

26 February 2018

ASX Announcement & Media Release

PETRONAS joins FAR to drill offshore The Gambia

- PETRONAS to farm-in to Gambian Blocks A2/A5 for drilling of offshore exploration well
- FAR retains 40% equity in Blocks A2/A5 and Operatorship
- The joint venture is targeting to drill the Samo-1 well in late 2018
- PETRONAS to fund 80% of well costs up to a US\$45M cap and pay other consideration to FAR of US\$8.6M
- The Samo Prospect assessed by FAR to contain prospective resources of 825mmbbls oil*

FAR Ltd has signed a Farm-out Agreement (“FOA”) with a subsidiary of Petroliaam Nasional Berhad (“PETRONAS”) to assign a 40% interest in each of the highly prospective offshore petroleum licences, Blocks A2 and A5 in The Gambia. FAR is to retain a 40% interest in each of the licences.

PETRONAS will fund 80% of total well costs of the Samo-1 exploration well up to a maximum total cost of US\$45.0 million. Based on a completion date of 31 March 2018, FAR is to be paid estimated cash of US\$13.5 million for reimbursement of back costs and cash consideration. In addition to this, PETRONAS will fund FAR’s share of non-well costs up to a maximum amount of US\$1.5 million.

FAR will remain Operator through the exploration phase of the A2/A5 licences, including the drilling of the Samo-1 well, and PETRONAS has a right to become the Operator for development.

The Samo-1 well is expected to be drilled in late 2018 and will be the first exploration well offshore The Gambia since 1979. FAR estimates the Samo Prospect contains prospective resources of 825mmbbls oil* (best estimate, 100%, unrisks - refer ASX announcement of 21 Nov 2017).

Completion of the FOA is subject to Ministerial approval from the Government of The Republic of the Gambia and customary joint venture consents.

FAR Managing Director, Cath Norman, said:

“This farm-out deal with PETRONAS is further recognition of the value of our Gambian licences and FAR’s status as a partner of choice in the Mauritania-Senegal-Guinea-Bissau-Conakry Basin. FAR has built an enviable position in the basin and we look forward to drilling the Samo-1 well later this year. Success in this well would be of significant value to our shareholders and truly transformational for the people of The Gambia.

PETRONAS brings world class technical and financial strength to our joint venture. PETRONAS also has significant deep-water development expertise in the event of a discovery. FAR welcomes PETRONAS to the Joint Venture and looks forward to a long and successful relationship.

We again wish to acknowledge the cooperation and support of the Gambia Ministry of Petroleum and Energy, the Gambia National Petroleum Company (GNPC), the Government of the Gambia and our broader Gambian stakeholders as we jointly progress with our drilling preparations. This deal is further demonstration of The Gambia’s credentials as an investment destination.”

Farm-out terms

FAR Gambia Ltd, a wholly owned subsidiary of FAR Ltd, has entered in to a Farm-out Agreement with PC Gambia Limited, a wholly owned subsidiary of PETRONAS, to assign a 40% interest in its offshore Blocks A2 and A5 Petroleum Licences in The Gambia. FAR is to retain a 40% interest in the blocks.

PETRONAS will fund 80% of total well costs of the Samo-1 exploration well up to a maximum total cost of US\$45.0 million (including a portion of well back costs to be paid on completion). Based on a completion date of 31 March 2018, estimated total well back costs to be refunded by PETRONAS are US\$6.4 million. Also, on completion, PETRONAS will pay FAR cash consideration of US\$6.0 million and reimburse non-well back costs estimated at US\$1.1 million. In addition to this, PETRONAS will fund FAR's share of non-well costs up to a maximum amount of US\$1.5 million.

Based on FAR's latest Samo-1 well cost estimates, the agreed well cost cap is expected to be in excess of FAR's share of well costs. Pursuant to the FOA, if FAR's share of well costs is less than the agreed cap, then at least 50% of the balance is to be paid in cash to FAR.

FAR will remain Operator through the exploration phase of the A2/A5 licences, including the drilling of the Samo-1 well, and PETRONAS has a right to become the Operator for development.

Completion of the FOA is subject to the approval of The Republic of the Gambian Government and customary joint venture consents.

About PETRONAS

PETRONAS, established in 1974, is Malaysia's fully integrated oil and gas multinational ranked among the largest corporations on FORTUNE Global 500®. As the custodian for Malaysia's national oil and gas resources and a participant in the global oil and gas industry, PETRONAS has a global reach and explores, produces and delivers energy to meet society's growing needs.

PETRONAS has extensive exploration and production capabilities and has earned the title of a reputable operator the world over, running more than 250 producing fields with over 400 offshore platforms today.

With a broad portfolio of resources and play types, PETRONAS operates as a fully-integrated business with an added advantage of niche expertise across the oil and gas value chain.

PETRONAS is owned by the Malaysian government. In 2016, the company reported revenues of US\$46 billion and employed 51,000 people globally. In 2015 its estimated production was 2.5 million barrels of oil equivalent per day, making it one of the global leaders in production scale.

For further information on our partner PETRONAS, visit www.PETRONAS.com.my

The Samo Prospect, offshore The Gambia

FAR has completed detailed geotechnical studies and assessed significant hydrocarbon resource potential in its two blocks offshore The Gambia. The Blocks A2 and A5 permit area, covering 2,682km², are adjacent to and on trend with FAR's world class SNE oil field discovery and have significant exploration potential. A2 and A5 sit within the rapidly emerging and prolific Mauritania-Senegal-Guinea-Bissau ("MSGB") Basin and lie approximately 30km offshore in water depths ranging from 50 to 1,500 metres (Figure 1).

From 1,504km² of modern 3D seismic data acquired in A2 and A5, FAR has identified large prospects similar to the "shelf edge" plays FAR has successfully drilled in Senegal. FAR has mapped two drillable prospects, Samo and Bambo and additional leads in the blocks (Figure 2).

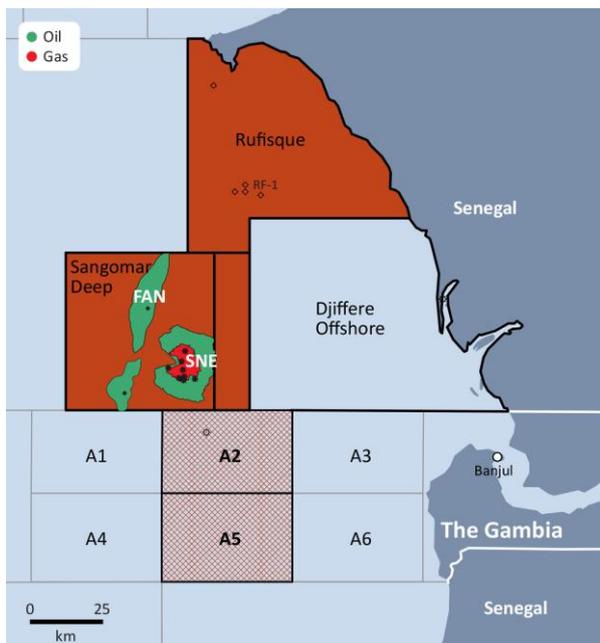


Figure 1. Location of The Gambia licences

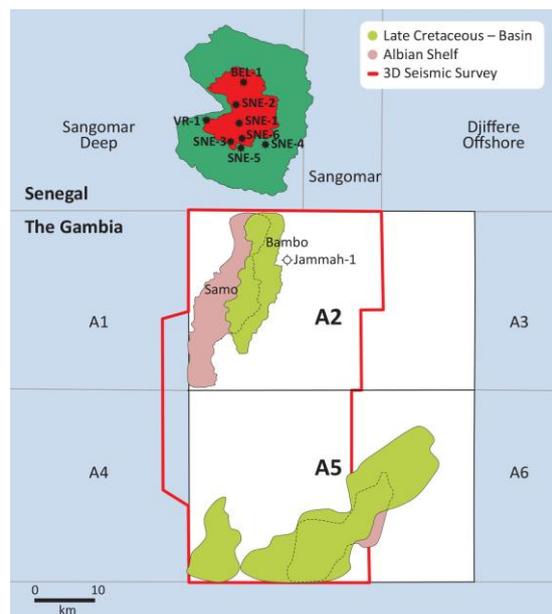


Figure 2. A2 & A5 prospects and leads

An independent oil and gas advisory firm, RISC Operations Pty Ltd (RISC), conducted an audit of FAR’s internal estimate of Prospective Resources for the Samo prospect located in The Gambia permit A2. The Samo prospect has a best estimate Prospective Resource of 825 million barrels of oil* on a gross unrisked basis. RISC’s report of the assessment of the probabilistic resources confirms it was carried out in accordance with industry standard SPE-PRMS practices.

The Samo prospect has two target intervals, is on trend and shares many similarities with the giant SNE oil field. As such it is very highly rated with an estimated chance of success (CoS) in one or both targets, endorsed by RISC, of 55%. It is rare to have an exploration prospect with such a high CoS but this reflects the adjacent discovery at SNE and the confidence FAR Limited has developed in exploring in the play fairway which is yet to experience a dry well (*refer ASX announcement 21 Nov 2017*).

For more information please contact:

FAR Limited
Cath Norman Managing Director
Angelique Callegari Investor Relations

T: +61 3 9618 2550
 F: +61 3 9620 5200
 E: info@far.com.au

Level 17, 530 Collins Street
 Melbourne VIC 3000 Australia
far.com.au

Media enquiries
Gavan Collery ResourceComms

T: +61 419 372 210
 gavan@resourcecomms.com



Disclaimers

***Prospective Resource Estimates Cautionary Statement** - With respect to the Prospective Resource estimates contained within this report, it should be noted that the estimated quantities of Petroleum that may potentially be recovered by the future application of a development project may relate to undiscovered accumulations. These estimates have an associated risk of discovery and risk of development. Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. The Prospective Resource estimates provided in this report are Low Estimate, Best Estimate and High Estimate and represent that there is a 90%, 50% and 10% probability respectively that the actual resource volume will be in excess of the amounts reported.

Prospective and Contingent Resources - All contingent and Prospective Resource estimates presented in this report are prepared as at 27/2/2013, 11/3/2014, 5/2/2014, 13/04/2015, 13/4/2016, 23/08/2016, 7/2/2017 and 21/11/2017 (Reference: FAR ASX releases of the same dates). The estimates have been prepared by the Company in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System, 2007 approved by the Society of Petroleum Engineer and have been prepared using probabilistic methods. The contingent resource estimates provided in this report are those quantities of petroleum to be potentially recoverable from known accumulations, but the project is not considered mature enough for commercial development due to one or more contingencies. The Prospective Resource estimates provided in this report are Best Estimates and represent that there is a 50% probability that the actual resource volume will be in excess of the amounts reported. The estimates are unrisks and have not been adjusted for both an associated chance of discovery and a chance of development. The 100% basis and net to FAR contingent and Prospective Resource estimates include Government share of production applicable under the Production Sharing Contract.

Competent Person Statement Information - The hydrocarbon resource estimates in this report have been compiled by Peter Nicholls, the FAR Limited exploration manager. Mr Nicholls has over 30 years of experience in petroleum geophysics and geology and is a member of the American Association of Petroleum Geology, the Society of Petroleum Engineers and the Petroleum Exploration Society of Australia. Mr Nicholls consents to the inclusion of the information in this report relating to hydrocarbon Contingent and Prospective Resources in the form and context in which it appears. The Contingent and Prospective Resource estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, Petroleum Resource Management System.

Forward looking statements - This document may include forward looking statements. Forward looking statements include, are not necessarily limited to, statements concerning FAR's planned operation program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although FAR Ltd believes its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward looking statements. The entity confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially changed.