

01 July – 30 September 2018

Q3 Report

Highlights

- Samo-1 well location finalised and drilling commenced¹
- Ministry of Petroleum and Energy, The Gambia approves assignment of 40% interest to PETRONAS in Blocks A2 and A5
- SNE Field Development and Exploitation Plan submitted to Senegalese Government for approval¹
- FAR received cash proceeds from closing PETRONAS farmout totalling A\$20.6M (US\$14.9M)
- Cash and term deposits at end of quarter of AU\$35.8million

Projects update

Offshore Senegal

RSSD (Rufisque, Sangomar and Sangomar Deep)

Following the successful completion of appraisal of the SNE field offshore Senegal, on 26 July, the SNE field Evaluation Report was submitted to the Government of Senegal. The report included a statement of commerciality of the SNE field and described the broad development concepts for inclusion in the Development and Exploitation Plan.

In events post the end of the quarter, the SNE field Development and Exploitation Plan was submitted to the Government of Senegal by the Joint Venture. The Development and Exploitation Plan outlines the full field multi-phase development of oil and gas and details how the field will be developed in a series of phases with plans for ~500 mmbbls of oil to be developed with a plateau production of 100,000 bbls oil per day.

Tender responses for the FPSO facility and supporting subsea infrastructure have been received by the Joint Venture and are under evaluation and short listing ahead of Front-End Engineering and Design (FEED) Entry planned for later this year.

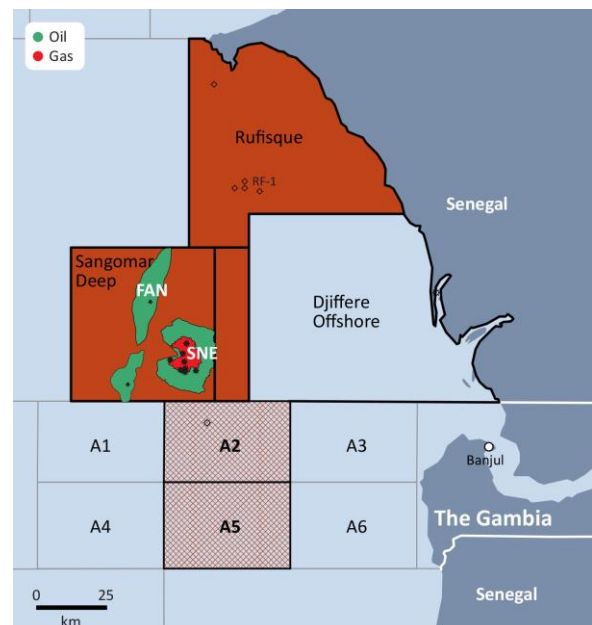


Figure 1. Location of the FAR RSSD and Gambian A2 and A5 licences

¹ Events post end of quarter

Offshore The Gambia

Blocks A2/A5

During the quarter, FAR announced that after reprocessing and interpretation of 3D seismic data, detailed mapping of the Samo Prospect and detailed well engineering, it had selected the final well location for the Samo-1 well in the Gambian exploration programme. On 23 October, post the end of the quarter, drilling for the Samo-1 exploration well commenced after the Stena Drillmax arrived on site on 21 October and after standard pre-drill operations, the well was successfully spudded. The Samo-1 well will be drilled in approximately 1,000 metres of water depth to a planned depth of approximately 3,100 metres.

On 28 August 2018, the Ministry of Petroleum and Energy in The Gambia approved the assignment of a 40% interest to PETRONAS in Blocks A2 and A5 with FAR retaining 40% and Operatorship. Under the terms of the farm-out agreement executed in February 2018, PETRONAS will fund 80% of the exploration well costs of the Samo-1 well up to a maximum total gross cost of US\$45.0 million. In addition to the well back costs, PETRONAS paid FAR cash consideration of US\$6 million plus 80% of non-well back costs totalling US\$14.9M in September 2018.

The Samo Prospect currently being drilled with the Samo-1 well has two key reservoir intervals and is assessed to contain a combined Prospective Resource of 825mmbbls of oil* (recoverable, gross, best estimate, unrisked - refer ASX announcement of 21 Nov 2017).

Drilling will be followed by wireline logging. Good quality reservoirs have been interpreted from 3D seismic data at both levels at the proposed Samo-1 well location and the well is being drilled near the crest of the structure (as shown in Figure 2).

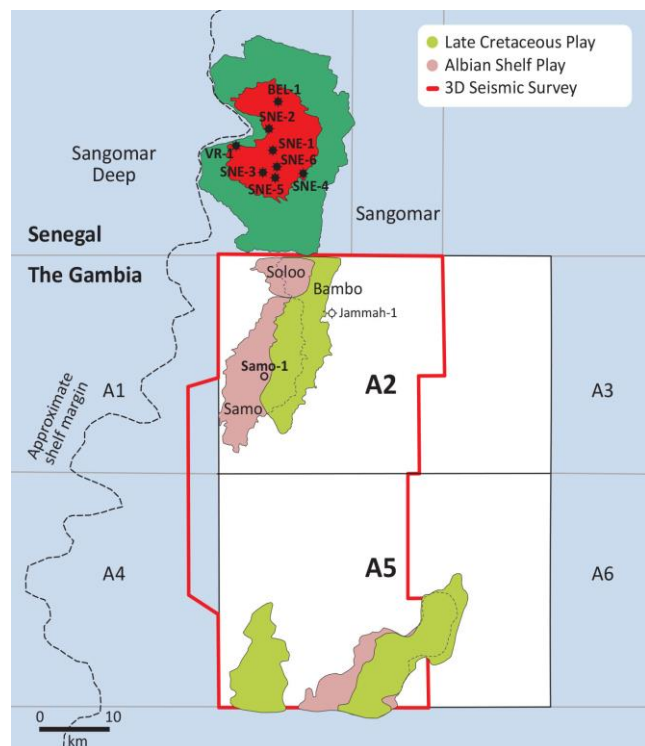


Figure 2: Location of the Gambian A2 and A5 licences and Samo Prospect

Block A2 & A5	Working Interest
FAR	40% Operator
PETRONAS	40%
Erin Energy Gambia	20%

Guinea-Bissau

No update from previous quarter.

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

Kenya

During the quarter, FAR submitted a request to the Ministry of Petroleum and Energy for a further non-operations extension to the current Permit Year. The L-6 Joint Venture continues to be prevented from gaining land access across vital areas of the onshore block, which has indefinitely suspended the start of the onshore work program. Whilst FAR awaits Ministerial approval for the current extension request, it has secured a 24-month renewal to the existing Environmental and Social Impact Assessment Licence in effect across the onshore areas of Block L-6.

Pancontinental Oil and Gas remains in default under the terms of the joint operating agreement on payments to FAR.

Kenya Block L6	Working Interest
FAR	60% Operator
Pancontinental Oil and Gas	40%

NW Shelf (Australia)

During the quarter, FAR finalised preparations to participate in the upcoming Davros Extension Multi-client 3D survey by concluding requisite stakeholder engagements with CGG. FAR anticipates CGG will commence acquisition in Q1 2019.

WA-458-P	Working Interest
FAR	100% Operator

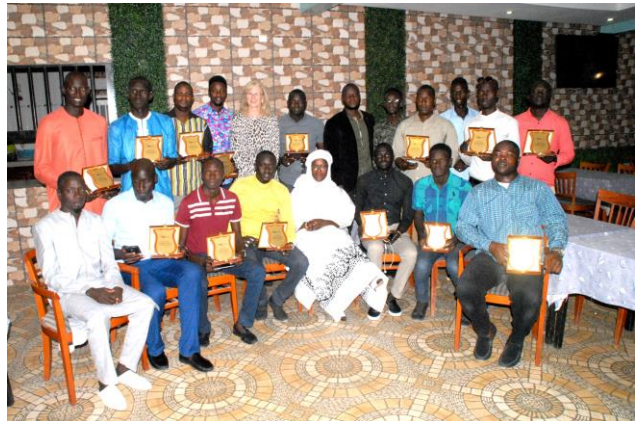
Corporate Social Responsibility

FAR is pleased to report the foundation stone was laid and building commenced for the Soma Regional Hospital maternity ward renovation by Managing Director, Cath Norman, Gambian Asset Manager, Rolf Stork and the Governor of the Soma region, Madam Fanta Bojang Manneh.



FAR has partnered with the UK Jarra Association to renovate, expand and equip the labour ward of Soma Regional Hospital in the Lower River Region (LRR) of The Gambia.

In Senegal, FAR celebrated the graduation of the latest group of students from the FAR skills transfer program. The engineering graduates successfully completed the SBM Offshore FPSO training course.



Management comment and events post end of quarter

This has been an historic quarter of activities for FAR.

Accomplishing submission of the SNE Field Evaluation Report in July and the subsequent submission of the SNE Field Development and Exploitation Plan to the Government of Senegal marks the culmination of 5 years of drilling 11 successful discovery and appraisal wells in Senegal and entering a new chapter to commence commercialisation of the giant SNE oil field. First oil from the SNE development is expected to flow in 2022 and first gas in 2024.

In the same quarter, FAR has formally closed the farmout of Blocks A2 and A5 offshore The Gambia and commenced drilling the first offshore well in country for 41 years – Samo-1. FAR is the operator of the joint venture and the Samo-1 well will be FAR's first operated deep water well. The Samo-1 well is highly anticipated as it is the first frontier exploration well to be drilled in the MSGBC basin since the large oil and gas discoveries offshore Senegal and has the potential to be hugely significant for the country of The Gambia, which has a population of less than 2 million people. The Samo Prospect, at 825 mmbbls of P50 prospective resource, is a very large target and carries a high chance of geological success due to the proximity of the SNE field and the fact that FAR has drilled 9 wells into the key Samo reservoirs in the Senegal drilling campaigns, at a 100% success rate.

We are thrilled to have secured the Dakar shore base for drilling operations for the Samo-1 well and the Stena DrillMAX for the drilling. The experience and knowledge gained in the previous Senegal drilling program is being used to derisk and efficiently manage operations going forward.

Completion of the PETRONAS farmin in The Gambia resulted in a payment by PETRONAS to FAR of A\$20.6M during the quarter. At the end of Q2, we forecast a closing cash at 30 September to be A\$35M which included this completion payment from PETRONAS. It is pleasing that we have performed on budget for this quarter, having a closing cash at \$35.8M.

We reported earlier this year 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 12 July 2018, the Court converted the Chapter 11 cases into Chapter 7 liquidation cases.

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

FAR continues to progress its community programs in The Gambia and in Senegal and are 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, commencing a new primary school renovation in Senegal and graduate our next set of sponsored Senegalese engineering students through an SBM Offshore FPSO course.

The team at FAR eagerly awaits the results of the Samo-1 well in the coming weeks and we look forward to bringing these results to our shareholders.

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 30 October 2018)

	Shareholder	Units	%
1.	CITICORP NOMINEES PTY LIMITED	912,861,182	16.71
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	599,052,707	10.97
3.	FARJOY PTY LTD	514,463,236	9.42
4.	J P MORGAN NOMINEES AUSTRALIA LIMITED	217,960,392	3.99
5.	MR REX SEAGER HARBOUR	145,025,067	2.66
6.	MR OLIVER LENNOX-KING	75,647,869	1.39
7.	TOAD FACILITIES PTY LIMITED	68,528,589	1.25
8.	NATIONAL NOMINEES LIMITED	52,795,180	0.97
9.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	51,783,695	0.95
10.	BNP PARIBAS NOMS PTY LTD	47,418,061	0.87
	TOTAL	2,685,535,978	49.17

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 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(5,271)	(18,015)
(b) development	-	-
(c) production	-	-
(d) staff costs	(1,706)	(4,058)
(e) administration and corporate costs	(688)	(1,549)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	86	353
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	(7,579)	(23,269)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(83)	(163)
(b) tenements,	-	-
(c) investments	-	-
(d) exploration and evaluation	(6,449)	(12,951)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10.1)	20,592	20,592
	(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	14,060	7,478

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	28,887	49,927
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,579)	(23,269)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	14,060	7,478
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	465	1,697
4.6	Cash and cash equivalents at end of period	35,833	35,833

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	34,680	24,545
5.2 Call deposits	53	442
5.3 Bank overdrafts	-	-
5.4 Other – Term deposits	1,100	3,900
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	35,833	28,887

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**

1,038

6.1 Includes a termination payment to an executive director during the quarter of \$628k.

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 *	13,000
9.2 Development	-
9.3 Production	-
9.4 Staff costs	750
9.5 Administration and corporate costs	350
9.6 Other	-
9.7 Total estimated cash outflow	14,100

* The net exploration and evaluation cash outflow of AU\$14m represents estimated cash outflows of AU\$15.4m for the quarter less estimated cash inflows of AU\$1.4m (US\$1.03m) relating to the final invoice proceeds up to completion date from the farmout of the Gambian Blocks A2/A5 to PETRONAS announced on 28 August 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	The Gambia Blocks A2 & A5		80%	40% #
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

On 28 August 2018, the company announced the Government of the Republic of Gambia approved the assignment of FAR Gambia Ltd 40% interest in petroleum licence A2 and A5 in The Gambia to a subsidiary of PETRONAS. Further an amount A\$20.59m (US\$14.87m) was received as a result of the farm-out during the quarter and subsequent to period end, the remaining balance of US\$1.03m was received on 29 October 2018 as mentioned in the note at the bottom of section 9 above.

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 October 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.