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FIRST AUSTRALIAN RESOURCES LIMITED

Incorporated in Western Australia

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ASX ANNOUNCEMENT AND MEDIA RELEASE

The following release was made to the market today by the Operator, ROC Oil:

ROC-LED JOINT VENTURE MOVES TOWARDS DEVELOPMENT OF BEIBU GULF OILFIELDS, OFFSHORE CHINA

KEY POINT

- A consortium of Australian companies, led by ROC, has moved towards the development of its oil discoveries offshore China, with the release today of details of a just completed Appraisal Report.
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SUMMARY

- ROC's wholly owned subsidiary, Roc Oil (China) Company, operator of the Block 22/12 Joint Venture, advises that it has completed the Appraisal Report ("the Report") for the Wei 6-12 South and Wei 6-12 oilfields in the Beibu Gulf, offshore China. The Report has been submitted to the Chinese government authorities with a view to moving the fields towards commercial development.
- Based upon the oil in-place figures in the Report and model-generated recovery factors, it is estimated that the recoverable oil at the Wei 6-12 South and Wei 6-12 oilfields ranges from a most likely case of 19 MMBO to an upside case of 27 MMBO.
- The Report does not address an additional 10 MMBO most likely estimate for the recoverable oil in the undrilled Sliver and Footwall prospects which are adjacent to the Wei 6-12 South Field.
- The Joint Venture is now moving towards the commercial development of the fields via a formal Front End Engineering and Design ("FEED") phase, due to commence in late 1Q 2007 and a Final Investment Decision ("FID"), expected in 2H 2007. Subject to normal industry caveats, including timely receipt of government approvals, availability of contractors and the cost of goods and services, this schedule could lead to first oil production by 2009. In order to progress the development concept as quickly as possible, the Joint Venture has already sanctioned work that would normally be conducted as part of a formal FEED process.

BACKGROUND

The Report only addresses the in-place oil at the Wei 6-12 and Wei 6-12 South fields, without reference to the five mapped prospects which lie within 4 km of these fields nor to the other four known oil accumulations in the southern part of the permit. The Report's key point is:

- Reservoir modelling indicates the most likely oil in-place for the two known fields is 56 MMBOIP, with a combined upside oil in-place of 78 MMBOIP. Approximately 80% of the in-place oil is contained within the Wei 6-12 South Field.

Application of simulation model-generated recovery factors of approximately 35% for Wei 6-12 South and 25% for Wei 6-12 accumulations, suggest that the most likely estimate of combined recoverable oil from these two fields is 19 MMBO, which could increase subject to reservoir optimisation. The potential upside recoverable oil volume for the two fields is 27 MMBO.

It is anticipated that initial production from the potential development of the Wei 6-12 and Wei 6-12 South fields will range from 10,000 BOPD to 15,000 BOPD. Assuming current oil prices, the fields' productive life could span 10 years.

When the most likely oil in-place estimate for the two known fields (Wei 6-12 South and Wei 6-12) is combined with the equivalent estimate for the two adjacent, undrilled, prospects (Sliver and Footwall) contained in the Independent Expert's Report which accompanied ROC's November 2006 Rights Issue Prospectus, the total most likely oil in-place for the four featured Wei Oil Field Complex is approximately 83 MMBOIP; with an upside potential of 108 MMBOIP. Subject to the successful drilling of the Sliver and Footwall prospects, the most likely total recoverable oil estimate for these four features is 29 MMBO; with an upside potential of 37 MMBO.

The Wei 6-12 South and Wei 6-12 production facilities would be designed to accommodate potential oil accumulations in the Sliver and Footwall prospects and the three other, higher risk, prospects which lie within four kilometres of the Wei 6-12 South Oil Field. According to the Independent Expert's Report referred to above, these three other prospects have a mapped in-place P50 oil potential of approximately 150 MMBOIP.

The design of the Wei 6-12 South and Wei 6-12 production facilities would also allow for future expansion to accommodate the potential development of the other four oilfields in the southern part of the Block. Unlike the oil in the northern part of the permit, the oil in these four southern fields is relatively heavy and viscous but these fields represent a large potential resource with an estimated P50 oil in-place of about 240 MMBOIP, as documented in the Independent Expert's Report referred to above.

Commenting on the Appraisal Report ROC's Chief Executive Officer stated that:

"The results of the Appraisal Report are consistent with previous public statements by ROC. They pave the way for a move towards a cornerstone commercial development that could trigger a number of add-on development opportunities. Until now the difficulty with our activities in the Beibu Gulf has been getting the first cab to move off the rank and while we are not quite at that point just yet, we have certainly

taken a big step in that direction. If the optimum schedule is maintained, the development of the Beibu fields will dovetail very neatly into ROC's production and development activities in the Bohai Bay."

The Block 22/12 Joint Venture comprises*:

Roc Oil (China) Company	40% and Operator
Horizon Oil Limited	30%
Petsec Energy Ltd	25%
Oil Australia Pty Ltd**	5%

**The China National Offshore Oil Company ("CNOOC") is entitled to participate up to a 51% funding equity level in any commercial development within Block 22/12.*

*** A subsidiary of First Australian Resources Ltd.*

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