

8 November 2013

Media Release

Jacka Executes Farmout of Odewayne Block

Jacka Resources Limited (“Jacka” or the “Company”, ASX: JKA) is pleased to advise that its wholly owned subsidiary Jacka Resources Somaliland Limited has signed a Farmout Agreement (“Agreement”) with Sterling Energy (East Africa) Limited (“Sterling”), a wholly owned subsidiary of Sterling Energy Plc, for the Odewayne Block Production Sharing Contract (the ‘PSC’), onshore Somaliland, whereby Sterling will acquire a 15% equity interest for a total cash consideration of US\$15 million. The Agreement is subject to usual governmental approval.

Under the terms of the Agreement:

- a) Jacka will be paid US\$3 million upon signature of the Agreement and associated documents;
- b) Jacka will be paid a further US\$12 million from Sterling upon three operational milestones being met; these milestones are linked to the minimum work program in the Third and Fourth Periods of the PSC;
- c) Sterling will assume a 15% interest in the PSC from Jacka upon completion;
- d) Sterling, and Jacka, will be carried by the operator, Genel Energy Somaliland Limited, for the cost of all exploration activities during the Third and Fourth Periods of the PSC, which currently ends in May 2016.

Jacka’s Managing Director, Mr Bob Cassie commented:

“Jacka is very pleased to have signed this agreement with Sterling; we see them as a strong addition to the Joint Venture bringing additional experience and capability to the group. We very much look forward to working with Sterling.

We are also pleased that Jacka is able to immediately realise some of the value from this asset but also retain a material interest of 15%, with an option to increase to 20%. This remains a significant interest for Jacka in an asset which we consider has huge potential.

This farmout is consistent within Jacka’s strategy of minimising exposure to exploration costs while retaining significant participating interests to access future value. Realising some value early in the project life gives us capacity to reinvest in other opportunities.”

The PSC participants are:

	<u>Prior to farmin</u>	<u>Post farmin</u>
Genel Energy Somaliland Limited (Operator)	50%	50%
Jacka Resources Somaliland Limited	30%	15% ¹
Sterling Energy (East Africa) Limited	10%	25%
Petrosoma Limited	10%	10%

¹ Jacka retains an option to increase its equity in this project by an additional 5% through its initial farmin from Petrosoma in March 2012.

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Background

Jacka entered the Odewayne Block in Somaliland in March 2012 through a farmin to Petrosoma's interest, acquiring 50% with the potential to ultimately increase to 85%. Jacka's regional studies highlighted this as an area likely to contain a sedimentary basin analogous to the multi-billion barrel producing basins in Yemen.

In late 2012 Jacka Resources completed a transaction with Genel Energy Plc (LSE: GNLE), whereby Genel acquired 50% equity in and operatorship of the Odewayne block. Jacka retained a 30% interest.

Under the terms of the transaction, Genel will fund 100% of the exploration program in the Odewayne Block until May 2015 (now extended to May 2016). The aggressive program was designed to fully explore this high potential frontier exploration area and generate multiple drillable prospects in less than 2 years. The program includes a full-block airborne gravity and magnetics survey (now completed), at least 1,500km of 2D seismic data acquisition and an exploration well, for a total cost around US\$50m.

About Sterling Energy

Sterling Energy Plc (SEY) is an upstream oil and gas company listed on the AIM market of the London Stock Exchange. Sterling is an experienced operator of international licences with a current focus on projects in Africa. The Company has interests in high potential exploration projects in Cameroon and Madagascar, and also has interests in a producing asset in Mauritania.

For more information please contact:

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Persons compiling information about Hydrocarbons

Pursuant to the requirements of the ASX Listing Rules 5.11, 5.11.1, 5.12 and 5.13, the technical information provided in this announcement has been compiled by Justyn Wood, Technical Director of Jacka Resources Limited. Mr Wood is a qualified geophysicist with over 18 years technical, commercial and management experience in exploration for, appraisal and development of oil and gas resources. Mr Wood has reviewed the results, procedures and data contained in this announcement. Mr Wood consents to the inclusion in this announcement of the matters based on the information in the form and context in which it appears.

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