



10 February 2014

James Rowe
Australian Securities Exchange Limited
2 The Esplanade
PERTH WA 6000

Dear James

Jacka Resources Limited – Supplementary Target's Statement

Jacka Resources Limited (**Jacka**) refers to the off-market takeover bid for all of the ordinary shares and listed options in Jacka by Tangiers Petroleum Limited (**Tangiers Offer**).

In accordance with section 647(3)(b) of the *Corporations Act 2001* (Cth), Jacka attaches a copy of its supplementary target's statement dated 10 February 2014 in relation to the Tangiers Offer.

If Jacka shareholders have any queries in relation to the Tangiers Offer, they should contact the Jacka Securityholder Information Line on 1300 433 306 (within Australia) or +61 8 9388 0944 (for callers outside Australia).

For more information please contact:

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Supplementary Target's Statement

in relation to the takeover bid by Tangiers Petroleum Limited ACN 072 964 179 for all the ordinary shares and listed options in Jacka Resources Limited ACN 140 110 130.

1 Introduction

This document is a supplementary target's statement under section 644 of the Corporations Act. It is the first supplementary target's statement (**Supplementary Target's Statement**) issued by Jacka Resources Limited ACN 140 110 130 (**Jacka**) in relation to the off-market takeover bid (**Tangiers Offer**) for all of the ordinary shares and listed options in Jacka made by Tangiers Petroleum Limited ACN 072 964 179 (**Tangiers**). This Supplementary Target's Statement supplements, and should be read together with, Jacka's target's statement dated 20 January 2014 (**Original Target's Statement**).

2 Update in relation to Tangiers Offer

2.1 Uncertainty regarding composition and intentions of Tangiers Board

Jacka shareholders should have now received both a Bidder's Statement from Tangiers, and a Target's Statement from Jacka providing detailed information in relation to the Tangiers Offer which opened on 4 February 2014 as well as the Jacka directors' recommendation in relation to the Tangiers Offer.

As the bid consideration under the Tangiers Offer comprises solely of Tangiers shares, in deciding whether to recommend the Tangiers Offer the Jacka directors took into account the intentions of the Tangiers board of directors at the time in relation to the merged group should the Tangiers Offer be successful.

On the same day as the Tangiers Offer opened, Tangiers announced to ASX that two of the three Tangiers' directors – being Ms Eve Howell and Mr Max de Vietri – had resigned, effective immediately, citing the loss of support of several major Tangiers shareholders.

Since these resignations were announced, Jacka and its advisors have met with Tangiers' remaining sole director, Mr Brent Villemarette, and members of the Tangiers executive management team to discuss the implications of these resignations on the Tangiers Offer.

Tangiers has informed Jacka that it is in the process of seeking to appoint new directors to the Tangiers board, and that Tangiers shares are likely to remain in suspension from trading until this takes place. Trading in Jacka shares has also been suspended while Tangiers resolves the appointment of at least two directors, and the intentions of the new Tangiers board in relation to the Tangiers Offer (and the merged entity should the Tangiers Offer be successful) are clarified.

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2.2 Uncertainty regarding availability of Tangiers loan facility

In connection with the Tangiers Offer announced on 5 December 2013, Jacka required Tangiers to make available a A\$2.5 million loan facility so as to provide Jacka with funding to support its ongoing activities whilst the Tangiers Offer remained open for acceptance.

Jacka has already drawn down A\$300,000 under this loan facility, and has been liaising with Tangiers regarding the draw down of the remaining \$2.2 million available under the facility. Jacka intends to use any amounts drawn down under the Tangiers loan facility in part to repay existing loan facilities of \$1.7 million which are scheduled to be repaid on 13 March 2014 (unless repaid earlier or agreement is reached to extend the repayment date of these facilities).

Under the Tangiers loan facility documentation, draw down on the facility is conditional on (amongst other things) Tangiers' consent being obtained (such consent not to be unreasonably withheld or delayed). Given Tangiers' current position, Jacka considers it unlikely that Tangiers will agree to advance any further funding under the Tangiers loan facility until Tangiers has appointed additional directors and the new Tangiers board is able to meet to consider Jacka's drawdown request.

If Jacka is not able to draw down under the Tangiers loan facility within a reasonable time period, Jacka will need to move quickly to source alternative finance in order to be able to repay amounts owing under the existing loan facilities and otherwise provide for the ongoing working capital requirements of the company.

2.3 Termination of Bid Implementation Agreement

In view of Jacka's current financial position, Jacka's board of directors consider it necessary for the company to actively seek, respond to and examine potential alternative transactions (financing or otherwise) in order to address Jacka's short term funding requirements.

The Bid Implementation Agreement (**BIA**) entered into by Jacka and Tangiers on 5 December 2013 to facilitate the Tangiers Offer contained numerous restrictions on Jacka which, if they continued to apply to Jacka, would restrict it from soliciting alternative transactions. Further, the BIA placed ongoing obligations on Jacka's directors to continue to support and promote the Tangiers Offer.

Under the BIA, Tangiers granted Jacka the right to terminate the agreement in the event that all of the conditions precedent to Galp's farm-in to Tangiers' Moroccan permits have not been satisfied on or before 1 February 2014. Further, Tangiers agreed to pay Jacka a break fee of \$300,000 if Jacka exercised this termination right.

Tangiers confirmed to Jacka last week that certain of the conditions precedent to the Galp farm-in agreement have still not been met, such that Jacka is entitled to terminate the BIA.

Accordingly and for the above reasons, on 7 February 2014 the Jacka board of directors decided to exercise its right to terminate the BIA and has notified Tangiers accordingly. Jacka has also requested payment of the \$300,000 break fee from Tangiers, which amount is due to be paid on or before 11 March 2014.

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3 Tangiers Offer and investigation of alternatives

Importantly, termination of the BIA does not deprive Jacka shareholders and listed optionholders of the opportunity to consider the Tangiers Offer, which remains open for acceptance until 7:00 pm (Sydney time) on 18 March 2014 (unless extended).

In the circumstances, Jacka's board of directors recommends that Jacka shareholders and listed optionholders take no action in relation to the Tangiers Offer until further information is available regarding the composition of the Tangiers board and their intentions in relation to the Tangiers Offer and the merged entity should the Tangiers Offer be successful.

The Jacka board of directors will re-consider its recommendation in relation to the Tangiers Offer, and advise Jacka shareholders and listed optionholders of whether to accept or reject that offer, once it has had the opportunity to meet with the new Tangiers board and understand its intentions in relation to the Tangiers Offer and the merged entity.

Jacka has now commenced actively investigating other available options (including corporate and asset level transactions) in order to urgently address Jacka's immediate funding requirements. Any proposed transaction will need to include a solution to Jacka's short term funding requirements, as well as provide long term shareholder value for Jacka shareholders.

Jacka will continue to update shareholders on any material developments.

Jacka shareholders and listed optionholders who have any questions in relation to the Tangiers Offer should call the Jacka Securityholder Information Line on 1300 433 306 (a toll-free line for calls made from within Australia) or +61 8 9388 0944 (for calls made from outside Australia).

4 Consents

This Supplementary Target's Statement includes or is accompanied by statements which are made in or based on statements made in documents lodged with ASIC or on the company announcement platform of ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, those statements being included in this Supplementary Target's Statement. If you would like to receive a copy of any of these documents, or the relevant parts of the documents containing the statements, please contact Ms Wilton-Heald on +61 8 9481 0389 and you will be sent copies free of charge.

5 Other notices

Unless the context otherwise requires, terms defined in the Original Target's Statement have the same meaning as in this Supplementary Target's Statement.

This Supplementary Target's Statement prevails to the extent of any inconsistency with the Original Target's Statement.

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A copy of this Supplementary Target's Statement has been lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for its contents.

Signed for and on behalf of Jacka following a resolution of the directors of Jacka.

A handwritten signature in black ink, appearing to read "S. Spencer", is written above the printed name.

Scott Spencer
Chairman

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