

17 February 2021

ASX Announcement & Media Release

Lukoil Non-Binding Indicative Proposal

Overnight, FAR Limited (ASX: FAR) received a conditional non-binding indicative proposal from PJSC Lukoil, one of the world's largest publicly traded energy companies, to acquire 100% of the shares of FAR at A2.2c cash per share ("Lukoil Proposal"). Lukoil is headquartered in Russia. The Lukoil Proposal values FAR at A\$220 million.

FAR cautions that the Lukoil Proposal is not a legally binding offer, it is subject to targeted and timely corporate due diligence on FAR, it is subject to final Lukoil board approval, and that there is no certainty that the Lukoil Proposal will necessarily eventuate. Accordingly, care needs to be used in assessing the Lukoil Proposal.

Lukoil has stated that the price proposed by it represents a higher value for FAR shareholders than both the proposed sale of the RSSD project to Woodside Energy (Senegal) BV and the incomplete proposal from Remus Horizons PCC Limited. FAR has not received a binding offer from Remus.

Lukoil has stated that the Lukoil Proposal will be funded from available internal cash reserves and that any formal binding offer would not include any financing conditions.

Lukoil has stated that the Lukoil proposal is conditional (amongst other things) on:

- The FAR shareholder meeting to consider approving the sale of the RSSD project to Woodside scheduled for Thursday 18 February 2021 being rescheduled.
- Obtaining minimum acceptances of 50.1% of shares and a FAR board recommendation.

Lukoil has stated that it does not believe it requires FIRB approval for the transaction and that it does not anticipate requiring any other regulatory approvals as a condition of the transaction. Lukoil has stated that it has a deep understanding of the RSSD Project as it has previously completed due diligence and entered into an agreement to acquire an interest in the RSSD Project from Cairn Energy Plc which was subsequently pre-empted by Woodside.

In these circumstances, FAR has determined to postpone the shareholders meeting currently scheduled for 18 February 2021. This will enable FAR to clarify the status of the Lukoil Proposal. FAR will advise the rescheduled date as soon as this has been determined, noting that the Lukoil Proposal has only just been received. FAR will provide further information to shareholders prior to the shareholders meeting being held, and shareholders who have already voted will have the opportunity to change their vote if they wish.

Lukoil has stated that it is open to providing reasonable financing support to allow FAR to come out of default in relation to its RSSD Project cash call defaults once its proposal is unconditional subject to customary conditions being agreed. As previously announced by FAR, FAR is in default with respect to its January 2021 cash call of US\$19.9 million. FAR is also in default with respect to its February 2021 cash call of US\$24 million. As previously announced by FAR, it has until mid July 2021 to remedy defaults or risk losing its interest in the RSSD Project.

Lukoil has advised that it has funds which are readily available for deployment if its offer proceeds. Lukoil has stated that it recognises that its offer would need to be unconditional well in advance of the Woodside long-stop date for its sale (which as previously announced is early June 2021 or such later date as agreed).

FAR has appointed Baker McKenzie to advise in relation to the Lukoil Proposal.

This announcement has been authorised for release by the FAR Board.

For more information please contact:

FAR Limited
Cath Norman Managing Director
Angelique Callegari Investor Relations

T: +61 3 9618 2550
F: +61 3 9620 5200
E: info@far.com.au

Level 17, 530 Collins Street
Melbourne VIC 3000 Australia
far.com.au