

30 January 2023

ASX Announcement & Media Release

December 2022 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 December 2022.

Highlights

- FAR continues to advance strategies to monetise The Gambia Blocks A2 and A5
 - During the quarter FAR opened a data room for suitably qualified parties
 - Review of the data room by a number of third parties is substantially complete, with the objective of finalising an outcome in the first half of 2023.
- In December 2022 FAR commenced an on-market share buy-back that resulted in 694,787 shares being bought back at an average price of A\$0.68939 per share and a total cost of A\$480k (US\$332k) as at 31 December 2022.
- Cash at quarter end was US\$33.7 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:

"We continue to explore options, including establishing a joint venture to undertake and fund the extension exploration work program for The Gambia A2 and A5 blocks, with the aim of creating value for our shareholders from the extensive exploration data associated with the project.

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

The decision to implement an on-market share buy-back aligns with the Board's focus on fiscal discipline and shareholder returns. 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)

The First Extension Exploration Period for Blocks A2 and A5 commenced on 1 October 2022 and is scheduled to run for a two-year period. Based on discussions initiated by FAR, the Government of The Gambia agreed to remove the obligation to drill an exploration well during this 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.

FAR has a 100% interest in Blocks A2 and A5 and the revised investment obligation enhances FAR's ability to seek farm-in partners to the project. The Company continues to consider options to deliver value from The Gambia assets, while minimising expenditure over the two-year extension period.

During the 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. FAR expects new partners to fund the costs of the work program during the two-year period, subject to satisfaction of certain conditions including Government approval; incoming participants in a Joint Venture may assume operatorship.

A number of suitably qualified parties have reviewed the data room with the objective of finalising an outcome in the first half of 2023.

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

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 fourth quarter report for the period ended 31 December 2022, released on 25 January 2023, indicated that the Sangomar Field Development Phase 1 was 77% complete and is on target to start producing oil in late 2023. Based on this latest Woodside update annual payments under the Contingent Payment are likely to commence in early 2025 and based on 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 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\$33.7 million of cash at the end of the quarter. During the December 2022 quarter expenditure totalled US\$1.9 million, comprising corporate and administration costs, exploration expenditure and payments associated with the extension exploration period in The Gambia. In addition, payments for the on-market share buy-back in the quarter totalled US\$0.3 million.

A summary of cash movements in the December 2022 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 | FY2022 Total US\$M |
|--|------------------------------|------------------------------|------------------------------|------------------------------|--------------------------|
| Opening cash balance | 55.6 | 39.9 | 37.7 | 35.7 | 55.6 |
| Corporate and administration | (0.8) | (0.8) | (0.8) | (0.8) | (3.2) |
| Exploration | (0.7) | (0.8) | (0.7) | (0.3) | (2.5) |
| Exploration – 1 st extension period | - | - | - | (0.8) | (0.8) |
| Total expenditure | (1.5) | (1.6) | (1.5) | (1.9) | (6.5) |
| Bambo drilling payments – prior year accruals | (14.2) | (0.4) | - | - | (14.6) |
| Financing | (0.1) | - | 0.1 | 0.2 | 0.2 |
| Share buy-back payments | | | | | |
| • Unmarketable share parcels | - | - | (0.5) | - | (0.5) |
| • On-market share buy-back | - | - | - | (0.3) | (0.3) |
| Other movements | 0.1 | (0.2) | (0.1) | - | (0.2) |
| Closing cash balance | 39.9 | 37.7 | 35.7 | 33.7 | 33.7 |

The expenditure associated with the first extension exploration period in The Gambia comprises mainly the upfront annual surface rental charge paid to The Gambian Government.

Financing comprises interest received on cash invested in term deposits less right-of-use lease payments for the period. At the end of the quarter the Company had US\$33 million invested in term deposits at varying interest rates.

Cash expenditure for the full year ended 31 December 2022 was a total of US\$6.5 million, including expenditure related to The Gambia extension exploration period of US\$0.8 million in the quarter.

The Board continues to focus on reducing costs in the business wherever practical. The Company's target corporate and administration baseline cost for FY2023 of approximately US\$2 million, excluding one-off costs and share buy-back payments, remains in line with previous forecasts. As part of the year end reporting process the Board will approve the FY2023 budget expenditure.

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\$158,000. The payments represent remuneration paid to Non-Executive Directors and the former Managing Director during the quarter.

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 December 2022 the Company had bought back 694,787 shares at an average price of A\$0.68939 per share. The total cost of the buy-back as at 31 December 2022 was A\$480,000 (US\$332,000). In accordance with the Company's Securities Trading Policy the buy back of shares ceased on 31 December 2022 and will recommence on 1 February 2023 following the 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" 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.

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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

41 009 117 293

Quarter ended ("current quarter")

31 December 2022

| Consolidated statement of cash flows | | Current quarter US\$'000 | Year to date (12 months) US\$'000 |
|--------------------------------------|---|--------------------------------|---|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | 101 | 402 |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation ⁽ⁱ⁾ | (1,090) | (17,815) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (376) | (1,847) |
| | (e) administration and corporate costs | (515) | (1,852) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 212 | 355 |
| 1.5 | Interest and other costs of finance paid | (8) | (27) |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other | - | - |
| 1.9 | Net cash from / (used in) operating activities | (1,676) | (20,784) |

(i) YTD includes payments totalling US\$14.168M related to the Bambo drilling program in The Gambia that was accrued at 31 December 2021.

| | | | |
|------------|---|----------|-------------|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | (16) |
| | (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 | - | (16) |

| | | | |
|-------------|--|--------------|----------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities)/ Payments for share buy-back | (323) | (815) |
| 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 | (9) | (63) |
| 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) | (132) |
| | Other – cash deposit as security for leased premises | - | (77) |
| 3.10 | Net cash from / (used in) financing activities | (364) | (1,087) |

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 | 35,679 | 55,635 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,676) | (20,784) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | (16) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (364) | (1,087) |
| 4.5 | Effect of movement in exchange rates on cash held | 12 | (97) |
| 4.6 | Cash and cash equivalents at end of period | 33,651 | 33,651 |

| | | | |
|------------|---|-------------------------------------|--------------------------------------|
| 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 ⁽ⁱ⁾ | 338 | 1,226 |
| 5.2 | Call deposits | 313 | 453 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other – Term deposits | 33,000 | 34,000 |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 33,651 | 35,679 |

(i) Includes US\$ Nil restricted cash held in joint venture (30 September 2022: US\$116k)

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

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
US\$'000**

158

-

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.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end US\$'000 | Amount drawn at quarter end US\$'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. |
|-----|---|

| 8. | Estimated cash available for future operating activities | US\$'000 |
|-----|--|----------|
| 8.1 | Net cash used in operating activities (Item 1.9) | (1,676) |
| 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) * | (1,676) |
| 8.4 | Cash and cash equivalents at quarter end (item 4.6) | 33,651 |
| 8.5 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 | Total available funding (item 8.4 + item 8.5) | 33,651 |
| 8.7 | Estimated quarters of funding available (item 8.6 divided by item 8.3) | 20.08 |

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? <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">Answer:</div> |
| | 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? <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">Answer:</div> |
| | 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? <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">Answer:</div> |
| | <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: 30 January 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 GST refunds received in the quarter and year-to-date. |
| 1.2 (a) | Exploration and evaluation costs expensed | During the quarter, the Company reported total payments of US\$1.09M for exploration and evaluation. Exploration expenditure incurred in the quarter related to geological and geophysical costs and post-well studies in respect of The Gambian project, together with costs associated with managing the process to identify potential joint venture partners for the project. |
| 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. |
| 1.4 | Interest received | FAR holds a significant portion of its cash in interest bearing term 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 | 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. In December 2022 FAR commenced the on-market share buy-back that resulted in 694,787 shares being bought back at an average price of A\$0.68939 per share and a total cost of UU\$332,000 including transaction costs as at 31 December 2022. |
| 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). |
| 5.4 | Other – Term deposits | US\$33M of cash was held as unrestricted short-term deposits with a major Australian bank and available for use on maturity. |
| 6.1 | Aggregate payments to related parties and their associates | These costs included payments to Non-Executive Directors and the former Managing Director as remuneration. |