



ASX Release

4 September 2013

Hammamet West-3 production test update

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, as advised by the Operator, Cooper Energy Limited (ASX: COE).

Key highlights:

- **Coiled tubing and test string recovered**
- **Test preparations resumed, expect to open for flow early in week of September 9**

As previously reported, production testing was suspended when the coiled tubing became stuck inside the production test tubing due to an accumulation of lost circulation material (LCM) produced from the Abiod Formation fractures. Since the last report issued on August 22 the coiled tubing and the production test string were successfully recovered with the complete string on surface at August 27. Subsequently the bit was run in hole and a staged program of circulation and mud conditioning was undertaken to clean the wellbore and remove gas from the drilling fluids.

The test string will now be re-run and it is currently expected that the well will be opened for flow testing early in the week of September 9. The aim of the test is to obtain a clean hydrocarbon flow from the reservoir section.

Prior to suspension of testing and during the initial clean-up flow period the well flowed 111 barrels of fluid (formation oil, base oil¹ and drilling brine) to surface tanks along with formation gas. Flow rates measured by 15 minute tank dips averaged 413 barrels of fluid/day with surges up to a maximum of 1,700 barrels of fluid/day. No acid stimulation was used for the clean-up flow.

The test will be conducted over the entire 432m horizontal open section and the main test period is expected to take 4 – 6 days. Based on the results of the initial flow, the test procedure has been modified to manage any further influx of LCM.

Participating interests:	Jacka	15%
	Cooper (Operator)	30%
	Dragon Oil	55%

Under the terms of a farmin agreement with the operator of the well, Cooper Energy (ASX: COE), Jacka has 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%.

¹ Base oil: refined oil introduced into the wellbore to produce a pressure difference between the formation and the wellbore to assist the initial well flow during testing

Background

The production test of the near-horizontal wellbore drilled through the naturally fractured Abiod Formation is the primary objective of the Hammamet West-3 well. The near-horizontal wellbore was drilled along a path designed to intersect open fractures and associated dissolution zones, which are believed to be the reservoir for an oil accumulation in the Abiod Formation.

The test results prior to suspension of testing operations include:

- During the clean-up flow period, 111 barrels of fluid (formation oil, base oil and drilling brine) were produced to surface tanks along with formation gas.
- Flow rates, measured by 15-minute tank dips, averaged 413 barrels of fluid/day with surges up to a maximum of 1,700 barrels of fluid/day.
- Oil recovered to the surface, sampled at 27-33°API
- Gas flared at surface contained 3% CO₂ and no H₂S.
- Acid was not used to stimulate the well during the clean-up flow

The initial test results along with the earlier drilling results have validated the play concept. The key drilling results are summarised below:

- The Abiod Formation was encountered at 3,011 mMDRT¹, 40 metres shallower than expected, which, along with the results of Hammamet West-2, suggests a vertical oil column in excess of 200 m.
- The near-horizontal sidetrack was drilled through the Abiod Formation to 3,443 mMDRT and significant hydrocarbon shows were encountered in association with predicted fracture zones.
- Oil shows on drill cuttings were observed over approximately 110 metres of the total 432 metres of Abiod Formation drilled in the sidetrack.
- Elevated gas levels with gas composition ratios² indicative of oil were also encountered, generally in association with the oil shows noted above.
- The oil and gas shows coincide with anomalies on Logging While Drilling image logs that are indicative of fractures.
- Drilling mud losses experienced while drilling these intervals are an indicator that the well has likely encountered an open, porous fracture system in the Abiod.
- During recent operations oil has been observed in the drilling mud (18-20%) circulated to surface and samples have been collected for analysis.

Footnotes

1. mMDRT – measured depth in metres below the rotary table or drilling floor
2. Total hydrocarbon gas is 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.

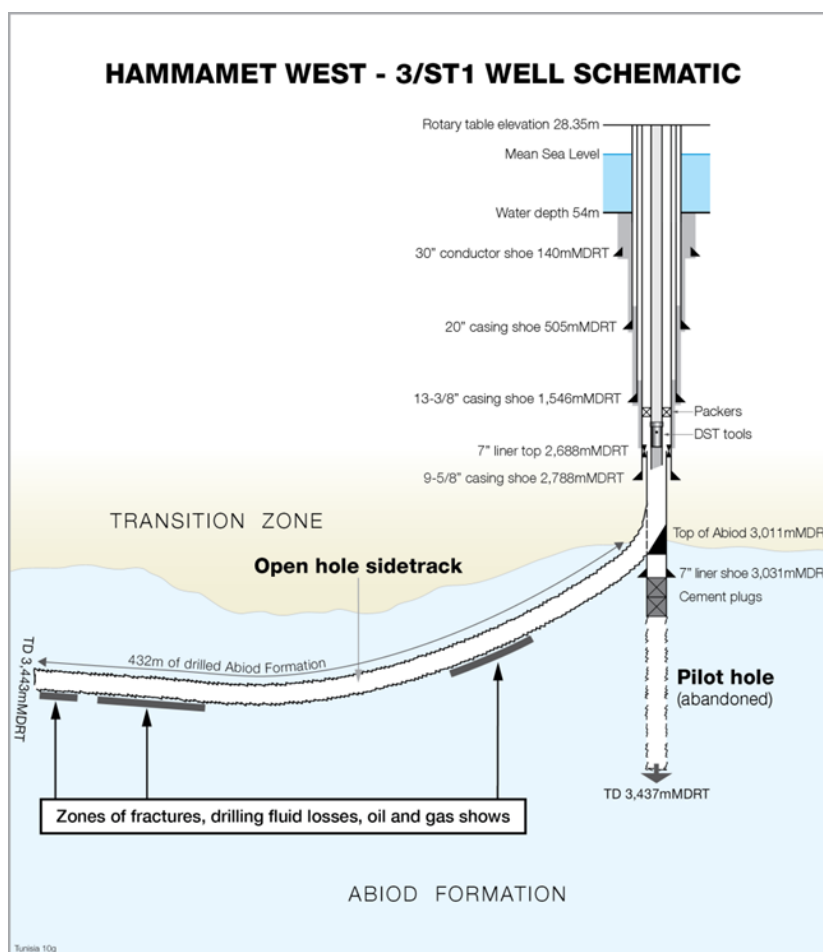


Figure 1: Hammamet West-3 wellbore schematic

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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 company update 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.