ABN 41 009 117 293

QUARTERLY REPORT FOR THE PERIOD
FROM 1 JULY 2011 TO 30 SEPTEMBER 2011

OVERVIEW

FAR TO EXPAND AFRICAN PORTFOLIO THROUGH MERGER WITH FLOW ENERGY

- ***FAR to merge with Flow Energy Limited by way of off-market takeover to create a leading African focussed oil & gas explorer.***
- ***FAR had a relevant interest in 90.1% of Flow Energy as at 3pm AWST on 26 October 2011.***
- ***Flow Energy has two highly prospective exploration blocks in Kenya, five exploration blocks in Jamaica and two exploration blocks in Australia.***
- ***Combined entity well funded to drive significant exploration programs.***
- ***FAR Board to be augmented with Catherine Norman as Managing Director and Nicholas Limb as Non-Executive Director.***

OFFSHORE WEST AFRICA - SENEGAL

- ***Option Agreement with Ophir Energy plc extended to 31 December 2011.***
- ***Waiting on formal Decree concerning entry to the Second Renewal Period which includes an exploration well; while farmout marketing continues.***

OFFSHORE WEST AFRICA - GUINEA-BISSAU

- ***Processing and interpretation of 3D seismic progressing; completion expected by end of 2011.***
- ***Preliminary interpretation supports the case for a possible two well drilling program in 2012.***
- ***The blocks contain the existing Sinapa oil discovery and several large untested prospects.***

OFFSHORE WEST AFRICA - AGC

- ***Frontier Kora-1 well plugged and abandoned after failing to intersect expected reservoir.***
- ***First Renewal Period of the PSC extended for one year to 19 September 2012.***

UNITED STATES OF AMERICA

- ***First quarter oil and gas sales of AUD$163,145.***

CHINA

- ***US$6 million of receivables due from the sale of Beibu Gulf interest, subject to conditions precedent being met.***

CASH POSITION

- ***Cash balance at 30 September 2011 of AUD$25.9 million.***

MERGER WITH FLOW ENERGY EXPANDS AFRICAN PORTFOLIO

MERGER SUMMARY

On 21 September 2011, the Company announced a merger with Flow Energy Limited ("Flow Energy") by way of a conditional off-market takeover bid by FAR for all of the issued shares in Flow Energy ("Offer"). FAR has a relevant interest in 90.1% of Flow Energy as at 3pm AWST on 26 October 2011. The closing date for the Offer is 18 November 2011 unless otherwise extended.

The Boards of FAR and Flow Energy consider that the merger will provide compelling benefits to both FAR and Flow Energy shareholders. Specifically, the merged entity will have:

- **A Diversified portfolio of highly prospective, offshore African projects**. The combination of assets in offshore Senegal, Guinea Bissau, AGC Profond and Kenya will provide investors with exposure to highly prospective, high impact exploration targets in a prevailing environment of high oil prices and a heightened interest by global oil and gas companies to secure prospects in Africa.
- **Funding to progress the projects**. At 30 September FAR had a cash position of approximately $26 million (with an additional US$6 million receivable) and is well funded to pursue its exploration activities planned across its portfolio.
- **Enhanced capital markets profile.** The increased size, scale and diversification of the merged entity will lead to a stronger capital markets profile to pursue future growth.
- **An increased depth of Board and management.** FAR Board to be augmented with Catherine Norman as Managing Director and Nicholas Limb as Non-Executive Director. Flow has a deep technical team which will add considerable value to the Merged Entity.

Under the Offer, Flow Energy shareholders will receive 42.66 FAR shares in consideration for each of their Flow shares, valuing Flow Energy at circa $25 million.

The Flow Energy Board has unanimously recommended the Offer in the absence of a Superior Proposal and each Flow Energy Director has accepted the Offer in respect of their shareholdings in Flow Energy.

Full details of the terms and conditions of the Offer can be found in the Bid Implementation Agreement, Bidder's Statement and Target's Statement released to the ASX on 21 September 2011.

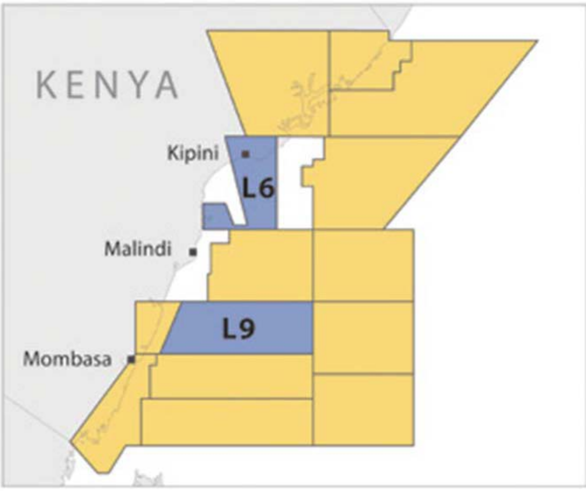
OVERVIEW OF FLOW ENERGY

Flow Energy's lead projects are two blocks in Kenya (Block L-6 where Flow is operator and has a 60% interest and Block L-9 where Flow has a 30% interest), located in the highly prospective East African margin. Activity in the short term is focused on Block L-6 where a 3D seismic programme is planned for Q2 2012 and the first well targeted to be drilled in Q1 2013. Flow has 50% equity interests in 5 blocks located offshore Jamaica. In Australia Flow has been awarded two blocks (WA-457-P and WA-458-P), Flow has 100% interests in both blocks located in a proven producing basin.

A summary of Flow Energy's exploration projects are provided below with more detailed information available in the Target's Statement lodged with the ASX on 21 September 2011 or at Flow Energy's website www.flowenergy.net.

OFFSHORE EAST AFRICA – KENYA

Flow Energy's Kenyan project is located in the Lamu Basin, Kenya, and its key assets are the Block L-6 and Block L-9 permits.



Flow Energy is the operator of Block L-6 and holds a 60% equity interest in the block, with Pancontinental Oil & Gas holding the remaining 40%. The Block covers an area of 3,134km^2 in water depths ranging from zero to 350m. Flow Energy has mapped seven prospects on 2D seismic and a 3D seismic program is planned for Q2 2012 with a first well targeted to be drilled in Q1 2013.

Flow Energy is seeking a partner with appropriate expertise to contribute to the 3D Seismic and drilling phases of the Block L-6 project. This process remains underway.

In March 2011 Dominion Petroleum Kenya Limited and its partners, including Flow Energy, were awarded Block L-9, offshore Kenya. The block covers an area of 5,100km^2 in water depths ranging from 300m to 1,400m.

Dominion Petroleum will operate the L-9 Joint Venture, which is comprised of Flow Energy (30%), Avana Petroleum Limited (10%) and Dominion Petroleum Kenya Limited (60%). A PSC in relation to this award has been entered into with the Government of the Republic of Kenya. The JOA and Deeds of Assignment remain in the process of being finalised.

Block L-9 has had only one well drilled in it to date, the Simba-1 well in 1979, which encountered gas shows. As with other wells in the Lamu Basin the Simba results are considered to lend support to a possible working hydrocarbon system in the basin. Offshore oil seeps have also been identified to the north of Block L-9.

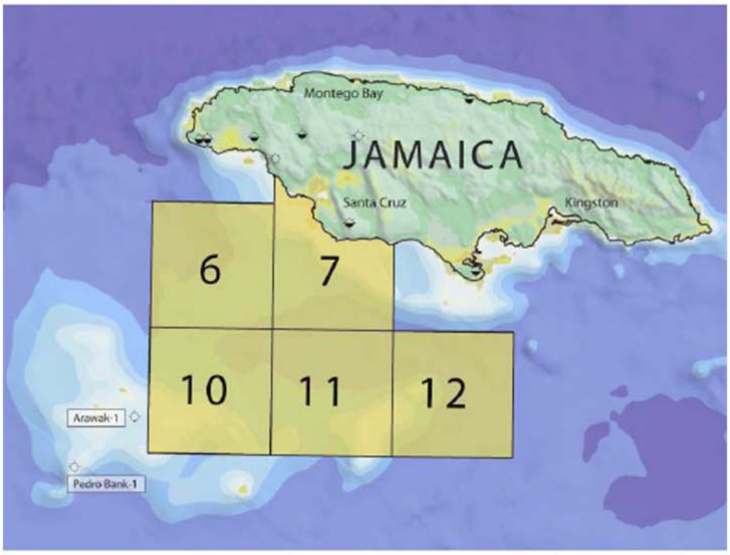
The initial exploration period of the PSC will last for two years. During this time, the acquisition of 500km^2 of 3D seismic data is required. After this initial period, there is an option to commit to another two year exploration period with an obligation to drill one well in that time.

Flow Energy is seeking a farm-in partner to share the costs of the 3D seismic program.

FAR's Offer to acquire Flow Energy preceded a period of increased activity in Kenya, with Total acquiring a 40% stake in 5 offshore exploration Blocks in the Lamu basin and Ophir Energy plc announcing a takeover bid for Dominion Petroleum, operator of Block L-9 in which Flow Energy is a partner.

OFFSHORE JAMAICA

Flow Energy's Jamaican project is located in the Walton Basin, Jamaica, and is owned by the Jamaica Joint Venture (JJV). Flow is a 50% equity partner in the JJV, with the other partner, and operator, being Finder Exploration Pty Ltd.

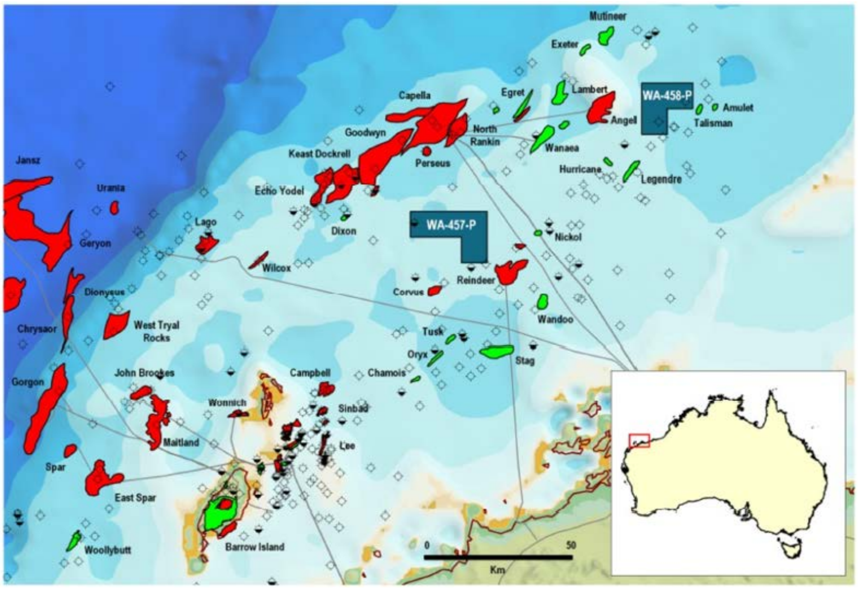


The JJV holds 5 licences covering an area of 14,335 km^2 in water depths of up to 2,000m. New 2D seismic and Falcon Airborne Gravity Gradiometer data were acquired in 2006 and all relevant pre-existing 2D seismic data in the area has been reprocessed.

Flow Energy is currently seeking a partner for drilling, with the first well due before Q4 2013.

OFFSHORE WESTERN AUSTRALIA

In July 2011 Flow Energy was awarded the WA-457-P and WA-458-P permits for offshore petroleum exploration in the Dampier Sub Basin in Western Australia. Flow Energy holds 100% of both blocks.



Both blocks have a three year initial exploration period consisting of seismic reprocessing and geophysical studies in year one, 3D seismic data acquisition in year two and geological studies in year three.

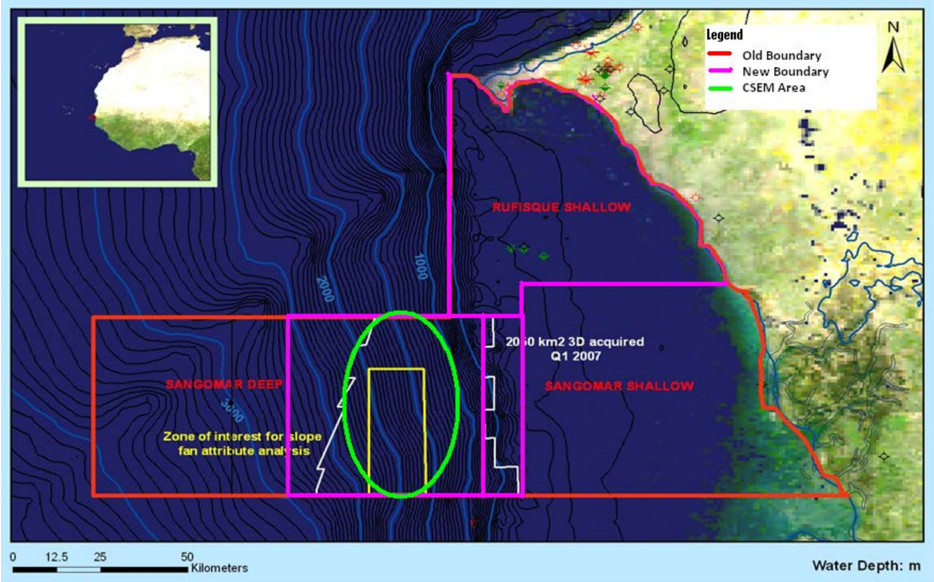
After this initial period, there is an option to commit to another three year exploration period, with the obligation to drill one well in the second year of that period.

Flow Energy is in the process of assessing farm-out options for both Western Australian projects.

OFFSHORE WEST AFRICA – SENEGAL

RUFISQUE, SANGOMAR AND SANGOMAR DEEP OFFSHORE BLOCKS (FAR 90% - OPERATOR)

FAR is Operator of three offshore Blocks and holds a 90 percent interest with the balance being held by Petrosen (Senegal's National Oil Company).



Application to Enter Second Renewal Period Lodged

The Company has given notice under the terms of the Production Sharing Contract (PSC) to the Minister for Energy for the Republic of Senegal of its intention to enter the next exploration phase (second renewal period) which commenced on 23 November 2010.

FAR's renewal under the PSC is subject to Ministerial approval and requires a Presidential Decree. The request is supported by Petrosen, the National Oil Company of Senegal.

Recent changes within various Ministries, including that of Energy, have resulted in delays in the processing of Decrees concerning both offshore and onshore PSCs within Senegal.

In early April 2011, a delegation comprising three representatives from FAR and Ophir's Country Manager held meetings with Petrosen and obtained consents sought under the Agreement giving Ophir the ability to acquire a 25 percent interest in the Senegal blocks. The delegation was warmly received and assurances were again provided that the issuance of a Decree concerning FAR's PSC would be made in due course.

FAR will provide a further ASX release once formal documents have been conveyed.

The PSC terms currently specify the requirement to drill a well within two years of entering the renewal period backed by a surety of US$5 million that is forfeitable in the event of non performance.

FAR considers that there is a compelling case for going forward into the drilling phase for the following reasons:

- The Licence renewal would provide more certainty to potential farminees.
- FAR would seek recovery of the US$5 million surety in any farmout.
- The renewal would provide additional time to procure a drilling partner. A number of potential partners are currently studying the data.
- 2011/12 is shaping up to be a landmark year for deepwater exploration generally along the Central Atlantic Margin with wells earmarked for drilling by Anadarko (Sierra Leone/Liberia), Hyperdynamics (Guinea), African Petroleum (Liberia and Gambia) and Chevron (Liberia).
- Recent transactions in Liberia and Gambia (abutting FAR's Senegal licence area) by NSX listed African Petroleum provide strong independent evidence supporting the underlying value of FAR's Licences.

Ophir Option Agreement Extended

During the quarter, Ophir Energy plc's option to acquire a 25 percent interest in FAR's Sangomar Offshore, Rufisque Offshore and Sangomar Deep Offshore licences in Senegal was extended to 31 December 2011 by mutual consent.

The Agreement gives Ophir the ability to acquire a 25 percent interest in the Senegal blocks and, in the event Ophir exercises its option, it will be appointed Operator. Should Ophir elect to continue in the Senegal Blocks subsequent to drilling a Senegal well Ophir has agreed to pay an equivalent well promote (1.5 times well cost) to FAR.

Farm-out Marketing Continues

During the quarter FAR continued farmout discussions with a number of potential farmin partners with the objective of securing a commitment to drill an exploration well.

FAR has provided data packages to several large international exploration and production companies including companies with existing operations and/or production in West Africa's deep water play. Detailed technical reviews are ongoing.

As was the case in the previous round, the farmout process may take several months while companies undertake technical due diligence. Due to the commercially sensitive nature of the farmout process and confidentiality agreements executed as part of this process, FAR will not make any public release until such time as a binding agreement, if any, has been reached.

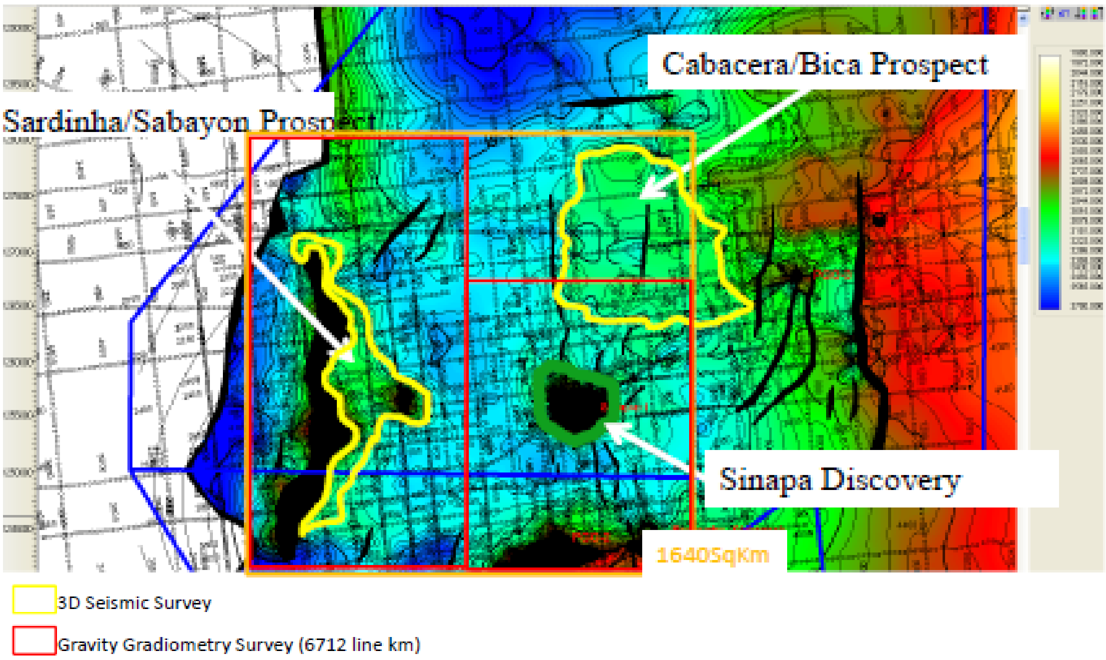
FAR is seeking cost recovery and a free carry through the drilling of one exploratory well.

OFFSHORE WEST AFRICA – GUINEA-BISSAU

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

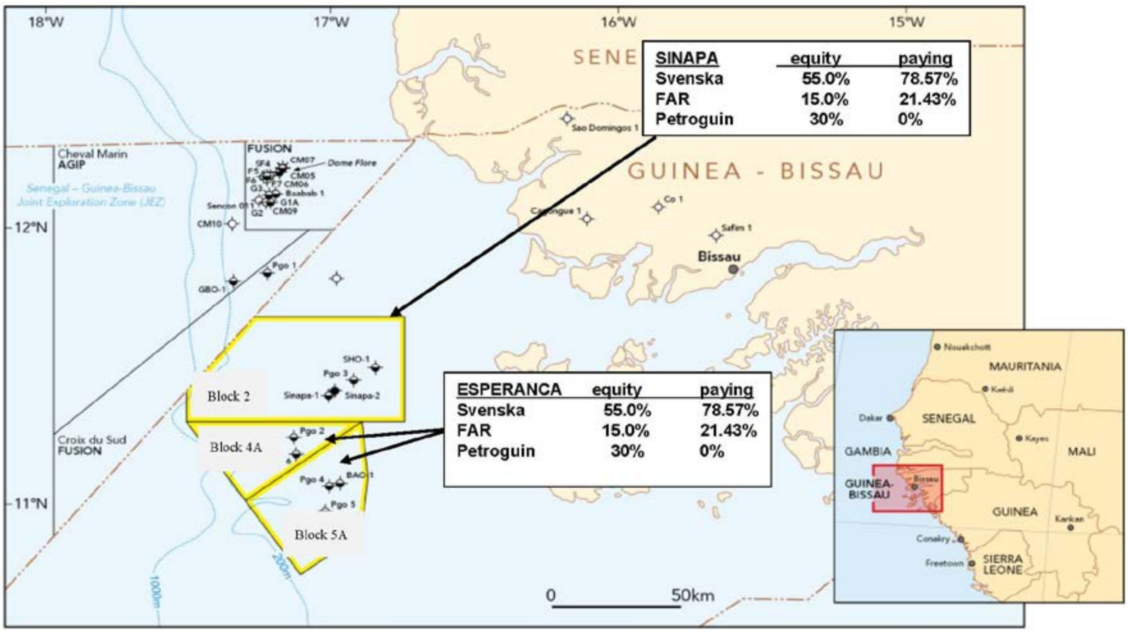
During the quarter processing and interpretation of the 3D seismic data acquired in 2010 continued with the objective of identifying preferred targets for the drilling of up to two wells in 2012. The timing and extent of any drilling is subject to the results of this work which is expected to be completed by year end.

During October 2011, Svenska presented preliminary interpretation of data which supported the case for future appraisal drilling along the north west flank of the Sinapa Dome and an exploration well to be selected from within the prospect inventory on the Blocks.



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 180km off 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 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.

During the later half of 2010, a substantial data acquisition program consisting of some 1,200km^2 of high resolution ARKeX Gravity Gradiometry data and some 1,640km^2 of 3D seismic PGS Geostreamer data was undertaken. This data was acquired by Svenska on behalf of co-venturers FAR and Petroguin in order to better define a number of leads, prospects and discoveries at various stratigraphic intervals on the two licenses.

The Licences are currently in Phase 1 of the exploration term, which has been extended 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.

OFFSHORE WEST AFRICA – AGC

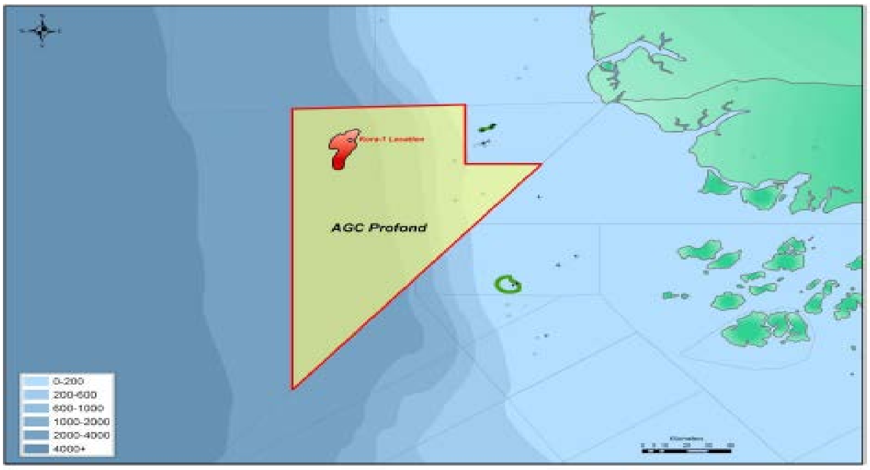
AGC PROFOND (FAR 10% paying interest)

The Kora-1 frontier exploration well, operated by Ophir Energy plc (Ophir), was spudded on 28 June 2011. The well was drilled to a total depth of 4447.5 m Subsea and plugged and abandoned as an unsuccessful well.

The primary (Albian) and secondary (Coniacian and Barremian) reservoir intervals were penetrated close to their anticipated depths, but the well encountered a predominantly claystone and thinly bedded limestone sequence rather than the prognosed sandstone reservoir facies.

The wider implications for the prospectivity of the Casamance Sub Basin of the MSGBC Basin are currently being evaluated.

Post Kora, there remain several prospects within the AGC Profond PSC which covers a substantial area. Current work is directed at integrating the Kora results to better understand this remaining potential



AGC Profond PSC Details

AGC (Agence de Gestion et de Coopération entre le Sénégal et la Guinée-Bissau) is a joint commission set up by the governments of Guinea-Bissau and Senegal to administer the maritime zone between the two countries. The AGC Profond block consists of the deepwater portions of two blocks previously known as Cheval Marin and Croix du Sud. The block covers an area of 9,838km^2 and is located in water depths ranging from approximately 50 to 3,500m.

The PSC is currently in the First Renewal Period which was extended during the quarter for one year to 19 September 2012. The First Renewal Period carries a single well commitment which has been satisfied by the drilling of the Kora-1 well. A second renewal of a further two years is possible which will incur a commitment to drill another exploration well.

By participating in the Kora-1 well FAR has acquired a 10 percent paying interest (8.8% beneficial interest) in the PSC which is subject to the carried interest of l'Entreprise AGC S.A. (currently 12% with the option to increase by a further 5%).

OFFSHORE WEST AFRICA – REGIONAL ACTIVITY SET TO SURGE

The Venus-1 wildcat drilled by Anadarko late 2009 extended the Jubilee play-type several hundred kilometres to the northwest providing further evidence that potential remains to be exploited along the thinly explored northwest African margin. The Well has triggered a surge in activity with multiple deepwater wells now planned for 2011/12 between Liberia and Mauritania. Deepwater wells are planned by Anadarko (Sierra Leone and Liberia), African Petroleum (Liberia and Gambia), Tullow (Sierra Leone and Liberia), Chevron (Liberia), Dana/Hyperdynamics (Guinea).

A number of significant 3D seismic programs have been recently completed in close proximity to FAR's acreage, including PGS shoots in Guinea Bissau (FAR/Svenska) and Guinea (Dana/Hyperdynamics) and TGS Nopec in Gambia (African Petroleum). These 3D seismic programs are the likely precursors to further drilling activity with a well potentially earmarked for Gambia in early 2012 on acreage having a common boundary with FAR's Senegal holdings.

OFFSHORE CHINA

BEIBU GULF BLOCK 22/12
(OPERATOR- ROC OIL)

FAR sold its 5 percent interest in Beibu Gulf Block 22/12 in April 2009.

The sale price of US$8 million is to be paid in three tranches:

1. US$2 million was received during April 2009.
2. US$3 million upon approval of an Oilfield Development Program ("ODP") or if commercial development of the project proceeds.
3. US$3 million once the project has produced 1 million barrels of oil (gross).

The remaining Joint Venturers have advised that, following internal and external expert reviews, CNOOC Limited, as the delegated authority, has internally approved the Project Investment and Overall Development Plan ("ODP").

A detailed report on progress of the Beibu Gulf project is contained in ROC Oil's most recent quarterly report to ASX which stated that the overall project was approximately 8% complete at the end of the Quarter; Procurement processes are well advanced and the fabrication contract for the platforms has been signed with COOEC (a CNOOC subsidiary).

These events indicate the triggers for payment of the US$3 million second tranche payment, namely satisfaction of certain regulatory matters, are likely to occur shortly.

NORTH AMERICA

SALES AND PRODUCTION

Gas sales during the quarter totalled 10.3 million cubic feet (Q2 2011: 8 million cubic feet) for an average of 111 thousand cubic feet per day at an average price of US$4.24 per thousand cubic feet before production taxes (Q2 2011: US$4.17/MCF). Oil sales during the quarter totalled 1,377 barrels (Q2 2011: 1,332 bbl) for an average of 15 barrels of oil per day at an average price of US$92.67 per barrel before production taxes (Q2 2011: US$105.53/bbl).

USA / ONSHORE CANADA

No exploration activity to report in the current quarter.

AUSTRALIA

No Activity to report in the current quarter.

CASH POSITION

At 30 September 2011 the Company had a cash balance of $25.9 million.

COMPANY PRESENTATIONS

During the quarter, FAR attended and presented at the Africa Down Under Conference in Perth and attended the Good Oil Conference in Fremantle.

FAR maintains a web site at www.far.com.au.
Email: info@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 over 35 years experience. He is a member of the 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.