ASX ANNOUNCEMENT **19 December 2008**

Australian resources companies Jackson and Scimitar agree to merger

Highlights:-

- **Australian companies Jackson Minerals and Scimitar Resources have agreed to merge via a Scheme of Arrangement,**
- **Experienced resources executive Mr Tony Sage will join the board as Non-Executive Chairman of the merged entity, with both companies to have equal board representation, and**
- **Merged company to have a large diversified portfolio of uranium, gold and base metal assets in Australia and Argentina;**

Australian uranium company Jackson Minerals Limited (ASX: JAK) ("Jackson" or "the Company") and fellow Australian resources company Scimitar Resources Limited (ASX: SIM) ("Scimitar") have entered into a conditional merger implementation agreement to merge the two companies by way of a Scheme of Arrangement (**Scheme**).

The Jackson and Scimitar boards have unanimously agreed to the terms of the merger implementation agreement, as they believe the merger represents an opportunity to create a new entity better positioned for growth than either company on a standalone basis.

The merger will combine two companies with highly complementary exploration profiles and provide a substantial Australian and South American exposure to the uranium industry. The merged group will have a large, diversified uranium, gold and base metal exploration portfolio throughout Australia and Argentina.

Experienced resources executive Mr Tony Sage will be appointed Non-Executive Chairman of the merged company, with both companies to have equal representation on the merged company's board.

As part of the terms of the Scheme, Scimitar will make offers to acquire all of the issued shares in Jackson in exchange for the issue of shares in Scimitar. Jackson has unlisted Options on issue which will be dealt with via individual agreements with Scimitar, conditional on completion of the Scheme.

The parties have appointed an independent valuer to value Jackson for the purpose of forming the basis of negotiation in determining the scheme consideration to be issued by Scimitar to the holders of shares in Jackson. Jackson will announce this valuation and the details of the scheme consideration upon its receipt.

As a result of this transaction Jackson's securities will remain in suspension from trading until implementation (or termination) of the Scheme.

"We are proposing a merger to better position both companies, as a merged entity, to take advantage of the growing world-wide acceptance of the uranium solution to the global energy crisis" said Jackson Minerals Managing Director Brett Smith

"We believe the proposed merger will create value for both Scimitar and Jackson shareholders, with the combined entity having a major global presence in the uranium exploration sector with substantial resource and near-mid term development prospects.

"The two companies have complementary exploration portfolios, management ideals and shareholder bases, and bring together a highly experienced management team that will take the combined entity forward," Scimitar Resources Managing Director Terry Topping added.

"The merged company will be well positioned to play a key role in the growth of the uranium sector in the coming years."

Under the terms of the agreement Scimitar will issue a A$2.2m Convertible Note to cover the costs of the merger, repay Jackson's existing current Convertible Note of A$750,000 and to provide additional working capital.

Key steps to be undertaken as part of the merger include:

(a) lodgement of Scheme documents with the ASIC;
(b) obtaining Court approval to hold the Scheme meeting for Shareholders to vote on the Scheme;
(c) obtaining Jackson Shareholders approval for the Scheme; and
(d) if Jackson Shareholders approve the Scheme, Court ratification of the Scheme.

A transaction timetable, including details of the dates for the above steps and implementation of the Scheme, will be provided to shareholders in due course.

The parties have agreed to share all of the costs of the merger and implementation of the Scheme.

Jackson or Scimitar shareholders do not need to take any action at this time. In due course a Scheme Booklet outlining the proposal in greater detail will be issued to all Jackson shareholders.

Implementation of the Scheme is subject to conditions including:

(a) both parties being satisfied with the independent valuation for the purpose of determining the scheme consideration;
(b) satisfactory completion of due diligence by the Boards of both companies;
(c) Jackson shareholder approval and court approvals in respect of the Scheme;
(d) all relevant regulatory approvals; and
(e) other conditions customary for a public transaction of this nature.

ENDS

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Combined Entity's Asset Portfolio

The merged company's projects will comprise:-

Yanrey Project (SIM), Western Australia
Advanced exploration project at the Bennet Well Deposit where Scimitar has outlined an initial Inferred JORC compliant resource of 4.8 million pounds of eU_3O_8 at a grade of 300ppm eU_3O_8 with a cut off grade of 150ppm. The Yanrey Project covers Mesozoic sediments that are highly prospective for sandstone hosted roll front uranium mineralisation, similar to that at the adjacent Manyingee Uranium Deposit held by Paladin Resources Ltd (ASX:PDN), with a published indicated resource of 8,080 tonnes U_3O_8 at 1,000ppm U_3O_8 (approximately 17.8 million pound U_3O_8) and inferred resource of 2,810 tonnes U_3O_8 at 500ppm U_3O_8 (approximately 6.2 million pound U_3O_8).

Scimitar's eight granted exploration licences cover 2,307 sq km, including 220 sq km in JV with Barrick Gold Corp and 440 sq km in JV with Atomic Resources Ltd, covering a 70 km long redox front. The Atomic JV area includes the North and South Ballard Channels and the Barradale Channel. Broadly spaced drilling during the 1970's produced results of 3.7m at 1100 ppm eU_3O_8, 1.3m at 580 ppm eU_3O_8, 2.0m at 700 ppm eU_3O_8 and 1.7m at 290 ppm eU_3O_8.

Drilling in August 2008 outlined a new zone of mineralisation to the north east of the Bennet Well Deposit. Results include 1.7m at 867 ppm, 1.7m at 609 ppm and 1.9m at 768 ppm eU_3O_8. The new zone is quite substantial in size covering nearly half the Bennet Well resource area of 1.2 km^2. Airborne EM surveys have identified a new palaeochannel sixteen kilometres south of Bennet Well. Recently completed drilling returned encouraging results, including 0.8m at 421 ppm eU_3O_8, identifying a new uranium target.

Marree Project (SIM), South Australia
On 20 October 2008 Scimitar entered into a farm-in and joint venture agreement to explore the Marree uranium project in South Australia with a Korean consortium including government owned Korea Resources Corporation (KORES). Under the agreement the Korean participants are entitled to earn up to an aggregate 50 per cent interest in the joint venture by funding AUD$6,200,000 on the tenements within three years.

The Marree project is 550 km north of Adelaide and comprises four exploration licences (EL3389, 3390, 3510 and 3557) covering 2,575 km2 in the Eromanga Basin adjacent to the uranium-rich Mount Babbage Inlier. The project area includes the Tertiary Eyre and Namba Formations, hosts to several sedimentary roll-front uranium occurrences including the Beverley and Honeymoon Well uranium deposits and the recently discovered high grade uranium mineralisation at Beverley Four Mile.

Rio Colorado Uranium-Copper-Silver Project (JAK), Argentina
Rio Colorado is a substantial deposit outcropping for 16km and containing numerous small scale workings (adits and glory-holes) completed by the Argentinean Atomic Energy Commission (CNEA) in the 1950's and 1960's. Jackson's stage 1 exploration target (refer to note (1) in the competent person statement on page 5 of this announcement) is designed at satisfying Argentina's current "life of reactor" uranium requirements of 7,500t U_3O_8 (approximately 16 Mlbs U_3O_8). At a conservative width of between 7 and 12 metres for the mineralisation, and an average grade of between 300 and 750 ppm U_3O_8, only 3 km of the total 16 km would need to be developed to satisfy this requirement.

The main zone of mineralisation is covered by granted mining leases.

Las Marias Uranium Project (JAK), Argentina
As testament to the potential of this project, a 7 km unit of outcropping uranium rich sandstones, including visible uranium oxide minerals, has been identified using hand-held geophysical equipment. Scintillometer readings of the leached surface material indicate a range typically between 100 to 550 ppme U_3O_8, with a maximum reading of 1,300 ppme U_3O_8. This project was explored by the Atomic Energy Commission of Argentina (CNEA) in the 1970's. Priority exploration targets exist under cover, along the extensions of the outcropping mineralisation.

This project is currently under application, with the first exploration lease expected to be granted early in the new year.

Lake Frome Project (SIM), South Australia
Nine granted exploration licences in four project areas covering 6,287 sq km within the Frome basin, host to the Beverley uranium mine, the Beverley Four Mile, Honeymoon and Mt Gee uranium deposits. Airborne EM at the Marree and West Lake Frome Projects has identified new targets for uranium mineralisation. Recently completed drilling has identified anomalous uranium mineralisation over 4km within variably oxidised lignitic sands and muds of the Eyre and Namba Formations.

Amadeus Project (SIM), Northern Territory
Three granted exploration licences covering 2,532 sq km of the Amadeus Basin, adjacent to the Pamela and Angela uranium deposits. Advanced exploration targets at the Orange Creek prospect, where previous broadly spaced drilling returned significant results' including 3.40m at 413 ppm and 0.45m at 864 ppm eU_3O_8. Recent Drilling by the Company has identified significant uranium mineralisation across 9 km of a regionally extensive redox boundary including 1.0m at 926 ppm eU_3O_8.

Eclipse Project (SIM), Northern Territory
Four granted exploration licences and three licence applications covering 7,928 sq km of the Ngalia Basin, prospective for sandstone and calcrete hosted uranium mineralisation. The target is calcrete hosted uranium paleodrainage systems upstream and adjacent to the New Well uranium Deposit.

Gold and Base Metal (JAK/SIM), Australia
The merged company would house a substantial portfolio of gold and base-metal assets, including three gold resources currently under feasibility reviews for production by joint venture partners.

Competent Person Statement

Jackson Minerals Limited

The information in this report to which this statement is attached that relates to Jackson Minerals Limited's Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brett Smith who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Smith is a full-time employee of the Jackson. Mr Smith has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Smith consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

(1) *The Rio Colorado **Exploration Target** has yet to be drill tested and is conceptual in nature. There has been insufficient exploration (namely drilling) to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource. The basis for this target includes:-*

- *Extensive surface sampling and mapping of outcropping uranium mineralisation indicating continuity over at least 5 kilometres, open to the south. The area sampled is the northern extent of a 16 kilometre mineralised trend.*
- *Exploration of outcrops, historical underground workings, including adits and drives, has identified oxidation of between 100 and 200 metres down-dip. For this exploration target a conservative figure of 150 metres has been used.*
- *Mineralised widths where sampled (includes incomplete outcropping profiles) are up to 22 metres, averaging approximately 7 to 12 metres. No complete outcrop of the mineralisation is less than 7 metres.*
- *Mineralisation in higher grade zones is up to 2,430 ppm U_3O_8 (1 metre sample), but averages between 300 and 750 U_3O_8 over the average widths reported above.*
- *Surface sampling by Jackson is in the form of continuous channel samples, assayed on a one metre basis. Sampling was supervised by a Consultant Geologist with more than 30 years experience. Analysis was completed by Alex Stewart Laboratories in Argentina, a respected international assay service company.*

This exploration target is specified over 3 kilometres of a 16 kilometre mineralised trend. The southern 10 kilometres of this trend has yet to be fully tested, however reconnaissance sampling and examination of underground workings suggest a similar tenor of mineralisation as defined in the north.

The exploration target is for the uranium mineralisation only. Metallurgical test-work has established associated metals such as copper and silver do add considerable metal value to the project. Individual samples of copper up to 3.73% and silver up to 17 oz/t indicates in areas of this deposit, these metals may have greater value than the uranium.

While exploration to date identifies the high grade copper (+1%) and silver (+1oz) mineralisation is less than 3 metres wide, the Company does not have sufficient sampling data to be able to define the continuity of these metals along strike or within the regolith. This work is continuing.

Scimitar Resources Limited

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