



ABN: 79 140 110 130

And Controlled Entities

ANNUAL REPORT

**For the year ended
30 June 2014**

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CORPORATE DIRECTORY

DIRECTORS

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

SECRETARY

Stephen Brockhurst

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Level 1, 12 Kings Park Road
West Perth WA 6005

CHAIRMAN'S REVIEW

Dear Shareholder,

Your Company has strived to develop a balanced portfolio of oil and gas projects, covering exploration, appraisal and development and production focussed in Africa. The key selection criteria applied in pursuing these goals have seen Jacka develop exploration opportunities by concentrating on high equity/high impact frontier exploration assets where the Company has a competitive advantage, then farming out before major funding commitments are required. This was successfully demonstrated in the acquisition and divestment of the Company's Somaliland Odewayne Block for US\$15 million during the year, with Jacka retaining an option to buy back a 5% interest.

The appraisal/near term development opportunities were advanced by the Nigerian OML 113 Aje project where a final investment decision (FID) for the first development phase is close to being made. Your Company is advancing reserve based lending and other financing options which we anticipate will see first oil production commencing at the end of the 2015 calendar year with first oil sales and revenues soon after. The Aje project has seen Jacka announce its first oil reserves and it is anticipated that following FID, two development wells will be drilled in the March quarter 2015. Once the Phase 1, two-well development has been completed, it is anticipated that production of approximately 10,000 bopd will be achieved by the joint venture, which should see payback of the first stage capex inside two years.

The Aje Project saw the acquisition of a new 3D seismic survey covering all of OML113, carried out in conjunction with the adjacent block OPL 310. This joint acquisition was managed by Afren plc on behalf of both the OML113 and OPL310 joint venture. The additional exploration potential of OML113 was highlighted recently by the Ogo-1 discovery in adjacent OPL 310 where there has been a reported discovery of P50 contingent resources of 774 mmboe, with additional upside in the syn-rift section.

The Company's participation in the drilling of Hammamet West-3 side-track well in the Tunisian Bargou permit saw significant delays in drilling and testing, with cost overruns causing significant financial pressure on the Company. While achieving some hydrocarbon recovery, the testing could not be completed because of recurring blockages and the well was plugged and suspended. Nevertheless Jacka is encouraged by these results, as the well intersected significant open fractures with oil shows and recovered oil to surface.

The joint venture plans to secure a suitable drilling rig to re-enter Hammamet West-3 and drill and test a second side-track well in mid-2015, subject to rig availability and the resolution of the joint venture operatorship.

In Tanzania, the Company is evaluating the Ruhuhu Block which gives Jacka a large acreage position in a rift basin with conventional and unconventional potential for hydrocarbons. The Company currently holds 100% equity in this exploration block and is progressing a potential farm out campaign to support this project's development.

In December 2013 an off-market takeover for the Company was announced by Tangiers Petroleum Ltd (ASX: TPT). However, following a change in the composition of the TPT Board of directors and suspension of both company's shares, the bid did not reach minimum acceptance levels and lapsed on 8 March 2014.

This experience adversely affected the Company's ability to progress its funding requirements and necessitated the disposal of an additional 15% interest in the Somaliland project. The Company also undertook a share placement and underwritten rights issue to raise A\$3.9M (gross) in April 2014.

CHAIRMAN'S REVIEW

The Board of Jacka was also restructured and condensed to 3 members in May 2014, with James Robinson and myself being appointed in May 2014 and Neil Fearis being appointed in September 2014.

While Jacka retained A\$10 million of funds as at 30 June 2014, the Company is progressing its additional funding requirements for the Aje field development program, the drilling of the next well at Hammamet West-3 side track 2 and to supplement its ongoing working capital requirements.

In conclusion, I would like to take the opportunity to thank previous Directors and Executives for their efforts in assembling an attractive portfolio of projects, with a balanced range of interests covering exploration and development leading to eventual near term production, thus enabling the Company to fund its future cashflow requirements. In particular I would like to thank the previous Managing Director Mr Robert Cassie, who has agreed to continue to provide his services as a consultant to the Company. I would also like to record the Board's thanks to our various stakeholders and joint venture partners, shareholders, advisors and consultants for their contribution through a difficult time in the Company's evolution.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Max Cozijn', with a horizontal line extending from the end of the signature.

Max Cozijn
Chairman

DIRECTORS REPORT Continued

Your Directors present their report on the Consolidated Entity from 1 July 2013 to 30 June 2014.

DIRECTORS

The names of the Directors of the Consolidated Entity in office during the financial year and up to the date of this report are:

Max Cozijn BCom CPA MAICD – Chairman (Appointed 21 May 2014)

Mr Cozijn has a Bachelor of Commerce Degree from the University of Western Australia having graduated in 1972, is a member of the CPA Australia and is a member of 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.

During the last three years Mr Cozijn has been a Director of:
Carbon Energy Limited (from September 1992 to current)
Oilex Limited (from September 1997 to current)
Energia Minerals Limited (from May 1997 to current)
Malagasy Minerals Limited (from September 2006 to August 2013)
Magma Metals Limited (from June 2005 to June 2012)

Special Responsibilities:
Member of Audit, Remuneration and Nomination Committee

James Robinson BEc – Non-Executive Director (Appointed 21 May 2014)

Mr Robinson gained extensive capital markets and advisory experience during 10 years with one of Western Australia's leading corporate advisory and stockbroking firms. Since then, Mr Robinson has served in either board or managerial positions of companies operating in North America, South America, Eastern Europe, Asia and Australia. He currently serves as a Director of Vortex Pipes Limited (ASX: VTX). He is also 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.

During the last three years Mr Robinson has been a Director of:
Cohiba Minerals Limited (from January 2011 to September 2012)
Hasting Rare Metals (from March 2011 to October 2011)
Bisan Limited (from December 2011 to May 2012 and August 2013 to October 2013)

Special Responsibilities:
Member of Audit, Remuneration and Nomination Committee

Neil Fearis LL.B (Hons) FAICD F FIN– Non-Executive Director (Appointed 9 September 2014)

Mr Fearis is a leading corporate and commercial lawyer in Western Australia 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 more than 35 years and worked as a commercial lawyer in London, Sydney and Perth. Mr Fearis has been a director of a number of ASX and TSX-listed companies, primarily though not exclusively in the resources sector. He is currently Non-Executive Chairman of Tiger Resources Limited and recently stepped down from the board of Carnarvon Petroleum Limited, where he served for 14 years.

During the last three years Mr Fearis has been a Director of:
Carnarvon Petroleum Limited (from November 1999 to December 2013)
Perseus Mining Limited (from May 2004 to November 2013)
Tiger Resources Limited (from May 2011 to current)
Magma Metals Limited (from October 2009 to June 2012)

Special Responsibilities:
Member of Audit, Remuneration and Nomination Committee

Bob Cassie BSc (Hons) Geophysics MAAPG– Managing Director (Appointed 5 November 2013, Resigned 9 September 2014)

Mr Cassie has over 30 years technical, commercial and management experience in exploration, appraisal and development of oil and gas assets, having worked for Hardman Resources, Tap Oil, Mobil and Ampolex. Mr Cassie has significant operating experience in Asia and Africa and lead the Hardman Uganda exploration project to first discovery.

During the last three years Mr Cassie has been a Director of:
N/A

Scott Spencer B.A. (Hons), B.Phil., M.Litt – Non-Executive Chairman (Resigned 4 March 2014)

Scott Spencer studied languages, history and politics at the University of Western Australia and St Antony's College, Oxford. He joined the Australian Foreign Service in 1972 and spent nearly 20 years working on international political and economic issues with the Australian Government. In 1990 – 93 he was Regional Director of the Department of Foreign Affairs and Trade in Western Australia. He then entered the private sector, working on international resources projects. He was a Director of Hardman Resources Limited, the ASX/AIM listed petroleum E & P Company which was awarded AIM International Company of the Year in 2004.

During the last three years Mr Spencer has been a Director of:
Monitor Energy Limited (from December 2005 to July 2011)

Richard Aden A.C.M.A. – Executive Director (Resigned 5 November 2013)

Richard Aden has over 20 years oil and gas experience in a variety of senior positions worldwide, having worked for Hardman Resources, Enterprise Oil, Tap Oil, Cairn Energy and most recently Rialto Energy Limited. Richard Aden has extensive experience in operational and corporate finance including treasury and capital management, equity and debt raising and management, financial compliance, project evaluation and commercial screening, mergers & acquisitions, strategic/business planning and government/investor relations.

During the last three years Mr Aden has been a Director of:
N/A

Brett Smith BSc (Hons), MAUSIMM MAIG – Non-Executive Director (Resigned 21 May 2014)

Brett Smith has acquired over 25 years of experience in the mining and exploration industry as a geologist, manager, consultant and director. His industry experience is broad, dominated by exploration and resource definition. He currently holds board positions on other ASX listed companies including Managing Director of Corazon Mining Limited, Non-Executive Director of Cauldron Energy Limited and Non-Executive Director of Metals of Africa Limited.

During the last three years Mr Smith has been a Director of:
Blackham Resources Limited (from July 2006 to June 2013)
Eclipse Uranium Limited (from March 2010 to October 2011)
Cauldron Energy Limited (from June 2009 to current)
Corazon Mining Limited (from July 2010 to current)
Metals of Africa Limited (from October 2012 to current)

Stephen Brockhurst B.Com – Non-Executive Director (Resigned 21 May 2014)

Stephen Brockhurst has over 13 years' experience in the finance and corporate advisory industry and has been responsible for the preparation of the Due Diligence process and Prospectuses on a number of initial public offers. Stephen Brockhurst experience includes corporate and capital structuring, corporate advisory and Company secretarial services, capital raising, ASX and ASIC compliance requirements. Stephen Brockhurst is currently a Director of Red Emperor Resources NL and Plymouth Resources Limited.

During the last three years Mr Brockhurst has been a Director of:
Krakatoa Resources Limited (from January 2012 to November 2013)
Red Emperor Resources NL (from April 2007 to current)
Plymouth Minerals Limited (from 8 August to current)

Justyn Wood B.ScApp (Geoph), GC App Fin, MAICD –Executive Technical Director (Resigned 3 April 2014)

Justyn Wood is a petroleum geophysicist and Director of Wood Petroleum Exploration Pty Ltd, a technical advisor to Jacka Resources Limited. Justyn Wood has 20 years technical, commercial and management experience in exploration, appraisal and development of oil and gas resources in the upstream oil and gas industry. With Hardman Resources, Chevron Australia and Jacka Resources, Justyn has extensive experience in identifying, securing and exploring highly prospective petroleum basins. He is recognised as having played a key role in establishing the East African Rift in Uganda as a new petroleum province, with more than one billion barrels discovered in the Albertine Graben since 2006. He is a member of PESA, SEG, AAPG and AICD.

During the last three years Mr Wood has been a Director of:
N/A

COMPANY SECRETARY

The Company Secretary, Stephen Brockhurst, was appointed on 11 April 2014. Details of Mr Brockhurst's experience has been detailed previously. Mr Brockhurst replaced Amanda Wilton-Heald, a Chartered Accountant with over 16 years' experience in Australia and the UK.

REVIEW OF OPERATIONS

Overview

The last financial year has been a rather turbulent year for Jacka Resources and its shareholders. While on the whole there has been plenty of good news and encouraging results, there have also been some low points.

In the early part of the year the company participated in the drilling of Hammamet West-3 which ultimately took around three times as long as initially planned and cost Jacka around twice as much as originally planned. While the well was ultimately suspended due to mechanical issues, encouragement can be taken from the recovery of live oil from the open fractures and a pre-blockage flow rate of around 1,350 bpd of fluids. The company now looks forward to re-entry of Hammamet West-3 with a view to side-track of the well and achieving a commercial flow in 2015.

On 5 December 2013 an off market takeover offer was received from Tangiers Petroleum with an offer ratio of 0.468 Tangiers share for every Jacka share, and was recommended to shareholders by the Jacka Board. The takeover ultimately failed with the shareholders of Tangiers taking action against their Board that resulted in the takeover offer closing on 18 March 2014 with the minimum acceptance conditions not being met and the offer lapsing with 15.18% acceptance.

Post the failed transaction the company divested its remaining interests in the Odewayne Block, Somaliland to Sterling Energy (UK) for further US\$12 million and will use these funds for development of the remaining assets in its portfolio.

During April 2014 the company completed a placement and fully underwritten rights issue to raise approximately \$3.9 million and began a process of corporate restructuring that is still ongoing and includes assets, management and board changes.

The company has also (subsequent to the end of the reporting period) recorded its first reserves with the initial booking of 1.3 million barrels of 2P Reserves at its Aje Field in OML113 Nigeria. The company expects to take final investment decision (FID) for the initial development phase in the near term and anticipates first oil from the field at the end of 2015.

Nigeria

OML 113 / Aje Field

Jacka 5% revenue interest

Aje Field Overview

The Aje Field is located in OML113, approximately 24 kilometres offshore western Nigeria. 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 licence falls within the West African Transform Margin where a series of major discoveries from Nigeria to Ghana in recent years have attracted significant industry activity.

The operator is Yinka Folawiyo Petroleum and the technical adviser to the operator is Folawiyo Aje Services Limited, a company directed by the joint venture operating committee and supported by staff and services from the joint venture participants.

OML113 covers an area of 835 square kilometres and water depths range from less than 100 metres to approximately 1,500 metres. The field, which is defined by 3D seismic, can be developed with wells drilled in conventional water depths of approximately 100-400 metres. A new 3D seismic survey, covering the whole of OML113, was acquired earlier in 2014 and will be used for locating subsequent development wells as well as pursuing exploration and appraisal targets, including the possible extension of the Ogo discovery from the adjacent OPL310 exploration area (refer to Jacka's ASX release of 10 June 2014 for further information).

The initial field discovery well, Aje-1 was drilled in 1996. A total of four wells have now been drilled on the Aje Field and hydrocarbon resources proven at three reservoir levels (Turonian, Cenomanian and Albian). The Cenomanian has been penetrated by Aje-2, Aje-3 and Aje-4. Aje-3 is located beyond the Cenomanian field limits and has a poorly developed Cenomanian section.

Aje-2 and Aje-4 both intersected the Cenomanian oil pay and the Aje-2 well flowed on test at a maximum rate from the Cenomanian reservoir of 3,766 barrels of oil per day on a 72/64" choke. The Aje-4 well was not tested but after evaluation of wireline logs it was cased and suspended as a future producer.

The Aje Cenomanian crude is light, sweet undersaturated oil of approximately 39.4 API gravity with a gas oil ratio of 375-480 scf/bbl.

Aje Field Development Plan

The joint venture expects to develop the Aje Field in multiple phases. The Field Development Plan (FDP), which was approved by the Nigerian Department of Petroleum Resources (DPR) in Q1 2014, is primarily

focused on the Cenomanian oil development and the key elements of the Phase 1 development, for which reserves have been assigned:

- drilling and completion of a new well, Aje-5, which will be drilled to a bottom-hole location near the Aje-2 well;
- re-entry and completion of the previously drilled Aje-4; and
- oil production from the two wells to a leased Floating Production, Storage and Offtake vessel (FPSO) via a subsea manifold and flowlines. An initial field production rate of approximately 10,000 barrels of oil per day is anticipated. Solution gas will be used as fuel.
- Drilling and completion operations are expected to commence in Q1 2015, with FPSO installation in mid-2015. First oil is expected by the end of 2015.

An independent assessment of the development plan has indicated that the gross 2P oil reserves for this Phase 1 development are 23.4 million barrels, of which 1.3 million barrels is attributable to Jacka's interest (See note below on Aje reserves). Estimates of petroleum recovery have been made using 3D static geological models and reservoir simulation models which have been calibrated to the well, log and test data.

All major contractors for the project have been identified (FPSO/installation/flowlines/drilling etc) and contracting discussions are advanced, in most cases to draft contracts; which provides assurance on cost and availability of services. In parallel with these activities Jacka and a group of the partners are progressing a reserve-based lending facility (RBL). The joint venture intends to make a decision to proceed to development (FID) in the near future.

No crude sales agreements have yet been entered into for the project but as the Cenomanian oil is a light crude and the project is located on major shipping routes to and from Nigeria's main oil producing areas, sales and access to transport is not expected to be a problem.

Following the approval of the FDP by the Nigerian authorities in Q1 of this year, there are no major environmental or regulatory approvals outstanding.

Subsequent development phases 2 and 3, for which contingent resources are attributed, are expected to include additional Cenomanian oil wells tied to the FPSO and the development of the significant shallower, Turonian, gas/condensate resource (which represents the bulk of Aje's total contingent resources) to meet the needs of the evolving Nigerian and West African energy market.

The Phase 2 Cenomanian oil development is currently assumed to come on stream two years after initial production from Phase 1 which will allow the joint venture to observe the production history. The subsea manifold has the ability to tie-in the additional two wells but more detailed drilling and completion plans will need to be prepared and drilling rigs and subsea installation vessels contracted before Phase 2 can proceed.

The Turonian gas/condensate development will require significant further work to establish gas sales agreements and detailed development plans before proceeding. The Turonian development assessed in the CPR envisages production via a multi-phase pipeline and construction of a shore-based gas plant. The Cenomanian oil development wells will pass through the Turonian and will provide additional appraisal data, particularly the Phase 2 wells.

Aje Field Reserves and Resources

On 26 August 2014, subsequent to the end of the reporting period, Jacka announced¹ the results of an independent Competent Persons' Report on the Aje Field completed in July 2014 by AGR TRACS International Ltd. ("AGR TRACS") on behalf of Jacka's wholly owned subsidiary, PR Oil & Gas (Nigeria) Limited and its joint venture partners. AGR TRACS has indicated that the gross 2P oil reserves for the Phase 1 Cenomanian oil development are 23.4 million barrels (see Table 1 below). The gross 2C contingent resources total an additional 179 million barrels of oil equivalent, of which 15.7 million barrels of oil is attributable to the Phase 2 Cenomanian oil development and the remainder to the later Turonian gas/condensate development (see Table 2 below). These reserve and resource estimates were derived assuming an oil price of US\$80/barrel flat real terms (RT).

Jacka has booked net 2P reserves of 1.3 million barrels of oil attributable to its Aje interests. In addition, the Company's net 2C contingent Cenomanian oil resources arising from the later development phases have been revised upwards to 1.5 million barrels which is an increase from Jacka's previous 2C contingent resources for the Cenomanian of 1.3 million barrels. In aggregate, Jacka's total net 2C contingent resources from the Aje Field have increased from 10.5 MMBOE to 12.1 MMBOE.

Table 1: 2P Reserves - Aje Phase 1 Cenomanian Development Project, OML 113

Aje Field, OML113, Nigeria	2P Proved & Probable Reserves	
	Gross Project	Net Attributable to Jacka
Phase 1 Cenomanian Oil Development		
Oil MMbbl (million barrels)	23.4	1.30
<ol style="list-style-type: none"> The reserves have been assessed using a combination of deterministic and probabilistic methods. As the estimates are for a single reservoir, aggregation was not required. Estimates use the stock tank of the FPSO as the reference point for oil measurements. Source AGR TRACS CPR – 25 July 2014, this is the effective date of the reserves estimate. 		

Table 2: 2C Contingent Resources Aje Field Cenomanian & Turonian, OML 113

Aje Field, OML113, Nigeria	2C Contingent Resources	
	Gross Project	Net Attributable to Jacka
Phase 2 Cenomanian Oil Development		
Oil MMbbl (million barrels)	15.7	0.84
Phase 3 Turonian Gas Development + Additional Cenomanian Oil		
Oil MMbbl	3.99	0.66
Condensate MMbbl	22.0	1.47
LPG MMbbl	40.0	2.67
Gas Bcf (billion cubic feet)	583	38.9
Total MMBOE(barrels of oil equiv.)	179	12.1
<ol style="list-style-type: none"> The resources have been assessed using a combination of deterministic and probabilistic methods, additions have been made arithmetically. A conversion factor of 6000 scf/boe has been applied for gas, 1 bbl/boe for condensate and LPG. Estimates use the stock tank of the FPSO as the reference point for oil and outlet of the gas plant gate for gas, condensate and LPG. Source AGR TRACS CPR – 25 July 2014, this is the effective date of the resources estimate. 		

¹ Jacka confirms that it is not aware of any new information or data that materially affects the information included in the Announcement of 26 August and that all the material assumptions and technical parameters underpinning the estimates in the Announcement continue to apply and have not materially changed.

OML113 Exploration

On 10 June 2014 Jacka announced the acquisition of a new 3D seismic survey covering all of OML113. The survey was recorded in conjunction with the adjacent block, OPL310, by the MV *Polarcus Nadia* and a total of 1,117 km² of 3D seismic data was recorded in the OML113 portion of the survey, including full coverage of the licence area. The joint acquisition was managed by Afren, who will also process the OML 113 data along with the OPL 310 data. Afren is a participant in, and has a Technical Service Agreement for, OPL310. A subsidiary of Afren, First Hydrocarbon Nigeria, is a participant in OML113.

Once final processing is complete, which is currently scheduled for late 2014, the data will be incorporated into the existing OML 113 seismic, geological and well database. This database will then be used for both exploration, including maturing existing leads into drillable prospects, and for the potential future phases of the Aje development. The additional exploration potential of OML113, including the recently recognised “syn-rift” play, was highlighted by the Ogo-1 discovery in the adjacent OPL310. OPL310 participants have publicly reported that Ogo-1 discovered P50 contingent resources of 774 mmboe with additional upside in the syn-rift section.

Tunisia**Bargou Block, Gulf of Hammamet****Jacka 15% Equity interest**

The Bargou block is located within the Pelagian Basin in the Gulf Of Hammamet offshore Tunisia and covers an area 4,616 km² with predominantly shallow water depths. The Pelagian Basin is a prolific producing basin spanning Tunisia and Libya and contains some of Tunisia’s largest producing oil and gas fields.

The Bargou block contains the Hammamet West oilfield, where three wells have already recovered hydrocarbons and the joint venture plans further appraisal / development work in the next 12 months (see below) The joint venture has 2D seismic over almost the entire block and multiple independent leads, prospects and structures to explore. The Bargou block has independently verified Mean Prospective Resources in excess of 545 million barrels of oil (82 million barrels of oil net to Jacka). Additional 3D seismic is likely to be required to further define these prospects.

Table 3 Bargou block prospective resources

Prospective Resources as at 30-Jun-12*	Licence / Permit	Jacka %	Mean Gross (MMboe)	Mean Jacka Share (MMboe)	Comments
Tunisia	Bargou	15%*	545	82	2D seismic defined prospects

* based on RPS Independent Assessment August 2008

Hammamet West Oilfield

Hammamet West-3 was spudded on 4 April 2013 with the objective of confirming oil productivity from the naturally fractured Abiod Formation, through the drilling and testing of a highly deviated wellbore. A 432m near horizontal sidetrack section (ST-1) was drilled through the Abiod Formation to a total measured depth of 3,443m. Major gas and oil influxes and very large drilling mud losses were experienced during the drilling of the near horizontal section, indicating that the well had penetrated open hydrocarbon bearing fractures within the Abiod Formation.

Testing of the well commenced in August and confirmed the presence of open hydrocarbon bearing fractures. Flow rates averaging 1,343 barrels of fluid per day for 1.5 hours were recorded during the clean-up flow and oil was recovered to surface (67 barrels) but the tests could not be completed because of recurring blockages and obstructions caused by lost circulation material (LCM). The LCM was originally used to control the major mud losses while drilling the sidetrack.

The Bargou joint venture decided to cease attempts to test ST-1 and to temporarily suspend the well, in order to secure a more capable rig to drill and test a second sidetrack (ST-2). The well was plugged and suspended and the drilling rig released on 9 November 2013.

Jacka is greatly encouraged by the results of the Hammamet West-3 well. Hammamet West-3 ST-1 successfully intersected significant open fractures with oil shows and recovered oil to surface. The information gathered from ST-1 demonstrated that the reservoir should be capable of significant flow rates on a clean, unobstructed test. The Bargou joint venture decided to pursue this objective through drilling ST-2, using information gained from ST-1 to mitigate the risk of blockages caused by LCM.

Recent joint venture activities have focused on securing a rig to re-enter Hammamet West-3 and drill and test a second sidetrack well. It is expected that operations at Hammamet West-3 will re-commence in mid 2015, subject to rig availability and government regulatory approvals.

Contingent Resources

During the year the operator of the Bargou Permit, Cooper Energy Limited completed its assessment of the contingent resources in the Hammamet West Field. The results of this assessment were reported by Cooper and Jacka in April 2014.

The net 2C contingent resource attributable to Jacka under this assessment is 5.7 mmboe. The full range of hydrocarbon-in-place and contingent resource estimates is provided in Table 4, below. Jacka confirms that it is not aware of any new information or data that materially affects the information included in the April announcement and that all the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

The contingent resource assessment confirms that Hammamet West is a significant hydrocarbon accumulation with good potential for an economic development. The field is located in relatively shallow waters, 15 kilometres from shore and previous assessments of potential development scenarios indicated that gross reserves of approximately 8 - 10 million barrels of oil will be sufficient to support an economic development. This threshold is exceeded by the gross 1C resource while the gross 2C resource is significantly greater than this.

The drilling and production testing of the second sidetrack in Hammamet West-3 is expected to provide additional critical information for assessing the field resources and development options.

One of the critical factors in determining the resources within the Hammamet West Field is the recovery factor assumed, that is the ratio of producible resources to hydrocarbons-in-place within the reservoir. As noted in the Cooper Energy announcement, its assessment has assumed a range of recovery factors based on a review of analogue fields, including Tunisian fields producing from the Abiod Formation. Published technical data for the Sidi El Kilani field, onshore Tunisia indicates projected total production of 51 million barrels from oil-in-place of approximately 170 million barrels, implying an average recovery factor for the whole Abiod reservoir of approximately 30%. If similar average recovery can be achieved from the Abiod in the Hammamet West Field this would represent significant upside when compared to the current estimates.

Table 4: Hydrocarbon-In-Place and Contingent Resource Estimates, Abiod Formation, Hammamet West Field, offshore Tunisia

Gross Hydrocarbon In Place²		P90	P50	P10
Oil and Associated Gas³ mmboe⁴		162	366	780
Gross⁵ Contingent Resource Estimates		1C (P90)	2C (P50)	3C (P10)
Oil	Mmbbl	11.6	34.5	99.8
Gas ²	Bcf	5.3	17.9	59.7
Total	mmboe	12.6	37.7	110.4
Net⁶ Contingent Resource Estimates for Jacka Resources (15% interest)				
Oil	Mmbbl	1.7	5.2	15.0
Gas ²	Bcf	0.8	2.7	9.0
Total	Mmboe	1.9	5.7	16.6

Tanzania

Ruhuhu Block

Jacka 100% equity interest

The Ruhuhu licence is located in south-west Tanzania and covers an area of 10,343 km². Jacka is the Operator and holds 100% of the licence which provides Jacka with the petroleum exploration rights to the entire Ruhuhu Basin, a Karoo rift basin, and to a portion of the Lake Nyasa rift basin which is part of the East African rift system. Significant oil discoveries have been made in other East African rift basins in Uganda and Kenya.

Tanzania, while still relatively underexplored, has become the focus of significant exploration activity by major companies such as Shell, Statoil, BritishGas, Petrobras and ExxonMobil following a series of very large offshore gas discoveries. Tanzania is considered to have significant exploration potential within the offshore deep water blocks and within the onshore 'East African Rift' basins, located in the central and western parts of the country.

Block Overview

The Ruhuhu PSA exploration licence area encloses an entire Karoo (Late Carboniferous to Triassic) rift basin, which was later transected at its western extent by the "modern" Nyasa rift basin of the currently active East African Rift.

Within the Karoo system of the Ruhuhu Basin the key exploration targets are considered to be the organic-rich Early Permian shales which have good potential as a shale gas / tight gas and liquids exploration play; and Early Permian coals with potential for coal seam gas (CSG). Conventional hydrocarbon targets may also exist within the basin.

²Source: Cooper Energy, April 2014

³**Gas:** Associated gas dissolved in oil at reservoir conditions

⁴**mmboe:** Million barrels of oil equivalent. Conversion factor of 1 boe = 5,620 scf (1 Bcf = 0.178 MMboe)

⁵**Gross:** Contingent Resources attributable to 100% joint venture interest in Bargou Permit, Tunisia

⁶**Net:** Contingent Resources attributable to Jacka's 15% interest in Bargou Permit, Tunisia

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 great exploration interest.

The thick, bituminous Early Permian coals of the Mchuchuma Formation are currently being mined on the basin flanks for power generation and other domestic use. These coals are interpreted to occur within the central sub-basins at depths which make them a potentially attractive CSG target.

The western end of the licence includes an onshore portion of the Nyasa rift, which is part of the East African Rift system. Conventional oil exploration targets are most likely to occur within this area, where reservoirs, of both the Neogene delta and the older, underlying, Karoo system could be charged by hydrocarbons migrating from interpreted oil mature source kitchens under Lake Nyasa. Volatile hydrocarbons have been detected in Lake Nyasa sediments during academic studies.

Interpretation of nearly 1,200 kms of reflection seismic data, recorded as part of Project PROBE and recently reprocessed by Jacka, is expected to provide a better understanding of both the source kitchens and the migration pathway.

The work program in the reporting period has focussed on the collection of geological and geophysical data and the integration of this data into Jacka's technical studies of the area, in preparation for geophysical and geological survey operations in 2014/15. These activities included the reprocessing of a vintage, medium-resolution airborne magnetic survey and other supporting data to generate a depth to basement map for the entire Ruhuhu Basin, thus improving Jacka's understanding of the internal structure and evolution of the Ruhuhu Basin. The reprocessing of this older data will also allow Jacka to design and acquire high-resolution, airborne Full Tensor Gravity (FTG) and magnetics surveys, targeting individual sub-basins within the Ruhuhu Basin during 2014/15.

A comprehensive review of the licence area's prospectivity was recently completed and will be used to guide the future exploration program, which includes field mapping, further airborne geophysical surveys and seismic prior to any drilling. The Company has initiated a farmout campaign after being approached by a number of parties interested in the licence.

Somaliland

Odewayne Block

Jacka 30% equity interest

In April 2012 Jacka announced that it had entered into an agreement with Petrosoma Limited ("Petrosoma") to become Operator and a 50% equity holder in Blocks 6,7 (partial) and 10 (partial), located onshore Somaliland which are the subject of a Production Sharing Agreement ("PSA") with the Government of the Republic of Somaliland. The PSA area, which was formerly known as 'block 26', is now informally referred to as the "Odewayne block".

Under Jacka's original farmin agreement with Petrosoma (as announced in April 2012), the Company had the opportunity to acquire up to an 85% participating interest on the Odewayne block by funding the minimum work program in exploration phases III and IV and, potentially, Petrosoma's costs in an additional well.

At the end of 2012 the Company announced that it had farmed out a 50% equity interest in the Odewayne block in Somaliland to Genel Energy plc ("Genel") and that the transaction had been approved by the government of Somaliland. This farmout would see Jacka retain a 30% participating interest in the licence with an option to acquire a further 5%.

Genel earned a 50% interest in the Block by:

1. carrying Jacka and Petrosoma through at least the minimum work program in phases III and IV of the PSA, including 1,500 kms 2D seismic and the drilling of an exploration well
2. paying for all PSA related expenditure in exploration phases III and IV
3. paying approximately US\$0.7 million to Jacka as a pro rata share of back costs.

In September 2013 Jacka was advised by Genel, the Operator of both the Odewayne block and the adjacent SL10B/SL13B exploration block (in which Jacka is not a participant), that Genel had temporarily withdrawn its expatriate employees and contractors from Somaliland because of security concerns. Genel had been preparing to acquire a seismic survey on block SL10B/SL13B which was to be followed by seismic survey acquisition in the Odewayne block. Genel continues to liaise closely with the Somaliland Government to ensure the satisfactory management of the security situation. Seismic operations are expected to recommence once the appropriate security arrangements have been established.

In November 2013 Jacka announced that it had executed a farmout agreement with Sterling Energy Plc where Sterling would acquire a 15% equity interest in the Odewayne licence from Jacka for a total cash consideration of US\$15 million (US\$3 million on signature of the farmout agreement and the remainder in progress payments).

Jacka retained a 15% interest in the licence upon completion of the farmin (with an option over an additional 5% from the original Jacka-Petrosoma transaction). In May 2014 the Company announced the completion of a second farmout agreement with Sterling Energy, with regard to that 15% interest in the Odewayne licence. Under the terms of the Second Sterling Agreement:

1. Sterling acquired an additional 15% interest in the PSC from JRSL;
2. Sterling paid a total cash consideration of US\$12 million;
3. JRSL cancelled the US\$12 million future conditional payments due under the Original Sterling Transaction.

Although this transaction resulted in JRSL's departure from the PSC, Jacka retains an option to acquire a 5% participating interest arising from its original farm-in agreement with Petrosoma Limited⁷. The option can be exercised on the earlier of the proposal of a second well in the PSC or the parties entering into the Fifth Period of the PSC.

The PSC is currently in the Third Period (expiring November 2016) with an outstanding minimum work obligation of 500 km of 2D seismic. The minimum work obligation during the Fourth Period of the PSC (expiring May 2018) is for 1,000 km of 2D seismic and one exploration well.

Block Overview

The Odewayne block lies in the south west of Somaliland and covers an area of some 22,000 km². The Block completely encloses the Odewayne basin. The Odewayne, Nogaal and Dharoor basins are three genetically-related Mesozoic rift basins in the Horn of Africa that were once continuous with the prolific Jurassic rift basins of Yemen. Yemen and the Horn of Africa have been separating since the Oligocene due to the ongoing East African Rift and opening of the Gulf of Aden. The geology of the Odewayne basin is expected to be very similar to the prolific producing basins of Yemen.

Full block airborne gravity and magnetic data acquired late in 2012 confirm the Odewayne basin, as it is now known, to be approximately 220km long and 50km wide. These are typical rift segment dimensions, amply demonstrated in the modern East African Rift. The airborne geophysics program has further confirmed the presence of large rotated fault blocks, desirably located immediately adjacent to a large 120km x 40km depocentre, for receipt of hydrocarbon charge.

⁷ The option requires Jacka to carry Petrosoma through exploration activity up to a capped amount of total project expenditures. On the basis of current estimates of the project expenditures, the expenditure cap may be reached before Jacka exercises the option resulting in Jacka's carry obligations being satisfied.

A working source kitchen had been demonstrated by Petrosoma at the time of Jacka's entry into the project, with nine sampled and verified oil seeps in the eastern part of the licence area in 2006. Geochemical analysis of those seeps indicated an original light oil or condensate, consistent with the oils produced in Yemen.

A further 10 oil seeps were identified during in an extensive community engagement program in preparation for the airborne geophysics program. These new seeps were proven to be widely distributed around the flanks of the Odewayne basin, providing further evidence of the Odewayne basin's prospectivity. The 20km - 40km migration distance implied by the location of some of the seeps suggests both a prolific source kitchen and an effective regional seal.

Australia**WA-399-P, North West Shelf****Jacka 15% equity interest**

Jacka held a 15% equity interest in the WA-399-P joint venture, with the permit being located in the Carnarvon Basin, offshore Western Australia. The joint venture partners had all previously indicated their intention to withdraw from this permit and began the process of surrendering the permit. The Joint Authority consented to the surrender of the permit on 27 June 2014.

Reserves & Resources Reporting

Jacka has built a strong and diversified portfolio of reserves, contingent and prospective resources. In determining the resources Jacka has used guidelines recommended by the Society of Petroleum Engineers publication "Guidelines for Application of the Petroleum Resources Management System" ("PRMS"). PRMS is a fully integrated system that provides for calculation and categorization of all petroleum reserves and resources.

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.

Aje Field, OML113, Nigeria	2P Proved & Probable Reserves	
	Gross Project	Net Attributable to Jacka
Phase 1 Cenomanian Oil Development		
Oil MMbbl (million barrels)	23.4	1.30
<ol style="list-style-type: none">1. The reserves have been assessed using a combination of deterministic and probabilistic methods. As the estimates are for a single reservoir, aggregation was not required.2. Estimates use the stock tank of the FPSO as the reference point for oil measurements.3. Source AGR TRACS CPR – 25 July 2014, this is the effective date of the reserves estimate.		

DIRECTORS REPORT Continued

Contingent Resources are those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from known accumulations, but which are not currently considered to be commercially recoverable or where no development or commercial plan has been confirmed.

Contingent Resources as at 30-Jun-12	Licence / Permit	Jacka %	2C Gross (MMboe)	2C Jacka Share (MMboe)	Comments
Hammamet West Field	Bargou Tunisia	15%	37.7	5.7	Appraisal Development pending
Aje Field	OML113 Nigeria	5%	179	12.1	
Total			216	17.8	

Under the PRMS, Prospective Resources are defined as undiscovered, potentially recoverable petroleum accumulations. Jacka has an increasing number of exploration licences under evaluation, using techniques such as gravity and magnetic surveys, geochemical surveys, seismic surveys and basin analysis. Jacka accordingly maintains a database of Prospects and Leads. Prospects are defined as potentially recoverable petroleum accumulations that are drill-ready or near drill-ready, while leads are identified as potentially recoverable petroleum accumulations that will require additional study to be matured to Prospects and appear in drilling plans. It is important to realise that prospects and leads carry exploration risks, which result in a chance of not finding commercial hydrocarbons. These risks are identified by Jacka and help management in ranking exploration priorities.

Prospective Resources as at 30-Jun-12*	Licence / Permit	Jacka %	Mean Gross (MMboe)	Mean Jacka Share (MMboe)	Comments
Tunisia	Bargou	15%	545	82	2D seismic over block 3D over Hammamet
Nigeria	OML113	up to 5%	186	6.9	3D seismic over prospects
Somaliland	Odewayne	30%	0	0	Frontier exploration
Tanzania	Ruhuhu	100%	0	0	Frontier exploration
Totals			731	89.0	

Reserves and Resources Reconciliation

A reconciliation of Jacka's 2P reserves and 2C contingent resources for the Aje Cenomanian and Turonian projects is shown in Table 3, below. In addition to the initial booking of 1.3 MMbbl of 2P reserves there has been an upward revision of 2.9 MMBOE in contingent resources primarily due to revisions in the depth mapping, following seismic reprocessing and a detailed review of the seismic data.

Table 5: Reconciliation of Jacka Net Reserves and Contingent Resources Aje Field, OML113, Nigeria

Aje Field, Nigeria	Net 2P Oil Reserve MMbbl	Net 2C Contingent Resource MMBOE
Opening Estimate 31 Dec 2013	0.0	10.5
Exploration	0.0	0.0
Transfers	1.3	-1.3
Revisions	0.0	2.9
Production	0.0	0.0
Acquisition/Divestment	0.0	0.0
Closing Estimate August 2014	1.3	12.1

Table 6: Reconciliation of Jacka Net Reserves and Contingent Resources Hammamet West, Bargou block, Tunisia

Hammamet West, Tunisia	Net 2P Oil Reserve MMbbl	Net 2C Contingent Resource MMBOE
Opening Estimate 1 July 2013	0.0	16.7
Exploration	0.0	0.0
Transfers	0.0	0.0
Revisions	0.0	-11.0
Production	0.0	0.0
Acquisition/Divestment	0.0	0.0
Closing Estimate 30 June 2014	0.0	5.7

Table 7: Reconciliation of Jacka's Total Net Reserves and Contingent Resources

Hammamet West, Tunisia	Net 2P Oil Reserve MMbbl	Net 2C Contingent Resource MMBOE
Opening Estimate 1 July 2013	0.0	27.2
Exploration	0.0	0.0
Transfers	1.3	-1.3
Revisions	0.0	-8.1
Production	0.0	0.0
Acquisition/Divestment	0.0	0.0
Closing Estimate 30 June 2014	1.3	17.8

Table 8: Permit Summary

Country	Block / Licence	Equity	Joint Venture Partner(s)	Partner Interest	Indicative Forward Program
Tunisia	Bargou	15%	Dragon Oil* Cooper Oil*	55.00% 15.00%	Appraisal, development & exploration – 2D defined prospects with 3D over Hammamet oilfield
Nigeria	Aje Field	5%*	Yinka Foliwayo* EER FHN NewAge Panora	25.00% 16.88% 16.88% 24.06% 12.19%	Appraisal, development & exploration – 3D defined prospects * JKA interest is ‘net revenue’ for Aje Field
Somaliland	Odewayne	0%	Petrosoma Genel Energy* Sterling Energy	10.00% 50.00% 40.00%	Exploration – frontier. Jacka has divested its direct interests and now holds a 5% option over the licence.
Australia	WA-399-P	0%	Apache* Carnarvon Rialto Jacka	60.00% 13.00% 12.00% 15.00%	Licence relinquished on 27 th June 2014
Tanzania	Ruhuhu	100%	-		Exploration - frontier

* Denotes Operator / Technical Advisor where Jacka is not Operator

WA-399-P was relinquished by al JV participants in June 2014.

Odewayne Block, Somaliland was divested to Sterling Energy in two tranches in the financial period, although Jacka retains an option over a 5% participating interest.

Table 9: Changes in Licence Interests

Country	Block / Licence	Interest held at 1 July 2013	Interest acquired / disposed of during year	Interest held at 30 June 2014
Australia	WA-399-P (offshore)	15%	15%	0%
Somaliland	Odewayne (onshore)	30%	30%	0%

Corporate

Takeover offer by Tangiers

In December 2013, Jacka and Tangiers Petroleum Limited (“Tangiers”, ASX:TPT, AIM TPET) announced that they had entered into a Bid Implementation Agreement (“BIA”) in respect of an off-market takeover offers to be made by Tangiers for all of the issued ordinary shares and listed options in Jacka (“**the Tangiers Offers**”). In the absence of a superior proposal, the Jacka Board recommended that shareholders and listed option holders accept the Tangiers Offer of 0.468 Tangiers Shares for each Jacka share.

The Tangiers Offers subsequently opened on 4 February 2014 and the Tangiers Bidders’ Statement and Jacka’s Target Statement were dispatched to all shareholders. On the same day Tangiers announced the sudden resignation of Executive Chairman Eve Howell and Non-Executive Director Max De Vietri from the Board of Tangiers, leaving only one remaining director. Trading in Tangiers was subsequently suspended on both ASX and AIM while Tangiers sought to appoint new directors to meet their obligations under the Corporations Act. Given the uncertainty with respect to the future composition of the Tangiers Board and the associated impact on the Tangiers Offers, Jacka requested that trading in its shares also be suspended from 4 February 2014. As a result of these developments, the Jacka Board recommended that shareholders take no action in response to the Tangiers Offers pending further clarification in relation to these matters.

At the time the BIA was agreed, Tangiers also agreed to provide Jacka with a \$2.5m loan facility to assist Jacka’s funding for Q1 2014. Jacka initially intended to use the Tangiers facility only as and when required, and with Tangiers’ consent, had drawn down \$300,000 under the facility prior to the change in the composition of the Tangiers Board. However, following the changes to the Tangiers Board, Tangiers refused to consent to any further drawdowns under that facility.

In view of Jacka’s financial position, Jacka’s Board considered it necessary for the company to actively seek, respond to and examine potential alternative transactions in order to address Jacka’s short term funding requirements. As the BIA contained numerous restrictions which, if they continued to apply to Jacka, would restrict it from soliciting alternative transactions, Jacka terminated the BIA in accordance with its right to do so due to the conditions precedent to Galp’s farmin to Tangiers’ Moroccan permits having not been satisfied by the agreed date of 1 February 2014. Jacka was also subsequently paid a break fee of \$300,000 by Tangiers as a result of Jacka exercising that termination right.

The Tangiers Offers closed on 18 March 2014. As the minimum acceptance conditions to the Tangiers Offers had not been met the offer lapsed with 15.18% acceptances which were cancelled.

Capital Raising and Corporate Restructure

Capital Raising

In May 2014, the Company completed a capital raise of A\$3,855,109 via a placement (“Placement”) and a fully underwritten non-renounceable entitlement issue (“Entitlement Issue” and both together “the Capital Raising”). The funds from the Capital Raising were used to repay existing debt facilities and to provide additional working capital for projects in Nigeria, Tunisia and Tanzania.

The Company raised a total of approximately A\$1,000,000 through the placement of 15.38 million fully paid ordinary shares at a price of A\$0.065 together with one (1) free listed attaching option (exercisable at \$0.13 on or before 31 May 2016) for every one (1) new share subscribed for under the Placement. The Placement settled in April 2014.

The Company also completed a fully underwritten non-renounceable entitlement issue (“Entitlement Issue”) to all shareholders on the basis of one (1) new share for every eight (8) shares held, together with one (1) free attaching listed option (exercisable at \$0.13 on or before 31 May 2016) for every two (2) new shares subscribed under the Entitlement Issue. The Company raised a total of approximately A\$2,855,109 through the placement of 43.92 million fully paid ordinary shares at a price of A\$0.065. The Entitlement Issue was completed on in May 14 and the Company returned to official quotation on the ASX on 23 May 2014.

Cash on hand 30 June 2014

Available cash resources as at 30 June 2014 (excluding JV interests) A\$10.038M

Corporate Restructure

As part of the Company’s plan to reduce costs and re-focus on its strategy of delivering value from its portfolio of assets, the Jacka Board was restructured, including a reduction in total director numbers to three. Mr Stephen Brockhurst, Mr Brett Smith and Mr Justyn Wood resigned as directors of the Company during the quarter. In May the Company announced the appointment of Mr Max Cozijn as Chairman and Mr James Robinson as a Non-Executive Director. Mr Neil Ferris was appointed Non-Executive Director on 9 September 2014.

In June the Managing Director, Mr Bob Cassie, and the CFO, Mr Richard Aden, resigned from their positions with the Company effective at the end of the September 2014. Mr Cassie resigned as a Director on 9 September 2014 and continues as a consulting E&P advisor.

Summary of Capital Structure as at 04 September 2014**Quantity**

Ordinary Shares	395,322,883
Listed Options exercisable at \$0.35 on or before 1 February 2015	50,000,000
Unlisted Options exercisable at \$0.20 on or before 11 October 2015	500,000
Unlisted Options exercisable at \$0.20 on or before 3 May 2017	1,250,000
Unlisted Options exercisable at \$0.14 on or before 1 February 2015	19,250,000
Unlisted Options exercisable at \$0.20 on or before 11 September 2016	2,700,000
Listed Options exercisable at \$0.10 on or before 31 May 2016	67,859,379

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 report has been compiled by Mr Robert Cassie, Jacka’s Managing Director until September 9. Mr Cassie (B.Sc. (Hons) Geophysics), MAAPG and over 30 years of experience in the exploration for, appraisal and development of petroleum resources) has sufficient relevant experience to qualify as a Qualified Petroleum Reserves and Resources Evaluator (QPPRE) under ASX Listing Rules. Mr Cassie is a full-time employee of the company. Mr Cassie consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

PRINCIPAL ACTIVITIES

The principal activities during the period of the Consolidated Entity were oil and gas exploration, Tunisia block Bargou, Somaliland Odewayne Block and OML113 licence in Nigeria and Ruhuhu Block in Tanzania.

DIRECTORS REPORT Continued

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL**2014**

Key Management Personnel	Balance 01-Jul-13	On market purchase	Options exercised	Net change other	Balance 30-Jun-14
Scott Spencer*	1,500,000	-	-	(1,500,000)*	-
Richard Aden*	1,051,682	-	-	-	1,051,682
Brett Smith*	1,715,000	-	-	(1,715,000)*	-
Stephen Brockhurst*	3,068,486	-	-	-	3,068,486
Justyn Wood*	50,000	200,000	-	(250,000)*	-
Bob Cassie	75,000	-	-	9,375	84,375
Max Cozijn	-	100,000	-	-	100,000
James Robinson	-	-	-	-	-
Neil Fearis	-	-	-	-	-
	7,460,168	300,000	-	(3,455,625)	4,304,543

*Director resignation

2013

Key Management Personnel	Balance 01-Jul-12	On market purchase	Options exercised	Net change other	Balance 30-Jun-13
Scott Spencer	1,000,000	-	500,000	-	1,500,000
Richard Aden	1,051,682	-	-	-	1,051,682
Brett Smith	1,455,000	-	260,000	-	1,715,000
Stephen Brockhurst	2,688,865	-	379,621	-	3,068,486
Justyn Wood	-	50,000	-	-	50,000
Bob Cassie	40,000	35,000	-	-	75,000
	6,235,547	85,000	1,139,621	-	7,460,168

Net other change represents on market share purchases or change on director resignation as noted.

DIRECTORS REPORT Continued

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

2014

Key Management Personnel	Balance 01-Jul-13	Option grant	Options exercised	Option expiry	Balance 30-Jun-14	Vested during the period	Vested and exercisable
Scott Spencer*	3,000,000	-	-	(1,000,000)	2,000,000	-	2,000,000
Richard Aden*	4,000,000	-	-	(1,000,000)	3,000,000	-	3,000,000
Brett Smith*	3,000,000	-	-	(1,000,000)	2,000,000	-	2,000,000
Stephen Brockhurst*	3,000,000	-	-	(1,000,000)	2,000,000	-	2,000,000
Justyn Wood*	3,750,000	-	-	-	3,750,000	-	3,750,000
Bob Cassie	500,000	4,688	-	-	504,688	504,688	504,688
Max Cozijn	-	-	-	-	-	-	-
James Robinson	-	-	-	-	-	-	-
Neil Fearis	-	-	-	-	-	-	-
	17,250,000	4,688	-	(4,000,000)	13,254,688	504,688	13,254,688

*Director resignation

2013

Key Management Personnel	Balance 01-Jul-12	Option grant	Options exercised	Option expiry	Balance 30-Jun-13	Vested during the period	Vested and exercisable
Scott Spencer	3,525,000	-	(500,000)	(25,000)	3,000,000	2,000,000	3,000,000
Richard Aden	4,510,000	-	-	(510,000)	4,000,000	3,000,000	4,000,000
Brett Smith	3,650,000	-	(260,000)	(390,000)	3,000,000	2,000,000	3,000,000
Stephen Brockhurst	4,129,623	-	(379,621)	(750,002)	3,000,000	2,000,000	3,000,000
Justyn Wood	3,750,000	-	-	-	3,750,000	2,500,000	2,500,000
Bob Cassie	-	500,000	-	-	500,000	-	-
	19,564,623	500,000	(1,139,621)	(1,675,002)	17,250,000	11,500,000	17,500,000

REMUNERATION REPORT

In determining competitive remuneration rates, the Board reviews benchmarks on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice should be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

Performance Based Remuneration

The Board recognises that Jacka Resources Limited operates in a global environment. To prosper in this environment, it must attract, motivate and retain key executive staff. The principles supporting the remuneration policy are that:

- Reward reflects the competitive global market in which we operate.
- Individual reward is based on performance across a range of indicators that apply to delivering results across the Consolidated Entity.
- Rewards to executives are linked to creating value for shareholders.
- Executives are rewarded for both financial and non-financial performance.
- Remuneration arrangements are equitable and facilitate the deployment of senior management across the Consolidated Entity.

Option remuneration was not granted to the Directors and any key management personnel during the period. Refer to Directors' Report for further details

DIRECTORS REPORT Continued

Market Comparisons

Consistent with attracting and retaining talented executives, the Board endorses the use of incentive and bonus payments. The Board continues to seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the Consolidated Entity's position with the external market. The impact and high cost of replacing senior employees and the competition for talented executives requires the Committee to reward key employees when they deliver consistently high performance.

Board Remuneration

Shareholders approve the maximum aggregate remuneration for Non-Executive Directors. The Board determines actual payments to Directors and reviews their remuneration annually, based on benchmarks with regard to market practice, relativities, and the duties and accountabilities of directors. A review of Directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits.

The following table of benefits and payment details, in respect of the financial year, the components of remuneration for each member of the key management personnel of the Consolidated Entity, and to the extent different, the directors receiving the highest remuneration:

30 June 2014	Short-term benefits Salary, fees and leave	Long-term benefits Superannuation	Share based payments Shares/options	Total	% Share or Performance based remuneration %
	\$	\$	\$	\$	
Non-Executive Directors					
Scott Spencer (Resigned 4 March 2014)	60,000	-	-	60,000	0
Brett Smith (Resigned 21 May 2014)	50,416	-	-	50,416	0
Stephen Brockhurst ¹ (Resigned 21 May 2014)	64,166	5,936	-	70,102	0
Max Cozijn (Appointed 21 May 2014)	7,234	669	-	7,903	0
James Robinson (Appointed 21 May 2014)	6,209	-	-	6,209	0
Executive Directors					
Bob Cassie (Resigned 9 September 2014)	329,435	21,523	-	350,958	0
Executives					
Richard Aden (Resigned 5 November 2014) Chief Financial Officer	346,514	27,941	-	374,455	0
Justyn Wood (Resigned 3 April 2014) Technical Consultant	312,995	13,082	-	326,077	0
Amanda Wilton-Heald ¹ Company Secretary	-	-	-	-	0
	1,176,969	69,151	-	1,246,120	

DIRECTORS REPORT Continued

30 June 2013	Short-term benefits Salary, fees and leave	Long-term benefits Superannuation	Share based payments Shares/options	Total	% Share or Performance based remuneration
	\$	\$	\$	\$	%
Non-Executive Directors					
Scott Spencer	83,750	-	-	83,750	0%
Brett Smith	52,917	-	-	52,917	0%
Stephen Brockhurst ¹	61,667	5,550	-	67,217	0%
Executive Directors					
Richard Aden	317,500	28,575	-	346,075	0%
Justyn Wood	353,147	16,080	-	369,227	0%
Executives					
Bob Cassie E & P Advisor	283,344	-	32,040	315,384	10%
Amanda Wilton-Heald ¹ Company Secretary	-	-	-	-	0%
	1,152,325	50,205	32,040	1,234,570	3%

¹Mining Corporate Pty Ltd, a company of which Stephen Brockhurst is a director and the Company Secretary, Amanda Wilton-Heald is an employee, was paid \$205,914 (2013: \$151,926) in cash for provision of registered office, reception, bookkeeping, accounting and company secretarial services.

Voting and comments made at the Company's 2013 Annual General Meeting (AGM)

The resolution approving the 2013 Remuneration Report was passed unanimously on a show of hands. Proxy votes received in respect of the resolution were disclosed to the ASX in accordance with section 251AA of the Corporations Act.

During the year the following share based payment arrangements were in existence:

Key Management Personnel	Date of Grant	Number of Options	Exercise Price	Expiry Date	Grant Date Fair Value	Vesting Date
Justyn Wood	28 November 2011	1,250,000	\$0.20	3 May 2017	\$0.025	30 June 2013
Bob Cassie	11 October 2012	500,000	\$0.20	11 October 2015	\$0.064	11 October 2012
		1,750,000				

OPERATING RESULTS

Profit after income tax for the financial year was \$10,689,775 (2013: \$1,069,929 loss), the increase primarily a result of the gain realised on divestment of the Odewayne Project.

The net asset position of the Consolidated Entity at 30 June 2014 was \$51,059,853 (2013: \$33,768,705), the increase primarily a result of the proceeds received from the divestment of the Odewayne Project and the increased exploration expenditure on the Company's Bargou, Aje and Tanzania projects. The entity used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant change in the nature of these activities occurred during the year.

AFTER BALANCE DATE EVENTS

On August 26 the Company announced the first reserves booking for the Aje Field. The Company carries 2P reserves of 1.3 million barrels of oil attributable to its Aje Field interest (refer to the operations report for details).

On 1st July 2014, Mr Bob Cassie tendered his resignation effective from 1 October 2014, or at such an earlier time as is mutually agreed. With the appointment of Mr Neil Fearis as Non-Executive Director on 9 September 2014, Mr Cassie has now resigned effective that date but has entered into a 12 month consulting agreement with the Company. Mr Richard Aden also tendered his resignation to take effect from 30 September 2014, but his consultancy agreement has been extended to 31 December 2014.

On 31 July 2014 11,700,000 unlisted options at an exercise price of \$0.50 with an expiry date of 31 July 2014 expired.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

ENVIRONMENTAL ISSUES

The Consolidated Entity is subject to significant regulation in respect of its exploration activities and the Consolidated Entity is aware of its environmental obligations and ensures that it complies with all regulations when carrying out any exploration work. The Consolidated Entity is not aware of any environmental breaches during the year under review.

The directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Consolidated Entity for the current nor subsequent financial year. The directors will reassess this position as and when the need arises.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid during the period and no recommendation is made as to dividends.

No person entitled to exercise these options had or has any right, by virtue of the option, to participate in any share issue of any other body corporate.

INDEMNIFYING OFFICERS OR AUDITOR

The Company currently has directors' and officers' liability insurance of which the premium paid is \$12,000 (2013: \$22,990).

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of those proceedings. The Consolidated Entity was not a party to any such proceedings during the year.

MEETINGS OF DIRECTORS

Director	Board Meetings		Audit Committee	Remuneration Committee	Nomination Committee
	Number Eligible to Attend	Number Attended			
Scott Spencer (Resigned 4 March 2014)	13	12	1	1	1
Richard Aden (Resigned 5 November 2014)	5	5			
Brett Smith (Resigned 21 May 2014)	14	13	1	1	1
Stephen Brockhurst (Resigned 21 May 2014)	14	14	1	1	1
Justyn Wood (Resigned 3 April 2014)	13	12			
Bob Cassie (Resigned 9 September 2014)	9	9			
Max Cozijn (Appointed 21 May 2014)	1	1			
James Robinson (Appointed 21 May 2014)	1	1			
Neil Fearis (Appointed 9 September 2014)	0	0			

NON-AUDIT SERVICES

During the year, the Company paid \$7,150 (2013: \$8,740) to Bentleys for non-audit services, being taxation consulting services. The Board of Directors are satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. No other fees were paid or payable to the auditors for non-audit services performed during the year ended 30 June 2014.

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the period ended 30 June 2014 has been received and is included within the financial statements.

Signed in accordance with a resolution of directors.



Max Cozijn
Chairman
Perth, 25 September 2014

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Jacka Resources Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



BENTLEYS
Chartered Accountants



DOUG BELL CA
Director

Dated at Perth this 25th day of September 2014

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Consolidated 2014 \$	Consolidated 2013 \$
Interest revenue		47,624	58,039
Gain on sale of exploration asset	8(b)	14,260,559	-
Other revenue		305,200	-
Accounting and audit fees		(225,323)	(165,085)
Compliance fees		(168,414)	(94,425)
Consultancy fees		(527,982)	(166,064)
Depreciation		(4,840)	(4,840)
Directors' remuneration		(396,335)	(417,219)
Exploration and evaluation expenditure impairment		(671,804)	-
Foreign exchange gain		50,831	513,644
Government Contributions	8(b)	(901,976)	-
Insurance		(25,009)	(37,949)
Interest		(288,474)	-
Legal fees		(323,663)	(50,143)
Marketing		(63,079)	(58,637)
Occupancy		(105,103)	(50,087)
Profit on sale of investments		(9,776)	1,000
Share based payments		(54,615)	(371,203)
Travel expenses		(50,215)	(96,187)
Other expenses		(157,831)	(130,773)
Loss before income tax benefit		10,689,775	(1,069,929)
Income tax benefit	2	-	-
Loss for the period		10,689,775	(1,069,929)
Other comprehensive income			
Other comprehensive income (net of income tax)			
Items that may be classified subsequently to profit or loss:			
Net unrealised (gain)/loss on available for sale financial assets		13,850	(1,267)
Total comprehensive income for the year		10,703,625	(1,071,196)
Basic profit/(loss) per share (cents)	3	3.12	(0.40)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	Consolidated Entity 2014	Consolidated Entity 2013
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	4	10,037,359	3,645,320
Trade and other receivables	5	50,484	99,159
Financial assets	6	-	209,758
Total Current Assets		10,087,843	3,954,237
Non-Current Assets			
Financial assets	6	34,220	220,572
Plant and equipment	7	9,122	13,962
Exploration expenditure	8	42,030,976	31,384,668
Total Non-Current Assets		42,074,318	31,619,202
Total Assets		52,162,161	35,573,439
LIABILITIES			
Current Liabilities			
Trade and other payables	9	731,426	1,723,375
Borrowings	10	300,000	-
Provisions	11	70,882	81,359
Total Current Liabilities		1,102,308	1,804,734
Total Liabilities		1,102,308	1,804,734
Net Assets		51,059,853	33,768,705
EQUITY			
Issued capital	12	46,988,934	40,456,026
Reserves	13	152,681	84,216
Retained Profits/(Accumulated losses)		3,918,238	(6,771,537)
Total Equity		51,059,853	33,768,705

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

Consolidated Entity	Issued Capital	Option Reserve	Asset Revaluation Reserve	Forex Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2013	40,456,026	560,290	(28,470)	(447,604)	(6,771,537)	33,768,705
Securities issued during the period	7,127,586	-	-	-	-	7,127,586
Security issue expenses	(594,678)	-	-	-	-	(594,678)
Grant of options	-	54,615	-	-	-	54,615
Foreign currency translation	-	-	-	-	-	-
Profit for the period	-	-	-	-	10,689,775	10,689,775
Other comprehensive income	-	-	13,850	-	-	13,850
Total comprehensive income for the period	-	-	13,850	-	10,689,775	10,703,625
Balance at 30 June 2014	46,988,934	614,905	(14,620)	(447,604)	3,918,238	51,059,853

Consolidated Entity	Issued Capital	Option Reserve	Asset Revaluation Reserve	Forex Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2012	31,081,401	189,087	(27,203)	(447,604)	(5,701,608)	25,094,073
Securities issued during the period	10,000,000	-	-	-	-	10,000,000
Security issue expenses	(625,375)	-	-	-	-	(625,375)
Grant of options	-	371,203	-	-	-	371,203
Foreign currency translation	-	-	-	-	-	-
Loss for the period	-	-	-	-	(1,069,929)	(1,069,929)
Other comprehensive income	-	-	(1,267)	-	-	(1,267)
Total comprehensive income for the period	-	-	(1,267)	-	(1,069,929)	(1,071,196)
Balance at 30 June 2013	40,456,026	560,290	(28,470)	(447,604)	(6,771,537)	33,768,705

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Consolidated Entity 2014	Consolidated Entity 2013
		\$ Inflows/ (Outflows)	\$ Inflows/ (Outflows)
Cash flows from operating activities			
Payments to suppliers and employees		(1,750,126)	(636,373)
Exploration expenditure		(13,781,940)	(10,588,756)
Interest received		47,624	58,039
Interest paid		(173,696)	-
Net cash (used in) operating activities	4(i)	(15,658,138)	(11,167,090)
Cash flows from investing activities			
Proceeds from sale of tenement assets	8(b)	16,028,817	-
Payment for government contribution	8(b)	(901,976)	-
Payment for financial assets		-	(361,599)
Proceeds from sale of financial assets		90,428	10,000
Payment for plant and equipment		-	-
Payment for acquisition of subsidiary		-	-
Net cash (used in) investing activities		15,217,269	(351,599)
Cash flows from financing activities			
Receipt of break fee		300,000	-
Proceeds from borrowings		1,700,000	-
Repayment of borrowings		(1,700,000)	-
Proceeds from issue of shares		7,127,587	10,000,000
Payment of share issue costs		(594,679)	(625,375)
Net cash provided by financing activities		6,832,908	9,374,625
Net increase in cash held		6,392,039	(2,144,064)
Cash at beginning of the financial period		3,645,320	5,789,384
Cash and cash equivalents at period end	4	10,037,359	3,645,320

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *Continued* FOR THE YEAR ENDED 30 JUNE 2014

1. Statement of Significant Accounting Policies

This financial report includes the consolidated financial statements and notes of Jacka Resources Limited and controlled entities ('Consolidated Entity'). Jacka Resources Limited is a company limited by shares, incorporated and domiciled in Australia.

Reporting Basis and Conventions

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations and complies with other requirements of the law. The financial report has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated. The financial report is presented in Australian dollars. The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The material accounting policies that have been adopted in the preparation of this report are as follows:

Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group incurred a profit from ordinary activities of \$10,689,775 for the year ended 30 June 2014 (2013 loss: \$1,069,929) and cash outflows from operating activities of \$15,658,138 (2013: \$11,167,090). The net working capital position of the Group at 30 June 2014 was \$8,985,535 (2013: \$2,149,503).

The Group has exploration commitments due within the next twelve months of \$6,892,097 (2013: \$8,600,000).

The ability of the Group to continue to pay its debts as and when they fall due is principally dependent upon the Company successfully raising additional share capital, full or partial divestment of assets, containing expenditure in line with available funding or ultimately developing one of its oil and gas fields. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- the Directors have an appropriate plan to raise additional funds as and when it is required. In light of the Group's current exploration projects, the Directors believe that the additional capital required can be raised within the ordinary course of business;
- the Directors believe that full or partial divestment of assets is possible to interested industry parties that would provide funding for the remainder of the portfolio; and
- the Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued FOR THE YEAR ENDED 30 JUNE 2014

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recovery and reclassification of assets carrying amounts or to the amount and classification of liabilities that might arise should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

Accounting Policies

a. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Jacka Resources Limited at the end of the reporting period. A controlled entity is any entity over which Jacka Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered. Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 23 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity. Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued

FOR THE YEAR ENDED 30 JUNE 2014

1. Statement of Significant Accounting Policies (Continued)

b. Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie: parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree. The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer. Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date. All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

c. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued

FOR THE YEAR ENDED 30 JUNE 2014

1. Statement of Significant Accounting Policies (Continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated amortisation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	12.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Entity commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued

FOR THE YEAR ENDED 30 JUNE 2014

1. *Statement of Significant Accounting Policies (Continued)*

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and (iv) less any reduction for impairment. The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

i. *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

ii. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Any gains or losses recognised on fair value adjustments to available-for-sale financial assets are taken to the asset revaluation reserve in equity.

iii. *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

iv. *Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued

FOR THE YEAR ENDED 30 JUNE 2014

1. Statement of Significant Accounting Policies (Continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued FOR THE YEAR ENDED 30 JUNE 2014

1. *Statement of Significant Accounting Policies (Continued)*

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

g. Impairment of Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued

FOR THE YEAR ENDED 30 JUNE 2014

1. Statement of Significant Accounting Policies (Continued)

sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h. Exploration Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

i. Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *Continued*

FOR THE YEAR ENDED 30 JUNE 2014

1. Statement of Significant Accounting Policies (Continued)

j. Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Consolidated Entity. Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

k. Employee Benefits

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

l. Provisions

Provisions are recognised when the Consolidated Entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

m. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

n. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue. Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

o. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

p. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

q. Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical judgement and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued FOR THE YEAR ENDED 30 JUNE 2014

1. Statement of Significant Accounting Policies (Continued)

Key Estimates

Impairment

The Consolidated Entity assesses impairment at each reporting date by evaluation of conditions and events specific to the Consolidated Entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. An impairment loss of \$671,804 (2013: \$Nil) has been recognised in respect of deferred exploration expenditure at reporting date.

Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Consolidated Entity as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Key Estimate – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Key Judgements

Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$42,030,976 (2013: \$31,384,668).

r. Application of new and revised Accounting Standards

New and revised AASB's affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied a number of new and revised AASB's issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective from an accounting period on or after 1 January 2013.

The Group has applied AASB 13 'Fair Value Measurement' for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2014

In addition, standards on consolidation, joint arrangements, associates and disclosures were adopted. The impact of the application of these standards is not material.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

The Group does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 "Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities"	1 January 2014	30 June 2015
AASB 2013-3 "Amendments to AASB 135 – Recoverable Amount Disclosures for Non Financial Assets"	1 January 2014	30 June 2015
AASB 2013-5 "Amendments to Australian Accounting Standards – Investment Entities"	1 January 2014	30 June 2015
AASB 2013-9 "Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments"	1 January 2014	30 June 2015

The Annual Report was authorised for issue on 25 September 2014 by the Board of Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
2. Income tax		
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-
Deferred income tax expenses included in income tax expense comprises:	-	-
(Increase) in deferred tax assets	356,221	(164,387)
Increase in deferred tax liabilities	(356,221)	164,387
	-	-
(b) Reconciliation of income tax expense to prima facie tax payable		
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on operating profit at 30% (2013: 30%)	3,206,933	(320,979)
Add / (Less)		
Tax effect of:		
Other assessable income	110,774	115,871
Non-assessable income	(4,278,168)	-
Non-deductible expenses	389,068	155,174
Other deductible expenses	(432)	(474)
Share issue cost deduction	(221,841)	(184,319)
Overseas tenement expenses	184,882	41,442
Deferred tax assets not brought to account	608,784	193,285
Income tax attributable to operating loss	-	-
The applicable weighted average effective tax rates as follows	Nil%	Nil%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
2. Income tax (Continued)		
(c) Deferred tax assets		
Tax losses	1,513,763	1,054,702
Provisions and accruals	21,265	24,407
Share issue cost	969,552	763,790
Unrealised foreign exchange loss	22,026	-
Other	4,386	14,393
	<u>2,530,992</u>	<u>1,857,292</u>
Set-off of deferred tax liabilities	(4,466)	(360,687)
Net deferred tax assets	<u>2,526,526</u>	<u>1,496,605</u>
Less: deferred tax assets recognised	<u>(2,526,526)</u>	<u>(1,496,605)</u>
	<u>-</u>	<u>-</u>
(d) Deferred tax liabilities		
Unrealised foreign exchange gains	-	152,968
Exploration expenditure	-	207,719
Other	4,466	
	<u>4,466</u>	<u>360,687</u>
Set-off of deferred tax assets	<u>(4,466)</u>	<u>(360,687)</u>
	<u>-</u>	<u>-</u>
(e) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	<u>5,045,877</u>	<u>3,515,675</u>
	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
3. Loss per share		
Profit/(Loss) from continuing operations for the year	10,689,775	(1,069,929)
	No. 2014	No. 2013
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	342,789,549	270,641,237
Options have not been included in the calculation of diluted earnings per share as they are not dilutive.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
4. Cash and cash equivalents		
Cash at bank	<u>10,037,359</u>	<u>3,645,320</u>
Cash at bank earns interest at floating rates based on daily bank deposit rates.		
(i) Reconciliation of profit/(loss) for the period to net cash flows used in operating activities:		
Profit/(Loss) for the period	10,689,775	(1,069,929)
Depreciation	4,840	4,840
(Gain)/Loss on disposal of investments	9,775	(1,000)
Net forex gain	(50,831)	(513,644)
Share based payments	54,614	371,203
Exploration expenditure written off	671,804	-
Profit on sale of exploration asset	(13,358,583)	-
Changes in assets and liabilities		
(Increase)/Decrease in trade and other receivables	358,433	(101,260)
(Increase)/Decrease deferred exploration expenditure	(13,067,579)	(10,892,704)
Increase/(Decrease) in trade payables	(959,909)	1,007,312
Increase/(Decrease) in provisions	(10,477)	28,092
Net cash flows (used in) operating activities	<u>(15,658,138)</u>	<u>(11,167,090)</u>
5. Trade and other receivables		
Current		
Trade debtors	-	19,168
Prepayments	921	25,537
GST receivable	49,563	27,361
Other receivables	-	27,093
	<u>50,484</u>	<u>99,159</u>
6. Financial assets		
Current		
Unsecured receivable ¹	-	209,758
	<u>-</u>	<u>209,758</u>
Non-Current		
Available for sale financial assets (level 1) ²	34,220	120,572
Unsecured receivable ¹	-	100,000
	<u>34,220</u>	<u>220,572</u>

¹ The unsecured receivable is interest bearing quarterly in arrears at an interest rate of 9.00%pa for the first 6 months and 9.25% for the remaining 9 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
7. Plant and equipment		
Plant and equipment		
At cost	24,265	24,265
Accumulated depreciation	(15,143)	(10,303)
	9,122	13,962

8. Exploration expenditure

(a) Costs carried forward in respect of deferred exploration expenditure:

Exploration at cost

Balance at beginning of period	31,384,668	19,775,798
Exploration expenditure incurred	13,086,370	11,608,870
Exploration expenditure disposed during the year (b)	(1,768,258)	-
Exploration expenditure written off	(671,804)	-
	42,030,976	31,384,668

The ultimate recoupment of the exploration expenditure carried forward is dependent on the successful development and commercial exploitation and/or sale of the relevant areas of interest, at amounts at least equal to book value.

(b) Sale of Odewayne Project

During the year, the Company's wholly owned subsidiary Jacka Resources Somaliland Limited disposed of its 30% participating interest in the Odewayne Project in Somaliland. The disposal was executed via two farm out agreements executed on 7 November 2013 and 5 May 2014. The proceeds received on disposal were \$16,028,817. The Company incurred a Government Contribution pursuant to the transaction of \$901,976 resulting in a net gain on disposal of \$14,260,559. Pursuant to the Contribution Agreement entered into with the Ministry of Finance, Somaliland the payment of the Contribution released the Company and its Related Parties from all and any claims that the Ministry of Finance and its Related Parties may have against the Company and/or its Related Parties.

(c) Joint Operations

The Consolidated entity participated in the following joint operations during the year

Aje Field, Nigeria – 5.006% revenue interest, 6.675% contributing interest

Bargou Permit, Tunisia – 15% participating interest

Odewayne Block, Somaliland – 0% interest with an option to acquire a 5% participating interest (refer note (b) above for details on disposal of Odewayne interest).

WA-399-P, The Consolidated entity relinquished its 15% participating interest during the year resulting in an impairment loss of \$671,804.

9. Trade and other payables

Current

Trade payables and accruals		
Amounts payable to related parties	56,079	3,828
Other corporations	675,347	1,719,547
	731,426	1,723,375

Trade creditors are non-interest bearing and are normally settled on 30 day terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
10. Borrowings		
Interest bearing liabilities	300,000	-
	300,000	-

Loan is payable on the 22 August 2014 with an interest rate of 12% pa.

11. Provisions

Provision for annual leave	70,882	81,359
	70,882	81,359

12. Issued capital

(a) Issued and paid up capital

Ordinary shares fully paid of no par value	46,988,934	40,456,026
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	Consolidated Entity 2014 Number	Consolidated Entity 2014 \$	Consolidated Entity 2013 Number	Consolidated Entity 2013 \$
(b) Movement in ordinary shares on issue				
Balance at beginning of period	297,513,503	40,456,026	247,513,503	31,081,401
Issued for cash at \$0.085 per share on 18 July 2013	38,500,000	3,272,500	-	-
Issued for cash at \$0.065 per share on 8 April 2014	15,384,615	999,999	-	-
Issued for cash at \$0.065 per share on 19 May 2014	43,924,765	2,855,087	-	-
Issued for cash at \$0.20 per share on 11 October 2012	-	-	6	1
Issued for cash at \$0.20 per share on 13 December 2012	-	-	311,311	62,262
Issued for cash at \$0.20 per share on 20 December 2012	-	-	54,029	10,806
Issued for cash at \$0.20 per share on 4 January 2013	-	-	5,718,178	1,143,636
Issued for cash at \$0.20 per share on 14 January 2013	-	-	43,916,476	8,783,295
Transaction costs relating to share issues	-	(594,678)	-	(625,375)
Balance at end of the year	395,322,883	46,988,934	297,513,503	40,456,026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2014

(c) Share options

At the end of the year, the following options over unissued ordinary shares were outstanding:

Summary of Capital Structure as at 30 June 2014	Quantity
Unlisted Options exercisable at \$0.50 on or before 31 July 2014	11,700,000
Listed Options exercisable at \$0.35 on or before 1 February 2015	50,000,000
Unlisted Options exercisable at \$0.20 on or before 11 October 2015	500,000
Unlisted Options exercisable at \$0.20 on or before 3 May 2017	1,250,000
Unlisted Options exercisable at \$0.14 on or before 1 February 2015	19,250,000
Unlisted Options exercisable at \$0.20 on or before 11 September 2016	2,700,000
Listed Options exercisable at \$0.13 on or before 31 May 2016	67,859,379

(d) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Consolidated Entity, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Consolidated Entity.

Capital management

Management controls the capital of the Consolidated Entity in order to maintain a good working capital ratio, provide the shareholders with adequate returns and ensure that the Consolidated Entity can fund its operations and continue as a going concern.

The Consolidated Entity's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

The Consolidated Entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. The Consolidated Entity's capital includes ordinary share capital and financial liabilities, supported by financial assets. The Consolidated Entity's working capital as at 30 June 2014, being current assets less current liabilities, is \$8,985,535 (2013: \$2,049,503). There are no externally imposed capital requirements.

	Note	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
The working capital for the financial year is as follows:			
Cash and cash equivalents	4	10,037,359	3,645,320
Trade and other receivables	5	50,484	99,159
Financial assets	6	-	209,758
		10,087,843	3,954,237
Less:			
Trade and other payables and provisions	9,10	(802,308)	(1,804,734)
Borrowings	11	(300,000)	-
Working capital		8,985,535	2,149,503

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2014

Due to the nature of the Consolidated Entity's activities, being oil and gas exploration, it does not have ready access to credit facilities, with the primary source of funding being equity raisings and divestment of assets, be that via sale or farmout. Accordingly, the objective of the Consolidated Entity's capital risk management is to balance the current working capital position against the requirements of the Consolidated Entity to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
13. Reserves		
Asset revaluation reserve	(14,620)	(28,470)
Option reserve	614,905	560,290
Forex reserve	(447,604)	(447,604)
	152,681	84,216

14. Commitments

Expenditure commitments

There are office rental, compliance and financial advisory contracts in place. The committed expenditure is :

Within one year	500,000	500,000
One to five years	500,000	500,000
	1,000,000	1,000,000

Exploration commitments

The work commitments on licences are as follows:

- WA-399-P has been relinquished.
- In Tunisia on the Bargou block. The licence has been extended to April 2015 and the remaining commitment on the licence is for one sidetrack well – Hammamet West-3-ST-2.
- Somaliland, Odewayne Block is in the 3rd year of exploration phase which last for 18 months and the work program commitment is for G&G Studies and 500 kms of 2D seismic. The company has completed a farmin deal which sees the Company exit the license.
- Nigeria, OML113 is licenced thru to 2018 and all commitments have been fulfilled on the block. The Joint Venture is currently moving forward with development options including an early oil scheme that would include drilling Aje-5.
- In Tanzania on the Ruhuhu block, the company has a 4 year exploration phase and under the PSA terms must perform the required minimum work program by March 2017.

Within one year	6,900,000	8,600,000
One to five years	3,400,000	4,800,000
	10,300,000	13,400,000

15. Contingent liabilities

There are no contingent liabilities as at the date of this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
16. Auditors' remuneration		
Amounts, received or due and receivable by auditors for:		
- an audit or review services	34,500	27,445
- other services	7,150	7,865
	41,650	39,290

The Consolidated Entity's auditor provided tax services for which \$7,150 (2013: \$7,500) was charged.

17. Key management personnel disclosures

(a) Details of key management personnel

Directors in office during the financial period were:

Executive Director

Bob Cassie (Appointed 5 November 2013, Resigned 9 September 2014)

Richard Aden (Appointed 20 October 2009, Resigned 5 November 2013)

Justyn Wood (Appointed 11 October 2011, Resigned 3 April 2014))

Non-Executive Directors

Scott Spencer (Appointed 9 November 2009, Resigned 4 March 2014)

Max Cozijn (Appointed 21 May 2014)

James Robinson (Appointed 21 May 2014)

Brett Smith (Appointed 20 October 2009, Resigned 21 May 2014)

Stephen Brockhurst (Appointed 20 October 2009, Resigned 21 May 2014)

(b) Compensation of key management personnel

(i) Compensation policy

The remuneration policy of Jacka Resources Limited as it applies to key management personnel is disclosed in the Remuneration Report contained in the Directors' Report.

(ii) Compensation of key management personnel

The remuneration of key management personnel is as follows:

Key Management Personnel	Short-term benefits Salary, fees and leave \$	Long-term benefits Superannuation \$	Share based payments Shares/options \$	Total \$	% Share based remuneration %
30 June 2014	1,176,969	69,151	-	1,246,120	-
30 June 2013	1,152,325	50,205	32,040	1,234,570	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2014

17. Key management personnel disclosures (Continued)

**(c) Shareholdings of key management personnel
2014**

Key Management Personnel	Balance 01-Jul-13	On market purchase	Options exercised	Net change other	Balance 30-Jun-14
Scott Spencer*	1,500,000	-	-	(1,500,000)*	-
Richard Aden*	1,051,682	-	-	-	1,051,682
Brett Smith*	1,715,000	-	-	(1,715,000)*	-
Stephen Brockhurst*	3,068,486	-	-	-	3,068,486
Justyn Wood*	50,000	200,000	-	(250,000)*	-
Bob Cassie	75,000	-	-	9,375	84,375
Max Cozijn	-	100,000	-	-	100,000
James Robinson	-	-	-	-	-
	7,460,168	300,000	-	(3,455,625)	4,304,543

*Director resignation

2013

Key Management Personnel	Balance 01-Jul-12	On market purchase	Options exercised	Net change other	Balance 30-Jun-13
Scott Spencer	1,000,000	-	500,000	-	1,500,000
Richard Aden	1,051,682	-	-	-	1,051,682
Brett Smith	1,455,000	-	260,000	-	1,715,000
Stephen Brockhurst	2,688,865	-	379,621	-	3,068,486
Justyn Wood	-	50,000	-	-	50,000
Bob Cassie	40,000	35,000	-	-	75,000
	6,235,547	85,000	1,139,621	-	7,460,168

(d) Option holdings of key management personnel

2014

Key Management Personnel	Balance 01-Jul-13	Option grant	Options exercised	Option expiry	Balance 30-Jun-14	Vested during the period	Vested and exercisable
Scott Spencer*	3,000,000	-	-	(1,000,000)	2,000,000	-	-
Richard Aden*	4,000,000	-	-	-	3,000,000	-	-
Brett Smith*	3,000,000	-	-	(1,000,000)	2,000,000	-	-
Stephen Brockhurst*	3,000,000	-	-	(1,000,000)	2,000,000	-	-
Justyn Wood*	3,750,000	-	-	-	3,750,000	-	-
Bob Cassie	500,000	4,688	-	-	504,688	-	-
Max Cozijn	-	-	-	-	-	-	-
James Robinson	-	-	-	-	-	-	-
Neil Fearis	-	-	-	-	-	-	-
	17,250,000	4,688	(3,000,000)	14,254,688			

*Director resignation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2014

2013

Key Management Personnel	Balance 01-Jul-12	Option grant	Options exercised	Option expiry	Balance 30-Jun-13	Vested during the period	Vested and exercisable
Scott Spencer	3,525,000	-	(500,000)	(25,000)	3,000,000	2,000,000	3,000,000
Richard Aden	4,510,000	-	-	(510,000)	4,000,000	3,000,000	4,000,000
Brett Smith	3,650,000	-	(260,000)	(390,000)	3,000,000	2,000,000	3,000,000
Stephen Brockhurst	4,129,623	-	(379,621)	(750,002)	3,000,000	2,000,000	3,000,000
Justyn Wood	3,750,000	-	-	-	3,750,000	2,500,000	2,500,000
Bob Cassie	-	500,000	-	-	500,000	-	-
	19,564,623	500,000	(1,139,621)	(1,675,002)	17,250,000	11,500,000	15,500,000

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Consolidated Entity would have adopted if dealing at arm's length.

(e) Loans with key management personnel

There were no loans to key management personnel or their related entities during the period ended 30 June 2014 (2013: \$Nil).

18. Share based payments

A summary of the movements of all options granted is as follows:

	2014		2013	
	Number	Weighted Average Exercise Price (\$)	Number	Weighted Average Exercise Price (\$)
Options outstanding as at 30 June 2013	68,450,000	0.37	17,950,000	0.47
Granted	2,700,000	0.20	500,000	0.20
	19,250,000 ¹	0.14	50,000,000	0.35
	67,859,379	0.13		
Exercised	-	-		
Expired	(5,000,000)	-		
Options outstanding as at 30 June 2014	153,259,379	0.23	68,450,000	0.37

¹ Free attaching options issued under placement of 38,500,000 fully paid shares at \$0.085 on 18 July 2013

The following share based payments options were in existence during the year:

Date of Grant	Number of Options	Exercise Price	Expiry Date	Fair Value at Grant Date	Vesting Period	Grant Date Share Price Volatility	Risk Free Interest Rate
14 November 2013	2,700,000	\$0.20	11 September 2016	\$54,614	14 November 2013	71.71%	2.61%
3 May 2012	1,250,000	\$0.20	3 May 2017	\$107,693	30 June 2013	75.17%	3.31%
19 June 2012	11,700,000	\$0.50	31 July 2014	\$323,441	19 June 2012	75.17%	2.12%
11 October 2012	500,000	\$0.20	11 October 2015	\$32,040	11 October 2013	75.17%	2.12%
	35,400,000			\$517,788			

19. Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 17.

(b) Other transactions

There were no other transactions with key management personnel during the period other than the following:

Mining Corporate Pty Ltd, a company of which Stephen Brockhurst is a director, provided a registered office, reception, bookkeeping, accounting, corporate compliance and company secretarial services to the Consolidated Entity during the period. These services totalled \$205,914 (2013: \$151,926).

20. Financial reporting by segments

During the financial period, the Consolidated Entity operated in two operating segments being oil and gas exploration in Australia and Africa.

20. Financial reporting by segments (Continued)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Consolidated Entity.

Inter-segment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- administration and other operating expenses not directly related to a specific segment.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2014

	Australian Exploration \$	African Exploration \$	Total \$
20. Financial reporting by segments (Continued)			
(a) Segment performance			
30 June 2014			
Segment revenue	-	13,358,583	13,358,583
Segment results	(671,804)	13,644,284	12,972,480
Amounts not included in segment results but reviewed by Board:			
Interest revenue			47,624
Other income			305,400
Compliance fees			(157,935)
Consultancy fees			(528,902)
Depreciation			(4,840)
Directors' remuneration			(396,335)
Forex			50,831
Share based payments			(54,614)
Other expenses			(1,543,934)
Profit before income tax			10,689,775
Segment assets	-	42,030,976	42,030,976
Segment asset increases for the period:			
Capital expenditure	-	12,220,089	12,220,089
Unallocated assets:			
Cash and cash equivalents			10,037,359
Trade and other receivables			50,484
Current financial assets			-
Plant and equipment			9,122
Non-Current financial assets			34,220
Total assets			52,162,161
Segment liabilities	-	606,757	606,757
Unallocated liabilities:			
Trade and other payables			124,669
Borrowings			300,000
Provisions			70,882
Total liabilities			1,102,308

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2014

	Australian Exploration \$	African Exploration \$	Total \$
20. Financial reporting by segments (Continued)			
30 June 2013			
Segment revenue	-	-	-
Segment results	-	(138,142)	(138,142)
Amounts not included in segment results but reviewed by Board:			
Interest revenue			58,039
Compliance fees			(90,655)
Consultancy fees			(166,044)
Depreciation			(4,840)
Directors' remuneration			(417,219)
Forex			513,644
Share based payments			(371,203)
Other expenses			(453,509)
Loss before income tax			(1,069,929)
Segment assets	664,346	30,720,322	31,384,668
Segment asset increases for the period:			
Capital expenditure	93,006	11,515,865	11,608,871
Unallocated assets:			
Cash and cash equivalents			3,645,320
Trade and other receivables			99,159
Current financial assets			309,758
Plant and equipment			13,962
Non-Current financial assets			120,572
Total assets			35,573,439
Segment liabilities	-	1,607,728	1,607,728
Unallocated liabilities:			
Trade and other payables			115,647
Provisions			81,359
Total liabilities			1,804,734

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued

FOR THE YEAR ENDED 30 JUNE 2014

21. *Financial risk management*

Overview

The Consolidated Entity has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Consolidated Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Consolidated Entity through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Consolidated Entity's receivables from customers and investment securities. Cash is held with the ANZ Bank which holds an AA credit rating.

Trade and other receivables

As the Consolidated Entity is not in the production phase, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

Exposure to credit risk

The carrying amount of the Consolidated Entity's financial assets represents the maximum credit exposure. The Consolidated Entity's maximum exposure to credit risk at the reporting date was:

	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
Financial assets		
Cash	10,037,359	3,645,320
Receivables – other	50,484	99,159
Financial assets – current and non-current	34,220	430,330

Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. Typically the Consolidated Entity ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2014

21. Financial risk management (Continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk sensitivity analysis

The sensitivity analyses below have been determined based on those assets and liabilities with an exposure to interest rate risk at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates. At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Consolidated Entity's:

- Net loss would decrease by \$97,373 (2013: \$36,437) and increase by \$97,373 (2013: \$36,437).
- Other equity reserves would increase by \$97,373 (2013: \$36,437) and decrease by \$97,373 (2013: \$36,437).

The following table details the Consolidated Entity's exposure to interest rate risk as at the reporting date:

Consolidated Entity 2014

Financial Instrument	Floating interest rate	Fixed interest rate maturing in:				Total	Weighted average effective interest rate %
		1 year or less	Over 1 to 5 years	More than 5 years	Non-interest Bearing		
	\$	\$	\$	\$	\$	\$	
Financial Assets							
Cash	10,035,024				2,335	10,037,359	
Receivables – other	-	-	-	-	50,484	50,484	N/A
Financial assets – current	-	-	-	-	-	-	-
Financial assets – non-current	-	-	-	-	34,220	34,220	N/A
Total financial assets	10,035,024	-	-	-	87,039	10,122,063	
Financial Liabilities							
Trade payables and accruals	-	-	-	-	(731,427)	(731,427)	N/A
Borrowings	-	(300,000)	-	-	-	(300,000)	12%
Total financial liabilities	-	(300,000)	-	-	(731,427)	(1,031,427)	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2014**

20. Financial risk management (Continued)

Consolidated Entity 2013

Financial Instrument	Floating interest rate	Fixed interest rate maturing in:				Total	Weighted average effective interest rate %
		1 year or less	Over 1 to 5 years	More than 5 years	Non- interest Bearing		
	\$	\$	\$	\$	\$	\$	
Financial Assets							
Cash	3,643,720	10	-	-	1,590	3,645,320	1.23%
Receivables – other	-	-	-	-	99,159	99,159	N/A
Financial assets – current	-	109,758	-	-	120,572	230,330	8.50%
Financial assets – non-current	-	200,000	-	-	-	200,000	9.25%
Total financial assets	3,643,720	309,768	-	-	221,321	4,174,809	
Financial Liabilities							
Trade payables and accruals	-	-	-	-	(1,723,375)	(1,723,375)	N/A
Total financial liabilities	-	-	-	-	(1,723,375)	(1,723,375)	

Fair value of financial instruments

The fair value of financial instruments measured on a recurring basis are disclosed at Note 6. The Groups other financial instruments consist of trade receivables, trade and other payables and borrowings. These financial instruments are measured at amortised cost and their carrying amounts approximate their fair value.

	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
Equity attributable to shareholders of the Consolidated Entity		
Total assets	52,162,161	35,573,439
Equity ratio in %	102%	105%
Average equity		
Net profit/(loss)	10,689,775	(1,069,929)
Return on equity in %	21%	(3%)

22. Events subsequent to period end

On 2 July 2014, Mr Bob Cassie tendered his resignation effective from 1 October 2014, or at such an earlier time as is mutually agreed. With the appointment of Mr Neil Fearis as Non-Executive Director on 9 September 2014, Mr Cassie has now resigned effective that date but remains as a consultant. Mr Richard Aden also tendered his resignation to take effect from 30 September 2014, but his consultancy agreement has been extended to 31 December 2014.

On 31 July 2014 11,700,000 unlisted options at an exercise price of \$0.50 with an expiry date of 31 July 2014 expired.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2014

23. Interests in controlled entities

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiary in accordance with the accounting policy described in note 1:

Name	Country of incorporation	Class of share	Equity holding		Investment
			30 June 2014	30 June 2013	
Exmouth Energy Pty Ltd	Australia	Ordinary	100%	100%	\$1
Jacka Tunisia Bargou Pty Ltd	Australia	Ordinary	100%	100%	\$1
Jacka Resources Nigeria Holdings Limited BVI	British Virgin Islands	Ordinary	100%	100%	\$15,752,307
PR Oil and Gas Nigeria Limited	Nigeria	Ordinary	100%	100%	\$2,546
Jacka Resources Africa Limited BVI	British Virgin Islands	Ordinary	100%	100%	\$1
Jacka Resources Somaliland Limited BVI	British Virgin Islands	Ordinary	100%	100%	\$1
Jacka Resources Tanzania Limited BVI	British Virgin Islands	Ordinary	100%	100%	\$1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2014

	Company	Company
	2014	2013
	\$	\$
24. Parent entity disclosures		
(a) Financial position		
ASSETS		
Current Assets		
Cash and cash equivalents	10,037,354	3,645,316
Trade and other receivables	50,484	99,159
Financial assets	-	309,758
Total Current Assets	10,087,838	4,054,233
Non-Current Assets		
Other financial assets	15,786,529	15,872,880
Plant and equipment	9,122	13,962
Other receivables	18,210,479	16,080,879
Exploration expenditure	-	700,480
Total Non-Current Assets	34,006,130	32,668,201
Total Assets	44,093,968	36,722,434
LIABILITIES		
Current Liabilities		
Trade and other payables	715,960	1,710,254
Borrowings	300,000	-
Provision for annual leave	70,881	81,359
Total Current Liabilities	1,086,841	1,791,613
Total Liabilities	1,086,841	1,791,613
Net Assets	43,007,127	34,930,821
EQUITY		
Issued capital	46,988,934	40,456,026
Reserves	600,284	531,818
Accumulated losses	(4,582,091)	(6,057,023)
Total Equity	43,007,127	34,930,821
(b) Financial performance		
Loss for the period	1,474,932	(4,482,041)
Other comprehensive income	-	-
Total comprehensive income	1,474,932	(4,482,041)

Other Financial Assets and Other Receivables

Loans are provided by the Parent entity to its controlled entities for their respective activities. The recoverability of receivables and investments in subsidiaries is dependent upon the successful commercial application of these projects or the sale to third parties. Amounts receivable from controlled entities are non-interest bearing with no fixed terms of repayment.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 28 to 60, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards;
 - b. are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 1 to the financial statements; and
 - c. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company and consolidated group;

The Chief Executive Officer and Chief Finance Officer have each declared that:

- a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
- b. the financial statements and notes for the financial year comply with the Accounting Standards; and
- c. the financial statements and notes for the financial year give a true and fair view;

In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



Max Cozijn
Chairman

Perth, 25 September 2014

Independent Auditor's Report

To the Members of Jacka Resources Limited

We have audited the accompanying financial report of Jacka Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Opinion

In our opinion:

- a. The financial report of Jacka Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter on Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Jacka Resources Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



BENTLEYS
Chartered Accountants



DOUG BELL CA
Director

Dated at Perth this 25th day of September 2014

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has considered the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Recommendations*.

In line with the above, the Board has set out the way forward for the Company in its implementation of its Principles of Good Corporate Governance and Recommendations. The approach taken by the Board was to set a blueprint for the Company to follow as it introduces elements of the governance process. Due to the current size of the Company and the scale of its operations it is neither practical nor economic for the adoption of all of the recommendations approved via the board charter. Where the Company has not adhered to the recommendations it has stated that fact in the annual report however has set out a mandate for future compliance when the size of the Company and the scale of its operations warrants the introduction of those recommendations.

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out those delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry its functions, it has developed a Code of Conduct to guide the Directors. A copy of the Code of Conduct is available on the Company's website (www.jackaresources.com.au).

1.2 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience are stated in the Directors' Report along with the term of office held by each of the Directors. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. There are currently two Non-Executive Directors on the board of the Company who are also independent directors.

An Independent Director:

1. is a Non-Executive Director and;
2. is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
3. within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
4. within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
5. is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
6. has no material contractual relationship with the Company or other group member other than as a Director of the Company;
7. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
8. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Materiality for the purposes of points 1 to 8 above is determined on the basis of both quantitative and qualitative aspects with regard to the independence of directors. An amount over 5% of the Company's expenditure or 10% of the particular directors annual gross income is considered to be material. A period of more than six years as a director would be considered material when assessing independence.

Mr Max Cozijn is an Chairman of the Company and does not meet the Company's criteria for independence. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board and in his position as Chairman.

Mr James Robinson is a Non-Executive Director of the Company and meets the Company's criteria for independence. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board and in his position as a Non-Executive Director.

Mr Neil Fearis is a Non-Executive Director of the Company and meets the Company's criteria for independence. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board and in his position as a Non-Executive Director.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

1. Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
2. Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
3. Overseeing Planning Activities: the development of the Company's strategic plan.
4. Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
5. Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
6. Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
7. Human Resources: appointing, and, where appropriate, removing Executive Officers as well as reviewing the performance of Executive Officers and monitoring the performance of senior management in their implementation of the Company's strategy.
8. Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
9. Delegation of Authority: delegating appropriate powers to the CEO (Executive Director) to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the *ASX Listing Rules* the Company immediately notifies the ASX of information:

1. concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
2. that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

A copy of the Disclosure Strategy (incorporating trading halts procedure) is available on the Company's website (www.jackaresources.com.au).

1.4.5 Education and Induction

It is the policy of the Company that each new Director undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- a copy of the Board Charter;
- a copy of the Corporate Governance Statement, Charters, Policies and Memos; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development.

1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, (that limit is currently set at \$2,000), to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

1. communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
2. giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
3. making it easy for shareholders to participate in general meetings of the Company; and
4. requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. A copy of the Shareholder Communication Policy is available on the Company's website (www.jackaresources.com.au).

1.4.9 Trading in Company Shares

The Company has a Share Trading Policy which states that Directors, members of senior management, certain other employees and their associates likely to be in possession of unpublished price sensitive information may not trade in the Company's securities prior to that unpublished price sensitive information being released to the market via the ASX. A copy of the Share Trading Policy is available on the Company's website (www.jackaresources.com.au). Unpublished price sensitive information is information regarding the Company, of which the market is not aware, that a reasonable person would expect to have a material effect on the price or value of the Company's securities. On 20 December 2013 the Board reviewed and adopted a Share Trading Policy which included restrictions on trading in closed periods, complying with the ASX Listing Rule requirements.

1.4.10 Performance Review / Evaluation

It is the policy of the Board to conduct evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to the Company. During the financial year an evaluation of the performance of the Board and its members was not formally carried out. However, a general review of the Board and executives occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place. A copy of the Board Performance Evaluation Policy is available on the Company's website (www.jackaresources.com.au).

1.4.11 Attestations by CEO and CFO

It is the Board's policy, that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report. However, as at the date of this report the Company does not have a designated CEO. Due to the size and scale of operations of the Company these roles are performed by the Board, the Executive Director and the CFO and they will make the required attestations.

1.4.12 Risk Management Policy

The Company's Risk Management Strategy states that the Board as a whole is responsible for the oversight of the Company's risk management and control framework. The objectives of the Company's Risk Management Strategy are to:

- identify risks to the Company;
- balance risk to reward;
- ensure regulatory compliance is achieved; and
- ensure senior executives, the Board and investors understand the risk profile of the Company.

The Board monitors risk through various arrangements including:

- regular Board meetings;
- share price monitoring;
- market monitoring; and
- regular review of financial position and operations.

The Company has developed a Risk Register in order to assist with the risk management of the Company. The Company's Risk Management Strategy was re-adopted by the Board on 14 September 2011 and was considered a sound strategy for addressing and managing risk. A copy of the Risk Management Strategy is available on the Company's website (www.jackaresources.com.au).

1.4.13 Diversity Policy

The Company recognises and respects the value of diversity at all levels of the organisation.

The Company is committed to setting measurable objectives for attracting and engaging women at the Board level, in senior management and across the whole organisation.

The Diversity Policy was re-adopted on 28 February 2013 and the Company set the following objectives for the employment of women:

- to the Board – no target set
- to senior management – 14%
- to the organisation as a whole – 33%

As at the date of this report, the Company has the following proportion of women appointed:

- to the Board – 0%
- to senior management – 0%
- to the organisation as a whole – 25%

The Company's objectives are to acknowledge and respect for the value of diversity at all levels of the organisation. A diverse workplace includes the skills and perspectives that people bring to the organisation through, but not limited to, experience, gender, age, culture and beliefs. Ideally this diversity should reflect the societies and regions of Australia and Africa in which the Company operates. The Company's Diversity Policy is located on its website (www.jackaresources.com.au).

2. Board Committees

2.1 Audit Committee

The Audit Committee consists of Mr Neil Fearis, Mr Max Cozijn, Mr James Robinson and the Company Secretary.

The Audit Committee met once during the financial year ended 30 June 2014 and all members were present at the meeting. A copy of the Audit Committee Charter is available on the Company's website (www.jackaresources.com.au).

2.2 Remuneration Committee

2.2.1.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Remuneration Committee consists of Executive Chairman Mr Max Cozijn, two Non-Executive Directors, being Mr Neil Fearis, Mr James Robinson, and Mr Stephen Brockhurst the Company Secretary. The Chairman of the Remuneration Committee is Mr James Robinson, an independent director. The Remuneration Committee met once during the financial year ended 30 June 2014 and all members were present at the meeting. A copy of the Remuneration Committee Charter is available on the Company's website (www.jackaresources.com.au).

2.2.1.2 Responsibilities

The responsibilities of a Remuneration Committee include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Executive Director, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors, recommendations for remuneration by gender and making recommendations on any proposed changes and undertaking reviews of the Executive Director's performance, including, setting with the Executive Director goals and reviewing progress in achieving those goals.

2.2.2 Remuneration Policy

2.2.2.1 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in equity schemes of the Company. Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

2.2.2.2 Executive Director Remuneration

Executive Director remuneration is set by the Board with the Executive Director in question not present.

2.2.3 Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report. A copy of the Remuneration Statement is available on the Company's website (www.jackaresources.com.au).

2.3 Nomination Committee

2.3.1.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

The Nomination Committee consists of Executive Chairman, being Mr Max Cozijn, two Non-Executive Directors, being Mr Neil Fearis, Mr James Robinson and Mr Stephen Brockhurst the Company Secretary. The Chairman of the Nomination Committee is Mr James Robinson, an independent director. The Nomination Committee met once during the financial year ended 30 June 2014 and all members were present at the meeting.

2.3.1.1 Responsibilities

The responsibilities of a Nomination Committee would include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee also oversees management succession plans including the Executive Directors and their direct reports and evaluates the Board's performance and make recommendations for the appointment and removal of Directors. Matters such as remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice are clearly understood by all Directors, who are experienced public company Directors.

2.3.2 Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in:

- Accounting and financial management; and
- Director-level business experience.

The Nomination Committee is responsible for implementing a program to identify, assess and enhance director competencies. In addition, the Nomination Committee puts in place succession plans to ensure an appropriate mix of skills, experience, expertise and diversity are maintained on the Board. A copy of the Nomination Committee Charter is available on the Company's website (www.jackaresources.com.au).

3. Company Code of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. The Company Code of Conduct was re-adopted by resolution of the Board on 10 April 2013. This Code includes the following:

Responsibilities to Shareholders and the Financial Community Generally

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its financial statements fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

Responsibilities to Clients, Customers and Consumers

The Company has an obligation to use its best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers and is committed to providing clients, customers and consumers with fair value.

Employment Practices

The Company policy is to endeavour to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources. As at the date of this report there are two employees..

Obligations Relative to Fair Trading and Dealing

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company strives to deal fairly with the Company's customers, suppliers and competitors.

Responsibilities to the Community

As part of the community the Company: is committed to conducting its business in accordance with applicable environmental laws and regulations

Responsibility to the Individual

The Company is committed to keeping private information from employees, clients, customers, consumers and investors confidential and protected from uses other than those for which it was provided.

Conflicts of Interest

Directors and Employees must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

How the Company Complies with Legislation Affecting its Operations

Within Australia, the Company strives to comply with the spirit and the letter of all legislation affecting its operations. Outside Australia, the Company will abide by local laws in all countries in which it operates. Where those laws are not as stringent as the Company's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts", Company policy will prevail.

How the Company Monitors and Ensures Compliance with its Code

The Board of the Company is committed to implementing this Code of Conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the Code. A copy of the code is available on the Company's website (www.jackaresources.com.au).

CORPORATE GOVERNANCE (CONTINUED)

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Recommendations. The Recommendations are not mandatory.

	RECOMMENDATION	COMMENT	REFERENCE
1	<i>Lay solid foundations for management and oversight</i>		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's Corporate Governance Policy includes a Board Charter, which discloses the specific responsibilities of the Board.	1.1, 1.3, Website
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Board will monitor the performance of senior management, including measuring actual performance against planned performance. The Board has also adopted a policy to assist in evaluating Board performance.	1.4.10, Website
1.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	The Company has explained any departures (if any) from recommendations 1.1 and 1.2 in the Corporate Governance Statement and Policies.	1.1, 1.3, 1.4.10, Website
2	<i>Structure the board to add value</i>		
2.1	A majority of the board should be independent directors.	67% of the Board are independent Directors. There are three Directors on the Board, of which Mr Neil Fearis and Mr James Robinson are independent. Mr Max Cozijn is not considered to be independent. Mr Max Cozijn is a Director with sound knowledge of Jacka Resources' projects. This knowledge is considered important in enabling the Company to capitalise on the value of its projects to create shareholder wealth. The Board is continually reviewing the status of independent directors with a view to engaging further independent directors when financial resources allow.	1.2
2.2	The chair should be an independent director.	The Chairman, Mr Max Cozijn, is not considered to be independent. Due to the recent Board changes the Company is in the process of evaluating the independence of the Board members.	1.2
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The roles of chair and chief executive officer are not exercised by the same individual.	1.2
2.4	The board should establish a nomination committee.	A formal Nomination Committee has been established by the Company, chaired by Mr James Robinson, consisting of Mr Max Cozijn, Mr Neil Fearis and Mr Stephen Brockhurst the Company Secretary.	2.3

CORPORATE GOVERNANCE (CONTINUED)

2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Nomination Chairman will review the composition of the Board and the performance of each Director to ensure that it continues to have a mix of skills and experience necessary for the conduct of the Company's activities. A new Director will receive an induction appropriate to his or her experience.	1.4.10, 2.3.2, 1.4.5, Website
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	The Company has provided details of each Director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures (if any) from recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 in the 2013 Annual Report and Corporate Governance Statement and Policies respectively.	1.2, 2.3, 1.4.10, 2.3.2, 1.4.5, 1.4.6, Website
3	Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> the practices necessary to maintain confidence in the company's integrity the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders the responsibility and accountability of individuals for reporting and investigating reports of unethical practices 	The Company's Corporate Governance Policy includes a Code of Conduct for Directors and Key Executives, which provides a framework for decisions and actions in relation to ethical conduct in employment.	3, 1.4.1, 1.4.2, 1.4.3, Website
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	The Company has implemented a Diversity Policy which includes requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	1.4.13
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The measurable objectives for achieving gender diversity will be disclosed in the Corporate Governance section of each annual report.	1.4.13
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The measurable objectives for achieving gender diversity will be disclosed in the Corporate Governance section of each annual report.	1.4.13,

CORPORATE GOVERNANCE (CONTINUED)

3.5	Companies should provide the information indicated in the <i>Guide to reporting on Principle 3</i> .	The Company has explained any departures (if any) from recommendations 3.1, 3.2, 3.3 and 3.4 in the Corporate Governance Statement and Policies.	3, 1.4.1, 1.4.2, 1.4.3, 1.4.9, 1.4.13, Website
4	<i>Safeguard integrity in financial reporting</i>		
4.1	The board should establish an audit committee.	A formal Audit Committee has been adopted by the Board and consists of: Neil Fearis (Chairman) Max Cozijn James Robinson Stephen Brockhurst	2.1
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members. 	Neil Fearis (Non-Executive Director) James Robinson (Non-Executive Director) Max Cozijn (Chairman) Stephen Brockhurst (Company Secretary) Due to the size of the Board, all three Directors will make up the Audit Committee.	2.1
4.3	The audit committee should have a formal charter.	The Board has adopted an Audit Committee Charter.	2.1
4.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 4</i> .	The Company will explain any departures (if any) from recommendations 4.1, 4.2 and 4.3 in its future annual reports.	2.1, Website
5	<i>Make timely and balanced disclosure</i>		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has a Disclosure Strategy in place designed to ensure the compliance with ASX Listing Rule disclosure and to ensure accountability at a Board level for compliance and factual presentation of the Company's financial position.	1.4.4, Website
5.2	Companies should provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	The Company will provide an explanation of any departures (if any) from recommendation 5.1 in its future annual reports.	1.4.4, Website
6	<i>Respect the rights of shareholders</i>		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The Company's Corporate Governance Policy includes a Shareholder Communications Policy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.	1.4.8, Website
6.2	Companies should provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	The Company has provided an explanation of any departures (if any) from recommendation 6.1 in the Corporate Governance Statement and Policies.	1.4.8, Website

CORPORATE GOVERNANCE (CONTINUED)

7	<i>Recognise and manage risk</i>		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's Corporate Governance Policy includes a Risk Management Policy which aims to ensure that material business risks are identified and mitigated, through the use of a Risk Register.	1.4.12, Website
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Board requires either the individual performing the role of Chief Executive Officer or the Chief Financial Officer will design and implement risk management and internal control systems and provide a report at the relevant time.	1.4.11, 1.4.12 Website
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board will seek this relevant assurance from the individuals performing the role of Chief Executive Officer and the Chief Financial Officer.	1.4.11, 1.4.12 Website
7.4	Companies should provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	The Company has provided an explanation of any departures (if any) from recommendations 7.1, 7.2 and 7.3 in the Corporate Governance Statement and Policies.	1.4.11, 1.4.12 Website
8	<i>Remunerate fairly and responsibly</i>		
8.1	The board should establish a remuneration committee.	A formal Remuneration Committee has been established by the Company.	2.2.1
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors • is chaired by an independent chair • has at least three members. 	The Remuneration Committee is chaired by Mr James Robinson, consisting of Mr Neil Fearis, Mr Max Cozijn and Mr Stephen Brockhurst the Company Secretary.	2.2.1, 2.2.2, Website

CORPORATE GOVERNANCE (CONTINUED)

8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Board will distinguish the structure of Non-Executive Director's remuneration from that of executive Directors and senior executives. Relevantly, the Company's Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting. The Board is responsible for determining the remuneration of any Director or senior executives (without the participation of the affected Director).	2.2.2
8.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	The Company has provided an explanation of any departures (if any) from recommendations 8.1, 8.2 and 8.3 in the Corporate Governance Statement and Policies.	2.2.1, 2.2.2, Website

ASX ADDITIONAL INFORMATION

Holdings as at 19 September 2014

No. Securities Held	Fully Paid Shares No. Holders	Listed JKAO No. Holders	Listed JKAOA No. Holders
1 – 1,000	53	127	0
1,001 – 5,000	157	186	1
5,001 – 10,000	291	70	9
10,001 – 100,000	1,509	148	96
> 100,001	624	88	84
Total no. holders	2,634	623	190
No. holders of less than a marketable parcel	534	-	
Percentage of the 20 largest holders	27.64%	55.760%	56.97%
Total on issue	395,322,883	67,859,379	50,000,000

Substantial shareholders as at 19 September 2014

Nil

20 Largest holders of securities as at 19 September 2014

Fully paid ordinary shares	No. Shares	%
1) MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD	15,370,785	3.888
2) MARFORD GROUP PTY LTD	15,158,298	3.834
3) CITICORP NOMINEES PTY LTD	11,577,096	2.929
4) SYDNEY EQUITIES PTY LTD	10,000,000	2,530
5) MR CHRIS RETZOS & MRS SUSIE RETZOS <RETZOS FAMILY S/FUND A/C>	7,038,830	1.781
6) SPECTRAL INVESTMENTS PTY LTD <LITHGOW FAMILY A/C>	6,229,624	1.576
7) HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,376,319	1.360
8) NERO RESOURCE FUND PTY LTD <NERO RESOURCE FUND A/C>	4,277,253	1.082
9) SANCOAST PTY LTD	4,000,000	1.012
10) MR JASWINDER SINGH TAKHAR	3,880,000	0.981
11) MARFORD GROUP PTY LTD	3,765,442	0.952
12) JP MORGAN NOMINEES AUSTRALIA LIMITED	2,919,324	0.738
13) LEET INVESTMENTS PTY LTD	2,900,000	0.734
14) MR DAVID EDWARD TRIMBOLI	2,800,000	0.708
15) ABLETT PTY LTD	2,500,000	0.632
16) MARFORD GROUP PTY LTD	2,466,563	0.624
17) MR JASWINDER SINGH TAKHAR	2,300,000	0.582
18) KO NOMINEES PTY LTD <THE OLDFIELD KNOTT UNIT A/C>	2,300,000	0.582
19) LAKE SPRINGS PTY LTD <THE LAKE SPRINGS S/F A/C>	2,298,099	0.581
20) NERO RESOURCE FUND PTY LTD <NERO RESOURCE FUND A/C>	2,125,248	0.538
TOTAL	109,282,881	27.64%
TOTAL ISSUED CAPITAL	395,322,883	100%

ASX ADDITIONAL INFORMATION (CONTINUED)

20 Largest holders of JKAO exercisable at \$0.13 on or before 31 May 2016 as at 19 September 2014

Fully paid ordinary shares	No. Options	%
1) SPECTRAL INVESTMENTS PTY LTD ,LITHGOW FAMILY A/C>	5,538,010	8.161
2) KO NOMINEES PTY LTD	3,500,000	5.158
3) PERSHING AUSTRALIA NOMINEES PTY LTD <DJ CARMICHAEL ACCOUNT>	3,283,154	4.838
4) COLBERN FIDUCIARY NOMINEES PTY LTD	3,000,000	4.421
5) BARCLAY WELLS LTD <NOMINEE A/C>	2,930,046	4.318
6) SANCOAST PTY LTD	2,682,878	3.954
7) MR CHRIST RETZOS & MRS SUSIE RETZOS <RETZOS FAMILY S/FUND A/C>	1,994,351	2.939
8) HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,715,599	2.528
9) ABLETT PTY LTD <DAVID EDWARDS FAMILY A/C>	1,500,000	2.210
10) MR TERRY ROBERT ACKLEY & MRS CHERYLE KAY ACKLEY	1,341,440	1.977
11) NERO RESOURCE FUND PTY LTD <NERO RESOURCE FUND A/C>	1,341,440	1.977
12) NUTSVILLE PTY LTD <INDUST ELEC CO S/F A/C>	1,317,782	1.942
13) MS CONCETTINA SCHIAVELLO	1,150,000	1.695
14) MRS SARAH KAY DALY	1,103,593	1.626
15) INTERNATIONAL BUSINESS NETWORK (SERVICES) PTY LTD	1,000,000	1.474
16) MISS NICOLA JANE THIEL	1,000,000	1.474
17) BARCLAY WELLS LTD	904,230	1.333
18) UPSKY EQUITY PTY LTD <UPSKY INVESTMETN A/C>	898,280	1.324
19) VENNON PTY LTD <THE TOMSIC FAMILY A/C>	832,612	1.227
20) MR GLEN ROBERT GURNEY & MRS DERYN ANN GURNEY	804,865	1.186
TOTAL	37,838,280	55.76%
TOTAL OPTIONS	67,859,379	100%

20 Largest holders of JKAOA exercisable at \$0.35 on or before 1 February 2015 as at 19 September 2014

Fully paid ordinary shares	No. Options	%
1) CITICORP NOMINEES PTY LTD	3,300,000	6.6
2) MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD	3,000,000	6
3) MARFORD GROUP PTY LTD	2,500,000	5
4) A22 PTY LTD	2,400,000	4.8
5) WROXBY PTY LTD	1,875,000	3.75
6) NEWTON2 PTY LTD	1,780,000	3.56
7) MR WENG CHEW LIM & MS NGOC NHAN HA <FOCUS SUPER FUND A/C>	1,500,000	3
8) K O NOMINEES PTY LTD <THE OLDFIELD KNOTT UNIT A/C>	1,300,000	2.6
9) GRYPHON ASSET MANAGEMENT PTY LTD <GRYPHON INVESTMENT A/C>	1,150,000	2.3
10) MR CHRIS RETZOS & MRS SUSIE RETZOS <RETZOS FAMILY S/FUND A/C>	1,125,000	2.25
11) MR JOHNATHON THOMAS BANDY	1,075,000	2.15
12) MR ROBERT ARTHUR SATTI	1,015,000	2.03
13) KEMAST INVESTMENTS PTY LTD < K M STOKES S/F NO 2 A/C>	1,000,000	2
14) J P MORGAN NOMINEES AUSTRALIA LIMITED	1,000,000	2
15) SUBIACO ASSET MANAGEMENT PTY LTD <GLOBAL SPECULATIVE A/C.>	900,000	1.8
16) LAKE SPRINGS PTY LTD <THE LAKE SPRINGS S/F A/C>	800,000	1.6
17) MR TERRY JAMES GARDINER & MRS VICTORIA HELEN GARDINER	750,000	1.5
18) MISS WENDY ANN HARRIS	700,000	1.4
19) UPSKY EQUITY PTY LTD <UPSKY INVESTMENT A/C>	690,000	1.38
20) BARCLAY WELLS LTD	625,000	1.25
TOTAL	28,485,000	56.97%
TOTAL OPTIONS	50,000,000	100%

Unlisted options as at 4 September 2014

Details of unlisted option holders are as follows:

Class of unlisted options	No. Options
Options exercisable at \$0.20 on or before 11 October 2015	500,000
Holders of more than 20% of this class	1
Options exercisable at \$0.20 on or before 3 May 2017	1,250,000
Holders of more than 20% of this class	1
Options exercisable at \$0.14 on or before 1 February 2015	19,250,000
Holders of more than 20% of this class	1
Options exercisable at \$0.20 on or before 11 September 2016	2,700,000
Holders of more than 20% of this class	0

Voting rights

The Constitution of the Consolidated Entity makes the following provision for voting at general meetings:
On a show of hands, every ordinary shareholder present in person, or by proxy, attorney or representative has one vote. On a poll, every shareholder present in person, or by proxy, attorney or representative has one vote for any share held by the shareholder.

Restricted securities

There are no restricted securities subject to voluntary escrow on issue.