



16 December 2010

ASX ANNOUNCEMENT AND MEDIA RELEASE

SECURITY TRADING POLICY

In order to comply with ASX Listing Rule 12.9, which comes into effect on 1 January 2011, please find attached FAR's Security Trading Policy which applies to all Directors, officers and employees.

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

SECURITY TRADING AND DISCLOSURE POLICY

1. INTRODUCTION

This policy provides a general summary of the law relating to insider trading and sets out the policy of FAR Limited and its subsidiaries (“FAR” or “Company”) on directors, officers and employees dealing in the securities of the Company, and the securities of other companies in circumstances where insider trading laws may also apply.

If you do not understand the summary of the law contained in this policy, or how it applies to you, you should raise the matter with the Chairman before trading in any securities which may be affected by this policy or the law.

This policy is only a summary of the relevant provisions contained in the Corporations Act and should not be relied upon as legal advice.

In general terms, this policy has the following foundations:

For Directors, officers and employees

- No short-term trading
- No transacting while in possession of inside information
- No trading during closed periods, as defined in this policy

For Directors

- Prior notification of any intended transaction must be given
- The Company Secretary must keep a register of transactions

2. THE INSIDER TRADING PROHIBITION

2.1 General

If you have “inside information” relating to the Company, it is illegal for you to:

- apply for, acquire, or dispose of, securities in the Company; or
- procure another person to apply for, acquire, or dispose of, securities in the Company; or
- directly or indirectly, communicate the information, or cause the information to be communicated, to another person if you know, or ought to reasonably know, that the other person would or would be likely to apply for, acquire, or dispose of, securities in the Company.

It is the responsibility of each director and employee to ensure that they do not do any of the things prohibited under the insider trading laws and to immediately inform the Chairman if they suspect any contravention has or is likely to occur. The consequences for breach of these laws may be severe (refer to section 2.4 of this policy).

2.2 What is “inside information”?

Inside information means “information which is not generally available; and if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of the securities of the Company”.

Examples of information which may constitute inside information include, but are not limited to:

- FAR’s financial performance and revised forecasts;
- drilling results, production results and reserve statements;
- proposed new share issues or other forms of capital raisings;
- a material acquisition or sale of assets by FAR;
- an actual or proposed takeover or merger; and
- a proposed dividend or change in dividend policy.

2.3 When is information generally available?

Information is “generally available” if:

- a) it consists of readily observable matter; or
- b) if both of the following apply:
 - (i) it has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in securities or a kind whose price might be affected by the information; and
 - (ii) since it was made known, a reasonable period for it to be disseminated among such persons has elapsed; or
- c) it consists of deductions, conclusions or inferences made or drawn from either or both of the following:
 - information referred to in paragraph (a) above; and/or
 - information made known as mentioned in paragraph (b)(i) above.

2.4 Consequences for breach of the insider trading prohibition

Breach of the insider trading prohibition by you or family members could expose you or them to criminal and civil liabilities. Breach of insider trading prohibition or this policy will also be regarded by the Company as serious misconduct which may lead to disciplinary action and/or dismissal.

2.5 Dealing in securities of other companies

If you have “inside information” relating to a company other than FAR, the insider trading prohibition also applies to dealing in the securities of that Company. In the course of performing your duties as an employee of FAR, you may obtain inside information relating to another company in a variety of circumstances including, but not limited to:

- another company may provide inside information about itself to FAR in the course of a proposed transaction;

- another company with whom FAR is dealing may provide inside information about a third company; and
- information concerning FAR or actions which may be taken by FAR could have a material effect on another company.

Independent of insider trading laws, employees are also bound by a duty of confidentiality in relation to information obtained in the course their employment.

3. POLICY

3.1 Directors, officers and employees

No short-term trading

FAR Directors, officers and employees must not partake in short-term trading of the Company's securities which is defined as less than a 30 day period. Whilst it is appropriate that directors, officers and employees hold securities in the Company, such persons wishing to trade (buy or sell) such securities must have regard to the legal constraints and to the spirit of this policy.

This 30 day period does not apply to shares acquired on the exercise of options, conversion of convertible securities, via issues that are available pro-rata to all shareholders or where the issue has been approved by shareholders in a general meeting.

No trading while in possession of inside information

No director, officer or employee shall buy or sell securities of the Company while in possession of inside information about the Company or its securities (refer to section 2.2 of this policy for the meaning of "inside information").

No trading during closed periods

In addition to complying with the insider trading prohibitions discussed above, all Directors, officers and employees are prohibited from trading in the Company's securities during the following identified closed periods:

- During the course of drilling, testing or completing a well. The closed period will commence on spudding the well and cease 24 hours after the final release of results to the market.
- During the period in which capital raising activities are ongoing. The closed period will commence on the date which the Board decide to undertake such activities and cease 24 hours after all securities issued under the capital raising have been allotted and the market advised accordingly.
- 7 days prior to and 24 hours subsequent to the release to the ASX of Quarterly, Half Year and Annual Reports.
- 7 days prior to and 24 hours subsequent to a General Meeting of the Company.

The Board may, at its discretion, declare additional closed periods.

3.2 Directors

Prior notification of any intended transaction must be given to the Chairman

Directors must always advise the Chairman prior to any proposed transaction in the Company's securities, and in the case of the Chairman, he must advise the other Board members.

Directors will normally be permitted to trade in the Company's securities provided that:

1. the director is not in possession of inside information;
2. the trading is not for short-term or speculative gain; and
3. the trading is not likely to be seen by the public, press, other shareholders or ASX to be unfair or inappropriate.

The Company Secretary must keep a register of transactions

This is to facilitate the disclosure of director's interests in accordance with ASX Listing Rule 3.19A (see section 3.3) and, in addition, for use in the annual reporting obligations of the entity.

3.3 Disclosure of Directors Interests

The Company shall comply with the disclosure requirements contained in ASX Listing Rule 3.19A in relation to the disclosure of notifiable interests of directors in the Company.

For the purposes of ASX Listing Rule 3.19B, the Company shall enter into an agreement with each of its directors to ensure that each director discloses to the Company the notifiable interests of that director in accordance with the requirements of the ASX Listing Rules.

3.4 Register of Interests

The Company Secretary will maintain a Register of Director's Interests which will be included in Board Papers immediately after any transaction.

3.5 Securities Covered

This policy applies to all securities issued by FAR from time to time including ordinary shares, preference shares, debentures, options, convertible notes, etc.

3.6 Excluded Trading

The following forms of trading are excluded from the policy:

- trading under an offer or invitation made to all or most security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that

- determines the timing and structure of the offer has been approved by the Board or by members in a general meeting;
- the exercise of an option under the Employee Incentive Option Scheme where the final date for exercise of the option falls during a closed period;
 - the conversion of a convertible security where the final date for conversion falls during a closed period;
 - undertaking to accept, or the acceptance of, a takeover offer;
 - transfers of securities of the Company already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
 - an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund are invested at the discretion of a third party

3.7 Exceptional Circumstances

A Director, officer or employee, who is not in possession of inside information in relation to the Company, may apply for and be granted written clearance from the Chairman to sell or otherwise dispose of the securities of the Company during a closed period under the trading policy in the following exceptional circumstances:

- Where the applicant is suffering severe financial hardship;
- Where the applicant is bound by a court order, enforceable undertaking or other legal or regulatory requirement to transfer or sell the securities of the Company;
- Where the applicant's circumstances are otherwise exceptional and the proposed trading is, in the opinion of the Chairman, the only reasonable course of action available.

For the purposes of the above, written clearance means any form of written communication, including typed electronic form.

3.8 Families and Trust

Persons included under this policy must not trade through their family or through a trust or company in which they have influence or control, in circumstances where they would have been prohibited in trading in their own name.

3.9 Trustees

A person who is included under this policy and who is a Joint Trustee or a Trustee of a deceased estate should advise his co-trustees or trust beneficiaries, as the case may be, of his relationship with FAR and the consequential restrictions on his ability to give advice in respect of FAR.

3.10 Other Company's Securities and Joint Venture Parties

Trading by persons included under this policy in the securities of other corporations in which FAR has a substantial investment interest (10% or more) or Companies in which FAR is undertaking a Joint Venture with are subject to the same approval procedures as for FAR securities.