

29 January 2013

**RECOMMENDATION
Speculative Buy**

12 month price target	\$0.57
12 month volume	356m
12 month share low	A\$0.14
12 month share high	A\$0.25

ISSUED CAPITAL

ASX	JKA
Share price	\$0.19
Mkt cap ¹	\$57m
Ordinary shares on issue	297.5m
Options ²	68m

¹ Undiluted Source: IRESS
² Various dates and strike prices

DIRECTORS

Scott Spencer	Chairman
Richard Aden	Exec Director
Justyn Wood	Technical Director
Brett Smith	Non-Exec Director
Stephen Brockhurst	Non- Exec Director

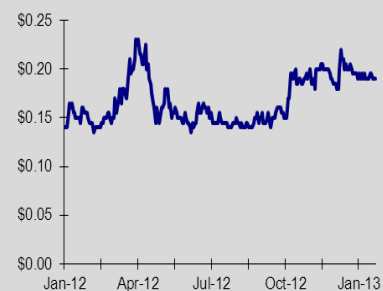
Source: JKA

MAJOR SHAREHOLDERS

N/A

Source: IRESS

12 MONTH PERFORMANCE



Source: IRESS

Edwin Bulseco

Oil and Gas Analyst
 +61 8 9263 5311
ebulseco@djcarichael.com.au

Jacka Resources Ltd (JKA)

December Quarter 2012 Update

JKA delivered a number of key milestones during the December quarter 2012, highlighted by the farm-out of its Somaliland block to Genel Energy and the execution of an options underwriting agreement which raised \$10m and ensures JKA is fully funded for its high impact CY2013 program. We believe the near term drilling of the Hammamet West-3 appraisal well will be value accretive to JKA and in a success case will be transformational for the company. We maintain our Speculative Buy recommendation and price target of \$0.57/sh.

Key Points:

- Hammamet West-3 (HW-3) drilling scheduled for March 2013.** The HW-3 appraisal well (HW-3) is scheduled to be spud in March 2013. The rig is close to mobilisation following the near completion of TSX listed Sterling Resources two well drilling program offshore Romania. The mobilisation program requires the partial removal and replacement of the jack-up legs so that it can pass through the Bosphorus waterway and into the Mediterranean.
- Success at HW-3 could provide material upside.** The HW-3 well will be a 570 metre horizontal productivity test of the naturally fractured Abiod formation, in which the HW-2 well discovered a 192 metre oil column. The Abiod formation is a proven producer in the region with the nearby Mammoura field (12kms from HW-3) producing 20,000bopd (facility constrained). As a result of its low development cost, JKA estimate a discovery size of 10mmbbls to 12mmbbls would be commercial. **We estimate a success at HW3 would have a transformational impact on JKA resulting in substantial upside of ~\$0.34/sh unrisks (assuming a commercial discovery of 111mmbbls oil).**
- Funding in place for a high impact CY2013.** JKA completed an options underwriting agreement which recently raised \$10m and importantly ensures JKA is fully funded for its high impact forward program. During the December quarter 2012, JKA spent ~\$1.5m on appraisal and exploration in Nigeria, Tunisia and Somaliland. Taking into account its cash balance of ~\$3.7m at the end of December, and the recent \$10m capital raise, JKA has ~\$13.5m cash.
- Farm-out of Somaliland block to Genel Energy.** JKA completed a material farm-out of its Odewayne Block in Somaliland to Genel Energy during the December quarter. In our view, JKA has secured attractive commercial terms which include 1,500kms of 2D seismic, airborne gravity and magnetics survey and the drilling of an exploration well whilst also retaining a material 30% interest in the Odewayne block. The work program is estimated to be ~US\$50m and has an implied see-through value of \$30m/\$0.10/sh to JKA. Formal approvals for the farm-out have been granted and the acquisition of a high resolution airborne gravity and magnetics survey over the block is near completion.
- Key near term catalysts.** Key near term catalysts include 1) Mobilisation of drilling rig for HW-3 (Feb-13), 2) Spudding of HW-3 (Mar-13), 3) Aje field resource upgrade (2Q CY13) and 4) Aje-5 development drilling (3Q CY-13).

Disclosure**RCAN1094**

This Research report, accurately expresses the personal view of the Author. All the information utilised in this report is accurate and current at the date stated on this report.

DJ Carmichael Pty Limited, members of the Research Team; including authors of this report, its directors and employees advise that they may hold securities, may have an interest in and/or earn brokerage and other benefits or advantages, either directly or indirectly from client transactions in stocks mentioned in this report. DJ Carmichael Pty Limited participated in a placement for **Jacka Resources Ltd** and was paid a fee for this service. DJ Carmichael Pty Limited acts as a Corporate Adviser to **Jacka Resources Ltd** and is paid a fee for this service.

DJ Carmichael Pty Limited is a wholly owned subsidiary of DJ Carmichael Group Pty Limited ACN 114 921 247.

In accordance with Section 949A of the Corporations Act 2001 DJ Carmichael Pty Limited advise this email contains general financial advice only. In preparing this document DJ Carmichael Pty Limited did not take into account the investment objectives, financial situation and particular needs ('financial circumstances') of any particular person. Accordingly, before acting on any advice contained in this document, you should assess whether the advice is appropriate in light of your own financial circumstances or contact your DJ Carmichael Pty Limited adviser. DJ Carmichael Pty Limited, its Directors, employees and advisers may earn brokerage or commission from any transactions undertaken on your behalf as a result of acting upon this information. DJ Carmichael Pty Limited, its directors and employees advise that they may hold securities, may have an interest in and/or earn brokerage and other benefits or advantages, either directly or indirectly, from client transactions. D J Carmichael Pty Limited believe that the advice herein is accurate however no warranty of accuracy or reliability is given in relation to any advice or information contained in this publication and no responsibility for any loss or damage whatsoever arising in any way for any representation, act or omission, whether express or implied (including responsibility to any persons by reason of negligence), is accepted by DJ Carmichael Pty Limited or any officer, agent or employee of D J Carmichael Pty Limited. This message is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If you are not the intended recipient or employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication and its attachments is strictly prohibited.

The Author of this report made contact with **Jacka Resources Ltd** for assistance with verification of facts, admittance to business sites, access to industry/company information. No inducements have been offered or accepted by the company.

The recommendation made in this report is valid for four weeks from the stated date of issue. If in the event another report has been constructed and released **Jacka Resources Ltd**, the new recommendation supersedes this and therefore the recommendation in this report will become null and void.

Recommendation Definitions

SPECULATIVE BUY – 10% out-performance, but high risk

BUY – 10% or more out-performance

ACCUMULATE – 10% or more out-performance, buy on share price weakness

HOLD – 10% underperformance to 10% over performance

SELL – 10% or more underperformance

Period: During the forthcoming 12 months, at any time during that period and not necessarily just at the end of those 12 months.

Stocks included in this report have their expected performance measured relative to the ASX All Ordinaries index. DJ Carmichael Pty Limited's recommendation is made on the basis of absolute performance. Recommendations are adjusted accordingly as and when the index changes.

To elect not to receive any further direct marketing communications from us, please reply to this email and type 'opt out ' in the subject line. Please allow two weeks for request to be processed.

© 2013 No part of this report may be reproduced or distributed in any manner without permission of DJ Carmichael Pty Limited.