20 December 2013 **ASX ANNOUNCEMENT/MEDIA RELEASE**

CHAIRMAN'S LETTER TO JACKA RESOURCES SHAREHOLDERS

Dear Fellow Shareholders,

As announced to the ASX on 5 December 2013, Jacka Resources Limited ("Jacka") has entered into a bid implementation agreement with Tangiers Petroleum Limited ("Tangiers") relating to a proposed off-market takeover offer by Tangiers for Jacka, which would create an Africa-focused oil and gas company with greater scale and strength (the "Tangiers Offer"). We have received some very positive feedback from shareholders so far, and I am writing to ensure that all Jacka shareholders are aware of the implications for them of this proposed transaction and to share some of the background behind the proposed transaction, as well as the reasons the Jacka directors are unanimous in their support for the Tangiers Offer, in the absence of a superior proposal.

Jacka shareholders need take no action in the short term. Tangiers plans to lodge and despatch its Bidder's Statement in late January 2014, and Jacka shareholders will receive this, together with Jacka's Target's Statement, which will provide more detail on the Jacka directors' recommendation and reasoning, plus other relevant information in relation to your decision making process. We would encourage you to read both documents carefully.

By way of background to this proposed transaction, you will recall that in early April 2013, the joint venturers in the Bargou Permit, offshore Tunisia, commenced drilling the Hammamet West-3 appraisal well, with Jacka earning a 15% interest in the Bargou Permit. The objective of the well was to confirm oil productivity in the Abiod Formation reservoir. The Hammamet West-3 appraisal well resulted in additional oil and gas shows over a number of intervals and markedly increased the joint venturers' technical understanding of the hydrocarbon reservoir and confidence in the potential for a commercial development of the oilfield. However, delays, significant cost overruns and the absence of a prolonged production test (due to inefficiencies in rig operations), led to the joint venture's decision to suspend the appraisal well and to return with a different rig to conduct a new flow test. This outcome understandably had a negative impact on Jacka's share price, although the market appeared to ignore the positive results confirmed through the drilling process.

As a result of the depletion of cash reserves caused by the Hammamet West-3 appraisal well cost overruns, Jacka needed to raise short term funding and commenced assessing a number of funding and asset transaction opportunities. Initial funding came through the execution of a farm out agreement on Jacka's Odewayne project in Somaliland with Sterling Energy, announced on 8 November 2013. Jacka also considered a range of other funding opportunities in order to find a comprehensive solution to Jacka's expected expenditure requirements in the first half of 2014, primarily relating to the first tranche of funding for the Aje field development in Nigeria and the drilling of a follow-up sidetrack at Hammamet West-3, and also in relation to the progression of Jacka's other projects. The overall goal was to establish a stable working capital position to ensure that Jacka shareholders were not exposed to an unreasonable level of funding risk going forward.

In the opinion of all Jacka's directors, the Tangiers Offer currently represents the best solution to Jacka's funding issues in the short and medium term, at a premium to the Jacka share price prior to the announcement of the Tangiers Offer. If successful, the Tangiers Offer will provide Jacka shareholders with a combined 47% (on an

ABN 79 140 110 130
Registered Address: Level 11, London House, 216 St Georges Terrace, Perth WA 6000 AUSTRALIA
Postal Address: GPO Box 2517 Perth WA 6831 AUSTRALIA
P: +61 8 9481 0389 F: +61 8 9463 6103 E: info@jackaresources.com.au W: www.jackaresources.com.au

undiluted basis) interest in a larger, more diversified and financially stronger combined entity. The combined entity has a pro forma cash position of approximately US$8m at the time of announcement of the Tangiers Offer, with farm-in proceeds expected to boost this position significantly to around US$20million. Jacka directors consider the scale of the combined entity as being more conducive to attracting funding as required in the future.

Your directors unanimously recommend that Jacka shareholders accept the Tangiers Offer, in the absence of a superior proposal. Our reasons for providing this recommendation include:

- a strengthened balance sheet of the combined entity (addressing Jacka's current funding issues discussed above);
- ongoing exposure for Jacka's shareholders to Jacka's four key African assets;
- exposure for Jacka shareholders to Tangiers' Moroccan Asset (Tarfaya);
- a significant takeover premium for Jacka shareholders;
- a strong board and management team for the combined entity, with representatives from both Tangiers and Jacka;
- increased scale and diversification; and
- increased liquidity for Jacka shareholders via Tangiers' London Stock Exchange (AIM) listing.

Further details regarding the reasons for the Jacka directors' recommendation will be set out in the Target's Statement.

The intention of the Tangiers Offer is to combine Jacka and Tangiers to form a leading small to mid-cap African focussed oil and gas company with a diversified portfolio including both frontier exploration and near-term appraisal and development. Through merging with Tangiers, Jacka shareholders will gain exposure to drilling offshore Morocco, now arguably the standout frontier oil and gas exploration province in Africa, with currently at least 10 wells planned to be drilled in the next 12 months.

The Jacka directors consider that the exploration, appraisal and development assets which Jacka has put together are highly regarded within the industry, and this has enabled the board to choose this proposed transaction as currently the most effective way to meet Jacka's expected future funding requirements whilst maintaining its current asset portfolio. The Jacka board has not taken this decision lightly, and has carefully considered the proposed transaction and assessed the available alternatives in consultation with its reputable corporate advisors. The Jacka board considers that the benefits of the Tangiers Offer for Jacka shareholders are superior to the currently available alternatives, including Jacka continuing as a stand alone entity, but remains free to pursue superior proposals should they emerge. For me, personally, this has been a very considered decision, having been closely involved with Jacka on a daily basis since the outset as a shareholder and director.

I would personally like to take this opportunity to thank you for your continuing support and look forward to a successful New Year for the merged company.

Yours sincerely,

Scott Spencer
Non-Executive Chairman
Jacka Resources

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