



ABN: 79 140 110 130

**And Controlled Entities**

## **CONSOLIDATED HALF YEAR REPORT**

**For the Half Year Ended  
31 December 2013**

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### **DIRECTORS**

Scott Spencer  
Bob Cassie  
Brett Smith  
Stephen Brockhurst  
Justyn Wood

### **SECRETARY**

Amanda Wilton-Heald

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### **AUDITORS**

Bentleys  
Level 1, 12 Kings Park Road  
West Perth WA 6005

## **DIRECTORS REPORT**

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Your directors submit the financial report of the Group for the half year ended 31 December 2013.

### **DIRECTORS**

The names of Directors who held office during or since the end of the half year:

Brett Smith  
Bob Cassie (Appointed 5 November 2013)  
Richard Aden (Resigned 5 November 2013)  
Scott Spencer  
Stephen Brockhurst  
Justyn Wood

### **RESULTS**

The loss after tax for the half year ended 31 December 2013 was \$425,663 (2012: \$412,949).

### **REVIEW OF OPERATIONS**

#### **Overview**

Key operational highlights during the reporting period included:

- the Company recommended to shareholders that, in the absence of a superior proposal, they accept a proposed takeover offer by Tangiers Petroleum Limited,
- the drilling and testing of the Hammamet West-3 well in Tunisia confirmed the presence of open permeable, fractures within the Abiod Formation. The well was plugged and suspended for later re-entry and the drilling rig was released on 9 November 2013. The joint venture plans to return to re-enter the well and drill and test a second sidetrack (ST-2) in the second half of 2014, subject to rig availability,
- the Company entered into a transaction to farmout a 15% equity interest in the Odewayne project, Somaliland for a total consideration of US\$15 million payable upon project milestones. (The transaction is subject to Somaliland government approval),
- the Aje joint venture initiated work on the Field Development Plan (FDP) for the initial phase of the development of this Nigerian oil and gas field. The FDP is expected to be delivered in early 2014 and will address an initial, two well development of the Cenomanian oil reservoirs,

Data collection and integration continued on the Ruhuhu project in Tanzania, in preparation for planned field activities during 2014.

#### **Corporate**

##### **Takeover offer by Tangiers**

On 5 December 2013, Jacka and Tangiers Petroleum Limited ("Tangiers", ASX:TPT, AIM TPET) announced that they had entered into a Bid Implementation Agreement ("**BIA**") in respect of an off-market takeover offer to be made by Tangiers for all of the issued ordinary shares in Jacka. In the absence of a superior proposal, the Jacka Board has recommended to its shareholders that they accept the offer.

The combined entity will be in a stronger financial position than Jacka on a standalone basis to fund the growth of Jacka's exploration and development assets. If Tangiers is successful in acquiring 100% of Jacka, the combined entity will have pro-forma cash of approximately A\$8m with a further US\$22.5m due to be received under executed farm-in agreements relating to Tangiers' Tarfaya Project (US\$10.5m) and Jacka's Odewayne Project (US\$12m).

The combination of the two companies will also deliver a strong portfolio of highly prospective exploration and near-term appraisal and development assets in Africa, including two high impact wells planned for 2014: the TAO-1 exploration well in the Tarfaya block, Morocco and the drilling and testing of Hammamet West-3 Sidetrack-2 in Tunisia. The combined entity will also have exposure to a promising near-term offshore Nigerian development project in Aje (OML 113) where the joint venture plans to complete the field development plan in early 2014. The combined entity will also benefit from significant positions in early stage acreage in Somaliland and Tanzania, both of which have attracted strong interest from industry participants.

**Key Terms of the Tangiers Offer**

Under the takeover bid, Tangiers is offering 0.468 Tangiers shares for every Jacka share held and 0.468 Tangiers options for each Jacka listed option. The Offer ratio implies a value of \$0.112 per Jacka share based on the closing price of Tangiers shares on 29 November 2013<sup>1</sup>, and represents:

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

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

**Strong African Focus**

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

- creation of a premier small to mid-cap African focused upstream oil and gas company with an indicative market cap of c. A\$80m;
- accelerated growth through a combined and diversified portfolio of frontier exploration (e.g Morocco, Somaliland and Tanzania) together with near term appraisal and development opportunities (Tunisia and Nigeria);
- funding in place and/or carried for multiple high impact drilling events throughout 2014 (HW-3, Aje-5 and TAO-1). Morocco will see an active regional drilling program next year with up to 10 wells to be drilled along the Atlantic margin by the industry;
- combined board and management with extensive E&P experience, including African, drawn from Tangiers and Jacka nominees;
- strong financial position with pro forma cash of approximately \$8m and a further US\$22.5m expected to flow in from executed farm-in agreements relating to Tangiers' Tarfaya project and Jacka's Odewayne project;
- carried for work programs/drilling at Tarfaya and Odewayne; and
- creation of a stronger and better positioned company with the financial strength to grow via further M&A.

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<sup>1</sup> The implied value of the Offer will change with fluctuations in the Tangiers share price.

### Interim Funding

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

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

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

### Indicative Timetable for Offer

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

Further information on this transaction and the background is available within the Chairman's Letter sent to shareholders on 20 December 2013 and is available on the Jacka website.

### Tunisia – Bargou Block (JKA 15%)

Hammamet West-3, located offshore Tunisia (Jacka 15%; operator Cooper Energy ASX:COE) spudded on 4 April, with the objective of confirming oil productivity from the naturally fractured Abiod Formation, through the drilling and testing of a highly deviated wellbore. A 432m horizontal sidetrack section (ST-1) was drilled through the Abiod Formation to a total measured depth of 3,443m. Major gas and oil influxes and very large drilling mud losses were experienced during the drilling of the near horizontal well section, indicating that the well had penetrated open hydrocarbon bearing fractures within the Abiod Formation.

Testing of the well commenced in August and confirmed the presence of open hydrocarbon bearing fractures. Flow rates averaging 1,290 barrels of fluid per day for 1.5 hours were recorded during the clean-up flow and oil was recovered to surface but the tests could not be completed because of recurring blockages and obstructions caused by lost circulation material (LCM). The LCM was originally used to control the major mud losses while drilling the sidetrack.

The Bargou joint venture decided to cease attempts to test ST-1 and to temporarily suspend the well, in order to secure a different rig to drill and test a second sidetrack (ST-2). The well was plugged and suspended and the drilling rig released on 9 November 2013. The Operator, Cooper Energy expects to commence operations on ST-2 in the second half of 2014, subject to rig availability.

Jacka is greatly encouraged by the results of the Hammamet West-3 well. Hammamet West-3 ST-1 successfully intersected significant open fractures with oil shows and recovered oil to surface. The information gathered from ST-1 demonstrated that the reservoir should be capable of significant flow rates on a clean, unobstructed test. The Bargou joint venture decided to pursue this objective through drilling ST-2, using information gained from ST-1 to mitigate the risk of blockages caused by LCM.

### **Nigeria – Aje Oil and Gas Field (JKA 5%)**

The Aje joint venture is working towards a multi-phase development of the field - the first phase being the initial development of the Cenomanian oil reservoirs. During the reporting period, the joint venture initiated work on the preparation of the Field Development Plan (FDP) for the initial development phase, which is expected to be completed and delivered to the joint venture partners in early 2014 and is based on:

- drilling and completion of a new well, Aje-5;
- re-entry and completion of the previously drilled Aje-4; and
- oil production from the two wells to an FPSO.

The FDP will include a complete review of the Cenomanian resources and potential production profiles and the integration and update of earlier production facilities studies, including a review of available floating production, storage and offloading (FPSO) vessels.

The FDP represents the initial stage of a multiphase development concept with the initial focus on the Cenomanian oil reservoirs (including potential additional oil wells tied to the FPSO) while later phases will target development of the significant shallower, Turonian, gas/condensate resource (which represents the bulk of the contingent resource).

In preparation for a development decision, the joint venture is in discussion with rig contractors for drilling in 2014 and has commenced acquiring some long lead items.

### **Somaliland – Odewayne Block (JKA 15%)**

In November Jacka announced that it had executed a farmout agreement with Sterling Energy Plc where Sterling would acquire a 15% equity interest in the Odewayne licence from Jacka for a total cash consideration of US\$15 million. The transfer of the interest is subject to Somaliland government approval.

Under the terms of the Agreement:

- a) Jacka was paid US\$3 million upon signature of the Agreement and associated documents;
- b) Jacka will be paid a further US\$12 million from Sterling upon three operational milestones being met; these milestones are linked to the minimum work program in the Third and Fourth Periods of the PSC;
- c) Sterling will assume a 15% interest in the PSC from Jacka upon completion, which will occur on receipt of government approval of the transaction.

Jacka will hold a 15% interest in the licence upon completion of the farmin (with an option over an additional 5% from the original Jacka-Petrosoma transaction). Upon completion of the transaction Sterling will hold a 25% interest in the licence, including 10% acquired earlier from Petrosoma (which holds 10%).

Sterling, and Jacka, will be carried by the operator, Genel Energy Somaliland Limited, for the cost of all exploration activities during the Third and Fourth Periods of the PSC, which currently ends in May 2016. This includes, but is not limited to a minimum of 1,500 km of 2D seismic and an exploration well.

In September 2013 Jacka was advised by Genel Energy plc, the Operator of both the Odewayne block and the adjacent SL10B/SL13B exploration block (in which Jacka is not a participant), that Genel had temporarily withdrawn its expatriate employees and contractors from Somaliland because of security concerns. Genel had been preparing to acquire a seismic survey on block SL10B/SL13B which was to be followed by seismic survey acquisition in the Odewayne block. Genel is liaising closely with the Somaliland Government to ensure the satisfactory management of the security situation. Seismic operations are expected to recommence once the appropriate security arrangements have been established.

### **Ruhuhu Basin, Tanzania**

Jacka was awarded the 10,343 km<sup>2</sup> Ruhuhu Block at a ceremony in Dar es Salaam on 20 March 2013. Jacka has 100% of the block 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 Basin, a Karoo rift basin, and to a portion of the Lake Nyasa rift basin, part of the East African rift system which holds significant oil discoveries in Uganda and Kenya.

The work program in the reporting period has focussed on the collection of geological and geophysical data and the integration of this data into Jacka's technical studies of the area, in preparation for geophysical and geological survey operations in 2014. These activities included the reprocessing of a vintage, medium-resolution airborne magnetic survey and other supporting data to generate a depth to basement map for the entire Ruhuhu Basin, improving Jacka's understanding of the Ruhuhu Basin's internal structure and evolution. The reprocessing of this older data will also allow Jacka to design and acquire high-resolution, airborne Full Tensor Gravity (FTG) and magnetics surveys, targeting individual sub-basins within the Ruhuhu Basin during 2014.

The Ruhuhu Basin is known to contain significant thicknesses of Permian coals as well as carbon-rich black shales. These coals are currently being mined on the shallow basin flanks for use in electricity generation within Tanzania. The coals may also represent an "unconventional" or coal seam gas (CSG) target. During the reporting period, Jacka commissioned an initial report on the Ruhuhu CSG and shale gas resource potential using a consultancy with recognised expertise in Australian CSG projects. The report was delivered in December and will be used by Jacka to evaluate CSG potential and assist in defining and prioritising exploration.

### **Australia – WA-399-P (JKA 15%)**

Jacka holds a 15% equity interest in the WA-399-P joint venture, with the permit being located in the Carnarvon Basin, offshore Western Australia. The joint venture partners have all indicated their intention to withdraw from this permit and as a result the permit will be surrendered.

### **EVENTS SUBSEQUENT TO REPORTING DATE**

There are no matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

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

The auditor's independence declaration for the half year ended 31 December 2013 has been received and is included within the financial statements.

Signed in accordance with a resolution of directors.



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Bob Cassie  
Managing Director  
Perth, 16 January 2014



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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 review of the financial statements of Jacka Resources Limited for the half-year ended 31 December 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



**BENTLEYS**  
**Chartered Accountants**



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

DATED at PERTH this 16<sup>th</sup> day of January 2014

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Note	Consolidated 31 December 2013	Consolidated 31 December 2012
		\$	\$
<b>Interest revenue</b>		<b>29,618</b>	1,769
<b>Gain on farmout</b>		<b>1,394,849</b>	-
Accounting and audit fees		(120,495)	(55,413)
Compliance fees		(58,672)	(53,328)
Consultancy fees		(301,900)	(42,586)
Depreciation		(2,433)	(2,433)
Directors' remuneration		(226,636)	(195,042)
Financial asset impairment		(100,000)	-
Financing costs		(99,194)	-
Foreign exchange		55,500	(47,310)
Impairment of exploration expenditure		(634,061)	-
Insurance		(12,764)	(18,970)
Interest expense		(61,479)	-
Legal fees		(130,965)	(27,192)
Marketing		(28,616)	19,396
Occupancy		(30,925)	(22,212)
Profit on sale of investments		6,386	1,000
Share based payments		(54,614)	32,040
Travel expenses		(39,637)	(53,779)
Other (expenses)/reimbursement of costs		(9,625)	51,111
<b>Loss before income tax benefit</b>		<b>(425,663)</b>	(412,949)
Income tax benefit		-	-
<b>Loss for the period</b>		<b>(425,663)</b>	(412,949)
<b>Other comprehensive income</b>			
(a) <b>Items that may be reclassified subsequently to profit or loss</b>			
Gain on revaluation of financial assets		13,910	63,568
(b) <b>Items that will not be reclassified subsequently to profit or loss</b>			
		-	-
Other comprehensive income (net of income tax) for the period		13,910	63,568
<b>Total comprehensive income for the period</b>		<b>(411,753)</b>	(349,381)
Basic loss per share (cents)		(0.13)	(0.17)

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2013**

	Note	Consolidated 31 December 2013	Consolidated 30 June 2013
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		934,092	3,645,320
Trade and other receivables		130,368	99,159
Financial assets		207,349	209,758
<b>Total Current Assets</b>		<b>1,271,809</b>	<b>3,954,237</b>
<b>Non-Current Assets</b>			
Plant and equipment		11,529	13,962
Financial assets		116,883	220,572
Exploration expenditure	2	38,537,110	31,384,668
<b>Total Non-Current Assets</b>		<b>38,665,522</b>	<b>31,619,202</b>
<b>Total Assets</b>		<b>39,937,331</b>	<b>35,573,439</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		1,691,284	1,723,375
Borrowings	3	1,700,000	-
Provisions		69,442	81,359
<b>Total Current Liabilities</b>		<b>3,460,726</b>	<b>1,804,734</b>
<b>Total Liabilities</b>		<b>3,460,726</b>	<b>1,804,734</b>
<b>Net Assets</b>		<b>36,476,605</b>	<b>33,768,705</b>
<b>EQUITY</b>			
Issued capital	4	43,521,065	40,456,026
Reserves		152,740	84,216
Accumulated losses		(7,197,200)	(6,771,537)
<b>Total Equity</b>		<b>36,476,605</b>	<b>33,768,705</b>

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

<b>Consolidated Entity</b>	<b>Issued Capital \$</b>	<b>Option Reserve \$</b>	<b>Revaluation Reserve \$</b>	<b>Forex Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total \$</b>
<b>Balance at 1 July 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>
Shares issued during the period	3,272,500	-	-	-	-	3,272,500
Security issue expenses	(207,461)	-	-	-	-	(207,461)
Grant of options	-	54,614	-	-	-	54,614
Loss for the period	-	-	-	-	(425,663)	(425,663)
Other comprehensive income (net of income tax)	-	-	13,910	-	-	13,910
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>13,910</b>	<b>-</b>	<b>(425,663)</b>	<b>(411,753)</b>
<b>Balance at 31 December 2013</b>	<b>43,521,065</b>	<b>614,904</b>	<b>(14,560)</b>	<b>(447,604)</b>	<b>(7,197,200)</b>	<b>36,476,605</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>
Shares issued during the period	937,107	-	-	-	-	937,107
Grant of options	-	32,040	-	-	-	32,040
Loss for the period	-	-	-	-	(412,949)	(412,949)
Other comprehensive income (net of income tax)	-	-	63,569	-	-	63,569
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>63,569</b>	<b>-</b>	<b>(412,949)</b>	<b>(349,381)</b>
<b>Balance at 31 December 2012</b>	<b>32,018,508</b>	<b>221,127</b>	<b>36,366</b>	<b>(447,604)</b>	<b>(6,114,557)</b>	<b>25,713,840</b>

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Note	Consolidated 31 December 2013	Consolidated 31 December 2012
		\$ Inflows/ (Outflows)	\$ Inflows/ (Outflows)
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(892,497)	(619,349)
Interest received		29,618	1,769
Interest paid		(51,419)	-
Farmout receipt		3,163,556	-
Payment for deferred exploration expenditure		(9,751,920)	(2,845,971)
Net cash used in operating activities		(7,502,662)	(3,463,551)
<b>Cash flows from investing activities</b>			
Proceeds from sale of financial assets		26,395	10,000
Payment for financial assets		-	(51,841)
Net cash from / (used in) investing activities		26,395	(41,841)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		3,272,500	937,108
Payment of share issue costs		(207,461)	-
Proceeds from borrowings		1,700,000	-
Net cash provided by financing activities		4,765,039	937,108
Net decrease in cash held		(2,711,228)	(2,568,284)
Cash at beginning of the financial period		3,645,320	5,789,384
Cash and cash equivalents at period end		934,092	3,221,100

The accompanying notes form part of these financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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### ***1. Basis of Preparation of Half Year Financial Report***

#### **a) Reporting entity**

Jacka Resources Limited (the “Company”) is a Company domiciled in Australia. The consolidated interim financial statements of the Company as at and for the half year ended 31 December 2013 comprise the Company and its controlled entities (together referred to as the “Group”).

The consolidated financial statements of the Group as at and for the year ended 30 June 2013 are available upon request from the Company’s registered office at Level 11, London House, 216 St Georges Terrace, Perth WA 6000 or at [jackaresources.com.au](http://jackaresources.com.au).

#### **b) Statement of compliance**

These consolidated interim financial statements constitute a general purpose financial report and have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB134 ensures compliance with IAS134: Interim Financial Reports. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2013.

These consolidated interim financial statements were approved by the Board of Directors on 16 January 2014.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group’s last annual financial statements for the year ended 30 June 2013. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year include:

- AASB 10 ‘Consolidated Financial Statements’ and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards’
- AASB 11 ‘Joint Arrangements’ and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards’
- 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’
- AASB 127 ‘Separate Financial Statements’ (2011) and AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards’
- 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’
- AASB 13 ‘Fair Value Measurement’ and AASB 2011-8 ‘Amendments to Australian Accounting Standards arising from AASB 13’
- AASB 119 ‘Employee Benefits’ (2011) and AASB 2011-10 ‘Amendments to Australian Accounting Standards arising from AASB 119 (2011)’
- AASB 2012-2 ‘Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities’

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**Continued**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

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**1. Basis of Preparation of Half Year Financial Report (Continued)**

- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

The above standards have extensive disclosure requirements, however these do not effect this half year financial report.

The adoption of the above standards have not had a material impact on this half year financial report.

**c) Going Concern**

This half year 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 \$425,663 for the half-year ended 31 December 2013 (2012: \$412,949). The net working capital deficiency position of the Group at 31 December 2013 was \$2,188,917 (30 June 2013: \$2,149,503 net working capital) and the net decrease in cash held during the half-year was \$2,711,228 (2012: \$2,568,284). The Group has firm exploration commitments payable within the next twelve months of \$12,500,000.

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/or gas assets. 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 financial statements on a going concern basis because:

- During the period the Company entered into a Bid Implementation Agreement ("BIA") in respect to an off market takeover offer to be made by Tangiers Petroleum Limited ("Tangiers") for all of the issued ordinary shares in Jacka Resources Ltd. The BIA is subject to a number of conditions precedents with the offer period expected to commence on 4 February 2014. Tangiers has agreed to provide Jacka with a \$2.5 million loan facility to assist Jacka's first quarter 2014 exploration programs. The combined entity is expected to provide a stronger financial position and a cash flow stream from farm in income of US\$22.5 million from Tangiers' Tarfaya Project and Jacka's Odewayne Project;
- 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, as well as those held by Tangiers, the Directors believe that the capital required can be raised in the market within the ordinary course of business. This ability has been demonstrated during the period through the raising of \$3,272,500 from the issue of equity, and \$1,700,000 from a short term loan facility;
- 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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**Continued**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

**d) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

	<b>Consolidated 31 December 2013 \$</b>	<b>Consolidated 30 June 2013 \$</b>
<b>2. Exploration expenditure</b>		
Costs carried forward in respect of deferred exploration expenditure:		
<b>Exploration at cost</b>		
Balance at beginning of period	<b>31,384,668</b>	19,775,798
Exploration expenditure incurred	<b>9,555,210</b>	11,608,870
Cost derecognised on farmout	<b>(1,768,707)</b>	
Impairment of exploration expenditure	<b>(634,061)</b>	-
	<b>38,537,110</b>	31,384,668

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. During the period the Group farmed out a proportion of its Odewayne project. It received \$3,163,556, with \$1,768,707 offset against the carrying value of the project and the remaining \$1,394,848 being recognised in profit or loss as a gain on farmout. The impairment loss during the period was a result of the Company's decision to relinquish WA-399-P.

**3. Borrowings**

Borrowings from external parties	<b>1,700,000</b>	-
	<b>1,700,000</b>	-

During the half year, the Group obtained new short term loans which are unsecured, bear interest at 12%pa and are repayable within 12 months. The total facility for the loans is \$2,000,000, with \$300,000 unused at balance date. Further to this, the Company has entered into a term sheet with Tangiers Petroleum Limited to provide the Group with a \$2,500,000 loan facility. The facility is undrawn as at balance date.

**4. Issued capital**

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

Ordinary shares fully paid of no par value	<b>43,521,065</b>	40,456,026
	<b>43,521,065</b>	40,456,026



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**Continued**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	<b>Consolidated Entity</b>	
	<b>30 June 2013</b>	<b>30 June 2013</b>
	<b>Number</b>	<b>\$</b>
<b>4. Issued capital (Continued)</b>		
<b>(b) Movement in ordinary shares on issue</b>		
Balance at 30 June 2012	247,513,503	31,081,401
Option conversion on 11 October 2012 at \$0.20 each	6	1
Option conversion on 13 December 2012 at \$0.20 each	311,311	62,262
Option conversion on 20 December 2012 at \$0.20 each	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)
	<b>297,513,503</b>	<b>40,456,026</b>

	<b>Consolidated Entity</b>	
	<b>31 December 2013</b>	<b>31 December 2013</b>
	<b>Number</b>	<b>\$</b>
Balance at 30 June 2013	297,513,503	40,456,026
Share issue on 18 July 2013 at \$0.085 each	38,500,000	3,272,500
Transaction costs relating to share issues	-	(207,461)
	<b>336,013,503</b>	<b>43,521,065</b>

**(c) Share options**

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

<b>Option Status</b>	<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Unlisted	11,700,000	\$0.50	31 July 2014
Listed	50,000,000	\$0.35	1 February 2015
Unlisted	19,250,000	\$0.14	1 February 2015
Unlisted	500,000	\$0.20	11 October 2015
Unlisted	2,700,000	\$0.20	11 September 2016
Unlisted	1,250,000	\$0.20	3 May 2017

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**Continued**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

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	<b>Consolidated 31 December 2013 \$</b>	<b>Consolidated 30 June 2013 \$</b>
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**5. 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>	500,000
One to five years	<b>500,000</b>	500,000
	<b><u>1,000,000</u></b>	<b><u>1,000,000</u></b>

**Exploration commitments**

The drilling of the Hammamet West-3 well in Tunisia, satisfied the major work obligations on the Bargou block for the existing work period. The current licence period ends in April 2014 and the JV intends to seek an extension.

On the Australian block WA-399-P, each year beyond year 3 (current year) is elective and the block will be relinquished with no further obligations. The current licence renewal/end date is March 14.

In Nigeria, the licence is in good standing with no further commitment work required, all works is discretionary by the Joint Venture.

In Somaliland the current exploration project phase is for a period of 18 months and the anticipated expenditure is \$30 million in that period. Jacka are free carried through this work program as well as the program associated with the next phase, currently due to end in May 2016.

In Tanzania on the Ruhuhu block, Jacka has signed up to a 4 year exploration phase and the completion of exploration works is flexible within this timeframe. Early stage works for Jacka include airborne gravity and magnetics and G&G studies.

The committed exploration expenditure is:

Within one year	<b>12,500,000</b>	8,600,000
One to five years	<b>5,300,000</b>	4,800,000
	<b><u>17,800,000</u></b>	<b><u>13,400,000</u></b>

**6. Contingent liabilities**

Pursuant to the Bid Implementation Agreement, the Company is required to pay a break fee of \$300,000 in the event a competing proposal is announced or made before the end of the offer period. There are no other contingent liabilities as at the date of this report.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**Continued**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

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**7. Financial reporting by segments**

The Consolidated Entity has identified its operating segments based on the internal reports that are provided to the Board of Directors on a monthly basis. Management has identified the operating segments based on exploration in the two principal locations of its projects – Australia and Africa.

**Basis of accounting for purposes of reporting by operating segments**

*Accounting policies adopted*

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

*Inter-segment transactions*

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

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

*Segment assets*

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

*Segment liabilities*

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

*Unallocated items*

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

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

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

*Exploration*

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**Continued**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	<b>Australian Exploration \$</b>	<b>African Exploration \$</b>	<b>Total \$</b>
<b>31 December 2013</b>			
Segment revenue	-	1,394,849	1,394,849
Segment results	(634,291)	1,366,756	732,465
Amounts not included in segment results but reviewed by the Board:			
Interest revenue			29,618
Accounting and audit fees			(48,766)
Compliance fees			(48,194)
Consultancy fees			(299,059)
Depreciation			(2,433)
Directors' remuneration			(226,636)
Financial asset impairment			(100,000)
Financing costs			(99,194)
Foreign exchange			55,500
Insurance			(9,381)
Interest expense			(61,479)
Legal fees			(123,974)
Marketing			(28,616)
Occupancy			(29,059)
Profit/(loss) on sale of investments			6,386
Share based payments			(54,614)
Travel expenses			(17,847)
Other (expenses)/reimbursement of costs			(100,380)
Loss before income tax			<b>(425,663)</b>
Segment assets	-	38,537,114	38,537,114
Unallocated assets:			
Cash and cash equivalents			934,088
Trade and other receivables			130,368
Plant and equipment			11,529
Financial assets			324,232
Total assets			<b>39,937,331</b>
Segment liabilities	-	1,411,018	1,411,018
Unallocated liabilities:			
Trade and other payables			280,266
Borrowings			1,700,000
Provisions			69,442
Total liabilities			<b>3,460,726</b>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**Continued**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

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

	<b>Australian Exploration \$</b>	<b>African Exploration \$</b>	<b>Total \$</b>
<b>31 December 2012</b>			
Segment revenue	-	-	-
Segment results	-	(69,823)	(69,823)
Amounts not included in segment results but reviewed by the Board:			
Interest revenue			1,769
Compliance fees			(53,328)
Consultancy fees			(42,586)
Depreciation			(2,433)
Directors' remuneration			(195,042)
Forex losses			(47,310)
Share based payments			(32,040)
Reimbursement of costs			27,844
Loss before income tax			<b>(412,949)</b>
	<b>Australian Exploration \$</b>	<b>African Exploration \$</b>	<b>Total \$</b>
<b>30 June 2013</b>			
Segment assets	664,346	30,720,322	31,384,668
Unallocated assets:			
Cash and cash equivalents			3,645,320
Trade and other receivables			99,159
Plant and equipment			13,962
Financial assets			430,330
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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**Continued**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

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**8. Events subsequent to period end**

There are no matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

**9. 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
			31 December 2013	30 June 2013	
Exmouth Energy Pty Ltd	Australia	Ordinary	100%	100%	\$1
Jacka Tunisia 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%	100%	\$1
Jacka Resources Somaliland Limited BVI	British Virgin Islands	Ordinary	100%	100%	\$1
Jacka Resources Tanzania Limited BVI	British Virgin Islands	Ordinary	100%	100%	\$1

## DIRECTORS' DECLARATION

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The directors of the company declare that:

1. the financial statements and notes, as set out on pages 8 to 20 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half year ended on that date.

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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Bob Cassie  
Managing Director

Perth, 16 January 2014

## Independent Auditor's Review Report

### To the Members of Jacka Resources Limited

We have reviewed the accompanying half-year financial report of Jacka Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

### Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Jacka Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



## Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Jacka Resources Ltd and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

## Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred a net loss of \$425,663 during the period ended 31 December 2013. This condition, along with other matters as set forth in 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.

The logo for Bentleys, featuring the word "Bentleys" in a stylized, cursive blue font.

**BENTLEYS**  
Chartered Accountants

A handwritten signature in blue ink, appearing to read "Doug Bell".

**DOUG BELL CA**  
Director

DATED at PERTH this 16<sup>th</sup> day of January 2014