

29 March 2023

## *ASX Announcement & Media Release*

### **FAR Annual Report and Section 258F Share Capital Reduction**

---

FAR Limited (ASX: FAR) is pleased to announce that the Board has resolved to reduce the Company's share capital by US\$342,969,000 in accordance with Section 258F of the Corporations Act 2001. This reduction in share capital is made as at 31 December 2022 financial year end adjustment and is reflected in the financial report that accompanies this announcement.

The capital reduction has the effect of reducing the share capital account and the Company's accumulated accounting losses as at the 31 December 2022 reporting date. The capital reduction is a technical accounting adjustment that does not require shareholder approval and has no impact on the Company's assets, nets assets, financial results or cash flows.

The number of shares on issue does not change as a result of the capital reduction. Under section 258F(1) of the Corporations Act 2001, a company may reduce its share capital without shareholder approval by cancelling any paid-up share capital that is not represented by available assets. Accordingly, FAR has reduced its share capital and accumulated accounting losses by US\$342,969,000, representing historical realised losses associated with its discontinued operations in Senegal and exploration expenditure written off.

The Company is required to make the following disclosures to shareholders under ASX Listing Rules 7.20.1 – 7.20.3:

- The capital reduction has no effect on the number of issued securities; and
- There are no fractional entitlements arising from the capital reduction.

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

#### **For further information, please contact:**

##### **Investors:**

Patrick O'Connor  
Chairman  
[p.oconnor@far.com.au](mailto:p.oconnor@far.com.au)  
P: +61 412 026 812

Craig Sainsbury  
Market Eye  
[craig.sainsbury@marketeye.com.au](mailto:craig.sainsbury@marketeye.com.au)  
P: +61 428 550 499

##### **Media:**

Tristan Everett  
Market Eye  
[tristan.everett@marketeye.com.au](mailto:tristan.everett@marketeye.com.au)  
P: +61 403 789 096



**ABN 41 009 117 293**

# *Annual Report*

*Year Ended 31 December 2022*

## CONTENTS

	Page
CHAIRMAN'S REVIEW	1
OPERATIONS REVIEW	3
ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)	5
DIRECTORS' REPORT	7
REMUNERATION REPORT	15
AUDITOR'S INDEPENDENCE DECLARATION	23
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	24
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	25
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	26
CONSOLIDATED STATEMENT OF CASH FLOWS	27
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	28
DIRECTORS' DECLARATION	53
INDEPENDENT AUDITOR'S REPORT	54
SHAREHOLDER INFORMATION	57
CORPORATE DIRECTORY	59

**This report has been authorised for release by the FAR Limited ("FAR") Board of Directors.**

All amounts expressed in **United States Dollars (USD, US\$ or \$)** unless otherwise stated.

***Forward looking statements***

*This document may include forward looking statements. Forward looking statements include, are not necessarily limited to, statements concerning FAR's planned operations program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" "anticipate" "continue" 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 report and that all material assumptions and technical parameters underpinning this report continue to apply and have not materially changed.*



## CHAIRMAN'S REVIEW

Dear Fellow Shareholders,

The 2022 year has seen the Company continue to execute on its strategy of delivering value to our shareholders through a combination of cost reduction, capital returns and exploration activity. Key activities since the 2022 Annual General Meeting held in May of 2022, include:

- Completed its evaluation of data from the 2021 drilling of the Bambo-1 and the sidetrack Bambo-1ST1 wells in offshore The Gambia.
- Obtained 100% ownership in The Gambia Blocks A2 and A5 by acquiring the interest held by PC Gambia Ltd a subsidiary of Petroliaam Nasional Berhad ("PETRONAS") and negotiated with the Government of The Gambia to remove the obligation to drill an exploration well in the next two-year licence term.
- Elected to enter the First Extension Exploration Period for Blocks A2 & A5 commencing on 1 October 2022 for a two-year period on the revised work program terms.
- Undertaken a marketing effort that included a data room opened for suitably qualified parties to seek a Joint Venture to undertake the geoscience review during the First Extension Exploration Period and ultimately to drill additional exploration wells. The Company has not been able to secure a new joint venture agreement at this time.
- Subsequent to the marketing effort, the Company has entered into discussions with the Government of the Gambia regarding an extension to the permit term for an additional 12 months and a substantial reduction in the permit statutory costs. Initial feedback from the Government is encouraging and the Company is expecting that there will be no obligation for expenditure on the licences for a 12-month period commencing on 1 April 2023.
- The Company plans to revisit the marketing of Blocks A2 and A5, with the substantially lower fixed permit statutory cost structure, closer to the commencement of first oil production in late 2023 from the nearby Senegal Sangomar field project operated by Woodside Energy.
- Completed a buy-back of unmarketable parcels of shares of 900,611 shares from 4,382 shareholders at a consideration of approximately A\$708,000, reducing FAR's administration cost.
- Commenced an on-market share buy-back which by 31 December 2022 had acquired 694,787 shares at an average price of A\$0.68939 per share and a total consideration of A\$480,000.
- Continued buying back shares in 2023 and as at 28 March 2023 a further 3,874,358 shares have been acquired at an average price of A\$0.70631 per share at a total consideration of A\$2,736,000
- Continued to reduce its corporate overheads such that the Company's target corporate and administration baseline costs for FY2023 of approximately US\$1.5 million to US\$1.7 million, excluding one-off costs and share buy-back payments.
- As at 31 December 2022, the Company reduced its share capital by \$342,969,000 in accordance with section 258F of the Corporations Act 2001, which had the effect of reducing the share capital account and the Company's accumulated accounting losses. There is no impact on shareholders or on the availability of tax losses from the capital reduction.

The actions above have continued to streamline our organisation as we assess strategic options to deliver value to our shareholders. The Board of Directors of FAR continue to see considerable upside in our share price based upon:

- A cash balance at 31 December 2022 of US\$33.651 million; and
- The Woodside Contingent Payment representing the potential to receive up to US\$55 million dependent on oil price and production.



In their full-year 2022 results, Woodside indicated that the Sangomar Field Development Phase 1 was on target to start producing oil in late 2023. Based on the Woodside update, annual payments under the Contingent Payment are likely to commence in early 2025 and based on current oil prices, the Board expects that the full US\$55 million will be received prior to the transaction long stop date in 2027.

It is the intention of the Board to consider opportunities for the monetisation of the Woodside Contingent Payment nearer the commencement of first oil production from the Sangomar field in late 2023.

The Company has reviewed a number of new business opportunities, but none have matured into a recommendation to be put to shareholders. It is the intention of the Board to continue to consider new business initiatives across oil & gas and energy transition sectors. Any significant new business initiative must have the potential to offer significantly better returns to shareholders than share buy-backs or capital returns.

The Company will continue with its on-market share buy-back activity that commenced on 1 December 2022, subject to consideration of market conditions and in compliance with the closed periods as set out in the Company's Securities Trading Policy.

In January 2023 Alan Stein resigned as a director and the Board thanks him for his valuable contribution towards restructuring the business and his evaluation of a number of new business opportunities across the whole energy sector. Garth Campbell-Cowan was appointed as a director, in addition to his continuing role as Chief Financial Officer.

The Board thanks our staff, contractors, and consultants for their efforts to implement the Company's strategies.

The Board will continue to seek to have the value of the underlying financial assets ultimately reflected in the Company's share price or returns to shareholders through ongoing prudent capital management strategies, whilst remaining open to new business opportunities that are likely to provide superior returns to shareholders.

**Patrick O'Connor**  
Chairman



## OPERATIONS REVIEW

### THE GAMBIA

FAR completed a review of the prospectivity of the A2 and A5 blocks offshore The Gambia during the year, 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, 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 during the year to determine how best to discriminate lithology and fluid characteristics from seismic data. The results of this study and further analysis may assist in attracting new joint venture partners into the A2 and A5 Blocks and will guide any future exploration efforts.

The Initial Exploration Period for the A2/A5 licences expired on 30 September 2022 and the Company agreed terms with the Government of The Gambia for the First Extension Exploration Period that commenced on 1 October 2022. The Company's joint venture partner in the A2/A5 licence PC Gambia Ltd, a subsidiary of Petroliaam Nasional Berhad ('Petronas'), assigned its 50% interest in the licence to FAR at the end of the Initial Exploration Period.

Based on discussions initiated by FAR, the Government of The Gambia agreed to remove the obligation to drill an exploration well during the two-year extension term. The removal of the commitment to drill results in a significant reduction in expenditure and allows for a detailed geoscience review incorporating the results of the Samo-1 and recent Bambo-1 wells to ensure future exploration wells are located optimally. The revised investment obligation enhances FAR's ability to seek farm-in partners to the project.

During the December 2022 quarter the Company opened a data room for suitably qualified parties to consider participation in a joint venture to undertake the geoscience review and ultimately to drill additional exploration wells in The Gambia. FAR's intention is for new partners to fund the costs of the work program during the two-year Extension Exploration Period, subject to satisfaction of certain conditions including Government approval; incoming participants in a joint venture could assume operatorship. A number of suitably qualified parties reviewed the data room however FAR has not been able to secure a new joint venture agreement despite interest from a number of qualified parties.

Subsequent to the marketing effort to secure a new joint venture agreement, the Company has entered into discussions with the Government of The Gambia regarding an extension to the permit term for an additional 12 months to 30 September 2025 and a substantial reduction in the annual fixed permit statutory costs. Initial feedback from the Government is encouraging and the Company is expecting that there will be no obligation for FAR to incur expenditure on the licences for a 12-month period commencing 1 April 2023.

The Board's strategy for The Gambia assets remains focussed on efforts to capitalise on the valuable exploration data acquired to date without drawing down on the Company's existing capital to any meaningful extent. The Company will revisit the marketing of Blocks A2 and A5, with a substantially lower fixed permit statutory cost structure, closer to the commencement of first oil production in late 2023 from the nearby Senegal Sangomar Field project operated by Woodside Energy.

### WOODSIDE ENERGY CONTINGENT PAYMENT

As part of the consideration for the sale of its interest in the RSSD Project in Senegal to Woodside Energy ("Woodside"), FAR received rights to a Contingent Payment with a value of up to \$55 million, recognised as a contingent asset in the financial statements.

The Woodside 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 fair value was not updated at the 31 December 2022 reporting date. 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 in its full-year 2022 results, released on 27 February 2023, confirmed that the Sangomar Field Development Phase 1 was 77% complete and is on target to start producing oil in late 2023. The Contingent Payment has been



## OPERATIONS REVIEW

disclosed as a contingent asset due to its value being reliant on the future crude oil price and Woodside successfully producing oil from the Sangomar field, both wholly outside the control of the Group. Based on the latest Woodside project update any annual payments under the Contingent Payment are likely to commence in early 2025 and taking into account current oil prices, the full \$55 million would be received prior to the transaction long stop date in 2027.

### GUINEA BISSAU

During the year 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. During the year the Company withdrew from its Exploration Permit WA-458-P.

### 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 being satisfied or waived.

During the year 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. 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 US\$485,000.

In December 2022 the Company commenced an on-market share buy-back for up to 10 percent of the Company's issued capital. The share buy-back is to be conducted over the twelve-month period from 1 December 2022 unless completed or terminated earlier. As at 31 December 2022 the Company had bought back 694,787 shares at an average price of A\$0.68939 per share and total cost of US\$332,000. The share buy-back was suspended on 31 December 2022 in accordance with the Company's Securities Trading Policy and recommenced on 1 February 2023 after the release of the December 2022 quarter report. As at 28 March 2023, the Company has bought back 3,874,358 shares at an average price of A\$0.70631 per share and total cost of US\$1,814,000 subsequent to the 31 December 2022 reporting date.

FAR is committed to managing its environmental, social and governance ('ESG') responsibilities and to embedding ESG into the Company's philosophy, practices and business processes.

In 2021 the Bambo drilling campaign was completed and in 2022 the Company concentrated its efforts on post well studies and review of the prospectivity of the A2 and A5 blocks offshore The Gambia.

FAR's commitment to ESG is guided by the PEARL principle – People, Environment, Assets, Reputation and Legal, in that order of priority. PEARL is embedded throughout our organisation, from the detailed Health, Safety and Environment plan on a rig, to our risk management process and to the social investments we make in our host countries. While the Group's operational activities were reduced to study work in 2022, FAR is committed to maintaining its ESG framework.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

### Corporate Governance

FAR and the Board are committed to achieving and demonstrating corporate governance practices measured against the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council (ASX Guidelines). FAR's 2022 Corporate Governance Statement reflects the corporate governance practices in place in 2022 and can be viewed on the Company's website at [www.far.com.au/corporate-governance](http://www.far.com.au/corporate-governance).

FAR's objective is to achieve best practice in corporate governance commensurate with the Company's size, extent of operations and industry within it participates. The relevant policies and charters that form part of the Company's corporate governance framework are set out in the table below.

ESG Area	Policy or Charter
Environmental	Environment & Sustainability Policy Climate Change Policy
Social	Human Rights & Child Protection Policy Diversity Policy
Governance	Board Charter Audit & Risk Committee Charter Remuneration & Nomination Committee Charter Anti Bribery and Corruption Policy Code of Conduct Policy Delegations of Authority Market Disclosure & Communications Policy Privacy Policy Risk Oversight & Management Policy Security Trading & Policy Statement Whistleblower Policy

### PEOPLE

FAR is a business of diverse individuals in a high performing, inclusive culture, providing a safe working environment for all FAR people and the consultants and partners that work with the Group.

#### Safety

The health, safety and wellbeing of FAR's people and the communities in which we operate are of utmost importance to the Company. The Bambo drilling campaign in 2021 demonstrated industry best practice health and safety standards and was completed with zero Lost Time Injuries. A customised and rigorous COVID-19 management plan meant no delays were experienced on the drill rig during the campaign.

FAR continues to develop and promote a culture of safe practices and ethics and always endeavours to ensure there are no occupational health issues in the workplace. FAR has invested in developing best practice policies and training to support health, safety and wellbeing, including Whistleblower, Diversity and Human Rights and Child Protection policies and customised crisis management procedures.

FAR ensured that all employees and contractors were supported to work from home or in a COVID safe office environment as appropriate during the height of the pandemic. The Company continues to promote flexible work arrangements to support its people and provide work-life balance where practicable.

#### Community Projects

FAR and its co-venturer in The Gambia contributed to a number of community based projects in 2022.

During the Bambo drilling campaign, six Gambian trainees were employed at the Dakar shore base. These trainees were engaged in loading, unloading and storage work and undertook specific industry training programs, including occupational health and safety training. Two Gambian nationals were seconded offshore onto the Stena IceMax drillship where they assisted in operations and geological activities. Training sessions were also provided to the Gambian staff from the Ministry of Petroleum & Energy covering topics such as drilling engineering and subsurface technology.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

### ENVIRONMENT & CLIMATE CHANGE

FAR recognises its responsibility to support greenhouse gas emissions reduction initiatives where it can. FAR has supported host governments in their efforts to act on these emissions whilst maintaining a secure and affordable energy supply during a transition to a lower emissions future.

FAR acknowledges its own responsibilities in this context and its commitment to be part of a combined approach to a reduction in greenhouse gas emissions. Given the nature of the Group's activities in 2022 emissions and environmental management was not an area that required focus and effort during the year.

#### Climate-related Disclosure

Listed entities are encouraged to adopt the framework of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD) to determine whether they have material exposure to climate change risk, and if so, to consider making disclosures recommended by the TCFD.

FAR will work with future joint venture partners, contractors and other stakeholders to further enhance climate-related disclosures appropriate for its operations. Given the nature of the Group's activities in 2022 climate-change risk was not material.

#### Managing GHG emissions

FAR has a history of working with host governments and joint venture partners to seek alternatives to flaring and venting hydrocarbons from exploration and future production wells, noting that flaring in most of the jurisdictions in which FAR operates is not permitted or highly restricted. During 2022 FAR's operating activities was restricted to desk-top post well studies.

FAR's sustainability and climate change policies can be found on the Company's website at [www.far.com.au](http://www.far.com.au)

### ASSETS, REPUTATION & LEGAL

The PEARL principle also informs FAR's approach to managing its assets, reputation, legal obligations and risk generally.

FAR strives to undertake all of its activities to the highest possible technical and operational standards. FAR enjoys success in partnering with multinational partners in the oil and gas industry. FAR's reputation in the oil and gas industry has been the foundation of this success and the Company works hard to ensure, through good governance, that our reputation remains strong. Further information on our risk management approach and assets can be found in the Directors' Report.



## DIRECTORS' REPORT

The directors of the Company present their report together with the consolidated financial statements of the FAR Limited Group ("FAR"), comprising FAR Limited ('the Company') and its controlled entities (the 'Group') for the year ended 31 December 2022.

### DIRECTORS

The Directors of the Company during the year ended 31 December 2022 and up to the date of this report are set out below. All Directors held their position as director during the year and up to the date of this report unless otherwise stated.

#### Current Directors

Patrick O'Connor	Non-Executive Chairman (Independent)
Robert Kaye SC	Non-Executive Director (Independent)
Garth Campbell-Cowan	Executive Director (Appointed 30 January 2023) and Chief Financial Officer (Appointed 7 April 2022)

#### Former Directors

Alan Stein	Non-Executive Director (Independent) (Appointed 17 March 2022; resigned 27 January 2023)
Catherine Norman	Managing Director (Resigned 23 March 2022)

### INFORMATION ON DIRECTORS

#### Patrick O'Connor – Non-Executive Chairman [BComm](#), [FAICD](#)

Mr O'Connor has significant experience as an independent Non-Executive Director and as a Chief Executive Officer. His experience spans across mining, oil & gas exploration, biotechnology and government utility sectors. Mr O'Connor was previously a Non-Executive Director of Stanmore Coal Ltd and has held the roles of Deputy Chairman and Chairman of Perilya Ltd, the operator of the Broken Hill mine in NSW Australia, prior to its takeover and delisting from the ASX.

Mr O'Connor spent nine years as a director of the Water Corporation in WA, including four years as its Chairman. Mr O'Connor was also the Chief Executive Officer for OceanaGold Corporation at the time of its listing on the ASX and remained for a period as a Non-Executive Director. Prior to OceanaGold, Mr O'Connor was Managing Director of Macraes Mining Co Ltd for nine years. Mr O'Connor is currently a Non-Executive Director of Metals X Limited (ASX: MLX) and was appointed as Non-Executive Director and Executive Director of Red River Resources Limited (Administrators Appointed) on 9 August 2022 and 5 September 2022 respectively. Mr O'Connor is Chair of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

#### *Directorships of other listed companies (last 3 years):*

Metal X Limited (October 2019 to present)

Red River Resources Limited (Administrators Appointed) (August 2022 to present)

#### Robert George Kaye SC – Non-Executive Director [LLB](#), [LLM](#)

Mr Kaye is a barrister, mediator and professional Non-Executive Director with strong focus on board governance. Mr Kaye is currently Non-Executive Chairman of Collins Foods Limited (ASX:CKF) and Non-Executive Director of Magontec Limited (ASX: MGL) and, and the former Chairman of the Macular Disease Foundation of Australia and a former Non-Executive Director of Electro Optic Systems Holdings Limited (ASX: EOS), UGL Limited and HT&E Limited. Mr Kaye is Chair of the Remuneration and Nomination Committee and is a member of the Audit and Risk Committee.

#### *Directorships of other listed companies (last 3 years):*

Collins Foods Limited (October 2014 to present)

Magontec Limited (July 2013 to present)

Electro Optic Systems Holdings Limited (September 2022 to 20 March 2023)



## DIRECTORS' REPORT

**Garth David Campbell-Cowan – Executive Director and Chief Financial Officer** BComm, FCA, Grad Dip App Fin & Investments

Mr Campbell-Cowan is a Chartered Accountant and experienced finance executive across a number of industries, including extensive experience in the minerals sector in Australasia and North America. Mr Campbell-Cowan joined FAR as Chief Financial Officer in March 2022. Until September 2021 Mr Campbell-Cowan was Chief Financial Officer for St Barbara Limited where he was part of the executive team that managed the company's transformation from junior gold miner to an ASX 200 company. Mr Campbell-Cowan has held finance positions with Newcrest Mining Limited, Western Mining Limited, ANZ Bank and Telstra. Mr Campbell-Cowan is a non-executive director of Navarre Minerals Limited and Chair of its Audit and Risk Committee.

*Directorships of other listed companies (last 3 years):*  
Navarre Minerals Limited (November 2021 to present)

### INFORMATION ON FORMER DIRECTORS

**Alan McKellar Stein – Non-Executive Director** BSc (Hons), PhD

Mr Stein is a geologist with more the 30 years' experience in the international oil & gas industry. He was one of the founding partners of the geoscience consultancy IKODA Limited based in London and Perth and was the founding Managing Director of Fusion Oil & Gas plc and Ophir Energy plc. Fusion listed on the UK AIM market in 2000 and made several discoveries offshore Mauritania before being sold in 2003. In early 2004, following the sale of Fusion, Mr. Stein was appointed its Managing Director of Ophir Energy plc upon its inception. Ophir was involved in several discoveries offshore Equatorial Guinea and Tanzania discovering more than 20 trillion cubic feet of gas. Mr Stein resigned from Ophir in 2012 to pursue his own business interests. Mr Stein was one of the founders of Havoc Partners LLP in 2013 a natural resource investment partnership. In 2017 Havoc sold its Canadian interests to Calima Energy Limited (ASX:CE1) and from 2017 to 2021 Mr Stein was its Managing director. Mr Stein is currently an advisor to the Boards of Anglo Tunisian Oil & Gas Limited and Carbon Aceh Pty Ltd. He was a member of the Remuneration and Nomination Committee and is a member of the Audit and Risk Committee.

*Directorships of other listed companies (last 3 years):*  
Calima Energy Limited (2017 to 2021).

**Catherine Margaret Norman – Former Managing Director** BSc (Geophysics)

Ms Norman is a professional geophysicist who has over 30 years' experience in the minerals and oil and gas exploration industry, having held executive positions both in Australia and the UK and carried out operating assignments in Europe, Africa, the Middle East and Australia. Ms Norman served as Managing Director of Flow Energy Limited from 2005 and was appointed Managing Director of FAR Ltd on 28 November 2011. Ms Norman was a member of the Audit and Risk Committee.

*Directorships of other listed companies (last 3 years):*  
None

### INFORMATION ON COMPANY SECRETARY

**Claire Newstead-Sinclair (Appointed 11 July 2022)**

Ms Newstead-Sinclair is employed at Vistra Australia, a professional advisory and corporate services firm. Ms Newstead-Sinclair is a Chartered Accountant with extensive ASX experience across several industry sectors. Ms Newstead-Sinclair specialises in ASX statutory reporting, ASX compliance, Corporate Governance and board and secretarial support. Ms Newstead-Sinclair is appointed Company Secretary on a number of ASX listed Companies.

#### Former Company Secretary

**Elisha Larkin** B.Comm (Hons)/BAgrSci (Hons), MCommLaw (Resigned 11 July 2022)

Ms Larkin was appointed Company Secretary in January 2020 and held this position until her resignation in July 2022.



## DIRECTORS' REPORT

### PRINCIPAL ACTIVITIES

The principal activities of the Company and of the Group during the year were exploration for oil and gas deposits, identifying and evaluating new business opportunities in the oil and gas and energy transition sectors and developing strategies to create value from the Company's extensive exploration data associated with The Gambia.

There were no significant changes in the nature of these activities during the year.

### RESULT FOR THE YEAR

The Group reported a loss for the year ended 31 December 2022 of \$5,188,000 (prior year: loss of \$44,782,000). The loss for the year included restructuring costs of \$338,000 (prior year: nil).

### FINANCIAL PERFORMANCE

#### Financial Performance and Analysis

##### *Profit or Loss*

	2022 US\$'000	2021 US\$'000
Other income	494	77
Expenses	(5,682)	(41,356)
Loss from discontinued operations	-	(3,503)
Loss for the year	<b>(5,188)</b>	<b>(44,782)</b>

During the year the Group reported a net loss of \$5,188,000 (prior year: \$44,782,000). Expenditure during the year comprised mainly exploration and evaluation of \$1,576,000 (prior year: \$31,924,000), corporate overhead and administration costs of \$1,886,000 (prior year: \$718,000) and employee benefits expense of \$1,823,000 (prior year: \$3,728,000).

Exploration and evaluation expense in the year was significantly lower due to completion of the Gambia drilling in the prior year and substantially reduced post well study activity.

The increase in corporate overhead and administration costs was attributable to increased contractor and consultant costs, which was offset by the lower employee benefit expense. Employee benefits expense included restructuring costs of \$338,000 (prior year: \$nil) related to remuneration paid and payable to the former MD&CEO from the date of termination on 23 March 2022.

Other income earned during the year was a total of \$494,000 (prior year: \$77,000) representing mainly interest earned on term deposits.

##### *Cash Flows*

Cash flows used in operating activities was \$21,190,000 for the year (prior year: \$26,069,000), which included payments for Gambia exploration drilling accrued in the prior financial year amounting to \$14,168,000. Payments for exploration and evaluation in the year was \$3,647,000 (prior year: \$2,272,000). Payments to suppliers and employees in the year was \$3,680,000 (prior year: \$ 5,444,000) reflecting the lower corporate administration and employee expenses for the year.

The prior corresponding period operating activities included payments related to discontinued operations of \$18,372,000.

Cash flows from investing activities included interest earned in the year of \$355,000 (prior year: \$41,000) from investing the Group's cash in term deposits. The prior year cash flows from investing included proceeds from the sale of the RSSD project in Senegal of \$126,448,000 and payments for exploration and evaluation of \$10,355,000.

Cash flows from financing activities included payments related to the buy-back of unmarketable share parcels and on-market share buy-backs totalling \$877,000 (prior year: \$Nil). The prior year included payments related to the return of capital to shareholders totalling \$57,796,000. Payment of lease liabilities relates to the right-of-use-assets.



## **DIRECTORS' REPORT**

### *Financial Position*

Current assets decreased by \$22,161,000 during the year due to the reduction in cash, used to fund operating activities including the payment of Bambo exploration drilling costs accrued in the prior year.

The significant reduction in trade and other payables during the year was due mainly to the payment of the amount related to the Bambo exploration drilling campaign and other exploration expenses accrued in the prior year.

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

Net assets of \$33,686,000 (prior year: \$39,751,000) were lower due mainly to expenditure incurred in the year. As at 31 December 2022, the Company reduced its share capital by \$342,969,000 in accordance with section 258F of the Corporations Act 2001, reducing accumulated losses deemed to be of a permanent nature by the same amount.

### **BUSINESS STRATEGY & PROSPECTS**

The Company is currently focussed on oil and gas exploration and the appraisal of new business initiatives across both the 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 and capital returns.

The Board's strategy for The Gambia exploration assets in 2023 remains focussed on efforts to capitalise on the valuable exploration data acquired to date without drawing down on the Group's existing capital to any meaningful extent.

The Board will also consider opportunities for the monetisation of the Woodside Contingent Payment nearer the commencement of first oil production from the Sangomar field in late 2023. This is in line with the strategy to explore every opportunity to reflect the underlying asset value in the FAR share price.

### **DIVIDENDS**

The directors did not recommend that a dividend be paid for the year ended 31 December 2022 nor have any dividends been paid or declared during the year (prior year: NIL).

### **MATERIAL BUSINESS RISKS**

Oil and gas exploration activity is by its nature high risk and is affected by risks and uncertainties, some of which are beyond the Group's reasonable control. The nature of the oil and gas industry and external economic factors mean that a range of factors may impact results. The uncertainties arise from a range of factors, including the nature of the oil and gas industry, changing economic factors and access to capital markets and availability of financing. The business risks assessed as having the potential to have a material impact on the business and financial results of the Group are described below.

The Group integrates risk management practices into all facets of its business and uses risk assessment as an integral part of decision making. The Group uses a corporate risk register to ensure that all material risks are identified, objectively assessed, managed, monitored and responded to in an appropriate manner. The Group regularly updates the corporate risk register. Group risks are regularly reviewed by the board of directors.

#### **Foreign exchange rate fluctuation**

The Group's functional currency is the United States dollar ("US dollar") and its material asset, being cash is denominated in US dollars. The relative movement of the Australian dollar against the US dollar may have a significant impact on FAR's US dollar balances and creates a currency exposure in relation to Australian dollar denominated expenditure.

#### **Counterparty credit risk**

The Group is exposed to counterparty credit risk associated with cash held on term deposit and the counterparty defaulting on payment of interest at maturity of deposits. Credit risk in relation to term deposits is reduced through placing cash investments with a major Australian bank with a high credit rating assigned by international credit ratings agencies.

#### **Information technology and cyber risks**

The Group's operations are supported by and dependent on IT systems, consisting of infrastructure, networks, applications, and service providers. The Group could be subject to network and systems interference or disruptions from a number of sources, including (without limitation) security breaches, cyber-attacks and system defects. The impact of IT systems interference or disruption could include destruction or corruption of data, disclosure of personal



## DIRECTORS' REPORT

or commercially sensitive information and data breaches. Although security measures and recovery plans are in place for critical IT systems, any such interference or disruption could have a material impact on FAR's business. Despite the security measures that FAR has implemented, including those related to cybersecurity, its systems could be breached or damaged by malicious acts. Cybersecurity risk is increasingly difficult to identify and quantify and cannot be fully mitigated because of the rapidly evolving nature of the threats, targets and consequences.

### Exploration

Oil and Gas exploration is speculative by nature and therefore carries a degree of risk associated with the discovery of hydrocarbons in commercial quantities. Exploration activity may be adversely influenced by a number of different factors including, amongst other things, new subsurface geological and geophysical data, drilling results including the presence, prevalence and composition of hydrocarbons, force majeure circumstances, drilling cost overruns for unforeseen subsurface operating conditions or unplanned events or equipment difficulties. Currently the Group's exposure to exploration risk is limited due to the cessation of exploration activities and completion of drilling commitments in the prior year.

### Joint operations risk

The use of joint operations is common in the oil and gas industry and usually exist through all stages of the oil and gas life cycle. Joint operation arrangements, amongst other things, mainly serve to share the obligations and benefits of exploration, development, and production of oil and gas. The key risk that is mitigated by joint venture or farming down is the large cost associated with exploration and capital intensive development phases. However, failure to establish alignment between joint operation participants, poor performance or cost overruns by third party joint operation operators, or the failure of joint operation partners to meet their commitments and share of costs and liabilities could have a material impact on the Group's business.

The Group manages joint operation risk through careful joint operation partner selection (when applicable) and negotiation of agreement, stakeholder engagement, relationship management, attendance at committee meetings and joint operation audits. Commercial and legal agreements are put in place for joint operations, which carefully define the responsibilities and obligations of the joint operation parties and rights of the Group.

### Government and Regulator risk

The Group's rights, obligations and commercial arrangements through all stages of the oil and gas lifecycle (exploration, development, production) in international oil and gas permits are commonly defined in agreements entered into with the relevant country's Government and in the country's petroleum and tax related legislation and other laws. These agreements and laws are at risk of amendment by future Governments, which accordingly could materially and adversely impact on the Group's rights and commercial arrangements. Furthermore, due to the evolving nature of exploration work programs as new technical data becomes available and due to the fluctuating availability of petroleum equipment and services, the Group may seek to negotiate variations to permit agreements, particularly in relation to the duration of the exploration phase in the permit and the work program commitments.

The Group manages Government and Regulator risk through careful Government and Regulator relationship management. Failure to maintain mutually acceptable arrangements between the Group and Government and Regulator could have a material impact on the Group's business, including forfeiture or relinquishment of permits or commercially less advantageous terms being imposed on permits. The renewal or extension of licence or contract terms is an ongoing risk.

### Sovereign risks

The Group's strategy has been focused on exploration in Africa. In developing countries, political and regulatory tax structures are maturing and have potential for further change. Uncertainty may exist as to the stability of the regulatory and political environment and there is potential for events to have a material impact on the investment and security environment within a country. The Group manages sovereign risk through closely monitoring political developments and events in the countries in which it has an interest.

### Anti-bribery and corruption laws

The Group may be subject to potential fraud, bribery, corruption and money laundering risks associated with the business in jurisdictions where it operates. Australian and other anti-fraud, anti-bribery, anti-corruption and anti-money laundering laws, conventions, regulations, and enforcement procedures, and corresponding compliance obligations, have become more stringent in recent years. Failure to comply with applicable legal and regulatory requirements, and to maintain appropriate management and internal control frameworks to address such compliance risks, often carry substantial penalties and impose obligations and controls to prevent bribery by others on FAR's behalf. There can be no assurances that the Group's internal controls will always protect it from reckless or other inappropriate acts



## DIRECTORS' REPORT

committed by its intermediaries, associates, directors, officers, employees or agents. Violations of these laws, or allegations of such violations, could expose the Group to potential fines, penalties and other civil and/or criminal litigation and have a material adverse effect on its business and reputation.

### Legal proceedings, investigations and disputes

Legal proceedings, investigations and disputes (including tax audits and disputes) could have a material adverse effect on the Group's financial position and its financial results. Regardless of the ultimate outcome of such proceedings, investigations and disputes, and whether involving regulatory action or civil or criminal claims, there may be a material adverse impact from the associated costs.

### Environmental risks

Oil and gas operations have inherent risks and liabilities associated with ensuring operations are carried out in a manner that is responsible to the environment. While the Group does not currently have operations, environmental laws and regulations are continually changing and as such, the Group could be subject to changing obligations or unanticipated environmental incidents that, as a result, could impact costs, provisions, and other facets of the Group's operations in the future.

### Climate change risks

The Group considers that oil and gas will remain a part of the global energy mix into the future and recognises its responsibility to support national greenhouse gas emissions reduction initiatives where it can. The Group supports governments in their efforts to take action on these emissions while maintaining a secure and affordable energy supply during a transition to a lower emissions future. The Group acknowledges its own responsibilities in this context and its commitment to be part of a combined approach of a reduction in greenhouse gas emissions. The Group undertakes to make its activities carbon neutral where possible by undertaking prudent, practical and cost-effective actions to support emission reductions. The Group incorporates climate considerations when assessing new project opportunities and recognises that climate considerations may impact the availability and economic feasibility of projects in oil and gas exploration. Given that the Group is not currently an oil or gas producer, nor does it hold an interest in an oil or gas production project, it considers that it is not currently materially exposed to physical, regulatory, oil market, cost or legal risks related to climate change.

The Group recognises that the climate change landscape continues to evolve and commits to regularly reviewing and updating its climate change policy to consider ongoing developments, including regulatory developments, community expectations and peer approaches to climate change.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS AND FUTURE DEVELOPMENTS

The operations review and financial performance sections on pages 3 to 4 and 9 to 10 sets out a number of matters that have had a significant effect on the state of affairs of the Group. Other than those matters, there were no other significant changes in the state of affairs of the Group during the reporting period.

The likely developments and future prospects of the Group are also discussed in the operations review, financial performance and business strategy and prospects sections of this report.

## INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, company secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium, and subject to some exceptions provides cover to past, present and future directors, company secretaries and executive officers of the Company and its subsidiaries.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any of the related bodies corporate against a liability incurred as such an officer or auditor. No payment has been made to indemnify any director, company secretary or executive officer of the Company and its subsidiaries during the year or since the end of the financial year.



## DIRECTORS' REPORT

### DIRECTORS' SHAREHOLDINGS

The table below sets out the interest of each director in shares of the Company as at the date of this report.

	Number of fully paid ordinary shares
<b>Director</b>	
P O'Connor	100,000
R Kaye	26,845
G Campbell-Cowan	-

### SHARE OPTIONS AND PERFORMANCE RIGHTS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

No share options or performance rights were issued, vested or exercised during the year. There were no share options or performance rights in existence for directors, senior management or other employees at year end or the date of this report.

### DIRECTORS' MEETINGS

The table below sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended (while they were a director or committee member) by each director:

	Board		Remuneration & Nomination Committee		Audit & Risk Committee	
	A	B	A	B	A	B
P O'Connor	15	15	2	2	4	4
R Kaye	15	15	2	2	4	4
A Stein <sup>(2)</sup>	10	11	-	-	4	4
<b>Former Director</b>						
C Norman <sup>(1)</sup>	4	4	1	1	1	1

(1) Ms Norman resigned as a director on 23 March 2022.

(2) Dr Stein was appointed on 17 March 2022 and resigned as a director on 27 January 2023.

Column A – indicates the number of meetings attended whilst a director/committee member.

Column B – indicates the number of meetings held whilst a director/committee member.

### ENVIRONMENTAL REGULATIONS

The Group's oil and gas operations are subject to environmental regulation under the legislation of the respective countries within which it operates. Approvals, licences, hearings and other regulatory requirements are performed by the operators of each permit or lease on behalf of joint operations in which the Group participates. The Group is potentially liable for any environmental damage from its activities, the extent of which cannot presently be quantified and would in any event be reduced by insurance carried by the Group or operator.

The Group applies the extensive oil and gas experience of its personnel to develop strategies to identify and mitigate environmental risks. Compliance by operators with environmental regulations is governed by the terms of respective joint operating agreements and is otherwise conducted using oil industry best practices. The Board actively monitors compliance with state and joint operation regulations and as at the date of this report is not aware of any material breaches in respect of these regulations.

### PROCEEDINGS ON BEHALF OF THE COMPANY

At the date of this report, the directors are not aware of any proceedings brought on behalf of the Company or Group, nor has any application been made in respect of the Company under section 237 of the *Corporations Act 2001*.



## **DIRECTORS' REPORT**

### **AUDIT AND NON-AUDIT SERVICES**

Details of the amounts paid or payable to the auditor (Moore Australia) and the previous auditor (Deloitte Touche Tohmatsu) for audit and non-audit services during the year are disclosed in Note 28 to the financial statements. Moore Australia was appointed as the Company's auditor with effect from 18 January 2023 following the resignation of Deloitte Touche Tohmatsu and ASIC's consent to the resignation.

The Company may decide to employ the Auditor on assignments additional to their statutory audit duties where the Auditor's expertise and experience with the Group is important. During the year there were no amounts paid to the Auditor for non-audit services. There were no non-audit services provided by Deloitte Touche Tohmatsu and related entities for the year ended 31 December 2022.

### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the Auditor's Independence Declaration, as required by the Corporations Act 2001, is included in this report.

### **CURRENCY**

All references to dollars in the Directors' Report and the Financial Report are references to US dollars (\$) or US\$) unless otherwise specified.

### **SUBSEQUENT EVENTS**

In December 2022 the Company commenced an on-market share buy-back for up to 10 percent of the Company's issued capital. The share buy-back is to be conducted over the twelve month period from 1 December 2022 unless completed or terminated earlier. As at 28 March 2023, the Company has bought back 3,874,358 shares at an average price of A\$0.70631 per share and total cost of US\$1,814,000 subsequent to the 31 December 2022 reporting date.

Other than the above, the Directors are not aware of any matters or circumstances, other than those referred to in this report, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Group in subsequent financial years.

### **ROUNDING OF AMOUNTS**

FAR Limited is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument amounts in the Directors' Report and Financial Report are rounded to the nearest thousand dollars, except where otherwise indicated.

## DIRECTORS' REPORT

### REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of FAR's key management personnel (KMP) for the financial year ended 31 December 2022. The term KMP refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The Report has been audited under section 308(3C) of the Corporations Act 2001.

The prescribed details of each person covered by this report are detailed under the following headings:

- key management personnel;
- remuneration governance;
- executive remuneration contract terms;
- non-executive director remuneration structure;
- executive remuneration arrangements and tables;
- non-executive remuneration arrangements and tables; and
- movements in shareholdings.

#### 1. Remuneration Overview

The Board has deferred any consideration of executive fixed remuneration and appropriate performance related variable remuneration until the future strategy of the Company has been formulated. This future strategy will take into consideration options for deriving value from the Group's exploration interests in The Gambia, capital management and evaluation of opportunities to create shareholder value across the broader energy sector. The Board will ensure the appropriate alignment of the organisational structure and capabilities to the strategy.

The Board is continually reviewing the costs in the business, including the remuneration cost, to deliver the best value for the Company and its shareholders in line with its strategy.

The non-executive directors' fees were reset from 1 April 2022 to reflect the transition of the Group and workload for the Company's Board.

#### 2. Currency

Unless otherwise indicated, the currency used in this Report is US dollars which represents FAR's reporting (presentation) currency. Executive remuneration and non-executive director fees are paid in Australian dollars and are translated into US dollars for reporting purposes at a rate of A\$1.00:US\$0.6997. The Non-Executive Director fees in Australian dollars are shown in section 6.

#### 3. Key Management Personnel (KMP)

The directors and other KMP of the Group during or since the end of the financial year were:

Non-Executive Directors	Position	Appointed as KMP	Ceased as KMP
Patrick O'Connor	Chairman, Non-Executive Director	-	-
Robert Kaye	Non-Executive Director	-	-
Alan Stein	Non-Executive Director	17 March 2022	27 January 2023
<b>Senior Executives</b>			
Garth Campbell-Cowan	Chief Financial Officer	7 April 2022	-
<b>Former Director</b>			
Catherine Norman	Managing Director	-	23 March 2022
<b>Former Senior Executives</b>			
Peter Nicholls	Exploration Manager	-	31 December 2021
Bruno Delanoue	General Manager – West Africa	-	31 December 2021
Victoria McLellan	Chief Financial Officer	-	7 April 2022

Except as noted, the named persons held their positions for the whole of the financial year and since the end of the financial year.



## DIRECTORS' REPORT

### 4. *Remuneration governance*

The Remuneration and Nomination Committee is responsible for reviewing and making recommendations on the remuneration packages of new and existing Board members and senior executives and to oversee the remuneration of employees of the Company.

The objectives and responsibilities of the Remuneration and Nomination Committee are documented in the charter approved by the Board. A copy of the charter is available on the Company's website.

The charter states the Remuneration and Nomination Committee must comprise at least three members and consist of independent directors. Due to the current composition of the Board, the Remuneration and Nomination Committee was comprised of the Company's two independent directors, R G Kaye (Chairman) and P O'Connor. From 18 March 2022 for the year ended 31 December 2022, the Remuneration and Nomination Committee had three independent directors as members.

#### **Objectives**

The objectives of the Remuneration and Nomination Committee are defined in the charter and include:

- Review and make recommendations on the remuneration packages of new and existing Board members and senior executives of the Group;
- Oversee the remuneration of employees of the Company; and
- The Committee makes recommendations to the Board and does not relieve the Board of its responsibilities in these matters.

#### **Responsibilities**

The responsibilities of the Remuneration and Nomination Committee as defined in the charter are as follows:

- Review and make recommendations to the Board on the remuneration packages of the roles of Chairman, Managing Director, other directors and senior executives;
- Review and make recommendations to the Board on the remuneration packages, and terms and conditions of any new appointee to the roles of Chairman, Managing Director, other directors and senior executives;
- Review the Managing Director's recommendations in relation to proposed remuneration packages of employees;
- Consider the adoption of appropriate long-term and short-term incentive and bonus plans and review adopted plans on a regular basis to ensure they comply with legislation and regulatory requirements, reflect industry standards and are effective in meeting the Company's objectives;
- Review participants in the incentive and bonus plans; and
- Review the Remuneration Report as part of the Directors' Report in the Annual Report of the Company.

#### **Executive remuneration**

The Remuneration and Nomination Committee advises the Board on remuneration for the senior executives and oversees the Company's executive remuneration policy which aims to:

- reward senior executives fairly and responsibly in accordance with market rates and practices to ensure the Company provides competitive rewards that attract, retain and motivate senior executives of a high calibre;
- set high levels of performance which are clearly linked to a senior executive's remuneration;
- structure remuneration at a level that reflects the senior executive's duties and accountabilities;
- benchmark remuneration against appropriate comparator groups;
- align senior executive incentive rewards with the creation of value for shareholders;
- align remuneration with the Company's long-term strategic plans and business objectives; and
- comply with applicable legal requirements and appropriate governance standards.

#### **Employee Performance Rights and Share Option Plan**

There are no outstanding share performance rights or share options at the end of the year.

## DIRECTORS' REPORT

### 5. *Executive remuneration contract terms*

The table below details the key terms of the employment contracts for senior executives of the Company.

Name	Contract duration	Termination notice by the Company	Termination notice by the executive
Catherine Norman <sup>(1)</sup>	Notice of termination given 23 March 2022	12 months	3 months
Garth Campbell-Cowan	12 months from 31 December 2022	1 month	1 month

(1) Ms Norman was given notice of termination of employment on 23 March 2022 with an effective termination date of 22 March 2023.

### 6. *Non-Executive Director remuneration structure*

The Company's remuneration policy for non-executive directors considers the following factors when determining levels of remuneration:

- the size, activities and structure of the Company;
- the location and jurisdictions in which the Company operates;
- the responsibilities and work commitment requirements of Board members; and
- the level of fees paid to non-executive directors relative to comparable companies.

Fees paid to non-executive directors are determined by the Board and are subject to an aggregate limit of A\$600,000 per annum in accordance with the Company's constitution and as approved by shareholders at the Annual General Meeting held in May 2017.

The non-executive director's remuneration policy is as follows:

- Remuneration includes a fixed fee for services as directors and statutory superannuation (where applicable).
- Entitlement to reimbursement of reasonable travel, accommodation and other expenses incurred whilst engaged on Company business.
- No additional fees are paid for participation on any Board committees.
- At the Board's discretion, additional fees may be paid for special duties or extra services performed on behalf of the Company.
- No provision for retirement benefits other than statutory superannuation entitlement.
- No entitlement to participate in incentive-based remuneration schemes.

A summary of the Company's fees in relation to its non-executive directors (inclusive of superannuation) is as follows:

	Fixed annual fee A\$
Chairman	145,000
Non-Executive Director	110,000

The non-executive directors' fees were reduced effective 1 April 2022 to reflect the period of transition of the Company.



## DIRECTORS' REPORT

### 7. Executive remuneration arrangements

#### 7.1 Remuneration statutory tables

The table below details the remuneration of senior executives classified as KMP during the year ended 31 December 2022. All senior executives were remunerated in Australian dollars during the year. Remuneration has been presented in US dollars and all components have been translated from Australian dollars to US dollars using the monthly functional exchange rate.

	Short-term employee benefits		Post-employment		Long-term employee benefits		
	Salary	Termination Payments	Superannuation Contributions	Other	Leave <sup>(1)</sup>	Total	Performance Related
For year ended:	US\$	US\$	US\$	US\$	US\$	US\$	%
31 December 2022							
G Campbell-Cowan <sup>(2)</sup>	-	-	-	182,228	-	182,228	-
<b>Former Executives</b>							
C Norman <sup>(3)</sup>	81,189	-	3,866	-	2,554	87,609	-
V McLellan <sup>(4)</sup>	61,297	-	5,746	-	(1,216)	65,827	-
	<b>142,486</b>	<b>-</b>	<b>9,612</b>	<b>182,228</b>	<b>1,338</b>	<b>335,664</b>	<b>-</b>

(1) Leave employee benefits represent long-term statutory leave entitlements, measured on an accrual basis, and reflects the net movement in the entitlements over the year. Negative movement indicates leave taken that exceeds leave accrued during the year. For former Executives this may include the reversal of long service leave expensed but which did not vest upon cessation of employment.

(2) Mr Campbell-Cowan is employed on a fixed term consulting agreement.

(3) Ms Norman ceased to be a KMP after being given notice of termination as an employee of the Company on 23 March 2022. Ms Norman has a 12-month notice period under the terms of her employment contract, and remuneration reported in the table above is for the period 1 January 2022 to the date notice of termination was given.

(4) M McLellan resigned from her position as Chief Financial Officer and the Company effective 7 April 2022.

	Short-term employee benefits		Post-employment		Long-term employee benefits		
	Salary	Termination Payments	Superannuation Contributions	Other	Leave <sup>(2)</sup>	Total	Performance Related
For year ended:	US\$	US\$	US\$	US\$	US\$	US\$	%
31 December 2021							
C Norman <sup>(1) (3)</sup>	487,024	-	17,293	-	(63,305)	441,012	-
P Nicholls	366,046	-	17,049	-	1,815	384,910	-
B Delanoue	470,233	-	-	-	-	470,233	-
V McLellan <sup>(4)</sup>	92,432	-	8,664	-	550	101,646	-
<b>Former Executives</b>							
T Woodall	237,314	402,085	26,158	-	-	665,557	-
P Thiessen	134,775	308,009	26,158	-	-	468,942	-
	<b>1,787,824</b>	<b>710,094</b>	<b>95,322</b>	<b>-</b>	<b>(60,940)</b>	<b>2,532,300</b>	<b>-</b>

(1) Ceased to be a KMP on 23 March 2022.

(2) Leave employee benefits represent statutory leave entitlements, measured on an accrual basis, and reflects the net movement in the entitlements over the year. Negative movement indicates leave taken exceeded leave accrued during the year. For former Executives this may include the reversal of long service leave expensed but which did not vest upon cessation.

(3) On 1 September 2021 Ms Norman accepted a 30% salary reduction, and Mr P Nicholls and Mr B Delanoue accepted a 10% salary reduction. As a result, leave entitlements were adjusted to reflect the impact of the salary reductions.

(4) Appointed as KMP on 2 July 2021 with remuneration only shown for the period served as KMP until 31 December 2021.

## DIRECTORS' REPORT

### 7.2 Analysis of short-term incentives (STI)

The Board determined that no performance based STI would be paid for the year ended 31 December 2022 (2021: Nil).

### 7.3 Analysis of long-term incentives (LTI)

The Company did not grant any share performance rights or share options during the year.

At the date of this report, no unlisted share performance rights or share options were on issue.

## 8. Non-Executive Director remuneration arrangements

### 8.1 Remuneration statutory tables

All non-executive directors are remunerated in Australian dollars. Remuneration has been presented in US dollars and all components have been translated from Australian dollars to US dollars using a monthly functional exchange rate.

	Director Fees US\$	Superannuation Contributions US\$	Other US\$	Total US\$
<b>Year ended 31 December 2022</b>				
<b>Non-Executive Directors</b>				
P O'Connor <sup>(1)</sup>	100,775	10,299	96,191	207,265
R Kaye	78,643	8,032	-	86,675
A Stein <sup>(1) (2)</sup>	54,254	5,593	27,079	86,926
	<b>233,672</b>	<b>23,924</b>	<b>123,270</b>	<b>380,866</b>

(1) From 1 April 2022 Mr O'Connor and Dr Stein were paid consulting fees for additional executive services provided in accordance with a Board approved policy, based on an hourly rate limited to 8 hours per day less directors' fees paid on a monthly basis.

(2) Fees shown above received by Dr Stein in his capacity as non-executive director was from his date of appointment on 17 March 2022.

	Director Fees US\$	Superannuation Contributions US\$	Other US\$	Total US\$
<b>Year ended 31 December 2021</b>				
<b>Non-Executive Directors</b>				
P O'Connor <sup>(1)</sup>	66,841	6,684	-	73,525
R Kaye <sup>(1)</sup>	55,143	5,514	-	60,657
<b>Former Non-Executive Directors</b>				
N Limb <sup>(2)</sup>	70,594	6,706	-	77,300
R Nelson <sup>(2)</sup>	36,475	3,465	-	39,940
	<b>229,053</b>	<b>22,369</b>	<b>-</b>	<b>251,422</b>

(1) Fees received by Mr O'Connor and Mr Kaye are in their capacity as non-executive directors from their respective dates of appointment.

(2) Fees received by Mr Limb and Mr Nelson are as non-executive directors from 1 January 2021 to 30 June 2021.



## DIRECTORS' REPORT

### 9. Movement in shareholdings

The number of shares held, directly, indirectly, or beneficially, by directors and senior executives are outlined in the tables below.

	Balance 1 Jan 22	Received on Exercise of Rights/Options	Other Movements	Net Other Change <sup>(2)</sup>	Balance 31 Dec 22
<b>Year ended</b>					
<b>31 December 2022:</b>					
<b>Directors</b>					
P O'Connor	100,000	-	-	-	100,000
R. Kaye <sup>(1)</sup>	-	-	-	26,845	26,845
A Stein <sup>(1)</sup>	-	-	-	270,000	270,000
<b>Former Directors</b>					
C Norman <sup>(3)</sup>	253,201	-	-	(253,201)	-
<b>Executives</b>					
G Campbell-Cowan	-	-	-	-	-

(1) Shares purchased on market during the year reflected in net other change.

(2) Net other change represents shares purchased or sold on market during the year, shareholdings recognised upon KMP appointment or de-recognised upon retirement or ceasing employment.

(3) Ms Norman was given notice of termination of employment with the Company on 23 March 2022 and resigned as a director on 23 March 2022.

	Balance 1 Jan 21 <sup>(1)</sup>	Received on Exercise of Rights/Options	Other Movements <sup>(2)</sup>	Net Other Change <sup>(3)</sup>	Balance 31 Dec 21
<b>Year ended</b>					
<b>31 December 2021:</b>					
<b>Directors</b>					
P O'Connor	-	-	-	100,000	100,000
R Kaye	-	-	-	-	-
<b>Former Directors</b>					
N Limb	45,614,021	-	(45,157,881)	(456,140)	-
R Nelson	2,205,882	-	(2,183,823)	(22,059)	-
T Woodall	3,655,882	-	-	(3,655,882)	-
C Norman	25,319,972	-	(25,066,771)	-	253,201
<b>Executives</b>					
P Nicholls	4,543,291	-	(4,497,857)	-	45,434
B Delanoue	-	-	-	-	-
V McLellan	-	-	-	-	-
<b>Former Executives</b>					
P Thiessen	7,062,500	-	(6,991,875)	(70,625)	-
M Cowie	750,000	-	-	(750,000)	-

(1) The opening balance at 1 January 2021 represents ordinary fully paid shares held by KMP before the 1:100 share consolidation.

(2) Other movements represent the 1:100 share consolidation approved by shareholders on 22 June 2021.

(3) Net other change represents shares purchased or sold on market during the year, shareholdings recognised upon KMP appointment or de-recognised upon retirement or ceasing employment.

## DIRECTORS' REPORT

### 10. *Loans to KMP*

No loans were made to KMP during the year, nor are there any loans to KMP outstanding.

### 11. *Director related transactions*

#### 11.1 *Loans to related parties*

No loans were made to director related parties during the year and there are no loans to director related parties outstanding.

#### 11.2 *Transactions with director related entities*

The terms and conditions of transactions with KMP were no more favourable to KMP and their related entities than those available, or which might reasonably be expected to be available, for similar transactions on an arm's length basis.

#### 11.3 *No hedging of remuneration of key management personnel*

No member of the KMP has entered into an arrangement to limit exposure to risk relating to an element of the member's remuneration that has not vested or has vested but remains subject to a holding lock.

**End of Remuneration Report.**

The directors' report is signed in accordance with a resolution of the directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

For and on behalf of the Directors



**Patrick O'Connor**  
**Chairman**

Melbourne, 29 March 2023



# ***FINANCIAL STATEMENTS***

*For the financial year ended 31 December 2022*

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER S 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF FAR LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2022, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

**MOORE AUSTRALIA AUDIT (VIC)**  
**ABN 16 847 721 257****ANDREW JOHNSON**  
**Partner**  
**Audit and Assurance**

Melbourne, Victoria

29 March 2023



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the financial year ended 31 December 2022**

	Note	2022 US\$'000	2021 US\$'000
<b>Continuing operations</b>			
Other income	6	494	77
Depreciation and amortisation expense	7	(212)	(244)
Exploration and evaluation expense	7	(1,576)	(31,924)
Impairment of exploration and evaluation assets	7	-	(2,692)
Finance costs	7	(27)	(16)
Corporate administration expenses		(1,886)	(718)
Employee benefits expense	7	(1,823)	(3,728)
Business development expenses		(19)	(19)
Foreign exchange loss		(38)	(2,015)
Other expenses		(101)	-
		<hr/>	<hr/>
Loss before tax from continuing operations		(5,188)	(41,279)
Income tax expense	9	-	-
<b>Loss for the year from continuing operations</b>		<hr/> <b>(5,188)</b>	<hr/> <b>(41,279)</b>
<b>Discontinued operations</b>			
Loss for the year from discontinued operations	8	-	(3,503)
		<hr/>	<hr/>
<b>Loss for the year</b>		<b>(5,188)</b>	<b>(44,782)</b>
Other comprehensive income/(loss), net of income tax			
<i>Items that will not be reclassified to profit or loss:</i>			
Reclassification of foreign currency differences on dissolution of subsidiary companies		639	-
		<hr/>	<hr/>
<b>Total comprehensive loss for the year</b>		<hr/> <b>(4,549)</b>	<hr/> <b>(44,782)</b>
		<b>US Cents</b>	<b>US Cents</b>
<b>Earnings per share attributable to ordinary equity holders of the Company:</b>			
<b>From continuing operations</b>			
Basic and diluted loss	19	(5.22)	(41.37)
<b>From continuing and discontinued operations</b>			
Basic and diluted loss	19	(5.22)	(44.88)

The above consolidated profit or loss should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2022**

	Note	2022 US\$'000	2021 US\$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	23	33,651	55,634
Trade and other receivables	10	1,093	1,337
Other financial assets	11	73	7
<b>Total Current Assets</b>		<b>34,817</b>	<b>56,978</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	62	196
Right-of-use assets	14	591	49
<b>Total Non-Current Assets</b>		<b>653</b>	<b>245</b>
<b>TOTAL ASSETS</b>		<b>35,470</b>	<b>57,223</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	703	16,875
Lease liabilities	14	129	66
Employee benefits	16	456	512
<b>Total Current Liabilities</b>		<b>1,288</b>	<b>17,453</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	14	483	5
Employee benefits	16	13	14
<b>Total Non-Current Liabilities</b>		<b>496</b>	<b>19</b>
<b>TOTAL LIABILITIES</b>		<b>1,784</b>	<b>17,472</b>
<b>NET ASSETS</b>		<b>33,686</b>	<b>39,751</b>
<b>EQUITY</b>			
Issued capital	17	38,079	381,925
Reserves	18	(4,393)	4,585
Accumulated losses		-	(346,759)
<b>TOTAL EQUITY</b>		<b>33,686</b>	<b>39,751</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the financial year ended 31 December 2022

	Note	Reserves					Total attributable to equity holders of the parent US\$'000
		Share capital US\$'000	Share-based payments reserve <sup>(i)</sup> US\$'000	Foreign currency translation reserve <sup>(ii)</sup> US\$'000	Total reserves US\$'000	Accumulated losses US\$'000	
<b>Balance at 1 January 2021</b>		439,623	8,340	(3,754)	4,585	(301,977)	142,231
Loss for the year		-	-	-	-	(44,782)	(44,782)
<b>Total comprehensive loss for the year</b>		-	-	-	-	(44,782)	(44,782)
Share capital return	17	(57,698)	-	-	-	-	(57,698)
<b>Balance at 31 December 2021</b>		<b>381,925</b>	<b>8,339</b>	<b>(3,754)</b>	<b>4,585</b>	<b>(346,759)</b>	<b>39,751</b>
<b>Balance at 1 January 2022</b>		381,925	8,339	(3,754)	4,585	(346,759)	39,751
Loss for the year		-	-	-	-	(5,188)	(5,188)
Other comprehensive income for the year		-	-	(639)	(639)	639	-
<b>Total comprehensive loss for the year</b>		-	-	(639)	(639)	(4,549)	(5,188)
Share buy-backs	17	(815)	-	-	-	-	(815)
Share buy-back costs	17	(62)	-	-	-	-	(62)
Section 258F capital reduction <sup>(iii)</sup>	17	(342,969)	-	-	-	342,969	-
Transfer of share-based payments reserve <sup>(iv)</sup>		-	(8,339)	-	(8,339)	8,339	-
<b>Balance at 31 December 2022</b>		<b>38,079</b>	<b>-</b>	<b>(4,393)</b>	<b>(4,393)</b>	<b>-</b>	<b>33,686</b>

(i) Comprises the fair value of rights and options recognised as an employee expense.

(ii) Foreign currency translation reserve records exchange differences arising on translation of the financial statements of foreign subsidiaries and branches from their functional currency to the Company's functional and presentation currency of United States dollars (USD). The functional and presentation currency for the Group was changed from Australian dollars (AUD) to USD effective 1 January 2020, resulting in exchange differences recognised in equity under the reserve for foreign currency translation. On disposal or dissolution of a subsidiary the cumulative amount of exchange differences related to that foreign operation is reclassified to profit or loss.

(iii) As at 31 December 2022, the Company reduced its share capital by US\$342,969,000 in accordance with section 258F of the Corporations Act 2001, reducing accumulated losses deemed to be of a permanent nature by the same amount.

(iv) Share-based payments reserve relating to rights that lapsed and were cancelled or forfeited is transferred to accumulated losses.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the financial year ended 31 December 2022**

	Note	2022 US\$'000	2021 US\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from other customers and counterparties		-	23
Receipt of goods & services tax		402	-
Payments to suppliers and employees		(3,680)	(5,445)
Payments for exploration and evaluation expenses		(17,815)	(2,275)
Payments for business development		(19)	-
Payments related to discontinued operations		-	(18,372)
Payments of security deposit held over premises		(78)	-
Net cash used in operating activities	23(c)	<b>(21,190)</b>	<b>(26,069)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		355	41
Proceeds from sale of oil & gas properties		-	126,448
Payments for exploration and evaluation assets		(16)	(10,354)
Payments for property, plant and equipment		-	(32)
Net cash provided by investing activities		<b>339</b>	<b>116,103</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments related to share buy-backs/capital return	17	(815)	(57,698)
Payments related to share buy-back costs	17	(62)	(98)
Payment of lease liabilities		(159)	(482)
Net cash used in financing activities		<b>(1,036)</b>	<b>(58,278)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(21,887)</b>	<b>31,756</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		55,634	25,934
Effects of exchange rate changes on cash and cash equivalents		(96)	(2,056)
<b>Cash and cash equivalents at the end of the financial year</b>	23(a)	<b>33,651</b>	<b>55,634</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.



<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>PAGE</b>
1. GENERAL INFORMATION	29
2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS	29
3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	29
4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY	30
5. SEGMENT INFORMATION	31
6. OTHER INCOME	32
7. LOSS FOR THE YEAR	32
8. DISCONTINUED OPERATIONS	33
9. INCOME TAXES	34
10. TRADE AND OTHER RECEIVABLES	36
11. OTHER FINANCIAL ASSETS	36
12. PROPERTY, PLANT AND EQUIPMENT	37
13. EXPLORATION AND EVALUATION ASSETS	38
14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES	39
15. TRADE AND OTHER PAYABLES	40
16. EMPLOYEE BENEFITS	41
17. ISSUED CAPITAL	42
18. RESERVES	42
19. EARNINGS PER SHARE	43
20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS	43
21. JOINT OPERATIONS	44
22. SUBSIDIARIES	45
23. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT	45
24. FINANCIAL AND RISK MANAGEMENT	47
25. KEY MANAGEMENT PERSONNEL COMPENSATION	50
26. RELATED PARTY DISCLOSURES	51
27. PARENT ENTITY	51
28. REMUNERATION OF AUDITORS	52
29. DIVIDENDS	52
30. SUBSEQUENT EVENTS	52

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the financial year ended 31 December 2022

### 1. GENERAL INFORMATION

FAR Ltd (the 'Company') is an Australian listed public company, incorporated in Australia and predominantly operating in Africa. The principal activities of the Company and its subsidiaries (the Group) are disclosed in the Directors' Report.

The Company's registered office and its principal place of business for the year was Level 12, 530 Collins Street, Melbourne, Victoria, 3000, Australia.

### 2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

There are no new accounting standards or interpretations that have been adopted for the first time in these financial statements. Certain new accounting standards and interpretations may have been published that are not mandatory for 31 December 2022 reporting periods which will not be early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

This financial report is a general purpose financial report, prepared by a for-profit entity, in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The financial report also complies with the International Financial Reporting Standards (IFRS), including interpretations as issued by the International Accounting Standards Board (IASB).

The financial report has been prepared on a historical cost basis. The financial report has been presented in United States (US) dollars and all values are rounded to the nearest US\$1,000 (US\$'000) unless otherwise stated.

The accounting policies have been consistently applied by all entities included in the Group and are consistent with those applied in the prior year, except for changes arising from adoption of new accounting standards which have been separately disclosed.

#### Functional and presentation currency

The functional and presentation currency of FAR Limited and its subsidiaries is United States dollars. Transactions in foreign currencies are initially recorded in the functional currency of the transacting entity at the exchange rates prevailing at the date of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at that date.

#### Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries (referred to as 'the Group' in these financial statements). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect the returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

#### Other significant accounting policies

Significant accounting policies are disclosed in the respective notes to the financial statements.



## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **for the financial year ended 31 December 2022**

#### **4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 3 and the financial statements, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the financial year ended 31 December 2022

### 5. 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 its performance. The Group undertook exploration for oil and gas in Africa during the year.

#### Segment Assets and Liabilities

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

	Assets		Liabilities	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
<b>Continuing operations</b>				
The Gambia	738	14,088	411	16,453
Guinea-Bissau	-	26	-	47
Senegal	22	110	13	41
Corporate	34,710	42,999	1,360	931
Total segment assets and liabilities	35,470	57,223	1,784	17,472
<b>Total</b>	<b>35,470</b>	<b>57,223</b>	<b>1,784</b>	<b>17,472</b>

#### Segment Revenue and Results

The Group's revenue and results from operations for the year ended 31 December is as follows:

	Other income		Segment Loss	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Australia	-	-	(24)	(58)
The Gambia	-	-	(1,528)	(31,824)
Guinea-Bissau	-	-	15	(2,843)
Senegal	-	-	(335)	-
Other	-	-	-	(654)
Corporate	494	77	(3,316)	(5,900)
<b>Total for continuing operations</b>	<b>494</b>	<b>77</b>	<b>(5,188)</b>	<b>(41,279)</b>
Income tax expense			-	-
Loss from discontinued operations			-	(3,503)
<b>Loss after tax and discontinued operations</b>			<b>(5,188)</b>	<b>(44,782)</b>

Other income reported above represents interest and other income generated from external sources. There were no intersegment sales or operating revenues during the year.

#### Other Segment Information

	Depreciation and Amortisation		Additions to Non-Current Assets	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
The Gambia <sup>(i)</sup>	(9)	(34)	-	25,685
Guinea-Bissau	-	-	-	16
Senegal	(2)	(34)	-	-
Corporate	(201)	(176)	721	30
<b>Total</b>	<b>(212)</b>	<b>(244)</b>	<b>721</b>	<b>25,731</b>

- (i) The prior year additions included The Gambia Blocks A2 and A5 Bambo exploration well planning and execution costs of \$25,675,000 that were subsequently expensed following the unsuccessful drilling results.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the financial year ended 31 December 2022**

**6. OTHER INCOME**

	2022 US\$'000	2021 US\$'000
Interest income	494	41
Rental income	-	23
Other	-	13
	<b>494</b>	<b>77</b>

Interest revenue is recognised on a time proportionate basis taking into account the effective yield on the financial asset.

**7. LOSS FOR THE YEAR**

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

	Note	2022 US\$'000	2021 US\$'000
<b>Depreciation and amortisation:</b>			
Property, plant & equipment	12	(50)	(82)
Right of use asset	14	(162)	(299)
Less reallocation to exploration expense		-	137
		<b>(212)</b>	<b>(244)</b>
<b>Exploration and evaluation costs expensed:</b>			
Australia		(13)	(44)
Gambia <sup>(i)</sup>		(1,473)	(31,734)
Guinea-Bissau		(90)	(146)
		<b>(1,576)</b>	<b>(31,924)</b>
<b>Exploration and evaluation assets impaired:</b>			
Guinea-Bissau		-	(2,692)
<b>Finance costs:</b>			
Interest on lease liabilities	14	(27)	(16)
<b>Employee benefit expense:</b>			
Remuneration expense		(2,583)	(4,287)
Restructure expense <sup>(ii)</sup>		(338)	-
Recharge of remuneration benefits expense		-	(814)
Recharge of remuneration expense to exploration expense		1,194	1,336
<i>Post-employment benefits:</i>			
Superannuation contributions		(100)	(208)
Employee leave entitlements		4	245
		<b>(1,823)</b>	<b>(3,728)</b>

- (i) The prior year included expenditure of US\$28,793,000 for exploration and evaluation related to the unsuccessful Bambo-1 and Bambo-15T1 wells in The Gambia.
- (ii) Restructure expense relates to the payments paid and payable to the former MD&CEO in accordance with her employment contract.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the financial year ended 31 December 2022

### 8. DISCONTINUED OPERATIONS

The Group executed a Sale and Purchase Agreement with Woodside Energy to sell the Group's entire interest in the Senegal project, and the following assets and liabilities were classified as discontinued operations as at 7 July 2021.

	2022 US\$'000	2021 US\$'000
Inventories	-	10,690
Oil and gas properties	-	212,535
<b>Assets held for sale</b>	<b>-</b>	<b>223,225</b>
Trade and other payables	-	96,777
<b>Liabilities associated with assets held for sale</b>	<b>-</b>	<b>96,777</b>
<b>Net assets of disposal group</b>	<b>-</b>	<b>126,448</b>

On 20 January 2021 the Group signed the RSSD project sale contract with Woodside Energy.

The realised value of the Woodside sale and purchase terms including working capital from 1 January 2020 to 30 June 2021 was \$126,448,000, excluding contingent payments. The transaction also included an entitlement to certain contingent payments capped at \$55,000,000. The contingent payment comprises 45% of entitlement barrels (being the share of oil relating to FAR's 13.67% RSSD Project exploitation area interest) sold over the previous calendar year multiplied by the excess amount over \$58 per barrel (up to a cap of \$70 per barrel). The contingent payment terminates on the earliest of 31 December 2027, 3 years from first oil being sold (excluding any periods of zero production), or a total contingent payment of \$55,000,000 being reached, whichever occurs first.

#### Recognition and measurement

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets which are specifically exempt from this requirement. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the current asset is recognised at the date of derecognition. Assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities classified as held for sale continue to be recognised.

The results of the discontinued operations, which have been included in the loss for the year:

	2022 US\$'000	2021 US\$'000
<b>Loss for the year from discontinued operations</b>		
Exploration expense	-	(246)
Finance costs – default period interest charge	-	(613)
Other- costs related to discontinued operations <sup>(i)</sup>	-	(2,535)
Foreign exchange loss	-	(109)
Loss before tax from discontinued operations	-	(3,503)
Income tax expense	-	-
<b>Loss after tax for the year from discontinued operations</b>	<b>-</b>	<b>(3,503)</b>
<b>Cash flows from discontinued operations</b>		
Net cash used in operating activities	-	(18,372)

(i) Costs of all undertakings related to Senegal RSSD for the period ended 7 July 2021 including, legal, operational and terminating obligations.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the financial year ended 31 December 2022

### 9. INCOME TAXES

#### (a) Income tax recognised in profit or loss

	2022 US\$'000	2021 US\$'000
<b>Tax expense/(income) comprises:</b>		
Current income tax	(1,106)	(11,615)
Adjustments of prior year amounts	(44)	751
Tax losses not brought to account	1,150	10,864
Deferred tax expense relating to the origination and reversal of temporary differences	(33)	(180)
Benefit arising from previously recognised tax losses used to reduce deferred tax expense	33	180
<b>Total tax expense/(income)</b>	<b>-</b>	<b>-</b>

The prima facie income tax expense/(income) on pre-tax accounting profit or loss from operations reconciles to the income tax expense in the financial statements as follows:

	2022 US\$'000	2021 US\$'000
Loss from continuing operations	(5,188)	(41,279)
Loss from discontinued operations	-	(3,503)
Loss from continuing and discontinued operations	(5,188)	(44,782)
Income tax expense/(income) calculated at 30%	(1,556)	(13,435)
Non-deductible expenses <sup>(i)</sup>	542	2,060
Unrecognised deductible temporary differences – equity related costs	(92)	(240)
Unused tax losses and tax offsets not recognised as deferred tax assets	1,106	11,615
<b>Total Income tax expense/(income)</b>	<b>-</b>	<b>-</b>

(i) 2021: includes the loss from discontinued operations of \$1,050,000 due to undertakings related to Senegal RSSD including legal, operational and termination obligations.

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period. No tax has been assessed on its foreign projects

due to the projects currently operating in the exploration and evaluation phase and therefore not deriving production revenues.

#### (b) Income tax recognised directly in equity

There were no current or deferred amounts charged directly to equity during the period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the financial year ended 31 December 2022

### (c) Deferred tax balances

Taxable and deductible temporary differences arise from the following:

2022	Opening balance US\$'000	Recognised in income US\$'000	Closing balance US\$'000
Property, plant & equipment	(15)	5	(10)
Receivables	-	(42)	(42)
Payables	47	21	68
Provisions	158	(17)	141
Total	190	(33)	157

2021	Opening balance US\$'000	Recognised in income US\$'000	Closing balance US\$'000
Property, plant & equipment	67	(82)	(15)
Payables	61	(14)	47
Provisions	242	(84)	158
Total	370	(180)	190

	2022 US\$'000	2021 US\$'000
--	------------------	------------------

#### Unrecognised deferred tax balances

The following deferred tax assets have not been brought to account as assets:

Deferred tax assets on temporary differences (net)	157	190
Unused tax losses in Gambia	15,449	17,273
Unused tax losses in Australia	19,472	18,827
Unused capital losses in Australia	12,739	3,822
	<b>47,817</b>	<b>40,112</b>

Unused tax loss amounts in the table above represent the potential tax benefit calculated at a tax rate of 30% for Australia and 27% for Gambia.

### Income tax

#### Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date.

#### Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the financial year ended 31 December 2022

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

#### Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. FAR Ltd is the head entity in the tax consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'stand-alone taxpayer' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax consolidated group are recognised by the Company (as head entity in the tax consolidated group).

#### 10. TRADE AND OTHER RECEIVABLES

	2022 US\$'000	2021 US\$'000
<b>Current</b>		
Interest receivable	138	-
Other receivables	48	192
Prepayments	907	467
Joint operations receivables <sup>(i)</sup>	-	678
	<b>1,093</b>	<b>1,337</b>

(i) The Initial Exploration Period for the A2/A5 Blocks in The Gambia expired on 30 September 2022 and the Company's partner, PC Gambia Ltd, a subsidiary of Petrolia Nasional Berhad ('Petronas'), assigned its 50% interest in the licence to FAR.

Other receivables are non-interest bearing and the credit period varies between 30 and 60 days. No receivables were past due at balance date and the Group has no significant exposure to expected credit losses. The carrying amount of the other receivables approximates fair value.

#### 11. OTHER FINANCIAL ASSETS

	2022 US\$'000	2021 US\$'000
<b>Current</b>		
Security deposit <sup>(i)</sup>	73	7

(i) Security deposit is in relation to the Company's corporate head office lease in the form of a bank guarantee.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the financial year ended 31 December 2022**

**12. PROPERTY, PLANT AND EQUIPMENT**

	Note	2022 US\$'000	2021 US\$'000
<b>Property, plant and equipment, at cost</b>			
Balance at 1 January		936	904
Additions		16	32
Disposals		(674)	-
<b>Balance at 31 December</b>		<b>278</b>	<b>936</b>
<b>Accumulated depreciation</b>			
Balance at 1 January		(740)	(658)
Depreciation expense	7	(50)	(82)
Disposals		574	-
<b>Balance at 31 December</b>		<b>(216)</b>	<b>(740)</b>
<b>Net Book Value</b>		<b>62</b>	<b>196</b>
		<b>US\$'000</b>	<b>US\$'000</b>
<b>Net carrying value – Represented by:</b>			
Office furniture & equipment		62	196

Plant and equipment is stated at cost less accumulated depreciation. Cost includes expenditure directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Except in the case of those assets which are depreciated on a straight-line basis over their useful lives, all other tangible assets have limited useful lives and are depreciated using the diminishing value method over their estimated useful lives, taking into account estimated residual values, to write off the cost to its estimated residual value, as follows:

Office furniture and equipment: 10-40%.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period and adjusted if appropriate.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the financial year ended 31 December 2022

### 13. EXPLORATION AND EVALUATION ASSETS

	Note	2022 US\$'000	2021 US\$'000
<b>Exploration and evaluation expenditure:</b>			
<b>Balance at 1 January</b>		-	5,794
Additions <sup>(i)</sup>		-	25,691
Expensed during the year	7	-	(28,793)
Impairment during the year	7	-	(2,692)
<b>Balance at 31 December</b>		-	-

(i) Additions in the prior year included The Gambia Blocks A2 and A5 Bambo exploration well planning and execution costs of \$25,675,000.

#### Exploration and evaluation commitments:

The Group has exploration expenditure obligations which are contracted for, but not provided for in the financial statements. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

	2022 US\$'000	2021 US\$'000
<b>By area of interest:</b>		
The Gambia	-	865
Guinea-Bissau	-	-
<b>Closing balance</b>	-	865

#### Exploration and evaluation costs

Expenditure on exploration and evaluation is accounted for in accordance with the area of interest method. The Group's application of the accounting policy for the cost of exploration and evaluation is in accordance with the successful efforts method.

All exploration and evaluation expenditure, including general permit activity, geological and geophysical costs and new venture activity costs are expensed as incurred, except for the following:

- (i) expenditure related to an exploration discovery that, at the reporting date, has not been recognised as an area of interest, because an assessment of the existence or otherwise of economically recoverable reserves is not yet complete; or
- (ii) expenditure relates to a recognised area of interest, and it is expected that the expenditure will be recouped through successful exploitation of the area of interest, or alternatively, by its sale.

The costs of acquiring an interest in new exploration and evaluation licences are capitalised. The costs of drilling exploration wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the successful discovery of economically recoverable hydrocarbons and the recognition of an area of interest.

Subsequent to the recognition of an area of interest, all further evaluation costs relating to that area of interest are capitalised. Upon approval for the commercial development of an area of interest, accumulated expenditure for the area of interest is transferred to oil and gas properties.

#### Critical judgements in applying the Company's accounting policies:

##### (i) Area of interest

An area of interest is defined by the Group as an individual geographical area whereby the presence of hydrocarbon is considered favourable or proved to exist.

##### (ii) Impairment of exploration and evaluation assets

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation or alternatively, sale of the respective area of interest.

This assessment requires management to make certain estimates and apply judgment in determining assumptions as to future events and circumstances. Any estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, the Group concludes that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the financial year ended 31 December 2022

### 14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has leases that 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 year are as follows:

	Note	Right-of-use assets		
		Leased Premises US\$'000	Office Equipment US\$'000	Total US\$'000
<b>As at 1 January 2021</b>		339	1	340
Additions during the year		-	8	8
Depreciation expense	7	(298)	(1)	(299)
<b>As at 31 December 2021</b>		41	8	49
Additions during the year <sup>(i)</sup>		704	-	704
Depreciation expense	7	(159)	(3)	(162)
<b>As at 31 December 2022</b>		<b>586</b>	<b>5</b>	<b>591</b>
<b>Net carrying value of right-of-use assets</b>				<b>US\$'000</b>
As at 31 December 2021				49
As at 31 December 2022				<u>591</u>

#### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

	Note	Lease Liabilities	
		2022 US\$'000	2021 US\$'000
<b>As at 1 January</b>		71	507
Additions during the year <sup>(i)</sup>		704	8
Interest expense	7	27	16
Lease payments		(185)	(460)
Net foreign exchange differences		(5)	-
<b>As at 31 December</b>		<b>612</b>	<b>71</b>

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

Lease liabilities are presented in the Statement of financial Position as:

	2022 US\$'000	2021 US\$'000
Current	129	66
Non-Current	483	5
<b>As at 31 December</b>	<b>612</b>	<b>71</b>

#### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the financial year ended 31 December 2022

to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### 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.

Short-term lease amounts recognised as an expense and included in corporate administration expenses are:

	2022	2021
	US\$'000	US\$'000
Short-term leases	36	38

Short-term lease payments expensed include rental payments on the Group's Senegal and Gambian office premises.

#### Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of two to three years. The Group applies judgement in evaluating whether it is reasonably certain that the Group will exercise the option to renew. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

The Group did not include the renewal period as part of the lease term for leases of office premises and office equipment. These leases have a short non-cancellable period (i.e. two years). The renewal options for leases of office premises were not included as part of the lease term because the Group has a policy of leasing premises for not more than two to five years and hence not exercising any renewal options.

## 15. TRADE AND OTHER PAYABLES

		2022	2021
	Note	US\$'000	US\$'000
<b>Current</b>			
Trade payables <sup>(i)</sup>		87	161
Other payables		616	279
Joint operations payables <sup>(ii)</sup>	21	-	16,435
		<b>703</b>	<b>16,875</b>

(i) The average credit period on purchases is approximately 30 days. No interest is charged on trade payables for the first 30 days from the date of the invoice. Thereafter, interest may be levied on the outstanding balance at varying rates. The Group has financial risk management practices in place to ensure payables are paid within the credit timeframe.

(ii) The Initial Exploration Period A2/A5 Blocks in The Gambia expired on 30 September 2022 and the Company's partner, PC Gambia Ltd, a subsidiary of Petrolim Nasional Berhad ('Petrinas'), assigned its 50% interest in the licence to FAR.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the financial year ended 31 December 2022

### 16. EMPLOYEE BENEFITS

	2022 US\$'000	2021 US\$'000
<b>Movement in employee benefits provision:</b>		
Carrying amount at 1 January	526	807
Provision made or reversed during the year	116	99
Provision used during the year	(138)	(344)
Net foreign exchange differences	(35)	(36)
<b>Balance at 31 December</b>	<b>469</b>	<b>526</b>
<b>Net carrying value – represented by:</b>		
Current <sup>(i)</sup>	456	512
Non-Current	13	14
<b>Balance at 31 December</b>	<b>469</b>	<b>526</b>

(i) Includes amounts expected to be settled within twelve months, including annual leave and long service leave payable to Ms Norman at the end of the 12-month notice period.

The employee benefits provision represents annual and long service leave entitlements accrued by employees. Employees are remunerated in Australian dollars with amounts presented in US dollars after components have been translated from Australian dollars to US dollars.

#### Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Amounts expected to settle within twelve months are recognised in current provisions in respect of employees' services up to the reporting date. Costs incurred in relation to sick leave are recognised when leave is taken and are measured at the rates paid or payable.

Liabilities recognised in respect of long-term employee benefits are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

#### Termination benefits

Where contractual arrangements provide for a payment to an employee on termination of employment, a provision for the payment of such amounts is recognised in the period the obligation arises.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the financial year ended 31 December 2022

### 17. ISSUED CAPITAL

	2022 Number	2021 Number	2022 US\$'000	2021 US\$'000
<b>Fully paid ordinary shares</b>				
At beginning of the year	99,790,492	9,978,830,197	381,925	439,623
Movements during the year:				
Share consolidation 1:100	-	(9,879,039,705)	-	-
Share capital return – A\$0.80 per share	-	-	-	(57,698)
Share buy-backs	(1,595,398)	-	(815)	-
Share buy-back costs	-	-	(62)	-
Section 258F capital reduction	-	-	(342,969)	-
<b>Ordinary fully paid shares at end of the year</b>	<b>98,195,094</b>	<b>99,790,492</b>	<b>38,079</b>	<b>381,925</b>

Fully paid ordinary shares carry one vote per share and a right to dividends. Each ordinary shareholder present at a general meeting, whether in person, by proxy or by representative is entitled to one vote on a show of hands or, on a poll, one vote for each fully paid ordinary share held.

Issued capital is classified as equity and recognised at the fair value of the consideration received by the Group. Any transaction costs related to the issue of ordinary shares is recognised directly in equity as a reduction of the share proceeds received.

On 22 July 2022, the Company 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 were cancelled.

On 1 December 2022, the Company commenced an on-market share buy-back with 694,787 shares bought back as at 31 December 2022 at an average price of A\$0.69 per share.

As at 31 December 2022, the Company reduced its share capital by \$342,969,000 in accordance with section 258F of the Corporations Act 2001. The capital reduction had the effect of reducing the share capital account and the Company's accumulated accounting losses. There is no impact on shareholders from the capital reduction as no shares have been cancelled and there is no change in the net asset position of the Group. There is also no impact on the availability of the Company's tax losses from this capital reduction.

On 22 June 2021, shareholders approved at an 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.

### 18. RESERVES

	2022 US\$'000	2021 US\$'000
Share-based payment reserve	-	8,339
Foreign currency translation reserve	(4,393)	(3,754)
	<b>(4,393)</b>	<b>4,585</b>

#### Equity-settled share-based payments reserve

Share-based payments reserve recognises the fair value of rights and options issued to employees in relation to equity-settled share-based payments. Amounts are transferred out of reserve and into issued capital when vested rights are exercised. Where rights and options lapse and are cancelled or forfeited the relevant amounts in the share-based payments reserve are transferred to accumulated losses.

#### Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of the financial statements of foreign subsidiaries and branches from their functional currency to the Company's functional and presentation



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the financial year ended 31 December 2022

currency of USD. The functional and presentation currency for the Group was changed from Australian dollars (AUD) to United States dollars (USD) effective 1 January 2020, resulting in exchange differences being recognised in equity under the reserve for foreign currency translation.

### 19. EARNINGS PER SHARE

The Group presents basic and diluted EPS for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the dilutive effect, if any, of outstanding share rights issued to employees.

	2022 US Cents	2021 US Cents
<b>Basic and diluted loss per share</b>		
From continuing operations	(5.22)	(41.37)
From continuing and discontinued operations	(5.22)	(44.88)
	<b>2022 US\$'000</b>	<b>2021 US\$'000</b>
The earnings and weighted average number of ordinary shares used in calculating basic and diluted earnings per share are as follows:		
Loss for the year attributable to members of FAR Limited	(5,188)	(44,782)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares – basic and diluted	99,403,106	99,790,492

### 20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

#### Contingent liabilities

During the year the Group withdrew from its interests in the Esperanca Blocks 4A & 5A and Sinapa Block 2 offshore Guinea-Bissau. The notices of withdrawal were provided to the Government of Guinea-Bissau and operator PetroNor in accordance with the relevant agreements. The Group met the minimum financial commitments associated with the license and there are no outstanding commitments. The Group had previously disclosed a contingent liability of up to US\$13 million payable in the event of production, and a contingent withholding tax liability of US\$567,811 in the event of development, relating to the Guinea Bissau interests. Following withdrawal, the Group will not participate in any future development and production relating to these interests and therefore the contingent liabilities no longer exist.

During the year the Group relinquished its 100% interest in Petroleum Exploration Permit WA-458-P in the Dampier sub-basin along Australia's North-West Shelf. The Group did not have any outstanding commitments related to the Permit.

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 a 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.

Woodside Energy in its full year 2022 results, released on 27 February 2023, indicated that the Sangomar Field Development Phase 1 was 77% complete and is on target to start producing oil in late 2023. The Contingent Payment has been disclosed as a contingent asset due to its value being reliant on the future crude oil price and Woodside Energy successfully producing oil from the Sangomar field, both wholly outside the control of the Group.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the financial year ended 31 December 2022

### 21. JOINT OPERATIONS

The Group has an interest in the following material joint operations whose principal activities are oil and gas exploration.

	Country	Equity Interest	
		2022	2021
		%	%
Sinapa / Esperança <sup>(i)</sup>	Guinea-Bissau	-	21.43
Block A2/ Block A5 <sup>(ii)</sup>	Gambia	100	50

- (i) During the year the Group withdrew from its interests in the Esperanca Blocks 4A and 5A and Sinapa Block 2 offshore Guinea Bissau. The Group met the minimum financial commitments associated with the license.
- (ii) The licence for the A2/A5 Blocks for the Initial Exploration Period expired on 30 September 2022 and the Company's partner, PC Gambia Ltd, a subsidiary of Petrolim Nasional Berhad ('Petronas'), assigned its 50% interest in the licence to FAR.

The Groups' interests in assets employed in the above joint operations are detailed below. The amounts are included in the financial statements under their respective assets and liability categories.

	2022 <sup>(i)</sup>	2021
	US\$'000	US\$'000
<b>Current Assets</b>		
Cash and cash equivalents	-	1,066
Trade and other receivables	-	678
	<u>-</u>	<u>1,744</u>
<b>Non-Current Assets</b>		
Property, plant and equipment	-	41
	<u>-</u>	<u>41</u>
<b>Current Liabilities</b>		
Trade and other payables	-	16,435
	<u>-</u>	<u>16,435</u>

- (i) The Initial Exploration Period for the A2/A5 Blocks in The Gambia expired on 30 September 2022 and the Company's partner, PC Gambia Ltd, a subsidiary of Petrolim Nasional Berhad ('Petronas'), assigned its 50% interest in the licence to FAR. As a result, the Group holds 100% interest and the joint operation ceased on that date.

#### Contingent liabilities and capital commitments

There are no contingent liabilities in respect of the Group's interest in joint operations.

#### Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties with joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement that exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Under certain agreements, more than one combination of participants can make decisions about the relevant activities and therefore joint control does not exist. Where the arrangement has the same legal form as a joint operation but is not subject to joint control, the group accounts for its interest in accordance with the contractual agreement by recognising its share of jointly held assets, liabilities, revenues and expenses of the arrangement.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- (i) assets, including its share of any assets jointly held;
- (ii) liabilities, including its share of any liabilities incurred jointly;
- (iii) revenue from the sale of its share of the output arising from the joint operation;
- (iv) share of the revenue from the sale of the output by the joint operation; and
- (v) expenses, including its share of any expenses incurred jointly.

The Group accounts for its assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASB standards applicable to the particular assets, liabilities, revenues and expenses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the financial year ended 31 December 2022

### 22. SUBSIDIARIES

The Group subsidiaries at 31 December are set out below.

Name of Entity	Country of incorporation	Ownership interest	
		2022 %	2021 %
<b>Parent Entity</b>	<b>Note</b>		
FAR Ltd	(i)	Australia	
<b>Subsidiaries</b>			
FAR Holdings 1 Pty Ltd	(ii)	Australia	100
FAR Holdings 2 Pty Ltd	(iv)	Australia	-
FAR Holdings 3 Pty Ltd	(ii)(iii)	Australia	100
FAR Meridian Pty Ltd	(ii)	Australia	100
Flow Energy Pty Ltd	(ii)	Australia	100
Lightmark Enterprises Pty Ltd	(ii)(iii)	Australia	100
FAR Gambia Ltd		Mauritius	100
FAR Mauritius 1 Pty Ltd		Mauritius	100
FAR Guinea-Bissau	(iv)	Mauritius	-
FAR Senegal RSSD SA	(iv)	Senegal	-

- (i) FAR Limited is the ultimate holding company and head entity within the Australian tax consolidated group.  
(ii) These companies are members of the Australian tax consolidated group.  
(iii) Subsequent to year end the Group commenced voluntary de-registration of these Companies.  
(iv) These companies were voluntarily dissolved during the year.

### 23. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

#### (a) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the consolidated cash flows can be reconciled to the related items in the statement of financial position as follows:

	2022 US\$'000	2021 US\$'000
Cash at bank and on hand	338	12,468
Deposits at call	313	7,882
Term deposits	33,000	34,218
Cash at bank and on hand, held in joint operations	-	1,066
	<b>33,651</b>	<b>55,634</b>

#### (b) Financing facilities

The Group had no external borrowings at 31 December 2022 (31 Dec 2021: Nil).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the financial year ended 31 December 2022**

**(c) Reconciliation of loss for the year to net cash flows from operating activities**

	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Loss for the year	(5,188)	(44,782)
<i>Adjustments for:</i>		
Depreciation and amortisation of non-current assets	212	381
Foreign exchange loss	78	1,987
Payments for share capital return costs	-	98
Exploration expenditure expensed	-	28,793
Impairment of exploration and evaluation assets	-	2,692
Finance costs related to discontinued operations	-	613
Interest on lease liabilities	27	16
Loss on disposal of property, plant and equipment	101	-
Interest income	(494)	(41)
Payments related to discontinued operations	-	(15,482)
<b>(Increase)/decrease in assets:</b>		
Trade and other receivables	312	(294)
<b>Decrease/(increase) in liabilities:</b>		
Trade and other payables	(16,203)	159
Employee benefits	(35)	(209)
<b>Net cash used in operating activities</b>	<b>(21,190)</b>	<b>(26,069)</b>

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes on value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the financial year ended 31 December 2022

### 24. FINANCIAL AND RISK MANAGEMENT

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's principal financial instruments are cash and short-term deposits. The Group also has other non-derivative financial instruments such as trade receivables, trade payables and lease liabilities.

The Group had no debt, and no finance facilities in place at 31 December 2022.

#### Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### Classification and subsequent measurement

##### *Financial assets*

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost are measured at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost, as fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### *Financial assets - Subsequent measurement and gains and losses*

<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
---	---

#### Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## for the financial year ended 31 December 2022

### Financial assets and financial liabilities

The following table discloses the carrying value of each category of financial assets and financial liabilities at year end:

	Amortised Cost US\$'000	Fair Value through profit or loss US\$'000	Fair Value through OCI US\$'000	Total US\$'000
<b>Year ended 31 Dec 2022</b>				
<b>Financial assets</b>				
Cash and cash equivalents	33,651	-	-	33,651
Trade and other receivables – current/non-current	138	-	-	138
Other financial assets – current/non-current	73	-	-	73
<b>Total Financial assets</b>	<b>33,862</b>	<b>-</b>	<b>-</b>	<b>33,862</b>
<b>Other financial liabilities</b>				
Trade and other payables - current	703	-	-	703
Lease liabilities – current/non-current	612	-	-	612
<b>Total Financial liabilities</b>	<b>1,315</b>	<b>-</b>	<b>-</b>	<b>1,315</b>
<b>Year ended 31 Dec 2021</b>				
<b>Financial assets</b>				
Cash and cash equivalents	55,634	-	-	55,634
Trade and other receivables – current/non-current	440	-	-	440
Other financial assets – current/non-current	7	-	-	7
<b>Total Financial assets</b>	<b>56,081</b>	<b>-</b>	<b>-</b>	<b>56,081</b>
<b>Other financial liabilities</b>				
Trade and other payables - current	16,874	-	-	16,874
Lease liabilities – current/non-current	71	-	-	71
<b>Total Financial liabilities</b>	<b>16,945</b>	<b>-</b>	<b>-</b>	<b>16,945</b>

The Group's financial assets and financial liabilities carrying values are at amortised cost.

The carrying amounts of the financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair value.

	Carrying Amount		Fair Value	
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Financial assets</b>				
Cash and cash equivalents	33,651	55,634	33,651	55,634
Trade and other receivables – current and non-current	138	440	138	440
Other financial assets – current and non-current	73	7	73	7
<b>Total Financial assets</b>	<b>33,862</b>	<b>56,081</b>	<b>33,862</b>	<b>56,081</b>
<b>Other financial liabilities</b>				
Trade and other payables - current	703	16,874	703	16,874
Lease liabilities – current and non-current	612	71	612	71
<b>Total Financial liabilities</b>	<b>1,315</b>	<b>16,945</b>	<b>1,315</b>	<b>16,945</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### for the financial year ended 31 December 2022

#### (a) Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern and as at 31 December 2022 has no debt or finance facilities in place. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

#### (b) Financial risk management objectives

The Group does not trade or enter into financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group does not presently enter into derivative financial instruments to manage its exposure to foreign currency risk.

#### (c) Foreign currency risk

The Group has certain expenditures, assets and liabilities denominated in AUD, which differs from the Group's functional currency of USD. Consequently, the Group is exposed to the risk that the exchange rate of the USD relative to the AUD may change in a manner that has a material effect on the reported result of the Group.

As at 31 December 2022, there were no foreign exchange hedge contracts in place. (31 Dec 2021: Nil).

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities that are denominated in a currency other than the functional currency of the entity that holds the financial assets or financial liabilities at the reporting date is as follows:

	Consolidated	
	2022 US\$'000	2021 US\$'000
<b>Financial assets</b>		
Cash and cash equivalents	229	4,162
Trade and other receivables – current and non-current	-	13
<b>Total Financial assets</b>	<b>229</b>	<b>4,175</b>
<b>Other financial liabilities</b>		
Trade and other payables – current	280	187
Other financial liabilities – current and non-current	612	71
<b>Total Financial liabilities</b>	<b>892</b>	<b>258</b>

At the reporting date, the sensitivity to the Group's net loss after tax, arising in respect of financial assets and liabilities, to a 10% movement (2021:10%) in the Australia dollar against the US dollar, with all other variables held constant, is an increase/decrease of:

	2022 US\$'000	2021 US\$'000
AUD/USD – 10% increase/(decrease)	66	392

#### (d) Commodity price risk management

The Group does not currently have any exposure to commodity price fluctuations.

#### (e) Interest rate risk management

The Group is exposed to interest rate risk as it earns interest at floating rates on its cash and cash equivalents.

As at 31 December 2022, there were no interest rate hedging in place. (31 Dec 2021: Nil)

If the average interest rate during the year had increased/(decreased) by 100 basis points the impact on the Group's net loss after tax would not have been material.

#### (f) Credit risk management

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any provisions for expected losses, represents the Group's maximum exposure to credit risk.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the financial year ended 31 December 2022

### (g) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been prepared based on the undiscounted cash flows expected to be received/paid by the Group.

	Less than 1 month US\$'000	1-3 months US\$'000	Maturity 3 months to 1 year US\$'000	1-5 years US\$'000	Total US\$'000
<b>31 December 2022</b>					
<b>Financial assets:</b>					
Non-interest bearing	785	-	73	-	858
Variable interest rate	4	-	-	-	4
Fixed interest rate	10,000	23,000	-	-	33,000
	<b>10,789</b>	<b>23,000</b>	<b>73</b>	<b>-</b>	<b>33,862</b>
<b>Financial liabilities:</b>					
Non-interest bearing	703	-	-	-	703
Interest bearing – lease liabilities	10	21	98	483	612
	<b>713</b>	<b>21</b>	<b>98</b>	<b>483</b>	<b>1,315</b>
<b>31 December 2021</b>					
<b>Financial assets:</b>					
Non-interest bearing	18,033	-	7	-	18,040
Variable interest rate	3,823	-	-	-	3,823
Fixed interest rate	34,002	216	-	-	34,218
	<b>55,858</b>	<b>216</b>	<b>7</b>	<b>-</b>	<b>56,081</b>
<b>Financial liabilities:</b>					
Non-interest bearing	16,874	-	-	-	16,874
Interest bearing – lease liabilities	32	33	2	4	71
	<b>16,906</b>	<b>33</b>	<b>2</b>	<b>4</b>	<b>16,945</b>

### 25. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation of the KMP of the Group and the Company is set out below:

	2022 US\$	2021 US\$
Short-term employee benefits	681,657	1,673,015
Restructure expense <sup>(i)</sup>	338,303	-
Termination benefits	-	710,094
Post-employment benefits	33,537	129,993
Other long-term benefits	1,338	(59,992)
<b>Total</b>	<b>1,054,835</b>	<b>2,453,110</b>

(i) On 23 March 2022 the previous MD&CEO was given notice of termination. In accordance with the terms of the employment contract a 12-month notice period applied, and the restructure expense represents amounts paid and payable to Ms Norman from April 2022 to the end of the 12-month notice period.

The amounts disclosed above are the amounts recognised and included in corporate administration expense during the year related to key management personnel.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the financial year ended 31 December 2022

### 26. RELATED PARTY DISCLOSURES

#### Equity interests in related parties

##### *Equity interests in subsidiaries*

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 22 to the financial statements.

##### *Equity interests in associates and joint operations*

Details of interests in joint operations are discussed in Note 21.

#### Transactions between the Group and its related parties

During the year ended 31 December 2022 (previous corresponding year: nil), there were no transactions between the Group and its related parties.

### 27. PARENT ENTITY

#### (a) Financial position

	2022 US\$'000	2021 US\$'000
<b>Assets</b>		
Current assets	34,168	42,829
Non-current assets	622	347
<b>Total Assets</b>	<b>34,790</b>	<b>43,176</b>
<b>Liabilities</b>		
Current liabilities	865	958
Non-current liabilities	495	18
<b>Total Liabilities</b>	<b>1,360</b>	<b>976</b>
<b>Equity</b>		
Issued Capital	38,079	381,925
Reserves		
- Share-based payments reserve	-	8,339
- Foreign currency translation reserve	(5,794)	(5,794)
Accumulated profits/(losses)	1,145	(342,270)
<b>Total Equity</b>	<b>33,430</b>	<b>42,200</b>

#### (b) Financial performance

	2022 US\$'000	2021 US\$'000
Loss for the year	(7,893)	(53,991)
Other comprehensive loss	-	-
<b>Total comprehensive loss</b>	<b>(7,893)</b>	<b>(53,991)</b>

#### (c) Contingent liabilities of the parent entity

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

#### (d) Commitments for capital expenditure entered into by the parent entity

There were no commitments for the acquisition of property, plant and equipment by the parent entity at year end.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the financial year ended 31 December 2022

### 28. REMUNERATION OF AUDITORS

	2022 US\$	2021 US\$
<b>Amounts paid or due to be paid in respect of:</b>		
Auditor of Parent Entity – Moore Australia:		
Audit or review of the financial report	34,750	-
Total remuneration of audit and other assurance services	34,750	-
<b>Network firms of Moore Australia:</b>		
Audit of financial statements	3,000	-
<b>Amounts paid or due to be paid in respect of:</b>		
Auditor of Parent Entity – Deloitte Touche Tohmatsu:		
Audit review of the financial report	23,250	115,560
Audit of joint operation financial statements	-	10,875
Total remuneration of audit and other assurance services	23,250	126,435
<b>Network firms of Deloitte Touche Tohmatsu:</b>		
Audit of financial statements	-	20,905
<b>Total auditors' remuneration</b>	<b>61,000</b>	<b>147,340</b>

The auditor of the Group is Moore Australia. The auditor did not receive any other benefits.

On 18 January 2023, the Company announced that Moore Australia was appointed as the Company's auditor following the resignation of Deloitte Touche Tohmatsu and ASIC consent to the resignation.

### 29. DIVIDENDS

The directors recommend that no dividend be paid for the year ended 31 December 2022, nor have any been paid or declared during the year (2021: NIL).

### 30. SUBSEQUENT EVENTS

In December 2022 the Company commenced an on-market share buy-back for up to 10 percent of the Company's issued capital. The share buy-back is to be conducted over the twelve-month period from 1 December 2022 unless completed or terminated earlier. As at 28 March 2023, the Company has bought back 3,874,358 shares at an average price of A\$0.70631 per share and total cost of US\$1,814,000 subsequent to the 31 December 2022 reporting date.

Other than the above, the Directors are not aware of any matters or circumstances, other than those referred to in this report, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Group in subsequent financial years.

## DIRECTORS' DECLARATION

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) the financial statements and notes set out on pages 24 to 52 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
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the year ended on that date, and
- (d) the directors have been given the declarations required by section 295A of the Corporations Act 2001.

The financial statements also comply with International Financial reporting Standards as issued by the International Accounting Standards Board as disclosed in Note 3.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors



**Patrick O'Connor**

**Chairman**

Melbourne, 29 March 2023



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF FAR LIMITED****Report on the Audit of the Financial Report****Opinion**

We have audited the financial report of FAR Limited (the 'Company') and its controlled entities (the 'Group'), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a) the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 3.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

We have determined that there are no key audit matters to communicate in our report.

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.



## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 21 of the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of FAR Limited, for the year ended 31 December 2022 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**MOORE AUSTRALIA AUDIT (VIC)**  
**ABN 16 847 721 257**



**ANDREW JOHNSON**  
**Partner**  
**Audit and Assurance**

Melbourne, Victoria

29 March 2023

## SHAREHOLDER INFORMATION

Pursuant to the Listing requirements of the Australian Securities Exchange the following additional information for Listed Companies as at 24 March 2023.

### Number of holders of equity securities

#### Ordinary Shares

The issued capital comprised of 94,372,313 ordinary shares held by 4,109 holders.

#### Distribution of shareholder numbers

		Number of Holders	Number of Units	% of Total Issued Capital
1	1,000	1,346	948,461	1.00
1,001	5,000	1,879	4,518,927	4.79
5,001	10,000	414	3,150,935	3.34
10,001	100,000	434	11,027,854	11.69
100,001 and over		36	74,726,136	79.18
Total		4,109	94,372,313	100.00

	Number of Holders	Number of Units	Minimum Parcel Size
Holding less than a marketable parcel	547	224,135	705

#### Substantial Shareholders

The names of substantial shareholders of the Company as disclosed in substantial holding notices given to the Company as required by section 671B of the Corporation Act are:

	Number of shares held	% of Issued Capital
MERIDIAN CAPITAL	19,244,082	19.28
HUNSBURY CAPITAL INC., HUNSBURY CAPITAL-BELCO SPECIAL SITUATIONS FUND LP, NB7 HOLDINGS INC., and NANDEEP SINGH BAMRAH	5,077,354	5.15

#### Twenty largest shareholders – ordinary shares as at 24 March 2023.

	Number of shares held	% of Issued Capital
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	25,761,053	27.30
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,140,356	18.16
CITICORP NOMINEES PTY LIMITED	16,129,599	17.09
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	4,686,348	4.97
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,713,476	1.82
NATIONAL NOMINEES LIMITED	1,109,105	1.18
BNP PARIBAS NOMS PTY LTD <DRP>	924,523	0.98
MR OLIVER LENNOX-KING	756,479	0.80
TOAD FACILITIES PTY LTD <JP NETTLETON/TOAD S/F A/C>	685,286	0.73
MR GARRY COLIN KING	562,321	0.60
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	506,972	0.54
MR JASON KHOO	426,204	0.45
ASB NOMINEES LIMITED <123619 A/C>	400,948	0.42
MR FREDERICK BART	280,754	0.30
DR KONG JUNG AU YONG	268,753	0.28
NEO CAMELOT HOLDINGS NO 2 PTY LTD	260,000	0.28
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	257,350	0.27
N & P SUPERANNUATION PTY LIMITED <NEIL MCMULLIN FAMILY SF A/C>	253,801	0.27
LIFJAR PTY LTD <ROCKLANDS HOLDINGS PL SF AC>	250,000	0.26
MR ALAN MCKELLAR STEIN <AM STEIN A/C>	200,000	0.21
	72,573,328	76.91



## **SHAREHOLDER INFORMATION**

### **Voting rights**

Voting rights of members are governed by the Company's constitution. In summary, each member present at general meeting in person or by proxy shall have one vote and, upon a poll, every such attending member shall be entitled to one vote for every ordinary share held.

## CORPORATE DIRECTORY

### DIRECTORS

Patrick O'Connor (Non- Executive Chairman)  
Robert Kaye SC (Non-Executive Director)  
Garth Campbell-Cowan (Executive Director and Chief Financial Officer)

### COMPANY SECRETARY

Claire Newstead-Sinclair

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 12, 530 Collins Street  
Melbourne Victoria 3000  
Australia  
Telephone: +61 (0) 3 9618 2550  
Facsimile: +61 (0) 3 9620 5200  
Website: [www.far.com.au](http://www.far.com.au)  
Email: [info@far.com.au](mailto:info@far.com.au)

### SHARE REGISTRY

Computershare Investor Services Pty Ltd  
Yarra Falls  
452 Johnston Street  
Abbotsford Victoria 3067  
Australia  
Telephone: +61 (0)3 9415 4000  
Facsimile: +61 (0)3 9473 2500  
Website: [www.computershare.com.au](http://www.computershare.com.au)

### STOCK EXCHANGE LISTINGS

Australian Securities Exchange  
ASX Code: FAR

### BANKERS

Westpac Banking Corporation  
150 Collins Street  
Melbourne Victoria 3000  
Australia

Standard Chartered Bank  
Gambia Limited  
8 Ecowas Avenue  
Banjul, The Gambia

### SOLICITORS

Baker & McKenzie  
Level 19, 181 William Street  
Melbourne Victoria 3000  
Australia

### AUDITORS

Moore Australia  
Level 44  
600 Bourke Street  
Melbourne Victoria 3000  
Australia