



FAR Limited

ABN 41 009 117 293

**FINANCIAL REPORT
FOR THE
HALF-YEAR ENDED
30 JUNE 2023**

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HALF-YEAR FINANCIAL REPORT 2023

DIRECTORS' REPORT

The directors of the Company present their report together with the consolidated financial statements of the FAR Limited Group ("FAR"), comprising FAR Limited ('the Company') and its controlled entities (the 'Group') for the half-year ended 30 June 2023 in accordance with the provisions of the *Corporations Act 2001*.

DIRECTORS

The directors of the Company in office during or since the end of the period are:

Current Directors	Position held	Appointed	Resigned
Patrick O'Connor	Non-Executive Chairman (Independent)	1 July 2021	-
Robert Kaye SC	Non-Executive Director (Independent)	30 June 2021	-
Garth Campbell-Cowan	Executive Director	30 January 2023	-
	Chief Financial Officer	7 April 2022	-
Former Directors			
Alan Stein	Non-Executive Director (Independent)	17 March 2022	27 January 2023

PRINCIPAL ACTIVITIES

The principal activities of the Company and of the Group during the period were exploration for oil and gas deposits, identifying and evaluating new business opportunities in the oil and gas and energy transition sectors and developing strategies to create value from the Company's extensive exploration data associated with The Gambia.

There were no significant changes in the nature of these activities during the period.

RESULT FOR THE PERIOD

The Group reported a loss for the period ended 30 June 2023 of \$2,885,000 (prior corresponding period: loss of \$2,582,000).

REVIEW OF OPERATIONS

Operations

The Gambia

During the period 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 that commenced on 1 April 2023.

During the December 2022 quarter the Company opened a data room for suitably qualified parties to consider participation in a joint venture with FAR in relation to the Gambia licences. While suitably qualified parties reviewed the data room, FAR was not been able to secure a new joint venture agreement during the period. During the period there was limited activity that was focussed on marketing of FAR's interest in the Gambia licences and maintaining in-country administration support while negotiations with the Government were in progress.

The Company is revisiting the marketing 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. FAR expects new partners to fund the costs of the work program during the remaining permit extension period, subject to satisfaction of certain conditions including Government approval; incoming participants in a Joint Venture may assume operatorship.

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 an announcement to the market on 18 July 2023, Woodside provided a project update following a cost and schedule review of Sangomar Field Development Phase 1 ("**Sangomar**"). First oil production from Sangomar is now targeted for mid-2024 (previously late 2023). As at 30 June 2023, the overall project was 88% complete.

The update on the status of Sangomar from Woodside, with specific reference to first oil production from mid-2024 means that there is still likely to be a payment to FAR under the Contingent Payment in early 2025. Based on progress

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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

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 over the twelve-month period from 1 December 2022. During the period the Company bought back 5,785,446 shares at an average price of A\$0.70445 per share at a total cost of US\$2,706,000. From commencing the buyback in December 2022, the Company bought back 6,480,233 shares at an average price of A\$0.70284 per share at a total cost of US\$3,029,000.

On 19 June 2023 the Company announced a proposal for a capital return of A\$0.40 per share which resulted in a total cash outflow of US\$23,717,000 (A\$36,964,000). Shareholders approved the capital return subsequent to the end of the period on 18 August 2023 and payment to shareholders occurred on 31 August 2023. With the announcement of the capital return to shareholders the on-market share buyback was terminated on 19 June 2023.

New Business Opportunities

During the period the Board actively considered new business initiatives across both the oil & gas and energy transition sectors. Up to the time of the announced proposed capital return in June 2023, no new business initiatives were identified that offered significantly better returns than the proposed capital return.

Financial performance and Analysis

Profit and Loss

During the period the Group reported a net loss of \$2,885,000 (prior corresponding period: \$2,582,000). Expenditure during the period comprised mainly exploration expenditure relating to The Gambia of \$1,067,000 (prior corresponding period: \$19,000), corporate overhead and administration costs of \$550,000 (prior corresponding period: \$1,294,000) and employee benefits expense of \$519,000 (prior corresponding period: \$1,060,000). In addition, an unrealised fair value loss of \$1,058,000 was recognised in the period in respect of AUD/USD currency forward contracts over term deposits to provide certainty on conversion of United States dollars to Australian dollars to fund the proposed capital return subsequent to the 30 June 2023 reporting date.

Exploration expenditure in the period comprised in-country administration and support costs of \$386,000, costs related to the marketing efforts of \$104,000 and statutory charges up to 31 March 2023 of \$577,000. The prior year exploration expense of \$19,000 was after the reversal of prior period accruals totalling \$1,200,000. The decrease in corporate overhead and administration costs was due to lower contractor and consultant costs. Employee benefits expense was lower than the prior corresponding period due to a reduction in the number of employees as the Company's activities reduced.

Cash Flows

Cash flows used in operating activities was \$1,761,000 for the period (prior corresponding period: \$17,766,000). Payments for suppliers and employees of \$1,259,000 (prior corresponding period: \$1,920,000) was lower due to reduced corporate costs and employee payments. Payments for exploration totalling \$605,000 (prior corresponding period: \$15,985,000) comprised mainly Gambia in-country administration costs and expenses related to the marketing activities. Exploration in the prior corresponding period included payments amounting to \$14,582,000 for accruals in the previous year.

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DIRECTORS' REPORT

Financial Position

During the period, the Company became aware that the section 258F adjustment had been incorrectly stated in the 31 December 2022 financial statements. The section 258F adjustment reduced the Company's share capital and accumulated losses as at the 31 December 2022 reporting date. The section 258F adjustment has been corrected by restating share capital and accumulated losses comparative financial statements by \$55,000,000, representing the prospect of the Woodside Energy Contingent Payment being recognised as income in the future.

Current assets decreased by \$4,974,000 during the period due mainly to the reduction in cash used to fund operating activities and the on-market share buy-back. Current liabilities increased by \$578,000 as a result of the unrealised fair value loss recognised within other financial liabilities. Reduction in lease liabilities during the period represented payments relating to leased office space.

BUSINESS STRATEGY & PROSPECTS

The Company was focussed on oil and gas exploration and the appraisal of new business initiatives across both the oil & gas and energy transition sectors during the period. While a number of new business initiatives were evaluated during the period, there was no initiative with the potential to offer significantly better returns to shareholders than share buy-backs and capital returns.

The Board's strategy for The Gambia exploration assets has been focussed on efforts to capitalise on the valuable exploration data acquired to date without drawing down on the Group's existing capital to any meaningful extent. The Company concluded a marketing campaign during the period that did not result in a new joint venture agreement in relation to the Gambia licences. The Company is revisiting the marketing of its interests in the A2 and A5 blocks with a substantially lower fixed permit statutory cost structure.

The Board will also consider opportunities for the monetisation of the Woodside Contingent Payment nearer the commencement of first oil production from the Sangomar field in mid-2024.

SIGNIFICANT CHANGE IN STATE OF AFFAIRS AND FUTURE DEVELOPMENT

During the period the Company bought back 5,785,446 shares in the on-market share buyback resulting in a reduction in share capital of \$2,717,000. Except for this change, there was no significant other changes in the state of affairs of the Company during the period.

The likely developments and future prospects of the Group are also discussed in the operations review, financial performance and business strategy and prospects sections of this report.

DIVIDENDS

During the period ended 30 June 2023 the directors did not recommend a dividend be paid nor has any dividend been paid or declared during the period (30 June 2022: Nil).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration, as required by the Corporations Act 2001, is included in this report.

CURRENCY

All references to dollars in the Directors' Report and the Financial Report are references to US dollars (\$) unless otherwise specified.

ROUNDING OF AMOUNTS

FAR Limited is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument amounts in the Directors' Report and Financial Report are rounded to the nearest thousand dollars, except where otherwise indicated.

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SUBSEQUENT EVENTS

At a general meeting of shareholders on 18 August 2023 the proposed capital return of A\$0.40 per share was approved. Cash payment to shareholders occurred on 31 August 2023 totalling US\$23,717,000 (A\$36,964,000). FAR has applied for a class ruling from the Australian Taxation Office seeking confirmation that the capital return will not count as a dividend for taxation purposes.

Other than the above, the Directors are not aware of any matters or circumstances, other than those referred to in this report, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Group in subsequent financial periods.

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.



Patrick O'Connor
Chairman
Melbourne
1 September 2023

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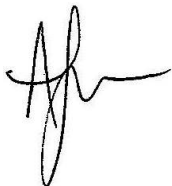
**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF FAR LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257



ANDREW JOHNSON
Partner
Audit and Assurance

Melbourne, Victoria

1 September 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the period ended 30 June 2023

	Note	6 Months Ended	
		30 Jun 2023 US\$'000	30 Jun 2022 US\$'000
Continuing operations			
Other income		652	70
Depreciation and amortisation expense		(133)	(121)
Exploration expense	3	(1,067)	(19)
Finance costs		(14)	(12)
Corporate overhead and administration expenses	3	(550)	(1,294)
Employee benefits expense	3	(519)	(1,060)
Business development expense		(2)	-
Unrealised fair value loss on fixed forward exchange contracts	7	(1,058)	-
Foreign exchange loss		(194)	(45)
Other expenses		-	(101)
Loss before tax from continuing operations		(2,885)	(2,582)
Income tax expense		-	-
Loss for the period		(2,885)	(2,582)
Other comprehensive income/(loss), net of income tax			
<i>Items that will not be reclassified to profit or loss:</i>			
Reclassification of foreign currency differences on dissolution of subsidiary companies		(20)	-
Total comprehensive loss for the period		(2,905)	(2,582)
Earnings per share:		US cents	US cents
From continuing operations			
Basic and diluted loss per share		(2.97)	(2.59)

The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

		30 Jun 2023	31 Dec 2022
	Note	US\$'000	Restated* US\$'000
CURRENT ASSETS			
Cash and cash equivalents	4	29,484	33,651
Trade and other receivables	5	288	1,093
Other financial assets		71	73
Total Current Assets		29,843	34,817
NON-CURRENT ASSETS			
Property, plant and equipment		-	62
Right-of-use assets	9	520	591
Total Non-Current Assets		520	653
TOTAL ASSETS		30,363	35,470
CURRENT LIABILITIES			
Trade and other payables	6	489	703
Other financial liabilities	7	1,058	-
Lease liabilities	9	135	129
Provisions	8	184	456
Total Current Liabilities		1,866	1,288
NON-CURRENT LIABILITIES			
Lease liabilities	9	413	483
Provisions	8	-	13
Total Non-Current Liabilities		413	496
TOTAL LIABILITIES		2,279	1,784
NET ASSETS		28,084	33,686
EQUITY			
Issued Capital	10	90,362	93,079
Reserves		(4,373)	(4,393)
Accumulated losses		(57,905)	(55,000)
TOTAL EQUITY		28,084	33,686

*31 December 2022 comparative information has been restated for a correction to the section 258F adjustment as discussed in Note 1.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months ended 30 June 2023

	Note	Reserves			Total Reserves US\$'000	Accumulated losses US\$'000	Total attributed to equity holders of parent US\$'000
		Share Capital US\$'000	Share based payments reserve ⁽ⁱ⁾ US\$'000	Foreign currency translation reserve ⁽ⁱⁱ⁾ US\$'000			
Balance at 1 January 2022		381,925	8,339	(3,754)	4,585	(346,759)	39,751
Loss for the period		-	-	-	-	(2,582)	(2,582)
Total comprehensive loss for the period		-	-	-	-	(2,582)	(2,582)
Balance at 30 June 2022		381,925	8,339	(3,754)	4,585	(349,341)	37,169
Balance at 1 January 2023 ⁽ⁱⁱⁱ⁾		93,079	-	(4,393)	(4,393)	(55,000)	33,686
Loss for the period		-	-	-	-	(2,885)	(2,885)
Other comprehensive income for the period		-	-	20	20	(20)	-
Total comprehensive loss for the period		-	-	20	20	(2,905)	(2,885)
Share buy-backs	10	(2,706)	-	-	-	-	(2,706)
Share buy-back costs	10	(11)	-	-	-	-	(11)
Balance at 30 June 2023		90,362	-	(4,373)	(4,373)	(57,905)	28,084

- (i) Comprises the fair value of rights and options recognised as an employee expense. As at 31 December 2022, share-based payments reserve relating to rights that lapsed and were cancelled or forfeited is transferred to accumulated losses.
- (ii) Foreign currency translation reserve records exchange differences arising on translation of the financial statements of foreign subsidiaries and branches from their functional currency to the Company's functional and presentation currency of United States dollars (USD). The functional and presentation currency for the Group was changed from Australian dollars (AUD) to USD effective 1 January 2020, resulting in exchange differences recognised in equity under the reserve for foreign currency translation. On disposal or dissolution of a subsidiary the cumulative amount of exchange differences related to that foreign operation is reclassified to profit or loss.
- (iii) As at 31 December 2022, the Company reduced its share capital by U\$342,969,000 in accordance with section 258F of the Corporations Act 2001, reducing accumulated losses deemed to be of a permanent nature by the same amount. The 31 December 2022 comparative information has been restated to partially reverse the reduction to share capital by \$55,000,000 to recognise the potential for the contingent asset to be recognised as income.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the 6 months ended 30 June 2023

	Note	6 Months Ended	
		30 Jun 2023 US\$'000	30 Jun 2022 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from other customers and counterparties		8	-
Receipt of goods & services tax refunds		97	217
Payments to suppliers and employees		(1,259)	(1,920)
Payments for exploration and evaluation		(605)	(15,985)
Payment for business development		(2)	-
Payment of security deposit held over premises		-	(78)
Net cash used in operating activities		(1,761)	(17,766)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		603	30
Payments for property, plant and equipment		-	(16)
Net cash provided by investing activities		603	14
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments related to share buy-backs	10	(2,706)	-
Payments related to share buy-back costs	10	(11)	-
Payment of lease liabilities		(78)	(83)
Net cash used in financing activities		(2,795)	(83)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,953)	(17,835)
Cash and cash equivalents at the beginning of the period		33,651	55,634
Effects of exchange rate changes on cash and cash equivalents		(214)	(65)
Cash and cash equivalents at the end of the period	4	29,484	37,734

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 6 months ended 30 June 2023

1. RESTATEMENT OF COMPARATIVE FINANCIAL INFORMATION

During the period, the Company became aware that the section 258F of the Corporations Act 2001 adjustment had been incorrectly stated in the 31 December 2022 financial statements. The section 258F adjustment has been corrected to take account of the prospect of the contingent asset becoming income by restating each of the affected line items in the prior year financial statements.

	31 Dec 2022 As Previously Reported US\$'000	Restatement Adjustment US\$'000	31 Dec 2022 As Restated US\$'000
Issued capital	38,079	55,000	93,079
Accumulated losses	-	(55,000)	(55,000)

2. SEGMENT INFORMATION

The Group's operating segments are identified on the basis of internal reports about components of the entity that are regularly reviewed by the Board in order to allocate resources to the segments and to assess performance. The Group undertook limited exploration-related activities for oil and gas in Africa during the period. 'Unallocated' is the aggregation of the Company's other operating segments that are not separately reportable and is predominately the corporate head office.

Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	Segment Assets		Segment Liabilities	
	30 Jun 2023 US\$'000	31 Dec 2022 US\$'000	30 Jun 2023 US\$'000	31 Dec 2022 US\$'000
Continuing operations				
The Gambia	37	738	284	411
Senegal	-	22	-	13
Unallocated	30,326	34,710	1,995	1,360
Total	30,363	35,470	2,279	1,784

Segment Revenue and Results

The Group's results from operations for the period ended 30 June is as follows:

	Other income		Segment Loss	
	6 Months Ended 30 Jun 2023 US\$'000	6 Months Ended 30 Jun 2022 US\$'000	6 Months Ended 30 Jun 2023 US\$'000	6 Months Ended 30 Jun 2022 US\$'000
Continuing operations				
Australia	-	-	-	(12)
The Gambia	-	-	(958)	(225)
Guinea-Bissau	-	-	-	15
Unallocated	652	70	(1,927)	(2,360)
Total from continuing operations	652	70	(2,885)	(2,582)
Income tax expense			-	-
Loss after tax for the period			(2,885)	(2,582)

Other income represents interest and other income generated from external sources. There were no intersegment sales or operating revenues during the current and previous corresponding period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the 6 months ended 30 June 2023

3. LOSS FOR THE PERIOD

Loss for the period from continuing operations includes the following expenses:

	6 Months Ended	
	30 Jun 2023	30 Jun 2022
	US\$'000	US\$'000
Exploration and evaluation costs expensed:		
Exploration expense for the period	(1,067)	(1,200)
Less: Reversal of prior period accruals	-	1,181
	<u>(1,067)</u>	<u>(19)</u>
Corporate overhead and administration expenses:		
Corporate overheads	(373)	(817)
Consultants and contractor expenses	(177)	(477)
	<u>(550)</u>	<u>(1,294)</u>
Employee benefits expense:		
- Remuneration expense	(472)	(883)
- Restructuring cost	(36)	(105)
Post-employment benefits:		
- Superannuation contributions	(30)	(67)
- Employee leave entitlements	19	(5)
	<u>(519)</u>	<u>(1,060)</u>

4. CASH AND CASH EQUIVALENTS

	30 Jun 2023	31 Dec 2022
	US\$'000	US\$'000
Cash at bank and on hand	112	338
Deposits at call	872	313
Term deposits	28,500	33,000
	<u>29,484</u>	<u>33,651</u>

(a) Cash and cash equivalents

Cash and cash equivalents included cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

During the period the Company entered into AUD/USD currency forward contracts over term deposits totalling US\$25,000,000 at an average exchange rate of 0.6892 to provide certainty on conversion of United States dollars to Australian dollars to fund the proposed capital return subsequent to the 30 June 2023 reporting date.

(b) Financing facilities

The Group had no external borrowings at 30 June 2023 (31 December 2022: Nil).

5. TRADE AND OTHER RECEIVABLES

	30 Jun 2023	31 Dec 2022
	US\$'000	US\$'000
Current		
Interest receivable	179	138
Other receivables	28	48
Prepayments	81	907
	<u>288</u>	<u>1,093</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the 6 months ended 30 June 2023

6. TRADE AND OTHER PAYABLES

	30 Jun 2023 US\$'000	31 Dec 2022 US\$'000
Current		
Trade payables	50	87
Other payables	439	616
	<u>489</u>	<u>703</u>

The carrying amounts of trade and other payables are considered to approximate their fair values, due to their short-term nature.

Trade payables comprise obligations by the Group and are recognised when the goods or services are received, at the amount of cash or cash equivalents that will be required to discharge the obligation. Terms are generally 30 days and no interest is chargeable on the trade payables for first 30 days from date of invoice. Thereafter interest may be levied on the outstanding balance at varying rates. The Group has financial risk management practices in place to ensure payables are paid within the credit timeframe.

7. OTHER FINANCIAL LIABILITIES

During the period the Company entered into AUD/USD currency forward contracts over term deposits totalling US\$25,000,000 at an average exchange rate of 0.6892 to provide certainty on conversion of United States dollars to Australian dollars to fund the proposed capital return subsequent to the 30 June 2023 reporting date.

The Group's financial instruments resulted in an unrealised fair value loss of US\$1,058,000 for the period recognised in the statement of profit or loss and other comprehensive income.

	30 Jun 2023 US\$'000	31 Dec 2022 US\$'000
Current		
Unrealised fair value loss on foreign exchange forward contracts	1,058	-

Recognition and measurement

The fair value of the foreign exchange forward contracts is determined using the quoted forward exchange rate as at the reporting date. The change in the fair value of the derivative financial instruments is recognised in the statement of profit or loss.

8. PROVISIONS

	30 Jun 2023 US\$'000	31 Dec 2022 US\$'000
Movement in employee benefits provision:		
Carrying amount at 1 January	469	526
Provision made/(reversed) during period	(9)	116
Provision used during the period ⁽ⁱ⁾	(263)	(138)
Net foreign exchange differences	(13)	(35)
Balance	<u>184</u>	<u>469</u>
Net carrying value – represented by:		
Current	184	456
Non-Current	-	13
Balance	<u>184</u>	<u>469</u>

(i) Amounts totalling US\$254,000, comprising annual leave and long service leave paid out on termination of an employee.

The above amounts related to employee benefits provisions represent annual leave and long service leave entitlements accrued by employees. Amounts related to employees remunerated in Australian Dollars have been presented in US dollars with all components translated from Australian to United States dollars.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the 6 months ended 30 June 2023

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has leases which predominately relate to the Company's head office premises and minor office equipment. Amounts recognised in the Statement of Financial Position and the carrying amounts of the Group's right-of-use assets and lease liabilities and the movement during the period are as follows:

	Right-of-use assets		
	Leased Premises US\$'000	Office Equipment US\$'000	Total US\$'000
As at 1 January 2022	41	8	49
Additions during the year ⁽ⁱ⁾	704	-	704
Amortisation expense	(159)	(3)	(162)
As at 31 December 2022	586	5	591
Depreciation expense	(70)	(1)	(71)
As at 30 June 2023	516	4	520
Net carrying value of right-of-use assets			US\$'000
As at 31 December 2022			591
As at 30 June 2023			<u>520</u>

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

	Lease Liabilities	
	30 Jun 2023 US\$'000	31 Dec 2022 US\$'000
As at 1 January	612	71
Additions during the year ⁽ⁱ⁾	-	704
Interest expense	14	27
Lease payments	(72)	(185)
Net foreign exchange differences	(6)	(5)
As at 31 December	548	612

(i) During the year ended 31 Dec 2022 the Company entered into a 5-year commercial lease for its corporate head office. The Company may terminate this lease after 3 years.

(ii) Lease payments comprise interest and reduction of lease liability principal.

Lease liabilities are presented in the condensed consolidated statement of financial position as:

	30 Jun 2023 US\$'000	31 Dec 2022 US\$'000
Other financial liabilities:		
Lease liabilities (current)	135	129
Lease liabilities (non-current)	413	483
Balance at	548	612

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the 6 months ended 30 June 2023

Lease payments not recognised as a liability.

The Group has elected not to recognise assets and lease liabilities for short term leases (leases with an expected term of 12 months or less). The Group recognises lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Amounts relating to short-term leases recognised as an expense during the period:

	30 Jun 2023 US\$'000	30 Jun 2022 US\$'000
Short-term leases	11	28

Short-term lease payments recognised as an expense relate to rental payments for the Group's Gambian office.

10. ISSUED CAPITAL

	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022 Restated
	Number	Number	US\$'000	US\$'000
Fully paid ordinary shares				
At beginning of the year	98,195,094	99,790,492	93,079	381,925
Share movement during the period/year:				
- Share buy-backs	(5,785,446)	(1,595,398)	(2,706)	(815)
- Share buy-back costs	-	-	(11)	(62)
- Section 258F capital reduction	-	-	-	(342,969)
- Section 258F capital reduction restatement	-	-	-	55,000
Ordinary fully paid shares at end of the period	92,409,648	98,195,094	90,362	93,079

Fully paid ordinary shares carry one vote per share and a right to dividends. Each ordinary shareholder present at a general meeting, whether in person, by proxy or by representative is entitled to one vote on a show of hands or, on a poll, one vote for each fully paid ordinary share held.

Issued capital is classified as equity and recognised at the fair value of the consideration received by the Group. Any transaction costs related to the issue of ordinary shares is recognised directly in equity as a reduction of the share proceeds received.

During the period, the Company bought back 5,785,446 shares at an average price of A\$0.7045 per share for \$2.7 million as part of the on-market share buyback that commenced on 1 December 2022. The Company bought back 694,787 shares through the on-market share buyback to 31 December 2022 at an average price of A\$0.69 per share.

On 22 July 2022, the Company completed an off-market unmarketable parcel share buy-back. The number of ordinary shares bought back was 900,611 at a share price of A\$0.786 per share.

As at 31 December 2022, the Company reduced its share capital by \$342,969,000 in accordance with section 258F of the Corporations Act 2001. The capital reduction had the effect of reducing the share capital account and the Company's accumulated accounting losses. There was no impact on shareholders from the capital reduction as no shares were cancelled and there was no change in the net asset position of the Group. There was also no impact on the availability of the Company's tax losses from this capital reduction. During the period, the Company became aware that the section 258F adjustment in the prior year did not take account of the contingent asset potentially becoming income in future periods with a maximum potential value of \$55,000,000. The 31 December 2022 financial statements have been restated for this error to increase share capital and accumulated losses by \$55,000,000 and correct the section 258F adjustment in the prior year.

Proposed return of capital

On 19 June 2023, the Company announced its intention to return approximately US\$25,000,000 to shareholders by way of a cash capital return of A\$0.40 per share. A General Meeting was convened on 18 August 2023 and shareholder approval for the return of capital was granted.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 6 months ended 30 June 2023

11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities

At the date of this report the Group was not aware of any contingent liabilities, material claims, actual or contemplated.

Contingent assets

As part of the consideration for the sale of its interest in the RSSD Project in Senegal to Woodside Energy, FAR received the rights to a Contingent Payment. The Woodside Energy Contingent Payment comprises 45% of entitlement barrels (being the share of oil relating to the Group's previously held 13.67% of the RSSD Project, comprising the Sangomar Field exploitation area of interest) sold over the previous calendar year, multiplied by the excess (if any) 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 \$55,000,000 being reached, whichever occurs first.

In an announcement to the market on 18 July 2023, Woodside provided a project update following a cost and schedule review of Sangomar Field Development Phase 1 ("**Sangomar**"). First oil production from Sangomar is targeted for mid-2024 and at 30 June 2023 the overall project was 88% complete. The Contingent Payment has been disclosed as a contingent asset due to its value being reliant on the future crude oil price and Woodside Energy successfully producing oil from the Sangomar field, both wholly outside the control of the Group.

12. SUBSEQUENT EVENTS

At a general meeting of shareholders on 18 August 2023 the proposed capital return of A\$0.40 per share was approved. Cash payment to shareholders occurred on 31 August 2023 totalling US\$23,717,000 (A\$36,964,000). FAR has applied for a class ruling from the Australian Taxation Office seeking confirmation that the capital return will not count as a dividend for taxation purposes.

Other than the above, the Directors are not aware of any matters or circumstances, other than the items referred to in this report, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Group in subsequent financial periods.

13. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This consolidated Half-Year Financial Report for the half-year ended 30 June 2023 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. This consolidated Half-Year Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 31 December 2022 and any public announcements made by FAR Limited during the period ended 30 June 2023 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and Australian Securities Exchange. The accounting policies adopted are consistent with those reported in the previous Annual Financial Report and corresponding Half-Year Financial Report.

All amounts are presented in **United States** dollars, unless otherwise noted, which is the functional and presentation currency of FAR Ltd and all of its subsidiaries.

New standards, interpretations and amendments adopted by the Group

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current period. These amendments do not have a significant impact on these condensed consolidated financial statements. The Group has not elected to early adopt any standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the 6 months ended 30 June 2023

Critical accounting judgement and estimates

The preparation of the half year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this consolidated half-year financial report, the significant estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the most recent annual financial report

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DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 7 to 17 are in accordance with the Corporations Act 2001, including:
 - (i) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (j) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of the performance of the Group for the period ended on that date, and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.



Patrick O'Connor
Chairman
Melbourne, 1 September 2023

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF FAR LIMITED****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the accompanying half-year financial report of FAR Limited (**the company**), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company does not comply with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis of Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257



ANDREW JOHNSON
Partner
Audit and Assurance

Melbourne, Victoria

1 September 2023

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CORPORATE DIRECTORY

DIRECTORS

Patrick O'Connor (Non-Executive Chairman)
Robert Kaye SC (Non-Executive Director)
Garth Campbell-Cowan (Executive Director and Chief Financial Officer)

COMPANY SECRETARY

Claire Newstead-Sinclair

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ASX Code: FAR

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