

First Aje Development well reaches TD: Oil Pay Confirmed

Highlights

- First of Two Well Development Program Completes Drilling Operations
- Two Oil Bearing Zones Penetrated: Confirming Pre-drill Expectations
- Aje-5 Drilling Ahead of Schedule and Below Budget
- Re-Entry of Aje-4 Well Next
- Commencement of Phase 1 Production Targeting 10,000 Gross BOPD with Late 2015/Early 2016 Start

Overview

Jacka Resources Limited ("Jacka" or the "Company") (ASX: JKA) is pleased to announce that the Aje-5 well has reached its planned total depth of 3,255m MD (2,619m true vertical depth (TVD)) and has encountered Cenomanian age oil reservoirs, consistent with pre-drill estimates for depth, thickness and reservoir characteristics. Operator FASL drilled the well under budget and ahead of schedule.



Saipem's Scarabeo 3 Semi Submersible Rig

The Aje field, discovered in 1996, is located in the western offshore portion of Nigeria close to the border with Benin. The field is situated in water depths ranging from 100 to 1,000 metres and approximately 24 km from the Nigerian coast. The primarily gas condensate field, which was subsequently delineated with three additional wells, discovered hydrocarbons in three distinct zones, Turonian (gas-condensate), Cenomanian (oil) and Albian (gas-condensate).

Phase 1 of the field development programme involves completing two wells as Cenomanian producers into a dedicated Fixed Production Storage and Offloading (FPSO) vessel, the Front Puffin, which will be installed later this year, after upgrades in Singapore are completed. Aje-5 is the first of these two wells, with re-entry and completion of legacy well Aje-4 to follow. Initial production of 10,000 gross barrels of oil per day (BOPD) is anticipated in late 2015 or early 2016 from the two Phase 1 wells.

Aje-5 was directionally drilled by the Saipem Scarabeo 3 semi submersible rig, from a surface location in 300 metres of water. The bottom hole of Aje-5 was targeted to land near the Aje-2, a legacy well that flow tested 3,700 BOPD of 41°API oil from the Cenomanian oil section. Aje-5 encountered approximately 19.4m of gross Cenomanian oil-bearing reservoir (true vertical depth measurement). The well also encountered Turonian pay consistent with other Aje field wells, however those zones will be completed at a future date. Aje-5 was not designed to test the deeper Albian level.

The Operator has now set a 7" liner across the Cenomanian section and is completing the well as a producer. That operation is expected to take an additional 9 days, consistent with pre drill planning, after which the rig will move to Aje-4 in order to prepare it for Cenomanian oil production.

It is anticipated that future development (Phase 2) will include two additional Cenomanian oil wells after production data from the Phase 1 wells is incorporated into the overall interpretation.

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The Aje Joint Venture partners continue to evaluate development options for Phase 3, which will target the Turonian gas and condensate zone. As previously disclosed, the Turonian was estimated by independent experts AGR TRACS International to contain a gross unrisks contingent resource of 165.8 MMboe, while that same study estimated 19.8 MMbbl (2P gross reserves) from the Cenomanian oil reservoir for Phase 1, and an additional 16.9 MMbbl (2C contingent gross resources) once all four wells have been drilled.

Jacka holds a 5.006% net revenue interest in the field, and a 6.675% net paying interest. Funding for the development is via an agreement with MX Oil Plc. (AIM:MXO) (see press release 14 July 2015). Under the terms of this agreement, Jacka's interest in the field after production will be via its shareholding in MXO, which is currently 11.4%.

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