

12 May 2014

Jacka completes US\$12 million farmout of Odewayne Block, Somaliland

Further to the announcement made on 6 May 2014, Jacka Resources Limited (“**Jacka**” or the “**Company**”, ASX: JKA) is pleased to confirm receipt of the full consideration of US\$12 million from Sterling and that completion has now occurred under the farmout agreement between its wholly owned subsidiary Jacka Resources Somaliland Limited (“**JRSL**”) and 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, East Africa (“**Second Sterling Agreement**”).

In November 2013 Jacka announced JRSL’s farmout of a 15% participating interest in the Odewayne block to Sterling (the “**Original Sterling Transaction**”). That transaction completed in January 2014.

Under the terms of the Second Sterling Agreement:

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

Although this transaction results in JRSL’s departure from the PSC, Jacka retains an option to acquire a 5% participating interest arising from its original farm-in agreement with Petrosoma Limited¹. The option can be exercised on the earlier of the proposal of a second well in the PSC or the parties entering into the Fifth Period of the PSC.

The PSC is currently in the Third Period (expiring November 2014) with an outstanding minimum work obligation of 500 km of 2D seismic. The minimum work obligation during the Fourth Period of the PSC (expiring May 2016) is for 1,000 km of 2D seismic and one exploration well. Operations in Somaliland have been delayed by security concerns and Genel Energy, the operator on behalf of the joint venture partners, is working with the Ministry of Energy and Minerals to resume operations as soon as practicable.

Jacka’s Managing Director, Mr Bob Cassie commented:

“Jacka is pleased to have completed this transaction. Along with the recent placement and the current fully underwritten entitlements issue (which will together raise \$3.9 million upon successful completion) this transaction will see Jacka emerge with a strong balance sheet and able to continue work on its other assets including progressing the Aje Field (OML113 offshore Nigeria) through a final investment decision (expected in mid-2014) and into development; further appraisal of the Hammamet West oilfield, offshore Tunisia; and other exploration activities in OML113, in the Bargou permit surrounding the Hammamet West field, and the Ruhuhu licence, onshore Tanzania.

Jacka remains enthusiastic about Somaliland and considers the option to acquire another 5% interest in the future as providing the Company and its shareholders with an opportunity to re-enter the project as work advances. Jacka would like to thank the joint venture partners and the Somaliland government for their

¹ The option requires Jacka to carry Petrosoma through exploration activity up to a capped amount of total project expenditures. On the basis of current estimates of the project expenditures, the expenditure cap may be reached before Jacka exercises the option resulting in Jacka’s carry obligations being satisfied.

assistance over the years and in approving this key transaction for the Company. We wish them and the people of Somaliland success with the future exploration program.”

The PSC participants are:

	<u>Prior to farmout</u>	<u>Post farmout</u>
Genel Energy Somaliland Limited (Operator)	50%	50%
Jacka Resources Somaliland Limited	15%	0% ¹
Sterling Energy (East Africa) Limited	25%	40%
Petrosoma Limited	10%	10%

Note 1: Jacka retains an option to acquire a 5% participating interest through its initial farm-in agreement with Petrosoma

Continuation of Voluntary Suspension

Consistent with previous announcements, Jacka intends to remain in voluntary suspension until the Company has completed its underwritten entitlements issue. The current suspension is requested for the period ending on 23 May 2014. The Company anticipates that the suspension will end following the release of an announcement concerning the completion of the entitlements issue.

For more information please contact:

Bob Cassie – Managing Director & Interim Chairman	Jacka Resources Limited	Tel: +61 8 9481 0389 info@jackaresources.com.au
Colin Hay Tony Dawe	Professional Public Relations	Tel: +618 9388 0944 colin.hay@ppr.com.au/ tony.dawe@ppr.com.au

This document has been prepared by Jacka Resources Limited for the purpose of providing an activity update to interested analysts/investors and shareholders. Any statements, opinions, projections, forecasts or other material contained in this document do not constitute any commitments, representations or warranties by Jacka Resources Limited or its directors, agents and employees. Except as required by law, and only to the extent so required, directors, agents and employees of Jacka Resources Limited shall in no way be liable to any person or body for any loss, claim, demand, damages, costs or expenses of whatsoever nature arising in any way out of, or in connection with, the information contained in this document. This document includes certain statements, opinions, projections, forecasts and other material, which reflect various assumptions. The assumptions may or may not prove to be correct. Jacka Resources Limited recommends that potential investors consult their professional advisor/s as an investment in the company is considered to be speculative in nature.