

30 October 2019

ASX Announcement & Media Release

Robust development economics for SNE oil field, offshore Senegal

FAR Limited (ASX: FAR) releases the economic data for the development of the world class SNE oil field offshore Senegal.

SNE, the world's largest conventional oil discovery in 2014, is today recognised as a global tier one oil field with 2C oil resources in excess of 640 mmbbls¹. The project will deliver FAR a net 13,670 bbls/d of oil production at US\$11 bbl OPEX. The unlevered project internal rate of return (IRR) is in excess of 30%². FAR and the JV partners believe the robust economic returns for SNE has the potential to improve with acceleration of future development phases as well as the monetisation of gas, and improved oil recoveries.

A key change to previous guidance on total CAPEX for the development has been due to the shift from a leased FPSO (OPEX) to a purchased FPSO (CAPEX). As a result, it is likely that a larger proportion of the total CAPEX will be debt funded.

Formal government approval of the Development and Exploitation Plan (EP) and Final Investment Decision (FID) is anticipated in December 2019 with first oil forecast in late 2022.

FAR managing director Cath Norman, said, *"The release of the economics for the development of the SNE oil field marks an important milestone for FAR, the Government of Senegal and the RSSD Joint Venture. The Joint Venture will now progress the final submission of the Development and Exploitation Plan for the SNE Field to the Minister of Energy in Senegal and anticipate approval of the plan by Presidential decree before the end of the year. The finalisation of the economics also allows the JV partners to conclude funding arrangements and FAR looks forward to updating shareholders in the coming weeks. On successful completion of the financing for the development, FAR will be fully funded through to first oil from SNE in late 2022.*

Given the strong economics for the development, the value of FAR's share of the SNE field is forecast to triple in value between now and first oil. This is a terrific result for FAR shareholders, especially given this estimate does not take into account the anticipated upside opportunities that are anticipated through the development.

FAR's transition to being an oil producer is an exciting one – and will see FAR become a material Australian listed oil producer from 2023."

Sources; 1- FAR 2018 Annual Report, 2- FAR financial model. Refer page 8 of the attached presentation for detailed assumptions. 3- Post Petrosen back-in rights diluting FAR's interest from 15% to 13.67%.

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Planning for the SNE Field development

Company Update
October 2019

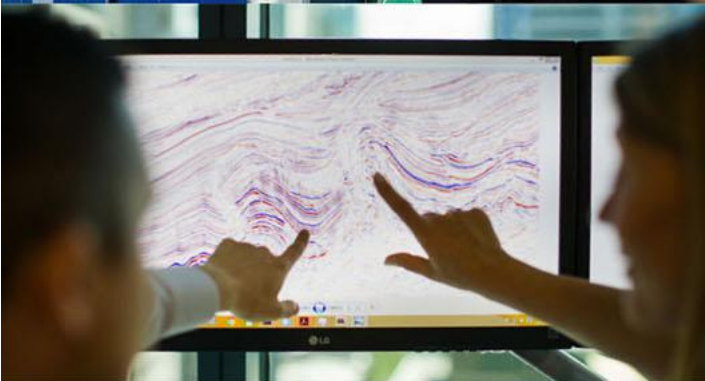
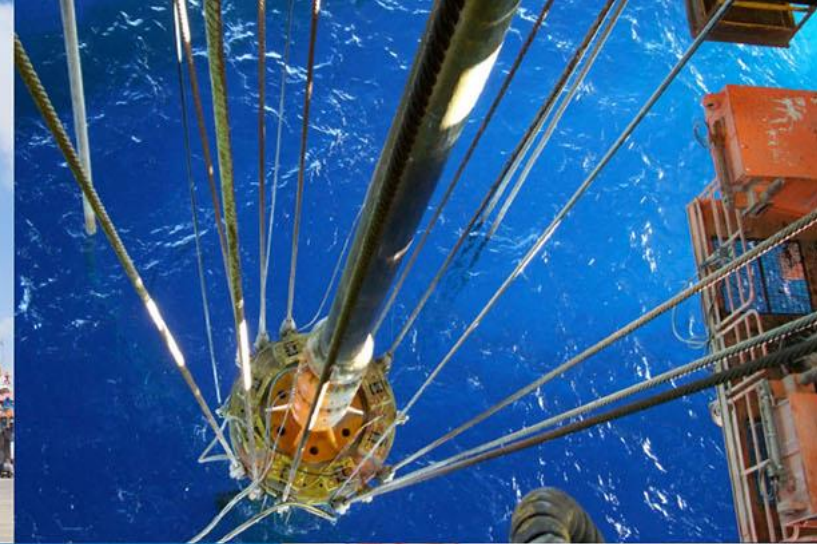
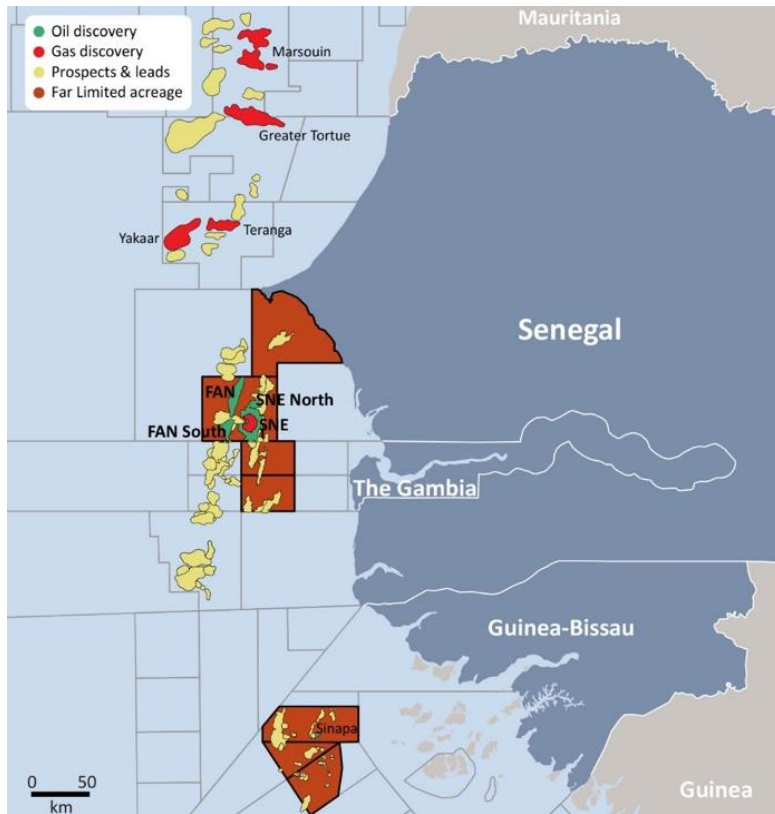


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Introduction to FAR



Market data ⁽²⁾	A\$	US\$
Share Price	\$ 0.052	\$ 0.036
Market capitalisation	\$326.6M	\$223.1M
Cash	\$39.4M	\$26.9M
Debt	NIL	NIL
Enterprise value	\$287.2M	\$196.2M

- FAR Limited (ASX:FAR) is an Australian independent, Africa focused, oil and gas exploration and development company with core assets off the coast of Senegal and The Gambia
- Contingent on project delivery, FAR will be one of largest ASX-listed oil producers by 2023
- **Focus area:** Mauritania, Senegal, Guinea-Bissau, Conakry (MSGBC) Basin
- **Development asset:** SNE Oil field, FID end 2019, gross production of 100,000 bbls/day end 2022
- **Upside value:** 2020 exploration drilling in Gambia and Guinea-Bissau

	Senegal SNE	The Gambia A2/A5	Guinea-Bissau 2/4A/5A
Type	JV	JV	JV
Working interest	15.0% ⁽¹⁾	50%	21.4%
On/offshore	Offshore	Offshore	Offshore
Operator	Woodside	FAR	Svenska
Status	Pre-Development	Exploration	Exploration

1. 13.67% post Petrosen accretion, 2. FactSet and Bloomberg as at 28 October 2019; AUD:USD exchange rate 0.683; Cash balance as at September 30, 2019

Investment highlights



Developing the world class SNE oil field in Senegal, the largest global hydrocarbon discovery in 2014



SNE is a phased oil development targeting up to 100,000 bpd (gross), with the potential to transform FAR from explorer to material producer by 2023



SNE characterised by robust project economics underpinned by attractive fiscal terms and experienced offshore operator



Broader portfolio of highly prospective exploration opportunities in Africa offering material longer term upside



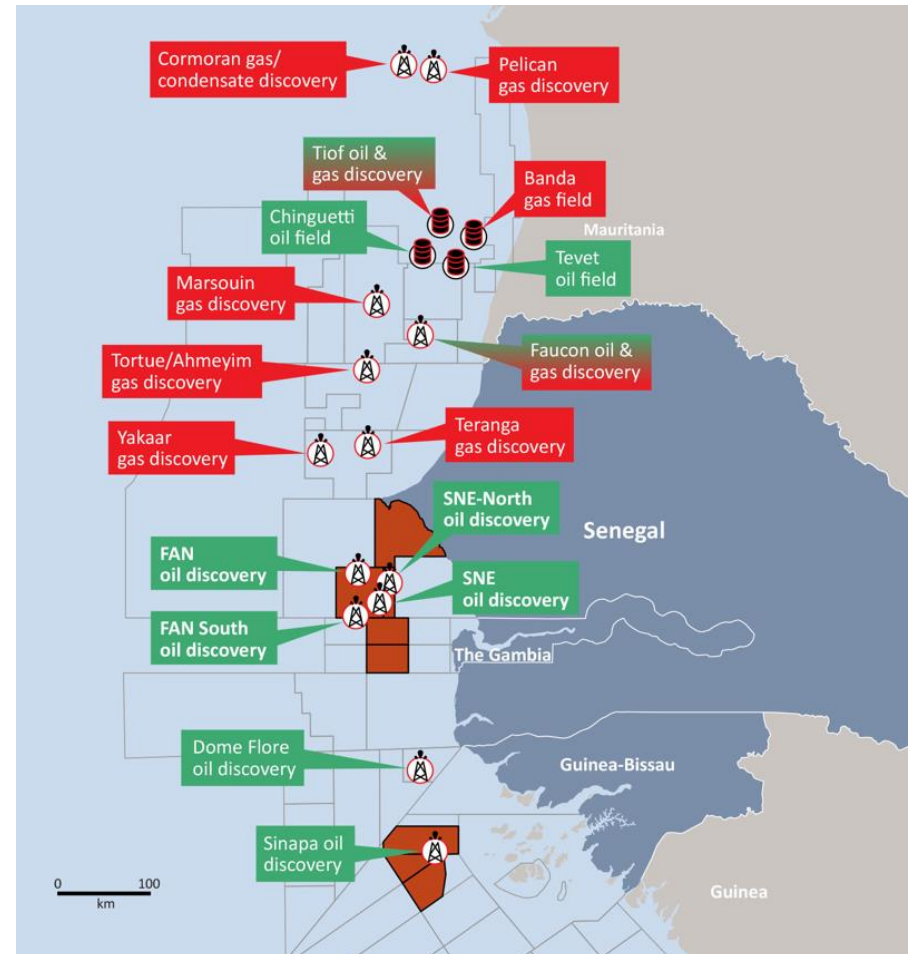
Experienced board and management team with significant in-country expertise and track record of success

Developing the world class SNE oil discovery

FAR made the world-class SNE oil discovery in Senegal in 2014 and has since grown to be one of the largest holders of offshore acreage in the MSGBC Basin

- Largest global hydrocarbon discovery in 2014
- Significant resource base of ~5 billion bbl of oil in place
- 2C resources in excess of ~640 ⁽¹⁾ mmbbl gross (FAR 13.7%) ⁽²⁾
- Short development timeline to first oil
- Well known and de-risked subsurface, 8 wells into field
- Extensive seismic coverage and several analogue fields
- Phased development strategy
- Experienced operator in Woodside Energy

Developing SNE would transition FAR to a material production company by 2023



Phased oil development targets 100,000 bpd⁽¹⁾

FAR made the world-class SNE oil discovery in Senegal in 2014 and has since grown to be one of the largest holders of offshore acreage in the MSGBC Basin

SNE is utilising a conventional development concept

- 23 subsea production and injection wells in Phase 1, tied back to standard FPSO
- Contracts awarded for subsea (to Subsea Integration Alliance – Subsea7 + OneSubsea) and drilling (to Diamond Offshore) with FPSO contract pending (to MODEC)
- FEED completed, with FID expected year-end 2019 and first oil by the end of 2022

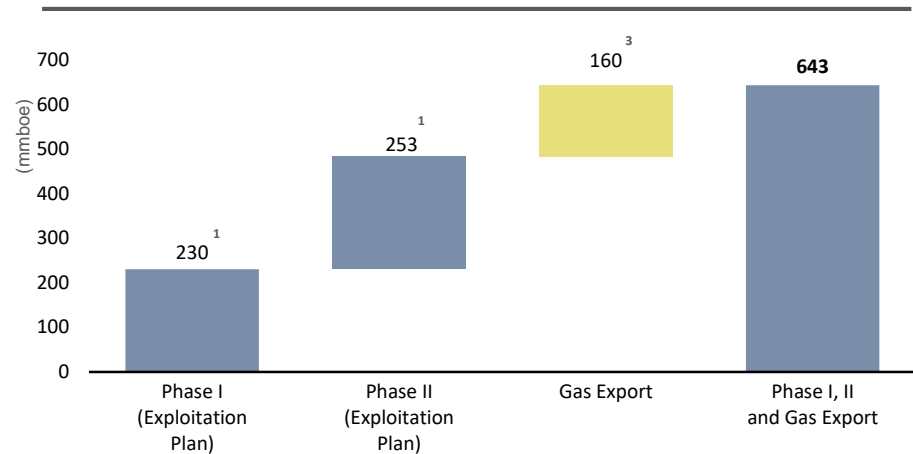
Phased development strategy to reduce execution risk and upfront capital requirements

- Phase 1 targeting 230⁽¹⁾ mmbbl oil and peak production of 100,000 bpd (gross), or 13,670 bpd net to FAR
- Phase 2 targeting a further 253⁽¹⁾ mmbbl oil and extending the production plateau to between 60,000-80,000 bpd (gross)
- Phase 2 expected to comprise a further 16 production wells and 17 injectors

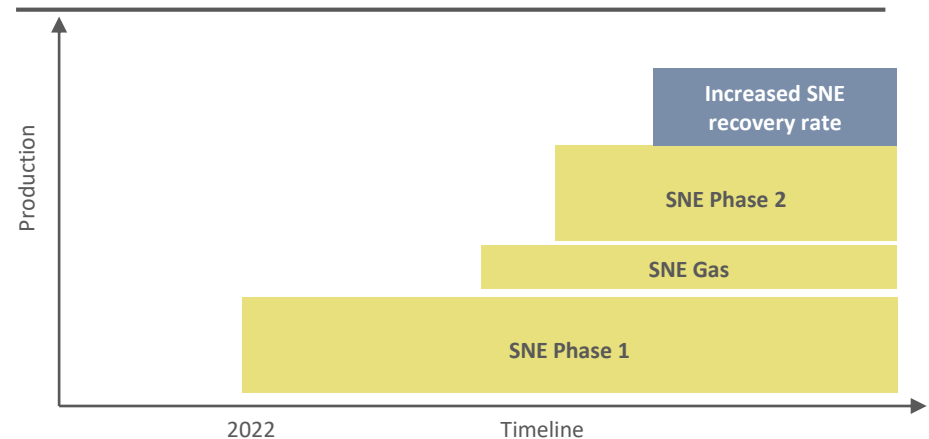
Phase 1 & 2 recovery rate considered conservative at 13% of STOIIP

- Refer slide 21

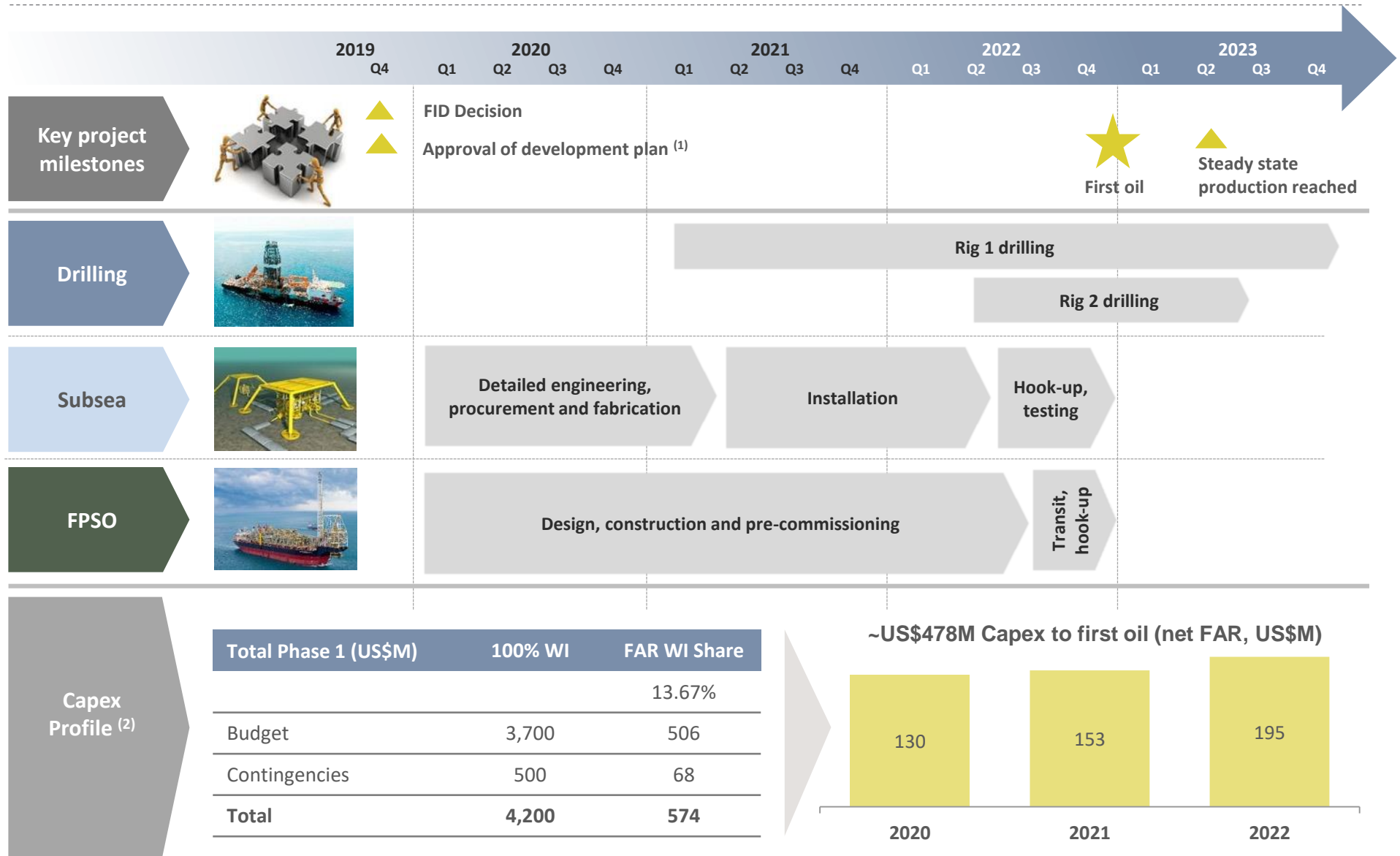
P50 resource position⁽²⁾ (gross)...



...underpinning long term production growth



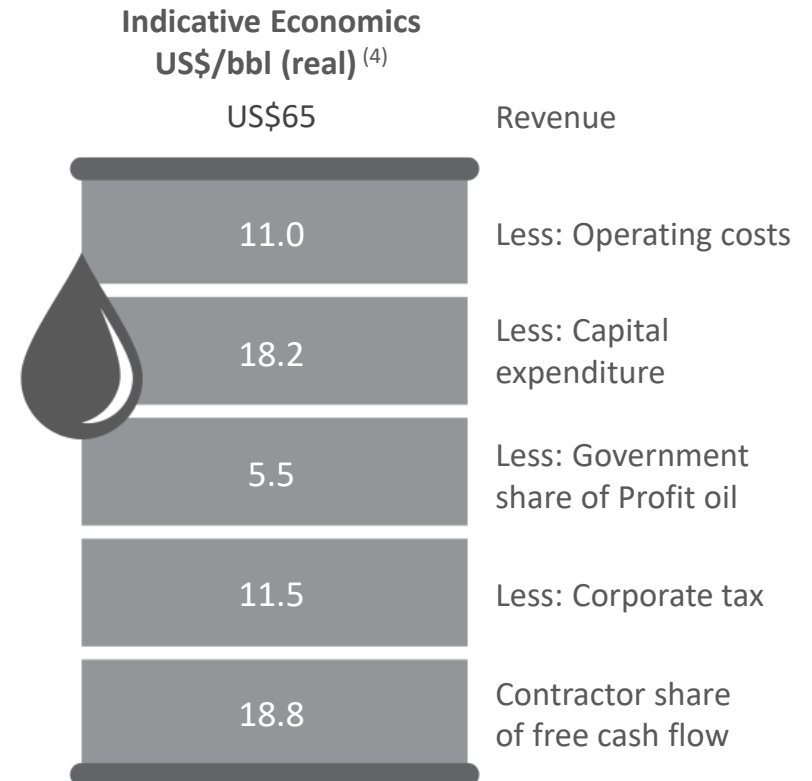
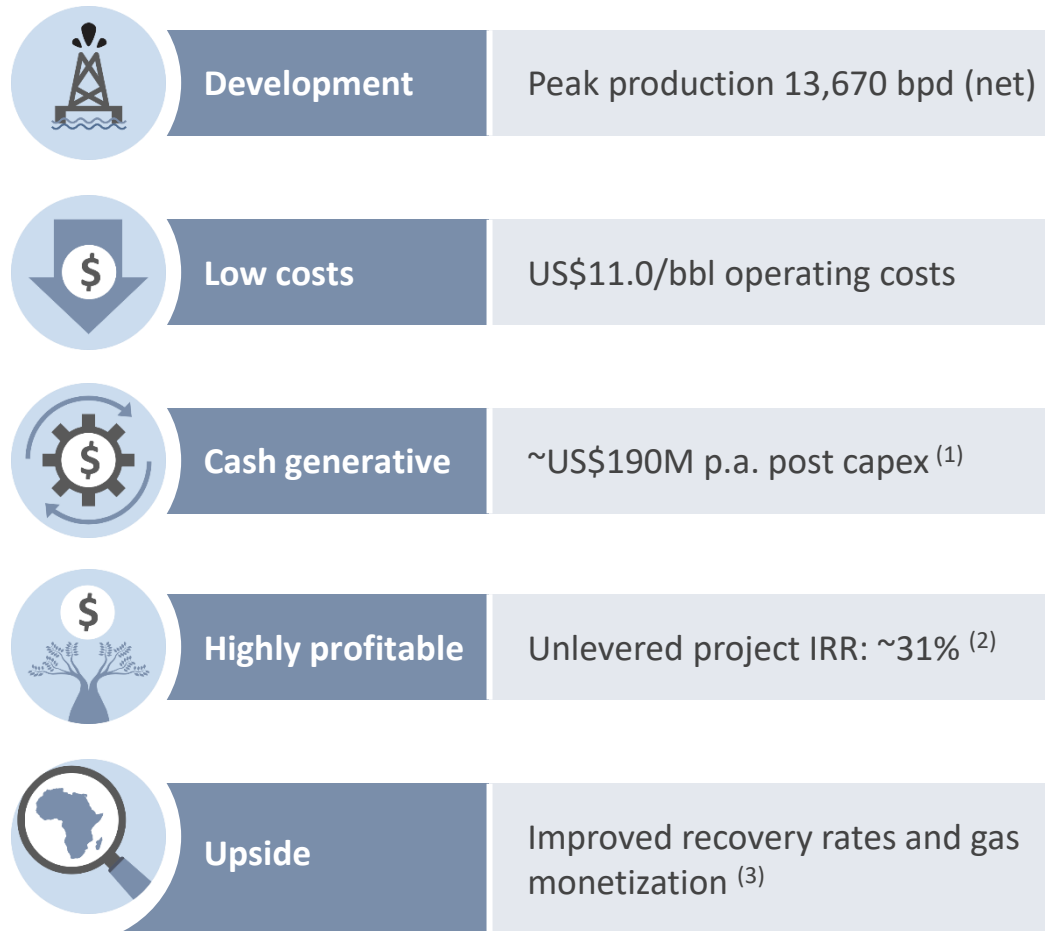
... with short development timeline



1. Subject to government approval, 2. Capex estimates per Operator forecasts 25 October 2019 in US\$ nominal including the estimated cost to purchase the FPSO

SNE delivers robust economics and cash flow

Brent oil price break-even of ~US\$33/bbl (life of field) and ~US\$22/bbl (from first oil)

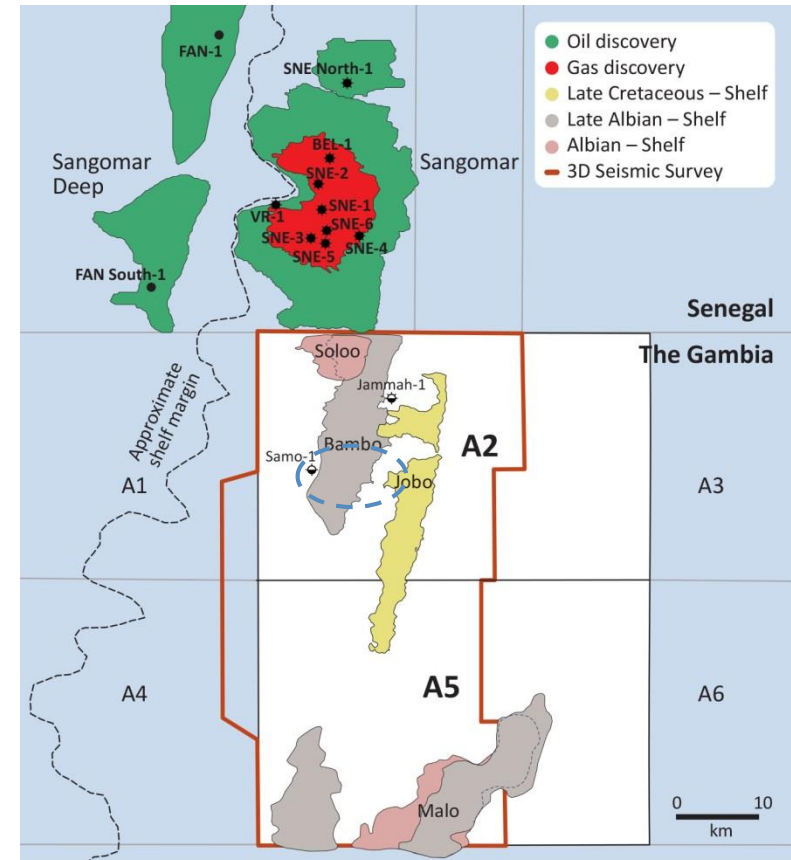
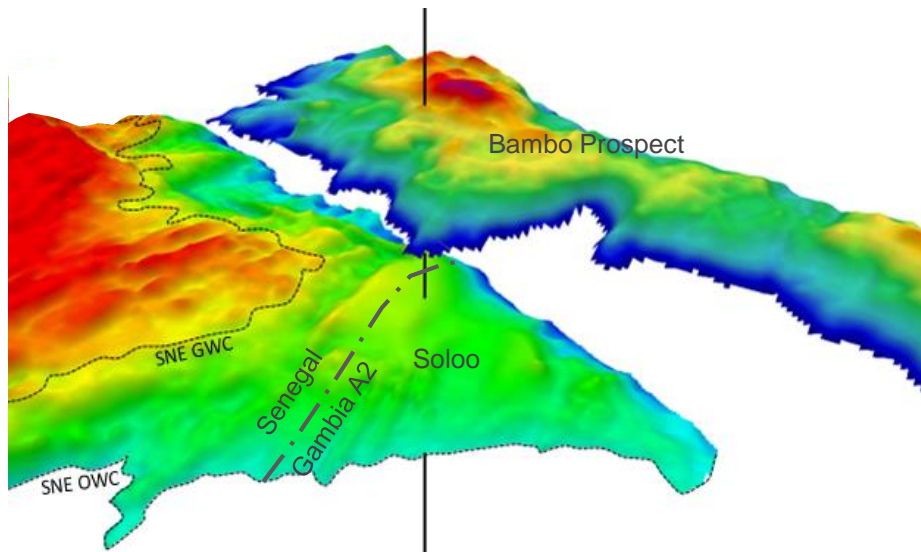


1. Average estimated cash flow after tax and capital costs for initial three years of production (net to FAR), 2. Project IRR, pre-tax and assuming US\$65/bbl flat real, 3. Gas monetisation subject to JV FID decisions, 4. Indicative economics are pre-financing costs with Contractor FCF based on production of the full-field estimate of 483 mmbbl (P50), US\$65/bbl flat real, refer slide16 for fiscal terms.
Source: FAR financial model

Beyond Senegal, highly prospective exploration portfolio ...

Highly prospective licences in The Gambia, adjacent to the SNE oil field

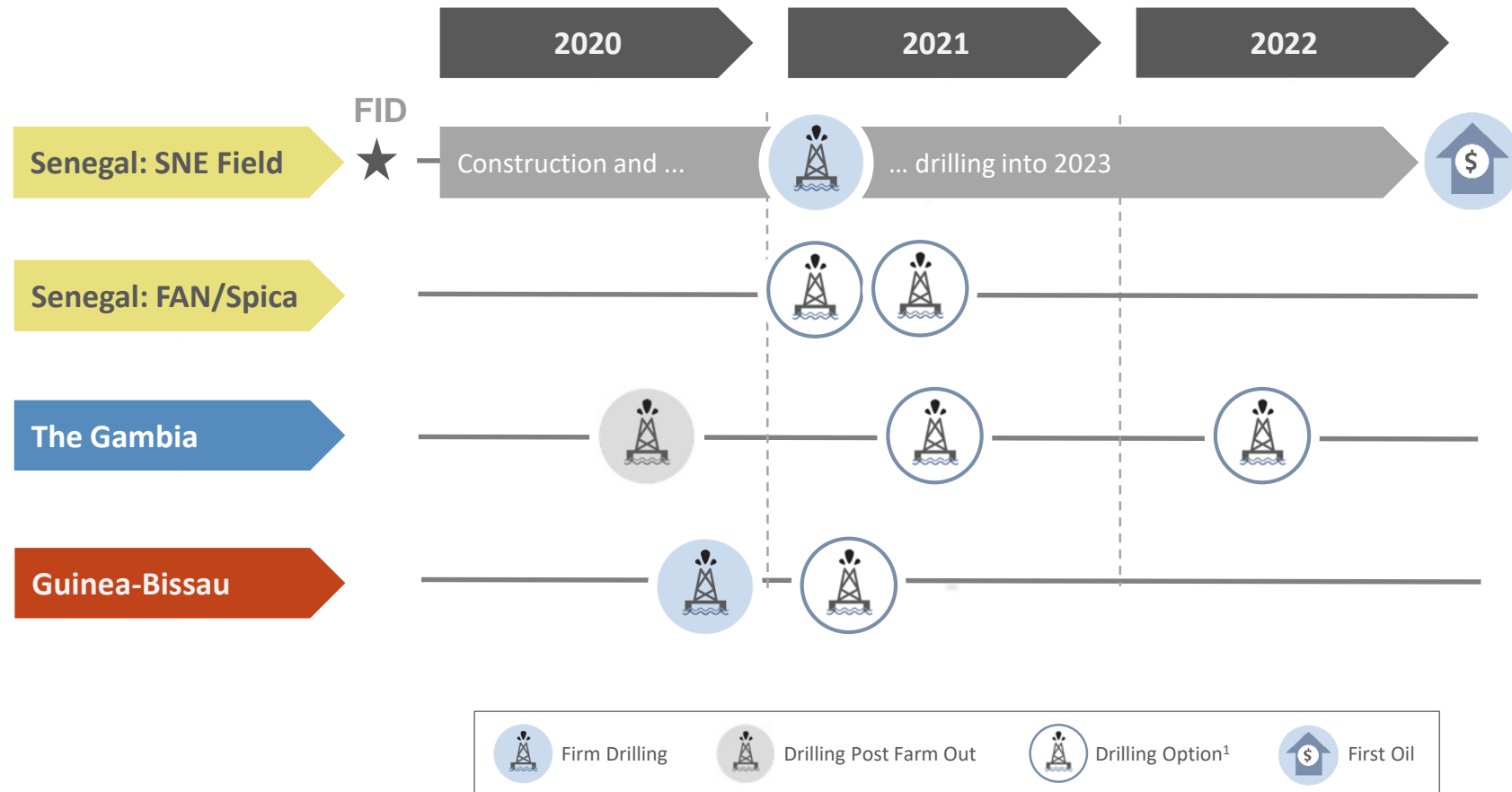
- The target reservoirs of Soloo and Bambo were hydrocarbon bearing in the SNE wells
- The Soloo prospect, the extension of the SNE field into The Gambia, has resource potential of 152 mmbbls ⁽¹⁾
- The Bambo prospect has resource potential of 454 mmbbls ⁽¹⁾ and is directly updip (and on a migration pathway) from the Samo-1 well which showed evidence of oil migration
- One well can be located to drill both the Soloo and Bambo prospects concurrently



1. Volumes quoted are recoverable prospective resources, best estimate, unrisked, 100% WI basis. These volumes have been determined according to the SPE-PRMS guidelines by FAR Gambia Limited as operator of A2 & A5

... underpins production growth potential beyond SNE

FAR will continue an active exploration program during SNE development, targeting additional production and resource opportunities. Gambia and Guinea-Bissau complement this growth trajectory



1. Subject to relevant partner and Government approvals

Experienced Board ...

FAR has a board with extensive experience in oil and gas and the development of large scale projects in emerging markets such as Senegal



Nic Limb
Chairman

A professional geophysicist and also has extensive experience as a stockbroker and merchant banker. Nic was formerly executive chairman of Mineral Deposits Limited that had mining projects in Senegal and brings his in-country experience to FAR.



Cath Norman
Managing Director

A professional geophysicist with 30 years' experience in the mineral and oil & gas exploration industry. Managing Director of FAR since 2011 and held the position through the farmout, discovery and appraisal of the Senegal assts.



Tim Woodall
Executive Director

Over 30 years' experience in international M&A and finance, specialising in oil and gas sector. Founder and Managing Director of a boutique advisory firm, the CEO of a technical consulting firm and senior roles in New York and London with global investment banks.



Reg Nelson
Non-Exec Director

Reg is one of Australia's petroleum industry's most significant figures. He is best known as having served as Managing Director of Beach Energy Limited for 13 years. Reg is also currently chairman of Vintage Energy Limited.



Julian Fowles
Non-Exec Director

Over 30 year's experience across many operating environments and regimes, including 17 years with Shell and most recently senior executive with Oil Search Limited, leading the PNG operated and non-operated oil and LNG production and development businesses.

... and senior management, technical team

FAR has established a highly competent technical team for the SNE project, having originally identified the SNE prospect and now resourced to assist with development and financing of the project



Cath Norman
Managing Director

A professional geophysicist with 30 years' experience in the mineral and oil & gas exploration industry. Managing Director of FAR since 2011 and held the position through the farmout, discovery and appraisal of the Senegal assts.



Peter Thiessen
Chief Financial Officer

Chartered Accountant with over sixteen years' experience. He independently contracted to the mining and exploration industry for 5 years and prior to that held senior positions at two Global Chartered Accounting firms Deloitte and BDO.



Tim Woodall
Director Commercial

Over 30 years' experience in international M&A and finance, specialising in oil and gas sector. Founder and Managing Director of a boutique advisory firm, the CEO of a technical consulting firm and senior roles in New York and London with global investment banks.



Bruno Delanoue
Chairman of West African Operations

Extensive and long-term relationships in Senegal. Most recently the Chairman of the Grande Cote Operations in Senegal, combined with his functions as VP of the Senegalese Chamber of Mines and the Independent Foreign Trade Advisor of the French Government.



Chris Carra
SNE Project Director

Chris has over 30 years of offshore floating production experience, having held senior positions at BHP in both the project engineering and strategic planning areas in their petroleum division and, with AMOG Consulting, having worked on numerous projects for clients such as ConocoPhillips, Woodside, OMV, Santos, INPEX and Chevron.



Ed Mason
SNE Project Finance Advisor

20 years working for global investment banks such as Bank of America Merrill Lynch, HSBC, Renaissance Capital and more recently, Royal Bank of Canada in senior capital market roles focused on the natural resources sector. Five years as a technical project manager for Fluor Corp in mining.

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Senegal overview





Senegal background

- Senegal was a French colony before the country gained independence in 1960
- Senegal has one of the fastest growing economies in Africa with GDP growth in 2018 of 6.8% led by mining, construction, tourism, fisheries and agriculture.
- President Macky Sall implemented a 2030 Emerging Senegal Plan to increase economic growth. Large infrastructure projects include the Thiès-Touba Highway, new international airport and railway and upgrades to energy infrastructure
- A new petroleum code was implemented in 2019 to support increasing domestic oil production

Senegal statistics

Capital	Dakar
Government type	Presidential Democratic Republic
President	Macky Sall
Political party	Alliance for the Republic
Term	5 years (last election Feb 19)
Nominal GDP	USD 24 billion ⁽¹⁾
GDP growth	6.8% ⁽¹⁾
Population	15.9 million ⁽¹⁾
Credit rating	B+ (S&P) / Ba3 (Moody's)

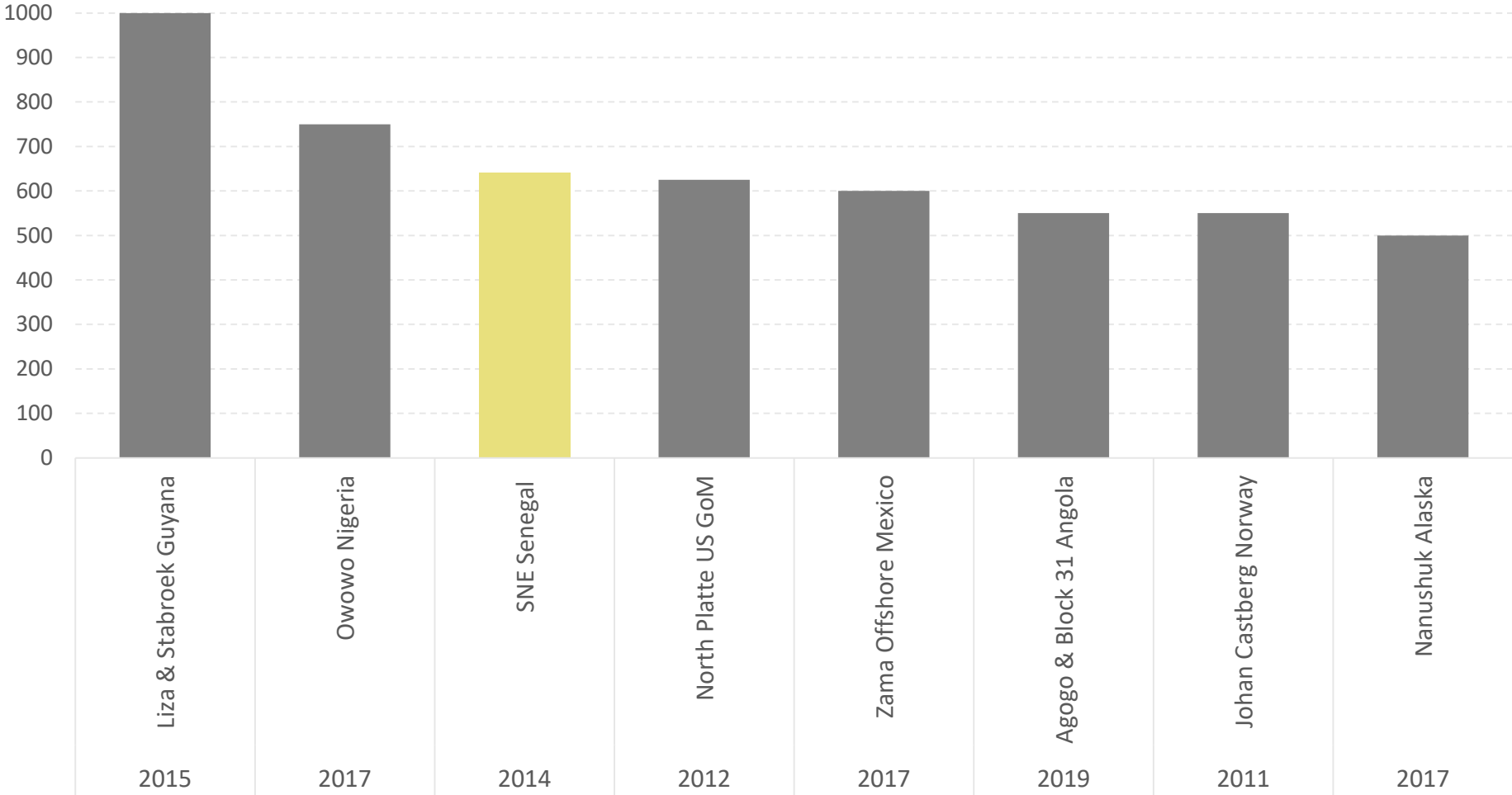
Resource companies operating in Senegal

Company name	Market Cap	Commodity	Overview
 Woodside	USD 21 bn ⁽²⁾	Oil & gas	Developing Phase 1 of the US\$4.3bn (gross) SNE oil project. First oil is scheduled YE 2022. Forecasted gross production of 100,000 bpd
 bp	USD 134 bn ⁽²⁾	Oil & gas	Developing the Greater Tortue Ahmeyim gas project which is forecast to produce 2.5mt of LNG per annum with first gas expected in 2022
 eramet	USD 1.4 bn ⁽²⁾	Mineral sands	Operates the Grande Côte mineral sands mine that produces ~750kt of Heavy Mineral Concentrates per annum
 Resolute R	USD 808 m ⁽²⁾	Gold	Operates the Mako gold mine which produces 160koz of gold per annum

SNE is a world class conventional oil field

SNE is one of the largest conventional oil discoveries of the last ten years

Offshore Oil & Gas Discoveries Since 2010 (2C mmbbls)



Source: AAPG, Woodmac and Press Reports

Attractive fiscal terms

Key features

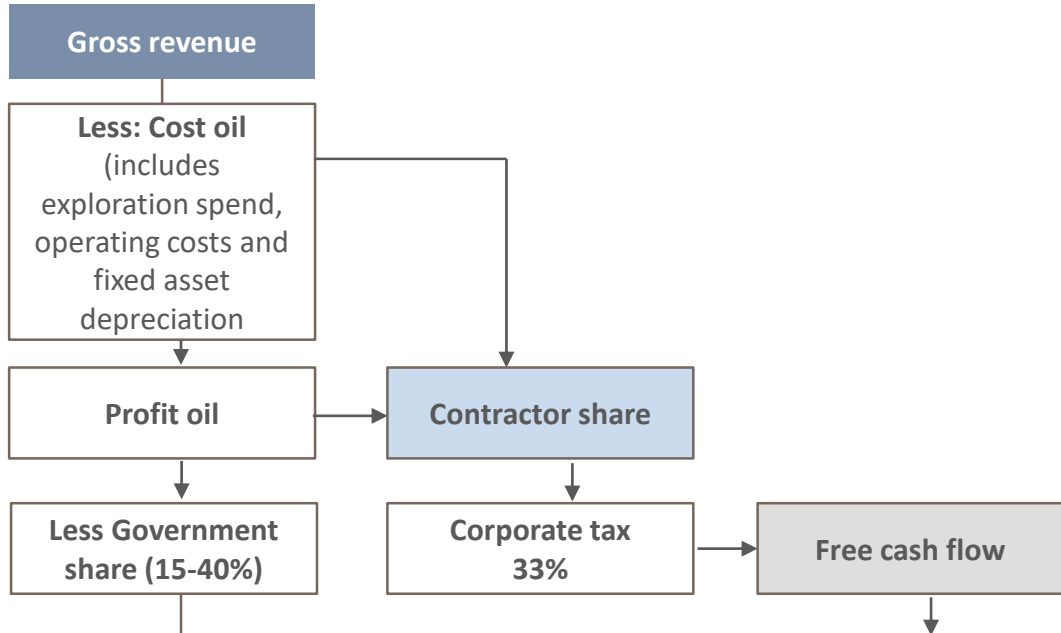
Attractive fiscal & regulatory regime





Accelerated cost recovery provides immediate CF to FAR

Supports funding of investment phase

Full cycle attractive by global standards

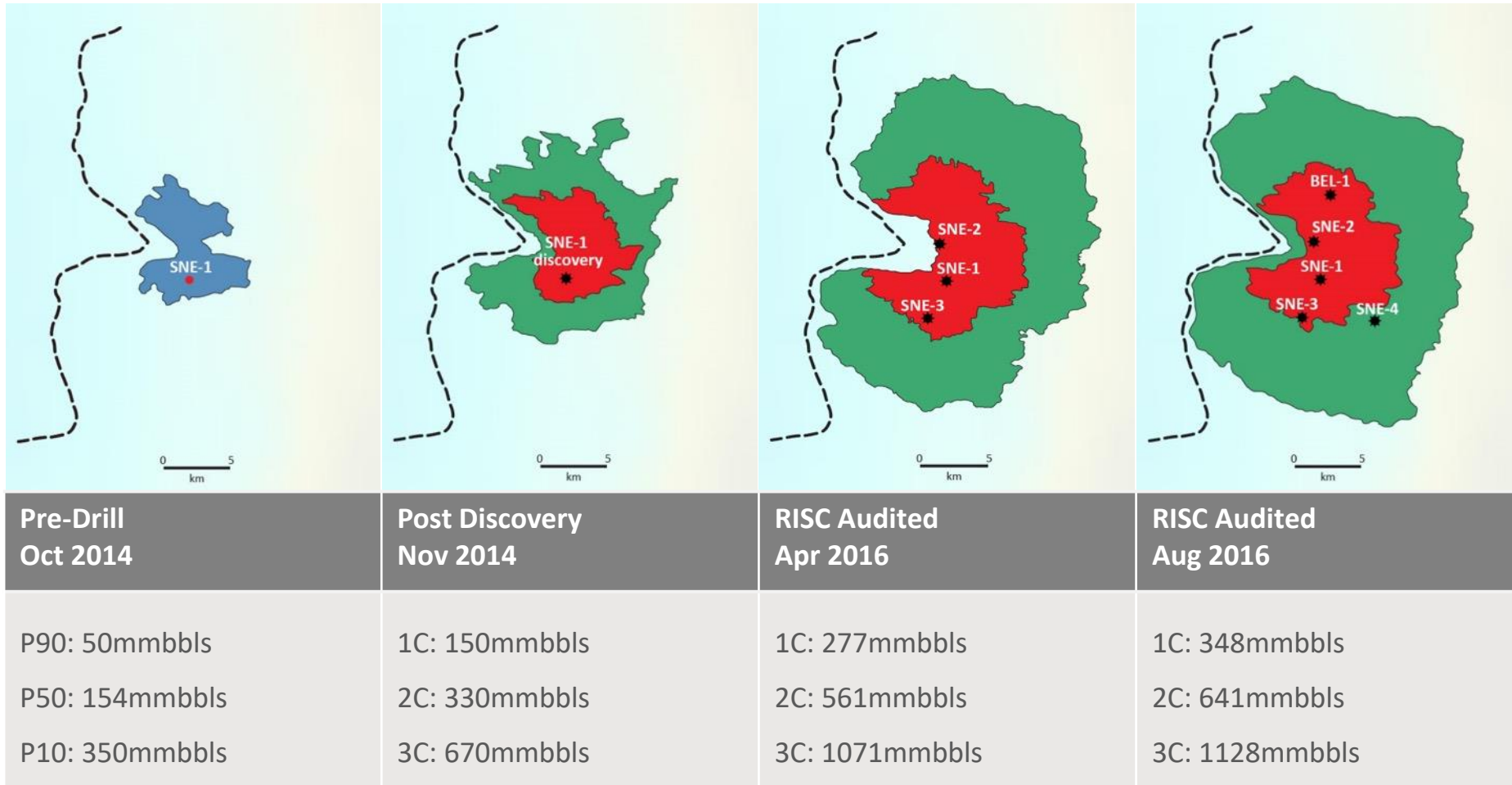
Production sharing schematic



Daily production volumes (bbl/day)	Government share		Pre back-in WI	Post back-in WI
0-50,000	15%		40.00%	36.44%
50,000-100,000	20%		15.00%	13.67%
100,000-150,000	25%		35.00%	31.89%
150,000-200,000	30%		10.00%	18.00%
>200,000	40%			

1. Source: FAR financial model

Growth of the SNE resources



*Reference FAR ASX releases dated 23 August 2016, 13 April 2016, 20 Nov 2014: unrisks gross, recoverable, 2C contingent resource

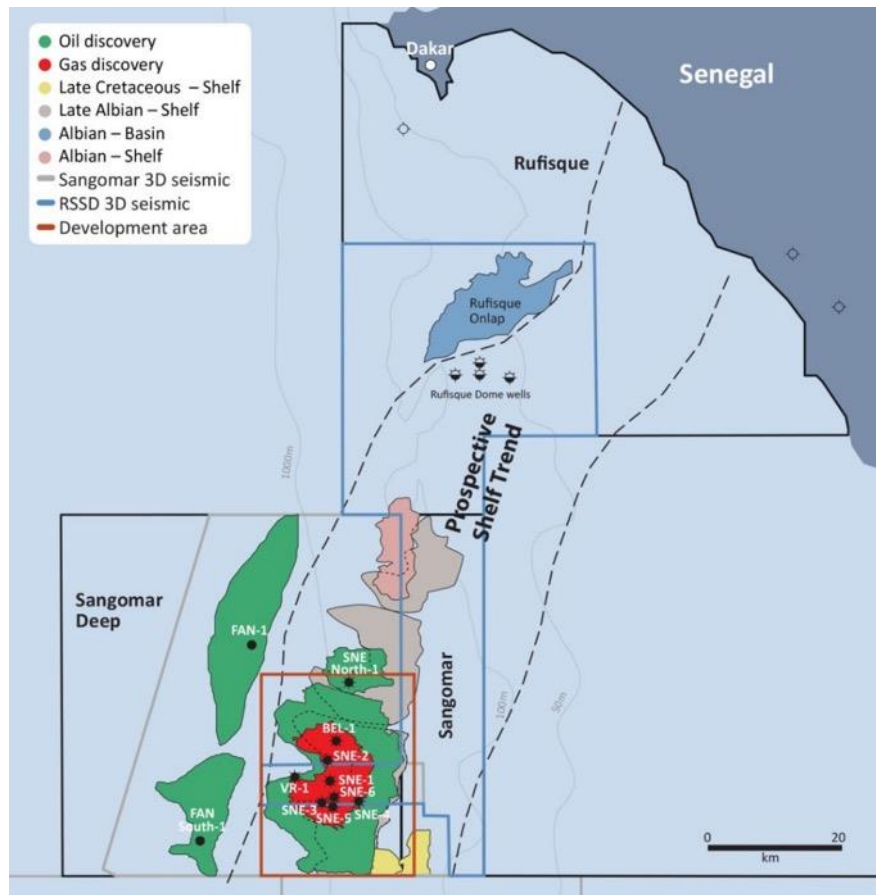
RISC is an independent technical expert that reviewed and modified a probabilistic resource evaluation carried out by FAR in accordance with industry standard SPE-PRMS definitions

A conventional oil field with low development risk

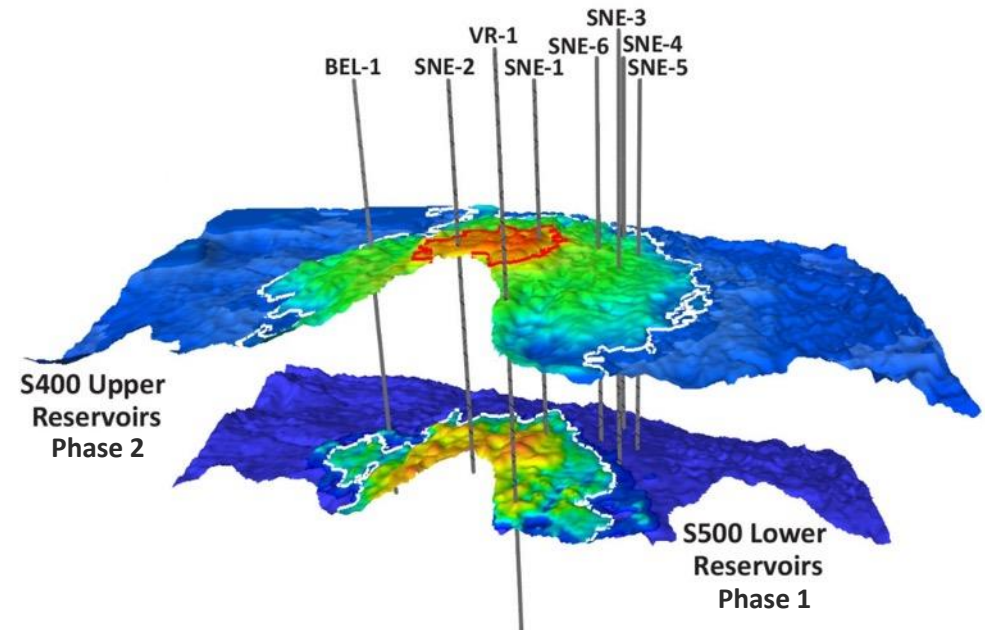
The SNE discovery is 100km south of Dakar and defined by two reservoirs, S400 and S500

- Water depth between 800m and 1,100m
- Benign offshore conditions

SNE Field Location



SNE Reservoir Profile



Well understood and de-risked subsurface ...

Benefitting from a world class data set

- Extensive coverage of modern seismic data across the entire SNE field area, with recent reprocessing providing further image improvement
- New high definition 3D seismic survey is currently being acquired to be used for placing development wells optimally within the reservoirs
- 8 well appraisal campaign, providing substantial well data, cores and successful production tests across reservoirs units, confirming connectivity and exhibiting (constrained) flow rates up to 8,000 bpd

Reservoirs fall within the broader category of deep water turbidites

- Many analogues exist for deep water turbidites in West Africa and Brazil, most of which have very good recovery factors

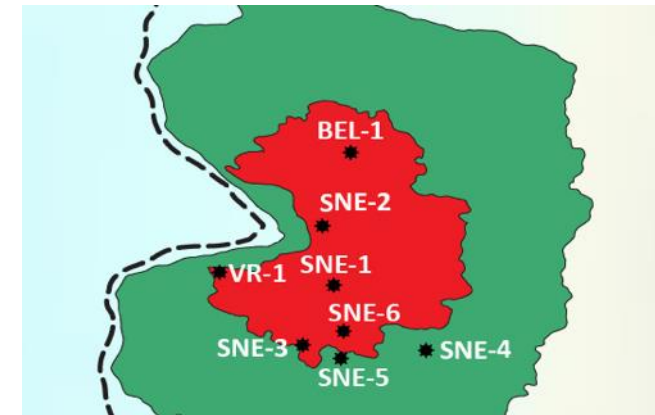
Significant resource base of ~5 billion bbl of oil in place

- Allows the Phase 1 development to target the best quality reservoirs to deliver high production rates early.
- Later phases will incrementally develop the remaining areas

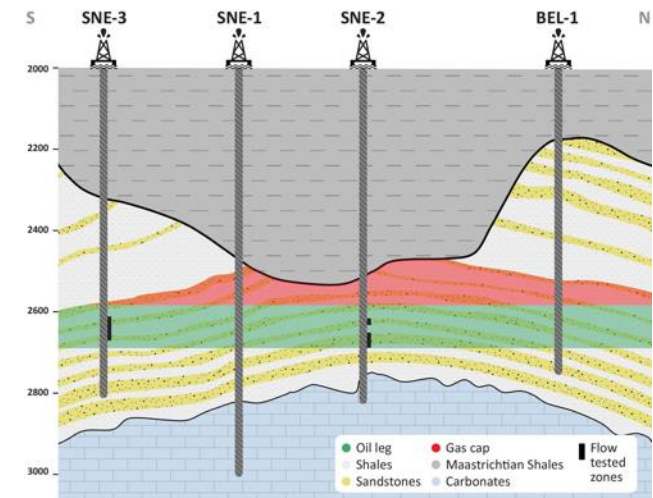
First oil targeting the lower risk reservoir sections

- Risk is considered lower than typical oil field developments

Field Layout



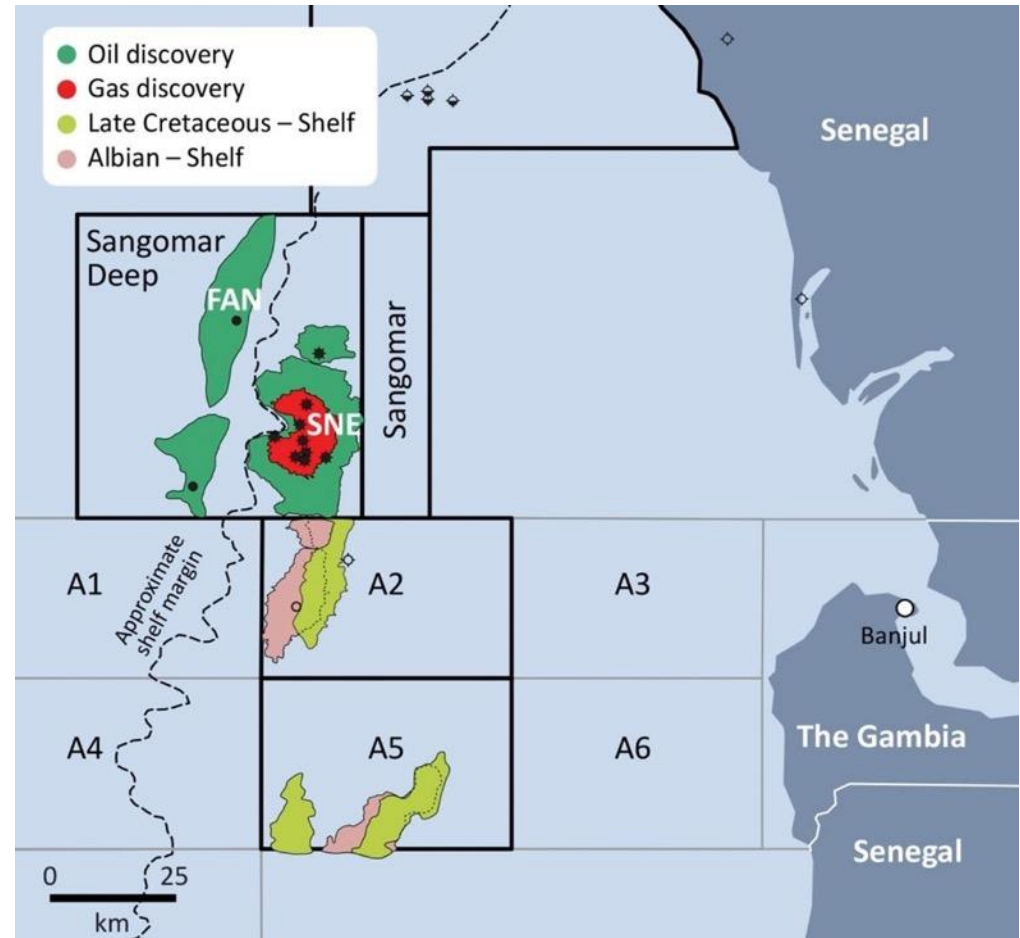
Cross Section of Wells



.... with material upside value potential

SNE provides FAR with material value upside opportunities beyond the current planned phases of development, including our assessment of:

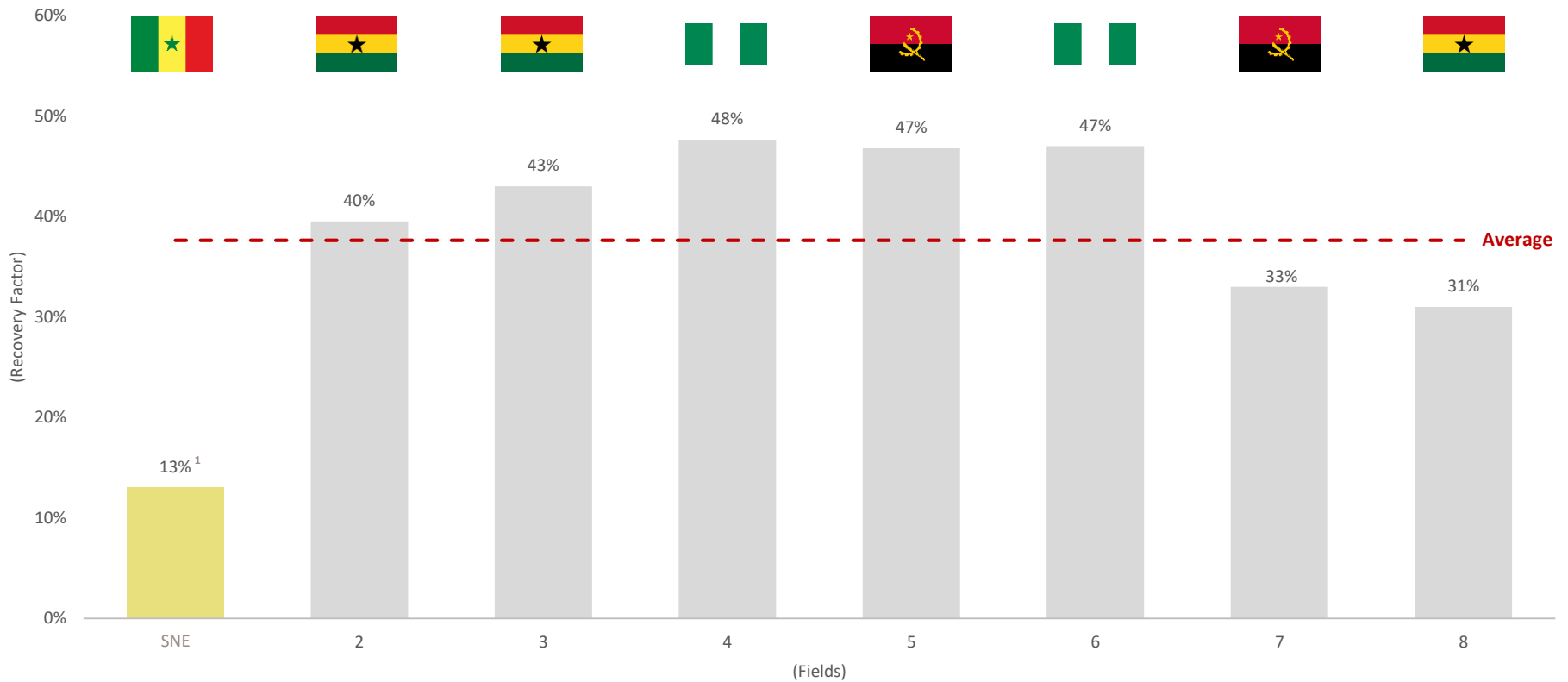
- Higher recovery rates than the currently assumed rate of 13% of oil initially in place (see next slide)
- Monetising gas resources within the SNE field subject to commercial offtake agreements, moderate capital expenditure and requisite approvals
- Appraisal drilling in 2021 for FAN or SNE-North/Spica discoveries



Upside from improved recovery factors

Should SNE's recovery factor emulate analogue fields, increased recoverable reserves could be material

Recovery Factors at Analogue West Africa Fields



Source: FAR; CC Reservoirs.

1. Existing 2C resources of 640mmbbl (oil only).

SNE financing update

FAR has advanced funding options for its share of development capex with the sole focus to maximise total shareholder returns

Funding options being pursued include:

- A senior debt facility with binding, credit approved terms to be announced prior to FID. The recent JV decision to purchase, rather than lease, the FPSO facilitates a materially higher senior debt tranche than previously being contemplated.
- A junior debt facility via an offtake financing with an international oil trader (and investment grade credit rating).
- A placement of strategic equity, which would reduce or remove the residual public market equity funding requirement.
- Supplementary options involving either the divestment of a royalty interest or a modest component of FAR's working interest in the SNE project.

Environment, social & governance

Over 25% of project incomes are recovered by Senegal in the form of government take and taxes¹
Thousands of jobs will be created for the people of Senegal directly benefiting the country and its people
FAR is a strong advocate and supporter of ESG initiatives and diversity



Environment

- SNE development industry best practice
- Domestic production will allow Senegal to **transition to cleaner fuel sources**
- **Replacement of imported crude oil will reduce CO₂ emissions by 50 thousand tonnes per year²**



Social

- Investing in **education & training, enterprise & community development programs**
- Renovated a primary school in the regional city of Thiess
- Sponsored regional soccer competitions through provision of 200 balls and uniforms



Governance

- FAR operates to support, promote and participate in programs that **encourage transparency and international best practice for governance**
- FAR is a member of the Extractive Industries Transparency Initiative (EITI)

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Key takeaways



World class oil asset



Strong growth outlook



Highly attractive project economics

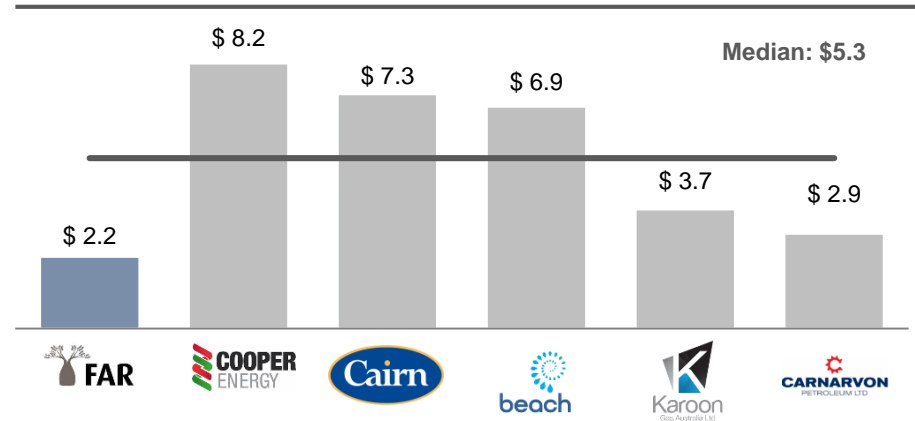


Significant exploration upside

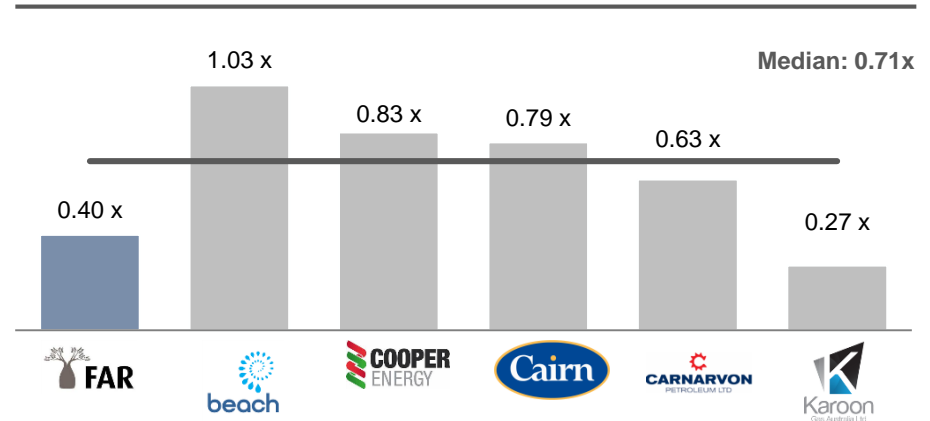


Experienced Board & Management

EV/2P+2C resource multiples (US\$/boe)¹



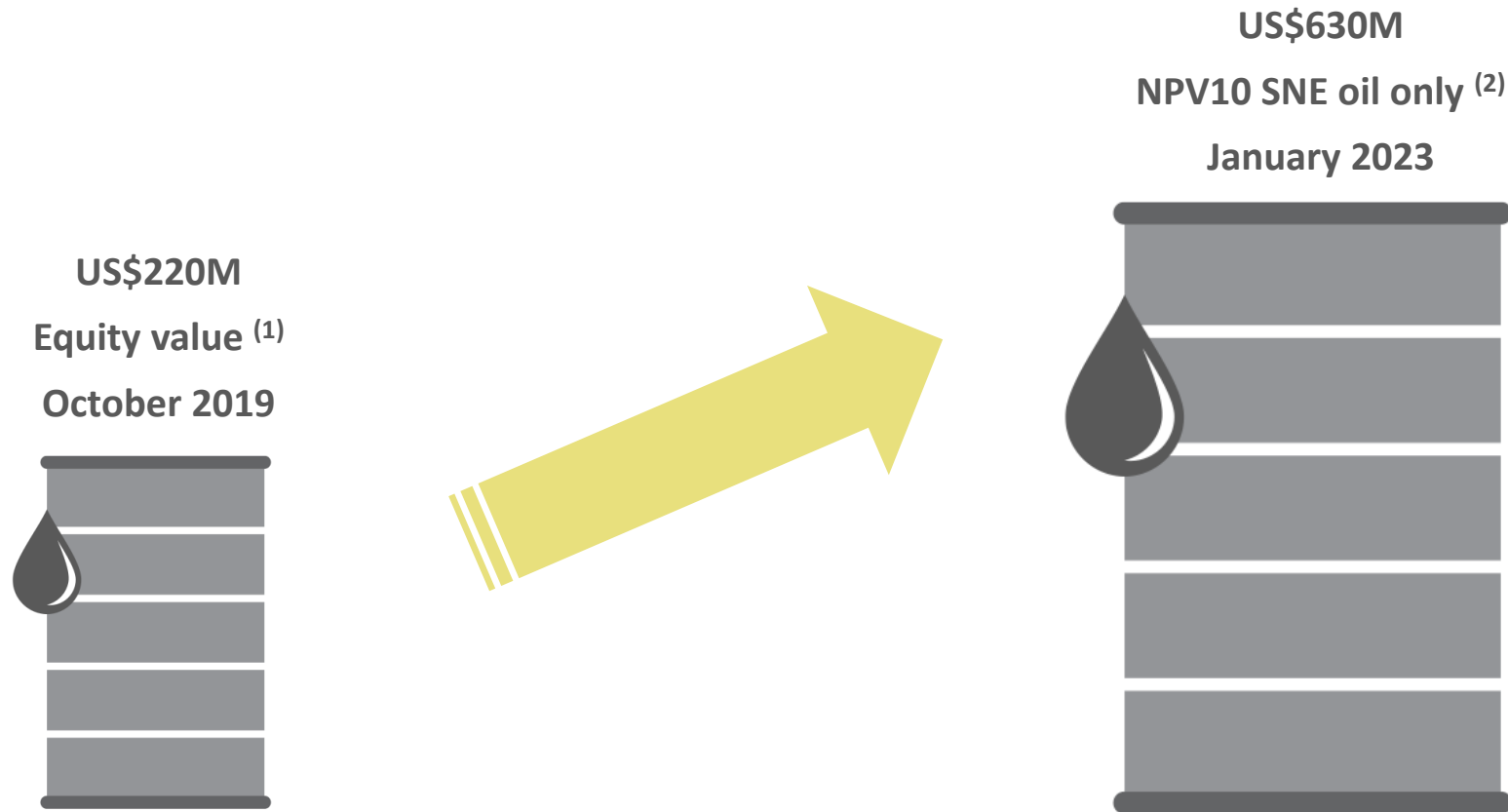
P/NAV (x)²



1. Market data as at 25 October 2019, converted to AUD at 0.679. Note Karoon's EV and 2P+2C resources shown pro forma for the Baúna oil field acquisition, 2. Source: Thomson Reuters Eikon and CapIQ. NAV based on broker consensus

With a commitment to value creation

The development of SNE will maximise total returns for FAR's shareholders



1. FAR's market capitalisation as at 28 October 2019 (Refer slide 3 for calculations), 2. The estimated NPV of the full field project at a 10% nominal discount immediately following first oil after deducting outstanding debt amounts. Key assumptions include P50 production of 483 mmbbl and associated capital costs per Operator estimates 25 October 2019, US\$65/bbl oil price flat real, and fiscal terms set out on slide 16.

Source: FAR financial model.

Important information & disclaimer

- This presentation has been prepared by FAR Limited ('FAR'). It should not be considered as an offer or invitation to subscribe for or purchase any shares in FAR or as an inducement to make an offer or invitation with respect to those securities. No agreement to subscribe for shares in FAR will be entered into on the basis of this presentation.
- This presentation contains forward-looking statements that are not based on historical fact, including those identified by the use of forward-looking terminology containing such words as 'believes', 'may', 'will', 'estimates', 'continue', 'anticipates', 'intends', 'expects', 'should', 'schedule', 'program', 'potential' or the negatives thereof and words of similar import.
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- By its very nature exploration and development of oil and gas is high risk and is not suitable for certain investors. FAR shares are a speculative investment. There are a number of risks, both specific to FAR and of a general nature which may affect the future operating and financial performance of FAR and the value of an investment in FAR including and not limited to economic conditions, stock market fluctuations, oil and gas demand and price movements, regional infrastructure constraints, securing drilling rigs, timing of approvals from relevant authorities, regulatory risks, operational risks, reliance on key personnel, foreign currency fluctuations, and regional geopolitical risks.
- This presentation does not purport to be all inclusive or to contain all information which you may require in order to make an informed assessment of the Company's prospects. You should conduct your own investigation, perform your own analysis, and seek your own advice from your professional adviser before making any investment decision.
- Cautionary Statement for Prospective Resource Estimates – 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.
- Information in this report relating to hydrocarbon resource estimates has been compiled by Peter Nicholls, the FAR 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 Exploration Geophysicists and the Petroleum Exploration Society of Australia. Mr Nicholls consents to the inclusion of the information in this report relating to hydrocarbon Prospective Resources in the form and context in which it appears. The 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.

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