



**ABN: 79 140 110 130**

**And Controlled Entities**

**ANNUAL REPORT**

**For the year ended  
30 June 2013**

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## **CORPORATE DIRECTORY**

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### **DIRECTORS**

Scott Spencer  
Richard Aden  
Brett Smith  
Stephen Brockhurst  
Justyn Wood

### **SECRETARY**

Amanda Wilton-Heald

### **REGISTERED OFFICE**

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NIGERIA

### **SHARE REGISTRY**

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### **AUDITORS**

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West Perth WA 6005

### Chairman's Note to Shareholders

The past year has seen significant activity across the Company's portfolio. In Tunisia and Nigeria, Jacka is pursuing near-term production opportunities through appraisal and field development work, with the aim of achieving early cash flow. This income stream is then intended for use in funding the Company's frontier exploration, with short-term funding for Somaliland already secured through the farmout to Genel Energy late last year, and the addition of the Ruhuhu licence in Tanzania seeing the Company embark on an initial four-year exploration program.

At the time of writing, the joint venture is continuing efforts to complete the flow testing of the Hammamet West-3 well in the Bargou Block offshore Tunisia. The results so far obtained from this well have been highly encouraging, but the technical difficulties and consequent cost overruns have posed serious challenges for Jacka. I would like to take the opportunity to thank all those who have assisted the Company to meet these challenges by participating in the top-up fundraisings which Jacka has been obliged to make.

In Nigeria there has been steady progress towards the goal of an early oil scheme being brought onstream in 2014. In Somaliland, in late 2012 the Company managed to secure a farmout to Genel which sees Jacka free-carried through an extensive work program on this excitingly prospective acreage. In Tanzania, after a lengthy period of review of its oil and gas policy during which no new licences were granted, the Government awarded the Ruhuhu Block to Jacka, demonstrating confidence in the Company's ability to conduct exploration activity in East African rift systems.

This overall level activity is scheduled to continue and to increase in 2014. Once again, we thank all our supporters as we look forward to this activity leading to beneficial technical and commercial outcomes.



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Scott Spencer  
Non-Executive Chairman

## DIRECTORS REPORT

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Your Directors present their report on the Consolidated Entity from 1 July 2012 to 30 June 2013.

### 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

#### **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.

Former Directorships:

N/A

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

Brett Smith has acquired over 25 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 currently holds board positions on other ASX listed companies including Managing Director of Corazon Mining Limited, Non-Executive Director of Cauldron Energy Limited and Non-Executive Director of Metals of Africa Limited.

Former Directorships:

Blackham Resources Limited

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 and Krakatoa Resources Limited.

Former Directorships:

N/A

### **Justyn Wood B.ScApp (Geoph), GC App Fin, MAICD –Executive Technical Director**

Justyn Wood is a petroleum geophysicist and Director of Wood Petroleum Exploration Pty Ltd, a technical advisor to Jacka Resources Limited. Justyn Wood has 20 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, Chevron Australia and Jacka Resources, Justyn has extensive experience in identifying, securing and exploring highly prospective petroleum basins. 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 AICD.

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 16 years' experience in Australia and the UK.

### **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.

Jacka Resources was established in 2009 and listed on the Australia Securities Exchange (ASX) in 2010. In that time Jacka has assembled a diverse portfolio of high value growth opportunities spanning the African continent. Over the coming years Jacka intends to progress and mature these opportunities to create long term growth and value in the portfolio. Jacka is actively following several key strategies to achieve these goals.

1. Located in Nigeria and Tunisia are Jacka's near term appraisal and production assets. Both these countries have a mature, existing oil and gas industry with available oilfield services, equipment and infrastructure.

Key to Jacka's growth is to commercialise these assets and convert existing 2C Contingent Resources, of which Jacka has 27 million barrels of oil equivalent, into 2P Reserves. This will be achieved through appraisal/development drilling and transitioning from existing conceptual development plans into Field Development Plans (FDP) for each asset.

2. Jacka has organic growth opportunities within its portfolio, a blend of mature and frontier exploration opportunities and the Company has strategies to advance these:
  - a. In Nigeria, Tunisia and Australia Jacka has numerous seismic defined exploration prospects and leads. The intention is to mature the prospects and leads through the acquisition of new seismic and/or re-interpretation of existing seismic data. The goal is to have a robust drill ready prospect and leads inventory with a view to drilling up to 2 wells per annum.
  - b. One of the main areas of organic growth is Jacka's frontier exploration assets that are held in Somaliland and Tanzania. It is the Company's goal to advance the exploration efforts on these underexplored basins with a view to acquiring seismic and working up a prospect and leads inventory which can then matured to drill ready status.
3. Jacka is also seeking to expand its footprint in Africa and is constantly reviewing new venture opportunities. Jacka will add new opportunities to the portfolio in a measured way to complement the existing portfolio and create further long term growth opportunities.

4. Managing and optimising Jacka's capital structure and financial position are critical in achieving the Company's growth strategy. A key objective is to ensure that an adequate and accessible source of funding is available to finance our growth ambitions and other working capital demands. As the Company's assets mature it is likely that a mixture of capital management initiatives will be required and this could include equity, project debt and the farm down of assets or divestment of assets.

### **REVIEW OF OPERATIONS**

#### **Overview**

Jacka has now completed its third 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. In addition the Company has acted to balance the risk profile of the Company with the introduction of a strategic partner in one of our key exploration assets. The Company has had a very active year on a corporate level and operationally, including the appraisal of the Hammamet West oilfield. The Company has the potential for significant value add events in the near term with several of the Company's assets scheduled to reach key milestones over the next 12 months. The key events over the last 12 months have included:

- addition of high impact assets into the portfolio within its areas of interest in the East Africa Rift System. Jacka was awarded Operator within 100% licence equity of the Ruhuhu block in Tanzania;
- the introduction of Genel Energy to Odewayne block in Somaliland, where Genel farmed in for 50% equity and Operator of the licence;
- maintained a strong resource base to the Company, 2C contingent resources of 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 2012 and capital raising by placement in 2013.

**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 with 3D over Hammamet oilfield
Nigeria	Aje Field	5.00%	Yinka Foliwayo* EER FHN NewAge Panora	25.00% 16.875% 16.875% 24.06% 12.19%	Appraisal, development & exploration – 3D defined prospects  Aje field net revenue interest is shown
Somaliland	Odewayne	30%	Petrosoma Genel Energy*	20% 50%	Exploration - frontier
Australia	WA-399-P	15%	Apache* Carnarvon Rialto	60% 13% 12%	Exploration – 3D defined prospects
Tanzania	Ruhuhu	100%	-		JKA awarded the licence in March 2013

\* 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, North West Shelf

#### Jacka 15% equity interest

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.

A number of prospects and leads have been identified in WA-399-P with total gross prospective resources in excess of 30 million barrels. Apache as operator will co-ordinate drilling activity with other programs to be conducted across the region. Further technical and commercial work will be undertaken as these prospects have potential as both standalone and joint developments with nearby discoveries.

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
<b>Total Prospective Resources</b>			<b>37</b>	<b>5.5</b>	

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



**Tunisia****Bargou Block, Gulf of Hammamet****Jacka 15% Equity interest**

The Bargou block is located within the Pelagian Basin in the Gulf Of Hammamet offshore Tunisia and covers an area 4,616 km<sup>2</sup> 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.

While much of the focus in the past year has been on the drilling of the Hammamet West-3 appraisal well (see below), there is additional exploration potential within the Bargou block. The joint venture has 2D seismic over almost the entire block and this was re-interpreted as part of a review of the exploration potential undertaken by the Operator. A number of significant Abiod Formation leads have been identified in the south of the block which, in the event of success in the Hammamet West-3 well, will be attractive targets for 3D seismic exploration to mature these leads to drill-ready prospect status.

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 continues its exploration efforts, particularly in the south of the block, it is anticipated that 3D seismic will firm up the 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 and leads
Totals			545	82	

\* based on RPS Independent Assessment August 2008

**Hammamet West Oilfield**

The key activity during the past 12 months has been the Hammamet West-3 appraisal well, targeting the fractured Abiod Formation reservoir. Two previous wells were drilled on the Hammamet West structure, HW-1 discovered oil in shallow Birsa sands while HW-2 intersected a gross 192 metre oil column in the Upper Cretaceous Abiod Formation carbonates. Testing of the HW-2 well recovered minor amounts of oil but demonstrated the potential for a significant resource.

The primary objective of the Hammamet West-3 well is the drilling of a near-horizontal wellbore through the naturally fractured Abiod Formation limestones and then conducting a production test to confirm oil productivity. The joint venture had undertaken a number of studies during 2012 using recently acquired 3D seismic data to identify areas of best fracture development in the Abiod Formation target. Those studies were used to select a well path that was most likely to intersect open fractures potentially capable of producing oil.

The Hammamet West-3 well was spudded on April 4 and at the end of the reporting year the pilot hole into the Abiod Formation had been drilled to total depth of 3,437 mMDRT and subsequently a near-horizontal sidetrack wellbore was initiated. Since June 30 the near-horizontal wellbore was drilled through 432 m of Abiod Formation to a total depth of 3,443 mMDRT and well testing operations commenced.

The Hammamet West-3 well achieved a number of its objectives when it successfully drilled into the Abiod Formation and intersected open fractures containing oil. The last objective is establishing a sustained flow from the fractures and that work continues at the time of writing. The key well results are summarised below:

- The Abiod Formation was encountered in the pilot hole at 3,010 mMDRT, 40 metres shallower than expected, which, along with the results of Hammamet West-2, suggests a vertical oil column in excess of 200 m.
- The near-horizontal sidetrack drilled through the Abiod Formation encountered significant hydrocarbon shows in association with predicted fracture zones.
- Oil shows on drill cuttings were observed over approximately 110 metres of the total 432 metres of Abiod Formation drilled in the sidetrack.
- Elevated gas levels with gas composition ratios indicative of oil were also encountered, generally in association with the oil shows noted above.
- The oil and gas shows coincide with anomalies on Logging While Drilling image logs that are indicative of fractures.
- Drilling mud losses experienced while drilling these intervals are an indicator that the well has likely encountered an open, porous fracture system in the Abiod.
- During recent operations oil was observed in the drilling mud (18-20%) circulated to surface and samples have been collected for analysis.

The initial production test was suspended when coiled tubing became stuck inside the production test tubing due to an accumulation of lost circulation material (LCM) produced from the Abiod Formation fractures. The LCM was used while drilling to control mud losses in the fractured reservoir. The test results prior to suspension of testing operations include:

- During the clean-up flow period, 111 barrels of fluid (formation oil, base oil and drilling brine) were produced to surface tanks along with formation gas.
- Flow rates, measured by 15-minute tank dips, averaged 413 barrels of fluid/day with surges up to a maximum of 1,700 barrels of fluid/day.
- Oil recovered to the surface, sampled at 27-33°API
- Gas flared at surface contained 3% CO<sub>2</sub> and no H<sub>2</sub>S.
- Acid was not used to stimulate the well during the clean-up flow

At the time of writing the Operator was preparing to retest the well after recovering and rerunning the test string and cleaning the wellbore.

### Independent Report

Senergy is a UK based consultancy that was commissioned by the Operator, Cooper Energy, in 2011, to provide an independent persons report (IPR), regarding the initial Oil-in-Place (OIP) for the Hammamet West Oil Field. The Senergy IPR conclusions are as follows:

- the oilfield has an estimated oil-in-place range of 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 were used for the Hammamet West volume estimates; and
- further appraisal drilling of the oilfield is required to collect additional data on the volumetric parameters and to determine whether the field can produce at commercial rates.

The Hammamet West-3 well was designed to address all the key risk factors in the IPR by drilling an extended horizontal section in the optimal direction to intersect 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**

In 2011 Cooper commissioned Senergy to perform an Independent Person Report (“IPR”) on the resource volumes within the Hammamet West Field. The IPR volume estimates of 130 million to 605 million barrels of OIP 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 Birsia Fm
<b>Total</b>			<b>111</b>	<b>16.6</b>	

### **Conceptual Development Plan**

Worley Parsons in 2009 completed a development concept study which demonstrated that as little as 12 to 15 million barrels of recoverable oil would be considered economic. On this basis, at the time of farmin, the Hammamet West contingent resource base was considered to be 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**

#### **Jacka 5% net revenue interest**

### **Overview**

Jacka holds 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 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. Afren, the operator of OPL310, announced in June 2013 an oil discovery at Ogo-1, immediately adjacent to OML113. 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**

Four wells have been drilled on the Aje field, all of which encountered hydrocarbons, with logging or testing demonstrating significant net hydrocarbon-bearing sections in three of the wells. Drilling to date has demonstrated the existence of multiple reservoirs: a potentially significant gas/condensate resource with an oil leg in the Turonian; oil reservoirs in the Cenomanian; and a deeper Albian reservoir. Following the successful drilling and logging of Aje-4, the partners declared the Aje field commercial.

During the last year the joint venture has renewed its focus on an early oil development of the Cenomanian as part of a longer term, multiphase development of the full field.

During the April quarter the Aje joint venture partners approved a work program and budget which included the drilling of the Aje-5 well. This well will target the Cenomanian oil reservoirs and, together with the previously drilled and suspended Aje-4 well, is expected to be completed and tied back to an FPSO as the first phase of the Aje field development. The approval of the work program and budget followed on from the completion of a number of studies undertaken in the previous quarters:

- reprocessing and mapping of the 3D seismic and reservoir modelling;
- facilities engineering studies for the oil development concept;
- identification of suitable floating production, storage and offtake (FPSO) vessels and the inspection of the leading candidates for use in the EPS.

The joint venture has continued work on a number of activities to prepare for both the Aje-5 well and leading to the preparation of a Field Development Plan for the initial development phase:

- subsurface geological and engineering reviews have continued with an emphasis on selecting the optimal Aje-5 location
- environmental baseline surveys were conducted in both wet and dry seasons allowing the preparation of the drilling application
- the joint venture acquired an option on three subsea production trees and is currently inspecting them for suitability for the project. The conceptual development studies identified the critical element on the schedule was the acquisition of subsea trees, as these currently take 18 – 24 months from order to delivery. The option potentially allows the joint venture to acquire the trees at a significantly reduced cost and in a time frame that would allow the joint venture to complete both the planned Aje-5 and the existing Aje-4 wells during the 2014 drilling campaign.
- Initial well design and rig selection is underway for the 2014 drilling campaign. A number of potential rigs are available for drilling in Q1 to Q3 2014.

While the initial stage of the multiphase development concept will focus on the Cenomanian oil reservoirs, later phases will target development of the significant shallower, Turonian, gas/condensate resource and appraise the deeper Albian targets to meet the needs of the evolving Nigerian and West African energy market.

### **Contingent Resources**

Jacka's technical review estimates 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			<b>210</b>	<b>10.5</b>	

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

### **Conceptual Development Plan**

As noted above, the joint venture is working towards a Field Development Plan (FDP) for the initial phase of the development. This work builds on the development concept plan for an early oil scheme completed by Intecsea in 2011. This study was updated in late 2012/early 2013 and this will form a key element of the FDP, along with studies and inspections of available floating production, storage and offtake vessels (FPSOs) and subsurface studies.

Phase 1 will begin the development of the Cenomanian oil resources using the proposed Aje-5 well and the existing Aje 4 well. The concept uses subsea production trees tied back to a FPSO.

Phase II – is likely to include additional Cenomanian producers which will also appraise the shallower Turonian gas/condensate field (and oil leg). The Turonian oil leg may also be targeted for production. Some of these wells can be deepened to evaluate the Albian resources.

Phase III - A full field gas/condensate development, with gas being treated onshore and sold into the local Nigerian market.

## **Somaliland**

### **Odewayne Block**

#### **Jacka 30% equity interest**

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”.

At the end of 2012 the Company announced that it had farmed out a 50% equity interest in the Odewayne block in Somaliland to Genel Energy plc (“Genel”) and that the transaction had been approved by the government of Somaliland.

Genel earned a 50% interest in the Block by:

1. carrying Jacka and Petrosoma through at least the minimum work program in phases III and IV of the PSA, including 1,500 kms 2D seismic and the drilling of an exploration well
2. paying for all PSA related expenditure in exploration phases III and IV
3. paying approximately US\$0. 7 million to Jacka as a pro rata share of back costs.

Under Jacka's original farmin agreement with Petrosoma (as announced on 2 April 2012), the Company had the opportunity to acquire an 80% participating interest on the Odewayne block by funding the minimum work program in exploration phases III and IV. Jacka and Petrosoma will now both be free carried through the exploration program for phases III and IV (combined into a 36 month period), including a minimum program of 1,500 kms of 2D seismic, the drilling of 1 exploration well and the airborne gravity and magnetic survey currently underway. The cost of the work program over exploration phases III and IV is anticipated to be around US\$50 million.

The participating interest is Genel 50% (Operator), Jacka 30% and Petrosoma 20%.

During the year the JV acquired high resolution airborne gravity and magnetics over the entire block confirming the presence of a deep sedimentary basin and the main play elements. This interpretation is being used to refine the program for a minimum 1,500km 2D seismic acquisition program.

### Block Overview

The Odewayne block lies in the south west of Somaliland and covers an area of some 22,000 km<sup>2</sup> and completely encloses the Odewayne basin. The Odewayne, Nogaal and Dharoor basins are three genetically-related Mesozoic rift basins in the Horn of Africa that were once continuous with 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 geology of the Odewayne basin is expected to be very similar to the prolific producing basins of Yemen.

Full block airborne gravity and magnetic data acquired late in 2012 confirm the Odewayne basin, as it is now known, to be approximately 220km long and 50km wide. These are typical rift segment dimensions, amply demonstrated in the modern East African Rift. The airborne geophysics program has further confirmed the presence of large rotated fault blocks, located immediately adjacent to a large 120km x 40km depocentre. These fault block structures are well located to receive hydrocarbon charge from interpreted mature source rocks in the depocentre.

A working source kitchen in the Odewayne Basin had been demonstrated by Petrosoma at the time of Jacka's entry into the project, with nine sampled and verified oil seeps in the eastern part of the licence area in 2006. Geochemical analysis of those seeps indicated an original light oil or condensate, consistent with the oils produced in Yemen.

A further 10 oil seeps were identified during in an extensive community engagement program in preparation for the airborne geophysics program. These new seeps are widely distributed around the flanks of the Odewayne basin, providing further evidence of the Odewayne basin's prospectivity. The 20km - 40km migration distance of the seeps from the depocentre and interpreted source kitchen suggests both a prolific source kitchen and an effective regional seal which enables long-distance migration towards the basin boundaries. The Operator plans to sample and analyse these seeps later in 2013 for geochemical typing.

## Tanzania

### Ruhuhu Block

#### Jacka 100% equity interest

Jacka announced in March 2013 that the licence for the 10,343 km<sup>2</sup> Ruhuhu Block had been awarded at a ceremony in Dar es Salaam. Jacka holds 100% equity and is Operator of the project.

The Ruhuhu licence is located in south-west Tanzania. It provides Jacka with the petroleum exploration rights to the entire Ruhuhu Karoo rift basin and to a proportion of the Lake Nyasa rift basin, of the modern East African Rift System (EARS).

### Block Overview

The Ruhuhu PSA exploration licence area encloses an entire Karoo (Late Carboniferous to Triassic) rift basin, which was later transected at its western extent by the “modern” Nyasa rift basin of the currently active East African Rift.

The base of the Ruhuhu sedimentary section contains widely deposited organic-rich sediments, similar to those found in other Karoo-aged basins across southern and eastern Africa that have in recent years become the target of exploration by companies such as Shell, Sasol and Origin Energy.

At the base of the early Permian section is the Lilangu Member, which contains thick, post-glacial anoxic black shales, with Total Organic Content (TOC) averaging 5% (up to 12%). Kerogen is predominantly Type III (gas prone), but with elevated liptinite content. Overlying these rich source rocks is a well-developed section of regularly interbedded sands, siltstones and shales (post-glacial “rhythmites”). In summary, the Lilangu Member has potential for multiple reservoir-seal pairs with direct access to charge, a candidate for unconventional shale gas exploration

These sediments are in turn overlain by thick, well developed sub-bituminous to bituminous coals of the Mchuchuma Member, which range in net thickness but are actively being mined on the flanks of the basin.

This post-glacial, organic-rich sequence has been buried to at least 3,000m, providing thermal maturity and a potentially attractive shale gas and coal seam gas exploration target across the Ruhuhu basin.

Further, the western end of the Ruhuhu licence abuts Lake Nyasa, and takes in a significant sedimentary delta where the Ruhuhu River enters the lake. The geological setting of the Ruhuhu delta is highly analogous to the Kaiso-Tonya block in the Albertine graben, where the first oil discoveries were made in the East African Rift. The western Ruhuhu provides Jacka with an opportunity to test the younger Nyasa basin petroleum system (part of the East African Rift system) at an onshore location.

By the end of June the Company had established an in-country presence and had begun work on detailed program planning, geological and geophysical data collection and progression of plans for an airborne geophysical survey in the second half of 2013.

Tanzania while still underexplored has recently become an international oil and gas exploration hot spot. The country has grabbed petroleum industry headlines over the past 3 years 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, BG, Petrobras and ExxonMobil 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 assembled 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.

## DIRECTORS REPORT Continued

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
<b>Total</b>			<b>321</b>	<b>27.1</b>	

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.

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	30%	0	0	Frontier exploration
Tanzania	Ruhuhu	100%	0	0	Frontier exploration
<b>Totals</b>			<b>768</b>	<b>94</b>	

### Corporate

Jacka Resources had an active year at a corporate level and at the end of the period the Company had 298 million shares on issue and cash and investments to the value of approximately \$4.076 million. During the year 50,000,000 options exercisable at \$0.20 were converted to raise a total of \$10m. On 21 January 2013 50,000,000 listed options exercisable at \$0.35 expiring 1 February 2015 were granted. Subsequent to year end, 38,500,000 shares were issued at \$0.085 and 19,250,000 unlisted free attaching options exercisable at \$0.14 expiring 1 February 2015 were granted as part of a placement to raise a total of \$3.273m. Also subsequent to year end the Company announced the commitment for an unsecured \$2m short term loan facility at an interest rate of 12%pa, payable quarterly. A fee of 3,000,000 unlisted options exercisable at \$0.20 expiring 3 years from the date of grant will be the arranger fee.



## DIRECTORS REPORT Continued

Summary of Capital Structure as at 30 June 2013	Quantity
Ordinary Shares	297,513,503
Unlisted Options exercisable at \$0.35 on or before 31 December 2013	5,000,000
Unlisted Options exercisable at \$0.50 on or before 31 July 2014	11,700,000
Listed Options exercisable at \$0.35 on or before 1 February 2015	50,000,000
Unlisted Options exercisable at \$0.20 on or before 11 October 2015	500,000
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 Ruhuhu Block in Tanzania.

### SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Key Management Personnel	Balance 01-Jul-12	On market purchase	Options exercised	Net change other	Balance 30-Jun-13
Scott Spencer	1,000,000	-	500,000	-	1,500,000
Richard Aden	1,051,682	-	-	-	1,051,682
Brett Smith	1,455,000	-	260,000	-	1,715,000
Stephen Brockhurst	2,688,865	-	379,621	-	3,068,486
Justyn Wood	-	50,000	-	-	50,000
Bob Cassie	40,000	35,000	-	-	75,000
	<b>6,235,547</b>	<b>85,000</b>	<b>1,139,621</b>	<b>-</b>	<b>7,460,168</b>

Key Management Personnel	Balance 01-Jul-11	On market purchase	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	-	-	-	-	-
	<b>5,610,926</b>	<b>-</b>	<b>584,621</b>	<b>-</b>	<b>6,195,547</b>

Net other change represents on market share purchases.

**OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL**

<b>Key Management Personnel</b>	<b>Balance 01-Jul-12</b>	<b>Option grant</b>	<b>Options exercised</b>	<b>Option expiry</b>	<b>Balance 30-Jun-13</b>	<b>Vested during the period</b>	<b>Vested and exercisable</b>
Scott Spencer	3,525,000	-	(500,000)	(25,000)	3,000,000	2,000,000	3,000,000
Richard Aden	4,510,000	-	-	(510,000)	4,000,000	3,000,000	4,000,000
Brett Smith	3,650,000	-	(260,000)	(390,000)	3,000,000	2,000,000	3,000,000
Stephen Brockhurst	4,129,623	-	(379,621)	(750,002)	3,000,000	2,000,000	3,000,000
Justyn Wood	3,750,000	-	-	-	3,750,000	2,500,000	2,500,000
Bob Cassie	-	500,000	-	-	500,000	-	-
	<b>19,564,623</b>	<b>500,000</b>	<b>(1,139,621)</b>	<b>(1,675,002)</b>	<b>17,250,000</b>	<b>11,500,000</b>	<b>17,500,000</b>
<b>Key Management Personnel</b>	<b>Balance 01-Jul-11</b>	<b>Option grant</b>	<b>Options exercised</b>	<b>Net change other</b>	<b>Balance 30-Jun-12</b>	<b>Vested during the period</b>	<b>Vested and exercisable</b>
Scott Spencer	1,525,000	2,000,000	-	-	3,525,000	-	1,525,000
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	-	-
	<b>8,194,245</b>	<b>12,750,000</b>	<b>(584,621)</b>	<b>(795,001)</b>	<b>19,564,623</b>	<b>-</b>	<b>6,789,623</b>

**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 were provided by Mining Corporate Pty Ltd to the value of \$151,926 (2012: \$108,823), of which Stephen Brockhurst is a Director and Amanda Wilton-Heald is an employee.

## DIRECTORS REPORT Continued

### 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.

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:

<b>30 June 2013</b>	<b>Short-term benefits</b>	<b>Long-term benefits</b>	<b>Share based payments</b>		
<b>Directors</b>	<b>Salary, fees and leave</b>	<b>Superannuation</b>	<b>Shares/options</b>	<b>Total</b>	<b>% Share based remuneration</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
Scott Spencer	83,750	-	-	83,750	0%
Richard Aden	317,500	28,575	-	346,075	0%
Brett Smith	52,917	-	-	52,917	0%
Stephen Brockhurst	61,667	5,550	-	67,217	0%
Justyn Wood	353,147	16,080	-	369,227	0%
Bob Cassie	283,344	-	32,040	315,384	10%
Amanda Wilton-Heald <sup>1</sup>	-	-	-	-	0%
	<b>1,152,325</b>	<b>50,205</b>	<b>32,040</b>	<b>1,234,570</b>	<b>3%</b>

  

<b>30 June 2012</b>	<b>Short-term benefits</b>	<b>Long-term benefits</b>	<b>Share based payments</b>		
<b>Directors</b>	<b>Salary, fees and leave</b>	<b>Superannuation</b>	<b>Shares/options</b>	<b>Total</b>	<b>% Share based remuneration</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
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 <sup>1</sup>	-	-	439	439	100%
	<b>757,639</b>	<b>41,303</b>	<b>57,400</b>	<b>856,342</b>	<b>7%</b>

<sup>1</sup> 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 \$151,926 (2012: \$108,823) in cash company secretarial and accounting services.

## DIRECTORS REPORT Continued

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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
Bob Cassie	11 October 2012	500,000	\$0.20	11 October 2015	\$0.064	11 October 2013
Amanda Wilton-Heald <sup>1</sup>	1 June 2012	200,000	\$0.50	31 July 2014	\$0.002	19 June 2013
		<b>13,450,000</b>				

### OPERATING RESULTS

Loss after income tax for the financial year was \$1,069,929 (2012: \$1,124,483), the decrease primarily a result of reduction in consultancy and legal fees as these fees related to the acquisition of Jacka Resources Nigeria Holdings Limited BVI and PR Oil and Gas Nigeria Limited.

The net asset position of the Consolidated Entity at 30 June 2013 was \$33,768,705 (2012: \$25,094,073), the increase primarily a result of the increased exploration expenditure on the Company's Bargou, Aje and Odewayne projects. 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 other than the following:

On 15 July 2013 the Company announced the completion of the issue of 38,500,000 shares at \$0.085 each to raise \$3,272,500 and the grant 19,250,000 unlisted free attaching options exercisable at \$0.14 expiring 1 February 2015 resulting from a placement.

On 12 September 2013 the Company announced the commitment for an unsecured \$2m short term loan facility at an interest rate of 12%pa, payable quarterly. A fee of 3,000,000 unlisted options exercisable at \$0.20 expiring 3 years from the date of grant will be the arranger fee.

### 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.

## **DIRECTORS REPORT Continued**

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### **DIVIDENDS PAID OR RECOMMENDED**

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

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 \$22,090 (2012: \$23,406).

### **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**

<b>Director</b>	<b>Board Meetings</b>	
	<b>Number Eligible to Attend</b>	<b>Number Attended</b>
Scott Spencer	5	5
Richard Aden	5	5
Brett Smith	5	4
Stephen Brockhurst	5	5
Justyn Wood	5	5

### **NON-AUDIT SERVICES**

During the year, the Company paid \$8,740 (2012: \$3,650) 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 2013.

### **AUDITOR'S DECLARATION OF INDEPENDENCE**

The auditor's independence declaration for the period ended 30 June 2013 has been received and is included within the financial statements.

Signed in accordance with a resolution of directors.



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Richard Aden  
Executive Director  
Perth, 26 September 2013

**Bentleys Audit & Corporate  
(WA) Pty Ltd**

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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 and its controlled entities for the financial year ended 30 June 2013, 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**



**DOUG BELL CA**  
**Director**

DATED at PERTH this 26<sup>th</sup> day of September 2013

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Consolidated 2013 \$	Consolidated 2012 \$
<b>Interest revenue</b>		<b>58,039</b>	52,914
<b>Other revenue</b>		<b>-</b>	1,225
Accounting and audit fees		(165,085)	(148,572)
Compliance fees		(94,425)	(51,985)
Consultancy fees		(166,064)	(287,849)
Depreciation		(4,840)	(4,853)
Directors' remuneration		(417,219)	(561,832)
Exploration and evaluation expenditure impairment		-	(241,285)
Foreign exchange gain		513,644	558,389
Insurance		(37,949)	(33,818)
Interest		-	(46)
Legal fees		(50,143)	(117,331)
Marketing		(58,637)	(18,898)
Occupancy		(50,087)	(29,726)
Profit on sale of investments		1,000	54,125
Share based payments		(371,203)	(57,400)
Travel expenses		(96,187)	(181,829)
Other expenses		(130,773)	(55,712)
<b>Loss before income tax benefit</b>		<b>(1,069,929)</b>	(1,124,483)
Income tax benefit	2	-	-
<b>Loss for the period</b>		<b>(1,069,929)</b>	(1,124,483)
<b>Other comprehensive income</b>			
Other comprehensive income (net of income tax)			
Items that may be classified subsequently to profit or loss:			
Foreign exchange loss		-	(447,604)
Unrealised gain on available for sale assets		(1,267)	(61,250)
<b>Total comprehensive income for the year</b>		<b>(1,071,196)</b>	(1,633,337)
Basic and diluted loss per share (cents)	3	(0.40)	(0.73)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2013**

	Note	Consolidated Entity 2013	Consolidated Entity 2012
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	3,645,320	5,789,384
Trade and other receivables	5	99,159	200,419
Financial assets	6	209,758	-
<b>Total Current Assets</b>		<b>3,954,237</b>	<b>5,989,803</b>
<b>Non-Current Assets</b>			
Financial assets	6	220,572	79,000
Plant and equipment	7	13,962	18,802
Exploration expenditure	8	31,384,668	19,775,798
<b>Total Non-Current Assets</b>		<b>31,619,202</b>	<b>19,873,600</b>
<b>Total Assets</b>		<b>35,573,439</b>	<b>25,863,403</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	1,723,375	716,063
Provisions	10	81,359	53,267
<b>Total Current Liabilities</b>		<b>1,804,734</b>	<b>769,330</b>
<b>Total Liabilities</b>		<b>1,804,734</b>	<b>769,330</b>
<b>Net Assets</b>		<b>33,768,705</b>	<b>25,094,073</b>
<b>EQUITY</b>			
Issued capital	11	40,456,026	31,081,401
Reserves	12	84,216	(285,720)
Accumulated losses		(6,771,537)	(5,701,608)
<b>Total Equity</b>		<b>33,768,705</b>	<b>25,094,073</b>

The accompanying notes form part of these financial statements.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2013**

<b>Consolidated Entity</b>	<b>Issued Capital</b>	<b>Option Reserve</b>	<b>Asset Revaluation Reserve</b>	<b>Forex Reserve</b>	<b>Accumulated Losses</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2012</b>	<b>31,081,401</b>	<b>189,087</b>	<b>(27,203)</b>	<b>(447,604)</b>	<b>(5,701,608)</b>	<b>25,094,073</b>
Securities issued during the period	10,000,000	-	-	-	-	10,000,000
Security issue expenses	(625,375)	-	-	-	-	(625,375)
Grant of options	-	371,203	-	-	-	371,203
Assets revalued	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	-
Loss for the period	-	-	-	-	(1,069,929)	(1,069,929)
Other comprehensive income	-	-	(1,267)	-	-	(1,267)
Total comprehensive income for the period	-	-	(1,267)	-	(1,069,929)	(1,071,196)
<b>Balance at 30 June 2013</b>	<b>40,456,026</b>	<b>560,290</b>	<b>(28,470)</b>	<b>(447,604)</b>	<b>(6,771,537)</b>	<b>33,768,705</b>

<b>Consolidated Entity</b>	<b>Issued Capital</b>	<b>Option Reserve</b>	<b>Asset Revaluation Reserve</b>	<b>Forex Reserve</b>	<b>Accumulated Losses</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2011</b>	<b>10,855,915</b>	<b>131,687</b>	<b>34,047</b>	<b>-</b>	<b>(4,577,125)</b>	<b>6,444,524</b>
Securities issued during the period	21,650,827	57,400	-	-	-	21,708,227
Security issue expenses	(1,425,341)	-	-	-	-	(1,425,341)
Assets revalued	-	-	-	-	-	-
Foreign currency translation	-	-	-	(447,604)	-	(447,604)
Loss for the period	-	-	-	-	(1,124,483)	(1,124,483)
Other comprehensive income	-	-	(61,250)	-	-	(61,250)
Total comprehensive income for the period	-	-	(61,250)	(447,604)	(1,124,483)	(1,633,337)
<b>Balance at 30 June 2012</b>	<b>31,081,401</b>	<b>189,087</b>	<b>(27,203)</b>	<b>(447,604)</b>	<b>(5,701,608)</b>	<b>25,094,073</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Consolidated Entity 2013	Consolidated Entity 2012
		\$ Inflows/ (Outflows)	\$ Inflows/ (Outflows)
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(636,373)	(1,367,742)
Exploration expenditure		(10,588,756)	(1,697,962)
Interest received		58,039	52,914
Interest paid		-	(46)
		<hr/>	<hr/>
Net cash (used in) operating activities	4(i)	(11,167,090)	(3,012,836)
<b>Cash flows from investing activities</b>			
Acquisition of tenement assets		-	-
Payment for financial assets		(361,599)	(47,250)
Proceeds from sale of financial assets		10,000	91,125
Payment for plant and equipment		-	(21,215)
Payment for acquisition of subsidiary		-	(15,851,620)
		<hr/>	<hr/>
Net cash (used in) investing activities		(351,599)	(15,828,960)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		10,000,000	21,650,827
Payment of share issue costs		(625,375)	(1,448,506)
		<hr/>	<hr/>
Net cash provided by financing activities		9,374,625	20,202,321
Net increase in cash held		(2,144,064)	1,360,525
Cash at beginning of the financial period		5,789,384	4,428,859
		<hr/>	<hr/>
Cash and cash equivalents at period end	4	3,645,320	5,789,384

The accompanying notes form part of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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### *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 financial report has 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 \$1,069,929 for the year ended 30 June 2013 (2012: \$1,124,483). The net working capital position of the Group at 30 June 2013 was \$2,149,503 (30 June 2012: \$5,220,473) and the net decrease in cash held during the year was \$2,144,064 (2012: increase \$1,360,525).

The work commitments on licences are as follows:

- 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 licence has been extended to April 2014 and the remaining commitment on the licence is for one well – Hammamet West-3 has been drilled to the required depth, satisfying Jacka's farmin obligations and the well has been accepted by Tunisian authorities as satisfying the minimum commitments.
- Somaliland, Odewayne Block is in the 3<sup>rd</sup> 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. The Company has completed a farmin deal with Genel Energy which will see the Company carried by Genel Energy through exploration phases III and IV up to May 2015.
- Nigeria OML113 is licenced thru to 2018 and all commitments have been fulfilled on the block. The Joint Venture is currently moving forward with studies on development options including an early oil scheme.
- In Tanzania on the Ruhuhu block, the Company has a 4 year exploration phase and under the PSA terms must perform the required minimum work program by March 2017.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *Continued* FOR THE YEAR ENDED 30 JUNE 2013

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### *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, full or partial divestment of assets, containing expenditure in line with available funding or ultimately developing one of its oil and gas fields. 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. This ability has been demonstrated subsequent to year end through the raising of \$3,272,500 from the issue of equity, and commitment for a \$2,000,000 short term loan facility (refer note 21);
- the Directors believe that full or partial divestment of assets is possible to interested industry parties that would provide funding for the remainder of the portfolio; 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *Continued*

### FOR THE YEAR ENDED 30 JUNE 2013

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

##### **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.

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 profit or loss and other 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *Continued*

### FOR THE YEAR ENDED 30 JUNE 2013

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

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. 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:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
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.

#### **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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued

### FOR THE YEAR ENDED 30 JUNE 2013

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

##### **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.

##### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *Continued*

### FOR THE YEAR ENDED 30 JUNE 2013

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

##### **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.

##### **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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

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

**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. 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.

**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 \$Nil (2012: \$241,285) has been recognised in respect of deferred exploration expenditure at reporting date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *Continued*

### FOR THE YEAR ENDED 30 JUNE 2013

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

##### *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 \$31,384,668 (2012: \$19,775,798).

#### **q. New Accounting Standards Affecting Amounts Reported in the Current Period**

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

##### **Standards affecting presentation and disclosure**

Amendments to AASB 101 'Presentation of Financial Statements'	The amendment (part of AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income' introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

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

**Standards and Interpretations affecting the reported results or financial position**

Amendments to AASB 112 'Income Taxes'	The Company is not affected by the adoption of this standard as the Company does not hold investment property.
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**r. New Accounting Standards for Application in Future Periods**

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>	<b>Directors' assessment of potential effect of adoption</b>
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2015	30 June 2016	The Consolidated Entity does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014	The Consolidated Entity does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014	The Consolidated Entity does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014	The Consolidated Entity does not anticipate a material effect from the adoption of this Australian Accounting Standard.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

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

AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014	The Consolidated Entity does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014	The Consolidated Entity does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014	The Consolidated Entity does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014	The Consolidated Entity does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014	The Consolidated Entity does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	1 January 2013	30 June 2014	The Consolidated Entity does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015	The Consolidated Entity does not anticipate a material effect from the adoption of this Australian Accounting Standard.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

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

AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'	1 January 2013	30 June 2014	The Consolidated Entity does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	1 January 2013	30 June 2014	The Consolidated Entity does not anticipate a material effect from the adoption of this Australian Accounting Standard.

The Annual Report was authorised for issue on 26 September 2013 by the Board of Directors.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	Consolidated Entity 2013	Consolidated Entity 2012 \$
	\$	
<b>2. Income tax</b>		
<b>(a) Income tax expense</b>		
Current tax	-	-
Deferred tax	-	-
	-	-
Deferred income tax expenses included in income tax expense comprises:	-	-
(Increase) in deferred tax assets	(164,387)	(41,879)
Increase in deferred tax liabilities	164,387	41,879
	-	-
<b>(b) Reconciliation of income tax expense to prima facie tax payable</b>		
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% (2012: 30%)	(320,979)	(337,345)
Add / (Less)		
Tax effect of:		
Other assessable income	115,871	-
Non-deductible expenses	155,174	165,146
Other deductible expenses	(474)	(474)
Share issue cost deduction	(184,319)	(146,796)
Overseas tenement expenses	41,442	79,844
Deferred tax assets not brought to account	193,285	239,625
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 2013**

	Consolidated Entity 2013 \$	Consolidated Entity 2012 \$
<b>2. Income tax (Continued)</b>		
<b>(c) Deferred tax assets</b>		
Tax losses	1,054,702	840,127
Provisions and accruals	24,407	15,980
Share issue cost	763,790	520,771
Other	14,393	24,435
	<u>1,857,292</u>	<u>1,401,313</u>
Set-off of deferred tax liabilities	(360,687)	(196,300)
Net deferred tax assets	<u>1,496,605</u>	<u>1,205,013</u>
Less: deferred tax assets recognised	<u>(1,496,605)</u>	<u>(1,205,013)</u>
	-	-
<b>(d) Deferred tax liabilities</b>		
Unrealised foreign exchange gains	152,968	
Exploration expenditure	207,719	196,300
	<u>360,687</u>	<u>196,300</u>
Set-off of deferred tax assets	<u>(360,687)</u>	<u>(196,300)</u>
	-	-
<b>(e) Tax losses</b>		
Unused tax losses for which no deferred tax asset has been recognised	<u>3,515,675</u>	<u>2,800,422</u>
	Consolidated Entity 2013 \$	Consolidated Entity 2012 \$
<b>3. Loss per share</b>		
Loss from continuing operations for the year	(1,069,929)	(1,124,483)
	No. 2013	No. 2012
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	270,641,237	153,579,574
Diluted EPS not disclosed as potential ordinary shares are not dilutive.		

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	Consolidated Entity 2013 \$	Consolidated Entity 2012 \$
<b>4. Cash and cash equivalents</b>		
Cash at bank	<b>3,645,320</b>	5,789,384
Cash at bank earns interest at floating rates based on daily bank deposit rates.		
<b>(i) Reconciliation of loss for the period to net cash flows used in operating activities:</b>		
Loss for the period	<b>(1,069,929)</b>	(1,124,483)
Depreciation	<b>4,840</b>	4,853
Gain on disposal of investments	<b>(1,000)</b>	(54,125)
Net forex gain	<b>(513,644)</b>	(558,389)
Share based payments	<b>371,203</b>	57,400
Changes in assets and liabilities		
Trade receivables	<b>(101,260)</b>	(173,807)
Deferred exploration expenditure	<b>(10,892,704)</b>	(1,809,200)
Trade payables	<b>1,007,312</b>	608,234
Provisions	<b>28,092</b>	36,681
Net cash flows (used in) operating activities	<b>(11,167,090)</b>	(3,012,836)
<b>5. Trade and other receivables</b>		
<b>Current</b>		
Trade debtors	<b>19,168</b>	19,250
Prepayments	<b>25,537</b>	38,245
GST receivable	<b>27,361</b>	130,311
Other receivables	<b>27,093</b>	12,683
	<b>99,159</b>	200,419
<b>6. Financial assets</b>		
<b>Current</b>		
Unsecured receivable <sup>1</sup>	<b>209,758</b>	-
	<b>209,758</b>	-
<b>Non-Current</b>		
Available for sale financial assets (level 1) <sup>2</sup>	<b>120,572</b>	79,000
Unsecured receivable <sup>1</sup>	<b>100,000</b>	-
	<b>20,572</b>	79,000

<sup>1</sup> The unsecured receivable is interest bearing quarterly in arrears at an interest rate of 9.00%pa for the first 6 months and 9.25% for the remaining 9 months.

<sup>2</sup>Included are listed investments. The fair values of these financial assets have been based on the closing quoted bid price at the end of the reporting period, excluding transaction costs.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	Consolidated Entity 2013 \$	Consolidated Entity 2012 \$
<b>7. Plant and equipment</b>		
Plant and equipment		
At cost	24,265	24,265
Accumulated depreciation	(10,303)	(5,463)
	<u>13,962</u>	<u>18,802</u>

**8. Exploration expenditure**

Costs carried forward in respect of deferred exploration expenditure:

**Exploration at cost**

Balance at beginning of period	19,775,798	1,964,550
Exploration expenditure incurred	11,608,870	2,747,902
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)
	<u>31,384,668</u>	<u>19,775,798</u>
Balance at end of period		

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.

**9. Trade and other payables**

**Current**

Trade payables and accruals		
Amounts payable to related parties	3,828	32,086
Other corporations	1,719,547	683,977
	<u>1,723,375</u>	<u>716,063</u>

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

**10. Provisions**

Provision for annual leave	81,359	53,267
	<u>81,359</u>	<u>53,267</u>

**11. Issued capital**

**(a) Issued and paid up capital**

Ordinary shares fully paid of no par value	40,456,026	31,081,401
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	Consolidated Entity 2013		Consolidated Entity 2012	
	Number	\$	Number	\$
<b>(b) Movement in ordinary shares on issue</b>				
Balance at beginning of period	247,513,503	31,081,401	92,675,002	10,855,915
Issued for cash at \$0.15 per share on 26 October 2011	-	-	1,817,445	272,617
Issued for cash at \$0.15 per share on 11 November 2011	-	-	44,520,056	6,678,010
Issued for cash at \$0.15 per share on 17 November 2011	-	-	3,500,000	525,000
Issued for cash at \$0.135 per share on 28 February 2012	-	-	42,351,875	5,717,503
Issued for cash at \$0.20 per share on 29 February 2012	-	-	1,000	200
Issued for cash at \$0.135 per share on 4 April 2012	-	-	62,648,125	8,457,497
Issued for cash at \$0.20 per share on 11 October 2012	6	1	-	-
Issued for cash at \$0.20 per share on 13 December 2012	311,311	62,262	-	-
Issued for cash at \$0.20 per share on 20 December 2012	54,029	10,806	-	-
Issued for cash at \$0.20 per share on 4 January 2013	5,718,178	1,143,636	-	-
Issued for cash at \$0.20 per share on 14 January 2013	43,916,476	8,783,295	-	-
Transaction costs relating to share issues	-	(625,375)	-	(1,425,341)
Balance at end of the year	297,513,503	40,456,026	247,513,503	31,081,401

**(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 2013	Quantity
Unlisted Options exercisable at \$0.35 on or before 31 December 2013	5,000,000
Unlisted Options exercisable at \$0.50 on or before 31 July 2014	11,700,000
Listed Options exercisable at \$0.35 on or before 1 February 2015	50,000,000
Unlisted Options exercisable at \$0.20 on or before 11 October 2015	500,000
Unlisted Options exercisable at \$0.20 on or before 3 May 2017	1,250,000

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

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**11. Issued capital (Continued)**

**(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 2013, being current assets less current liabilities, is \$2,049,503 (2012: \$5,220,473). There are no externally imposed capital requirements.

	<b>Note</b>	<b>Consolidated Entity 2012 \$</b>	<b>Consolidated Entity 2011 \$</b>
The working capital for the financial year is as follows:			
Cash and cash equivalents	4	<b>3,645,320</b>	5,789,384
Trade and other receivables	5	<b>99,159</b>	200,419
Financial assets	6	<b>209,758</b>	-
		<b>3,954,237</b>	5,989,803
Less:			
Trade and other payables and provisions	9,10	<b>(1,804,734)</b>	(769,330)
Working capital		<b>2,149,503</b>	5,220,473

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 and divestment of assets, be that via sale or farmout. 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	<b>(28,470)</b>	(27,203)
Option reserve	<b>560,290</b>	189,087
Forex reserve	<b>(447,604)</b>	(447,604)
	<b>84,216</b>	(285,720)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	<b>Consolidated Entity 2013 \$</b>	<b>Consolidated Entity 2012 \$</b>
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**13. Commitments**

**Expenditure commitments**

There are office rental, compliance and financial advisory contracts in place. The committed expenditure is:

Within one year	<b>500,000</b>	120,000
One to five years	<b>500,000</b>	120,000
	<b>1,000,000</b>	<b>240,000</b>

**Exploration commitments**

The work commitments on licences are as follows:

- 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 licence has been extended to April 2014 and the remaining commitment on the licence is for one well – Hammamet West-3 has been drilled to the required depth, satisfying Jacka's farmin obligations and the well has been accepted by Tunisian authorities as satisfying the minimum commitments.
- Somaliland, Odewayne Block is in the 3<sup>rd</sup> 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. The company has completed a farmin deal with Genel Energy which will see the company carried by Genel through exploration phases III and IV up to May 2015.
- Nigeria, OML113 is licenced thru to 2018 and all commitments have been fulfilled on the block. The Joint Venture is currently moving forward with studies on development options including an early oil scheme that would include drilling Aje-5..
- In Tanzania on the Ruhuhu block, the company has a 4 year exploration phase and under the PSA terms must perform the required minimum work program by March 2017.

Within one year	<b>8,600,000</b>	8,950,000
One to five years	<b>4,800,000</b>	2,000,000
	<b>13,400,000</b>	<b>10,950,000</b>

**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	<b>30,550</b>	22,130
- other services	<b>8,740</b>	3,650
	<b>39,290</b>	<b>25,780</b>

The Consolidated Entity's auditor provided tax services for which \$7,500 (2012: \$3,650) was charged.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**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)

Justyn Wood (Appointed 11 October 2011)

*Non-Executive Directors*

Scott Spencer (Appointed 9 November 2009)

Brett Smith (Appointed 20 October 2009)

Stephen Brockhurst (Appointed 20 October 2009)

**(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.

*(ii) Compensation of key management personnel*

The remuneration of key management personnel is as follows:

<b>30 June 2013</b>	<b>Short-term benefits</b>	<b>Long-term benefits</b>	<b>Share based payments</b>		
<b>Key Management Personnel</b>	<b>Salary, fees and leave</b>	<b>Superannuation</b>	<b>Shares/options</b>	<b>Total</b>	<b>% Share based remuneration</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
Scott Spencer	83,750	-	-	83,750	0%
Richard Aden	317,500	28,575	-	346,075	0%
Brett Smith	52,917	-	-	52,917	0%
Stephen Brockhurst	61,667	5,550	-	67,217	0%
Justyn Wood	353,147	16,080	-	369,227	0%
Bob Cassie	283,344	-	32,040	315,384	10%
Amanda Wilton- Heald <sup>1</sup>	-	-	-	-	0%
	<b>1,152,325</b>	<b>50,205</b>	<b>32,040</b>	<b>1,234,570</b>	<b>3%</b>

<b>30 June 2012</b>	<b>Short-term benefits</b>	<b>Long-term benefits</b>	<b>Share based payments</b>		
<b>Key Management Personnel</b>	<b>Salary, fees and leave</b>	<b>Superannuation</b>	<b>Shares/options</b>	<b>Total</b>	<b>% Share based remuneration</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
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 <sup>1</sup>	-	-	439	439	100%
	<b>757,639</b>	<b>41,303</b>	<b>57,400</b>	<b>856,342</b>	<b>7%</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**16. Key management personnel disclosures (Continued)**

<sup>1</sup> 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 \$151,926 (2012: \$108,823) in cash company secretarial and accounting services.

**(c) Shareholdings of key management personnel**

<b>Key Management Personnel</b>	<b>Balance 01-Jul-12</b>	<b>On market purchase</b>	<b>Options exercised</b>	<b>Net change other</b>	<b>Balance 30-Jun-13</b>
Scott Spencer	1,000,000	-	500,000	-	1,500,000
Richard Aden	1,051,682	-	-	-	1,051,682
Brett Smith	1,455,000	-	260,000	-	1,715,000
Stephen Brockhurst	2,688,865	-	379,621	-	3,068,486
Justyn Wood	-	50,000	-	-	-
Bob Cassie	40,000	35,000	-	-	75,000
	<b>6,235,547</b>	<b>85,000</b>	<b>1,139,621</b>	<b>-</b>	<b>7,460,168</b>

<b>Key Management Personnel</b>	<b>Balance 01-Jul-11</b>	<b>On market purchase</b>	<b>Options exercised</b>	<b>Net change other</b>	<b>Balance 30-Jun-12</b>
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	-	-	-	-	-
	<b>5,610,926</b>	<b>-</b>	<b>584,621</b>	<b>-</b>	<b>6,195,547</b>

**(d) Option holdings of key management personnel**

<b>Key Management Personnel</b>	<b>Balance 01-Jul-12</b>	<b>Option grant</b>	<b>Options exercised</b>	<b>Option expiry</b>	<b>Balance 30-Jun-13</b>	<b>Vested during the period</b>	<b>Vested and exercisable</b>
Scott Spencer	3,525,000	-	(500,000)	(25,000)	3,000,000	2,000,000	3,000,000
Richard Aden	4,510,000	-	-	(510,000)	4,000,000	3,000,000	4,000,000
Brett Smith	3,650,000	-	(260,000)	(390,000)	3,000,000	2,000,000	3,000,000
Stephen Brockhurst	4,129,623	-	(379,621)	(750,002)	3,000,000	2,000,000	3,000,000
Justyn Wood	3,750,000	-	-	-	3,750,000	2,500,000	2,500,000
Bob Cassie	-	500,000	-	-	500,000	-	-
	<b>19,564,623</b>	<b>500,000</b>	<b>(1,139,621)</b>	<b>(1,675,002)</b>	<b>17,250,000</b>	<b>11,500,000</b>	<b>15,500,000</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**16. Key management personnel disclosures (Continued)**

Key Management Personnel	Balance 01-Jul-11	Option grant	Options exercised	Net change other	Balance 30-Jun-12	Vested during the period	Vested and exercisable
Scott Spencer	1,525,000	2,000,000	-	-	3,525,000	-	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	-	-
	<b>8,194,245</b>	<b>12,750,000</b>	<b>(584,621)</b>	<b>(795,001)</b>	<b>19,564,623</b>	<b>-</b>	<b>6,789,623</b>

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 2013 (2012: \$Nil).

**17. Share based payments**

The following share based payments options were in existence during the year:

Date of Grant	Number of Options	Exercise Price	Expiry Date	Fair Value at Grant Date	Vesting Period	Grant Date Share Price Volatility	Risk Free Interest Rate
3 May 2012	1,250,000	\$0.20	3 May 2017	\$107,693	3 May 2014	75.17%	3.31%
19 June 2012	11,700,000	\$0.50	31 July 2014	\$323,441	19 June 2012	75.17%	2.12%
11 October 2012	500,000	\$0.20	11 October 2015	\$32,040	11 October 2013	75.17%	2.12%
	<b>13,450,000</b>			<b>\$463,174</b>			

**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 company of which Stephen Brockhurst is a director, provided corporate compliance services to the Consolidated Entity during the period. These services totalled \$151,926 (2012: \$108,823).

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

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**19. Financial reporting by segments (Continued)**

**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.

*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 2013**

	Australian Exploration \$	African Exploration \$	Total \$
<b>19. Financial reporting by segments (Continued)</b>			
<b>(a) Segment performance</b>			
<b>30 June 2013</b>			
Segment revenue	-	-	-
Segment results	-	(138,142)	(138,142)
Amounts not included in segment results but reviewed by Board:			
Interest revenue			58,039
Compliance fees			(90,655)
Consultancy fees			(166,044)
Depreciation			(4,840)
Directors' remuneration			(417,219)
Forex			513,644
Share based payments			(371,203)
Other expenses			(453,509)
Loss before income tax			<b>(1,069,929)</b>
Segment assets	664,346	30,720,322	31,384,668
Segment asset increases for the period:			
Capital expenditure	93,006	11,515,865	11,608,872
Unallocated assets:			
Cash and cash equivalents			3,645,320
Trade and other receivables			99,159
Current financial assets			309,758
Plant and equipment			13,962
Non-Current financial assets			120,572
Total assets			<b>35,573,439</b>
Segment liabilities	-	1,607,728	1,607,728
Unallocated liabilities:			
Trade and other payables			115,647
Provisions			81,359
Total liabilities			<b>1,804,734</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	<b>Australian Exploration \$</b>	<b>African Exploration \$</b>	<b>Total \$</b>
<b>19. Financial reporting by segments (Continued)</b>			
<b>30 June 2012</b>			
Segment revenue	1,225	-	1,225
Segment results	(227)	(266,147)	(266,374)
Amounts not included in segment results but reviewed by Board:			
Interest revenue			52,914
Compliance fees			(132,394)
Consultancy fees			(249,248)
Depreciation			(4,853)
Directors' remuneration			(561,832)
Forex			558,389
Share based payments			(57,400)
Other expenses			(464,910)
Loss before income tax			<b><u>(1,124,483)</u></b>
Segment assets	571,341	19,204,457	19,775,798
Segment asset increases for the period:			
Capital expenditure	78,720	17,732,528	17,811,248
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			<b><u>25,863,403</u></b>
Segment liabilities	3,527	556,290	559,817
Unallocated liabilities:			
Trade and other payables			156,246
Provisions			53,267
Total liabilities			<b><u>769,330</u></b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

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**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 ANZ 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:

	<b>Consolidated Entity 2013 \$</b>	<b>Consolidated Entity 2012 \$</b>
<b>Financial assets at fair value</b>		
Cash	<b>3,645,320</b>	5,789,384
Receivables – other	<b>99,159</b>	200,419
Financial assets – current and non-current	<b>430,330</b>	79,000

**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 2013**

**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 \$105,212 (2012: \$104,006) and increase by \$10,865 (2012: \$1,823).
- Other equity reserves would increase by \$105,212 (2012: \$104,006) and decrease by \$10,865 (2012: \$1,823).

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

**Consolidated Entity 2013**

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		
	\$	\$	\$	\$	\$	\$	
<b>Financial Assets</b>							
Cash	3,643,720	10	-	-	1,590	<b>3,645,320</b>	1.23%
Receivables – other	-	-	-	-	99,159	<b>99,159</b>	N/A
Financial assets – current	-	109,758	-	-	120,572	<b>230,330</b>	8.50%
Financial assets – non-current	-	200,000	-	-	-	<b>200,000</b>	9.25%
Total financial assets	3,643,720	309,768	-	-	221,321	<b>4,174,809</b>	
<b>Financial Liabilities</b>							
Trade payables and accruals	-	-	-	-	(,1723,375)	<b>(1,723,375)</b>	N/A
Total financial liabilities	-	-	-	-	(1,723,375)	<b>(1,723,375)</b>	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**20. Financial risk management (Continued)**

**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		
	\$	\$	\$	\$	\$	\$	
<b>Financial Assets</b>							
Cash	925,619	3,503,239	-	-	1	<b>4,428,859</b>	1.30%
Receivables – other	-	-	-	-	26,612	<b>26,612</b>	N/A
Total financial assets	925,619	3,503,239	-	-	26,613	<b>4,455,471</b>	
<b>Financial Liabilities</b>							
Trade payables and accruals	-	-	-	-	107,937	<b>107,937</b>	N/A
Total financial liabilities	-	-	-	-	107,937	<b>107,937</b>	

<b>Consolidated Entity 2013 \$</b>	<b>Consolidated Entity 2012 \$</b>
--	--

**Equity attributable to shareholders of the Consolidated Entity**

Total assets	<b>35,573,439</b>	25,863,403
Equity ratio in %	<b>105%</b>	103%

**Average equity**

Net loss	<b>(1,069,929)</b>	(1,124,483)
Return on equity in %	<b>(3%)</b>	(4%)

**21. Events subsequent to period end**

There are no matters or circumstances that have arisen since 30 June 2013 that have or may significantly affect the operations, results, or state of affairs of the Consolidated Entity in future financial years other than the following:

On 15 July 2013 the Company announced the completion of the issue of 38,500,000 shares at \$0.085 each to raise \$3,272,500 resulting from a placement.

On 12 September 2013 the Company announced the commitment for an unsecured \$2m short term loan facility at an interest rate of 12%pa, payable quarterly. A fee of 3,000,000 unlisted options exercisable at \$0.20 expiring 3 years from the date of grant will be the arranger fee.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

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**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 2013	30 June 2012	
Exmouth Energy Pty Ltd	Australia	Ordinary	100%	100%	\$1
Jacka Tunisia Bargou Pty Ltd	Australia	Ordinary	100%	100%	\$1
Jacka Resources Nigeria Holdings Limited BVI	British Virgin Islands	Ordinary	100%	100%	\$15,752,307
PR Oil and Gas Nigeria Limited	Nigeria	Ordinary	100%	100%	\$2,546
Jacka Resources Africa Limited BVI	British Virgin Islands	Ordinary	100%	0%	\$1
Jacka Resources Somaliland Limited BVI	British Virgin Islands	Ordinary	100%	0%	\$1
Jacka Resources Tanzania Limited BVI	British Virgin Islands	Ordinary	100%	0%	\$1

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Continued**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	Company	Company
	2013	2012
	\$	\$
<b>23. Parent entity disclosures</b>		
<b>(a) Financial position</b>		
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	3,645,316	5,789,382
Trade and other receivables	99,159	200,419
Financial assets	309,758	-
<b>Total Current Assets</b>	<b>4,054,233</b>	<b>5,989,801</b>
<b>Non-Current Assets</b>		
Other financial assets	15,872,880	15,831,308
Plant and equipment	13,962	18,802
Other receivables	16,080,879	6,687,952
Exploration expenditure	700,480	1,773,376
<b>Total Non-Current Assets</b>	<b>32,668,201</b>	<b>24,311,438</b>
<b>Total Assets</b>	<b>36,722,434</b>	<b>30,301,239</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	1,710,254	579,669
Liability for application money	81,359	53,267
<b>Total Current Liabilities</b>	<b>1,791,613</b>	<b>632,936</b>
<b>Total Liabilities</b>	<b>1,791,613</b>	<b>632,936</b>
<b>Net Assets</b>	<b>34,930,821</b>	<b>29,668,303</b>
<b>EQUITY</b>		
Issued capital	40,456,026	31,081,401
Reserves	531,818	161,884
Accumulated losses	(6,057,023)	(1,574,982)
<b>Total Equity</b>	<b>34,930,821</b>	<b>29,668,303</b>
<b>(b) Financial performance</b>		
Loss for the period	(4,482,041)	(858,110)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(4,482,041)</b>	<b>(858,110)</b>

**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

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The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 21 to 53, 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 2013 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.



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Richard Aden  
Executive Director

Perth, 26 September 2013



## 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 2013, and the consolidated statement of profit or loss and other 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 Consolidated Entity's financial position as at 30 June 2013 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 Consolidated Entity incurred a net loss of \$1,069,929 during the year ended 30 June 2013. 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 Consolidated Entity 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 2013. 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 2013, complies with section 300A of the *Corporations Act 2001*.



**BENTLEYS**  
Chartered Accountants



**DOUG BELL CA**  
Director

DATED at PERTH this 26<sup>th</sup> day of September 2013

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 of Conduct is available on the Company's website ([www.jackaresources.com.au](http://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 Disclosure Strategy (incorporating trading halts procedure) is available on the Company's website ([www.jackaresources.com.au](http://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 Shareholder Communication Policy is available on the Company's website ([www.jackaresources.com.au](http://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 Share Trading Policy is available on the Company's website ([www.jackaresources.com.au](http://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 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. 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 Board Performance Evaluation Policy is available on the Company's website ([www.jackaresources.com.au](http://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 Director and the Company Secretary and they will make the required attestations.

### 1.4.12 Risk Management Policy

The Company's Risk Management Strategy 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 re-adopted by the Board on 14 September 2011 and was considered a sound strategy for addressing and managing risk. A copy of the Risk Management Strategy is available on the Company's website ([www.jackaresources.com.au](http://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.

The Diversity Policy was re-adopted on 28 February 2013 and the Company set the following objectives for the employment of women:

- to the Board – no target set
- to senior management – 14%
- to the organisation as a whole – 33%

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

- to the Board – 0%
- to senior management – 13%
- to the organisation as a whole – 25%

The Company's objectives are to acknowledge and respect for the value of diversity at all levels of the organisation. A diverse workplace includes the skills and perspectives that people bring to the organisation through, but not limited to, experience, gender, age, culture and beliefs. Ideally this diversity should reflect the societies and regions of Australia and Africa in which the Company operates. The Company's Diversity Policy is located on its website ([www.jackaresources.com.au](http://www.jackaresources.com.au)).

## **2. Board Committees**

### **2.1 Audit Committee**

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

The Audit Committee met once during the financial year ended 30 June 2013 and all members were present at the meeting. A copy of the Audit Committee Charter is available on the Company's website ([www.jackaresources.com.au](http://www.jackaresources.com.au)).

### **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 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 2013 and all members were present at the meeting. A copy of the Remuneration Committee Charter is available on the Company's website ([www.jackaresources.com.au](http://www.jackaresources.com.au)).

#### **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 Remuneration Statement is available on the Company's website ([www.jackaresources.com.au](http://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 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 Brett Smith, an independent director. The Nomination Committee met once during the financial year ended 30 June 2013 and all 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 Executive Directors and their direct reports and evaluates the Board's performance and make recommendations for the appointment and removal of Directors. 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 Nomination Committee Charter is available on the Company's website ([www.jackaresources.com.au](http://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 re-adopted by resolution of the Board on 10 April 2013. 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](http://www.jackaresources.com.au)).

## CORPORATE GOVERNANCE (CONTINUED)

This Corporate Governance Statement sets out the Company'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
<b>1</b>	<b><i>Lay solid foundations for management and oversight</i></b>		
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
<b>2</b>	<b><i>Structure the board to add value</i></b>		
2.1	A majority of the board should be independent directors.	<p>60% of 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>	1.2
2.2	The chair should be an independent director.	The Chairman, Mr Scott Spencer, is considered to be independent.	1.2
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.	1.2
2.4	The board should establish a nomination committee.	A formal Nomination Committee has been established by the Company, chaired by Mr Brett Smith, consisting of Mr Scott Spencer, Mr Stephen Brockhurst and the Company Secretary.	2.3

## CORPORATE GOVERNANCE (CONTINUED)

2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Nomination 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.	1.4.10, 2.3.2, 1.4.5, Website
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 2013 Annual Report and Corporate Governance Statement and Policies respectively.	1.2, 2.3, 1.4.10, 2.3.2, 1.4.5, 1.4.6, Website
<b>3</b>	<b>Promote ethical and responsible decision-making</b>		
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"> <li>the practices necessary to maintain confidence in the company's integrity</li> <li>the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders</li> <li>the responsibility and accountability of individuals for reporting and investigating reports of unethical practices</li> </ul>	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 the Corporate Governance section of 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 the Corporate Governance section of each annual report.	1.4.13,

## CORPORATE GOVERNANCE (CONTINUED)

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
<b>4</b>	<b><i>Safeguard integrity in financial reporting</i></b>		
4.1	The board should establish an audit committee.	A formal Audit Committee has been adopted by the Board and consists of: Brett Smith (Chairman) Scott Spencer Stephen Brockhurst	2.1
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> <li>• consists only of non-executive directors</li> <li>• consists of a majority of independent directors</li> <li>• is chaired by an independent chair, who is not chair of the board</li> <li>• has at least three members.</li> </ul>	Brett Smith (Non-Executive Director – Jacka Resources Limited) Scott Spencer (Non-Executive Chairman – Jacka Resources Limited) Stephen Brockhurst (Non-Executive Director – Jacka Resources Limited)	2.1
4.3	The audit committee should have a formal charter.	The Board has adopted an Audit Committee 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, Website
<b>5</b>	<b><i>Make timely and balanced disclosure</i></b>		
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 Disclosure Strategy 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
<b>6</b>	<b><i>Respect the rights of shareholders</i></b>		
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

## CORPORATE GOVERNANCE (CONTINUED)

<b>7</b>	<b><i>Recognise and manage risk</i></b>		
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
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
<b>8</b>	<b><i>Remunerate fairly and responsibly</i></b>		
8.1	The board should establish a remuneration committee.	A formal Remuneration Committee has been established by the Company.	2.2.1
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> <li>• consists of a majority of independent directors</li> <li>• is chaired by an independent chair</li> <li>• has at least three members.</li> </ul>	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

**CORPORATE GOVERNANCE (CONTINUED)**

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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 20 September 2013

No. Securities Held	Fully Paid Shares	Listed JKAOA
	No. Holders	No. Holders
1 – 1,000	53	-
1,001 – 5,000	209	-
5,001 – 10,000	320	8
10,001 – 100,000	1,463	96
> 100,001	578	91
Total no. holders	2,623	195
No. holders of less than a marketable parcel	139	-
Percentage of the 20 largest holders	26.587%	54.975%
Total on issue	336,013,503	50,000,000

### Substantial shareholders as at 20 September 2013

#### 20 Largest holders of securities as at 20 September 2013

Fully paid ordinary shares	No. Shares	%
1) CITICORP NOMINEES PTY LTD	19,166,275	5.704
2) MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD	15,517,885	4.618
3) JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	6,706,810	1.996
4) KO NOMINEES PTY LTD <THE OLDFIELD KNOTT UNIT A/C>	4,250,000	1.265
5) HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,104,259	1.221
6) JACLYN STOJANOVSKI & CHRIS RETZOS & SUSIE RETZOS <RETZOS EXECUTIVE S/F A/C>	4,000,000	1.190
7) NERO RESOURCE FUND PTY LTD <NERO RESOURCE FUND A/C>	3,545,071	1.055
8) MARFORD GROUP PTY LTD	3,347,059	0.996
9) MARFORD GROUP PTY LTD	3,145,153	0.936
10) DAVID EDWARD TRIMBOLI	2,800,000	0.833
11) SEAGER REX HARBOUR	2,714,919	0.808
12) SPECTRAL INVESTMENTS PTY LTD <LITHGOW FAMILY A/C>	2,618,668	0.779
13) MR STEPHEN BROCKHURST <SM BROCKHURST FAMILY A/C>	2,550,002	0.759
14) JASWINDER SINGH TAKHAR	2,500,000	0.744
15) JASWINDER SINGH TAKHAR	2,300,000	0.684
16) WILLOWDALE HOLDINGS PTY LTD	2,215,000	0.659
17) MARFORD GROUP PTY LTD	2,192,500	0.653
18) GREGORY HALL & SHARON MORGAN	1,958,000	0.583
19) IBT HOLDINGS PTY LTD <IBT HOLDINGS P/L FAM A/C>	1,910,000	0.568
20) LAKE SPRINGS PTY LTD <THE LAKE SPRINGS S/F A/C>	1,800,099	0.536

**ASX ADDITIONAL INFORMATION (CONTINUED)****20 Largest holders of JKAOA as at 20 September 2013**

<b>Fully paid ordinary shares</b>	<b>No. Options</b>	<b>%</b>
1) CITICORP NOMINEES PTY LTD	3,300,000	6.600
2) MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD	3,000,000	6.000
3) MARFORD GROUP PTY LTD	2,500,000	5.000
4) WROXBURY PTY LTD	1,875,000	3.750
5) NEWTON2 PTY LTD <NEWTON 2 SUPER FUND A/C>	1,780,000	3.560
6) A22 PTY LTD	1,710,000	3.420
7) KO NOMINEES PTY LTD <THE OLDFIELD KNOTT UNIT A/C>	1,300,000	2.600
8) GRYPHON ASSET MANAGEMENT PTY LTD <GRYPHON INVESTMENT A/C>	1,150,000	2.300
9) JACLYN STOJANOVSKI & CHRIS RETZOS & SUSIE RETZOS <RETZOS EXECUTIVE S/F A/C>	1,125,000	2.250
10) JONATHAN THOMAS BANDY	1,075,000	2.150
11) KO NOMINEES PTY LTD <THE OLDFIELD KNOTT UNIT A/C>	1,073,313	2.147
12) ROBERT ARTHUR SATTI	1,065,000	2.130
13) JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	1,000,000	2.000
14) KEMAST INVESTMENTS PTY LTD <KM STOKES S/F NO 2 A/C>	1,000,000	2.000
15) SUBIACO ASSET MANAGEMENT PTY LTD <GLOBAL SPECULATIVE A/C>	900,000	1.800
16) LAKE SPRINGS PTY LTD <THE LAKE SPRINGS S/F A/C>	800,000	1.600
17) GLOBAL CONSORTIUM HOLDINGS PTY LTD <FTW HOLDINGS A/C>	796,131	1.592
18) TERRY JAMES GARDINER & VICTORIA HELEN GARDINER <TERRY JAMES GARDINER S/F A/C>	750,000	1.500
19) UPSKY EQUITY PTY LTD <UPSKY INVESTMENT A/C>	690,000	1.380
20) KIM MICHELLE OATES	597,850	1.196

**Unlisted options as at 20 September 2013**

Details of unlisted option holders are as follows:

<b>Class of unlisted options</b>	<b>No. Options</b>
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 \$0.50 on or before 31 July 2014	11,700,000
Holders of more than 20% of this class	2
Options exercisable at \$0.20 on or before 11 October 2015	500,000
Holders of more than 20% of this class	1
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 \$0.14 on or before 1 February 2015	19,250,000
Holders of more than 20% of this class	1



**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.