

# First Australian Resources Ltd

*"World Class Leverage"*

**AGM Presentation**

**May 2009**

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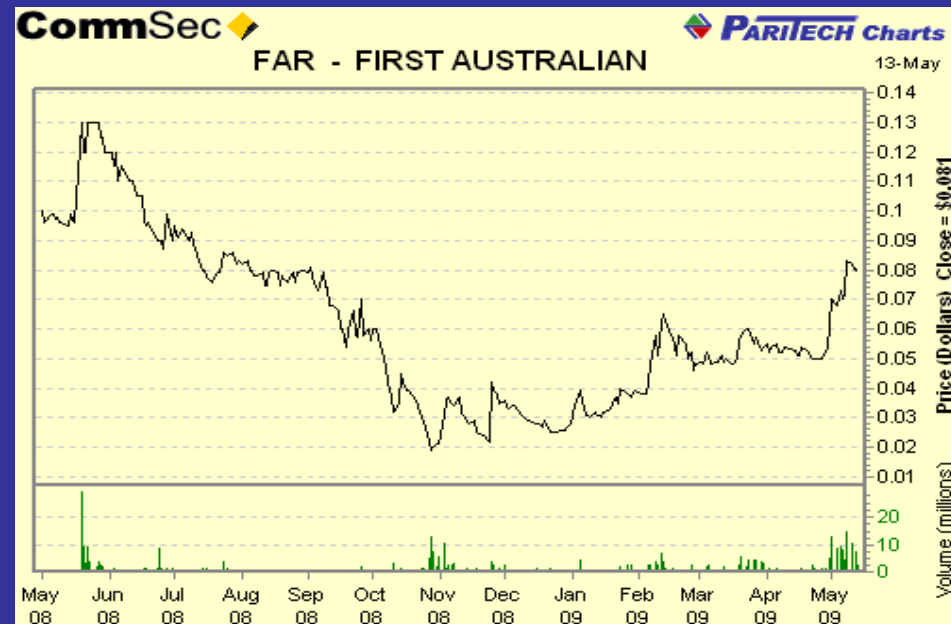
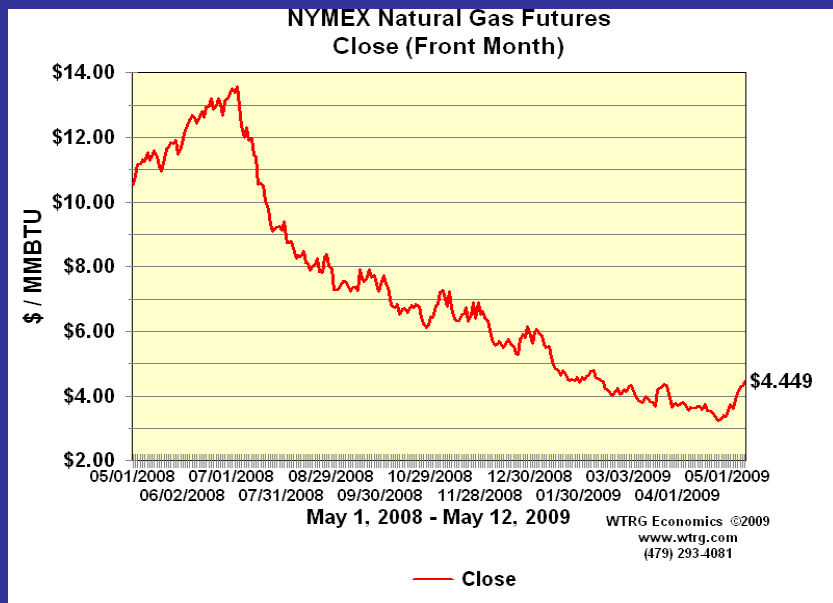
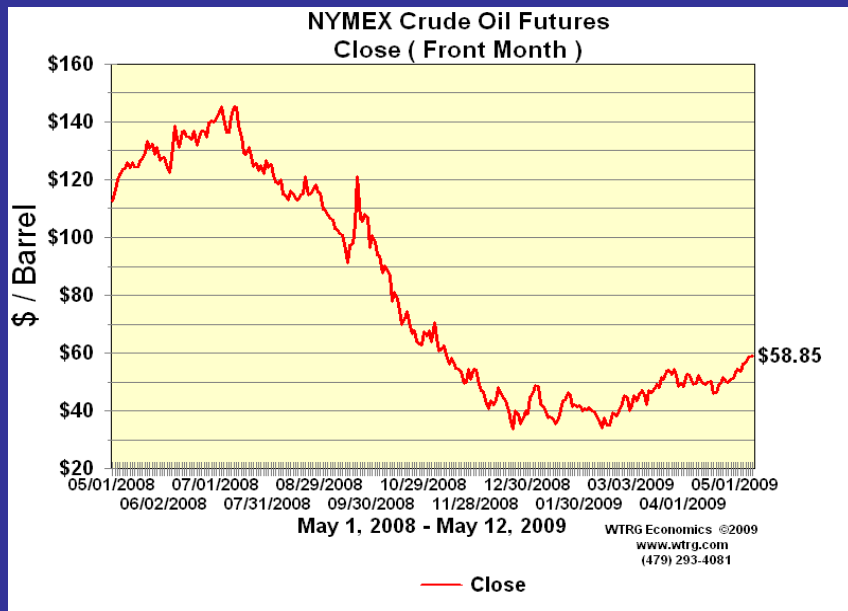
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- By its very nature exploration for oil and gas is a high risk business and is not suitable for certain investors. FAR securities are speculative. Potential investors should consult their stockbroker or financial advisor.

# Overcoming Adversity

# What Confronted FAR Late 2008:

- Sudden withdrawal by Hunt
- Senegal Licence expiry
- Global oil and gas price collapse
- Global Finance Market Meltdown
- Impending China Cash Calls
- Maturing Convertible Note
- Institutional sell down



# What FAR did – Goals we set:

- Secure an extension on Senegal
- Acquire Hunt's 60% and take on Operations
- Locate a farm-in partner for Senegal
- Secure Senegal Regulatory Consents
- Reduce Expenditures and Commitments
- Sell China and eliminate development calls
- Roll the Convertible Note
- Strengthen the Balance Sheet

# Our Success Rate In Meeting These Goals

100%

# A Case Study in Finding a Major – What it takes!

In excess of 100 email exchanges

Execution of a Confidentiality Agreement

Exchange of 250 Gigabytes of Seismic data

Months of due diligence and technical review

2 non binding letters of intent

Multiple teleconferences across 4 continents and multiple time zones

8 working drafts of Agreement

In excess of 200,000 air kilometres travelled

160 days from first expression of interest to formal execution of Agreement

Final Agreement 63 Page Document with 17 licence related appendages

Exchange of documents and files aggregating 1,826,075,001 bytes of permit data

# A Case Study in Finding a Major – What it takes! (part 2)

Multiple face to face meetings involving Ministries, Senior Executives of Shell, EMGS and Directors of National Oil Company of Senegal conducted in 3 languages.

Multiple approvals within Major including:

New Ventures

Global Exploration

Global Business Development

Project Acquisitions and Divestments

Africa Exploration

Commercial

A raft of Vice presidents

High Level Legal review

Peer review

Pre approvals from Ministries in Senegal including Energy, Fisheries, Navy, Military , Ports and Secretary of Interior

Approvals from neighbouring Gambia to cross into territorial waters

“While we were bedding down Senegal we were running concurrent negotiations for the sale of our offshore China interests - a project with a negative NPV on date of sale”

“We were also cutting costs and reducing expenditures:”

CEO took a 20% pay cut

Admin Mgr a 30% pay cut

Senior geological consultant 25% cut

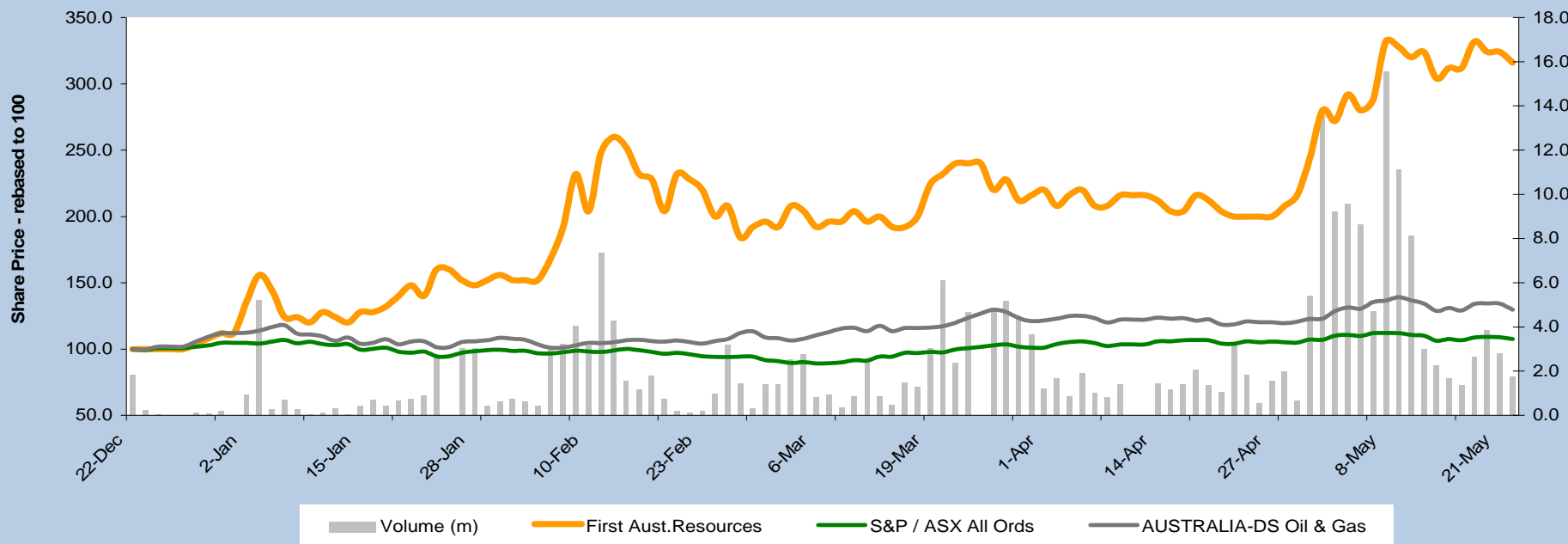
Audit Fees were frozen

Discretionary spending moved toward zero

All travel within Australia to discount economy

Numerous other cost measures

**“Market Recognition Followed”**

**SHARE PRICE VERSUS INDEX & PEERS**
**PERFORMANCE CHART (22 DEC 08 - 22 MAY 09)**

**PERFORMANCE TABLE (22 DEC 08 - 22 MAY 09)**

	Price	Change	% Change	% YTD Change	Mean PE FY01	EV/EBITDA FY01	Mkt Cap (A\$m)
<b>First Aust.Resources</b>	<b>A\$ 0.08</b>	<b>0.05</b>	<b>216.00</b>	<b>182.14</b>	NA	NA	<b>51.04</b>
Karoon Gas Australia	A\$ 5.64	2.41	74.61	55.37	NA	NA	839.19
Carnarvon Petroleum	A\$ 0.61	0.35	130.19	87.69	17.43	NA	417.04
Nido Petroleum	A\$ 0.15	0.06	74.42	61.29	18.75	5.92	157.62
Roc Oil Company	A\$ 0.61	0.10	19.61	22.00	29.94	3.11	358.70
<b>Average</b>			<b>102.97</b>	<b>81.70</b>			
S&P / ASX All Ords	A\$ 3,755.40	263.10	7.53	2.60			
AUSTRALIA-DS Oil & Gas	A\$ 2,439.19	558.47	29.69	15.85			

# Overview of FAR today - after meeting goals

- SHELL joins FAR on world class offshore Senegal Project
- Senegal Project has multiple prospects ranging from around 200 million mean potential barrels oil in place to greater than 1 billion mean potential barrels oil in place
- Strong foothold in North America
- Strong balance sheet opens door to new opportunities flowing from global financial crisis and lower oil price
- Excellent Leverage to high impact exploration

## Capital Structure (May 2009)

Shares on issue	646,088,344
Share price	7 cents
Market capitalisation	\$49,748,802
Cash on hand*	\$13,150,000
Convertible Notes (6.6m, 15%, 31 Jan 2012, convert at \$0.45 per share)	\$2,977,665
Enterprise value	\$39,576,467
Unlisted options on issue (exp 2008-12; ex \$0.05 to \$0.30)	33,000,000

## Share Price Performance Since 1 July 2008



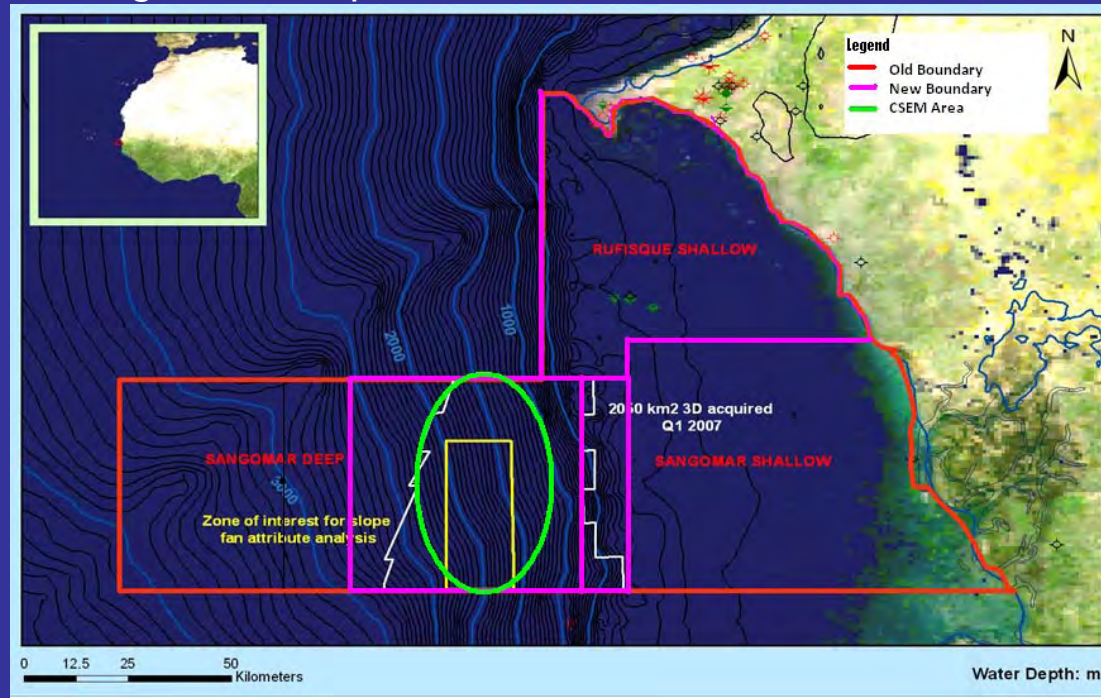
\*includes Shell 's option payment of US\$3.4m expected 3<sup>rd</sup> Qtr but excludes further staged payments from sales of China asset (est. \$A8.5m), less \$350k of debt

# Senegal

# Offshore Senegal, West Africa

- FAR (90%) Operator - only ASX entry in this world class play offshore Senegal
- Petrosen (NOC) (10%) – SHELL may earn 70% by carrying FAR for 20% in a well
- Currently in 2<sup>nd</sup> phase of license with extension through to November 2009
- The Sangomar-Rufisque offshore licence (3 concessions) covers an area of 7,490 sq km over the shelf, slope, and basin floor
- Prospects derived from 3D seismic include:

Aptian shelf edge prospect with mean potential exceeding **1 billion** barrels of oil in place  
Santonian age fan prospects with mean potential exceeding **180 million** barrels of oil in place from a single fan complex

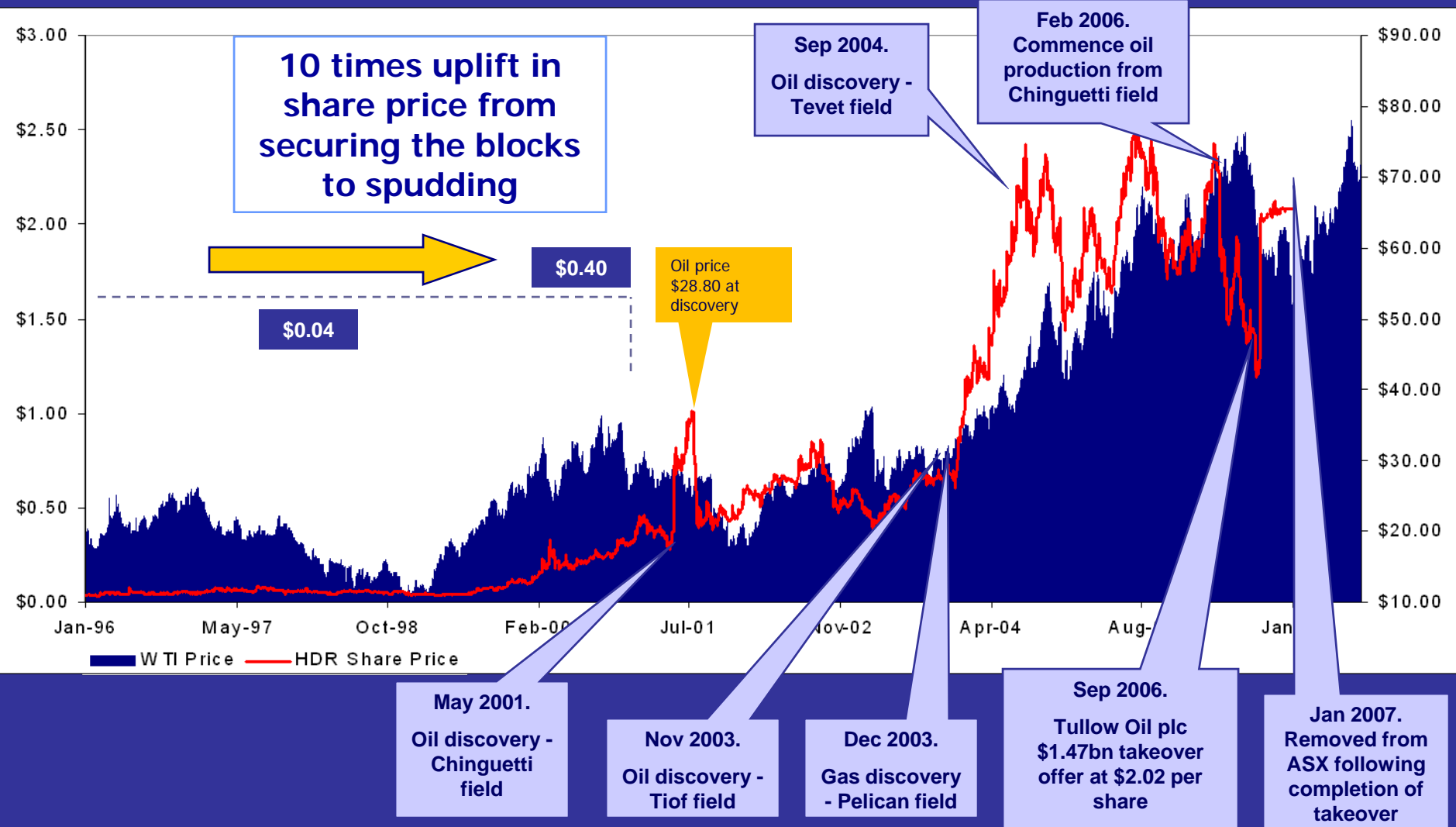


Location of FAR Blocks

# Case Study – Hardman Resources with Oil Price Overlay

Senegal gives FAR the opportunity to replicate the success of Hardman Resources

Hardman market cap \$10 million in 1999, market bid of \$1.5 billion by Tullow Oil Plc in 2006 (started with adjacent Mauritania Project)



# Boa Thalassa – purpose built CSEM vessel at Port Dakar Senegal



# Senegal – Stable Environment

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- Dakar, capital city of Senegal and former capital of French West Africa, is located on the westernmost point of Africa, and is known as a gateway to the African continent
- A semi-arid country, with a population estimated at more than 10 million, has some of the best transportation, telecommunications and communication infrastructure in West Africa.
- Many companies use Senegal as a regional center for their West Africa operations. With continued instability in Cote d'Ivoire, there has been relocation of regional operations from Abidjan to Dakar over the past four years
- Senegal is one of Africa's most politically and economically stable countries. Since independence from France in 1960, Senegal has been a functioning democracy. Free and fair elections in 2000 brought President Abdoulaye Wade to power, ending 40 years of Socialist Party rule and was re-elected Feb 2007
- Senegal's economy has grown consistently at rates close to 5% since the mid-1990s.
- Contract terms are among the best in the world, and were recently improved as a result of the government reducing the tax rate to 25%

# Senegal 3D Proves-up Massive Prospects

- Acquired 2050 km<sup>2</sup> 3D seismic at a cost of US\$14 million in 2007
- 3D interpretation and Slope fan attribute work completed Q1 2008
- FAR moves to 90% and becomes Operator December 2008
- Government Approves CSEM Program April 2009
- Controlled Source Electro Magnetic (CSEM) program imminent
- Multiple Santonian age fan systems with stacked amplitude anomalies
- A very large Albian to Neocomian shelf edge closure (up to 178 km<sup>2</sup>) > 1 billion barrels potential
- Adjacent Turonian source rock kitchen in oil window

SANTONIAN AGE FAN – SINGLE FAN/SINGLE RESERVOIR POTENTIAL

	OOIP	AREA	NET PAY	Φ	K
	MMBO	ACRES	FT	%	mD
P90	5	400	15	8	50
<b>Mean</b>	<b>183</b>	<b>3855</b>	<b>102</b>	<b>17</b>	<b>200</b>
P10	516	10,000	225	25	1000

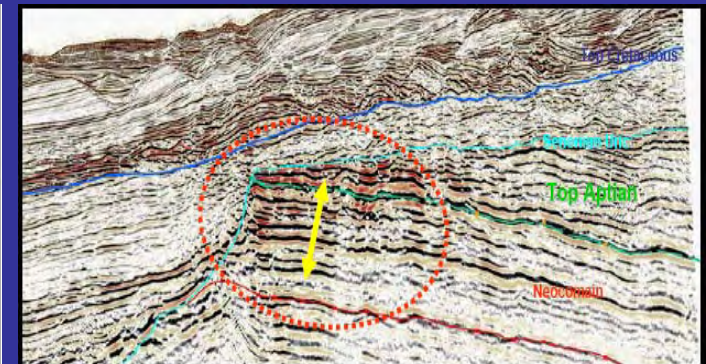
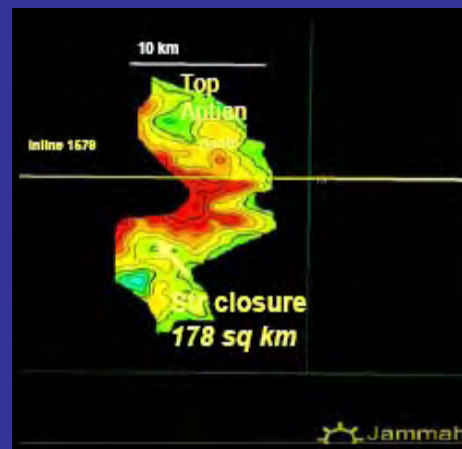
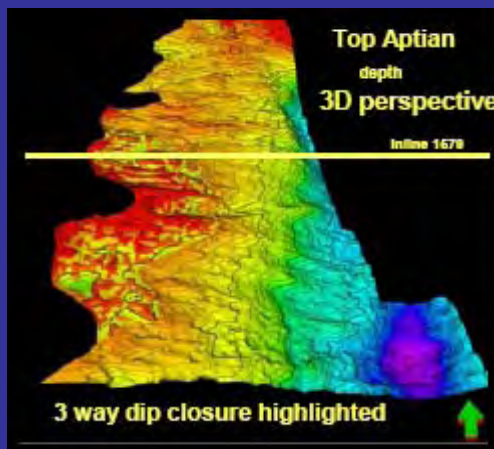
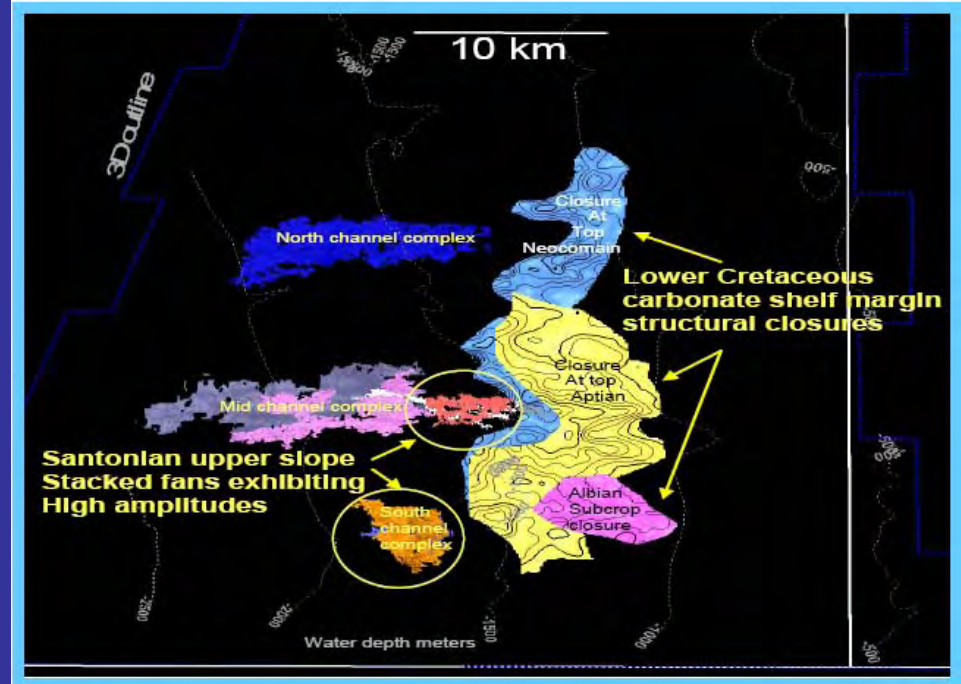
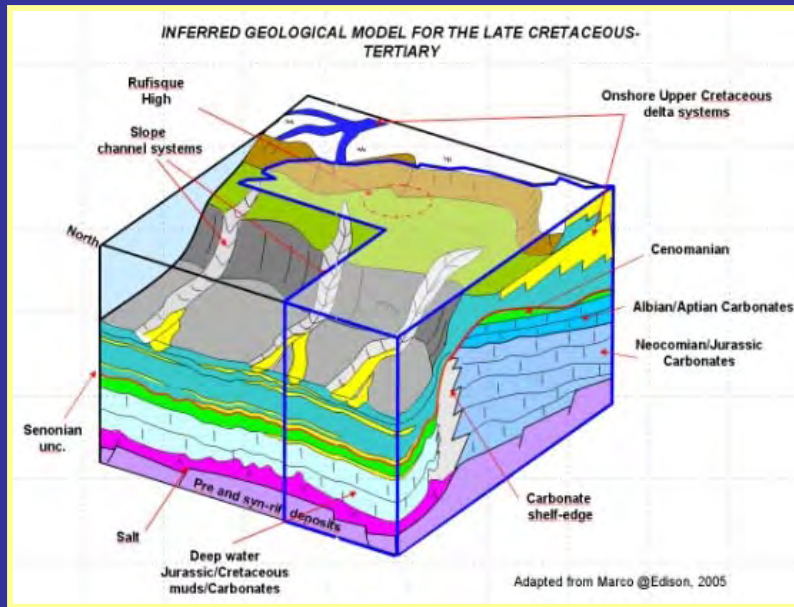
Water Depth:	1650 m	(5400')	<b>Analogue:</b> Cantarell Field: Offshore Campeche, Mexico		
Depth to target:	3700 m	(12,140')	<b>Reservoir Rock:</b> Carbonate Breccia		
Well TVD:	4100 m	(13,450')	<b>Depositional Environment:</b> Carbonate Platform/ Slope		
			<b>Trapping Mechanism:</b> Combination-Structural & stratigraphic		
			<b>Age of Reservoir:</b> Early Cretaceous		
			<b>Gross reservoir thickness:</b> 290m		
			<b>Porosity &amp; type:</b> 3-5 % Vugs, intercrystalline spaces & fractures		
			<b>Produced:</b> 7.861 Billion bbls oil		

SHELF EDGE CLOSURE – POTENTIAL

	OOIP	AREA	NET PAY	Φ	K
	MMBO	ACRES	FT	%	mD
P90	40	4,000	16	3.6	50
<b>Mean</b>	<b>1128</b>	<b>22,925</b>	<b>172</b>	<b>7</b>	<b>1000</b>
P10	3082	54,550	452	10	10000

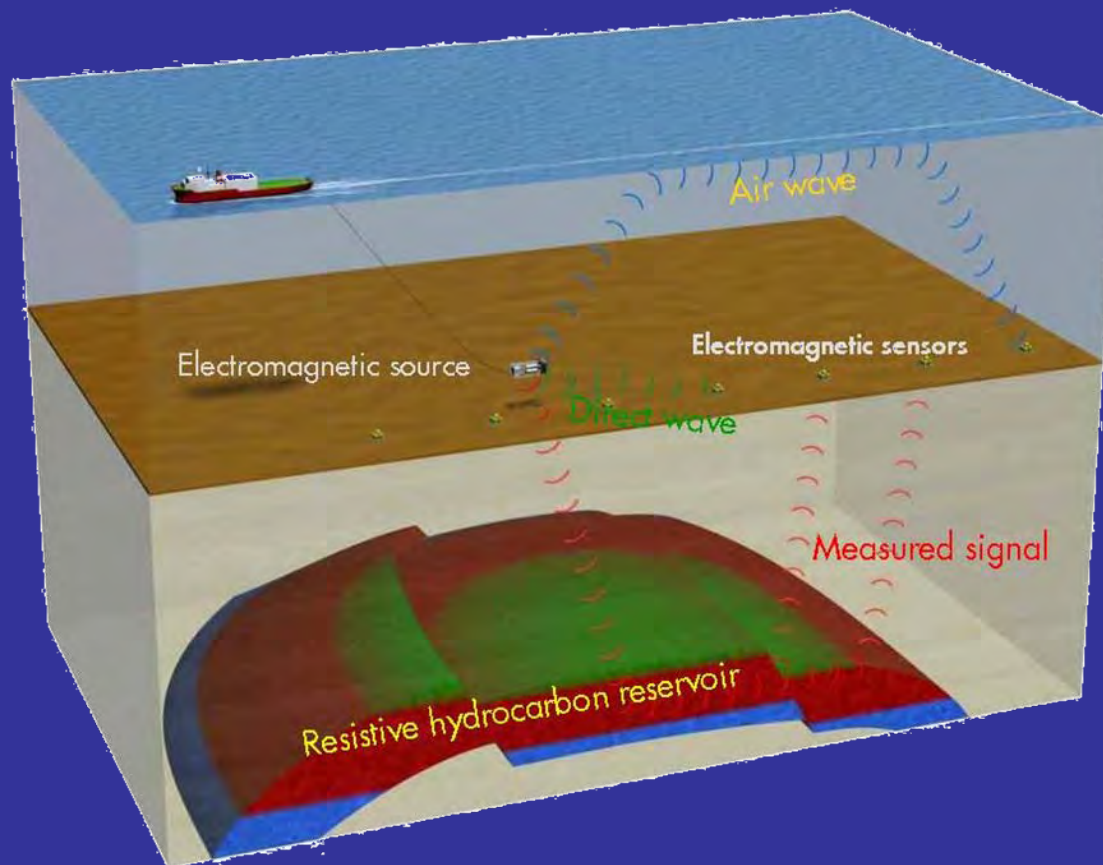
Water Depth:	1300 m	(4250')	<b>Analogue:</b> Amposta Field: Spain		
Depth to target:	2800 m	(9180')	<b>Basin:</b> Western Mediterranean		
Well TVD:	4000 m	(13,100')	<b>Basin Type:</b> Back Arc		
			<b>Reservoir Rock:</b> Karstic Limestones		
			<b>Depositional Environment:</b> Carbonate Platform		
			<b>Trapping Mechanism:</b> Tilted Horst		
			<b>Age of Reservoir:</b> Early Cretaceous		
			<b>Net reservoir thickness:</b> 194m (636ft)		
			<b>Porosity &amp; type:</b> Karstic fractures and vugs		
			<b>Proved Acres:</b> 903hc		
			<b>Ultimate recoverable:</b> 55.96 mm bbl oil		

# Senegal Targets



# A Brief Overview of Marine Controlled-Source EM

The CSEM technique aims to map the resistivity up to 2 - 3 km below the sea floor to help identify potential hydrocarbon accumulations.



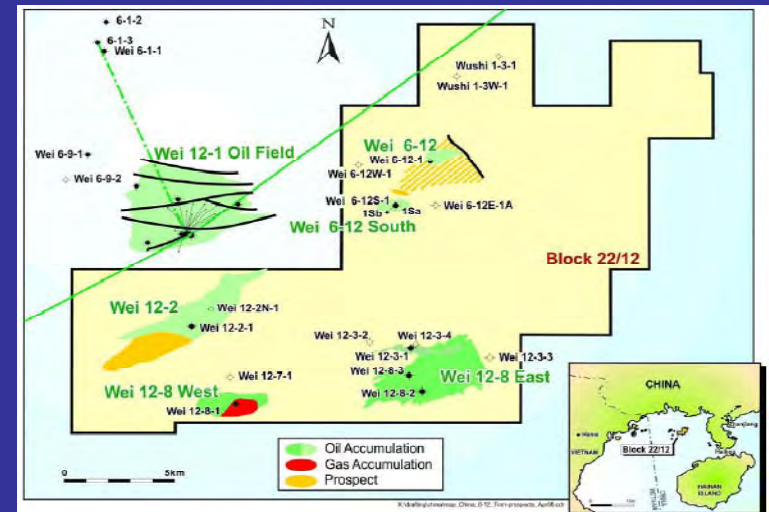
# China

# Offshore China Block 22/12 Sold

FAR 5%\* sold to Korean Group in April 2009 for US\$ 8million payable:

- US\$2 million received
- US\$3 million upon approval of an Oilfield Development Program (“ODP”) or if commercial development of the project proceeds
- US\$3 million once the project has produced 1 million barrels of oil (gross).

*“Another milestone for FAR enabling focus on other opportunities that generate greater leverage for Shareholders”*



\* (CNOOC has option to 'back in' to any discovery at an equity level up to 51%.)

# North America

# US Gulf Coast & Alberta, Canada

- FAR has built a mature exploration and production business in the US over almost two decades of doing business in Texas and Louisiana, and in 2005 established an office in Houston, Texas
- FAR's primary focus in the US has recently been on near ground floor opportunities
- 3D acquisition with multiple objectives onshore Gulf Coast (FAR 34%). Drilling of prospects at NE Waller in Aug 2008
- 3D acquisition at Wild River, Alberta, Canada (FAR 30%)
- FAR produced 37,133 boe in 2008
- FAR has prudently reduced expenditures while natural gas prices are at current lows
- FAR is poised for rebound in activity



# Summary

# Summary

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- FAR has a 90% interest in 3 concessions offshore Senegal:
  - 2,050 sq km of 3D processed data
  - mapped multiple prospects including:
    - 3D defined Aptian shelf edge prospect, mean potential exceeding **1 billion** barrels of oil in place; and
    - Fan systems such as 3D mapped Santonian age fan prospects with mean potential exceeding **180 million** barrels of oil in place from a single fan complex
- SHELL and FAR reached exploration agreement on Senegal
  - CSEM commencement imminent
  - objective of maturing a well for drilling with FAR free carried for 20%
- Ground floor opportunities in North America, meaningful targets to be drilled
- Strong balance sheet with no significant expenditure commitments
- With a market capitalisation of circa A\$50 million and \$13 million in cash, FAR provides unique leverage to a world class interest offshore West Africa

A satellite view of Earth at night, showing the Americas illuminated by city lights against a starry space background. The text "More info at www.far.com.au" is overlaid in white.

**More info at [www.far.com.au](http://www.far.com.au)**