

# AUSTRALIAN COMPANIES LEADING THE ENERGY CHARGE INTO AFRICA



With Australia recognised as one of the most expensive places to operate in the world, coupled with some of the most onerous bureaucratic regimes to be found, it is no wonder that local junior oil and gas companies are searching elsewhere around the globe.

While there are still numerous Australian junior oil and gas players that are having success in the USA searching for small scale but still valuable oil in historically proven fields, for those companies looking for “blue sky” opportunities there is no doubt that Africa is the flavour of the month, or to be more accurate, the decade.

Australian oil and gas and mining companies have earned a well-deserved reputation over many years for being willing to taking a chance on countries where the majors feared to take a political or geological risk and they are benefitting from being early movers in what are now some of the “hottest” oil and gas regions in the world.

Companies such **African Petroleum (NXS: AOQ)**, **Kinetiko Energy (ASX: KKO)**; **Jacka Resources (ASX: JKA)**, **Range Resources (ASX: RRS)** and **WHL Energy (ASX: WHN)** have become exploration pioneers in the various regions of Africa that are now attracting the mighty monetary muscles of the major oil and gas companies.

**African Petroleum** is a great example of an unknown Australian company that has entered virtually uncharted waters to make what is looking more and more like company and country making discoveries (See story pages 4 and 5 in this issue of *The Rig*).

**Jacka Resources**, via its highly regarded, African experienced, board and management, is building a quality portfolio of assets across west, north, east and southern Africa.

The company’s projects in Nigeria, Tunisia, Somaliland and Tanzania provide an ideal mixture of near production opportunities through to unexplored areas with numerous potential “elephant” sized targets.

Jacka is currently participating in the drilling of

the Hammamet West-3 appraisal well that, if successful, could quickly lead to an oil development of this near-shore, shallow-water Tunisian field.

Much further down the development track, Jacka is opening up virtually virgin territory in onshore Somaliland and Tanzania.

The company is already participating in a very aggressive exploration program in Somaliland after attracting the eye of cashed up, UK-based Genel Energy Plc, which is headed up by former BP Group Chief Executive, Tony Hayward.

After entering the Odewayne block in Somaliland in March 2012, Jacka Resources completed a transaction with Genel Energy Plc in late 2012, whereby Genel acquired 50 per cent equity in and operatorship of the Odewayne block, in partnership with Jacka (30 per cent) and Petrosoma (20 per cent).

Under the terms of the transaction, Genel is funding 100 per cent of the exploration program in the Odewayne block until May 2015. The aggressive program, which aims to mature the licence from frontier exploration to multiple drillable prospects in less than 2 years, includes a full-block airborne geophysics program, a minimum of 1,500km of 2D seismic data acquisition and an exploration well, for a total cost around US\$50 million.

Further to the south, Jacka has recently been awarded Ministerial approval for a production sharing agreement (PSA) signed by the Minister for Energy and Minerals, the Hon. Prof. Sospeter Muhongo, for the entire onshore Ruhuhu Block in Tanzania.

“Tanzania is an area that our very experienced and successful, African-focused board and management have long identified as being of significant interest and we are excited to have been awarded this quality exploration opportunity,” Jacka



Chairman, Scott Spencer, said after the signing ceremony for the licence area of 10,343sq km in south-western Tanzania.

Jacka’s board and management have a very strong African oil and gas background, with four members, non-executive chairman, Scott Spencer, executive director; Richard Aden, technical director, Justyn Wood and E&P advisor, Bob Cassie, all formerly with Hardman Resources.

Hardman, recognised as a true pioneer in leading the Australian oil and gas company move into Africa, had built up a sizeable onshore acreage holding in Tanzania just prior to the company’s 2006 acquisition for A\$1.47 billion by UK company Tullow Oil plc.

“It is very exciting to be returning to Tanzania with a very significant landholding position,” Spencer said.

To the east of Tanzania, **WHL Energy** has made tremendous strides in taking its large, virtually unexplored, offshore Seychelles project forward.

After undertaking significant in-depth work to modernise the geological understanding of the Seychelles, WHL recently signed a letter of intent (LoI) which it is confident will lead to the signing of a farm out agreement with a major global petroleum company (See story pages 14 and 15 in this issue of *The Rig*).

While offshore East and West Africa have captured most of the attention in recent years, onshore southern Africa is also starting to attract the interest of global oil and gas investors.

That interest has been driven by various high profile reports that have suggested that:

- South Africa is one of the top global potential locations for the shale gas;
- South Africa may be running out of domestic coal reserves faster than previously thought;
- There is a significant opportunity for new gas reserves to fuel power demand into the future;
- South Africa is a global leader in the Gas to Liquids business.

A report published by the US Energy Information

Agency (EIA) in 2011 estimated that South Africa could hold 485 trillion cubic feet (tcf) of technically recoverable shale gas resources.

The study, which provided an estimate of potential global shale gas resources, also noted that “South Africa’s shale gas resource endowment is interesting as it may be attractive for use of that natural gas as a feedstock to their existing gas-to-liquids (GTL) and coal-to-liquids (CTL) plants.”

The large shale potential of the country has already attracted the attention of major players such as Shell.

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Also of interest to the global oil and gas industry is the coal seam gas potential that is untapped across the country.

Perth-based **Kinetiko Energy** was an early mover into the Southern African coal fields and is well along the path to creating a commercial development at its Amersfoort Project, located to the east of Johannesburg.

Kinetiko has already achieved impressive gas flows at Amersfoort through a thorough pilot test well programme and is well on target to book initial 3P/2P Reserves in the third quarter of 2013.

A number of other Australian juniors are also making headway searching for very sizeable coal seam gas reserves in South Africa and Botswana and it is clearly an area to keep an eye on.

**Above:**  
Jacka chairman Scott Spencer signs the PSA with the Minister for Energy and Minerals, Sospeter Muhongo.

**Left:**  
Kinetiko on the ground in Africa.