

28 July 2022

ASX Announcement & Media Release

June 2022 Quarterly Activities Report

FAR Limited (ASX: FAR) an independent, Africa focused, oil & gas exploration company, provides its quarterly activities report for the quarter ended 30 June 2022.

Highlights

- Discussions with the Government of The Gambia remain ongoing and are focused on terms for the First Extension Exploration Period that will allow FAR to continue to consider options that maximise value from The Gambia, while minimising expenditure over the two-year extension period.
- Initiated an off-market buy-back of shares held by shareholders that are unmarketable parcels of shares (valued at less than A\$500) which completed following the quarter end.
- Cash at period end of US\$37.7 million.
- The Board currently expects expenditure for the full year ending 31 December 2022 to be in line with previously reported guidance of US\$6.8 million before any share buy-back costs.
- The Board continues to review costs and initiatives to reset the corporate and administration baseline cost.
- The Board and management team continue to examine a range of options that seek to have the share price better reflect the underlying asset value of the Company.

Commenting on the activities during the quarter, Independent Chairman Patrick O'Connor said:

"This quarter FAR has continued to take steps towards better reflecting the underlying asset value of the Company. FAR's ongoing discussions with the Government of The Gambia on the terms for the First Extension Exploration Period are aimed at providing FAR options to utilise its valuable exploration data to achieve value from the A2 & A5 licences. FAR continues to evaluate broader opportunities in the energy sector and intends to balance any initiatives against the underlying value of our capital position."

The Gambia - Blocks A2/A5 (FAR 50% working interest and operator)

FAR has been in discussion with the Government of The Gambia on terms for the First Extension Exploration Period that will allow FAR to continue to consider options that achieve value from The Gambia while minimising expenditure over the two-year extension period. The Initial Exploration Period for the A2/A5 licences expires on 30 September 2022.

The Board's strategy for 2022 is to capitalise on the valuable exploration data so far acquired without drawing down on existing capital to any meaningful extent. The Company will seek to secure a transaction with a suitably qualified party to achieve this strategy.

NW Shelf (Australia 100% WI and operator)

FAR has withdrawn from Exploration Permit WA 458 P.

Woodside Energy Contingent Payment

As part of the consideration for the sale of its interest in the RSSD Project in Senegal to Woodside Energy, FAR received the rights to the Contingent Payment.

The Woodside Energy Contingent Payment comprises 45% of entitlement barrels (being the share of oil relating to the Group's previously held 13.67% of the RSSD Project comprising the Sangomar Field exploitation area of interest) sold over the previous calendar year, multiplied by the excess (if any) of the crude oil price per barrel and US\$58 per barrel (capped at US\$70 per barrel). The Contingent Payment terminates on the earliest of 31 December 2027, three years from the first oil being sold (excluding periods of zero production), or a total contingent payment of US\$55 million being reached, whichever occurs first.

Using the same methodology adopted by the Independent Expert in the Company's Target's Statement dated 23 February 2022, the value of the Contingent Payment at 30 June 2022 (using a 9.5% discount rate) is approximately US\$42 million (Target's Statement value: US\$39 million). The difference in the values represents the unwinding of the discount for the time between the report dated 23 February 2022 and 30 June 2022.

In an announcement by Woodside Energy on the progress of the Sangomar project development released on 17 February 2022, it indicated that the development was on track for first oil in 2023. Woodside Energy's second quarter report for the period ended 30 June 2022 released to ASX on 21 July 2022 confirmed that the Sangomar Field development phase 1 was 63% complete at the end of the period, and that Woodside Energy is ending its sell down process for Sangomar. The report also provided an update on a number of Sangomar development related activities.

New Business Opportunities

The Board is actively considering new business initiatives across both oil & gas and energy transition sectors.

Any significant new business initiatives must have the potential to offer significantly better returns to shareholders than share buy-backs or capital returns.

Corporate Matters

In June 2022 Ms Elisha Larkin, the Company's Company Secretary resigned effective on 12 July 2022.

Ms Claire Newstead-Sinclair was appointed as Company Secretary on 11 July 2022. Ms Newstead-Sinclair is employed at Vistra Australia, a professional advisory and corporate services firm, which supports the Board's drive to reduce fixed corporate overhead costs. Ms Newstead-Sinclair has

extensive ASX experience and has provided company secretarial and corporate advisory services to boards and various committees across several sectors.

Buy-Back of Unmarketable Parcels of Shares

The Company initiated an off-market buy-back of shares held by 4,382 shareholders that were unmarketable parcels of shares (valued at less than A\$500) at A\$0.786 per share, being the 5-day Volume Weighted Average Price (VWAP) of FAR shares at the close of trade on 27 May 2022. This completed following the quarter end. The reduction in the number of FAR shareholders decreases the administration costs associated with maintaining a large number of relatively small holdings on the Company's share register.

The number of shares bought back was 900,611 ordinary shares at a cost of approximately US\$485,000 (A\$708,000). The number of FAR shareholders after completion of the buy-back of shares is approximately 4,477 with the remaining shares on issue of 98,889,881 ordinary fully paid shares.

Cash Balance and Expenditure

FAR had US\$37.7 million of cash at the end of the period (including US\$0.2 million in restricted cash held in The Gambia Joint Venture account). During the June 2022 quarter expenditure totalled US\$1.6 million, comprising corporate and administration costs and exploration expenses.

A summary of cash movements in the June 2022 quarter (which for timing reasons does not include the unmarketable parcel buy-back payment) is set out in the table below.

| June 2022 Quarter | Mar 2022 Quarter US\$M | Jun 2022 Quarter US\$M | 6 Months 30 Jun 2022 US\$M |
|---|---------------------------|---------------------------|----------------------------------|
| Opening cash balance | 55.6 | 39.9 | 55.6 |
| Corporate and administration | (0.8) | (0.8) | (1.6) |
| Exploration | (0.7) | (0.8) | (1.5) |
| Total expenditure | (1.5) | (1.6) | (3.1) |
| Bambo drilling payments – prior year accruals | (14.2) | (0.4) | (14.6) |
| Other movements | - | (0.2) | (0.2) |
| Closing cash balance | 39.9 | 37.7 | 37.7 |

The 'Other movements' contribution is mainly attributable to foreign exchange losses associated with the impact of the weakening Australian dollar (AUD) against the United States dollar (USD) on conversion of the AUD cash balance during the period.

Bambo drilling payments of US\$0.4 million were made in the period and these payments are substantially complete as at 30 June 2022.

Expenditure for the full year ending 31 December 2022 in respect of FAR's Gambia project interests to the end of the current licence period, Gambia farm down activities and corporate and administration costs is currently expected to be around US\$6.8 million before any share buy-back costs.

The Board continues to review costs in the business with a view to reduce costs wherever practical. Initiatives have been implemented that will assist in reducing the corporate and administration baseline cost during 2022.

The Company's target corporate and administration baseline cost is approximately US\$2 million, which excludes a number of one-off costs incurred in 2022 and takes into account the benefit of initiatives to reduce costs.

As detailed in Item 6.1 of the accompanying Appendix 5B, the Company discloses that the aggregate payments to related parties and their associates during the quarter was US\$112,500. The payments represent remuneration paid to Non-Executive Directors and the former Managing Director during the quarter.

Annual General Meeting

The 2022 Annual General Meeting (AGM) was held on Tuesday 31 May 2022 at 11am (AEST) with all resolutions passed.

Disclaimer

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 "target", "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.

This announcement has been approved for release by the FAR Board of Directors.

For further information, please contact:

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

(Expressed in **United States dollars** unless otherwise stated)

Name of entity

FAR Ltd

ABN

41 009 117 293

Quarter ended ("current quarter")

30 June 2022

| Consolidated statement of cash flows | | Current quarter US\$'000 | Year to date (6 months) US\$'000 |
|--------------------------------------|---|--------------------------------|--|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | 114 | 217 |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation ⁽ⁱ⁾ | (1,112) | (15,985) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (531) | (991) |
| | (e) administration and corporate costs | (412) | (930) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 23 | 30 |
| 1.5 | Interest and other costs of finance paid | (11) | (11) |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other | - | - |
| 1.9 | Net cash from / (used in) operating activities | (1,929) | (17,670) |

(i) YTD includes payments totalling US\$14.582M related to the Bambo drilling program in The Gambia that was accrued at 31 December 2021.

| | | | |
|------------|---|-------------|-------------|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | (10) | (16) |
| | (d) exploration & evaluation | - | - |
| | (e) investments | - | - |
| | (f) oil and gas properties | - | - |
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (10) | (16) |

| | | | |
|-------------|---|-------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities / return of capital | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other - payment of lease liabilities | (38) | (71) |
| | Other – cash deposit as security for leased premises | 4 | (77) |
| 3.10 | Net cash from / (used in) financing activities | (34) | (148) |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| | | | |
|------------|--|---------------|---------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 39,870 | 55,635 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,929) | (17,670) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (10) | (16) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (34) | (148) |
| 4.5 | Effect of movement in exchange rates on cash held | (163) | (67) |
| 4.6 | Cash and cash equivalents at end of period | 37,734 | 37,734 |

| | | | |
|------------|---|-------------------------------------|--------------------------------------|
| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter US\$'000 | Previous quarter US\$'000 |
| 5.1 | Bank balances ⁽ⁱ⁾ | 555 | 1,593 |
| 5.2 | Call deposits | 3,165 | 4,269 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other – Term deposits | 34,014 | 34,008 |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 37,734 | 39,870 |

(i) Includes US\$163k restricted cash held in joint venture (31 Mar 2022: US\$1,116k)

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
US\$'000**

112

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| 7. | Financing facilities | Total facility amount at quarter end US\$'000 | Amount drawn at quarter end US\$'000 |
|--|---|--|---|
| <p><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i></p> <p><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i></p> | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| 7.1 | Loan facilities | - | - |
| 7.2 | Credit standby arrangements | - | - |
| 7.3 | Other (please specify) | - | - |
| 7.4 | Total financing facilities | - | - |
| 7.5 | Unused financing facilities available at quarter end | - | |
| 7.6 | Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |

| 8. | Estimated cash available for future operating activities | US\$'000 |
|-----------|---|-----------------|
| 8.1 | Net cash used in operating activities (Item 1.9) | (1,929) |
| 8.2 | (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | - |
| | Capitalised development expenditure for oil & gas properties (item 2.1(f)) | - |
| 8.3 | Total relevant outgoings (Item 8.1 + item 8.2) * | (1,929) |
| 8.4 | Cash and cash equivalents at quarter end (item 4.6) | 37,734 |
| 8.5 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 | Total available funding (item 8.4 + item 8.5) | 37,734 |
| 8.7 | Estimated quarters of funding available (item 8.6 divided by item 8.3) | 19.56 |
| | <i>* This is not representative of expenditure for future operating activities; for further details refer to the explanation in section 8.0 of the Additional Notes to Appendix 5B.</i> | |

Note: if the entity has reported positive relevant outgoings (i.e.: a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.8.2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.8.3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2022

Authorised by: FAR Limited Board.....

(Name of body or officer authorising release – see note 4)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Additional Notes to Appendix 5B

| Appendix 5B reference | ASX description reference | FAR commentary |
|-----------------------|--|---|
| 1.2 (a) | Exploration and evaluation costs expensed | The FAR group accounts for the cost of exploring and evaluating discoveries under the successful efforts method. During the quarter, the Company reported total payments of US\$1.112M for exploration and evaluation, which included payments related to the Bambo drilling program of US\$0.4M accrued at 31 December 2021. Exploration expenditure incurred in the quarter of US\$0.7M related to general permit activity, geological and geophysical costs and post-well studies in respect of the Gambian project. |
| 1.2 (e) | Administration and corporate costs | Included in these costs are expenditures associated with operating the Company's office, ASX listing fees, insurances, software licences, audit, tax, legal, parent company overhead recovery and other administrative costs. |
| 1.4 | Interest received | FAR holds a significant portion of its cash in interest bearing accounts to optimise interest income. The amount of interest received varies each quarter based on the amount of cash held on deposit, the interest rates received and the timing of maturity of deposits relative to the quarter end reporting date. |
| 3.9 | Other – payment of lease liabilities | This item represents lease payments during the quarter related to the Company's Right of Use Asset (head office). |
| 3.9 | Other – payment of security deposit for leased premises | Represents a 12-month term deposit of U\$0.08M (A\$0.11M) held as restricted cash as security for the Company's corporate head office lease in the form of a bank guarantee. |
| 4.5 | Effect of movement in exchange rates | The Australian Dollar (AUD) was weaker against the United States Dollar (USD) during the quarter; AUD/USD exchange rate at 31 March 2022 was 0.738 and at 30 June 2022 was 0.703. |
| 5.4 | Other – Term deposits | U\$34M of cash was held as unrestricted short-term deposits and available for use on maturity. |
| 5.5 | Cash and Cash Equivalents | Total cash and cash equivalents include restricted cash held in The Gambia joint venture. |
| 6.1 | Aggregate payments to related parties and their associates | These costs include payments to Non-Executive Directors and the former Managing Director as remuneration. |
| 8.0 | Future operating activities | Net cash used in operating activities in the June 2022 quarter included US\$0.4M of cash payments for the Bambo drilling program that were accrued in the previous December 2021 quarter. Adjusting for these payments related to a previous quarter and that will not occur in future quarters, the estimated quarters of funding available is 24.92. |