



ASX Release

17 July 2013

Hammamet West-3 – Drilling Update 16

Jacka Resources Limited ("Jacka" or the "Company", ASX: JKA) is pleased to provide the following operational update on the Hammamet West-3 ("HW-3") well in the Bargou Block, offshore Tunisia. Cooper Energy Limited (ASX:COE, "Cooper") is the Operator of the Joint Venture and the well.

The Hammamet West-3 near-horizontal sidetrack was drilled to the total depth of 3,443 mMDRT encountering more oil shows and significant fracture zones. Over 100 m of oil shows and a number of fracture zones have been identified in the 423 m of Abiod Formation drilled to date. The well has provided sufficient encouragement that the joint venture has now committed to a production test of the whole Abiod Formation interval.

More details are provided in the operational update below.

Current activity: At 1:00 pm WST (06:00 am Tunisia) on Tuesday July 16 the rig was testing the blowout preventers (BOPs) prior to commencing preparations for well testing.

Progress since last report: Since the last weekly progress report issued on Wednesday July 3 the near horizontal sidetrack was drilled through the Abiod Formation target from 3,253 to 3,443 mMDRT¹ (-2,945 to -2914 mTVDS²). Additional oil and gas shows were observed over a number of intervals while drilling that hole section. Oil shows on drilling cuttings have been observed over the intervals from 3,420 to 3425 mMDRT and 3435 to 3443 mMDRT with associated elevated gas levels and gas compositional ratios indicative of oil.

The oil shows coincide with features on the Logging While Drilling (LWD) image logs which indicate probable fracture zones from 3,409 to 3,424 mMDRT and 3,429 to 3,434 mMDRT. These shows and fractures are in addition to those previously reported.

Drilling mud losses were experienced while drilling these intervals, which is an indicator that the well has likely encountered an open, porous fracture system in the Abiod Formation target.

The shows and fractures seen throughout the sidetrack and their significance is discussed in the comments that follow the update, below.

Planned Activities: Production testing equipment is currently being mobilised to the rig site and it is projected that testing operations will take approximately 20 days.

Well location: Hammamet West-3 is located in the Bargou Permit, offshore Tunisia. The well is located approximately 15 km offshore in 54m water depth. The well is 80 km SE of Tunis and 77 km NE of the port of Sousse. (Figure 2)

Offset wells: The well is located 1.6 km E of Hammamet West-2, which recovered oil from the Abiod Formation (the target in HW-3), and 1.9KM SSE of Hammamet West-1 which encountered oil in the shallow Birsia Formation. The nearest producing field is Maamoura, 12 km SW of HW-3.

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Comments on shows, fractures and testing program

The primary objective of the Hammamet West-3 well is to drill a near-horizontal wellbore through the naturally fractured Abiod Formation and conduct a test to confirm oil productivity (Figure 1). The joint venture undertook a number of studies during 2012 using recently acquired 3D seismic data to identify areas of best fracture development in the Abiod Formation target. Those studies were used to select a well path that was most likely to intersect open fractures potentially capable of producing oil.

The results of the well to date, including the oil and gas shows and fractures observed on the Logging While Drilling (LWD) image logs have validated the play concept. The sidetrack has drilled through 423 m of the Abiod Formation limestones and over that interval we have observed approximately 110 m of oil shows in drill cuttings over a number of intervals. These shows are generally accompanied by elevated total gas readings and changes in gas composition indicative of the presence of oil. These significant oil and gas shows also coincide with anomalies on the LWD image logs that are indicative of fractures.

The near-horizontal sidetrack appears to have intersected a number of potentially productive fracture zones and has provided sufficient encouragement to prepare for a production test even though the well has not reached the original planned TD.

The first zone of significant interest was encountered early when the maximum total gas level observed in the sidetrack, 37%,³ was recorded over an interval from 3,070 to 3,092 mMDRT with gas compositional analysis indicating the likely presence of oil. Oil shows were also observed in drill cuttings over the interval 3,060 to 3,105 mMDRT and these coincided with probable fracture zones on the LWD image logs from 3075 to 3080 mMDRT and 3098 to 3105 mMDRT. The oil and gas shows suggest that there may be other fractures, over a wider interval, below the resolution of the LWD logs. At the time of the maximum gas peak the drilling mud weight was 10.6 ppg⁴ and it was subsequently raised to 11.8 ppg to counteract the subsurface pressure and reduce gas influxes to levels acceptable for safe drilling.

Although increasing the mud weight has very significantly reduced the absolute gas levels the well subsequently encountered other zones showing a moderate increase in total gas (up by 2-3 times over background). These were accompanied by changes in the gas composition indicating oil and, in some cases, oil shows on drill cuttings.

The interval from approximately 3,410 to 3,443 mMDRT (total depth), as noted in the update above, is a zone of particular interest with oil shows on cuttings, elevated gas and a number of LWD fracture anomalies suggesting this is a significant fracture zone. In addition the significant mud losses indicate that the well has likely encountered an open porous fracture system. The mud losses were controlled by use of acid soluble materials.

The joint venture now plans to conduct a production test over the entire 432 m of Abiod Formation drilled to date to determine if the fractures encountered are productive.

The total cost to complete the well program including production testing is estimated to be US\$59.8 million, with a total duration of 135 days (which is in line with the expected cost reported by Jacka on July 8). The estimated cost to date is approximately US\$47.2 million and 110 days have passed since the rig arrived on location on 28 March.

Jacka's total expected cost is US\$13.1 million. Under the terms of a farmin agreement with the operator of the well, Cooper Energy (ASX: COE), Jacka contributed 30% of the well cost up to a gross well cost of US\$27.2 million after which Jacka will contribute at its participating interest of 15%.

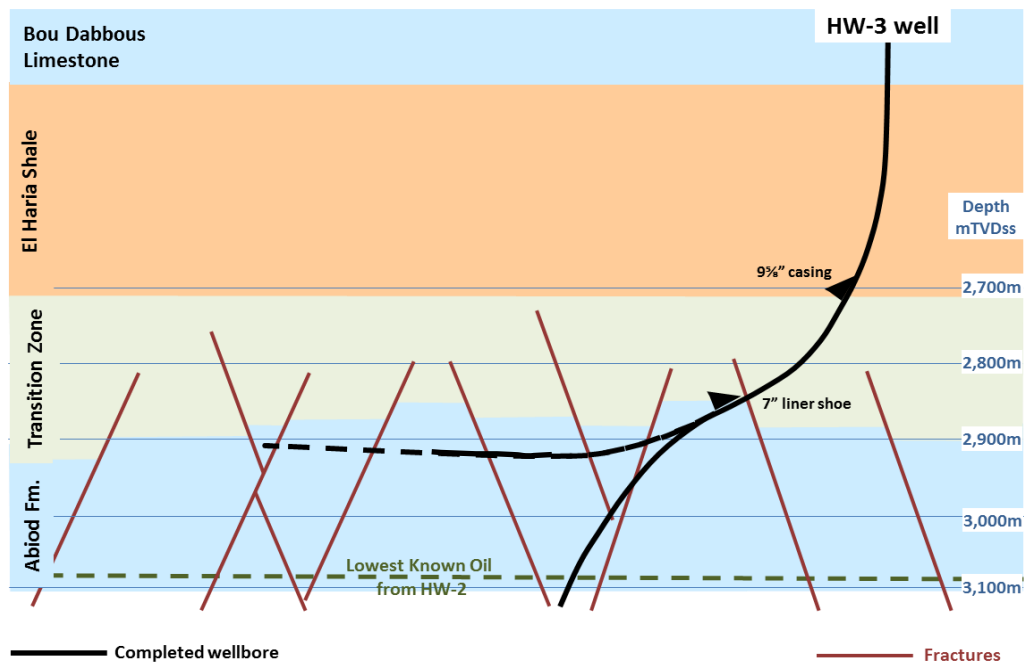


Figure 1: Hammamet West-3 wellbore schematic

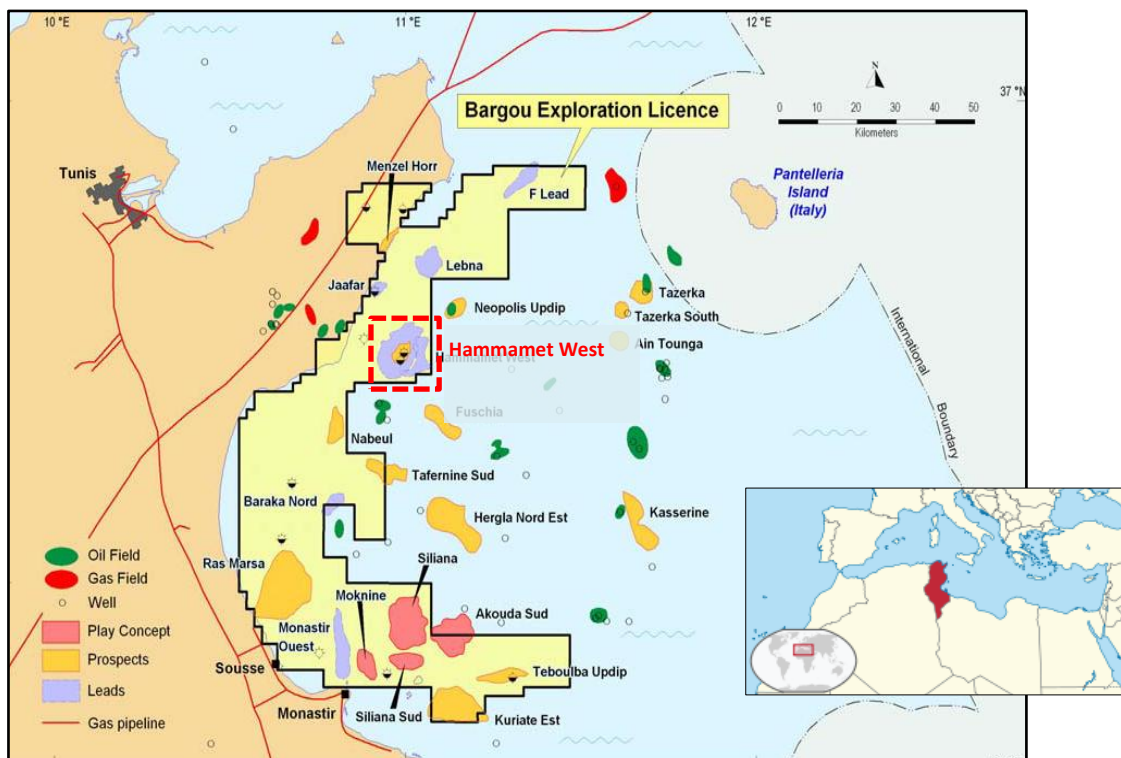


Figure 2: Hammamet West location



Footnotes

1. mMDRT – measured depth in metres below the rotary table or drilling floor
2. mTVDss – metres true vertical depth corrected for the deviation of the well bore and referenced to a mean sea level datum
3. Total hydrocarbon gas measured as a percentage of the air/gas mixture extracted from the drilling fluid. The main components of the hydrocarbon gas are also measured and an increase in the ratios of the heavier gases (propane, butane, pentane – components of LPG) to methane (“natural gas”) is indicative of the presence of oil.
4. ppg – pounds per gallon

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