Far Resources acquires 26% of BATTMAT USA

Far Resources Ltd. {TSX.V: FAT}

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Mr. Toby Mayo reports

FAR RESOURCES ACQUIRES 26% OF BATTMAT USA, SECURING INCREASED AND GUARANTEED RIGHTS TO ANY FUTURE REVENUES FROM BATTERY TECHNOLOGY INCUBATOR.

Far Resources Ltd. and partners BattMat Technologies (BM) and Electric Blue Power (EBP) have formed BattMat USA Corp (BMUSA), in which Far now has a 26.1-per-cent shareholding. BMUSA is a Delaware corporation that will advance and commercialise technologies that arise from the Far/BM/EBP joint venture, commencing initially with the VAB Controller, the first technology developed by Lee Wheelbarger, EBP's chief technology officer.

As reported, the VAB Controller – a system for managing batteries and other vehicle functions in cold and other challenging conditions, as well as management of related vehicle data – is currently entering precommercial testing. The majority of funds contributed to date by Far will be used for testing prototypes on a variety of vehicle types in various weather and use case scenarios (see news dated Jan. 22, 2020, and Jan. 30, 2020).

Murray Seitz, Far's director of strategy, explains: *"We have been working closely with BattMat and Electric Blue Power and their principals for several months in determining the optimal business structure to develop the technologies funded by Far to commercialisation. All three parties have agreed to the formation of BMUSA as the appropriate vehicle. With early commercial success of the VAB Controller, the need for future*

funding may be decreased, while still allowing Far, through its ownership of BMUSA, to receive the benefits of future products and projects based on its current ownership stake, without necessitating its funding of a given future technology (subject to possible dilution in favour of third party funding).”

Through its investment of $77,500 (U.S.), which has been used principally toward development of the VAB Controller, Far’s stake in BMUSA has been increased to 26.1 per cent. Far has the first right to invest an additional $121,500 to thereby increase its ownership and hence its share of all future revenues to approximately 34 per cent. Far will continue to have the first right to provide, or to arrange through third parties for, financing for additional technologies so as to further increase its BMUSA ownership stake. Far, BM and EBP will own positions in BMUSA, which will hold licences from EBP for the technologies financed through BMUSA. The terms of this agreement will supersede the agreement announced by Far on July 23, 2019.

As long as required minimum payments are made to EBP by BMUSA, BMUSA will continue to have a first right to advance, license and commercialise technologies and products from EBP benefiting Far as its shareholder. If Far declines to provide required financing, BMUSA can proceed to obtain financing from third parties.

EBP president and chief technology officer Lee Wheelbarger remarked: *“Reliable funding is critical to the development of the EBP products, allowing us to focus more on product development and less on financing. Working with Far, BM and the groups they bring to the table has been invaluable in*

developing the VAB Controller for the benefit of Far and EBP and we only see the benefits of this relationship growing.”

Far also announces that Eddy Yu is stepping down as the company’s chief financial officer for personal reasons. Mr. Yu joined the team to assist with the company’s turnaround and restructuring over the last year. Far would like to thank Mr. Yu for his hard work and wishes him well in future endeavours.