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FIRST AUSTRALIAN RESOURCES LIMITED

Incorporated in Western Australia

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ASX ANNOUNCEMENT AND MEDIA RELEASE

GULF COAST OF USA- TERRY EWING NO 2 WELL

CLEAR BRANCH FIELD, JACKSON PARISH, NORTH LOUISIANA (FAR 9.375%)

A Guichard Drilling Company (Lafayette) Land Rig has arrived on location to drill the Terry Ewing No 2 well. The well is expected to spud today and will take approximately 25 days to reach planned total depth of approximately 10,000 feet. The well will be operated by Hilcorp Energy Company, of Houston, Texas. An existing sales line and associated production equipment lies within 200 feet and will enable early production should the well be successful.

Provided the Terry Ewing No 2 well is placed into production from the Hosston formation, the existing No 1 wellbore will be reentered to complete the normally pressured James Lime formation from 6,930 to 6,946 feet which currently sits behind pipe.

A new proposal has also been put to the participants to participate in a farmout of a deep (15,500 foot) Cotton Valley test on the leases. Encouragement for this proposal is based on Anadarko drilling and completion activity to the North (Vernon Field) where over 50 wells have been drilled in the "Lower" Cotton Valley. FAR is currently considering the proposal which, if successful, would see an industry partner pick up the likely US\$3 million well cost.

FAR was a participant in the initial discovery well, the Terry Ewing No.1, drilled during the third quarter of 2000, and which discovered 46 feet of Hosston sand porosity with bottom hole pressure ranging from 3100 to 3300 psi. Logs and reservoir tests indicate these sands to be very permeable.

During the completion phase of the Terry Ewing No 1 well, the Hosston sands were damaged beyond repair such that a replacement well is needed to recover the estimated 8 billion cubic feet of gas remaining. The Operator conducted a study of six field wells in the Yellow and Orange Hosston Sands to determine how those wells performed based on similar pressure data measured in the Terry Ewing well. The average per well flow rate determined by the study was 3.1 million cubic feet per day suggesting better rates are possible with a replacement well.

The Terry Ewing No 1 well is currently producing approximately 200 thousand cubic feet of gas per day and holds the 640 acre lease around the wellbore. FAR has a 9.375 percent interest in the No 1 well, associated production equipment and proposed No 2 well.

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