

4 February 2014

## ASX Announcement & Media Release

### Farm in agreement for seismic and well in Kenya Block L6

- FAR has signed its first farm in agreement for Kenya Block L6 with Milio International Limited.
- FAR to be fully carried through \$30 million (FAR estimate) exploration work program including a regional onshore 1,000km 2D seismic survey and an onshore exploration well in Block L6.
- FAR retains all its rights to the highly prospective offshore part of Block L6, in respect of which farm out discussions are progressing.
- High impact offshore Senegal wells expected to start drilling in the current quarter.

FAR Ltd ("FAR") has completed the first farm in deal on its highly prospective onshore and offshore Kenya exploration permit, Block L6, located in the Lamu basin.

Under the terms of the farm-in with Milio E&P Limited and Milio International ("Milio"), FAR will be fully funded through the drilling and testing of a high impact onshore exploration well in Block L6 expected to spud in H1 2015.

FAR will also be fully funded through the acquisition, processing and interpretation of a regional onshore 1,000 kilometre 2D seismic survey. This is expected to confirm a number of prospects in L6 as drill targets. This seismic program is expected to commence in April 2014.

The farm-in agreement, between Milio and the current L6 joint venture parties including FAR, is conditional on obtaining the necessary Kenyan Government approvals. On completing the farm-in agreement FAR will retain a 24% interest in the onshore part of Block L6. FAR will preserve its 60% interest in the highly prospective offshore part of Block L6 which FAR estimates potentially contains prospective resources of 3.7\* billion barrels of oil (2.2\* billion net to FAR). (*Reference: FAR ASX release of 27/2/2013*). FAR is currently in discussions with parties to farm in to drill an offshore well on Block L6.

Block L6 is located to the north of major east coast Kenyan population centres and infrastructure. In the event that the Milio funded onshore exploration well to be drilled in 2015 is a discovery, FAR and its L6 joint venture partners plan to fast track an onshore development in order that production could have the potential to contribute to Kenya's near term growing energy requirements. Energy market studies indicate that a L6 gas discovery could supply a major power generation project planned by the Kenyan Government.

*"This third farm in deal by FAR in less than 12 months is further recognition of FAR's ability to realise significant value from its quality exploration portfolio. In a few weeks FAR will start drilling the first of two high impact offshore wells in Senegal which are targeting over 1.5\* billion barrels of prospective resources. With this new farm in deal, FAR secures funding for a third well, the first for FAR in Kenya, that will evaluate the significant potential of the onshore part of Block L6 and help unlock the potential of the wider Lamu basin in which FAR has a large acreage position."*

**Cathy Norman** Managing Director

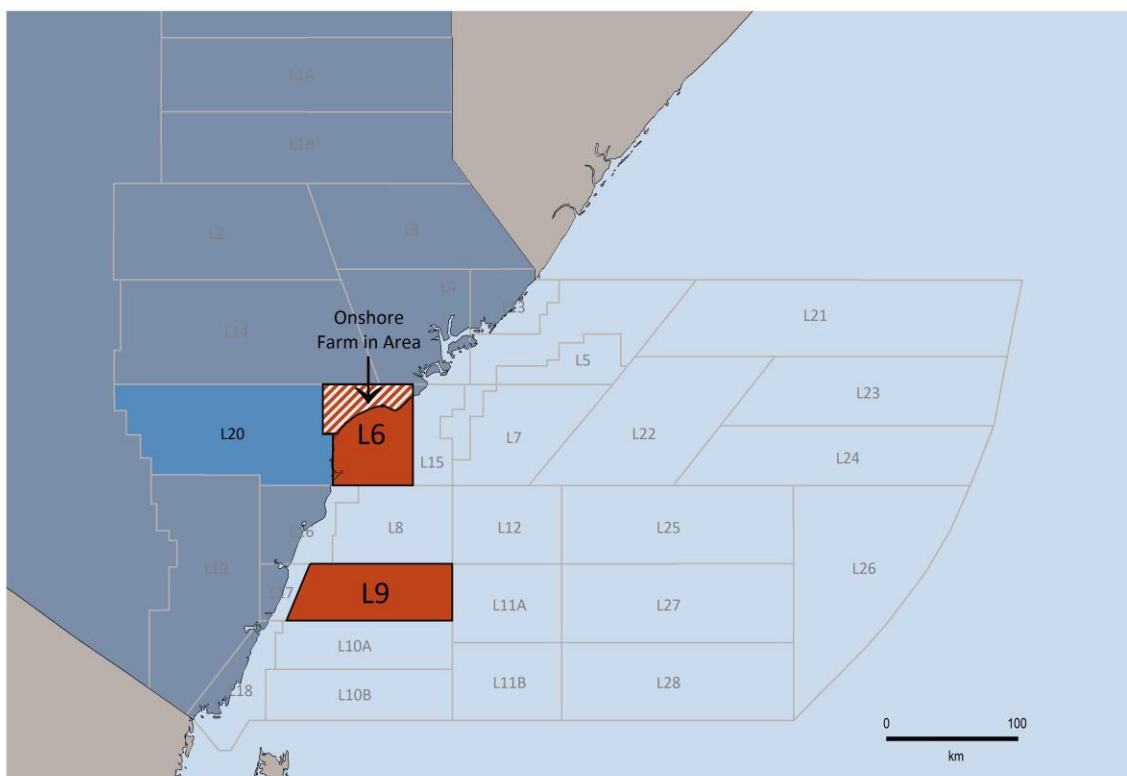
\*=Refer to Cautionary Statement in this report (Page 3) relating to estimates of prospective resources

## Farm in Agreement

Under the terms of the farm-in agreement between Flow Energy Pty Ltd, a wholly owned subsidiary of FAR (FAR), Pancontinental Oil & Gas NL ("PCL"), Afrex Ltd a subsidiary of PCL ("Afrex"), and Milio International Limited and Milio E&P Limited ("Milio"), each of FAR, PCL and Afrex agree, subject to certain conditions including Kenyan Government approval, to transfer certain rights in respect of the onshore area of Block L6.

The current participating interests in the Block L6 Production Sharing Contract (PSC) are FAR 60%, Afrex 24% and PCL 16%. When all conditions precedent are met, Milio will have a 60% interest in the onshore part of Block L6. FAR will retain a 24% interest in the onshore area and PCL and Afrex combined will retain a 16% interest. FAR will retain a 60% participating interest in the prospective offshore part of Block L6 and PCL and Afrex together will retain a 40% interest.

FAR will remain operator of the Block L6 PSC.



## About Milio

Milio International is a prominent international petroleum logistics, marketing, trading, exploration and production company based in Dubai that is rapidly expanding its commercial foot-print in East Africa. Milio is continuing to expand its strategic presence in Kenya through significant investment in a number of high impact projects. Milio holds a controlling interest in Block L20 which is located immediately to the west of Block L6.

## Block L6 Kenya

FAR has an interest in 2 Kenya permits Block L6 and Block L9. Both are located in the Lamu Basin offshore and onshore Kenya, north of recent world scale, natural gas discoveries totalling around 100 trillion cubic feet, off the coasts of Mozambique and Tanzania. Growing interest in the Lamu Basin's exploration potential is reflected in the fact that up to 7 wells are planned to be drilled over the next 12 to 18 months. Drilling results in the Lamu basin to date have been encouraging.

In the L6 permit FAR (currently 60% interest and operator) has acquired and processed an extensive airborne gravity gradiometry and magnetic survey coupled with a 2D seismic program. In 2012 the joint venture completed 778km<sup>2</sup> of 3D seismic in Block L6 where FAR was the first company to acquire 3D seismic over the highly prospective offshore Micoene reef play currently being drilled by BG Group with the Sunbird-1 well in Block L10A. The results of this well are expected to be known by the end of Q1 2014.

FAR has identified a number of oil and gas play types and prospects and assessed that the combined unrisks prospective resources for Block L6 are 3.75\* billion barrels of oil or 10.23\* trillion cubic feet of gas (respectively 2.25\* billion barrels or 6.14\* trillion cubic feet of gas net to FAR). (Reference FAR ASX release of 27/02/2013).

FAR has also matured 3 offshore prospects (Tembo, Kifaru and Kifaru West) in the Block L6 which have prospective oil equivalent resources of 327\*, 178\* and 130\* million barrels on an unrisks best estimate 100% basis respectively (196\*, 107\* and 78\* million barrels net to FAR). (Reference FAR ASX release of 27/02/2013). FAR is in discussions to secure a farm-in partner to drill an offshore well.

## About FAR

FAR (ASX: FAR) is an independent oil and gas explorer with high impact assets in East and West Africa. FAR holds a significant acreage position in the emerging exploration hot spots of East and West Africa transform margins. FAR has identified a sizeable prospect and lead portfolio in its acreage that is estimated to contain prospective resources of over 7 billion barrels of oil on a gross un-risked best estimate basis.

FAR recently signed two farm in deals with ConocoPhillips and Cairn Energy a leading UK independent to secure its share of funding for 2 high impact offshore exploration wells in Senegal to be drilled in early 2014.

Recent takeover activity, drilling and major gas discoveries close to FAR's Kenyan acreage have heightened interest in the region generally and in FAR's acreage position specifically. Exploration activity is ramping up in the Kenya offshore arena with 6 high impact wells expected to be drilled in the next 12 months.

## Disclaimers

**\*Prospective Resource Estimates** – 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. 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.

**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.

**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, 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.*

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