

Notice of General Meeting and Explanatory Statement

For a meeting of FAR Limited Shareholders to be held at 11am on 15 September 2021.

This is an important document. Please read it carefully.

If shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The meeting will be conducted via virtual webinar and physically at the offices of Baker McKenzie, Level 19, 181 William Street, Melbourne. Due to COVID-19 social distancing recommendations, Shareholders wishing to participate at the meeting are encouraged to do so virtually via the webinar. Shareholders attending virtually will be taken for all purposes to be in attendance as if they were physically there.

If you are unable to participate at the meeting please vote online or complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.

TIME AND PLACE OF MEETING AND HOW TO VOTE

Participation at the Meeting

The General Meeting of the shareholders of the Company will be held at **11am on 15 September 2021** virtually and at the offices of Baker McKenzie at Level 19, 181 William Street, Melbourne.

Shareholders may attend the General Meeting virtually by visiting **<https://web.lumiagm.com>** on your smartphone, tablet or computer. To participate in the Meeting, you will be required to enter the unique 9 digit Meeting ID provided below.

Meeting ID: **325-704-671**

Lumi enables Shareholders to:

- see the Meeting presentation materials and listen to the Meeting live;
- vote online during the Meeting; and
- ask questions and make comments online during the Meeting. Shareholders are encouraged to submit their questions prior to the meeting at info@far.com.au

COVID-19 rules regarding social distancing are subject to constant change, and limitations may apply to the number of people who may attend physically. If it becomes necessary or appropriate to make alternative arrangements for the holding or conducting of the meeting, FAR Limited will make further information

available through the ASX website at asx.com.au (ASX: FAR) and on its website.

Important information

To participate and vote online you will need your shareholder number and postcode. Shareholders should register at least 15 minutes before the commencement of the General Meeting. Further information including the Lumi User Guide is available on our website: www.far.com.au/GM

How to Vote

You may vote online or in person during the meeting, by proxy or authorised representative. You are encouraged to submit your proxy before the meeting as indicated below or vote online during the meeting.

Voting by Proxy

- send the completed and signed Proxy Form by post to Computershare, GPO Box 242, Melbourne, Victoria 3001; or by facsimile to Computershare on facsimile number outside Australia +61 (3) 9473 2555 or within Australia 1800 783 447

Or

- for online voting, visit www.investorvote.com.au; or
- for intermediary online subscribers only (custodians), visit www.intermediaryonline.com

so that it is received not later than 11am on 13 September 2021.

Proxy Forms received later than this time will be invalid.

FAR LIMITED ABN 41 009 117 293 NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of shareholders of FAR Limited (Company) will be held at 11am on 15 September 2021 virtually and at the offices of Baker McKenzie at Level 19, 181 William Street, Melbourne.

AGENDA

1. Capital Return

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That approval is given for the ordinary share capital of the Company to be reduced by approximately \$80 million, to be effected by the Company paying each shareholder on the record date of 21 September 2021 the amount of 80 cents for each ordinary share held at that time, on the terms described in the Explanatory Notes.

Dated 6 August 2021



**Elisha Larkin
Company Secretary**

NOTES

1. A shareholder of the Company entitled to vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes.
2. A proxy need not be a shareholder of the Company.
3. For the purposes of the Corporations Act, securities will be taken to be held for the purposes of voting at the meeting by persons who are registered holders as at 7 pm (Melbourne time) on 13 September 2021.
4. If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting on that resolution if they think fit.
5. If a proxy is instructed to abstain from voting on an item of business, the proxy is directed not to vote on the shareholder's behalf on the poll and the shares that are subject of the proxy appointment will not be counted in calculating the required majority.
6. Shareholders who return their proxy forms with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the chairman of the meeting as their proxy to vote on their behalf.
7. If a proxy form is returned but the nominated proxy does not attend the meeting or does not vote on the resolution, the chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions.
8. Proxy appointments in favour of the chairman that do not contain a direction on how to vote will be used where possible to support the resolution proposed in this notice of meeting.
9. The proxy form must be signed by the member or his/her attorney duly authorised in writing or if the shareholder is a corporation in a matter permitted by the Corporations Act or in accordance with the laws of that corporation's place of incorporation.
10. Proxies need to be returned as instructed on the proxy form to be received no later than 48 hours before the commencement of the meeting.
11. Appointed proxies will need to contact Computershare to obtain a username and password to vote online. Further details are available in the Lumi online meeting guide available at www.far.com.au/GM
12. In the event of a technological failure that prevents Shareholders from having a reasonable opportunity to participate in the Meeting, FAR will provide an update on its website and the ASX platform to communicate the details of the postponed or adjourned Meeting to shareholders.

ENQUIRIES

Shareholders are invited to contact the Company Secretary, Elisha Larkin, on +61 3 9618 2550 if they have any queries in respect of the matters set out in these documents.

Explanatory Notes

The overview set out below relates to the resolution the subject of this Notice of Meeting.

Background and summary

On 7 July 2021, the FAR group completed the sale of its interest in the RSSD Project to a member of the Woodside group and received US\$126 million in cash. As a result, the directors consider that FAR has surplus capital which they consider should be returned to shareholders.

Your directors have determined to seek shareholder approval to return approximately A\$80 million to shareholders by way of a cash capital return of 80 cents per share (**Capital Return**). Shareholder approval is required for this Capital Return, and approval is being sought at the meeting.

The Capital Return will, if approved, be effected to each person holding shares in FAR as at the record date as an equal capital reduction under sections 256B and 256C of the Corporations Act.

Payment of the Capital Return

All shareholders will be treated in the same manner and the Capital Return will constitute an equal reduction of FAR's share capital for all purposes.

For example, a shareholder with 1,000 shares on the record date would receive A\$800 through the Capital Return.

Accompanying this Notice of Meeting is a Direct Credit Form to complete bank account details for payment purposes. If shareholders register these details then payment of the Capital Return will be made to the shareholder's nominated bank account. Alternatively please provide your payment details by visiting www.investorcentre.com/contact. If you have any questions please contact the share registry on 1300 850 505.

If the share registry does not receive bank account details, payment of the Capital Return will occur by way of cheque.

Timetable

The following timetable has been approved by ASX for Listing Rules consistency purposes. If there should happen to be any changes to this timetable then those changes will be announced to ASX on the ASX Market Announcements Platform.

Event	Date
Shareholder meeting to consider the Capital Return	15 September 2021
Last date for trading of shares to be entitled to the Capital Return	17 September 2021
Record date	21 September 2021
Payment date	28 September 2021

FAR's financial position

As at the date of this Notice of Meeting, the key aspects of FAR's financial position are as follows:

- cash of US\$127 million;
- capitalized exploration and evaluation expenditure (relating to FAR's permits in The Gambia and Guinea Bissau) of US\$7 million; and
- liabilities of US\$2 million (aside from those relating to the Gambia Bambo-1 well contemplated below).

The Gambia Bambo-1 well

FAR continues with operations in preparation for drilling the Bambo-1 well offshore The Gambia, scheduled for commencement at the end of October. The well is part of the 2021 work program for the A2 and A5 licences held offshore Gambia where FAR is the Operator and has a 50% working interest.

The Bambo-1 well is designed to drill three prospects with a total estimated recoverable prospective resource of 1,118 mmbbls (arithmetic sum of Best Estimate prospective resource, 559 mmbbls net to FAR, unrisked) and the chance of geological success for the various horizons range from 7% to 37% (refer ASX announcement 16 June 2021: Gambia drilling on target for Q4).

The approved budget for the well is US\$51 million (FAR share US\$25.5 million) with US\$6.5 million expended to date. FAR's share will be funded from cash at hand.

This budget has been prepared on the basis that it is subject to a range of customary and usual qualifications, limitations and assumptions. Whilst FAR considers that the budget is reasonable, offshore drilling involves risks and uncertainties. No assurance can be given that the actual cost will be consistent with this budget. Offshore drilling costs are unpredictable, and it is not possible to estimate them with precision.

Tax

FAR is in the process of applying for an ATO Class Ruling to confirm that:

- no part of the Capital Return will constitute, or be treated as, a dividend for Australian income tax purposes; and
- instead,
 - a shareholder's cost base in each FAR share will be reduced by the amount of capital returned in connection with that share;¹
 - where the cost base of a FAR share is less than the amount of capital returned in connection with that share, a capital gain will arise;
 - qualifying shareholders will be entitled to treat any resulting capital gain as a 'discount capital gain';² and
 - qualifying foreign resident shareholders will be entitled to disregard any resulting gain.³

Based on the historical FAR share price,⁴ and the quantum of the Capital Return, no capital gain is expected to arise for any shareholder. Notwithstanding, for completeness, FAR will request that the ATO confirm the capital gains tax consequences of the Capital Return under cover of the Class Ruling.

The Class Ruling, if issued in accordance with FAR's application, will apply:

- to the income years spanning 1 July 2021 to 30 June 2022 and, separately, 1 January 2021 to 31 December 2021 (to accommodate substituted accounting periods); and
- to both Australian and foreign tax resident shareholders who hold their FAR shares on capital account.

The Class Ruling will be made available (if received) in due course on the FAR website, but this is not expected until after the date of the shareholders meeting.

The tax implications of the Capital Return for shareholders will depend on their particular circumstances. All

¹ Relevant for calculating capital gains and losses on future CGT events concerning FAR shares.

² Availability of the CGT discount is limited to individual, trusts and complying superannuation entities that hold the shares on capital account.

³ Assuming FAR shares have not been used in carrying on business at or through an Australian permanent establishment and, for shareholders that hold the share on revenue account or as trading stock, tax treaty relief is available between Australia and the shareholder's country of residence.

⁴ Subject to adjustment to reflect the 1:100 share consolidation which occurred in June 2021.

shareholders should consider seeking their own tax advice, in particular,

- shareholders who do not hold their shares on capital account, being shareholders to whom the Class Ruling will not apply. For completeness, a revenue gain may arise for shareholders who hold their shares on revenue account or as trading stock that does not qualify for the discount capital gains concessions referred to above; and
- shareholders who are not residents of Australia for tax purposes, noting there may be taxation consequences arising from the Capital Return in their country of residence.

No adverse tax consequences are expected to arise for FAR in relation to the Capital Return.

ASIC notifications

This Notice of Meeting is being lodged prior to the date of its distribution with the Australian Securities and Investments Commission in accordance with legislative requirements for the Capital Return. Further notifications will be lodged with ASIC in due course if shareholder approval is obtained.

Other information

As at the date of this Notice of Meeting, there are 99,790,492 fully paid ordinary FAR shares on issue. There are no other FAR securities on issue.

If the Capital Return is implemented, FAR shares are expected to trade at a lower share price than they would have done had the return of capital not occurred. This is due to the outflow of funds to shareholders. Whilst this reduction in share price might approximate the amount of the Capital Return, the exact future trading price of FAR shares is subject to market factors.

The way in which the proposed Capital Return will occur will be the same for all shareholders.

No voting exclusions apply to the resolution. Each share is capable of being voted on the resolution.

The directors have reviewed FAR's assets and liabilities and cash flow forecasts and have satisfied themselves as to FAR's solvency and ability to pay its creditors following the proposed Capital Return.

In the directors' view having regard to the requirements of section 256B(1) of the Corporations Act, the Capital Return is fair and reasonable to shareholders as a whole and will not materially prejudice FAR's ability to pay its creditors.

The Capital Return is occurring on a proportionate basis across all shareholders and will not have any effect on the shareholding control or ownership of FAR.

The FAR directors who are also shareholders will be treated the same as other shareholders in relation to the Capital Return. As at the date of this Notice of Meeting, the directors have an interest as shareholders of FAR as follows:

Director	Shares
Cath Norman	253,201
Robert Kaye	Nil
Patrick O'Connor	100,000

Other than as set out in this Notice of Meeting including the Explanatory Notes and any other information previously disclosed by FAR to ASX or shareholders, there is no other information that is known to the directors which may reasonably be expected to be material regarding a decision on how to vote on the resolution.

The directors unanimously recommend that shareholders vote in favour of the resolution.