FAR Limited

ABN 41 009 117 293

Financial Report
for the Half-Year Ended 30 June 2013

Contents

Directors' Report	2
Auditor's Independence Declaration	5
Independent Auditor's Report	6
Directors' Declaration	8
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
Condensed Consolidated Statement of Financial Position	10
Condensed Consolidated Statement of Changes in Equity	11
Condensed Consolidated Statement of Cash Flows	12
Notes to the Financial Statements	13

Directors' Report

The directors of FAR Limited submit herewith the Financial Report of FAR Limited and its subsidiaries ("the Consolidated Entity") for the half-year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

Mr N J Limb
Ms C M Norman
Mr A E Brindal
Mr C L Cavness
Mr B J M Clube (appointed 12 April 2013)

All directors held office during and since the end of the period unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activities of the Company are:

- exploring for oil and gas; and
- the acquisition and sale of oil exploration and production interests.

OPERATING RESULTS

The loss for the half year ended 30 June 2013 was $3,627,636 (half-year ended 30 June 2012: $8,684,234). Included in the loss for the period is exploration expenditure of $2,014,365 recognised in accordance with a change in accounting policy for exploration costs implemented during the current period. This change in accounting policy brings the Company's accounting for exploration costs to be more closely aligned with its industry peers. Further information on the change in accounting policy can be found in note 1(b) of this financial report.

FINANCIAL POSITION

The statement of financial position at 30 June 2013 after the adjustment for the change in accounting policy in relation to exploration costs comprised net assets of $34,437,494 (31 December 2012: 37,101,063), made up of:

- cash of $18,604,644 (31 December 2012: $17,350,678)
- oil and gas properties of $12,289,615 (31 December 2012: $12,112,665)
- other assets and liabilities netting to an asset of $3,543,235 (31 December 2012: net asset of $7,637,720)

CASH FLOW

Cash and cash equivalents increased by $1,253,966 during the half-year ended 30 June 2013. The significant movements during the period were as follows:

- proceeds of $5,400,000 from performance bonds
- payments to suppliers of $4,293,060
- other net cash inflows (including effects of exchange rate movement on cash balances) of $147,026

Directors' Report

REVIEW OF OPERATIONS

Senegal

During the period the Company executed a farm-in deal on 18 March 2013 and successfully completed on 1 August 2013 with Capricorn Senegal a subsidiary of UK oil and gas company Cairn Energy PLC ("Cairn Energy"). The Company retains a 25% participating interest from 1 August 2013. The terms of the farm-in deal included:

- the Company being free carried through an exploration well which is expected to be completed early in 2014;
- the Company to be paid approximately US$10 million (AU$10.8 million) for previous exploration costs;
- The Company and Cairn Energy to enter into an alliance offshore Senegal; and
- Transfer of Operatorship to Cairn Energy.

In addition to the Cairn Energy farm-in deal the Company executed a second farm-in deal on 31 July 2013 with US oil and gas company ConocoPhillips and is subject to conditions precedent. The deal is the equivalent to a free carry on a further exploration well. Together with the Cairn Energy farm-in deal, the Company has successfully secured funding for two exploration wells, equating to a 100% investment of approximately US$190 million (AU$205 million). The wells will test prospects with approximately 1.5 billion barrels of oil on an unrisked best estimate, 100% basis. The Company will retain a 15% participating interest upon successful completion of the ConocoPhillips farm-in deal.

Kenya

Block L6
The Company has a participating interest of 60% and is the Operator. Delivery of the final 3D data was received in April 2013 and well planning activities commenced for an exploration well to be drilled on the block.

Block L9
The Company has a 30% interest. Negotiations on a Joint Operating Agreement and Deeds of Assignment with the Operator were concluded after the balance sheet date.

Guinea Bissau

The Company has a participating interest of 15%. In December 2012, the Government of Guinea Bissau approved a 3 year extension to the current exploration term. The extension period, which began on 26 November 2012, has no work program obligations. The Company and its Joint Venture partner, Svenska Petroleum Exploration AB, has approved a work program and budget which includes one appraisal well. Svenska is making preparations to drill the well in 2014.

AGC

During the period the Company and its Joint Venture partner, Ophir Energy, approved a firm work program and budget incorporating a full technical evaluation of the Production Sharing Contract's prospectivity. On the satisfactory completion of this phase of work, the Joint Venture will then determine an appropriate work program and budget.

Australia

WA457-P & WA458-P
Work continued on reprocessing existing 2D and 3D seismic data and planning a 3D seismic survey for later in 2013.

North America

The sale of the North American assets was completed in July 2013

No exploration activity was undertaken in North America in the current period.

Directors' Report

Subsequent Events after balance sheet date

As noted above in the Review of Operations, on 31 July 2013, the Consolidated Entity executed a second farm-in agreement on its offshore Senegal oil exploration permits with US oil and gas exploration company ConocoPhillips and is subject to conditions precedent.

On 8 August 2013, the Company received the First Farm-in Fee of US$4.82 million (AU$5.2 million) from Cairn Energy in respect of the Senegal farm in deal executed on 18 March 2013 and successfully completed on 1 August 2013.

On 3 September 2013, the Company received the third and final tranche payment of $2.9 million for the sale of the Consolidated Entity's interest in the Beibu Gulf 22/12 Joint Venture.

On 6 September 2013 Petrole Investments Group a fully owned subsidiary of FAR entered into an assignment agreement with Dominion Petroleum Kenya Ltd a subsidiary of Ophir Energy for the transfer of 30% participating interest in Kenya Block L9 which is subject to Ministerial approval. Following ministerial approval FAR will make a payment of approximately US$11 million for back costs principally in relation to two 3D seismic surveys previously acquired over the block.

The Directors are not aware of any other matters or circumstances at the date of this report, other than those referred to in this report, that have significantly affected or may significantly affect the operations, the results of the operations or the state of affairs of the Consolidated Entity in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

In order to comply with Section 306 (2) of the Corporations Act 2001, the directors' report includes the auditor's independence declaration on page 5 of the half year financial report.

Signed in accordance with a resolution of the directors made pursuant to Section 306(3) of the Corporations Act 2001.

On behalf of the Directors

Mr N J Limb
Chairman
Melbourne, 13 September 2013

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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

13 September 2013

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 review of the financial statements of FAR Limited for the half-year ended 30 June 2013, 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 review; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Sanders

Ian Sanders
Partner
Chartered Accountant

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

Independent Auditor's Review Report to the members of FAR Limited

We have reviewed the accompanying half-year financial report of FAR Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2013, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 22.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of FAR Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of FAR Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ian Sanders

Ian Sanders
Partner
Chartered Accountants
Melbourne, 13 September 2013

Directors' Declaration

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; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and giving a true and fair view of the financial position as at 30 June 2013 and of the performance of the Consolidated Entity for the half-year ended on that date.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

Mr N J Limb
Chairman
Melbourne, 13 September 2013

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 30 June 2013

FAR Limited

	Note	Half-year ended 30 Jun 2013 $	Restated 30 Jun 2012 $
Continuing operations			
Revenue	4	346,354	671,534
Other income	5	308,435	2,767,649
Depreciation and amortisation expense		(44,543)	(28,310)
Exploration expense		(2,014,365)	(8,687,175)
Finance costs		-	(39,192)
Administration expenses		(215,374)	(507,429)
Employee benefits expense	6	(1,368,199)	(2,221,568)
Consulting expense		(340,245)	(536,404)
Foreign exchange gain		297,099	24,784
Other expenses		(596,798)	(147,212)
Loss before income tax		(3,627,636)	(8,703,323)
Income tax expense		-	-
Loss for the period from continuing operations		(3,627,636)	(8,703,323)
Discontinued operations			
Profit from discontinued operations	3	-	19,089
Loss for the period		(3,627,636)	(8,684,234)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(27,933)	1,709
Total comprehensive loss for the period		(3,655,569)	(8,682,525)
Earnings per share:			
From continuing and discontinued operations			
Basic loss (cents per share)		(0.15)	(0.38)
Diluted loss (cents per share)		(0.15)	(0.38)
From continuing operations			
Basic loss(cents per share)		(0.15)	(0.38)
Diluted loss(cents per share)		(0.15)	(0.38)

Notes to the financial statements are included on pages 13 to 22

Condensed Consolidated Statement of Financial Position
As at 30 June 2013

FAR Limited

	Note	30 Jun 2013 $	Restated 31 Dec 2012 $	Restated 31 Dec 2011 $
CURRENT ASSETS				
Cash and cash equivalents		18,604,644	17,350,678	23,803,920
Trade and other receivables	7	3,861,461	351,573	3,324,928
Other financial assets	8	372,589	442,567	305,780
Other		43,093	61,066	120,874
Assets held for sale	3	17,142	287,757	-
Total Current Assets		22,898,929	18,493,641	27,555,502
NON CURRENT ASSETS				
Trade and other receivables	7	-	2,889,060	-
Other financial assets	8	-	5,400,000	71,924
Property, plant and equipment		172,516	192,475	205,804
Oil and gas properties	9	12,289,615	12,112,665	11,826,683
Total Non-Current Assets		12,462,131	20,594,200	12,104,411
TOTAL ASSETS		35,361,060	39,087,841	39,659,913
CURRENT LIABILITIES				
Trade and other payables		617,010	1,503,020	1,040,570
Borrowings		-	-	2,927,885
Provisions		259,377	207,040	519,026
Other financial liabilities		-	26,529	-
Liabilities – associated with assets held for sale	3	16,493	55,794	-
Total Current Liabilities		892,880	1,792,383	4,487,481
NON-CURRENT LIABILITIES				
Trade and other payables		-	173,343	-
Provisions		30,686	21,052	68,907
Other financial liabilities		-	-	26,529
Total Non-Current Liabilities		30,686	194,395	95,436
TOTAL LIABILITIES		923,566	1,986,778	4,582,917
NET ASSETS		34,437,494	37,101,063	35,076,996
EQUITY				
Issued Capital	10	143,384,588	143,384,588	129,137,015
Reserves		4,852,756	3,888,689	1,940,063
Accumulated losses		(113,799,850)	(110,172,214)	(96,000,082)
TOTAL EQUITY		34,437,494	37,101,063	35,076,996

Notes to the financial statements are included on pages 13 to 22

Condensed Consolidated Statement of Changes in Equity
For the Half-Year Ended 30 June 2013

	Share Capital $	Reserves: Option reserve $	Reserves: Equity component on convertible notes $	Reserves: Foreign currency translation reserve $	Reserves: Total $	Accumulated losses $	Total attributed to equity holders of parent $
Balance at 1 January 2012 (restated)	129,137,015	2,174,955	671,496	(906,388)	1,940,063	(96,000,082)	35,076,996
Loss for the period (restated)	-	-	-	-	-	(8,684,234)	(8,684,234)
Exchange differences arising on translation of foreign operations	-	-	-	1,709	1,709	-	1,709
Total comprehensive income for the period	-	-	-	1,709	1,709	(8,684,234)	(8,682,525)
Issue of shares	15,039,947	-	-	-	-	-	15,039,947
Share issue costs	(792,374)	-	-	-	-	-	(792,374)
Issue of options	-	1,239,000	-	-	1,239,000	-	1,239,000
Balance at 30 June 2012	143,384,588	3,413,955	671,496	(904,679)	3,180,772	(104,684,316)	41,881,044
Balance at 1 January 2013	143,384,588	3,852,555	671,496	(635,362)	3,888,689	(110,172,214)	37,101,063
Loss for the period	-	-	-	-	-	(3,627,636)	(3,627,636)
Exchange differences arising on translation of foreign operations	-	-	-	(27,933)	(27,933)	-	(27,933)
Total comprehensive income for the period	-	-	-	(27,933)	(27,933)	(3,627,636)	(3,655,569)
Issue of options	-	992,000	-	-	992,000	-	992,000
Balance at 30 June 2013	143,384,588	4,844,555	671,496	(663,295)	4,852,756	(113,799,850)	34,437,494

Notes to the financial statements are included on pages 13 to 22

Condensed Consolidated Statement of Cash Flows
for the Half-Year Ended 30 June 2013

FAR Limited

	Note	Half-year ended 30 Jun 2013 $	30 Jun 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		13,513	401,699
Payments to suppliers		(4,293,060)	(5,418,060)
Interest and other costs of finance paid		(169)	(39,158)
Net cash (used in)/provided by operating activities		(4,279,716)	(5,055,519)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		389,825	527,830
Payments for oil and gas properties		(165,686)	-
Proceeds from oil and gas properties		436,825	2,898,949
Payments for property, plant and equipment		(6,114)	(30,988)
Advanced to JV –Kenya L6		(624,617)	-
Reclassification of performance bond to cash		5,400,000	-
Proceeds from property, plant and equipment		-	48,747
Proceeds from security bonds		43,653	-
Net cash outflow on acquisition of a subsidiary		(14,270)	-
Net cash provided by/(used in) investing activities		5,459,616	3,444,538
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(2,927,889)
Proceeds from issue of shares		-	15,039,947
Payment for share issue costs		-	(792,374)
Net cash (used in)/provided by financing activities		-	11,319,684
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,179,900	9,708,703
Cash and cash equivalents at the beginning of the period		17,350,678	23,803,920
Effects of exchange rate changes on cash and cash equivalents		74,066	164,016
Cash and cash equivalents at the end of the financial period		18,604,644	33,676,639

Notes to the financial statements are included on pages 13 to 22

1. Significant Accounting Policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and Accounting Standard AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.* The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost except, where applicable, for the revaluation of certain non-current assets and financial instruments. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the year ended 31 December 2012, except for the following:

(a) Change in functional currency

Effective from 1 January 2013, the component of the financial statements relating to the Kenya L6 joint venture changed its functional currency from Australian dollars to United States dollars. The change in functional currency reflects that the majority of funding and payments made to the Kenyan government, service providers and in-country representatives are made in United States Dollars. Further, a clause in the Production Sharing Contract (PSC) requires that the accounts and records of the joint venture are kept in United States Dollars.

The results of the joint venture are translated into Australian dollars for financial reporting purposes. Exchange differences arising from the translation from functional currency to presentation currency are recognised in the foreign currency translation reserve.

(b) Change in accounting policy

During the period, the Company changed its accounting policy in relation to the capitalisation of exploration expenditure.

In prior periods, the Company capitalised all expenditure in relation to exploration and evaluation activities.

In the current period, the Company has re-evaluated these policies and has changed these policies so that its accounting treatment of exploration expenditure will be more closely aligned to its perceived peers and more consistent with the petroleum industry's "successful efforts" approach to accounting. As a consequence the Company will now expense 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. Impairment tests will be conducted on the balance sheet to assess the carrying value of capitalised costs. The impact of the change in the accounting procedures on comparative period financial reports is outlined in the table below. Any expenditure that is capitalised in accordance with the above policy will remain subject to impairment testing at each reporting date in accordance with AASB 6, Exploration for and Evaluation of Mineral Reserves.

	Year ended 31 Dec 2012 $	Half-year ended 30 June 2012 $	
Impact on statement of profit or loss and other comprehensive income			
Loss for the year/period as previously reported	(9,054,434)	(345,943)	
Increase in exploration expenditure	(5,117,698)	(8,338,291)	
Restated loss for the year/period	(14,172,132)	(8,684,234)	
	As at 31 Dec 2012	**As at 30 Jun 2012**	**As At 31 Dec 2011**
Impact on statement of financial position			
Net assets as previously reported	75,981,966	83,982,540	68,840,201
Decrease in oil and gas properties	(43,068,480)	(46,289,073)	(37,950,782)
Decrease in deferred tax liability	4,187,577	4,187,577	4,187,577
Restated net assets	37,101,063	41,881,044	35,076,996
	Year ended 31 Dec 2012	**Half-year ended 30 Jun 2012**	**Year ended 31 Dec 2011**
Impact on accumulated losses			
Accumulated losses	(71,291,311)	(62,582,820)	(62,236,877)
Impact of restatement	(38,880,903)	(42,101,496)	(33,763,205)
Restated accumulated losses	(110,172,214)	(104,684,316)	(96,000,082)
	Year ended 31 Dec 2012	**Half-year ended 30 June 2012**	
Impact on basic and diluted earnings per share			
Reported basic earnings per share from continuing and discontinued operations	(0.38)	(0.01)	
Reported diluted earnings per share from continuing and discontinued operations	(0.38)	(0.01)	
Restated basic earnings per share from continuing and discontinued operations	(0.59)	(0.38)	
Restated diluted earnings per share from continuing and discontinued operations	(0.59)	(0.38)	

Adoption of new and revised Accounting Standards

In the current period, the Consolidated Entity 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 annual reporting periods beginning on or after 1 January 2013. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Consolidated Entity's accounting policies or in the amounts reported in the current or prior financial years.

2. 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 consolidated entity undertakes exploration of oil and gas in Australia, Africa, Jamaica and North America. The identification of the Consolidated Entity's reporting segments remains consistent with prior periods, with management allocating resources to segments on a geographical basis with the inclusion of a 'corporate' segment which captures all head office and administrative income, expenses and assets.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as those of the Consolidated Entity.

Segment Assets and Liabilities

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

	Assets		Liabilities	
	30 Jun 2013 $	31 Dec 2012 $	30 Jun 2013 $	31 Dec 2012 $
AGC	-	-	-	-
Australia	-	-	117,225	-
Guinea Bissau	-	-	-	-
Jamaica	-	-	-	-
Kenya	1,317,894	578,180	74,390	-
Senegal	11,986,932	17,382,168	-	-
USA	266,632	148,767	49,774	201,433
Corporate	21,772,460	20,690,969	665,684	1,729,551
Total assets and liabilities	35,343,918	38,800,084	907,073	1,930,985
Assets and liabilities relating to North American discontinued operations	17,142	287,757	16,493	55,794
Total assets and liabilities	35,361,060	39,087,841	923,566	1,986,778

Segment Revenue and Results

The following is an analysis of the Consolidated Entity's revenue and results by reportable segment for the period under review:

	Revenue		Segment Loss	
	30 Jun 2013 $	**30 June 2012 $**	**30 Jun 2013 $**	**30 June 2012 $**
AGC	-	-	(13,441)	(131,324)
Australia	-	-	(226,336)	(1,350,793)
Guinea Bissau	-	-	(383,220)	(222,655)
Jamaica	-	-	(3,610)	(38,130)
Kenya	-	-	(705,655)	(6,350,879)
Senegal	-	-	(649,190)	(379,352)
Other exploration	-	-	(32,912)	(3,750)
USA	209	-	51,741	-
Corporate	346,145	671,534	(1,665,013)	(229,440)
Consolidated segment revenue and loss before tax for the period from continuing operations	346,354	671,534	(3,627,636)	(8,703,323)
Income tax expense			-	-
Consolidated segment loss after tax for the period from continuing operations			(3,627,636)	(8,703,323)

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

3. Discontinued operations

On 20 February 2013, the Consolidated Entity entered into a Sale and Purchase Agreement for the sale of numerous oil and gas leases in North America, effective from 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:

	30 Jun 2013 $	30 Jun 2012 $
Revenue	-	306,306
Other income	-	53,581
Direct operating costs	-	(168,541)
Depreciation and amortisation expense	-	(97,082)
Exploration expense	-	45,095
Abandonment expense	-	(454)
Administration expenses	-	(39,566)
Employee benefits expense	-	(75,620)
Consulting expense	-	(3,594)
Other expenses	-	(1,036)
Profit before income tax	-	19,089
Income tax expense	-	
Profit attributable to members of FAR Limited from continuing operations	-	19,089
Cash flows from discontinued operations		
Net cash inflows/(outflows) from operating activities	18,794	(1,936)
Net cash outflows from investing activities	-	(40,743)
Net cash inflows/(outflows)	18,794	(42,743)

During the current period, the Company's subsidiary, FAR Inc., has been receiving funds from customers and making payments on behalf of the acquirers of the North American operations. These amounts have been added to and deducted from the final proceeds on settlement received in July 2013.

As a result of recognising a discontinued operation for the sale of numerous oil & gas leases in North America the following assets and liabilities have been classified as held for sale:

	30 Jun 2013 $	31 Dec 2012 $
Oil and gas properties	-	192,729
Property, plant & equipment	-	55,642
Trade and other receivables	17,142	39,386
Total assets classified as held for sale	17,142	287,757
Trade and other payables	(16,493)	(55,794)
Liabilities associated with assets classified as held for sale	(16,493)	(55,794)
Net assets classified as held for sale	649	231,963

On execution of the Sale and Purchase Agreement on 20 February 2013, the Oil & gas properties and property, plant & equipment were transferred to the acquirers. The remaining receivables and payables at 30 June 2013 were settled on receipt of the final settlement in July 2013.

4. Revenue

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

	Half-year ended	
	30 Jun 2013 $	**30 Jun 2012 $**
Interest Revenue:		
Bank deposits	346,354	610,485
Other Revenue	-	61,049
	346,354	671,534

5. Other income

	Half-year ended	
	30 Jun 2013 $	**30 Jun 2012 $**
Other income	155,540	501
Gain on sale of oil and gas properties	152,895	2,767,148
	308,435	2,767,649

6. Loss for the period

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

	Half-year ended	
	30 Jun 2013 $	**30 Jun 2012 $**
Employee benefit expense:		
- Short-term employee benefits – salaries and on-costs	(437,738)	(490,166)
- Short-term employee benefits – terminations	-	(561,936)
Post-employment benefits		
- Defined contribution plans	(52,489)	(65,981)
- Share based payments-equity settled	(816,000)	(850,500)
- Decrease/(increase) in employee benefits provisions	(61,972)	(252,985)
	(1,368,199)	(2,221,568)

7. Trade and other receivables

	30 Jun 2013 $	31 Dec 2012 $
Current		
Trade receivables	48,343	59,842
Interest receivable	17,501	63,340
Other receivables (i)	4,065,158	559,813
Less allowance for doubtful debts	(269,541)	(331,422)
	3,861,461	351,573
Non-current		
Other receivables	-	2,889,060
	-	2,889,060

The credit period on the sale of oil and gas varies between 30 and 60 days. No trade receivables were past due at balance date.

(i) Included in current other receivables is an amount of $2.8 million in respect of a prior year sale of the Consolidated Entity's interest in the Beibu Gulf 22/12 Joint Venture (through the disposal of a wholly owned subsidiary). As noted in the subsequent events note, these funds were received 3 September 2013.

8. Other financial assets

	30 Jun 2013 $	31 Dec 2012 $
Current		
Security deposit	1,909	71,887
Performance bond	370,680	370,680
	372,589	442,567
Non-current		
Performance bond (i)	-	5,400,000

(i) The performance bond in relation to the Senegal project was reclassified to cash and cash equivalents during the period in accordance with the terms of the Cairn Energy Farm in Agreement.

FAR Limited

9. Oil and gas properties

	30 Jun 2013 $	31 Dec 2012 $
Producing properties		
Capitalised development costs		
Opening balance	-	9,271,122
Additions	-	56,687
Disposals	-	(527,841)
Assets classified as held for sale	-	(8,597,583)
Net foreign currency exchange difference	-	(202,385)
Closing balance	-	-
Less: accumulated amortisation		
Opening balance	-	9,052,003
Amortisation expense	-	76,433
Disposals	-	(525,955)
Assets classified as held for sale	-	(8,404,853)
Net foreign currency exchange difference	-	(197,628)
Closing balance	**-**	**-**
Non-producing properties		
Exploration and evaluation expenditure:		
Opening balance	12,112,665	11,607,564
Additions	166,669	505,101
Disposals	-	-
Exploration expensed	-	-
Net foreign currency exchange differences	10,281	-
Closing balance	12,289,615	12,112,665
Net book value		
Opening balance	12,112,665	11,826,683
Closing balance	12,289,615	12,112,665

10. Issued capital

	30 Jun 2013 Number	30 Jun 2013 $	31 Dec 2012 Number	31 Dec 2012 $
Ordinary fully paid shares at beginning of the period/year	2,499,846,742	143,384,588	2,150,080,157	129,137,015
Shares allotted during the period/year	-	-	349,766,585	15,039,947
Share issue costs	-	-	-	(792,374)
Ordinary fully paid shares at end of the period/year	2,499,846,742	143,384,588	2,499,846,742	143,384,588

11. Share Based Payments

On 27 May 2013 the Company granted 62,000,000 unlisted options exercisable at 4.4 cents on or before 27 May 2016 to directors, employees and contractors.

The option package to directors/employees and contractors have been valued at $816,000 and $176,000 using the Black Scholes model and the financial effect has been recognised in "Employee Benefits Expense, Consulting Expense and Administration Expense" in the current financial period statement of comprehensive income.

Input into model	**Series 10**
Number granted	62,000,000
Grant date	27 May 2013
Grant date share price	3.0 cents
Exercise price	4.4 cents
Expected volatility	97%
Option Life	1,096 days
Risk free interest rate	3.75%
Fair value per option	1.6 cents

12. Commitments

In order to maintain rights to tenure of exploration permits, the Group is required to perform minimum exploration work programs specified by various state and national governments. These obligations are subject to renegotiation when application for an extension permit is made and at other times. The minimum exploration work program commitments may be reduced by entering into sale or farm out agreements or by relinquishing permit interests. Should the minimum exploration 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 be either reduced or forfeited. These expenditure commitments are not financial obligations.

The current estimated expenditure for these minimum exploration work program commitments are as follows:

	30 Jun 2013 $	**31 Dec 2012 $**
Oil and gas properties		
Not longer than 1 year	11,339,084	11,240,000
Longer than 1 year and not longer than 5 years	45,714,049	55,370,000
Longer than 5 years	-	-
	57,053,133	66,610,000

13. Contingent liabilities

	30 Jun 2013 $	31 Dec 2012 $
Contingent liabilities		
Guinea-Bissau – contingent payment from future production (i)	14,016,000	12,519,260
Guinea-Bissau – contingent withholding tax liability(i)	595,079	508,000
Kenya L6 – performance Bond (i)	370,680	370,680
Senegal – performance bond (ii)	-	5,400,000
	14,981,759	18,797,940

(i) For further details refer to the annual report for the year ended 31 December 2012.

(ii) The Senegal performance bond was reclassified to cash and cash equivalents during the period in accordance with the terms of the Cairn Energy Farm-in Agreement.

14. Subsequent events

On 31 July 2013, the Company executed a second farm-in agreement on its offshore Senegal oil exploration permits with US oil and gas exploration company ConocoPhillips and is subject to conditions precedent.

On 8 August 2013, the Company received the First Farm-in Fee of US$4.82 million (AU$5.2 million) from Cairn Energy in respect of the Senegal farm in deal executed on 18 March 2013 and successfully completed on 1 August 2013.

On 3 September 2013, the Company received the third and final tranche payment of $2.9 million for the sale of the Consolidated Entity's interest in the Beibu Gulf 22/12 Joint Venture.

On 6 September 2013 Petrole Investments Group a fully owned subsidiary of FAR entered into an assignment agreement with Dominion Petroleum Kenya Ltd a subsidiary of Ophir Energy for the transfer of 30% participating interest in Kenya Block L9 which is subject to Ministerial approval. Following ministerial approval FAR will make a payment of approximately US$11 million for back costs principally in relation to two 3D seismic surveys previously acquired over the block.

The Directors are not aware of any other matters or circumstances at the date of this report, other than those referred to in this report, that have significantly affected or may significantly affect the operations, the results of the operations or the state of affairs of the Consolidated Entity in subsequent financial years.