

# World class oil discovery offshore Senegal

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RIU Good Oil Conference  
14 September 2016



# About FAR

- **Africa focussed** oil exploration company
- **Sixth largest E&P** company listed on the ASX: Market cap \$320M\*
- **World's largest oil discovery** for 2014/15 in SNE Field offshore Senegal
- SNE field 2C contingent recoverable **oil resource 641 mmbbls (96 mmbbls net to FAR)\***
- 21 months from discovery to **statement on commerciality**
- Planning for development in **very low cost environment**
- Cash \$66M\*, no debt, **funded planned work program**
- **'Breakthrough Company of the Year'** : Oil and Gas Council, Africa

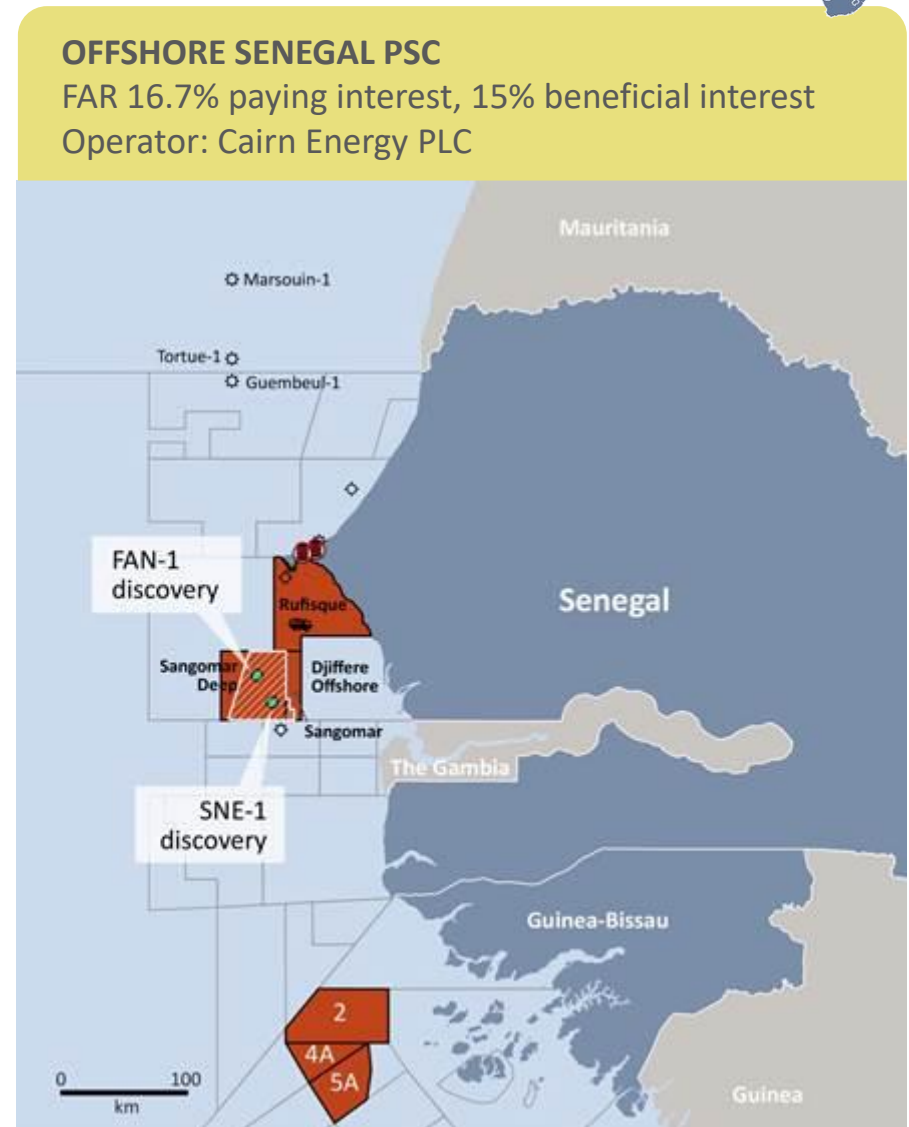


# FAR in Senegal



- FAR celebrating 10 years in Senegal in 2016
- Western most tip of Africa, capital Dakar, population 14 million
- Peaceful democracy with a stable outlook (S&P sovereign credit rating B+/B)
- Strong in country relationships
- Farmed down to Cairn Energy and ConocoPhillips for US\$196M carry + cash in 2013
- PSC partners: Cairn Energy (Operator) 40%, ConocoPhillips 35%, FAR 15%, Petrosen 10%
- President is petroleum geologist!

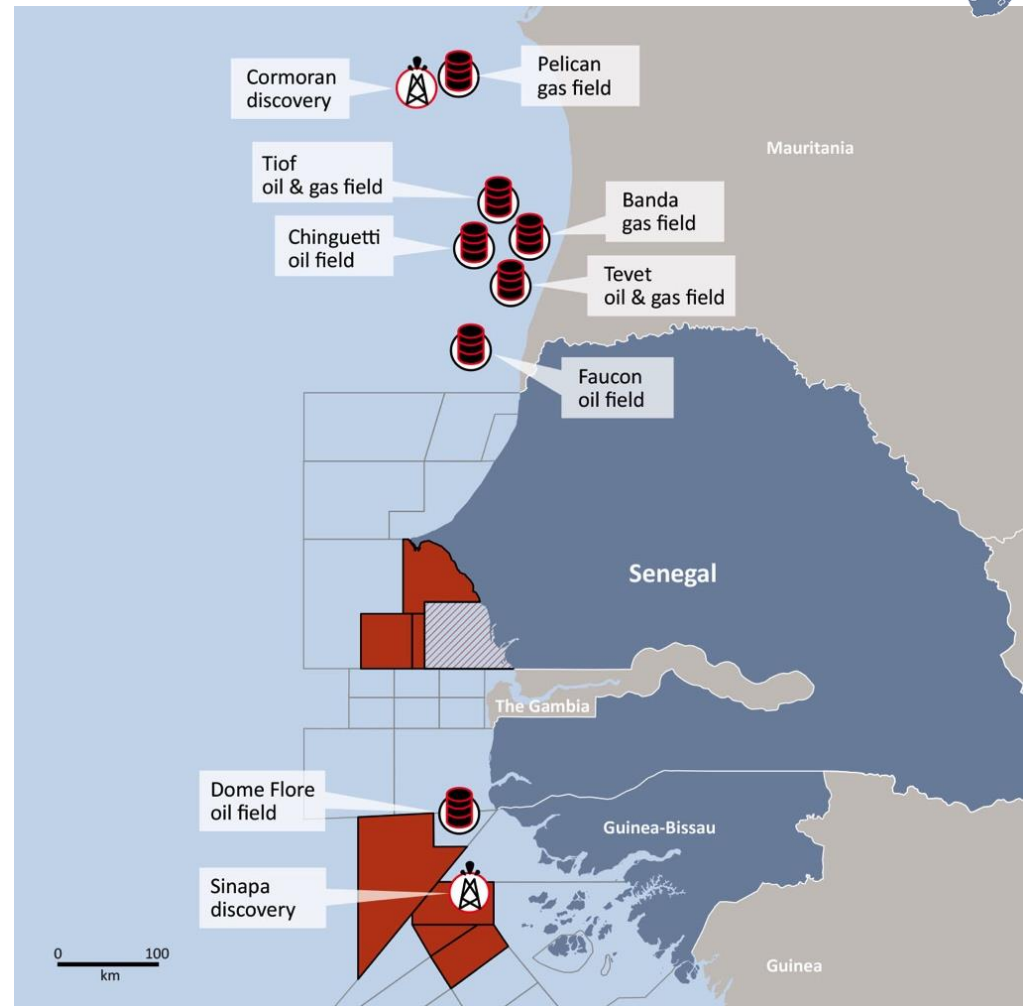
\*Source: Cairn Energy estimates (Cairn Energy Half Yearly Result 16/08/2016)



# World hot spot for oil and gas discovery



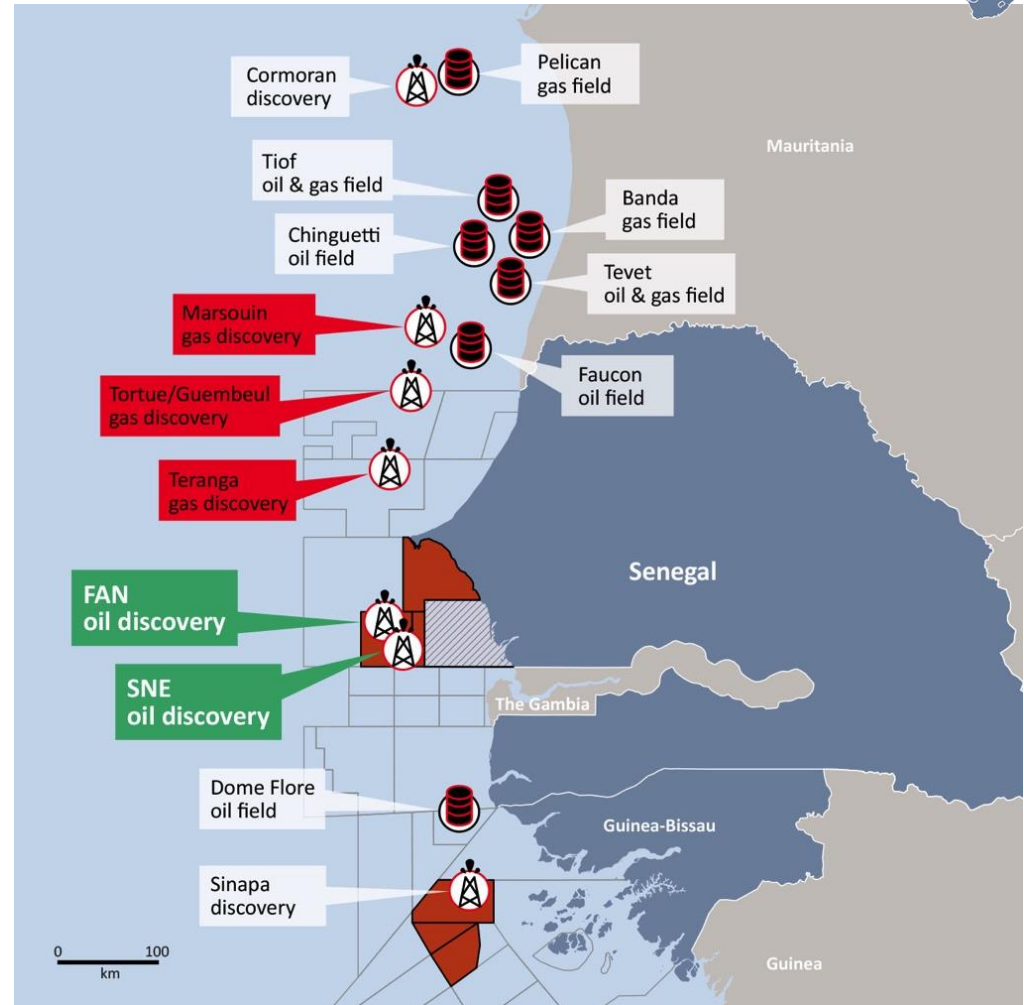
- Status of offshore fields in mid 2014
- No oil exploration drilling offshore Senegal for 40 years
- No deepwater drilling ever offshore Senegal



# World hot spot for oil and gas discovery



- Mid 2016 update
- Basin opening FAN-1 and SNE-1 oil discoveries 2014
- 4 successful SNE appraisal wells drilled 2015/16
- 100% drilling success to date
- Cairn Energy (operator) NPV of **US\$12.75/bbl** at project FID (2018/19) and US\$70/bbl oil price\*
- Major gas discoveries made in 2015/16 offshore N Senegal/S Mauritania



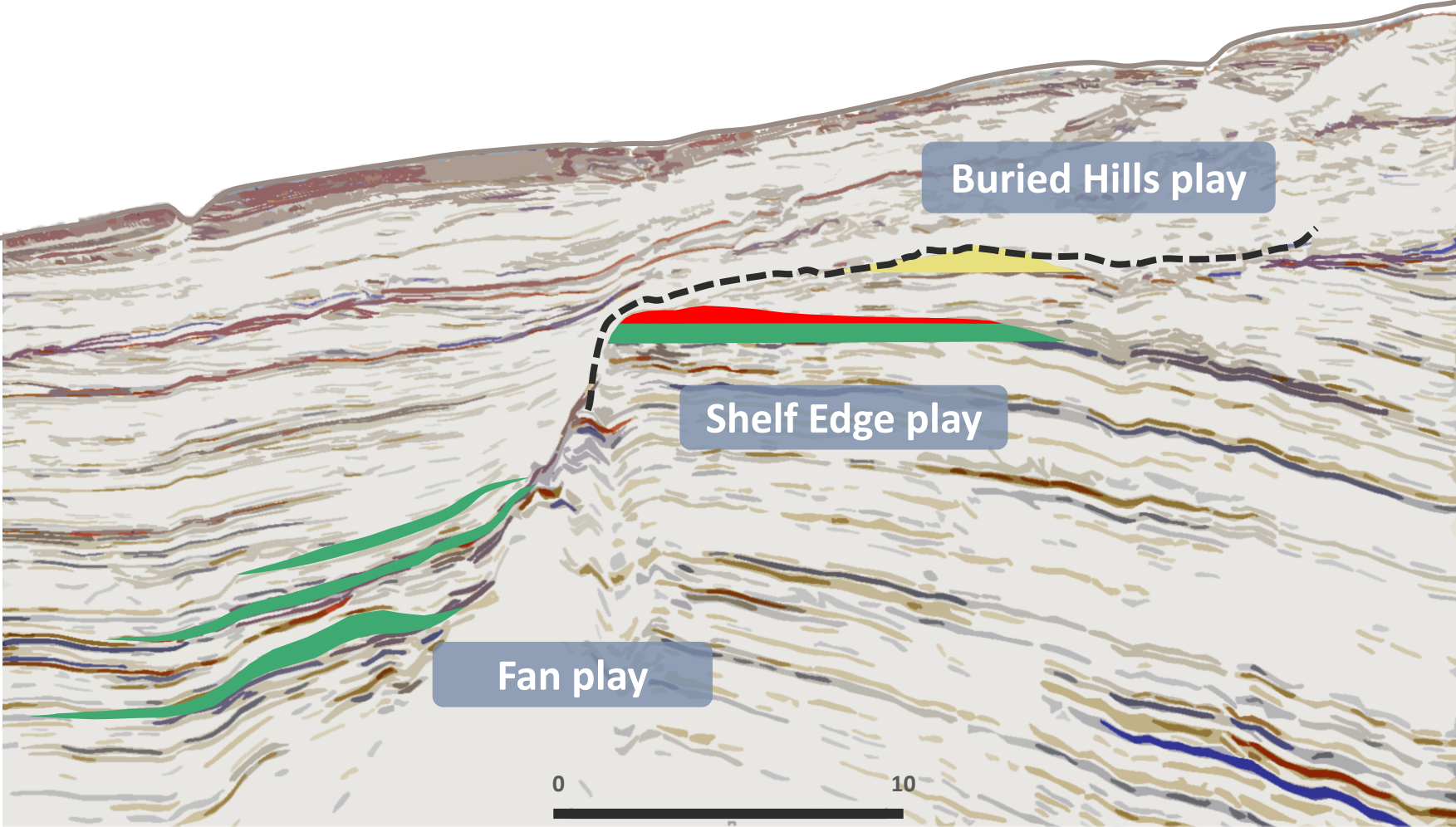
\*Source: Cairn Energy estimates (refer Cairn Energy Half Yearly Result 16/08/2016)

# Senegal geological setting



W

E



Fan play

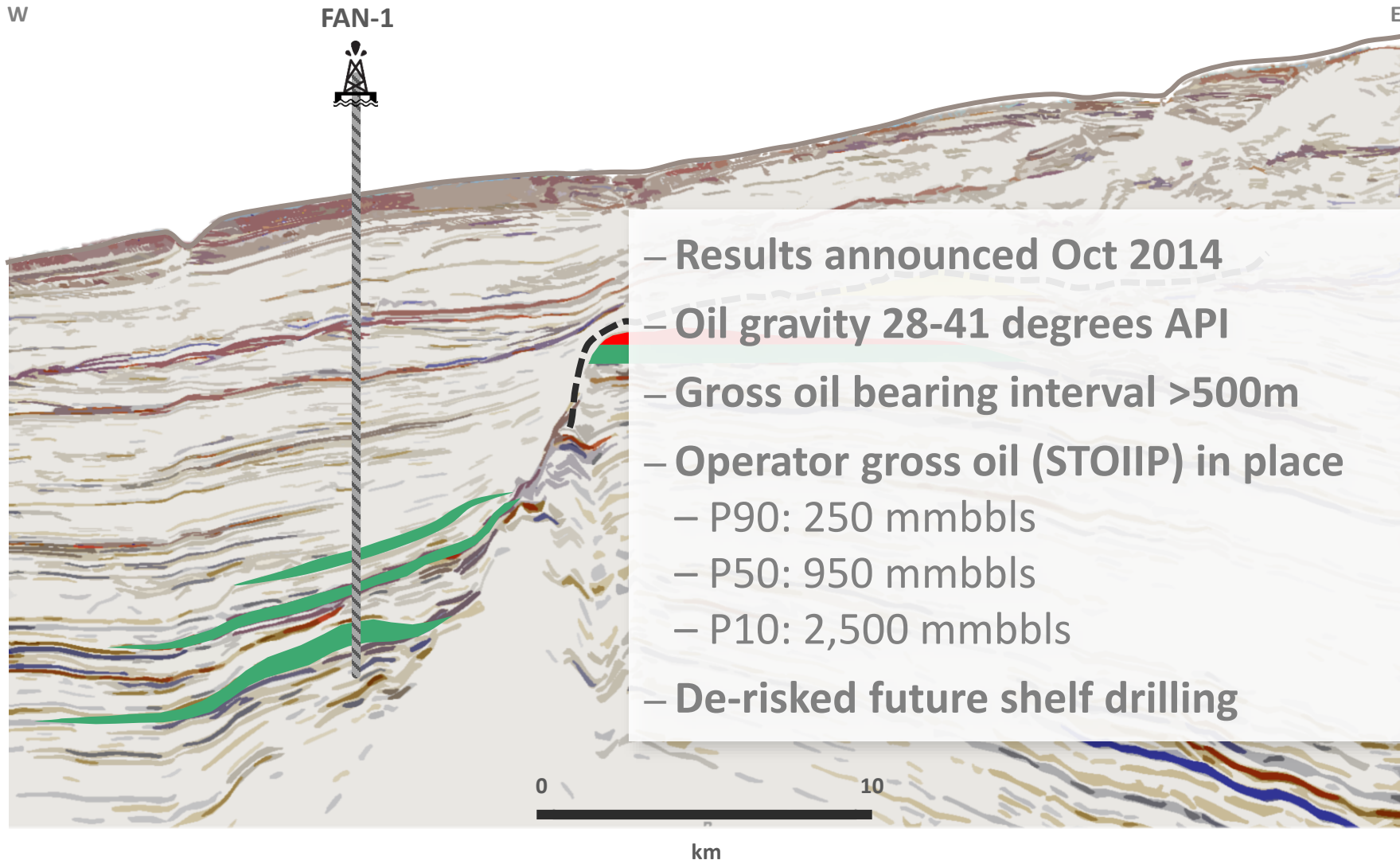
Shelf Edge play

Buried Hills play

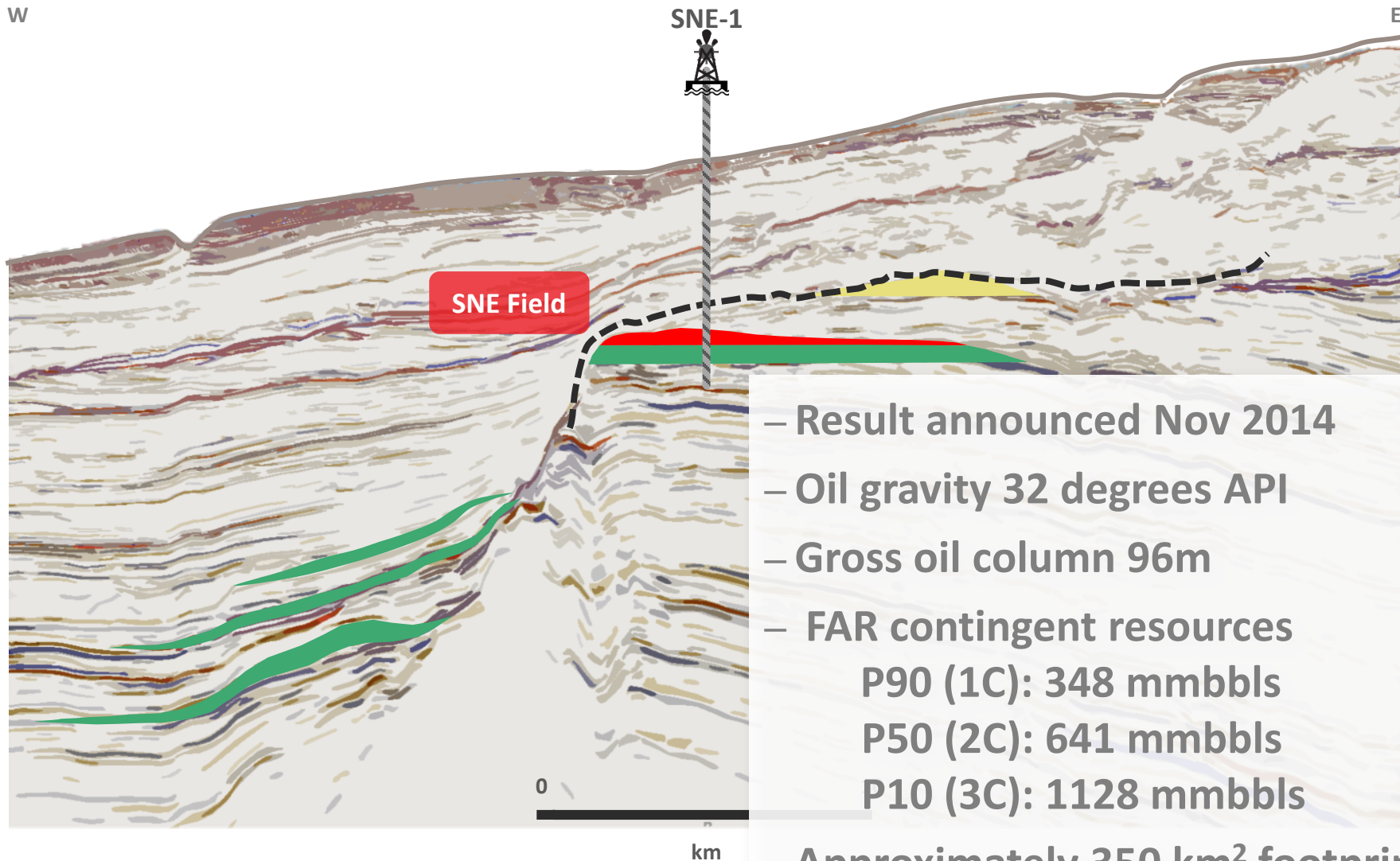


km

# FAN-1 Discovery



# SNE-1 Discovery



\*Reference FAR ASX releases 23 August 2016, best estimate, gross resources, 100% basis, oil only

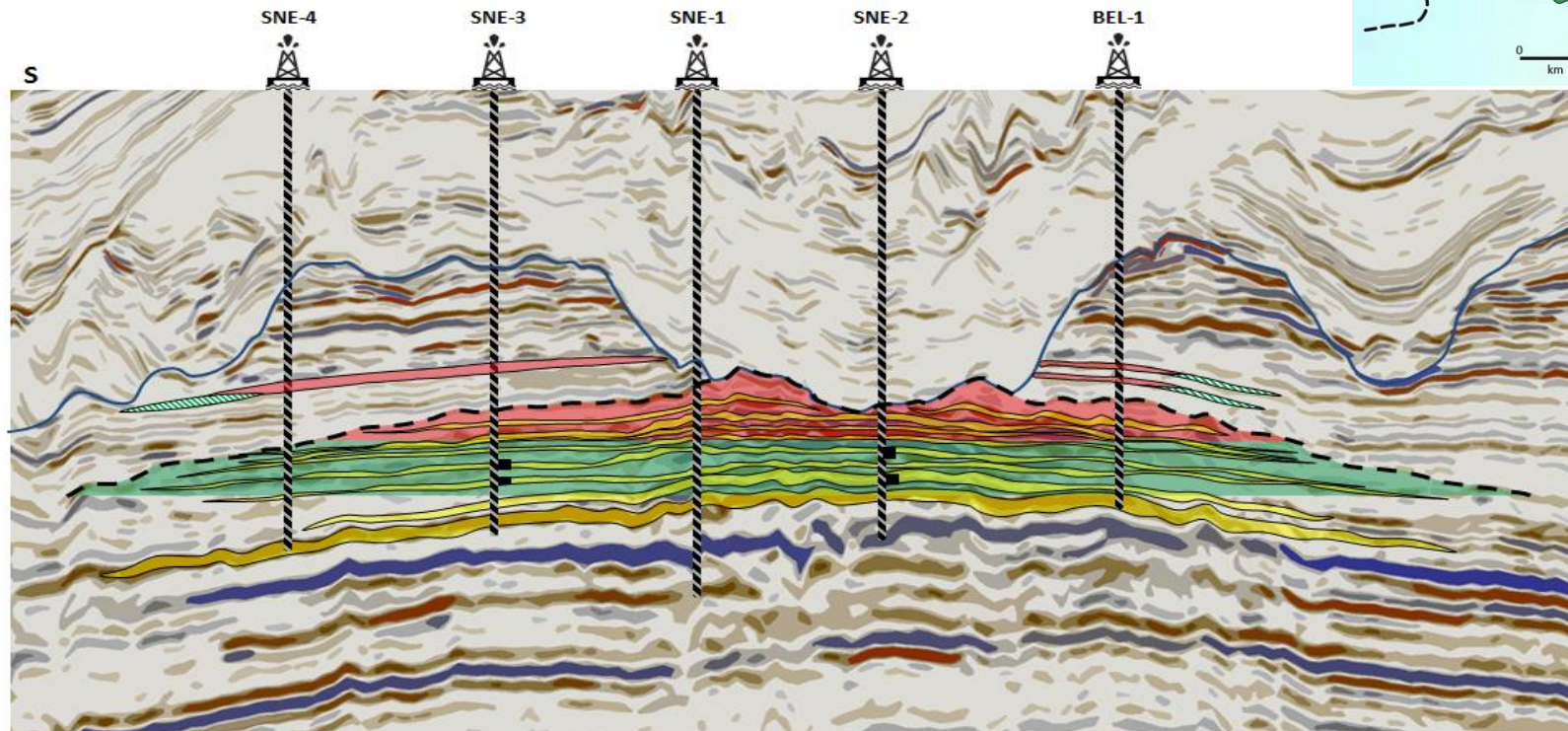
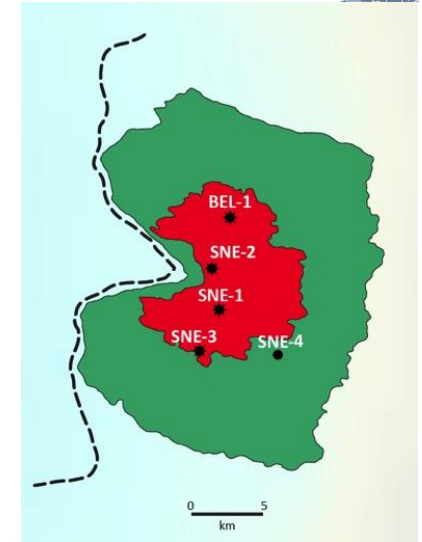


# SNE appraisal program

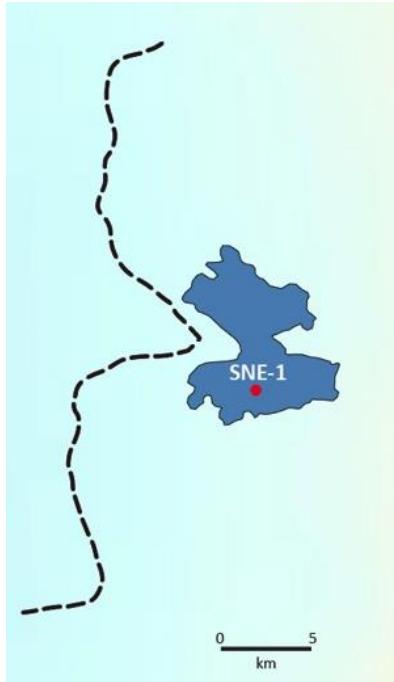


## Objective of wells:

- Size of oil pool
- Test reservoir properties and **deliverability** from logging, coring and testing
- Measure field **connectivity**

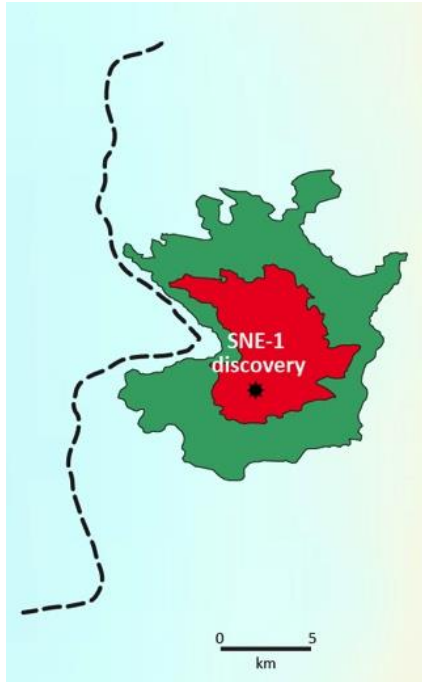


# Size of the SNE oil pool



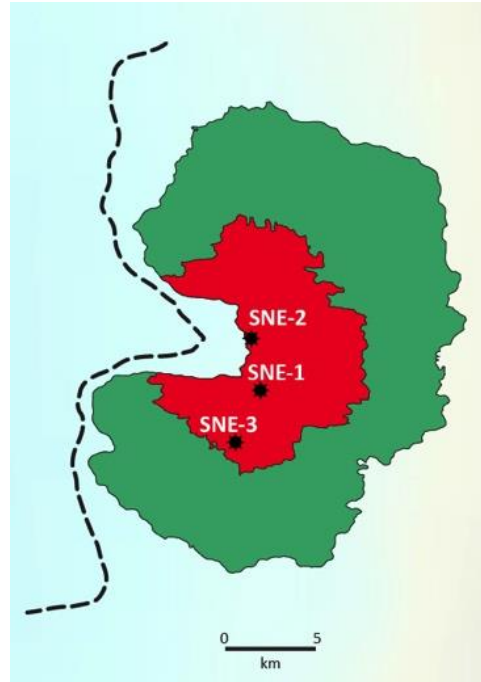
**Pre-Drill**  
(Oct 2014)

P90 : 50mmbbls  
**P50 : 154 mmbbls**  
 P10 : 350 mmbbls



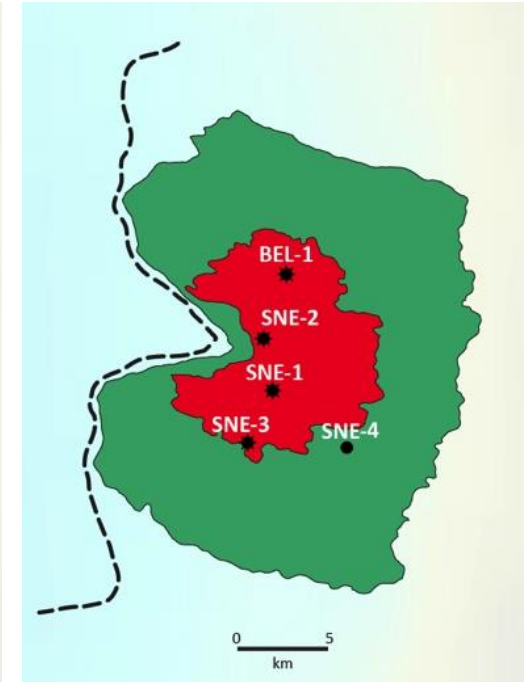
**Post discovery**  
(Nov 2014)

1C: 150 mmbbls  
**2C: 330 mmbbls**  
 3C: 670 mmbbls



**RISC audited**  
(April 2016)

1C: 277 mmbbls  
**2C: 561 mmbbls**  
 3C: 1071 mmbbls



**Latest RISC audited**  
(August 2016)

1C: 348 mmbbls  
**2C: 641 mmbbls**  
 3C: 1128 mmbbls

\*Reference FAR ASX releases dated 23 August 2016, 13 April 2016, 20 Nov 2014: unrisks contingent resources, 100% basis, oil only  
 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

# Deliverability of oil from SNE



**Main reservoirs  
flowed at  
commercially  
viable rates in the  
SNE-2 and SNE-3  
wells**

**Flow test SNE-2**

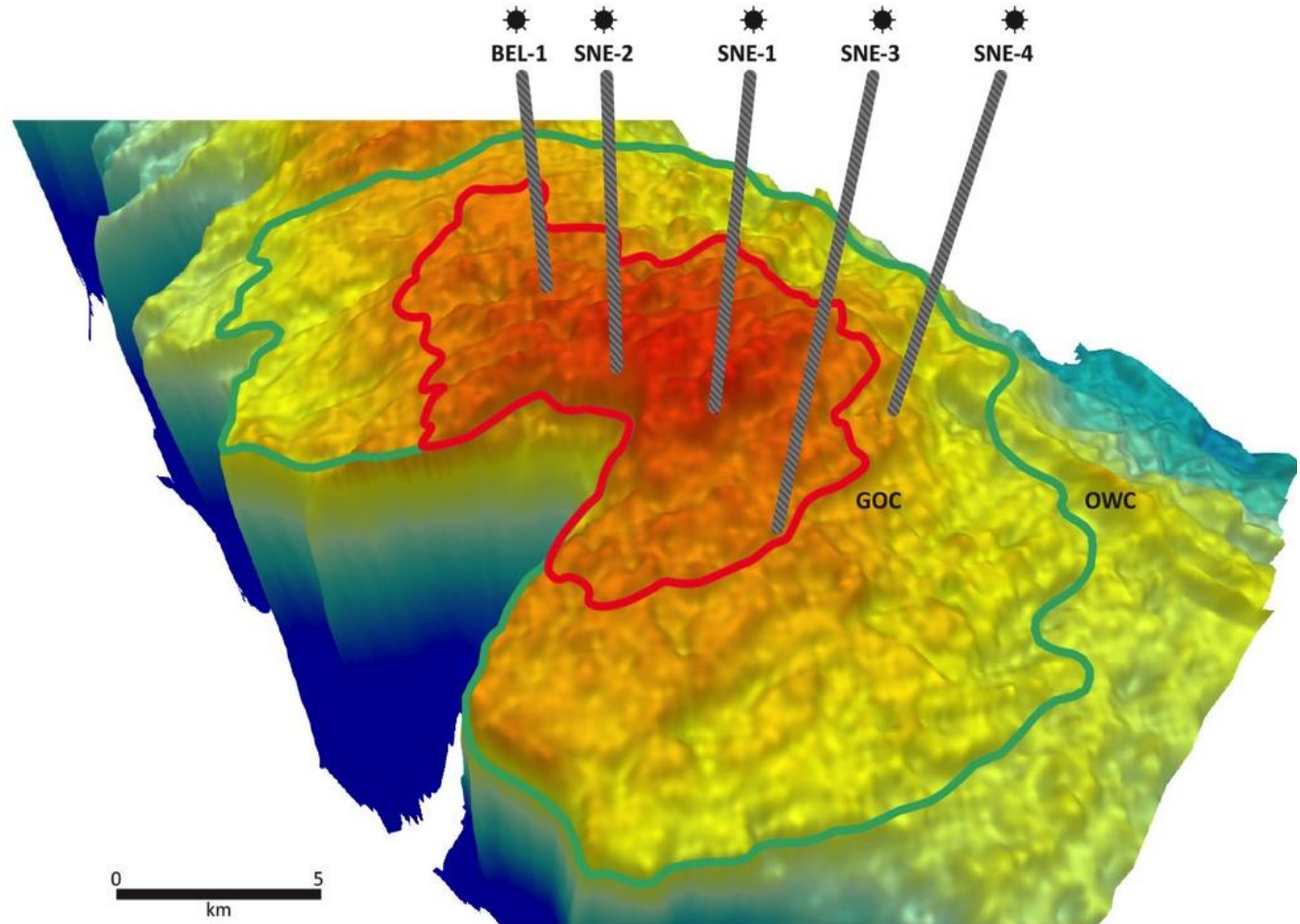
# Connectivity



Two well program planned to commence November 2016

## Drilling program objectives:

- Improving SNE project definition
- Confirm volumes, connectivity and productivity:
  - Planned interference program between wells
  - Evaluate reservoirs not flow tested to date



Field size ~350km<sup>2</sup>

# Appraisal program to date



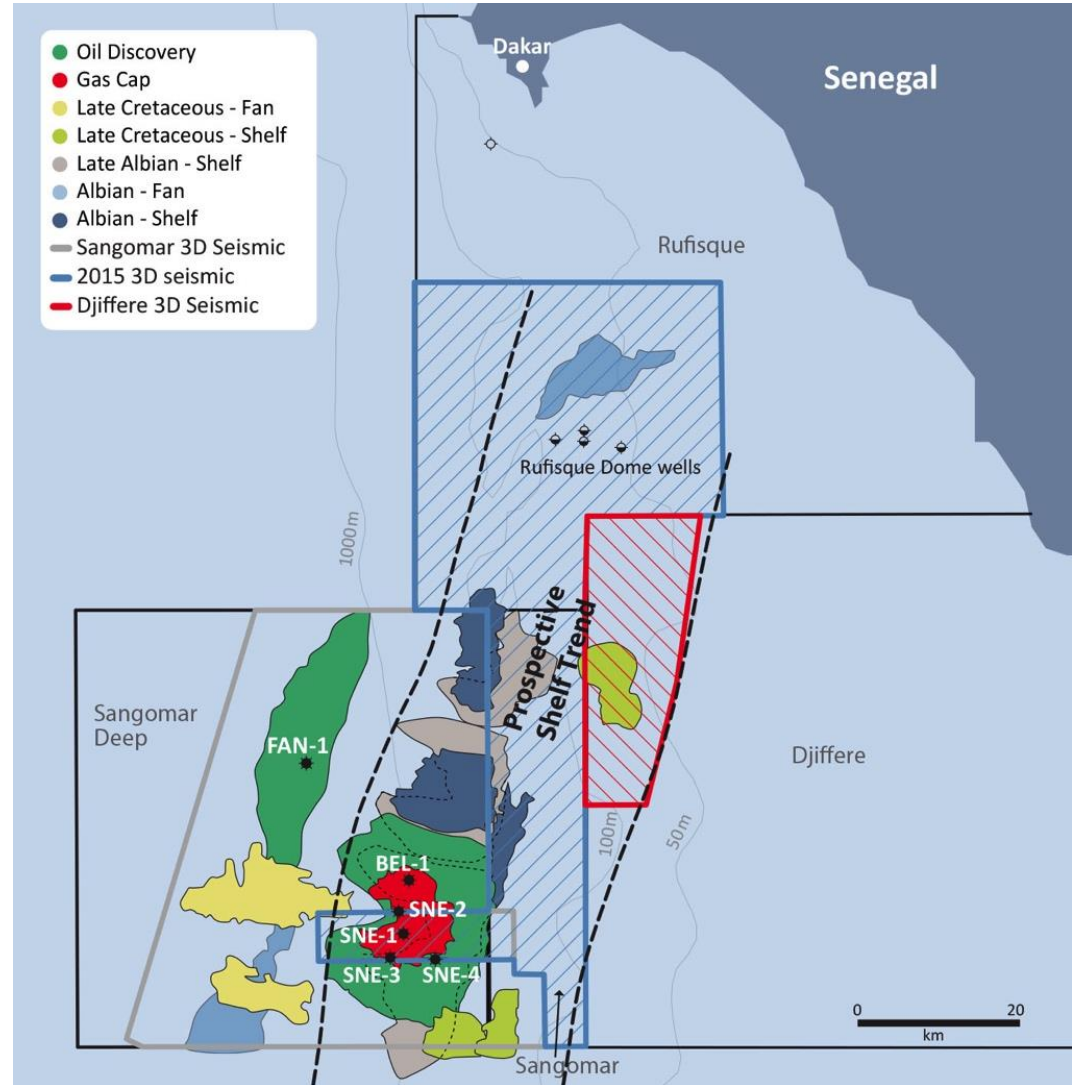
- **Size of oil pool** ✓
- Test reservoir properties and **deliverability** ✓
- Measure field **connectivity**
- Each well has **confirmed**:
  - ~100m gross oil column
  - High quality 32° API oil
  - Correlation of principal reservoir units
- Program completed **safely, efficiently** and **under budget**
- **Costs coming down!**



# Scratching the surface of the prospectivity



- Undrilled exploration prospects with >1bn bbls (unrisked) potential
- FAR option over 75% of Djiffere block
- New joint venture 2015 3D seismic shot along trend from SNE
- Preliminary processed seismic products now at hand and final products arriving Q3



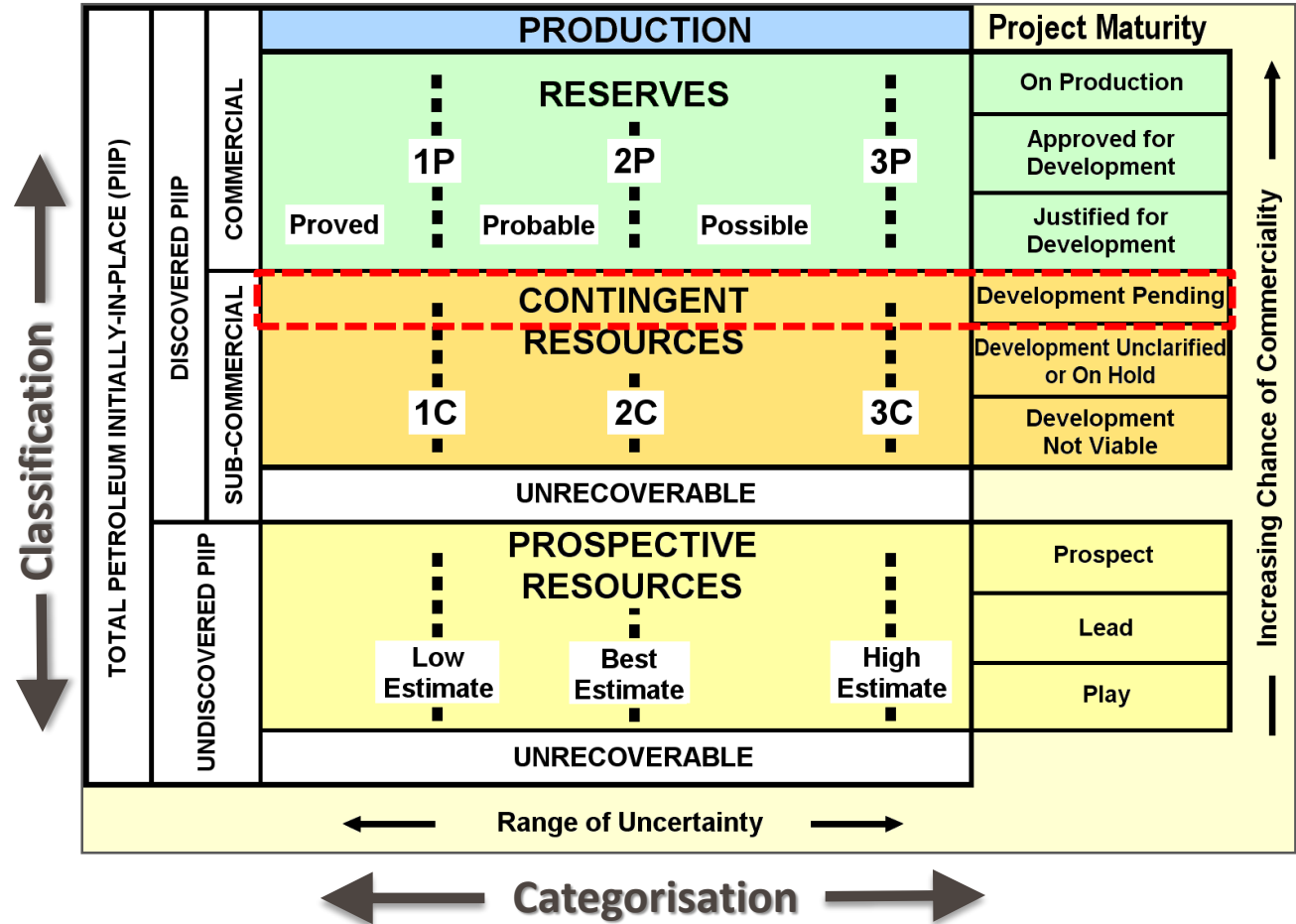
# Status of SNE development planning



Development planning underway

Currently in pre-FEED stage (concept select) \*

Low cost environment



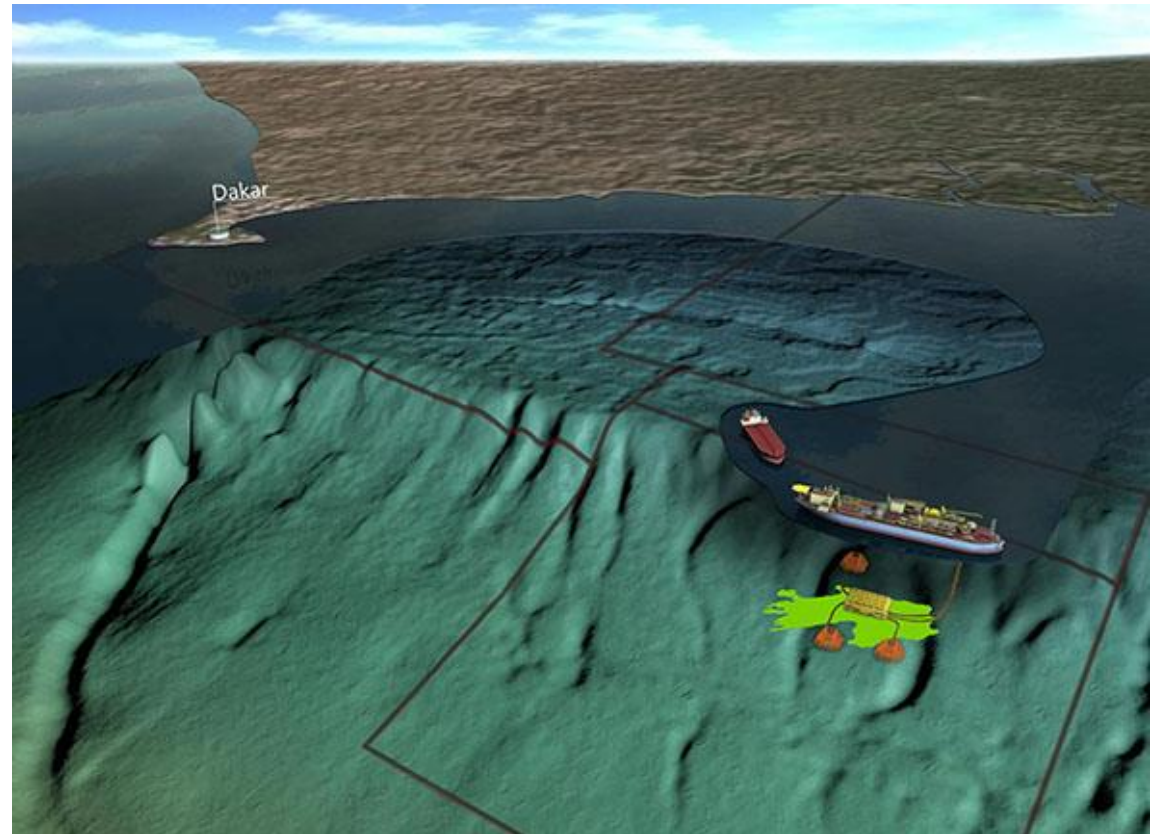
Source: Society of Petroleum Engineers, Petroleum Resource Management System

\*Cairn Energy Half Yearly Result 16/08/2016

# SNE development and tie back concept



- **Standalone FPSO:** expansion capability for tie-backs
- **Plateau production:** rate expected to be 140,000 bopd
- **Development expenditure:**
  - US\$12- US\$15/bbl\*  
(previous US\$17-US\$26/bbl)
- **Operating expenditure:**
  - <US\$10/bbl\*  
(previous US\$5-US\$15/bbl)
- **Breakeven oil price: US\$35/bbl\***



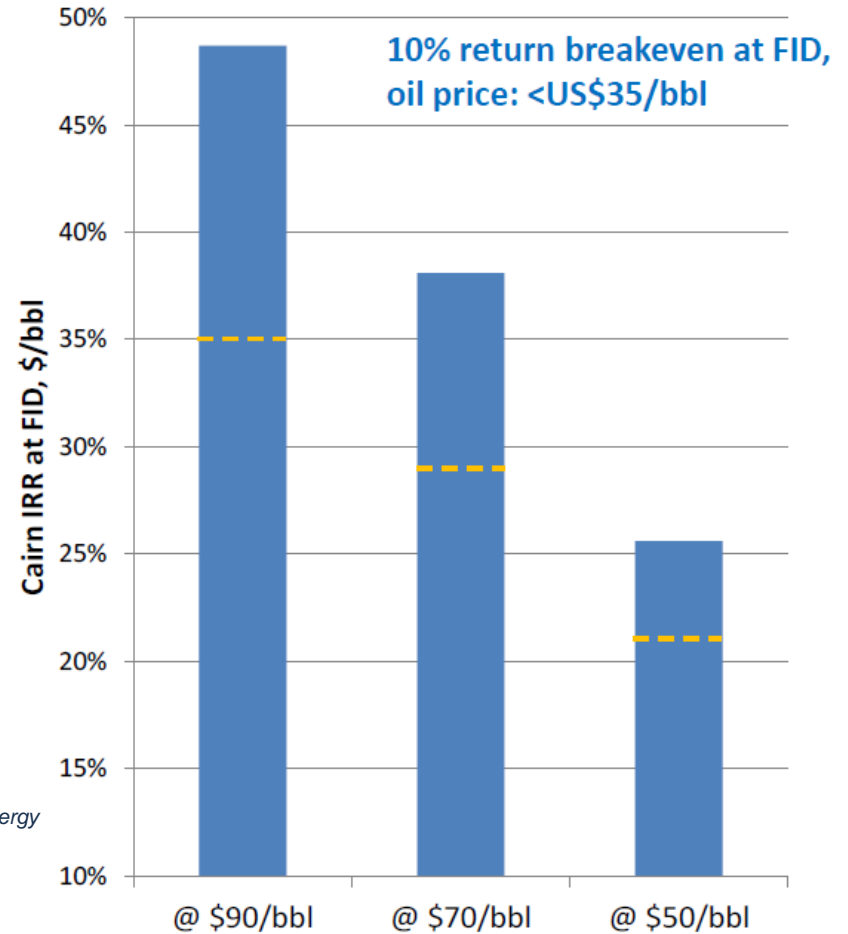
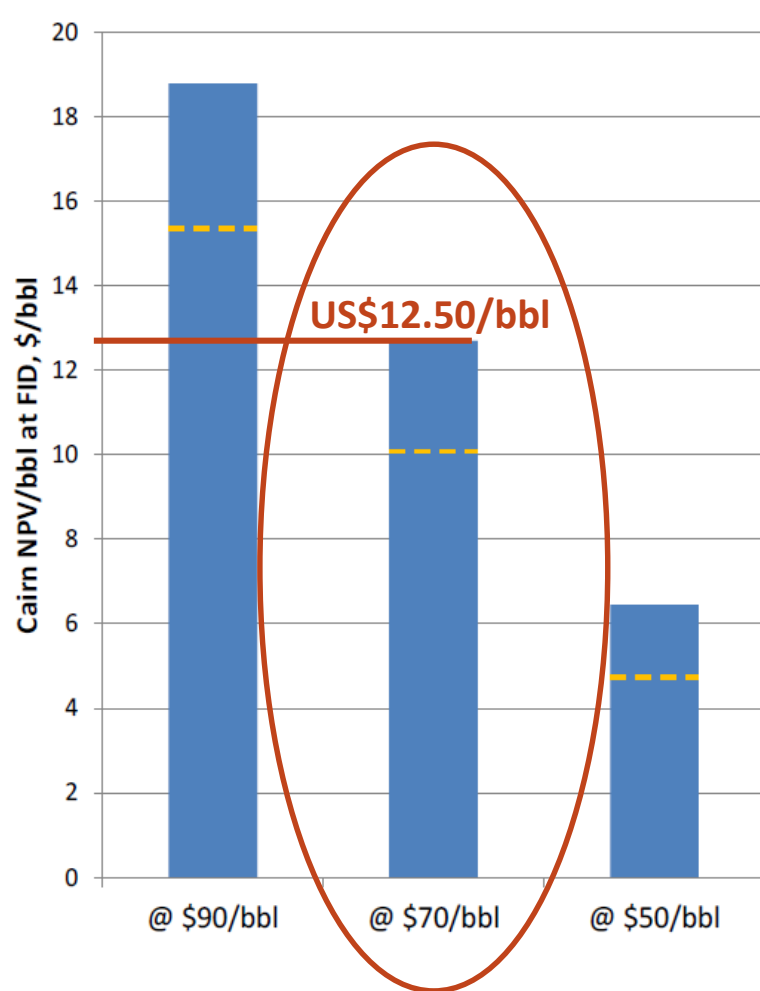
Reference FAR ASX release dated 24 September 2015 and 4 January 2016  
\*Cairn Energy Half Yearly Result 16/08/2016



# Operator economic development scenario



SNE stand alone development (based on Cairn 2C 473 mmbbls)



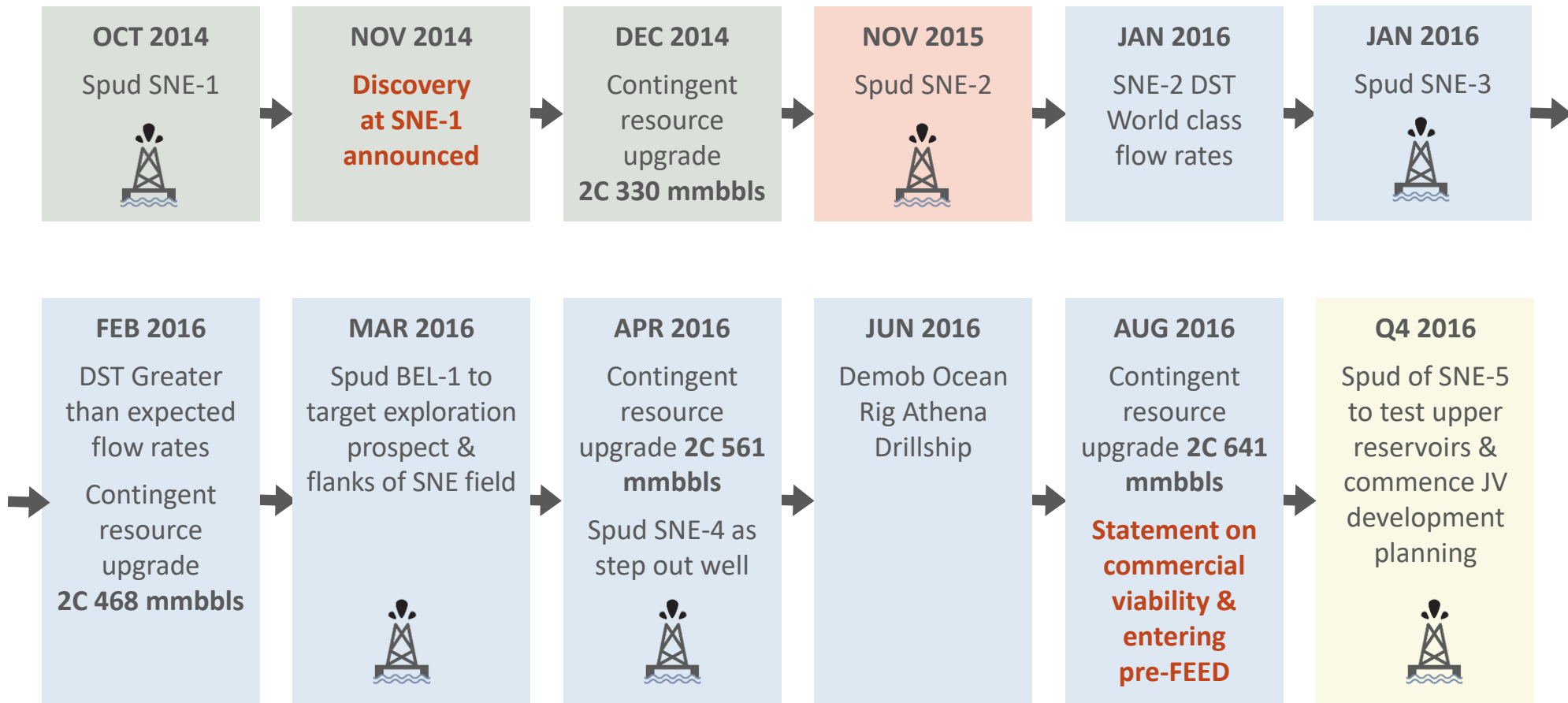
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Prior Cairn Energy  
May 2015  
Guidance

Source: Cairn Energy estimates (refer Cairn Energy Half Yearly Result 16/08/2016 and Cairn Energy Capital Markets Day presentation 11/05/2015)

# SNE story so FAR



21 months from discovery to statement of commerciality



# Social responsibility

FAR and its partners are supporting activities that deliver positive, lasting social and economic benefits to Senegal:

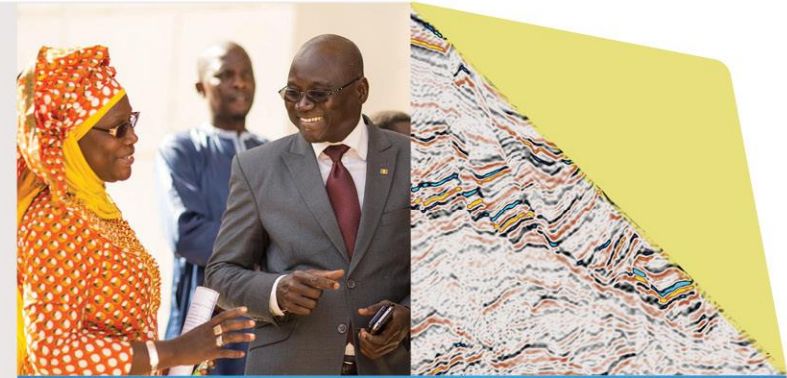
- English language training for the energy sector
- The Hunger Project support for a microfinance program
- FAR has sponsored regional soccer competitions through provision of 200 balls
- FAR has provided mosquito nets to rural communities



# What's next in Senegal?

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- **Two firm well program** to commence November
- **New JV and Djiffere** seismic data products
- Decision to **progress Djiffere** option
- **Upgrade** to prospective resource inventory
- **Project in Pre-FEED**, building development plan for 2017



# 2016 revealing the prize

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**2013:** Year of farmout

**2014:** Year of discovery

**2015/2016:** Evaluating the SNE Field

**100% success rate** to date offshore Senegal

**Statement on commerciality** 21 months from discovery

**Undrilled exploration prospects** with >1bn bbls potential

**Possible look-a-likes of SNE** in Guinea Bissau

**FAR committed** to finding more elephants lurking under Senegalese waters!



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- 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.