
24 October 2013

Media Release

Hammamet West-3 Second Sidetrack Announcement by Cooper Energy

Jacka Resources Limited ("Jacka" or the "Company", ASX: JKA) draws attention to the attached Open Briefing released by Cooper Energy today concerning the Hammamet West-3 well in the Bargou Block offshore Tunisia.

For more technical information please refer to the Jacka website for earlier announcements and project description.

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Persons compiling information about Hydrocarbons

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 announcement 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.

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ASX Announcement : 24 October 2013

MD on Hammamet West-3 second sidetrack rationale and opportunity

Open Briefing interview with Managing Director David Maxwell and Executive Director- Exploration and Production, Hector Gordon



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In this Open Briefing®, David and Hector discuss:

- Hammamet West-3 sidetrack rationale
- Results and implications from the well to date
- Updated cost and time expectations for the well and divestment process

Record of interview:

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Cooper Energy recently advised that the Bargou Joint Venture intends to drill a new sidetrack well (ST-2) on Hammamet West-3 after repeated blockages prevented testing from the original sidetrack which will now be abandoned. What were the root causes of the blockage and how can these issues be managed in the new sidetrack?

Executive Director Hector Gordon

Hammamet West-3 has confirmed the presence of open hydrocarbon bearing fractures, however the extent of the fracturing was greater than expected and, for that particular reason, we ended up stopping about 400 metres short of the original target to test the well.

In the course of drilling through the fractures we had encountered significant loss of drilling mud. The standard procedure for controlling this while drilling is to introduce what we call lost circulation material, or LCM, into the well bore. This effectively plugs off the fractures and allows you to continue drilling by stopping the mud being lost away from the bore hole. The downside with this procedure is that, when you then test the well and try to flow fluid back from the formation into the well bore, the LCM has to flow out of the fractures and has the potential to block the testing equipment, which it did in this case.

With the new sidetrack, ST-2, we will be able to use the information gathered from the initial sidetrack to do things differently. Most importantly, we have a much better understanding of the reservoir pressure, so that the mud pressure in the well bore will be closer to the reservoir pressure and we won't require as much LCM (if any) to be introduced into the well bore as was the case in ST-1. That's the main difference - we know the reservoir pressure and can drill closer to balance.

The second aspect of the new sidetrack is that the knowledge we have acquired on fracture location will enable a more direct path to be drilled toward the fractured section, giving a straighter well bore and this should be easier to clean out in testing operations and less prone to blockage.

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You have advised that you will suspend Hammamet West-3 and release the drilling rig GSP Jupiter and then come back to the well later to drill and test ST-2. Why have you chosen this approach?

Executive Director Hector Gordon

Once we had decided that further pursuing the original sidetrack was not optimal, the question then became, "Do we drill an additional sidetrack now or do we walk away from this well-bore and come back later?" A critical consideration in this decision was the opportunity to undertake the production test we were prevented from completing on ST-1. The drilling rig currently on location could not be secured for acceptable terms and there was no certainty it could be on location for the time required to complete the production test. Therefore the best decision for the joint venture in these circumstances was to suspend the well and secure another rig to undertake the production test.

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When do you expect you will have a new rig and the new sidetrack drilled and production tested? What are the risks to that timetable?

Executive Director Hector Gordon

We are currently investigating the availability of suitable alternative rigs for ST-2 and the production test. Preliminary enquiries have been encouraging and we hope to be able to drill and complete the production within the first half of calendar 2014.

The overall risks for ST-2 are the same risks that you encounter at any off-shore drilling operation. However, given what we've encountered and learned to date from the first well-bore, there is no substantial new risk associated with the ST-2. Further analysis and planning in the coming months will enable us to incorporate all the knowledge gained from ST-1 and minimise any risk. We expect a smooth drilling and production test operation.

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Results reported from the well to date have included clean-up flow rates averaging 1,290 barrels per day for 1.5 hours and numerous oil and gas shows while drilling. Have the results to date had any implications for your assessment of the Hammamet West-3 structure and other prospects?

Executive Director Hector Gordon

The results certainly have a profound implication for our assessment of the Hammamet West accumulation in that we have essentially proven the presence of open hydrocarbon bearing fractures. There is still some uncertainty of whether the hydrocarbons are primarily gas or oil and at what rate they will flow and that's the reason for proceeding with the testing, but we've de-risked the prospect significantly.

With respect to the Hammamet West discovery itself, we've added substantial value. Pre-drill we were estimating that the structure had the potential ranging from 10 million barrels to more than 100 million recoverable barrels of oil. Our carefully considered view is that Hammamet West has potential to be that big and this well has taken a big step towards proving that. It's also demonstrated the necessity of drilling horizontal wells when exploring this play. Horizontal drilling as an exploration tool hasn't been used in the Bargou permit prior to Hammamet West-3.

There are a number of prospects based on the same or similar play that we have now proven at Hammamet West and these will now be very attractive exploration targets for the future.

We are now analysing the results we have obtained from Hammamet West-3 to date, including the interrupted production test, and expect to release more information on the resources and impact on other prospects in our Tunisia portfolio before the end of this year.

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The total well cost to date is now US\$85 million (including suspension) with further costs to be added by the drilling of ST-2 and the production test. Can you provide any comment on the potential value of Hammamet West-3 if successful?

Managing Director David Maxwell

Clearly the value of Hammamet West-3 is going to be dependent upon the resource size and that's going to be determined when the well operations are completed and we finish our analysis. But as Hector noted earlier, the potential size of Hammamet West was estimated to range from 10 million barrels to over 100 million barrels recoverable before drilling and we can now reassess that range with the information on structure size and fracture porosity obtained from the well. If you apply the conventional industry valuation of \$10 per barrel for such opportunities and factor in our 30% share, then one can see that the size of the prize is certainly material to Cooper Energy and well worth pursuing.

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In June Cooper Energy announced that it would divest its Tunisian assets, regardless of the outcome of Hammamet West-3. Has there been any change to that position and, if not, what are your current expectations for the divestment timetable?

Managing Director David Maxwell

As we have outlined, the Hammamet West-3 discovery has upgraded our estimates of the potential and value of the Tunisian acreage. Apart from confirming a significant hydrocarbon resource, it has also lowered the risk profile of a number of similar prospects in our Tunisian acreage.

Our view on divestment is unchanged, this being that divestment will ultimately be the path that delivers Cooper Energy shareholders the best value for the company's Tunisian assets. We believe these assets will attract greater value in companies more focused on Africa and the Mediterranean and, probably, not listed in Australia. A divestment process which realises this value is, we believe, the way to provide the best result for our shareholders. We will conclude the analysis of the Hammamet West-3 results to date and then evaluate the best divestment process and timing. At this stage we don't expect the divestment to occur until sometime in calendar 2014. We will keep our shareholders and the market informed of our plans.

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Thankyou Hector and David.

For more information about Cooper Energy, visit www.cooperenergy.com.au or David Maxwell or Hector Gordon on +61 8 8100 4900

For previous Open Briefings by Cooper Energy, or to receive future Open Briefings by email, visit openbriefing.com

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