

ASX Announcement & Media Release

Contingent Payment Update

FAR Ltd (“FAR” or the “Company”) is pleased to provide an update on the Woodside Contingent Payment (“Contingent Payment”) associated with the sale of FAR’s entire interest in the Senegal RSSD Project (the ‘Sangomar Field’) to Woodside Energy Group Limited (ASX:WDS) (“Woodside”) in 2021.

Highlights

- ***Woodside has updated the market on the progress of activities at the Sangomar Field with the development plan 63% complete as at 30 June 2022 and first oil anticipated 2H 2023.***
- ***FAR expects to receive full payment of the US\$55 million Contingent Consideration due from the sale of its interest in Sangomar.***

The Woodside Contingent Payment entitlements are associated with the sale of FAR’s entire interest in the Senegal RSSD Project to Woodside.

Woodside, as operator of the Sangomar Field, recently updated the market as to the project’s progress. In a release to the market dated 30 August 2022 Woodside noted that the Sangomar Field Development Phase 1 will be comprised of a stand-alone Floating Production Storage and Offtake (FPSO), 23 wells and supporting sub-sea infrastructure. Woodside indicated that the Sangomar Field Development was 63% complete as at 30 June 2022 and first production was anticipated in 2H 2023.

Based on the recent statements by the operator and current oil prices, the Board of FAR expects that the full US\$55 million will be received prior to the transaction long stop date in 2027 with annual payments anticipated to commence in 2024.

The Contingent Payment comprises 45% of entitlement barrels (being the share of oil relating to the Group’s previously held 13.67% of the Sangomar Field) 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).

Commenting on the update, FAR Chairman Patrick O’Connor, said:

“With the Sangomar Field progressing towards first production in the second half of 2023 the net present value of the Woodside Contingent Payment continues to increase delivering shareholder value for FAR. The Board will consider opportunities for the monetisation of this asset nearer the commencement of production from the field, in line with our strategy to explore every opportunity to seek to reflect the underlying asset value in the FAR share price. FAR continues to evaluate broader opportunities across the energy sector and intends to balance any initiatives against the underlying value of our capital position.”

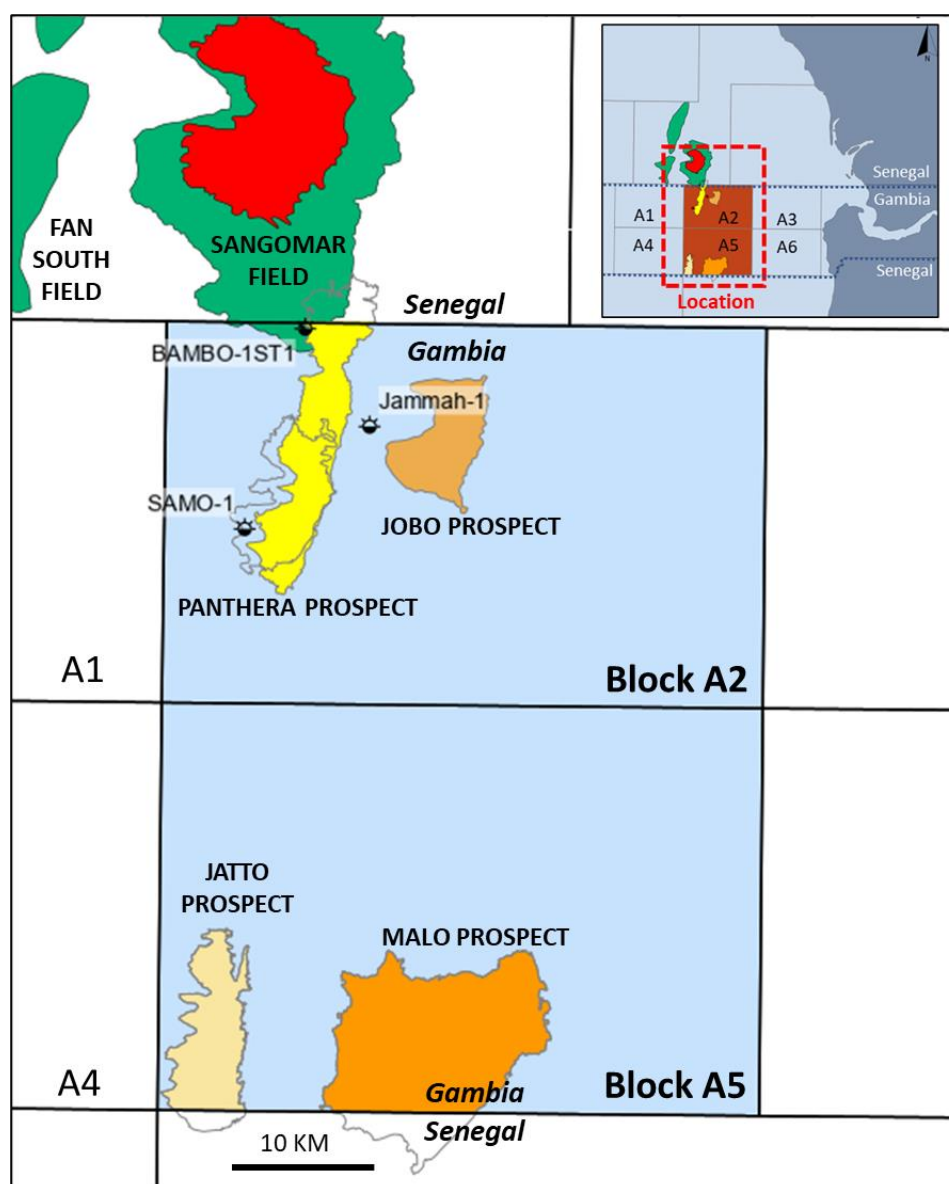


Figure 1. The Sangomar Field in Senegal lies immediately adjacent to FAR's Block A2 and A5 100% owned exploration interests in The Gambia.

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

For further information, please contact:

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