

01 July – 30 September 2015

# Q3 Report

## Highlights

- 2015/16 Appraisal program for SNE field finalised
- Bellatrix exploration prospect to be drilled as the third well in the program
- Mobilisation of the Ocean Rig Athena to Senegal for drilling program
- New 3D seismic survey underway offshore Senegal
- Successfully secured option over neighbouring Djiffere block
- Cash at end of quarter \$39M, no debt
- \$40M equity raise
- Fully funded through drilling program

## Projects update

### Offshore Senegal

FAR and its joint venture partners in Senegal are commencing the appraisal of the world class SNE discovery in October of this year. The three wells in the firm drilling program will be drilled using the ConocoPhillips operated Ocean Rig Athena drillship. Two wells will be drilled to appraise the SNE field and are aimed at progressing to prove the minimum economic field size of approximately 200 mmbbls. A third well will be the first exploration well to be drilled in the blocks following the discoveries in the FAN-1 and SNE-1 wells and it will be drilled on the Bellatrix Prospect. BEL-1 will be aimed at building the resource base within tie back range of a hub development over the SNE field.



Figure 1: Location of the FAN and SNE discoveries, offshore Senegal

The joint venture submitted a three year evaluation work program to the Government of Senegal in early May 2015 which included the initial three well drilling program and a 3D seismic survey. The collection of the new 3D seismic survey (approximately 2,000 km<sup>2</sup>) commenced mid-September and will be completed by the end of the year.

The three firm wells and final seismic products in this first phase of the evaluation program are expected to be completed around mid-2016.

### SNE Appraisal drilling program

The SNE discovery was ranked by IHS CERA as the world’s largest oil discovery for 2014 and will be the focus of the first phase of the joint venture’s appraisal drilling program.

Initial analysis of the SNE-1 well data showed:

- 95m gross oil bearing column with a gas cap
- Excellent Albian reservoir sands with net oil pay of 36m
- High quality oil of 32 degrees API from samples of gas, oil and water recovered to surface
- Operator’s preliminary estimates of the gross contingent recoverable resource range from a 1C of 150 mmbbls, 2C, 330 mmbbls to a 3C of 670 mmbbls (net to FAR; 1C: 23 mmbbls, 2C: 50 mmbbls, 3C: 101 mmbbls)\*

The primary objective of the SNE appraisal program is to prove an economic oil volume for future commercial development of the SNE oil field. Current economic analysis has determined the threshold economic field size is  $\geq 200$  mmbbls (gross) for a standalone commercial development. FAR believes achieving this threshold volume is a relatively low risk proposition, because SNE is estimated to contain a gross contingent recoverable resource\* of 1C (P90): 150 mmbbls and 2C (P50): 330 mmbbls.

FAR believes there is additional net pay and resource potential not included in the preliminary assessment of contingent resource estimates for the SNE field. This includes thin bed reservoir sands that, recent detailed post well analysis has indicated encouraging reservoir characteristics.

Two wells in the appraisal program will be located to appraise the SNE field (SNE-2 and SNE-3 as shown in Figure 2). They are expected to intersect all potential reservoir zones and the wells will be flow tested (drill stem tested) and cored at certain intervals. Both of these wells will be logged, cored and flow tested as part of the evaluation program.

The third firm exploration well in the drilling campaign will be drilled on the Bellatrix Prospect. This well will test the as yet undrilled Buried Hills Play in a prospect that has a strong seismic amplitude response and sits above the SNE discovery. These two factors contribute to FAR allocating a high chance of success for finding hydrocarbons in the Bellatrix prospect. Should Bellatrix deliver success it will upgrade the potential for several other Buried Hill prospects located along trend. Further, the well will be deepened to drill into the northern flank of the SNE field.

### 3D Seismic survey

A 2,400km<sup>2</sup> 3D seismic survey over the Sangomar and Rufisque blocks is planned to complete the 3D seismic coverage of the prospective acreage in

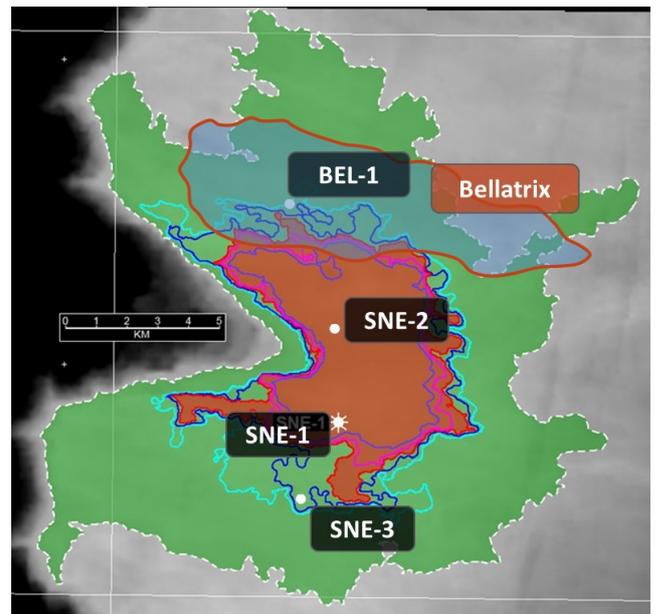


Figure 2: Location of the SNE-2 and SNE-3 appraisal wells and the BEL-1 well

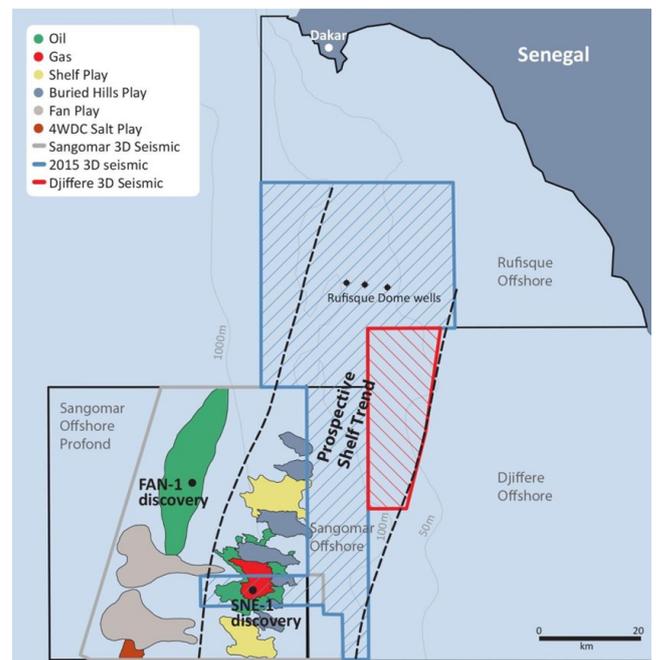


Figure 3: New 3D seismic survey outline

\* Refer to Cautionary Statement in this report (page 6) relating to estimates of prospective resources

the Senegal PSC contract area. The aim of this program is to close eastern boundaries of existing prospects and leads and define a prospect inventory to north and east. A map showing the planned seismic survey is shown in Figure 3.

**Djiffere Block option**

During the quarter, FAR entered into a farm in option agreement with a subsidiary of Trace Atlantic Oil Ltd (“Trace”) for the Djiffere block offshore Senegal. The Djiffere block is adjacent to FAR’s highly prospective Rufisque, Sangomar and Sangomar Deep (“RSSD”) blocks that contain the significant SNE-1 and FAN-1 oil discoveries.

The western part of the Djiffere block is located along geological trend with the shelf play types identified in the eastern part of FAR’s RSSD blocks. FAR has identified a number of potential shelf structures within the Djiffere block from existing 2D seismic data, with one lead already estimated by FAR to have potential to contain in excess 100 million barrels of unrisks prospective resources. The Djiffere block, being in shallow water, is suitable for low cost drilling and near term development projects.

Under its agreements with Trace, FAR has the option to earn a 75% working interest in the Djiffere block by drilling an exploration well before 31 July 2018 (subject to Government approvals). The farm-in option can be exercised by FAR at any time before 31 October 2016, by which time FAR expects to have completed the firm 3 well shelf drilling program in its RSSD blocks.

FAR has awarded Polarcus a contract to undertake a 3D seismic survey in the western part of the Djiffere block. This survey, in combination with other seismic data will provide 400km<sup>2</sup> of 3D coverage and will evaluate the shelf trend potential within the Djiffere block. The survey will be completed during November as an extension of the current ongoing 3D seismic survey being conducted by FAR and its Senegal joint venture partners. FAR estimates that its 3D survey in Djiffere will cost US\$1.1 million.

**Ocean Rig Athena drillship**

During the quarter, FAR and its Senegal joint venture partners approved the mobilisation of the Ocean Rig Athena drillship for the forthcoming drilling program. The Ocean Rig Athena is under long term contract with ConocoPhillips and the drilling program in Senegal will be project managed by ConocoPhillips drilling organisation.

The drillship mobilised from its previous location in Angola and is in Senegal preparing for the start of drilling operations at the end of the month



Figure 4: Ocean Rig Athena drillship

Rufisque, Sangomar, Sangomar Deep	Working Interest
FAR	15%
Cairn Energy	40% Operator
ConocoPhillips	35%
Petrosen	10%

\* Refer to Cautionary Statement in this report (page 6) relating to estimates of prospective resources

### Offshore Guinea-Bissau

In late April 2015, the Government of Guinea-Bissau approved a 2 year extension to the current exploration term. The extension period begins on 26 November 2015 and concludes on 25 November 2018.

The joint venture has acquired additional 3D seismic over the shelf edge to image prospects identified in this region that are potentially analogous to the SNE discovery, offshore Senegal. This new 3D data has been specifically designed to evaluate the large Atum prospect which was previously only partially covered by 3D data. The new seismic data is being processed and will be delivered in Q4 of 2015.

The joint venture expects to provide an update on the prospects offshore Guinea-Bissau in late 2015.

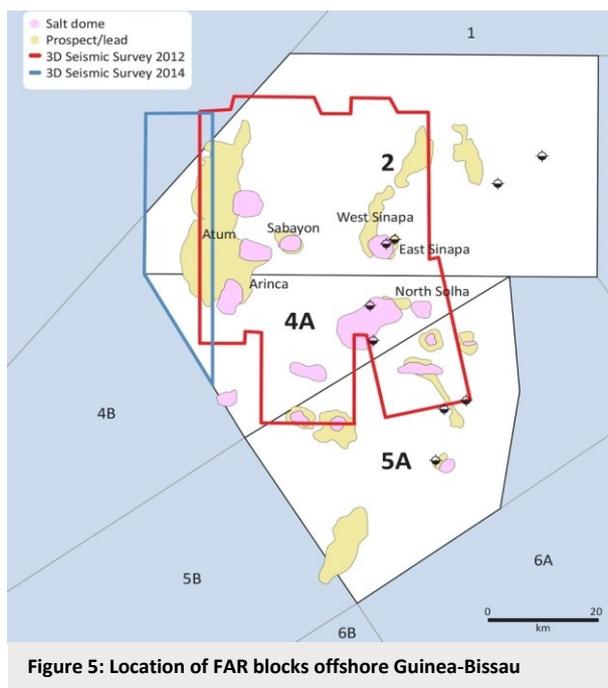


Figure 5: Location of FAR blocks offshore Guinea-Bissau

Block 2, Block 4A, Block 5A	Paying Interest
FAR	21.43%
Svenska	78.57% Operator

### Kenya

Nothing to report for this quarter.

Kenya Block L6	Paying Interest Onshore	Paying Interest Offshore
FAR	24% Operator	60% Operator
Pancontinental Oil and Gas	16%	40%
Milio Group	60%	

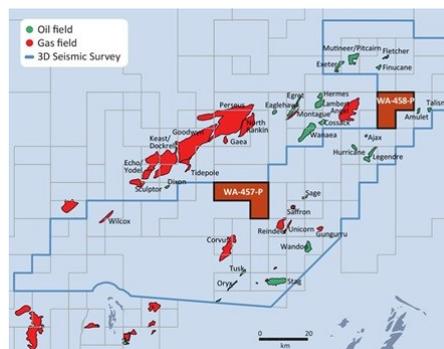
Kenya Block L9	Paying Interest
FAR	30%
Ophir Energy	70% Operator

\* Refer to Cautionary Statement in this report (page 6) relating to estimates of prospective resources

**Australia**

FAR has participated in a speculative 3D seismic survey acquired over the WA-458-P permit during the quarter. Final processed products from the survey are expected to be delivered at end of Q1 2016.

FAR intends to farm-down its high interest in these permits.



**Figure 6: Location of WA-457-P and WA-458-P**

WA-457-P, WA-458-P	Paying Interest
FAR	100% Operator

**Management comment**

FAR Ltd Managing Director, Cath Norman said, *“During this quarter, the Senegal joint venture finalised plans for the firm three well appraisal and exploration drilling program due to commence at the end of this month. The contracting of the Ocean Rig Athena for the drilling and subsequent mobilisation of the drillship to Senegal marks the commencement of an exciting new chapter in the Senegal program.*

*“The joint venture is aiming to prove and surpass the minimum economic threshold of 200 mmbbls in two wells in the program and add to the resource base through the drilling of the Bellatrix exploration prospect.*

*“FAR enters this quarter with a cash position of approximately \$39 million and no debt. We successfully raised \$40 million via a \$25 million placement and a \$15 million underwritten rights issue. This additional cash will ensure that the Company is fully funded through the drilling program and its other commitments. There was strong support in the market for the fund raising in what is a particularly difficult market for oil and gas stocks. We are particularly delighted to have had the support of our larger shareholders in this raising. The success of the capital raise is testimony to the high quality of the Senegal asset and the significant opportunity we have to grow shareholder wealth in the coming months.*

*“The latter half of 2015 promises to be exciting for FAR shareholders as we unlock value through appraisal and exploration drilling that will continue into 2016. With the spud of the first appraisal well imminent, we look forward to bringing our shareholders further updates.*

**For more information please contact**

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## Disclaimers

**\*Prospective Resource Estimates Cautionary Statement** - 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.

**Prospective Resources** - All prospective resource estimates presented in this report are prepared as at 27/2/2013, 11/3/2014, 5/2/2014 and 13/04/2015 (Reference: FAR ASX releases of 27/02/2013, 11/3/2014, 5/2/2014 and 13/04/2015). 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.

**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, the Society of Petroleum Engineers 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.

**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. The entity confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially changed.

## Project table

Project and Location	Tenement	Beneficial Interest at end of quarter	Acquired during the quarter	Disposed during the quarter
Guinea-Bissau (offshore)	Sinapa Block 2	15.00%	–	–
	Esperanca Blocks 4A & 5A	15.00%	–	–
Senegal (offshore)	Rufisque,	15.00%	–	–
	Sangomar	15.00%	–	–
	Sangomar Deep	15.00%	–	–
Kenya (offshore)	Block L6	60.00%	–	–
Kenya (onshore)	Block L6	24.00%	–	–
Kenya (offshore)	Block L9	30.00%	–	–
Australia (WA offshore)	WA-457-P	100.00%	–	–
	WA-458-P	100.00%	–	–