

World class oil discovery offshore Senegal

23rd Africa Oil Week
3 November 2016



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- Cautionary Statement for Prospective Resource Estimates – 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.
- Information in this report relating to hydrocarbon resource estimates has been compiled by Peter Nicholls, the FAR 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 Exploration Geophysicists and the Petroleum Exploration Society of Australia. Mr Nicholls consents to the inclusion of the information in this report relating to hydrocarbon Prospective Resources in the form and context in which it appears. The Prospective Resource estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, Petroleum Resource Management System.

About FAR

- **Africa focussed** oil exploration company
- **Sixth largest E&P** company listed on the ASX: Market cap \$335M*
- SNE Field offshore Senegal **World's largest oil discovery** for 2014/5
- SNE field 2C contingent recoverable **oil resource 641 mmbbls (96 mmbbls net to FAR)***
- 21 months from discovery to **statement on commerciality**
- Planning for development in **very low cost environment**
- Funded through **2016/17 firm work program**
- **'Breakthrough Company of the Year'**: Oil and Gas Council, Africa



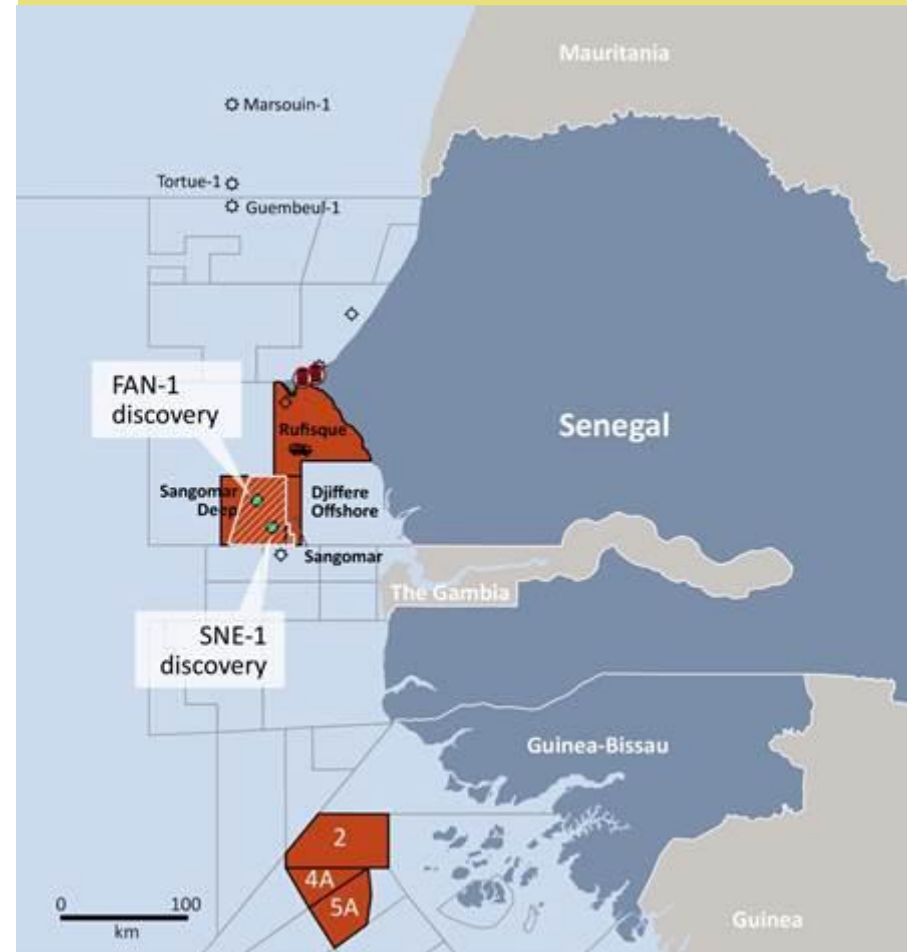
FAR in Senegal



- FAR celebrating 10 years in Senegal in 2016
- Senegal is a peaceful democracy with a stable outlook (S&P sovereign credit rating B+/B) and projected growth rate of 6% next year
- Strong in country relationships
- Farmed down to Cairn Energy and ConocoPhillips for US\$196M carry + cash in 2013
- PSC partners: Cairn Energy (Operator) 40%, ConocoPhillips 35%, FAR 15%, Petrosen 10%
- Sale of COP's Senegal assets subject to partners pre-emptive rights and Senegal Government approval
- President is a petroleum geologist!

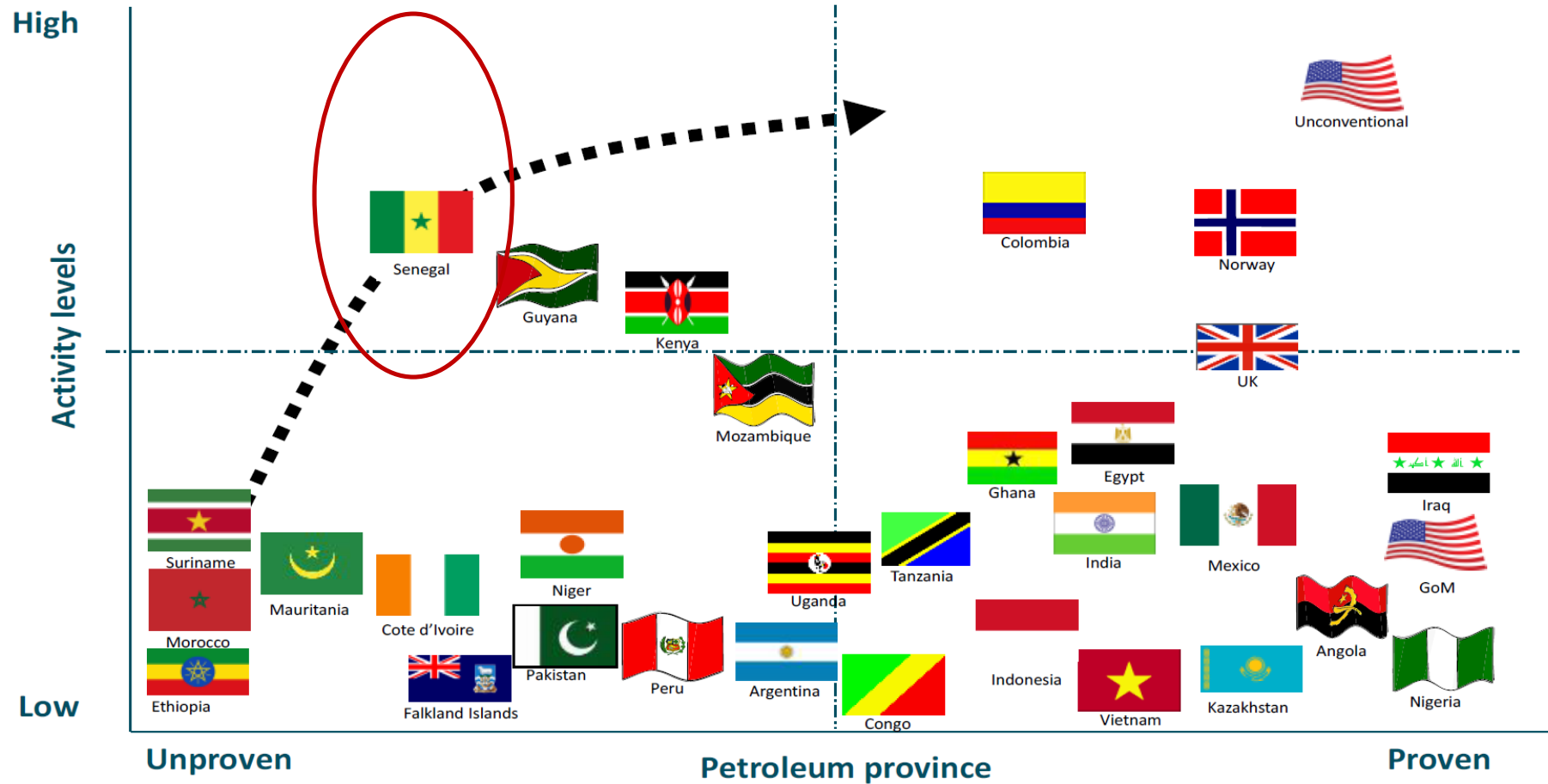
OFFSHORE SENEGAL PSC

FAR 16.7% paying interest, 15% beneficial interest
Operator: Cairn Energy PLC



*Source: Cairn Energy estimates (Cairn Energy Half Yearly Result 16/08/2016)

Hot global E&P geographies



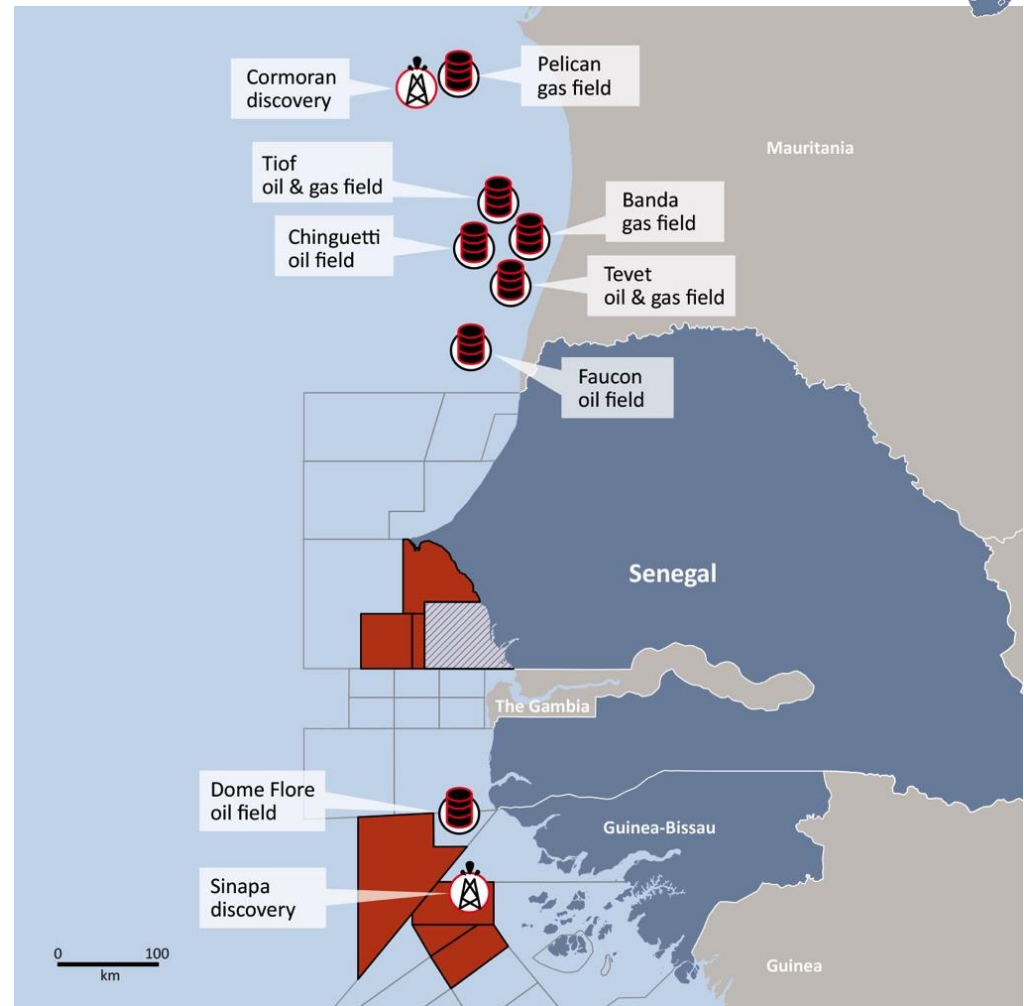
Source: RBC Capital Markets

No production or activity offshore Senegal



Status in mid-2014

- No offshore production
- No oil exploration drilling offshore Senegal for 40 years
- No deep water drilling ever offshore Senegal

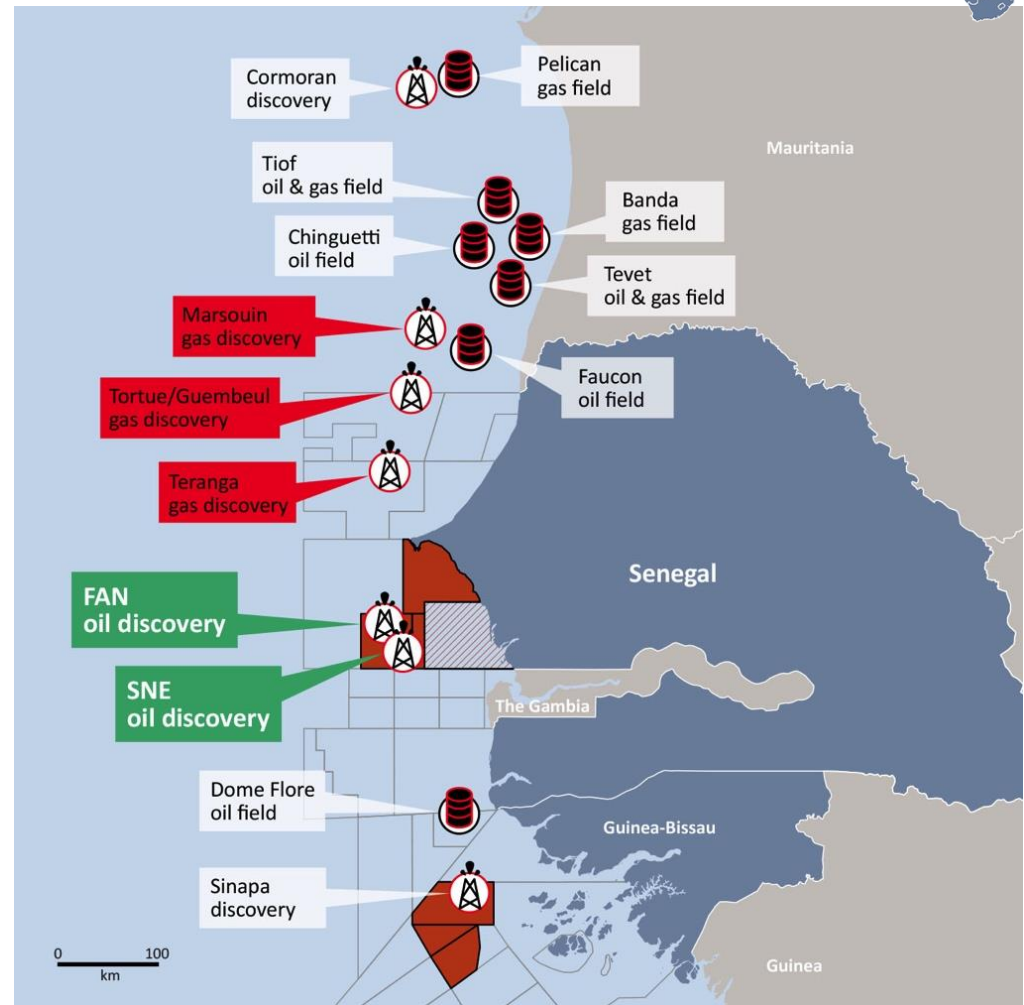


FAN-1 and SNE-1 opened up Senegal

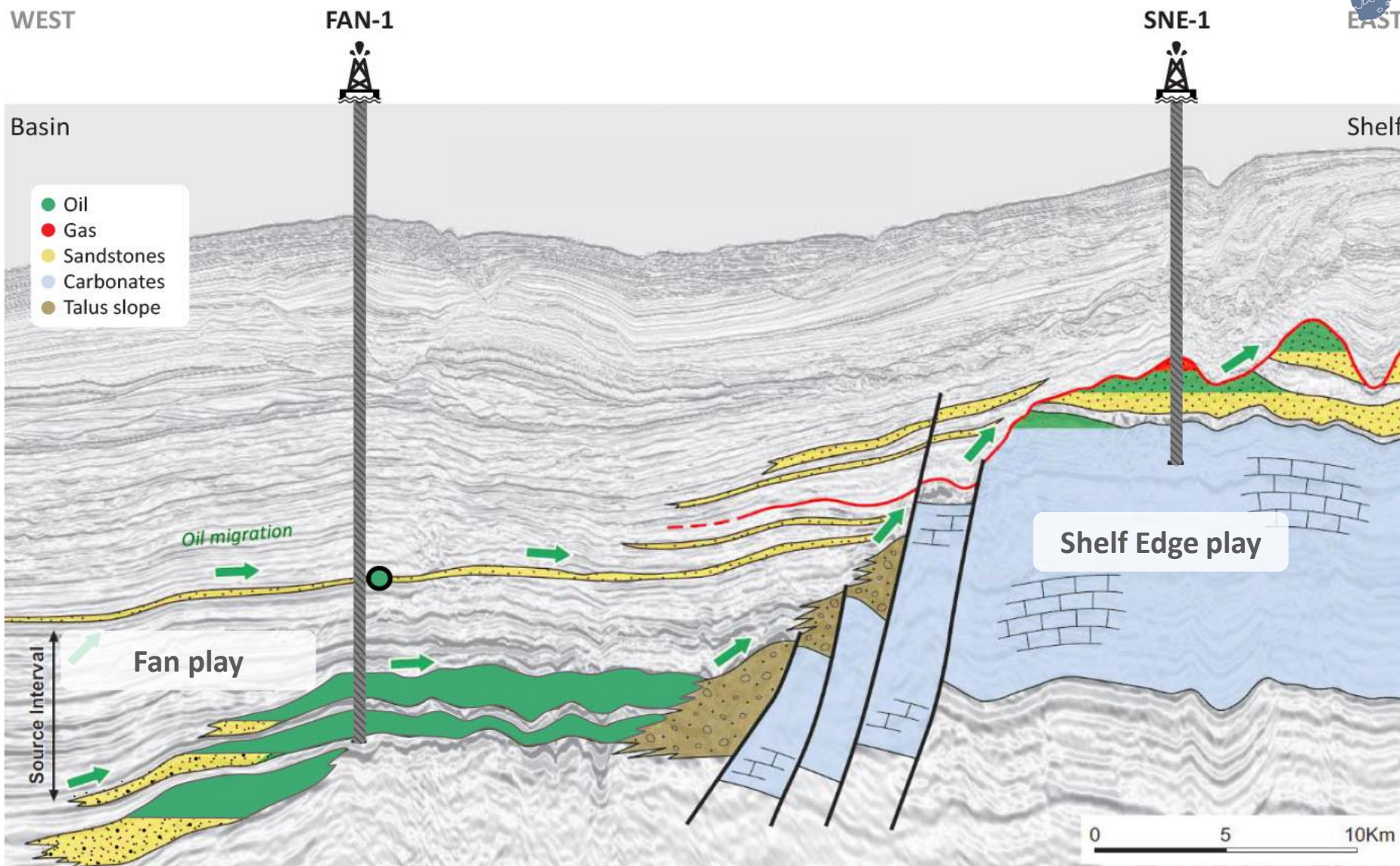


State of discoveries 2 years later

- **Basin opening** FAN-1 and SNE-1 oil discoveries 2014
- **4 successful SNE appraisal wells** drilled 2015/6
- **100% drilling success to date**
- Cairn Energy (operator) NPV of **US\$12.5/bbl** at project FID (2018/9) and US\$70/bbl oil price*
- **Major gas discoveries** made in 2015/6 offshore Northern Senegal / Southern Mauritania

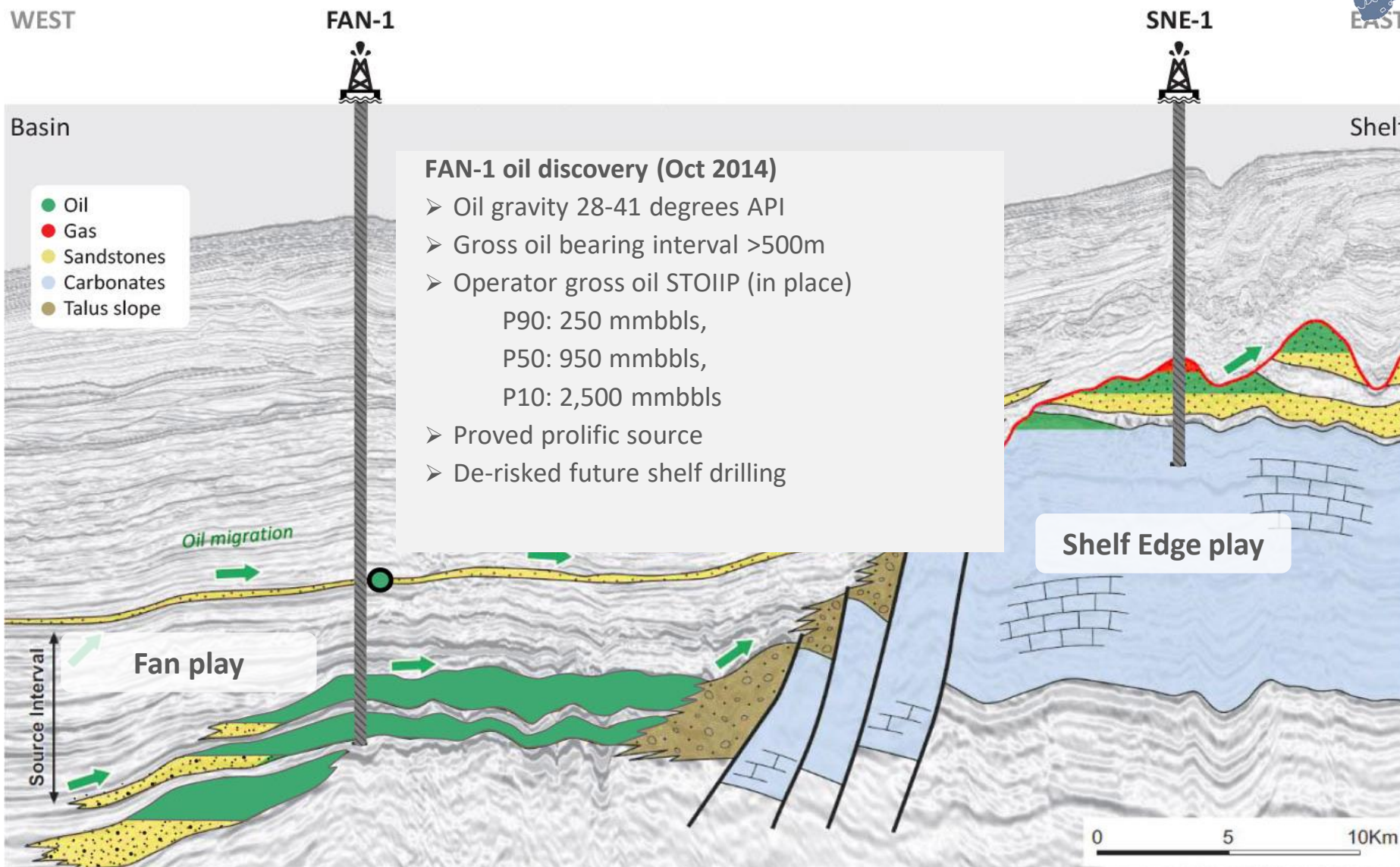


Senegal geology and discovery wells



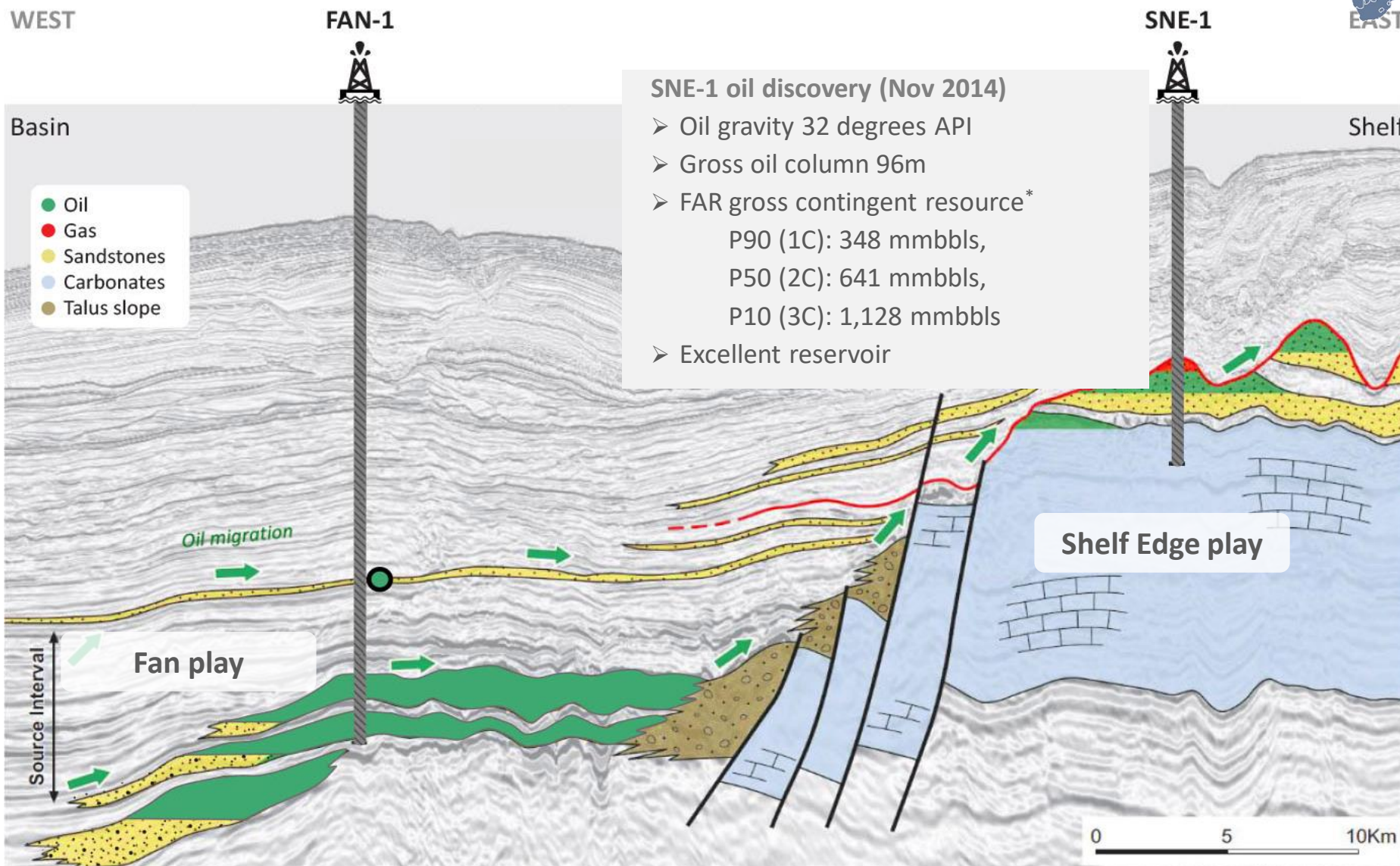
*Reference FAR ASX releases dated 13 Apr 2015 and 23 August 2016, best estimate, gross resources, 100% basis, oil only

Senegal geology and discovery wells



*Reference FAR ASX releases dated 13 Apr 2015 and 23 August 2016, best estimate, gross resources, 100% basis, oil only

Senegal geology and discovery wells



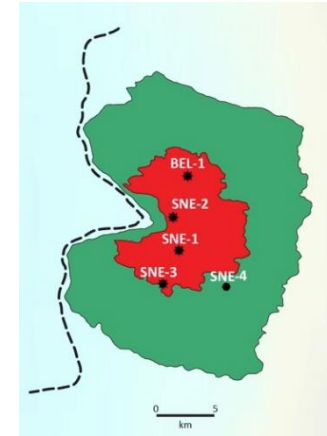
*Reference FAR ASX releases dated 13 Apr 2015 and 23 August 2016, best estimate, gross resources, 100% basis, oil only

SNE 2015/16 appraisal wells

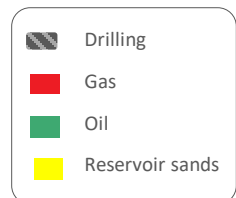
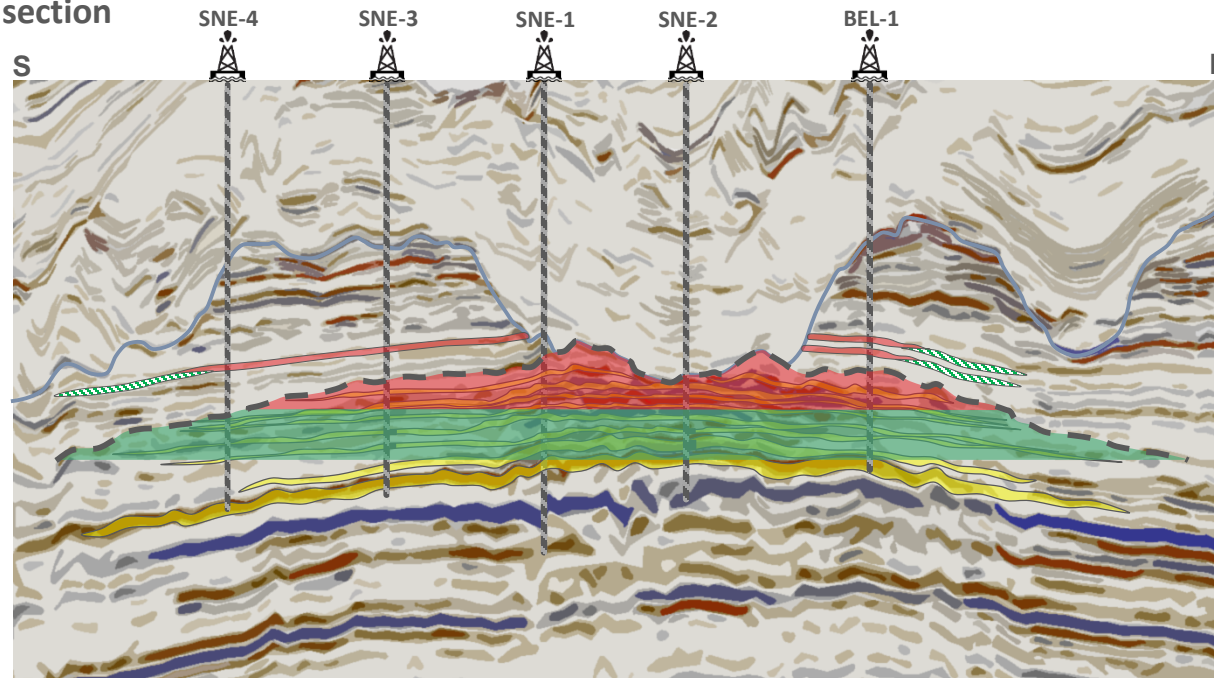


Objective of wells and progress to date:

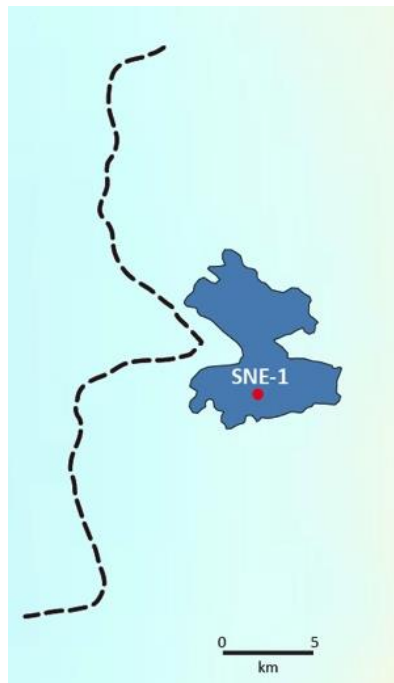
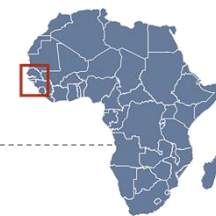
- Size of oil pool ✓
- Test reservoir properties and **deliverability** from logging, coring and testing ✓
- Measure field **connectivity**



SNE field seismic cross section

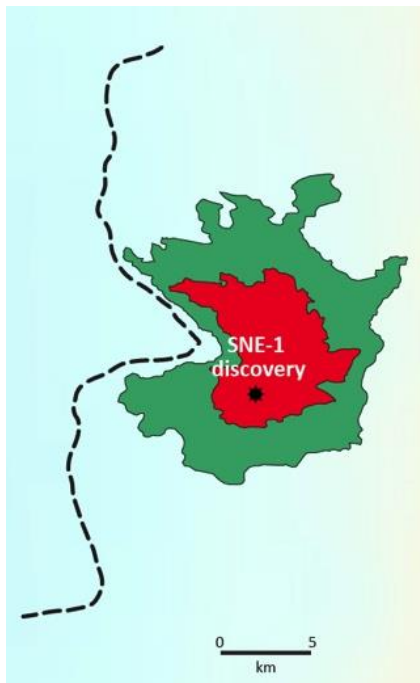


Size of the SNE oil pool



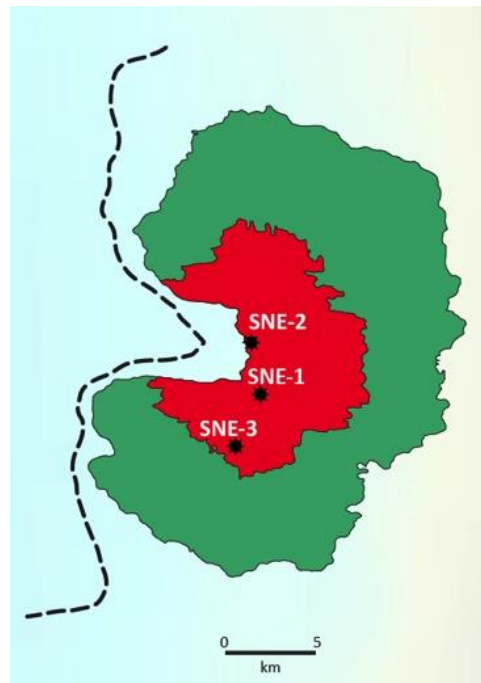
Pre-Drill
(Oct 2014)

P90 : 50mmbbls
P50 : 154 mmbbls
P10 : 350 mmbbls



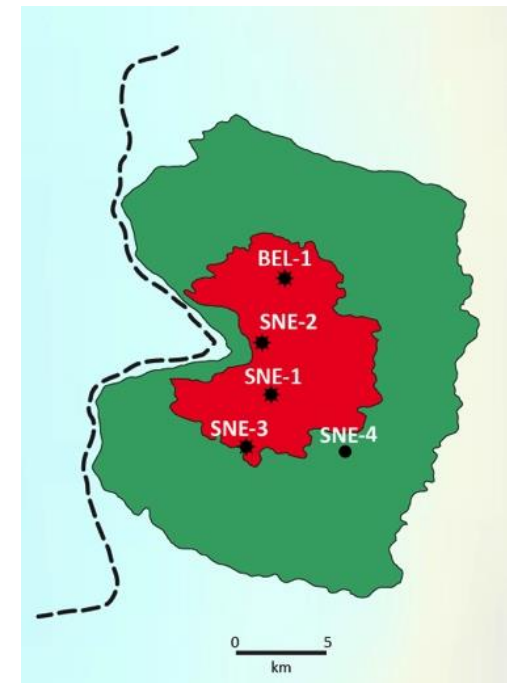
Post discovery
(Nov 2014)

1C: 150 mmbbls
2C: 330 mmbbls
3C: 670 mmbbls



RISC audited
(April 2016)

1C: 277 mmbbls
2C: 561 mmbbls
3C: 1071 mmbbls



Latest RISC audited
(August 2016)

1C: 348 mmbbls
2C: 641 mmbbls
3C: 1128 mmbbls

*Reference FAR ASX releases dated 23 August 2016, 13 April 2016, 20 Nov 2014: unrisked contingent resources, 100% basis, oil only

RISC is an independent technical expert that reviewed and modified a probabilistic resource evaluation carried out by FAR in accordance with industry standard SPE-PRMS definitions

Deliverability of oil from SNE



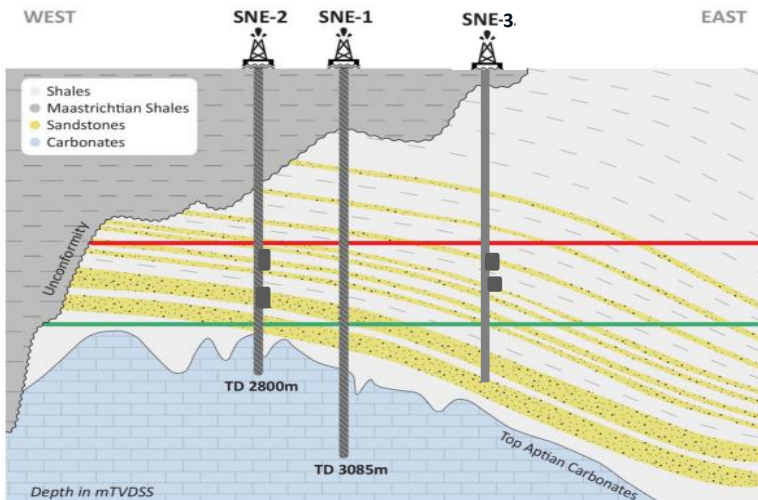
Main reservoirs flowed at commercially viable rates

SNE-2 lower and upper reservoir units

- Gross 12m: 8,000 bopd through 3/4" choke (stabilised constrained flow)
- Gross 15m: 1,000 bopd through 3/8" choke (unstabilised)
- Flowed higher than estimates

SNE-3 tested upper reservoir units

- Gross 15m: 5,400 bopd / 4,000 bopd through a 7/8" choke (stabilised)
- Gross 20.5m zone: 4,500 bopd co-mingled through a 7/8" choke (stabilised)
- Flow higher than estimated and confirmed the field is larger to the south



Connectivity of reservoir units

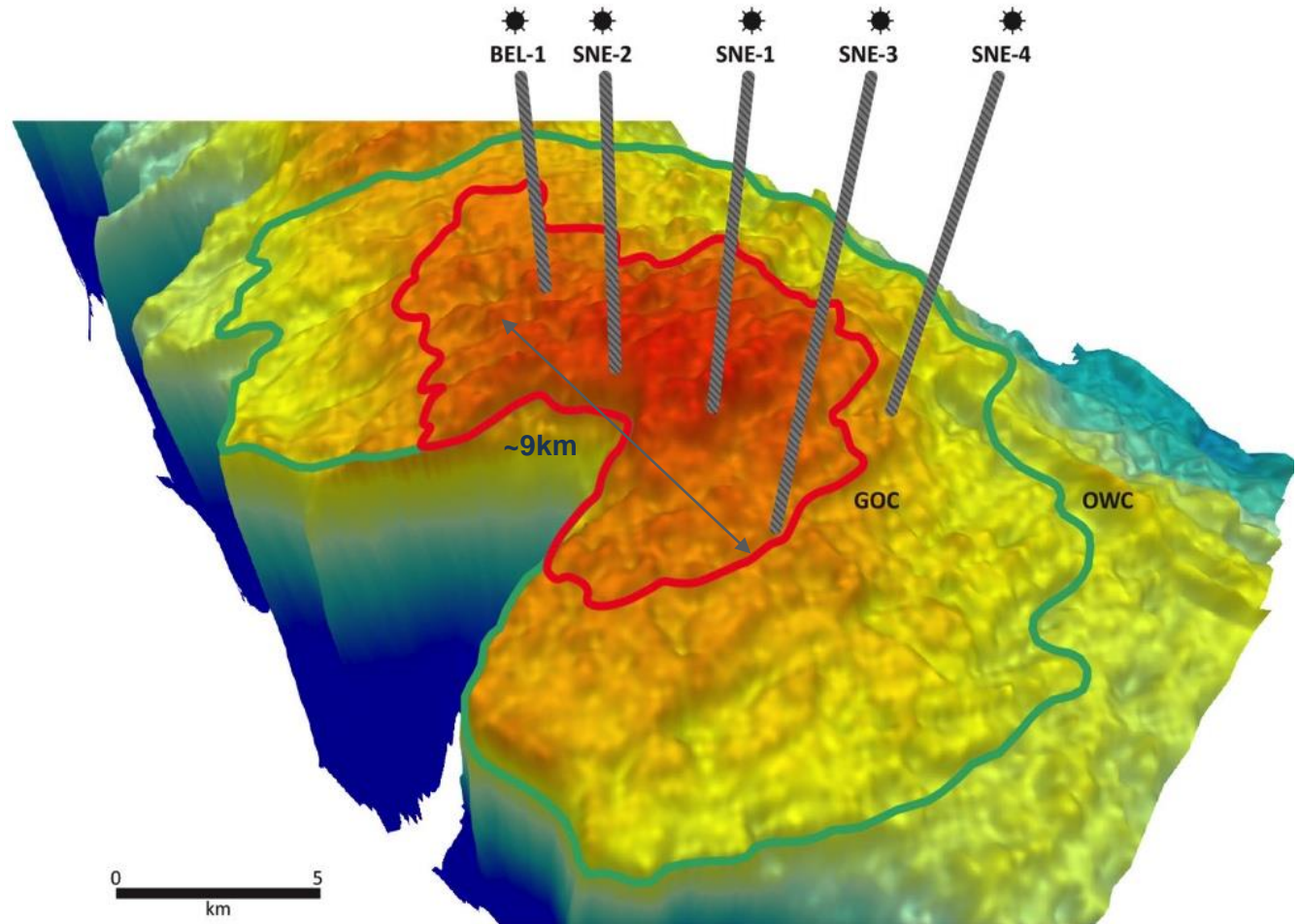


Two well program planned to commence Q1 2017

Drilling program objectives:

- Improving SNE project definition
- Confirm volumes, connectivity and productivity:
 - Planned interference program between wells
 - Evaluate reservoirs not flow tested to date

Field size ~350km²



Appraisal results



2015/16 SNE appraisal program completed **safely, efficiently** and **under budget**

Each well has **confirmed**:

- ~100m gross oil column
- High quality 32° API oil
- Correlation of principle reservoir units

Future activity

Measure field **connectivity**, particularly upper units to help fine tune development concept

Drilling costs coming down!

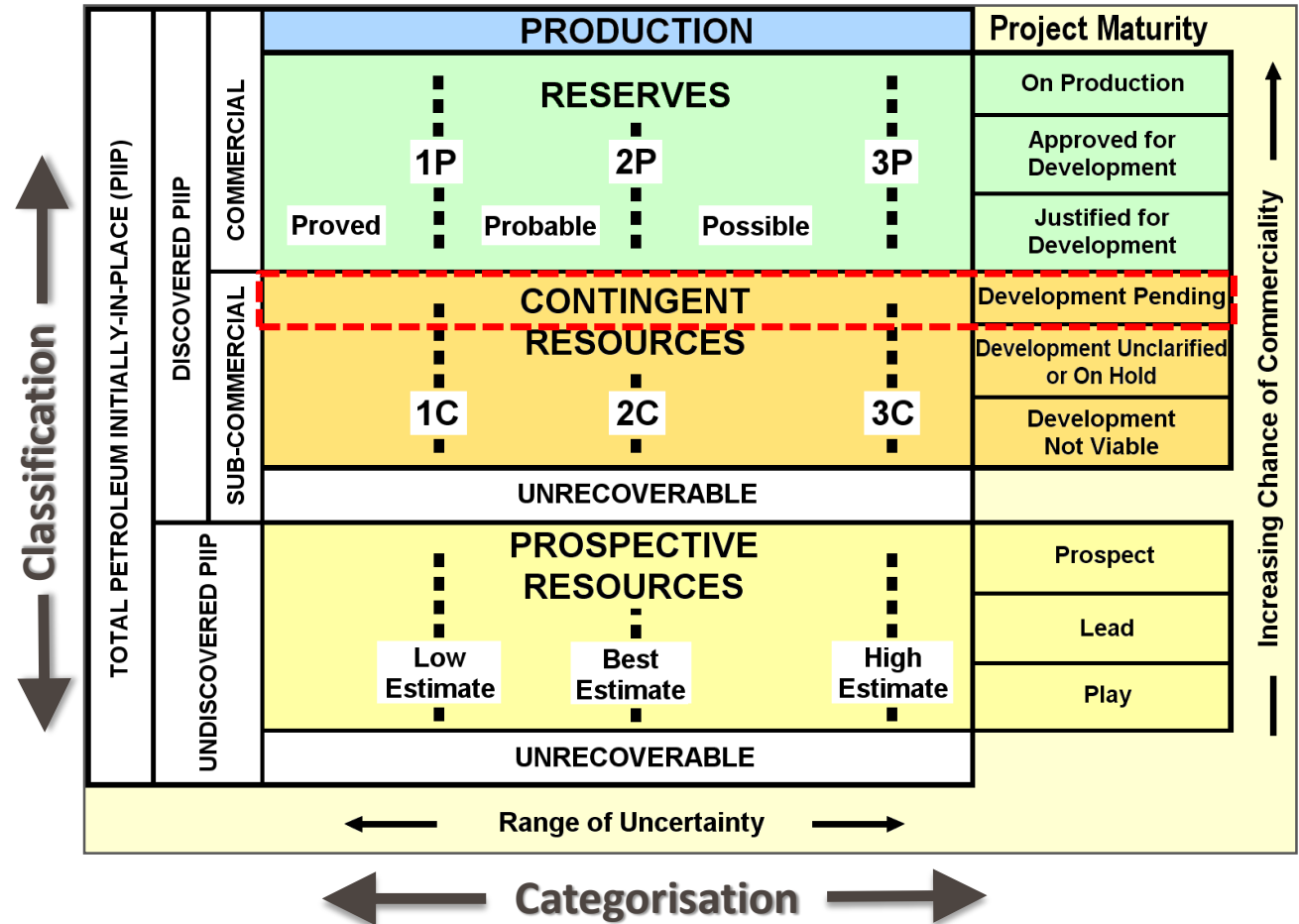


Status of SNE development planning



Development planning underway

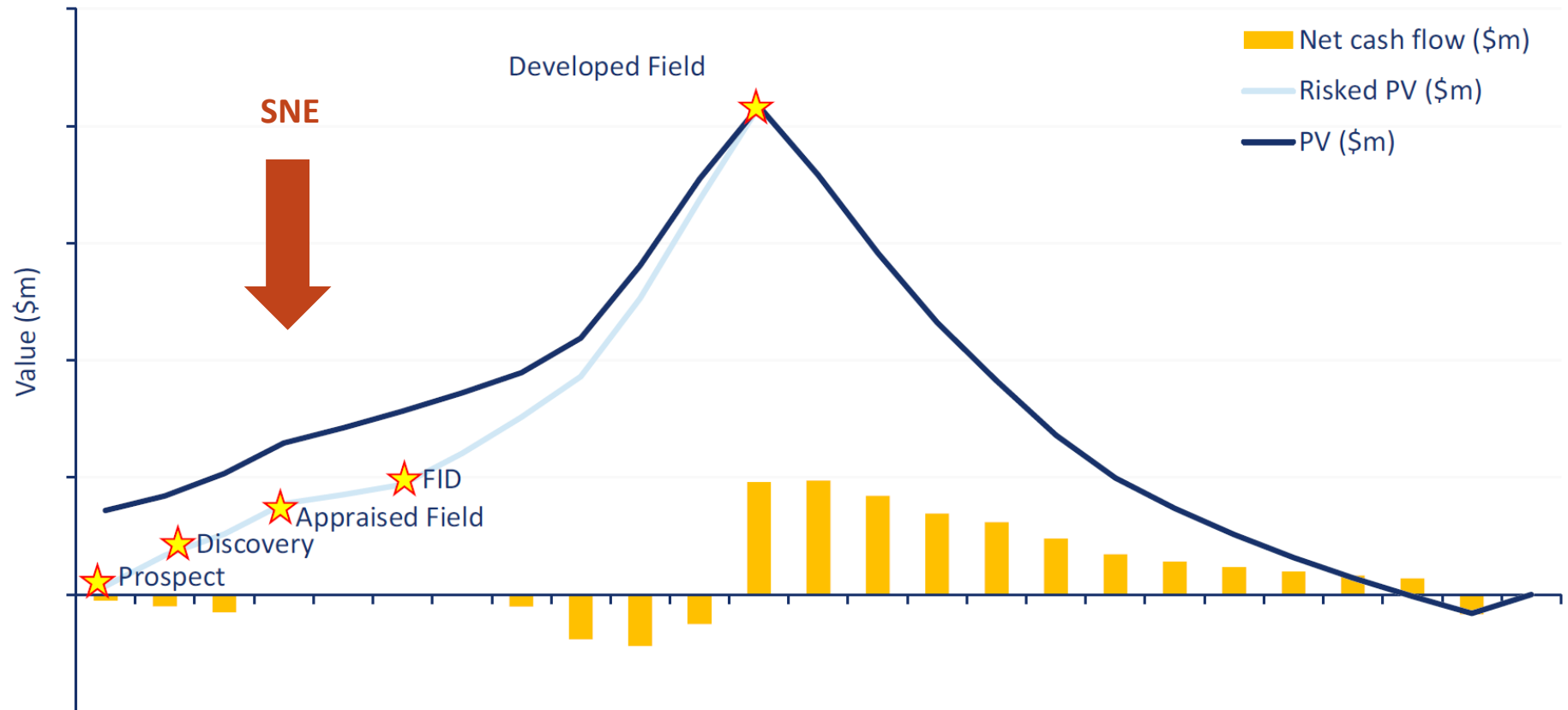
- Currently in pre-FEED stage (concept select)*
- Low cost environment



Source: Society of Petroleum Engineers, Petroleum Resource Management System

*Cairn Energy Half Yearly Result 16/08/2016

Exploration & production value curve

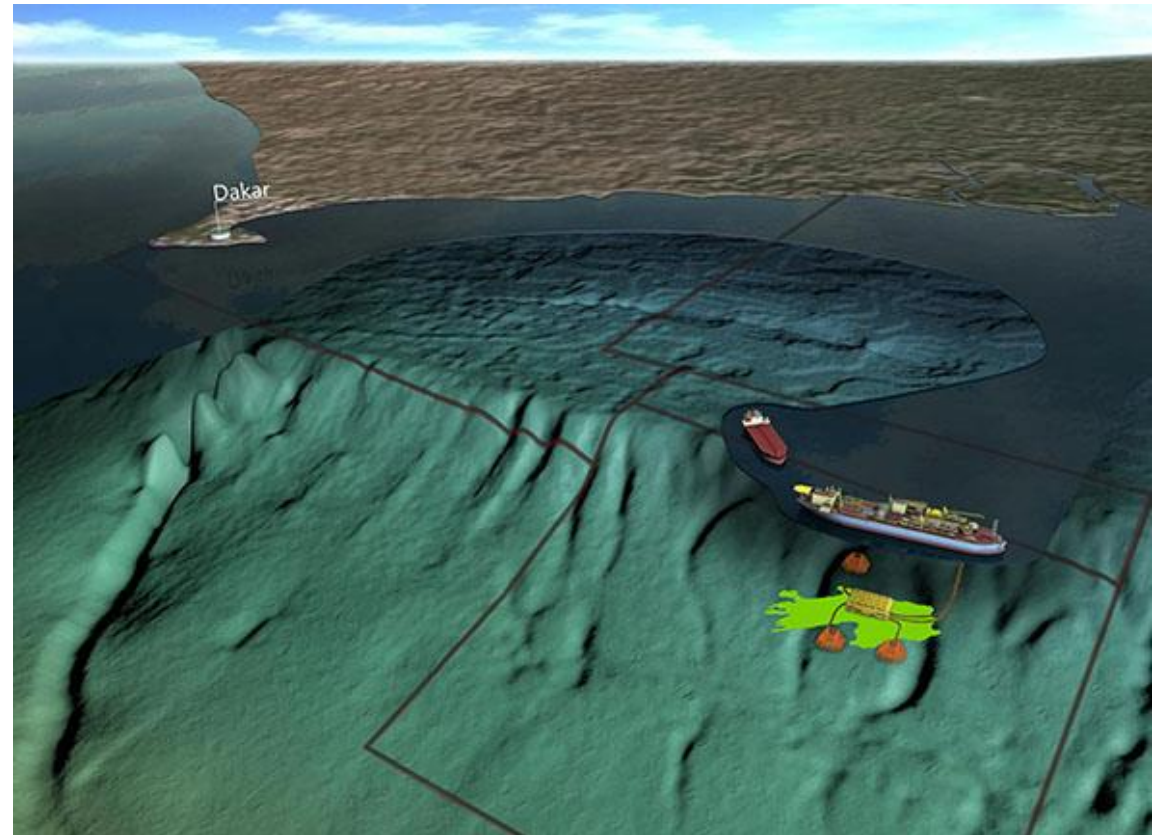


Source: RBC Capital Markets

SNE development and tie back concept



- **Standalone FPSO:** expansion capability for tie-backs
- **Plateau production:** rate expected to be 140,000 bopd
- **Development expenditure:**
US\$12- US\$15/bbl*
(previous US\$17-US\$26/bbl)
- **Operating expenditure:**
<US\$10/bbl*
(previous US\$5-US\$15/bbl)
- **Breakeven oil price: US\$35/bbl***

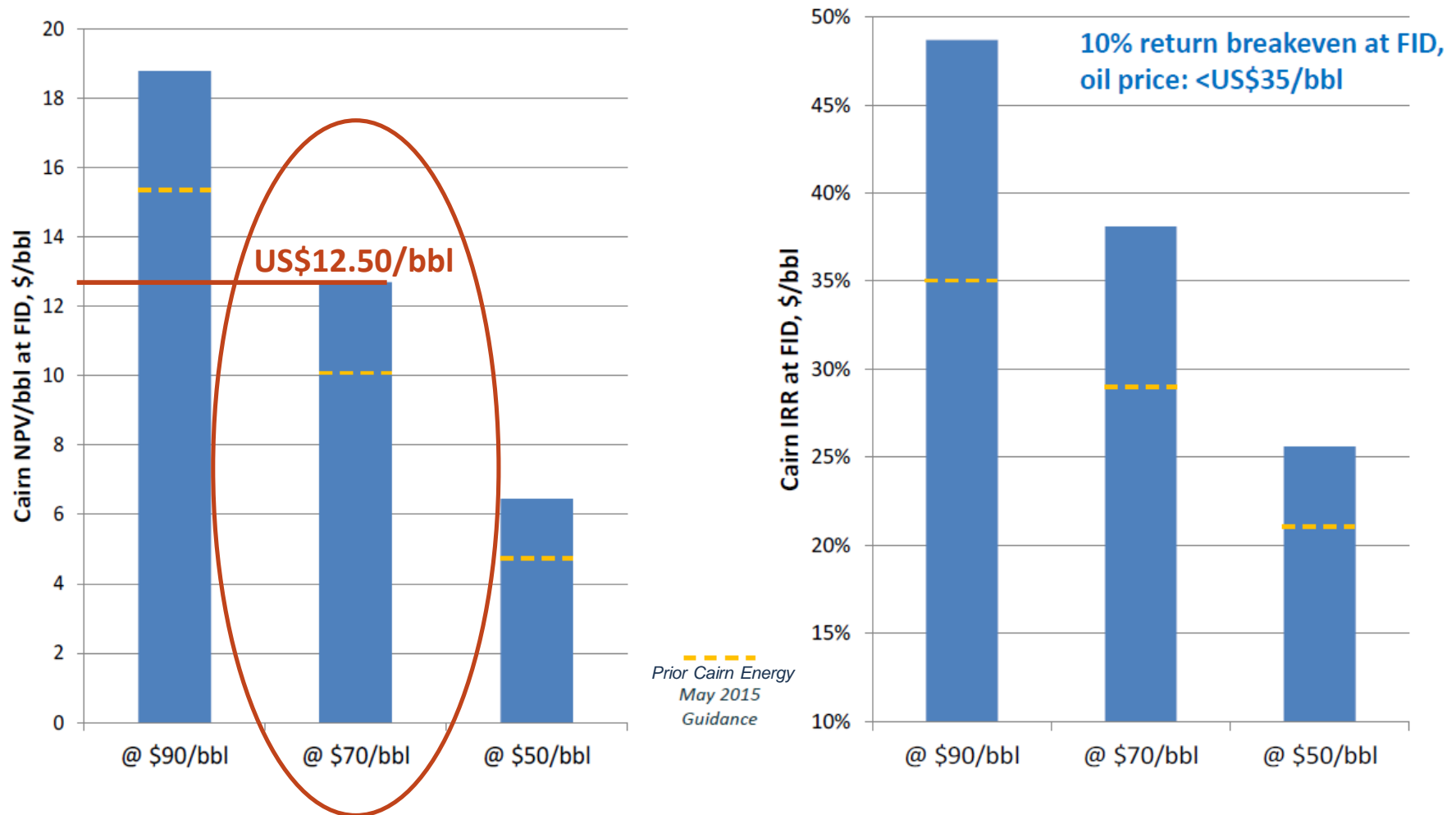


Reference FAR ASX release dated 24 September 2015 and 4 January 2016
*Cairn Energy Half Yearly Result 16/08/2016

Operator economic development scenario

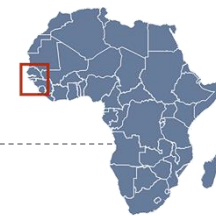


SNE stand alone development (based on Cairn 2C 473 mmbbls)

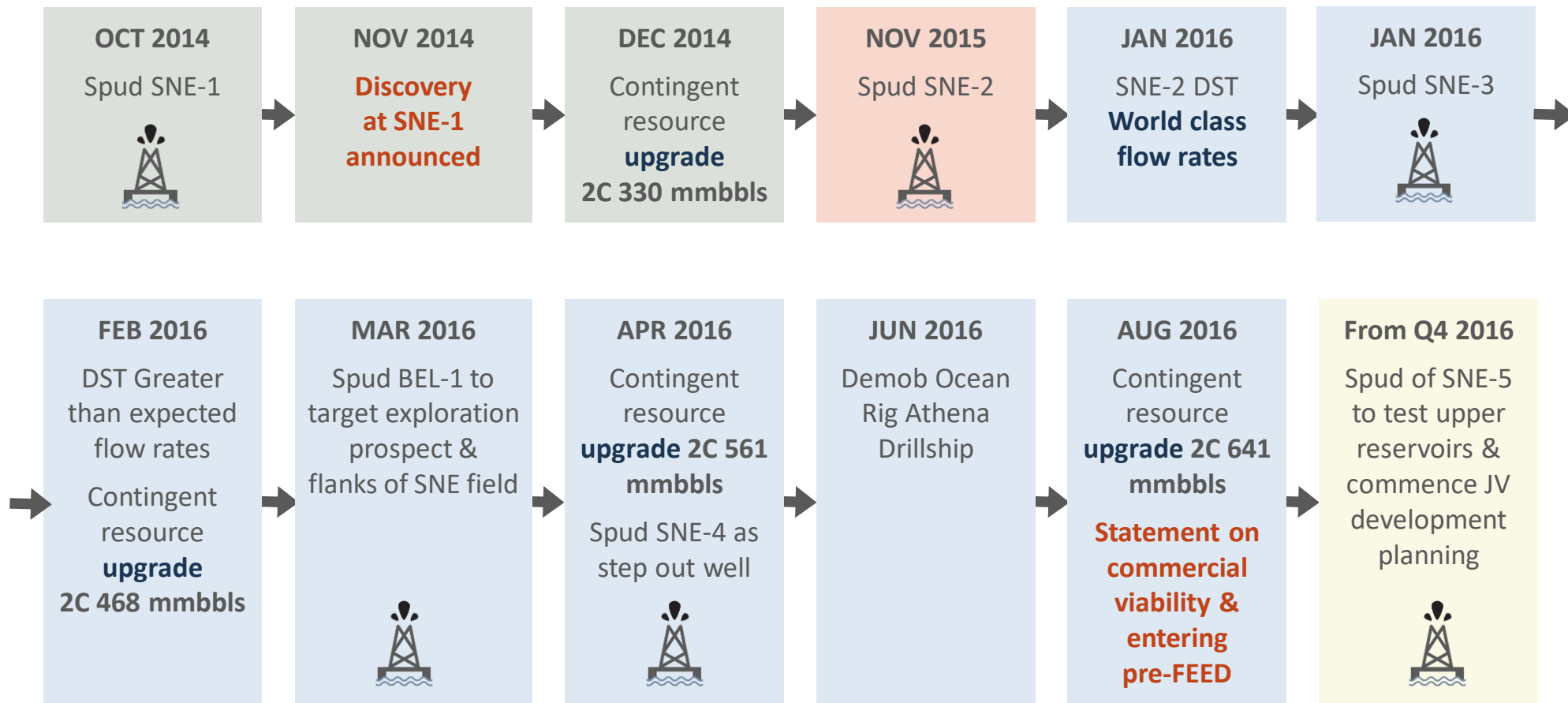


Source: Cairn Energy estimates (refer Cairn Energy Half Yearly Result 16/08/2016 and Cairn Energy Capital Markets Day presentation 11/05/2015)

SNE story so FAR



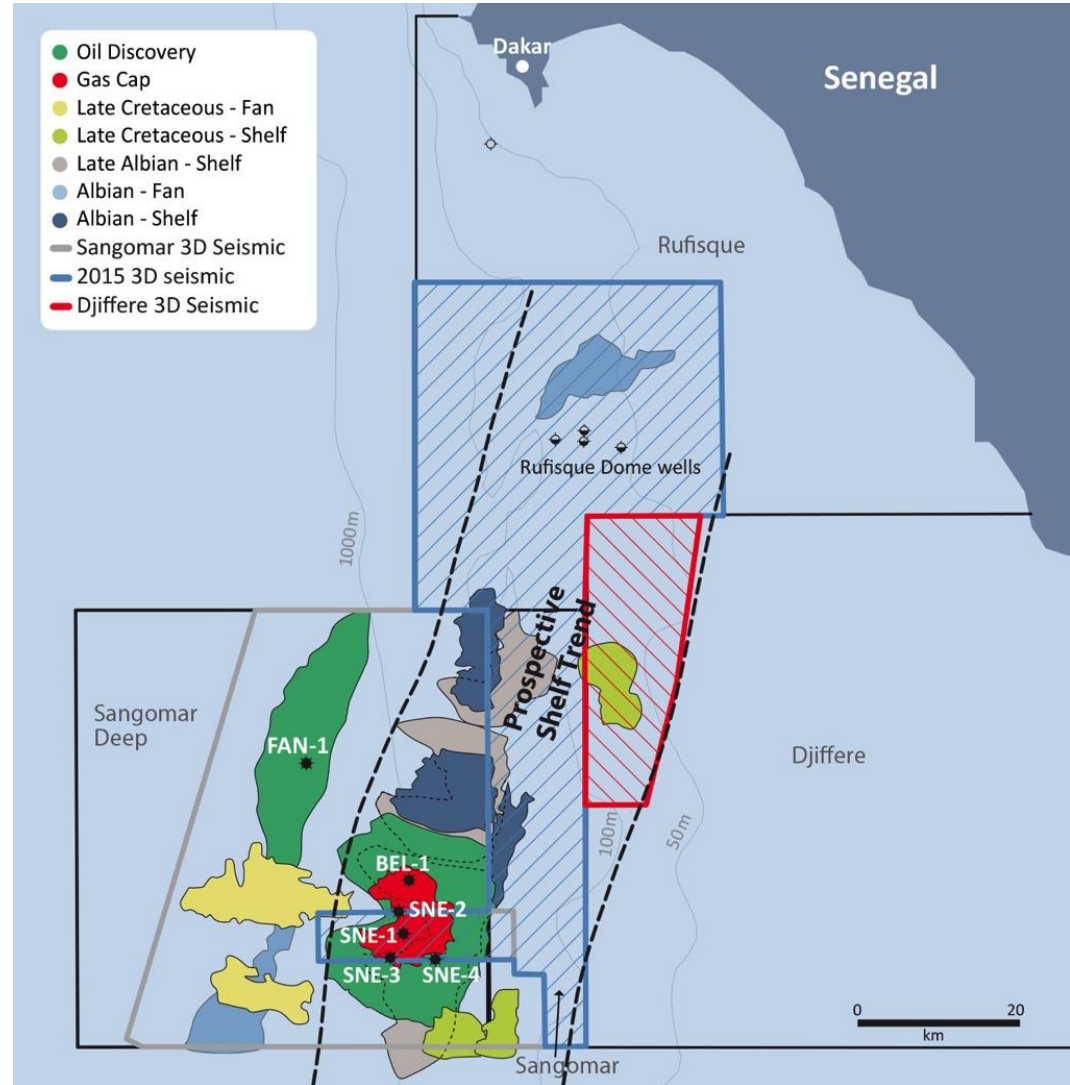
21 months from discovery to statement of commerciality



Scratching the surface of the prospectivity



- **Undrilled exploration prospects** with >1bn bbls (unrisked) potential
- **FAR option** over 75% of Djiffere block
- New joint venture **2015 3D seismic shot** along trend from SNE
- Preliminary processed seismic products now at hand



Social responsibility

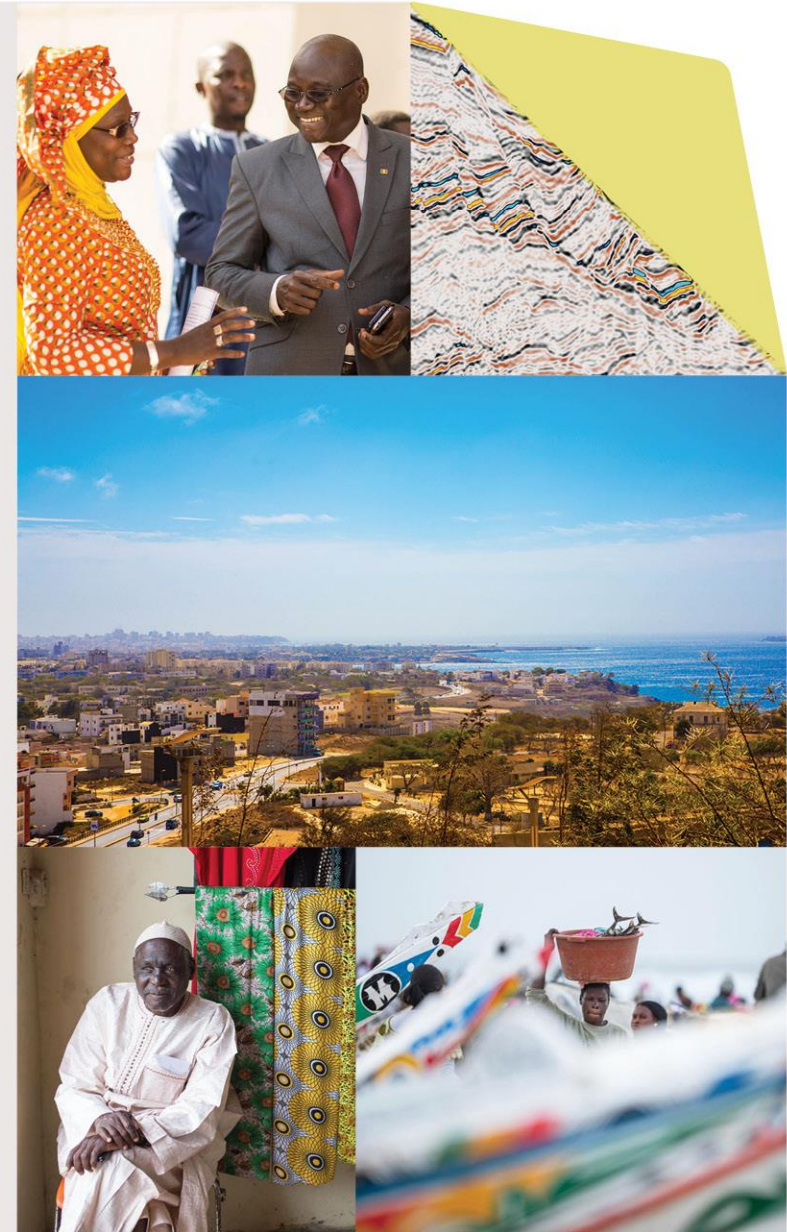
FAR and its partners are supporting activities that deliver positive, lasting social and economic benefits to Senegal:

- English language training for the energy sector
- The Hunger Project support for a microfinance program
- FAR has sponsored regional soccer competitions through provision of 200 balls
- FAR has provided mosquito nets to rural communities
- FAR has renovated a primary school in Thiess



What's next in Senegal?

- **Two firm well program** to commence early 2017
- **New JV and Djiffere** seismic data products
- Decision to **progress Djiffere** option
- **Upgrade** to prospective resource inventory
- **SNE Project in Pre-FEED**, preparing development plan during 2017



2016 revealing the prize

2013: Year of farm-out

2014: Year of discovery

2015/2016: Evaluating the SNE Field

100% success rate to date offshore Senegal

FAR statement on commerciality 21 months from discovery

Undrilled exploration prospects with >1bn bbls potential

Possible look-a-likes of SNE in Guinea Bissau

FAR committed to finding more elephants lurking under Senegalese waters!



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