

14 October 2015

## ASX Announcement & Media Release

### Ocean Rig Athena drilling contracts executed for offshore Senegal

- Drill rig contracts executed for Senegal evaluation program
- ConocoPhillips managing drilling operations
- Drilling expected to commence late October

FAR Limited ('FAR') and its Senegal joint venture partners have executed contracts for the use of the Ocean Rig Athena drillship for a drilling program in FAR's highly prospective offshore Senegal Blocks starting in the coming weeks. The Ocean Rig Athena is under long term contract with ConocoPhillips and the ConocoPhillips drilling organisation will play a key role in project managing the drilling program.

The drillship is currently in Angola and FAR expects it will commence mobilisation to Senegal in the next few days.

The firm drilling program includes three wells including two appraisal wells on the world class SNE-1 oil discovery that will include a coring and testing program, plus one shelf exploration well to further evaluate the shelf area prospectivity. This drilling, logging, coring and testing program is expected to be completed by mid-2016.

The first two wells (SNE-2 and SNE-3 and as shown in Figure 2) will be drilled to appraise the SNE field and are aimed at progressing towards proving the threshold economic field size which FAR estimates is in the order of 200 mmbbls for a foundation project.

The third well (BEL-1 as shown in Figure 2) in the drilling program will be the first exploration well to be drilled in the blocks following the discoveries in the FAN-1 and SNE-1 wells. This well will be aimed at building the resource base within tie-back range of a possible future hub development over the SNE field. It will be drilled into the Bellatrix Prospect which has been mapped by FAR to contain 168 mmbbls\* of oil on a gross, unrisksed, prospective resource basis (*refer ASX release 13 April 2015*) with 25 mmbbls net to FAR. Following the discovery of the SNE field on the shelf, FAR has applied a 49% chance of geological success to the Bellatrix prospect and notes that the Operator has applied an 80% chance of geological success to the prospect (*see Cairn Energy release 12 May 2015*). FAR is encouraged by the presence of a strong seismic amplitude anomaly over the Bellatrix prospect that exists over the SNE field which is a strong indicator of the presence of hydrocarbons.

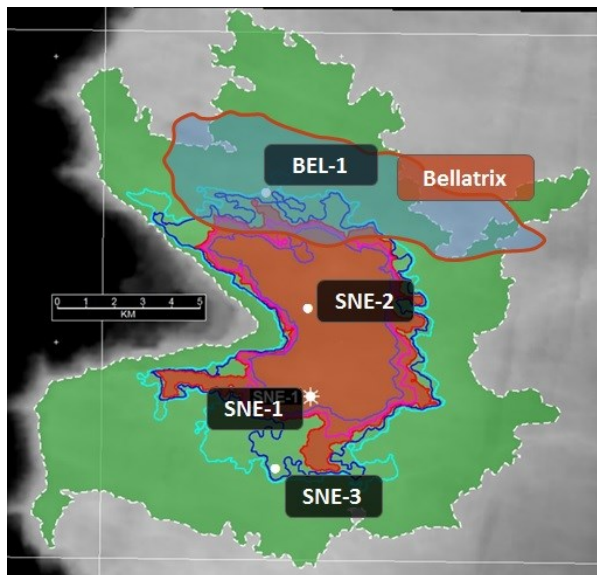
*"We look forward to drilling our exciting next phase of Senegal wells with the Ocean Rig Athena. When this modern drill ship is combined with the experience gained from drilling the FAN-1 and SNE-1 discovery wells and the capabilities of the ConocoPhillips drilling organisation, we expect to deliver very efficient Senegal drilling operations. In addition, the joint venture has been able to take advantage of reduced deepwater rig rates and has secured the rig for a firm three wells and options for an additional three wells in the event of success."*



Figure 1: The Ocean Rig Athena drillship

Cath Norman Managing Director

\* Refer to Cautionary Statement in this report (page 4) relating to estimates of prospective resources



The FAN-1 and SNE-1 oil discoveries have given FAR encouragement that further exploration drilling will result in more discoveries offshore Senegal. FAR estimates there is 1.5bn barrels of gross prospective resources\* (225 mmbbls net) in several drilling prospects that lie within subsea tie-back distance to a proposed SNE production hub.

Figure 2: Approximate locations of SNE-2, SNE-3 and BEL-1 shown on the SNE field where green denotes oil leg and red is the gas cap. The Bellatrix prospect overlies the SNE field.

### Ocean Rig Athena

Ocean Rig Athena is a new 7th generation, dual derrick, dynamically positioned drill ship (Enhanced SAIPEM 10000 design) that was first delivered on 24 March 2014. After successfully completing acceptance testing it commenced drilling operations in Angola in June 2014 under a three-year drilling contract with ConocoPhillips.

Ocean Rig Athena is under contract with ConocoPhillips until May 2017, plus ConocoPhillips has an option to extend the duration of the contract for two years.

The day rate for drilling for the Senegal joint venture has been adjusted downwards to reflect prevailing market conditions, where day rates have dropped by up to 50% for deep water drilling units offshore Africa. These reduced rates are expected to allow the drilling and testing program to be completed for a heavily reduced cost in comparison to what was envisaged 12 months ago under a higher oil price environment.

### General Features

- Type of Unit: 7th Generation Dynamically Positioned Dual Derrick Drillship
- Builder: Samsung Heavy Industries, Korea
- Year Completed: 4Q 2013
- Year Commissioned: 1Q 2014
- Length: 228m. Width: 42.0m
- Transit Speed: 12 knots

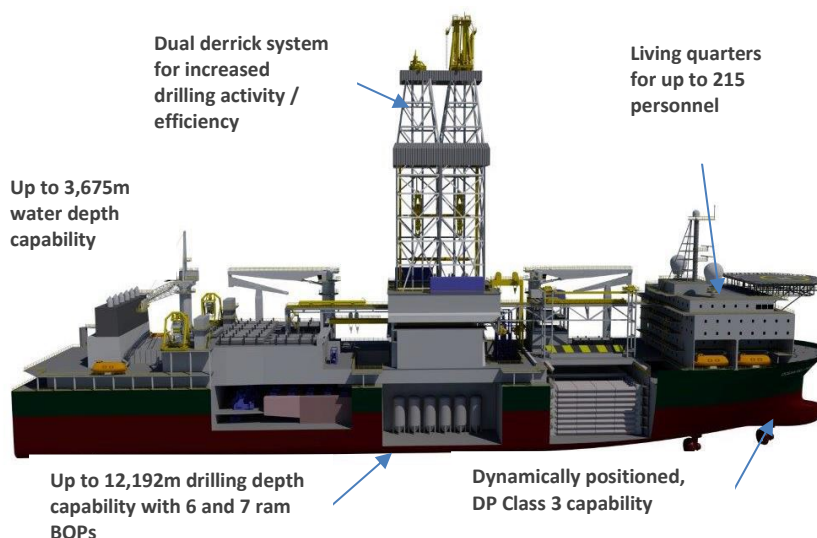


Figure 3: Ocean Rig Athena

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## About FAR

FAR (ASX: FAR) is an independent oil and gas explorer with high impact assets in West and East Africa.

FAR holds a significant acreage position (PSC area 7,490km<sup>2</sup>) in an emerging offshore exploration global hot spot offshore Senegal located along the West Africa transform margin. FAR delivered two world class oil discoveries offshore Senegal late last year at FAN-1 and SNE-1. These were the first deep water exploration wells ever drilled, and first offshore wells drilled for more than 20 years offshore Senegal.

**FAN-1** is significant because it confirmed a working petroleum system offshore Senegal by identifying excellent (world class) source rocks. FAN discovered a 500m gross oil interval (made up of a series of discrete oil columns) within a channel fed submarine fan play (stacked sequence) with 29m of net oil pay and no oil water contact. FAN has potential to be large with the operator quoted oil in place resource of P90: 250 mmbbls, P50: 900 mmbbls, P10: 2500 mmbbls\*.

**SNE-1** confirmed 36m of net oil pay in a gross 96m oil column. Reservoir quality was also excellent (25% porosity). The high quality result from SNE-1 and confidence in mapping the SNE structure (3D seismic) has led the Operator to announce a SNE recoverable contingent resource of 1C: 150 mmbbls, 2C: 330 mmbbls, and 3C: 670 mmbbls\*. IHS CERA has rated SNE as the world's largest oil discovery in 2014.

FAR has identified a sizeable prospect and lead portfolio in its offshore Senegal acreage that is estimated to contain prospective resources of over 1.5 billion barrels of oil on a gross un-risked best estimate basis\* (FAR net 225 million barrels potential\*).

## Senegal Joint Venture

<b>FAR Limited</b>	<b>15%</b>
Cairn Energy PLC (operator)	40%
ConocoPhillips	35%
Petrosen	10%

## About Ocean Rig

Ocean Rig (NASDAQ: ORIG) is an international offshore drilling contractor providing oilfield services for offshore oil and gas exploration, development and production drilling, and specializing in the ultra-deepwater and harsh-environment segment of the offshore drilling industry.

The company owns and operates 13 offshore ultra-deepwater drilling units, comprising of 2 ultra-deepwater semisubmersible drilling rigs and 11 ultra-deepwater drillships.

Ocean Rig's common stock is listed on the NASDAQ Global Select Market.

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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.

**Prospective Resources** - All prospective resource estimates presented in this report are prepared as at 27/2/2013, 11/3/2014, 5/2/2014 and 13/04/2015 (Reference: FAR ASX releases of 27/02/2013, 11/3/2014, 5/2/2014 and 13/04/2015). 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. Unless otherwise stated the 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 prospective resource estimates include Government share of production applicable under the Production Sharing Contract.

**Competent Person Statement Information** - In this report relating to hydrocarbon resource estimates has 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 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.

**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.