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FAR Limited

01 July – 30 September 2020

Q3 Report

Highlights

- Petrosen increases stake in Sangomar project from 10% to 18%
- Sangomar Field development project continues with minimal COVID disruption
- Three social programs now complete in The Gambia
- FAR shares suspended from trading on ASX
- Cash at end of quarter US$60 million

Projects update

Offshore Senegal

RSSD (Rufisque, Sangomar and Sangomar Deep) Senegal

Sangomar Field Development

The Rufisque, Sangomar and Sangomar Deep ('RSSD') Joint Venture continued to progress construction activities for the Sangomar Field Development. The construction of the FPSO and other equipment for the Phase 1 development is progressing within budget.

Interpretation of the recent high-definition multi-azimuth 3D marine seismic survey over the Sangomar field is ongoing and will be incorporated into development planning and resource assessment.

Phase 1 of the development is planned to target 231 mmbbls of oil resources from the lower reservoirs in the Sangomar Field, and an initial pilot phase in the upper reservoirs.

The 2021 work program and budget has now been approved by the joint venture, along with key logistics contracts relating to marine vessels and aviation services.

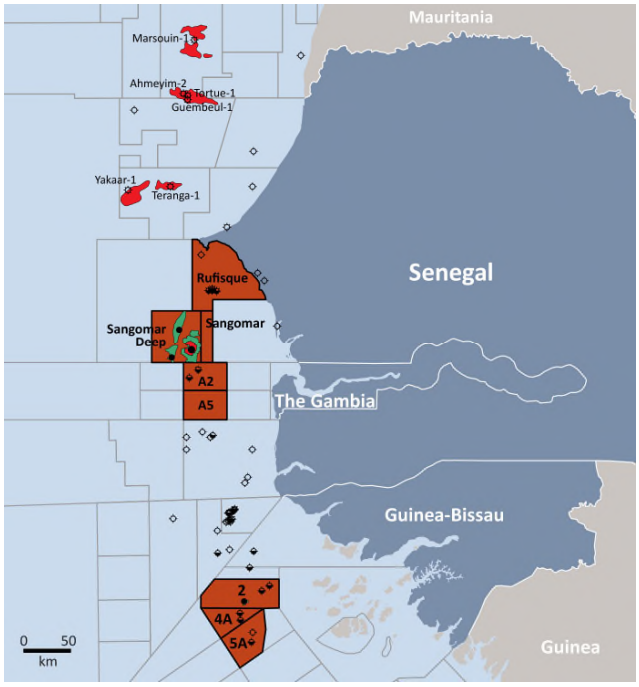


Figure 1: Location of FAR's MSGBC licences

During the period Cairn announced the sale of its entire 40% RSSD interest to Lukoil that was subsequently pre-empted by Joint Venture partner and Operator, Woodside. The transaction remains subject to certain conditions before completion.

Also during the period, and as expected, the Senegal state oil company, Petrosen, increased their stake in the project from 10% to 18%. If Woodside successfully acquires Cairn's interest, the working interest of the remaining joint venture partners in the Sangomar exploitation area will be Petrosen

* Refer to Cautionary Statement in this report (page 5) relating to estimates of prospective resources

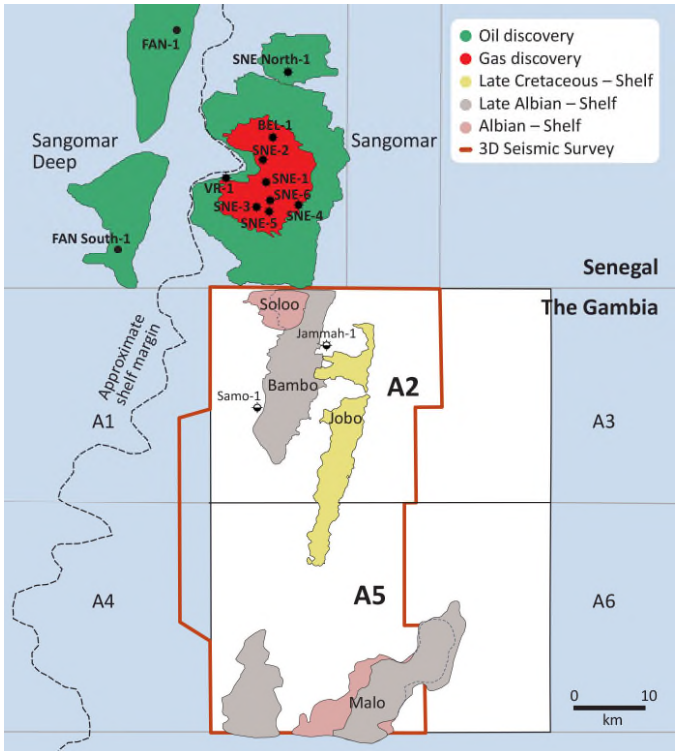
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18%, FAR 13.67%, and Woodside 68.33%. The working interest in the remaining RSSD evaluation area (including the FAN and SNE North oil discoveries) will be Petrosen 10%, FAR 15% and Woodside 75%.

Offshore, The Gambia

Blocks A2/A5

During the quarter FAR continued with the Full Waveform Inversion (FWI) processing of the 600km^2 3D seismic survey that was acquired in A5 during Q1 2020. It is intended that this FWI processing will be expanded to include the remaining 3D seismic datasets over A2 and A5, therefore providing single merged 3D seismic data across the blocks.



These data will be used to significantly improve geological interpretation and prospect selection in the future.

FAR has continued in the quarter with planning for the Bambo-1 well. This well is being designed to test multiple stacked objectives including the Bambo 390, Soloo 410 and Soloo 440 (see Table below). Execution of the Bambo-1 well project is currently on hold since Q2 2020 when a decision was made with the JV participants and Ministry of Petroleum and Energy to temporarily suspend the project due to the COVID-19 pandemic.

FAR and its partner are continuing to review the COVID-19 situation with a view to reactivate the project when it can be safely and efficiently delivered. The Environmental and Social Impact Assessment (ESIA) for the drilling project has progressed this quarter with the completion of the public consultation process.

Gambia prospects	Block	Best Estimate (mmbbls)*
		P50
Soloo 410	*A2*	***126***
Soloo 440	*A2*	***26***
Soloo (Arithmetic Sum)	A2	**152**
Bambo S390	A2	**464**
Jobo S172	A2 & A5	**280**
Jatto S176	*A5*	***137***
Malo (S480 & S540 Arithmetic Sum)	A5	**265**
Total all prospects		**1,298**
Total net to FAR		**649**

Table 1 Gambia block A2 and A5 assessed resource estimates

*The estimated quantities of Petroleum that may potentially be recovered by the future application of a development project relate to undiscovered accumulations. These estimates have an associated risk of discovery and a further risk of development. Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

* Refer to Cautionary Statement in this report (page 7) relating to estimates of prospective resources

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Guinea-Bissau

The Sinapa and Esperanca licences are currently within an Extension period of the initial Exploration Term as provided for under their respective Agreements for Joint Venture Participation ('AJVP') where a subsidiary of Svenska Petroleum Exploration AB ('Svenska') is Operator of the Joint Ventures.

On 16 October, FAR was advised by the Operator that the Sinapa and Esperanca Licence extensions were formally approved via Presidential decree, Bissau Government Decrees N 22/2020 (Esperança Exploration License 12th Amendment) and N 23/20 (Sinapa Exploration License 16th Amendment).

The current exploration period has been extended to expire on 2nd October 2023.

Operations in the licenses, including preparation for drilling Atum-1X, have been suspended due to COVID-19. FAR is working with the Operator to help identify and protect the Joint Venture from any further cost exposures due to COVID-19 shutdown.

NW Shelf (Australia)

Through its wholly owned subsidiary, Lightmark Enterprises Pty Ltd, FAR has a 100% interest in Petroleum Exploration Permit WA-458-P, which is in the prolific oil-producing Dampier Sub-basin along Australia's North West Shelf. In April 2020, FAR received the final seismic volumes for the Davros Extension multiclient 3D survey. Interpretation and integration of the new 3D seismic data is ongoing, and a farmout process has been initiated.

In order to implement measures to manage COVID-19, FAR has submitted an application to the National Offshore Petroleum Titles Administrator ('NOPTA') to suspend and extend the current phase of the exploration work programme by 12 months. On 16 October, FAR was notified by NOPTA that the request had been approved and the current period (Permit Years 3 and 4) has been extended to 22 January 2022.

Community and Social Projects

FAR and its joint venture partner were pleased to have completed their three social projects for 2020 in The Gambia. The maternity ward and an operating theatre at Bansang Hospital were successfully refurbished. This project was completed in partnership with the Gambia National Petroleum Corporation (GNPC).





The **Sanyang women's garden** was upgraded with the construction of an Enhanced Water Distribution and Storage (Reservoir) system which is providing more secure and reliable water supply for this important vegetable producing site which provides subsistence and economic development for women of Sanyang and the surroundings. The project has now resolved a major and constant problem of inadequate water supply for the women which is the cause of drastic reduction in output for the community.

* Refer to Cautionary Statement in this report (page 7) relating to estimates of prospective resources

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Electrical works were upgraded at **the Jambanjelly Lower Basic School** providing improved lighting and power for computers.

The impact of these projects is felt widely in the community especially at the Janbanjelly Lower Basic School where students now have electricity in their classrooms and a renovated and usable computer lab.

Bansang hospital was the third project completed. FAR provided support to repair the roof of the maternity ward, pre-natal and post-natal wards as well as the maternity operating theatre. Bansang Hospital is in the Central River region of the Gambia and has a catchment area population of about 600,000. A total of 2,871 deliveries were registered in 2019, averaging 239 delivieries per month (7 per day). The demand for maternity services continues to grow while service space and facilities have remained stagnant. The renovation and roof replacement has now allowed the operating theatres to be opened again without any risk of a leaky roof during the rainy season.

Corporate

Half-Year Report and ASX Suspension

On 11 September FAR released its Financial Report for the 6 months ended 30 June 2020 (Half-Year Report). The Half-Year Report included a disclaimer of review conclusion by the Company's Auditor, Deloitte. The Auditor identified the uncertainty surrounding FAR's proposed sale of the Senegal asset and the fact that no sale agreement had been entered into as the key underlying reason for the disclaimer. As stated in the Directors Report in the Half Year Report, the Auditor has confirmed that full access to management and all information relevant to the half year review was provided to the Auditor. FAR is continuing to focus on executing a sale of its interest in the Senegal project which would address the key uncertainties of sale price and timing raised by the Auditor, but no agreement has been entered into at this time and details of the sale process and status remain confidential.

Following the release of the Half-Year Report, ASX advised FAR it would be making further enquiries due to the disclaimer of review conclusion. FAR requested a voluntary suspension of its shares from the ASX, and, following communications between ASX and FAR which were released to the market on 2 October, ASX has advised this suspension will continue. FAR will work with ASX to determine when the suspension may be lifted.

Default

FAR remains in default of its Senegal RSSD obligations. Pursuant to the RSSD Joint Operating Agreement, the Operator has issued the cash call for October (US$3.18 million) bringing FAR's total defaulted payments (including October cash call) to US$35.2 million. Petrosen has reimbursed FAR (into the JV account) US$5.6 million bringing FAR's default position to US$29.6 million owing to the JV (excluding interest). FAR had US$59.0 million unrestricted cash at hand at 30 September 2020. Based on this latest forecast from the Operator FAR has sufficient cash to cure the default before the end of the 6 month default period.

FAR Staff

Michael Cowie has stepped back from his role as FAR General Counsel and a member of the FAR Executive and will continue on a part-time basis as Legal Counsel – Petroleum.

* Refer to Cautionary Statement in this report (page 7) relating to estimates of prospective resources

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Management comment

Q3 has been another challenging quarter for our industry and for FAR, but we were pleased to see the recent Cairn sale of its RSSD interest to Woodside (pre-empting the proposed sale to Lukoil), demonstrating that the Senegal project is an asset of international appeal. As previously reported, FAR continues to progress a sale of all or part of its interest in this asset.

We are disappointed that ASX has determined FAR will remain in suspension due to the disclaimer of review conclusion drawn by our Auditors in the Half-Year Report. However, we are confident that in the event of an asset sale being announced, questions of going concern will be addressed and will provide an opportunity for the ASX to remove the suspension.

In general, activity has been slowed on FAR's projects due largely to the inability to move people freely, in the wake of COVID-19 and especially the growing second wave. The regulators in the countries in which we operate have been accommodating of these issues as borne out by the extensions received for the Guinea-Bissau and West Australian exploration permits. We look forward to working with our partners here, and in Senegal and The Gambia, along with our contractors to replan exploration activities for 2021.

All of us at FAR understand our shareholder frustration at the suspension of trading and time that it is taking to announce a solution to our Senegal financing or sale. We thank shareholders for their patience and assure you we are working to a solution as soon as possible.

Additional Notes to Appendix 5B

Appendix 5B reference	ASX description reference	FAR commentary
1.2 (a)	Exploration and evaluation costs expensed	The FAR group accounts for the cost of exploring and evaluating discoveries under the successful efforts method. During the quarter the company spent US$1.98M on exploration and evaluation expenditure, including general permit activity, geological and geophysical costs and seismic acquisition and processing, mainly relating to its Gambian and Senegal projects.
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 and corporate presentations.
1.4	Interest received	FAR holds a significant portion of its cash in interest bearing accounts in order to optimise interest income. The amount of interest received varies each quarter based on the interest rate, the term held in the interest-bearing account and the maturity dates.
2.1 (d)	Exploration and evaluation capitalised	During the quarter FAR spent US$1.36M on well planning activities and long lead items for the Gambia and Guinea-Bissau projects.
2.1 (f)	Oil and gas properties	No payments for oil and gas properties were made during the quarter due to the default in Senegal, however a correction was made to reallocate US$0.56M from payments for oil and gas properties 2.1(f) to payments for exploration and evaluation 1.2(a). As announced on 2 October 2020 the Senegal default cash calls for the 4 months from June to September totalled $32.03M. October's cash call was US$3.2M and the forecast November cash call is US$11.9M, amounting to total forecast default payments for the six months of US$47.1M. The under contributions as a result of the defaults plus working capital to

* Refer to Cautionary Statement in this report (page 7) relating to estimates of prospective resources

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		30 September 2020 totals US$31.1M, which has been recorded as a payable in the financial statements at the end of the quarter.
4.5	Effect of movement in exchange rates	There was a significant strengthening of the AUD against the USD during the quarter which resulted in a foreign exchange translation adjustment on the AUD cash held that increased the Company's USD equivalent cash holdings by US$1.45M.
6.1	Aggregate amount of payments to related parties and their associates	These costs include payments to Directors in respect to remuneration for the Managing Director, Executive Director (ED) and the Company's Non-Executive Directors (NED). During the quarter, all senior executives and the NED's accepted a 20% salary or fee reduction.
8.0	Future operating activities	For the upcoming quarter FAR forecasts US$2.9M of exploration and evaluation expenditure, US$30.4M net development expenditure (includes the payment of default cash calls less the Petrosen reimbursement to FAR of US$5.6M due to an increase in their equity interest) and US$3.6M in corporate costs. As announced on 2 October 2020 FAR is continuing to focus on executing a sale of its interest in the Senegal project.

Project Table

Project	Permits	Operator	Interest held	Interest acquired/disposed /surrendered
Senegal	Rufisque, Sangomar and Sangomar Deep	Woodside	13.6667%*	-
Gambia	Blocks A2 and A5	FAR	50.00%	-
Guinea-Bissau	Blocks 2, 4A and 5A	Svenska	21.43%	-
Australia	WA-458-P	FAR	100.00%	-
Kenya	Block L6	FAR	0.00%^	(60.00%)

* FAR's interest reduced to 13.6667% concurrent with Petrosen accreting their interest from 10% to 18%

^ In the previous quarter, a surrender and termination notice was formally issued to the Government of Kenya in relation to Kenya Block L6 reducing FAR's interest to nil.

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

For more information please contact:

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Disclaimers

***Prospective Resource Estimates Cautionary Statement** - With respect to the Prospective Resource estimates contained within this report, it should be noted that the estimated quantities of Petroleum that may potentially be recovered by the future application of a development project may relate to undiscovered accumulations. These estimates have an associated risk of discovery and risk of development. Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. The Prospective Resource estimates provided in this report are Low Estimate, Best Estimate and High Estimate and represent that there is a 90%, 50% and 10% probability respectively that the actual resource volume will be in excess of the amounts reported.*

***Prospective and Contingent Resources** - All contingent and Prospective Resource estimates presented in this report are prepared as at 23/10/2019. The estimates have been prepared by the Company in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System, 2018 approved by the Society of Petroleum Engineer and have been prepared using probabilistic methods. The contingent resource estimates provided in this report are those quantities of petroleum 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 unrisked and have not been adjusted for both an associated chance of discovery and a chance of development. The 100% basis and net to FAR contingent and Prospective Resource estimates include Government share of production applicable under the Production Sharing Contract.*

***Qualified Petroleum Reserves and Resources Evaluator Statement Information** - The hydrocarbon resource estimates in this report have been compiled by Peter Nicholls, the FAR Limited exploration manager. Mr Nicholls BSc (Geology) has over 30 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 Contingent and Prospective Resources in the form and context in which it appears. The Contingent 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 2018.*

***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 "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.*

* Refer to Cautionary Statement in this report (page 7) relating to estimates of prospective resources

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	30 September 2020

	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		
1.2	Payments for		
	(a) exploration & evaluation	(1,979)	(10,757)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(1,257)	(2,988)
	(e) administration and corporate costs	(577)	(1,842)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	33	195
1.5	Interest and other costs of finance paid	(8)	(28)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	27	60
1.8	Other (provide details if material)	-	5
1.9	**Net cash from / (used in) operating activities**	**(3,761)**	**(15,355)**

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2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(4)
	(d) exploration & evaluation	(1,361)	(2,371)
	(e) investments	-	-
	(f) oil and gas properties	556	(39,623)
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)	(4)	158
2.6	**Net cash from / (used in) investing activities**	**(809)**	**(41,840)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	107,546
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	-	(3,648)
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)	(91)	(253)
3.10	**Net cash from / (used in) financing activities**	**(91)**	**103,645**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	63,244	13,753
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,761)	(15,355)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(809)	(41,840)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(91)	103,645
4.5	Effect of movement in exchange rates on cash held	1,453	(167)
4.6	**Cash and cash equivalents at end of period**	**60,036**	**60,036**

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	1,149	970
5.2	Call deposits	58,674	61,921
5.3	Bank overdrafts	-	-
5.4	Other (provide details) (i)	213	353
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**60,036**	**63,244**

(i) restricted cash and not readily available for use. This term deposit is held as security over the Company's corporate head office lease in the form of a bank guarantee.

(ii) Cash and cash equivalents at the end of the previous quarter reported in Appendix 5B lodged on 16 July 2020 was U$63,250 have been restated to U$63,244 due to late availability of JV operator billing statements and subsequently, aligned with the Company's half-year financial report as lodged with ASX on 11 September 2020.

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	254
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

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7.	**Financing facilities** *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.*	**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)	(3,761)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,361)
	Capitalised development expenditure for oil & gas properties (item 2.1(f)	556
8.3	Total relevant outgoings (Item 8.1 + item 8.2)	(4,566)
8.4	Cash and cash equivalents at quarter end (item 4.6)	60,036
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	60,036
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)** ***this is not reflective of forecast expenditure, for further details please see reference 8.0 of the Additional notes to Appendix 5B in the Activities Report**	13.15*

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.

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?

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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: 20 October 2020

Authorised by: FAR Board of Directors.....

(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 – 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.

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