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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 Update

Following is an extract of a release made overnight by the operator confirming new production from the Vaquero # 2 well in the United States.

Dune Energy, Inc. Announces New Production on Welder Ranch

HOUSTON, Texas, August 4, 2005 - Dune Energy, Inc. ("Dune" or the "Company") (AMEX: DNE), reported today that the Vaquero #2 well, drilled on Dune's Welder Ranch property in Victoria County, Texas, was put on production on August 1, 2005, and is presently flowing at a rate of 2.0 MMcfe/d. Dune intends to frac the Vaquero #2 in approximately one month, at which time management believes that there will be a very significant increase in production. Dune holds a 51.9% net working interest in the Vaquero #2.

FORWARD-LOOKING STATEMENTS: This document includes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning estimates of expected drilling and development wells and associated costs, statements relating to estimates of, and increases in, production, cash flows and values, statements relating to the continued advancement of Dune Energy, Inc.'s projects and other statements which are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although Dune Energy, Inc. believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Important factors that could cause actual results to differ from these forward-looking statements include the potential that the Company's projects will experience technological and mechanical problems, geological conditions in the reservoir may not result in commercial levels of oil and gas production, changes in product prices and other risks disclosed in Dune's Annual report on Form 10-KSB filed with the U.S. Securities and Exchange Commission.

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 original agreement FAR has earned a 9 percent working interest in both the Vaquero #1 and #2 wells. FAR has subsequently elected to increase its working interest in the Vaquero #1 well to approximately 9.69%.

Commenting on the announcement by Dune, executive Chairman, Michael Evans said

> *"With gas prices around the US$8.00 per million cubic foot mark it is pleasing to add the Vaquero #2 to the production stream. We look forward to increasing this rate further once the fracture treatment is undertaken. Work is also progressing at Lake Long where the SL 328 #2 well has been perforated with test results expected early next week."*