

9 October 2014

ASX release

## **FINAL INVESTMENT DECISION FOR AJE FIELD DEVELOPMENT, OFFSHORE NIGERIA**

The Directors of Jacka Resources Limited ("Jacka" or "the Company"), (ASX:JKA) are pleased to announce that its wholly owned subsidiary (PR Oil & Gas Nigeria Limited), together with its Joint Venture partners, have taken a final investment decision (FID) to develop the Aje Cenomanian oil reservoir in the OML 113 licence (Jacka 5.0006% revenue interest), offshore Nigeria. The Aje Field Development Plan (FDP) was submitted to the Nigerian Department of Petroleum Resources (DPR) earlier this year and approval to develop Aje, as proposed in the FDP, was granted in March 2014.

Jacka's Chairman Mr Max Cozijn commented:

*"Jacka and its joint venture partners are pleased to have reached this major milestone in the development of the Aje Field. Jacka anticipates achieving first commercial oil production at the end of 2015, which will be a tremendous result for our shareholders and for the Company."*

*"Jacka is now potentially on the fast-track to transformation from an explorer to a producer, and with initial production rates from the field expected to be approximately 10,000 bopd, our share of maiden production returns will not be insignificant."*

The FDP is primarily focused on the development of the Cenomanian Oil reservoir, and the first phase of this development includes two subsea production wells tied back to a leased FPSO (Floating Production Storage and Offloading vessel): A contract for the charter of Rubicon's Front Puffin FPSO vessel has been signed, and modifications to bring the FPSO vessel into specification for production on the Aje field will commence. Procurement of subsea equipment and the contracting of a drilling rig for Phase I development are also ongoing.

The development will consist of the re-entering and completion of the existing Aje-4 well and the drilling of a new well, Aje-5. The Aje-5 well will be drilled from a seabed location adjacent to Aje-4 and both wells will be connected via a subsea manifold and production flow lines to the FPSO vessel. The Aje-5 well trajectory is designed to intersect the Cenomanian reservoir close to where the Aje-2 well intersected the Cenomanian reservoir. Aje-2 demonstrated excellent productivity in a Cenomanian production test conducted in 1997, when it flowed at 3,766 bopd of 41°API oil, despite the well sustaining significant productivity impairment during drilling operations.

Phase I has an estimated funding requirement of US\$220 million to first oil on a 100% basis (net to Jacka US\$14.7 million). The Company is currently pursuing funding options including the possibility of an RBL facility to cover Jacka's share of phase I capital costs.

In July 2014 the Joint Venture commissioned an independent review of the project by AGR TRACS International Ltd (AGR TRACS). The table below shows the certified reserves associated with the Phase I development. AGR TRACS also assesses there to be additional contingent resources within the Cenomanian reservoir that may be accessed through a second phase of development ("Phase 2") comprising two further development wells in the

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Cenomanian Oil reservoir. The JV partners envisage moving forward with Phase 2 once Phase 1 is in production and hence may be funded out of Phase I cashflow.

Furthermore, the separate Turonian gas reservoir - which is rich in condensate and LPG and which also has a thin oil rim - has been assessed by AGR TRACS to contain significant additional contingent resources, which is highlighted in the table below. Any decision to develop the Turonian gas reservoir as a separate development will be made at a later date.

The exploration activities on OML 113 continue with the processing of newly acquired 3D seismic data. The final Pre-Stack Depth Migration is scheduled for completion by the end of Q1 2015. It is expected that the new survey will provide a considerable improvement in data quality over the existing 3D data. It is envisaged that the data will enable better planning for the second phase of development drilling on Aje and provide improved data to fully evaluate the exploration potential over the whole of the OML 113 license, including the synrift exploration play that was significantly de-risked though the discovery made in the neighbouring OPL 310 licence.

#### Overview of AGR TRACS Reserves, Contingent Resources and NPV assessment:

AGR TRACS Reserves	Aje Field Gross Reserves <sup>1</sup> (mmboe)	Jacka Net Reserves <sup>1</sup> (mmboe)	Jacka Net NPV (\$80/bbl oil)	Jacka Net NPV (\$100/bbl oil)
<b>Cenomanian Proved plus Probable Reserves</b> (Phase 1)	23.40	1.30	\$19.5m	\$27.8m

AGR TRACS Resources	Aje Field Gross Resources <sup>1</sup> (mmboe)	Jacka Net Contingent Resources <sup>1</sup> (mmboe)	Jacka Net NPV <sup>2</sup> (\$80/bbl oil)	Jacka Net NPV <sup>3</sup> (\$100/bbl oil)
<b>Cenomanian 2C Resources (unrisked)</b> (Phase 2)	15.73	0.84	\$13.4m	\$25.7m
<b>Turonian 2C Resources (unrisked)</b> (Further Phase)	163.23	11.28	\$20.1m	\$41.0m
<b>Total Cenomanian and Turonian 2C (unrisked)</b>	<b>178.96</b>	<b>12.12</b>	<b>\$33.5m</b>	<b>\$66.7m</b>

*Notes:*

1. Calculated at \$80/Bbl (and \$1.5/Mscf for Turonian case only)

2. \$1.5/Mscf gas price for Turonian case only

3. \$3.0/Mscf gas price for Turonian case only

Consistent with the Petroleum Resources Management System (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 Aje Field is located in OML 113, 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 Field contains hydrocarbon resources in sandstone reservoirs in three main levels – a Turonian gas condensate reservoir, a Cenomanian oil reservoir and an Albian gas condensate reservoir.

#### **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, B.SC. (Hons) Geophysics, MAAPG who has over 30 years' experience in the exploration for, and appraisal and development of, petroleum resources and who has sufficient relevant experience to qualify as a Qualified Petroleum Reserves and Resources Evaluator (QPPRE) under the ASX Listing Rules. The information is based on and fairly represents information and supporting documentation prepared by Mr Cassie, who is a technical advisor to the Company. Mr Cassie consents to the inclusion in this report of that information and supporting documentation in the form and context in which they are included.

#### **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 and supporting documentation in the form and context in which they are included in this report.

#### **For more information please contact:**

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