

20 January 2014

Government Approval For Farmout of Odewayne Block

Jacka Resources Limited ("Jacka" or the "Company", ASX: JKA) is pleased to advise that its wholly owned subsidiary Jacka Resources Somaliland Limited has received the necessary government approval for the completion of the Farmout Agreement ("Agreement") with Sterling Energy (East Africa) Limited ("Sterling"), a wholly owned subsidiary of Sterling Energy Plc, for the Odewayne Block Production Sharing Contract (the 'PSC'), onshore Somaliland. The signing of the Agreement was originally announced by the Company on 8 November 2013. Completion of the Agreement is expected to occur in the coming days.

Under the terms of the Agreement:

- a) Jacka was paid US\$3 million upon signature of the Agreement and associated documents;
- b) Jacka will also be paid an aggregate amount of up to US\$12 million by Sterling upon the achievement of operational milestones. These three 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;
- d) 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 ends in May 2016.

The PSC participants are:

	<u>Prior to farmout</u>	<u>Post farmout</u>
Genel Energy Somaliland Limited (Operator)	50%	50%
Jacka Resources Somaliland Limited	30%	15% ¹
Sterling Energy (East Africa) Limited	10%	25%
Petrosoma Limited	10%	10%

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¹ Jacka retains an option to increase its equity in this project by an additional 5% through its initial farmin from Petrosoma in March 2012.

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