

27 August 2020

ASX Announcement & Media Release

Sangomar Update

FAR Ltd (ASX: FAR) provides an update on its interest in the Rufisque Offshore, Sangomar Offshore and Sangomar Deep Offshore (RSSD) Contract Area, offshore Senegal.

Pursuant to the Joint Operating Agreement between the Senegal co-venturers, FAR was offered a pre-emptive right over the sale of the 40% working interest held by Capricorn Senegal Ltd (a wholly owned subsidiary of Cairn Energy plc, "Cairn") to LUKOIL Upstream Senegal BV ("Lukoil") as announced by Cairn in July. FAR has advised Cairn that FAR does not intend to pre-empt the transaction or object to the proposed transfer of Cairn's working interest in the RSSD Contract Area to Lukoil. FAR notes that Woodside has exercised its pre-emptive right and that the sale of Cairn's working interest is still subject to Cairn shareholder and Government of Senegal approval. The thirty-day pre-emptive period for the transaction has now expired.

As previously announced, State oil company Petrosen's decision to increase its stake in the Sangomar Exploitation Area from 10% to 18% has been finalised. If Woodside successfully acquires Cairn's interest, the working interest of the remaining joint venture partners in the Sangomar exploitation area will be Petrosen 18%, FAR 13.67%, and Woodside 68.33%. The working interest in the remaining RSSD evaluation area (including the FAN and SNE North oil discoveries) will be Petrosen 10%, FAR 15% and Woodside 75%.

FAR remains in default of its payments to the RSSD joint venture, with the effective date of 23 June 2020. The June, July and August cash calls are currently unpaid and total US\$28.2M. The interest accrued to date on these payments is US\$0.07M. As at 31 July 2020 FAR has cash of US\$63.4M. FAR has 6 months from the date of default to make good its payments (plus interest) to the joint venture to come out of default.

FAR continues to progress a sale of all or part of its working interest.

FAR's Managing Director, Cath Norman said, *"It is pleasing to see the operator, Woodside, and Petrosen showing their support for the Sangomar Field development by increasing their working interest in the project. Unfortunately, due to the COVID crisis and related rout in oil price, FAR continues to pursue a sale of all or part of FAR's stake in lieu of concluding financing for the development. The Cairn sale is a sign that there is international appetite for this world class project, even during challenging times."*

This announcement has been authorised for release by the FAR Board.

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