

FAR Ltd

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FAR looks ahead to next African chapter as it steams ahead fully funded for its Bambo-1 well

FAR Ltd (ASX:FAR) is looking ahead for its next African chapter as it is fully funded for its current work program, including its exciting Bambo-1 exploration well in The Gambia, set for the fourth quarter of 2021.

Following the sale of its Senegal interests, the company has no debt, with surplus cash that it has outlined plans to return to shareholders.

Its new board plans to take the company into the future with a fully-funded current work program as it rationalises the company's current portfolio and plans a success case for The Gambia operations.

It plans to commence the farmout/sale of the Guinea-Bissau asset.

Plans are also afoot to complete the farmout/sale of WA-458-P in the Dampier Basin, offshore Western Australia, or prepare to drop it by mid-2022.

Price: 1.29

Market Cap: \$128.73 m

1 Year Share Price Graph



Share Information

Code: FAR

Listing: ASX

52 week High Low
1.43 1

Sector: Oil & Gas

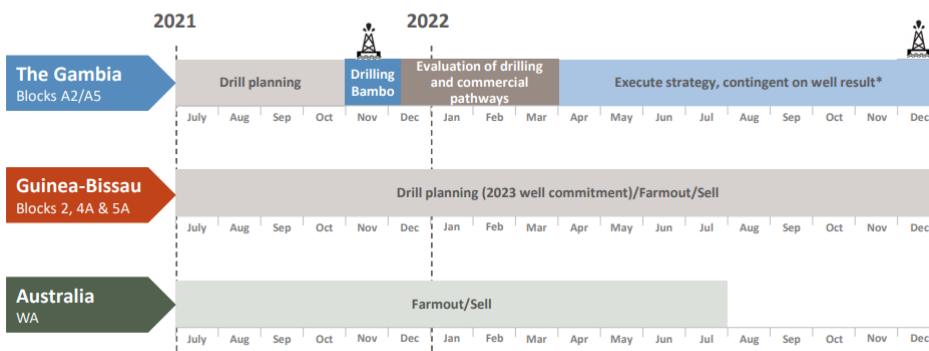
Website: www.far.com.au

Company Synopsis:

FAR Ltd (ASX:FAR) is an independent, Africa focussed, oil and gas exploration and development company with high value assets in West Africa and Australia.

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Forthcoming drilling program



FAR is also targeting to produce its first sustainability report in 2022.

Cash from RSSD Project sale

On July 7, 2021, FAR completed the sale of its interest in the FAR Senegal RSSD S.A. in the Rufisque Offshore, Sangomar Offshore and Sangomar Deep Offshore (RSSD) joint venture to a member of the Woodside group, Woodside Energy (Senegal) B.V.

The purchase price was US\$45 million, plus a working capital adjustment of around US\$167 million to reflect the acquisition effective date of January 1, 2020.

Final completion payment to FAR, after adjustments and remedying of FAR's defaults under the joint operating agreement, was around US\$126 million, which has been received.

Additional future payments to FAR - up to US\$55 million - are contingent on future oil price and timing of first oil.

First oil is targeted for 2023.

Capital return

Gambia prospects	Low Estimate (mmbbls)*	Best Estimate (mmbbls)*	High Estimate (mmbbls)*	COS
	P90	P50	P10	
Bambo				
390	137	464	1,155	25%
400	27	75	167	16%
Soloo				
410	55	150	329	29%
440	18	51	116	36%
Soloo Deep				
552	80	238	455	7%
562	48	140	242	12%
Total	365	1,118	2,464	
Total net to FAR	182.5	559	1,232	

The company has surplus capital and the board has decided to return around A\$80 million to shareholders by way of a cash capital return of 80 cents per share.

Shareholder approval is required for this and approval is being sought at its shareholders' meeting, which will be held on September 15, 2021.

The proposed capital return represents a return of surplus capital to shareholders whilst retaining sufficient funding for the drilling of the forthcoming well offshore The Gambia and for ongoing purposes.

The capital return is based on a proportionate basis across all shareholders and will not have any effect on the shareholding control or ownership of FAR.

If approved by shareholders, the record date for entitlement will be September 21, 2021, and payment will be made to shareholders on September 28, 2021.

The directors have unanimously recommended shareholders vote in favour of the resolution and they will vote in favour of the resolution.

Financial position

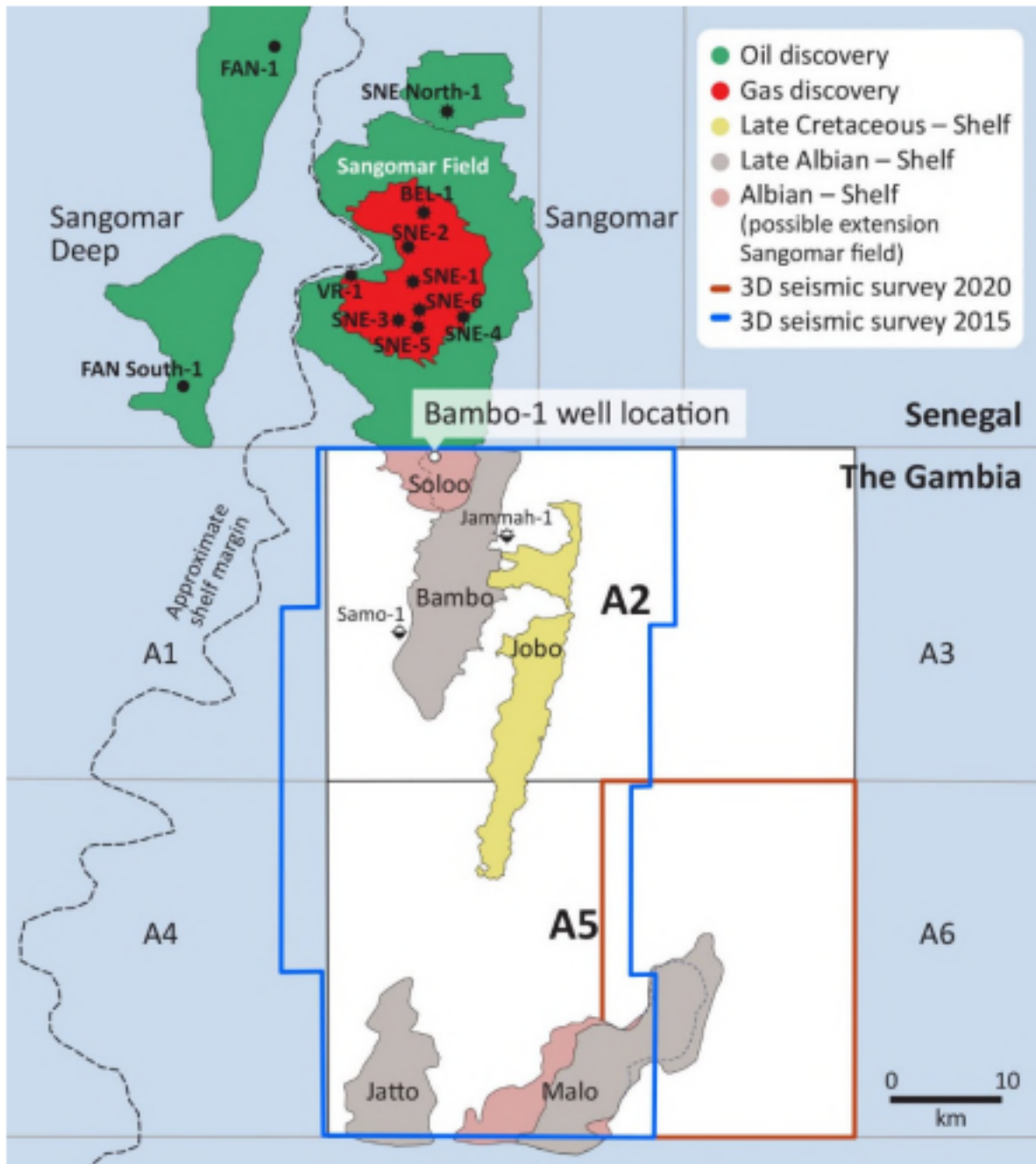
As of August 6, 2021, FAR's financial position is:

? Cash of US\$127 million;

? Capitalised 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).

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.

A rig contract has been executed with mobilisation of the Stena IceMax drill ship expected in the second half of

October.

The well is estimated to take 30 days, with real-time logging of the well to take place in Melbourne via high speed link, while the well management will be conducted by FAR/ Exceed in Aberdeen.

This 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 while Petronas has the remaining 50%.

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, unrisks) and the chance of geological success for the various horizons range from 7% to 37%.

Approved budget for the well is US\$51 million, of which FAR's share is US\$25.5 million, with US\$6.5 million expended to date.

FAR's share will be funded from cash at hand.

Soloo Prospect is an extension of discovered hydrocarbons in the Sangomar Field while the Bambo Prospect is a large exploration prospect which overlies Soloo.

The planned well will be targeting combined best estimate of 1.1 billion bbls oil.

Board changes

The company appointed Patrick O'Connor as the chairman of its board of directors.

The FAR board now comprises independent non-executive directors O'Connor and Robert Kaye, together with managing director Cath Norman.

Kaye is a mediator and experienced non-executive director with a strong focus on board governance.

He is also the non-executive chairman of Collins Food Limited, non-executive director of Magontec (ASX:MGL) Limited and the chairman of the Macular Disease Foundation of Australia.

O'Connor is an experienced non-executive director and chief executive across a range of industries including mining, oil and gas exploration, biotechnology and utilities.

He is also a non-executive director of Metals X Limited (ASX:MLX).

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