

17 April 2014

## ASX Announcement & Media Release

### Drilling commences offshore Senegal

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Drilling has commenced on the offshore exploration well, FAN-1, offshore Senegal in which FAR Ltd (ASX:FAR) holds a 15% interest (Cairn Energy PLC (“Cairn”) 40%, ConocoPhillips 35%, Petrosen 10%).

The well will test a stacked fan structure with the potential to contain approximately 900 million barrels of oil (mmbbls)\* with approximately 135mmbbls net to FAR\*. (*Reference: FAR ASX release of 27/2/2013*).

The well will be drilled using the fifth generation rig, the Cajun Express, which arrived on site Saturday 12th April.

FAN-1 is the first exploration well in a two well programme, offshore Senegal with the wells to be drilled back to back. The first well will be located on the North Fan prospect in 1,500m water depth. This well will be immediately followed by a second exploration well targeting a shelf edge prospect in 1,100m of water (See figure 1).

These will be the first deep water (>1,000m) wells drilled in Senegalese waters and the first offshore wells to be drilled for over 20 years. The two exploration wells will test combined prospective resources of approximately 1.5 billion barrels of unrisks prospective resources\* (225 mmbbls net to FAR\*) and FAR retains a 15% working interest in the blocks. (*Reference: FAR ASX release of 27/2/2013*).

In accordance with the terms of farm out deals completed with Capricorn Senegal Limited (a 100% subsidiary of Cairn) and ConocoPhillips, FAR has successfully secured its share of funding for these two exploration wells. Based on current well cost estimates, the carry funding and cash payments that FAR has or will receive under the farm out agreements are expected to be in excess of FAR’s share of the combined well costs for the two wells.

*“Our shareholders and the FAR team have been eagerly awaiting the spud of this first Senegalese well and I am delighted to make this announcement. We have high hopes for these two wells which have the potential to be company makers for FAR. The next year is going to be very exciting for our company with five potentially high-impact wells to be drilled in our West and East African exploration permits.”*

*“Of course exploration has its risks but we are confident that FAR can maximise the value from these two exploration wells. Success in either of these wells opens the door to a large play fairway of follow on drill targets which are very significant for FAR.”*

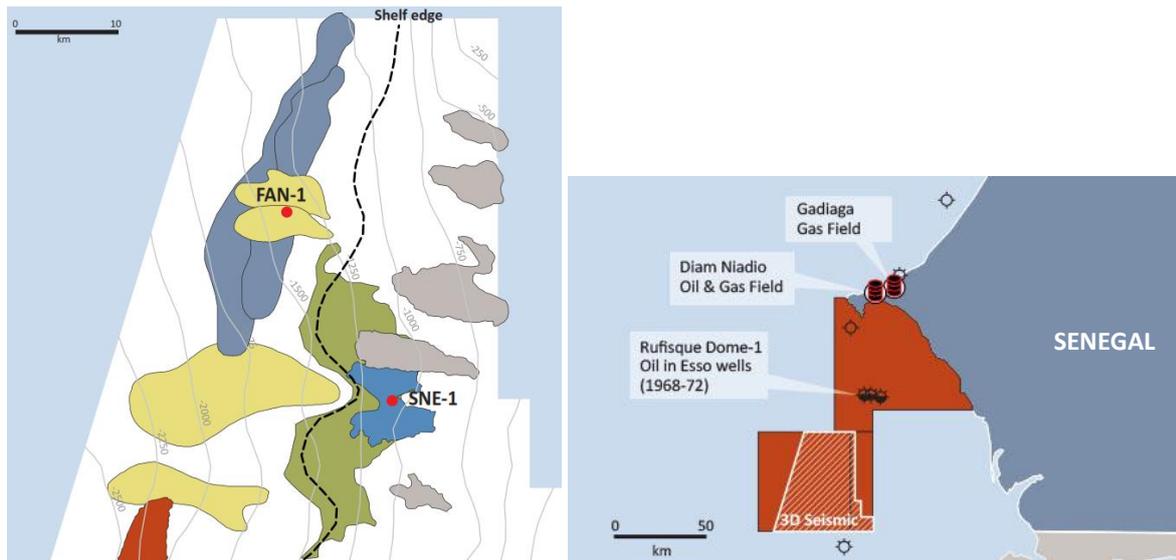
**Cath Norman** Managing Director

The FAN-1 well is a pure exploration well and, even if successful, will not be completed as a commercial production well. In the event of a success, the Joint Venture may decide to conduct further drilling and evaluation activities.

As FAR is not the operator of the Senegal wells the information flow it receives is dependent on reports provided by the operator Capricorn Senegal Limited. Operations on the FAN-1 well are expected to last approximately two months, and FAR will release reports in collaboration with the Joint Venture partners.

\*Refer to Cautionary Statement in this report (Page 2) relating to estimates of prospective resources

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Figures 1 and 2: Location of the two Senegalese wells in the FAR 3D seismic area, offshore Senegal

#### 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 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.

**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.

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