FIRST AUSTRALIAN RESOURCES LIMITED

ACN 009 117 293

NOTICE OF GENERAL MEETING

and

EXPLANATORY MEMORANDUM

and

PROXY FORM

Date of Meeting:	Wednesday 30 June 2004
Time of Meeting:	10.30am
Place of Meeting:	First Australian Resources Limited Level 1, 87 Colin Street West Perth, Western Australia

This Notice of General Meeting and Explanatory Memorandum should be read in their entirety. If members are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

FIRST AUSTRALIAN RESOURCES LIMITED

ACN 009 117 293

EXPLANATORY MEMORANDUM

1. INTRODUCTION

The purpose of the Explanatory memorandum is to provide shareholders with an explanation of and information in relation to the proposed resolutions to be put to the meeting. The explanation and information are provided pursuant to ASX Listing Rules 7.4, 7.1 and 13.11.

2. Resolution 1 – Ratification of Placement.

During June 2004, the Company intends placing up to 17,500,000 Shares and up to 17,500,000 attaching free July 2005 Options to investors pursuant to a Prospectus dated 25 May 2004. ("the Issue") The 17,500,000 Shares will be issued at an issue price of 6.2 cents each. The Options will be issued for no consideration but on exercise of an Option a subscription price of 7 cents each is payable.

The Issue expects to raise $1,085,000 if fully subscribed. The funds raised pursuant to the Issue will be used to help fund the exploration activities of the Company, in particular the drilling of the Lake Long Deep well in Louisiana, the Muggles-1 well offshore Carnarvon Basin, the Stokes Bay No 1 well, onshore Canning Basin, the Eagle No 2 well, California and further costs evaluating the results of recent drilling offshore China; and to improve the Company's working capital position. No allowance has been made for possible development costs that might follow the results of successful exploration.

The purpose of seeking shareholder approval for the Issue (which may or may not have already been made by the meeting date) is to ratify the Issue so as to reinstate the maximum limit under the Listing Rules on the number of Equity Securities that the Company may issue in any 12 month period without shareholder approval.

At the time of issuing this Notice of Meeting, it is expected that by the date of the meeting, the Shares and Options referred to in Resolution 1 will have been issued. However, it is possible that unanticipated factors may delay their issue until after the meeting. Accordingly, if the Shares and Options are not issued prior to the meeting date, the Company seeks in Resolution 1 authorisation for the post meeting issue of the Shares and Options referred to in Resolution 1 as an alternative to ratification of the Issue. If the Issue is not completed prior to the meeting, the shares and options will be issued within three months thereafter by progressive allotments.

The shares to be issued under the Issue will rank pari passu with the Company's existing shares on issue while the Options represent the same class as existing options on issue, namely 31 July 2005 options. The terms and conditions of the Options are shown in Schedule 1.

All directors recommend that shareholders vote in favour of resolution 1.

The intended allottees of the Shares and Options under the Issue will be existing shareholders in the Company to the extent they wish to participate and thereafter to clients of Hartleys Limited who are the Brokers to the Issue.

3. Resolutions 2(a) and 2(b) - Approval of Participation of Directors in Placement

Each of Michael John Evans and Warwick Robert Grigor are "related parties" for the purposes of Australian Stock Exchange Limited Listing Rule 10.11.1 by virtue of being directors of the Company.

Approval is sought in relation to those directors to enable them to participate in the overall Issue should they choose to do so. Any funds raised by virtue of the participation of the directors will be used for the same purpose as other funds raised by the Issue (i.e. as set out in the paragraph 2 above).

The free attaching Options referred to in Resolutions 2(a) and (b) will be issued on terms identical to the terms of those issued to other persons participating in the Issue (i.e. the terms set out in Schedule 1). The Shares and Options will be issued to Directors participating in the Issue within 7 days of the meeting, if approved.

4. GLOSSARY OF TERMS

In this Explanatory Memorandum the following expressions have the following meanings:

"ASIC" means the Australian Securities and Investments Commission.

"Associate" has the meaning given to it by Division 2 of Part 1.2 of the Corporations Act.

"ASX" means Australian Stock Exchange Limited.

"Business Day" has the meaning ascribed to that term in the Listing Rules.

"Equity Securities" means equity securities as defined in the Listing Rules.

"FAR" means First Australian Resources Limited **ACN 009 117 293**

"Directors" means the directors of FAR from time to time.

"Listing Rules" means the listing rules of ASX.

"Meeting" means the general meeting of shareholders of FAR convened by this Notice.

"Notice" or **"Notice of Meeting"** means the notice of general meeting which accompanies this Explanatory Memorandum.

"Option" means an option to subscribe for Shares with each option exercisable at 7 cents on or before 31 July 2005 and otherwise on the terms set out in Schedule 1 to this Explanatory Memorandum.

"Prospectus" means the prospectus issued by the Company dated 25 May 2004.

"Resolution" means a resolution referred to in the Notice of Meeting.

"Security" means a fully paid ordinary share in the capital of FAR.

"Share" means a fully paid ordinary share in the capital of FAR.

By order of the Board

Albert Brindal
Company Secretary

25 May 2004

SCHEDULE 1

TERMS AND CONDITIONS OF NEW OPTIONS

The terms and conditions of the Options referred to in this Explanatory Memorandum are as follows:

1. The options will expire on 31 July 2005 ("**Expiry Date**").

2. The exercise price of each option is 7 cents if exercised on or before 31 July 2005. ("**Exercise Price**").

3. Each option exercised will entitle the holder to one Share in the capital of the Company.

4. The options may be exercised at any time prior to the Expiry Date, in whole or in part, upon payment of the Exercise Price per option.

5. Exercise of the options is effected by completing the notice of exercise of options form and forwarding it to the Company, together with payment of the relevant Exercise Price.

6. All Shares issued upon exercise of the options will rank pari passu in all respects with the Company's then existing Shares.

7. There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of the options. Subject to paragraph 8, an optionholder is required to exercise the options in order to participate in any new issue of securities offered to Shareholders by the Company for subscription on a pro rata basis. Optionholders will be provided written notice of the terms of the pro rata offer to Shareholders and afforded that period of time as required by the Listing Rules of ASX before the record date to determine entitlements to the offer to exercise their options.

8. If from time to time, on or prior to the Expiry Date the Company makes a bonus issue of securities to the holders of Shares in the Company (a "**Bonus Issue**"), then upon exercise of his or her options an optionholder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) that number of securities which would have been issued to him or her under that bonus issue if the options had been exercised before the record date for the Bonus Issue.

9. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, on or prior to the Expiry Date, the options will be reorganised in accordance with the Listing Rules of ASX.

10. Options are transferable, subject to the requirements of the Listing Rules of ASX concerning any options classified as restricted securities.

11. Shares allotted and issued pursuant to the exercise of an option will be allotted and issued not more than 14 days after the receipt of a properly executed notice of exercise of option and the application monies. The Company will apply for official quotation of Shares issued pursuant to the exercise of options, in accordance with the Listing Rules.

12. Application will be made for official quotation of the options on ASX.

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Shareholders of First Australian Resources Limited will be held at 10.30am on Wednesday 30 June 2004 at the Registered Office, First Floor, 87 Colin Street, West Perth, Western Australia 6005.

ORDINARY BUSINESS

To consider and if thought fit, to pass the following resolutions (with or without amendment) as ordinary resolutions:

1. Ratification or Approval of Placement

"That, in accordance with Australian Stock Exchange Limited Listing Rule 7.4 and all other purposes, the members of the Company hereby approve the issue and allotment prior to the meeting of 17,500,000 Shares ("**Shares**") and 17,500,000 attaching free Options expiring 31 July 2005 ("**Options**") at a price of 6.2 cents per Share to those persons referred to in Section 2 of the Explanatory Statement attached to this Notice of Meeting, or, in the event that the Shares and Options have not been issued by the date of the meeting, that in accordance with Australian Stock Exchange Limited Listing Rule 7.1 and for all other purposes the members of the Company approve the issue and allotment of following the meeting of the Shares and Options".

> The Company will disregard any votes cast on this resolution by any person who participated or who may participate in the issue and any associate of any such person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Approval of Participation of Directors in Placement

(a) "That, shareholders approve pursuant to Australian Stock Exchange Limited Listing Rule 10.11, and for all other purposes the issue of up to 600,000 Shares ("**Shares**") at 6.2 cents per share and up to 600,000 attaching free Options expiring 31 July 2005 ("**Options**") to **Michael John Evans** on the terms and conditions contained in the Explanatory Statement attached to this Notice of Meeting".

2. Approval of Participation of Directors in Placement (cont)

The Company will disregard any votes cast on the above resolution by:

- any of Michael John Evans, or
- an associate of that person

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

(b) "That, shareholders approve pursuant to Australian Stock Exchange Limited Listing Rule 10.11, and for all other purposes, the issue of up to 1,000,000 Shares ("**Shares**") at 6.2 cents per share and up to 1,000,000 attaching free Options expiring 31 July 2005 (**"Options"**) to **Warwick Robert Grigor** on the terms and conditions contained in the Explanatory Statement attached to this Notice of Meeting".

The Company will disregard any votes cast on the above resolution by:

- any of Warwick Robert Grigor, or
- an associate of that person.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board

Albert Brindal
Company Secretary

25 May 2004

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Explanatory Memorandum

This notice of General Meeting should be read in conjunction with the accompanying Explanatory Memorandum, which forms part of this Notice of General Meeting

Voting Entitlement

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that the shareholding of each shareholder for the purposes of ascertaining the voting entitlements for the General Meeting will be as it appears in the Share Register at 10.30 am (WST) on Monday 28 June 2004.

Proxies

A shareholder has the right to appoint a proxy, who need not be a member of the Company. If a shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the proportion or number of votes each proxy is entitled to exercise. The Proxy Form must be deposited at the Company's Registered Office, Level 1, 87 Colin Street, West Perth, WA, or by facsimile to the Company on (08-9322-5116) or electronically to admin@farnl.com.au no later than 48 hours before the meeting.