29 July 2010

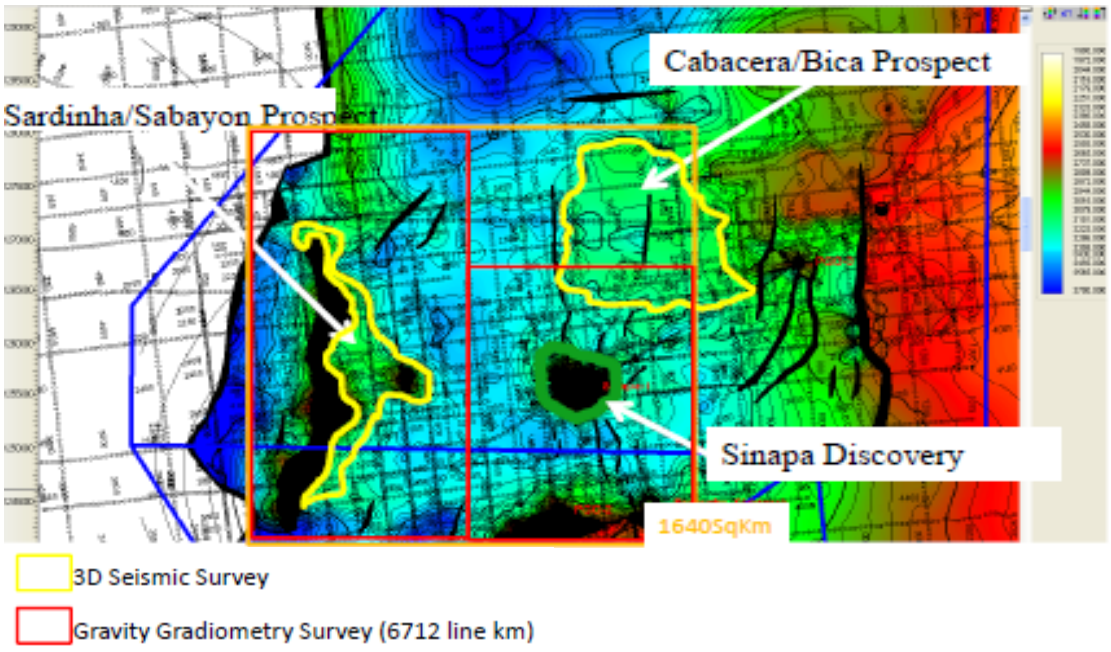
ASX ANNOUNCEMENT AND MEDIA RELEASE

SINAPA (BLOCK 2) AND ESPERANCA (BLOCKS 4A & 5A) OFFSHORE GUINEA BISSAU (FAR 15%)

NEW 1600 SQ KM 3D SURVEY SET TO COMMENCE

A contract has been awarded to PGS to acquire and process a 1600 Sq Km 3D seismic volume over the Sinapa and Esperanca licenses using the Ramform Challenger Vessel and Geostreamer technology.

The survey will be acquired over approximately 6 weeks starting around mid September 2010 and will form part of an overall program including Seismic Processing, Bathymetry and Gravity Gradiometry budgeted to cost in the order of US$15million gross.



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The seismic survey will be preceded by the acquisition of Bathymetry, Side Scan Sonar and Gravity Gradiometry data to be conducted by ARKex. The program will incorporate lessons learned from recent studies including a trial 2D program utilizing Geostreamer technology acquired late 2009.

Proposed area of gravity Survey

Full Tensor Gravity Gradiometry and 3D Seismic will be combined to constrain the extent of the salt and de-risk the positioning of future wells on prospects already identified within the blocks. The work is due for completion during February 2011.

COUNCIL OF MINISTERS CONFIRM EXTENSION TO THE LICENCE

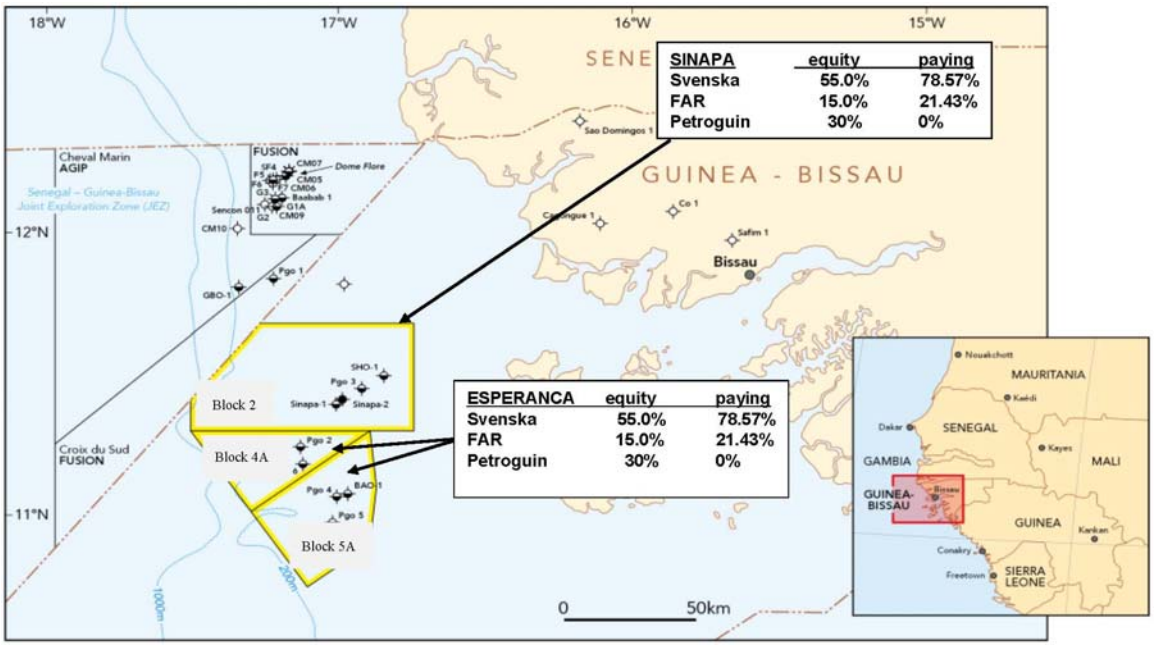
In order to enable the program to be conducted on an appropriate time frame the Council of Ministers for the Republic of Guinea Bissau has communicated a 2 year extension to both the Sinapa and Esperanca Licences until 25 November 2012. A Gazettal Decree formalising this extension remains pending.

BACKGROUND

In December 2009, FAR reached agreement with Delek International Energy Ltd **(Delek)** to acquire a 15 percent participating interest in three Licenses located offshore Guinea Bissau, a nation which lies immediately south of Senegal. The entry into these blocks expands FAR's footprint offshore West Africa and provides excellent synergy with the Company's offshore Senegal blocks.

The Licences lie on the continental shelf around 180 kilometres offshore the Guinea Bissau coast and west of the Bissau River estuary. Exploration dates back over 40 years when Exxon initiated exploration operations. Further exploration drilling was carried out in the area during the 1990s by operators Elf and Pecten, all with limited success. Premier became involved as operator of these licences in 2002 and drilled a series of wells including Espinefre and Eiroses and the Sinapa oil discovery. No oil has as yet been commercially produced in Guinea Bissau.

Svenska assumed operatorship following the withdrawal of Premier. The underlying exploration potential of offshore Guinea Bissau Svenska has long been recognised given the functioning hydrocarbon system, good potential reservoirs and multiple drillable prospects in a wide shallow waters shelf setting. Significant potential lies in the un-appraised Sinapa discovery.



Activities during 2010 are being focused on the geophysical with a view to potential further drilling activity later in the second licence period

Guinea Bissau Exploration Opportunity

- A shallow water play with large hydrocarbon potential in the Guinea Bissau portion of the productive Mauritania-Senegal-Guinea Bissau-Conakry Basin. There are large closures identified in Albian aged prospects located adjacent to a prolific Cenomanian Turonian oil kitchen. The area remains lightly explored, however, of the wells drilled to date nearly all have recorded live oil shows and one tested oil. Importantly, preliminary basin modelling studies conducted during 2010 conclude that oil generation with commercial levels of expulsion from the organically rich Turonian source kitchen is likely.

- The Licences include the **Sinapa oil discovery** in 30 meters of water depth estimated to have a **P50 STOOIP of 240 million barrels** and several large untested prospects including the Sardinha prospect estimated to have unrisked **P50 STOOIP of 219 million barrels**.

- The **Sinapa (Block 2) and Esperanca (Blocks 4A and 5A)** offshore licences, as illustrated in the attached map, cover an area of approximately 5,832 sq km and lie in water depths ranging from 10 metres to in excess of 1,000 metres. Immediately to the north lies the billion barrel Dome Flore discovery.

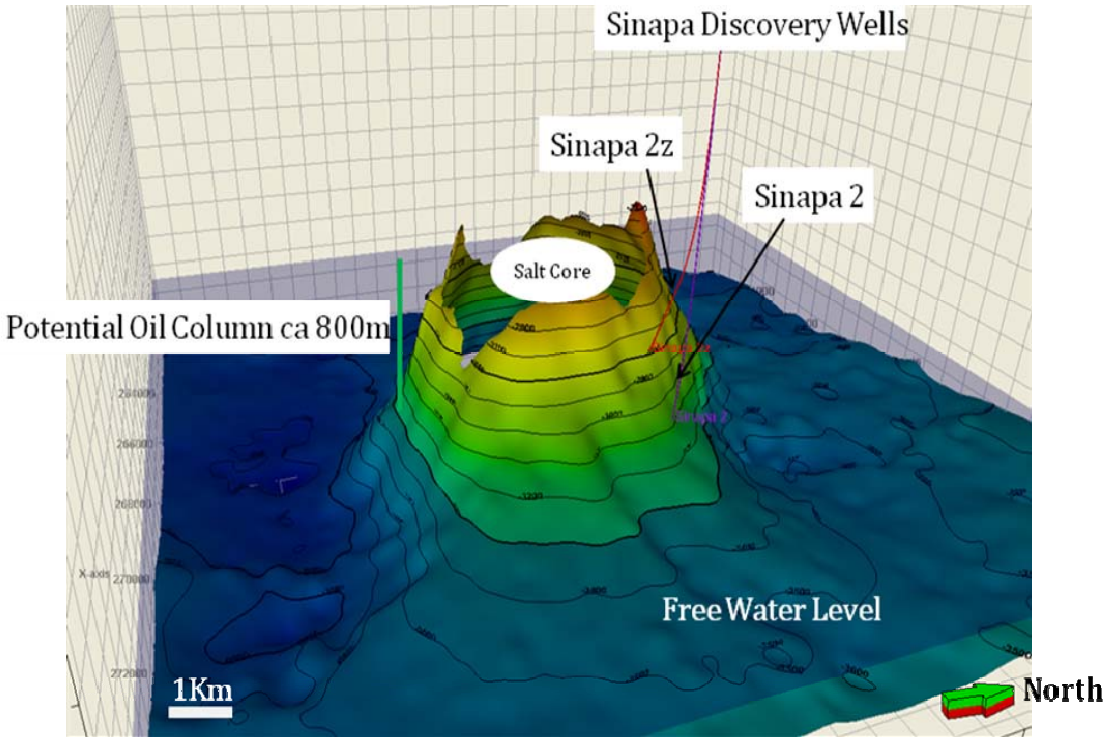
- The Licences are currently in Phase 1 of the exploration term, which has been extended (Gazettal Decree pending) for two years to 25 November 2012. A further optional four year Phase 2 exploration period has a work commitment that includes a single exploration well.

- FAR has partnered with the operator, Svenska Petroleum Exploration Guinea Bissau AB (**Svenska**), in evaluating this opportunity, by assuming the exploration obligations of **Delek** for the year 2009 capped at US$600,000 plus forward obligations arising from the date of the agreement. In the event of commercial production Delek is entitled to recover past costs capped at US$13 million.

- A 3D seismic acquisition program is planned to commence mid September 2010. The proposed survey is designed to follow up an earlier 200 sq km 3D survey over Sinapa (1997) and a more recent (November 2009) 2D survey.

Sinapa Oil Discovery

The Sinapa-2 and 2ST wells drilled by Premier oil in 2004 confirmed the Sinapa Oil Discovery, defining a potential oil column in excess of 500 metres within steeply dipping beds flanking the Sinapa salt diapir; however reservoir quality and structuring issues will need to be thoroughly appraised and understood utilising further seismic and later drilling before any declaration of commerciality can be made.



During 2009 Svenska acquired some 250 kms of long offset 2D seismic the purpose of which is to improve data quality over the Sinapa discovery as well as over several undrilled prospects in the blocks. Processing of the seismic was completed during Q1 2010. Further modelling work on the Sinapa salt diapir has extended the potential oil column to 800 metres.The 2D work has highlighted a new lead identified as Cabacera/Bica.

Svenska has also conducted an assessment of various low cost development options for the Sinapa oil discovery in 30 metres of water depth. Utilizing basic design data, a series of well management, gas handling and product export options have been considered leading to consideration of the use of Mobile Offshore Production Units (MOPU) or Dry Trees with

fixed platform topsides processing tied back to an FPSO. Several of these development options appear attractive.

For information on FAR's drilling activities visit our website at www.far.com.au

NOTE: In accordance with Chapter 5 of the Listing Rules, the geological information in this report has been reviewed by Dr Igor Effimoff, a geologist with 35 years experience. He is a member of American Association of Petroleum Geology, the Society of Petroleum Engineers, the Society of Exploration Geophysicists and the Geological Society of America. Dr Effimoff has given his consent to the information in the form and context in which it appears.