



ABN: 79 140 110 130

And Controlled Entities

ANNUAL REPORT

**For the year ended
30 June 2012**

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CORPORATE DIRECTORY

DIRECTORS

Scott Spencer
Richard Aden
Brett Smith
Stephen Brockhurst
Justyn Wood

SECRETARY

Amanda Wilton-Heald

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AUDITORS

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Chairman's Note to Shareholders

Through the past year, its second as an ASX-listed entity, Jacka has expanded and consolidated its project portfolio. The Company now has a range of assets at different stages of maturity, from frontier exploration to early appraisal and production opportunities. The key features of Jacka's portfolio as it has developed over the year are:

- addition of assets in leading new venture focus areas, the West African Transform Margin and the East African Rift System. Both these areas are industry hotspots with very strong competition for opportunities;
- progress with Bargou block, Tunisia, to the point where the West Hammamet-3 well is now scheduled for December 2012;
- a strong resource base for a still small and young company, with 2C contingent resources increasing to 27 million barrels and Pmean prospective resources standing at 94 million barrels.

In addition, the Company is pleased with the strong support it has received from an expanding shareholder base, with a fully underwritten option conversion in October 2011 and a successful capital raising in March 2012. On behalf of the Board I would like to thank all those who have supported and continue to support the Company. We look forward to success in the key activities which we have planned for the coming year.



Scott Spencer
Non-Executive Chairman

DIRECTORS REPORT

Your Directors present their report on the Consolidated Entity from 1 July 2011 to 30 June 2012.

DIRECTORS

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

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

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

Former Directorships:

Green Rock Energy Limited

Monitor Energy Limited

Blade Petroleum Limited

Richard Aden A.C.M.A. – Executive Director

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

Brett Smith BSc (Hons), MAUSIMM MAIG – Non-Executive Director

Brett Smith has acquired over 20 years of experience in the mining and exploration industry as a geologist, manager, consultant and director. His industry experience is broad, dominated by exploration and resource definition. He is currently Non-Executive Chairman of Australian junior energy explorer company, Blackham Resources Limited, Non-Executive Director of uranium explorer Cauldron Energy Limited and Managing Director of Corazon Mining Limited.

Former Directorships:

Jackson Minerals Limited

Eclipse Uranium Limited

Stephen Brockhurst B.Com – Non-Executive Director

Stephen Brockhurst has over 12 years' experience in the finance and corporate advisory industry and has been responsible for the preparation of the Due Diligence process and Prospectuses on a number of initial public offers. Stephen Brockhurst experience includes corporate and capital structuring, corporate advisory and Company secretarial services, capital raising, ASX and ASIC compliance requirements. Stephen Brockhurst is currently a Director of Red Emperor Resources NL.

Former Directorships:

Bannerman Resources Limited

Blackham Resources Limited

Stirling Minerals Limited

Justyn Wood B.ScApp(Geoph), GC App Fin and Inv –Executive Technical Director (Appointed 11 October 2011)

Justyn Wood is a Petroleum Geophysicist and Director of Wood Petroleum Exploration Pty Ltd, a technical advisor to Jacka Resources Limited. Justyn Wood has 19 years technical, commercial and management experience in exploration, appraisal and development of oil and gas resources in the upstream oil and gas industry. With Hardman Resources and Chevron Australia, Justyn Wood has explored more than a dozen basins around the globe and has managed a number of international frontier exploration projects. He is recognised as having played a key role in establishing the East African Rift in Uganda as a new petroleum province, with more than one billion barrels discovered in the Albertine Graben since 2006. He is a member of PESA, SEG, AAPG and SPE.

Former Directorships:

N/A

COMPANY SECRETARY

The Company Secretary, Amanda Wilton-Heald was appointed on 20 October 2009. Amanda Wilton-Heald is a Chartered Accountant with over 13 years' experience in Australia and the UK.

REVIEW OF OPERATIONS

Overview

Jacka has now completed its second full year as an ASX listed entity and throughout the year the Company has continued its growth strategy by adding new ventures with diversity in maturity, location and equity into the portfolio, with the potential for significant value add events in the near term:

- Addition of high impact assets into the portfolio within its areas of interest – West African Transform Margin and the East Africa Rift System. Both these areas are industry 'hotspots' and competition is very high for opportunities;
 - acquired a 5% net revenue interest in the Aje oil and gas field in licence OML113, offshore Nigeria;
 - farmed in to the Odewayne Block in Somaliland with an initial 50% interest and operator of this underexplored rift basin and
 - agreed a PSA with TPDC for the exploration rights in the underexplored 'Ruhuhu Basin' in Tanzania
- broadening and diversifying the Company's portfolio with the introduction of a near term development opportunity in Nigeria and frontier exploration projects in Somaliland and Tanzania (subject to Government approval);
- building a strong resource base for the Company; 2C contingent resources have increased to 27 million barrels and Pmean Prospective Resources at 94 million barrels; and
- an increase in the shareholder base of the Company and additional liquidity with a fully underwritten option conversion in 2011 and capital raising by placement in 2012.

DIRECTORS REPORT Continued

Permit Summary

Country	Block / Licence	Equity	Joint Venture Partner(s)	Partner Interest	Indicative Program	Forward
Tunisia	Bargou	15%	Dragon Oil** Cooper Oil*	55% 15%	Appraisal, development & exploration – 2D defined prospects	
Nigeria	Aje Field	5%	Yinka Foliwayo* Chevron* Vitol Panora	25.00% 33.75% 24.06% 12.19%	Appraisal, development & exploration – 3D defined prospects	JKA interest is 'net revenue'
Somaliland	Odewayne	50%	Petrosoma	50%	Exploration - frontier	
Australia	WA-399-P	15%	Apache* Carnarvon Rialto	60% 13% 12%	Exploration – 3D defined prospects	
Tanzania	Ruhuhu	100%	-		JKA is awaiting ministerial approval of the licence award	

* Denotes Operator / Technical Advisor where Jacka is not Operator

**in the success case Dragon oil will assume role as Operator for the JV

Australia

WA-399-P

In 2011/12 the Operator (Apache Northwest Pty Ltd) undertook the acquisition and processing of 3D seismic data ("Gazelle 3D") over WA-399-P in the Exmouth Basin of the North West Shelf.

Interpretation of the Gazelle 3D seismic on the block has been ongoing throughout the year and has now been completed. The joint venture is now reviewing initial prospects and leads identified by the Operator from this data set. The Joint Venture also approved making an application to the Government to defer the drilling commitment by 12 months to allow further technical and commercial work to be undertaken. This will include an assessment of the potential to co-ordinate activities and resources with other permits in the region operated by Apache.

Prospective Resources as at 30-Jun-12*	Licence / Permit	Jacka %	Mean Gross (MMboe)	Mean Jacka Share (MMboe)	Comments
Australia	WA399P	15%	37	5.5	3D defined prospects & leads
Total Prospective Resources			37	5.5	

* As assessed by Operator and JKA in June/July 2012

Tunisia

Bargou Block, Gulf of Hammamet

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

DIRECTORS REPORT Continued

The Operator of the block, Cooper Energy (“Cooper”), announced in October 2011 that it had entered into a farmin agreement with Dragon Oil (“Dragon”) whereby Dragon would farmin to 55% of the Bargou block. The equity interests once all farmin agreements are complete will be Dragon 55%, Cooper 30% and Jacka 15%.

Dragon’s proven reservoir expertise, coupled with strong recent development experience, will facilitate the progress of the Hammamet West oilfield to commerciality and development in the near term upon a successful appraisal of the oilfield.

The joint venture has 2D seismic over almost the entire block and is developing its plans for exploration in the south of the block where it has several leads and prospects to follow up and mature to drill ready status. Also contained in the block, to the north, is the Hammamet West oilfield, where two wells have already recovered hydrocarbons and the joint venture plans to drill a third well later in 2012.

The Bargou block has multiple independent leads, prospects and structures to explore and is considered to be one of the most prospective in Tunisia. The Bargou block has independently verified Mean Prospective Resources in excess of 545 million barrels of oil (82 million barrels of oil net to Jacka). As the joint venture furthers its exploration efforts, in particular to the south of the block, it is anticipated that 3D seismic will firm up volumes of Prospective Resources.

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

* based on RPS Independent Assessment August 2008, equity subject to completion of farmin

Hammamet West Oilfield

Two previous wells have been drilled into the offshore structure at Hammamet West. Each recovered hydrocarbons to the surface, with HW-2 intersecting a gross 192 metre oil column in Upper Cretaceous Abiod Formation carbonates.

The Hammamet West-3 well, scheduled to spud in December 2012, will appraise the discoveries made on Hammamet West 1 and 2. The plan for HW3 will be to utilise horizontal drilling to access natural fractures in the carbonate reservoir before conducting a flow test.

As at 30 June 2012, the joint venture has executed a Letter of Intent to hire the jackup rig GSP Jupiter to drill the well. The HW3 well is intended to have two primary purposes (i) to drill below the base of the Abiod reservoir and establish the full extent of the oil column and (ii) to gain a commercial flow from the fractured reservoir.

The joint venture has completed a number of subsurface de-risking studies, analysing the naturally fractured Abiod formation within the Hammamet West 3D seismic volume. These studies by local and international experts have been integrated to allow the joint venture to identify preferred zones in the reservoir and determine an optimum well trajectory for the pilot hole and horizontal section. Well planning activities are advanced: the well paths have been selected, drilling engineering is underway and the project team has received responses to requests for tenders for other major drilling equipment and services contracts (as at July 2012).

Independent Report

Senergy is a UK based consultancy that was commissioned by Cooper to provide an independent persons report (IPR), regarding the initial oil in place for the Hammamet West Oil Field. The Senergy IPR conclusions are as follows:

- the Oil field has an estimated oil in place range between 130-605 million barrels (P90-P10);
- the fracture porosity in the Abiod carbonate is a key parameter in estimating the volume of oil in place and the recovery factor for the oil field;
- the Abiod is demonstrably fractured in the Hammamet West Oil accumulation, however there is a general lack of information to allow fracture porosity to be accurately quantified – there has simply been insufficient data collected. Instead, fracture porosities from a number of analogue fields have been drawn on for the recent Hammamet West volume estimates; and
- further appraisal drilling of the Oil Field is required to collect further data on the volumetric parameters and to determine whether the field can produce at commercial rates.

It is anticipated that all the risk factors identified in the IPR will be addressed with drilling of Hammamet West-3. In particular, Hammamet West-3 will target and test the section of the Hammamet West structure near where Hammamet West-2 encountered a 192m oil column. An approximately 500m horizontal section will be drilled within the column, in a direction designed to optimally access open fractures. This is a proven approach for addressing uncertainty in fracture quantity, location and dilation in fractured fields and for demonstrating flow rate capacity.

Contingent Resources

The IPR volume estimates of 130 million to 605 million barrels of OOIP are in line with Cooper's 2011 estimates, giving Jacka confidence in the field's ultimate recoverable volumes.

In determining contingent resources, the OWC has been probabilistically distributed between the oil-down-to in Hammamet West-2 and the Hammamet West structural spill point, as mapped in the Hammamet West 2011 PSTM 3D seismic dataset. P50 Contingent Resources are estimated to be 111 million barrels with a net to Jacka of 16.6 million barrels.

Contingent Resources as at 30-Jun-12	Licence / Permit	Jacka %	2C Gross (MMboe)	2C Jacka Share (MMboe)	Comments
Hammamet West	Bargou Tunisia	15%*	111	16.6	Includes proven oil reservoired in Abiod Fm plus minor contribution from Birsa Fm
Total			111	16.6	

* equity subject to farmin

Conceptual Development Plan

In 2009 Worley Parsons completed a development concept plan in which 12 to 15 million barrels of recoverable oil would be considered economic. On this basis, at time of farmin, the Hammamet West contingent resource base was potentially economic. The subsequent contingent resource reviews, including the IPR by Senergy suggest that there will be sufficient volumes to progress the development concept, provided the key 'risk' factors identified during the resource estimation process fall within the anticipated (broad) range during the drilling of Hammamet West-3.

Nigeria**OML 113 / Aje Field****Overview**

The Company announced on 12 December 2011 that it had executed a formal Sales & Purchase Agreement with Providence Resources Plc ("Providence") whereby Jacka agreed to acquire a direct 5% revenue earning interest in the Aje Oil and Gas field located in the petroleum licence OML 113 in the West African Transform Margin in Nigeria. The transaction closed with the payment of US\$10 million dollar by Jacka on 29 December 2011 and the second tranche of US\$6 million dollars in April 2012.

The region has become an industry hot spot in recent years, following the discovery of the billion barrel-plus Jubilee field and other oil fields in Ghana and neighbouring West African countries. The West African Transform Margin (WATM) is now attracting some of the biggest players in the oil industry, including ExxonMobil, BP, Anadarko, CNOOC, Vitol, Tullow Oil, Chevron, ENI, Repsol, and many others.

Aje Field

Historically four wells have been drilled on the Aje field, all of which encountered hydrocarbons, with logging and testing demonstrating significant net hydrocarbon-bearing sections in three of the wells. Following the successful drilling and flow testing of Aje-4 in 2008, the partners deemed the Aje field commercial.

The joint venture has renewed its focus on the potential for an early oil development. Technical work has accelerated, including reviews of the seismic depth mapping, the four previously drilled wells and oil development concepts. This work may lead to a well in early 2013 with the primary objective being the appraisal of the Cenomanian oil reservoir. The well could also form part of an extended testing program to confirm the potential of this reservoir.

Contingent Resources

Jacka's technical review estimates that the acquisition has delivered net P50 contingent resources of circa 10 million barrels of oil equivalent to the Company. Jacka has adopted a slightly more conservative view than the IPR by Netherland Sewell in 2009 which identified 2C Contingent Resources as 285 million barrels of oil equivalent (14.25 MMboe net to JKA).

Contingent Resources as at 30-Jun-12	Licence / Permit	Jacka %	2C Gross (MMboe)	2C Jacka Share (MMboe)	Comments
Aje Field	OML113 / Aje	5%	210	10.5	Development options being screened by JVP
Total			210	10.5	

* Jacka has a 5% net revenue interest in the Aje field, barrel equivalent has been shown for comparative purposes

Conceptual Development Plan

Intecsea in 2011 completed a development concept plan for an early oil scheme. The scheme proposed in this plan reflects development of the Cenomanian oil resources using most likely a new well Aje-5 and existing wells Aje 2 and Aje 4. The concept would utilise subsea trees and a leased FPSO. This concept is now being refined and reviewed by the joint venture in conjunction with an extended well test on Aje-5, currently planned for early 2013.

Somaliland

Odewayne Block

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

Block Overview

The Odewayne block lies in the southwest of Somaliland and covers an area of some 22,000 km². The Block completely encloses what became known during British colonial times as the Habra-Garhajis basin. This is one of three genetically-related, en-echelon Jurassic rift basins in the Horn of Africa that are the continuations of the prolific Jurassic rift basins of Yemen. Yemen and the Horn of Africa have been separating since the Oligocene due to the ongoing East African Rift and opening of the Gulf of Aden.

The Odewayne basin, as it is now known, is an estimated 220km long and 50km wide. Based on existing gravity and magnetics data, these are typical rift segment dimensions, amply demonstrated in the modern East African Rift. The geology of the Odewayne basin is expected to be very similar to the prolific producing basins of Yemen.

A working source kitchen is demonstrated within the Odewayne basin by nine verified individual oil seeps (to date). Geochemical analysis points to an original light oil or condensate, consistent with the oils produced in Yemen. The 20km - 40km migration distance implied by the location of some of the seeps suggests potential for a prolific source kitchen and a regional seal.

Jacka’s joint venture partner in the block, Petrosoma, has an established in-country office and team which provides immediate operational capability to the Joint Venture. An aggressive work program is scheduled, starting with acquisition of a comprehensive airborne gravity and magnetics dataset in the second half of 2012.

The entire East African region is the subject of an increasingly strong and competitive industry focus with companies such as BG, Ophir, ENI, Africa Oil, Anadarko, Total, CNOOC and others taking positions, along with wells being drilled or planned in the neighbouring basins of the Dharoor and Nugaal.

Somaliland Overview

Somaliland was a British protectorate from 1883 until 1960 when it gained independence. Shortly thereafter the country merged with former Italian Somalia and formed the Somali Republic. In 1991, following years of civil war Somaliland withdrew from the union with Somalia and reinstated its sovereignty. Somaliland is acknowledged as having established a stable, democratic political system over its territory.

New Ventures – Tanzania Ruhuhu Block

Jacka announced on 1 July 2011 that it was in exclusive negotiations for the award of oil and gas exploration and production rights over the entire Ruhuhu Basin, an onshore area of some 10,100km², following an offer by the Tanzania Petroleum and Development Corporation (“TPDC”). The offer was subject to a Production Sharing Agreement (“PSA”) which has been agreed and is now only subject to Ministerial approval. Jacka will hold 100% equity and will be the operator of the licence.

DIRECTORS REPORT Continued

Tanzania is underexplored but is fast becoming an international oil and gas exploration hot spot. The country has grabbed petroleum industry headlines over the past 12 months following the announcement of three sizeable, offshore gas discoveries by an Ophir Energy-led Joint Venture. It is now attracting the attention of industry leaders, with companies such as Shell, Statoil, Total, Petrobras, Exxon and Tullow entering the country. Tanzania is considered to have significant exploration potential within the offshore deep water blocks and within the onshore 'East African Rift' basins, located in the central and western parts of the country.

Resources Reporting

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

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

Contingent Resources as at 30-Jun-12	Licence / Permit	Jacka %	2C Gross (MMboe)	2C Jacka Share (MMboe)	Comments
Hammamet West Field	Bargou Tunisia	15%	111	16.6	Appraisal with possible development pending
Aje Field	OML113 Nigeria	5%	210	10.5	Development pending
Total			321	27.1	

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

DIRECTORS REPORT Continued

Prospective Resources as at 30-Jun-12*	Licence / Permit	Jacka %	Mean Gross (MMboe)	Mean Jacka Share (MMboe)	Comments
Tunisia	Bargou	15%	545	82	2D seismic over block 3D over Hammamet
Nigeria	OML113	up to 5%	186	6.9	3D seismic over prospects
Australia	WA-399-P	15%	37	5.5	3D seismic over prospects
Somaliland	Odewayne	50%	0	0	Frontier exploration
Tanzania	Ruhuhu	100%	0	0	Frontier exploration
Totals			768	94	

Corporate

Jacka Resources had an active year at a corporate level and at the end of the period the Company had 247.5 million shares on issue and cash and investments to the value of approximately \$5.9 million.

In November 2011 the Company completed the underwriting of JKAOB class of options and a small placement. There were 46,337,501 options at \$0.15 underwritten to raise \$6,950,626 before costs. The Company also placed 3,500,000 shares at \$0.15 to raise \$525,000 before costs.

In April the Company completed a two tranche equity capital raise, by placing 105 million shares at \$0.135 to raise \$14.2million (before costs). The placement also contained a free attaching option 1 for 3, whereby 35 million JKAO options will be issued to placees.

Summary of Capital Structure as at 30 June 2012

Quantity

Ordinary Shares	247,513,503
Unlisted Options exercisable at \$0.35 on or before 31 December 2013	5,000,000
Unlisted Options exercisable at \$0.20 on or before 31 December 2012	71,337,436
Unlisted Options exercisable at \$0.50 on or before 31 July 2014	11,700,000
Unlisted Options exercisable at \$0.20 on or before 3 May 2017	1,250,000

Persons compiling information about Hydrocarbons

Pursuant to the requirements of the ASX Listing Rules 5.11, 5.11.1, 5.12 and 5.13, the technical information provided in this report has been compiled by Justyn Wood of Wood Petroleum Exploration Pty Ltd, an independent Technical Consultant to 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 report. Mr Wood consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

PRINCIPAL ACTIVITIES

The principal activities during the period of the Consolidated Entity were oil and gas exploration, in Australia block WA-399-P, Tunisia block Bargou, Somaliland Odewayne Block and OML113 licence in Nigeria and 'Business Development' activities undertaken by the Consolidated Entity at period end as consistent with the disclosure in the Company's prospectus dated 12 April 2010.

DIRECTORS REPORT Continued

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Directors	Balance 01-Jul-11	Entitlements issue	Options exercised	Net change other	Balance 30-Jun-12
Scott Spencer	1,000,000	-	-	-	1,000,000
Richard Aden	1,051,682	-	-	-	1,051,682
Brett Smith	1,300,000	-	155,000	-	1,455,000
Stephen Brockhurst	2,259,244	-	429,621	-	2,688,865
Justyn Wood	-	-	-	-	-
	5,610,926	-	584,621	-	6,195,547

Directors	Balance 01-Jul-10	Entitlements issue	Options exercised	Net change other	Balance 30-Jun-11
Scott Spencer	1,000,000	-	-	-	1,000,000
Richard Aden	1,020,000	-	-	31,682	1,051,682
Brett Smith	1,045,000	250,000	-	5,000	1,300,000
Stephen Brockhurst	1,000,001	1,129,622	-	129,621	2,259,244
	4,065,001	1,379,622	-	166,303	5,610,926

Net other change represents on market share purchases.

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

Directors	Balance 01-Jul-11	Option grant	Options exercised	Net change other	Balance 30-Jun-12	Vested during the period	Vested and exercisable
Scott Spencer	1,500,000	2,000,000	-	-	3,500,000	-	1,500,000
Richard Aden	1,510,000	3,000,000	-	-	4,510,000	-	1,510,000
Brett Smith	1,900,000	2,000,000	(155,000)	(95,000)	3,650,000	-	1,650,000
Stephen Brockhurst	3,259,245	2,000,000	(429,621)	(700,001)	4,129,623	-	2,129,623
Justyn Wood	-	3,750,000	-	-	3,750,000	-	-
	8,169,245	12,750,000	(584,621)	(795,001)	19,539,623	-	6,789,623

Directors	Balance 01-Jul-10	Entitlements issue	Options exercised	Net change other	Balance 30-Jun- 11	Vested during the period	Vested and exercisable
Scott Spencer	1,000,000	500,000	-	-	1,500,000	500,000	1,500,000
Richard Aden	1,000,000	510,000	-	-	1,510,000	510,000	1,510,000
Brett Smith	1,000,000	900,000	-	-	1,900,000	900,000	1,900,000
Stephen Brockhurst	1,000,000	2,259,245	-	-	3,259,245	2,259,245	3,259,245
	4,000,000	4,169,245	-	-	8,169,245	4,169,245	8,169,245

REMUNERATION REPORT

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

Performance Based Remuneration

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

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

Option remuneration was granted to the Directors and any key management personnel during the period. Refer to Directors' Report for further details. Company secretarial, compliance services and office rental were provided by Mining Corporate Pty Ltd to the value of \$108,823 (2011: \$79,163), of which Stephen Brockhurst is a Director and Amanda Wilton-Heald is an employee.

Market Comparisons

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

Board Remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors. The board determines actual payments to directors and reviews their remuneration annually, based on benchmarks with regard to market practice, relativities, and the duties and accountabilities of directors. A review of directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits. Directors are entitled to remuneration from the date of ASX listing.

DIRECTORS REPORT Continued

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

30 June 2012	Short-term benefits	Long-term benefits	Share based payments		
Directors	Salary, fees and leave	Superannuation	Shares/options	Total	% Share based remuneration
	\$	\$	\$	\$	%
Scott Spencer	63,333	-	4,393	67,726	6%
Richard Aden	283,333	25,500	6,589	315,422	2%
Brett Smith	50,000	-	4,393	54,393	8%
Stephen Brockhurst	46,667	4,200	4,393	55,260	8%
Justyn Wood	314,306	11,603	37,193	363,102	10%
Amanda Wilton-Heald ¹	-	-	439	439	100%
	757,639	41,303	57,400	856,342	7%

30 June 2011	Short-term benefits	Long-term benefits	Share based payments		
Directors	Salary, fees and leave	Superannuation	Shares/options	Total	% Share based remuneration
	\$	\$	\$	\$	%
Scott Spencer	40,000	134	-	40,134	-
Richard Aden	201,250	14,063	-	215,313	-
Brett Smith	50,000	-	-	50,000	-
Stephen Brockhurst ¹	40,000	3,600	-	43,600	-
Amanda Wilton-Heald ¹	-	-	-	-	-
	331,250	17,797	-	349,047	-

¹ Mining Corporate Pty Ltd, a company of which Stephen Brockhurst is a director and the Company Secretary, Amanda Wilton-Heald is an employee, was paid \$108,823 (2011: \$79,163) in cash company secretarial and accounting services.

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

Key Management Personnel	Date of Grant	Number of Options	Exercise Price	Expiry Date	Grant Date Fair Value	Vesting Date
Scott Spencer	1 June 2012	2,000,000	\$0.50	31 July 2014	\$0.002	1 June 2013
Richard Aden	1 June 2012	3,000,000	\$0.50	31 July 2014	\$0.002	1 June 2013
Brett Smith	1 June 2012	2,000,000	\$0.50	31 July 2014	\$0.002	1 June 2013
Stephen Brockhurst	1 June 2012	2,000,000	\$0.50	31 July 2014	\$0.002	1 June 2013
Justyn Wood	28 November 2011	1,250,000	\$0.20	3 May 2017	\$0.025	28 November 2013
	1 June 2012	2,500,000	\$0.50	31 July 2014	\$0.002	1 June 2013
Amanda Wilton-Heald ¹	1 June 2012	200,000	\$0.50	31 July 2014	\$0.002	19 June 2013
		12,950,000				

OPERATING RESULTS

Loss after income tax for the financial year was \$1,124,483 (2011: \$4,573,781).

The net asset position of the Consolidated Entity at 30 June 2012 was \$25,094,073 (2011: \$6,444,524). The entity used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

AFTER BALANCE DATE EVENTS

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

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Consolidated Entity.

ENVIRONMENTAL ISSUES

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

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

DIVIDENDS PAID OR RECOMMENDED

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

OPTIONS

At the date of this report there were the following unissued ordinary shares for which options were outstanding:

Summary of Capital Structure as at 30 June 2012	Quantity
Unlisted Options exercisable at \$0.35 on or before 31 December 2013	5,000,000
Unlisted Options exercisable at \$0.20 on or before 31 December 2012	71,337,436
Unlisted Options exercisable at \$0.50 on or before 31 July 2014	11,700,000
Unlisted Options exercisable at \$0.20 on or before 3 May 2017	1,250,000

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

INDEMNIFYING OFFICERS OR AUDITOR

The Company currently has directors' and officers' liability insurance of which the premium paid is \$23,406 (2011: \$19,000).

PROCEEDINGS ON BEHALF OF COMPANY

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

MEETINGS OF DIRECTORS

Director	Board Meetings	
	Number Eligible to Attend	Number Attended
Brett Smith	4	4
Richard Aden	4	4
Scott Spencer	4	4
Stephen Brockhurst	4	4
Justyn Wood	3	3

NON-AUDIT SERVICES

During the year, the Company paid \$3,650 (2011: \$1,214) to Bentleys for non-audit services, being taxation consulting services. The Board of Directors are satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. No other fees were paid or payable to the auditors for non-audit services performed during the year ended 30 June 2012.

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the period ended 30 June 2012 has been received and is included within the financial statements.

Signed in accordance with a resolution of directors.



Richard Aden
Executive Director
Perth, 4 September 2012

To The Board of Directors

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

As lead audit director for the audit of the financial statements of Jacka Resources Limited for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



BENTLEYS
Chartered Accountants



CHRIS WATTS CA
Director

DATED at PERTH this 4th day of September 2012

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	Consolidated 2012 \$	Consolidated 2011 \$
Interest revenue		52,914	48,859
Other revenue		1,225	-
Accounting and audit fees		(148,572)	(116,822)
Compliance fees		(51,985)	(22,583)
Consultancy fees		(287,849)	(26,500)
Depreciation		(4,853)	(610)
Directors' remuneration		(561,832)	(365,633)
Exploration and evaluation expenditure impairment		(241,285)	(3,858,561)
Foreign exchange gain/(loss)		558,389	(74,885)
Insurance		(33,818)	(20,885)
Interest		(46)	(37)
Legal fees		(117,331)	(5,680)
Marketing		(18,898)	(9,168)
Occupancy		(29,726)	(23,100)
Profit on sale of investments		54,125	-
Share based payments		(57,400)	-
Travel expenses		(181,829)	(62,511)
Other expenses		(55,712)	(35,665)
Loss before income tax benefit		(1,124,483)	(4,573,781)
Income tax benefit	2	-	-
Loss for the period		(1,124,483)	(4,573,781)
Other comprehensive income			
Other comprehensive income (net of income tax)			
Foreign exchange gain/(loss)		(447,604)	-
Total comprehensive income for the year		(1,575,087)	(4,573,781)
Basic and diluted loss per share (cents)	3	(0.73)	(11.40)
The accompanying notes form part of these financial statements.			

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	Consolidated Entity 2012	Consolidated Entity 2011
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	4	5,789,384	4,428,859
Trade and other receivables	5	200,419	26,612
Total Current Assets		5,989,803	4,455,471
Non-Current Assets			
Financial assets	6	79,000	130,000
Plant and equipment	7	18,802	2,440
Exploration expenditure	8	19,775,798	1,964,550
Total Non-Current Assets		19,873,600	2,096,990
Total Assets		25,863,403	6,552,461
LIABILITIES			
Current Liabilities			
Trade and other payables	9	716,063	91,350
Provisions	10	53,267	16,587
Total Current Liabilities		769,330	107,937
Total Liabilities		769,330	107,937
Net Assets		25,094,073	6,444,524
EQUITY			
Issued capital	11	31,081,401	10,855,915
Reserves	12	(285,720)	165,734
Accumulated losses		(5,701,608)	(4,577,125)
Total Equity		25,094,073	6,444,524

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**

Consolidated Entity	Issued Capital	Option Reserve	Asset Revaluation Reserve	Forex Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2011	10,855,915	131,687	34,047	-	(4,577,125)	6,444,524
Securities issued during the period	21,650,827	57,400	-	-	-	21,708,227
Security issue expenses	(1,425,341)	-	-	-	-	(1,425,341)
Assets revalued	-	-	(61,250)	-	-	(61,250)
Foreign currency translation	-	-	-	(447,604)	-	(447,604)
Loss for the period	-	-	-	-	(1,124,483)	(1,124,483)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(447,604)	(1,124,483)	(1,575,087)
Balance at 30 June 2012	31,081,401	189,087	(27,203)	(447,604)	(5,701,608)	25,094,073

Consolidated Entity	Issued Capital	Option Reserve	Asset Revaluation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2010	85,889	-	-	(3,344)	82,545
Securities issued during the period	11,701,250	131,687	-	-	11,832,937
Security issue expenses	(931,224)	-	-	-	(931,224)
Assets revalued	-	-	34,047	-	34,047
Loss for the period	-	-	-	(4,573,781)	(4,573,781)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(4,573,781)	(4,573,781)
Balance at 30 June 2011	10,855,915	131,687	34,047	(4,577,125)	6,444,524

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	Consolidated Entity 2012	Consolidated Entity 2011
		\$ Inflows/ (Outflows)	\$ Inflows/ (Outflows)
Cash flows from operating activities			
Payments to suppliers and employees		(1,367,742)	(492,669)
Exploration expenditure		(1,697,962)	(5,316,822)
Interest received		52,914	48,859
Interest paid		(46)	(37)
Net cash (used in) operating activities	4(i)	(3,012,836)	(5,760,669)
Cash flows from investing activities			
Acquisition of tenement assets		-	(402,000)
Payment for financial assets		(47,250)	(95,954)
Proceeds from sale of financial assets		91,125	-
Payment for plant and equipment		(21,215)	(3,050)
Payment for acquisition of subsidiary		(15,851,620)	-
Net cash (used in) investing activities		(15,828,960)	(501,004)
Cash flows from financing activities			
Proceeds from issue of shares		21,650,827	8,765,438
Payment of share issue costs		(1,448,506)	(1,158,412)
Net cash provided by financing activities		20,202,321	7,607,026
Net increase in cash held		1,360,525	1,345,353
Cash at beginning of the financial period		4,428,859	3,083,506
Cash and cash equivalents at period end	4	5,789,384	4,428,859

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1. Statement of Significant Accounting Policies

This financial report includes the consolidated financial statements and notes of Jacka Resources Limited and controlled entities ('Consolidated Entity').

Jacka Resources Limited is a company limited by shares, incorporated and domiciled in Australia.

Reporting Basis and Conventions

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations and complies with other requirements of the law.

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report is presented in Australian dollars.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The material accounting policies that have been adopted in the preparation of this report are as follows:

Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group incurred a loss from ordinary activities of \$1,124,483 for the year ended 30 June 2012 (2011: \$4,573,781). The net working capital position of the Group at 30 June 2012 was \$5,220,473 (30 June 2011: deficit \$4,347,534) and the net increase in cash held during the year was \$1,360,525 (2011: increase \$1,345,353).

The work commitments on licence WA-399-P are split into primary years (1-3) and secondary years (4-6). The joint venture has discretion to enter each secondary year and its subsequent work program or to exit the licence. In Tunisia on the Bargou block the company has entered into a farmin agreement with Cooper Energy to acquire 15% equity of the entire block by funding 30% of some of the drilling costs of both Menzel Horr-1 and Hammamet West-3 wells. The licence runs until April 2013 and the remaining commitment on the licence is for one well – Hammamet West-3 is the proposed well and this has been accepted by Tunisian authorities as satisfying the minimum commitments. Hammamet West-3 will be drilled at a cost to Jacka of approximately \$7,300,000 within one year. In Somaliland, Odewayne Block is in the 3rd year of exploration phase which last for 18 months and the work program commitment is for G&G Studies and 500 kms of 2D seismic. In Nigeria, OML113 is licenced thru to 2018/19 and all commitments have been fulfilled on the block. The Joint Venture is currently considering development options including an early oil scheme. In Somaliland, Odewayne Block is in the 3rd year of exploration phase which last for 18 months and the work program commitment is for G&G Studies and 500 km of 2D seismic. In Nigeria, OML113 is licenced thru to 2018/19 and all commitments have been fulfilled on the block. The Joint Venture is currently considering development options including an early oil scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *Continued* FOR THE YEAR ENDED 30 JUNE 2012

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

The ability of the Group to continue to pay its debts as and when they fall due is principally dependent upon the Company successfully raising additional share capital and ultimately developing one of its oil and gas hydrocarbons. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

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

- the Directors have an appropriate plan to raise additional funds as and when it is required. In light of the Group's current exploration projects, the Directors believe that the additional capital required can be raised in the market within the ordinary course of business; and
- the Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

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

Accounting Policies

a. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Jacka Resources Limited at the end of the reporting period. A controlled entity is any entity over which Jacka Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered. Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 22 to the financial statements.

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

b. Business Combinations

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *Continued*

FOR THE YEAR ENDED 30 JUNE 2012

1. Statement of Significant Accounting Policies (Continued)

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree. The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

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

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

c. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

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

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *Continued*

FOR THE YEAR ENDED 30 JUNE 2012

1. Statement of Significant Accounting Policies (Continued)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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

d. Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

Depreciation

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	12.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

1. Statement of Significant Accounting Policies (Continued)

e. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Entity commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

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

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and (iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

i. Financial assets at fair value through profit or loss

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

ii. Loans and receivables

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

i. Held-to-maturity investments

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

ii. Available-for-sale financial assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *Continued* FOR THE YEAR ENDED 30 JUNE 2012

1. Statement of Significant Accounting Policies (Continued)

iii. Financial liabilities

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

iv. Fair value

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

f. Impairment of Assets

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. Derecognition

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

h. Exploration Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *Continued*

FOR THE YEAR ENDED 30 JUNE 2012

1. Statement of Significant Accounting Policies (Continued)

i. Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Consolidated Entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

j. Employee Benefits

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

k. Provisions

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

l. Cash and Cash Equivalents

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

m. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

n. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

o. Comparative Figures

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *Continued* FOR THE YEAR ENDED 30 JUNE 2012

1. Statement of Significant Accounting Policies (Continued)

p. Critical Accounting Estimates and Judgments

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

Key Estimates

Impairment

The Consolidated Entity assesses impairment at each reporting date by evaluation of conditions and events specific to the Consolidated Entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

An impairment loss of \$241,285 (2011: \$3,858,561) has been recognised in respect of deferred exploration expenditure at reporting date.

Key Estimate – Taxation

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

Key Estimate – Environmental Issues

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

Key Judgements

Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$19,775,798 (2011: \$1,964,550).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *Continued*

FOR THE YEAR ENDED 30 JUNE 2012

1. Statement of Significant Accounting Policies (Continued)

q. New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 27] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets where there is a change in an entity's business model as they are initially classified based on:
 - the objective of the entity's business model for managing the financial assets; and
 - the characteristics of the contractual cash flows.
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit and loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Consolidated Entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

1. Statement of Significant Accounting Policies (Continued)

- AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan. This Standard is not expected to impact the Consolidated Entity.

- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Consolidated Entity.

- AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

- AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Consolidated Entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

1. Statement of Significant Accounting Policies (Continued)

- AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Consolidated Entity has not yet determined any potential impact on the financial statements from adopting AASB 9.

- AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes. The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112. This Standard is not expected to impact the Consolidated Entity.

The Consolidated Entity does not anticipate the early adoption of any of the above Australian Accounting Standards.

The Annual Report was authorised for issue on 4 September 2012 by the Board of Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated Entity 2012	Consolidated Entity 2011 \$
	\$	
2. Income tax		
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-
Deferred income tax expenses included in income tax expense comprises:	-	-
(Increase) in deferred tax assets	(41,879)	(154,421)
Increase in deferred tax liabilities	41,879	154,421
	-	-
(b) Reconciliation of income tax expense to prima facie tax payable		
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on operating profit at 30% (2011: 30%)	(337,345)	(1,372,134)
Add / (Less)		
Tax effect of:		
Non-deductible expenses	221,289	1,187,457
Exploration expenditure incurred	(42,141)	(114,821)
Other deductible expenses	(474)	(474)
Share issue cost deduction	(146,796)	(61,276)
Deferred tax assets not brought to account	305,467	361,248
Income tax attributable to operating loss	-	-
The applicable weighted average effective tax rates as follows	Nil%	Nil%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated Entity 2012 \$	Consolidated Entity 2011 \$
2. Income tax (Continued)		
(c) Deferred tax assets		
Tax losses	840,127	404,499
Provisions and accruals	15,980	4,976
Share issue cost	520,771	239,701
Other	24,435	2,649
	1,401,313	651,825
Set-off of deferred tax liabilities	(196,300)	(154,421)
Net deferred tax assets	1,205,013	497,404
Less: deferred tax assets recognised	(1,205,013)	(497,404)
	-	-
(d) Deferred tax liabilities		
Exploration expenditure	196,300	154,421
	196,300	154,421
Set-off of deferred tax assets	(196,300)	(154,421)
	-	-
(e) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	2,800,422	1,348,330
	Consolidated Entity 2012 \$	Consolidated Entity 2011 \$
3. Loss per share		
Loss from continuing operations for the year	(1,124,483)	(4,573,781)
	No. 2012	No. 2011
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	153,579,574	40,114,630
Diluted EPS not disclosed as potential ordinary shares are not dilutive.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated Entity 2012 \$	Consolidated Entity 2011 \$
4. Cash and cash equivalents		
Cash at bank	5,789,384	4,428,859
Cash at bank earns interest at floating rates based on daily bank deposit rates.		
(i) Reconciliation of loss for the period to net cash flows used in operating activities:		
Loss for the period	(1,124,483)	(4,573,781)
Depreciation	4,853	610
Gain on disposal of investments	(54,125)	-
Net forex gain	(558,389)	74,885
Share based payments	57,400	-
Changes in assets and liabilities		
Trade receivables	(173,807)	223,517
Deferred exploration expenditure	(1,809,200)	(1,808,261)
Trade payables	608,234	305,774
Provisions	36,681	16,587
Net cash flows (used in) operating activities	(3,012,836)	(5,760,669)
5. Trade and other receivables		
Current		
Trade debtors	19,250	-
Prepayments	38,245	2,273
GST receivable	130,311	24,339
Other receivables	12,683	-
	200,419	26,612
6. Financial assets		
Available for sale financial assets (level 1)	79,000	130,000
	79,000	130,000
Included within level 1 of the hierarchy of financial instruments measured at fair value are listed investments. The fair values of these financial assets have been based on the closing quoted bid process at the end of the reporting period, excluding transaction costs.		
7. Plant and equipment		
Plant and equipment		
At cost	24,265	3,050
Accumulated depreciation	(5,463)	(610)
	18,802	2,440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated Entity 2012 \$	Consolidated Entity 2011 \$
8. Exploration expenditure		
Costs carried forward in respect of deferred exploration expenditure:		
Exploration at cost		
Balance at beginning of period	1,964,550	132,000
Exploration expenditure incurred	2,747,902	5,691,111
Acquisition of tenement acquired in Providence Resources (Nigeria Holdings) Limited	15,752,306	-
Forex adjustment on translation	(447,675)	
Exploration expenditure written off	(241,285)	(3,858,561)
Balance at end of period	19,775,798	1,964,550

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

(a) Summary of acquisition

On 19 December 2011 the parent entity acquired 100% of the issued share capital of Providence Resources (Nigeria Holdings) Limited and its subsidiary PR Oil and Gas Nigeria Limited for consideration of \$15,752,306.

9. Trade and other payables

Current

Trade payables and accruals		
Amounts payable to related parties	32,086	3,667
Other corporations	683,977	87,683
	716,063	91,350

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

10. Provisions

Provision for annual leave	53,267	16,587
	53,267	16,587

11. Issued capital

(a) Issued and paid up capital

Ordinary shares fully paid of no par value	31,081,401	10,855,915
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

	Consolidated Entity 2012		Consolidated Entity 2011	
	Number	\$	Number	\$
(b) Movement in ordinary shares on issue				
Balance at beginning of period	92,675,002	10,855,915	11,000,001	85,889
Issued for cash on 7 July 2010 (iv)	-	-	15,337,500	3,067,500
Issued for cash on 20 September 2010 (v)	-	-	3,950,000	790,000
Issued for cash on 22 October 2010 (vi)	-	-	6,392,500	1,278,500
Issued for cash on 26 October 2010 (vii)	-	-	9,222,500	1,844,500
Issued for cash on 28 October 2010 (viii)	-	-	435,000	87,000
Issued for cash on 30 May 2011 (ix)	-	-	18,919,138	1,891,914
Issued for cash on 9 June 2011 (x)	-	-	20,338,363	2,033,836
Issued for cash on 16 June 2011 (xi)	-	-	7,080,000	708,000
Issued for cash on 26 October 2011 (xii)	1,817,445	272,617	-	-
Issued for cash on 11 November 2011 (xiii)	44,520,056	6,678,010	-	-
Issued for cash on 17 November 2011 (xiv)	3,500,000	525,000	-	-
Issued for cash on 28 February 2012 (xv)	42,351,875	5,717,503	-	-
Issued for cash on 29 February 2012 (xvi)	1,000	200	-	-
Issued for cash on 4 April 2012 (xvii)	62,648,125	8,457,497	-	-
Transaction costs relating to share issues		(1,425,341)	-	(931,224)
Balance at end of the year	247,513,503	31,081,401	92,675,002	10,855,915

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

11. Issued capital (Continued)

- (i) On 20 October 2009 the Consolidated Entity issued 1 incorporation share for \$1.00 per share.
- (ii) On 10 November 2009 the Consolidated Entity issued 9,250,000 promoter shares for \$0.0001 per share.
- (iii) On 9 March 2010 the Consolidated Entity issued 1,750,000 seed shares for \$0.10 per share.
- (iv) On 7 July 2010 the Consolidated Entity issued 15,337,500 IPO shares for \$0.20 per share.
- (v) On 20 September 2010 the Consolidated Entity issued 3,950,000 shares for \$0.20 per share.
- (vi) On 22 October 2010 the Consolidated Entity issued 6,392,500 shares for \$0.20 per share.
- (vii) On 26 October 2010 the Consolidated Entity issued 9,222,500 shares for \$0.20 per share.
- (viii) On 28 October 2010 the Consolidated Entity issued 435,000 shares for \$0.20 per share.
- (ix) On 30 May 2011 the Consolidated Entity issued 18,919,138 shares for \$0.10 per share.
- (x) On 9 June 2011 the Consolidated Entity issued 20,338,363 shares for \$0.10 per share.
- (xi) On 26 October 2011 the Consolidated Entity issued 1,817,445 shares for \$0.15 per share pursuant to option exercises.
- (xii) On 11 November 2011 the Consolidated Entity issued 44,520,056 shares for \$0.15 per share pursuant to option exercises.
- (xiii) On 17 November 2011 the Consolidated Entity issued 3,500,000 shares for \$0.15 per share.
- (xiv) On 28 February 2012 the Consolidated Entity issued 42,351,875 shares for \$0.135 per share.
- (xv) On 29 February 2012 the Consolidated Entity issued 1,000 shares for \$0.20 per share.
- (xvi) On 4 April 2012 the Consolidated Entity issued 62,648,125 shares for \$0.135 per share.

(c) Share options

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

Summary of Capital Structure as at 30 June 2012	Quantity
Unlisted Options exercisable at \$0.35 on or before 31 December 2013	5,000,000
Unlisted Options exercisable at \$0.20 on or before 31 December 2012	71,337,436
Unlisted Options exercisable at \$0.50 on or before 31 July 2014	11,700,000
Unlisted Options exercisable at \$0.20 on or before 3 May 2017	1,250,000

(d) Terms and conditions of contributed equity

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

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

Capital management

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

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

The Consolidated Entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. The Consolidated Entity's capital includes ordinary share capital and financial liabilities, supported by financial assets. The Consolidated Entity's working capital as at 30 June 2012, being current assets less current liabilities, is \$5,220,473. There are no externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated Entity 2012 \$	Consolidated Entity 2011 \$
11. Issued capital (Continued)			
The working capital for the financial year is as follows:			
Cash and cash equivalents	4	5,789,384	4,428,859
Trade and other receivables	5	200,419	26,612
		5,989,803	4,455,471
Less:			
Trade and other payables and provisions	9,10	(769,330)	(107,937)
Working capital		5,220,473	4,347,534

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

12. Reserves

Asset revaluation reserve	(27,203)	34,047
Option reserve	189,087	131,687
Forex reserve	(447,604)	-
	(285,720)	165,734

13. Commitments

Expenditure commitments

There are rental, compliance and financial advisory contract in place. The fee is \$10,000 per month for corporate and statutory compliance and financial advisory services provided by Mining Corporate Pty Ltd with 1 months' notice. In addition, there is 3 months' notice for executive service agreements. There is a rental contract in place commencing 20 June 2011 for a period of 36 months at \$5,000 per month for office rent. The committed expenditure is:

Within one year	120,000	102,000
One to five years	120,000	-
	240,000	102,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated Entity 2012 \$	Consolidated Entity 2011 \$
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13. Commitments (Continued)

Exploration commitments

Note that the work commitments on licence WA-399-P are split into primary years (1-3) and secondary years (4-6). The joint venture has discretion to enter each secondary year and its subsequent work program or to exit the licence. The well contemplated is in year 4 of the permit. The licence on the Bargou block in Tunisia runs until April 2013 and the Joint Venture has one further commitment well to drill on the licence; the remaining dry hole cost of Hammamet West-3 is estimated at US\$20 million, US\$6.0 million to Jacka (A\$5.7 million). The Odewayne block in Somaliland the current exploration phase is for 18 months and elective thereafter. The forecast spend remaining for the initial 18 month phase is US\$5.5 million (A\$5.25 million). On licence OML113 in Nigeria the licence period runs until end 2018 and all commitments on the licence have been met. The committed exploration expenditure is:

Within one year	8,950,000	5,100,000
One to five years	2,000,000	-
	10,950,000	5,100,000

14. Contingent liabilities

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

15. Auditors' remuneration

Amounts, received or due and receivable by auditors for:

- an audit or review services	22,130	20,800
- other services	3,650	1,214
	25,780	22,014

The Consolidated Entity's auditor provided tax services for which \$3,650 (2011:\$ 1,214) was charged.

16. Key management personnel disclosures

(a) Details of key management personnel

Directors in office during the financial period were:

Executive Director

Richard Aden (Appointed 20 October 2009)

Non-Executive Directors

Scott Spencer (Appointed 9 November 2009)

Brett Smith (Appointed 20 October 2009)

Stephen Brockhurst (Appointed 20 October 2009)

Justyn Wood (Appointed 11 October 2011)

(b) Compensation of key management personnel

(i) Compensation policy

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

16. Key management personnel disclosures (Continued)

(ii) Compensation of key management personnel

The remuneration of key management personnel is as follows:

30 June 2012	Short-term benefits	Long-term benefits	Share based payments		
Directors	Salary, fees and leave	Superannuation	Shares/options	Total	% Share based remuneration
	\$	\$	\$	\$	%
Scott Spencer	63,333	-	4,393	67,726	6%
Richard Aden	283,333	25,500	6,589	315,422	2%
Brett Smith	50,000	-	4,393	54,393	8%
Stephen Brockhurst	46,667	4,200	4,393	55,260	8%
Justyn Wood	314,306	11,603	37,193	363,102	10%
Amanda Wilton-Heald ¹	-	-	439	439	100%
	757,639	41,303	57,400	856,342	7%

30 June 2011	Short-term benefits	Long-term benefits	Share based payments		
Directors	Salary, fees and leave	Superannuation	Shares/options	Total	% Share based remuneration
	\$	\$	\$	\$	%
Scott Spencer	40,000	134	-	40,134	-
Richard Aden	201,250	14,063	-	215,313	-
Brett Smith	50,000	-	-	50,000	-
Stephen Brockhurst ¹	40,000	3,600	-	43,600	-
Amanda Wilton-Heald ¹	-	-	-	-	-
	331,250	17,797	-	349,047	-

¹ Mining Corporate Pty Ltd, a company of which Stephen Brockhurst is a director and the Company Secretary, Amanda Wilton-Heald is an employee, was paid \$108,823 (2011: \$76,163) in cash company secretarial and accounting services.

(c) Shareholdings of key management personnel

Directors	Balance 01-Jul-11	Entitlements issue	Options exercised	Net change other	Balance 30-Jun-12
Scott Spencer	1,000,000	-	-	-	1,000,000
Richard Aden	1,051,682	-	-	-	1,051,682
Brett Smith	1,300,000	-	155,000	-	1,455,000
Stephen Brockhurst	2,259,244	-	429,621	-	2,688,865
Justyn Wood	-	-	-	-	-
	5,610,926	-	584,621	-	6,195,547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

16. Key management personnel disclosures (Continued)

Directors	Balance 01-Jul-10	Entitlements issue	Options exercised	Net change other	Balance 30-Jun-11
Scott Spencer	1,000,000	-	-	-	1,000,000
Richard Aden	1,020,000	-	-	31,682	1,051,682
Brett Smith	1,045,000	250,000	-	5,000	1,300,000
Stephen Brockhurst	1,000,001	1,129,622	-	129,621	2,259,244
	4,065,001	1,379,622	-	166,303	5,610,926

(d) Option holdings of key management personnel

Directors	Balance 01-Jul-11	Option grant	Options exercised	Net change other	Balance 30-Jun-12	Vested during the period	Vested and exercisable
Scott Spencer	1,500,000	2,000,000	-	-	3,500,000	-	1,500,000
Richard Aden	1,510,000	3,000,000	-	-	4,510,000	-	1,510,000
Brett Smith	1,900,000	2,000,000	(155,000)	(95,000)	3,650,000	-	1,650,000
Stephen Brockhurst	3,259,245	2,000,000	(429,621)	(700,001)	4,129,623	-	2,129,623
Justyn Wood	-	3,750,000	-	-	3,750,000	-	-
	8,169,245	12,750,000	(584,621)	(795,001)	19,539,623	-	6,789,623

Directors	Balance 01-Jul-10	Entitlements issue	Options exercised	Net change other	Balance 30-Jun- 11	Vested during the period	Vested and exercisable
Scott Spencer	1,000,000	500,000	-	-	1,500,000	500,000	1,500,000
Richard Aden	1,000,000	510,000	-	-	1,510,000	510,000	1,510,000
Brett Smith	1,000,000	900,000	-	-	1,900,000	900,000	1,900,000
Stephen Brockhurst	1,000,000	2,259,245	-	-	3,259,245	2,259,245	3,259,245
	4,000,000	4,169,245	-	-	8,169,245	4,169,245	8,169,245

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

(e) Loans with key management personnel

There were no loans to key management personnel or their related entities during the period ended 30 June 2012 (2011: \$Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

17. Share based payments

The following options were granted as share based payments during the year:

Key Management Personnel	Date of Grant	Number of Options	Exercise Price	Expiry Date	Value	Vesting Period	Grant Date Share Price Volatility	Risk Free Interest Rate
Scott Spencer	1 June 2012	2,000,000	\$0.50	31 July 2014	\$4,393	19 June 2013	75.17%	2.12%
Richard Aden	1 June 2012	3,000,000	\$0.50	31 July 2014	\$6,589	19 June 2013	75.17%	2.12%
Brett Smith	1 June 2012	2,000,000	\$0.50	31 July 2014	\$4,393	19 June 2013	75.17%	2.12%
Stephen Brockhurst	1 June 2012	2,000,000	\$0.50	31 July 2014	\$4,393	19 June 2013	75.17%	2.12%
Justyn Wood	28 November 2011	1,250,000	\$0.20	3 May 2017	\$31,702	3 May 2014	75.17%	3.26%
	1 June 2012	2,500,000	\$0.50	31 July 2014	\$5,491	19 June 2013	75.17%	2.12%
Amanda Wilton-Heald ¹	1 June 2012	200,000	\$0.50	31 July 2014	\$439	19 June 2013	75.17%	2.12%
		12,950,000			\$57,400			

18. Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 16.

(b) Other transactions

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

Mining Corporate Pty Ltd, a Consolidated Entity of which Stephen Brockhurst is a director, provided corporate compliance services to the Consolidated Entity during the period. These services totalled \$108,823 (2011: \$79,163).

19. Financial reporting by segments

During the financial period, the Consolidated Entity operated principally in one business segment (for primary reporting) being exploration, and three geographical segments (for secondary reporting) being Australia, Tunisia and Africa.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

Inter-segment transactions

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

19. Financial reporting by segments (Continued)

Segment assets

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

Segment liabilities

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

Unallocated items

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

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

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

Exploration

The exploration segment explores for oil and gas. Segment assets including cash paid to joint venture partners for the costs associated with the exploration and are reported in this segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

	Australian Exploration \$	Tunisia Exploration \$	African Exploration \$	Total \$
19. Financial reporting by segments (Continued)				
(a) Segment performance				
30 June 2012				
Segment revenue	1,225	-	-	1,225
Segment results	(227)	(190,216)	(317,216)	(507,659)
Amounts not included in segment results but reviewed by Board:				
Interest revenue				52,914
Compliance fees				(51,532)
Consultancy fees				(249,248)
Depreciation				(4,853)
Directors' remuneration				(561,832)
Forex				558,389
Share based payments				(57,400)
Other expenses				(304,487)
Loss before income tax				(1,124,483)
Segment assets	571,341	2,382,163	16,822,296	19,775,800
Segment asset increases for the period:				
Capital expenditure	56,603	1,021,461	2,029,668	3,090,382
Unallocated assets:				
Cash and cash equivalents				5,789,382
Trade and other receivables				200,419
Plant and equipment				18,802
Other non-current assets				79,000
Total assets				25,863,403
Segment liabilities	-	136,394	432,052	568,446
Unallocated liabilities:				
Trade and other payables				147,617
Provisions				53,267
Total liabilities				769,330

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

	Australian Exploration \$	Tunisia Exploration \$	Total \$
19. Financial reporting by segments (Continued)			
30 June 2011			
Segment revenue	-	-	-
Segment results	(285)	(3,859,968)	(3,860,253)
Amounts not included in segment results but reviewed by Board:			
Interest revenue			48,859
Compliance fees			(22,583)
Depreciation			(610)
Directors' remuneration			(365,633)
Other expenses			(373,561)
Loss before income tax			(4,573,781)
Segment assets	514,738	1,449,812	1,964,550
Segment asset increases for the period:			
Capital expenditure	382,738	5,308,373	5,691,111
Unallocated assets:			
Cash and cash equivalents			4,428,859
Trade and other receivables			26,612
Plant and equipment			2,440
Other non-current assets			130,000
Total assets			6,552,461
Segment liabilities	-	-	-
Unallocated liabilities:			
Trade and other payables			91,350
Provisions			16,587
Total liabilities			107,937

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

20. Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

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

Credit risk

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

Trade and other receivables

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

Exposure to credit risk

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

	Consolidated Entity 2012 \$	Consolidated Entity 2011 \$
Financial assets at fair value		
Cash	5,789,384	4,428,859
Receivables – other	200,419	26,612

Liquidity risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

20. Financial risk management (Continued)

Market risk

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

Interest rate risk

Interest rate risk sensitivity analysis

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

- Net loss would decrease by \$104,006 (2011: \$86,421) and increase by \$1,823 (2011: \$11,297). This is mainly attributable to the Consolidated Entity's exposure to interest rates on its variable rate borrowings.
- Other equity reserves would increase by \$104,006 (2011: \$86,421) and decrease by \$1,823 (2011: \$11,297) mainly as a result of the changes in the fair value of available-for-sale fixed rate instruments.

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

Consolidated Entity 2012

Financial Instrument	Floating interest rate	Fixed interest rate maturing in:				Total	Weighted average effective interest rate %
		1 year or less	Over 1 to 5 years	More than 5 years	Non- interest Bearing		
	\$	\$	\$	\$	\$	\$	
Financial Assets							
Cash	5,787,747	9	-	-	1,628	5,789,384	1.04%
Receivables – other	-	-	-	-	200,419	200,419	N/A
Total financial assets	<u>5,787,747</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>202,047</u>	<u>5,989,803</u>	
Financial Liabilities							
Trade payables and accruals	-	-	-	-	716,063	716,063	N/A
Total financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>716,063</u>	<u>716,063</u>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

20. Financial risk management (Continued)

Consolidated Entity 2011

Financial Instrument	Floating interest rate	Fixed interest rate maturing in:				Total	Weighted average effective interest rate %
		1 year or less	Over 1 to 5 years	More than 5 years	Non- interest Bearing		
	\$	\$	\$	\$	\$	\$	
Financial Assets							
Cash	925,619	3,503,239	-	-	1	4,428,859	1.30%
Receivables – other	-	-	-	-	26,612	26,612	N/A
Total financial assets	925,619	3,503,239	-	-	26,613	4,455,471	
Financial Liabilities							
Trade payables and accruals	-	-	-	-	107,937	107,937	N/A
Total financial liabilities	-	-	-	-	107,937	107,937	

Consolidated
Entity
2012
\$

Consolidated
Entity
2011
\$

Equity attributable to shareholders of the Consolidated Entity

Total assets	25,863,403	6,552,461
Equity ratio in %	103%	102%

Average equity

Net loss	(1,124,483)	(4,573,781)
Return on equity in %	(4%)	(71%)

21. Events subsequent to period end

There are no matters or circumstances that have arisen since 30 June 2012 that have or may significantly affect the operations, results, or state of affairs of the Consolidated Entity in future financial years.

22. Interests in controlled entities

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

Name	Country of incorporation	Class of share	Equity holding		Investment
			30 June 2012	30 June 2011	
Exmouth Energy Pty Ltd	Australia	Ordinary	100%	100%	\$1
Jacka Tunisia Pty Ltd	Australia	Ordinary	100%	100%	\$1
Providence Resources (Nigeria Holdings) Limited	Nigeria	Ordinary	100%	0%	\$15,752,307
PR Oil and Gas Nigeria Limited	Nigeria	Ordinary	100%	0%	\$2,546

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2012

	Company	Company
	2012	2011
	\$	\$
23. Parent entity disclosures		
(a) Financial position		
ASSETS		
Current Assets		
Cash and cash equivalents	5,789,382	4,428,857
Trade and other receivables	200,419	26,612
Total Current Assets	5,989,801	4,455,469
Non-Current Assets		
Other financial assets	15,831,308	130,002
Plant and equipment	18,802	2,440
Other receivables	6,687,952	5,310,065
Exploration expenditure	1,773,376	514,738
Total Non-Current Assets	24,311,438	5,957,245
Total Assets	30,301,239	10,412,714
LIABILITIES		
Current Liabilities		
Trade and other payables	579,669	91,350
Liability for application money	53,267	16,587
Total Current Liabilities	632,936	107,937
Total Liabilities	632,936	107,937
Net Assets	29,668,303	10,304,777
EQUITY		
Issued capital	31,081,401	10,855,915
Reserves	161,884	165,734
Accumulated losses	(1,574,982)	(716,872)
Total Equity	29,668,303	10,304,777
(b) Financial performance		
Loss for the period	(858,110)	(713,528)
Other comprehensive income	-	-
Total comprehensive income	(858,110)	(713,528)

Other Financial Assets and Other Receivables

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

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 18 to 50, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards;
 - b. are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 1 to the financial statements; and
 - c. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company and consolidated group;

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

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

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

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



Richard Aden
Executive Director

Perth, 4 September 2012

Independent Auditor's Report

To the Members of Jacka Resources Limited

We have audited the accompanying financial report of Jacka Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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Directors Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In our opinion:

- a. The financial report of Jacka Resources Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company and Consolidated Entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- b. The financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the company incurred a net loss of \$1,124,483 during the year ended 30 June 2012. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in directors' report of the year ended 30 June 2012. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Jacka Resources Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.



BENTLEYS
Chartered Accountants



CHRIS WATTS CA
Director

DATED at PERTH this 4th day of September 2012

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

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

1. Board of Directors

1.1 Role of the Board

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

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

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

1.2 Composition of the Board

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

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

An Independent Director:

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

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

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

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

Mr Stephen Brockhurst is a Non-Executive Director of the Company and does not meet the Company's criteria for independence. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board and in his position as a Non-Executive Director.

Mr Richard Aden is an Executive Director of the Company and does not meet the Company's criteria for independence. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

Mr Justyn Wood is an Executive Director of the Company and does not meet the Company's criteria for independence. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

1.3 Responsibilities of the Board

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

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

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

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

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

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

1.4.2 Commitments

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

1.4.3 Confidentiality

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

1.4.4 Continuous Disclosure

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

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

A copy of the strategy is available on the Company's website (www.jackaresources.com.au).

1.4.5 Education and Induction

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

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

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

1.4.6 Independent Professional Advice

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

1.4.7 Related Party Transactions

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

1.4.8 Shareholder Communication

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

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

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

1.4.9 Trading in Company Shares

The Company has a Share Trading Policy which states that Directors, members of senior management, certain other employees and their associates likely to be in possession of unpublished price sensitive information may not trade in the Company's securities prior to that unpublished price sensitive information being released to the market via the ASX. A copy of the policy is available on the Company's website (www.jackaresources.com.au). Unpublished price sensitive information is information regarding the Company, of which the market is not aware, that a reasonable person would expect to have a material effect on the price or value of the Company's securities. On 20 December 2010 the Board reviewed and adopted a new Share Trading Policy which included restrictions on trading in closed periods, complying with the ASX Listing Rule requirements.

1.4.10 Performance Review / Evaluation

It is the policy of the Board to conduct evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to the Company. During the financial year an evaluation of the performance of the Board and its members was not formally carried out. To date, there has been no formal process put in place for performance evaluation. However, a general review of the Board and executives occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place. A copy of the policy is available on the Company's website (www.jackaresources.com.au).

1.4.11 Attestations by CEO and CFO

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

1.4.12 Risk Management Policy

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

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

The Board monitors risk through various arrangements including:

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

The Company has developed a Risk Register in order to assist with the risk management of the Company. The Company's risk management strategy was formally reviewed by the Board on 31 March 2010 and has since been readopted by the Board on 14 September 2011 and was considered a sound strategy for addressing and managing risk. A copy of the strategy is available on the Company's website (www.jackaresources.com.au).

1.4.13 Diversity Policy

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

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

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

- to the Board – 0%
- to senior management – 17%
- to the organisation as a whole – 25%

The Company's objective is to promote a culture which embraces diversity through ongoing education, succession planning, director and employee selection and recognising skills are not gender specific. The Company's Diversity Policy is located on its website (www.jackaresources.com.au).

2. Board Committees

2.1 Audit Committee

The Audit Committee consists of Mr Brett Smith, Mr Stephen Brockhurst and Mr Scott Spencer.

The Audit Committee met once during the financial year ended 30 June 2012 and two out of three members were present at the meeting.

2.2 Remuneration Committee

2.2.1.1 Role

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

The Remuneration Committee consists of three (3) non-executive directors, being Mr Brett Smith, Mr Scott Spencer, Mr Stephen Brockhurst and the Company Secretary. The Chairman of the Remuneration Committee is Mr Brett Smith, an independent director. The Remuneration Committee met once during the financial year ended 30 June 2012 and all members were present at the meeting.

2.2.1.2 Responsibilities

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

2.2.2 Remuneration Policy

2.2.2.1 Non-Executive Director Remuneration Policy

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

2.2.2.2 Executive Director Remuneration

Executive Director remuneration is set by the board with the executive director in question not present.

2.2.3 Current Director Remuneration

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

2.3 Nomination Committee

2.3.1.1 Role

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

The Nomination Committee consists of three (3) non-executive directors, being Mr Brett Smith, Mr Scott Spencer, Mr Stephen Brockhurst and the Company Secretary. The Chairman of the Nomination Committee is Mr Scott Spencer, an independent director. The Nomination Committee met once during the financial year ended 30 June 2012 and two out of three members were present at the meeting.

2.3.1.1 Responsibilities

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

2.3.2 Criteria for selection of Directors

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

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

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

3. Company Code of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. The Company Code of Conduct was adopted by resolution of the Board on 31 March 2010. This Code includes the following:

Responsibilities to Shareholders and the Financial Community Generally

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

Responsibilities to Clients, Customers and Consumers

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

Employment Practices

The Company policy is to endeavour to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources. As at the date of this report there are no employees who are not also directors.

Obligations Relative to Fair Trading and Dealing

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

Responsibilities to the Community

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

Responsibility to the Individual

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

Conflicts of Interest

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

How the Company Complies with Legislation Affecting its Operations

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

How the Company Monitors and Ensures Compliance with its Code

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

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

	RECOMMENDATION	COMMENT	REFERENCE
1	<i>Lay solid foundations for management and oversight</i>		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's Corporate Governance Policy includes a Board Charter, which discloses the specific responsibilities of the Board.	1.1, 1.3, Website
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Board will monitor the performance of senior management, including measuring actual performance against planned performance. The Board has also adopted a policy to assist in evaluating Board performance.	1.4.10, Website
1.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	The Company has explained any departures (if any) from recommendations 1.1 and 1.2 in the Corporate Governance Statement and Policies.	1.1, 1.3, 1.4.10, Website

CORPORATE GOVERNANCE (CONTINUED)

2	<i>Structure the board to add value</i>	
2.1	A majority of the board should be independent directors.	<p>Half the Board are independent Directors. There are five Directors on the Board, of which Mr Brett Smith, Mr Scott Spencer are independent. Mr Richard Aden, Mr Justyn Wood and Mr Stephen Brockhurst are not considered to be independent. Mr Richard Aden, Mr Justyn Wood and Mr Stephen Brockhurst are Directors with sound knowledge of Jacka Resources' projects. This knowledge is considered important in enabling the Company to capitalise on the value of its projects to create shareholder wealth.</p> <p>There remains a departure from the recommendation in relation to a majority of independent directors due to the small scale nature of the Company and its limited financial resources to attract appropriately skilled yet independent directors. The Board is continually reviewing the status of independent directors with a view to engaging further independent directors when financial resources allow.</p>
2.2	The chair should be an independent director.	The Chairman, Mr Scott Spencer, is considered to be independent.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The roles of chair and chief executive officer are not exercised by the same individual.
2.4	The board should establish a nomination committee.	A formal nomination committee has been adopted by the Company, chaired by Mr Scott Spencer, consisting of Mr Brett Smith, Mr Stephen Brockhurst and the Company Secretary.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Chairman will review the composition of the Board and the performance of each Director to ensure that it continues to have a mix of skills and experience necessary for the conduct of the Company's activities. A new Director will receive an induction appropriate to his or her experience.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	The Company has provided details of each Director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures (if any) from recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 in the 2012 Annual Report and Corporate Governance Statement and Policies respectively.

CORPORATE GOVERNANCE (CONTINUED)

3	<i>Promote ethical and responsible decision-making</i>		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> the practices necessary to maintain confidence in the company's integrity the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders the responsibility and accountability of individuals for reporting and investigating reports of unethical practices 	The Company's Corporate Governance Policy includes a Code of Conduct for Directors and Key Executives, which provides a framework for decisions and actions in relation to ethical conduct in employment.	3, 1.4.1, 1.4.2, 1.4.3, Website
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	The Company has implemented a Diversity Policy which includes requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	1.4.13
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The measurable objectives for achieving gender diversity will be disclosed in each annual report.	1.4.13
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The measurable objectives for achieving gender diversity will be disclosed in each annual report.	1.4.13,
3.5	Companies should provide the information indicated in the <i>Guide to reporting on Principle 3</i> .	The Company has explained any departures (if any) from recommendations 3.1, 3.2, 3.3 and 3.4 in the Corporate Governance Statement and Policies.	3, 1.4.1, 1.4.2, 1.4.3, 1.4.9, 1.4.13, Website
4	<i>Safeguard integrity in financial reporting</i>		
4.1	The board should establish an audit committee.	A formal audit committee has been adopted by the Board and consists of: Stephen Brockhurst (Chairman) Brett Smith Scott Spencer	2.1

CORPORATE GOVERNANCE (CONTINUED)

4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members. 	Stephen Brockhurst (Non-Executive Director – Jacka Resources Limited) Brett Smith (Non-Executive Director – Jacka Resources Limited) Scott Spencer (Non-Executive Chairman – Jacka Resources Limited)	2.1
4.3	The audit committee should have a formal charter.		2.1
4.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 4</i> .	The Company will explain any departures (if any) from recommendations 4.1, 4.2 and 4.3 in its future annual reports.	2.1
5	<i>Make timely and balanced disclosure</i>		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has a continuous disclosure program in place designed to ensure the compliance with ASX Listing Rule disclosure and to ensure accountability at a Board level for compliance and factual presentation of the Company's financial position.	1.4.4, Website
5.2	Companies should provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	The Company will provide an explanation of any departures (if any) from recommendation 5.1 in its future annual reports.	1.4.4, Website
6	<i>Respect the rights of shareholders</i>		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The Company's Corporate Governance Policy includes a Shareholder Communications Policy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.	1.4.8, Website
6.2	Companies should provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	The Company has provided an explanation of any departures (if any) from recommendation 6.1 in the Corporate Governance Statement and Policies.	1.4.8, Website
7	<i>Recognise and manage risk</i>		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's Corporate Governance Policy includes a Risk Management Policy which aims to ensure that material business risks are identified and mitigated, through the use of a Risk Register.	1.4.12, Website

CORPORATE GOVERNANCE (CONTINUED)

7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Board requires either the individual performing the role of Chief Executive Officer or the Chief Financial Officer will design and implement risk management and internal control systems and provide a report at the relevant time.	1.4.11, 1.4.12 Website
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board will seek this relevant assurance from the individuals performing the role of Chief Executive Officer and the Chief Financial Officer.	1.4.11, 1.4.12 Website
7.4	Companies should provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	The Company has provided an explanation of any departures (if any) from recommendations 7.1, 7.2 and 7.3 in the Corporate Governance Statement and Policies.	1.4.11, 1.4.12 Website
8	<i>Remunerate fairly and responsibly</i>		
8.1	The board should establish a remuneration committee.	A formal remuneration committee has been adopted by the Company.	2.2.1
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors • is chaired by an independent chair • has at least three members. 	The remuneration committee is chaired by Mr Brett Smith, consisting of Mr Scott Spencer, Mr Stephen Brockhurst and the Company Secretary.	2.2.1, 2.2.2, Website
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Board will distinguish the structure of non executive Director's remuneration from that of executive Directors and senior executives. Relevantly, the Company's Constitution provides that the remuneration of non-executive Directors will be not be more than the aggregate fixed sum determined by a general meeting. The Board is responsible for determining the remuneration of any Director or senior executives (without the participation of the affected Director).	2.2.2
8.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	The Company has provided an explanation of any departures (if any) from recommendations 8.1, 8.2 and 8.3 in the Corporate Governance Statement and Policies.	2.2.1, 2.2.2, Website

ASX ADDITIONAL INFORMATION

Holdings as at 3 September 2012

No. Securities Held	Fully Paid Shares No. Holders	Listed JKAO No. Holders
1 – 1,000	38	12
1,001 – 5,000	95	78
5,001 – 10,000	207	36
10,001 – 100,000	938	236
> 100,001	466	122
Total no. holders	1,744	484
No. holders of less than a marketable parcel	340	126
Percentage of the 20 largest holders	29.88%	43.43%
Total on issue	247,513,503	71,337,443

Substantial shareholders as at 3 September 2012

20 Largest holders of securities as at 3 September 2012

Fully paid ordinary shares	No. Shares	%
1) NATIONAL NOMINEES LIMITED	20,050,417	8.10
2) HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,697,511	3.11
3) GASCORP AUSTRALIA PTY LTD	5,000,000	2.02
4) CITICORP NOMINEES PTY LTD	4,770,245	1.93
5) KO NOMINEES PTY LTD <THE OLDFIELD KNOTT UNIT A/C>	4,000,000	1.62
6) SPECTRAL INVESTMETNS PTY LTD <LITHGOW FAMILY A/C>	3,545,481	1.43
7) WILLOWDALE HOLDINGS PTY LTD	3,400,000	1.37
8) MRS JACLYN STOJANOVSKI & MR CHRIS RETZOS & MR SUSIE RETZOS <RETZOS EXECUTIVE S/F A/C>	3,105,022	1.25
9) SANCOAST PTY LTD	3,000,000	1.21
10) MR JASWINDER SINGH TAKHAR	2,500,000	1.01
11) MR STEPHEN BROCKHURST <SM BROCKHURST FAMILY A/C>	2,300,002	0.93
12) AUSTRALIAN CAPITAL MARKETS PTY LTD	2,200,000	0.89
13) ABLETT PTY LTD <DAVID EDWARDS FAMILY A/C>	2,000,000	0.81
14) JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	1,694,941	0.69
15) LAKE SPRINGS PTY LTD <THE LAKE SPRINGS S/F A/C>	1,565,000	0.63
16) BARCLAY WELLS LIMITED	1,463,890	0.59
17) ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	1,450,145	0.59
18) VENNON PTY LTD <TOMSIC FAMILY A/C>	1,450,000	0.59
19) MR JASWINDER SINGH TAKHAR	1,380,000	0.56
20) ERIDTUS PTY LTD <ROBERT VAGNONI FAMILY A/C>	1,350,000	0.55

ASX ADDITIONAL INFORMATION (CONTINUED)

20 Largest holders of JKAO as at 3 September 2012

Fully paid ordinary shares	No. Options	%
1) NATIONAL NOMINEES LIMITED	4,712,898	6.61
2) KO NOMINEES PTY LTD <THE OLDFIELD KNOTT UNIT A/C>	2,350,000	3.29
3) HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,233,440	3.13
4) A22 PTY LTD	2,100,000	2.94
5) GASCORP AUSTRALIA PTY LTD	2,000,000	2.80
6) MR TERRY JAMES GARDINER	1,985,000	2.78
7) NEWTON2 PTY LTD <NEWTON 2 SUPER FUND A/C>	1,920,000	2.69
8) EMMESS PTY LTD <EMMESS SUPER FUND A/C>	1,500,000	2.10
9) MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD	1,437,654	2.02
10) BARCLAY WELLS LIMITED	1,335,900	1.87
11) GRYPHON ASSET MANAGEMENT PTY LTD <GRYPHON INVESTMENT A/C>	1,100,000	1.54
12) MR ANGUS WILLIAM NAPIER AITKEN	1,001,500	1.40
13) STEPHEN BROCKHURST <SM BROCKHURST FAMILY A/C>	1,000,002	1.40
14) RIGHTTIME INVESTMENTS PTY LTD	1,000,000	1.40
15) AUSTRALIAN GLOBAL CAPITAL PTY LTD	950,000	1.33
16) BARCLAY WELLS LIMITED <NOMINEE A/C>	942,963	1.32
17) DAVYCREST NOMINEES LIMITED	864,198	1.21
18) MR ROBERT SIMON EVANS	860,017	1.21
19) JOCAPH PTY LTD <THE JOCAPH SUPER FUND A/C>	855,000	1.20
20) CLASSIC CATERERS PTY LTD <THE HARDMAN SUPER FUND A/C>	850,000	1.19

Unlisted options as at 3 September 2012

Details of unlisted option holders are as follows:

Class of unlisted options	No. Options
Options exercisable at \$0.35 on or before 31 December 2013	5,000,000
Holders of more than 20% of this class	-
Options exercisable at \$0.20 on or before 3 May 2017	1,250,000
Holders of more than 20% of this class	1
Options exercisable at \$0.50 on or before 31 July 2014	11,700,000
Holders of more than 20% of this class	2

Voting rights

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

Restricted securities

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