

25 October 2023

ASX Announcement & Media Release

September 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 30 September 2023.

Highlights

- On 18 August 2023 shareholders approved a capital return of 40 cents per share. Cash payment to shareholders occurred on 31 August 2023 totaling US\$25 million (A\$37 million).
- FAR applied for a Class Ruling from the Australian Taxation Office (ATO) seeking confirmation that the capital return will not count as a dividend for taxation purposes. On 20 September 2023 the ATO published a Class Ruling that confirms no part of the capital return will be assessable as a dividend.
- The Company continued its efforts to remarket Blocks A2 and A5 with a substantially lower fixed permit statutory cost structure during the quarter.
- Cash at quarter end was US\$3.3 million (unaudited) after the return of capital to shareholders.

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

"The Company returned US\$25 million (A\$37 million) to shareholders during the quarter as part of its prudent capital management plan. The FAR Board believes this was an effective method of returning capital to shareholders. We are pleased that the ATO has published its Ruling that confirms the capital return will not be assessed as a dividend for tax purposes.

With a significantly reduced statutory cost base the Company continued its efforts in marketing Blocks A2 & A5 in The Gambia to create value for our shareholders from the extensive exploration data associated with the project. While we are yet to receive any firm interest in the Blocks our low-cost marketing campaign will continue in the December 2023 quarter. The FAR Board will then be in a position to consider the future of the Gambia exploration project with feedback from the marketing efforts."

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

In the previous quarter the Company agreed with the Government of The Gambia for an extension to the permit term for an additional 12 months to 30 September 2025 and a substantial reduction in the future annual fixed permit statutory costs. As a result of this agreement with the Government, there is no obligation for FAR to incur expenditure on the licences for a 12-month period ending 31 March 2024.

During the quarter the Company's efforts related to its Gambia interests were focussed on remarketing of Blocks A2 and A5, with a substantially lower fixed permit statutory cost structure, to establish a joint venture arrangement to undertake the geoscience review and ultimately drill additional exploration wells. To date the Company has not been able to secure any agreement with a third party and a decision on the future of Blocks A2 and A5 will be taken before 31 March 2024 based on feedback from the current marketing efforts.

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.

In the third quarter 2023 report announced to the market on 18 October 2023, Woodside provided an update on the Sangomar Field Development Phase 1 project ("**Sangomar**"). First oil production from Sangomar is targeted for mid-2024 and as at 30 September 2023 the overall project was 90% complete.

With first oil production from mid-2024 there is likely to be a payment to FAR under the Contingent Payment in early 2025. Based on progress of the Sangomar development and current oil prices, the Board of FAR expects that the full US\$55 million will be received prior to the transaction long stop date in 2027.

The Contingent Payment comprises 45% of entitlement barrels (being the share of oil relating to FAR's previously held 13.67% of the RSSD Project comprising the Sangomar Field exploitation area of interest), multiplied by the excess 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.

The Board will consider opportunities for monetisation of this asset nearer to the commencement of first oil production from Sangomar.

Corporate

On 18 August 2023, shareholders approved a capital return of 40 cents per share. On 31 August 2023 cash payment to shareholders was made totalling US\$25 million (A\$37 million). FAR sought a Class Ruling from the Australian Taxation Office (ATO) to obtain confirmation that the capital return will not be counted as a dividend for taxation purposes.

On 20 September 2023, the ATO published its Ruling confirming that no part of the capital return will be assessable as a dividend. The Ruling also confirms that qualifying shareholders will be entitled to treat any resulting capital gain as a discounted capital gain and that certain foreign resident shareholders will be entitled to disregard any resulting capital gain or loss. Shareholders should refer to the Ruling for a better understanding of its contents and consult their own tax adviser as to the potential tax consequences for them with respect to the capital return.

Cash Balance and Expenditure (unaudited)

FAR had US\$3.3 million of cash at the end of the quarter after the return of capital to shareholders totalling US\$25.0 million. During the September 2023 quarter expenditure totalled US\$1.0 million, comprising mainly corporate and administration costs and exploration expenditure to support our Gambia interests.

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

September 2023 Quarter	March 2023 Quarter US\$M	June 2023 Quarter US\$M	Sept 2023 Quarter US\$M
Opening cash balance	33.7	30.7	29.5
Corporate and administration costs	(0.7)	(0.4)	(0.7)
Exploration expenditure	(0.4)	(0.2)	(0.3)
Total expenditure	(1.1)	(0.6)	(1.0)
Financing	0.3	0.3	0.3
On-market share buy-back payments	(1.9)	(0.9)	-
Capital return to shareholders	-	-	(25.0)
Other movements	(0.3)	-	(0.5)
Closing cash balance	30.7	29.5	3.3

Corporate and administration expenditure in the September 2023 quarter included redundancy and leave entitlement payments to the last three employees of the Company. Corporate and administration activities will now be carried out as required by contractors.

Exploration expenditure in the quarter comprised mainly Gambia in-country administration and support costs. The quarter also included a true-up licence payment of US\$0.2 million covering the period to 31 March 2023 agreed with The Gambia Government as part of the negotiated lower annual statutory charges.

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

Other movements in the quarter represents the unrealised foreign currency loss on conversion of AUD cash held at the end of the quarter.

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\$94,000. The payments during the quarter represent remuneration paid to Non-Executive and Executive Directors.

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

Name of entity

FAR Limited

ABN

41 009 117 293

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	29	134
1.2 Payments for		
(a) exploration & evaluation	(282)	(888)
(b) development	-	-
(c) production	-	-
(d) staff costs	(396)	(1,224)
(e) administration and corporate costs	(344)	(776)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	383	986
1.5 Interest and other costs of finance paid	(6)	(20)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(616)	(1,788)

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) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (9 months) US\$'000
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 capital return and share buy backs	(25,014)	(27,720)
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(11)
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 (provide details if material)	(32)	(95)
3.10	Net cash from / (used in) financing activities	(25,046)	(27,826)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	29,484	33,651
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(616)	(1,788)
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)	(25,046)	(27,826)

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

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (9 months) US\$'000
4.5	Effect of movement in exchange rates on cash held	(561)	(776)
4.6	Cash and cash equivalents at end of period	3,261	3,261

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 \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,192	112
5.2	Call deposits	-	872
5.3	Bank overdrafts	-	-
5.4	Other -Term Deposits	69	28,500
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,261	29,484

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	94
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.

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.		
	N/A		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(616)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(616)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,261
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,261
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.29
<i>Note: if the entity has reported positive relevant outgoings (ie 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.</i>	
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: N/A	
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: N/A	
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: N/A	
<i>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.</i>	

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: 25 October 2023

Authorised by: The Board

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 – eg 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.