

20 October 2014

ASX Announcement & Media Release

FAR strengthens cash position with \$46.7 million capital raising

- Oversubscribed placement to institutional and sophisticated investors
- Cash fund Senegal drilling, working capital and new ventures
- Cajun Express drill rig has mobilised to second well location, offshore Senegal

FAR Ltd (ASX: FAR) has completed a placement to institutional and sophisticated investors to raise \$46.7 million before expenses by issuing 424,961,685 shares.

The capital raising follows the significant oil discovery in FAN-1, offshore Senegal with its partners Cairn Energy plc, ConocoPhillips and Petrosen.

The semi-submersible drilling unit "Cajun Express" used to drill the FAN-1 well has now mobilised to complete the second exploration well in the Senegalese drilling program, SNE-1.

Cath Norman FAR managing director said, *"We won very strong support for this capital raising. Given the state of the market we are very pleased to have been oversubscribed with particularly strong support from Australian institutions and our existing shareholders."*

"The discovery of oil in FAN-1 and an extended period of unscheduled maintenance have resulted in an increase to the forecast cost of the Senegal drilling program that exceeds our funding cap for both wells. The additional funds raised will now allow us to complete this very exciting drilling program."

"The discovery of oil in FAN-1 has gone some way to increasing the chance of success in the SNE-1 well so we eagerly await the results from this next well and hope to repeat the success of FAN-1. FAR also looks forward to advancing our other exploration ventures in Kenya, Guinea Bissau and Australia and embarking on new ventures."

This capital raising leaves FAR with approximately A\$85 million of cash and in a very strong position from which to complete our near term corporate objectives."

The placement was arranged by Bell Potter Securities Limited as Sole Lead Manager.

The price per new share of 11 cents under the placement represents an 18.5% discount to the company's latest market price on the ASX and a 10.3% discount to the 10 day volume weighted average price on the ASX.

Upon completion of the placement, the placement shares will represent approximately 13.6% of the enlarged share capital of the company, which will have 3,126,808,427 ordinary shares on issue. The placement shares, when issued, will rank equally in all respects with the existing ordinary shares. Application will be made to the ASX for the placement shares to be admitted to be quoted on the ASX. Settlement of the placement shares is expected to occur on Friday 24 October 2014 with normal trading to occur on Monday 27 October 2014.

The presentation used for capital raising purposes was the same as the October Investor Presentation released to the ASX on 14 October 2014.

This release is in relation to the matter referred to in the Company's trading halt announcement of 17 October 2014. The trading halt can now be lifted.

FAR drilling in Senegal

Following the discovery of oil in the FAN-1 well, the SNE-1 well will test an Albian age sandstone play overlying an Aptian carbonate prospect on the shelf edge offshore Senegal. The combined prospects have the potential to contain approximately 645 million barrels of oil (mmbbls)* with approximately 97mmbbls net to FAR*. (Reference: FAR ASX release of 27/2/2013 and FAR Investor Presentation 14/10/2014).

The SNE-1 well is expected to be completed by the end of 2014. The top hole of the well has already been drilled to a depth of approximately 1200m and is situated on the offshore shelf approximately 70kms from the coast of Senegal in 1,150m of water.

Both the FAN-1 and SNE-1 wells will be the first deep water (>1,000m) wells drilled in Senegalese waters and the first offshore wells to be drilled for over 20 years.

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 7,490 km².

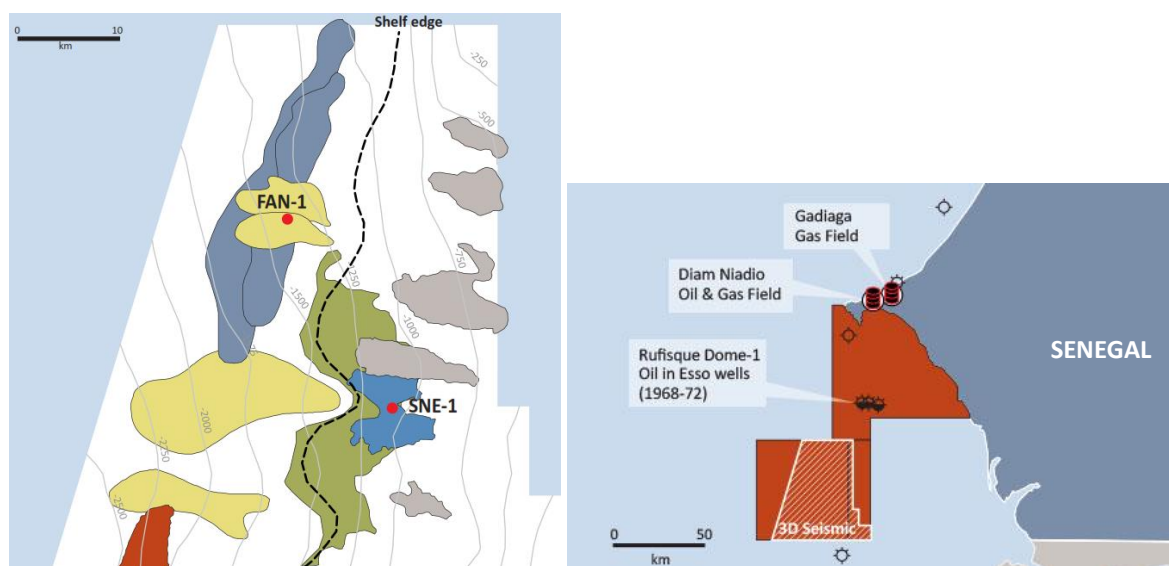
In accordance with the terms of farm out deals completed with Capricorn Senegal Limited (a 100% subsidiary of Cairn) and ConocoPhillips, FAR is required to pay its share (and its pro-rata share of the Petrosen 10% carried interest) of the drilling program once a funding cap has been exceeded. On current estimates, FAR will pay approximately USD35 million for its share of completing the drilling of both wells.

On 30 May 2013 FAR announced that the Government of Senegal had approved its farm in agreement to Cairn. Under the terms of the farm in agreement executed in March 2013, Cairn will fund 100% of the costs of an exploration well and testing to an investment cap of US\$80 million. In addition, Cairn paid FAR US\$9.82 million for past costs incurred on the block.

On 1 August 2013 FAR announced that ConocoPhillips will earn a 10% working interest in the Senegalese permits by providing funding equivalent to an investment cap of \$116 million for the drilling of a second well into the deepwater fan play (FAN-1). This funding was provided to FAR via a combination of cash payments and well cost carry payments.

FAR had AUD42.7M in cash as at 30 June (reference: FAR Quarterly Report to the ASX of 31/7/2014).

The SNE-1 well has been designated a "tight hole" and no information pertaining to the well will be released other than to satisfy FAR's legal obligations. As with the FAN-1 well, the SNE-1 well is a pure exploration well and, even if successful, will not be completed as a commercial production well.



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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