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FIRST AUSTRALIAN RESOURCES LIMITED

Incorporated in Western Australia

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ASX ANNOUNCEMENT AND MEDIA RELEASE

ACTIVITY UPDATE

Welder Ranch Gas Project, Victoria County, Texas (FAR 9%)

The Vaquero #2 well, the second well in FAR's Welder Ranch program is presently drilling ahead below 6,000 feet using Nabors Drilling Land Rig 520 after running 13 3/8 inch surface casing to 2,500 feet.

The Welder Ranch Vaquero #2 is an offset to the recently drilled Esenjay Bell #4 (in which FAR has no interest) which lies approximately 1,200 feet to the north. The Vaquero #2 well will test for Deep Wilcox gas objectives and has a planned total depth of approximately 17,000 feet. Drilling duration of the #2 well is approximately 45 days on a trouble free basis.

A completion rig has arrived on the Welder Ranch Vaquero #1 well location to evaluate and test several zones of interest between 9,000 and 14,000. Completion attempts will first be made in certain of the deeper geopressed sands evident on well logs, which, if productive, may require fracture stimulation.

The results of testing will be made available at the end of the program. Until the results of production testing are known it is not possible to determine the potential of the Vaquero #1 well.

The Vaquero #1 and #2 wells are located on an area of mutual interest comprising 1,000 acres of the Welder Ranch lease, in Victoria County, South Texas.

Under the terms of the agreement FAR will pay 9 percent of the drilling and completion cost of the Vaquero #2 well to earn a 9 percent working interest.

For further information please contact:

Tel: +61-8-9322-3939
Fax: +61-8-9322-5116
E-mail: info@far.com.au
Website: www.far.com.au