

20 January 2020

ASX Announcement & Media Release

Sangomar Field Development FID and US\$300M underwritten senior facility

FAR Limited (ASX: FAR) has taken the Final Investment Decision (“FID”) and received final credit approvals for an underwritten US\$300 million senior secured reserve-based lending (“RBL”) facility for the Sangomar Field Development offshore Senegal.

Final Investment Decision

Following approval of the Exploitation Authorisation by the Government of Senegal and signing of the Host Government Agreement, the Rufisque Offshore, Sangomar Offshore and Sangomar Deep Offshore (RSSD) joint venture (JV) has now moved into the execute phase for Phase 1 of the Sangomar Field Development. FAR, along with its JV partners, last week signed the FID statement at a formal ceremony with His Excellency Macky Sall, the President of the Republic of Senegal and Senegal’s Minister of Petroleum and Energies, Mouhamadou Makhtar Cisse.

Woodside, as Operator of the JV, has now issued a Full Notice to Proceed (FNTP) for the drilling and subsea construction and installation contracts.

Agreement for a US\$300 million underwritten senior loan facility

FAR is pleased to announce a binding and committed underwritten US\$300 million senior secured reserve-based lending (“RBL”) facility has been approved by Macquarie Bank Limited, BNP Paribas and Glencore, each to the amount of US\$100 million. The facility is a key part of the funding package to develop FAR’s interest in the Sangomar oil field in Senegal.

The facility has a 7-year term (with 4-year repayment holiday) and is priced at a margin of 7.75% over LIBOR. Undrawn facility amounts will attract a Commitment Fee of 40% of the margin. The banks’ underwriting is subject to the successful conclusion of pre-placement market soundings.

Over the coming months, FAR will conclude the documentation process for the RBL facility, select its preferred provider of junior debt and conclude the necessary funding for the Sangomar project.

FAR will have raised over US\$400 million in new capital to fund its share of phase 1 CAPEX for the Sangomar oil development, including a A\$146 million equity placement (ca. US\$100 million) and Share Purchase Plan with receipts of A\$11.18 million.

The General Meeting of shareholders, held Thursday, 16 January, voted overwhelmingly in favour of approving the share placement. The placement is due to conclude with settlement of funds scheduled for Thursday 23 January 2020 and allotment of shares for Friday 24 January 2020.

Conversion of contingent resources to reserves

Having taken FID, FAR announces that reserves of 28MMbbls (2P net economic interest) associated with this development, are now attributed to the Company.

The Sangomar Phase 1 development is anticipated to produce 231MMbbls of oil (2P gross) and is planned to consist of 23 subsea wells including water injectors to provide waterflood as a mechanism to improve recovery efficiency. The wells will be tied back to a floating production storage and offloading facility (FPSO) for processing prior to export to market via tankers. First oil is expected early in 2023. The FPSO is designed to allow the integration of future development phases, including potential for gas export to shore.

The Sangomar Field was discovered in 2014 with the drilling of SNE-1. This was followed by two phases of appraisal drilling, which included conducting several flow tests, full cores of the main reservoirs, electrical logging and an interference test to confirm reservoir continuity across the field. This data has been analysed and used for reservoir modelling and facilities design to confirm the commercial producibility of the field and plan the development. A range of economic scenarios, including a variety of oil price forecasts, have been applied to confirm the project is economically robust.

The reserves for the Sangomar Phase 1 development are 231MMbbls of oil (2P gross) of which 28MMbbls are net to FAR (refer Table 1). A further 253MMbbls of contingent resources of oil (2C gross), of which 32MMbbls are net to FAR, are currently planned to be developed in future phases of the Sangomar Field development. These future phases will be refined with results from the Phase 1 development.

Table 1

Sangomar Field Reserves and Resources				
	MMbbls, Gross (100%)			MMbbls, FAR's net entitlement
	1P	2P	3P	2P
Oil Reserves	162	231	312	28
	1C	2C	3C	2C
Contingent Oil Resources	107	253	307	32

Notes on the basis for the resource estimates

- Reserves attributable to FAR are net entitlement, which takes into account the Government share of production, so is less than the equity share.
- A range of static and dynamic reservoir models have been constructed using the information gained from the appraisal drilling including DSTs, electrical logs, core and other data.
- These models have been used to calculate the range of possible reserves and contingent resources, which have been estimated using probabilistic and deterministic methods.
- The contingent resources are contingent on further development drilling and installation of additional sub-sea infrastructure, which are planned for future phases.
- FAR net working interest of 13.67% is on the assumption that Petrosen will exercise its right to take an 18% working interest in the Production Sharing Contract.

* Refer to Cautionary Statement in this report (Page 4) relating to estimates of prospective and contingent resources and reserves

FAR's Managing Director Cath Norman said, *"Reaching agreement for a US\$300m underwritten senior debt facility with three international firms, Macquarie, BNP Paribas and Glencore, is further endorsement and support for Sangomar being a tier one oil development asset."*

Alongside Petrosen, the Senegalese State Oil Company, FAR is the longest standing member of the RSSD Joint Venture and is proud to have been a part of this project from early exploration, through discovery, appraisal and now, the exploitation of the resources in Senegal.

FAR looks forward to working with the Government and the partners to support delivery of first oil from this world class project in early 2023 and transforming FAR from an explorer to a material producer on the Australian Stock Exchange (ASX) with peak net production of 13,670 bopd. Furthermore, FAR remains excited by the opportunities to substantially increase field recoveries, monetise the gas resource and grow the field's overall resource size.

2020 is shaping up to be a busy year for FAR, with a junior underwritten debt facility due to be put in place early in the year and the drilling of one of its highly prospective exploration opportunities in the neighbouring Gambia to follow in the second half of 2020. In addition, the Senegal JV is preparing for drilling in 2021, commencing with an appraisal well on the FAR or SNE North discoveries before embarking on the development drilling for the Sangomar Field development.

Securing the debt facility combined with the overwhelming support at the General Meeting to approve the equity placement and good uptake in the SPP concludes this chapter in closing out the US\$400M in capital to support FAR's FID decision.

We fully appreciate the support of our shareholders who have helped us reach this important milestone and continue to believe that de-risking the financing component for the Sangomar project and commencing the execute phase for development is likely to generate significant shareholder value."

This announcement has been approved for release by the FAR Limited disclosure committee.

For more information please contact:

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Disclaimers

Prospective and Contingent Resources and Reserves

All Contingent and Prospective Resource estimates presented in this report are prepared as at 20/1/2020. The estimates have been prepared by the Company in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System, June 2018, approved by the Society of Petroleum Engineers, and have been prepared using probabilistic and deterministic methods. The Reserves estimates provided in this report are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations. All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is ready to begin. The Contingent Resource estimates provided in this report are those quantities of petroleum believed to be potentially recoverable from known accumulations, but the project is not considered mature enough for commercial development due to one or more contingencies. The Prospective Resource estimates provided in this report are Best Estimates and represent that there is a 50% probability that the actual resource volume will be in excess of the amounts reported. The estimates are unrisks and have not been adjusted for both an associated chance of discovery and a chance of development. The 100% basis and net to FAR Reserves, Contingent Resource and Prospective Resource estimates include Government share of production applicable under the Production Sharing Contract or License.

Competent Person Statement Information

The hydrocarbon resource estimates in this report have been compiled by Peter Nicholls, the FAR Limited exploration manager. Mr Nicholls has over 35 years of experience in petroleum geophysics and geology and is a member of the American Association of Petroleum Geology, the Society of Petroleum Engineers and the Petroleum Exploration Society of Australia. Mr Nicholls consents to the inclusion of the information in this report relating to hydrocarbon Reserves, Contingent Resource and Prospective Resources in the form and context in which it appears. The Reserves, Contingent Resource and Prospective Resource estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, Petroleum Resource Management System June 2018.