

27 April 2023

ASX Announcement & Media Release

March 2023 Quarterly Activities Report

FAR Limited (ASX: FAR) an independent, Africa focused, oil & gas exploration company, provides its quarterly activities report for the quarter ended 31 March 2023.

Highlights

- The Company is in discussions with the Government of The Gambia
 - for an extension to the permit term of an additional 12 months to 30 September 2025;
 - for a substantial reduction in the annual fixed permit statutory costs; and
 - no obligation for FAR to incur expenditure on the licences for a 12-month period commencing 1 April 2023.
- During the quarter the on-market share buy-back continued resulting in a further 4,112,569 shares being bought back at an average price of A\$0.70607 per share and total cost of A\$2.9 million (US\$2.0 million).
- Since commencing in December 2022, the on-market buy-back has acquired a total of 4,807,356 shares at an average price of A\$0.70366 per share for a total consideration of A\$3.4 million (US\$2.3 million) at 31 March 2023.
- Cash at quarter end was US\$30.7 million (unaudited).
- FAR continues to evaluate new business opportunities across the energy sector that have the potential to deliver shareholder value.

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

“The Company is in discussions with the Government of The Gambia regarding changes to the licence conditions for the next twelve months, in addition to a substantial reduction in the annual fixed permit statutory costs. This will provide considerable optionality, at a significantly reduced cost, to create value for our shareholders from the extensive exploration data associated with the project.

The on-market share buy-back, which aligns with the Board’s focus on fiscal discipline and shareholder returns, continued during the quarter resulting in a substantial number of the Company’s shares being bought back. We believe an on-market buy-back is an effective method of returning capital to shareholders while the Company continues to evaluate broader opportunities across the energy sector.”

The Gambia - Blocks A2/A5 (FAR 100% working interest)

During the December 2022 quarter the Company opened a data room for suitably qualified parties to consider participation in a joint venture for the Extension Exploration Period. FAR's intention is for new partners to fund the costs of the work program during the two-year period. While suitably qualified parties reviewed the data room, FAR has not been able to secure a new joint venture agreement at this time.

The Company is in 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. Feedback from the Government to date has been 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 without drawing down on the Company's existing capital to any meaningful extent. Assuming that agreement is reached with the Government to amend the licences, 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 maximum value of US\$55 million.

Woodside in its first quarter report for the period ended 31 March 2023, released on 21 April 2023, indicated that the Sangomar Field Development Phase 1 was 82% complete and is on target to start producing oil in late 2023. Based on this Woodside update annual payments under the Contingent Payment are likely to commence in early 2025 and at current oil prices, the Board of FAR expects that the full US\$55 million will be received prior to the transaction long stop date in 2027.

New Business Opportunities

The Board continues to actively consider 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 or capital returns.

Cash Balance and Expenditure (unaudited)

FAR had US\$30.7 million of cash at the end of the quarter. During the March 2023 quarter expenditure totalled US\$1.1 million before on-market share buy-back payments, comprising mainly corporate and administration costs and exploration expenditure. Payments for the on-market share buy-back in the quarter totalled US\$1.9 million.

A summary of cash movements in the March 2023 quarter is set out in the table below.

December 2022 Quarter	Mar 2022 Quarter US\$M	Jun 2022 Quarter US\$M	Sep 2022 Quarter US\$M	Dec 2022 Quarter US\$M	Mar2023 Quarter US\$M
Opening cash balance	55.6	39.9	37.7	35.7	33.7
Corporate and administration	(0.8)	(0.8)	(0.8)	(0.8)	(0.7)
Exploration	(0.7)	(0.8)	(0.7)	(0.3)	-
Exploration – 1 st extension period	-	-	-	(0.8)	(0.4)
Total expenditure	(1.5)	(1.6)	(1.5)	(1.9)	32.6
Bambo drilling payments – prior year accruals	(14.2)	(0.4)	-	-	-
Financing	(0.1)	-	0.1	0.2	0.3
Share buy-back payments					
• Unmarketable share parcels	-	-	(0.5)	-	-
• On-market share buy-back	-	-	-	(0.3)	(1.9)
Other movements	0.1	(0.2)	(0.1)	-	(0.3)
Closing cash balance	39.9	37.7	35.7	33.7	30.7

Corporate and administration expenditure in the March 2023 quarter included the final payment of entitlements to the former CEO.

Exploration expenditure for the first extension exploration period in The Gambia comprises mainly costs associated with concluding study work, the marketing effort to secure a new joint venture agreement and expenses to administer the Gambia interests. These costs are expected to reduce from the June 2023 quarter onwards.

Financing comprises interest received on cash invested less right-of-use lease payments for the period.

The on-market share buy-back resulted in 4,112,569 shares being bought back during the quarter at an average price of A\$0.70607 per share. Total cash payments associated with the buy-back in the quarter amounted to US\$1.9 million with the balance of payments of US\$0.1 million occurring early in the June 2023 quarter.

At the end of the quarter the Company had US\$28 million invested in term deposits at varying interest rates and cash at call earning interest.

The Board continues to focus on reducing costs in the business wherever practical. The Company's budgeted expenditure for FY2023 is in the range US\$1.5 to US\$1.7 million, excluding one-off and share buy-back payments.

As detailed in Item 6.1 of the accompanying Appendix 5B, the Company discloses that the aggregate payments to related parties and their associates during the quarter was US\$403,525. The payments during the quarter represent remuneration paid to Non-Executive Directors and final amounts paid to the former CEO totalling US\$336,188, which includes accumulated leave entitlements.

Corporate

In November 2022 the Company announced its intention to undertake an on-market share buy-back for up to 10% of the Company's issued capital. The buy-back is to be conducted over the twelve-month period from 1 December 2022 unless completed sooner or terminated earlier.

As at 31 March 2023 the Company had bought back 4,807,356 shares at an average price of A\$0.70366 per share. The total cost of the buy-back as at 31 March 2023 was A\$3.4 million (US\$2.3 million). In accordance with the Company's Securities Trading Policy the buy back of shares was halted on 31 March 2023 and will recommence on release of this report.

Disclaimer

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

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

For further information, please contact:

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Appendix 5B

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

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

Name of entity

FAR Ltd	
ABN	Quarter ended ("current quarter")
41 009 117 293	31 March 2023

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (3 months) US\$'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	56	56
1.2	Payments for		
	(a) exploration & evaluation	(440)	(440)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(530)	(530)
	(e) administration and corporate costs	(264)	(264)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	332	332
1.5	Interest and other costs of finance paid	(7)	(7)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other	-	-
1.9	Net cash from / (used in) operating activities	(853)	(853)

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

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) oil and gas properties	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)/ Payments for share buy-back	(1,828)	(1,828)
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to share buy-back	(6)	(6)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other - payment of lease liabilities	(32)	(32)
3.10	Net cash from / (used in) financing activities	(1,866)	(1,866)

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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	33,651	33,651
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(853)	(853)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,866)	(1,866)
4.5	Effect of movement in exchange rates on cash held	(207)	(207)
4.6	Cash and cash equivalents at end of period	30,725	30,725

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	213	338
5.2	Call deposits	2,512	313
5.3	Bank overdrafts	-	-
5.4	Other – Term deposits	28,000	33,000
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	30,725	33,651

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

- | | | |
|-----|---|-------------------------------------|
| | | Current quarter
US\$'000 |
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 # | 404 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

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

Includes US\$336,000 of payments during the quarter to the former CEO, including leave entitlements, in accordance with her employment contract.

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

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

8. Estimated cash available for future operating activities	US\$'000
8.1 Net cash used in operating activities (Item 1.9)	(853)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
Capitalised development expenditure for oil & gas properties (item 2.1(f))	-
8.3 Total relevant outgoings (Item 8.1 + item 8.2) *	(853)
8.4 Cash and cash equivalents at quarter end (item 4.6)	30,725
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	30,725
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	36.02

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

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

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

Answer:

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

Answer:

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

Answer:

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

Compliance statement

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

Date: 27 April 2023

Authorised by: FAR Limited Board

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Additional Notes to Appendix 5B

Appendix 5B reference	ASX description reference	FAR commentary
1.1	Receipts from customers	This balance represents mainly GST refunds received in the quarter.
1.2 (a)	Exploration and evaluation costs expensed	During the quarter, the Company reported total payments of US\$0.44M for exploration and evaluation. Exploration expenditure incurred in the quarter related to study costs in respect of The Gambian project, together with costs associated the marketing effort to secure a new joint venture agreement and expenses to administer the Gambia interests.
1.2 (e)	Administration and corporate costs	Included in these costs are expenditures associated with operating the Company's office, ASX listing fees, insurances, software licences, audit, tax, legal and other administrative costs. The March 2023 quarter also included the final payment of entitlements to the former CEO.
1.4	Interest received	FAR holds a significant portion of its cash in interest bearing deposits with a major Australian bank to optimise interest income. The amount of interest received varies each quarter based on the amount of cash held on deposit, the interest rates received and the timing of maturity of deposits relative to the quarter end reporting date.
3.1 and 3.4	Payments for share buy-back	FAR continued the on-market share buy-back announced in November 2022, with 4,112,569 shares bought back in the quarter at an average price of A\$0.70607 per share and a total cost of US\$1.83M including transaction costs.
3.9	Other – payment of lease liabilities	This item represents lease payments during the quarter related to the Company's Right of Use Asset (head office).
6.1	Aggregate payments to related parties and their associates	These costs included payments to Non-Executive Directors and the former CEO.