Annual Report 2014

FAR delivers a year of discovery

FAR Limited

Contents

A close look at FAR

Offshore Senegal

2 WORLD CLASS OIL DISCOVERIES

FAN-1 & SNE-1 potentially **commercially viable** discoveries, each probable **standalone developments**

SNE-1 well ranked

#1 by size

IHS's (industry leader in the analysis of global oil & gas data) **top 10 list of global discoveries for 2014**

Prospective resources

3.4 billion barrels of oil

(approximate total)

Free-carried for over

US$200M

in net exploration costs resulting in two significant oil discoveries

End of year cash position

A$67M

with no debt

2014 capital raising

A$55M

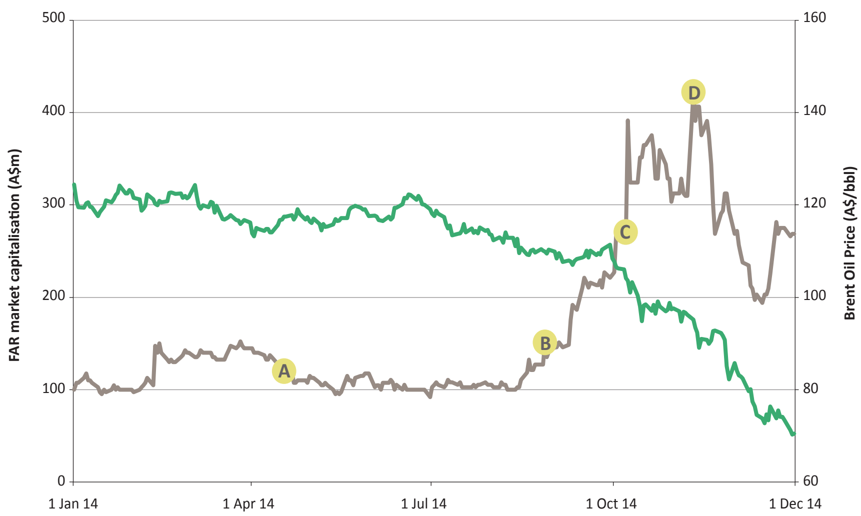
FAR market capitalisation relative to A$ oil price through 2014

A **17 Apr 14**
Commenced drilling of FAN-1 well, offshore Senegal

B **27 Aug 14**
Announced that oil samples were recovered in FAN-1 well, evidencing a working petroleum system across block

C **7 Oct 14**
Announced FAN-1 exploration well had discovered 500 metre gross oil bearing interval with 950 mmbbls of oil in place on a P50 basis

D **10 Nov 14**
Announced SNE-1 exploration well had discovered 95 metre gross oil bearing column with preliminary contingent resource estimate of P50 330 mmbbls



Sources: IRESS, Capital IQ

Market Cap A$269m based on closing (31-Dec-14) share price of 8.6cps +169% yoy
Brent Oil price A$70.5/bbl -43% yoy

An outstanding success story in 2014

Success of this magnitude provides the inspiration for oil & gas explorers worldwide...

Fellow Shareholders,

The 2014 year was one where a lot of hard work by our executive team realised the results we all hope for when we invest in an oil explorer. Late in the year we made two globally significant oil discoveries offshore Senegal which have now thrust FAR into another league and one which promises to bring even greater returns to our shareholders. The resultant growth in our market capitalisation has seen us outperform our peers and also be admitted to the ASX 300 Index. Success of this magnitude provides the inspiration for oil and gas explorers worldwide and supports the investors who back those companies with their capital.

As Chairman of FAR I am extremely proud of the strategic and technical work of our team which led to these outstanding discoveries and equally grateful to our shareholders who have provided the financial support, over a long time, necessary to achieve these results. It is also pleasing to report that at year end we had $67 million cash at bank enabling us to move into the next phase of our growth with appropriate financial strength.

Of course, the discovery of oil in the FAN-1 and SNE-1 exploration wells, has now created a whole new set of challenges for FAR with a vast amount of work ahead to properly appraise the discoveries and, ultimately, to develop these oil fields. The discovery of oil offshore Senegal has the potential to be equally transformational for the country and we are proud to have played a founding role in making discoveries which may dramatically improve living standards for millions of Senegalese citizens.

Following the successful drilling campaign in Senegal FAR completed a capital raising in a very difficult market to significantly strengthen our cash position, just as the slump in global oil prices was eroding investor confidence in the sector. We are very grateful to the large investors who supported our vision and management then and who continue to do so.

The significance of the two oil discoveries and the work that will follow by necessity required us to comprehensively re-evaluate our strategy and this has led to a significant re-organisation of the

management team to ensure we are appropriately resourced for the year ahead. I am confident we have a very good team of people capable of seeing us through the next part of the journey to oil production.

Preliminary evaluation of the discoveries indicate that both are likely to be large enough to support stand-alone developments and the joint venture is currently preparing an appraisal drilling program to commence in the latter part of the year.

The drilling will be focussed initially on appraisal of the SNE-1 discovery on the shelf and we also expect to test one of several new prospects identified by our technical team and made all the more tantalising by the earlier successes.

Somewhat counter intuitively the decline in global oil prices has large benefits for us at this time. The savage reduction in global exploration activity has served to substantially reduce the cost of drilling new wells just at a time when we have very large drilling expenditure ahead of us. Drill rig charter rates are falling dramatically and FAR and its joint venture partners will undoubtedly benefit from significantly lower costs in the upcoming appraisal and exploration drilling program. Recently our joint venture partner and operator, Cairn Energy stated that the planned Senegal appraisal wells could each be completed for US$30-40 million(gross), a substantial reduction in the cost of drilling the two discovery wells.

Now we have made these discoveries it is clear that the oil prospectivity of the continental shelf offshore Senegal holds very large upside potential which we hope to progressively unlock over the next few years as we strategically test other targets.

Elsewhere within FAR's African portfolio of exploration interests the Company completed a farm-out to the Milio group of companies for the onshore portion of the Kenya L6 Block. Security issues have hampered the conduct of a seismic survey to be conducted by Milio which has been deferred until Q2 2015 with drilling now estimated to commence in early 2016. The Government of Kenya awarded the joint venture a one year extension to the current PSC period in order to complete the work program in a safe manner. Working in Kenya remains a challenge at this time.

In line with our strategy, the technical knowledge gained with FAR's discoveries in Senegal has prompted a re-assessment of our acreage position in the NW African region and in particular, Guinea-Bissau. The joint venture led by Svenska is currently reviewing a look-alike structure to the shelf edge discovery offshore Senegal to assess the potential of this oil play in these blocks.

In closing, I would like to thank you for your ongoing support of the board and management team and wish to thank the many of you who have taken the time in one way or another to give us encouragement and appreciation during the year.

We have another exciting year ahead of us and I assure you of the board and management's commitment to build substantially on our success this year.

Nic Limb
Chairman

Spotlight on Senegal



1st

offshore wells for **20 years**

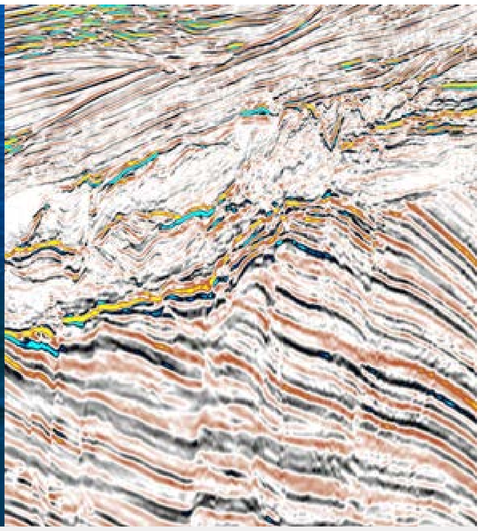
ever deep water wells

discovery in Senegal

to make the discovery

2 largest discoveries

2/2 drilling success

FAN-1:

- **500 metres** oil interval
- **29 metres** of net oil bearing reservoir
- No **oil/water** contact encountered
- **Distinct oil types** ranging from 28^0 API up to 41^0 API

SNE-1:

- Drilled in **1,100 metres** of water
- **95 metres** gross oil bearing column
- Net oil pay of **36 metres**
- **High quality oil** of 32^0 API
- Contingent resource of **330 million barrels***

Strong acreage position

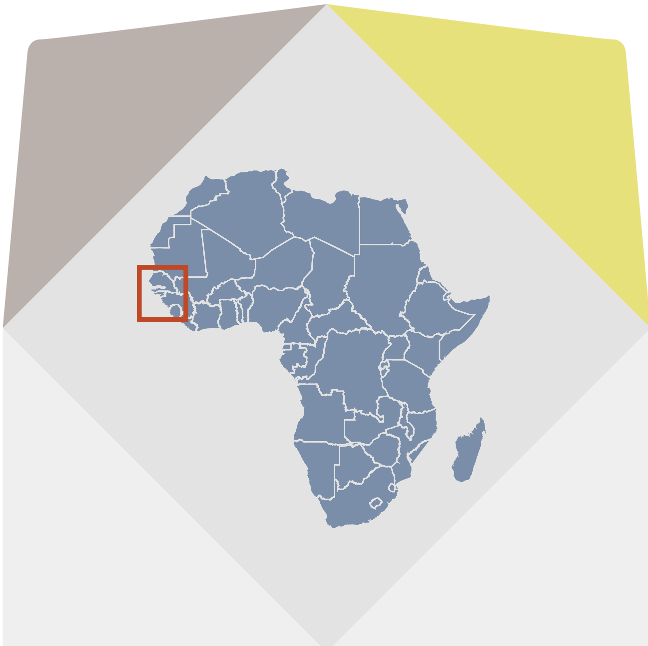
FAR:

- in Senegal **since 2008**
- was operator with **90% equity** until August 2013
- enjoys **good standing** with the Government, Petrosen and other stakeholders in Senegal

SENEGAL:

- has a **population of 14 million**
- capital city is **Dakar**
- **peaceful** country
- has had a **stable democracy** for over 196 years

SNE-1 was the worlds largest oil discovery 2014



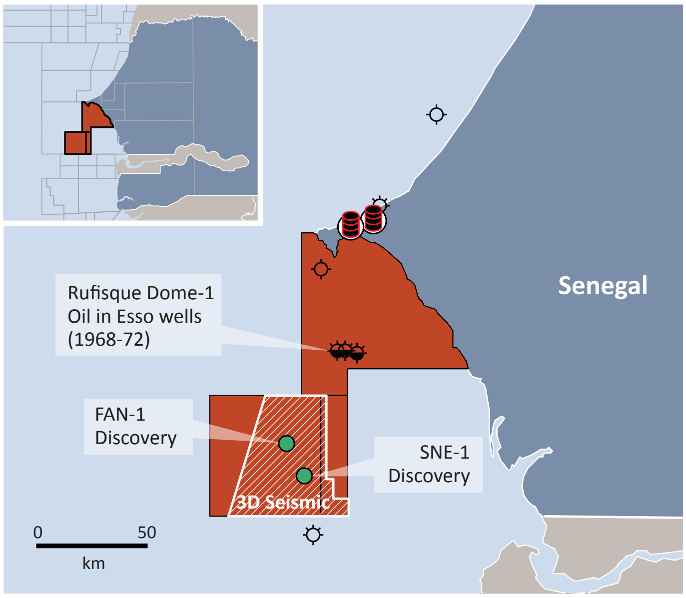


FIGURE 1: FAR's offshore acreage, Senegal

OFFSHORE WEST AFRICA

Proving deep water elephants offshore Senegal

In West Africa, FAR's portfolio of exploration permits include offshore Senegal and Guinea-Bissau.

▲ Fishing boats in Senegal

SENEGAL

RUFISQUE, SANGOMAR AND SANGOMAR DEEP
16.67% paying interest, 15% beneficial interest
Operator: Cairn Energy PLC ('Cairn')

FAR participated in two world class discoveries offshore Senegal in 2014. In November 2014 notification was provided to the Government of Senegal that the FAN-1 and SNE-1 exploration wells were both considered oil discoveries. In addition, both exploration wells confirmed FAR's regional geological models and indicate that there is significant follow on exploration potential to be evaluated.

The SNE-1 and FAN-1 wells were the first exploration wells to be drilled offshore Senegal for over 20 years and the first wells ever to be drilled in deep water (depths greater than 500 metres). Both wells made significant oil discoveries, each of which has the potential to justify a stand-alone oil development project.

Both wells met key pre-drill objectives and in each well a significant potential resource volume has been identified. Planning for appraisal of these discoveries is underway and drilling is expected to commence in the last quarter of 2015.

RESULTS OF FAN-1

On 7 October 2014, FAR announced the discovery of oil in the first of the wells drilled offshore Senegal. The FAN-1 oil discovery is located in water depths of 1,427 metres and was drilled to a total depth (TD) of 4,297 metres. The fan play consists of multiple stacked, deep water fans that are laterally extensive. The well discovered high quality, light oil in multiple stacked, clastic reservoirs.

The FAN-1 discovery included:

- A 500 metre gross oil interval with a 29 metre net column in multiple, stacked, clastic (sand), Cretaceous aged reservoirs;
- No oil/water contact encountered, thereby opening up the possibility of further prospective horizons down dip from the discovery;

- Distinct oil types ranging from 28 degree API up to 41 degree API from a number of oil samples recovered to surface; and
- An Operator estimate of STOIIP *(reference: Cairn investor announcement 07/10/2014)* of P90 250 million barrels, P50 950 million barrels and P10 2,500 million barrels of oil.

The results announced to date are preliminary and work to finalise the interpretation of additional oil bearing reservoirs is ongoing.

The FAN-1 well is approximately 100 km offshore in the Sangomar Offshore Profond block (refer Figure 2).

RESULTS OF SNE-1

On 10 November 2014, FAR announced success in the SNE-1 exploration well, which drilled into a geological shelf edge play in 1,100 metres of water approximately 20 km from the FAN-1 well (refer Figure 2). This discovery appears highly attractive and will drive the near term Senegal appraisal drilling program in 2015.

Initial analysis of the SNE-1 well discovery indicates:

- 95 metre gross oil column (36 metre net) with a gas cap;
- Excellent quality, Albian reservoir sands;
- 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 resource range from P90, 150 million barrels, P50, 330 million barrels and P10, 670 million barrels (net to FAR; P90, 23 million barrels, P50, 50 million barrels, P10, 101 million barrels)*; and
- The P50 contingent resource represents more than twice the volume of the FAR pre-drill estimate.

The well was drilled to also test a second, deeper carbonate objective however this failed to intersect significant hydrocarbons as there was no interpreted seal between the carbonate and the overlying sandstone reservoir.

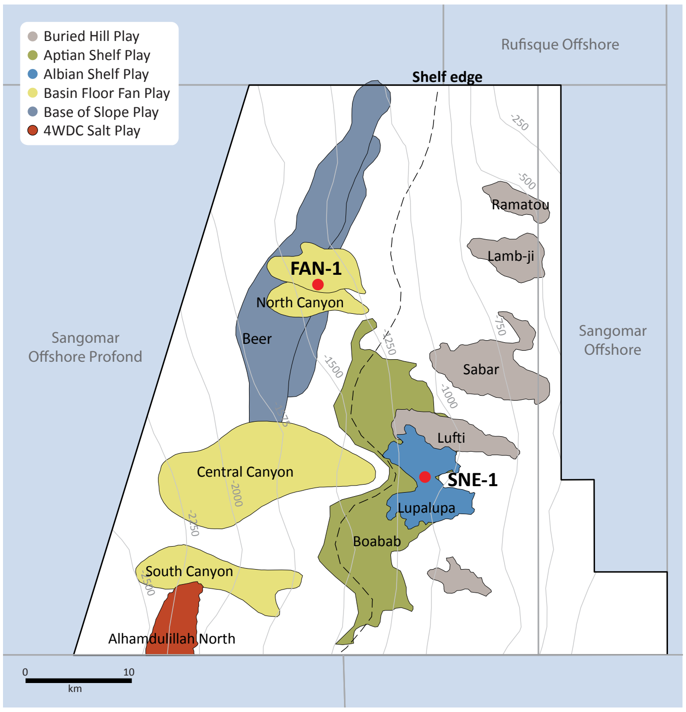


FIGURE 2: Sangomar prospects and leads, offshore Senegal

Senegal Discoveries	Play	Best Estimate^ (mmbbls)
FAN-1 *P50 Gross STOIIP*	*Slope Fan*	950
SNE-1 *Contingent Resources*	*Albian Shelf Clastics*	330

Senegal Exploration	Play	Prospective Resources* Best Estimate (mmbbls)
Lufti	*Buried Hill Play*	203
Sabar	*Buried Hill Play*	304
Lamb-Ji	*Buried Hill Play*	136
Ramatou	*Buried Hill Play*	58
Alhamdulillah North	*Salt Anticline Play*	252
South Canyon	*Slope Fan Play*	439
Central Canyon	*Slope Fan Play*	612
Total All Prospects		2,004
Total Net to FAR		300

^ Resource estimates confirmed by ERC Equipoise Ltd

TABLE 1: Prospective and Contingent Resource* inventory for FAR's Senegalese permits

The Senegal joint venture continues to analyse the FAN-1 and SNE-1 well results to further evaluate the resource potential of the discoveries.

The results of the FAN-1 well and the final analysis from the SNE-1 will be used to decide optimal follow up drilling locations as part of an appraisal and additional exploration program. FAR has mapped numerous exploration prospects in the permit area with prospective resources totalling 3.585 billion barrels of oil (gross, unrisked, best estimate basis, 538 million net to FAR)* *(reference: ASX release 27/02/2013)*. FAR's estimate of Prospective Resources* in Senegal is shown in Table 1

FARM-OUTS TO CAIRN AND CONOCOPHILLIPS

In 2013 FAR announced two major farm-out agreements in relation to its offshore Senegal exploration permits with ConocoPhillips and Cairn.

At the beginning of the reporting period, the farm-out to ConocoPhillips became effective. As a result, FAR now has a 15% beneficial interest in the three offshore blocks with Cairn Energy as Operator with 40%, ConocoPhillips has 35% and Petrosen, the Senegal National Oil Company, holds a carried 10% interest through the exploration phase. ConocoPhillips is the world's largest independent, pure-play exploration and production company with proved reserves of 8.9 billion barrels of oil equivalent (BOE) as of December 2013. ConocoPhillips has the option to become operator of the project once it advances to development.

Under the terms of the farm-out agreements, FAR secured funding for its share of two exploration wells totalling approximately US$190 million (100% basis, FAR estimate) and net cash payments received of approximately US$10 million. At the time of execution of the farm-out agreements, the estimated cost of the two wells was budgeted to be below FAR's US$190 million in two well carry.

OPERATIONAL SUMMARY

In early 2014, the Transocean owned drilling rig, Cajun Express, completed the first two wells of a West African drilling campaign in Morocco for Cairn before mobilising to Senegal to spud the first of FAR's two high impact Senegal exploration wells on 17 April 2014. The wells were both drilled on the Sangomar Deep block, which is one of three blocks under licence by the joint venture. A Production Sharing Contract ('PSC') with the Government of Senegal is in place for the three blocks, for an area of 7,490 km^2.

The two exploration wells were drilled back to back in a drilling program that exceeded the budgeted timetable due to ongoing equipment failure.

In order to mitigate the time lost due to equipment failure (primarily in the blow out prevention system), the Operator drilled the top hole section for FAN-1, followed by the top hole section for SNE-1, before returning to site to drill on to total depth (TD) in the FAN-1 well *(reference ASX announcement 15 May 2014)*.

Drilling continued on FAN-1 with numerous delays until the announcement that oil samples were discovered in the well on 27 August. The FAN-1 discovery was announced by the Operator and FAR on 7 October 2014.

The delays throughout the FAN-1 well's drilling operation were frustrating and in one particular situation was the cause for the Company to enter trading halt for two days and a period of voluntary suspension from trading for five days from 23 June while the root cause analysis was completed, maintenance operations attempted and various repair options analysed for time and cost.

Following the announcement of the FAN-1 oil discovery, the well was completed and the rig was moved to the SNE-1 drill site to re-enter the well and continue to drill to TD.

The rig maintenance issues that adversely affected the timing of drilling the FAN-1 well did not re-occur during the drilling of the SNE-1 well. As a consequence, drilling progressed as per plan. The SNE-1 oil discovery in the Albian aged sands was announced to the market on 10 November 2014.

On 20 November 2014, the Company announced that the deeper objective failed to intersect hydrocarbons and that following the highly successful drilling campaign, the rig was to be demobilised from Senegal.

As a result of the extended drilling program, and as stated by FAR in shareholder updates throughout the drilling campaign, the cost of the drilling campaign ended up exceeding the funding cap provided by the farm-outs to both Cairn and ConocoPhillips. As at 31 December 2014, the Company's share of the Senegal joint venture payables in respect of the two wells was $27.8 million. This amount is expected to be paid by the company in the first half of 2015.

THE EVALUATION AND FURTHER EXPLORATION PLANS OFFSHORE SENEGAL

Following the two discoveries offshore Senegal, the joint venture is progressing with well data analysis and seismic re-processing to further evaluate the discoveries and update its regional geological models. The work is ongoing and will be released when completed.

An evaluation work program for the discoveries and plans for future exploration on the blocks are expected to be finalised in April 2015.

With the benefit of sharply reduced deepwater rig rates and experience gained in 2014 from drilling offshore wells in Senegal, the joint venture is likely to include in its future work program and budget a multi-well campaign commencing in the fourth quarter of 2015. The programme is expected to include two appraisal wells (on the SNE-1 discovery) and one exploration well on the shelf prospect (with options for further drilling), subject to final joint venture approval. The initial focus is expected to be on the SNE-1 discovery and nearby look-alike structures on the shelf area offshore Senegal.

GUINEA-BISSAU

SINAPA (BLOCK 2) AND ESPERANÇA (BLOCKS 4A & 5A)
21.43% paying interest, 15% beneficial interest
Operator: Svenska Petroleum Exploration AB ('Svenska')

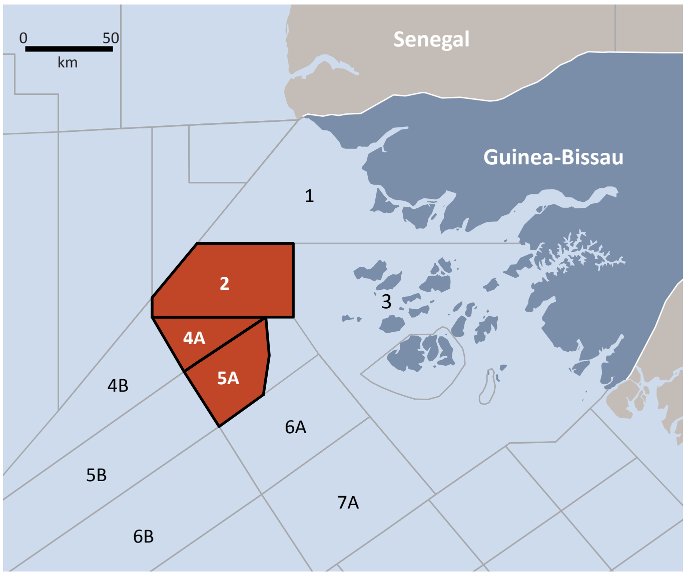


FIGURE 3: FAR licences offshore Guinea-Bissau

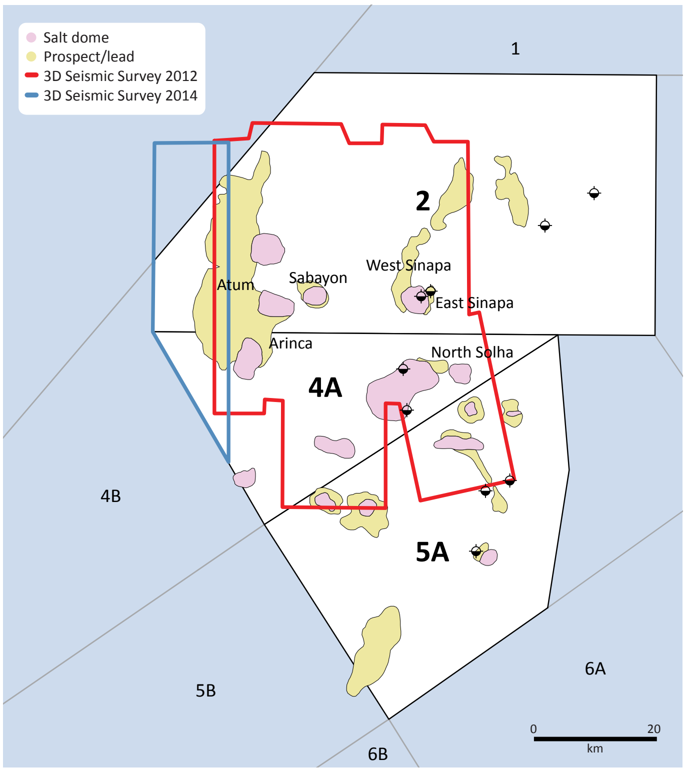
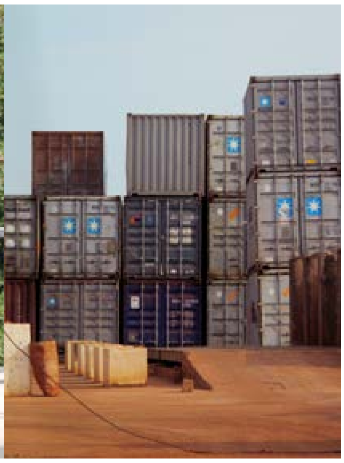


FIGURE 4: Block 2 and Blocks 4A/5A prospects, offshore Guinea-Bissau

During the year, the joint venture operated by Svenska and also comprising FAR and Petroguin (the Guinea-Bissau National Oil Company), performed detailed geotechnical studies in order to assess the hydrocarbon resource potential in the Guinea-Bissau Blocks 2, 4A and 5A. In addition well preparations were progressed for an appraisal well on the Sinapa oil discovery offshore. Following the significant oil discovery in SNE-1 offshore Senegal, the joint venture decided further exploration of the prospectivity of the shelf edge area of the blocks was warranted. To this end, the joint venture is conducting an additional 3D seismic survey over the shelf area of the blocks and following processing, interpretation and remapping of leads and prospects, will determine a location for an exploration well expected to be drilled in late 2016. The joint venture has requested an extension from the Guinea-Bissau Government to allow it sufficient time to evaluate the results from the planned exploration well.



THE SINAPA DISCOVERY AND WORK COMPLETED TO DATE OFFSHORE GUINEA-BISSAU

The Sinapa (Block 2) and Esperança (Blocks 4A and 5A) offshore licences cover an area of approximately 5,832 km^2 and lie in water depths ranging from 10 metres to in excess of 1,000 metres. The licences lie on the continental shelf around 180 km off the Guinea-Bissau coast and west of the Bissau River estuary. Immediately to the north of FAR's holdings lies the substantial Dome Flore discovery. A map showing the location of FAR's acreage holdings offshore Guinea-Bissau is shown in Figure 3.

The Sinapa discovery in Block 2 was made by Premier Oil plc in 2004 after the drilling of Sinapa-2 well. The well intersected a salt related structure with a gross oil column of 124 metres (measured depth), and oil was also encountered up-dip by a sidetrack well. A Competent Persons Report prepared by Synergy Engineering ('Synergy') in 2011 made a probabilistic assessment of the recoverable hydrocarbon volume intersected by these wells and assessed Contingent Resources of 13.4 million barrels of oil (unrisked 2C, 100% basis) with 2 million net to FAR. Additional potential was also recognised by Synergy in deeper sands which were water bearing in the wells, but was assessed to have the potential to contain trapped oil in up-dip locations against the salt dome.

The West Sinapa prospect is also in Block 2 and is a salt related feature adjacent to the Sinapa discovery. In 2010 a 1,640 km^2 3D seismic survey was acquired over a large portion of the acreage including the West Sinapa prospect. Svenska received the processed data in December 2012 and conducted a complete re-interpretation of the block which was provided to FAR in August 2013. FAR has since reviewed the interpretation and conducted its own assessment based on the new 3D data.

A further 14 prospects and leads have been identified in the permits. The combined Prospective Resources* for the 3 blocks is 954 million barrels of oil (unrisked, best estimates, 100% basis) with 143 million barrels net to FAR. A table showing FAR's estimate of Contingent and Prospective Resources* in the Guinea-Bissau permits is shown in Table 2 *(reference ASX release 5/2/2014).*

In 2012, a three year extension to the current exploration term, Phase 1, was granted by the Bissauan Council of Ministers. There are no work program obligations on the block in relation to this extension.

FAR and Svenska continue to monitor the country's political situation closely. The company entered into these blocks in 2009 and the blocks provide excellent synergies with FAR's offshore Senegal and AGC blocks.

Guinea-Bissau Prospect	Low Estimate (mmbbls)	Best Estimate (mmbbls)	High Estimate (mmbbls)
	Contingent & Prospective Resources*		
Sinapa Discovery *Contingent Resources*	4.4	13.4	38.9
Total *Contingent Resources*	4.4	13.4	38.9
Total Net to FAR *Contingent Resources*	0.7	2	5.8
East Sinapa *Prospective Resources*	1.8	7.5	34.2
West Sinapa *Prospective Resources*	17.7	64.7	251.7
Atum *Prospective Resources*	144	471.7	1,569.6
North Solha *Prospective Resources*	6	28.4	131.6
Arinca *Prospective Resources*	10	59.2	393
Sabayon *Prospective Resources*	3.4	18.1	88.2
Other leads *Prospective Resources*	85.4	303.7	1,032
Total All Prospects	269	954	3,500
Total Net to FAR	40	143	525

TABLE 2: FAR's Contingent and Prospective Resources* offshore Guinea-Bissau

AGC

AGC PROFOND
10% paying interest, 8.8% beneficial interest
Operator: Ophir Energy PLC ('Ophir')

The AGC Profond Block is located in the AGC (Agence de Gestion et de Coopération entre le Sénégal et la Guinée-Bissau) which is a joint commission area 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 3,500 metres. FAR had a 10% paying interest in the AGC Profond Block and an 8.8% beneficial interest.

Approximately 1,000km^2 of 3D seismic on a non-exclusive basis was acquired across the AGC Profond permit at no cost to the joint venture. This survey was completed in March 2013. Subsequent to this survey, the joint venture focused on processing seismic data and technical evaluation of the block's prospectivity.

On 14 September 2014, the joint venture partners Ophir Energy and FAR withdrew from the PSC and FAR paid US$1 million as FAR's share of the non-drill fee. This withdrawal followed the unsuccessful Kora-1 well, drilled in 2011, and detailed interpretation of the extensive 3D seismic database over the block which did not identify suitable prospects for exploration drilling.

EAST AFRICA

Large equity positions in a fast emerging oil and gas margin

FAR has an interest in two Kenya permits: Block L6 and Block L9. These blocks are located in the heart of the Lamu Basin offshore and onshore Kenya, north of recent world-scale, natural gas discoveries totalling over 100 trillion cubic feet, off the coasts of Mozambique and Tanzania and the recent oil discovery in the Sunbird-1 well offshore Kenya. A map showing the location of FAR's two blocks offshore Kenya is given in Figure 5.

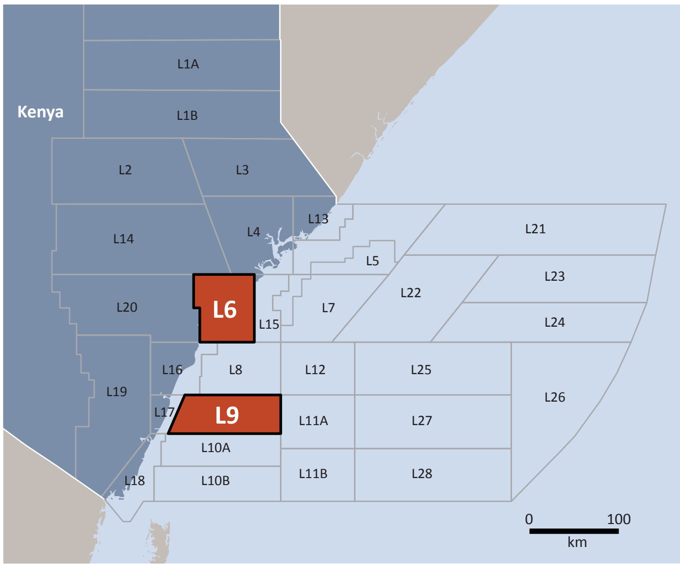


FIGURE 5: FAR's two blocks offshore Kenya

KENYA: Lamu Blocks

Block L6
Onshore – 24% paying and beneficial interest
Offshore – 60% paying and beneficial interest
Operator: FAR Ltd

With a current licence area of 4,986 km^2, the Block L6 permit has both onshore and offshore potential with water depths varying from shallow transition zones to approximately 400 metres.

FAR has identified a number of oil and gas play types and prospects and assessed that the combined unrisked Prospective Resources* for Block L6 is 3.75 billion barrels of oil or 10.23 trillion cubic feet of gas)*.

A table showing FAR's estimate of Prospective Resources* in the Kenya Block L6 is shown in Table 3 (reference ASX release 27/2/2013).

Following the farm-out deal, FAR remains the Operator on record of the entire Production Sharing Contract ('PSC') for Block L6. In February 2014, FAR received approval from the Kenyan Ministry of Energy and Petroleum for a farm-out in relation to the onshore portion of Block L6. The farm-out agreement was executed with Milio E&P Limited and Milio International ('Milio') a Dubai based oil trading company that operates the neighbouring Block L20 onshore Kenya. Pursuant to the terms of the farm-out agreement, FAR is to be fully funded through the acquisition, processing and interpretation of an onshore 2D seismic survey and the drilling and testing of a high impact onshore exploration well in Block L6.

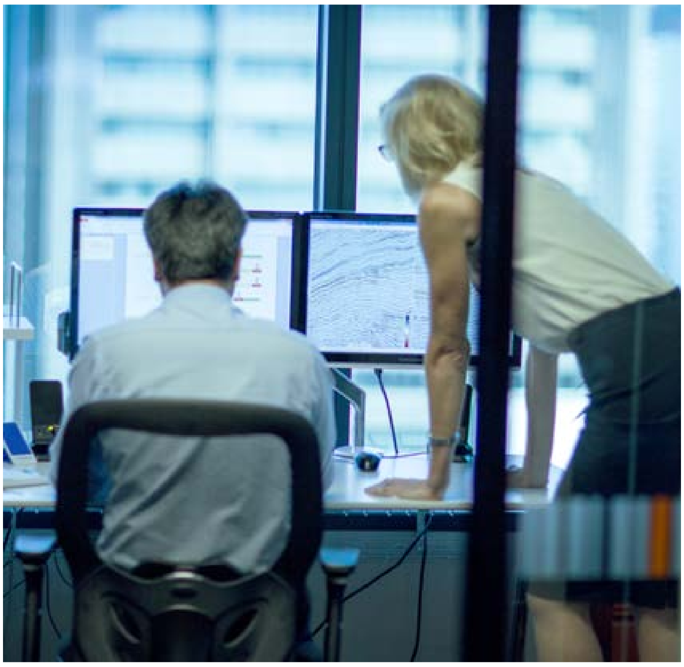
The drilling of the farm-out well will satisfy the work program and expenditure obligations for the current permit period of the Block L6 PSC.

Since executing the farm-out agreement, the agreed work program, to be operated by Milio has suffered delays due to civil upheaval and security incidents in the region that arose during 2014. As a result of these incidents, the Ministry of Energy and Petroleum of Kenya awarded the Block L6 joint venture a 12 month extension and is working with the Block L6 joint venture to ensure appropriate access for petroleum operations is established.

A number of prospects in the onshore part of Block L6 are expected to be defined by the survey as potential locations for an exploration well in early 2016.

The farm-out parties are currently negotiating a farm-out amendment deed to reflect the above mentioned changed circumstances. The seismic program was due to commence in March 2015.

Following the completion of the farm-out agreement, FAR will remain the Operator on record of the entire PSC for Block L6. Pursuant to the terms of the farm-out agreement including Milio fulfilling the required farm-out activities, Milio will earn the rights and an associated 60% beneficial interest in relation to the onshore part of Block L6 only and FAR retains a 24% beneficial interest in the joint venture for the onshore part of Block L6. FAR also preserves its 60% interest in the joint venture for the highly prospective offshore part of Block L6 which FAR has estimated to contain substantial prospective resources.



Block L6 is located immediately north of major east coast Kenyan population centres and infrastructure. In the event an onshore exploration well results in a discovery, FAR plans to fast track an onshore development in order that production could contribute to Kenya's growing energy requirements and supply major power generation projects planned by the Kenyan Government.

In 2007, FAR acquired and processed an extensive airborne gravity gradiometry and magnetic survey across both the onshore and offshore areas. In the offshore portion of Block L6 FAR also acquired an extensive offshore 2D seismic program. In 2012 the joint venture completed 778 km^2 of 3D seismic in Block L6 where FAR was the first company to acquire 3D seismic over the highly prospective offshore Micoene reef play in 2014 drilled by the BG Group with the Sunbird-1 well in Block L10A. The Sunbird-1 well confirmed an oil column in this Miocene reef play which has been highly encouraging for FAR's acreage in the Lamu Basin.

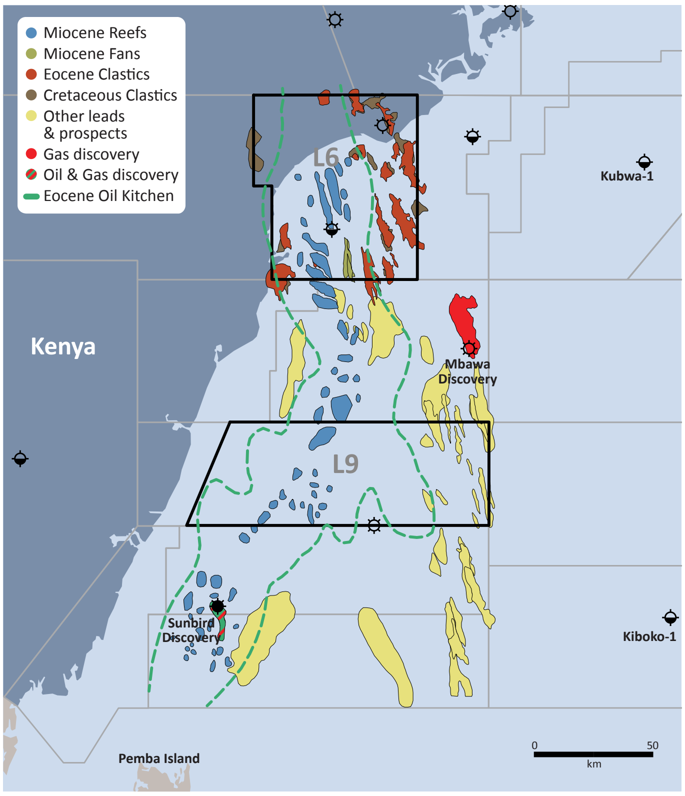


FIGURE 6: Leads and prospects mapped offshore Kenya

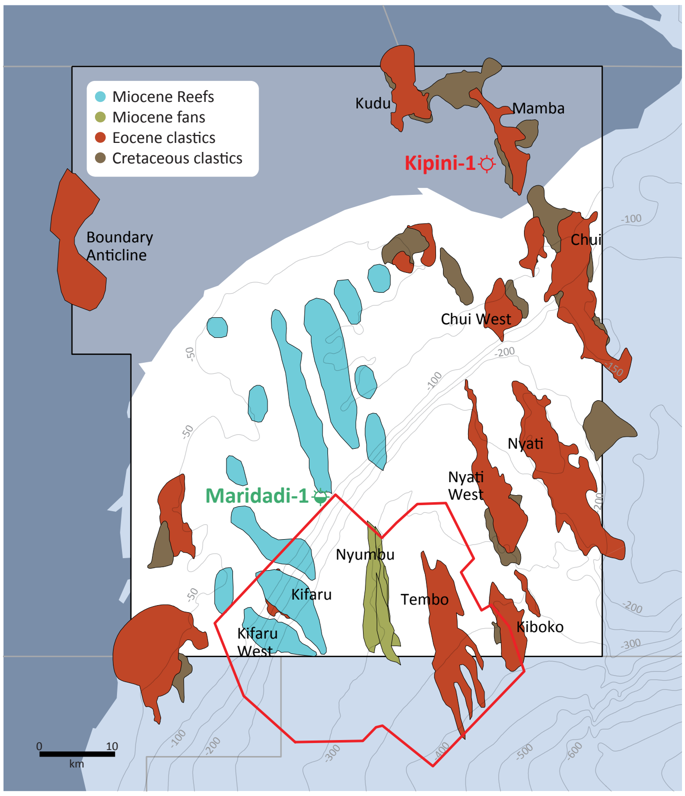


FIGURE 7: Leads and prospects mapped, Block L6, Kenya

Kenya L6 Prospects	Play	Prospective Resources* Best Estimate (mmbbls)
OFFSHORE		
Kifaru	*Miocene Reef Play*	178
Kifaru West	*Miocene Reef Play*	130
Tembo	*Eocene Clastics Play*	327
Kiboko	*Eocene Clastics Play*	110
Nyati	*Eocene Clastics Play*	149
Nyati West	*Eocene Clastics Play*	304
Chui	*Eocene Clastics Play*	188
Chui West	*Eocene Clastics Play*	77
Other Eocene Clastics Play		769
Other Miocene Reef Play		1,249
Late Cretaceous Clastics Play		95
Total Offshore Prospects		3,577
Total Net to FAR – Offshore Prospects		2,146
ONSHORE		
Mamba	*Eocene Clastics Play*	31
Kudu	*Eocene Clastics Play*	115
Other Late Cretaceous Clastics Play		31
Total Onshore Prospects		177
Total Net to FAR – Onshore Prospects		43
Total All Prospects		3,754
Total All Prospects – Net to FAR		2,189

TABLE 3: Estimate of Prospective Resources* for Block L6, Kenya

3D seismic survey vessel

FAR 3D seismic data, combined with existing 2D data mapping, has identified a number of hydrocarbon play types and prospects. Within the 3D coverage, FAR has matured three prospects (Tembo, Kifaru and Kifaru West) which have Prospective Resources* of 327, 178 and 130 million barrels of oil (unrisked best estimate, 100% basis)* respectively, or in a gas only success case, 807, 517 and 388 billion cubic feet of gas. The chances of a discovery of the three prospects have been assessed by FAR to be 21%, 19% and 18% respectively.

Efforts to seek a partner for drilling in offshore Block L6 continue into 2015.

Block L9
30% paying and beneficial interest
Operator: Ophir Energy PLC ('Ophir Energy')

In September 2013, FAR completed negotiations on joint venture agreements with the Operator, Ophir Energy, on the offshore Kenya exploration permit Block L9.

The assignment agreement between FAR and Ophir Energy (the Operator of Block L9) expired on 23 July 2014. Following this date, FAR and Ophir Energy have held discussions regarding FAR's entry into the block and the plans for a future work program in the permit. As yet, no conclusion has been reached in relation to formalising FAR's 30% equity interest in the block.

FAR remains hopeful that this issue will be resolved in 2015.

The Principal Secretary, The Ministry of Energy & Petroleum, Kenya

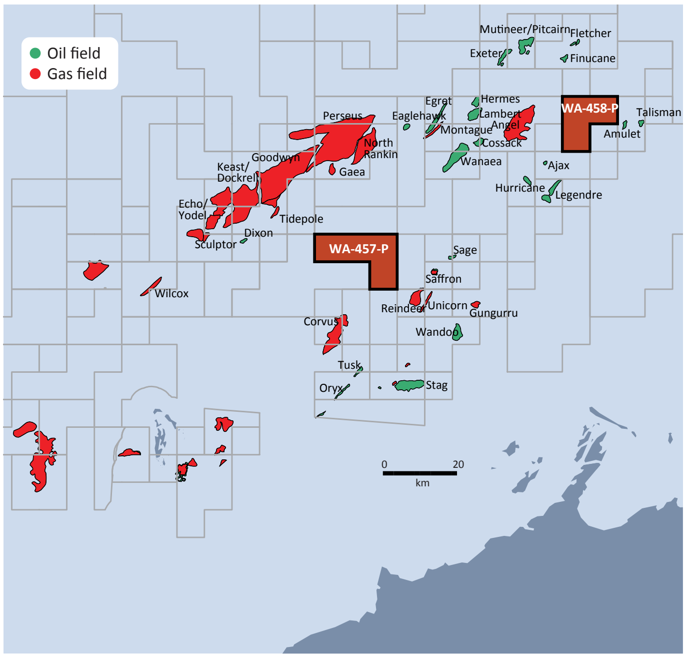


FIGURE 8: Location of Blocks WA-457-P and WA-458-P, offshore Western Australia

AUSTRALIA

Surrounded by proven petroleum systems

Hydrocarbon exploration in the Dampier Sub-basin dates back to the late 1960s when Legendre-1 encountered oil. Since then, over 200 exploration and development wells have been drilled with an exploration technical success rate of 41%. Commercial success rates are >20%. Historically, the exploration focus has been on structural traps, with wells concentrated along the basin margins and along prominent inversion trends. More recently, exploration has begun to test the stratigraphic trapping potential closer to the main depositional-centres where turbidite sands are more concentrated.

WESTERN AUSTRALIA

A geotechnical evaluation of FAR's offshore Western Australia exploration permits WA-457-P and WA-458-P in Dampier Basin was conducted in the previous year. This evaluation identified multiple prospects with total Prospective Resources* amounting to 447 million barrels of oil (mmbbls) (unrisked best estimate basis) net to FAR. A map showing the location of these two permits is shown in Figure 8 and a table showing FAR's estimate of Prospective Resources* in the WA-458-P block is shown in Table 4 *(reference ASX release 11/3/2014)*.

Both permits are covered by extensive vintage 2D and 3D seismic data which have been used to map the potential of the blocks and determine the Prospective Resources*. FAR will use modern acquisition and processing techniques, which are optimised for hydrocarbon detection in a new 3D seismic survey being undertaken in 2015 in permit WA-458-P. This seismic data will be used to high grade and de-risk prospects for drilling in a subsequent exploration period following a drill or drop decision in 2016.

The permits are located within an active petroleum system on the North West Shelf and are surrounded by oil and gas discoveries. Water depths range from 25 to 110 metres.

WA-458-P OFFSHORE DAMPIER BASIN
100% paying and beneficial interest
Operator: FAR Ltd

WA-458-P is in the north east of the Dampier Basin and is surrounded by discoveries. Oil is the dominant hydrocarbon phase in the nearby discoveries and charge modelling indicates that oil is the expected hydrocarbon phase in the identified features. Localised uplift has created simple roll-over structures at multiple levels. FAR has mapped a variety of structural and combined structural-stratigraphic leads at proven reservoir levels. This area is considered low risk, where valid traps almost invariably contain hydrocarbons.

Australia Prospects	Prospective Resources* Best Estimate (mmbbls)
WA-458-P	
Top Angel Play	20.7
Lower Angel Structural Play	5.8
Lower Angel Stratigraphic Play	152.2
Oxfordian Fan Play	126.8
Legendre Structural Play	53.4
Total All Prospects	358.9
Total Net to FAR	358.9

TABLE 4: Estimate of Prospective Resources* for Blocks WA-457-P and WA-458-P

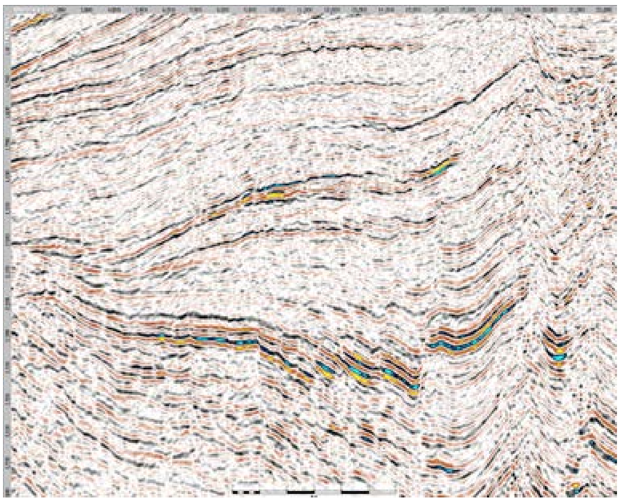
The total Prospective Resources* mapped in WA-458-P net to FAR amount to 359 million barrels of oil (unrisked best estimate basis).

In events subsequent to year end, FAR committed to participate in a speculative seismic survey over this block with final data due by the end of 2015.

WA-457-P OFFSHORE DAMPIER BASIN
100% paying and beneficial interest
Operator: FAR Ltd

The main feature in WA-457-P, in the south west of the basin, is a very large four-way closure at the prospective Oxfordian Angel Formation level. This structure was drilled in 1968 by the Dampier-1 well, which encountered good oil and gas shows, and recovered oil and gas to surface, however sand development was generally poor. Regional studies have now shown that the Angel Formation is a turbidite reservoir and sands are restricted to the main channel belts. Dampier-1 was drilled on 1960s vintage 2D seismic targeting a structural high, without consideration of sand presence. FAR's work program has been focused on identifying the areas where sands are possibly better developed.

A geotechnical work program has been developed to assess the viability of regional reservoir characteristics.



Example of structural and stratigraphic complexity within Block WA-458-P as revealed by seismic data

EP 104 – CANNING BASIN
8.89% participating and beneficial interest

R1 – CANNING BASIN
8% participating and beneficial interest

Operator: Pending (In the prior year Buru Energy Ltd resigned as Operator and the appointment of a new Operator is pending).

In the previous year, Buru Energy Ltd resigned as Operator and withdrew from the permit. Regulatory approval of the resulting assignment of interest and the appointment of a new Operator is unresolved at the end of 2014 and as a result, FAR has elected to divest this asset. In events subsequent to the year end, FAR has agreed to pay Key Petroleum Limited ('Key Petroleum') $50,000 for its share of ongoing liabilities related to the blocks (including Block L15 referenced below) and to transfer FAR's equity in the blocks to Key Petroleum.

L15 – CANNING BASIN
12% participating and beneficial interest
Operator: Pending (In the prior year Buru Energy Ltd resigned as Operator and the appointment of a new Operator is pending).

The L15 production licence (previously referred to as the West Kora application) was granted for a term of 21 years from 1 April 2010.

Production Licence L15 consists of two graticular blocks, 6054 and 6126, and is located nearby the Point Torment-1 gas discovery and Stokes Bay.

Subsequent to year end, FAR has agreed to sell this asset to Key Petroleum.

T/18P – BASS BASIN
0.09375% overriding royalty
Operator: Origin Energy Resources Limited ('Origin')

FAR Ltd holds an overriding royalty on the T/18P exploration permit located offshore Tasmania in the Bass Basin. The Bass Basin is located to the south of the Gippsland Basin, historically the largest producing oil and gas area in Australia.

As a royalty holder, FAR does not receive information on activities within the block and relies on public domain information.

FAR is in receipt of correspondence from SAGASCO (now Origin Energy Resources Limited, Operator of the T/18P joint venture) accepting liability in respect of its obligation under the Deed.

EXPLORATION ASSETS

Throughout 2014, FAR held a wide portfolio of exploration licences across 13 blocks in Africa and Australia. The African assets are in Senegal, where the potential was underpinned by two significant oil discoveries during the year, Guinea-Bissau and Kenya. In line with corporate strategy to focus on its core asset offshore Senegal, the Company divested four of these blocks over the year and in the period subsequent to the year end. As at end of 2014, the Company's assets are tabled below.

CORPORATE ACTIVITY

At the end of the financial year FAR had a robust cash position with combined cash and long term deposits of AU$67 million and no debt.

FAR successfully raised AU$54.7 million in two tranches (June and October) over the year.

Project	Asset	FAR Paying Interest	Beneficial Interest	Operator
Senegal	Rufisque, Sangomar and Sangomar Deep	16.7%[1]	15.0%[1]	Cairn Energy
Kenya	Block L6 (offshore)	60%	60%	FAR
	Block L6 (onshore)	24%	24%	FAR
	Block L9	30%[2]	30%[2]	Ophir Energy
Guinea-Bissau	Block 2, 4A, 5A	21.43%	15.0%	Svenska
Australia	WA-458-P	100%	100%	FAR
	WA-457-P	100%	100%	FAR
	EP 104[5]	8.89%[3]	8.89%[3]	Pending[4]
	R1[5]	8%	8%	Pending[4]
	L15[5]	12%	12%	Pending[4]

1 This is adjusted for the ConocoPhillips Farm-in Agreement effective from 1 January 2014

2 The agreement with Ophir Energy terminated during the year and discussions have been ongoing to resolve FAR's equity transfer.

3 Subject to a Deed of Assignment from Buru Energy Pty Ltd executed on 30 May 2013 and pending the outcome of a Renewal Application pursuant to section 42(8) of the Petroleum Act the Company's interest will increase to 15.67%.

4 In events subsequent to year end, FAR has divested its interests in these blocks. Operator status was pending at the time of the divestment.

5 A Deed of Sale, Assignment and Assumption was executed on 23 February 2015 for the disposal of the company's interest in EP 104, R1 and L15.

***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 and 5/2/2014. *(reference: FAR ASX releases of 27/02/2013, 11/3/2014, 5/2/2014)*. 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 unrisked 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 information relating to hydrocarbon resource estimates has been compiled by Peter Nicholls, the FAR Ltd 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.

Forward looking statements – This report 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 report, the words such as 'could', 'plan', 'estimate', 'expect', 'intend', 'may', 'potential', 'should' and similar expressions are forward looking statements. Although FAR 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 Report and that all material assumptions and technical parameters underpinning this Report continue to apply and have not materially changed.

***Notes to Prospective Resources Estimates**

1. The estimated quantities of Prospective Resources stated above may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
2. The recoverable hydrocarbon volume estimates prepared by the company and stated in the tables above have been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System, 2007 and 2011 approved by the Society of Petroleum Engineers.
3. The Prospective resource estimates have been estimated using deterministic methods using best estimates of all parameters.
4. The barrel of oil equivalent (BOE) is a unit of energy based on the approximate energy released by burning one barrel (42 U.S. gallons or 158.9873 litres) of crude. One BOE is roughly equivalent to 5,800 cubic feet (164 cubic meters) of typical natural gas, which is the conversion used in this analysis to calculate BOE for the gas volumes. The value is necessarily approximate as various grades of oil and gas have slightly different heating values.
5. The Best Estimates reported represent that there is a 50% probability that the actual resource volume will be in excess of the amounts reported.
6. The estimates for unrisked Prospective Resources have not been adjusted for both an associated chance of discovery and a chance of development.
7. The chance of development is the chance that once discovered, an accumulation will be commercially developed.
8. Prospective Resources means those quantities of petroleum which are estimated, as of a given date to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development.
9. In the table, the abbreviation 'mmbbls' means millions of barrels of oil or condensate and 'bcf' means billions of cubic feet of gas.

To meet these objectives, FAR seeks to:

- protect the health, safety and wellbeing of our staff, contractors and the local communities our operations impact upon;
- manage and maintain positive and respectful relationships with the communities with which we conduct business and in which we operate, including encouraging and supporting their economic prosperity;
- manage safety and environmental risk, ensuring that all material risks are identified, objectively assessed, monitored and responded to in an appropriate manner;
- maintain a high standard of care for the natural environment and adopting appropriate environment management systems; and
- reduce our environmental footprint by efficient use of resources, management of water and energy consumption and management of waste and emissions

It is acknowledged that, to be most effective and to achieve long term success, this should become part of the culture of the organisation, embedded into FAR's philosophy, practices and business processes. As such, this policy applies to all personnel engaged by FAR and under FAR's operational control. The company expects its suppliers, contractors and consultants to uphold the same standards.

FAR has adopted a number of policies and practices to assist it in achieving the outcomes of the company's Environment & Sustainability Policy including Code of Conduct, Human Rights & Child Protection Policy, Anti-Bribery & Corruption Policy and Risk Oversight & Management Policy. These policies are available on FAR's website.

FAR is committed to achieving excellence in managing environmental, safety, health and social performance in all work places, activities and operations.

Australian Securities Exchange Listing Rule 4.10.3 requires companies to disclose the extent to which they have complied with the best practice recommendations of the ASX Corporate Governance Council (CGC).

This statement summarises the corporate governance practices adopted by the Board of Directors and their compliance with the Corporate Governance Principles and Recommendations with 2010 Amendments, 2nd Edition. Where a best practice recommendation has not been followed, the non-compliance has been noted and a full-disclosure justification provided.

FAR will conduct a review in 2015 in response to the publication of the CGC's 3rd Edition principles and recommendations. Recommended governance changes and revisions that have not already been implemented to align, where appropriate with the 3rd Edition recommendations will occur throughout 2015 and be reported in FAR's 2015 Annual Report.

FAR Ltd's ('FAR') objective is to achieve best practice in corporate governance commensurate with the FAR's size, its operations and the industry within which it participates.

The Company and its controlled entities together are referred to as FAR in this statement.

FAR's policies and charters can be found on our website and are listed below:

Charters

- Board
- Audit Committee
- Nomination Committee
- Remuneration Committee

Policies

- Anti-Bribery & Corruption
- Code of Conduct
- Diversity
- Environment & Sustainability
- Human Rights & Child Protection
- Market Disclosure & Communications
- Risk Oversight & Management
- Security Trading & Policy Statement

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Board operates in accordance with the broad principles set out herein. The Board is responsible for corporate strategy, implementation of business plans, allocation of resources, approval of budgets and major capital expenditure, and the adherence to Company policies.

The Board is also responsible for compliance with the Code of Conduct, overseeing risk management and internal controls, and the assessment, appointment and removal of senior executives and the company secretary.

The company has established the functions reserved to the Board and has delegated day to day management of the business affairs to senior executives, subject to compliance with strategic and capital plans approved from time to time from the Board.

Directors receive comprehensive reports at each of the Board meetings from the Executive and have access to Company records, information and Company personnel.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

A review of executive performance is conducted by the Managing Director on an annual basis. These evaluations assess both individual and group performance of the Company's executives. The Managing Director's evaluations are conducted through formal discussions with executives during the course of the year and after the end of the year.

The Remuneration Committee is briefed by the Managing Director on executive performance as part of the annual salary review process. The Remuneration Committee is comprised of Mr N J Limb (non-executive chairman), Mr A E Brindal (non-executive director) and Mr C Cavness (non-executive director). The Remuneration Committee reports to the Board.

Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1: A majority of the board should be independent directors.

The majority of the board consists of independent directors. The board consist of five members, three non-executive directors and two executive directors.

The Board considers that the non-executive directors, Mr C L Cavness, Mr A E Brindal and Mr N J Limb satisfy the independence criteria under ASX Best Practice Guidelines in that the non-executive directors:

- are not substantial shareholders of the Company.

- have not been employed in an executive capacity within the last three years, with the exception of Mr A E Brindal. Mr Brindal served as Joint Company Secretary from 26 April 2000 until 4 April 2013 when he resigned from this position (but retained his directorship). In practice, Mr A E Brindal, did not perform any company secretarial duties or any other executive duties during at least the last three years of his position as Joint Company Secretary. Company secretarial duties during this period were the responsibility of Mr C J Harper until 30 September 2012 and the current Company Secretary Mr P A Thiessen. The Board is satisfied that this has not impaired his independence.
- have not been a principal of a material professional advisor within the last three years.
- are not a material supplier or customer of the Company.
- do not have a material contractual relationship with the Company.
- have no other interests or business relationships likely to materially interfere with the director's ability to act in the best interests of the Company.

In addition, to facilitate independent decision making, each director of the Company has the right to seek independent professional advice in the furtherance of his or her duties as a director at the Company's expense provided s/he notify the Company beforehand.

The constitution of the Company provides that directors shall not retain office for more than three calendar years or beyond the third annual general meeting following election without submitting to re-election by shareholders.

Details of the members of the Board, their skills, experience, expertise, qualifications and length of service are set out in the Directors' Report and are available on the Company's website.

Recommendation 2.2: The Chair should be an independent director.

Mr Nicholas Limb is chair and is an independent director.

Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.

Mr Nicholas Limb held the position of Chairperson and Ms Cath Norman held the position of Managing Director throughout the year.

Recommendation 2.4: The board should establish a nomination committee.

The board has a Nomination Committee which consists of three independent directors; Mr A E Brindal, Mr C L Cavness and Mr N J Limb. Mr Nicholas Limb is the Chairperson of the Nomination Committee. The Company considers that the Chairperson and members of the Nomination Committee are the most appropriate given their experience and qualifications. A Nomination Committee charter has been adopted by the Board which describes the role, composition, functions and responsibilities of the Nomination Committee. The Nomination Committee charter is disclosed on the Company's website.

The responsibilities of the Nomination Committee are to review and make recommendations to the Board on: the necessary and desirable competencies of directors; the size and composition

of the Board; succession plans; the process for evaluating the performance of the Board, its committees and directors; and the appointment and re-election of directors.

The Nomination Committee met twice during the reporting period.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Nomination Committee charter requires a performance evaluation of the Board be conducted on an annual basis. During the course of the reporting period all Board members completed a self-assessment of their performance and assessments of the Board and Committees, Board structure and Board Performance. The assessments were reviewed by the Nomination Committee and reported to the Board.

Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.

The skills, experience and expertise relevant to the position of director held by each director in office, including period in office, is provided in the Directors' Report section of the Annual Report and on the Company's website. The directors considered by the Board to constitute independent directors include: Mr N J Limb, Mr A E Brindal and Mr C L Cavness. With the exception of Mr Brindal, there are no relationships which may affect their independent status. In the case of Mr Brindal, the Board is satisfied his independence was not impaired by his joint appointment as Company Secretary. Mr Brindal retired as Company Secretary on 4 April 2013 but retains his directorship.

As stated above, there is a procedure agreed by the Board for directors to take independent advice at the expense of the Company.

The Board seeks to achieve a mix of skills, knowledge, and expertise as well as operational and international experience amongst its directors.

The Nomination Committee consisting of three independent directors met twice during the year.

The Board aims to hold at least 4 formal meetings in each calendar year corresponding where practical with the release to the ASX of the Quarterly Activity Reports. The number of meetings held is disclosed separately in the Directors' Report.

The Board Charter can be found on the Company's website.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- **the practices necessary to maintain confidence in the company's integrity;**
- **the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;**
- **the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.**

The Company has a corporate Code of Conduct adopted by the Board. The Code of Conduct applies to all directors and employees. The Code of Conduct is reviewed by the Board each year and updated as necessary to ensure it reflects an appropriate standard of behaviour and professionalism to maintain confidence in FAR's integrity.

In summary, the Code of Conduct requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

The Company's policy in relation to dealings in the Company's securities applies to directors, employees and consultants. Any intended market transactions must be notified to the chairman in advance to ensure that the market remains fully informed at all times prior to any contemplated transaction. All new employees are referred to the Company website and encouraged to familiarise themselves with the Company's policies and to ask any questions they may have in relation to the policies. The Company's security trading policy is required to be signed off by new employees.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

The Company has a Diversity policy which is available on the Company's website.

The Company recognises that a talented and diverse workforce is a key competitive advantage and our success is a reflection of the quality and skills of our people. The Company benefits by bringing together high quality people of different gender, age, ethnicity, religious and cultural backgrounds who possess a diverse range of experiences and perspectives. FAR values diversity in all aspects of its business and is committed to creating an environment where the contribution of all its personnel is received fairly and equitably. Every employee within FAR is responsible for supporting and maintaining FAR's corporate culture and integrity, including its commitment to diversity in the workplace.

The Diversity policy formalises the Company's view and approach to diversity in the work place.

Recommendation 3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

The Board has set the following measurable objectives for achieving gender diversity:

2014 Measurable Objectives	Progress
At least one female candidate to be considered when the board is next appointing a director	No directors appointed in 2014
At least one female candidate to be considered when the board is next appointing an executive	No senior executives appointed in 2014
Aim to have a minimum of 20% of the Company's workforce female at all times	Female representation was 22% in 2014

Recommendation 3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

As at 31 December 2014 FAR had the following director and employee workforce profile, including long-term consultants:

	Total FTE	Female FTE	Male FTE	Female FTE%	Male FTE%
Board					
Board of Directors	5.0	1.0	4.0	20%	80%
Whole organisation					
Executive Management (including executive directors)	3.6	1.0	2.6	28%	72%
Other	5.1	0.9	4.2	17%	83%
Total	**8.7**	**1.9**	**6.8**	**22%**	**78%**

FTE – Full time equivalent

Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3.

FAR's Code of Conduct and Diversity policies are available on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1: The board should establish an audit committee.

The Board of FAR has established an Audit Committee.

The objectives of the Audit Committee are to: ensure the integrity of the Company's financial reporting; oversee the independence of the external auditor; ensure that controls are established and maintained in order to safeguard the Company's financial and physical resources; and ensure that systems and procedures are in place so that the Company complies with relevant statutory, regulatory and reporting requirements.

Recommendation 4.2: The audit committee should be structured so that it:

- **consists only of non-executive directors;**
- **consists of a majority of independent directors;**
- **is chaired by an independent chair who is not chair of the board; and**
- **has at least three members.**

FAR's three independent non-executive directors are members of the Audit Committee. Mr A E Brindal has been appointed Chairman of the Audit Committee and is not the Chairperson of the Board.

Recommendation 4.3: The audit committee should have a formal charter.

The Audit Committee has a formal charter. The Audit Committee charter addresses the committee's objectives, membership, authority, responsibilities and procedures. The charter covers five broad areas of responsibilities including: general; independent external audit; financial reporting; risk management; and compliance. The committee meet often enough to undertake its role effectively and report regularly to the Board.

Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.

The Company's Audit Committee charter is available on the Company's website. The number of audit committee meetings held and the qualifications of those appointed and their attendance at meetings of the committee is disclosed separately in the Directors' Report.

The Audit Committee reviewed the performance of the external auditor during the year and was satisfied with their independence, competence, communication and audit quality.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Board has a policy on Market Disclosure and Communications. This policy emphasises FAR's commitment to ensuring that all investors have equal and timely access to material information concerning FAR, including: its financial position, performance, ownership and governance; ensuring that all announcements are clear, concise and factual; complying with the disclosure principles contained in the ASX Listing Rules, and the Corporations Act 2001; and preventing the selective or inadvertent disclosure of material price sensitive information.

The Chairman, Managing Director, Executive Directors and the Company Secretary are responsible for: managing FAR's compliance with its continuous disclosure obligations; identifying and reviewing information to determine if disclosure is required; implementing reporting processes and controls and determining guidelines for the release of information; and ensuring that the Board is kept fully informed of its determinations and is promptly advised of all information disclosed to the market.

The Managing Director and Company Secretary have been nominated as persons responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating disclosures to the ASX, analysts, brokers, shareholders, the media and the public.

ASX releases are posted on the Company's website as soon as practical after receiving ASX acknowledgement of release to the market.

Recommendation 5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.

FAR's Market Disclosure and Communications policy is available on the Company's website.

The Board of FAR takes responsibility for adopting and monitoring this policy and the executive management team has responsibility for its effective implementation. This policy applies to all personnel engaged by FAR and under FAR's operational control. Every employee within FAR is responsible for supporting and maintaining FAR's corporate culture and integrity.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

FAR is committed to meeting its continuous disclosure obligations and keeping all interested parties up-to-date with Company news. Shareholders are encouraged to contact the Company at any time to seek information on any matter.

Electronic communication is readily accessible to shareholders, and other interested parties, who elect to register their email address via a mechanism on the Company's website.

FAR encourages and supports shareholder participation in general meetings. At each meeting a corporate presentation is given on the Company's status and current projects with questions invited from those present.

Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

FAR's Market Disclosure and Communications policy is available on the Company's website.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Board has established a Risk Oversight and Management policy. Under the policy the Board is responsible for approving the company's policies on risk assessment and management and satisfying itself that management has developed a sound system of risk management and internal control. Day-to-day responsibility is delegated to the Managing Director who is responsible for: identification of risk; monitoring risk; communication of risk events to the board; and responding to risk events, with board authority.

The Board recognises that the Company is a junior exploration company and exploration for oil and gas is a high risk investment profile and has managed risk accordingly.

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Company prepares and reviews a company risk register and associated risk mitigation plan in accordance with the Company's risk oversight and management policy. As part of this, the company risk register and risk mitigation plans will be updated by the Managing Director and executive management and then presented to the Board for review at every board meeting. The Company plans to develop and implement a comprehensive risk management and internal control system in 2015.

Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Prior to the directors making the Directors' Declaration in the financial report, the Managing Director and Chief Financial Officer are required to state to the Board in writing that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects in relation to financial reporting risks. This declaration is given in accordance with section 295A of the Corporations Act 2001. In providing this declaration, the Managing Director and Chief Financial Officer also reported to the Board those parts of the internal control system that had been identified for future improvement. Such improvement areas to be adopted in 2015

include full documentation of the financial internal control environment, procedures and responsibilities and a revised delegation of authority.

Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.

The Company's Risk Oversight and Management policy is available on the Company's website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: The board should establish a remuneration committee.

A Remuneration Committee charter has been adopted by the Board. The Board's annual review of the responsibilities of the Remuneration Committee will be conducted in early 2015. Two Remuneration Committee meetings were held during the year and its recommendations were approved by the Board.

Recommendation 8.2: The remuneration committee should be structured so that it:

- **consists of a majority of independent directors;**
- **is chaired by an independent chair; and**
- **has at least three members.**

The Remuneration Committee consists of three independent non-executive directors, Mr A E Brindal, Mr C L Cavness and Mr N J Limb. Mr A E Brindal is the Chairman of the committee.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Detailed commentary on the remuneration of the Chairman, Managing Director, other directors and senior executives is set out in the Remuneration Report contained within FAR's Annual Report. FAR follows the practice of disclosing the amount of remuneration and all monetary and non-monetary components for each director and executive during the reporting period.

Recommendation 8.4: Companies should provide the information indicated in the guide to reporting on Principle 8.

FAR's Remuneration Committee charter is available on the Company's website. Details of attendance at meetings of the committee are disclosed separately in the Directors' Report.

ASX CORPORATE GOVERNANCE COUNCIL RECOMMENDATIONS CHECKLIST

The following table sets out the Company's position with regard to adoption of the Principles & Recommendations as at the date of this statement:

Recommendations		Comply
Principle 1:	**Lay solid foundations for management and oversight**	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	✓
1.2	Companies should disclose the process for evaluating the performance of senior executives.	✓
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	✓
Principle 2:	**Structure the board to add value**	
2.1	A majority of the board should be independent directors.	✓
2.2	The chair should be an independent director.	✓
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	✓
2.4	The board should establish a nomination committee.	✓
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	✓
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	✓
Principle 3:	**Promote ethical and responsible decision-making**	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	✓
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	✗
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	✓
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	✓
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	✓
Principle 4:	**Safeguard integrity in financial reporting**	
4.1	The board should establish an audit committee.	✓
4.2	The audit committee should be structured so that it: consists only of non-executive directors; consists of a majority of independent directors; is chaired by an independent chair, who is not chair of the board; and has at least three members.	✓
4.3	The audit committee should have a formal charter.	✓
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	✓

Recommendations		Comply
Principle 5:	**Make timely and balanced disclosure**	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	✓
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	✓
Principle 6:	**Respect the rights of shareholders**	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of the policy.	✓
6.2	Companies should provide the information indicated in the guide to reporting on Principle 6.	✓
Principle 7:	**Recognise and manage risk**	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those polices.	✓
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✗
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	✓
Principle 8:	**Remunerate fairly and responsibly**	
8.1	The board should establish a remuneration committee.	✓
8.2	The remuneration committee should be structured so that it: consists of a majority of independent directors; is chaired by an independent chair; and has at least three members.	✓
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	✓
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	✓

In compliance with the 'if not, why not' reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained above its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted of those in the recommendation.

The directors of FAR Ltd submit herewith the Annual Financial Report for the year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report as follows:

INFORMATION ABOUT THE DIRECTORS

The directors of the Company in office during or since the end of the financial year are:

Nicholas James Limb – Non-Executive Chairman
(appointed 28 November 2011)

Mr Limb is a professional geophysicist and has extensive experience as a stockbroker and merchant banker. He is currently Executive Chairman of Mineral Deposits Limited, an Australian listed company and Non-Executive Chairman of World Titanium Resources Limited. Mr Limb was appointed as a director of the Company on 28 November 2011, and appointed Chair on 19 April 2012. He is also a member of the nomination committee, remuneration committee and audit committee.

Catherine Margaret Norman – Managing Director
(appointed 28 November 2011)

Ms Norman is a professional geophysicist who has over 20 years' experience in the minerals and oil and gas exploration industry, having held executive positions both in Australia and the UK and carried out operating assignments in Europe, Africa, the Middle East and Australia. Ms Norman served as Managing Director of Flow Energy Limited from 2005 and was appointed Managing Director of FAR Limited on 28 November 2011.

Benedict James Murray Clube – Executive Director and Chief Operating Officer (appointed 12 April 2013)

Mr Clube has over 20 years experience in the oil and gas industry. He has held a number of senior executive positions at BHPBilliton Petroleum based in Houston, London, Perth and Melbourne and served as Vice President of Finance and Planning at BHPBilliton Petroleum and was a director of a number of BHPBilliton companies. Following his time at BHPBilliton, Mr Clube was Finance Director and Company Secretary of Oilex Ltd, an Australian and AIM listed petroleum company. Mr Clube holds a Bachelor of Science (Honours) degree in Geology from the University of Edinburgh and is an associate of the Institute of Chartered Accountants of England and Wales, a member of the Australian Institute of Company Directors and a member of the Association of International Petroleum Negotiators.

Charles Lee Cavness – Non-Executive Director
(appointed 17 May 1995)

Mr Cavness resides in Denver, United States of America, and is an Attorney at Law admitted to practice before the Supreme Courts of the United States and of the States of Texas, Alaska, and Colorado. Mr Cavness served in the legal departments of two large American oil companies – Pennzoil Corporation and Arco. Mr Cavness has spent his entire career in the oil industry, and consequently has experience in North and Latin America, Europe and the Middle East. Mr Cavness has been a director of the Company since 1994 and is also a member of the nomination committee, remuneration committee and audit committee.

Albert Edward Brindal – Non-Executive Director
(appointed 19 December 2007)

Mr Brindal holds a Bachelor of Commerce Degree, an MBA and is a Fellow of the Certified Practicing Accountants in Australia. Mr Brindal has been a director of the Company since 2007 and previously served as Company Secretary from 2000 until 4 April 2013. He is also a member of the nomination committee, remuneration committee and audit committee.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Mr N Limb	Mineral Deposits Limited World Titanium Resources Limited	Since 1994 Since 25 October 2013
Mr B J M Clube	Oilex Ltd	2009-2012

DIRECTORS' SHAREHOLDINGS

The following table sets out each director's relevant interest in shares and options over shares of the Company at the date of this report:

	Fully Paid Ordinary Shares	Options Over Ordinary Shares
N J Limb	32,908,139	5,000,000
C M Norman	574,417	34,000,000
B J M Clube	1,920,000	22,000,000
C L Cavness	1,150,000	-
A E Brindal	311,061	-

COMPANY SECRETARY

Peter Anthony Thiessen
(appointed 20 August 2012)

Mr Thiessen is a member of the Institute of Chartered Accountants and holds a Bachelor degree in Accounting. Mr Thiessen also serves as the Chief Financial Officer (appointed 1 August 2012) of the Group.

PRINCIPAL ACTIVITIES

The principal activities of the Company and of the Group during the course of the financial year were:

- Conducting exploration for oil and gas deposits; and
- Conducting activities to identify and evaluate new exploration projects; and
- Monetisation of oil exploration and production interests

There were no significant changes in the nature of these activities during the year.

OPERATING RESULTS

The net loss of the Group for the year ended 31 December 2014 after income tax was $6,937,168 (2013: $7,957,039).

DIVIDENDS

The directors recommend that no dividend be paid for the year ended 31 December 2014 nor have any been paid or declared during the year.

REVIEW OF OPERATIONS

A review of the operations of the Company and the Group is set out in the Operations Review section of this Annual Report.

Results for the year

The Group reported loss for the year of $6,937,168 was $1,019,871 less than the prior years loss. Other income was up $533,082 to $688,622 representing the recovery of back costs from the Senegal farm-out. Foreign exchange gains were up $1,869,348 to $2,430,286 representing gains on funds held in US Dollars. Employee benefits, consulting fees and other expenses were down $971,734 on prior year whilst exploration expenses were up $2,227,090 to $7,703,788 due to exit costs in the AGC and additional Senegal non well costs during the drilling campaign.

Financial position

The Groups balance sheet was strengthened during the year by the two capital raisings, the first in June and the second in October. In total $54,865,785 was raised before costs. Net assets increased to $75,288,170 from $30,231,290.

Cash and cash equivalents increased by $43,022,180 from the prior year amount to $67,225,297. This increase was principally due to the capital raisings inflow of funds offset by operating cash outflows during the year of $11,306,178. Trade and other receivables were down $5,457,779 to $508,422 due to the receipt of the second and final farm-in fee from Capricorn Senegal Ltd. Other assets increased by $2,243,988 to $2,337,827 representing an increase in Senegal joint venture prepayments.

Exploration and evaluation assets increased by $31,915,767 to $34,124,907 representing the capitalisation of the Senegal FAN-1 and SNE-1 drilling costs during the year.

The Company's share of Senegal joint venture payables of $27,797,411 at year end was the main reason for the $26,308,887 increase in trade and other payables to $28,528,694.

As mentioned above issued capital increased during the year on the back of the two capital raisings to $195,770,263 from $143,384,588.

As at 31 December 2014 the Group had no borrowings or undrawn financing facilities. The Company continues to actively develop funding options in order that it can meet its expenditure commitments (see Note 22) and its planned future discretionary expenditure.

The Group's cash position and financial management is reviewed on a regular basis by the Company's Executive Management and is reported to the Board on a regular basis. The Group's Chief Financial Officer is responsible for ensuring the Board has adequate information on the Group's cash position and financial forecasts for determining whether the Group is able to meet its financial obligations as and when they fall due.

Business strategy and prospects

The Company is currently focused on oil and gas exploration in Africa and Australia. The Company continues to progress its current portfolio of projects and assess new oil and gas exploration opportunities principally in Africa, to grow its pipeline of projects. The Company's strategy is to identify and secure high potential exploration licences and permits at an early stage in the exploration cycle and add value and mitigate technical, operational and financial risks through prioritising and diversifying its exploration, appraisal and development activities and entering commercial arrangements including farm-outs and sale and purchase transactions. During the year the Company continued to explore and evaluate its current portfolio of projects. In Senegal the Company started appraisal activities in relation to its two discoveries made during the course of the year. The Company also identified and assessed new oil and gas exploration opportunities within Africa, Australia and elsewhere to grow its portfolio of projects.

Material business risks

The international scope of the Group's operations, the nature of the oil and gas industry and external economic factors mean that a range of factors may impact results. Material macro-economic risks that could impact the Company's results and performance include oil and gas commodity prices, exchange rates and global factors effecting capital markets and the availability of financing. Material business risks that could impact the Company's performance are described below.

Technical and operational risks

Exploration

Oil and Gas exploration is speculative by nature and therefore carries a degree of risk associated with the discovery of hydrocarbons in commercial quantities. Exploration activity may be adversely influenced by a number of different factors including, amongst other things, new subsurface geological and geophysical data, drilling results including the presence, prevalence and composition of hydrocarbons, force majeure circumstances, drilling cost overruns for unforeseen subsurface operating conditions or unplanned events or equipment difficulties, changes to resource estimates, lack of availability of drill rigs, seismic vessels and other integral exploration equipment and services.

Other operational risks

In addition to the risks listed above the Group's operations are potentially subject to other industry operating risks including fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. The occurrence of any of these risks could result in substantial losses to the Group due to injury or loss of life; damage to or destruction of property, natural resources, or equipment; pollution or other environmental damage; clean-up responsibilities; regulatory investigation and penalties or suspension of operations. Damages occurring to third parties as a result of such risks may also give rise to claims against the Group.

The Group manages operational risk through a variety of means including selecting suitably experienced qualified joint venture partners and operators, regular monitoring the performance of operators in accordance with the Group's policies; recruitment and retention of appropriately qualified employees and contractors, establishment and use of Group-wide risk management system. In addition, the Group has insurance programs in place and specific insurance policies in relation to drilling operations that are consistent with good industry practice.

Joint venture risks

The use of joint ventures are common in the oil and gas industry and usually exist through all stages of the oil and gas life cycle. Joint venture arrangements, amongst other things, mainly serve to mitigate the risk associated with exploration success and capital intensive development phases. However, failure to establish alignment between joint venture participants, poor performance of third party joint venture operators or the failure of joint venture partners to meet their commitments and share of costs and liabilities could have a material impact on the Group's business.

The Group manages joint venture risk through careful joint venture partner selection (when applicable) stakeholder engagement and relationship management. Commercial and legal agreements are also in place across all joint associations and define the responsibilities and obligations of the joint venture parties and rights of the Group.

Government and Regulator risks

The Group's rights, obligations and commercial arrangements through all stages of the oil and gas lifecycle (exploration, development, production) in international oil and gas permits are commonly defined in agreements entered into with the relevant country's Government as well as in the Country's petroleum and tax related legislation and other laws. These agreements and laws are at risk of amendment by future Governments which accordingly could materially impact on the Group's rights and commercial arrangements adversely. Further, due to the evolving nature of exploration work programs (as new technical data) becomes available and due to the fluctuating availability of petroleum equipment and services, the Group may seek to negotiate variations to permit agreements in particular in relation to the duration of the exploration phase in the permit and the work program commitments.

The Group manages Government and Regulator risks through careful Government and regulator relationship management. Failure to maintain mutually acceptable arrangements between the Group and Government and regulator could have a material impact on the Group's business including forfeit or relinquishment of permits or commercially less advantageous terms being imposed on permits.

Sovereign risks

The Group strategy is focused on exploration in Africa. Some countries within which the Group operates are developing countries that have political and regulatory structures which are maturing and have potential for further change. Uncertainty exists as to the stability of the regulatory and political environment and there is potential for events to have a material impact on the investment and security environment within the country. The Group manages sovereign risk through closely monitoring political developments and events in country. The Group manages and amends its investment profile within a country by taking into consideration developments in the security and business environment.

Environmental risks

Oil and gas operations have inherent risks and liabilities associated with ensuring operations are carried out in a manner that is responsible to the environment. Although the Group operates within the prevailing environmental laws and regulations, such laws and regulations are continually changing and as such, the Group could be subject to changing obligations or unanticipated environmental incidents that, as a result, could impact costs, provisions and other facets of the Group's operations.

The Group complies with all environmental laws and regulations and, where laws and regulations do not exist, it aims to operate at the highest industry standard for environmental compliance. The Group identifies risks, threats, hazards and other environmental considerations and implements control measures to mitigate such risks. Any accidents, incidents or near misses are reported to the Board. Careful selection and engagement of contractors is undertaken to ensure adherence to the Group's policies and appropriate contingency arrangements are put in place which include but are not limited to having insurances in place that are consistent with good industry practice; and, selection and retention of appropriately qualified personnel

CHANGES IN STATE OF AFFAIRS

Senegal

During the year, the Company participated in two deep water exploration wells offshore Senegal which both resulted in world class oil discoveries. The FAN-1 and SNE-1 wells were both notified as being discoveries to the Government of Senegal in November 2014.

The two wells were the first wells to be drilled offshore Senegal for over 20 years and the first to be drilled in deep water (depths greater than 500 metres). Both wells made significant oil discoveries, each of which has the potential to justify a stand-alone oil development project.

Both wells met key pre-drill objectives and based on the well data obtained, significant contingent resource volumes have been assessed for each discovery. Planning for appraisal wells to evaluate these discoveries is underway and expected to commence in the last quarter of 2015.

Kenya Block L6

In February 2014, the Group received approval from the Kenyan Ministry of Energy and Petroleum for a farm-out in relation to the onshore portion of Block L6. The farm-out agreement was executed with Milio E&P Limited and Milio International ('Milio') a Dubai based oil trading company which operates the neighbouring Block L20 onshore Kenya. Pursuant to the terms of the farm-out agreement, the Group would be fully funded through the acquisition, processing and interpretation of an onshore 2D seismic survey and the drilling and testing of a high impact onshore exploration well in Block L6.

The program, to be operated by Milio has suffered delays due to civil upheaval, unrest and a number of security incidents in the region during the course of the year. These events have prevented the commencement of petroleum operations. As a result of these incidents, the Kenyan Ministry of Energy and Petroleum has awarded the Block L6 joint venture a twelve (12) month extension The farm-out parties are currently negotiating a farm-out amendment deed to reflect these changed circumstances. The seismic program is expected to mature a number of prospects in the onshore part of Block L6 as potential drill locations for an exploration well in early 2016.

Following the farm-out deal, the Group remains Operator on record of the entire PSC for Block L6. Pursuant to the terms of the farm-out agreement Milio only unconditionally earns its rights and an associated 60% beneficial interest in relation to the onshore part of Block L6, the Group retains a 24% beneficial interest in the joint venture for the onshore part of Block L6 subject to completing the farm-out work program. The Group also preserves its 60% interest in the joint venture for the highly prospective offshore part of Block L6 which FAR has estimated to contain substantial prospective resources.

Kenya Block L9

In September 2013, FAR completed negotiations on joint venture agreements with the Operator, Ophir Energy PLC ('Ophir Energy'), on the offshore Kenya exploration permit Block L9. The assignment agreement between FAR and Ophir Energy (the Operator of Block L9) expired on 23 July 2014. Following this date, FAR and Ophir Energy have held discussions regarding FAR's entry into the Block and the plans for a future work program in the permit but are yet to reach resolution and the formalisation of FAR's 30% equity interest in the block. FAR hopes to resolve this issue in 2015.

Guinea-Bissau

During the year, the Company along with its joint venture partners Svenska and Petroguin (the Guinea-Bissau National Oil Company), performed detailed geotechnical studies to assess the hydrocarbon resource potential in its Guinea-Bissau blocks. The joint venture also continued with well planning and preparations for an offshore appraisal well of the Sinapa oil discovery. Following the significant oil discovery in SNE-1 offshore Senegal, the joint venture decided in favour of further evaluating the prospectivity of the shelf edge along trend from SNE-1 before proceeding to drilling. As a consequence the joint venture is undertaking an additional 3D seismic survey covering a part of the shelf area in the blocks.

AGC

On 14 September 2014, the joint venture partners Ophir Energy and the Company withdrew from the PSC and the Company paid US$1 million as the Company's share of the fee for non completion of permit work commitments. This withdrawal followed the unsuccessful Kora-1 well, drilled in 2011, and detailed interpretation of the extensive 3D seismic database over the block which did not identify a viable lead or prospect for further exploration drilling.

Western Australia

In March 2014, the Group completed an assessment of the prospective resources for its Western Australian Blocks WA-457-P and WA-458-P. The Group estimated the Prospective Resources were assessed to be approximately 450 million* barrels oil equivalent (unrisked best estimates, 100% and net to the Group basis) *(reference ASX release 11/3/2014)*.

In events subsequent to year end, the Group has committed to participate in a speculative seismic survey over Block WA-458-P with final products due at the end of 2015. A program of geotechnical work is being considered for Block WA-457-P to further assess the regional potential.

Subsequent Events

There are no further matters or circumstances occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the consolidated entity in future financial years.

Other than the above, the directors are not aware of any other matters or circumstances at the date of this report that have significantly affected or may significantly affect the operations, the results of the operations or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS

Additional comments on expected results on operations of the Group are included in the Annual Report under the Operations Review.

The Group intends to continue its present range of activities during the forthcoming year. In accordance with its strategy, the Group may participate in exploration and appraisal wells and new projects, and may grow its exploration portfolio by farming-in to or acquiring new exploration licences. Other information on likely developments and the expected results of operations have not been included in this report, because, in the opinion of the directors, these would be speculative and it may not be in the best interests of the Group.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the directors and company secretary against a liability incurred as such a director, or company secretary to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any of the related body corporate against a liability incurred as such an officer or auditor.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director:

	Board of Directors' Meetings		Remuneration & Nomination Committee Meetings		Audit Committee	
	Held	Attended	Held	Attended	Held	Attended
N J Limb	5	5	2	2	3	3
C M Norman	5	5	-	-	-	-
B J M Clube	5	5	-	-	-	-
C L Cavness	5	5	2	2	3	3
A E Brindal	5	5	2	2	3	3

ENVIRONMENTAL REGULATIONS

The Group's oil and gas operations are subject to environmental regulation under the legislation of the respective states and countries within which it operates. Approvals, licences, hearings and other regulatory requirements are performed by the operators of each permit or lease on behalf of joint ventures in which the Group participates. The Group is potentially liable for any environmental damage from its activities, the extent of which cannot presently be quantified and would in any event be reduced by insurance carried by the Group or operator. The Group applies the extensive oil and gas experience of its personnel to develop strategies to identify and mitigate environmental risks. Compliance by operators with environmental regulations is governed by the terms of respective joint operating agreements and is otherwise conducted using oil industry best practices. The Board actively monitors compliance with state and joint venture regulations and as at the date of this report is not aware of any material breaches in respect of these regulations.

PROCEEDINGS ON BEHALF OF THE COMPANY

At the date of this report, the directors are not aware of any proceedings brought on behalf of the Company or Group, nor has any application been made in respect of the Company under section 237 of the Corporations Act 2001.

SHARE OPTIONS

No share options over ordinary shares were issued by the Company during the period. Details of options converted during the period and on issue at 31 December 2014 are set out in Note 28 to the financial statements and form part of this report.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group is important.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 32 to the financial statements.

The Board has considered its position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 32 to the financial statements do not compromise the external auditors independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity of the auditor: and
- none of the services undermine the general principals relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditors own work, acting in management or decision making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 36 of the Annual Report.

REMUNERATION REPORT – AUDITED

This Remuneration Report, which forms part of the Directors' Report, explains the remuneration arrangements for director and senior executives of FAR Ltd who have authority and responsibility for planning, directing and controlling the activities of the Group ('Key Management Personnel').

The names and positions held by Key Management Personnel in office at any time during or since the end of the financial year were:

Non-Executive Directors

Nicholas James Limb – Chairman

Charles Lee Cavness

Albert Edward Brindal

Executive Directors

Catherine Margaret Norman – Managing Director

Benedict James Murray Clube – Chief Operating Officer

Key Management Personnel:

Peter John Nicholls – Exploration Manager

Peter Anthony Thiessen – Chief Financial Officer and Company Secretary

All directors and senior executives held their positions for the whole of the year and to the date of this report, unless otherwise stated.

Remuneration Principles

The Company's approach to remuneration is for remuneration levels to be set competitively with those terms offered by other entities of similar size within the petroleum industry. This allows FAR Ltd to attract, retain and motivate appropriately qualified and experienced directors and senior executives.

The Remuneration Committee provides recommendations to the Board on appropriate remuneration packages.

Remuneration packages for executives are not linked to profit performance as the Company is an exploration and appraisal company that is not generating profits or net operating cash flows and as such does not pay any dividends. It is the performance of the overall exploration and appraisal program and commercial transactions and ultimately the share price that largely determines FAR Ltd's performance. The Remuneration Committee therefore considered that fixed compensation combined with long and short term incentives components is the best remuneration structure for achieving the Company's objectives to the benefit of shareholders.

The present remuneration approach is to reward successful performance in recognition of adding shareholder value via incentive options that are priced at a premium to the market at the time of issue. The number of options granted is at the full discretion of the Board, subject to any necessary shareholder approvals.

The Group has established a Remuneration Committee for the purpose of recommending Executive Director, Non-Executive Director and senior executive remuneration to the Board. Remuneration of other personnel is set by the Managing Director.

Compensation for Non-Executive Directors is set based on comparison with reference to fees paid to non-executive directors of comparable companies. Non-Executive Director fees cover all main Board activities and membership of committees.

Relationship between the Remuneration Policy and Company Performance

As noted above, remuneration packages are not linked to profit performance.

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to 31 December 2014:

	31 Dec 2014 $	31 Dec 2013 $	31 Dec 2012 (restated) $	31 Dec 2011 (restated) $	31 Dec 2010 (restated) $
Revenue	629,293	583,210	1,192,665	1,637,279	452,036
Loss from continuing operations	(6,937,168)	(7,955,349)	(14,474,951)	(39,326,180)	(2,700,470)
Loss from continuing & discontinued operations	(6,937,168)	(7,957,039)	(14,422,029)	(39,841,385)	(6,547,264)

	31 Dec 2014 cents	31 Dec 2013 cents	31 Dec 2012 cents	31 Dec 2011 $ cents	31 Dec 2010 cents
Share price at start of year	4.0	3.4	2.8	8.2	6.2
Share price at end of year	8.6	4.0	3.4	2.8	8.2
Dividend	-	-	-	-	-
Basic loss per share	0.26	0.32	0.60	2.97	0.90
Diluted loss per share	0.26	0.32	0.60	2.97	0.90

Some prior year amounts have been restated to reflect the change in accounting policy in respect of the treatment of exploration expenditure adopted by the Board during the 2013 year.

Remuneration packages contain the following key elements:

- Short-term employee benefits – salary, fees, bonuses and non-monetary benefits including provision of other benefits.
- Post-employment benefits – superannuation.
- Share based payments – share options granted.
- Other long term benefits.

The Group's Key Management Personnel received the following amounts as compensation for their services as directors and executives of the Company and Group during the year:

2014	Short-term employee benefits				Post-employment	Share-based payment	Other long term benefits (ii)	Total	% consisting of options
Name	Salary and fees	Bonus	Termination	Other	Super	Options			
Executive Directors									
C M Norman	412,806	100,000	-	52,762	27,500	-	52,007	645,075	-
B J M Clube	348,829	75,000	-	29,008	27,500	-	4,136	484,473	-
Non-Executive Directors									
N J Limb	127,083	-	-	-	-	-	-	127,083	-
C L Cavness	50,000	-	-	-	-	-	-	50,000	-
A E Brindal	50,000	-	-	-	-	-	-	50,000	-
Key Executives									
P Nicholls (iii)	357,789	-	-	-	-	-	-	357,789	-
P A Thiessen	207,502	50,000	-	24	27,500	-	2,441	287,467	-
Total key management personnel	**1,554,009**	**225,000**	**-**	**81,794**	**82,500**	**-**	**58,584**	**2,001,887**	

2013	Short-term employee benefits				Post-employment	Share-based payment	Other long term benefits (ii)	Total	% consisting of options
Name	Salary and fees	Bonus	Termination	Other	Super	Options			
Executive Directors									
C M Norman	396,233	-	-	13,058	22,787	224,000	13,323	669,401	33%
B J M Clube (i)	332,701	-	-	6,418	25,000	192,000	1,543	557,662	34%
Non-Executive Directors									
N J Limb	112,500	-	-	-	-	80,000	-	192,500	42%
C L Cavness	50,000	-	-	-	-	-	-	50,000	-
A E Brindal	50,000	-	-	-	-	-	-	50,000	-
Key Executives									
P Nicholls (iii)	358,150	-	-	-	-	160,000	-	518,150	31%
P A Thiessen	201,740	-	-	13,064	23,100	96,000	977	334,881	29%
Total key management personnel	**1,501,324**	**-**	**-**	**32,540**	**70,887**	**752,000**	**15,843**	**2,372,594**	

(i) Appointed Director effective 12 April 2013.

(ii) Other long-term benefits represent the movements in provisions for long service leave.

(iii) Mr Nicholls is a consultant and not an employee of the Company. For further details see Mr Nicholls under Key terms of Executive and Consultant Contracts below in the Directors report.

Bonus Payments

Ms C M Norman, Mr B J M Clube and Mr P A Thiessen were granted cash bonuses of $100,000, $75,000 and $50,000 on 15 December 2014. The bonuses were given in recognition of their significant contributions during the year and the successful drilling of the Senegal FAN-1 and SNE-1 wells.

Key terms of Executive and Consultant Contracts

Name	Contract duration	Termination notice by the company	Termination notice by the executive
C M Norman	Ongoing, no fixed term	3 months	2 months
B J M Clube	Ongoing, no fixed term	3 months	3 months
P A Thiessen	Ongoing, no fixed term	3 months	3 months
P Nicholls	Ongoing, no fixed term	By giving notice of a breach of contract	

OPTIONS GRANTED TO DIRECTORS AND EXECUTIVES

Whilst the Company does not have a formal ownership-based compensation scheme for employees (including directors) of the Company, certain share options may be granted to directors and employees as part of their remuneration from time to time. All options issued to directors are granted in accordance with a resolution of shareholders. Options granted to employees are at the discretion of the Board. Each executive share option converts into one ordinary share of FAR Ltd on exercise. No amounts are paid or payable by the recipient upon receipt of the options. The options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

During the financial year, the following share based payment arrangements were in existence:

Options series	Grant date	Expiry date	Grant date fair value	Exercise price
(6) Issued 21 Apr 2011	21-Apr-11	30-Apr-14	6.0 cents	18.0 cents
(7) Issued 31 May 2012	31-May-12	30-Jun-15	2.1 cents	6.0 cents
(8) Issued 23 Jul 2012	23-Jul-12	23-Jul-15	2.9 cents	6.0 cents
(9) Issued 21 Aug 2012	21-Aug-12	30-Jun-15	2.5 cents	6.0 cents
(10) Issued 27 May 2013	27-May-13	27-May-16	1.6 cents	4.4 cents

All options listed above vested on the date of grant.

There are no further service or performance criteria that need to be met in relation to the options granted under series (6) – (10) before the beneficial interest vests in the recipient.

No share based payment compensation was made to key management personnel during the current financial year.

No key management personnel exercised any options granted to them as part of their compensation during the current financial year.

No key management personnel options lapsed during the current financial year.

Key management personnel equity holdings

The number of shares held, directly, indirectly or beneficially, by parent company directors and key management personnel are outlined in the table below.

There were no movements in shareholdings during the year.

For the year ended 31 Dec 2014	Balance 1 Jan 14	Received on Exercise of Options	Net Other Change (i)	Balance 31 Dec 14
Directors				
C M Norman	574,417	-	-	574,417
B J M Clube	1,920,000	-	-	1,920,000
N J Limb	32,908,139	-	-	32,908,139
C L Cavness	1,150,000	-	-	1,150,000
A E Brindal	311,061	-	-	311,061
Key Executives				
P J Nicholls	4,543,291	-	-	4,543,291
P A Thiessen	-	-	-	-
	41,406,908	-	-	41,406,908

For the year ended 31 Dec 2013	Balance 1 Jan 14	Received on Exercise of Options	Net Other Change (i)	Balance 31 Dec 13
Directors				
C M Norman	574,417	-	-	574,417
B J M Clube	-	-	1,920,000	1,920,000
N J Limb	32,908,139	-	-	32,908,139
C L Cavness	1,150,000	-	-	1,150,000
A E Brindal	311,061	-	-	311,061
Key Executives				
P J Nicholls	4,543,291	-	-	4,543,291
P A Thiessen	-	-	-	-
	39,486,908	-	1,920,000	41,406,908

Key management personnel options

There were no movements in options during the year.

For the year ended 31 Dec 2014	Balance 1 Jan 14	Options Granted as Compensation	Options Exercised	Net Other Change (i)	Balance 31 Dec 14
Directors					
C M Norman	34,000,000	-	-	-	34,000,000
B J M Clube	22,000,000	-	-	-	22,000,000
N J Limb	5,000,000	-	-	-	5,000,000
C L Cavness	-	-	-	-	-
A E Brindal	-	-	-	-	-
Key Executives					
P J Nicholls	20,000,000	-	-	-	20,000,000
P A Thiessen	12,000,000	-	-	-	12,000,000
	93,000,000	-	-	-	93,000,000

For the year ended 31 Dec 2013	Balance 1 Jan 13	Options Granted as Compensation	Options Exercised	Net Other Change (i)	Balance 31 Dec 13
Directors					
C M Norman	20,000,000	14,000,000	-	-	34,000,000
B J M Clube	10,000,000	12,000,000	-	-	22,000,000
N J Limb	-	5,000,000	-	-	5,000,000
C L Cavness	-	-	-	-	-
A E Brindal	-	-	-	-	-
Key Executives					
P J Nicholls	10,000,000	10,000,000	-	-	20,000,000
P A Thiessen	6,000,000	6,000,000	-	-	12,000,000
	46,000,000	47,000,000	-	-	93,000,000

(i) Net other change comprises options which expired during the financial year.

All options vested at grant date and were exercisable at the balance date.

Further details of share options granted to directors and executives during the year have been disclosed at Note 29 to the financial statements

Transactions with the directors of the Group

During the year, administrative support and office accommodation were provided at commercial rates by Mineral Deposits Limited, of which Mr N J Limb is a director. Mineral Deposits Limited charged $151,577 (2013: $95,582) in relation to the provision of these services.

During the year, joint venture accounting services were provided at commercial rates to the Company by E Loader, the spouse of Mr B Clube. Ms Loader charged $6,655 (2013: $14,895) in relation to the provision of these services.

The directors' report is signed in accordance with a resolution of the directors made pursuant to Section 298(2) of the Corporations Act 2001.

On behalf of the directors

Nicholas J Limb
Chairman
Melbourne, 30 March 2015

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Financial Report 2014

FAR delivers multiple opportunities for shareholder wealth

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The Board of Directors
FAR Limited
Level 17, 530 Collins Street
Melbourne VIC 3000

30 March 2015

Dear Board Members

FAR Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of FAR Limited.

As lead audit partner for the audit of the financial statements of FAR Limited for the financial year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Sanders

Ian Sanders
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of FAR Limited

Report on the Financial Report

We have audited the accompanying financial report of FAR Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 40 to 74.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of FAR Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of FAR Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 33 of the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of FAR Limited for the year ended 31 December 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Sanders
Partner
Chartered Accountants

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;.

(b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 3 to the financial statements;

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the Company and the Companies to which the ASIC Class Order applies, as detailed in Note 25 to the financial statements, will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors

Nicholas J Limb
Chairman
Melbourne, 30 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2014

	Note	Year ended 31 Dec 2014 AU$	Year ended 31 Dec 2013 AU$
Revenue	7	629,293	583,210
Other income	8	688,622	155,540
Depreciation and amortisation expense	9	(21,741)	(44,105)
Exploration expense	9	(7,703,788)	(5,476,698)
Finance costs	10	(639)	-
Administration expenses		(605,691)	(408,990)
Employee benefits expense	9	(1,648,717)	(1,934,860)
Corporate consulting expense	9	(532,569)	(759,638)
Foreign exchange gain		2,430,286	560,938
Other expenses		(172,224)	(630,746)
Loss before income tax		(6,937,168)	(7,955,349)
Income tax expense	11(a)	-	-
Loss for the year from continuing operations		(6,937,168)	(7,955,349)
Discontinued operations			
Loss from discontinued operations	6	-	(1,690)
LOSS FOR THE YEAR		(6,937,168)	(7,957,039)
Other comprehensive income/loss, net of income tax *Items that may be reclassified subsequently to profit or loss*			
Exchange differences arising on translation of foreign operations	20(ii)	(391,627)	(11,687)
Other comprehensive loss for the year, net of the income tax		(391,627)	(11,687)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(7,328,795)	(7,968,726)
Loss per share: **From continuing and discontinued operations**			
Basic loss (cents per share)	21	(0.26)	(0.32)
Diluted loss (cents per share)	21	(0.26)	(0.32)
From continuing operations			
Basic loss (cents per share)	21	(0.26)	(0.32)
Diluted loss (cents per share)	21	(0.26)	(0.32)

Notes to the financial statements are included on pages 44 to 74

Consolidated Statement of Financial Position

As at 31 December 2014

	Note	31 Dec 2014 AU$	31 Dec 2013 AU$
CURRENT ASSETS			
Cash and cash equivalents	26	67,225,297	24,203,117
Trade and other receivables	12	508,422	5,966,201
Inventories		-	81,236
Other financial assets	13	85,778	87,683
Other	14	2,337,827	93,839
Total Current Assets		70,157,324	30,432,076
NON CURRENT ASSETS			
Property, plant and equipment	15	153,410	148,242
Exploration and evaluation assets	16	34,124,907	2,209,140
Total Non-Current Assets		34,278,317	2,357,382
TOTAL ASSETS		104,435,641	32,789,458
CURRENT LIABILITIES			
Trade and other payables	17	28,528,694	2,219,807
Provisions	18	558,395	292,427
Total Current Liabilities		29,087,089	2,512,234
NON-CURRENT LIABILITIES			
Provisions	18	60,382	45,934
Total Non-Current Liabilities		60,382	45,934
TOTAL LIABILITIES		29,147,471	2,558,168
NET ASSETS		75,288,170	30,231,290
EQUITY			
Issued Capital	19	195,770,263	143,384,588
Reserves	20	4,470,030	4,861,657
Accumulated losses		(124,952,123)	(118,014,955)
TOTAL EQUITY		75,288,170	30,231,290

Notes to the financial statements are included on pages 44 to 74

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2014

		Reserves					
	Share capital AU$	Option reserve AU$	Equity component on convertible notes AU$	Foreign currency translation reserve AU$	Total AU$	Accumulated losses AU$	Total attributable to equity holders of the parent AU$
Balance at 1 January 2013	143,384,588	3,852,555	671,496	(642,707)	3,881,344	(110,057,916)	37,208,016
Loss for the year	-	-	-	-	-	(7,957,039)	(7,957,039)
Other Comprehensive losses for the year, net of income tax	-	-	-	(11,687)	(11,687)	-	(11,687)
Total comprehensive loss for the year	-	-	-	(11,687)	(11,687)	(7,957,039)	(7,968,726)
Recognition of share-based payments	-	992,000	-	-	992,000	-	992,000
Balance at 31 December 2013	**143,384,588**	**4,844,555**	**671,496**	**(654,394)**	**4,861,657**	**(118,014,955)**	**30,231,290**
Loss for the year	-	-	-	-	-	(6,937,168)	(6,937,168)
Other comprehensive losses for the year, net of income tax	-	-	-	(391,627)	(391,627)	-	(391,627)
Total comprehensive loss for the year	-	-	-	(391,627)	(391,627)	(6,937,168)	(7,328,795)
Issue of ordinary shares	54,745,785	-	-	-	-	-	54,745,785
Issue of ordinary shares under share option plan	120,000	-	-	-	-	-	120,000
Share issue costs	(2,480,110)	-	-	-	-	-	(2,480,110)
Balance at 31 December 2014	**195,770,263**	**4,844,555**	**671,496**	**(1,046,021)**	**4,470,030**	**(124,952,123)**	**75,288,170**

Notes to the financial statements are included on pages 44 to 74

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

	Note	Year ended 31 Dec 2014 AU$	Year ended 31 Dec 2013 AU$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	169,713
Payments to suppliers and employees		(2,812,544)	(3,003,682)
Payment for exploration and evaluation expensed		(8,492,995)	(4,180,615)
Interest and other costs of finance paid		(639)	(169)
Net cash used in operating activities	26(e)	(11,306,178)	(7,014,753)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		587,905	608,796
Payments for exploration and evaluation assets capitalised		(17,573,882)	(1,367,796)
Payments for property, plant and equipment		(54,755)	(10,294)
Proceeds from farmout of exploration and evaluation assets		7,315,660	8,800,005
Farm-out proceeds funding well costs		9,572,520	-
Net cash outflow on acquisition of a business		-	(13,170)
Proceeds from security deposits		1,961	43,653
Advance to joint venture		(113,254)	(9,412)
Reclassification of performance bond to cash		-	5,664,196
Net cash provided by investing activities		(263,845)	13,715,978
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		54,865,785	-
Payment for share issue costs		(2,480,110)	-
Net cash provided by financing activities		52,385,675	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		40,815,652	6,701,225
Cash and cash equivalents at the beginning of the year		24,203,117	17,434,474
Effects of exchange rate changes on cash and cash equivalents		2,206,528	67,418
Cash and cash equivalents at the end of the financial year	26(a)	67,225,297	24,203,117

Notes to the financial statements are included on pages 44 to 74

1. GENERAL INFORMATION

FAR Ltd (the Company) is an Australian listed public company, incorporated in Australia and operating in Africa, Australia and North America. The principal activities of the Company and its subsidiaries (the 'Group') are disclosed in the Directors Report.

FAR Ltd's registered office and its principal place of business at the date of this report are as follows:

Level 17, 530 Collins Street
Melbourne VIC 3000
Tel: (03) 9618 2550

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the 'AASB') that are relevant to its operations and effective for reporting periods beginning on 1 January 2014.

The following new and revised Standards and Interpretations have been adopted in the current period:

- AASB 1031 (2013) 'Materiality';
- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities
- AASB 2013-7 'Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders'
- AASB 2013-8 'Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities'
- AASB 2013-9 (Part B) 'Amendments to Australian Accounting Standards – Materiality'
- Interpretation 21 'Levies'

These standards and interpretations did not have any effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new standards or amendments.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The directors note that the impact of the initial application of the Standards and Interpretations is not yet known or is not reasonably estimable. These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards[1]	1 January 2018	31 December 2018
AASB 1055 'Budgetary Reporting' and AASB 2013-1 'Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements'	1 July 2014	31 December 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' • Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' • Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' • Part C: 'Materiality'	1 July 2014	31 December 2015
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	31 December 2016
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	31 December 2016
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	31 December 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	31 December 2016
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	31 December 2016
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 December 2016
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	31 December 2016

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	31 December 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	31 December 2016

1 The AASB has issued the following versions of AASB 9 and the relevant amending standards;

- AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures', AASB 2013-9 'Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' – Part C: Financial Instruments and AASB 2014-1 'Amendment to Australian Accounting Standards' – Part E: Financial Instruments
- AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure', AASB 2013-9 'Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' – Part C: Financial Instruments and AASB 2014-1 'Amendment to Australian Accounting Standards' – Part E: Financial Instruments
- AASB 9 'Financial Instruments' (December 2014) and AASB 2014-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)'
- AASB 2014-8 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)'. For annual reporting periods beginning on or after 1 January 2015, an entity may elect to early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards if the entity's relevant date of initial application is before 1 February 2015, however after that point if an entity wishes to early adopted AASB 9, it must adopt the AASB 9 (December 2014) version.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report comprises the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 30 March 2015.

(b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments that are measured at revalued amount or fair values, as explained in the accounting policies below. Cost is based on the fair values of the consideration given in exchange for assets.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

Prior period restatement – Parent entity

During the prior period, the Company changed its accounting policy with respect to exploration expenditure, which was previously capitalised and is now substantially expensed.

The prior period parent entity has been restated to reflect an error, being the oversight of the fact that the impact of this change in accounting policy highlight an impairment in its investment in and loans to subsidiaries. Refer to note 25 and 33 for the impact of the adjustment.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company and its subsidiaries (referred to as 'the Group' in these financial statements). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect the returns.

The company reassess whether or not it controls an investee if facts and circumstances indicate that there are change to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;

- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(d) Going concern

The Directors believe that it is appropriate to prepare the consolidated financial statements on a going concern basis. As at 31 December 2014, the Group's current assets exceeded current liabilities by $41,070,235 and the Group has cash and cash equivalents of $67,225,297. The Group will continue to manage its evaluation and operating activities and put in place financing arrangements to ensure that it has sufficient cash reserves for the next twelve months. The Group will likely require funding within the next twelve months to fund a number of activities including: exploration and appraisal drilling in Senegal, seismic on the Australian Block WA-458-P and Guinea-Bissau and any new exploration blocks the Company may acquire. For further details of future commitments refer to Note 22. In the opinion of the Directors, the Group will be in a position to continue to meet its liabilities and obligations for a period of at least twelve months from the date of this report, and that the Company believes it has adequate plans in place to be able to secure funding for its planned activities over the same period. The opinion of the Directors has been determined after consideration of the Company's cash position and forecast expenditures and having regard for the following factors.

- The ability to issue share capital under the Corporations Act 2001, if required, by a share purchase plan, share placement or rights issue;
- The option of farming out all or part of the Group's assets;
- The option of selling interests in the Group's assets; and
- The option of relinquishing or disposing of rights and interests in certain assets.

The Directors are satisfied that the Company will be able to realise its assets and discharge its liabilities in the normal course of business. Uncertainty exists as to the result of the Group's exploration activities, access to funds and the realisation of the current value of its assets. Consequently the Directors regularly assess the Company's and the Group's status as a going concern and its changing risk profile as circumstances change.

(e) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes on value, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Cash flows have been allocated among operating, investing and financing activities which appropriately classify the Group's activities.

(h) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is observable or estimated using another valuation technique. In estimating fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(i) Employee benefits

General

Employee benefit expenses arising in respect of wages and salaries, non-monetary benefits, annual leave, long service leave and other types of employee benefits are charged to the statement of profit or loss and other comprehensive income in the period when it is probable that settlement will be required and they are capable of being measured reliably. Contributions to superannuation funds by entities within the Group are charged to the statement of profit or loss and other comprehensive income when due. A superannuation scheme is not maintained on behalf of employees.

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave are measured at their nominal value using the remuneration rate expected to apply at the time of settlement.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Termination benefits

Where contractual arrangements provide for a payment to a director or employee on termination of their employment, a provision for the payment of such amounts is recognised as the obligation arises.

(j) Financial assets

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term and certain criteria are satisfied as outlined in AASB 139 'Financial Instruments: Recognition and Measurement'. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity and are initially held at fair value net of transactions costs.

Bills of exchange classified as held to maturity are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position. Trade receivables, loans and other receivables are recorded at amortised cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each Statement of Financial Position date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For available for sale assets, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for unlisted shares classified as available for sale.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(k) Financial instruments issued by the Company

Debt and equity instruments
Debt and equity instruments including ordinary shares and options are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments
Transaction costs arising on the issue of equity instruments, including new shares and options, are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends
Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments. The Group does not presently pay dividends.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 3(h).

Compound instruments
The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or upon the instruments reaching maturity. The equity component initially brought to account is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects and is not subsequently remeasured.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(l) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

The Group recognises any obligations for removal and restoration that are incurred during a particular period as a consequence of having undertaken exploration and evaluation activity. Restoration and abandonment obligations are reviewed annually taking into account estimates by independent petroleum engineers.

(m) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(n) Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the Entity operates ('the functional currency').

The Consolidated financial statements are presented in Australian dollars, which is FAR Ltd's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Group companies and foreign operations
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid a proportionate share of such exchange differences are recognised in the statement of profit or loss and other comprehensive income as part of the gain or loss on sale.

(o) Payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(p) Income tax

Current tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax
Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items that are recognised outside profit or loss, in which case the deferred tax is also recognised outside profit or loss, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation
The Company and all its wholly-owned Australian resident Entities are part of a tax consolidated group under Australian taxation law. FAR Ltd is the Head Entity in the tax consolidated group. A tax funding arrangement has not been finalised between Entities within the tax consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'stand-alone taxpayer' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax consolidated group are recognised by the Company (as Head-Entity in the tax consolidated group).

(q) Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Under certain agreements, more than one combination of participants can make decisions about the relevant activities and therefore joint control does not exist. Where the arrangement has the same legal form as a joint operation but is not subject to joint control, the group accounts for its interest in accordance with the contractual agreement by recognising its share of jointly held assets, liabilities, revenues and expenses of the arrangement.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets jointly held;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for its assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(r) Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(s) Revenue recognition

Interest revenue
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(t) Exploration and evaluation costs

The Group's policy is closely aligned to the petroleum industry's 'successful efforts' approach to accounting.

The Group expenses exploration and evaluation expenditures except in relation to drilling costs, delineation seismic and other costs directly attributable to defining specific geological targets which will be capitalised pending a determination of commerciality of the geological target under evaluation.

In accordance with the above policy and AASB 6 'Exploration for and Evaluation of Mineral Resources,' capitalised exploration and evaluation costs in respect of each 'area of interest' or geographical segment are disclosed as a separate class of assets. Costs are partially or fully capitalised as an exploration and evaluation asset provided exploration titles are current and at least one of the following conditions are satisfied:

(i) the exploration and evaluation expenditures are expected to be recouped through development and exploitation of the area of interest or by future sale; or

(ii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are classified between tangible and intangible and are assessed for impairment when facts and circumstances suggest the carrying amount may exceed the recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Employee benefit costs directly attributable to exploration and evaluation projects are recharged from the employee benefit expense to either exploration costs or exploration and evaluation assets.

(u) Property, plant and equipment

Plant and equipment and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

All tangible assets have limited useful lives and are depreciated/amortised using the diminishing value method over their estimated useful lives, taking into account estimated residual values, with the exception of finance lease assets which are amortised over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset.

Depreciation is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value, as follows:

- Furniture, fittings and equipment: 20-40%

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the diminishing value method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period and adjusted if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(v) Impairment of assets

At each reporting date the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(w) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Fair value is measured by use of a Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in Note 28.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(x) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Entity's accounting policies

The following are the critical judgements, including those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

(i) The Group recognises any obligations for removal and restoration that are incurred during a particular period as a consequence of having undertaken exploration and evaluation activity. Future restoration and abandonment obligations are reviewed annually taking into account estimates by independent petroleum engineers. Presently the Group does not have any large scale production facilities that would have a material impact in relation to future restoration costs and, accordingly, there are no provisions for future restoration costs. This position may change should the Group embark on a more substantial development project.

(ii) The Group has capitalised significant exploration and evaluation expenditure on the basis that this is expected to be recouped through future successful development or alternatively sale of the areas of interest or it has not yet reached a point where this can be determined. If, ultimately, the areas of interest are abandoned or are not successfully commercialised, the carrying value of the capitalised exploration and evaluation expenditure would need to be written down to its recoverable amount. The Group has determined that there are no facts or circumstances that suggest the carrying amount of the exploration and valuation assets exceeds the recoverable amounts.

(iii) The Group has carried forward tax losses which have not been recognised as deferred tax assets as it is not considered sufficiently probable at this point in time that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

(iv) The Group measures the cost of equity settled share-based payments at fair value at the grant date using an appropriate valuation model taking into account the terms and conditions upon which the instruments were granted and expected vesting period as disclosed in Note 28.

5. SEGMENT INFORMATION

AASB 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports about components of the entity that are regularly reviewed by the Managing Director (chief operating decision maker) in order to allocate resources to the segments and to assess its performance.

The Group undertook during the year exploration for oil and gas in Australia and Africa.

Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	Assets		Liabilities	
	31 Dec 2014 AU$	31 Dec 2013 AU$	31 Dec 2013 AU$	31 Dec 2012 AU$
AGC	11,711	121,290	5,457	49,603
Guinea-Bissau	1,639,094	1,163,169	89,378	342,642
Kenya	774,699	955,570	102,376	245,747
Senegal	36,087,271	1,054,360	27,797,410	1,153,396
USA	100,647	115,875	-	3,002
Corporate	65,822,219	29,379,194	1,152,850	763,778
Total assets and liabilities	104,435,641	32,789,458	29,147,471	2,558,168

Segment Revenue and Results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment for the periods under review:

	Segment Revenue		Segment Loss	
	Year ended 31 Dec 2014 AU$	Year ended 31 Dec 2013 AU$	Year ended 31 Dec 2014 AU$	Year ended 31 Dec 2013 AU$
AGC	-	-	(1,352,934)	(163,067)
Australia	-	-	(621,164)	(593,953)
Canada	-	-	-	155,540
Guinea-Bissau	-	-	(642,576)	(872,144)
Jamaica	-	-	-	-
Kenya	-	-	(913,879)	(1,073,977)
Senegal	-	-	(3,712,948)	(2,285,396)
Other	280	-	(335,942)	(497,743)
Corporate	629,013	583,210	642,275	(2,624,609)
Total for continuing operations	629,293	583,210	(6,937,168)	(7,955,349)
Income tax expense			-	-
Loss before tax (continuing operations)			(6,937,168)	(7,955,349)

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the year.

Other Segment Information

	Depreciation and Amortisation		Additions to Non-Current Assets	
	Year ended 31 Dec 2014 AU$	Year ended 31 Dec 2013 AU$	Year ended 31 Dec 2014 AU$	Year ended 31 Dec 2013 AU$
Guinea-Bissau	-	-	585,168	793,756
Kenya	-	-	33,916	166,442
Senegal	-	-	29,564,528	10,593
Corporate	21,741	44,105	54,755	10,294
Total	21,741	44,105	30,238,367	981,085

6. DISCONTINUED OPERATIONS

On 20 February 2013, the Group entered into a Purchase and Sale agreement for the sale of numerous oil and gas leases in North America, with an effective date of 1 November 2012. The sale was completed on 29 July 2013.

The combined results of the discontinued operation in the consolidated Statement of Profit and Loss and Other Comprehensive Income are set out below:

	Year ended 31 Dec 2014 AU$	Year ended 31 Dec 2013 AU$
Revenue	-	382
Other income	-	146,434
Direct operating costs	-	-
Depreciation and amortisation expense	-	-
Exploration expense	-	-
Abandonment expense	-	-
Administration expense	-	(79,075)
Employee benefits expense	-	-
Corporate consulting expense	-	(42,028)
Other expenses	-	(27,403)
Loss before income tax	-	(1,690)
Income tax expense	-	-
Loss attributable to members of FAR Ltd from continuing operations	-	(1,690)

	Year ended 31 Dec 2014 AU$	Year ended 31 Dec 2013 AU$
Cash flows from discontinued operations		
Net cash outflows from operating activities	-	(335,664)
Net cash inflows from investing activities	-	437,776
Net cash inflows	**-**	**102,112**

7. REVENUE

An analysis of the Group's revenue for the year from continuing operations is as follows:

	Year ended 31 Dec 2014 AU$	Year ended 31 Dec 2013 AU$
Interest received	629,293	583,210
	629,293	583,210

8. OTHER INCOME

	Year ended 31 Dec 2014 AU$	Year ended 31 Dec 2013 AU$
Gain on recovery of back costs	688,622	-
Miscellaneous other income	-	155,540
	688,622	155,540

9. LOSS FOR THE YEAR

Loss for the year from continuing operations includes the following expenses:

	Year ended 31 Dec 2014 AU$	Year ended 31 Dec 2013 AU$
Depreciation and amortisation:		
- Property, plant & equipment	(49,587)	(53,109)
- Recharge of depreciation to exploration expenditure	27,846	26,353
- Other	-	(17,349)
	(21,741)	(44,105)
Exploration Expense:		
- AGC	(1,352,934)	(176,186)
- Australia	(621,164)	(702,551)
- Guinea-Bissau	(642,576)	(883,038)
- Senegal	(3,712,948)	(2,346,744)
- Kenya	(913,879)	(1,167,759)
- Other	(460,287)	(200,420)
	(7,703,788)	(5,476,698)
Administration expense:		
- Rental expense on operating lease	(69,455)	(61,691)
Corporate consulting expenses:		
- Share based payments to consultants – equity settled	-	(176,000)
- Corporate and other consulting costs	(532,569)	(583,638)
	(532,569)	(759,638)
Employee benefit expense:		
- Short-term employee benefits – salaries and fees	(2,118,959)	(1,651,808)
- Recharge of salaries and fees to exploration expenditure	877,563	752,536
Post employment benefits:		
- Defined contribution plans	(126,905)	(109,319)
- Share based payments-equity settled	-	(816,000)
- Decrease / (increase) in employee benefits provisions	(280,416)	(110,269)
	(1,648,717)	(1,934,860)

10. FINANCE COSTS

	Year ended 31 Dec 2014 AU$	Year ended 31 Dec 2013 AU$
Other finance costs	(639)	-
	(639)	-

11. INCOME TAXES

(a) Income tax recognised in profit or loss

	Year ended 31 Dec 2014 AU$	Year ended 31 Dec 2013 AU$
Tax expense / (income) comprises:		
Current tax expense / (income)	(853,761)	(1,043,599)
Tax losses not brought to account	853,761	1,043,599
Deferred tax expense / (income) relating to the origination and reversal of temporary differences	(85,650)	(12,828)
Benefit arising from previously recognised tax losses of prior periods used to reduce deferred tax expense	85,650	12,828
Prior year unders	(372,168)	(120,955)
De-recognition of previously unrecognised tax losses	372,168	120,955
Total tax expense / (income)	-	-

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	Year ended 31 Dec 2014 AU$	Year ended 31 Dec 2013 AU$
Loss from operations	(6,937,168)	(7,957,039)
Income tax expense / (income) calculated at 30%	(2,081,150)	(2,387,112)
Non-deductible expenses	2,160,728	1,343,513
Non-assessable gains	(852,855)	-
Recognition of previously unrecognised deductible temporary differences	(80,484)	-
Unused tax losses and tax offsets not recognised as deferred tax assets	853,761	1,043,599
	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period. No adjustment has been made for the incremental impact of the USA federal income tax rate which is marginally higher at 35% for the purpose of this disclosure note as the impact is not considered significant with respect to the operations of the Group.

b) Income tax recognised directly in equity

There were no current and deferred amounts charged directly to equity during the period.

(c) Deferred tax balances

Taxable and deductible temporary differences arise from the following:

2014	Opening balance AU$	Recognised in income AU$	Closing balance AU$
Property, plant & equipment	(1,421)	580	(841)
Receivables	150,487	(173,329)	(22,842)
Payables	13,911	2,974	16,885
Provisions	101,509	84,125	185,634
Total	264,486	(85,650)	178,836

2013	Opening balance AU$	Recognised in income AU$	Closing balance AU$
Property, plant and equipment	(3,016)	1,595	(1,420)
Receivables/payables	211,902	(47,504)	164,398
Provisions	68,428	33,081	101,508
Total	277,314	(12,828)	264,486

	2014 AU$	2013 AU$
Unrecognised deferred tax balances The following deferred tax assets have not been brought to account as assets:		
Deferred tax assets on temporary differences (net)	178,836	264,486
Tax losses in the United States (net)	4,162,989	3,553,000
Tax losses in Australia (net)	11,769,643	11,355,171
Capital losses in Australia	99,257	99,257
	16,210,725	15,271,914

Tax consolidation

Relevance of tax consolidation to the Group

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group with effect from 1 July 2007 and are therefore taxed as a single entity from that date. The Head Entity within the tax consolidated group is FAR Ltd. The members of the tax consolidated group are identified at Note 25.

12. TRADE AND OTHER RECEIVABLES

	31 Dec 2014 AU$	31 Dec 2013 AU$
Current		
Interest receivable	76,448	35,555
Amount receivable for recoupment of costs – Senegal[(i)]	-	5,587,841
Other receivables	431,974	622,197
Less allowance for doubtful debts	-	(279,392)
	508,422	5,966,201

(i) The prior year amount of $5,587,841 (US$5 million) represents the Second Farm-in fee receivable from Capricorn Senegal Limited, a subsidiary of Cairn Energy PLC in accordance with an agreement entered into on 18 March 2013. This amount was received by the Company on 10 February 2014

13. OTHER FINANCIAL ASSETS

Current

	31 Dec 2014 AU$	31 Dec 2013 AU$
Security deposit	878	2,783
Performance bonds	84,900	84,900
	85,778	87,683

The weighted average interest rate on the performance bonds is 3.28% (2013: 3.56%).

14. OTHER CURRENT ASSETS

	31 Dec 2014 AU$	31 Dec 2013 AU$
Prepayments	2,337,827	93,839

The current year includes the Company's share of the Senegal joint venture prepayments of 2,247,094 (2013: $nil).

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture, Fittings & Equipment AU$
Cost	
Balance at 1 January 2013	450,503
Additions	10,294
Disposals	(2,810)
Balance at 31 December 2013	457,987
Additions	54,755
Balance at 31 December 2014	512,742
Accumulated depreciation and impairment	
Balance at 1 January 2013	258,028
Depreciation expense	53,109
Disposals	(1,392)
Balance at 31 December 2013	309,745
Depreciation expense	49,587
Balance at 31 December 2014	359,332
Net Book Value	
31 December 2013	148,242
31 December 2014	153,410

16. EXPLORATION AND EVALUATION ASSETS

	31 Dec 2014 AU$	31 Dec 2013 AU$
Exploration and evaluation expenditure: Balance at 1 January	2,209,140	12,112,665
Additions (i)	30,183,612	970,791
Recovery of back costs (ii)	(1,029,814)	(10,957,118)
Net foreign currency exchange differences (i)	2,761,969	82,802
Balance at 31 December	34,124,907	2,209,140

(i) The Company drilled two wells in Senegal during the year with its joint venture partners Capricorn Senegal Limited (a subsidiary of Cairn Energy PLC) and ConocoPhillips. The Company's participating share of the well costs at 31 December 2014 was $32,188,361, inclusive of net foreign exchange differences. The two wells, FAN-1 and SNE-1 were very significant oil discoveries and in each well a significant potential resource volume has been identified. Definitive resource volumes cannot be established until appraisal drilling is completed, for which planning is currently underway.

(ii) The recovery of back costs represent the farm-in proceeds received in respect of the Senegal project from ConocoPhillips in the current year and Capricorn Senegal Limited in the prior year.

17. TRADE AND OTHER PAYABLES

	31 Dec 2014 AU$	31 Dec 2013 AU$
Current		
Trade payables [i]	247,492	107,377
Other [ii]	28,281,202	2,112,430
	28,528,694	2,219,807

(i) The average credit period on purchases is approximately 30 days. No interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest may be levied on the outstanding balance at varying rates. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(ii) Includes FAR's share of Senegal joint venture payables and accruals of $27,797,411 (2013: $1,140,732) relating to the drilling costs of the two wells FAN-1 and SNE-1 wells.

18. PROVISIONS

	31 Dec 2014 AU$	31 Dec 2013 AU$
Current		
Employee benefits	558,395	292,427
Non-Current		
Employee benefits	60,382	45,934

The above provisions for employee benefits represent annual leave and long service leave entitlements accrued by employees.

19. ISSUED CAPITAL

	31 Dec 2014 Number	31 Dec 2014 AU$	31 Dec 2013 Number	31 Dec 2013 AU$
Paid up capital: Ordinary fully paid shares at beginning of year	2,499,846,742	143,384,588	2,499,846,742	143,384,588
Shares allotted during the year [a]	626,961,685	54,865,785	-	-
Share issue costs	-	(2,480,110)	-	-
Ordinary fully paid shares at end of year	3,126,808,427	195,770,263	2,499,846,742	143,384,588

Changes to Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

(a) The following share issues were made during the year:

(i) 200,000,000 ordinary fully paid shares were issued at 4.0 cents per share via a placement to institutional and sophisticated investors on 10 June 2014

(ii) 2,000,000 ordinary fully paid shares were issued at 6.0 cents per share upon the exercise of unlisted options on 13 October 2014

(iii) 424,961,685 ordinary fully paid shares were issued at 11.0 cents per share via a placement to institutional and sophisticated investors on 27 October 2014

Share options outstanding at balance date

At balance date the Company had the following options available to be exercised:

Option Series	Number	Grant date	Expiry date	Exercise Price AU$	Fair value at grant date AU$
(7) Granted 31 May 2012	50,500,000	31-May-12	30-Jun-15	6.0 cents	2.1 cents
(8) Granted 23 July 2012	10,000,000	23-Jul-12	23-Jul-15	6.0 cents	2.9 cents
(9) Granted 21 August 2012	6,000,000	21-Aug-12	30-Jun-15	6.0 cents	2.5 cents
(10) Granted 27 May 2013	62,000,000	27-May-13	27-May-16	4.4 cents	1.6 cents
	128,500,000				

Further details on share options outstanding are included at Note 28 of this annual report.

20. RESERVES

	31 Dec 2014 AU$	31 Dec 2013 AU$
Option reserve [i]	4,844,555	4,844,555
Foreign currency translation reserve [ii]	(1,046,021)	(654,394)
Equity component on convertible notes [iii]	671,496	671,496
	4,,470,030	4,861,657

(i) Option reserve		
– opening balance	4,844,555	3,852,555
– options allotted	-	992,000
– balance at end of year	4,844,555	4,844,555

The option reserve represents the value of options issued as share based payments based on the Black Scholes Valuation method. For further details on options issued during the year see Note 28.

(ii) Foreign currency translation reserve		
– balance at beginning of year	(654,394)	(642,707)
– translation of foreign operations	(391,627)	(11,687)
– balance at end of year	(1,046,021)	(654,394)

Exchange differences relating to the translation from functional currencies into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve, as described in Note 3(n).

(iii) Equity component on convertible notes		
– balance at beginning of year	671,496	671,496
– balance at end of year	671,496	671,496

The equity component on convertible notes represents the equity component (conversion rights) on the issue of unsecured convertible notes. In February 2009, 6,638,033 15% convertible notes were issued at an issue price of 45 cents per note. Each note carried a coupon rate of 15% payable quarterly in arrears and was convertible into 10 ordinary shares on or before 31 January 2012 by payment of 4.5 cents per share. On 31 January 2012, 6,506,419 notes matured at 45 cents and were repaid in full.

The equity component was calculated as the face value of the note, less the financial liability component at the date of issue. The financial liability component at date of issue was calculated by discounting the face value of the convertible notes together with the interest payable thereon over the maturity period, followed by an allocation of the debt issue costs between the debt and equity components on a pro-rata basis. The discount rate used represented the directors' estimate of the interest rate applicable to a debt instrument issued under similar terms with a similar maturity period.

21. EARNINGS PER SHARE

	31 Dec 2014 Cents per share	31 Dec 2013 Cents per share
Basic loss per share		
From continuing operations	(0.26)	(0.32)
From discontinued operations	-	-
Total basic loss per share	(0.26)	(0.32)
Diluted loss per share		
From continuing operations	(0.26)	(0.32)
From discontinued operations	-	-
Total diluted loss per share	(0.26)	(0.32)

Basic and diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

	Year ended 31 Dec 2014 AU$	Year ended 31 Dec 2013 AU$
Loss: Loss for the year attributable to members of FAR Ltd	(6,937,168)	(7,957,039)
Loss for the year from discontinued operations used in the calculation of basic and diluted earnings per share from discontinued operations	-	(1,690)
Loss for the year used in calculation of basic and diluted earnings per share from continuing operations	(6,937,168)	(7,955,349)
	Number	**Number**
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	2,695,129,910	2,499,846,742

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares used in the calculation of diluted EPS:

	31 Dec 2014 Number	31 Dec 2013 Number
18 cents April 2014 unlisted options	-	1,500,000
6 cents June 2015 unlisted options	56,500,000	58,500,000
6 cents July 2015 unlisted options	10,000,000	10,000,000
4.4 cents May 2016 unlisted options	62,000,000	62,000,000
	128,500,000	132,000,000

22. COMMITMENTS FOR EXPENDITURE

In order to maintain rights to tenure of exploration permits, the Group is required to perform minimum work programs specified by various state and national governments. These obligations are potentially subject to renegotiation in certain circumstances such as when an application for an extension permit is made or at other times. The minimum exploration work program commitments may be reduced by the Group by entering into sale or farm-out agreements or by relinquishing permit interests. Should the minimum work program not be completed in full or in part in respect of a permit then the Group's interest in that exploration permit could either be reduced or forfeited. In some instances a financial penalty may result if the minimum work program is not completed. An approved expenditure for permits may be in excess of the minimum expenditure or work commitment. Where the Group has a financial obligation in relation to approved joint venture exploration expenditure that is greater than the minimum permit work program commitments then these amounts are also reported as a commitment.

The current estimated expenditures for approved commitments and minimum work program commitments are as follows:

	31 Dec 2014 AU$	31 Dec 2013 AU$
Oil and Gas Properties		
Not longer than 1 year	8,415,936	32,495,983
Longer than 1 year and not longer than 5 years	600,000	-
	9,015,936	32,495,983

The amounts included in the above table do not include the Groups share of work program commitments that are free carried under the Kenya Block L6 farm-out agreement. We estimate the Group's share of free carry for work program commitments for Kenya Block L6 as at 31 December 2014 total $$6,583,760 (US$ 5.4 million).

23. CONTINGENT LIABILITIES

	31 Dec 2014 AU$	31 Dec 2013 AU$
Contingent liabilities		
Guinea-Bissau – contingent payment from future production (i)	15,849,793	14,528,386
Guinea-Bissau – contingent withholding tax liability (ii)	685,067	627,952
Kenya Block L6 – performance Bond (iii)	84,900	84,900
Kenya Block L9 – past costs (iv)	-	12,860,858
	16,619,760	28,102,096

(i) In 2009, the Company entered into an Agreement to acquire a 15% interest in three blocks offshore of Guinea-Bissau. Under the terms of the Agreement, in the event of future production from the blocks the vendor will be entitled to recover up to $15,849,793 (US$13 million) in past exploration costs from the Company's proceeds from production. Any such recovery will be at a rate of 50% of the Company's annual net revenue as defined by the Agreement. The joint venture aims to finalise a drill location in Guinea-Bissau in early 2016.

(ii) During the year ended 31 December 2009, the Group was advised by the operator of its blocks in Guinea-Bissau that the joint venture partners have a contingent withholding tax liability which would become payable in the event of the joint venture entering the development phase of the licences. The Group's share of the estimated contingent liability as at 31 December 2014 is $685,067.

(iii) Flow Energy Pty Ltd ('Flow') a wholly owned subsidiary of the Company is a party to the Kenya Offshore Block L6 Production Sharing Contract. Flow is the Contractor for the project and, in accordance with the terms of the Contract, the Contractor must provide security guaranteeing the Contractor's minimum work and expenditure obligations on or before the commencement of an Exploration Period. This amount represents the Group's share of the guarantee. The guarantee is payable on written demand where the Contractor is in default under the contract. Where the Contractor meets the minimum work and expenditure obligations of the Exploration Period the security is released. Security deposits equal to the contingent liability of $84,900 is disclosed in current, other financial assets, see Note 13.

(iv) The assignment agreement between Petrole Investments, a wholly owned subsidiary of FAR Ltd ('FAR') and Dominion Petroleum (Kenya) Ltd a wholly owned subsidiary of Ophir Energy PLC ('Ophir') executed on 26 July 2013 in relation to an assignment of a 30% interest in Block L9 offshore Kenya, expired on 23 July 2014. Accordingly, any potential obligations associated with this agreement have lapsed.

There are no contingent liabilities arising from service contracts with executives.

24. INTERESTS IN JOINT VENTURE OPERATIONS

The Group has an interest in the following material joint venture operations whose principal activities are oil and gas exploration:

Name	Equity Interest 31 Dec 2014 %	Equity Interest 31 Dec 2013 %
AGC		
AGC Profond		8.8
Australia		
EP104 (i)	15.7	15.7
R1 (i)	8.9	8.9
L15 (i)	12.0	12.0
Guinea-Bissau		
Sinapa / Esperança	15.0	15.0
Kenya		
L6 (ii)	60.0	60.0
L9 (iii)	30.0	30.0
Senegal		
Rufisque Offshore / Sangomar Offshore / Sangomar Deep Offshore	15.0	15.0

(i) The Company executed a Deed of Sale, Assignment and Assumption with Key Petroleum Limited on 23 February 2015 to dispose its entire interest in EP 104, R1 and L15. In consideration, with respect to the recent joint venture expenditures, and for Key Petroleum Limited assuming all rights, obligations and liabilities associated with the assignment of the permits, the Company agreed to pay $50,000 cash.

(ii) On 4 February 2014, the Group announced the signing of a farm-out agreement for Kenya Block L6 with Milio International Limited. The Group is to be free carried through an exploration program including a regional onshore 1,000 km 2D seismic survey, part of which covers an onshore area in Block L6 and an onshore exploration well in Block L6. The Group will retain a 24% participating interest in the onshore part of the block and a 60% participating interest in the offshore part of the block. The Company announced the Government approval of the farm-out agreement on 17 February 2014. The farm-in parties are currently negotiating an amendment deed. See the Directors Report, Changes in State of Affairs, Kenya L6 for further details.

(iii) In September 2013, FAR completed negotiations on joint venture agreements with the Operator, Ophir Energy PLC ('Ophir Energy'), on the offshore Kenya exploration permit Block L9. The assignment agreement between FAR and Ophir Energy (the Operator of Block L9) expired on 23 July 2014. Following this date, FAR and Ophir Energy have held discussions regarding FAR's entry into the block and the plans for a future work program in the permit but are yet to reach resolution and the formalisation of FAR's 30% equity interest in the block. FAR hopes to resolve this issue in 2015.

The Group's interests in assets employed in the above joint venture operations are detailed below. The amounts are included in the financial statements under their respective asset and liability categories.

The Group's interests in assets employed in the above joint venture operations are detailed below. The amounts are included in the financial statements under their respective asset categories.

	31 Dec 2014 AU$	31 Dec 2014 AU$
Current Assets		
Cash and cash equivalents	2,023,772	888,417
Trade and other receivables	31,225	28,720
Inventories	-	81,236
Other financial assets	85,778	85,705
Other assets	2,247,094	1,172
Non-Current Assets		
Exploration and evaluation assets	34,124,907	2,209,140
Current Liabilities		
Trade and other payables	27,994,622	1,791,388

Contingent liabilities and capital commitments

The capital commitments arising from the Group's interests in joint ventures are disclosed in Note 22.

The contingent liabilities in respect of the Group's interest in joint ventures are disclosed in Note 23.

25. SUBSIDIARIES

		Ownership interest	
Name of Entity	**Country of incorporation**	**2014 %**	**2013 %**
Parent Entity			
FAR Ltd (i)	Australia		
Subsidiaries			
First Australian Resources Pty Ltd (ii) (iii)	Australia	100	100
Humanot Pty Ltd (ii) (iii)	Australia	100	100
First Australian Resources, Inc.	USA	100	100
Flow Energy Pty Ltd (ii)	Australia	100	100
Neptune Exploration Pty Ltd (ii)	Australia	100	100
Lightmark Enterprises Pty Ltd (ii)	Australia	100	100
Petrole Investments Group Pty Ltd	Mauritius	100	100
Arawak Oil & Gas Limited	British Virgin Islands	100	100
Meridian Minerals Limited	Mauritius	100	100

(i) FAR Ltd is the Head Entity within the tax consolidated group.

(ii) These companies are members of the tax consolidated group.

(iii) These wholly-owned controlled Entities have entered into a deed of cross guarantee with FAR Ltd pursuant to ASIC Class Order 98/1418 and are relieved from the requirements to prepare and lodge an audited financial report.

The consolidated statement of profit or loss and other comprehensive income and statement of financial position of entities which are party to the deed of cross guarantee are:

Statement of profit or loss and other comprehensive income	**Year ended 31 Dec 2014 AU$**	**Year ended 31 Dec 2013 AU$ (restated)**
Revenues	629,008	583,207
Other income	688,622	155,540
Depreciation and amortisation expense	(21,741)	(44,172)
Exploration expense	(6,210,627)	(3,668,968)
Impairment of intercompany loans [(i)]	(1,155,316)	(14,291,874)
Diminution of investment [(i)]	-	(25,519,140)
Finance costs	(639)	-
Administration expense	(538,264)	(538,319)
Employee benefits expense	(1,648,717)	(1,934,860)
Corporate consulting expense	(528,411)	(759,638)
Foreign exchange gain	2,422,453	540,398
Other expenses	(172,170)	(657,974)
Loss before income tax	(6,535,802)	(46,135,800)
Income tax expense		-
Loss for the year	(6,535,802)	(46,135,800)
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss Exchange differences arising on translation of foreign operations	(406,039)	4,464
Total comprehensive loss	(6,941,841)	(46,131,336)

(i) During the prior period, the company changed its accounting policy with respect to exploration expenditure which was previously capitalised and now is substantially expensed. The prior period parent entity has been restated to reflect the impact of this change in accounting policy on its impairment of intercompany loans and diminution of investment. The impact of the restatement was to increase the 2013 loss before income tax by $38,451,912.

Statement of Financial Position	31 Dec 2014 AU$	31 Dec 2013 AU$ (restated)
CURRENT ASSETS		
Cash and cash equivalents	66,833,831	23,477,253
Receivables	590,913	5,711,558
Inventories	-	81,236
Other	2,334,779	91,046
Total Current Assets	69,759,523	29,361,093
NON CURRENT ASSETS		
Trade and other receivables (i)	100,649	161,682
Other financial assets (i)	-	-
Property, plant and equipment	153,410	148,242
Exploration and evaluation assets	33,722,953	1,874,640
Total Non-Current Assets	33,977,012	2,184,564
TOTAL ASSETS	103,736,535	31,545,657
CURRENT LIABILITIES		
Trade and other payables	28,420,122	1,953,392
Provisions	558,396	292,428
Other current liabilities		-
Total Current Liabilities	28,978,518	2,245,820
NON-CURRENT LIABILITIES		
Trade and other payables	-	-
Provisions	60,382	45,934
Total Non-Current Liabilities	60,382	45,934
TOTAL LIABILITIES	29,038,900	2,291,754
NET ASSETS (i)	74,697,635	29,253,903
EQUITY		
Issued capital	195,770,161	143,384,588
Reserves	5,114,476	5,520,515
Accumulated losses	(126,187,002)	(119,651,200)
TOTAL EQUITY	74,697,635	29,253,903

Accumulated Losses	31 Dec 2014 AU$	31 Dec 2013 AU$
Balance at beginning of financial year	(119,651,200)	(73,515,400)
Net loss	(6,535,802)	(46,135,800)
Balance at end of financial year	(126,187,002)	(119,651,200)

(i) During the prior period, the company changed its accounting policy with respect to exploration expenditure which was previously capitalised and now is substantially expensed. The prior period parent entity has been restated to reflect the impact of this change in accounting policy on its investment in and loans to subsidiaries. The impact of the restatement was to decrease net assets by $38,451,912.

26. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the consolidated cash flows can be reconciled to the related items in the statement of financial position as follows:

	31 Dec 2014 AU$	31 Dec 2013 AU$
Cash and cash equivalents	65,201,525	23,314,700
Cash and cash equivalents held in joint ventures	2,023,772	888,417
	67,225,297	24,203,117

(b) Non-cash financing and investing activities

During the financial year, there were no non-cash financing or investing activities.

(c) Financing facilities

The Group had no external borrowings at 31 December 2014. Further, the Group has not arranged any financing facilities for use in the future.

(d) Cash balances not available for use

Cash and cash equivalents held in joint ventures are not available for use by the Group. There are no other restrictions on cash balances at 31 December 2014.

(e) Reconciliation of profit for the period to net cash flows from operating activities

	31 Dec 2014 AU$	31 Dec 2013 AU$
Loss for the year	(6,937,168)	(7,957,039)
Depreciation and amortisation of non-current assets	49,587	70,458
Unrealised Foreign exchange gain	(2,235,328)	(508,790)
Equity settled share-based payments	-	992,000
Interest income	(629,293)	(583,592)
(Gain) / loss on sale of exploration and evaluation assets	(688,622)	185,426
Loss on sale of property plant and equipment	-	1,418
(Increase) / decrease in assets:		
Trade and other receivables	(124,972)	37,583
Inventories	81,236	(11,235)
Other financial assets	-	6,723
Other current assets	(887,983)	(31,055)
Increase / (decrease) in liabilities:		
Trade and other payables	(214,051)	673,080
Provisions	280,416	110,270
Net cash used in operating activities	(11,306,178)	(7,014,753)

27. FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern whilst maintaining an optimal debt to equity balance. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and accumulated losses.

(b) Financial risk management objectives

The Group's management provides services to the business, co-ordinates access to domestic and international financial markets, and manages the financial risks relating to the operations of the Group.

The Group does not trade or enter into financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the Board of directors.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates, liquidity risk and commodity price risk. The Group does not presently enter into derivative financial instruments to manage its exposure to interest rate and foreign currency risk.

(c) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in Note 3 to the financial statements.

(d) Categories of financial instruments

	31 Dec 2014 AU$	31 Dec 2013 AU$
Financial assets		
Cash and cash equivalents	67,225,297	24,203,117
Trade and other receivables – current and non-current	508,422	5,966,201
Other financial assets – current and non-current	85,778	87,683
Total Financial assets	67,819,497	30,257,001
Financial liabilities		
Trade and other payables	28,528,694	2,219,807

(e) Foreign currency risk management

Foreign currency risk sensitivity

At the reporting date, if the Australian dollar had increased/decreased by 10% against the US dollar the Group's net profit after tax would increase/decrease by $293,355.

(f) Commodity price risk management

The Group does not currently have any projects in production and has no exposure to commodity price fluctuations.

(g) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been prepared based on the undiscounted cash flows expected to be received/paid by the Group.

	Weighted average effective interest rate %	Less than 1 month AU$	Maturity 1-3 months AU$	3 month to 1 year AU$	1-5 years AU$	5+ years AU$	Total AU$
2014							
Financial assets:							
Non-interest bearing	-	31,484,655	-	-	-	-	31,484,655
Variable interest rate	2.03	2,649,942	-	-	-	-	2,649,942
Fixed interest rate	3.17	23,600,000	10,084,900	-	-	-	33,684,900
		57,734,597	10,084,900	-	-	-	67,819,497
Financial liabilities:							
Non-interest bearing	-	28,462,534	45,779	18,912	1,469	-	28,528,694
		28,462,534	45,779	18,912	1,469	-	28,528,694
2013							
Financial assets:							
Non-interest bearing	-	15,096,011	-	-	-	-	15,096,011
Variable interest rate	1.80	390,310	-	-	-	-	390,310
Fixed interest rate	3.08	9,000,000	5,770,680	-	-	-	14,770,680
		24,486,321	5,770,680	-	-	-	30,257,001
Financial liabilities:							
Non-interest bearing	-	128,089	2,091,718	-	-	-	2,219,807
		128,089	2,031,718	-	-	-	2,219,807

(h) Interest rate risk management

The Group is exposed to interest rate risk as it earns interest at floating rates from a portion of its cash and cash equivalents. The Group places a portion of its funds into short term fixed interest deposits which provide short term certainty over the interest rate earned.

Interest rate sensitivity analysis

If the average interest rate during the year had increased/decreased by 10% the Group's net profit after tax would increase/decrease by $62,901.

(i) Credit risk management

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

(j) Fair value of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values (2013: net fair value).

Any financial assets or liabilities recognised within the financial statements at fair value are measured using Level 1 inputs and quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

28. SHARE-BASED PAYMENTS

(a) Employee share option plan

Whilst the Group does not have a formal ownership-based compensation scheme for employees (including directors) of the Company, certain share options may be granted to directors and employees as part of their remuneration from time to time. All options issued to directors are granted in accordance with a resolution of shareholders. Options granted to employees are at the discretion of the Board. Each executive share option converts into one ordinary share of the Company on exercise. No amounts have been paid or are payable by the recipient upon receipt of the options. The options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. All options vest on grant date.

The following table is a list of the share options that were in existence during the financial year:

Option series	Number	Grant date	Expiry date	Exercise price AU$	Fair value at grant date AU$
(6) Granted 21 April 2011	1,500,000	21 Apr 2011	30 Apr 2014	18.0 cents	6.0 cents
(7) Granted 31 May 2012	52,500,000	31 May 2012	30 Jun 2015	6.0 cents	2.1 cents
(8) Granted 23 July 2012	10,000,000	23 Jul 2012	23 Jul 2015	6.0 cents	2.9 cents
(9) Granted 21 August 2012	6,000,000	21 Aug 2012	30 Jun 2015	6.0 cents	2.5 cents
(10) Granted 27 May 2013	62,000,000	27 May 2013	27 May 2016	4.4 cents	1.6 cents

(b) No share options were granted during the year

(c) Movement in share options during the year

The following reconciles the share options outstanding at the beginning and end of the financial year:

	31 Dec 2014		31 Dec 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the financial year	132,000,000	5.4 cents	74,750,000	6.5 cents
Granted during the financial year	-	-	62,000,000	4.4 cents
Forfeited during the year	-	-	-	-
Exercised during the year	(2,000,000)	6.0 cents	-	
Expired during the financial year	(1,500,000)	18.0 cents	(4,750,000)	10.0 cents
Balance at the end of the financial year	128,500,000	5.2 cents	132,000,000	5.4 cents
Exercisable at end of year	128,500,000	5.2 cents	132,000,000	5.4 cents

(d) Share options exercised during the year

Option series	Number exercised	Exercise date	Share price at exercise date
(7) Granted 31 May 2012	2,000,000	13 Oct 2014	12.0 cents

(e) Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of 5.2 cents (2013: 5.4 cents) and a weighted average remaining contractual life of 343 days (2013: 699 days).

29. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation

The aggregate compensation of the key management personnel of the Group and the Company is set out below:

	31 Dec 2014 AU$	31 Dec 2013 AU$
Short-term employee benefits	1,860,803	1,533,864
Post-employment benefits	82,500	70,887
Share-based payment	-	752,000
Other long-term benefits	58,584	15,843
Total	2,001,887	2,372,594

30. RELATED PARTY DISCLOSURES

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 25 to the financial statements.

Equity interests in associates and joint ventures

Details of interests in joint ventures are discussed in Note 24.

(b) Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 29 to the financial statements.

(c) Controlling entity

The Parent Entity in the Group is FAR Ltd. Both the ultimate Parent Entity and the ultimate Australian Entity in the wholly owned group is FAR Ltd.

31. SUBSEQUENT EVENTS

There are no further matters or circumstances occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

32. REMUNERATION OF AUDITORS

	31 Dec 2014 AU$	31 Dec 2013 AU$
Auditor of the Parent Entity:		
Audit or review of the financial report	73,595	65,685
Tax services	21,000	17,400
	94,595	83,085

The auditor of the Group is Deloitte Touche Tohmatsu.

33. PARENT ENTITY DISCLOSURES

(a) Financial position

	31 Dec 2014 AU$	31 Dec 2013 AU$ (restated)
Assets		
Current assets	69,759,522	29,361,093
Non-current assets	33,977,115	2,184,564
Total Assets	103,736,637	31,545,657
Liabilities		
Current liabilities	28,978,517	2,245,820
Non-current liabilities (i)	60,382	45,934
Total Liabilities	29,038,899	2,291,754
Equity		
Issued Capital	195,770,262	143,384,588
Reserves		
– Option reserve and equity component on convertible notes	5,516,051	5,516,051
– Foreign currency translation reserve	(401,575)	4,464
Accumulated losses	(126,187,000)	(119,651,200)
Total Equity	74,697,738	29,253,903

(i) During the prior period, the company changed its accounting policy with respect to exploration expenditure which was previously capitalised and now is substantially expensed. The prior period parent entity has been restated to reflect the impact of this change in accounting policy on its investment in and loans to subsidiaries. The impact of the restatement was to decrease net assets by $38,451,912.

(b) Financial performance

	Year ended 31 Dec 2014 AU$	Year ended 31 Dec 2013 AU$
Loss for the year	(6,535,802)	(46,135,800)
Other comprehensive income	(406,039)	-
Total comprehensive income	(6,941,841)	(46,135,800)

(c) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Other than the Deed of Cross Guarantee disclosed in Note 25 and the letters of support given to Petrole Investments Group Pty Ltd and Meridian Minerals Ltd, at reporting date there are no guarantees entered into by the Parent Entity in relation to the debts of its subsidiaries (2013: nil).

(d) Contingent liabilities of the parent entity

	31 Dec 2014 AU$	31 Dec 2013 AU$
Guinea-Bissau – contingent payment from future production	15,849,793	14,528,386
Guinea-Bissau – contingent withholding tax liability	685,067	627,952
Senegal – performance bond	-	-
	16,534,860	15,156,338

Refer to Note 23 for further details.

(e) Commitments for capital expenditure entered into by the parent entity

	31 Dec 2014 AU$	31 Dec 2013 AU$
Exploration and evaluation assets		
Not longer than 1 year	1,605,936	26,107,094
Longer than 1 year and not longer than 5 years	-	-
	1,605,936	26,107,094

Refer to Note 22 for further details.

Pursuant to the Listing requirements of the Australian Securities Exchange

Number of holders of equity securities

Ordinary Shares

At 26 March 2015, the issued capital comprised of 3,127,058,427 ordinary shares held by 11,530 holders.

Unlisted Options

At 26 March 2015, there were 128,250,000 unlisted options, of various exercise prices and expiry dates, held by 11 holders, each with a holding of greater than 100,000 options. Each option converts to one share. Options do not carry the right to vote.

Spread details as at 26 March 2015 – Ordinary Shares

			Number of Holders	Number of Units	% of Total Issued Capital
1	-	1,000	550	249,383	0.008
1,001	-	5,000	599	2,019,449	0.065
5,001	-	10,000	929	7,841,980	0.251
10,001	-	100,000	6,072	271,559,738	8.684
100,001 and over			3,380	2,845,387,877	90.922
Total			11,530	3,127,058,427	100.000
Holding less than a marketable parcel			1,165		

Substantial Shareholder

	Number of shares	Percentage
Farjoy Pty Ltd	342,645,785	10.957

Top Twenty Shareholders as at 26 March 2015

	Number of shares	Percentage
Farjoy Pty Ltd	342,645,785	10.957
J P Morgan Nominees Australia Limited	222,938,535	7.129
HSBC Custody Nominees (Australia) Limited	140,197,912	4.483
Citicorp Nominees Pty Limited	95,033,873	3.039
Mr Oliver Lennox-King	75,647,869	2.419
Toad Facilities Pty Ltd	58,227,273	1.862
Fountain Oaks Pty Ltd	32,200,366	1.030
National Nominees Limited	28,564,360	0.913
Merrill Lynch (Australia) Nominees Pty Limited	28,064,873	0.897
BNP Paribas Noms Pty Ltd	20,362,117	0.651
National Nominees Limited	17,680,640	0.565
Mr John Daniel Powell	16,719,661	0.535
Mr Philip Alan Kenneth Naylor	14,101,200	0.451
Brispot Nominees Pty Ltd	11,852,701	0.379
Floteck Consultants Limited	11,000,000	0.352
Mr Robert Simeon Lord	10,000,000	0.320
John William Greenhalgh	9,939,780	0.318
Mr Bradley John Chapman	9,459,941	0.303
Mr Peter John Brunton	8,810,000	0.282
Mr Dominik Ashe	8,100,000	0.259
	1,161,546,886	37.144

Corporate Directory

DIRECTORS

Nicholas Limb
(Chairman)

Catherine Norman
(Managing Director)

Benedict Clube
(Executive Director)

Albert Brindal
(Non-Executive Director)

Charles Cavness
(Non-Executive Director)

COMPANY SECRETARY

Peter Thiessen

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CfC Stanbic Bank Limited
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