

Jacka Resources Limited

STRONG DEVELOPMENT, APPRAISAL & EXPLORATION PROJECT PIPELINE

Capital Structure

Code	JKA	
Shares	395.3	m.
Listed options	50.0	m. @35 cts 2/15
	67.9	m. @13 cts 5/16
Options	23.7	m. @15 cts
Price	\$ 0.039	/shr
Market Cap	\$ 16	m.
Net cash (est)	\$ 8	m.
EV (est)	\$ 8	m.
EV/2P	\$ 5.9	/bb
EV/2C	\$ 0.43	/bb

Valuation

JKA Value	A\$m	\$/share
Aje Phase I	21.4	\$ 0.054
Cash (est)	8.0	\$ 0.020
Options	0.0	\$ -
Corporate	(8.0)	-\$ 0.020
Sub total	21.4	\$ 0.054
Aje Phase I & II	16.2	\$ 0.041
Hammamet West	11.2	\$ 0.028
Exploration	4.1	\$ 0.010
	<u>52.8</u>	<u>\$ 0.134</u>

Source: Strachan Corporate

Board

Max Cozijn	Executive Chairman
Neil Fearis	Non-Exec Director
James Robinson	Non-Exec Director

Opinion*

Jacka's appealing portfolio of development, appraisal and exploration properties should attract funding and operating partners or a merger opportunity to take the assets forward.

Strachan Corporate assesses Jacka's total risked target value at ~\$53 million, which compares favourably with its current EV of \$8 million.

Valuation of Aje oilfield Phase I development exceeds current market capitalisation. The stock carries no value for later phases of development, appraisal or exploration success.

New permanent, executive leadership for this asset rich company will support market appeal as it works to advance its projects.

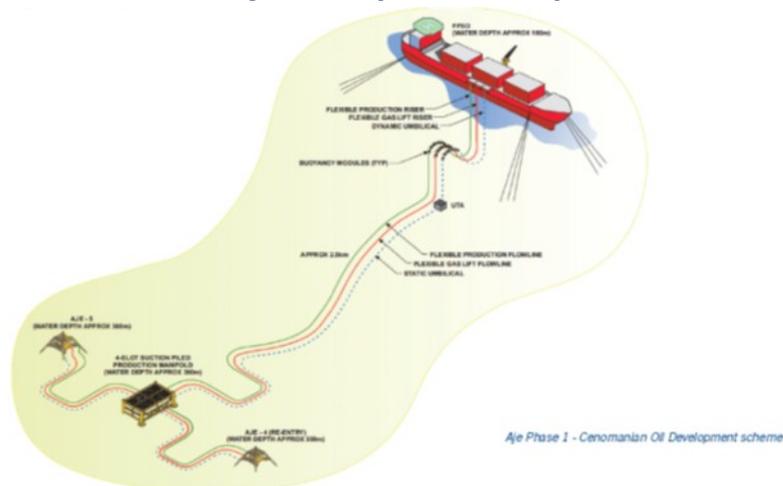
Peter Strachan.

*No recommendation is offered for this commissioned research.

Investment Drivers

- ◆ **Oil production 2016:** Development of 23.4 mmbbls of 2P gross oil at the Aje oilfield offshore Nigeria, should deliver approximately 500 BOPD initially to Jacka's account by early 2016. The company's consultants estimate an NPV of US\$20 million for an FPSO based Phase I Aje development, at an oil price of US\$80 per barrel and US\$28 million at US\$100/bbl.
- ◆ **Upside at OML 113 in Nigeria:** Phase II development of Aje will target an additional 15.7 mmbbls of 2C gross oil while Phase III sees development of 583 Bcf of 2C gas with 66 mmbbls of associated petroleum liquids for the West African market.
- ◆ **Afren's seismic data maps the Ogo discovery into OML 113:** Jacka's OML 113 permit has been mapped to contain what Strachan Corporate estimates to be roughly 10% of the recently discovered Ogo discovery in neighbouring permit OPL 310, which is estimated to contain 774 mmBOE of gas and oil.
- ◆ **Bargou Block upside, offshore Tunisia:** Testing its 15% held Hammamet West oilfield offshore Tunisia via a newly drilled horizontal sidetrack section into the reservoir could substantially upgrade Resources in this highly fractured carbonate. A flow of 1,343 bbls of fluid per day was achieved from damaged drill section in 2013. Applying only 10% recovery from estimated oil-in-place suggests Resources of 34.5 mmBO in an area where 10 mmBO is considered a commercial hurdle for production. Resources could be much higher, subject to reservoir testing in 2015.
- ◆ **Exploration upside:** Jacka plans to acquire gravity and seismic data over its 100% held, Ruhuhu permit, covering the Karoo rift and Lake Nyasa basins onshore Tanzania. The permit has low range, un-risked prospective resource targets of 70 mmbbls of conventional Neogene oil, along with potential for over 1.8 Tcf of shale gas and 0.8 Tcf of CSG.

Aje Development Concept



Source: Jacka

Summary

Development, appraisal & early stage exploration interests

Principal Permit Interests

Permit	Location	Equity %	Partners		Programme
				Equity	
Bargou	Tunisia	15%	Dragon Oil Cooper Energy	55% 30%	Preparation for sidetrack of HW-3 well & prospect identification
OML 113	Revenue Capex interest Nigeria	5% + 6.675%	Yinka Foliwayo EER FHN NewAge Panoro	25.00% 16.88% 16.88% 24.06% 12.19%	Development of 24 mmbbl Aje Phase I, 3D seismic interpretation & target identification, Ogo field extension
Ruhuhu	Tanzania	100%			Gravity & magnetic survey - farm-out

+ revenue interests

Source: Jacka & Strachan Corporate

Jacka is working towards developing an initial net 500 BOPD project offshore Nigeria, with significant expansion upside into gas production and a +15 year project life potential.

A sidetrack drilled from an existing well at the Hammamet West oilfield in 2015 will aim to prove deliverability and possibly upgrade resource potential in Tunisia.

The frontier Tanzanian project is well located for conventional as well as CSG and shale targets, with farm-out process underway.

Upside to over 30 mmBOE of Contingent & Prospective Resources

Reserves & Resources	2P		2C		Prospective mmboe
	Oil	Gas	Oil	Gas (Bcf)	
Aje	1.3		5.6	39	12.1
Hammamet West			5.2	2.7	5.7
	1.3		10.8	41.6	17.8

Source: Jacka & Strachan Corporate

Jacka has significant prospective resources associated with both its development and appraisal projects. The company's 2P reserves and net cash underpin current market capitalisation with no market value ascribed for phase II & III development at Aje or successful appraisal of Hammamet West, let alone identified exploration targets.

Aje field development - set for production early 2016

Aje Oilfield – OML 113 5% NRI

The Aje oilfield is 24 kilometres off the western Nigerian coastline and 64 kilometres from the capital, Lagos. 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 West African Transform Margin, which hosts this discovery, has attracted industry activity over the past few years, resulting in significant discoveries along the coast from Nigeria and west to Ghana.

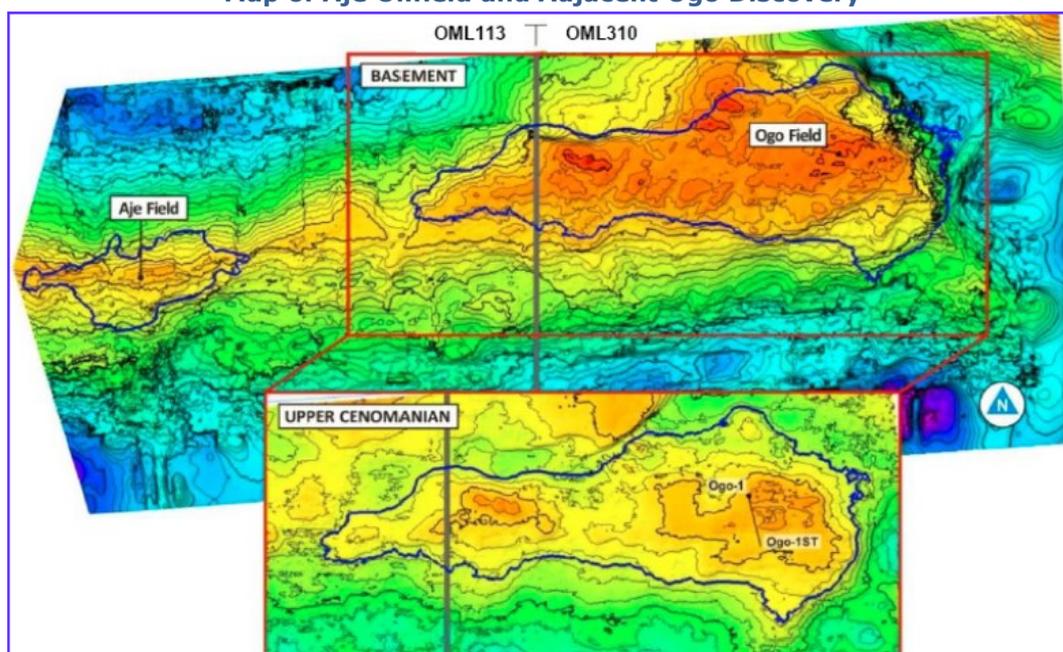
Estimated NPV of US\$15 – US\$21/bbl

Water depth in the north of the permit is around 99 metres, extending to 1,500 metres depth in the south. So far, four wells drilled from 1997 to 2008 have defined the field. Aje has multiple zones of petroleum in Cretaceous sediments from the younger Turonian gas and condensate (93 mil yr) and Cenomanian (99 mil yr) oil zones to deeper but untested Albian (112 mil yr) zones. The Aje-2 well flowed oil of 39.4° API on test at a maximum rate from the Cenomanian reservoir of 3,766 barrels of oil per day on a 72/64" choke, with about 400 scf/bbl of associated gas. While the Aje-4 well was not flow-tested, evaluation of wireline logs allowed it to be cased and suspended as a future producer.

Standard Phase I FPSO development . . .

Full field development is envisaged in three consecutive phases. A Final Investment Decision for the initial Phase 1 oil production was taken in October '14, with an expected capital cost estimate of US\$220 million or US\$14.7 million to Jacka's 6.675% working interest. Project participants are working towards a reserve-based lending facility (RBL).

Map of Aje Oilfield and Adjacent Ogo Discovery



Source: Afren presentation to Macquarie Oil & Gas Explorers Conference Jan 2014

Early production of Cenomanian oil is the initial development stage, targeted for late 2015. The project has identified the redundant Puffin field Floating Production, Storage and Offtake vessel (FPSO) to be reconditioned and leased to the project to link with a subsea manifold and flowlines. An initial processing rate of ~10,000 BOPD is targeted from two wells, including a newly drilled Aje-5 well, which will target reservoir close to the Aje-2 well location, along with re-entry and completion of the previously drilled Aje-4 well.

Associated gas will be used as fuel and for the gas-lift system.

Drilling and well completion operations are expected to commence in H1 2015, with the FPSO installation in H2 2015 and oil production by late 2015 or early 2016.

The company's independent consultants have assessed gross 2P oil reserves for Phase 1 development at 23.4 million barrels, of which 1.3 million barrels is attributable to Jacka's net interest.

The project operator has identified all major contractors, including FPSO, installation, flowlines and drilling, with draft contracts established, firming up the cost and availability of services.

The project's light sweet crude is expected to be well accepted by the market.

Phase II development is likely to involve additional Cenomanian oil wells, tied in to the FPSO by about 2018, followed by development of the larger Turonian gas and condensate reserves, which may involve piping gas to shore for sale into the West African energy market.

Regional 3D seismic data shows that the +770 mmBOE Ogo field in the adjacent OML 310 permit, overlaps into OML 113 at the Cenomanian and basement levels. Longer term, the two fields could be developed together to extract large volumes of gas, thus reducing overall capital costs per unit of reserves. Analysis of recently 3D data acquired jointly over both blocks, will proceed this year in order to identify additional prospectivity in OML 113.

Ruhuhu Block 100%

Jacka operates this 10,343 km² license in south-western Tanzania, close to the Malawian border. The Ruhuhu Basin and Lake Nyasa rift Basin offer strong analogues with other prolific petroleum basins in East Africa.

Tanzania has seen large offshore gas discoveries and in Strachan Corporate's judgement the onshore basins could prove to be as fertile for oil discovery as those in neighbouring Uganda.

... with 3rd phase, mixed fluid to shore

Frontier Tanzanian exploration permit

Unlike some other younger (Neogene) oil basins in East Africa, key exploration targets in the Karoo system of the Ruhuhu Basin are considered to be organic-rich Early Permian shales which show potential for shale gas / tight gas and liquids exploration plays, as well as Early Permian coals with potential for coal seam gas (CSG).

Conventional hydrocarbon targets may also exist within the basin. The thick, thermally mature, high TOC mudstones and siltstones of the Lilangu Member are a potential shale/tight gas target. This unit has properties very similar to the Lower Ecca Group of the South African Main Karoo Basin, which is currently the subject of exploration interest.

Excellent exploration address

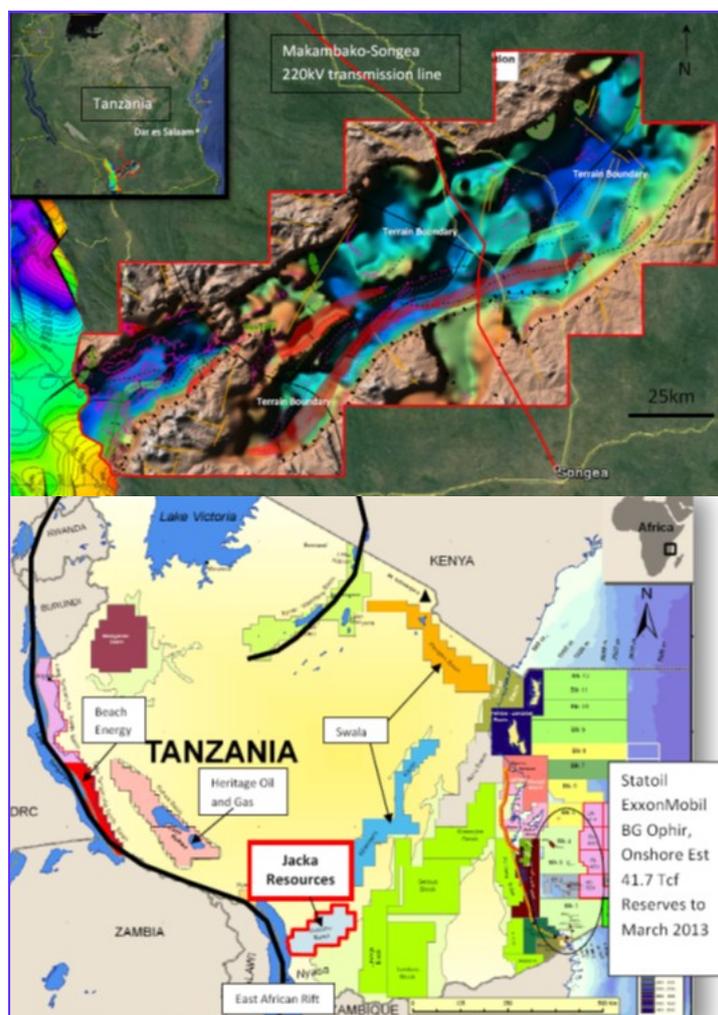
Conventional oil exploration targets are most likely to occur within the western portion of the Nyasa rift in Neogene delta sediments or older Karoo units which could hold traps for petroleum, migrating from source kitchens beneath Lake Nyasa.

Jacka is working with existing geological and geophysical data over the area. It has magnetic surveys and plans to acquire and interpret additional geophysical surveys ahead of seeking farm-in funding support for more detailed work.

Significant conventional & unconventional prospectivity

The company's consultant has estimated a high side, un-risked Prospective Resource target of 3.6 billion barrels of oil equivalent in the permit, with low side estimates of 70 mmbbls of conventional, Neogene oil prospectivity plus shale targets amounting to 1.8 Tcf of unconventional gas and CSG targets of 0.8 Tcf.

Ruhuhu Permit



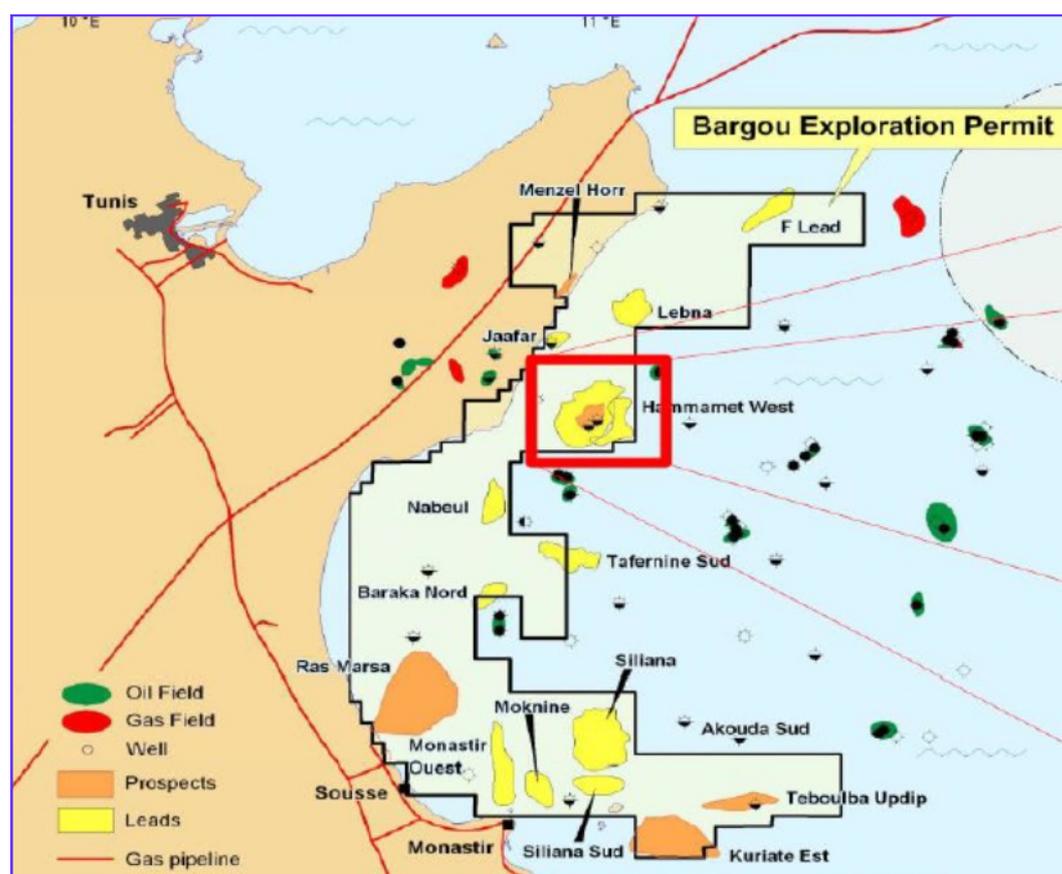
Source: Jacka

Jacka's work aims to have targets identified for drilling by March 2017 and it has initiated a farm-out programme after receiving unsolicited interest in the asset.

Appraisal of known oilfield

Bargou 15%

Bargou Permit – Leads and Prospects



Source: Jacka

This mostly offshore block in Tunisia contains several prospects and leads with a combined gross Mean Prospective Resource of 361 mmbbls of oil equivalent in addition to the Hammamet West oil discovery, which is assessed to hold gross contingent resources of 35 mmbbls. Additional 3D seismic data will be required to adequately define leads and prospects.

Test planned for flow rates 2015

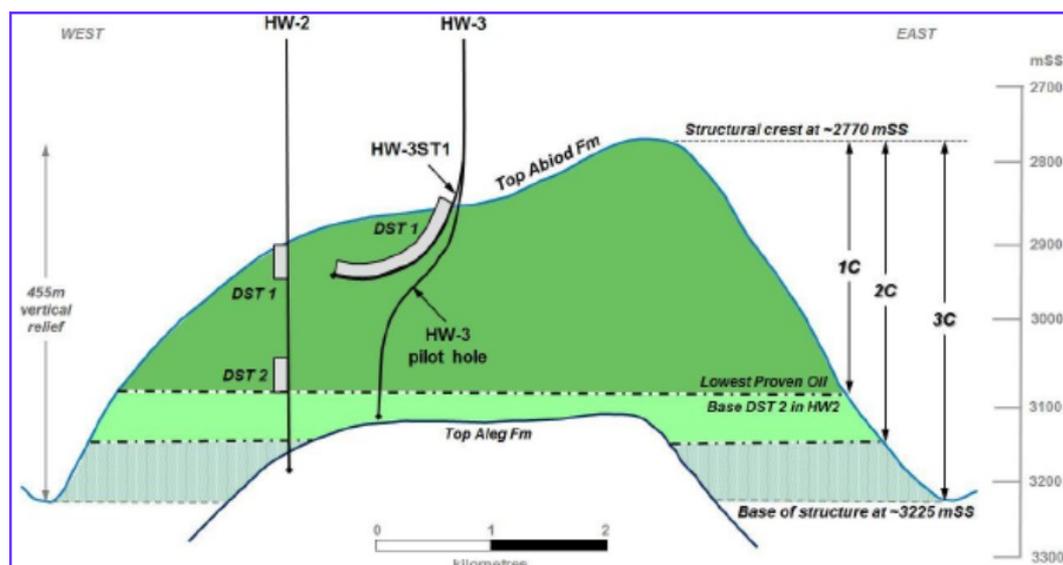
The Hammamet West field sits in a large anticline structure, in shallow water of less than 100 metres, close to the Tunisian coast which should minimise future development costs.

The company estimates that a discovery of 8-10 mmbbls of oil would be commercial in this location. Two legacy exploration wells drilled on the field encountered hydrocarbons. The Hammamet West 1 (HW1) well encountered an 8 metre oil column in the Birsa formation and over 30 metres of hydrocarbons in the Ain Grab/Fortuna formations in 1967. A follow up well (Hammamet West 2) was drilled in 1990, encountering 3 zones of movable oil over a 192 metre section in the Abiod formation.

In 2013 the joint venture, including operator Dragon Energy (55%) and Cooper Energy (30%), drilled the Hammamet West-3 well. While this well took three times longer than planned and went well over budget, largely because the equipment was not suited to the task, it did intersect highly fractured carbonate reservoir that flowed oil through a 432 metre, near horizontal sidetrack well, before perforations could be cleared and clogged up with loss control material, originally used to control the loss of drilling mud.

Significant mud losses while drilling indicate excellent permeability, but may also have damaged the reservoir and limited flow-back of reservoir fluids at this location. A flow rate of 1,343 barrels of fluid per day was sustained for 1.5 hours, before blockages halted progress.

Hammamet West – Section



Source: Jacka

Once a suitable drilling rig can be secured, which is expected in H2 2015, Jacka and its partners plan to re-enter HW-3 and drill a new sidetrack well. Cooper Energy has its 30% interest on the market for sale, but has been unable to attract an acceptable bid for that interest.

*Possible Resource upgrade,
subject to flow testing results*

At the P50 level, Hammamet West is estimated to hold 366 mmbbls of oil and gas in place with P50 Contingent Resources of 37.7 mmBOE, made up of 34.5 mmbbls of oil and 17.9 Bcf of gas. Applying a 30% recovery factor that has been achieved in similar fields in Tunisia, the resources have upside to 110 mmBOE, which would be about 103 mmbbls of oil plus 54 Bcf of gas.

Odewayne Block 5% option

Jacka has an effective option to acquire a 5% working interest in this Somaliland PSC, either on the proposal of a second well or the parties entering into the Fifth Period of the PSC, whichever is the earliest.

Unsettled political and social conditions in this region have prevented operator Genel from carrying out its planned programme, so Jacka will keep a watching brief on the PSC, which is prospective for oil in a similar environment to that found in Yemen.

*Aje underpins current
market price*

Valuations

Jacka's assessed value of Phase I development only at Aje supports the company's current market capitalisation.

Risked development and exploration appeal lifts total risked target value to \$53 million or 13.4 cents per share without further equity dilution.

Inevitably, Jacka will require additional equity support, but this addition would also reduce development risks associated with the company.

JKA Value	A\$m	\$/share
Aje Phase I	21.4	\$ 0.054
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Source: Strachan Corporate

Risky Valuation Matrix

Assets	Equity NRI	Activity	Prospects	Field		Insitu Value Est		POS %	Risked Value/shr
				oil mmbbl	gas Bcf	A\$ per Bcf	A\$/shr bbl Suc's		
Nigeria - Development	5%	Drill late '15	Aje Phase I	23.4		\$20	\$ 0.05	90%	\$ 0.04
OML 113 - Development	5%	Post 2018	Phase II & III	82	580	\$ 1 \$20	\$ 0.21	30%	\$ 0.03
OML 113 - Exploration	5%	overlap	Ogo Ext'n	22	200	\$ 1 \$20	\$ 0.06	30%	-\$ 0.00
Tunisia - Appraisal	15%	2015	Hammamet West - 2C	35	0	\$15	\$ 0.14	25%	\$ 0.02
Tunisia - Appraisal	15%	2015	Enhanced recovery	69	54	\$ 1 \$15	\$ 0.30	7%	\$ 0.01
Offshore Tunisia Exploration	15%	Birsa Abiod	Lebna	17		\$12	\$ 0.06	12%	-\$ 0.00
	15%	Birsa Abiod	Nabeul	17		\$12	\$ 0.06	12%	-\$ 0.00
	15%	Abiod	Ras Marsa	129		\$12	\$ 0.43	5%	\$ 0.01
	15%	Ain Grab Abiod	Kuriate East	87		\$12	\$ 0.29	5%	\$ 0.00

Source: Strachan Corporate

Significant Resource upside potential & exploration appeal

Further development of estimated large gas resources and additional associated liquids at Aje hold upside value of over 20 cents per share to the company, while incorporation of reserves from the adjacent Ogo discovery could add a further 6 cps to value.

In Tunisia, successful development of the 35 mmbbl Hammamet West oilfield has an estimated value of 14 cps to Jacka's 15% WI, but expansion of recoverable reserves, following successful flow testing could more than double value for the company's interest.

Offshore Tunisia holds significant exploration appeal, but much more geological work is required to accurately map prospects prior to drill testing.

Board & Management

Jacka retains the services of former MD **Bob Cassie**, as its technical advisor, along with **Justyn Wood**, who is the Technical Advisor for Tanzania.

Max Cozijn:**Chairman**

Max has a Bachelor of Commerce Degree from the University of Western Australia. He is a member of the CPA Australia and the Australian Institute of Company Directors. He has over 30 years' experience in the administration of listed mining and industrial companies, as well as various private operating companies.

James Robinson:**Non-executive Director**

James has 10 years of experience advisory in capital markets. He has Board and managerial experience with companies operating in North America, South America, Eastern Europe, Asia and Australia. He is a Director of boutique advisory firm Cicero Advisory Services, a member of the Australian Institute of Company Directors and holds a Bachelor of Economics from the University of Western Australia.

Neil Fearis:**Non-executive Director**

Neil is a corporate and commercial lawyer in Western Australia, with more than 35 years experience specialising in mergers and acquisitions, capital raisings and corporate reconstructions with a particular focus on the mining and resources sector. He has been in practice for and worked as a commercial lawyer in London, Sydney and Perth.

Experienced team

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