



ABN 41 009 117 293

FIRST AUSTRALIAN RESOURCES LIMITED

Incorporated in Western Australia

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ASX ANNOUNCEMENT AND MEDIA RELEASE

FAR APPOINTED OPERATOR WITH 90% WORKING INTEREST AND FURTHER FARMOUT OFFER RECEIVED FOR SENEGAL BLOCKS

Offshore Senegal, West Africa

FAR is pleased to announce that following meetings held in Dakar last week it has received formal approval from Petrosen (Senegal's National Oil Company), to increase its working interest to 90 percent and assume Operatorship under the Contract for Exploration and Hydrocarbon Production Sharing covering the Rufisque and Sangomar and Sangomar Deep offshore blocks.

Following meetings with Petrosen, a meeting was also held with the Minister of Energy for the Republic of Senegal to confirm FAR's appointment as Operator, its increased working interest and to provide an activity update since Ministerial approval of a one year extension to the First Renewal Period was granted.

FAR is pleased to advise that following the grant of the extension and as foreshadowed in earlier ASX releases it has received a third written offer from a major to participate in the exploration of these offshore blocks. Negotiations are continuing.

The increased interest in the blocks has placed FAR in a stronger negotiating position in the farmout process that was delayed by the need to obtain an extension.

As previously advised:

- farm in offers have been obtained from industry participants with access to rigs and proven capacity to operate deepwater wells;
- the joint venture has met all obligations under the first renewal period and have spent US\$17 million being twice the minimum amount specified under the Contract;
- FAR and its co-venturer Petrosen have acquired one of the largest 3D surveys off the northwest coast of Africa covering an area exceeding 2,000 square kilometres resulting in a high quality data set that has been processed into a world class seismic volume leading to the identification of several plays and drillable prospects;
- The work has been accomplished as rapidly as possible with due care and attention to detail resulting in the several offers received.

FAR is seeking to be free carried through the drilling of the first exploratory well.

For information on FAR's drilling activities visit our website at www.far.com.au

NOTE: In accordance with Chapter 5 of the Listing Rules, the geological information in this report has been reviewed by Dr Igor Effimoff, a geologist with 35 years experience. He is a member of American Association of Petroleum Geology, the Society of Petroleum Engineers, the Society of Exploration Geophysicists and the Geological Society of America. Dr Effimoff has given his consent to the information in the form and context in which it appears.