

5 December 2013

Media Release

RECOMMENDED TAKEOVER OFFER BY TANGIERS PETROLEUM FOR JACKA RESOURCES

Highlights:

- **Tangiers Petroleum to acquire Jacka Resources via an off-market takeover bid**
- **Offer ratio equal to 0.468 Tangiers shares for every Jacka share held**
- **Tangiers Offer values Jacka shares at \$0.112 based on Tangiers last closing price of \$0.24 per share on 29 November 2013, being a 56% headline premium to Jacka's last closing price (\$0.072) and 53% premium based on the Jacka and Tangiers 1 month VWAPs¹**
- **Jacka Board unanimously recommends shareholders accept the Tangiers Offer in the absence of a superior proposal**
- **Based on the closing share price of Tangiers on ASX on 29 November 2013, the Offer values Jacka at approximately \$37m on an undiluted basis²**
- **Upon completion of the transaction, existing Tangiers shareholders and Jacka shareholders will own approximately 53% and 47%, respectively, of the issued ordinary shares of the combined entity (on an undiluted basis)**
- **Creation of a premier small to mid-cap African focused upstream oil and gas company, with pro-forma cash of \$8m with a further US\$22m expected to flow in from executed farm-in agreements relating to Tangiers' Tarfaya Project and Jacka's Odewayne Project**
- **Eve Howell to remain as Chairman of Tangiers, with Bob Cassie to become Managing Director of Tangiers upon completion**
- **Tangiers to provide Jacka with a \$2.5m standby loan facility to assist Jacka's funding in Q1 2014**
- **Bidder's and Target's Statements expected to be lodged by mid January 2014**

Tangiers Petroleum Limited ("**Tangiers**") (ASX:TPT, AIM: TPET) and Jacka Resources Limited ("**Jacka**") (ASX:JKA) are pleased to announce that they have entered into a Bid Implementation Agreement ("**BIA**") in respect of an off-market takeover offer to be made by Tangiers for all of the issued ordinary shares in Jacka ("**Offer**").

Combining the two companies will deliver a strong portfolio of highly prospective exploration, appraisal and development assets in Africa, including two high impact wells planned for 2014: the TAO-1 exploration well in the Tarfaya block, Morocco and the drilling and testing of Hammamet West-3 sidetrack 2 in Tunisia. The combined entity will also have exposure to a promising near-term offshore Nigerian development project in Aje (OML 113) where the joint venture plans to complete the field development plan by early 2014. Aje is adjacent to the recent Ogo discovery, where the operator, Afren plc, recently announced upgraded recoverable resources of 774 million barrels of oil equivalent and identified a new, deeper hydrocarbon-bearing zone.

¹ Based on Jacka's 1 month VWAP of \$0.0763 and Tangiers' 1 month VWAP of \$0.2491. The implied value of the Offer will change with fluctuations in the Tangiers share price.

² Based on Tangiers closing share price on 29 November 2013 of \$0.24.

The combined entity will also benefit from significant positions in early stage acreage in Somaliland and Tanzania, both of which have attracted strong interest from industry participants.

Key Offer Terms

Under the takeover bid, Tangiers is offering 0.468 Tangiers shares for every Jacka share held. The Offer ratio implies a value of \$0.112 per Jacka share based on the closing price of Tangiers shares on 29 November 2013³, and represents:

- a 56% premium to Jacka's last closing price \$0.072 based on Tangiers' last closing price of \$0.24 on 29 November 2013
- a 53% premium to Jacka's 1 month VWAP of \$0.0763, based on Tangiers' 1 month VWAP of \$0.2491 (to 29 November 2013)

Upon successful completion of the transaction, existing Tangiers shareholders and Jacka shareholders will own approximately 53% and 47%⁴, respectively (on an undiluted basis), of the issued ordinary shares of the combined entity.

Strong African Focus

A combination of Tangiers and Jacka offers a compelling opportunity for investors seeking exposure to a growth focused ASX and AIM-listed small to mid-cap oil and gas company with multiple projects from high impact exploration to near-term appraisal and development opportunities:

- creation of a premier small to mid-cap African focused upstream oil and gas company with an indicative market cap of c. A\$80m;
- accelerated growth through a combined and diversified portfolio of frontier exploration (e.g Morocco, Somaliland and Tanzania) together with near term appraisal and development opportunities (Tunisia and Nigeria);
- funding in place and/or carried for multiple high impact drilling events throughout 2014 (HW-3, Aje-5 and TAO-1). Morocco will see an active regional drilling program next year with up to 10 wells to be drilled along the Atlantic margin by the industry;
- combined board and management with extensive E&P experience, including African, drawn from Tangiers and Jacka nominees (e.g. Woodside Energy, Apache Energy and Hardman Resources);
- strong financial position with pro forma cash of approximately \$8m and a further US\$22m expected to flow in from executed farm-in agreements relating to Tangiers' Tarfaya Project and Jacka's Odewayne Project;
- carried for work programs/drilling at Tarfaya and Odewayne; and
- creation of a stronger and better positioned company with the financial strength to grow via further M&A.

Further details on the assets of Jacka and Tangiers are set out in a presentation available on Tangiers' website, and full detailed information on the proposed takeover will be included in the bidders statement

Board and Management

Upon completion, the Board of Directors of the combined entity will initially comprise three nominees from Tangiers and two nominees from Jacka. Tangiers' nominees are Eve Howell

³ The implied value of the Offer will change with fluctuations in the Tangiers share price.

⁴ Tangiers currently has 175m shares on issue and based on the offer ratio, up to 157m new Tangiers shares will be issued to Jacka shareholders as consideration for their Jacka shares, resulting in 332m shares on issue in the expanded Tangiers

(Executive Chairman), Brent Villemarette and Max de Vietri. Jacka's nominees are Bob Cassie (Managing Director) and Scott Spencer.

Following completion there will be a three month period during which Eve Howell will transition to Non Executive Chairman. Max de Vietri is also likely to move off the Board during this period, to be replaced by a new Non Executive Director to be nominated by Tangiers..

Jacka Board of Directors' Recommendation

The Board of Directors of Jacka unanimously recommends to Jacka shareholders that they accept the Offer, in the absence of a superior proposal. Each Jacka director intends to accept the Offer with respect to all shares owned or controlled by them, in the absence of a superior proposal.

Commenting on the transaction Scott Spencer, Chairman of Jacka said:

"This is a compelling offer for Jacka shareholders, and this transaction will provide a strong platform to pursue the company-transforming exploration opportunities within the portfolio of the merged entity, both in terms of balance sheet and board.

The board and management of Jacka are very focused on the opportunity to create significant value through appraisal and development of the Hammamet West oilfield offshore Tunisia. With this transaction shareholders will also gain exposure to a second near-term opportunity through Tangiers' Tarfaya prospect, scheduled to be drilled in 2014 offshore Morocco, which is emerging as a leading frontier oil province in Africa".

Eve Howell, Executive Chairman of Tangiers commented:

"This transaction is consistent with the strategy adopted by the board and management of Tangiers over the past year where efforts have been focused on growth in Africa and building a portfolio which balances low risk, moderate reward development and production opportunities with higher risk, large exploration potential.

Jacka's portfolio provides diversity to Tangiers' shareholders with exposure to highly prospective exploration drilling as well as appraisal and development activity in a number of countries over the next two years."

Offer Details

Pursuant to the BIA entered into between Tangiers and Jacka, it is proposed that Tangiers will acquire all the issued ordinary shares of Jacka by way of an off market takeover offer. Under the Offer, accepting Jacka shareholders will receive 0.468 Tangiers ordinary fully paid shares for each existing Jacka ordinary share they hold. Tangiers has also undertaken to make an offer to acquire existing Jacka options on issue in return for issuing new Tangiers options with the quantum and exercise price to be adjusted consistent with the offer ratio for Jacka shares. Tangiers shareholders and option holders will continue to hold their existing Tangiers ordinary shares and options.

The Offer is subject to a number of conditions, including a 90% minimum acceptance, no material adverse change and no prescribed occurrences. The conditions are set out in full in the BIA attached to this announcement.

The BIA contains customary deal protection mechanisms, including a no shop provision, matching rights in the event of a competing proposal and a \$300,000 reciprocal break fee payable in limited circumstances.

As the Offer consideration is solely comprised of Tangiers shares, Jacka has the right to terminate the BIA if there is a material adverse change relating to Tangiers (including the requisite government approvals for the Galp Energia farm-out of Tarfaya not being received by 1 February 2014). Further details of Jacka's termination rights are set out in the BIA.

The BIA outlining the full terms and conditions of the Tangiers Offer is attached to this announcement.

Interim Funding

Tangiers has agreed to provide Jacka with a \$2.5m loan facility to assist Jacka's funding in Q1 2014. This facility with Tangiers replaces the previously announced convertible facility that Jacka was seeking to put in place. Interest on the loan facility is payable at 12% p.a. on amounts drawn. The loan is to be repaid in full by no later than 1 December 2014, although Jacka is under an accelerated repayment obligation if:

- (a) a majority of the Jacka board recommends a competing proposal at any time during the term of the loan facility, in which case the loan must be repaid in full within 3 months of recommending that competing proposal; or
- (b) the BIA is terminated prior to Tangiers making its takeover bid for Jacka, in which case the facility must be repaid within 6 months of termination of the BIA.

Tangiers will have a contractual commitment over the future proceeds from the Sterling farmout in respect to Jacka's Odewayne Project, up to the amount drawn under the loan facility.

Indicative Timetable

Announcement	5 December 2013
Bidder's Statement and Target's Statement expected to be lodged	20 January 2014
Offer period commences	4 February 2014

Financial Advisors and Legal Counsel

Tangiers has appointed Foster Stockbroking Pty Ltd as financial advisor and Herbert Smith Freehills as legal counsel.

Jacka has appointed Miro Advisors as financial advisor and Corrs Chambers Westgarth as legal counsel.

Conference Call and Presentation

A conference call hosted by Eve Howell, Executive Chairman of Tangiers, has been scheduled for **2pm AEST (11am WST) Thursday 5 December** to present the transaction and highlights of the combined entity. Interested parties are invited to dial into **1 800 558 698 or 1 800 809 971** (freecall in Australia). When dialling in callers will be asked for the meeting ID, **728988**. All callers will be asked to provide their full name and association.

About Tangiers Petroleum

Tangiers Petroleum Ltd is a junior O&G exploration company listed on the ASX and AIM. The company's key project is Tarfaya, offshore Morocco. TPT retains a 25% equity interest in the Block and is carried for the first well planned to be drilled H1 CY14 following completion of a farm-out to Galp Energia (50% and operator).

About Jacka Resources

Jacka Resources Limited is an ASX listed (ASX: JKA) oil and gas exploration and development company with a focus on Africa. Jacka's key assets are located in Tunisia, Nigeria, Tanzania and Somaliland.

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Agreement

Bid implementation agreement

Tangiers Petroleum Limited

Jacka Resources Limited



Contents

Table of contents

1	Definitions, interpretation and agreement components	2
	1.1 Definitions	2
	1.2 Interpretation	7
	1.3 Interpretation of inclusive expressions	8
	1.4 Agreement components	8
2	The Takeover Bid	8
	2.1 Making the Takeover Bid	8
	2.2 Bidder may use related body corporate	8
	2.3 Directors' recommendation and acceptance	9
	2.4 Shares issued during the Offer Period	9
3	Public announcement of Takeover Bid	9
4	Facilitating the Offer	9
	4.1 Bidder's Statement and Target's Statement	9
	4.2 Dispatch of Offers	10
	4.3 Access to information	10
	4.4 Promoting the Takeover Bid	10
	4.5 Conduct of Company during Offer Period	11
	4.6 Conduct of Bidder during Offer Period	11
	4.7 Permitted conduct	11
	4.8 Bid Conditions	12
	4.9 No independent expert	12
	4.10 Approvals	12
5	Takeover Bid – variation and waiver	13
	5.1 Variation	13
	5.2 Waiver of Bid Conditions and extension	13
6	Payment of costs	13
	6.1 Background	13
	6.2 Payment of costs incurred by Bidder	13
	6.3 Basis of Break Fee	13
	6.4 Calculation of Break Fee	14
	6.5 Compensation for Company	14
	6.6 Payment	14
	6.7 Compliance with law	14
	6.8 Break Fee payable only once	15
	6.9 Other Claims	15
7	Exclusivity	15
	7.1 No existing discussions	15
	7.2 No shop	15



Contents

	7.3	Matching right.....	15
	7.4	Cease discussions	16
	7.5	Provision of information	16
8		Confidentiality	17
	8.1	Confidentiality Agreement.....	17
	8.2	Survival of obligations	17
9		Warranties	17
	9.1	Mutual warranties.....	17
	9.2	Company warranties	18
	9.3	Bidder warranties	18
	9.4	Reliance on representations and warranties	19
	9.5	Notification	19
	9.6	Release of officers	19
10		Termination	19
	10.1	Termination rights	19
	10.2	Company specific termination rights	20
	10.3	Effect of termination	20
11		GST	20
	11.1	Interpretation	20
	11.2	GST gross up	21
	11.3	Reimbursements and indemnifications	21
	11.4	Tax invoice	21
12		Notices	21
	12.1	Form of Notice.....	21
	12.2	How Notice must be given and when Notice is received	21
	12.3	Notice must not be given by electronic communication.....	22
13		General	22
	13.1	Governing law and jurisdiction	22
	13.2	Duty, costs and expenses	22
	13.3	Invalidity and enforceability.....	23
	13.4	Waivers and variation	23
	13.5	Assignment of rights	23
	13.6	Further assurances	23
	13.7	Counterparts	23
	13.8	Severability.....	23
	13.9	Attorneys	23
	13.10	Time of the essence.....	24
	13.11	Entire understanding	24
	13.12	Relationship of parties	24



Contents

Schedules

Schedule 1

Notice details	26
-----------------------	-----------

Schedule 2

Agreed Bid Terms	27
-------------------------	-----------

Schedule 3

Timetable	31
------------------	-----------

Schedule 4

Company's capital structure	32
------------------------------------	-----------

Schedule 5

Form of initial joint announcement	33
---	-----------

Schedule 6

Bidder's capital structure	34
-----------------------------------	-----------

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1 Definitions, interpretation and agreement components

1.1 Definitions

The meanings of the terms used in this agreement are set out below.

Term	Meaning
Agreed Bid Terms	the terms and conditions set out in Schedule 2.
AIM	the alternative investment market of the London Stock Exchange.
AIM Rules	the AIM Rules for Companies published by the London Stock Exchange (as supplemented by the AIM note for Mining and Oil & Gas Companies published by the London Stock Exchange), as amended from time to time.
Announcement Date	the date of the announcement of the Offers by the Bidder.
ASIC	the Australian Securities and Investments Commission.
associate	has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of the Corporations Act included a reference to this agreement.
ASX	ASX Limited ABN 98 008 624 691 or the exchange operated by it, as the context requires.
Bid Conditions	the conditions to the Takeover Bid included in section 3 of the Agreed Bid Terms.
Bidder Group	the Bidder and its related bodies corporate.
Bidder Material Adverse Change	Between the Announcement Date and the end of the Offer Period (each inclusive) none of the following occurs: <ol style="list-style-type: none">1 an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;

Term	Meaning
	<p>2 information is disclosed or announced by the Bidder concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or</p> <p>3 information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to the Company (whether or not becoming public),</p> <p>(each of 1, 2 and 3 a Bidder Specified Event) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:</p> <p>4 a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Bidder Group, taken as a whole; or</p> <p>5 without limiting the generality of paragraph 4 above, the effect of a diminution in the value of the consolidated net assets of the Bidder Group, taken as a whole, by at least \$3 million against what it would reasonably have been expected to have been but for such Bidder Specified Event,</p> <p>other than:</p> <p>6 an event, matter, change or circumstance caused, or materially contributed to, by the Company;</p> <p>7 anything required or permitted to be done or not done under this agreement or otherwise required to be done in connection with the legal obligations for the implementation of the Takeover Bid;</p> <p>8 any event, matter, change or circumstance:</p> <p style="padding-left: 20px;">(a) fairly disclosed by the Bidder to the Company or any Related Person of the Company;</p> <p style="padding-left: 20px;">(b) disclosed in public filings by the Bidder to ASX or ASIC; or</p> <p style="padding-left: 20px;">(c) otherwise known by the Company or any Related Person of the Company,</p> <p>at any time prior to the date of this agreement;</p> <p>9 an event, matter, change or circumstance in or relating to:</p> <p style="padding-left: 20px;">(a) economic, business, regulatory or political conditions in general;</p> <p style="padding-left: 20px;">(b) credit, financial or currency markets in general, or the state of securities markets in general (including any reduction in market indices);</p> <p style="padding-left: 20px;">(c) any change affecting the petroleum industry generally (including junior exploration companies, as well as fluctuations in commodity prices);</p> <p>10 the portion of any event, matter, change or circumstances which is as a consequences of losses, expenses, damages or other costs covered by insurance which the Bidder's insurers have agreed to pay; or</p>



Term	Meaning
	11 anything done with the prior written consent of the Company.
Bidder's Statement	the bidder's statement to be prepared by the Bidder in relation to the Takeover Bid in compliance with Part 6.5 of the Corporations Act.
Board	the board of Directors of the Company.
Break Fee	\$300,000.
Business Day	a day on which banks are open for business in Perth and London, other than a Saturday, Sunday or public holiday.
Company Group	the Company and its related bodies corporate.
Competing Proposal	<p>a bona fide proposal or offer that, if successfully completed, would result in a person other than the Bidder or its associates:</p> <ol style="list-style-type: none">1 directly or indirectly acquiring a relevant interest or an economic interest in 20% or more of the Company's Shares or of the share capital of any of the Company's related bodies corporate;2 directly or indirectly acquiring control of the Company;3 directly or indirectly acquiring or becoming the holder of any interest in all or a substantial part of the business or assets of the Company or any of its related bodies corporate; or4 otherwise acquiring or merging with the Company, <p>whether by way of takeover offer, scheme of arrangement, shareholder-approved acquisition, capital reduction, buy back, sale or purchase of shares or assets, joint venture, dual listed company structure (or other synthetic merger) or other transaction or arrangement.</p>
Confidentiality Agreement	the confidentiality agreement dated on or about 21 November 2013 between the Bidder and the Company.
control	has the meaning given in section 50AA of the Corporations Act.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).



Term	Meaning
Director	a director of the Company.
Exclusivity Period	the period from the date of this agreement until: 1 the end of the Offer Period; or 2 31 March 2014, whichever is earlier.
Galp Farm-in Agreement	the farm-in agreement dated 1 December 2012 and entered into between DVM International Sarl, Galp Energia Tarfaya BV, Galp Energia SGPS, S.A. and the Bidder.
Government Agency	any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.
Listing Rules	the official listing rules of ASX.
Offer Period	the period that the Offers are open for acceptance.
Offers	the Share Offer and the Option Offer.
Option	a listed option, issued by the Company prior to the date of this agreement, to acquire by way of issue a Share in the Company.
Option Offer	each offer to acquire Options made in connections with the Takeover Bid.
Optionholder	a register holder of Options.
Prescribed Occurrences	those occurrences listed in section 652C of the Corporations Act.
Record Date	the date set by the Bidder pursuant to section 633(2) of the Corporations Act.



Term	Meaning
related body corporate	has the meaning given in section 50 of the Corporations Act.
Related Person	In relation to a party: <ol style="list-style-type: none">1 a related body corporate;2 its advisers or an adviser of a related body corporate of that party; or3 an officer or employee of any entity referred to in items 1 or 2 of this definition.
relevant interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Security Interest	has the same meaning as in section 51A of the Corporations Act.
Share	an ordinary share in the capital of the Company.
Share Offer	each offer to acquire Shares made in connection with the Takeover Bid.
Shareholder	a registered holder of Shares.
subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Superior Proposal	a Competing Proposal that the Company's Board determines in good faith is: <ol style="list-style-type: none">1 reasonably capable of being valued and completed in a timely manner, taking into account all aspects of the Competing Proposal and the person making it; and2 more favourable to Shareholders as a whole than the Offer, taking into account all the terms and conditions of the Competing Proposal.
Takeover Bid	a takeover bid by the Bidder that satisfies the requirements in clause 2.
Tangiers Option	an option to acquire a Tangiers Share having an exercise price of \$0.75, an expiry date of 1 February 2015 and otherwise being on

Term	Meaning
	materially the same terms as the Options.
Tangiers Share	an ordinary fully paid share in the capital of the Bidder.
Target's Statement	the target's statement to be prepared by the Company in relation to the Takeover Bid in compliance with Part 6.5 of the Corporations Act.
Third Party	a party other than the Company, the Bidder and any of their subsidiaries,
Timetable	the timetable set out in Schedule 3.
Unacceptable Circumstances	has the meaning set out in section 657A of the Corporations Act.
Unlisted Option	an unlisted option, issued by the Company prior to the date of this agreement, to acquire by way of issue a Share in the Company.

1.2 Interpretation

In this agreement:

- (a) Headings and bold type are for convenience only and do not affect the interpretation of this agreement.
- (b) The singular includes the plural and the plural includes the singular.
- (c) Other parts of speech and grammatical forms of a word or phrase defined in this agreement have a corresponding meaning.
- (d) An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual.
- (e) A reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this agreement.
- (f) A reference to any thing (including, but not limited to, any right) includes a part of that thing, but nothing in this clause 1.2(f) implies that performance of part of an obligation constitutes performance of the obligation.
- (g) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.

- (h) A reference to a document includes all amendments or supplements to, or replacements or novations of, that document.
- (i) A reference to a party to a document includes that party's successors and permitted assignees.
- (j) A reference to an agreement other than this agreement includes a deed and any legally enforceable undertaking, agreement, arrangement or understanding, whether or not in writing.
- (k) A reference to '\$' or 'dollars' is to Australian currency unless denominated otherwise.
- (l) A reference to any time is a reference to the time in Perth.
- (m) Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

1.3 Interpretation of inclusive expressions

Specifying anything in this agreement after the words 'including', 'includes', 'for example' or similar expression does not limit what else is included unless there is express wording to the contrary.

1.4 Agreement components

This agreement includes any schedule.

2 The Takeover Bid

2.1 Making the Takeover Bid

The Bidder agrees to:

- (a) make offers pursuant to an off-market takeover bid under Chapter 6 of the Corporations Act to acquire all the Shares and the Options on terms and conditions no less favourable to Shareholders and Optionholders than the Agreed Bid Terms; and
- (b) without limiting this clause 2.1, publicly announce a proposal to make offers under the Takeover Bid, in accordance with clause 3, immediately after both parties have executed this agreement.

2.2 Bidder may use related body corporate

- (a) Subject to clause 2.2(b), the Bidder may satisfy its obligations under clause 2.1 by causing a subsidiary to perform the obligations referred to in clause 2.1, in which case references to:
 - (1) the Takeover Bid are references to the takeover bid by that subsidiary; and
 - (2) the Bidder making the Takeover Bid are references to the Bidder causing that subsidiary to make the Takeover Bid.
- (b) The Bidder acknowledges and agrees that if, pursuant to clause 2.2(a), it elects to cause a subsidiary to perform its obligations under clause 2.1, the Bidder remains liable to the Company for the due performance of those obligations.

2.3 Directors' recommendation and acceptance

The Company represents and warrants that:

- (a) the Board has met and considered the possibility of the Bidder agreeing to make the Takeover Bid; and
- (b) all of the Directors have informed the Company that, if the Bidder complies with clause 2.1, they will:
 - (1) unanimously recommend that Shareholders and Optionholders accept the Offers to be made to them under the Takeover Bid; and
 - (2) accept, or procure the acceptance of, the Offers in respect of any Shares and Options that they, or their associates, own or control,in each case in the absence of a Superior Proposal.

2.4 Shares issued during the Offer Period

- (a) The Bidder agrees that, subject to section 617 of the Corporations Act, it will extend its Offers to all Shares that are issued as a result of the exercise of Options during the period from the Record Date to the end of the Offer Period.
- (b) The Bidder agrees that it will make contemporaneous offers in respect of the Unlisted Options, on the terms to be agreed with the Company (acting reasonably).

3 Public announcement of Takeover Bid

Immediately after the execution and exchange of this agreement, the Bidder and the Company must issue a joint public announcement concerning the Takeover Bid substantially in the form set out in Schedule 5, or as otherwise agreed between the parties.

4 Facilitating the Offer

4.1 Bidder's Statement and Target's Statement

- (a) The Bidder will ensure that the Bidder's Statement (including any documentation dispatched together with the Bidder's Statement) is consistent with the Agreed Bid Terms and complies with all applicable legal requirements.
- (b) The Bidder will, to the extent practicable, give the Company a reasonable opportunity to review an advanced draft of the Bidder's Statement at least 5 Business Days before the Bidder is required to lodge the Bidder's Statement with ASIC, and will consult in good faith with the Company with respect to any comments the Company may have.
- (c) The Company will ensure that the Target's Statement (including any documentation dispatched together with the Target's Statement) complies with all applicable legal requirements.
- (d) The Company will, to the extent practicable, give the Bidder a reasonable opportunity to review an advanced draft of the Target's Statement at least 5

Business Days before the Company is required to lodge the Target's Statement with ASIC, and will consult in good faith with the Bidder in relation to any comments the Bidder may have.

4.2 Dispatch of Offers

- (a) The Company agrees that the Offers and accompanying documents to be sent by the Bidder under item 6 of section 633(1) of the Corporations Act may be sent on a date nominated by the Bidder that is earlier than the date prescribed by item 6 of section 633(1) of the Corporations Act.
- (b) Each party agrees to use reasonable endeavours to implement the Takeover Bid as quickly as reasonably permitted in the circumstances, having regard to the Timetable.
- (c) Provided that a Superior Proposal has not been received by the Company in the interim, each party agrees to use reasonable endeavours to send the Bidder's Statement and Target's Statement to Shareholders together.

4.3 Access to information

Each party agrees to provide the other party, on a timely basis, with information that may be reasonably required to assist in the preparation of the Bidder's Statement and the Target's Statement (as applicable).

4.4 Promoting the Takeover Bid

During the Offer Period, in the absence of a Superior Proposal, the Board will support the Takeover Bid and participate in efforts reasonably required by the Bidder to promote the merits of the Takeover Bid, including meeting with key Shareholders, analysts, management, customers and press if requested to do so by the Bidder, but only to the extent that the Board has determined, in good faith and acting reasonably after receiving written legal advice from external lawyers, that it can comply with this clause 4.4 without breaching the Directors' fiduciary or statutory duties.

During the Offer Period, in the absence of a Superior Proposal, the Company agrees:

- (a) to include in all public statements relating to the Takeover Bid (following the initial announcement of the Takeover Bid made pursuant to clause 3), a statement to the effect that:
 - (1) the Directors unanimously recommend that Shareholders and Optionholders accept the Offers to be made to them; and
 - (2) each Director intends to accept, or procure the acceptance of, the Offers made to them in respect of all Shares they own or control,in each case in the absence of a Superior Proposal;
- (b) not to make any public statement or take any other public action which would suggest that the Takeover Bid is not unanimously recommended by the Directors unless a Superior Proposal emerges; and
- (c) to procure that the Directors do not withdraw their recommendation subsequently unless a Superior Proposal emerges.

4.5 Conduct of Company during Offer Period

Until the end of the Offer Period:

- (a) the Company must, and must procure that each of its related bodies corporate:
 - (1) conduct their business in its usual and ordinary course and on a basis consistent with past practice or as may be required in order to satisfy a specific requirement of a Government Agency; and
 - (2) preserve and maintain the value of their business and assets, and their relationships with customers, suppliers, employees and others with whom they have business dealings; and
- (b) the Company must not issue any Shares except as a consequence of the exercise of Options or Unlisted Options.

4.6 Conduct of Bidder during Offer Period

Until the end of the Offer Period:

- (a) the Bidder must, and must procure that each of its related bodies corporate:
 - (1) conduct their business in its usual and ordinary course and on a basis consistent with past practice or as may be required in order to satisfy a specific requirement of a Government Agency; and
 - (2) preserve and maintain the value of their business and assets, and their relationships with customers, suppliers, employees and others with whom they have business dealings;
- (b) the Bidder must not issue any securities except as a consequence of the exercise of options on issue as at the date of this agreement;
- (c) between the Announcement Date and the end of the Offer Period (each inclusive), the Bidder must not, and must procure that each of its related bodies corporate do not, incur or commit to incur an amount of capital expenditure in excess of \$250,000 other than:
 - (1) capital expenditure incurred on Tarfaya Block 8 in which the Bidder has an interest as at the Announcement Date; or
 - (2) capital expenditure in the day to day operating activities of the business of the Bidder and its subsidiaries conducted in the same manner as before the Announcement Date; and
- (d) the Bidder must ensure that no Prescribed Occurrences occur in relation to any member of the Bidder Group.

4.7 Permitted conduct

The obligations of the parties under clauses 4.5 and 4.6 do not apply in respect of:

- (a) any matter required to be done or procured by the other party pursuant to, or which is otherwise contemplated by, this agreement or the Takeover Offer;
- (b) any matter which is required to be done by law or by an order of a court or a Government Authority; and
- (c) any matter the undertaking of which the other party has approved in writing (which approval must not be unreasonably withheld or delayed).

4.8 Bid Conditions

- (a) Subject to clause 4.8(c), each party must use all reasonable endeavours to satisfy the Bid Conditions as soon as practicable after the date of this agreement.
- (b) Subject to clause 4.8(c), each party agrees not to do, or omit to do, anything which will, or is likely to, result in any of the Bid Conditions being breached.
- (c) Nothing in this clause 4.8 prevents the Company or the Board from taking, or failing to take, action where to do otherwise would, in the opinion of the Board (determined in good faith), constitute a breach of the Directors' fiduciary or statutory duties.
- (d) Each party must promptly notify the other if it becomes aware that any Bid Condition has been satisfied. If any event occurs or becomes apparent which would cause any of the Bid Conditions to be breached or cause satisfaction of them to be unreasonably delayed, each party must, to the extent that the party is actually aware of such information, immediately notify the other party of that event.
- (e) A reference in this clause 4.8 to a Bid Condition being breached includes a reference to the Bid Condition not being, or not being capable of being, satisfied.

4.9 No independent expert

The parties agree that an independent expert's report for the Target's Statement is not required by section 640 of the Corporations Act. The parties acknowledge and agree that the Company does not currently intend to commission the preparation of an independent expert's report for the Target's Statement.

4.10 Approvals

- (a) The Bidder agrees that, as soon as practicable after announcing the Takeover Bid, it will apply for all relevant approvals required (or which are customarily obtained) from any Government Agency in relation to the Takeover Bid and the Company will provide all reasonable assistance to the Bidder in seeking such approvals.
- (b) If the Bidder:
 - (1) acquires a relevant interest in not less than 50.1% of the Company; and
 - (2) unconditionally commits to waive all remaining defeating conditions to its Offers upon obtaining any outstanding Government Approvals that are required to be obtained (or which are customarily obtained) from any Government Agency by the Company in relation to the Takeover Bid, but have not yet been obtained,

then the Company, as soon as practicable after being requested by the Bidder to do so, will apply for all of those approvals and the Bidder will provide all reasonable assistance to the Company in seeking such approvals.

5 Takeover Bid – variation and waiver

5.1 Variation

The Bidder may vary the terms and conditions of the Takeover Bid in any manner which is permitted by the Corporations Act, provided that the varied terms and conditions are not less favourable to Shareholders than the Agreed Bid Terms.

5.2 Waiver of Bid Conditions and extension

Subject to the Corporations Act, the Bidder may declare the Takeover Bid to be free from any Bid Condition or extend the Takeover Bid at any time.

6 Payment of costs

6.1 Background

- (a) The Bidder and the Company acknowledge that, if they enter into this agreement and the Takeover Bid is subsequently not implemented, the Bidder and the Company will incur significant costs.
- (b) Each party has requested that provision be made for the payments outlined in this clause 6, without which they would not have entered into this agreement or have otherwise agreed to implement the Takeover Bid.
- (c) Each party confirms that its board of directors:
 - (1) has received legal advice in relation to this agreement and the operation of this clause 6; and
 - (2) believes that the Takeover Bid will provide benefits to it and its shareholders and that it is appropriate for it to agree to the payments referred to in this clause 6 in order to secure the other party's participation in the Takeover Bid.

6.2 Payment of costs incurred by Bidder

The Company must pay the Break Fee to the Bidder if at any time following the Bidder's announcement of the Takeover Bid, a Competing Proposal is announced or made before the end of the Offer Period which is either unconditional or is declared to be free of all defeating conditions, and the third party announcing or making that Competing Proposal:

- (a) directly or indirectly acquires a relevant interest in 50% or more of the Company's Shares;
- (b) directly or indirectly acquires control of the Company on an unconditional basis; or
- (c) otherwise acquires or merges with the Company.

6.3 Basis of Break Fee

The Break Fee has been calculated to reimburse the Bidder or the Company (as the case may be) for:

- (a) fees for legal and financial advice (including the Bidder's nominated adviser on AIM matters) incurred in connection with the Takeover Bid;
- (b) reasonable opportunity costs incurred in engaging in the Takeover Bid or in not engaging in other alternative transactions or strategic initiatives;
- (c) costs of its management's and directors' time incurred in connection with Takeover Bid;
- (d) out of pocket expenses incurred by its employees, advisers and agents in connection with the Takeover Bid;
- (e) any damage to its reputation associated with a failed transaction and the implications of that damage if it seeks to execute alternative transactions in the future; and
- (f) losses associated with any damage to its goodwill with its customers, suppliers or employees,

incurred by it directly or indirectly in connection with the Takeover Bid.

6.4 Calculation of Break Fee

The parties acknowledge and agree that:

- (a) the loss actually incurred by the relevant party under this clause 6 will be of such nature that it cannot accurately be ascertained; and
- (b) the Break Fee is a genuine and reasonable pre-estimate of those fees, costs and losses.

6.5 Compensation for Company

In consideration for the Company entering into this agreement, if:

- (a) the Bidder fails to comply with its obligations under clause 2.1; or
- (b) the Company terminates this agreement in accordance with clauses 10.1(d) or 10.2(b),

the Bidder undertakes to pay the Company the Break Fee which the parties agree is a genuine and reasonable pre-estimate of the costs the Company would have incurred in those circumstances.

6.6 Payment

- (a) A party may demand payment under this clause 6 by written notice to the other party setting out the circumstances giving rise to payment.
- (b) If a party is obliged under the terms of this clause 6 to pay an amount to the other party, that party must pay that amount to the other party within 21 Business Days of receiving a demand for payment in accordance with clause 6.6(a).

6.7 Compliance with law

If:

- (a) it is found by the Takeovers Panel or a court that all or any part of the payment required to be made under this clause 6 is unlawful, involves a breach of director's duties or constitutes Unacceptable Circumstances and the period for

lodging an application for review or a notice of appeal (as applicable) has expired without the application or notice having been lodged; or

- (b) following lodgment of an application for review or a notice of appeal with the Takeovers Panel or a court within the prescribed period, it is found by the relevant review panel or appeal court that all or any part of the payment required to be made this clause 6 is unlawful, involves a breach of directors' duties or constitutes Unacceptance Circumstances,

(Challenged Amount), then:

- (c) the parties' undertakings under this clause 6 do not apply to the extent of the Challenged Amount; and
- (d) any party that has already received an amount under this clause 6 must refund any Challenged Amount.

6.8 Break Fee payable only once

Where a Break Fee becomes payable under this clause 6 and is actually paid, the recipient of the Break Fee cannot make any claim against the other party for payment of any subsequent Break Fee.

6.9 Other Claims

The maximum liability of any each party for all claims in any way connected to this agreement or the Takeover Bid, howsoever made or arising, shall not exceed the Break Fee.

7 Exclusivity

7.1 No existing discussions

The Company represents and warrants that, other than the discussions with the Bidder in respect of the Takeover bid, it is not as at the date of this agreement in negotiations or discussions in respect of any Competing Proposal with any person.

7.2 No shop

During the Exclusivity Period, the Company must not, and must ensure that each of its Related Persons does not, directly or indirectly, solicit, invite, encourage or initiate any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal or communicate to any person an intention to do anything referred to in this clause 7.2, but nothing in this clause 7.2 prevents the Company from making normal presentations to brokers, portfolio investors and analysts in the ordinary course of business or promoting the merits of the Takeover Bid.

7.3 Matching right

Without limiting clause 7.1, during the Exclusivity Period, the Company:

- (a) must not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a Third Party, the



Company or both proposes or propose to undertake or give effect to an actual, proposed or potential Competing Proposal; and

- (b) must use its best endeavours to procure that none of its Directors change their recommendation in favour of the Takeover Bid to publicly recommend an actual, proposed or potential Competing Proposal (or recommend against the Takeover Bid),

unless:

- (c) the Board acting in good faith and in order to satisfy what the members of the Board consider to be their statutory or fiduciary duties determines that the Competing Proposal would be or would be likely to be an actual, proposed or potential Superior Proposal;
- (d) the Company has provided the Bidder with the material terms and conditions of the actual, proposed or potential Competing Proposal, including price and the identity of the Third Party making the actual, proposed or potential Competing Proposal;
- (e) the Company has given the Bidder at least 2 Business Days after the date of the provision of the information referred to in clause 7.3(d) to provide a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal; and
- (f) the Bidder has not announced a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal by the expiry of the 2 Business Day period in clause 7.3(e) above.

7.4 Cease discussions

The Company must cease any discussions or negotiations existing as at the date of this agreement relating to:

- (a) any actual, proposed or potential Competing Proposal; or
- (b) any transaction that would, or would reasonably be expected to, reduce the likelihood of success of the Takeover Bid.

7.5 Provision of information

During the Exclusivity Period, the Company must as soon as possible provide the Bidder with:

- (a) in the case of written materials, a copy of; and
- (b) in any other case, a written statement of,

any material non-public information about the business or affairs of the Company or the Company Group disclosed or otherwise provided to any Third Party in connection with an actual, proposed or potential Competing Proposal that has not previously been provided to the Bidder.

8 Confidentiality

8.1 Confidentiality Agreement

- (a) The Company releases the Bidder from its confidentiality obligations owed to the Company under the Confidentiality Agreement to the extent necessary for the Bidder to make the Takeover Bid provided always that the Bidder consults with the Company regarding the form and content of any proposed disclosure of Company confidential information and takes all reasonable steps to restrict that disclosure to the maximum extent possible.
- (b) Each party acknowledges and agrees that, except as provided for in clause 8.1(a), it continues to be bound by the Confidentiality Agreement in respect of all information received by it from the other party before or after the date of this agreement.

8.2 Survival of obligations

The rights and obligations of the parties under the Confidentiality Agreement survive termination of this agreement.

9 Warranties

9.1 Mutual warranties

Each party represents and warrants to the other that, as at the date of this agreement and until the close of the Offer Period:

- (a) it is validly incorporated, organised and subsisting under the laws of the place of its incorporation;
- (b) it has full power and capacity to enter into and perform its obligations under this agreement;
- (c) this agreement has been duly executed and is a legal, valid and binding agreement, enforceable against the party in accordance with its terms;
- (d) all necessary authorisations for the execution, delivery and performance by it of this agreement in accordance with its/their terms have been obtained;
- (e) it is not bound by any agreement that would prevent or restrict it from entering into and performing its obligations under this agreement or the transaction contemplated by it;
- (f) no resolutions have been passed or steps taken, and no petition or other process has been presented or threatened in writing against it, for winding-up or dissolution, and no receiver, receiver and manager, liquidator, administrator or like official has been appointed, or is threatened or expected to be appointed, over the whole or any part of its assets; and
- (g) no regulatory action of any nature has been taken that would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this agreement.

9.2 Company warranties

- (a) In addition to the warranties set out in clause 9.1, the Company represents and warrants that, as at the date of this agreement:
- (1) the information contained in Schedule 4 is complete and accurate, and there are no other securities on issue, or that might be issued as a result of the exercise of any options, convertible securities or other rights;
 - (2) it is not in breach of its continuous disclosure obligations under the Listing Rules; and
 - (3) it has, so far as it is aware, fairly disclosed to the Bidder all material information in relation to the Company and its business, and has not knowingly withheld any material information.
- (b) For the purposes of clause 9.2(a)(3), the Company will be deemed to know or be aware of a particular fact, matter or circumstance if the Company or a Director or officer of the Company is actually aware of that fact, matter or circumstance as at the date of this agreement.

9.3 Bidder warranties

In addition to the warranties set out in clause 9.1, the Bidder represents and warrants that, as at the date of this agreement:

- (a) the shares of the Bidder to be issued to Shareholders under the Takeover Bid will be fully paid, and issued free from any encumbrances or other third party interests;
- (b) the options to acquire shares of the Bidder to be issued to Optionholders under the Takeover Bid will be issued free from any encumbrances or other third party interests;
- (c) other than the approvals referred to in defeating condition to the Agreed Bid Terms set out in paragraph 3.1 of schedule 2, no approvals are required to be obtained by the Bidder under any law, rule or regulation (including under the Listing Rules) to perform and observe its obligations under this agreement and to consummate the transaction contemplated by this agreement;
- (d) it will comply during the Offer Period with its obligations under Part 6.9 of the Corporations Act;
- (e) the information contained in Schedule 6 is complete and accurate, and there are no other securities on issue, or that might be issued as a result of the exercise of any options, convertible securities or other rights;
- (f) it is not in breach of its continuous disclosure obligations under the Listing Rules or the AIM Rules; and
- (g) it has, so far as it is aware, fairly disclosed to the Company all material information in relation to the Bidder and its business, and has not knowingly withheld any material information.

For the purposes of clause 9.3(g), the Bidder will be deemed to know or be aware of a particular fact, matter or circumstance if the Bidder or one of its directors or officers is actually aware of that fact, matter or circumstance as at the date of this agreement.

9.4 Reliance on representations and warranties

- (a) Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this agreement, except for representations or inducements expressly set out in this agreement.
- (b) Each party acknowledges and confirms that it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this agreement.
- (c) Each party acknowledges and confirms that clauses 9.4(a) and 9.4(b) do not prejudice any rights a party may have in relation to information which has been filed by the other party with ASIC or ASX.

9.5 Notification

Each party will promptly advise the other in writing if it becomes aware of any fact, matter or circumstance that constitutes or may constitute a breach of any of the representations and warranties given by it under this clause 9.

9.6 Release of officers

- (a) Subject to the Corporations Act and the AIM Rules, none of the Directors or officers of the Company will be liable for anything done or purported to be done in connection with the Takeover Bid or any transaction contemplated by this agreement, but nothing in this clause excludes any liability that may arise from wilful misconduct, fraud, wilful misrepresentation (including by omission) or bad faith on the part of such a person. The Company receives and holds the benefit of this clause as agent for its Directors and officers.
- (b) Subject to the Corporations Act and the AIM Rules, none of the directors or officers of the Bidder will be liable for anything done or purported to be done in connection with the Takeover Offer or any transaction contemplated by this agreement, but nothing in this clause excludes any liability that may arise from wilful misconduct, fraud, wilful misrepresentation (including by omission) or bad faith on the part of such a person. The Bidder receives and holds the benefit of this clause as agent for its directors and officers.

10 Termination

10.1 Termination rights

A party may terminate this agreement by written notice to the other party if at any time after the date on which the Offer is announced under clause 3 and before the end of the Offer Period:

- (a) the Board changes its recommendation in relation to the Takeover Bid as a result of the Board determining that it has received a Superior Proposal;
- (b) the other party is in material breach of this agreement and, to the extent that the breach is capable of remedy, that breach is not remedied by that other party within 5 Business Days of it receiving notice from the first party of the details of the breach and the first party's intention to terminate;

- (c) a representation or warranty given by the other party under clause 9 is or becomes untrue in any material respect and the breach of the representation or warranty is of a kind that, had it been disclosed to the first party before its entry into this agreement, could reasonably be expected to have resulted in that first party either not entering into this agreement or entering into it on materially different terms;
- (d) a court or Government Agency has issued an order, decree or ruling, or taken other action, that permanently restrains or prohibits the Takeover Bid, and the action is final and cannot be appealed or reviewed or the party, acting reasonably, believes that there is no realistic prospect of a successful appeal or review; or
- (e) the Bidder withdraws the Takeover Bid or the Takeover Bid lapses for any reason, including non-satisfaction of a condition to the Takeover Bid.

10.2 Company specific termination rights

The Company may terminate this agreement by written notice to the Bidder if:

- (a) at any time after the date of this agreement and before the end of the Offer Period, a Bidder Material Adverse Change occurs;
- (b) the conditions precedent to completion of the Galp Farm-in Agreement (set out in clause 3.1 of the Galp Farm-in Agreement) have not been satisfied, or otherwise become incapable of being satisfied, on or before 1 February 2014; or
- (c) any litigation or regulatory proceedings involving the Bidder are commenced, threatened to be commenced, or announced, which may reasonably result in a judgment of \$3 million or more being made against the Bidder, other than that which is in the public domain as at the Announcement Date.

10.3 Effect of termination

If this agreement is terminated by a party under this clause 10:

- (a) each party will be released from its obligations under this agreement, except its obligations under clauses 6, 8.1(b), 10, 11 and 12;
- (b) each party will retain the rights it has or may have against the other party in respect of any past breach of this agreement; and
- (c) in all other respects, all future obligations of the parties under this agreement will immediately terminate and be of no further force or effect, including, without limitation, any further obligations in respect of the Takeover Bid.

11 GST

11.1 Interpretation

In this clause 11, a word or expression defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) has the meaning given to it in that Act.

11.2 GST gross up

- (a) Subject to clause 11.2(b), if a party makes a supply under or in connection with this agreement in respect of which GST is payable, the consideration for the supply but for the application of this clause 11.2 (**GST exclusive consideration**) is increased by an amount equal to the GST exclusive consideration multiplied by the rate of GST prevailing at the time the supply is made.
- (b) Clause 11.2(a) does not apply to any consideration that is expressed in this agreement to be inclusive of GST.

11.3 Reimbursements and indemnifications

If a party must reimburse or indemnify another party for a loss, cost or expense, the amount to be reimbursed or indemnified is first reduced by any input tax credit the other party is entitled to for the loss, cost or expense, and then increased in accordance with clause 11.2.

11.4 Tax invoice

A party need not make a payment for a taxable supply made under or in connection with this agreement until it receives a tax invoice for the supply to which the payment relates.

12 Notices

12.1 Form of Notice

A notice or other communication to a party under this agreement (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to that party in accordance with the details nominated in Schedule 1 (or any alternative details nominated to the sending party by Notice).

12.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address



Method of giving Notice	When Notice is regarded as given and received
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By fax to the nominated fax number	At the time indicated by the sending party's transmission equipment as the time that the fax was sent in its entirety. However, if the recipient party informs the sending party within 4 hours after that time that the fax transmission was illegible or incomplete, then the Notice will not be regarded as given or received. When calculating this 4 hour period, only time within a business hours period is to be included.
By email to the nominated email address	When the email (including any attachment) comes to the attention of the recipient party or a person acting on its behalf.

12.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than fax and email as permitted in clause 12.2).

13 General

13.1 Governing law and jurisdiction

- (a) This agreement is governed by the law in force in Western Australia.
- (b) Each party irrevocably submits to the exclusive jurisdiction of courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this agreement. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

13.2 Duty, costs and expenses

- (a) The Bidder must pay all stamp duty in respect of the execution, delivery and performance of any transaction evidenced by this agreement.
- (b) Except as otherwise provided in this agreement, each party must pay its own legal costs and expenses in respect of the negotiation, preparation, execution, delivery and completion of this agreement.

13.3 Invalidity and enforceability

- (a) If any provision of this agreement is invalid under the law of any jurisdiction the provision is enforceable in that jurisdiction to the extent that it is not invalid, whether it is in severable terms or not.
- (b) Clause 13.3(a) does not apply where enforcement of the provision of this agreement in accordance with clause 13.3(a) would materially affect the nature or effect of the parties' obligations under this agreement.

13.4 Waivers and variation

- (a) A provision of, or a right, discretion or authority created under, this agreement may not be:
 - (1) waived except in writing signed by the party granting the waiver; and
 - (2) varied except in writing signed by the parties.
- (b) A failure or delay in exercise, or partial exercise, of a power, right, authority, discretion or remedy arising from a breach of, or default under this agreement does not result in a waiver of that right, power, authority, discretion or remedy.

13.5 Assignment of rights

- (a) Rights arising out of or under this agreement are not assignable by a party without the prior written consent of the other party.
- (b) A breach of clause 13.5(a) by a party entitles the other party to terminate this agreement.
- (c) Clause 13.5(b) does not affect the construction of any other part of this agreement.

13.6 Further assurances

Each party must do all things and execute all further documents necessary to give full effect to this agreement.

13.7 Counterparts

This agreement may be executed in any number of counterparts.

13.8 Severability

Any provision in this agreement that is invalid or unenforceable in any jurisdiction is to be read down for the purpose of that jurisdiction, if possible, so as to be valid and enforceable, and otherwise shall be severed to the extent of the invalidity or unenforceability, without affecting the remaining provisions of this agreement or affecting the validity or enforceability of that provision in any other jurisdiction.

13.9 Attorneys

Each of the attorneys executing this agreement (if any) states that the attorney has no notice of the revocation of the power of attorney appointing that attorney.



13.10 Time of the essence

Time is of the essence of this agreement.

13.11 Entire understanding

- (a) This agreement and the Confidentiality Agreement contain the entire understanding between the parties as to the subject matter of this agreement. To the extent of any inconsistency between them, this agreement prevails.
- (b) All previous negotiations, understandings, representations, warranties, memoranda or commitments concerning the subject matter of this agreement (including the letter agreement entered into between the parties in regards to exclusivity dated on or about 30 November 2013) are merged in and superseded by this agreement and are of no effect. No party is liable to any other party in respect of those matters.
- (c) No oral explanation or information provided by any party to another:
 - (1) affects the meaning or interpretation of this agreement; or
 - (2) constitutes any collateral agreement, warranty or understanding between any of the parties.

13.12 Relationship of parties

This agreement is not intended to create a partnership, joint venture or agency relationship between the parties.



Schedules

Table of contents

Notice details	26
Agreed Bid Terms	27
Timetable	31
Company's capital structure	32
Form of initial joint announcement	33
Bidder's capital structure	34



Schedule 1

Notice details

Bidder	Tangiers Petroleum Limited
Address	Level 2 5 Ord Street WEST PERTH WA 6005
Attention	Robert Dalton (Joint Company Secretary)
Phone	+61 8 9485 0990
Fax	+61 8 9321 8990
Email	rdalton@tangierspetroleum.com.au

	Jacka Resources Limited
Address	Level 11 London House 216 St Georges Terrace PERTH WA 6000
Attention	Bob Cassie (Managing Director)
Phone	+61 8 6380 3312
Fax	+61 08 9463 6103
Email	bob@jackaresources.com.au



Schedule 2

Agreed Bid Terms

1 Consideration

0.468 Tangiers Shares for every Share held; and
0.468 Tangiers Options for every Option held.

2 Offer Period

6 weeks from the date of the Offers

3 Bid Conditions

3.1 Regulatory approvals

Before the end of the Offer Period, all approvals or consents that are required by law, by any public authority, or by any other third party as are necessary to permit:

- (a) the Offers to be lawfully made to and accepted by the Shareholders and Optionholders;
- (b) the transactions contemplated by the Bidder's Statement to be completed; and
- (c) the Company to be in material compliance with each of its and its subsidiaries' contracts, permits, licences and other agreements,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

3.2 No regulatory action and consents

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or decree issued by any Government Agency;
- (b) no action or investigation is announced, commenced or threatened by any Government Agency; and
- (c) no application is made to any Government Agency (other than by the Bidder or any associate of the Bidder),

in consequence of or in connection with the Offers (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or



threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offers and the completion of any transaction contemplated by the Bidder's Statement or which requires the divestiture by the Bidder of any Shares or any material assets of the Company or any subsidiary of the Company.

3.3 Minimum acceptance

At the end of the Offer Period, the Bidder has relevant interests in at least 90% of the Shares and has acquired not less than an aggregate of 53% of the Unlisted Options and Options on issue.

3.4 No material adverse change

Between the Announcement Date and the end of the Offer Period (each inclusive) none of the following occurs:

- (a) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
- (b) information is disclosed or announced by the Company concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- (c) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to the Bidder (whether or not becoming public),

(each of (a), (b) and (c) a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:

- (d) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Company Group taken as a whole; or
- (e) without limiting the generality of clause 3.4(d), the effect of a diminution in the value of the consolidated net assets of the Company Group, taken as a whole, by at least \$3 million against what it would reasonably have been expected to have been but for such Specified Event,

other than:

- (f) an event, matter, change or circumstance caused, or materially contributed to, by the Bidder;
- (g) anything required or permitted to be done or not done under this agreement or otherwise required to be done in connection with the legal obligations for the implementation of the Takeover Bid;
- (h) any event, matter, change or circumstance:
 - (1) fairly disclosed by the Company to the Bidder or any Related Person of the Bidder;
 - (2) disclosed in public filings by the Company to ASX or ASIC; or
 - (3) otherwise known by the Bidder or any Related Person of the Bidder, at any time prior to the date of this agreement;
- (i) an event, matter, change or circumstance in or relating to:
 - (1) economic, business, regulatory or political conditions in general;



- (2) credit, financial or currency markets in general, or the state of securities markets in general (including any reduction in market indices);
- (3) any change affecting the petroleum industry generally (including junior exploration companies, as well as fluctuations in commodity prices);
- (j) the portion of any event, matter, change or circumstances which is as a consequence of losses, expenses, damages or other costs covered by insurance which the Company's insurers have agreed to pay; or
- (k) anything done with the prior written consent of the Bidder.

3.5 Capital expenditures

Between the Announcement Date and the end of the Offer Period (each inclusive), the Company does not incur or commit to incur an amount of capital expenditure in excess of \$250,000 other than:

- (a) capital expenditure incurred on existing projects in which the Company has an interest as at the Announcement Date; or
- (b) capital expenditure in the day to day operating activities of the business of the Company and its subsidiaries conducted in the same manner as before the Announcement Date.

3.6 No litigation on foot or pending

Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against the Company which may reasonably result in a judgment of \$3 million or more is commenced, is threatened to be commenced, is announced, or is made known to the Bidder (whether or not becoming public) or the Company, other than that which is in the public domain as at the Announcement Date.

3.7 Equal access

Between the Announcement Date and the end of the Offer Period, the Company promptly, and in any event within 2 Business Days, provides to the Bidder a copy of all information that is not generally available (within the meaning of the Corporations Act) relating to the Company or any of its subsidiaries, or their respective assets, liabilities or operations, that has been provided by the Company or any of its directors, officers, agents or representatives to any person other than the Bidder, other than in the ordinary course of ordinary business, for the purposes of soliciting, encouraging or facilitating any proposal with respect to:

- (a) a takeover bid for, or scheme of arrangement proposed by, the Company, under the Corporations Act;
- (b) the acquisition by that person or an associate of substantially all the assets and operations of the Company; or
- (c) any transaction having a similar economic effect.

3.8 No prescribed occurrences

Between the Announcement Date and the date 3 business days after the end of the Offer Period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen:



- (a) the Company converting all or any of the Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) the Company or a subsidiary of the Company resolving to reduce its share capital in any way;
- (c) the Company or a subsidiary of the Company entering into a buyback agreement or resolving to approve the terms of a buyback agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) the Company or a subsidiary of the Company making an issue of Shares (other than Shares issued as a result of the exercise of Options into Shares) or granting an option over the Shares or agreeing to make such an issue or grant such an option;
- (e) the Company or a subsidiary of the Company issuing, or agreeing to issue, convertible notes;
- (f) the Company or a subsidiary of the Company disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) the Company or a subsidiary of the Company granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (h) the Company or a subsidiary of the Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of the Company or of a subsidiary of the Company;
- (j) the making of an order by a court for the winding up of the Company or of a subsidiary of the Company;
- (k) an administrator of the Company or of a subsidiary of the Company being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) the Company or a subsidiary of the Company executing a deed of company arrangement;
- (m) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of the Company or of a subsidiary of the Company.

3.9 No distributions

Between the Announcement Date and the end of the Offer Period (each inclusive), the Company does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).



Schedule 3

Timetable

Event	Date
Joint announcement of Takeover Bid	5 December 2013
<ul style="list-style-type: none">• Bidder lodges Bidder's Statement with ASIC and serves it on Company and ASX• Company lodges Target's Statement with ASIC and serves it on Bidder and ASX	20 January 2014
<ul style="list-style-type: none">• Completion of joint dispatch of Bidder's Statement and Target's Statement to Shareholders• Offer Period commences	4 February 2014



Schedule 4

Company's capital structure

Number	Class
336,013,503	Shares
50,000,000	\$0.35 listed options exercisable on or before 1 February 2015
5,000,000	\$0.35 unlisted options exercisable on or before 31 December 2013
11,700,000	\$0.50 unlisted options exercisable on or before 31 July 2014
500,000	\$0.20 unlisted options exercisable on or before 11 October 2015
19,250,000	\$0.14 unlisted options exercisable on or before 1 February 2015
1,250,000	\$0.20 unlisted options exercisable on or before 3 May 2017
2,700,000	\$0.20 unlisted options exercisable on or before 11 September 2016



Schedule 5

Form of initial joint announcement



Schedule 6

Bidder's capital structure

Number	Class
174,579,220	Tangiers Shares
1,000,000	\$0.22 unlisted options exercisable on or before 19 July 2014
6,000,000	\$0.60 unlisted options exercisable on or before 16 December 2014
1,000,000	\$0.22 unlisted options exercisable on or before 16 December 2014
500,000	\$0.50 unlisted options exercisable on or before 2 April 2015
3,274,124	\$0.60 unlisted options exercisable on or before 2 April 2015
3,500,000	\$0.70 unlisted options exercisable on or before 2 April 2015
300,000	\$0.50 unlisted options exercisable on or before 10 April 2015
213,733	GBP£0.256 (A\$0.393) unlisted options exercisable on or before 19 November 2015
487,230	GBP£0.242 (A\$0.383) unlisted options exercisable on or before 19 November 2015
2,000,000	\$0.28 unlisted options exercisable on or before 26 November 2015 (voluntary escrow for 12 months)
1,500,000	\$0.28 unlisted options exercisable on or before 26 November 2015 (vesting conditions apply)
3,000,000	\$0.28 unlisted options exercisable on or before 26 November 2015
2,500,000	\$0.45 unlisted options exercisable on or before 31 March 2016
2,500,000	\$0.45 unlisted options exercisable on or before 31 October 2016 (voluntary escrow for 12 months)

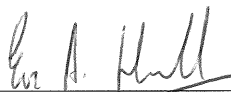


Signing page

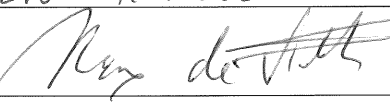
Executed as an agreement

Bidder

Signed by
Tangiers Petroleum Limited
by

sign here ▶ 
~~Company Secretary/Director~~


print name EVE HOWELL

sign here ▶ 
Director

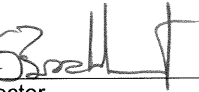
print name Max de Vietri

Company

Signed by
Jacka Resources Limited
by

sign here ▶ 
~~Company Secretary/Director~~

print name ROBERT CASSIE

sign here ▶ 
Director

print name STEPHEN BROCKHURST
