JACKA
RESOURCES LIMITED

26 August 2014 **ASX release**

JACKA REPORTS INITIAL OIL RESERVES FOR AJE FIELD DEVELOPMENT, OFFSHORE NIGERIA

Key Highlights:

- **Independent report confirms 23.4 million barrels of gross 2P oil reserves** for the Phase 1 Cenomanian oil development of the Aje Field;
- **Jacka to book net 2P reserves of 1.3 million barrels of oil**;
- **Jacka will book a further 12.1 million barrels of oil equivalent (boe) as net 2C contingent resources**, **an increase of 1.6 million boe.** These resources will be produced by later development phases (including the Turonian gas);
- Jacka and a group of joint venture partners are well advanced in discussions for development finance;
- Final Investment Decision (FID) expected on the Phase 1 Cenomanian project in the near term;
- **First oil production is currently anticipated by the end of 2015**. Initial production rates are expected to be approximately 10,000 barrels of oil per day.

The Directors of Jacka Resources Limited ("Jacka" or "the Company", ASX:JKA) are pleased to announce the initial booking of oil reserves attributable to its interests in the Aje field, OML113 Nigeria. Jacka's interests are held by its wholly owned subsidiary PR Oil & Gas (Nigeria) Limited (PROG).

An independent Competent Persons' Report on the Aje Field recently completed by AGR TRACS International Ltd. ("AGR TRACS") on behalf of PROG and its joint venture partners has indicated that the gross 2P oil reserves for the Phase 1 Cenomanian oil development are 23.4 million barrels (see Table 1 below). The gross 2C contingent resources total an additional 179 million barrels of oil equivalent, of which 15.7 million barrels of oil is attributable to the Phase 2 Cenomanian oil development and the remainder to the later Turonian gas/condensate development (see Table 2 below). These reserve and resource estimates were derived assuming an oil price of US$80/barrel flat real terms (RT).

Jacka has booked net 2P reserves of 1.3 million barrels of oil attributable to its Aje interests. In addition, the Company's net 2C contingent resources from the Cenomanian oil Phase 2 and 3 developments have been revised upwards to 1.5 million barrels an increase from Jacka's previous 2C contingent resources for the Cenomanian of 1.3 million barrels. In aggregate, Jacka's total net 2C contingent resources from the Aje Field have increased from 10.5 MMBOE to 12.1 MMBOE. (see Table 3, below).

Jacka's Chairman Mr Max Cozijn commented:

"Jacka is pleased to achieve this milestone in the development of the Aje Field and of the Company. Following the Final Investment Decision by the joint venture the first significant activity in the field will be the drilling of Aje-5 and the completion of this well and the existing Aje-4 well, in Q1 2015. Installation of the production facilities, including tying the wells to the FPSO, will occur later in 2015. Jacka looks forward to achieving first commercial production at the end of 2015.

"I am also pleased to note that AGR TRACS have reported that the development scenarios for both the current project, targeting Cenomanian oil only, and the combined Cenomanian oil development and Turonian gas/condensate developments look economically robust"

Table 1: 2P Reserves - Aje Phase 1 Cenomanian Development Project, OML 113

Aje Field, OML113, Nigeria	2P Proved & Probable Reserves	
	Gross Project	Net Attributable to Jacka
Phase 1 Cenomanian Oil Development		
Oil MMbbl (million barrels)	**23.4**	**1.30**

1. The reserves have been assessed using a combination of deterministic and probabilistic methods. As the estimates are for a single reservoir, aggregation was not required.
2. Estimates use the stock tank of the FPSO as the reference point for oil measurements.
3. Source AGR TRACS CPR – 25 July 2014, this is the effective date of the reserves estimate.

Table 2: 2C Contingent Resources Aje Field Cenomanian & Turonian, OML 113

Aje Field, OML113, Nigeria	2C Contingent Resources	
	Gross Project	Net Attributable to Jacka
Phase 2 Cenomanian Oil Development		
Oil MMbbl (million barrels)	15.7	0.84
Phase 3 Turonian Gas Development + Additional Cenomanian Oil		
Oil MMbbl	3.99	0.66
Condensate MMbbl	22.0	1.47
LPG MMbbl	40.0	2.67
Gas Bcf (billion cubic feet)	583	38.9
Total MMBOE(barrels of oil equiv.)	**179**	**12.1**

1. The resources have been assessed using a combination of deterministic and probabilistic methods, additions have been made arithmetically.
2. A conversion factor of 6000 scf/boe has been applied for gas, 1 bbl/boe for condensate and LPG.
3. Estimates use the stock tank of the FPSO as the reference point for oil and outlet of the gas plant gate for gas, condensate and LPG.
4. Source AGR TRACS CPR – 25 July 2014, this is the effective date of the resources estimate.

Consistent with the PRMS, Jacka has not assigned proved reserves (1P) at this stage, but carries 0.72 MMbbl net 1C contingent resources for the Cenomanian Phase 1 development which will be transferred to proved reserves (1P) once Jacka's project funding is approved.

The joint venture participants have undertaken detailed development planning studies of the Aje Field which have now been completed and they are currently considering the proposal to proceed with the Phase 1 Cenomanian oil development. A Final Investment Decision (FID) is expected in the near future with first production expected at the end of 2015.

Aje Field - Background

The Aje Field is located in OML113, approximately 24 kilometres offshore western Nigeria (Figure 1). Jacka holds a 2.667% participating interest in the licence, a 6.675% contributing interest and a 5.0006% revenue interest in the Aje Field. The other joint venture participants are shown in Table 4.

The operator is Yinka Folawiyo Petroleum and the technical adviser to the operator is Folawiyo Aje Services Limited, a company directed by the joint venture operating committee and supported by staff and services from the joint venture participants.

OML113 covers an area of 835 square kilometres and water depths range from less than 100 metres to approximately 1,500 metres. The field, which is defined by 3D seismic, can be developed with wells drilled in conventional water depths of approximately 100-400 metres. A new 3D seismic survey, covering the whole of OML113, was acquired earlier in 2014 and will be used for locating subsequent development wells as well as pursuing exploration and appraisal targets, including the possible extension of the Ogo discovery from the adjacent OPL310 exploration area (refer to Jacka's ASX release of 10 June 2014 for further information).

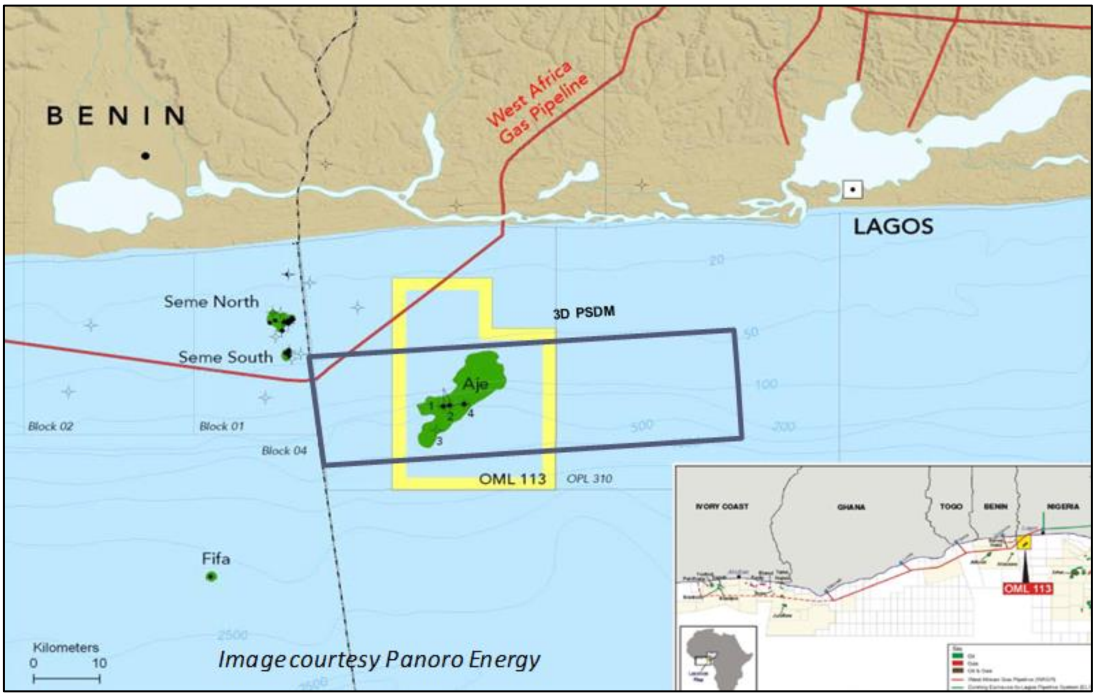

Figure 1: Location of OML113 and the Aje Field. *The figure shows the outline of older 3D used in current reserves & resources assessment. A new 3D survey acquired in 2014 which covers all of OML113 is currently being processed.*

The initial field discovery well, Aje-1 was drilled in 1996. A total of four wells have now been drilled on the Aje Field and hydrocarbon resources proven at three reservoir levels (Turonian, Cenomanian and Albian). The Cenomanian has been penetrated by Aje-2, -3 and -4. Aje-3 is located beyond the Cenomanian field limits and has a poorly developed Cenomanian section.

Aje-2 and Aje-4 both intersected the Cenomanian oil pay and the Aje-2 well flowed on test at a maximum rate from the Cenomanian reservoir of 3,766 barrels of oil per day on a 72/64" choke. The Aje-4 well was not tested but after evaluation of wireline logs it was cased and suspended as a future producer.

The Aje Cenomanian crude is light, sweet undersaturated oil of approximately 39.4 API gravity with a gas oil ratio of 375-480 scf/bbl.

Field Development Plan

The joint venture expects to develop the Aje Field in multiple phases. The Field Development Plan (FDP), which was approved by the Nigerian Department of Petroleum Resources (DPR) in Q1 2014, is primarily focused on the

Cenomanian oil development and the key elements of the Phase 1 development, for which reserves have been assigned, are (see Figure 2):

- drilling and completion of a new well, Aje-5, which will be drilled to a bottom-hole location near the Aje-2 well;
- re-entry and completion of the previously drilled Aje-4; and
- oil production from the two wells to a leased Floating Production, Storage and Offtake vessel (FPSO) via a subsea manifold and flowlines. An initial field production rate of approximately 10,000 barrels of oil per day is anticipated. Solution gas will be used as fuel.
- Drilling and completion operations are expected to commence in Q1 2015, with FPSO installation in mid-2015. First oil is expected by the end of 2015.

Estimates of petroleum recovery have been made using 3D static geological models and reservoir simulation models which have been calibrated to the well, log and test data.

All major contractors have been identified (FPSO/installation/flowlines/drilling etc) and contracting discussions are advanced, in most cases to draft contracts; which provides assurance on cost and availability of services.

No crude sales agreements have yet been entered into for the project but as the Cenomanian oil is a light crude and the project is located on major shipping routes to and from Nigeria's main oil producing areas, sales and access to transport is not expected to be a problem.

Following the approval of the FDP by the Nigerian authorities in Q1 of this year, there are no major environmental or regulatory approvals outstanding.

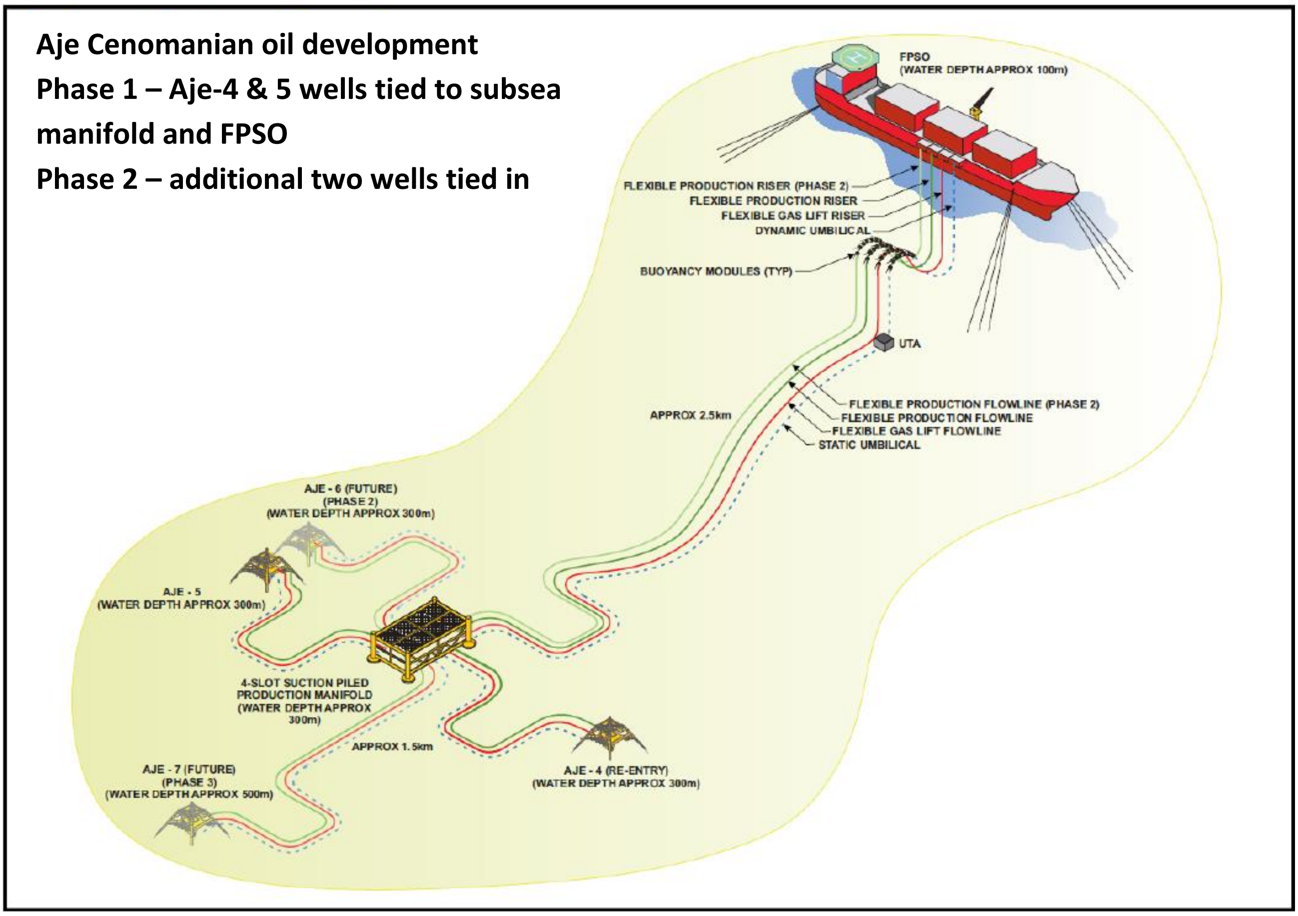

Figure 2: Aje Field, Cenomanian oil development schematic

Negotiation of a reserves based lending (RBL) facility for a group of the joint venture participants is in advanced stages and Jacka has a reasonable expectation that funding will be available to complete the project. Jacka's share of remaining capital costs as estimated by the operator is US$14.1 million.

Subsequent development phases 2 and 3, for which contingent resources are attributed, are expected to include additional Cenomanian oil wells tied to the FPSO and the development of the significant shallower, Turonian, gas/condensate resource (which represents the bulk of Aje's total contingent resources) to meet the needs of the evolving Nigerian and West African energy market.

The Phase 2 Cenomanian oil development is currently assumed to come on stream two years after initial production from Phase 1 which will allow the joint venture to observe the production history. The subsea manifold has the ability to tie-in the additional two wells but more detailed drilling and completion plans will need to be prepared and drilling rigs and subsea installation vessels contracted before Phase 2 can proceed.

The Turonian gas/condensate development will require significant further work to establish gas sales agreements and detailed development plans before proceeding. The Turonian development assessed in the CPR envisages production via a multi-phase pipeline and construction of a shore-based gas plant. The Cenomanian oil development wells will pass through the Turonian and will provide additional appraisal data, particularly the Phase 2 wells.

AGR TRACs have also concluded that the contingent resources attributed to phases 2 and 3 are economically robust using reasonable forecast assumptions.

Competent Persons' Report

The joint venture participants commissioned an independent Competent Persons' Report (CPR) from AGR TRACS International Ltd (AGR TRACS). The CPR focussed on the Cenomanian Phase 1 oil development but also reviewed the later Phases, including development of the Turonian gas/condensate resources.

The Aje reserves and contingent resources were independently estimated by AGR TRACS using PRMS standards. Jacka's net 2P reserves are estimated to be 1.3 MMbbl with a further 12.1 MMboe of 2C contingent resources. The reserves are assigned to the Phase 1 oil development which is targeting the Cenomanian reservoir. Contingent oil and gas resources are assigned to additional phases of development which require further maturation of plans. The net economic interest reserves and resources attributable to Jacka based on the licence and joint venture terms are summarised in Table 1 and Table 2 above. An oil price of $80 per barrel flat real terms (RT) was assumed in determining the economic interests.

The project economics for the Phase 1 2P reserves and Phase 1 1C contingent resources were independently verified by AGR TRACS using their estimates of production and costs. AGR TRACS also conducted independent assessments of the later Phase 2 Cenomanian and the potential Turonian gas/condensate developments. AGR TRACS concluded that the projects are economically robust using a range of prices which reflect reasonable forecast assumptions. The economics have been evaluated using discounted cash flow methods with 100% project production and cost forecast inputs and a range of discount rates typically used in the oil and gas industry and incorporates the OML113 licence conditions and fiscal terms. OML113 is located in a "Frontier Basin" and is held as a "Sole Risk" licence under the "Deep Offshore and Inland Basin Production Sharing Decree". The licence therefore benefits from lower royalty and petroleum profit tax rates than projects located in the main petroleum production regions onshore and offshore in the Niger Delta. The reserves and resources are truncated at the economic limit determined from the model.

Reserves and Resources Reconciliation

A reconciliation of Jacka's 2P reserves and 2C contingent resources for the Cenomanian and Turonian projects is shown in Table 3, below. In addition to the initial booking of 1.3 MMbbl of 2P reserves there has been an upward revision of 2.9 MMBOE in contingent resources primarily due to revisions in the depth mapping, following seismic reprocessing and a detailed review of the seismic data.

Table 3: Reconciliation of Jacka Net Reserves and Contingent Resources Aje Field, OML 113

	Net 2P Oil Reserve MMbbl	Net 2C Contingent Resource MMBOE
Opening Estimate 31 Dec 2013	**0.0**	**10.5**
Exploration	0.0	0.0
Transfers	1.3	-1.3
Revisions	0.0	2.9
Production	0.0	0.0
Acquisition/Divestment	0.0	0.0
Closing Estimate August 2014	**1.3**	**12.1**

Table 4: Aje Field Joint Venture Partners

Jacka Interest	Joint Venture Partners
2.6670% Participating Int. 5.0006% Revenue Int. 6.6750% Contributing Int.	**Yinka Folawiyo Petroleum (Operator) 25%** New AGE 24.0581% First Hydrocarbons Nigeria 16.8750% Energy Equity Resources 16.8750% Panoro Energy 12.1913% (All interests shown are Aje Field revenue interests)

Qualified Petroleum Reserves and Resource Evaluator Requirements

The information in this report that relates to reserves and resources has been compiled by Mr Robert Cassie, Jacka's Managing Director, (B.SC. (Hons) Geophysics, MAAPG and over 30 years of experience in the exploration for, appraisal and development of petroleum resources) who has sufficient relevant experience to qualify as a Qualified Petroleum Reserves and Resources Evaluator (QPPRE) under ASX Listing Rules. Mr Cassie is a full-time employee of the company. Mr Cassie consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

AGR TRACS Consent

Information on the Reserves and Resources in this report is based on an independent review conducted by AGR TRACS International Ltd (AGR TRACS) and fairly represents the information and supporting documentation reviewed. The review was carried out in accordance with the PRMS guidelines under the supervision of Mr. Nigel Blott, an AGR TRACS Manager. Mr. Blott, a petroleum engineer, holds a BSc (Eng) in Chemical Engineering and an MEng in Petroleum Engineering, has 30+ years' experience from the Middle East, South-East Asia and NW Europe and is a member of the Society of Petroleum Engineers. Mr. Blott meets the requirements of QPPRE as defined by the ASX Listing Rules and consents to the inclusion of the information in this report. AGR TRACS has conducted valuations for many energy companies and financial institutions.

For more information please contact:

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