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WEEKLY RESOURCE REPORT by Gavin Wendt

ISSUE 112 **13th March, 2013**

Jacka Resources (JKA) – Hold around $0.185

Oil explorer with stakes in a variety of highly prospective offshore projects of varying maturity within Africa and Australia. The company has two wells scheduled for drilling in Nigeria and Tunisia during 2013.

Corporate Details

Status: Grassroots Explorer
Size: Small Cap
Commodity Exposure: Oil & Gas
Share Price: $0.185
12-month Range: $0.135 - $0.245
Shares: 298m, Options: 68m
Top 20: 30%
Net Cash: $13m
Market Value: $55m

Key Parameters	Rating (✓out of 5)	Quarterly Statistics
Management Quality	✓✓✓✓✓	Q4 2012 Exploration Spend: $1.436m
Financial Security	✓✓✓✓✓	Q4 2012 Admin Spend: $0.112m
Project Quality	✓✓✓✓✓	Exploration Spend 93%, Admin Spend 7%
Exploration / Resource Potential	✓✓✓✓✓	Q1 2013 Forecast Exploration Spend: $2.0m
Project Risk	✓✓✓✓✓	Q1 2013 Forecast Admin. Spend: $0.2m

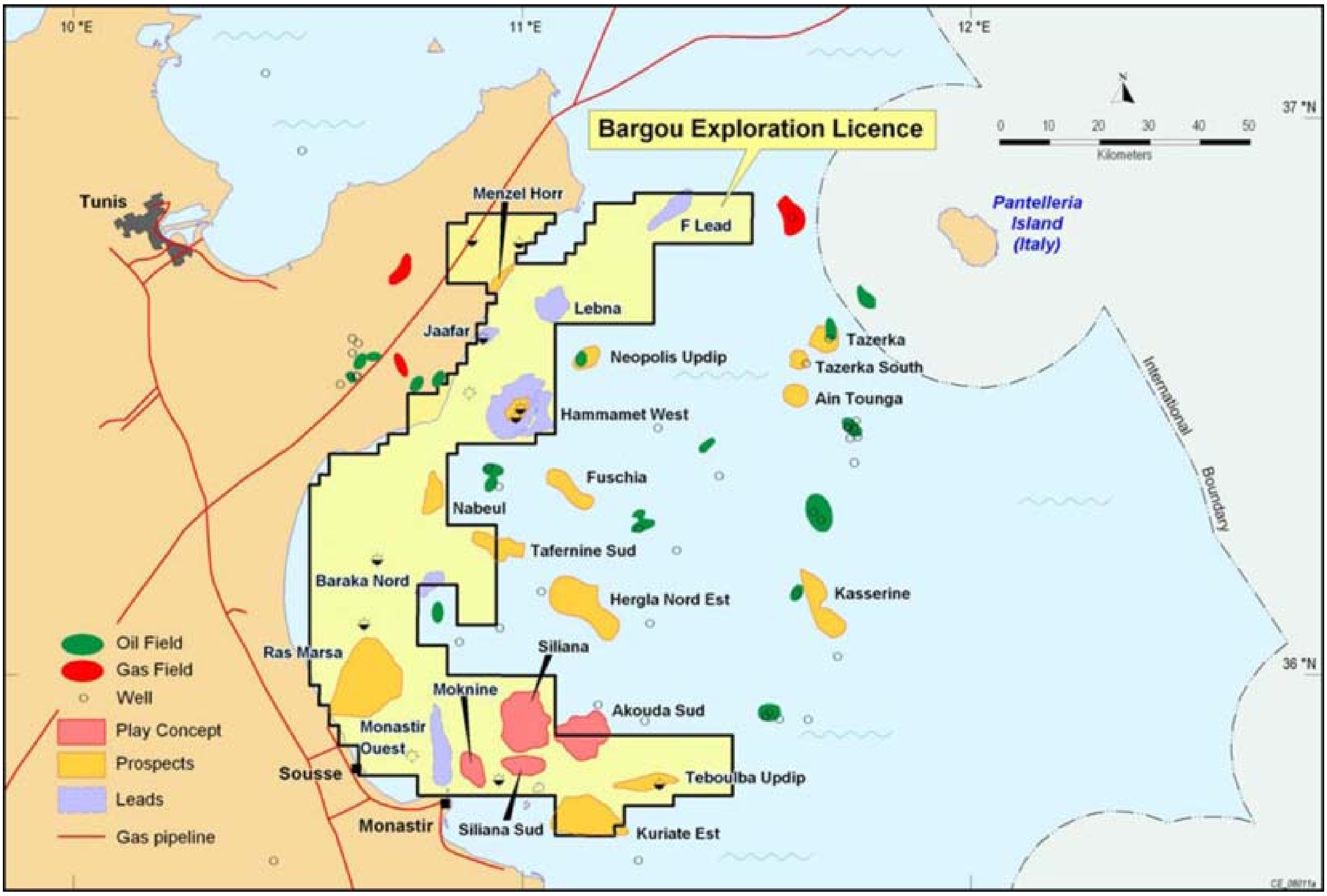
We introduced Jacka Resources to our Portfolio during July 2011 with a Speculative Buy recommendation around $0.13 and then a follow-up Speculative Buy recommendation around $0.125 during October 2011. These proved to be prudent buy-in opportunities and we currently maintain a tidy paper profit on our position, with the company's African exploration opportunities continuing to evolve. 2013 promises to be an important year for the company, with drilling activity occurring on several fronts.

The company maintains a diverse mix of African oil exploration situations spread across the continent, which are all at varying stages of maturity. This broad mix of projects at different stages of advancement means the company offers investors an appropriate balance of risk and reward. There is the prospect of near-term production from its more advanced acreage, whilst there is large blue-sky potential from the company's more grassroots plays, where exploration costs at this early stage are relatively low.

The company recently undertook a $10 million underwriting of its 31 December 2012 listed options in order to shore up its financial position. This prudent arrangement has provided Jacka with guaranteed funding with respect to its upcoming appraisal and exploration drilling programs, which are set commence during Q1 2013. The company has this month advised of significant progress in Tunisia (with a drill rig progressing to site), whilst substantial exploration activity is also progressing at pace in Somaliland.

Bargou, Tunisia

Jacka maintains a strong North African exploration presence, with a 15% equity stake in the Bargou block within the Gulf of Hammamet, offshore Tunisia. The Bargou block is located within the Pelagian Basin and covers an area of 4,616 sq km, with predominantly offshore prospects and leads. The Pelagian basin is a prolific producing basin spanning Tunisia and Libya and contains some of Tunisia's most prolific oil and gas fields.



This week the company advised that the GSP Jupiter jack-up rig had commenced its final tow to Tunisia on March 10 and is expected to arrive at the well location in approximately two weeks. The rig completed an extended work program in the Black Sea during early February and the mobilisation program required the partial removal and replacement of the jack-up legs, so that it could pass through the Bosphorus and into the Mediterranean. The well should therefore spud prior to the end of March 2013.

The Hammamet West-3 well will be a 570-metre horizontal test of the productivity of the naturally-fractured Abiod Formation, in which the vertical well Hammamet West-2 (drilled during 1990) demonstrated a 192-metre oil column. The use of horizontal wells for commercial production of oil from the Abiod has been demonstrated in a number of fields in Tunisia over recent years, including the Maamoura field situated just 12 km from Hammamet West, where ENI began production during 2009.

The joint venture conducted a number of subsurface studies during 2012, utilising 3D seismic data to identify regions of best fracture development within the Abiod formation. The studies were conducted by a number of global experts and they have been integrated by the joint venture to select optimum well-paths for the pilot-hole and horizontal sidetrack, which should in turn allow the joint venture to penetrate and test a representative section of the fractured reservoir.

The Hammamet West-3 (HW3) well will appraise the discoveries made on the previous Hammamet West 1 and 2 wells. The plan for HW3 will be to utilise horizontal drilling to access the carbonate reservoir fractures before conducting a flow-test. HW3 will target and test the section of the Hammamet West structure that encountered a 192-metre oil column in HW2. An approximate 500-metre horizontal section will be drilled within the column in a direction designed to optimally access open fractures.

Contingent Resources as at 30-Jun-11	Licence / Permit	Jacka %	2C Gross (MMboe)	2C Jacka Share (MMboe)
Hammamet West	Bargou Tunisia	15%	111	16.6
Total			**111**	**16.6**

The Bargou block is considered to be one of the most prospective exploration plays in Tunisia. As well as the Hammamet West field that's estimated to contain 111 million barrels of P50 Contingent Resources, the block hosts multiple independent structures that represent interesting follow-up exploration opportunities. These include Ras Marsa and Kuriate Est, which are expected to be matured into prospects by further technical work.

The Bargou block has been independently verified to host Mean Prospective Resources of more than 600 million barrels of oil (of which +90 million barrels is net to Jacka). The P50 contingent resource target for the HW3 well is ~111 million barrels (JV 100% over two formations), with an upside of up to 213 million barrels (JV 100%, filled-to-spill-point scenario).

Prospective Resources as at 30-Jun-11*	Licence / Permit	Jacka %	Mean Gross (MMboe)	Mean Jacka Share (MMboe)
Tunisia	Bargou	15%	612	92
Totals			**612**	**92**

* based on RPS Independent Assessment August 2008

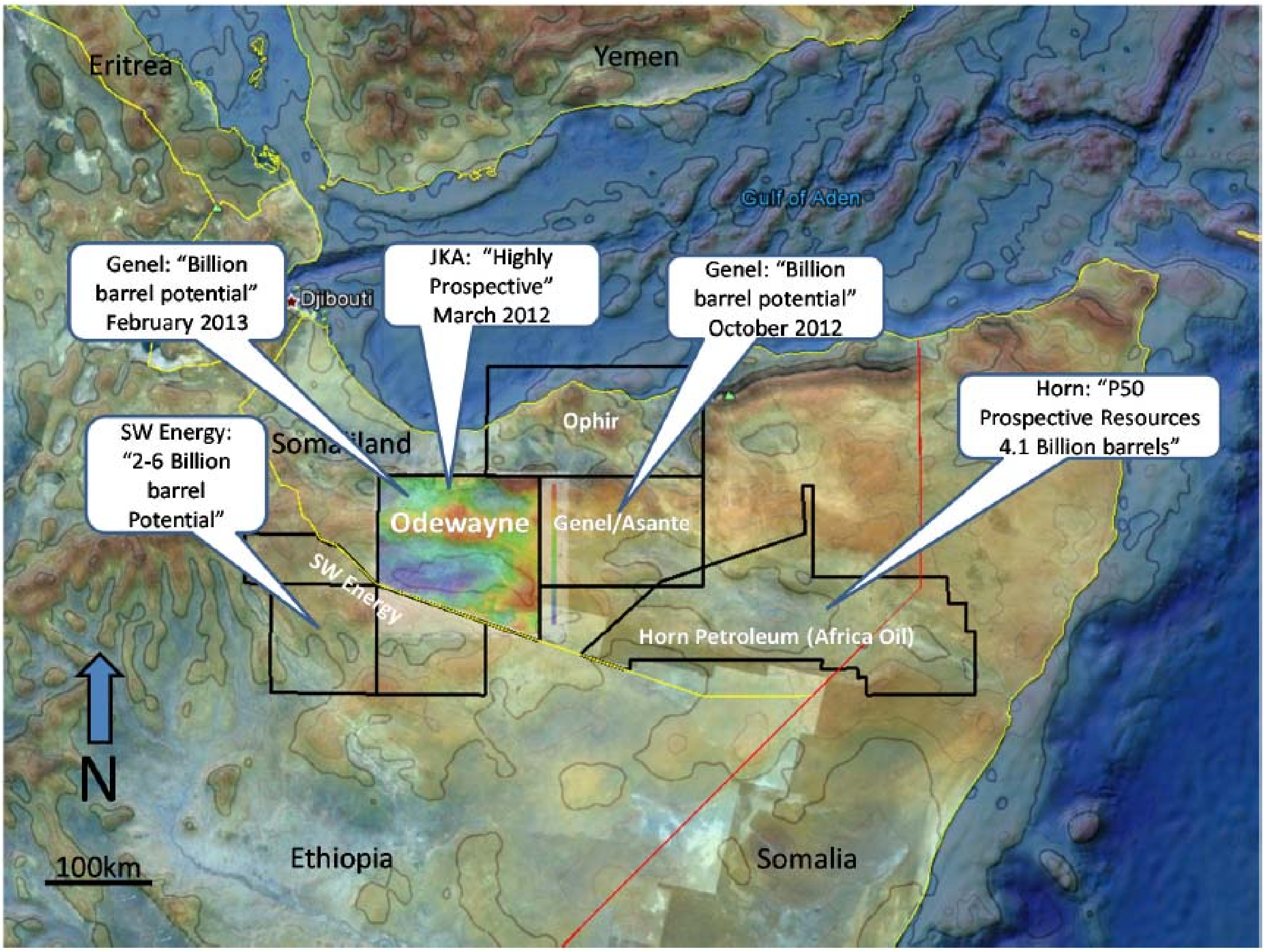
A conceptual development plan has been prepared by Worley Parsons that shows ~15 - 20 million barrels would likely be commercial under the development scheme. The operator of the Bargou block, AIM-listed Dragon Oil, will earn a 55% participating interest in the Bargou permit (with Cooper Energy 30% and Jacka 15%) by funding 75% of the Hammamet West-3 well.

Odewayne, Somaliland

During March 2012, Jacka entered the 22,000 sq km Odewayne block in Somaliland in eastern Africa through a farm-in with Petrosoma. The block is known to contain a sedimentary basin considered to have analogies with multi-billion-barrel producing basins in Yemen. During late 2012, Jacka completed a transaction with Genel Energy Plc (LSE: GNLE), whereby Genel acquired 50% equity in and operatorship of the Odewayne block, in partnership with Jacka (30%) and Petrosoma (20%).

Under the terms of the transaction, Genel is funding 100% of the exploration program within the Odewayne block until May 2015 at a cost of around US$50 million and is the operator. Genel will earn a 50% interest by carrying Jacka and Petrosoma through the minimum work program in phases III and IV of the PSA (including 1,500 km of 2D seismic and the drilling of an exploration well), and paying a pro-rata share of back costs of ~US$0.7 million to Jacka.

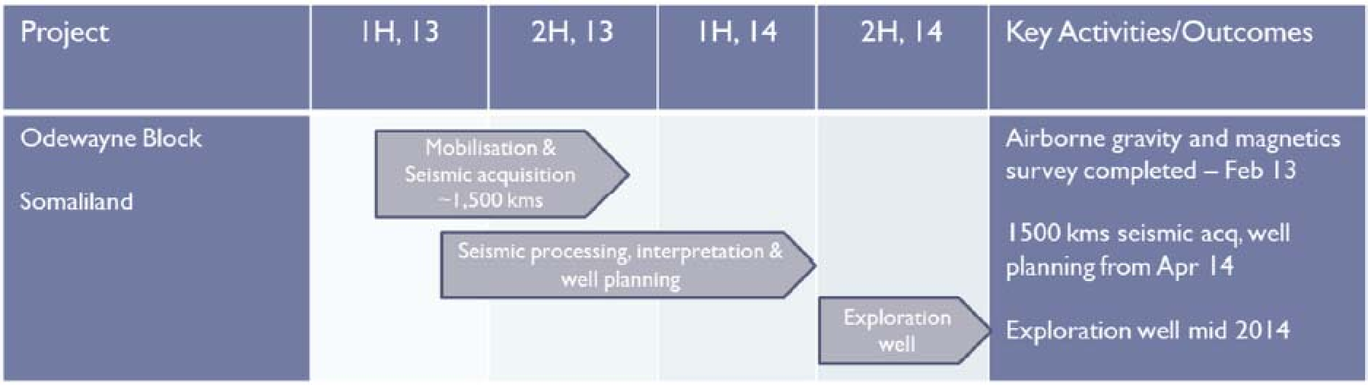
Two additional basins have also been identified within the license area. The presence of numerous verified oil-condensate seeps, potentially attractive structures, and the genetic relationship to the multi-billion barrel basins of Yemen (more than 4 billion barrels of oil so far produced), results in a highly prospective play within this emerging petroleum province, where the Odewayne block is surrounded by projects with multi-billion barrel potential.



A full-block, 22,000 sq km airborne geophysics survey, acquired at a high-resolution line-spacing of 1km x 2km, was completed during February and is currently being processed to final-stage product. Encouragingly, an initial field survey has demonstrated the presence of the key elements of the petroleum system. Interpretation of the preliminary gravity map is highly encouraging, as it has confirmed the presence of large rift-basin structures, which typically form structural prospects, within the Odewayne basin.

Preparations are now being made for the next phase of the exploration program, which comprises the acquisition of around 1,500km of high-quality 2D seismic data, in what will be the first seismic survey within the Odewayne basin. Mobilisation for the seismic survey is scheduled for April, with acquisition expected to commence during May and be completed by the end of October 2013. The seismic survey may be extended beyond 1,500km if necessary, to ensure multiple prospect grids are acquired.

The current work program is aiming towards the first exploration well commencing drilling during H2 2014. Genel recently indicated that the block has the potential to contain in excess of 1 billion barrels of prospective resources, on which they place a 15% probability of success at this early stage of exploration (pre-seismic), and that they would be drilling up to 4 wells in Somaliland from mid-2014, across the Odewayne and adjacent block.

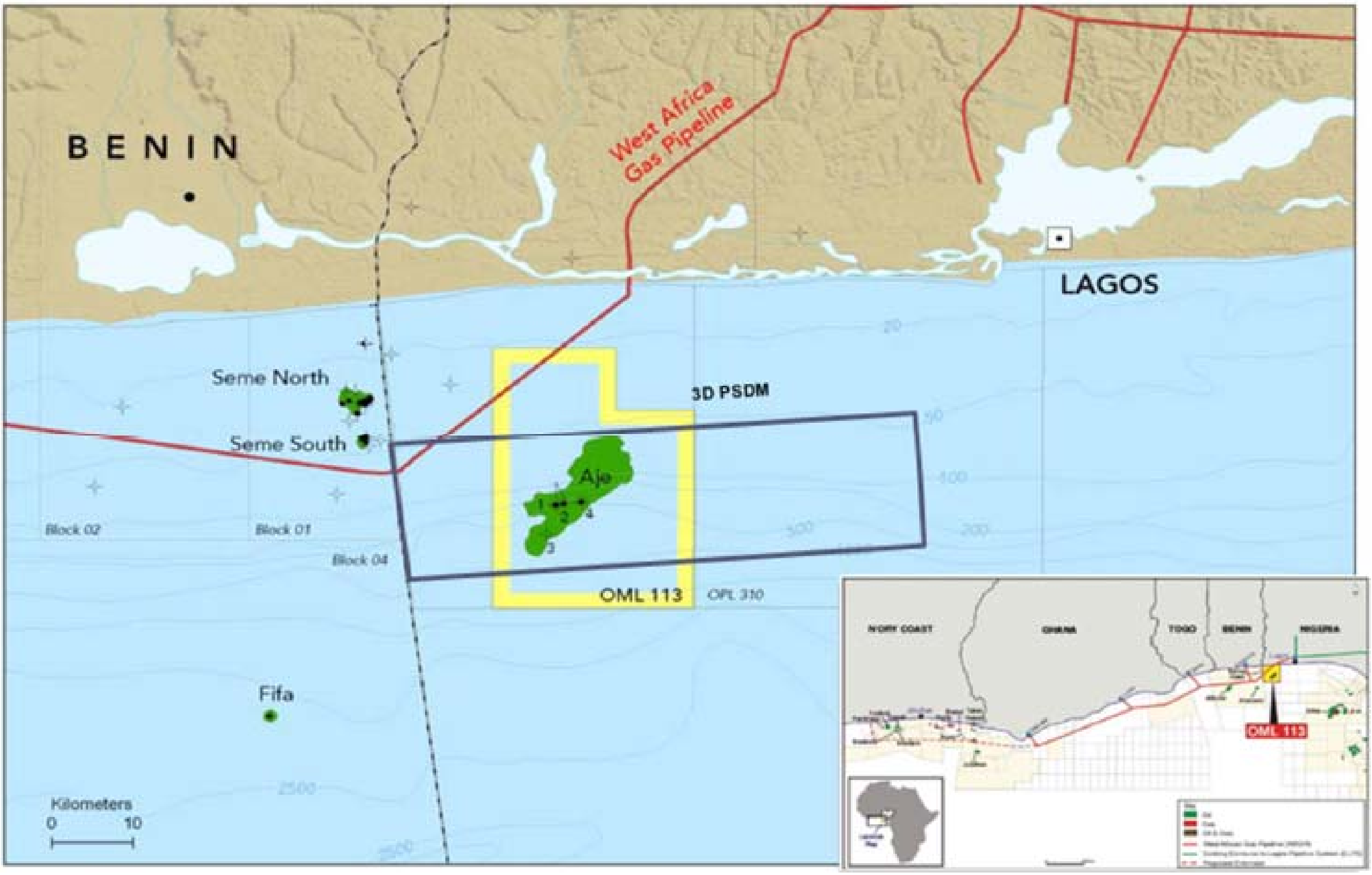


The Odewayne block lies in the southwest of Somaliland and covers an area of some 22,000 sq km enclosing a Jurassic/Cretaceous rift basin, estimated to be 120km long and 50km wide. Based on existing gravity and magnetics data, these are typical rift segment dimensions, amply demonstrated in the modern East African Rift including the Albertine graben in Uganda. The Odewayne and other rift basins within the block are genetically related to and a continuation of the prolific Jurassic rift basins of Yemen, where 9.8 billion barrels of oil equivalent have been discovered or are to be discovered (per USGS 2002).

An active petroleum system is demonstrated within the Odewayne basin by numerous identified individual oil seeps to date. Geochemical analysis points to an original light oil or condensate, consistent with the oils produced in Yemen. The 20km - 40km migration distance implied by the location of some of the seeps suggests potential for a prolific source kitchen and a regional seal.

Aje, Nigeria

During 2012, Jacka finalized its involvement in a joint venture with Providence Resources Plc, which allowed Jacka to acquire a direct equity stake in the Aje oil and gas field within Nigerian petroleum licence OML 113 for total consideration of US$16 million. The joint venture comprises Jacka, YFP (project operator), Chevron (Technical Advisor), Vitol and Panoro Energy. The acquisition boosted Jacka's 2P contingent resources from 16.6M bbls to 26.6M bbls of oil equivalent.



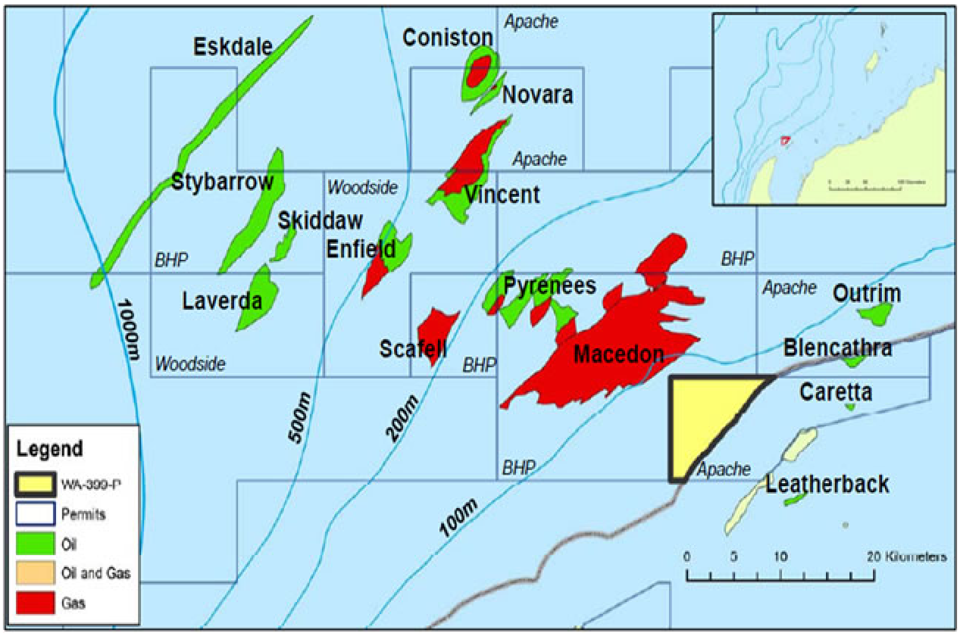
Aje is an advanced and highly attractive emerging production asset. Four wells have so far been drilled within the Aje field and encouragingly all of them have encountered hydrocarbons, with logging and testing demonstrating significant net hydrocarbon-bearing sections within three of the wells. In fact, the project partners have declared the field commercial following the successful drilling and flow-testing of the most recent well, Aje-4. Aje therefore represents a strong production growth asset for the company.

Jacka's technical review of Aje has estimated that the acquisition will deliver net P50 contingent resources of around 10 million barrels of oil equivalent to the company. Jacka will receive a net 5% revenue-earning interest in the Aje oil & gas field (paying 6.675% of the costs relating to the Aje development) and will also receive a 2.667% interest within the OML 113 petroleum licence itself, which is situated within the prolific structure known as the West African Transform Margin (WATM).

Jacka's OML 113 licence contains a number of leads and prospects that are mapped on-trend with proven oil accumulations, providing further exploration upside and possible tie-back opportunities. Geophysical data coverage over OML 113 includes 915km of 2D seismic, 700 sq km of 3D seismic (including full 3D seismic over the Aje field) and an electromagnetic survey.

The joint venture has commissioned a number of studies to select and acquire subsea equipment and a floating production, storage and off-take vessel (FPSO). A number of options have been identified which could be available for an EPT in early 2014. Work has also continued on drilling planning and identification of rigs for the drilling and completion of Aje-5, potentially during Q3 2013, and the completion of the existing Aje-4 well, both of which would be used for an EPT. Seismic remapping and other studies to update resource estimates and select the Aje-5 location are continuing.

WA-399-P



Finally, much closer to home the company has a 15% interest in offshore block WA-399-P in Western Australia. Apache is the operator with a 60% working interest. The permit is located within the Exmouth sub-basin, one of Australia's premier oil basins. There is a drilling commitment during the year commencing September 2013. A number of prospects and leads have been identified, with total gross prospective resources in excess of 30 million barrels. Further technical and commercial work will be undertaken as these prospects have potential as both standalone and joint developments with nearby discoveries.

Fields such as the Macedon gas field (BHP Billiton) (1.2Tcf), Stybarrow/Eksdale (BHP Billiton) (60-90Mbbls) and the Enfield, Vincent and Laverda oil fields (Woodside Petroleum) (125Mbbl) that were discovered in the early 1990's and mid 2000's, are producing hydrocarbons or have reached the development stage. The region remains one of the major areas of focus in the Australian oil and gas sector.

Summary

With exposure to highly prospective offshore oil acreage throughout Africa at a time of strong investor interest due to numerous exploration successes, 2013 should prove to be a pivotal year for the company. With appraisal/pre-production drilling in Tunisia and Nigeria, the company has the prospect of bookable reserves and near-term revenue that can support its more frontier exploration efforts. Given our strong current exposure to the stock, we continue to maintain a Hold recommendation on Jacka Resources for the time being.

MineLife Portfolio: Please refer to our Portfolio page for a full listing of all our stocks held, including purchase prices and dates.