

24 October 2013

Media Release

Hammamet West-3 to be suspended

Jacka Resources Limited (“Jacka” or the “Company”, ASX: JKA) provides the following update on the Hammamet West-3 (“HW-3”) well in the Bargou Block, offshore Tunisia.

The Bargou joint venture (Jacka 15%, Dragon Oil 55%, Cooper Energy 30% and Operator) has decided to release the rig currently on location, the “GSP Jupiter”, from Hammamet West-3 after completing operations to suspend the well. The drilling of a second deviated wellbore (Sidetrack 2, ST-2) from the well will be undertaken by another rig at a later date.

As announced on 17 October, the joint venture had decided to drill a second sidetrack (ST-2) to evaluate and production test the hydrocarbon-bearing fractures in the Abiod formation that were successfully intersected by the first deviated well bore (ST-1). The new sidetrack was intended to be drilled immediately, using the “GSP Jupiter”, however the rig could not be secured on acceptable terms for the duration required to allow a production test. The joint venture has therefore decided to release this rig and contract an alternative rig to drill and test Sidetrack-2. It is expected that ST-2 will be drilled as soon as practicable, as determined primarily by rig availability.

The suspension of operations will allow the joint venture to fully assess the results and operational experience gained during drilling of Hammamet West-3. This assessment will be used in the design of the ST-2 drilling and testing program and the selection of the new rig. This gives the joint venture an opportunity to improve the efficiency of the operation and use alternative drilling approaches not possible during the current operation. These alternatives will minimise or remove the reliance on Lost Circulation Material (LCM) that was necessary to control mud losses while drilling but which later caused problems during testing.

Cooper Energy’s Executive Director- Exploration and Production, Hector Gordon, said:

“The results from Hammamet West-3 are unambiguously positive and encouraging. The decision to suspend the well and select a new rig for the production test is the best decision for the joint venture in the circumstances. Hammamet West-3 has confirmed the presence of open porous oil bearing fractures in the Abiod Formation which have the potential to produce oil at an economic rate.”

Jacka is equally encouraged by the results of the well. Hammamet West-3 was drilled on one of the largest structures in the Gulf of Hammamet and successfully intersected significant open fractures with oil shows and recovered oil to surface. While the production test was compromised by LCM blockages, the well flowed at 1,290 barrels per day during clean up and without any acid stimulation. In Jacka’s view, this is a very strong indication that with alternative drilling and completion practices the Abiod Formation should be capable of economic flow rates. These results have confirmed the pre-drill fracture model and the resource potential at Hammamet West.

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Cooper Energy has advised that they are currently reviewing the impact of the well on the resources assessment and expect to make an announcement before the end of 2013.

Background

Hammamet West-3 is located 15 km offshore and 1.6 km east of Hammamet West-2 in 54 metres water depth. The nearest producing field is Maamoura, 12 km SW. The objective of the well was to drill and test a highly deviated wellbore through the naturally fractured Abiod Formation reservoir to confirm oil productivity. Sidetrack-1 drilled through 432m of the Abiod Formation and encountered oil and gas shows associated with fracture anomalies on the Logging While Drilling (LWD) logs. While drilling the fractured Abiod Formation the well suffered significant mud losses which demonstrated that the fractures were both open and permeable, however large volumes of LCM were required to manage those losses. During the initial clean up flow, ST-1 recorded flow rates averaging 1,290 barrels per day for 1.5 hours, including oil to surface, before the test string became blocked with LCM. Repeated attempts to clean up the well and resume testing since that date encountered further blockages and obstructions, leaving ST-1 unsuitable for testing.

It is expected that the final Hammamet West-3 well cost will be \$85 million of which Jacka's share will be \$16.8 million.

For more technical information please refer to the Jacka website for earlier announcements and project description.

For more information please contact:

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Persons compiling information about Hydrocarbons

Pursuant to the requirements of the ASX Listing Rules 5.11, 5.11.1, 5.12 and 5.13, the technical information provided in this announcement has been compiled by Justyn Wood, Technical Director of Jacka Resources Limited. Mr Wood is a qualified geophysicist with over 18 years technical, commercial and management experience in exploration for, appraisal and development of oil and gas resources. Mr Wood has reviewed the results, procedures and data contained in this announcement. Mr Wood consents to the inclusion in this announcement of the matters based on the information in the form and context in which it appears.

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