



ABN 41 009 117 293

**FINANCIAL REPORT
FOR THE
HALF-YEAR ENDED
30 JUNE 2022**

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HALF-YEAR FINANCIAL REPORT 2022

DIRECTORS' REPORT

The directors of FAR Limited ('FAR' or 'the Company') submit herewith their report together with the consolidated financial report of the Company and its subsidiaries (the Group) for the half-year ended 30 June 2022 in accordance with the provisions of the *Corporations Act 2001*.

Directors

The directors of the Company in office during or since the end of the period are:

Current Directors	Position held	Appointed	Resigned
Patrick O'Connor	Non-Executive Chairman (Independent)	1 July 2021	-
Robert Kaye SC	Non-Executive Director (Independent)	30 June 2021	-
Alan Stein	Non-Executive Director (Independent)	17 March 2022	-
Former Directors			
Catherine Norman	Managing Director	28 November 2011	23 March 2022

Principal activities

The principal activities of the Group during the period were exploration for oil and gas deposits and conducting activities to identify and evaluate new oil and gas projects.

Result for the period

The Group reported a loss for the period ended 30 June 2022 of \$2,582,000 (prior corresponding period: loss of \$7,099,000). The loss for the period included restructuring costs of \$105,000 (prior corresponding period: nil).

Operations and financial review

Operations

Corporate

On 31 January 2022, Samuel Terry Asset Management Pty Ltd as Trustee for Samuel Terry Absolute Return Active Fund (STAM) announced an off-market takeover offer to acquire all FAR Limited shares at A\$0.45 cash per share. The offer opened on 14 February 2022 with an expected closing date of 14 March 2022 and was subject to a number of conditions, including a minimum acceptance level of 50.1%.

On 23 February 2022 the Company released its Target's Statement in response to the STAM offer, which included a recommendation for shareholders to reject the offer on the basis that it materially undervalued the Company. On 4 March 2022 STAM released a notice of defeating conditions and on 14 March 2022 the offer closed without the conditions of the offer satisfied or waived.

The Gambia

FAR completed a review of the prospectivity of the A2 and A5 blocks offshore The Gambia during the period, following completion of the Bambo drilling campaign in late 2021. The drilling and logging data obtained on the main well (Bambo-1) and the side-track well (Bambo-1ST1) confirmed the presence of a prolific oil source in the area and that oil shows encountered whilst drilling were persistent over several hundred metres, confirming key reservoirs had access to this oil-generative kitchen.

New laboratory work, based on analyses of rock cuttings recovered during drilling, has confirmed oil at multiple levels in the well. Further laboratory analysis and a detailed rock physics study of the Bambo-1, Bambo-1ST1, Samo-1 and Jammah-1 wells was commissioned to determine how best to discriminate lithology and fluid characteristics from seismic data. The results of this study and further analysis will guide future exploration efforts and attract new partners into the Block A2/A5 Joint Venture.

The Initial Exploration Period for the A2/A5 licenses expires on 30 September 2022 and the Company has agreed terms with the Government of The Gambia for the First Extension Exploration Period that will allow FAR to continue to consider options to deliver value from The Gambia while minimising expenditure over the two-year extension period commencing on 1 October 2022. The Company's joint venture partner in the A2/A5 license PC Gambia Ltd, a subsidiary of Petroliaam Nasional Berhad ('Petronas'), assigned its 50% interest in the licence to FAR subsequent to the half-year reporting date.

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DIRECTORS' REPORT

The Company has opened a data room for suitably qualified parties to consider participation in a joint venture to undertake the geoscience review and ultimately drill additional exploration wells. FAR expects new partners to fund the costs of the work program. Subject to the satisfaction of certain conditions, including Government approval, incoming participants in the joint venture may assume operatorship.

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.

Guinea Bissau

During the period the Company withdrew from its interests in the Esperanca Blocks 4A & 5A and Sinapa Block 2 offshore Guinea-Bissau. The Company provided its notices of withdrawal to the Government of Guinea-Bissau and operator PetroNor in accordance with the relevant agreements.

The Company met the minimum financial commitments associated with the license and there are no outstanding commitments.

Australia

Through its wholly owned subsidiary, Lightmark Enterprises Pty Ltd, FAR had a 100% interest in Petroleum Exploration Permit WA-458-P in the oil-producing Dampier Sub-basin along Australia's North-West Shelf. The Company has withdrawn from its 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 rights to a Contingent Payment.

The Woodside Energy Contingent Payment was assessed by an independent valuation expert engaged by FAR in February 2022 at a mid-point valuation of \$39 million using a discount rate of between 9% and 10%. This assessed fair market value was based on the net present value of future projected cash flows and the value will increase with the expiry of time keeping all key valuation assumptions constant to reflect the unwinding of the discount. The 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 \$55 million being reached, whichever occurs first.

Woodside Energy has indicated that development of the Sangomar project is on track for first oil in the second half of 2023. Woodside Energy's half-year report for the period ended 30 June 2022 released to ASX on 30 August 2022 confirmed that the Sangomar Field development phase 1 was 63% complete at the end of the period. The report also provided an update on a number of Sangomar development related activities.

Financial performance

Profit and Loss

During the period the Group reported a net loss of \$2,582,000 (prior corresponding period: \$7,099,000). Expenditure during the period comprised mainly corporate overhead and administration costs of \$1,294,000 (prior corresponding period: \$566,000) and employee benefits expense of \$1,060,000 (prior corresponding period: \$2,125,000). The increase in corporate overhead and administration costs was due to increased contractor and consultant costs, which is offset by lower employee benefit expenses. Employee benefits expense included restructuring costs of \$105,000 in the period (prior corresponding period: \$nil) related to the former MD&CEO remuneration from termination on 23 March 2022 to the end of the period.

Other expenses of \$101,000 (prior corresponding period: \$3,000) consisted of losses on writing off office furniture and equipment.

Cash Flows

Cash flows used in operating activities was \$17,778,000 for the period (prior corresponding period: \$20,992,000), which included payments for exploration drilling accrued in the prior financial year amounting to \$14,582,000. Payments for exploration and evaluation in the period was \$1,403,000 (prior corresponding period: \$332,000). The prior corresponding period operating activities included payments related to discontinued operations of \$18,326,000.

HALF-YEAR FINANCIAL REPORT 2022

DIRECTORS' REPORT

Financial Position

Current assets decreased by \$18,259,000 during the period due mainly to the reduction in cash used to fund payments to suppliers and employees. Trade and other payables at the end of the prior reporting date included amounts related to the Bambo exploration drilling campaign that were paid during the period.

The increase in lease liabilities during the period represented the recognition of right of use assets, which relate to lease of office space.

COVID-19

COVID-19 continued to be a focus for the business during the period however it did not cause any major disruption to activities.

Significant change in state of affairs

During the period the Company settled trade and other payables related to exploration drilling activities in the prior financial year. These payments resulted in a significant reduction in the cash balance reported at the end of the period. In addition, the Company reported a net loss for the period of \$2,582,000 (prior corresponding period: \$7,099,000) which increased accumulated losses.

Except for these changes, there was no significant other changes in the state of affairs of the Company during the period.

Dividends

During the period ended 30 June 2022 the directors did not recommend a dividend be paid nor has any dividend been paid or declared during the period (30 June 2021: Nil).

Events occurring after the reporting period

On 22 July 2022, the Group completed an off-market buy-back of unmarketable parcel shares at a cost of \$492,000. The number of ordinary shares bought back was 900,611 from 4,382 shareholders, which represented approximately 89% of eligible shareholders. The shares bought back have been cancelled.

On 26 August 2022 the Company announced that it had acquired through an assignment from its joint venture partner an additional 50% interest in Blocks A2 and A5 offshore The Gambia, giving FAR 100% working interest in the licenses. The Company has also negotiated with the Government of The Gambia an extension to these licenses commencing on 1 October 2022 that has removed the obligation to drill an exploration well during the two-year term.


Auditor's independence declaration

The Directors' Report includes the auditor's independence declaration which is included on page 5 of the interim financial report.

Rounding of amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the 'rounding off' of amounts in the Directors' and Financial Report to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.



Patrick O'Connor

Chairman

Melbourne

12 September 2022

The Board of Directors
FAR Limited
Level 12, 530 Collins Street
MELBOURNE VIC 3000

12 September 2022

Dear Board Members,

Auditor's Independence Declaration to FAR Ltd

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of FAR Limited.

As lead audit partner for the review of the half-year financial report of FAR Limited for the half year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully,

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Vincent Snijders
Partner
Chartered Accountants

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
For the 6 months ended 30 June 2022**

		6 Months Ended	
	Note	30 Jun 2022 US\$'000	30 Jun 2021 US\$'000
Continuing operations			
Other income		70	24
Depreciation and amortisation expense		(121)	(204)
Exploration expense	2	(19)	(1,036)
Finance costs		(12)	(11)
Corporate overhead and administration expenses	2	(1,294)	(566)
Employee benefits expense	2	(1,060)	(2,125)
Other expenses		(101)	(3)
Foreign exchange (loss)/gain		(45)	281
Loss before tax from continuing operations		(2,582)	(3,640)
Income tax expense		-	-
Loss for the period from continuing operations		(2,582)	(3,640)
Discontinuing Operations			
Loss from discontinued operations	3	-	(3,459)
Loss for the period after tax		(2,582)	(7,099)
Other comprehensive income/(loss), net of income tax		-	-
Total comprehensive loss for the period		(2,582)	(7,099)
Earnings per share:		US cents	US cents*
From continuing and discontinued operations			
Basic and diluted loss per share		(2.59)	(7.11)
From continuing operations			
Basic and diluted loss per share		(2.59)	(3.65)

*Comparative information was restated to reflect the consolidation of the issued capital of the Company on a 1:100 securities held basis.

Notes to the condensed consolidated financial statements are included on pages 10 to 15.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

	Note	30 Jun 2022 US\$'000	31 Dec 2021 US\$'000
CURRENT ASSETS			
Cash and cash equivalents	4	37,734	55,634
Trade and other receivables	5	875	1,337
Other financial assets		110	7
Total Current Assets		38,719	56,978
NON-CURRENT ASSETS			
Property, plant and equipment		80	196
Right-of-use assets	8	664	49
Total Non-Current Assets		744	245
TOTAL ASSETS		39,463	57,223
CURRENT LIABILITIES			
Trade and other payables	6	1,114	16,875
Lease liabilities	8	121	66
Provisions	7	495	512
Total Current Liabilities		1,730	17,453
NON-CURRENT LIABILITIES			
Lease liabilities	8	553	5
Provisions	7	11	14
Total Non-Current Liabilities		564	19
TOTAL LIABILITIES		2,294	17,472
NET ASSETS		37,169	39,751
EQUITY			
Issued Capital	9	381,925	381,925
Reserves		4,585	4,585
Accumulated losses		(349,341)	(346,759)
TOTAL EQUITY		37,169	39,751

Notes to the condensed consolidated financial statements are included on pages 10 to 15.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months ended 30 June 2022

		Reserves				
	Share Capital US\$	Share based payments reserve ⁽ⁱ⁾ US\$	Foreign currency translation reserve US\$	Total Reserves US\$	Accumulated losses US\$	Total attributed to equity holders of parent US\$
Balance at 1 January 2021	439,623	8,339	(3,754)	4,585	(301,976)	142,232
Loss for the period	-	-	-	-	(7,099)	(7,099)
Total comprehensive loss for the period	-	-	-	-	(7,099)	(7,099)
Balance at 30 June 2021	439,623	8,339	(3,754)	4,585	(309,075)	135,133
Balance at 1 January 2022	381,925	8,339	(3,754)	4,585	(346,759)	39,751
Loss for the period	-	-	-	-	(2,582)	(2,582)
Total comprehensive loss for the period	-	-	-	-	(2,582)	(2,582)
Balance at 30 June 2022	381,925	8,339	(3,754)	4,585	(349,341)	37,169

(i) Recognises the fair value of rights and options issued to directors and employees in relation to equity-settled share-based payments.

Notes to the condensed consolidated financial statements are included on pages 10 to 15.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the 6 months ended 30 June 2022

Note	6 Months Ended	
	30 Jun 2022 US\$'000	30 Jun 2021 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from other customers and counterparties	217	22
Payments to suppliers and employees	(1,920)	(2,345)
Payments for exploration and evaluation expenses	(15,985)	(332)
Payment for security deposit	(78)	-
Payments related to discontinued operations	-	(18,326)
Interest paid on lease liabilities	(12)	(11)
Net cash used in operating activities	(17,778)	(20,992)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	30	3
Payments for exploration and evaluation assets	-	(1,636)
Payments for property, plant and equipment	(16)	(2)
Net cash provided by/(used) in investing activities	14	(1,635)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(71)	(264)
Net cash used in financing activities	(71)	(264)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,835)	(22,891)
Cash and cash equivalents at the beginning of the financial period	55,634	25,933
Effects of exchange rate changes on cash and cash equivalents	(65)	270
Cash and cash equivalents at the end of the financial period	37,734	3,312

Notes to the condensed consolidated financial statements are included on pages 10 to 15.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the 6 months ended 30 June 2022

1. SEGMENT INFORMATION

The Group's operating segments are identified on the basis of internal reports about components of the entity that are regularly reviewed by the Board in order to allocate resources to the segments and to assess performance. The Group undertook exploration-related activities for oil and gas in Africa during the period.

Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	Segment Assets		Segment Liabilities	
	30 Jun 2022	31 Dec 2021	30 Jun 2021	31 Dec 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Continuing operations				
The Gambia	1,071	14,088	806	16,453
Guinea-Bissau	-	27	-	47
Senegal	-	110	-	41
Corporate	38,392	42,998	1,488	931
Total	39,463	57,223	2,294	17,472

Segment Results

The following is an analysis of the Group's results by reportable segment for the period:

	Other income		Segment Loss	
	6 Months Ended		6 Months Ended	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	US\$	US\$	US\$	US\$
Continuing operations				
Australia	-	-	(12)	(44)
The Gambia	-	-	(225)	(1,150)
Guinea-Bissau	-	-	15	(104)
Corporate	70	24	(2,360)	(2,342)
Total from continuing operations	70	24	(2,582)	(3,640)
Income tax expense			-	-
Loss from discontinued operations			-	(3,459)
Loss after tax and discontinued operations			(2,582)	(7,099)

The other income reported above represents revenue generated from external sources. There were no inter-segment sales during the period and prior corresponding period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the 6 months ended 30 June 2022

2. LOSS FOR THE PERIOD

Loss for the period from continuing operations includes the following expenses:

	6 Months Ended	
	30 Jun 2022	30 Jun 2021
	US\$'000	US\$'000
Exploration expense:		
Exploration expense for the period	(1,200)	(1,036)
Less: Reversal of prior period accruals	1,181	-
	(19)	(1,036)

In the period Cash Flows from Operating Activities included payments for exploration related to the Bambo drilling in the prior year amounting to \$14,582,000.

Corporate overhead and administration expenses:

Corporate overheads	(817)	(494)
Consultants and contractor expenses	(477)	(72)
	(1,294)	(566)

Employee benefits expense:

- Remuneration expense	(883)	(1,853)
- Termination benefits expense	-	(100)
- Restructuring cost	(105)	-
Post-employment benefits:		
- Defined contribution plans	(67)	(101)
- Provision for leave entitlements	(5)	(71)
	(1,060)	(2,125)

3. DISCONTINUED OPERATIONS

The Group executed a Sale and Purchase Agreement with Woodside Energy to sell FAR's entire interest in the Senegal project in the prior corresponding period. The results of the discontinued operations included in the loss for the prior corresponding period were:

	30 Jun 2022	30 Jun 2021
	US\$'000	US\$'000
Loss for the period from discontinued operations		
Exploration expense	-	(246)
Finance costs – default period interest charge	-	(612)
Other- costs related to discontinued operations	-	(2,847)
Foreign exchange loss	-	(109)
Loss on remeasurement of discontinued operations of oil and gas properties	-	355
Loss before tax from discontinued operations	-	(3,459)
Income tax expense	-	-
Loss after tax for the period from discontinued operations	-	(3,459)
Cash flows from discontinued operations		
Net cash used in operating activities during the period	-	(18,326)

4. CASH AND CASH EQUIVALENTS

	30 Jun 2022	31 Dec 2021
	US\$'000	US\$'000
Cash at bank and on hand	393	12,469
Deposits at call	3,165	7,880
Term deposits	34,014	34,219
Cash at bank and on hand in joint venture	162	1,066
	37,734	55,634

(a) Cash balances not available for use

Cash and cash equivalents held in joint ventures are not available for use by the Group.

(b) Restricted cash

At 31 December 2021 cash and cash equivalents included \$215,633 in short-term deposits held as security for the Company's corporate head office lease in the form of a bank guarantee, which were not available for use by the Group. At 30 June 2022 security for the Company's corporate head office lease in the form of a bank guarantee was \$74,600 and included in Other Financial Assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the 6 months ended 30 June 2022

5. TRADE AND OTHER RECEIVABLES

	30 Jun 2022 US\$'000	31 Dec 2021 US\$'000
Current		
Interest accrued	39	-
Other receivables	575	192
Prepayments	128	467
Joint operations receivables	133	678
	875	1,337

6. TRADE AND OTHER PAYABLES

	30 Jun 2022 US\$'000	31 Dec 2021 US\$'000
Current		
Trade payables	86	162
Other payables	371	278
Joint operation payables ⁽ⁱ⁾	657	16,435
	1,114	16,875

- (i) 31 December 2021 balance included amounts totalling \$15,270,000 related to the Bambo drilling program in The Gambia that were accrued at the reporting date.

7. PROVISIONS

	30 Jun 2022 US\$'000	31 Dec 2021 US\$'000
Movement in employee benefits provision:		
Carrying amount at 1 January	526	807
Provision made during period	76	99
Provision used during the period	(71)	(344)
Net foreign exchange differences	(25)	(36)
Balance	506	526
Net carrying value – represented by:		
Current	495	512
Non-Current	11	14
Balance	506	526

The above amounts related to employee benefits provisions represent annual leave and long service leave entitlements accrued by employees. Amounts related to employees remunerated in Australian Dollars have been presented in US dollars with all components translated from Australian to United States dollars.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the 6 months ended 30 June 2022

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has leases which predominately relate to the Company's head office premises and minor office equipment. Amounts recognised in the Statement of Financial Position and the carrying amounts of the Group's right-of-use assets and lease liabilities and the movement during the period are as follows:

	Right-of-use assets			Lease Liabilities US\$'000
	Leased Premises US\$'000	Office Equipment US\$'000	Total RoU Assets US\$'000	
Balance at 1 January 2021	339	1	340	507
Additions during the period	-	8	8	8
Depreciation expense	(298)	(1)	(299)	-
Interest expense	-	-	-	16
Lease payments ⁽ⁱ⁾	-	-	-	(460)
Balance at 31 Dec 2021	41	8	49	71
Additions during the period ⁽ⁱ⁾	705	-	705	705
Depreciation expense	(88)	(2)	(90)	-
Interest expense	-	-	-	12
Lease payments ⁽ⁱⁱ⁾	-	-	-	(115)
Net foreign exchange differences	-	-	-	1
Balance at 30 June 2022	658	6	664	674

(i) During the period the Company entered into a 5-year commercial lease for its corporate head office. The Company may terminate this lease after 3 years.

(ii) Lease payments comprise interest and reduction of lease liability principal.

Lease liabilities are presented in the condensed consolidated statement of financial position as:

	30 Jun 2022 US\$'000	31 Dec 2021 US\$'000
Other financial liabilities:		
Lease liabilities (current)	121	66
Lease liabilities (non-current)	553	5
Balance at	674	71

Lease payments not recognised as a liability

The Group has elected not to recognise assets and lease liabilities for short term leases (leases with an expected term of 12 months or less). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Amounts relating to short-term leases recognised as an expense and included in corporate administration expenses during the period:

	30 Jun 2022 US\$'000	30 Jun 2021 US\$'000
Short-term leases	28	5

Short-term lease payments expensed on the basis that they are not recognised as a lease liability include rental payments on the Group's Gambian office premises and corporate head office equipment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the 6 months ended 30 June 2022

9. ISSUED CAPITAL

	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Fully paid ordinary shares	Number	Number	US\$'000	US\$'000
At beginning of the year	99,790,492	9,978,830,197	381,925	439,623
Share movement during the period/year:				
- share consolidation 1:100	-	(9,879,039,705)	-	-
-share capital return – A\$0.80 per share	-	-	-	(57,698)
Ordinary fully paid shares at end of the period	99,790,492	99,790,492	381,925	381,925

On 22 July 2022, the Group completed an off-market unmarketable parcel share buy-back. The number of ordinary shares bought back was 900,611 at a share price of A\$0.786 per share. The shares bought back under the Facility have been cancelled.

On 22 June 2021, shareholders approved at the Annual General Meeting the consolidation of the issued capital of the Company on the basis of 1:100 securities held. On 2 July 2021, the Company completed the share consolidation and the number of ordinary shares on issue following the 1:100 consolidation of the Company's share capital was 99,790,492.

Shareholders approved a capital return of A\$0.80 per share at a General Meeting on 15 September 2021 and payment was made on 28 September 2021.

10. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities

During the period the Company withdrew from its interests in the Esperanca Blocks 4A & 5A and Sinapa Block 2 offshore Guinea-Bissau. The Company provided its notices of withdrawal to the Government of Guinea-Bissau and operator PetroNor in accordance with the relevant agreements. The Company met the minimum financial commitments associated with the license and there are no outstanding commitments.

At the date of this report the Group was not aware of any material claims, actual or contemplated.

Contingent assets

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 the second half of 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. The report also provided an update on a number of Sangomar development related activities.

11. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 22 July 2022, the Group completed an off-market buy-back of unmarketable parcel shares at a cost of \$492,000. The number of ordinary shares bought back was 900,611.

On 26 August 2022 the Company announced that it had acquired through an assignment an additional 50% interest in Blocks A2 and A5 offshore The Gambia, giving FAR 100% working interest in the licenses. The Company has also negotiated with the Government of The Gambia an extension to licenses commencing on 1 October 2022 that removes the obligation to drill an exploration well during the two-year term.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the 6 months ended 30 June 2022

12. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This consolidated Half-Year Financial Report for the half-year ended 30 June 2022 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. This consolidated Half-Year Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the period ended 31 December 2021 and any public announcements made by FAR Limited during the period ended 30 June 2022 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and Australian Securities Exchange. The accounting policies adopted are consistent with those reported in the previous Annual Financial Report and corresponding Half-Year Financial Report.

All amounts are presented in **United States** dollars, unless otherwise noted, which is the functional and presentation currency of FAR Ltd and all of its subsidiaries.

New standards, interpretations and amendment adopted by the Group

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current period. These amendments do not have a significant impact on these condensed consolidated financial statements. The Group has not elected to early adopt any standard, interpretation or amendment that has been issued but is not yet effective.

Critical accounting judgement and estimates

The preparation of the half year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this consolidated half year financial report, the significant estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the most recent annual financial report

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 6 to 15 are in accordance with the Corporations Act 2001, including:
 - (i) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (j) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of the performance of the Group for the period ended on that date, and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors

A handwritten signature in black ink, appearing to read 'P. O'Connor', with a long horizontal stroke extending to the right.

Patrick O'Connor
Chairman

Melbourne, 12 September 2022

Independent Auditor's Review Report to the members of FAR Limited.

We have reviewed the accompanying half-year financial report of FAR Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors declaration as set out on pages 6 to 16.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis of Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards) (The Code)* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Vincent Snijders

Partner

Chartered Accountants

Perth, 12 September 2022

CORPORATE DIRECTORY

DIRECTORS

Patrick O'Connor (Non-Executive Chairman)
Robert Kaye SC (Non-Executive Director)
Alan Stein (Non-Executive Director)

COMPANY SECRETARY

Claire Newstead-Sinclair

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ASX Code: FAR

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150 Collins Street
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Australia

Standard Chartered Bank Gambia Limited
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