

7 October 2014

## ASX Announcement & Media Release

### Significant oil discovery offshore Senegal

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A significant oil discovery has been made in the FAN-1 exploration well by FAR Ltd (ASX: FAR) offshore Senegal in West Africa.

Preliminary analysis indicates:

- 29 metres of net oil bearing reservoir in Cretaceous age sandstones,
- A gross oil bearing interval of more than 500 metres,
- No oil/water contacts were encountered,
- Distinct oil types ranging from 28° API up to 41° API from a number of oil samples recovered to surface.

The key pre-drill well objectives have been met with preliminary well results indicating a significant resource volume. FAR has also identified potential net oil bearing reservoirs in addition to those included in the preliminary analysis.

As intended pre-spud, there are no plans for immediate well testing. Further analysis of the oil samples, core data and wireline logs is being completed to evaluate the net oil bearing reservoirs and the possible additional pay intervals in order to assess the full potential of the resource.

Consideration is now being given to formulating a follow up appraisal and exploration program. Calibration of the FAN-1 well with the existing 3D seismic will be undertaken to fully understand the discovery, determine future plans and optimal drilling locations.

Cath Norman FAR managing director said:

*"The FAN-1 oil discovery is an important event for Senegal and the Joint Venture and could be transformational for FAR.*

*We have encountered a very substantial oil bearing interval which has potential to be a significant standalone development. Confirmation of a proven hydrocarbon system materially upgrades the potential of the multiple deep fan and shelf edge prospects that FAR has identified in the blocks.*

*FAR looks forward to working with the Government of Senegal and our joint venture partners in determining follow up appraisal and exploration drilling plans.*

*I thank shareholders for their support during this exciting time and look forward to providing further information on the FAN-1 well and continuing the current drilling program with the second exploration well, SNE-1. The FAR Board is committed to protecting and realising the full value of its Senegal blocks for the benefit of its shareholders."*

Drilled in 1,427 metres of water to a total depth of 4,927 metres, the FAN-1 well is located 100km offshore in the Sangomar Deep block and targeted a series of stacked deep water fans. The well was drilled using the semi-submersible drilling unit "Cajun Express". The FAN-1 well has been drilled to TD and logged and the rig will shortly move to complete the second well SNE-1. This shelf edge prospect is targeting a dual objective in 1,100 metres water depth in the Sangomar Deep block evaluating prospective resources of 600 million barrels of oil (unrisked best estimate, 100% basis, reference ASX release of 27 February 2013\*).

The participating interests in FAR's three blocks offshore Senegal (Sangomar Deep, Sangomar Offshore and Rusifique) are: FAR 15%, Cairn Energy (Operator) 40%, ConocoPhillips 35% and Petrosen, the national oil company of Senegal 10%. The three blocks cover 7,490km<sup>2</sup>.

\*Refer to Cautionary Statement in this announcement (Page 2) relating to estimates of prospective resources

This release is in relation to the matter referred to in the Company’s trading halt announcement of 6 October 2014.

A copy of Cairn Energy PLC release can be found at [www.cairnenergy.com](http://www.cairnenergy.com)

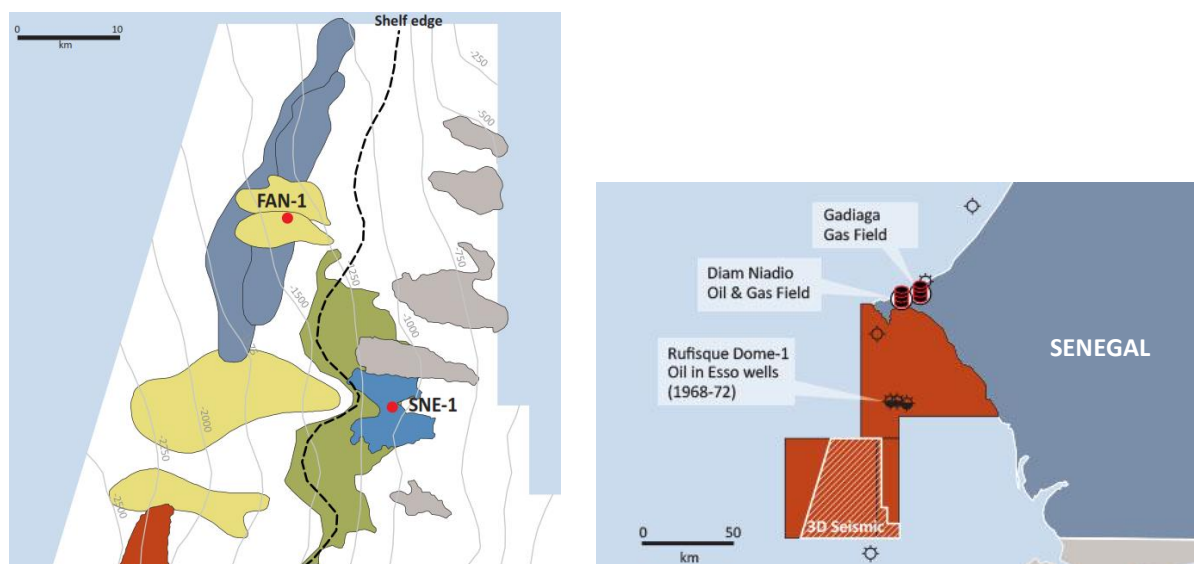
### About FAR in Senegal

FAR identified a number of play types and oil prospects from 3D seismic data in the Senegal Blocks – Sangomar Deep, Sangomar Offshore and Rusifique. Eleven prospects identified ranged in potential size from 58 to 632 million barrels (mmbbls) of prospective oil resource (un-risked, best estimate, 100% basis\*). In combination, the blocks were assessed to have prospective resources of 3.585 billion barrels of oil (unrisked best estimate, 100% basis, reference FAR ASX release 27/2/2013\*).

In 2014 FAR completed two farm-in agreements on its offshore Senegal blocks thus securing funding for the current 2 well drilling campaign. These agreements were with Cairn Energy PLC (“Cairn”) and ConocoPhillips.

On 17 April 2014, drilling commenced on the first of the two wells FAN-1. FAN-1 is the first exploration well in a two well program, offshore Senegal with the wells to be drilled back to back. The FAN-1 well is located in 1,427m water depth and is designed to evaluate two overlapping prospects – North Canyon and Beer (reference FAR ASX release 27/2/2013). This well will be immediately followed by a second exploration well targeting a shelf edge prospect in 1,100m of water (See figures 1 and 2).

These two wells are the first deep water (>1,000m) wells drilled in Senegalese waters and the first offshore wells to be drilled for over 20 years. The two exploration wells were planned to evaluate a combined prospective resources of approximately 1.5 billion barrels of unrisked prospective resources\*(225 mmbbls net to FAR, reference FAR ASX release 27/2/2013\*). FAR retains a 15% working interest in the blocks.



Figures 1 and 2: Location of the two Senegalese wells in the FAR 3D seismic area, offshore Senegal

### 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 February 2013. (Reference: FAR ASX release of 27/02/2013). 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.

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## For more information please contact:

**Media enquires:**  
**Collins Street Media**  
**Ian Howarth**  
T: +61 3 9223 2465

**FAR Limited**  
**Cath Norman** Managing Director T: +61 3 9618 2550  
**Ben Clube** Executive Director F: +61 3 9620 5200  
& Commercial Manager E: info@far.com.au

Level 17, 530 Collins Street  
Melbourne VIC 3000 Australia  
**www.far.com.au**