

4 April 2017

## ASX Announcement & Media Release

### Guinea-Bissau Update

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- FAR awarded additional equity and improved deep water terms in the Guinea-Bissau Licences
- Licence periods have been extended to 25 November 2020
- Joint venture to drill exploration well during Licence period
- Amendments approved by Petroguin and subject to Government Decree

Negotiations have concluded with the National oil company of Guinea-Bissau, Petroguin, to revise the terms of both the Sinapa and Esperanca Licences to which FAR Limited (ASX: FAR) has interests.

Under the revised Licence terms negotiated by FAR and its joint venture partner Svenska Petroleum Exploration AB ("Svenska"), FAR will now have a 21.42% participating and paying interest in the permits, an increase from the 15% participating and 21.42% paying interests as previously reported. These changes reflect the fact that Petroguin will no longer have a participating interest in the joint venture prior to a commercial discovery. Upon making a commercial discovery, Petroguin will have a reduced participating and paying interest of 10% and FAR and Svenska will respectively have interests of 19.28% and 70.71%.

In addition the new Licence terms negotiated include more favourable arrangements for deep water investment including a reduction to production royalty rates payable to Government.

These changes to Licence terms are consistent with the joint venture's new strategy to focus on the shelf edge areas of the Sinapa and Esperanca Licences which display a similar geological setting to offshore Senegal and FAR's enormous SNE field discovery.

In recognition of this new strategy and to provide adequate time to further evaluate the newly acquired 3D seismic data offshore Guinea-Bissau, the joint venture has been awarded a three-year extension to the current Licence periods, now ending on 25 November 2020.

During these Licence periods the work obligation is to drill one exploration well on each Licence with a minimum expenditure commitment for each Licence of US\$3 million (gross).

These changes in the terms of the Licences have been agreed and signed by Petroguin and remain subject to Government Decree.

#### **FAR Managing Director, Cath Norman, said:**

*"The expression that it never rains, it pours can certainly be said of FAR this past week. We are very pleased that negotiations between Petroguin, Svenska and FAR have been successfully concluded after some months.*

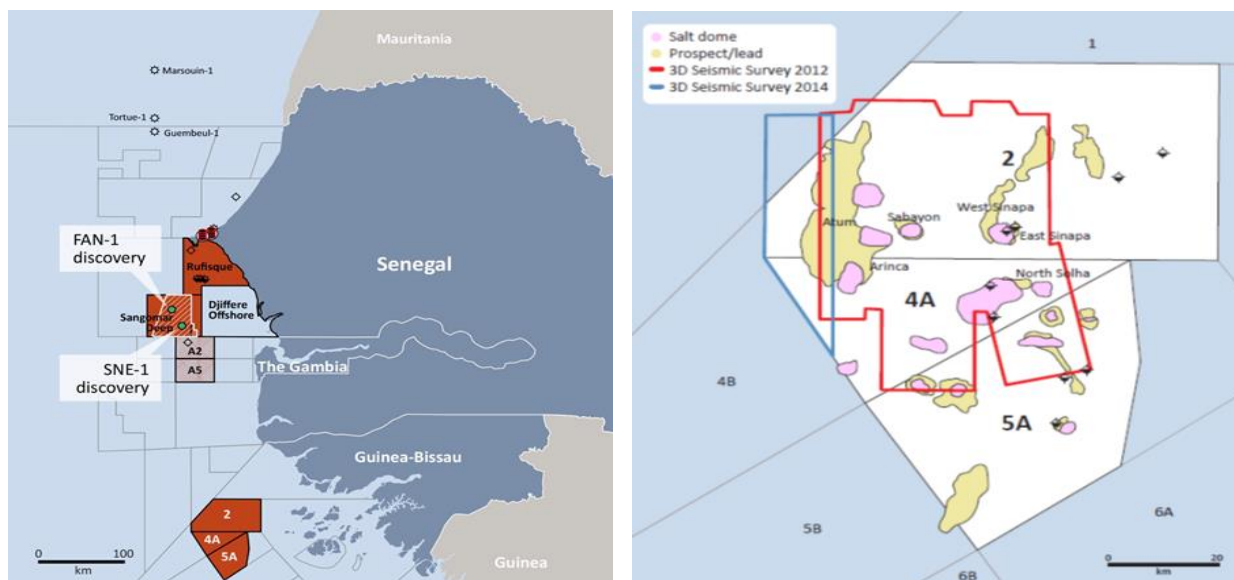
*The FAR and Svenska joint venture has previously mapped a 470mmbbls prospect\* called Atum on the Guinea-Bissau shelf edge in a play similar to the large SNE discovery made by FAR and its Senegal partners in 2014.*

\* Refer to Cautionary Statement in this report (Page 3) relating to estimates of prospective resources

The changes in Licence terms give FAR a larger equity interest in Atum and the other prospects mapped to date in our Guinea-Bissau Licences and more importantly gives us an increased share and improved commercial terms in any deep-water discoveries that are made. These changes also give FAR greater options for funding exploration drilling in Guinea-Bissau in the future.

It is testimony to the close working relationship that FAR and Svenska have with Petroquin, that these agreed Licence changes including the 3 year extensions, provide a strong basis to proceed with deep water exploration work program and investment.

We look forward to working with Svenska and Petroquin leading up to drilling our first exploration well offshore Guinea-Bissau.”



FAR’s acreage offshore Guinea-Bissau is shown in the maps above. Blocks 2, 4A and 5A are also known as the Sinapa and Esperanca blocks. FAR has mapped the Atum prospect in blocks 2 and 4A as a shelf edge prospect having a best estimate (P50) prospective resource of 471 mmbbls (gross, unrisks recoverable oil resources). As reported in FAR’s 2016 Annual Report to Shareholders, FAR has an extensive inventory of leads and prospects mapped offshore Guinea Bissau (as seen in the following table).

**Guinea-Bissau project contingent and prospective resources, gross, unrisks, recoverable, mmbbls, oil only\***

| Guinea-Bissau Prospect     | Low Estimate | Best Estimate | High Estimate |
|----------------------------|--------------|---------------|---------------|
| Sinapa Discovery           | 4.4          | 13.4          | 38.9          |
| Total                      | 4.4          | 13.4          | 38.9          |
| <b>Total Net to FAR</b>    | <b>0.7</b>   | <b>2</b>      | <b>34.2</b>   |
| East Sinapa                | 1.8          | 7.5           | 34.2          |
| West Sinapa                | 17.7         | 34.7          | 251.7         |
| Atum                       | 144          | 471.7         | 1,569.6       |
| North Solha                | 6            | 28.4          | 131.6         |
| Arinca                     | 10           | 59.2          | 393           |
| Sabayon                    | 3.4          | 18.1          | 88.2          |
| Other leads                | 85.4         | 303.7         | 1,032         |
| <b>Total All Prospects</b> | <b>269</b>   | <b>954</b>    | <b>3,500</b>  |
| <b>Total Net to FAR</b>    | <b>40</b>    | <b>143</b>    | <b>525</b>    |

\* Refer to Cautionary Statement in this report (Page 3) relating to estimates of prospective resources

## 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.

**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 and 23/08/2016 (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.

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