

01 April – 30 June 2018

Q2 Report

Highlights

- Stena DrillMAX contract executed for Samo-1 well, offshore The Gambia
- Drilling preparation and planning continues for Q4 spud of Samo-1 well
- Samo-1 well voted one of the top wells to watch in 2018 by Wood Mackenzie
- Cash and term deposits at 30 June of A\$28.9M (excluding approx. A\$19.3M in Gambia farmout settlement funds expected to be paid in Q3 2018)
- Commenced renovation of maternity wing at Soma Regional Hospital in The Gambia
- Annual General Meeting of Shareholders was held 30 May 2018

Projects update

Offshore Senegal

RSSD (Rufisque, Sangomar and Sangomar Deep) Senegal

The RSSD joint venture continues to progress pre-development activities in preparation for submission of the Exploitation Plan to the Government of Senegal during the forthcoming quarter.

The extensive SNE field with an area covering approximately 350km² has been assessed by FAR to contain 640mmbbls of 2C contingent resources* with the adjacent FAN discovery containing a further 198mmbbls of 2C contingent resources*.

The development concept being considered by the joint venture is a standalone FPSO facility with subsea wells and infrastructure. The project will be designed to allow flexibility for anticipated subsequent development phases with subsea tie backs from other reservoir intervals and fields such as FAN. Production of gas from the early phases of development is also being planned.

The joint venture is targeting Final Investment Decision (FID) in mid-2019 and first oil between 2021 and 2023.

On 26 June, the RSSD joint venture submitted the draft Environmental and Social Impact Assessment (ESIA) report to the Directorate of Environment and Classified Establishments. The public hearing process on the ESIA is expected to commence in Q3 2018.

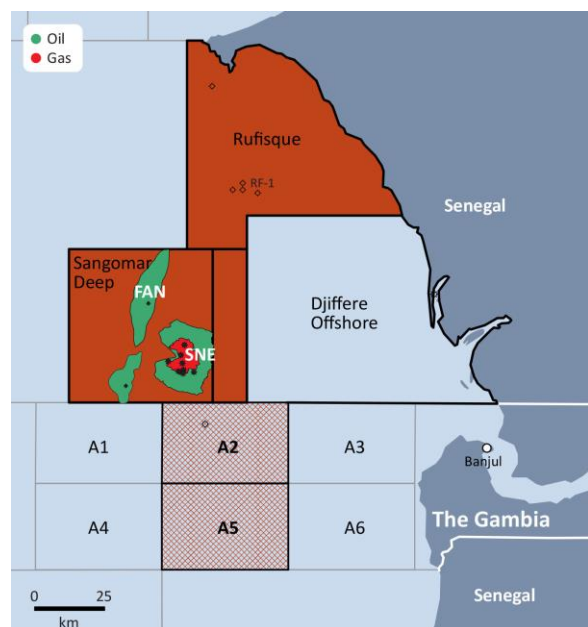


Figure 1. Location of the FAR RSSD and Gambian A2 and A5 licences

* Refer to Cautionary Statement in this report (page 6) relating to estimates of prospective and contingent resources

Tender responses for the FPSO facility, supporting subsea infrastructure, drilling units and tubulars have been received and are being considered ahead of FEED entry planned for Q4 2018.

In events post the end of the quarter, the SNE and FAN Evaluation Report was submitted to the Government on 26 July. This report includes a statement of commerciality of the SNE field and describes the broad development concepts being planned in the Exploitation plan.

Offshore The Gambia

Blocks A2/A5

During the quarter, drilling preparations have progressed in accordance with expectations for the Samo-1 well, offshore The Gambia.

FAR has executed a sublease contract with the Senegal RSSD JV to use the Dakar shorebase facilities for the Samo-1 drilling operations. These facilities have been used by the RSSD JV in the recent 11 well drilling campaigns and the A2/A5 JV will benefit from the experience of the RSSD shorebase team when drilling the Samo-1 well.

During the quarter, FAR awarded the drilling contract to Stena Drilling who will provide the Stena DrillMAX deepwater drillship to drill the Samo-1 well, scheduled for the fourth quarter of the year.

Completion of the farmout agreement to PETRONAS has been delayed and is expected to be finalised in the coming weeks. Pursuant to the farmin agreement, on completion of the farmin settlement costs estimated to be US\$14.4M (approximately A\$19.3M) will be paid to FAR by PETRONAS.

The Samo-1 well will be the first exploration well drilled offshore The Gambia since 1979. It will be located on the Samo Prospect in the A2 block, approximately 10kms south of the discovery well in the giant SNE Field offshore Senegal and on the same shelf edge trend. There have been 9 successful oil wells drilled by the RSSD JV on this trend with a 100% success rate.

FAR estimates the Samo Prospect contains prospective resources of 825mmbbls oil* (100% basis, best estimate) and following the completion of the farmout to PETRONAS, holds a 40% working interest in the A2 and A5 permits. FAR is operator of the JV and PETRONAS has a right to become operator of a development in the permits.

A discovery of this size will be significant for the country of The Gambia, with a population of approximately 2 million people.

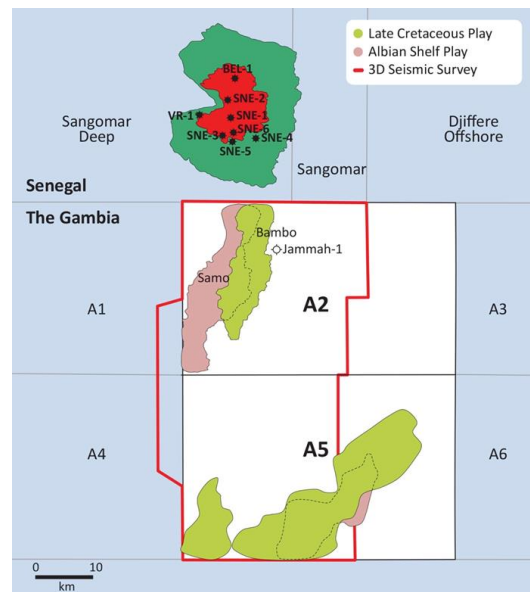


Figure 2. Location of the Gambian A2 and A5 licences and Samo Prospect

* Refer to Cautionary Statement in this report (page 6) relating to estimates of prospective and contingent resources

Guinea-Bissau

The JV is currently planning a farmout for a well over the giant Atum Prospect planned to be drilled before the end of 2021.

Block 2, 4A, and 5A	Paying Interest
FAR	21.43%
Svenska	78.57% Operator

Kenya

No update from previous quarter.

Kenya Block L6	Paying Interest Onshore	Paying Interest Offshore
FAR	24% Operator ⁽¹⁾	60% Operator
Pancontinental Oil and Gas	16%	40%
Milio Group	60% ⁽¹⁾	

(1) Subject to the completion of the farm-out agreement with Milio.

NW Shelf (Australia)

FAR is planning the completion of the 3D seismic survey over WA-458-P with seismic contractor CGG. This data acquisition is planned to be completed by end Q1 2019.

Following an application in 2017 to the National Offshore Petroleum Titles Administrator (NOPTA) to withdraw from the WA-457-P permit, NOPTA advised during the quarter that the licence was cancelled with no outstanding work obligations.

WA-458-P	Paying Interest
FAR	100% Operator

Corporate Social Responsibility

FAR Limited has partnered with UK Jarra Association (a registered charitable organisation in UK and The Gambia) to renovate, expand and equip the labour ward of Soma Regional Hospital in the Lower River Region (LRR) of The Gambia. Currently Soma Regional Hospital maternity facilities are limited and basic equipment such as drug storage equipment and delivery and maternity beds are needed. The new six-bed expansion will combine technology, space, hygiene and a calming environment for delivery. This state-of-the-art maternity facility will take six months to complete. The project has been approved by the Ministry of Health and Ministry of Petroleum and Energy of the Government of The Gambia.

In Senegal, planning is progressing on the next primary school renovation in a rural community following the success of our previous school renovations.

Through FAR's investment in the RSSD JV, the company continues to contribute towards microfinancing projects through The Hunger Project, English language training programs and commitment to the planned Institute of Petroleum being constructed in country.

Management comment and events post end of quarter

The June quarter has been one of much activity for FAR as the team has been continuing to meet the timetable for deliverables in preparation for drilling the Samo-1 well offshore The Gambia in Q4 this year. A well location is being finalised and it is expected that rig acceptance will take place at the end of Q3 2018 in preparation for spud in early Q4 2018.

We are thrilled to secure the Dakar shore base for drilling operations for the Samo-1 well and the Stena DrillMAX for the drilling. In doing so, FAR has guaranteed that the experience and knowledge gained in the previous Senegal drilling programs will be carried forward into the Samo-1 well.

Completion of the PETRONAS farmin, that was expected to close in this quarter has been delayed but we continue to work closely with our new partner PETRONAS and the Government of The Gambia in closing out the preparations for the Samo-1 well and anticipate a timely completion. The completion of the farmout will result in a payment by PETRONAS to FAR of approximately A\$19.3M based on current estimates. At the end of Q1, we had forecast closing cash at 30 June to be A\$40.3M which included this completion payment from PETRONAS. Exploration expenditure during the quarter was lower than forecast for both Senegal and The Gambia but due to the delay in the completion payment, our closing cash was lower at A\$28.9M. The expected addition of the A\$19.3M in Q3 will put FAR in a strong cash position as we move forward.

In Senegal, we continue to work with the JV on the submission of the Exploitation Plan, that is on schedule for submission to the Government in September 2018.

We are expecting Government of Senegal approval of the Exploitation Plan at the end of 2018 and to achieve a Final Investment Decision (FID) in mid-2019 and first oil from the development of the SNE oil field between 2021-2023.

The International Chamber of Commerce arbitration that FAR initiated in June last year to seek its right to pre-empt ConocoPhillips' sale of its 35% working interest in the Senegalese RSSD project to Woodside is ongoing. Following the appointment of the president of the tribunal in April, the parties have been settling the terms of reference and related procedural documents. The provisional procedural timetable is in the process of being finalised and the terms of reference signed. Current indications are that a final hearing in the arbitration is unlikely to occur before the second half of 2019, pending which the parties will be formalising their respective positions and going through various pre-hearing procedures.

FAR appreciates that there is much shareholder interest in this arbitration process and FAR has attempted to expedite it as much as possible.

We reported last quarter that Erin Energy Corporation announced on 25 April 2018 that it and certain of its subsidiaries had filed voluntary petitions under Chapter 11 of the United States Code in the United States Bankruptcy Court for the Southern District of Texas, Houston Division. On 13 July 2018, the Court converted the Chapter 11 cases into cases under Chapter 7 of the bankruptcy code.

FAR is continuing to take advice and is consulting with the Government of The Gambia on this and other related matters.

FAR has rights pursuant to the joint operating agreements governing the Gambian A2 and A5 joint ventures which, among other things, address the insolvency of a co-venturer.

FAR continues to progress its community programs in The Gambia and in Senegal and is thrilled to be partnering with the UK Jarra Association Charity for the renovation of the maternity ward at the Soma Regional Hospital in The Gambia. We look forward to bringing our shareholders updates as we progress this 6-month project.

It was once again a pleasure for the FAR team to meet many of our shareholders at this year's AGM held in May. We followed up with shareholder presentations on the Gold Coast, in Perth and in Sydney that were again well supported by our shareholders. Many thanks to those of you who made it to the meetings.

The share price improvement as a result of a growing confidence in oil and gas by the investment community is welcomed by us all. FAR looks forward to bringing more news over the coming weeks regarding final preparations and key dates around the drilling of the Samo-1 well.

For more information please contact:

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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 or Licence.

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.

Top 10 shareholders (as at 31 July 2018)

	Shareholder	Units	%
1.	CITICORP NOMINEES PTY LIMITED	911,970,169	16.70
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	652,385,474	11.95
3.	FARJOY PTY LTD	514,463,236	9.42
4.	J P MORGAN NOMINEES AUSTRALIA LIMITED	253,302,210	4.64
5.	MR REX SEAGER HARBOUR	128,423,617	2.35
6.	MR OLIVER LENNOX-KING	75,647,869	1.39
7.	NATIONAL NOMINEES LIMITED	70,258,251	1.29
8.	TOAD FACILITIES PTY LIMITED	66,528,589	1.22
9.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	51,646,945	0.95
10.	BNP PARIBAS NOMS PTY LTD	48,605,885	0.89
	TOTAL	2,773,232,245	50.80

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

FAR Ltd

ABN

41 009 117 293

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(7,125)	(12,744)
(b) development	-	-
(c) production	-	-
(d) staff costs	(1,081)	(2,352)
(e) administration and corporate costs	(540)	(861)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	118	267
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(8,628)	(15,690)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(10)	(80)
(b) tenements ,	-	-
(c) investments	-	-
(d) exploration and evaluation	(3,693)	(6,502)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – payment for performance bond	-	-
2.6	Net cash from / (used in) investing activities	(3,703)	(6,582)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	40,382	49,927
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(8,628)	(15,690)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,703)	(6,582)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	836	1,232
4.6	Cash and cash equivalents at end of period	28,887	28,887

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	24,545	7,023
5.2 Call deposits	442	26,059
5.3 Bank overdrafts	-	-
5.4 Other – Term deposits	3,900	7,300
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	28,887	40,382

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

544

6.1 Includes special exertion fees paid to a Non-Executive Director for services in relation to the Senegal project development financing.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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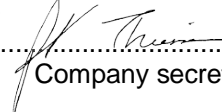
9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation (net inflow)*	(7,000)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	750
9.5 Administration and corporate costs	350
9.6 Other (provide details if material)	-
9.7 Total estimated cash (net inflow)	(5,900)

* The exploration and evaluation cash inflow of AU\$7m represents estimated cash outflows of AU\$12m for the quarter less estimated cash inflows of AU\$19m (US\$14.5m) relating to estimated proceeds from the farmout of the Gambian Blocks A2/A5 to PETRONAS announced on 26 February 2018.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 31 July 2018
Company secretary

Print name: Peter Thiessen

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.