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# *Annual Report*



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Expressed in United States dollars (USD, US\$ or \$) unless otherwise stated.

### 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.



# CHAIRMAN'S REVIEW

Dear Fellow shareholders,

The last year has seen significant changes at your Company.

At the start of the 2021 year, the Company entered into a RSSD Project sale agreement with Woodside, following the previous exercise by Woodside of a pre-emptive right which it held. Two potential corporate approaches did not materialise in an offer being made for the Company. Company shareholders approved the sale, which completed in July 2021 with the receipt of US\$126 million in cash plus the entitlement to further contingent payments capped at US\$55 million.

A number of Board changes occurred shortly prior to the settlement of the Woodside sale, with Robert Kaye and myself being appointed as directors and I became the Company's Chairman in July 2021.

The new Board went to work immediately dealing with the lifting of trading suspension of the Company's shares, the decision to put to a shareholders' vote a capital return of A\$0.80 per share representing US\$57.7 million, and confirming the intention to drill the Bambo-1 well in deepwater The Gambia waters with an ultimate cost to the Company of US\$28.8 million.

Whilst the Bambo-1 well did not result in an oil discovery, it did provide valuable data to allow a better understanding of the oil exploration potential of the Company's licence blocks A2 and A5, in which the Company holds a 50% working interest and is operator. The Company announced in February 2022 after it had analysed the results of the drilling that it has high-graded three prospects, each housing multiple oil-bearing reservoir targets for a revised total Prospective Resource volume Best Estimate (P50) of 1,594 million bbls on an unrisked, recoverable resource, 100% equity basis.

2022 has seen a now expired takeover offer for the Company not recommended by the Board. The process saw the release by the Company of a Target Statement on 23 February 2022, with your Board assessing the value of a FAR share to be equal at least to A\$1.00 per FAR share being based upon the aggregation of:

- Uncommitted Cash at the end of 2021 of US\$33.4 million; and
- The valuation of the Woodside Contingent Payment which was independently assessed for the purposes of the Target's Statement as being a mid-point value of US\$39 million.

The assessment of at least A\$1.00 a FAR share does not attribute any value to either the benefit which may arise from FAR's anticipated 2022 cash outflows of US\$6.8 million or any of its oil and gas project area interests.

Your Board is conscious that the recently rerated share price does not reflect this assessed value per share. As recently announced the Board of FAR has outlined its forward strategy of seeking a value creating transaction for its remaining oil and gas Gambian assets, either through a conventional farm-out in exchange for a financial carry or through an outright sale. Should a farm-out transaction be secured where FAR retains an interest in the remaining oil and gas Gambian assets, it is proposed to undertake a demerger of those assets into a separate standalone listed entity. Any such stand-alone entity would need to be sufficient in size and operations to justify such a listing.

Your Board will continue to consider a broad range of strategies consistent with seeking to reflect the underlying asset value in the FAR share price.

Catherine Norman has been given notice of termination of employment and has resigned as a director effective 23 March 2022. On behalf of the Board, I thank Catherine for her contribution to the Company.

I welcome Alan Stein as a new director who was appointed on 17 March 2022.

Going forward your board will bring a fresh perspective to ensuring the Company explores every opportunity to realise value for shareholders.

I wish to sincerely thank our staff and contractors for undertaking the activities of Company, in particular the drilling of the Bambo-1 well this year in a safe and efficient manner.

I look forward to the year ahead to work with my fellow directors, staff, contractors and stakeholders to successfully execute our stated plans.

**Patrick O'Connor**  
Chairman

# THE GAMBIA



## BLOCK A2 & A5

Mauritania-Senegal  
-Guinea-Bissau-Conakry Basin

50% Interest  
Operator: FAR Limited

*In 2017, FAR acquired a working interest and operatorship in two highly prospective offshore blocks, A2 and A5, offshore The Gambia, located on trend with and adjacent to the giant Sangomar Oil Field, offshore Senegal (refer Figure 1). FAR is Operator of both blocks and holds a 50% paying and beneficial interest, with co-venturer, Petronas.*

*Blocks A2 and A5 have been assessed to contain substantial prospective resources and the works over the year were focussed on final well location selection and preparation for drilling. In late 2021, FAR concluded the drilling and formation evaluation operations for the Bambo-1 well and Bambo-1ST1 side-track well in Block A2.*

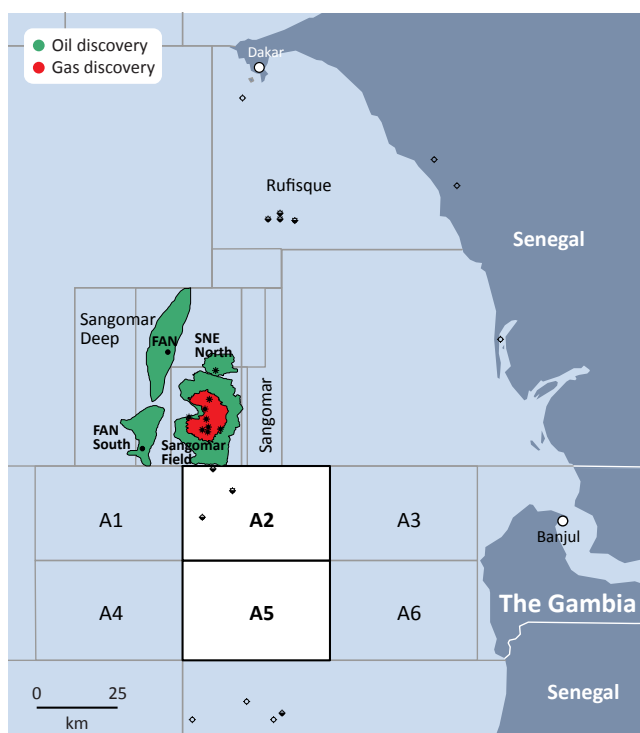


FIGURE 1: Map showing FAR's Gambian blocks in relation to the Sangomar Field

## Bambo drilling campaign

FAR successfully complete the drilling and formation evaluation operations for the Bambo drilling campaign in offshore The Gambia, using the Stena IceMax drillship in late December 2021. The operations were conducted safely and within the amended budget. Although the well did not encounter commercially viable quantities of oil or gas it did provide a wealth of information which can be used to better understand the exploration potential of the block.

Bambo-1 was initially drilled to a depth of 3216m MDBRT (metres drilled below the rotary table) and wireline logging was completed. The Bambo-1 well was then plugged and the Bambo-1ST1 (side-track) well drilled to a depth of 3317m MDBRT after which, wireline logging was undertaken for this side-track.

The drilling and logging data obtained on the main well and the side-track well indicates that several target intervals in the well had oil shows, confirming a prolific oil source is present in the area. Initial interpretation of the cuttings and wireline logging information indicates that these zones have been charged with oil in poor-quality reservoirs and in traps that might have been breached, leaving behind some residual oils in the reservoirs. Rock and fluid samples were recovered from several intervals, and laboratory analysis of these samples is underway in 2022, which will provide additional data about the oil potential identified in the Bambo well.

The Soloo prospect objectives in the Bambo-1 well, which represented the potential southern extension of the Sangomar field in A2, indicated some oil shows but no significant oil volumes. However, oil shows in the Bambo prospect reservoirs, encountered in both the Bambo-1 and Bambo-1ST1 wells have highlighted updip potential to the south in the A2 Block that is mapped as the new Panthera prospect. A number of other reservoirs in the Bambo drilling campaign showed oil potential which has opened additional material exploration opportunities and running room in both the A2 and A5 Blocks.





TABLE 1: Gambia Block A2 and A5 Prospective Resource volumes (unrisked, recoverable resources, 100% equity basis\*).

The Gambia Prospects	Prospective Resources*			CoS%
	Low Estimate	Best Estimate	High Estimate	
	(mmbbls) P90	(mmbbls) P50	(mmbbls) P10	
Panthera	209	459	864	29
Jatto	249	464	811	26
Malo	128	389	885	22
Jobo	135	282	505	29
<b>Total Prospects</b>	<b>721</b>	<b>1,594</b>	<b>3,065</b>	

Refer to disclaimer and notes to Prospective Resources estimates on page 6 of the annual report.

\* The total volume for each prospect has been calculated as the arithmetic sum of the volumes for each target level. These volumes have been derived by FAR and have not yet been reviewed by the Joint Venture. The CoS (geological Chance of Success) for each prospect are a pro-rated average of each internal target CoS for that prospect. Refer to ASX announcement of 21 February 2022.

The well and side-track have been plugged and abandoned consistent with the planned well abandonment program for this type of exploration drilling.

The drilling of the Bambo wells fulfils the minimum work obligation of drilling one exploration well for the Initial Exploration Periods for both the A2 and A5 Licences and hence FAR and its co-venturer have the right to enter the next period (First Extension Exploration Period) for each of the Licences on expiry on 30 September 2022.

### Subsurface studies and future prospectivity

During the year, FAR completed regional and detailed subsurface studies across A2 and A5. These studies included seismic processing and integration of various data sets acquired across the blocks, and, in early 2022, results obtained from the Bambo drilling campaign were included in the evaluation. This mapping has opened additional, material exploration opportunities and FAR has high-graded three prospects for potential future drilling: Panthera, Jatto and Malo. These three high-graded prospects each house multiple potential oil-bearing reservoir targets. The location and size of these prospects are shown in Figure 2 and Table 1.

FAR is now progressing a farm down of its working interest in Blocks A2 and A5 and in doing so, seeks a carry on the cost of a well for drilling in late 2023 and a contribution to past costs.

FAR has budgeted to spend US\$6.8 million during the year ending 31 December 2022 on The Gambia licences and their farm-down, corporate and administration costs. It is expected that a farm-down will be completed during 2022.

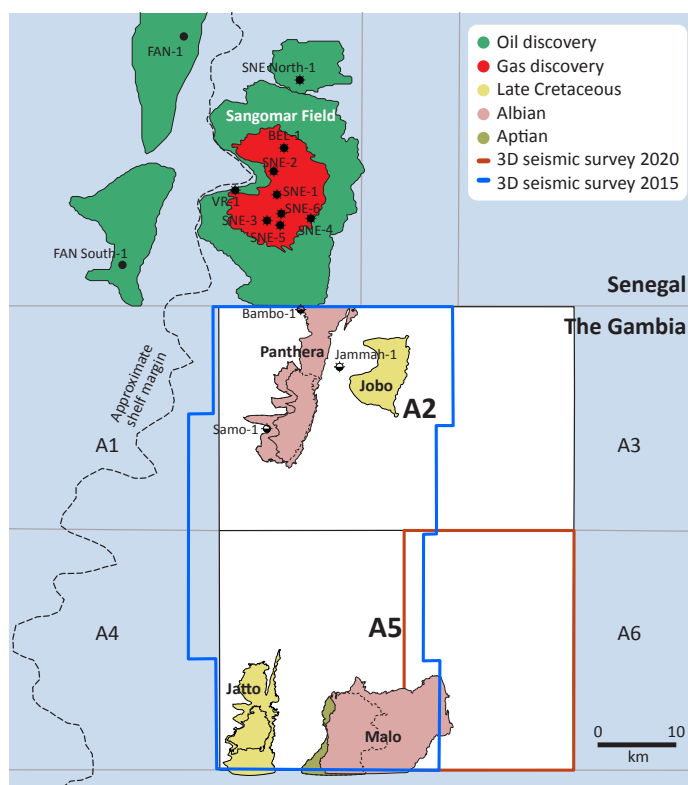


FIGURE 2: Block A2 and A5 prospects map



# SENEGAL

In July 2021, FAR completed the sale of its entire interest in the Senegal RSSD Project to Woodside in a transaction approved at a general meeting of shareholders held on 28 April 2021.

FAR received US\$126 million in cash from Woodside on completion of the sale on 7 July as well as rights to a contingent payment, as consideration for the sale of its interest in the RSSD Project.

The contingent payment of up to US\$55 million is payable in the future based on various factors relating to the sale of oil from the RSSD Project.

The contingent payment comprises 45% of entitlement barrels (being the share of oil relating to FAR's 13.67% RSSD Project exploitation area interest) sold over the previous calendar year multiplied by the excess (if any) of the crude oil price per barrel (capped at US\$70) and US\$58.

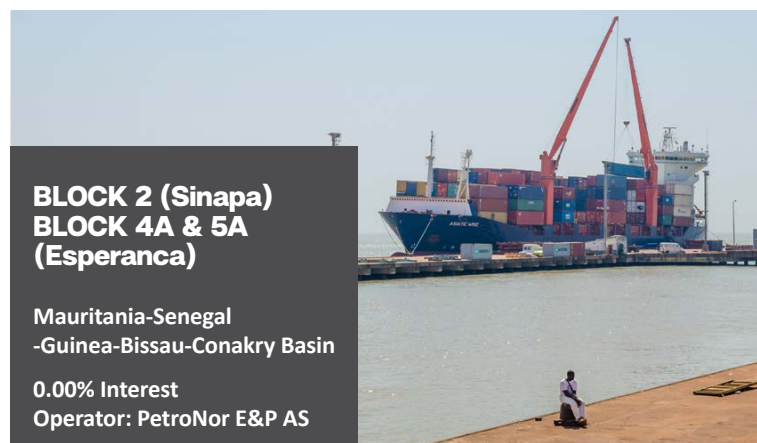
The contingent payment terminates on the earliest of 31 December 2027, 3 years from first oil being sold (excluding any periods of zero production), and a total contingent payment of US\$55 million being reached.

Woodside's holding company, Woodside Petroleum Limited, is Operator of the Sangomar oil development and made an announcement on the progress of the Sangomar project development on 18 February 2022, which indicated the development is on track for first oil in 2023. Woodside, may update timetables to first oil and production targets from time to time.

# GUINEA-BISSAU

FAR announced on 15 March 2022 that it has commenced steps to withdraw from its 21.43% interests in the Esperanca Blocks 4A & 5A and Sinapa Block 2 offshore Guinea-Bissau. FAR has provided its notices of withdrawal to the Government of Guinea-Bissau and Operator of the joint venture, PetroNor E&P AS (PetroNor), in accordance with the relevant agreements. Joint efforts by FAR and PetroNor to collaboratively farm-down have been unsuccessful.

FAR has already met the minimum financial commitments associated with the license, and there are no 2022 commitments in place, therefore FAR does not expect to incur any new material expenses related to these interests.



## BLOCK 2 (Sinapa) BLOCK 4A & 5A (Esperanca)

Mauritania-Senegal  
-Guinea-Bissau-Conakry Basin

0.00% Interest  
Operator: PetroNor E&P AS

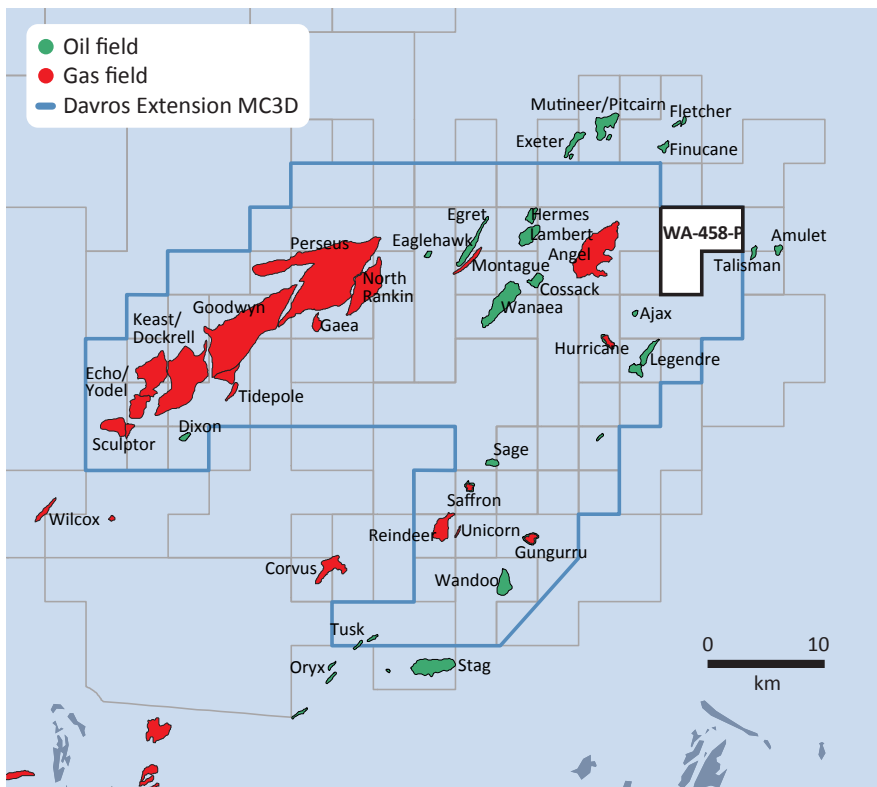
FAR has impaired US\$2.7 million of capitalised costs associated with the Guinea-Bissau project in the 2021 year.

FAR has previously disclosed a contingent liability of up to US\$13 million payable in the event of production, and a contingent withholding tax liability of US\$568k in the event of development, relating to the Guinea-Bissau interests (see Note 22 to the Financial Statements for the year ended 31 December 2021). In the event of withdrawal FAR will not participate in any future development and production relating to these interests therefore the contingent liabilities will no longer exist.

# WESTERN AUSTRALIA

## Petroleum Exploration Permit WA-458-P

Dampier Sub-basin,  
Northern Carnarvon Basin,  
North West Shelf  
100% interest  
Operator: FAR Limited



*Surrounded by  
proven petroleum  
systems*

FIGURE 3: Location of Block WA-458-P and oil and gas fields in the region

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 oil-producing Dampier Sub-basin along Australia's North-West Shelf.

During 2021, FAR completed the interpretation of the Davros Extension multiclient 3D survey, which has provided additional insight on the prospectivity of the block. FAR also undertook divestment activities for some or all of FAR's interest in WA-458-P, using this new data and interpretation. FAR has a 'drill or drop' obligation on the licence in January 2023.



## Exploration assets

The Company assets are tabled below.

Project	Permits	Activity	FAR Paying Interest	Beneficial Interest	Operator
The Gambia	Blocks A2 and A5	Exploration	50%	50%	FAR
Senegal*	RSSD Permits	Development	-%	-%	Woodside
Guinea-Bissau**	Blocks 2, 4A and 5A	Exploration	-%	-%	PetroNor
Australia	WA-458-P	Exploration	100%	100%	FAR

\*FAR ceased to hold this asset as a result of the sale to Woodside in July 2021

\*\* FAR announced on 15 March 2022 that it has commenced steps to withdraw from its 21.43 % interests in the Esperanca Blocks 4A & 5A and Sinapa Block 2 offshore Guinea-Bissau

### Disclaimers

The resources estimate presented in this report have been prepared by the Company in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System June 2018, approved by the Society of Petroleum Engineers and have been prepared using probabilistic and deterministic methods.

**Prospective Resources** – The Prospective Resource estimates presented in this report are prepared as 21/2/2022 (Reference: FAR ASX releases of the same date). Prospective Resources relate to undiscovered accumulations. The estimated resources represent those volumes which may potentially be recovered by the application of a future development project(s). These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. The Best Estimates in each case represent that, in the case of a successful discovery, there is a 50% probability that the resource volume will be in excess of the amounts reported. The resource estimates are unrisks and have not been adjusted for the chance of discovery or chance of development. The 100% basis and net to FAR Prospective Resource estimates include Government share of production applicable under the Production Sharing Contract or License.

**Competent Person Statement Information** – The hydrocarbon resource estimates in this report have been compiled by Peter Nicholls, the FAR Limited exploration manager. Mr Nicholls has over 40 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.

**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.





*FAR is committed to managing its environmental, social and governance ('ESG') responsibilities and to embedding ESG into FAR's philosophy, practices and business processes.*

*In 2021 the Bambo drilling campaign represented the Company's major operational and financial activity, and FAR is proud to have safely delivered a carbon neutral well.*

FAR's commitment to ESG is guided by the PEARL principle – People, Environment, Assets, Reputation and Legal, in that order of priority. PEARL is embedded throughout our organisation, from the most detailed Health, Safety and Environment plan on a rig, to our risk management process, to the social investments we make in our host countries.

**P** eople  
**E** nvironment  
**A** ssets  
**R** eputation  
**L** egal

## Corporate Governance

Australian Securities Exchange Listing Rule 4.10.3 requires companies to disclose the extent to which they have complied with the best practice recommendations of the ASX Corporate Governance Council. FAR's 2021 Corporate Governance Statement can be viewed on the Company's website at [www.far.com.au/corporate-governance](http://www.far.com.au/corporate-governance).

## People

*FAR is a business of diverse individuals in a high performing, inclusive culture and providing a safe working environment for all FAR people and the consultants and partners that work with the Company.*

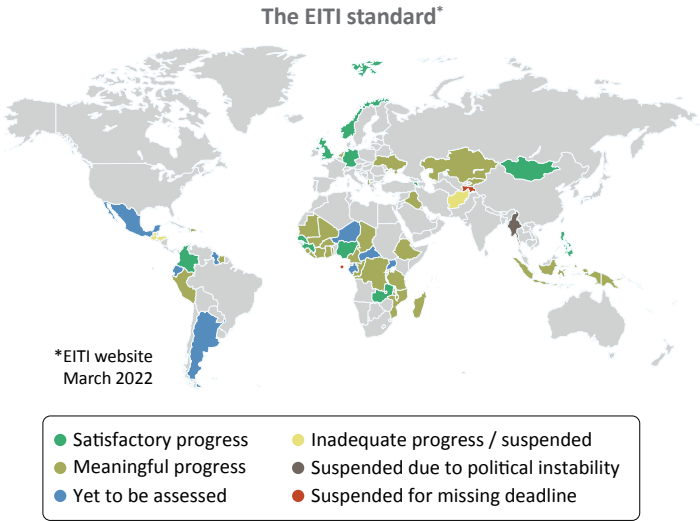
### Safety

The health, safety and wellbeing of FAR's people and the communities in which we operate are of utmost importance to the Company. The Bambo drilling campaign featured industry gold standard health and safety standards and was completed with zero Lost Time Injuries. A customised and rigorous COVID-19 management plan meant no delays were experienced on the rig.

FAR will continue to develop and promote a culture of safe practices and ethics and will endeavour to ensure there are no occupational health issues in the workplace. FAR has invested in developing best practice policies and training to support health, safety and wellbeing, including Whistleblower, Diversity and Human Rights and Child Protection policies and customised crisis management training. FAR has ensured all employees and contractors are supported to work from home or in a COVID safe office environment as appropriate.

Transparency

FAR is a member of the Extractive Industries Transparency Initiative ('EITI'). EITI is the global standard to promote the open and accountable management of oil, gas and mineral resources. Guided by the belief that a country's natural resources belong to its citizens, the EITI has established a global standard to promote the open and accountable management of oil, gas and mineral resources. Further information about the EITI can be found on the EITI website [www.eiti.org](http://www.eiti.org).



Community Projects



NDEMBAN CLINIC UPGRADE  
COVID TESTING AND  
TREATMENT CENTRE

During 2021, FAR and its co-venturer completed the upgrade of the Ndemban Covid Clinic in Banjul, the capital of The Gambia. Various building and infrastructure facilities were upgraded in the clinic to facilitate its conversion to a treatment centre for COVID-19. The project was completed and handed over in mid-2021.



GAMBIAN NATIONALS TRAINING  
DAKAR SHORE BASE

During the Bambo drilling campaign, six Gambian trainees were employed at the Dakar shore base. These trainees were engaged in loading, unloading and storage work and undertook specific industry training programs, including occupational health and safety training. Two Gambian nationals were seconded offshore onto the Stena IceMax drillship where they assisted in operations and geological activities. Training sessions were also provided to the Gambian staff from the Ministry of Petroleum & Energy covering topics such as drilling engineering and subsurface technology.

## Environment & Climate Change

*FAR recognises its responsibility to support greenhouse gas emissions reduction initiatives where it can. FAR supports host governments in their efforts to act on these emissions whilst maintaining a secure and affordable energy supply during a transition to a lower emissions future.*

*FAR acknowledges its own responsibilities in this context and its commitment to be part of a combined approach to a reduction in greenhouse gas emissions.*

*FAR acknowledges the Paris Agreement, which pledges to limit the rise in temperature to below two degrees Celsius and supports efforts to create a coordinated global emissions reduction process.*

### Climate-related Disclosure

Listed entities are encouraged to adopt the framework of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD) to determine whether they have material exposure to climate change risk, and if so, to consider making disclosures recommended by the TCFD. The commentary adopts the TCFD's schema of categorising risks as physical, or transitional. The commentary also encourages 'entities that believe they do not have any material exposure to environmental or social risks to consider carefully their basis for that belief and to benchmark their disclosures in this regard against those made by their peers.' FAR is working towards implementing the recommendations of the TCFD. A number of climate-related disclosures are made below and in the Directors' Report and FAR has expanded its climate related disclosure capability during 2021 to capture emissions related to the Bambo-1 well campaign. FAR intends to work with its joint venture partners, contractors and other stakeholders to further enhance climate-related disclosures.

### Managing GHG emissions

In 2021 the Bambo well drilling campaign represented the most significant greenhouse gas (GHG) emission producing activity for the Group. FAR has worked closely with wells management contractor Exceed to deliver the Bambo wells as a carbon neutral drilling campaign. The project was planned and delivered using a strategy to firstly reduce direct emissions before offsetting residual emissions. The project is currently in the final assessment phase and emissions measurements and offsets are expected to be finalised in Q2 2022. FAR's commitment to make Bambo carbon neutral has been embraced by FAR's co-venturer Petronas and major contractors to the well, Exceed, Stena and Schlumberger. Carbon offsets will meet international standards as certified by a reputable certification program.

FAR has a history of working with host governments and joint venture partners to seek alternatives to flaring and venting hydrocarbons from exploration and future production wells, noting that flaring in most of the jurisdictions in which FAR operates is not permitted or highly restricted.

FAR's sustainability and climate change policies can be found on the Company's website at [www.far.com.au](http://www.far.com.au)

## Assets, Reputation & Legal

*The PEARL principle also informs FAR's approach to managing its assets, reputation, legal obligations and risk generally.*

FAR strives to undertake all of its activities to the highest possible technical and operational standards. FAR enjoys success in partnering with multinational partners in the oil industry and a number of host governments. FAR's good reputation in the oil industry has been the foundation of this success and FAR works hard to ensure, through good governance, that our reputation remains strong. Further information on our risk management approach and assets can be found in the Directors Report and Operations Review.





# DIRECTORS' REPORT

The directors of FAR Ltd (the Company) submit herewith the Annual Financial Report of the Company and its subsidiaries (the Group) for the year ended 31 December 2021. In order to comply with the provisions of the *Corporations Act 2001*, the directors' report follows:

## DIRECTORS

The names of directors in office during the year and up to the date of this report are:

Name	Position held	Appointed	Resigned
<b>Current Directors</b>			
Patrick O'Connor	Non-Executive Chairman (Independent)	1 July 2021	-
Robert Kaye SC	Non-Executive Director (Independent)	30 June 2021	-
Alan Stein	Non-Executive Director (Independent)	17 March 2022	-
<b>Former Directors</b>			
Nicholas Limb	Non-Executive Chairman	28 November 2011	30 June 2021
Tim Woodall	Executive Director	1 August 2017	19 June 2021
Reginald Nelson	Non-Executive Director	9 April 2015	30 June 2021
Catherine Norman	Managing Director	28 November 2011	23 March 2022

## INFORMATION ON DIRECTORS

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

**Patrick O'Connor** B. Com, FAICD

– **Non-Executive Chairman**

(appointed 1 July 2021)

Mr O'Connor has significant experience as an independent Non-Executive Director and as a Chief Executive. His experience spans across mining, oil & gas exploration, biotechnology and government utility sectors. Mr O'Connor was previously a Non-Executive Director of Stanmore Coal Ltd. In addition, he has held the roles of Deputy Chairman and Chairman of Perilya Ltd, the operator of the Broken Hill mine in NSW Australia, prior to its takeover and delisting from the ASX.

Mr O'Connor spent nine years as a director of the Water Corporation in WA including four years as its chairman. Mr O'Connor was also the Chief Executive Officer for OceanaGold Corporation at the time of its listing on the ASX and remained for a period as a Non-Executive Director. Prior to OceanaGold, Mr. O'Connor was Managing Director of Macraes Mining Co Ltd for nine years. Mr O'Connor is currently a Non-Executive Director of Metals X Limited (ASX: MLX). He is Chair of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

*Directorships of other listed companies (last 3 years):*  
Metals X Limited (October 2019 to present)

**Robert George Kaye SC** LLB, LLM

– **Non-Executive Director**

(appointed: 30 June 2021)

Mr Kaye is a barrister, mediator and professional Non-Executive Director with strong focus on Board governance. Mr Kaye is currently Non-Executive Chairman of Collins Foods Limited (ASX:CKF), Non-Executive Director of Magontec Limited (ASX: MGL) and the former Chairman of the Macular Disease Foundation of Australia and a former Non-Executive Director of UGL Limited, HT&E Limited and Blue Sky Alternative Investments Limited. He is Chair of the Remuneration and Nomination Committee and is a member of the Audit and Risk Committee.

*Directorships of other listed companies (last 3 years):*

Collins Foods Limited (October 2014 to present)

Magontec Limited (July 2013 – present)

Blue Sky Alternative Investments Limited (Dec 2018 – May 2019)

**Alan McKellar Stein** BSc (Hons), PhD

– **Non-Executive Director**

(appointed: 17 March 2022)

Mr Stein is a geologist with more the 30 years' experience in the international oil and gas industry. He was one of the founding partners of the geoscience consultancy IKODA Limited based in London and Perth and was the founding Managing Director of Fusion Oil & Gas plc and Ophir Energy plc. Fusion listed on the UK AIM market in 2000 and made several discoveries offshore Mauritania before being sold in 2003. In early 2004, following the sale of Fusion, Mr Stein was appointed its Managing Director of Ophir Energy plc upon its inception. Ophir was involved in several discoveries offshore Equatorial Guinea and Tanzania discovering more than 20 trillion cubic feet of gas.



Mr Stein resigned from Ophir in 2012 to pursue his own business interests. Mr Stein was one of the founders of Havoc Partners LLP in 2013 a natural resource investment partnership. In 2017 Havoc sold its Canadian interests to Calima Energy Limited (ASX:CE1) and from 2017 to 2021 Mr Stein was its Managing director. Mr Stein is currently an advisor to the Boards of Anglo Tunisian Oil & Gas Limited and Carbon Aceh Pty Ltd. He is a member of the Remuneration and Nomination Committee and is a member of the Audit and Risk Committee.

*Directorships of other listed companies (last 3 years):*  
Calima Energy Limited (2017 to 2021).

## INFORMATION ON FORMER DIRECTORS

### Nicholas James Limb – Non-Executive Chairman

BSc (Hons) MAusIMM  
(resigned 30 June 2021)

Mr Limb was appointed as Non-Executive Chair on 19 April 2012. He was Chair of the nomination and risk committees and a member of the remuneration and audit committees.

### Reginald George Nelson – Non-Executive Director

BSc, Hon Life Member Society of Exploration Geophysicists, FAusIMM, FAICD  
(resigned 30 June 2021)

Mr Nelson was appointed as Non-Executive Director on 9 April 2015. He was Lead Independent Director and Chair of FAR's audit and remuneration committees and a member of the nomination and risk committees.

### Timothy Roy Woodall – Executive Director

BEC, FCPA, GAICD  
(resigned 19 June 2021)

Mr Woodall was appointed as a Non-Executive Director on 1 August 2017. He relinquished his non-executive role and became an executive director of the Company effective 1 September 2019. He was a member of the risk committee.

### Catherine Margaret Norman – Managing Director

BSc (Geophysics)  
(resigned 23 March 2022)

Ms Norman is a professional geophysicist who has over 30 years' experience in the minerals and oil and gas exploration industry, having held executive positions both in Australia and the UK and carried out operating assignments in Europe, Africa, the Middle East and Australia. Ms Norman served as Managing Director of Flow Energy Limited from 2005 and was appointed Managing Director of FAR Ltd on 28 November 2011. She was a member of the Audit and Risk Committee.

## DIRECTORS' SHAREHOLDINGS

The following table sets out each director's relevant interest in shares of the Company at the date of this report:

Director	No. of fully paid ordinary shares
P O'Connor	100,000
R G Kaye	-
A M Stein	-

There were no outstanding share performance rights or share options on issue at the date of this report.

## COMPANY SECRETARY

### Elisha Larkin

BComm(Hons)/BAgrSci(Hons), MCommLaw  
(appointed: 21 January 2020)

Ms Larkin has over 15 years' experience in a number of commercial and governance positions including most recently as a senior executive and Company Secretary of biotechnology company Hexima Limited.

Elisha has a Masters of Commercial Law from the University of Melbourne majoring in corporate governance and intellectual property law, and honours degrees in Agricultural Science and Commerce from the University of Melbourne.

## REMUNERATION OF KEY MANAGEMENT PERSONNEL

Information about the remuneration of key management personnel (KMP) is set out in the remuneration report section of this directors' report. The KMP refers to those persons having authority and responsibility for planning, expenditure, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

## SHARE OPTIONS AND PERFORMANCE RIGHTS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

No share options or performance rights were issued, vested or exercised during the period. There were no share options or performance rights in existence for directors, senior management or other employees at period end or at the date of this report.

## PRINCIPAL ACTIVITIES

The principal activities of the Company and of the Group during the course of the financial year were:

- Conducting exploration for oil and gas deposits;
- Conducting activities to identify and evaluate new oil and gas projects; and
- Monetisation of oil exploration and production interests.

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

## OPERATING RESULTS

The net loss of the Group for the year ended 31 December 2021 after income tax was US\$44,782,402 (31 Dec 2020: US\$91,134,008 restated). During the year, the Group became aware that the recoverable value of Assets Held for Sale had been erroneously

stated in its financial statements at 31 December 2020. The valuation of the asset held for sale has been corrected by restating each of the affected financial statements line items for the prior period (see Note 5 of the financial statements for further detail).

## FINANCIAL PERFORMANCE

	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated	Change %
<b>Profit &amp; loss</b>			
Revenue	76,614	291,364	(73.7)
Expenses	(41,355,924)	(15,434,406)	167.3
Loss from discontinued operations	(3,503,092)	(75,990,966)	(95.4)
Loss for the period	(44,782,402)	(91,134,008)	(51.0)
Basic EPS from continuing operations (US cents per share)	(41.37)	(15.61)	(165.02)
Basic EPS from continuing and discontinued operations (US cents per share)	(44.88)	(93.96)	(52.23)
<b>Financial position</b>			
Net assets	39,751,339	142,231,885	(72.1)
Cash balance	55,634,209	25,933,571	114.5
<b>Cash flows</b>			
Operating cash flow	(26,654,613)	(17,517,971)	38.3
Investing cash flow	116,673,075	(71,671,439)	(827.5)
Financing cash flow	(58,262,280)	100,401,916	(296.0)

### Financial result

The group reported a loss of the year ended 31 December 2021 of US\$44,782,402 which is 51% lower than the prior year restated loss of US\$91,134,008. The decrease in loss is predominately due to lower discontinuing operations cost of US\$3,503,092 (31 Dec 2020: US\$75,990,966) relating to the Senegal RSSD asset offset by higher exploration expense of US\$34,616,444 (31 Dec 2020: US\$10,648,685) and foreign exchange loss of US\$2,015,360 (31 Dec 2020: US\$744,460 gain).

The decrease in loss from discontinued operations is due to the absence of the remeasurement loss on the Senegal RSSD asset of US\$71,119,398 incurred in 2020. The Group entered into a Sale and Purchase agreement with ONGC Videsh Vankorneft Pte Ltd ('ONGC') to dispose of its entire interest in November 2020, subsequently pre-empted by Woodside Energy (Senegal) B.V. ('Woodside') and the transaction with Woodside completed on 6 July 2021.

The higher exploration expense is largely due to expensing the unsuccessful Bambo-1 and Bambo-1ST1 wells in The Gambia totalling US\$28,793,138 and impairment of Guinea-Bissau long lead items of US\$2,692,212. The Gambia exploration expense in the prior year was driven by the 3D seismic acquisition which was not present in 2021.

### Financial position

Net assets decreased during the year by US\$102,480,546 to US\$39,751,339 (31 Dec 2020: US\$142,231,885) which was due to the operating loss of US\$44,782,402 of which US\$31,924,232 related to exploration and evaluation expenditure expensed and the resulting shareholder approved US\$57,698,144 capital return to shareholders from the net proceeds of the sale.

Cash increased by US\$29,700,638 largely due the completion of the Senegal RSSD sale to Woodside which resulted in net proceeds of US\$126,448,249 after offsetting payments for Senegal RSSD default cash calls for the period November and December 2020 amounting to US\$15,439,278 and other associated costs relating to Discontinued Operations of US\$3,503,093. In addition, the shareholder approved a US\$57,698,144 capital return to shareholders approved on 15 September 2021 and US\$10,354,887 payments related to the Bambo-1 and Bambo-1ST1 wells drilled in The Gambia.

Exploration and evaluation assets decreased by US\$5,794,184 due to expensing of The Gambia Bambo drill planning and preparation costs and long lead items of US\$3,117,827 and impairment of the Guinea-Bissau long lead items of US\$2,676,357 capitalised in prior years.

## REVIEW OF OPERATIONS

A review of the operations of the Company and the Group is set out in the Operations Review section of this Annual Report.

## DIVIDENDS

The directors recommend that no dividend be paid for the year ended 31 December 2021 nor have any been paid or declared during the year (31 Dec 2020: NIL).

## MATERIAL BUSINESS RISKS

The international scope of the Group's operations, the nature of the oil and gas industry and external economic factors mean that a range of factors may impact results. Material macro-economic risks that could impact the Company's results and performance include oil and gas commodity prices, global pandemics, climate-related risk, exchange rates and global factors affecting capital markets and the availability of financing. Material business risks that could impact the Company's performance are described below.

The Group integrates risk management practices into all facets of its business and uses risk assessment as an integral part of decision making. The Group uses a corporate risk register to ensure that all material risks are identified, objectively assessed, managed, monitored and responded to in an appropriate manner. The Group regularly updates the corporate risk register and maintains and regularly updates risk registers for key projects. Group risk is reviewed at all meetings of the board of directors.

The Group assesses risk using a PEARL philosophy, where PEARL is an acronym for people, environment, asset, reputation and legal. People are the highest priority followed by environment and so on. This risk assessment philosophy flows through the Group's crisis management systems.

## COVID-19 RELATED RISK

The spread of COVID-19 has caused significant volatility in local and global markets as well as business disruptions due to travel restrictions. Although easing at the end of 2021 and the Company has adapted well to employees working from home when directed in accordance with government and health regulation, there remains uncertainty around the breadth and duration of business disruptions related to COVID-19 in Australia and the countries in which the Group operates.

## TRANSACTION RISK

During the period the Group finalised the sale of the Senegal RSSD asset to Woodside. The sale was completed in Senegal on 6 July 2021 and monies received by the Group in Australia on 7 July 2021 thus finalising the transaction. As consideration for the sale, the Company also has rights to a future contingent payment. The contingent payment to be made by Woodside to FAR of up to US\$55 million is payable in the future based on various factors relating to the sale of oil from the RSSD Project that are not in the Company's control such as the rate of production of oil and future oil price. The Company is not aware of any remaining obligations or exposures related to the Senegal RSSD project at the date of issuance of this annual financial report.

## DEFAULT RISK

Prior to the completion of the Group's sale of the Senegal RSSD asset to Woodside, the Group was in default of its funding obligations under the relevant Joint Operating Agreement. The maximum default period allowed under the Joint Operating Agreement is 6 months. The Group cured the default on completion of the sale to Woodside on 6 July 2021 prior to the expiration of the maximum default period on 18 July 2021. The Group has no remaining interest in the Senegal RSSD project (other than its interest in the contingent payment from Woodside).

## MACRO-ECONOMIC RISKS

Material macro-economic risks that could impact the Group's results and performance include oil and gas commodity prices, exchange rates and global factors affecting capital markets and the availability of financing. Material business risks that could impact the Group's performance are described below. The Group updates the corporate risk register regularly and maintains and regularly updates risk registers for key projects. Group risk is reviewed at all meetings of the Board of Directors.

The market price of the securities may fall as well as rise and may be subject to varied and unpredictable influences on the market for securities in general and oil and gas stocks in particular.

## TECHNICAL AND OPERATIONAL RISKS

### Exploration

Oil and Gas exploration is speculative by nature and therefore carries a degree of risk associated with the discovery of hydrocarbons in commercial quantities. Exploration activity may be adversely influenced by a number of different factors including, amongst other things, new subsurface geological and geophysical data, drilling results including the presence, prevalence and composition of hydrocarbons, force majeure circumstances, drilling cost overruns for unforeseen subsurface operating conditions or unplanned events or equipment difficulties, changes to resource estimates, lack of availability of drill rigs, seismic vessels and other integral exploration equipment and services.

### Other operational risks

In addition to the risks listed above the Group's operations are potentially subject to other industry operating risks including but not limited to fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. The occurrence of any of these risks could result in substantial losses to the Group due to injury or loss of life; damage to or destruction of property, natural resources, or equipment; pollution or other environmental damage; clean-up responsibilities; regulatory investigation and penalties or suspension of operations. Damages occurring to third parties as a result of such risks may also give rise to claims against the Group.

## PROJECT DEVELOPMENT AND COST RISKS

Successful project development is subject to a range of risks and uncertainties. These risks and uncertainties in part relate to the estimated quantities of petroleum that may potentially be recovered. They also relate to the costs involved of project development and subsequent production, which are subject to a range of qualifications, assumptions and limitations. They also relate to the timing of project development and subsequent production, which is subject to a range of factors many of which are not within the Group's control. The Group does not currently have any projects in development phase.

## JOINT OPERATION RISK

The use of joint operations is common in the oil and gas industry and usually exist through all stages of the oil and gas life cycle. Joint operation arrangements, amongst other things, mainly serve to share the obligations and benefits of exploration, development, and production of oil. The key risk that is mitigated by the joint venture or farming down is the large cost associated with exploration and capital intensive development phases. However, failure to establish alignment between joint operation participants, poor performance or cost overruns by third party joint operation operators, or the failure of joint operation partners to meet their commitments and share of costs and liabilities could have a material impact on the Group's business.

The Group manages joint operation risk through careful joint operation partner selection (when applicable), stakeholder engagement, relationship management, attendance at committee meetings and joint operation audits. Commercial and legal agreements are also in place across all joint operations and define the responsibilities and obligations of the joint operation parties and rights of the Group.

## GOVERNMENT AND REGULATOR RISK

The Group's rights, obligations and commercial arrangements through all stages of the oil and gas lifecycle (exploration, development, production) in international oil and gas permits are commonly defined in agreements entered into with the relevant country's Government as well as in the country's petroleum and tax related legislation and other laws. These agreements and laws are at risk of amendment by future Governments which accordingly could materially and adversely impact on the Group's rights and commercial arrangements. Furthermore, due to the evolving nature of exploration work programs as new technical data becomes available and due to the fluctuating availability of petroleum equipment and services, the Group may seek to negotiate variations to permit agreements in particular in relation to the duration of the exploration phase in the permit and the work program commitments.

The Group manages Government and Regulator risk through careful Government and Regulator relationship management. Failure to maintain mutually acceptable arrangements between the Group and Government and regulator could have a material impact on the Group's business including forfeit or relinquishment of permits or commercially less advantageous terms being imposed on permits. The renewal or extension of licence or contract terms with the Regulator in the countries in which the Group operates is an ongoing risk.

## SOVEREIGN RISKS

The Group strategy is focused on exploration in Africa. Some countries within which the Group operates are developing countries that have political and regulatory tax structures that are maturing and have potential for further change. Uncertainty exists as to the stability of the regulatory and political environment and there is potential for events to have a material impact on the investment and security environment within the country. The Group manages sovereign risk through closely monitoring political developments and events in country. For countries where the Group has a large investment, the Group has a regional office, staffed to ensure close monitoring and feedback. The Group manages and amends its investment profile within a country by taking into consideration developments in the security and business environment.



## ENVIRONMENTAL RISKS

Oil and gas operations have inherent risks and liabilities associated with ensuring operations are carried out in a manner that is responsible to the environment. Although the Group operates within the prevailing environmental laws and regulations, such laws and regulations are continually changing and as such, the Group could be subject to changing obligations or unanticipated environmental incidents that, as a result, could impact costs, provisions, and other facets of the Group's operations.

The Group aims to comply with all environmental laws and regulations and, where laws and regulations do not exist, it aims to operate under industry best practice guidelines for environmental compliance. The Group seeks to identify risks, threats, hazards and other environmental considerations and implements control measures to mitigate such risks. Any accidents, incidents or near misses are reported to the Board. Careful selection and engagement of contractors is undertaken to ensure adherence to the Group's policies and appropriate contingency arrangements are put in place which include but are not limited to having insurances in place that are consistent with best industry practice and selection and retention of appropriately qualified personnel.

## CLIMATE CHANGE RISKS

The Group considers that oil and gas will remain a part of the global energy mix into the future and recognises its responsibility to support national greenhouse gas emissions reduction initiatives where it can. The Group supports governments in their efforts to take action on these emissions whilst maintaining a secure and affordable energy supply during a transition to a lower emissions future. The Group acknowledges its own responsibilities in this context and its commitment to be part of a combined approach of a reduction in greenhouse gas emissions. The Group undertakes to make its activities carbon neutral where possible by undertaking prudent, practical and cost-effective actions to support emission reductions before offsetting residual emissions by purchasing carbon offsets which meet international standards as certified by a reputable certification program. The Bambo drilling campaign offshore The Gambia was included in this approach and is discussed further in the Governance section of this Annual Report. The Group also incorporates climate considerations when assessing new project opportunities and recognises that climate considerations may impact the availability and economic feasibility of projects in the oil and gas exploration space. Given that the Group is not currently an oil or gas producer, nor does it hold an interest in an oil or gas production project, it considers that it is not currently materially exposed to physical, regulatory, oil market, cost or legal risks related to climate change.

The Group recognises that the climate change landscape continues to evolve and commits to regularly reviewing and updating its climate change policy in order to consider ongoing developments, including regulatory developments, community expectations and peer approaches to climate change.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The review of operations on pages 2 to 6 sets out a number of matters that have had a significant effect on the state of affairs of the Group.

Other than those matters, there were no other significant changes in the state of affairs of the Group during the reporting period.

## RETURN OF CAPITAL

Following receipt of the RSSD sale funds on 7 July, the FAR board completed a capital management review, and, taking into account committed exploration costs and working capital requirements, determined that the surplus, being approximately A\$80M (at the rate of A\$0.80 per share), should be returned to shareholders by way of capital return. Shareholders approved the capital return at a General Meeting held on 15 September and payment was made on 28 September. Further, FAR announced on 13 October 2021 that the ATO had published a class ruling confirming that no part of the Capital Return will be assessable as a dividend. The Ruling also confirms that qualifying shareholders will be entitled to treat any resulting capital gain as a discount capital gain and that certain foreign resident Shareholders will be entitled to disregard any resulting capital gain or loss.

## INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the Company secretary and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, or company secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any of the related body corporate against a liability incurred as such an officer or auditor.

## DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended (while they were a director or committee member) by each director:

	Board of Directors' Meetings		Remuneration Committee <sup>(iii)</sup>		Audit Committee <sup>(iii)</sup>		Nomination Committee <sup>(iii)</sup>		Risk Committee <sup>(iii)</sup>	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
P O'Connor	9	9	2	2	2	2	1	1	2	2
R G Kaye	10	10	2	2	2	2	1	1	2	2
C M Norman <sup>(iv)</sup>	22	22	1	1	2	2	1	1	1	1
N J Limb <sup>(i)</sup>	13	13	-	-	2	2	-	-	-	-
R G Nelson <sup>(i)</sup>	13	13	-	-	2	2	-	-	-	-
T R Woodall <sup>(ii)</sup>	10	10	-	-	-	-	-	-	-	-

(i) N J Limb and R G Nelson resigned as Directors effective 30 June 2021.

(ii) T R Woodall resigned as Director on 19 June 2021.

(iii) In the second half of 2021 the Remuneration Committee and Nomination Committee were combined to form the Remuneration and Nomination Committee and the Audit Committee and Risk Committee were combined to form the Audit and Risk Committee.

(iv) C M Norman resigned as Director on 23 March 2022.

## ENVIRONMENTAL REGULATIONS

The Group's oil and gas operations are subject to environmental regulation under the legislation of the respective states and countries within which it operates. Approvals, licences, hearings and other regulatory requirements are performed by the operators of each permit or lease on behalf of joint operations in which the Group participates. The Group is potentially liable for any environmental damage from its activities, the extent of which cannot presently be quantified and would in any event be reduced by insurance carried by the Group or operator.

The Group applies the extensive oil and gas experience of its personnel to develop strategies to identify and mitigate environmental risks. Compliance by operators with environmental regulations is governed by the terms of respective joint operating agreements and is otherwise conducted using oil industry best practices. The Board actively monitors compliance with state and joint operation regulations and as at the date of this report is not aware of any material breaches in respect of these regulations.

## PROCEEDINGS ON BEHALF OF THE COMPANY

At the date of this report, the directors are not aware of any proceedings brought on behalf of the Company or Group, nor has any application been made in respect of the Company under section 237 of the *Corporations Act 2001*.

## NON-AUDIT SERVICES

The Company may decide to employ the Auditor on assignments additional to their statutory audit duties where the Auditor's expertise and experience with the Group is important.

The amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 31 to the financial statements.

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 26 of the Annual Report

## LIKELY DEVELOPMENTS

Additional comments on expected results on operations of the Group are included in the Annual Report under the Operations Review.

The Group in 2022 will seek a value creating transaction for its remaining oil and gas assets in the Gambia either through a conventional farm-out in exchange for a financial carry or an outright sale. If a farm-out transaction is secured with the effect of reducing a the Group's exposure to the costs of a 2023 exploration well, it will seek the separation of its oil and gas business by way of a demerger into a separate stand-alone listed entity. Any such separate stand-alone entity would need to be sufficient in size and operations to justify such a listing. The Woodside Contingent Payment will be retained by the Group.

Other information on likely developments and the expected results of operations have not been included in this report, because, in the opinion of the directors, these would be speculative at this time.

## SUBSEQUENT EVENTS

On 31 January 2022, Samuel Terry Asset Management Pty Ltd as Trustee for Samuel Terry Absolute Return Active Fund (STAM) announced an off-market takeover offer to acquire all of FAR's shares at A\$0.45 cash per share and released a Bidder's Statement on that date. The offer opened on 14 February with an expected closing date of 14 March. The offer was subject to a number of conditions, including a minimum acceptance level of 50.1%.

On 4 February 2022 FAR's largest shareholder, Meridian Capital International Fund (Meridian), requested that FAR release a letter outlining Meridian's rejection of the STAM offer at the offer price of A\$0.45. Meridian's letter also suggested FAR consider a distribution of the rights to the RSSD contingent payment to shareholders on a pro-rata basis. FAR advised the market that is investigating whether it can do so in an appropriate way and will update shareholders in due course.

On 21 February 2022 the Group released a review of the prospectivity of the A2 and A5 blocks offshore The Gambia, following the Bambo-1 drilling campaign in late 2021. The review resulted in the high grading of three of the four mapped prospects as detailed in the Operations Review.

On 23 February 2022 the Group released its Target's Statement in response to the STAM offer. The Target's Statement included FAR's Directors' recommendation to reject the offer and the Director's view that the offer materially undervalues FAR given FAR's current cash, the RSSD contingent payment of US\$55 million from Woodside and FAR's exploration assets. The Target's Statement also included an independent valuation of the RSSD contingent payment by PKF Corporate which assessed fair market value of the RSSD contingent payment to be in a range of US\$37.9 million to US\$40.1 million, with a mid-point valuation of US\$39 million.

On 1 March 2022, the Company changed its registered address and place of business to Level 12, 530 Collins Street, Melbourne, 3000, Victoria, Australia.

On 4 March 2022 STAM released a notice of defeating conditions and on 14 March the offer closed without the conditions of the offer having been satisfied or waived.

On 15 March 2022 the Group announced that it had commenced steps to withdraw from its interests in the Esperanca Blocks 4A and 5A and Sinapa Block 2 offshore Guinea-Bissau. The Group has already met the minimum financial commitments associated with the license, and there are no 2022 commitments in place, therefore FAR does not expect to incur any new material expenses related to these interests. FAR has impaired US\$2.7 million of capitalised costs associated with the Guinea-Bissau project in the 2021 year. The Group has previously disclosed a contingent liability of up to US\$13 million payable in the event of production, and a contingent withholding tax liability of US\$568k in the event of development, relating to the Guinea-Bissau interests (see Note 22). In the event of withdrawal FAR will not participate in any future development and production relating to these interests therefore the contingent liabilities will no longer exist.

On 18 March 2022, the Group announced the appointment of Alan Stein as Non-Executive Director, and that effective 1 April 2022 non-executive directors fee will be A\$110,000 per annum inclusive of superannuation for non-executive directors and A\$140,000 per annum for the non-executive Chairman.

On 24 March 2022, the Group announced that Catherine Norman has been given notice of termination from her role as Managing Director and has resigned as a director of the Company effective 23 March 2022.

The Directors are not aware of any matters or circumstances, other than those referred to in this report, that haven't significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Group in subsequent financial years.

## REMUNERATION REPORT – AUDITED

### Introduction

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of FAR's key management personnel (KMP) for the financial year ended 31 December 2021. The term KMP refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The prescribed details of each person covered by this report are detailed below under the following headings:

- key management personnel;
- remuneration governance framework;
- executive remuneration arrangements;
- key terms of employment contracts;
- executive remuneration tables; and
- non-executive remuneration.

### 1. Remuneration Overview

FAR received 24.74% votes for and 75.26% votes against its Remuneration Report for the financial year ending 31 December 2020, resulting in a 'First Strike' being recorded at the Annual General Meeting held 22 June 2021.

A number of Board changes occurred around the time of the 2021 Annual General Meeting. On 19 June 2021 Mr Timothy Woodall resigned as an Executive Director and as a result of his resignation a resolution to re-elect Mr Woodall as a director at the Annual General Meeting was withdrawn. Subsequent to the Annual General Meeting, on 30 June 2021 Non-Executive Chairman Nicholas Limb and Non-Executive Director Reginald Nelson resigned.

Mr Robert Kaye SC was appointed as a Non-Executive Director on 30 June 2021 and Mr Patrick O'Connor was appointed as a Non-Executive Director on 1 July 2021. Mr O'Connor was appointed Non-Executive Chairman on 8 July 2021.

### 2. Key Management personnel

The directors and other KMP of the Group during or since the end of the financial year were:

	Position	Date Appointed as KMP
<b>Non-Executive Directors</b>		
Patrick O'Connor	Chairman, Non-Executive Director	1 July 2021
Robert George Kaye	Non-Executive Director	30 June 2021
Alan McKellar Stein	Non-Executive Director	17 March 2022
<b>Other Senior Executives</b>		
Peter John Nicholls	Exploration Manager	-
Bruno Delanoue	General Manager – West Africa	7 April 2019
Victoria McLellan	Chief Financial Officer	2 July 2021

During the year the new Board of the Company consisted of independent Non-Executive Directors Mr O'Connor and Mr Kaye with Ms Norman as Managing Director.

The new Board agreed a permanent reduction in the fixed remuneration of the Managing Director of 30% and all executives with remuneration above A\$300,000 a permanent reduction of 10% effective 1 September 2021.

The new Board has deferred any consideration of executive fixed remuneration and appropriate performance related variable remuneration until evaluation of the Bambo drilling program has been completed that will instruct the forward strategy for the Company. This forward strategy will take into consideration capital management and together with the appropriate alignment of the organisational structure and capabilities to strategy.

It is expected that the review of the Company's strategy and organisation together with the determination of future remuneration settings, including base and performance related variable components, will be completed in the first half of 2022. The Board is strongly partial towards a future remuneration structure which is market rate based and has a strong emphasis on performance-based incentive remuneration.

The Board is continually reviewing the costs in the business, including the remuneration cost, to deliver the best value for the Company and its shareholders in line with its strategy.

The current non-executive directors' fees reflect the period of transition and workload for the Company's new Board. A new non-executive director was appointed on 17 March 2022. The non-executive director fees, as a consequence of the new appointment, were reduced effective 1 April 2022 with the new fee level being A\$110,000 per annum inclusive of superannuation for non-executive directors and A\$140,000 per annum for the non-executive Chairman.

Details of the proposed strategy and 2022 activities of the Company are dealt with elsewhere in the 2021 Annual Report.

The following Remuneration Report deals with the remuneration arrangements for the year ending 31 December 2021 and prior year.



	Position	Date Ceased as KMP
<b>Former Directors and Non-Executive Directors</b>		
Nicholas James Limb	Chairman, Non-Executive Director	Resigned 30 June 2021
Reginald George Nelson	Non-Executive Director	Resigned 30 June 2021
Timothy Roy Woodall	Executive Director	Resigned 19 June 2021
Catherine Margaret Norman	Managing Director	Notice of termination 23 March 2022
<b>Former other Senior Executives</b>		
Peter Anthony Thiessen	Chief Financial Officer	Terminated 2 July 2021

Except as noted, the named persons held their positions for the whole of the financial year and since the end of the financial year.

### 3. Reporting in USD

In this report, remuneration and benefits have been presented in USD, unless otherwise stated. This approach is consistent with the consolidated financial statements of the Company. Remuneration is usually paid in Australian dollars ((AUD, AU\$ or A\$) and, for reporting purposes, converted to USD based on an average exchange rate for the payment period.

### 4. Remuneration governance framework

The Remuneration and Nomination Committee is responsible for reviewing and making recommendations on the remuneration packages of new and existing Board members and senior executives and to oversee the remuneration of employees of the Company.

The objectives and responsibilities of the Remuneration and Nomination Committee are documented in the charter approved by the Board. A copy of the charter is available on the Company's website.

The charter states the Remuneration and Nomination Committee must comprise at least three members and consist of independent directors. Due to the current composition of the Board, the Remuneration and Nomination Committee was comprised of the Company's two independent directors, R G Kaye (Chairman) and P O'Connor. Since 18 March 2022 the Remuneration and Nomination Committee has had three members being independent directors.

#### Objectives

The objectives of the Remuneration and Nomination Committee are defined in the charter and include:

- To review and make recommendations on the remuneration packages of new and existing Board members and Senior Executives of FAR;
- To oversee the remuneration of employees of the Company; and
- The Committee makes recommendations to the Board of Directors and does not relieve the Board of its responsibilities in these matters.

#### Responsibilities

The responsibilities of the Remuneration and Nomination Committee as defined in the charter are as follows:

- Review and make recommendations to the Board on the remuneration packages of the roles of Chairman, Managing Director, other Directors and other Senior Executives;

- Review and make recommendations to the Board on the remuneration packages, and terms and conditions of any new appointee to the roles of Chairman, Managing Director, other Directors and other Senior Executives;
- Review the Managing Director's recommendations in regard to proposed remuneration packages of employees;
- Consider the adoption of appropriate long-term and short-term incentive and bonus plans and review adopted plans on a regular basis to ensure they comply with legislation and regulatory requirements, reflect industry standards and are effective in meeting the Company's objectives;
- Review participants in the incentive and bonus plans; and
- Review the Remuneration Report as part of the Directors Report in the Annual Financial Statements of the Company.

#### Executive remuneration

The Remuneration and Nomination Committee advises the Board on remuneration for the Executive and oversees the Company's executive remuneration policy which aims to:

- reward executives fairly and responsibly in accordance with market rates and practices to ensure that the Company provides competitive rewards that attract, retain and motivate executives of a high calibre;
- set high levels of performance which are clearly linked to an executive's remuneration;
- structure remuneration at a level that reflects the executive's duties and accountabilities;
- benchmark remuneration against appropriate comparator groups;
- align executive incentive rewards with the creation of value for shareholders;
- align remuneration with the Company's long-term strategic plans and business objectives; and
- comply with applicable legal requirements and appropriate governance standards.

#### Employee Performance Rights and Share Option Plan

There are no outstanding share performance rights or share options at the end of the year.

## 5. Key terms of employment contracts

The table below details the key terms of the employment contracts for the Managing Director and other Senior Executives of the Company:

Name	Contract duration	Termination notice by the Company	Termination notice by the executive
C M Norman	Notice of termination given 23 March 2022	12 months	3 months
P J Nicholls	Ongoing, no fixed term	12 months	3 months
B Delanoue	Ends 31 March 2022	1 month	1 month
V McLellan	Ongoing, no fixed term	6 months	2 months

## 6. Executive remuneration

### 6.1 Remuneration statutory tables

The table below details the remuneration of KMP during the year ended 31 December 2021. All KMP were remunerated in Australian Dollars or Euros. Remuneration has been presented in US dollars and all components have been translated from AUD or EUR to US dollars using the monthly functional exchange rate as follows:

For the year ended: 31 December 2021	Short-term employee benefits		Post-employment <sup>(iii)</sup>	Equity-settled share-based payment <sup>(ii)</sup>	Long-term employee benefits <sup>(i)</sup>	Total US\$	Performance Related %
	Salary and fees US\$	Termination US\$	Superannuation contributions US\$	Performance rights US\$	Long service leave US\$		
P J Nicholls <sup>(iv)</sup>	366,046	-	17,049	-	1,815	384,910	-
B Delanoue <sup>(iv)</sup>	470,233	-	-	-	-	470,233	-
V McLellan <sup>(v)</sup>	92,432	-	8,664	-	550	101,646	-
<b>Former KMP</b>							
T R Woodall <sup>(vi)</sup>	237,314	402,085	26,158	-	-	665,557	-
C M Norman <sup>(iv), (vii)</sup>	487,024	-	17,293	-	(63,305)	441,012	-
P A Thiessen <sup>(vi)</sup>	134,775	308,009	26,158	-	-	468,942	-
	<b>1,787,824</b>	<b>710,094</b>	<b>95,322</b>	<b>-</b>	<b>(60,940)</b>	<b>2,532,300</b>	

(i) Long-term employee benefits represent long service leave ('LSL') entitlements, measured on an accruals basis. The amount included above relates to movement in each executive's entitlement over the year.

(ii) The figures provided in 'Equity-settled share-based payments' were not provided in cash to the KMP during the financial period. These amounts are calculated in accordance with accounting standards and represent the amortisation of accounting fair values of performance rights that have been granted to KMP in this or prior financial years. The fair value of performance rights have been measured using a generally accepted valuation model. The fair values are then amortised over the entire vesting period of the equity instruments. Total remuneration shown in 'total' therefore includes a portion of the fair value of unvested equity compensation during the year. The amount included as remuneration is not related to or indicative of the benefit (if any) that individuals may ultimately realise should these equity instruments vest and be exercised. Performance rights issued to KMP are unvested at balance date and have no exercise price.

(iii) Represent company contributions to superannuation under the Superannuation Guarantee legislation ('SGC') and does not include amounts salary sacrificed.

(iv) On 1 September 2021, C M Norman accepted a 30% salary reduction and P J Nicholls and B Delanoue accepted a 10% salary reduction. As a result, long service leave entitlements have been adjusted to reflect the new rate.

(v) Appointed as KMP on 2 July 2021 with remuneration only shown for the period served as KMP until 31 December 2021.

(vi) Ceased as KMP on termination 2 July 2021.

(vii) Ceased as KMP on notice of termination given 23 March 2022.

For the year ended: 31 December 2020	Salary and fees US\$	Termination US\$	Superannuation contributions US\$	Performance rights US\$	Long service leave US\$	Total US\$	Performance Related %
C M Norman <sup>(x)</sup>	455,284	-	14,780	32,384	17,832	520,280	6.2
T R Woodall <sup>(x)</sup>	388,649	-	14,780	-	2,113	405,542	-
P J Nicholls <sup>(viii),(x)</sup>	348,258	-	7,510	28,031	520	384,319	7.3
P A Thiessen <sup>(x)</sup>	220,284	-	14,780	18,560	7,738	261,362	7.1
M H J Cowie <sup>(ix)</sup>	230,089	-	14,780	17,008	2,427	264,304	6.4
B Delanoue <sup>(x)</sup>	442,267	-	-	-	-	442,267	-
	<b>2,084,831</b>	<b>-</b>	<b>66,630</b>	<b>95,983</b>	<b>30,630</b>	<b>2,278,074</b>	

(viii) P J Nicholls was a consultant of the Company for the period 1 January 2019 to 30 June 2020 and then entered an employment contract on 1 July 2020

(ix) M H J Cowie ceased as a KMP on 15 October 2020 when his employment contract was amended to Legal Counsel – Petroleum from General Counsel.

(x) During the period July to November 2020 (inclusive) the following KMP accepted a 20% fee reduction in line with the Company's cost reduction plan.

## 6.2 Actual Pay

The table below provides a summary of actual remuneration paid to the Executives in the 2021 and 2020 years. The accounting values of the Executives' remuneration reported in accordance with the Accounting Standards may not always reflect what the Executives have actually received, particularly due to the valuation of the share-based payments. The table below seeks to clarify this by setting out the actual remuneration that the Executives have been paid in the financial year. All KMP were remunerated in Australian Dollars with the exception of B Delanoue who is remunerated in Euro. Remuneration has been presented in US dollars and all components have been translated from AUD and Euro to US dollars using a monthly functional exchange rate.

Executive remuneration details prepared in accordance with statutory requirements and the Accounting Standards are presented in 6.1 Remuneration table.

For the year ended: 31 December 2021	Salary and fees US\$	Termination US\$	Superannuation US\$	Total US\$
P J Nicholls	366,046	-	17,049	383,095
B Delanoue	470,233	-	-	470,233
V McLellan	92,432	-	8,664	101,096
<b>Former KMP</b>				
T R Woodall	237,314	402,085	26,158	665,557
C M Norman	487,024	-	17,293	504,317
P A Thiessen	134,775	308,009	26,158	468,942
	<b>1,787,824</b>	<b>710,094</b>	<b>95,322</b>	<b>2,593,240</b>
<b>31 December 2020</b>				
C M Norman	455,284	-	14,780	470,064
T R Woodall	388,649	-	14,780	403,429
P J Nicholls	348,258	-	7,510	355,768
B Delanoue	442,267	-	-	442,267
P A Thiessen	220,284	-	14,780	235,064
M H J Cowie	230,089	-	14,780	244,869
	<b>2,084,831</b>	<b>-</b>	<b>66,630</b>	<b>2,151,461</b>

## 6.3 Analysis of Short-term incentives

The Board determined that no performance based STI would be paid for the year ended 31 December 2021 (2020: Nil).

## 6.4 Analysis of Long-term incentives

The Company did not grant any share performance rights or share options under the either Executive Incentive Plan during the year. At the date of the remuneration report, no unlisted share performance rights or share options were on issue.

#### 6.4.1 Details of Performance Rights Granted

The value of Performance Rights are allocated to each reporting period over the period from grant date to vesting date. No Performance Rights were granted during the current and previous corresponding year.

The movement during the financial year in the number of Performance Rights held by the Managing Director, and Senior Executives is detailed below:

Executive	Opening Balance 1 Jan 2021	Granted as remuneration	Exercised	Forfeited/ Cancelled/Lapsed unexercised <sup>(i)</sup>	Net other change	Closing balance 31 Dec 2021
C M Norman	2,163,000	-	-	(2,163,000)	-	-
P J Nicholls	1,666,000	-	-	(1,666,000)	-	-
V McLellan	-	-	-	-	-	-
B Delanoue	-	-	-	-	-	-
P A Thiessen	1,081,000	-	-	(1,081,000)	-	-
M H J Cowie <sup>(ii)</sup>	1,136,000	-	-	-	(1,136,000)	-
	<b>6,046,000</b>	<b>-</b>	<b>-</b>	<b>(4,910,000)</b>	<b>(1,136,000)</b>	<b>-</b>

(i) Represents performance rights (FARAM) that did not vest due to performance conditions not being met and lapsed on 31 January 2021.

(ii) M H J Cowie ceased as a KMP on 15 October 2020.

#### 6.4.2 Details of Options Granted

There were no share options granted or in existence during or at the end of the reporting period.

#### 6.5 Analysis of movement in shareholdings

The number of shares held, directly, indirectly or beneficially, by parent company directors and senior executives are outlined in the tables below:

For the year ended 31 Dec 2021	Balance 1 Jan 2021 <sup>(i)</sup>	Received as remuneration	Received on Exercise of Rights/Options	Other Movements <sup>(ii)</sup>	Net Other Change <sup>(i)</sup>	Balance 31 Dec 2021
<b>Directors</b>						
P O'Connor	-	-	-	-	100,000	100,000
R G Kaye	-	-	-	-	-	-
<b>Former Directors</b>						
N J Limb	45,614,021	-	-	(45,157,881)	(456,140)	-
R G Nelson	2,205,882	-	-	(2,183,823)	(22,059)	-
T R Woodall <sup>(iv)</sup>	3,655,882	-	-	-	(3,655,882)	-
C M Norman <sup>(v)</sup>	25,319,972	-	-	(25,066,771)	-	253,201
<b>Key Executives</b>						
P J Nicholls	4,543,291	-	-	(4,497,857)	-	45,434
B Delanoue	-	-	-	-	-	-
V McLellan	-	-	-	-	-	-
<b>Former Key Executives</b>						
P A Thiessen	7,062,500	-	-	(6,991,875)	(70,625)	-
M H J Cowie	750,000	-	-	-	(750,000)	-
	<b>89,151,548</b>	<b>-</b>	<b>-</b>	<b>(83,898,207)</b>	<b>(4,854,706)</b>	<b>398,635</b>

(i) The opening balance as at 1 Jan 2021 represents ordinary fully paid shares held by KMP pre 1:100 share consolidation.

(ii) Other movements represent the 1:100 share consolidation approved by shareholders 22 June 2021.

(iii) Net other change represents shares purchased or sold on market during the period, shareholdings recognised upon KMP appointment or de-recognised upon retirement or ceasing employment.

(iv) Net other change de-recognised on pre-consolidation basis upon ceasing employment.

(v) Subsequent to year end, C Norman ceased as a director on 23 March 2022.



For the year ended 31 Dec 2020	Balance 1 Jan 2020	Received as remuneration	Received on Exercise of Rights/Options	Net Other Change <sup>(i)</sup>	Balance 31 Dec 2021
<b>Directors</b>					
C M Norman	23,974,090	-	-	1,345,882	25,319,972
N J Limb	34,908,139	-	-	10,705,882	45,614,021
R G Nelson	500,000	-	-	1,705,882	2,205,882
T R Woodall	2,250,000	-	-	1,405,882	3,655,882
J D Fowles <sup>(ii)</sup>	150,000	-	-	(150,000)	-
<b>Key Executives</b>					
P J Nicholls	4,543,291	-	-	-	4,543,291
P A Thiessen	7,062,500	-	-	-	7,062,500
M H J Cowie	750,000	-	-	-	750,000
B Delanoue	-	-	-	-	-
	<b>74,138,020</b>	<b>-</b>	<b>-</b>	<b>15,013,528</b>	<b>89,151,548</b>

(i) Net Other Change represents shares purchased or sold on market during the period, shareholdings recognised upon KMP appointment or de-recognised upon retirement or ceasing employment.

(ii) Dr J D Fowles resigned from his position as NED on 31 October 2020 and consequently ceased as a KMP member on this date. Dr Fowles' shareholding at this date has been de-recognised in 'net change other'.

## 7 Non-executive remuneration

The Company's remuneration policy for non-executive directors considers the following factors when determining levels of remuneration:

- the size, activities and structure of the Company;
- the location and jurisdictions in which the Company operates;
- the responsibilities and work commitment requirements of Board members; and
- the level of fees paid to non-executive directors relative to comparable companies.

Fees paid to non-executive directors are determined by the Board and are subject to an aggregate limit of A\$600,000 per annum in accordance with the Company's constitution and as approved by shareholders at the Annual General Meeting held in May 2017.

The non-executive director's remuneration policy is as follows:

- Remuneration includes a fixed fee for their services as directors and statutory superannuation (where applicable).
- Entitlement to reimbursement of reasonable travel, accommodation and other expenses incurred whilst engaged on Company business.
- No additional fees are paid for participation on any Board committees.

- At the Board's discretion, additional fees may be paid for special duties or extra services performed on behalf of the Company.
- No provision for retirement benefits other statutory superannuation entitlement.
- No entitlement to participate in incentive-based remuneration schemes.

A summary of the Company's remuneration practice in relation to its non-executive directors (inclusive of superannuation) is as follows:

	2021 Fixed fee paid A\$	Fixed annual fee A\$
<b>Non-Executive Director</b>		
P O'Connor <sup>(i)</sup>	100,000	200,000
R G Kaye <sup>(i)</sup>	82,500	165,000
<b>Former Non-Executive Directors</b>		
N J Limb <sup>(ii)</sup>	100,000	200,000
R Nelson <sup>(ii)</sup>	51,667	100,000
	<b>334,167</b>	<b>665,000</b>

(i) Fees paid and received by Mr O'Connor and Mr Kaye in their capacity as non-executive directors from their respective dates of appointment.

(ii) Fees paid and received by Mr Limb and Mr Nelson in their capacity as non-executive director from 1 January 2021 to 30 June 2021.

All Non-Executive Directors are remunerated in Australian Dollars. Remuneration has been presented in US dollars and all components have been translated from AUD to US dollars using a monthly functional exchange rate as follows:

Year ended 31 December 2021	Director Fees US\$	Superannuation Contributions US\$	Total US\$
<b>Non-Executive Directors</b>			
P O'Connor <sup>(i)</sup>	66,841	6,684	73,525
R G Kaye <sup>(i)</sup>	55,143	5,514	60,657
<b>Former Non-Executive Directors</b>			
N J Limb <sup>(ii)</sup>	70,594	6,706	77,300
R Nelson <sup>(ii)</sup>	36,475	3,465	39,940
	<b>229,053</b>	<b>22,369</b>	<b>251,422</b>
<b>Year ended 31 December 2020</b>			
<b>Non-Executive Directors</b>			
N J Limb	115,913	11,012	126,925
R G Nelson	56,903	5,405	62,308
J D Fowles	48,472	4,605	53,077
	<b>221,288</b>	<b>21,022</b>	<b>242,310</b>

(i) Fees shown above received by Mr O'Connor and Mr Kaye in their capacity as non-executive directors from their respective dates of appointment.

(ii) Fees shown above are those received by Mr Limb and Mr Nelson in their capacity as non-executive director from 1 January 2021 to 30 June 2021.

## 8 Loans to KMP

No loans were made to KMP during the year, nor any loans to KMP outstanding.

The directors' report is signed in accordance with a resolution of the directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

## 9. Director related transactions

### 9.1 Loans to related parties

No loans were made to director related parties during the year.

On behalf of the directors

### 9.2 Transactions with director related entities

The terms and conditions of transactions with KMP were no more favourable to KMP and their related entities than those available, or which might reasonably be expected to be available, on similar transactions to KMP related entities on an arm's length basis.



**Patrick O'Connor**

Chairman

Melbourne, 29 March 2022

### 9.3 No hedging of remuneration of key management personnel

No member of the KMP has entered into an arrangement (with anyone) to limit the exposure of the member to risk relating to an element of the members remuneration that has not vested in the member or has vested in the member but remains subject to a holding lock.

# FINANCIAL STATEMENTS



For the financial year ended 31 December 2021



Deloitte Touche Tohmatsu  
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The Board of Directors  
FAR Limited  
Level 12, 530 Collins Street  
Melbourne VIC 3000

29 March 2022

Dear Board Members,

**Auditor's Independence Declaration to FAR Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of FAR Limited.

As lead audit partner for the audit of the financial report of FAR Limited for the year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

Vincent Snijders  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	Year ended 31 Dec 2021 US\$	Year ended 31 Dec 2020 US\$ Restated*
<b>Continuing operations</b>			
Other income	7	76,614	291,364
Depreciation and amortisation expense	8	(244,254)	(309,999)
Exploration and evaluation expense	8	(31,924,232)	(10,648,685)
Impairment of exploration and evaluation assets	8	(2,692,212)	-
Finance costs	8	(15,859)	(38,280)
Corporate administration expenses		(717,854)	(1,272,782)
Employee benefits expense	8	(3,728,362)	(3,663,791)
Business development expenses		(17,791)	(245,329)
Foreign exchange (loss)/gain		(2,015,360)	744,460
Loss before tax from continuing operations		(41,279,310)	(15,143,042)
Income tax expense	10	-	-
<b>Loss for the year from continuing operations</b>		<b>(41,279,310)</b>	<b>(15,143,042)</b>
<b>Discontinuing operations</b>			
Loss for the year from discontinued operations	9	(3,503,092)	(75,990,956)
<b>LOSS FOR THE YEAR</b>		<b>(44,782,402)</b>	<b>(91,134,008)</b>
Other comprehensive income/(loss), net of income tax		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(44,782,402)</b>	<b>(91,134,008)</b>
<b>Earnings per share:</b>			
<b>From continuing and discontinued operations</b>		<b>US Cents</b>	<b>US Cents**</b>
Basic and diluted loss	21	(44.88)	(93.96)
<b>From continuing operations</b>			
Basic and diluted loss	21	(41.37)	(15.61)

\*31 Dec 2020 comparative information has been restated as a result of an updated valuation of Assets held for sale as discussed in Note 5.

\*\*comparative information has been restated to reflect the consolidation of the issued capital of the Company on the basis of 1:100 securities held.

Notes to the financial statements are included on pages 31 to 65.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	Year ended 31 Dec 2021 US\$	Year ended 31 Dec 2020 US\$ Restated*
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	25	55,634,209	25,933,571
Trade and other receivables	11	1,336,786	1,026,242
Other financial assets	12	6,933	7,435
Assets held for sale	9	-	145,922,624
<b>Total Current Assets</b>		<b>56,977,928</b>	<b>172,889,872</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	196,033	246,660
Right-of-use assets	18	48,630	339,067
Exploration and evaluation assets	14	-	5,794,184
<b>Total Non-Current Assets</b>		<b>244,663</b>	<b>6,379,911</b>
<b>TOTAL ASSETS</b>		<b>57,222,591</b>	<b>179,269,783</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	16,873,825	1,380,460
Lease liabilities	18	66,678	443,044
Provisions	17	512,027	782,150
Liabilities associated with assets held for sale	9	-	34,343,721
<b>Total Current Liabilities</b>		<b>17,452,530</b>	<b>36,949,375</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	18	4,737	64,013
Provisions	17	13,985	24,510
<b>Total Non-Current Liabilities</b>		<b>18,722</b>	<b>88,523</b>
<b>TOTAL LIABILITIES</b>		<b>17,471,252</b>	<b>37,037,898</b>
<b>NET ASSETS</b>		<b>39,751,339</b>	<b>142,231,885</b>
<b>EQUITY</b>			
Issued Capital	19	381,925,164	439,623,308
Reserves	20	4,585,205	4,585,205
Accumulated losses		(346,759,030)	(301,976,628)
<b>TOTAL EQUITY</b>		<b>39,751,339</b>	<b>142,231,885</b>

\*31 Dec 2020 comparative information has been restated as a result of an updated valuation of Assets held for sale as discussed in Note 5.

Notes to the financial statements are included on pages 31 to 65.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

		Reserves					
	Note	Share capital US\$	Share-based payments reserve <sup>(i)</sup> US\$	Foreign currency translation reserve <sup>(ii)</sup> US\$	Total Reserves US\$	Accumulated losses US\$	Total attributable to equity holders of the parent US\$
Balance at 1 January 2020		335,725,405	8,177,155	(3,754,360)	4,422,795	(210,842,620)	129,305,580
Loss for the year		-	-	-	-	(91,134,008)	(91,134,008)
Total comprehensive loss for the year		-	-	-	-	(91,134,008)	(91,134,008)
Issue of shares	19	107,545,810	-	-	-	-	107,545,810
Share issue costs	19	(3,647,907)	-	-	-	-	(3,647,907)
Recognition of share-based payments	27	-	162,410	-	162,410	-	162,410
Balance at 31 December 2020 – restated*		439,623,308	8,339,565	(3,754,360)	4,585,205	(301,976,628)	142,231,885
Balance at 1 January 2021		439,623,308	8,339,565	(3,754,360)	4,585,205	(301,976,628)	142,231,885
Loss for the year		-	-	-	-	(44,684,171)	(44,684,171)
Total comprehensive loss for the year		-	-	-	-	(44,684,171)	(44,684,171)
Return of capital	19	(57,698,144)	-	-	-	-	(57,698,144)
Balance at 31 December 2021		381,925,164	8,339,565	(3,754,360)	4,585,205	(346,759,030)	39,751,339

(i) This comprises the fair value of rights and options recognised as an employee expense.

(ii) The 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 USD. The functional and presentation currency for the Group was changed from Australian dollars (AUD) to United States dollars effective 1 January 2020 resulting in exchange differences being recognised in equity under the reserve for foreign currency translation. Consequently, there has been no change to the reserve for the year ended 31 December 2021.

\*31 Dec 2020 comparative information has been restated as a result of an updated valuation of Assets held for sale as discussed in Note 5.

Notes to the financial statements are included on pages 31 to 65.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	Year ended 31 Dec 2021 US\$	Year ended 31 Dec 2020 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from other customers and counterparties		23,489	8,714
Receipt of government grant and tax incentive	7	76	68,261
Payments to suppliers and employees		(5,445,135)	(4,868,215)
Payments for exploration and evaluation expenses		(2,274,813)	(12,850,373)
Repayments from joint operations		-	161,922
Payments related to discontinued operations	9	(18,372,439)	-
Interest paid – other		(258)	(155)
Interest paid on lease liabilities	18	(15,601)	(38,125)
Net cash used in operating activities	25(e)	<b>(26,084,681)</b>	<b>(17,517,971)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	7	41,426	216,625
Proceeds from sale of oil & gas properties	9	126,448,249	-
Payments for exploration and evaluation assets		(10,354,887)	(2,829,948)
Payment for oil and gas properties		-	(69,016,270)
Payments for property, plant and equipment	13	(31,645)	(41,846)
Net cash provided by/(used in) investing activities		<b>116,103,143</b>	<b>(71,671,439)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	19	-	107,545,810
Payment for share issue costs	19	-	(3,647,907)
Payment of share capital return	19	(57,698,144)	-
Payment for share capital return costs		(98,231)	-
Payment of lease liabilities		(465,905)	(398,353)
Payment of finance costs related to discontinued operations		-	(3,097,634)
Net cash (used in)/provided by financing activities		<b>(58,262,280)</b>	<b>100,401,916</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
<b>Cash and cash equivalents at the beginning of the year</b>		<b>25,933,571</b>	<b>13,752,652</b>
Effects of exchange rate changes on cash and cash equivalents		(2,055,544)	968,413
<b>Cash and cash equivalents at the end of the financial year</b>	25(a)	<b>55,634,209</b>	<b>25,933,571</b>

Notes to the financial statements are included on pages 31 to 65.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 1. GENERAL INFORMATION

FAR Ltd (the 'Company') is an Australian listed public company, incorporated in Australia and operating in Africa and Australia. The principal activities of the Company and its subsidiaries (the Group) are disclosed in the Directors Report.

The Company's registered office and its principal place of business for the reporting period was Level 17, 530 Collins Street, Melbourne, Victoria, 3000, Australia. Subsequent to the reporting period, the Company has changed its registered office and principal place of business to Level 12, 530 Collins Street, Melbourne, Victoria, 3000, Australia.

### 2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the 'AASB') that are relevant to its operations and effective for reporting periods beginning on 1 January 2021. The impact of new and revised standards were not considered material to the Group.

The Group has not elected to early adopt any new standards or amendments.

The directors note that the impact of the initial application of the Standards and Interpretations which have been issued but which are not yet effective is not yet known or is not reasonably estimable and is currently being assessed. At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below:

Standard/Interpretation	Effective
AASB 2020-3 Amendments to AASs – Annual Improvements 2018-2020 and Other Amendments	1 January 2022
– Amendment to AASB1, <i>Subsidiary as a First-Time Adopter</i>	
– Amendments to AASB3, <i>Reference to the Conceptual Framework</i>	
– Amendments to AASB9, <i>Fees in the '10 per cent' Test for Derecognition of Financial Liabilities</i>	
– Amendments to AASB116, <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	
– Amendments to AASB137, <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	
– Amendments to AASB141, <i>Taxation in Fair Value Measurements</i>	
AASB 2014-10 Amendments to AASs – <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	1 January 2022
AASB 2020-1 Amendments to AASs – <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
AASB 2021-2 Amendments to AASs – <i>Disclosure of Accounting Policies and Definition of Accounting Estimates</i>	1 January 2023
– Amendment to AASB7, AASB 101, AASB 134 and AASB Practice Statement 2	
– Amendments to AAS108	
AASB 2021-5 Amendments to AASs – <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report comprises the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 29 March 2022.

#### Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost except, where applicable, for the revaluation of certain non-current assets and financial instruments.

All amounts are presented in **United States** dollars, unless otherwise noted.

#### Functional and presentation currency

The functional and presentation currency of FAR Ltd and all its subsidiaries is United States dollars. Transactions in foreign currencies are initially recorded in the functional currency of the transacting entity at the exchange rates prevailing at the date of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at that date.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries (referred to as 'the Group' in these financial statements). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect the returns.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

## (a) Going concern

This annual financial report has been prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The Group incurred a net loss after tax of US\$44,782,402 (31 Dec 2020: Loss US\$91,134,008) and had a net cash outflow from operating activities of US\$26,084,681 (31 Dec 2020: US\$17,517,971) during the year ended 31 December 2020. As at 31 December 2021, the Group's current assets exceeded current liabilities by US\$39,525,398 (31 Dec 2020: US\$135,940,497) and the Group had cash and cash equivalents of US\$55,634,209 (31 Dec 2020: US\$25,933,571). Subsequent to 31 December 2021 the Group had unrestricted cash on hand of US\$38,920,869 at 25 March 2022 (excluding the Group's share of restricted joint operations cash).

The impact of COVID-19 pandemic adversely affected the Group's business and its ability to deliver work programs in the other countries in which the Group operates, including The Gambia and Guinea-Bissau. COVID restrictions had impacted drilling of the Bambo-1 well in The Gambia which was concluded in Q4 2021 rather than Q4 2020.

The Group will continue to manage its activities and intends to put in place all such arrangements to ensure that it has sufficient cash reserves to meet its existing budgeted expenditures for the next twelve months from the date of this report. For further details of future commitments refer Note 14. In the opinion of the directors, the Group will be in a position to continue to meet its liabilities and obligations for a period of at least twelve months from the date of signing this report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

## (b) Impairment of non-financial assets

At each reporting date the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating

units or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## Other Significant accounting policies

Significant accounting policies are disclosed in the respective notes to the financial statements.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3 and the financial statements, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies.

Significant judgements, estimates and assumption made by management in the preparation of these financial statements are found in the following notes:

Note 9 – Discontinued operations

Note 14 – Exploration and evaluation assets

Note 15 – Oil and gas properties

Note 18 – Lease liabilities

Note 27 – Share-based payments.

## 5. RESTATEMENT OF COMPARATIVE FINANCIAL INFORMATION

During the current reporting period, the Group became aware that the recoverable value of Assets Held for Sale had been erroneously stated in its financial statements at 31 December 2020.

At 31 December 2020, the Group based the net recoverable value of the Asset held for sale on the definition of the total Purchase Price in the sales and purchase agreement with Woodside for calculating the value of assets held for sale relating to the Senegal RSSD Project and estimated its resulting loss on remeasurement of discontinued operations to be US\$60,551,688. This definition of total Purchase Price referred to cash calls issued by the Operator in relation to the transferring interest. The Group has now determined that the Settlement mechanism should also have been utilised to calculate the final sale consideration to be received on completion of the sale. The Settlement mechanism in the sales and purchase agreement referred to cash calls paid (rather than cash calls issued) as the basis for the cash flow on settlement. The difference between the definition of the total Purchase Price and the Settlement mechanism resulted in the Group understating the loss on remeasurement of discontinued

operation relating to the Senegal RSSD asset for the year ended as at 31 December 2020 by US\$15,439,278 (which is the value of the cash calls issued for November 2020 and December 2020 which remained unpaid as at 31 December 2020, which were paid on 13 January 2021) and a corresponding overstatement of the net carrying value of assets held for sale by the same amount.

The remeasurement of the recoverable value of the Assets held for sale as at 31 December 2020 does not have any impact on the cash flows of the Group in 2020 or 2021, nor does it have an impact on the net cash flow received at completion of the sale. A net amount of US\$126,448,249 was received on 7 July 2021, which consists of the total Purchase Price for the asset held for sale of US\$212,328,576, offset by amounts withheld by Woodside related to default cash calls not paid by the Group of US\$85,310,394 and interest on these default cash calls of US\$569,933.

The valuation of the asset held for sale has been corrected by restating each of the affected financial statements line items for the prior period. The following table summarises the impacts on the corresponding prior period information in the Group's consolidated financial statements.

### Consolidated statement of financial position

	Impact of restatement		
	31 Dec 2020 US\$ As previously reported	US\$ Restatement adjustments	31 Dec 2020 US\$ As Restated*
Assets held for sale	161,361,902	(15,439,278)	145,922,624
<b>TOTAL ASSETS</b>	<b>194,709,061</b>	<b>(15,439,278)</b>	<b>179,269,783</b>
<b>NET ASSETS</b>	<b>157,671,163</b>	<b>(15,439,278)</b>	<b>142,231,885</b>
<b>EQUITY</b>			
Issued Capital	439,623,308	-	439,623,308
Reserves	4,585,205	-	4,585,205
Accumulated losses	(286,537,350)	(15,439,278)	(301,976,628)
<b>TOTAL EQUITY</b>	<b>157,671,163</b>	<b>(15,439,278)</b>	<b>142,231,885</b>

### Consolidated statement of profit and loss and other comprehensive income

	Impact of restatement		
	31 Dec 2020 US\$ As previously reported	US\$ Restatement adjustments	31 Dec 2020 US\$ As Restated*
Loss from discontinued operations	(60,551,688)	(15,439,278)	(75,990,966)
Loss for the year from continuing operations	(15,143,042)	-	(15,143,042)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(75,694,730)</b>	<b>(15,439,278)</b>	<b>(91,134,008)</b>
<b>Earnings per share:</b>			
<b>From continuing and discontinued operations</b>	<b>US Cents</b>	<b>US Cents</b>	<b>US Cents</b>
Basic and diluted loss	(78.35)	(15.61)	(93.96)
<b>From continuing operations</b>			
Basic and diluted loss	(15.61)	-	(15.61)

There is no impact on the total operating, investing or financing cashflows for the year ended 31 December 2020.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 6. 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 Managing Director (chief operating decision maker) in order to allocate resources to the segments and to assess its performance. The Group undertook exploration for oil and gas in Australia and Africa during the year.

#### Segment Assets and Liabilities

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

	Assets		Liabilities	
	Year ended 31 Dec 2021 US\$	Year ended 31 Dec 2020 US\$ Restated*	Year ended 31 Dec 2021 US\$	Year ended 31 Dec 2020 US\$ Restated*
<b>Continuing operations</b>				
Australia	-	-	-	-
The Gambia	14,087,783	4,168,271	16,453,061	519,455
Guinea-Bissau	26,495	3,202,574	46,632	606,102
Senegal	109,732	195,357	40,925	62,009
Corporate	42,998,581	25,780,957	930,634	1,506,611
Total segment assets and liabilities from continuing operations	57,222,591	33,347,159	17,471,252	2,694,177
Assets and liabilities relating to discontinued operations	-	145,922,624	-	34,343,721
<b>Total</b>	<b>57,222,591</b>	<b>179,269,783</b>	<b>17,471,252</b>	<b>37,037,898</b>

#### Segment Revenue and Results

The following is an analysis of the Group's revenue and results from operations:

	Revenue		Segment Loss	
	Year ended 31 Dec 2021 US\$	Year ended 31 Dec 2020 US\$ Restated*	Year ended 31 Dec 2021 US\$	Year ended 31 Dec 2020 US\$ Restated*
Australia	-	-	(58,214)	(278,103)
The Gambia	-	-	(31,823,794)	(10,362,726)
Guinea-Bissau	-	-	(2,842,652)	(348,889)
Kenya	-	-	-	(479,530)
Other	-	-	(654,268)	-
Corporate	76,614	291,364	(5,900,382)	(3,673,794)
<b>Total for continuing operations</b>	<b>76,614</b>	<b>291,364</b>	<b>(41,279,310)</b>	<b>(15,143,042)</b>
Income tax expense			-	-
Loss from discontinued operations			(3,503,092)	(75,990,966)
<b>Loss after tax and discontinued operations</b>			<b>(44,782,402)</b>	<b>(91,134,008)</b>

The revenue reported above represents revenue generated from external sources. There were no intersegment sales during the year.



## Other Segment Information

	Depreciation and Amortisation		Additions to Non-Current Assets	
	Year ended 31 Dec 2021 US\$	Year ended 31 Dec 2020 US\$ Restated*	Year ended 31 Dec 2021 US\$	Year ended 31 Dec 2020 US\$ Restated*
Australia	-	-	-	-
The Gambia <sup>(i)</sup>	(33,636)	(76,602)	25,685,005	2,921,832
Guinea-Bissau	-	-	15,855	555,812
Senegal	(34,416)	-	-	-
Corporate	(176,202)	(233,397)	30,213	41,846
<b>Total</b>	<b>(244,254)</b>	<b>(309,999)</b>	<b>25,731,073</b>	<b>3,519,490</b>

(i) Additions include The Gambia Blocks A2 and A5 Bambo exploration well planning and execution costs of US\$25,675,311 and were subsequently expensed following the unsuccessful Bambo-1 and Bambo-1ST1 wells.

\*31 Dec 2020 comparative information has been restated as a result of an updated valuation of Assets held for sale as discussed in Note 5.

## 7. OTHER INCOME

	Year ended 31 Dec 2021 US\$	Year ended 31 Dec 2020 US\$ Restated
– Interest income	41,426	216,625
– Rental income	23,265	6,104
– Government grants and tax incentives – Cash flow boost payments	76	68,261
– Other	11,847	374
	<b>76,614</b>	<b>291,364</b>

### Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

### Government Grants

Government grants and tax incentives for COVID-19 are recognised in profit or loss as income in the period during which these are received.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 8. LOSS FOR THE YEAR

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

	Note	Year ended 31 Dec 2021 US\$	Year ended 31 Dec 2020 US\$
<b>Depreciation and amortisation:</b>			
– Property, plant & equipment	13	(82,272)	(86,143)
– Right-of-use assets	18	(298,699)	(356,674)
– Less reallocation to exploration expense		136,717	132,818
		<b>(244,254)</b>	<b>(309,999)</b>
<b>Exploration and evaluation costs expensed:</b>			
– Australia		(43,944)	(262,532)
– The Gambia <sup>(i)</sup>		(31,733,820)	(9,930,545)
– Guinea-Bissau		(146,468)	(344,664)
– Kenya		-	(110,944)
		<b>(31,924,232)</b>	<b>(10,648,685)</b>
<b>Exploration and evaluation assets impaired:</b>			
– Guinea-Bissau	14	<b>(2,692,212)</b>	-
<b>Finance costs:</b>			
– Interest on bank		(258)	(155)
– Interest on lease liabilities	18	(15,601)	(38,125)
		<b>(15,859)</b>	<b>(38,280)</b>
<b>Employee benefits expense:</b>			
– Remuneration expense		(4,286,644)	(3,729,777)
– Termination benefit expense		(813,702)	(186,979)
– Recharge of remuneration expense to exploration expense		1,335,289	649,422
<i>Post employment benefits:</i>			
– superannuation contributions		(208,245)	(188,749)
– amortisation of equity-settled share-based payments – performance rights	27	-	(162,410)
– provision for leave entitlements	17	244,940	(45,298)
		<b>(3,728,362)</b>	<b>(3,633,791)</b>

(i) Includes US\$28,793,138 expensing of exploration and evaluation relating to the unsuccessful Bambo-1 and Bambo-1ST1 wells in The Gambia.

## 9. DISCONTINUED OPERATIONS

The Group executed a Sale and Purchase Agreement with Woodside to sell the Group's entire interest in the Senegal project, and the following assets and liabilities were classified as discontinued operations as at 7 July 2021:

	Note	7 July 2021 US\$	31 Dec 2020 US\$ Restated
<b>Current</b>			
Inventories		10,689,696	2,771,738
Oil and gas properties	15	212,535,395	143,150,886
<b>Assets held for sale</b>		<b>223,225,091</b>	<b>145,922,624</b>
Trade and other payables		96,776,842	34,343,721
<b>Liabilities associated with assets held for sale</b>		<b>96,776,842</b>	<b>34,343,721</b>
<b>Net assets of disposal group</b>		<b>126,448,249</b>	<b>111,558,903</b>

On 11 November 2020 the Group announced it had entered into a RSSD Sale and Purchase Agreement with ONGC Videsh Vankorneft Pte Ltd ('ONGC') in respect of the Group's entire interest in the Production Sharing Contract for the Rufisque, Sangomar and Sangomar Deep Offshore Blocks offshore Senegal and the relevant Joint Operating Agreement. As consideration for the sale (the 'Transaction') ONGC agreed to pay the Group US\$45M at completion. In addition, ONGC agreed to reimburse the Group's share of working capital for the RSSD project from 1 January 2020, payable on completion. The transaction also included an entitlement to certain contingent payments capped at US\$55 million. The contingent payment comprises 45% of entitlement barrels (being the share of oil relating to FAR's 13.67% RSSD Project exploitation area interest) sold over the previous calendar year multiplied by the excess amount over US\$58 per barrel (up to a cap of US\$70 per barrel). The contingent payment terminates on the earliest of 31 December 2027, 3 years from first oil being sold (excluding any periods of zero production), or a total contingent payment of US\$55 million being reached, whichever occurs first.

On 4 December 2020 the Group announced it had received notification from Woodside Energy (Senegal) B.V. that it had exercised its pre-emptive right to acquire the Group's interest in the Senegal RSSD project. On 20 January 2021 the Group announced it had signed the RSSD project sale contract with Woodside on the same terms and conditions as the proposed sale to ONGC announced on 11 November 2020.

The realised value of the Woodside sale and purchase terms including working capital from 1 January 2020 to 30 June 2021 was US\$126,448,249 (31 Dec 2020: US\$111,578,903) excluding contingent payments.

The conditions of sale included the written approval of the Minister of Petroleum and Energies for the Republic of Senegal for the transfer to Woodside, FAR shareholder approval of the Transaction, Third Party Agreement Termination and other customary provisions for a sale and purchase agreement of its type. On 7 July 2021, the Group satisfied all the conditions for the sale of its interest in the RSSD project and announced the completion of the sale of its entire interest in the Senegal RSSD joint venture to Woodside Energy (Senegal) BV for a net consideration of US\$126,448,249.

As part of the completion of the sale of RSSD interest, all outstanding cash calls (including default interest) amounting to US\$85,880,327 were offset against the purchase consideration, and the outstanding cash calls at the date of completion were taken over by Woodside in line with the Sale and Purchase Agreement (31 Dec 2020: US\$15,439,278).

### Recognition and measurement

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets which are specifically exempt from this requirement. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the current asset is recognised at the date of derecognition. Assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities classified as held for sale continue to be recognised.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

The results of the discontinued operations, which have been included in the loss for the year:

	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
<b>Loss for the year from discontinued operations</b>		
Exploration expense	(246,498)	(1,661,285)
Finance costs – default period interest charge	(612,603)	(210,097)
Finance costs – finance facility break fees and associated costs <sup>(i)</sup>	-	(2,887,382)
Other- costs related to discontinued operations <sup>(ii)</sup>	(2,535,388)	-
Foreign exchange loss	(108,603)	(32,804)
Loss on remeasurement of discontinued operations of oil and gas properties	-	(71,199,398)
Loss before tax from discontinued operations	(3,503,092)	(75,990,966)
Income tax expense	-	-
<b>Loss after tax for the period from discontinued operations</b>	<b>(3,503,092)</b>	<b>(75,990,966)</b>
<b>Cash flows from discontinued operations</b>		
Net cash used in operating activities	(18,942,371)	(72,113,904)
<b>Net cash outflows</b>	<b>(18,942,391)</b>	<b>(72,113,904)</b>

(i) On 30 March 2020, the Group announced that the COVID-19 pandemic combined with the precipitous fall in Brent oil price since January 2020 adversely impacted the global financial markets including the global availability of credit. Consequently, the Group ability to close the debt arrangements were compromised such that the lead banks to the senior facility confirmed they could not complete the financing in the current environment. As a result, finance facility break fees in relation to the various financing arrangements entered into by the Group have been incurred.

(ii) Costs relating to all undertakings related to Senegal RSSD for the period ended 7 July 2021 including, legal, operational and terminating obligations.



## 10. INCOME TAXES

### (a) Income tax recognised in profit or loss

	Year ended 31 Dec 2021 US\$	Year ended 31 Dec 2020 US\$ Restated
<b>Tax (income) comprises:</b>		
Current tax income	(11,585,786)	(4,136,148)
Tax losses not brought to account	11,585,786	4,136,148
Deferred tax expense relating to the origination and reversal of temporary differences	(180,376)	143,479
Benefit arising from previously recognised tax losses of prior periods used to reduce deferred tax expense	180,376	(143,479)
Update of prior year amounts	750,915	1,665,957
Utilisation of previously unrecognised tax losses	(750,915)	(1,665,957)
<b>Total tax expense/(income)</b>	-	-

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	Year ended 31 Dec 2021 US\$	Year ended 31 Dec 2020 US\$ Restated
Loss from operations	(44,684,171)	(91,134,008)
Income tax (income) calculated at 30%	(13,405,251)	(27,340,202)
Non-deductible expenses <sup>(i)</sup>	2,059,845	23,766,957
Recognition of previously unrecognised deductible temporary differences	(240,380)	(562,903)
Unused tax losses and tax offsets not recognised as deferred tax assets	11,585,786	4,136,148
<b>Income tax expense recognised in loss</b>	-	-

(i) Includes the loss for the year from discontinued operations of US\$1,050,928 (31 Dec 20: US\$22,797,290) due to all undertakings related to Senegal RSSD for the period ended 7 July 2021 including, legal, operational and terminating obligations.

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period. No tax has been assessed on its foreign projects due to the projects currently operating in the exploration and evaluation phase and therefore not deriving production revenues.

### (b) Income tax recognised directly in equity

There were no current and deferred amounts charged directly to equity during the period.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### (c) Deferred tax balances

Taxable and deductible temporary differences arise from the following:

	Opening balance US\$	Recognised in income US\$	Closing balance US\$
<b>2021</b>			
Property, plant and equipment	67,034	(81,779)	(14,745)
Payables	61,292	(14,403)	46,889
Provisions	241,998	(84,194)	157,804
<b>Total</b>	<b>370,324</b>	<b>(180,376)</b>	<b>189,948</b>
<b>2020</b>			
Property, plant and equipment	(28,505)	95,539	67,034
Payables	44,960	16,332	61,292
Provisions	210,389	31,608	241,998
<b>Total</b>	<b>226,844</b>	<b>143,479</b>	<b>370,324</b>

	31 Dec 2021 US\$	31 Dec 2020 US\$
<b>Unrecognised deferred tax balances</b>		
The following deferred tax assets have not been brought to account as assets:		
Deferred tax assets on temporary differences (net)	189,948	370,324
Tax losses in Gambia	17,273,301	8,482,821
Tax losses in Australia	18,827,040	16,271,347
Capital losses in Australia	3,821,736	3,891,376
	<b>40,112,025</b>	<b>29,015,868</b>

### Tax consolidation

#### *Relevance of tax consolidation to the Group*

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group with effect from 1 July 2007 and are therefore taxed as a single entity from this date. The Head Entity within the tax consolidated group is FAR Ltd. The members of the tax consolidated group are identified at Note 24.

### Income tax

#### *Current tax*

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

#### *Deferred tax*

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

#### Tax consolidation

The Company and all its wholly-owned Australian resident Entities are part of a tax consolidated group under Australian taxation law. FAR Ltd is the Head Entity in the tax consolidated group. A tax funding arrangement has not been finalised between Entities within the tax consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'stand-alone taxpayer' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax consolidated group are recognised by the Company (as Head-Entity in the tax consolidated group).

## 11. TRADE AND OTHER RECEIVABLES

	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
<b>Current</b>		
Other receivables	191,213	217,286
Prepayments	467,472	347,739
Joint operations receivables <sup>(i)</sup>	678,101	461,217
	<b>1,336,786</b>	<b>1,026,242</b>

(i) Includes The Gambia Blocks A2 and A5 joint operations receivable.

Other receivables are non-interest bearing and the credit period of oil and gas receivables varies between 30 and 60 days. No receivables were past due at balance date and the Group has no significant exposure to expected credit losses. The carrying amount of trade and other receivables approximates their fair value.

## 12. OTHER FINANCIAL ASSETS

	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
<b>Current</b>		
Security deposit <sup>(i)</sup>	6,933	7,435

(i) Security bond held over the Company's Senegal office refundable on the termination of the lease.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 13. PROPERTY, PLANT AND EQUIPMENT

	Note	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
<b>Property, plant and equipment cost</b>			
<b>Balance at 1 January</b>		904,246	867,440
Additions		31,645	41,846
Disposals		-	(5,040)
<b>Balance at 31 December</b>		<b>935,891</b>	<b>904,246</b>
<b>Accumulated depreciation and impairment</b>			
<b>Balance at 1 January</b>		(657,586)	(573,307)
Depreciation expense	8	(82,272)	(86,143)
Disposals		-	1,864
<b>Balance at 31 December</b>		<b>(739,858)</b>	<b>(657,586)</b>
<b>Net Book Value</b>		<b>196,033</b>	<b>246,660</b>
		31 Dec 2021 US\$	31 Dec 2020 US\$
<b>Net carrying value – Represented by:</b>			
Office furniture and equipment		196,033	246,660

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Except in the case of those assets which are depreciated on a straight line basis over their useful lives, all other tangible

assets have limited useful lives and are depreciated using the diminishing value method over their estimated useful lives, taking into account estimated residual values, to write off the cost to its estimated residual value, as follows: Furniture, fittings and equipment: 10-40%

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the diminishing value method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period and adjusted if appropriate.

## 14. EXPLORATION AND EVALUATION ASSETS

	Note	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
<b>Exploration and evaluation expenditure</b>			
<b>Balance at 1 January</b>		5,794,184	119,397,714
Additions <sup>(i)</sup>		25,691,166	3,391,959
Expensed during the period <sup>(ii)</sup>		(28,793,138)	-
Impairment during the period <sup>(iii)</sup>		(2,692,212)	-
Transferred to oil and gas properties <sup>(iv)</sup>	15	-	(116,995,489)
<b>Balance at 31 December</b>		-	<b>5,794,184</b>
<b>Net carrying value – By area of interest:</b>			
The Gambia		-	3,117,827
Guinea-Bissau		-	2,676,357
<b>Balance at 31 December</b>		-	<b>5,794,184</b>

(i) Additions include The Gambia Blocks A2 and A5 Bambo exploration well planning and execution costs of US\$25,675,311, including long lead items (31 Dec 2020: US\$2,836,147) and Guinea-Bissau exploration well long lead items of US\$15,855 (31 Dec 2020: US\$555,812).

(ii) Exploration and evaluation expensed related to the unsuccessful Bambo-1 and Bambo-1ST1 wells in The Gambia during the period.

(iii) Impairment of Guinea-Bissau long lead inventory.

(iv) In January 2020 the Sangomar Field Development was approved by the Senegal RSSD joint venture following the grant of the Exploitation Authorisation by the Government of Senegal and accordingly the carrying value of the Senegal asset was transferred to oil and gas properties.

### Exploration and evaluation commitments

The Group has exploration expenditure obligations which are contracted for, but not provided for in the financial statements.

These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
<b>By area of interest:</b>		
The Gambia	865,346	435,437
Guinea-Bissau	-	-
<b>Closing balance</b>	<b>865,346</b>	<b>435,437</b>

### Exploration and evaluation costs

Expenditure on exploration and evaluation is accounted for in accordance with the area of interest method. The Group's application of the accounting policy for the cost of exploring and of evaluating discoveries are accounted for under the successful efforts method.

Areas of interest are based on a geographical area. All exploration and evaluation expenditure, including general permit activity, geological and geophysical costs and new venture activity costs are expensed as incurred except for the following:

- where the expenditure related to an exploration discovery that, at the reporting date, has not been recognised as an area of interest, because an assessment of the existence or otherwise of economically recoverable reserves is not yet complete; or
- where the expenditure relates to a recognised area of interest and it is expected that the expenditure will be recouped through successful exploitation of the area of interest, or alternatively, by its sale.

The costs of acquiring an interest in new exploration and evaluation licences are capitalised. The costs of drilling exploration wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the successful discovery of economically recoverable hydrocarbons and the recognition of an area of interest.

Subsequent to the recognition of an area of interest, all further evaluation costs relating to that area of interest are capitalised. Upon approval for the commercial development of an area of interest, accumulated expenditure for the area of interest is transferred to oil and gas properties.

In the statement of cashflows, those cash flows associated with capitalised exploration and evaluation expenditure, including unsuccessful wells, are classified as cash flows used in investing activities.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

Critical judgements in applying the Company's accounting policies:

### (i) Area of interest

An area of interest is defined by the Group as an individual geographical area whereby the presence of hydrocarbon is considered favourable or proved to exist.

### (ii) Impairment of exploration and evaluation assets

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation or alternatively, sale of the respective area of interest. To successfully develop the exploration and evaluation assets the Group is also required to meet its joint venture funding obligations. Should the Group not succeed in securing appropriate funding to meet revised joint venture funding obligations, the recoverability of capitalised exploration and evaluation assets could be impacted and may be required to be impaired.

Each potential or recognised area of interest is reviewed half-yearly to determine whether economic quantities of

reserves have been found or whether further exploration and evaluation work is underway or planned to support continued carry forward of capitalised costs. Where a potential impairment is indicated, assessment is performed using a fair value less costs to dispose method to determine the recoverable amount for each area of interest to which the exploration and evaluation expenditure is attributed.

This assessment requires management to make certain estimates and apply judgment in determining assumptions as to future events and circumstances, the assessment includes estimates in relation to forecast commodity price curves, future production and transportation costs, the volume of economically recoverable hydrocarbons, foreign exchange rates and discount rates. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, the Group concludes that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

## 15. OIL AND GAS PROPERTIES

		31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
<b>Development assets</b>	<b>Note</b>		
Opening balance		-	-
Transferred from exploration and evaluation assets	14	-	116,995,489
Additions		-	97,354,795
Loss on remeasurement of discontinued operations	9	-	(71,199,398)
Transfer to Assets held-for-sale	9	-	(143,150,886)
<b>Closing balance at 31 December</b>		<b>-</b>	<b>-</b>

During the year ended 31 December 2020, the Group reclassified its interest in the Senegal RSSD joint operation to assets held for sale and subsequently disclosed in discontinued operations Note 9.

## 16. TRADE AND OTHER PAYABLES

	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
<b>Current</b>		
Trade payables <sup>(i)</sup>	161,316	110,248
Other payables	277,232	297,810
Joint operations payables	16,435,277	972,402
	<b>16,873,825</b>	<b>1,380,460</b>

(i) The average credit period on purchases is approximately 30 days. No interest is charged on the trade payables for the first 30 days from the date of the 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.

## 17. PROVISIONS

	Note	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
<b>Movement in employee benefits provision:</b>			
Carrying amount at 1 January		806,660	701,299
Provision made or reversed during period	8	98,852	121,748
Provision used during period	8	(343,792)	(76,450)
Net foreign exchange differences		(35,708)	60,063
<b>Balance at 31 December</b>		<b>526,012</b>	<b>806,660</b>
<b>Net carrying value – represented by:</b>			
Current		512,027	782,150
Non-Current		13,985	24,510
<b>Balance at 31 December</b>		<b>526,012</b>	<b>806,660</b>

The above provisions for employee benefits represent annual leave and long service leave entitlements accrued by employees. Employees remunerated in Australian Dollars have been presented in US dollars and all components have been translated from AUD to US dollars Provisions.

### Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, the future outflow of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received, and the amount of the receivable can be measured reliably.

### Employee benefits

#### *Short and long-term employee benefits*

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Amounts expected to settle within twelve months are recognised in current provisions in respect of employees' services up to the reporting date. Costs incurred in relation to sick leave are recognised when leave is taken and are measured at the rates paid or payable.

Liabilities recognised in respect of long-term employee benefits are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

#### Termination benefits

Where contractual arrangements provide for a payment to a director or employee on termination of their employment, a provision for the payment of such amounts is recognised as the obligation arises.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 18. 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 year are as follows:

	Note	Right-of-use assets		Lease Liabilities US\$
		Leased Premises US\$	Office Equipment US\$	
<b>As at 1 January 2020</b>		603,545	6,511	816,715
Additions during the year		85,685	-	85,685
Depreciation expense	8	(350,163)	(6,511)	-
Interest expense	8	-	-	38,125
Lease payments		-	-	(458,479)
Net foreign exchange differences		-	-	25,011
<b>As at 31 December 2020 – Restated</b>		<b>339,067</b>	<b>-</b>	<b>507,057</b>
<b>As at 1 January 2021</b>		339,067	-	507,057
Additions during the year		-	8,262	8,262
Depreciation expense	8	(297,778)	(921)	-
Interest expense	8	-	-	15,601
Lease payments		-	-	(459,505)
<b>As at 31 December 2021</b>		<b>41,289</b>	<b>7,341</b>	<b>71,415</b>

<b>Net carrying value of right-of-use assets</b>	<b>US\$</b>
As at 31 December 2020	339,067
As at 31 December 2021	48,630

Lease liabilities are presented in the Statement of Financial Position as:

	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
Current	66,678	443,044
Non-Current	4,737	64,013
<b>As at 31 December</b>	<b>71,415</b>	<b>507,057</b>

### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). 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

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

### 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 the 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 and included in corporate administration expenses during the reporting period:

	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
Short-term leases	37,780	2,407

Short-term lease payments expensed on the basis that they are not recognised as a lease liability include rental payments on the Group's Senegal and Gambian office premises and corporate head office equipment.

### Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of two to three years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

The Group did not include the renewal period as part of the lease term for leases of office premises and office equipment. These leases have a short non-cancellable period (i.e. two to three years). The renewal options for leases of office premises were not included as part of the lease term because the Group has a policy of leasing premises for not more than two to five years and hence not exercising any renewal options.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 19. ISSUED CAPITAL

	31 Dec 2021 Number	31 Dec 2020 Number	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
<b>Fully paid ordinary share</b>				
At beginning of the period	9,978,830,197	6,280,387,002	439,623,308	335,725,405
Shares allotted during the period:				
– shares issued on 24 Jan 2020 – share purchase plan	-	263,149,039	-	7,652,040
– shares issued on 28 Jan 2020 – placement	-	3,424,942,156	-	99,592,882
– shares issued on 29 Jan 2020 – placement	-	10,352,000	-	300,888
Share consolidation 1:100	(9,879,039,705)	-	-	-
Share capital return – A\$0.80 per share	-	-	(57,698,144)	-
<b>Share issue costs</b>	-	-	-	(3,647,907)
<b>Ordinary fully paid shares at end of the year</b>	<b>99,790,492</b>	<b>9,978,830,197</b>	<b>381,925,164</b>	<b>439,623,308</b>

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 is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares is recognised directly in equity as a reduction of the share proceeds received.

In January 2020, the Company completed a US\$107,545,810 placement to institutional and sophisticated investors and a Share Placement Plan (SPP) to existing eligible shareholders, both priced at AUD 4.25 cents per share (pre 1:100 consolidation). The placement was approved by shareholders at the General Meeting held 16 January 2020. US\$7,652,040 was raised under the SPP.

On 22 June 2021, shareholders approved at the Annual General Meeting the consolidation of the issued capital of the Company

on the basis of 1:100 securities held. Further, on 2 July 2021, the Company completed the share consolidation and the number of ordinary shares on issue following the 1:100 consolidation of the Company's share capital is 99,790,492.

ASX suspended FAR's shares from trading in September 2020 following the inclusion of a disclaimer of audit review opinion in the Company's audited Half Year Report as at 30 June 2020. On 22 July 2021, the Group announced its reinstatement to official quotation on the Australian Stock Exchange (ASX). Trading in the securities of FAR recommenced on Friday, 23 July 2021.

Shareholders approved a capital return of A\$0.80 per share at a General Meeting held on 15 September 2021 and payment was made on 28 September 2021.

#### Performance rights outstanding at balance date

Refer Note 27 share-based payments for details of share performance rights outstanding at 31 December 2021 and the previous corresponding period.

### 20. RESERVES

	Note	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
Equity-settled share-based payments reserve	27	8,339,565	8,339,565
Foreign currency translation reserve		(3,754,360)	(3,754,360)
		<b>4,585,205</b>	<b>4,585,205</b>

#### Equity-settled share-based payments reserve

Share-based payments reserve recognises the fair value of rights and options issued to directors and employees in relation to equity-settled share-based payments. Amounts are transferred out of reserve and into issued capital when vested rights are exercised.

#### Foreign currency translation reserve

The 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 USD. The functional and presentation currency for the Group was changed from Australian dollars (AUD) to United States dollars effective 1 January 2020 resulting in exchange differences being recognised in equity under the reserve for foreign currency translation. Consequently, there has been no change to the reserve for the year ended 31 December 2021.



## 21. EARNINGS PER SHARE

The Group presents basic and diluted EPS for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the dilutive effect, if any, of the outstanding share rights which have been issued to employees.

	31 Dec 2021 US Cents	31 Dec 2020 US Cents Restated
Basic and diluted loss per share		
– From continuing and discontinued operations	(44.88)	(93.96)
– From continuing operations	(41.37)	(15.61)

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Year ended 31 Dec 2021 US\$	Year ended 31 Dec 2020 US\$
Loss for the year attributable to members of FAR Ltd	(44,782,402)	(91,134,008)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	99,790,492	96,987,368

On 2 July 2021, the Company completed the share consolidation and the number of ordinary shares on issue following the 1:100 consolidation of the Company's share capital is 99,790,492.

The following potential ordinary shares are not considered dilutive as the Company recognised a loss for the year ended, and are therefore excluded from the weighted average number of ordinary shares used in the calculation of diluted EPS.

	Note	31 Dec 2021 Number	31 Dec 2020 Number
Unlisted performance rights – FARAM	27	-	9,353,000

## 22. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities	31 Dec 2021 US\$	31 Dec 2020 US\$
Guinea-Bissau – contingent payment from future production <sup>(i)</sup>	13,000,000	13,000,000
Guinea-Bissau – contingent withholding tax liability <sup>(ii)</sup>	567,811	567,811
	<b>13,567,811</b>	<b>13,567,811</b>

(i) In 2009, the Company entered into an Agreement to acquire an interest in three blocks offshore of Guinea-Bissau. Under the terms of the Agreement, in the event of future production from the blocks the vendor will be entitled to recover up to US\$13 million in past exploration costs from the Company's proceeds from production. Any such recovery will be at a rate of 50% of the Company's annual net revenue as defined by the Agreement. Refer to Note 23 for further details on equity interest held and to Note 33 Subsequent Events.

(ii) During the year ended 31 December 2009, the Group was advised by the operator of its blocks in Guinea-Bissau that the Joint Operation partners have a contingent withholding tax liability which would become payable in the event of the Joint Operation entering the development phase of the licences. The Group's share of the estimated contingent liability as at 31 December 2021 is US\$567,811 (2020: US\$567,811).

On 15 March 2022 the Group announced that it had commenced steps to withdraw from its interests in the Esperanca Blocks 4A and 5A and Sinapa Block 2 offshore Guinea-Bissau. In the event of withdrawal, the Group will not participate in any future development and production relating to these interests therefore the contingent liabilities of up to US\$13,000,000 payable in the event of production, and a contingent withholding tax liability of US\$567,811 in the event of development, relating to the Guinea-Bissau interests will no longer exist.

There are no contingent liabilities arising from service contracts with executives.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### Contingent assets

In accordance with the Sale and Purchase Agreement with Woodside for the sale of the Group's entire interest in the offshore blocks Rufisque, Sangomar and Sangomar Deep (RSSD) a contingent payment is payable to the Group in the future based on various factors relating to the sale of oil from the RSSD Project.

The contingent payment comprises 45% of entitlement barrels (being the share of oil relating to the Group's 13.67% RSSD Project exploitation area 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).

The contingent payment terminates on the earliest of 31 December 2027, 3 years from first oil being sold (excluding any periods of zero production), or a total contingent payment of US\$55 million being reached, whichever occurs first.

The Operator's most recent estimate for commencement of oil production is 2023. The Operator may update timelines to first oil and production targets from time to time.

## 23. JOINT OPERATIONS

The Group has an interest in the following material joint operations whose principal activities are oil and gas exploration

Name	Country	Equity Interest	
		31 Dec 2021 %	31 Dec 2020 %
Sinapa/Esperanca <sup>(iii)</sup>	Guinea-Bissau	21.43	21.43
Block A2/ Block A5	The Gambia	50.0	50.0
Rufisque Offshore / Sangomar Offshore / Sangomar Deep Offshore – Exploitation <sup>(i), (ii)</sup>	Senegal	-	13.67
Rufisque Offshore / Sangomar Offshore / Sangomar Deep Offshore – Exploration <sup>(i), (ii)</sup>	Senegal	-	15.0

- (i) On 7 July 2021, FAR announced it has completed the sale of its entire interest in the Senegal RSSD project. Following the completion of the sale to Woodside, the Group has no remaining interest in the RSSD licence offshore Senegal.
- (ii) In January 2020, the Sangomar Field Development was approved by the Senegal RSSD joint venture following the grant of the Exploitation Authorisation by the Government of Senegal, delineating the blocks into Exploitation and Exploration areas. In August 2020 Petrosen, the Senegalese National Oil Company exercised its right under the Production Sharing Contract to increase its equity interest in the Joint Venture Exploitation area from 10% to 18%. Each Co-Venturer was required to reduce their equity interest share by a proportionate share of the 8%, resulting in FAR's interest in the exploitation area reducing from 15.0% to 13.67%.
- (iii) On 15 March 2022 the Group announced that it had commenced steps to withdraw from its interests in the Esperanca Blocks 4A and 5A and Sinapa Block 2 offshore Guinea-Bissau. The Group has already met the minimum financial commitments associated with the license, and there are no 2022 commitments in place, therefore FAR does not expect to incur any new material expenses related to these interests.

The Groups' interests in assets employed in the above joint operations are detailed below. The amounts are included in the financial statements under their respective assets and liability categories.

	31 Dec 2021 US\$	31 Dec 2020 US\$
<b>Current Assets</b>		
Cash and cash equivalents	1,066,237	910,242
Trade and other receivables	678,101	461,217
	<b>1,744,338</b>	<b>1,371,459</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	41,227	43,748
Exploration and evaluation assets	-	2,958,037
	<b>41,227</b>	<b>3,001,785</b>
<b>Current Liabilities</b>		
Trade and other payables	<b>16,435,277</b>	<b>972,402</b>

### Contingent liabilities and capital commitments

The capital commitments arising from the Group's interests in joint operations are disclosed in Note 14.

The contingent liabilities in respect of the Group's interest in joint operations are disclosed in Note 22.

### Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Under certain agreements, more than one combination of participants can make decisions about the relevant activities and therefore joint control does not exist. Where the arrangement has the same legal form as a joint operation but is not subject to joint control, the group accounts for its interest in accordance with the contractual agreement by recognising its share of jointly held assets, liabilities, revenues and expenses of the arrangement.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- (i) Its assets, including its share of any assets jointly held;
- (ii) Its liabilities, including its share of any liabilities incurred jointly;
- (iii) Its revenue from the sale of its share of the output arising from the joint operation;
- (iv) Its share of the revenue from the sale of the output by the joint operation; and
- (v) Its expenses, including its share of any expenses incurred jointly.

The Group accounts for its assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASB's applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 24. SUBSIDIARIES

In line with the decision to sell the Senegal RSSD asset and the impact of COVID-19 the Company made the decision during the year to restructure the Group to reduce administrative costs and simplify the organisational structure. As part of the restructure multiple entities within the Group either have or currently are in the process of being voluntarily de-registered. See notes below for further information.

Name of Entity	Country of incorporation	Ownership interest	
		2021 %	2020 %
Parent Entity			
FAR Ltd <sup>(i)</sup>	Australia		
Subsidiaries			
FAR Holdings 1 Pty Ltd <sup>(ii)</sup>	Australia	100	100
FAR Holdings 2 Pty Ltd <sup>(ii), (iii)</sup>	Australia	100	100
FAR Holdings 3 Pty Ltd <sup>(ii)</sup>	Australia	100	100
FAR Meridian Pty Ltd <sup>(ii)</sup>	Australia	100	100
Flow Energy Pty Ltd <sup>(iii)</sup>	Australia	100	100
Lightmark Enterprises Pty Ltd <sup>(ii)</sup>	Australia	100	100
FAR Gambia Ltd	Mauritius	100	100
FAR Mauritius 1 Pty Ltd	Mauritius	100	100
FAR Guinea-Bissau <sup>(iii)</sup>	Mauritius	100	100
FAR Senegal RSSD SA	Senegal	100	100
Petrole Investments Group Pty Ltd <sup>(iv)</sup>	Mauritius	-	100
FAR Mauritius 2 Pty Ltd <sup>(iv)</sup>	Mauritius	-	100
FAR Kenya L6 <sup>(iv)</sup>	Mauritius	-	100
FAR Senegal 1 SA <sup>(iv)</sup>	Senegal	-	100

(i) FAR Ltd is the ultimate holding company and Head Entity within the Australian tax consolidated group.

(ii) These companies are members of the Australian tax consolidated group.

(iii) The Group commenced voluntary de-registration of these Companies during the year. Formal notification that FAR Holdings 2 Pty Ltd has been voluntarily dissolved has been received subsequent to the year end and FAR expects FAR Guinea-Bissau to be completed in the early part of 2022.

(iv) The Group received formal notification that these companies were voluntarily dissolved during the period.

## 25. NOTES TO THE CASHFLOW STATEMENT

### (a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the consolidated cash flows can be reconciled to the related items in the statement of financial position as follows:

	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
Cash at bank and on hand	12,469,058	554,028
Deposits at call	7,880,741	24,242,929
Term deposits	34,218,173	226,372
Cash at bank and on hand held in joint operations	1,066,237	910,242
	<b>55,634,209</b>	<b>25,933,571</b>

### (b) Financing facilities

The Group had no external borrowings at 31 December 2021 (31 Dec 2020 Nil).

### (c) Cash balances not available for use

Cash and cash equivalents held in joint operations are not available for use by the Group.

### (d) Restricted cash

The Company has US\$215,633 (31 Dec 2020: US\$226,372) in term deposits included in cash and cash equivalents that are not readily available for use by the Group. The term deposit is held as security over the Company' corporate head office lease in the form of a bank guarantee and the amount shall remain fixed for the term of the lease.

### (e) Reconciliation of loss for the period to net cash flows from operating activities

	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
Loss for the year	(44,782,402)	(91,134,008)
<i>Adjustments for:</i>		
Depreciation and amortisation of non-current assets	380,971	442,817
Foreign exchange loss/(gain)	1,986,893	(903,376)
Equity settled share-based payments	-	162,410
Payments for share capital return costs	98,231	-
Exploration expenditure expensed	28,793,138	-
Impairment of exploration and evaluation assets	2,692,212	-
Loss on remeasurement of discontinued operations of oil and gas properties	-	71,199,398
Finance costs related to discontinued operations	612,603	3,097,479
Loss on disposal of property, plant and equipment	-	3,176
Interest income	(41,426)	(216,625)
Payments related to discontinued operations	(15,481,949)	-
<b>(Increase)/decrease in assets:</b>		
Trade and other receivables	(293,361)	342,895
<b>Decrease/(increase) in liabilities:</b>		
Trade and other payables	159,175	(573,746)
Provisions for employee entitlements	(208,766)	61,609
<b>Net cash used in operating activities</b>	<b>(26,084,681)</b>	<b>(17,517,971)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## Cash and cash equivalents

Cash and cash equivalents include 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 on value, net of outstanding bank overdrafts.

## 26. FINANCIAL AND RISK MANAGEMENT

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate, risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Group's principal financial instruments are cash and short-term deposits. The Group also has other non-derivative financial instruments such as trade receivables, trade payables and lease liabilities.

The Group had no debt, and no finance facilities in place at 31 December 2021.

### Financial instruments

#### *(i) Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### *(ii) Classification and subsequent measurement*

##### Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- Fair value through Other Comprehensive Income (FVOCI) – debt instrument;
- FVOCI – equity instrument; or
- FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income (OCI). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.



#### Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

#### Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any in-terest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

#### Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### (iii) Derecognition Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

#### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### *(iv) Impairment*

#### Financial assets

##### Financial instruments and contract assets

The Group recognises loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised cost;
- debt instruments measured at FVOCI; and
- contract assets.

The Group also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

#### **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

#### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

#### **Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

### *(v) Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

### *(vi) Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### Financial assets and financial liabilities

The following table disclose the carrying value amounts of each category of financial assets and financial liabilities at year end:

	Amortised Cost US\$	Fair Value through profit or loss US\$	Fair Value through OCI US\$	Total US\$
<b>Year ended 31 Dec 2021</b>				
<b>Financial assets</b>				
Cash and cash equivalents	55,634,209	-	-	55,634,209
Trade and other receivables – current and non-current	440,020	-	-	440,020
Other financial assets – current and non-current	6,933	-	-	6,933
<b>Total Financial assets</b>	<b>56,081,162</b>	<b>-</b>	<b>-</b>	<b>56,081,162</b>
<b>Other financial liabilities</b>				
Trade and other payables – current	16,873,825	-	-	16,873,825
Lease liabilities – current and non-current	71,415	-	-	71,415
<b>Total Financial liabilities</b>	<b>16,945,240</b>	<b>-</b>	<b>-</b>	<b>16,945,240</b>
<b>Year ended 31 Dec 2020 – Restated</b>				
<b>Financial assets</b>				
Cash and cash equivalents	25,933,571	-	-	25,933,571
Trade and other receivables – current and non-current	231,396	-	-	231,396
Other financial assets – current and non-current	7,435	-	-	7,435
<b>Total Financial assets</b>	<b>26,172,402</b>	<b>-</b>	<b>-</b>	<b>26,172,402</b>
<b>Other financial liabilities</b>				
Trade and other payables – current	1,380,460	-	-	1,380,460
Liabilities associated with assets held for sale	34,343,721	-	-	34,343,721
Lease liabilities – current and non-current	507,057	-	-	507,057
<b>Total Financial liabilities</b>	<b>36,231,238</b>	<b>-</b>	<b>-</b>	<b>36,231,238</b>

### Fair values

In estimating fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is in accordance with accounting standards.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

The Directors consider that the carrying amounts of the financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair value and are categorised as Level 2 measurements.

	Carrying Amount		Fair Value	
	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
<b>Financial assets</b>				
Cash and cash equivalents	55,634,209	25,933,571	55,634,209	25,933,571
Trade and other receivables – current and non-current	440,020	231,396	440,020	231,396
Other financial assets – current and non-current	6,933	7,435	6,933	7,435
<b>Total Financial assets</b>	<b>56,081,162</b>	<b>26,172,402</b>	<b>56,081,162</b>	<b>26,172,402</b>

	Carrying Amount		Fair Value	
	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
<b>Other financial liabilities</b>				
Trade and other payables – current	16,873,825	1,380,460	16,873,825	1,380,460
Liabilities associated with assets held for sale	-	34,343,721	-	34,343,721
Lease liabilities – current and non-current	71,415	507,057	71,415	507,057
<b>Total Financial liabilities</b>	<b>16,945,240</b>	<b>36,231,238</b>	<b>16,945,240</b>	<b>36,231,238</b>

### (a) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern and as at 31 December 2021 has no debt or finance facilities in place. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and accumulated losses.

### (b) Financial risk management objectives

The Group's management provides services to the business, co-ordinates access to domestic and international financial markets, and manages the financial risks relating to the operations of the Group.

The Group does not trade or enter into financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the Board of directors.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates,

liquidity risk and commodity price risk. The Group does not presently enter into derivative financial instruments to manage its exposure to interest rate and foreign currency risk.

### (c) Foreign currency risk

The Group has certain financial instruments denominated in AUD which differs from the Group's functional currency which is denominated in USD. Consequently, the Group is exposed to the risk that the exchange rate of the USD relative to the AUD may change in a manner which has a material effect on the reported values of the Groups assets and liabilities which are denominated in AUD.

As at 31 December 2021, there were no foreign exchange hedge contracts in place. (31 Dec 2020: Nil)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities that are denominated in a currency other than the functional currency of the entity that holds the financial assets or financial liabilities at the reporting date is as follows:

	Consolidated	
	31 Dec 2021 US\$	31 Dec 2020 US\$ Restated
<b>Financial assets</b>		
Cash and cash equivalents	4,162,098	20,661,363
Trade and other receivables – current and non-current	13,064	90,742
<b>Total Financial assets</b>	<b>4,175,162</b>	<b>20,752,105</b>
<b>Other financial liabilities</b>		
Trade and other payables – current	187,347	249,430
Other financial liabilities – current and non-current	71,415	431,338
<b>Total Financial liabilities</b>	<b>258,762</b>	<b>680,768</b>

#### Foreign currency risk sensitivity

At the reporting date, the following summarises the sensitivity arising in respect of financial assets and liabilities, to a 10% movement (2020:10%) in the exchange rates if the Australia dollar had increased/decreased by 10% against the US dollar the Group's, with all other variables held constant net profit after tax would increase/decrease by:

	31 Dec 2021 US\$	31 Dec 2020 US\$
AUD/USD – 10% increase/(decrease)	391,640	1,998,287

#### (d) Commodity price risk management

The Group does not currently have any projects in production and has no exposure to commodity price fluctuations.

#### (e) Interest rate risk management

The Group is exposed to interest rate risk as it earns interest at floating rates from a portion of its cash and cash equivalents. The Group places a portion of its funds into short-term fixed interest deposits which provide short-term certainty over the interest rate earned.

Interest accrues on the default cash calls at the 1-month LIBOR for US Dollars plus 2 percentage points per annum.

As at 31 December 2021, there were no interest rate hedging in place. (31 Dec 2020: Nil)

#### Interest rate sensitivity analysis

If the average interest rate during the year had increased/ (decreased) by 100 basis points the Group's net profit after tax would increase/(decrease) by US\$414 (2020: US\$2,166).

#### (f) Credit risk management

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any provisions for expected losses, represents the Group's maximum exposure to credit risk.

The Group applies the simplified approach to providing or expected credit losses prescribed by AASB9, which permits the use of the lifetime expected loss provision for all trade receivables. Under this method, determination of the loss allowance provision and expected loss rate incorporates past experiences and forward-looking information. As the expected loss rate at 31 December is Nil (31 Dec 2020: Nil), no loss allowance provision has been recorded at 31 December 2021.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### (g) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

#### *Liquidity and interest risk tables*

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been prepared based on the undiscounted cash flows expected to be received/paid by the Group.

31 December 2021	Less than 1 month US\$	Maturity			Total US\$
		1-3 months US\$	3 month to 1 year US\$	1-5 years US\$	
<b>Financial assets</b>					
Non-interest bearing	18,032,735	-	6,933	-	18,039,668
Variable interest rate	3,823,321	-	-	-	3,823,321
Fixed interest rate	-	215,663	-	-	215,663
	<b>21,856,056</b>	<b>215,663</b>	<b>6,933</b>	<b>-</b>	<b>22,078,652</b>
<b>Financial liabilities</b>					
Non-interest bearing	16,873,825	-	-	-	16,873,825
Interest bearing – lease liabilities <sup>(i)</sup>	32,157	32,511	2,010	4,737	71,415
	<b>16,905,982</b>	<b>32,511</b>	<b>2,010</b>	<b>4,737</b>	<b>16,945,240</b>
<b>31 December 2020</b>					
<b>Financial assets</b>					
Non-interest bearing	1,695,666	-	7,435	-	1,695,666
Variable interest rate	24,242,929	-	-	-	24,242,929
Fixed interest rate	-	226,372	-	-	226,372
	<b>25,938,595</b>	<b>226,372</b>	<b>7,435</b>	<b>-</b>	<b>26,172,402</b>
<b>Financial liabilities</b>					
Non-interest bearing	35,707,962	6,488	9,731	-	35,724,181
Interest bearing – lease liabilities <sup>(i)</sup>	39,994	80,418	322,632	64,013	507,057
	<b>35,747,956</b>	<b>86,906</b>	<b>332,363</b>	<b>64,013</b>	<b>36,231,238</b>

(i) There are no financial liabilities that are longer than 5 years.



## 27. SHARE-BASED PAYMENTS

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services

received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

### Employee performance rights plan

The shareholders of the Company approved the Performance Rights Plan (PRP) at the annual general meeting held on 13 May 2016, prior to then the Company did not have a PRP. In accordance with the provisions of the approved plan, the board at its discretion may grant performance rights to any full-time or permanent part-time employee or officer, or director of the Company. All performance rights issued to directors are granted in accordance with a resolution of shareholders. Each Performance Right converts to one Ordinary Share on exercise.

The following share-based payment arrangements were in existence during the current and prior reporting periods:

Unlisted performance rights	Grant date	Vesting date	Expiry date	Exercise price A\$	No. of performance rights on issue 31 Dec 2021	No. of performance rights on issue 31 Dec 2020
FARAM <sup>(i)</sup>	14-Jun-18	31-Jan-21	31-Jan-23	-	-	9,353,000

(i) On 31 January 2021, the 3 year performance period for performance rights (FARAM) lapsed. Due to the share price decreasing by 7.2 cents over the performance period none of the 9,353,000 performance rights vested. The base price at the beginning of the performance period was 8.3 cents. The share price on 31 Jan 2021 (Test date) was 1.1 cents.

The performance rights are subject to the following vesting conditions:

- Absolute TSR: a measure of the TSR (share value plus dividends) achieved over the Performance Period; and
- Relative TSR: a measure of the TSR achieved over a given time period relative to the TSR return over the same time period for a comparable set of companies.
- Continuous service until the performance expiry date

### Absolute TSR

50% of the Performance Rights will be subject to an absolute TSR hurdle over the Performance Period and will be tested at 31 January (Test Date), 3 years after the start date. A TSR equal to a Compounded Annual Growth Rate (CAGR) of at least 15% per annum over the Performance Period is required in order for any of the Performance Rights to vest. The TSR is calculated by comparing the Base Price against the share price on the Test Date plus any dividends paid throughout the Performance Period, which is then computed into an equivalent per annum return.

For the purposes of the Absolute TSR test, the Board have elected to set the Base Price of FAR Shares as at 1 February, which is the 20-day VWAP preceding 1 February.

Absolute TSR performance:

- Above 25% CAGR, 50% of the performance rights granted will vest.
- Between 15% and 25% CAGR, pro-rata 25%-50% of the performance rights granted will vest.
- At 15% CAGR, 25% of the performance rights granted will vest.
- Less than 15% CAGR, no performance rights will vest.

### Relative TSR

The remaining 50% of the Performance Rights will be subject to a Relative TSR hurdle over the three year Performance Period to 31 January and will be tested at the end of this period. The TSR performance of FAR Shares will be compared to the TSR performance of all other shares in a comparator group, being the S&P/ASX Energy 300 Index, and Performance Rights will vest only if FAR's TSR performance is at least at the 50th percentile.

The Performance Rights also contain other provisions including the ability for the Board at its absolute discretion to determine that no relative TSR Performance Rights will vest if the Company's TSR performance is negative, change of control events and good and bad leaver provisions relating to unvested Performance Rights.

Relative TSR performance:

- At or above the 75th percentile, 50% of the performance rights granted will vest.
- Between 50th percentile and 75th percentile, pro-rata 25%-50% performances rights granted will vest.
- At 50th percentile, 25% performance rights granted will vest.
- Below 50th percentile, no performance rights will vest.

### Valuation of performance rights

Performance rights issued are measured at fair value at the date of grant and are expensed where there are no vesting conditions and in cases where a vesting restriction exists, recognised over the vesting period. In accordance with Australian Accounting Standards, fair value is determined using a generally accepted valuation model.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### Fair value of performance rights granted under the Performance Rights Plan

The performance rights were priced using the Monte Carlo pricing model with the following inputs:

	FARAM
Share price at grant date	14-Jun-18
Base Price	9.5 cents
Fair value	8.3 cents
Performance period start date	5.3 cents
Performance period end date	1-Feb-18
Expiry date	31-Jan-21
Exercise price	31-Jan-23
Volatility	A\$0.0
Dividend yield	37%
Risk free interest rate	-
Total life of performance rights	2.7%
Total life of performance rights	2.67 years

The fair value of the performance rights as at the date of grant are summarised as follows:

Performance rights	FARAM	
Performance Measure	Absolute	Relative
No. of performance rights	5,603,500	5,603,500
Price per performance rights	A\$0.0412	A\$0.0641
Fair value at grant date	A\$230,920	A\$358,947
Fair value at grant date – (USD)	US\$172,652	US\$268,374

### Movement in the number of performance rights issued under the Performance Rights Plan

	FARAM <sup>(ii)</sup>
Balance as at 1 Jan 2021	9,353,000
Lapsed during the year <sup>(i)</sup>	(9,353,000)
<b>Balance at 31 December 2021</b>	<b>-</b>

(i) Performance rights that did not vest due to performance conditions not being met lapsed during the year.

(ii) On 31 January 2021, the 3-year performance period for performance rights (FARAM) lapsed.

No performance rights were granted or exercised during the period. There are no outstanding performance rights in existence at reporting date.

### Share-based payment expense

Share-based payments expenses are included under employee benefits expense in the statement of profit or loss and other comprehensive income and relate to the performance rights component of equity-settled share-based payments transactions issued to a director, executives and other participants over the vesting period.

	Consolidated	
	31 Dec 2021 US\$	31 Dec 2020 US\$
<b>Unlisted performance rights</b>		
FARAN	-	10,898
FARAM	-	151,512
<b>Employee benefits – amortisation of performance rights</b>	<b>-</b>	<b>162,410</b>

## 28. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation of the KMP of the Group and the Company is set out below:

	31 Dec 2021 US\$	31 Dec 2020 US\$
Short-term employee benefits	1,673,015	1,972,793
Termination benefits	710,094	-
Post-employment benefits	129,993	98,001
Share-based payment	-	95,983
Other long-term benefits <sup>(i)</sup>	(59,992)	31,173
<b>Total</b>	<b>2,453,110</b>	<b>2,197,950</b>

(i) On 1 September 2021, C M Norman accepted a 30% salary reduction and P J Nicholls accepted a 10% salary reduction which resulted in a net adjustment to long service leave benefits.

The amounts disclosed above are the amounts recognised and included in corporate administration expense during the reporting period related to key management personnel.

## 29. RELATED PARTY DISCLOSURES

### Equity interests in related parties

#### *Equity interests in subsidiaries*

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 24 to the financial statements.

#### *Equity interests in associates and joint operations*

Details of interests in joint operations are discussed in Note 23.

## 30. PARENT ENTITY

### (a) Financial position

	31 Dec 2021 US\$	31 Dec 2020 US\$
<b>Assets</b>		
Current assets	42,829,354	152,839,020
Non-current assets	347,397	3,154,811
<b>Total Assets</b>	<b>43,176,751</b>	<b>155,993,831</b>
<b>Liabilities</b>		
Current liabilities	958,543	2,081,124
Non-current liabilities	18,722	24,511
<b>Total Liabilities</b>	<b>977,265</b>	<b>2,105,635</b>
<b>Equity</b>		
Issued Capital	381,826,933	439,623,308
Reserves		
– Share-based payments reserve	8,339,565	8,339,565
– Foreign currency translation reserve	(5,795,299)	(5,795,299)
Accumulated losses	(342,171,713)	(288,279,379)
<b>Total Equity</b>	<b>42,199,486</b>	<b>153,888,195</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### (b) Financial performance

	Year ended 31 Dec 2021 US\$	Year ended 31 Dec 2020 US\$
Loss for the year	(53,892,334)	(77,475,400)
Other comprehensive loss	-	-
<b>Total comprehensive loss</b>	<b>(53,892,334)</b>	<b>(77,475,400)</b>

### (c) Contingent liabilities of the parent entity

	31 Dec 2021 US\$	31 Dec 2020 US\$
<b>Contingent liabilities</b>		
Guinea-Bissau – contingent payment from future production	13,000,000	13,000,000
Guinea-Bissau – contingent withholding tax liability	567,811	567,811
	<b>13,567,811</b>	<b>13,567,811</b>

Refer to Note 22 for further details.

### (d) Commitments for capital expenditure entered into by the parent entity

There were no commitments for the acquisition of property, plant and equipment by the parent entity at year end.

Subsequent to the year end, the Company entered into a 5-year commercial lease for its corporate head office. The Company may terminate this lease with effect from 3 years. On 1 March 2022, the Company changed its registered address and place of business to Level 12, 530 Collins Street, Melbourne, 3000, Victoria, Australia.

## 31. REMUNERATION OF AUDITORS

	31 Dec 2021 US\$	31 Dec 2020 US\$
<b>Amounts paid or due to be paid in respect of:</b>		
Auditor of the Parent Entity – Deloitte Touche Tohmatsu:		
Audit or review of the financial report	115,560	122,405
Audit of joint operation financial statements	10,875	11,870
<b>Total remuneration of audit and other assurance services</b>	<b>126,435</b>	<b>134,275</b>
<b>Network firms of Deloitte Touche Tohmatsu:</b>		
Audit or review of the financial statements	20,905	21,145
<b>Total auditors' remuneration</b>	<b>147,340</b>	<b>155,420</b>

The auditor of the Group is Deloitte Touche Tohmatsu. The auditor did not receive any other benefits.

## 32. DIVIDENDS

The directors recommend that no dividend be paid for the year ended 31 December 2021 nor have any been paid or declared during the year (2020: NIL).

### 33. SUBSEQUENT EVENTS

On 31 January 2022, Samuel Terry Asset Management Pty Ltd as Trustee for Samuel Terry Absolute Return Active Fund (STAM) announced an off-market takeover offer to acquire all of FAR's shares at A\$0.45 cash per share and released a Bidder's Statement on that date. The offer opened on 14 February with an expected closing date of 14 March. The offer was subject to a number of conditions, including a minimum acceptance level of 50.1%.

On 4 February 2022 FAR's largest shareholder, Meridian Capital International Fund (Meridian), requested that FAR release a letter outlining Meridian's rejection of the STAM offer at the offer price of A\$0.45. Meridian's letter also suggested FAR consider a distribution of the rights to the RSSD contingent payment to shareholders on a pro-rata basis. FAR advised the market that it is investigating whether it can do so in an appropriate way and will update shareholders in due course.

On 21 February 2022 the Group released a review of the prospectivity of the A2 and A5 blocks offshore The Gambia, following the Bambo-1 drilling campaign in late 2021. The review resulted in the high grading of three of the four mapped prospects as detailed in the Operations Review.

On 23 February 2022 the Group released its Target's Statement in response to the STAM offer. The Target's Statement included FAR's Directors' recommendation to reject the offer and the Director's view that the offer materially undervalues FAR given FAR's current cash, the RSSD contingent payment of US\$55 million from Woodside and FAR's exploration assets. The Target's Statement also included an independent valuation of the RSSD contingent payment by PKF Corporate which assessed fair market value of the RSSD contingent payment to be in a range of US\$37.9 million to US\$40.1 million.

On 4 March 2022 STAM released a notice of defeating conditions and on 14 March the offer closed without the conditions of the offer having been satisfied or waived.

On 15 March 2022 the Group announced that it had commenced steps to withdraw from its interests in the Esperanca Blocks 4A and 5A and Sinapa Block 2 offshore Guinea-Bissau. The Group has already met the minimum financial commitments associated with the license, and there are no 2022 commitments in place, therefore FAR does not expect to incur any new material expenses related to these interests. FAR has impaired US\$2.7 million of capitalised costs associated with the Guinea-Bissau project in the 2021 year. The Group has previously disclosed a contingent liability of up to US\$13 million payable in the event of production, and a contingent withholding tax liability of US\$568k in the event of development, relating to the Guinea-Bissau interests (see Note 22). In the event of withdrawal FAR will not participate in any future development and production relating to these interests therefore the contingent liabilities will no longer exist.

The Directors are not aware of any matters or circumstances, other than those referred to in this report, that haven't significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Group in subsequent financial years.

## DIRECTORS' DECLARATION

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 3 to the financial statements;
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group; and
- (d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the directors



**Patrick O'Connor**

Chairman

Melbourne, 29 March 2022





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## Independent Auditor's Report to the members of FAR Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of FAR Limited (the 'Company') and its subsidiaries (the 'Group') which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Groups financial position as at 31 December 2021 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<b>Accounting for Assets Held for Sale and Discontinued Operations</b>	
<p>In July 2021, the Group completed the sale of its interest in the RSSD project to Woodside, with a net consideration received of US\$126.4m.</p> <p>Significant judgement was required by management in relation to the presentation and disclosure of the discontinued operations in the Statement of Profit or Loss and Other Comprehensive Income and in the Statement of Financial Position, as well as in relation to the relevant information included in related notes.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Assessing the appropriateness of the classification between Loss from Discontinued Operations and Loss from Continuing Operations in the Statement of Profit or Loss and Other Comprehensive Income;</li> <li>Assessing the appropriateness of the classification between Assets Held for Sale and Oil and Gas Assets, between Liabilities related to Assets Held for Sale and other liabilities in the Statement of Financial Position;</li> <li>We also assessed the appropriateness of the disclosures in Note 9 to the financial statements.</li> </ul>
<b>Accounting for Exploration and Evaluation Costs</b>	
<p>During the year ended 31 December 2021 the Group incurred US\$31.9 million in exploration and evaluation (E&amp;E) costs, which were initially capitalised pending evaluation of the drilling results, and which were subsequently expensed during the period. In addition, the Group also impaired a previously capitalised amount of US\$2.7 million related to the Guinea-Bissau asset as disclosed in Note 8.</p> <p>Significant judgement is required by management in determining whether E&amp;E costs are expected to be recouped through successful development and exploitation of the area of interest or by future sale or that the activities in the area of interest have not reached the point that a reasonable assessment of economically recoverable reserves can be made.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Assess the key processes and controls associated with the allocation of E&amp;E costs between assets and expenses;</li> <li>Test E&amp;E expenditure on a sample basis to assess the nature of the costs incurred and to assess the classification between assets and expenses;</li> <li>Confirming the rights to tenure of the areas of interest are current and challenging management's consideration of the ability to recoup the capitalised costs through future development or sale of the area of interest; and subsequent impairment of assets;</li> <li>Confirming whether exploration activities for the area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed, or if impairment is appropriate</li> <li>We also assessed the appropriateness of the disclosures in Note 8 and 14 to the financial statements.</li> </ul>

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Groups annual report for the year ended 31 December 2021 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### *Report on the Remuneration Report*

##### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 18 to 24 of the Directors' Report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of FAR Limited, for the year ended 31 December 2021 complies with section 300A of the Corporations Act 2001.

##### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Vincent Snijders  
Partner  
Chartered Accountants  
Perth, 29 March 2022

## SHAREHOLDER INFORMATION

Pursuant to the Listing requirements of the Australian Securities Exchange the following additional information for Listed Companies as at 25 March 2022.

### Number of holders of equity securities

#### Ordinary Shares

The issued capital comprised of 99,790,492 ordinary shares held by 9,425 holders.

Distribution of shareholder numbers	Number of Holders	Number of Units	% of Total Issued Capital
1	-	1,000	6,042
1,001	-	5,000	2,217
5,001	-	10,000	535
10,001	-	100,000	577
100,001 and over			54
Total	9,425	99,790,492	100.00

	Number of Holders	Number of Units	Minimum Parcel Size
Holding less than a marketable parcel	4,947	1,055,884	633

Substantial Shareholders	Number of shares	% of Issued Capital
MERIDIAN CAPITAL	19,244,082	19.28
FARJOY PY LTD	5,144,633	5.16

Twenty largest shareholders – ordinary shares as at 25 March 2022	Number of shares	% of Issued Capital
CITICORP NOMINEES PTY LIMITED	27,492,247	27.55
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	13,850,148	13.88
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,541,048	5.55
FARJOY PTY LTD	5,144,633	5.16
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	2,642,483	2.65
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	2,312,084	2.32
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	1,504,067	1.51
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,144,982	1.15
MR OLIVER LENNOX-KING	756,479	0.76
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	727,810	0.73
TOAD FACILITIES PTY LTD <JP NETTLETON/TOAD S/F A/C>	685,286	0.69
KNOX ENTERPRISES INTERNATIONAL PTY LIMITED <KNOX ENTERPRISES SUPER A/C>	675,000	0.68
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	623,757	0.63
MR GARRY COLIN KING	528,075	0.53
COMSEC NOMINEES PTY LIMITED	504,455	0.51
MR FREDERICK BART	483,754	0.48
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	482,770	0.48
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	455,049	0.46
MR JASON KHOO	426,204	0.43
PIAT CORP PTY LTD	400,000	0.40
	66,380,331	66.52

### Voting rights

Voting rights of members are governed by the Company's constitution. In summary, each member present at general meeting in person or by proxy shall have one vote and, upon a poll, every such attending member shall be entitled to one vote for every ordinary share held.

### DIRECTORS

Patrick O'Connor  
(Non- Executive Chairman)

Robert Kaye SC  
(Non-Executive Director)

Alan Stein  
(Non-Executive Director)

### COMPANY SECRETARY

Elisha Larkin

### REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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Email: [info@far.com.au](mailto:info@far.com.au)

### SHARE REGISTRY

Computershare  
Investor Services Pty Ltd

Yarra Falls

452 Johnston Street

Abbotsford Victoria 3067

Telephone: +61 (0) 3 9415 4000

Facsimile : +61 (0) 3 9473 2500

Website: [www.computershare.com.au](http://www.computershare.com.au)

### STOCK EXCHANGE LISTING

Australian Securities Exchange

ASX Code: FAR

### BANKERS

Westpac Banking Corporation  
150 Collins Street

Melbourne Victoria 3000

Australia

Standard Chartered Bank Gambia Limited

8 Ecowas Avenue

Banjul, The Gambia

### SOLICITORS

Baker & McKenzie

Level 19, 181 William Street

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