd (NWE) to facilitate the farmout and drilling of the 160 million barrel Xanadu Prospect 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 Jingamia oilfields. The prospect has the potential to hold 160 mmbbl recoverable and can be drilled and exploited very cost effectively from a nearby, land-based drilling site (see below). TSV will work closely with NWE to finalise the farmout of the Xanadu well during 2016 with the aim that drilling activities take place during 2017.

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.

As part of this Alliance, TSV will acquire, via a share placement, 100m shares for \$200,000 in NWE and have the right to participate in farmout wells and earn a material interest in all the Perth Basin areas in which NWE is a participant (TP/15, EP368, EP426, EP413, L14, EP492) on the successful completion of appropriate farmout arrangements (see Figure 3).

Both companies have extensive experience operating in the Perth Basin and bring together the skills and resources required to farmout and develop the assets. TSV and NWE will work closely together to optimise the farmout efforts in a cost effective fashion, aiming to reduce each company's corporate and overhead costs.

As previously advised, Transerv is reviewing a range of opportunities in the Perth Basin and sees Norwest Energy's portfolio as complementing activities currently being undertaken at Warro.

TSV will keep the market informed as it progresses other opportunities to build a material position in the Perth Basin.

The Xanadu Prospect - TP/15

Exploration Permit TP/15 contains the Xanadu Prospect which lies within a conventional oil play located offshore northern Perth Basin in close proximity to the Cliff Head, Jingamia and Eremia oil fields and the Dongara gas field.

The permit occupies the 3 nautical mile wide state territorial waters offshore Western Australia adjacent to the township of Port Denison and covers an area of 645.8km².

The prime prospect is Xanadu, with a P50 un-risked prospective recoverable resource of 160mmbbls of oil (refer Norwest Energy Ltd ASX announcement dated 29th October 2014).

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Xanadu-1 presents a unique opportunity to drill a relatively low cost offshore play from onshore. Since 2001 this play has resulted in four oilfield discoveries in the vicinity, namely Cliff Head, Jingemina, Hovea and Eremia.

Structurally, 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.

Retrieval and 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, as well as 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.

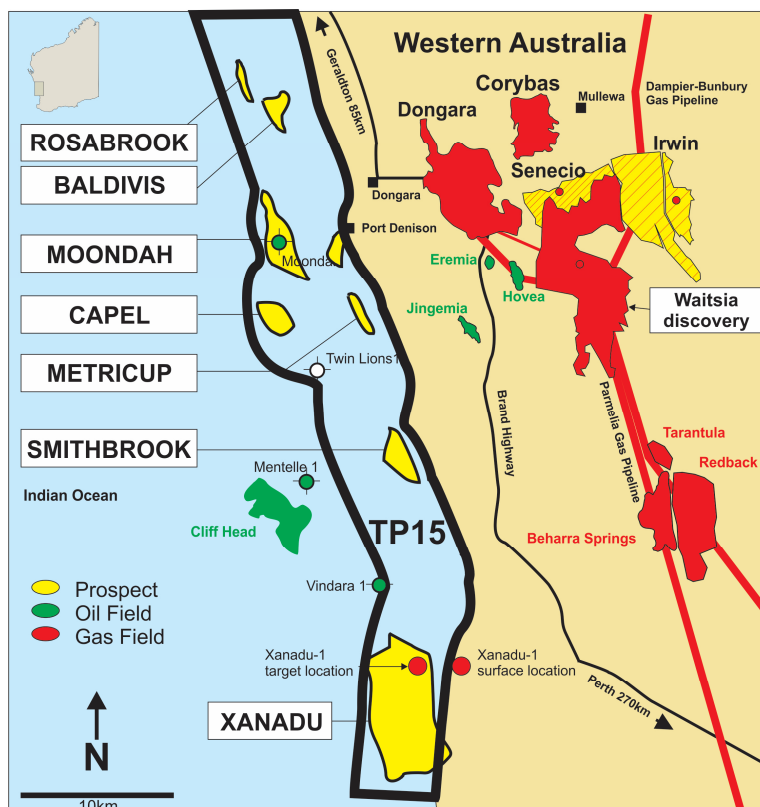


Figure 1. TP/15 Prospect Location Map

Table 1. Xanadu Prospect Volumetrics

Un-risked Prospective Resource: recoverable volumes oil (mmstb)*			
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

*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.

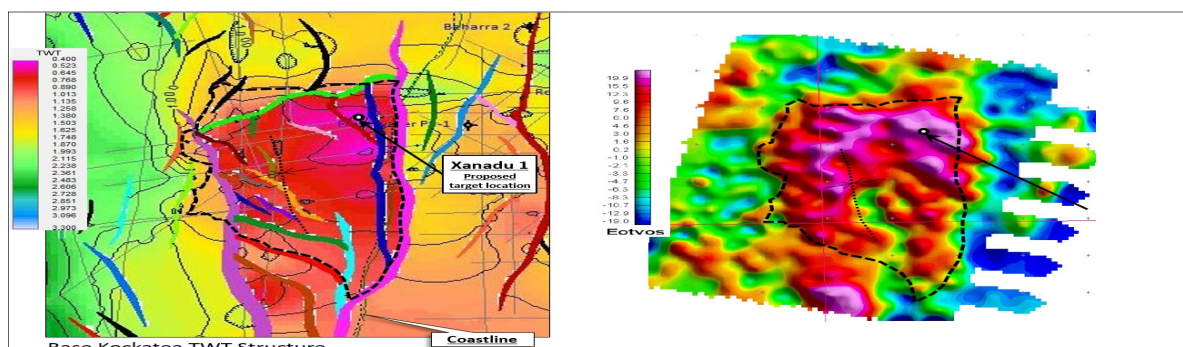


Figure 2. Left: Seismically derived structural definition at the top of the Permian reservoir sequence (Dongara/Wagina – IRCM – Kingia/High Cliff Sandstone) Right: Gravity expression supports seismic mapping

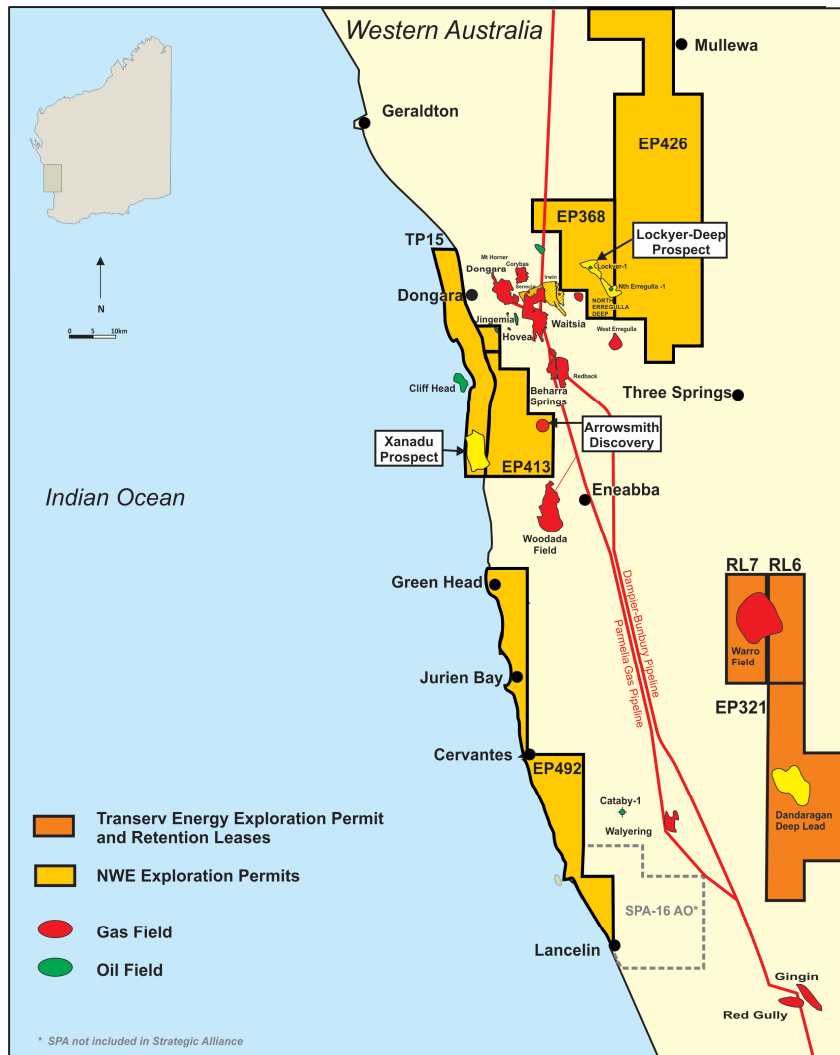


Figure 3 - TSV and NWE Perth Basin License Map

For and on behalf of the Board.

Stephen Keenihan

STEPHEN KEENIHAN
Executive Director

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.