QUARTERLY REPORT FOR THE PERIOD
FROM 1 JANUARY 2011 TO 31 MARCH 2011

HIGHLIGHTS

OFFSHORE WEST AFRICA - AGC
Drilling of Kora prospect with mean prospective oil resource of 448mmbbl expected late May 2011; total un-risked resource potential of AGC Profond estimated at 1.7 billion barrels of oil equivalent.

OFFSHORE WEST AFRICA - SENEGAL
Waiting on formal Decree concerning entry to the Second Renewal Period which includes an exploration well; detailed Agreements signed giving Ophir the right to acquire a 25% stake in the licences while farmout discussions with others are continuing.

OFFSHORE WEST AFRICA - GUINEA BISSAU
Processing and interpretation of 3D seismic in progress ahead of a possible two well drilling program in 2012; the blocks contain the existing Sinapa oil discovery and several large untested prospects.

UNITED STATES OF AMERICA
First quarter oil and gas sales of $210,068.

CHINA
US$6 million of receivables due from the sale of Beibu Gulf interest, subject to conditions precedent being met.

CASH POSITION
Cash balance at 31 March 2011 of $36.1 million.

OFFSHORE WEST AFRICA

AGC PROFOND (FAR 10% paying interest)
During the quarter, Detailed Agreements were finalised with Ophir AGC (Profond) Limited (“Ophir”) confirming the terms of an earlier Heads of Agreement to participate in the drilling of the Kora Prospect via the acquisition of a 10 percent paying interest (8.8% beneficial interest) in the AGC Profond PSC, offshore Senegal and Guinea Bissau.

Regulatory approval has been granted by the AGC Joint Authority.

Under the Agreement, Ophir has the right to acquire a 25 percent interest in FAR’s Senegal licence areas.

The Kora well, targeting a prospect having mean prospective oil resources of 448 million barrels (100% basis, Rocksource estimate), is currently expected to spud around 15 May 2011, subject to the timing of release by the existing contractor in Ghana from where the rig will mobilise to the AGC area.
The Agreement to participate in the Kora Prospect not only sees FAR participate in this landmark AGC Profond well but also expands its Offshore West African Licence position to become the largest holder of licences between Guinea in the south and Mauritania to the north.

**AGC Profond PSC Details**

AGC (Agence de Gestion et de Coopération entre le Sénégal et la Guinée-Bissau) is a joint commission 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 9,838km² and is located in water depths ranging from approximately 50 to 3,500m. The PSC is currently in the First Renewal Period which runs until 19 September 2011 and carries a single well commitment. A second renewal of a further two years is possible which will incur a commitment to drill another exploration well.

Under the terms of the Agreement FAR will acquire a 10 percent paying interest in the PSC which is subject to the carried interest of l’Enterprise AGC S.A. (currently 12% with the option to increase by a further 5%).

According to data published by Rocksouce Norway, a partner in the AGC Profond Block, the PSC contains several commercially viable, low risk prospects. To date, 16 prospects have been mapped and these represent a total un-risked resource potential estimated at approximately 1.7 billion barrels of oil equivalents (Bboe). Several prospects have been evaluated through the acquisition of CSEM data with encouraging results leading to a decision by the Joint Venture to drill the Kora Prospect in the northern part of the AGC Profond area (Source: Rocksouce Norway website).

**Kora Prospect**

The Kora well is targeting a prospect having mean prospective oil resources of 448 million barrels (100% basis, Rocksouce estimate). The well will be operated by Ophir using the semi-submersible rig Maersk Deliverer and is expected to spud in May 2011 and take in the order of 24 days. The spud date is dependent upon the timing of release by an existing contractor in Ghana from where the rig will mobilize to the AGC area.

The well location is 285km south west of the port of Dakar in a water depth of 2,651m. The planned minimum Total Depth for the Kora well is 4,251mSS (approximately 1,600m below the mudline) although consideration will be given to drilling deeper based on the geology encountered.
Under the terms of the Agreement FAR will pay 15 percent of the well cost. The most recent well cost estimate is around US$40 million with a consequent cost to FAR of US$6 million. Should the well cost exceed this amount FAR will be liable for its share of over-expenditure on an equity basis (i.e. 10%).

Kora is the largest exploration target in the AGC Profond Block lying in 2600 metres of water. It is a large toe-thrust structure interpreted to contain a series of stacked deep-water reservoir targets. The CSEM data from two lines that cross the prospect show a strong positive anomaly that conforms to the mapped structure. After the processing of the CSEM data the prospect chance of success is considered by Rocksource to be approximately 50 percent. Further details concerning the Kora prospect are available on both the Ophir and Rocksource websites.

About Ophir

Ophir Energy plc is an international oil and gas exploration company with an extensive portfolio of interests across the continent of Africa. Since its foundation in 2004, the Company has acquired an extensive portfolio of exploration interests consisting of 17 projects in nine jurisdictions in Africa. The majority of these interests lie offshore in water depths greater than 250m and are thus classified as “deepwater”. Importantly, Ophir enjoys an enviable record for operating the drilling of deepwater wells with a competency that may prove invaluable to FAR in its quest to explore its growing West African portfolio.

Synergies of the Agreement

The Ophir well will be the first deepwater well to be drilled along the Central Atlantic Margin to the north of the Venus discovery which was drilled offshore Sierra Leone by Anadarko in late 2009. The Venus discovery has led to a significant increase in interest in nearby acreage, including offshore Liberia as evidenced by recent transactions involving Chevron and African Petroleum. Whilst Liberia and Sierra Leone are set to experience a consequent surge in drilling activity there has, to date, been no deepwater drilling in the area offshore Senegal and Guinea Bissau where FAR has a strong footprint. This is set to change and success at Kora has the potential to see a similar ramping up of activity offshore Senegal.

FAR and Ophir will be in a position to share geological data and gain a greater understanding of play types and prospects in the region. Should this be encouraging, Ophir’s deepwater drilling experience will provide the capability for the JV to drill a well on the Rufisque and Sangomar Offshore and the Sangomar Deep Offshore Licences held by FAR. Whilst the respective Licence areas are in different sub basins of the larger MSGBC basin they are modelled on similar concepts.
The Agreement gives Ophir the ability to acquire a 25 percent interest in the Senegal blocks within 60 days of drilling the Kora Prospect and, in the event Ophir exercises its option, it will be appointed Operator. Should Ophir elect to continue in the Senegal Blocks subsequent to drilling a Senegal well Ophir has agreed to pay an equivalent reciprocal well promote (1.5 times well cost) to FAR.

The Agreement has been approved by the AGC Joint Authority.

OFFSHORE WEST AFRICA – SENEGAL

RUFISQUE, SANGOMAR AND SANGOMAR DEEP OFFSHORE BLOCKS (FAR 90% - OPERATOR)

FAR is Operator of three offshore Blocks and holds a 90 percent interest with the balance being held by Petrosen (Senegal’s National Oil Company).

Application to Enter Second Renewal Period Lodged

The Company has given notice under the terms of the Production Sharing Contract (PSC) to the Minister for Energy for the Republic of Senegal of its intention to enter the next exploration phase (second renewal period) which commenced on 23 November 2010.

FAR’s renewal under the PSC is subject to Ministerial approval and requires a Presidential Decree. The request is supported by Petrosen, the National Oil Company of Senegal.

Recent changes within various Ministries, including that of Energy, have resulted in delays in the processing of Decrees concerning both offshore and onshore PSCs within Senegal.

In early April 2011, a further delegation comprising three representatives from FAR and Ophir’s Country Manager held meetings with Petrosen and obtained consents sought under the Agreement giving Ophir the ability to acquire a 25 percent interest in the Senegal blocks. The delegation was warmly received and assurances were again provided that the issuance of a Decree concerning FAR’s PSC would be made in due course.
FAR will provide a further ASX release once formal documents have been conveyed.

The PSC terms currently specify the requirement to drill a well within two years of entering the renewal period backed by a surety of US$5 million that is forfeitable in the event of non-performance.

FAR considers that there is a compelling case for going forward into the drilling phase for the following reasons:

- The Licence renewal would provide more certainty to potential farmineseees.
- FAR would seek recovery of the US$5 million surety in any farmout.
- The renewal would provide additional time to procure a drilling partner. A number of potential partners are currently studying the data.
- The first deepwater well ever drilled in the region is scheduled to be drilled by Ophir, and its joint venture partners including FAR, in May 2011. A successful outcome would impact FAR’s Senegal licences; stimulate regional activity; and provide more certainty on drilling costs.
- 2011/12 is shaping up to be a landmark year for deepwater exploration generally along the Central Atlantic Margin with wells earmarked for drilling by Ophir and FAR (AGC), Anadarko (Sierra Leone/Liberia), Dana (Guinea), African Petroleum (Liberia and Gambia) and Chevron (Liberia).
- Recent transactions in Liberia and Gambia (abutting FAR’s Senegal licence area) by NSX listed African Petroleum provide strong independent evidence supporting the underlying value of FAR’s Licences.

Agreement Reached with Ophir

As noted in the AGC section above, the Agreement with Ophir gives Ophir the ability to acquire a 25 percent interest in the Senegal blocks within 60 days of drilling the Kora Prospect and, in the event Ophir exercises its option, it will be appointed Operator. Should Ophir elect to continue in the Senegal Blocks subsequent to drilling a Senegal well Ophir has agreed to pay an equivalent reciprocal well promote (1.5 times well cost) to FAR.

Farm-out Marketing Continues

During the quarter FAR continued farmout discussions with a number of potential farminesees partners with the objective of securing a commitment to drill an exploration well.

FAR has provided data packages to several large international exploration and production companies including companies with existing operations and/or production in West Africa’s deep water play. Detailed technical reviews are ongoing.

As was the case in the previous round, the farmout process may take several months while companies undertake technical due diligence. Due to the commercially sensitive nature of the farmout process and confidentiality agreements executed as part of this process, FAR will not make any public release until such time as a binding agreement, if any, has been reached.

FAR is seeking cost recovery and a free carry through the drilling of one exploratory well.
OFFSHORE WEST AFRICA – GUINEA BISSAU

OFFSHORE BLOCKS SINAPA (BLOCK 2) AND ESPERANCA (BLOCKS 4A & 5A) (FAR 15%)

During the quarter processing and interpretation of the 3D seismic data acquired in 2010 continued with the objective of identifying preferred targets for the drilling of up to two wells in 2012. The timing and extent of any drilling is subject to the results of this work which is expected to be completed during the second half of 2011.

The substantial data acquisition program consisted of some 1,200km² of high resolution ARKeX Gravity Gradiometry data and some 1,640km² of 3D seismic PGS Geostreamer data. This data was acquired by Svenska on behalf of co-venturers FAR and Petroguin in order to better define a number of leads, prospects and discoveries at various stratigraphic intervals on the two licenses. Initial results of the surveys are encouraging with both Gravity Gradiometry data and Geostreamer seismic data being detailed and noise free.
Background

In December 2009, FAR reached agreement with Delek International Energy Ltd (Delek) to acquire a 15 percent participating interest in three Licenses located offshore Guinea Bissau, a nation which lies immediately south of Senegal. The entry into these blocks expands FAR’s footprint offshore West Africa and provides excellent synergy with the Company’s offshore Senegal blocks.

The Licences lie on the continental shelf around 180 kilometres off the Guinea Bissau coast and west of the Bissau River estuary. Exploration dates back over 40 years when Exxon initiated exploration operations. Further exploration drilling was carried out in the area during the 1990s by operators Elf and Pecten, all with limited success. Premier became involved as operator of these licences in 2002 and drilled a series of wells including Espinefre and Eiroses and the Sinapa oil discovery. No oil has as yet been commercially produced in Guinea Bissau.

Svenska assumed operatorship following the withdrawal of Premier. The underlying exploration potential of offshore Guinea Bissau has long been recognised given the functioning hydrocarbon system, good potential reservoirs and multiple drillable prospects in a wide shallow waters shelf setting. Significant potential lies in the un-appraised Sinapa discovery.

Guinea Bissau Exploration Opportunity

- A shallow water play with large hydrocarbon potential in the Guinea Bissau portion of the productive Mauritania-Senegal-Guinea Bissau-Conakry Basin. There are large closures identified in Albian aged prospects located adjacent to a prolific Cenomanian Turonian oil kitchen. The area remains lightly explored, however, of the wells drilled to date nearly all have recorded live oil shows and one tested oil. Importantly, preliminary basin modelling studies conducted during 2010 conclude that oil generation with commercial levels of expulsion from the organically rich Turonian source kitchen is likely.

- The Licences include the Sinapa oil discovery in 30 meters of water depth estimated to have a P50 STOOIP of 240 million barrels and several large untested prospects
including the Sardinha prospect estimated to have unrisked **P50 STOOIP of 219 million barrels**.

- The **Sinapa (Block 2) and Esperanca (Blocks 4A and 5A)** offshore licences, as illustrated in the attached map, cover an area of approximately 5,832km² and lie in water depths ranging from 10 metres to in excess of 1,000 metres. Immediately to the north lies the billion barrel Dome Flore discovery.

- The Licences are currently in Phase 1 of the exploration term, which has been extended for two years to 25 November 2012. A further optional four year Phase 2 exploration period has a work commitment that includes a single exploration well.

- FAR has partnered with the operator, Svenska Petroleum Exploration Guinea Bissau AB (**Svenska**), in evaluating this opportunity, by assuming the exploration obligations of **Delek** for the year 2009 capped at US$600,000 plus forward obligations arising from the date of the agreement. In the event of commercial production Delek is entitled to recover past costs capped at US$13 million.

- A 3D seismic acquisition program was completed in December 2010. Processing and interpretation of the data is in progress. The survey is designed to follow up an earlier 200 km² 3D survey over Sinapa (1997) and a more recent (November 2009) 2D survey.

**Sinapa Oil Discovery**

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**FAR LOOKING TO INCREASE AFRICAN PORTFOLIO**

As advised in the Chairman’s presentation to shareholders at the 2011 Annual General Meeting (released to the ASX on 11 April 2011), the Company continues to look to increase its portfolio of African assets and has evaluated offshore opportunities in a number of countries during the past year.
OFFSHORE WEST AFRICA – REGIONAL ACTIVITY SET TO SURGE

The Venus-1 wildcat drilled by Anadarko late 2009 extended the Jubilee play-type several hundred kilometres to the northwest providing further evidence that potential remains to be exploited along the thinly explored northwest African margin. The Well has triggered a surge in activity with multiple deepwater wells now planned for 2011/12 between Liberia and Mauritania. Deepwater wells are planned by Anadarko (Sierra Leone and Liberia), African Petroleum (Liberia and Gambia), Tullow (Sierra Leone and Liberia), Chevron (Liberia), Dana/Hyperdynamics (Guinea) and Ophir (AGC).

A number of significant 3D seismic programs have also commenced or have been recently completed in close proximity to FAR’s acreage, including PGS shoots in Guinea Bissau (FAR/Svenska) and Guinea (Dana/Hyperdynamics) and TGS Nopec in Gambia (African Petroleum). These 3D seismic programs are the likely precursors to further drilling activity with a well potentially earmarked for Gambia late 2011/early 2012 on acreage having a common boundary with FAR’s Senegal holdings.

New entrants like African Petroleum have also generated increased analytical coverage of frontier exploration plays with recent research highlighting the significance of the upcoming Kora well and include the observation that:

“Success for Ophir and partners could potentially have the same positive impact for AGC that Jubilee had for Ghana.”

OFFSHORE CHINA

BEIBU GULF BLOCK 22/12
(OPERATOR- ROC OIL)

FAR sold its 5 percent interest in Beibu Gulf Block 22/12 in April 2009.

The sale price of US$8 million is to be paid in three tranches:

1. US$2 million was received during April 2009.
2. US$3 million upon approval of an Oilfield Development Program (“ODP”) or if commercial development of the project proceeds.
3. US$3 million once the project has produced 1 million barrels of oil (gross).

During the quarter, the remaining Joint Venturers have advised that, following internal and external expert reviews, CNOOC Limited, as the delegated authority, has internally approved the Project Investment and Overall Development Plan (“ODP”).

Following receipt of this approval by the Joint Venture, FAR expects to receive the US$3 million second tranche payment from the sale of its interest in the project on satisfaction of certain regulatory matters.
NORTH AMERICA

SALES AND PRODUCTION

Gas sales during the quarter totalled 19.3 million cubic feet (Q4 2010: 23.2 million cubic feet) for an average of 214 thousand cubic feet per day at an average price of US$4.38 per thousand cubic feet before production taxes (Q4 2010: US$3.81/MCF). Oil sales during the quarter totalled 1,420 barrels (Q4 2010: 1,488 bbl) for an average of 16 barrels of oil per day at an average price of US$89.11 per barrel before production taxes (Q4 2010: US$81.59 /bbl).

USA / ONSHORE CANADA

No exploration activity to report in the current quarter.

AUSTRALIA

No Activity to report in the current quarter

CASH POSITION

At 31 March 2011 the Company had a cash balance of $36.1 million.

POTENTIAL AIM LISTING

As advised in the Chairman’s address to shareholders at the AGM held on 11 April 2011, the Board will consider seeking an AIM listing on the London Stock Exchange during 2011.

COMPANY PRESENTATIONS

FAR attended and presented at the Mining Indaba 2011 conference in Cape Town (February), the Excellence in Oil and Gas Conference in Sydney (March) and Appex in London (March).

CHANGE OF REGISTERED OFFICE

Subsequent to the end of the quarter, FAR’s registered office and principal place of business has changed. The new details are as follows:

Street Address: Suite 2, Level 1
               254 Rokeby Road
               Subiaco WA 6008

Mailing Address: PO Box 265 Subiaco WA 6904

Telephone: (61 8) 9380 6181
Facsimile: (61 8) 9380 6640

FAR maintains a web site at www.far.com.au. Email: info@far.com.au

NOTE: In accordance with Chapter 5 of the Listing Rules, the geological information in this report has been reviewed by Dr Igor Effimoff, a geologist with 35 years experience. He is a member of American Association of Petroleum Geology, the Society of Petroleum Engineers, the Society of Exploration Geophysicists and the Geological Society of America. Dr Effimoff has given his consent to the information in the form and context in which it appears.