

01 April – 30 June 2019

Q2 Report

Highlights

- Senegal SNE development drilling contract awarded to Diamond Offshore
- AGM held 30 May
- Successful completion of US\$31.5 (AUD\$45) million capital raising
- Change in reporting currency from AUD to USD completed
- Serrekunda Lower Basic School renovation in The Gambia commenced
- Cash and term deposits at end of quarter of US\$35.8 million

Projects update

Offshore Senegal

RSSD (Rufisque, Sangomar and Sangomar Deep) Senegal

SNE Field development

During the quarter, Front End Engineering and Design (FEED) activities continued smoothly leading to the finalisation of key contracts as the Joint Venture progresses towards the Final Investment Decision (FID) on the development of the SNE Field.

Submission of the updated Development and Exploitation Plan to the Government of Senegal is expected to be made during the current quarter.

The joint venture project financing, led by Societe Generale in London, is also progressing and expected to be finalised to facilitate a 2019 FID decision.

In April 2019, Diamond Offshore was awarded a drilling contract for 18 development wells with an option for up to 8 additional wells during phased drilling targeted to commence in Q1 2021. Two Diamond drillships, Ocean

BlackRhino and Ocean BlackHawk will undertake this program and the combined duration will exceed 4 years. The contract is conditional on a notice to proceed being issued by the joint venture.

In May of this quarter, Shearwater were awarded a high-density multi-azimuth 3D seismic acquisition contract over the SNE field and neighbouring FAN discovery. Data acquisition for this survey commenced in late July.

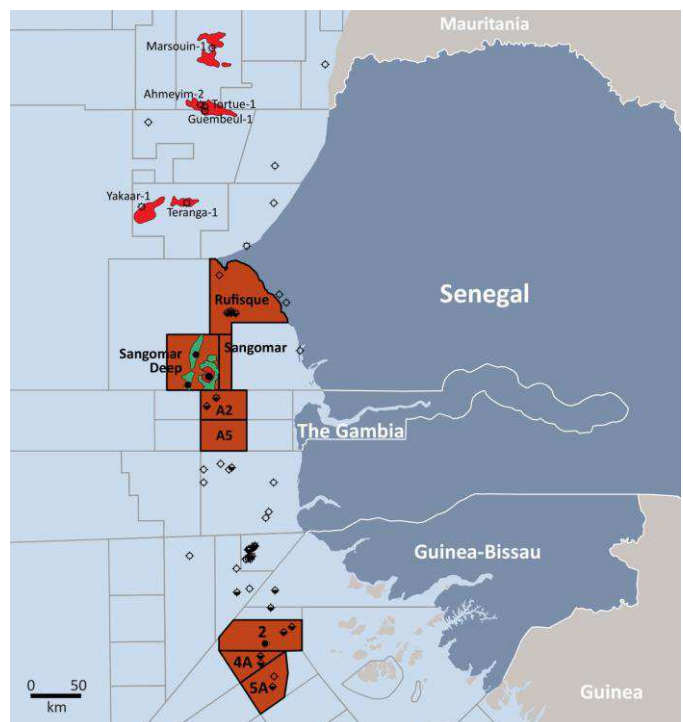


Figure 1: Location of FAR's MSGBC licences

Application to extend PSC for the evaluation of other discoveries

In an event following the end of the quarter, consent was given by the Minister of Energy in Senegal to an extension for two years to the current Production Sharing Contract (PSC) for evaluation of the FAN and SNE North discoveries. Schedule and work program for this evaluation is currently being finalised. Upon successful evaluation of these discoveries, the Joint Venture plans to tie back these discoveries to the SNE hub in future phases of the SNE development.

Offshore, The Gambia

Blocks A2/A5

During the quarter, a Deed was executed between The Government of The Gambia (GOTG) and the joint venture (JV) participants in the A2 and A5 Licences to extend the current Initial Exploration Period of each Licence up to 10 August 2019.

FAR is continuing subsurface studies with the aim to be in the position to drill a well in 2020. The JV participants are keen to progress with exploration operations in the A2 and A5 blocks and have an option to extend the existing Licences for another two years after 10 August 2019 by entering into the next First Extension Exploration Period of each Licence.

Guinea-Bissau

Well planning by the Operator continues to progress as scheduled. The JV anticipates drilling in H1 2020.

Kenya L6 Block

No update from previous quarter.

NW Shelf (Australia)

Seismic data processing of the Davros Extension Multiclient 3D Survey acquired over FAR’s permit in the Dampier Sub-basin progressed as planned during the quarter.

FAR continues to work closely with the seismic contractor, CGG, during this post-acquisition phase to ensure the quality of the final processed data will meet our pre-survey objectives. The processing remains on schedule and FAR expects to receive final data deliverables in Q1 2020.

In an event following the end of the quarter, the National Offshore Petroleum Titles Administration (NOPTA) approved FAR’s request for an 18 month extension to the permit deadline. This extension was granted to allow FAR to complete the seismic data processing, interpretation and plan for the next phase of exploration on the permit. FAR will remain in the current exploration period until the 6th of January 2021.

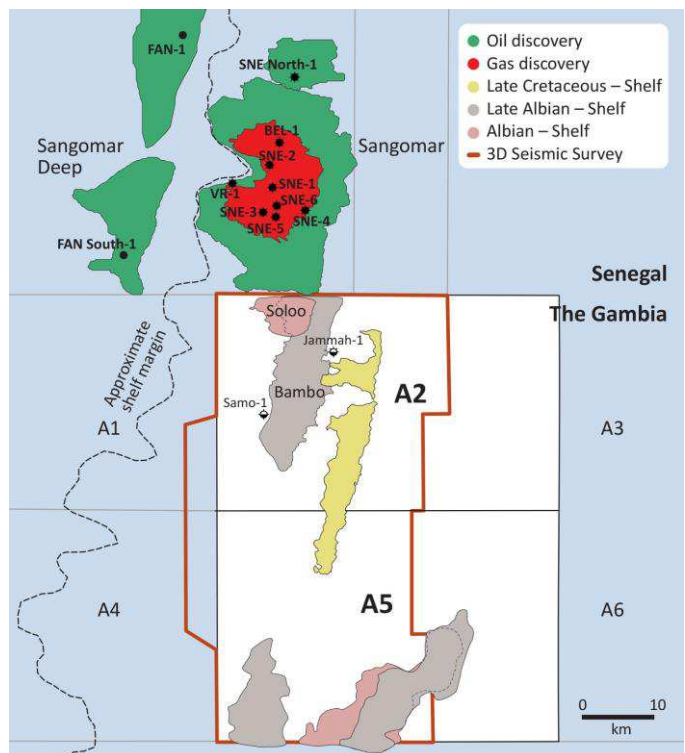


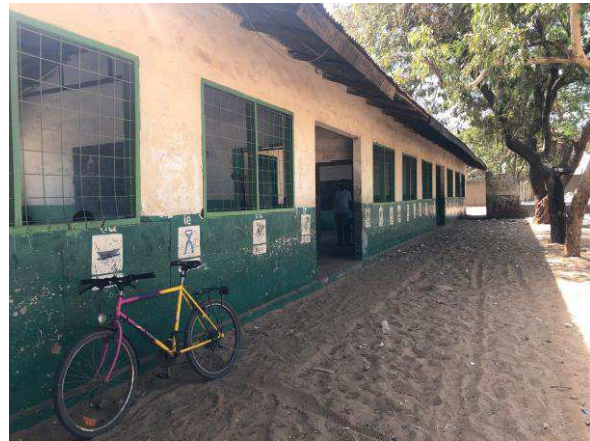
Figure 2: FAR’s A2 and A5 blocks and prospects, The Gambia in comparison to the Senegal RSSD discoveries

* Refer to Cautionary Statement in this report (page 5) relating to estimates of prospective resources

Social Responsibility

Following the successful renovation of primary schools in Senegal, FAR is undertaking a renovation of a Gambian primary school as part of the Gambian joint venture's social program.

Works have commenced in The Gambia at the Serrekunda Lower Basic School, which caters for 1,500 students from grades 1 to 6. The school currently has no electrification or lighting.



The objective of this project is to finance the implementation of the electrification cabling and lights for the school buildings and perimeter to provide adequate security and functional illumination. Minor building repairs will also be conducted which will enable the students to study in a more conducive and safer environment. We look forward to providing updates as this project progresses.

Corporate

In relation to FAR's International Chamber of Commerce arbitration against Woodside Energy Senegal B.V., a hearing on preliminary issues took place in Paris on 8 - 10 July 2019 before three arbitrators. Written post-hearing briefs are due from the Parties by late September 2019, and currently the Tribunal's ruling is expected by the end of this year.

FAR raised US\$31.5 (AUD\$45) million in May through a placement to institutional and sophisticated investors. The raise was completed to fund FAR's ongoing interest in the SNE Field development, preparatory work for the proposed 2020 drilling program in Guinea-Bissau and The Gambia, Australian seismic and processing costs and general corporate purposes.

Change in functional and presentation currency to US dollars

The Company advises that the functional currency of FAR Ltd and other entities in the FAR group have changed from Australian dollars (AUD) to United States dollars (USD) effective from 1 January 2019. Consistent with this change, the presentation currency of the Group has also changed to US dollars.

This change means that the financial information in the Company's quarterly reports, as well as its half-year and full year accounts, will be presented in US dollars.

For comparative purposes historical information for the year ended 31 December 2017 and 31 December 2018 will be provided in the upcoming half-year report ended 30 June 2019. The attached Appendix 5B cash and cash equivalents at the beginning of the period (31 December 2018 and 31 March 2019) have been restated in US Dollars.

The change in functional and presentation currency has been determined due to the following:

- *the majority of the Group's assets are denominated in United States dollars*
- *the majority of funding provided to these assets is denominated in United States dollars*
- *Any future income generated by these assets will be denominated in United States dollars*
- *Any future funding via a finance facility is expected to be denominated in United States dollars*
- *A majority of expenditure in the exploration and development of the Group's assets are denominated in United States dollars*

This change will provide shareholders with a more accurate reflection of the Company's underlying assets, cashflows and performance.

Management comment

FAR has entered the second half of the financial year with a strengthened balance sheet and positive progress made on all projects. FAR raised US\$31.5 (AUD\$45) million in May through a private placement and now has the capital required to complete FEED studies and reach FID for the SNE development, undertake planning and purchase of long lead items for drilling in Gambia and Guinea Bissau in 2020 and finalise the seismic acquisition, processing and interpretation of the new seismic data in our NW Shelf permit. This placement was taken up by existing shareholders in FAR – it was great to see the continued support of our larger shareholders.

The placement price of AUD5.5 cents per share represented a 1.8% discount to FAR's last closing share price before the issue. The capital raising has enabled FAR to strengthen its financial position with US\$35.8M cash at the end of the quarter.

On a P50 basis, the forthcoming SNE Field development is estimated to produce 230 mmbbls of oil and 200 Bcf of gas in Phase 1, equalling 265mmbbls oil equivalent (39.7mmboe net to FAR). On the current P50 full field basis, FAR will net 105mmbbls oil equivalent with tremendous potential upside from better recovery of the key reservoirs (currently estimated to be 10% recovery when global analogies for these reservoirs produce in the range of 15-30% recovery) and tie backs of nearby discoveries already made by the joint venture.

Joint venture debt and equity financing as well as completion of FEED activities for the SNE Field development have been a core and concentrated activity over the past quarter. The JV aims to submit the updated Exploitation and Development Plan to the Minister of Energy in Senegal early this quarter and approval is expected to align with an FID for later this year. FAR looks forward to bringing shareholders news of progress to FID during this important quarter for the JV.

It was once again a pleasure for the FAR team to meet many of our shareholders at this year's AGM held in May. Thank you to those of you who made it to the meetings, we always enjoy the opportunity to meet our shareholders in person. As expected, there was much interest in the forthcoming SNE development, future drilling in The Gambia and the arbitration proceedings. As described in the body of this report, the hearings in Paris took place early in July and post hearing submissions and responses are due to be completed by late September. Currently, the Tribunal's ruling is expected by the end of this year. FAR has an excellent legal team that is leading our case and the Board of FAR remains committed to protecting the rights of our shareholders in this case.

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 License.

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 2019)

	Shareholder	Units	%
1.	CITICORP NOMINEES PTY LIMITED	1,112,431,976	17.71
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	556,905,356	8.87
3.	FARJOY PTY LTD	514,463,236	8.19
4.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	490,076,684	7.80
5.	CITY SECURITIES LTD	259,961,514	4.14
6.	UBS NOMINEES PTY LTD	94,336,266	1.50
7.	BRISPOT NOMINEES PTY LTD	88,217,801	1.40
8.	MR OLIVER LENNOX-KING	75,647,869	1.20
9.	TOAD FACILITIES PTY LTD	68,528,589	1.09
10.	NATIONAL NOMINEES LIMITED	68,437,417	1.09
	TOTAL	3,329,006,708	53.01

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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

(Expressed in United States dollars unless otherwise stated)

Name of entity

FAR Ltd

ABN

41 009 117 293

Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current Quarter US\$'000	Year to date (6 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(2,831)	(5,665)
(b) development	-	-
(c) production	-	-
(d) staff costs	(683)	(1,379)
(e) administration and corporate costs	(369)	(432)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	94	154
1.5 Interest and other costs of finance paid	(26)	(26)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	3	289
1.9 Net cash (used in) operating activities	(3,812)	(7,059)

Consolidated statement of cash flows	Current Quarter US\$'000	Year to date (6 months) US\$'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(22)	(31)
(b) tenements,	-	-
(c) investments	-	-
(d) exploration and evaluation	(2,940)	(5,556)
2.2 Proceeds from the disposal/farm-out of:		
(a) property, plant and equipment	-	-
(b) tenements #	-	1,375
(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 – Loans to Joint venture	(2,022)	(2,480)
2.6 Net cash (used in) investing activities	(4,984)	(6,692)

receipt of conditional consideration from farm-out activities

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	31,507	31,507
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	(1,372)	(1,372)
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 – Payment of obligations under lease	(84)	(172)
3.10 Net cash from financing activities	30,051	29,963

Consolidated statement of cash flows		Current Quarter US\$'000	Year to date (6 months) US\$'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period ⁽ⁱ⁾	14,498	19,540
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,812)	(7,059)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,984)	(6,692)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	30,051	29,963
4.5	Effect of movement in exchange rates on cash held	18	19
4.6	Cash and cash equivalents at end of period	35,771	35,771

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 US\$'000	Previous Quarter US\$'000
5.1 Bank balances	2,818	3,085
5.2 Call deposits	32,744	11,202
5.3 Bank overdrafts	-	-
5.4 Other – Term deposits ⁽ⁱⁱ⁾	209	211
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) ⁽ⁱ⁾	35,771	14,498

(i) FAR has changed its presentation currency from AUD to USD effective from 1 January 2019 to more closely align with the functional currency of its major projects. As a result of this change cash and cash equivalents at the beginning of period previously reported in AUD in the Appendix 5B lodged on 30 April 2019 have been restated to USD as follows: 31 March 2019: US\$14,498 (was A\$20,401) and 31 Dec 2018: US\$19,540 (was A\$27,753).

(ii) the Company's term deposit of \$297k is restricted cash and not readily available for use. This term deposit is held as security over the Company's corporate head office lease in the form of a bank guarantee.

6. Payments to directors of the entity and their associates

- | | Current quarter
US\$'000 |
|--|-------------------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 276 |
| 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 | |

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	Current quarter US\$'000
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	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end US\$'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.		

9. Estimated cash outflows for next quarter	US\$'000
9.1 Exploration and evaluation	11,000
9.2 Development	-
9.3 Production	-
9.4 Staff costs	680
9.5 Administration and corporate costs	220
9.6 Other	-
9.7 Total estimated cash outflow	11,900

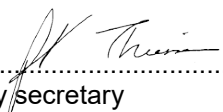
Mining exploration entity and oil and gas exploration entity quarterly report

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:

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 Company secretary

Date: 31 July 2019

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.