

01 April – 30 June 2016

Q2 Report

Highlights

- The evaluation of the SNE oil discovery, located offshore Senegal, continued over the June 2016 quarter with the successful drilling of the BEL-1 and SNE-4 appraisal wells. Both wells were completed ahead of schedule and under budget.
- BEL-1 discovered gas in the Bellatrix exploration prospect and confirmed excellent quality oil reservoirs in the northern portion of the SNE oil field. SNE-4 confirmed the extension of the SNE oil field upper reservoir units in the eastern portion of the SNE field. After completion of SNE-4 operations, Cairn Energy PLC provided notice to release the Athena drill ship.
- Cash and term deposits at the end of the June quarter totalled \$66 million
- Post June quarter ConocoPhillips announced a proposed sale of its Senegal interests to Woodside Petroleum Ltd, subject to Senegal Government approval and co-venturer pre-emption rights.
- **Forward program**
 - Update to FAR's SNE contingent resources
 - FAR statement on SNE commerciality
 - Update on FAR's Senegal prospective resources
 - Resumption of Senegal joint venture offshore drilling expected in 2H 2016

Projects update

Offshore Senegal

During the period, FAR and its JV partners continued the evaluation of the SNE oil field with the successful drilling of the BEL-1 and SNE-4 appraisal wells, located in the Sangomar Deep Block of the Rufisque, Sangomar and Sangomar Deep ("RSSD") Blocks offshore Senegal.

Important information from these wells have helped our understanding of the SNE field size and reservoir characteristics and are vital to achieving our goal of establishing the commerciality of SNE.

BEL-1 had twin goals. To evaluate the Buried Hills exploration play and appraise the northern portion of the SNE oil field. Gas was discovered in the overlying Buried Hills exploration prospect. Success in appraising the northern extent of the underlying SNE field has also proven the field's world class scale.

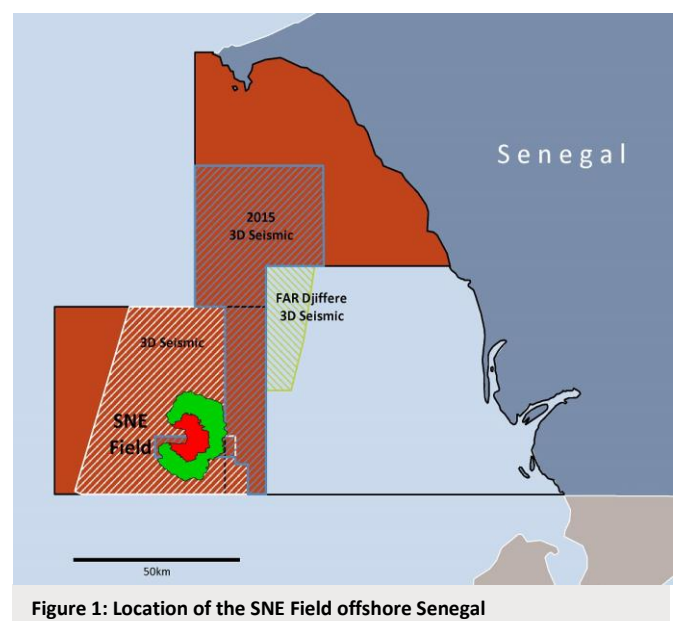


Figure 1: Location of the SNE Field offshore Senegal

SNE-4 appraised the south eastern portion of the SNE oil field and confirmed the eastern extension of the SNE oil field upper reservoir units 5km east and down dip from the SNE-3 well location.

Both wells were safely drilled, cored and logged ahead of schedule and under budget.

BEL-1 result

The BEL-1 Buried Hills section confirmed two good quality gas bearing sandstone reservoirs in lower zones (8 metres net) with upper zones interpreted to be tight. No water-bearing units were encountered in this section, supporting potential for down-dip oil with extensive structural closure.

The deeper BEL-1 SNE appraisal well extended the reservoirs, oil column (100m gross) and 32 degree API oil quality over the northern flank of the SNE field. It also confirmed good correlation and presence of the principal SNE reservoir units between the SNE-1, SNE-2, SNE-3 and BEL-1 wells over a distance of more than 9 kilometres. A total of 144m of continuous core was also cut across the entire BEL-1 SNE oil reservoir interval with 100% recovery.

SNE-4 result

SNE-4 confirmed the presence and correlation of principal reservoir units, oil column (102m gross), and 32 degree API oil quality as seen in the other wells across the SNE oil field.

A total of 108m continuous core was cut across the entire SNE-4 oil bearing reservoir interval with 100% recovery. Long term monitoring gauges were also installed in the well.

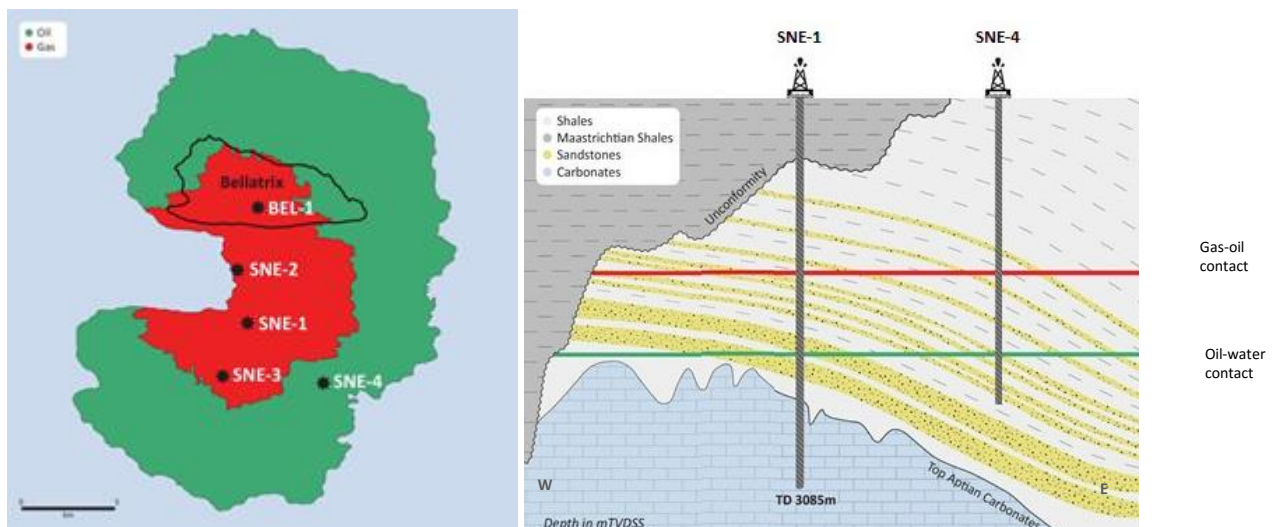


Figure 2. SNE field outline with BEL-1 and SNE-4 locations Figure 3. SNE field schematic cross section showing SNE-1 and SNE-4

Drill ship released

During the June quarter, the Operator of the Senegal Joint Venture provided notice to release the Ocean Rig Athena drill ship after completion of SNE-4 operations. Drilling offshore Senegal is expected to resume in 2H 2016.

SNE resource update

RISC Operations Pty Ltd ("RISC") provided an updated Independent Resources Report for the SNE oil field following the drilling of two successful appraisal wells SNE-2 and SNE-3. RISC reviewed and modified a probabilistic resource evaluation carried out by FAR in accordance with industry standard SPE-PRMS definitions. This April 2016 report resulted in a material increase to the estimates previously reported by FAR in February (Refer: FAR ASX announcement 8 February 2016) with the SNE field 2C contingent resource increasing by 20% to 561 mmbbls (100% basis, recoverable).

Table 1 shows the SNE contingent resource estimates as at April 2016, in comparison to the February 2016 FAR reported figures.

Table 1. Summary of oil contingent resources (MMstb) included in RISC's April 2016 report

	Gross			Net Attributable		
	1C	2C	3C	1C	2C	3C
SNE Discovery (MMstb)	277	561	1071	42	84	161
Percentage change from Feb	+15%	+20%	+14%	+15%	+20%	+14%

1. Gross are 100% of the resources attributable to the licence.
2. Net attributable are reported on the basis of FAR's current working interest share of 15%. Petrosen has an option to increase its working interest through the exploitation phase which would reduce FAR's working interest to 13.7%.
3. The contingent estimates are not adjusted to reflect the Production Sharing Contract entitlement on net economic interest basis.

FAR will release a further update to the SNE contingent resources in Q3 2016 incorporating the new BEL-1 and SNE-4 well information and core data.

Senegal JV 3D seismic

A 2,400km² 3D seismic survey over the Senegal joint venture Sangomar and Rufisque blocks was completed at the end of 2015. Preliminary processed data from this survey has been received over the June quarter, with final products expected over the remainder of 2016. The aim of this program is to close eastern boundaries of existing prospects and leads and define a prospect inventory to the north and east. The map in Figure 4 shows the Senegal JV 3D seismic survey (in blue).

FAR Djiffere 3D seismic (FAR Djiffere block option)

A 400km² 3D seismic survey over the north western portion of the Djiffere Block has also been acquired exclusively by FAR as an extension to the larger RSSD seismic survey. The survey was completed at the end of 2015 and preliminary processed products are expected to be delivered in Q3 2016 with final products expected end of 2016. The map in Figure 4 shows the FAR Djiffere 3D seismic survey (in red).

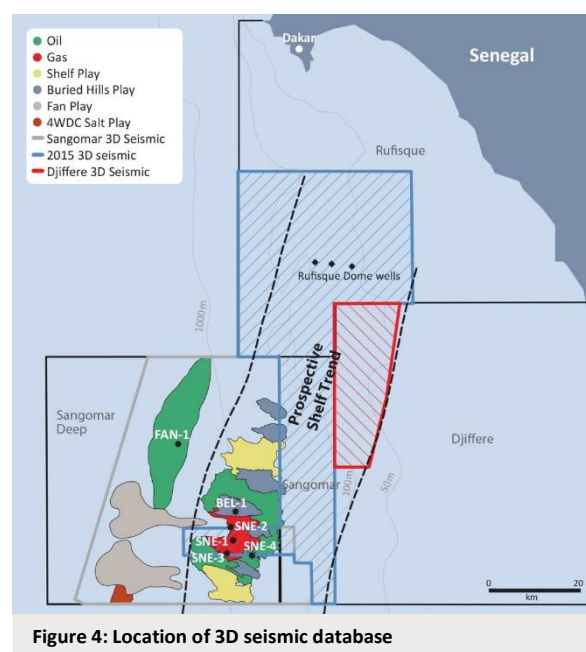


Figure 4: Location of 3D seismic database

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

Under the agreements with Trace, FAR has the sole option to earn a 75% working interest in the Djiffere block by drilling an exploration well before 31 July 2018 (subject to Government approvals). The farm-in option can be exercised by FAR at any time before 31 October 2016.

Rufisque, Sangomar, Sangomar Deep	Working Interest
FAR	15%
Cairn Energy	45% Operator
ConocoPhillips	35%
Petrosen	10%

Offshore Guinea-Bissau

In late April 2015, the Government of Guinea-Bissau approved a 2 year extension to the current exploration term. The extension period begins on 26 November 2015 and concludes on 25 November 2017.

The joint venture has acquired additional 3D seismic over the shelf edge to image prospects identified in this region that are potentially analogous to the SNE discovery, offshore Senegal. This new 3D data has been specifically designed to evaluate the large Atum prospect which was previously only partially covered by 3D data. The new seismic data has been processed and interpreted and joint venture technical meetings are now taking place.

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

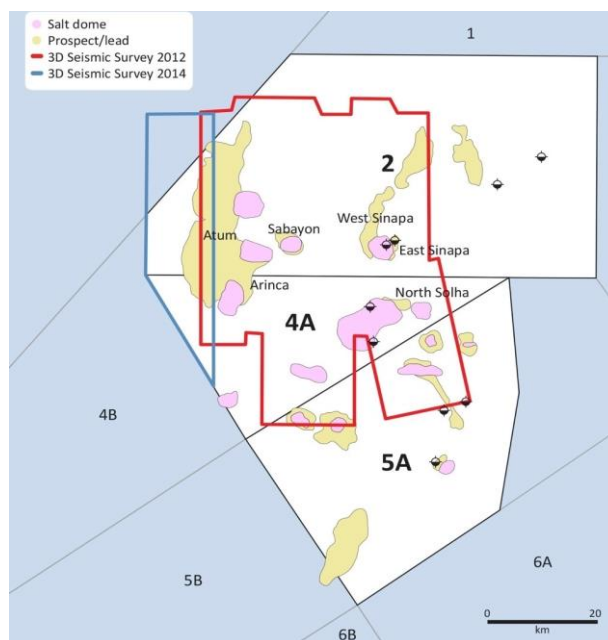


Figure 5: Location of FAR blocks offshore Guinea-Bissau

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

Kenya

During the quarter, FAR continued discussions with the Government of Kenya to secure suitable arrangements pursuant to the Petroleum Sharing Contract to allow exploration activity that has been hindered by past security incidents and land access issues, to commence. FAR is planning for a 2D seismic survey to commence as soon as possible.

Under the terms of the Joint Operating Agreement, FAR's partner in the L6 Joint Venture (Pancontinental Oil and Gas) has been issued with default notices for non-payment of two cash calls in February 2015 and remains in default. Discussions continue with Pancontinental to resolve the matter.

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

(i) Subject to the completion of the farm-out agreement with Milio. (Refer to (i) of Project table on page 7 for further information)

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

Australia

FAR has participated in a speculative 3D seismic survey that commenced in Q2 2015 covering WA-457-P and a portion of WA-458-P. FAR has received final processed data over the majority of the WA-458-P Block and is planning to acquire new 3D seismic over the remainder. The seismic contractor, CGG, has now secured environmental approvals for the new data acquisition over the Glomar Shoals.

As previously advised, FAR commenced the relinquishment of the WA-457-P block and will leave in good standing.

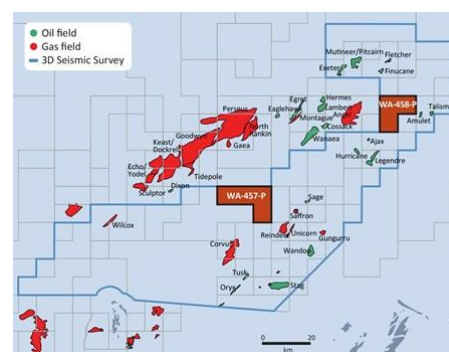


Figure 6: Location of WA-457-P and WA-458-P

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

Equity raising

FAR successfully completed an equity placement of \$60M (before expenses) to institutional and sophisticated investors. The placement price of 8.5 cents per share represented a 6.6% discount to the company's last close price at 12 April 2016 of 9.1 cents. The placement was significantly oversubscribed with strong support from existing shareholders and a number of new institutional investors. Proceeds from the placement will be used to fund FAR's continued participation in the drilling and evaluation program offshore Senegal.

Post June quarter

On 14 July 2016, our joint venture partner ConocoPhillips and Woodside Petroleum Ltd announced a proposed and conditional sale of ConocoPhillips 35% interests in the Senegal offshore Senegal Rufisque, Sangomar and Sangomar Deep assets to Woodside.

According to the terms that FAR has seen to date, the transaction is subject to the approval of the Government of Senegal and co-venturer pre-emption rights.

Management comment

FAR Ltd Managing Director, Cath Norman said, "The last quarter was tremendously successful for FAR with the BEL-1 and SNE-4 wells continuing the Senegal joint venture's 100% success rate over six consecutive wells, five of which were within the world class SNE oil field."

"The joint venture has collected a considerable amount of geotechnical data over the 4 well appraisal drilling campaign that is now being integrated and understood."

"In the coming weeks FAR will provide an update to the estimated SNE contingent resources, a statement on SNE commerciality, and an update on our Senegal prospective resources, including the Djiffere block."

"FAR will also provide an update on its position relative to the Woodside Petroleum proposal to acquire ConocoPhillips' 35% equity share of the Senegal joint venture. As announced on July 14, FAR continues to consider its position in relation to its pre-emptive rights under the joint venture agreements."

"FAR's offshore oil exploration success in Senegal has been recognised by its international oil & gas industry peers with the company awarded 'Breakthrough Company of the Year' at the annual Africa Assembly in London in June where Oil and Gas Council, Africa, Managing Director, Drake Lawhead, said, 'Quite simply, the Senegal story is the standout over the last two years in Africa, and of all the companies involved there, the title of 'Breakthrough' is most apt for FAR Limited'".

"FAR finished the June quarter with \$66m in cash and no debt after raising \$60m (before expenses) from leading Australian and global institutions.

"FAR investors are in for an exciting time ahead and the company is looking forward to resuming offshore Senegal drilling activity over 2H 2016."

Disclaimers

***Prospective Resource Estimates Cautionary Statement** - With respect to the prospective resource estimates contained within this report, it should be noted that the estimated quantities of Petroleum that may potentially be recovered by the future application of a development project may relate to undiscovered accumulations. These estimates have an associated risk of discovery and risk of development. Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Prospective Resources - All prospective resource estimates presented in this report are prepared as at 27/2/2013, 11/3/2014, 5/2/2014 and 13/04/2015 (Reference: FAR ASX releases of 27/02/2013, 11/3/2014, 5/2/2014 and 13/04/2015). The estimates have been prepared by the Company in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System, 2007 approved by the Society of Petroleum Engineer and have been prepared using probabilistic methods. Unless otherwise stated the estimates provided in this report are Best Estimates and represent that there is a 50% probability that the actual resource volume will be in excess of the amounts reported. The estimates are unrisks and have not been adjusted for both an associated chance of discovery and a chance of development. The 100% basis and net to FAR prospective resource estimates include Government share of production applicable under the Production Sharing Contract.

Competent Person Statement Information - In this report relating to hydrocarbon resource estimates has been compiled by Peter Nicholls, the FAR Limited exploration manager. Mr Nicholls has over 30 years of experience in petroleum geophysics and geology and is a member of the American Association of Petroleum Geology, the Society of Petroleum Engineers and the Petroleum Exploration Society of Australia. Mr Nicholls consents to the inclusion of the information in this report relating to hydrocarbon Prospective Resources in the form and context in which it appears. The Prospective Resource estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, Petroleum Resource Management System.

Forward looking statements - This document may include forward looking statements. Forward looking statements include, are not necessarily limited to, statements concerning FAR's planned operation program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although FAR Ltd believes its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward looking statements. The entity confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially changed.

For more information please contact

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Project table

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

(i) Subject to the completion of the farm-out agreement with Milio. Current paying and beneficial interest is 60%. Since executing the farm-out agreement, the agreed farm-out work program to be completed 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 operation a 12 month extension and is working with the Block L6 joint operation to ensure appropriate access for petroleum operations is established. Due to these circumstances the above mentioned farm out agreement could not be completed between the L6 Parties and Milio International because Milio International was not in a position to fulfil its portion of the obligations in relation to the farm-out agreement and, as such the Conditions Precedents were not completed as required pursuant to the terms of the farm out agreement. As a consequence of these circumstances, Milio International does not currently have a participating interest or any rights in relation to Block L6 and the current Block L6 participants are FAR Ltd (60%) and Pancontinental Oil & Gas NL (40%). The farm-out parties are in discussions in relation to a revised farm-out agreement to reflect the above mentioned changed circumstances. (For further information, refer to Note 18 (ii) of the Notes to the Financial Statements in the FAR 2015 Annual Report).

(ii) The agreement with Ophir Energy terminated during the 2014 year and discussions have been ongoing to resolve FAR's equity transfer.

Top 10 shareholders (as at 28 July 2016)

	Shareholder	Units	%
1.	FARJOY PTY LTD	451,963,236	10.13
2.	J P MORGAN NOMINEES AUSTRALIA LIMITED	420,468,376	9.42
3.	BNP PARIBAS NOMS PTY LTD	235,399,607	5.28
4.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	232,232,084	5.21
5.	CITICORP NOMINEES PTY LIMITED	156,364,153	3.50
6.	NATIONAL NOMINEES LIMITED	125,679,581	2.82
7.	MR OLIVER LENNOX-KING	75,647,869	1.70
8.	TOAD FACILITIES PTY LTD	66,116,824	1.48
9.	UBS NOMINEES PTY LTD	58,340,645	1.31
10.	FOUNTAIN OAKS PTY LTD	34,200,366	0.77
	TOTAL	1,856,412,741	41.62%

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

FAR Ltd

ABN

41 009 117 293

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for:		
	(a) exploration & evaluation expensed	(4,240)	(8,612)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(1,193)	(1,965)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	78	83
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(5,355)	(10,494)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(15)	(40)
	(d) exploration & evaluation capitalised	(20,854)	(44,099)
	(e) development	-	-
1.9	Proceeds from sale of:		
	(a) oil & gas properties	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12a	Other (net proceeds/(advances) from/to JV)	(7)	(15)
1.12b	Other (proceeds/(payment) from/(for) performance bond)	3	2
Net investing cash flows		(20,873)	(44,152)
1.13	Total operating and investing cash flows (carried forward)	(26,228)	(54,646)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(26,228)	(54,646)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	62,112	62,728
1.15	Payment of share issue costs	(2,597)	(2,601)
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Proceeds from security deposits	-	-
1.19	Other (payment for share issue costs)	-	-
	Net financing cash flows	59,515	60,127
	Net increase (decrease) in cash held	33,287	5,481
1.20	Cash at beginning of quarter/year	31,679	60,671
1.21	Exchange rate adjustments to item 1.20	1,313	127
1.22	Cash at end of quarter	66,279	66,279

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	329
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	16,000
4.2 Development	-
4.3 Production	-
4.4 Administration	1,000
Total	17,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	55,912	31,671
5.2 Deposits at call	367	8
5.3 Bank overdraft	-	-
5.4 Other (Term Deposits)	10,000	-
Total: cash at end of quarter (item 1.22)	66,279	31,679

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference			
7.2	+securities (description) Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	4,461,532,458	4,461,532,458	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	705,882,359 48,000,000	705,882,359 48,000,000	8.5 cents 4.4 cents
7.5	+Convertible debt securities (description)			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	Options held at quarter end Unlisted Unlisted	68,000,000	-	10.0 cents
			Exercise price	Expiry date
			10.0 cents	1 Jun 2018

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	48,000,000	-	4.4 cents	27 May 2016
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		
7.14	Performance Rights Unlisted	21,425,0000	-	Nil	31 Jan 2021

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

.....
Company Secretary

Date: 29 Jul 2016

Print name:

Peter Thiessen

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.

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