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Pages: 7

SECOND QUARTER ACTIVITY REPORT TO 31 DECEMBER 2003

THE COMPANY'S ACTIVITIES

1) GOLD EXPLORATION

COPPER/GOLD EXPLORATION UPCOMING DRILLING PROGRAM MYALL CREEK COPPER DEPOSIT, SOUTH AUSTRALIA (EBR Earning 75% Interest)

Introduction

Eagle Bay Resources N.L has signed a letter of agreement with Minotaur Resources Limited regarding a farm-in to a copper/gold prospect located at Myall creek, which is strategically located in the Olympic Dam Copper-Gold Province. This mineral belt is about 400 kilometres long, stretching from Minotaur's Prominent Hill discovery in the north, through the Olympic Dam, Mount Gunson and Cattlegrid mines to the old Wallaroo and Moonta mines in the south. The Myall Creek deposit is approximately half way between Olympic Dan and Moonta/Wallaroo, and is considered highly attractive as access restrictions have prevented any significant deep drilling in the area

Proposed Drilling Program

Continuous contact is being maintained with both local and federal officers of the Department of Finance and Administration (DOFA) for access to the drill site. It has been confirmed by DOFA that the Department of Defence does not own the mineral rights and a draft approval letter has been received but final access is contingent on receipt of a Form D Access Approval from the Department of Defence. This form has been outsourced and is expected in the next quarter.

2) OIL AND GAS EXPLORATION

GIPPSLAND BASIN OFFSHORE VICTORIA (EBR 100% and Diluting) VIC/P47

Drill Program

Two separate 3D Seismic surveys (including a survey by Esso Australia Limited) at a cost of some \$6 million have now been completed at no cost to Eagle Bay within VIC/P47. Bass Strait Oil Company Limited (BSOC) has exercised its option over VIC/P47 and is

required to drill the Moby prospect with the next available rig and prior to 27 February 2004 estimated to cost \$3.75 million, to earn a 75% interest in the permit. To extend this date BSOC would need Government approval which would normally require a firm contractual commitment to the next available drilling rig in order to satisfy the Government work obligations on the permit. BSOC has selected Labrador-Petro-Management Pty Ltd as contractor to provide drilling management services to BSOC for the well, and is planning for late February 2004 to issue a fully underwritten prospectus to be sub underwritten to the extent of A\$1 million by EBR to raise the required drilling funds.

In VIC/P41 BSOC has further committed to pay the cost of a 250²km 3D seismic survey (estimate A\$3 Million) to satisfy the Year 5 work commitment on that permit. This will increase BSOC equity in the permit to 75% with Eagle Bay 25% free carried.

3) ULEY GRAPHITE MINE (EBR 100%) PORT LINCOLN SOUTH AUSTRALIA

History of Company's Graphite Mine

The Uley Graphite project contains a world class resource of high grade flake graphite. The deposit is sufficient to support a mine life in excess of 100 years. Uley is located 23km from Port Lincoln and is well served by existing infrastructure including an established deep water port.

With rapid capacity increase in Chinese steel production more robust demand for graphite is expected in the near future so we have returned the mine to care and maintenance.

4) OIL EXPLORATION PERMITS WA 331P, EP423 AND TP-21

In the northern shelf these have been transferred to Icon Energy Ltd who will assume all exploration commitments.

The information contained in this Activity Report as it relates to mineralisation is based on information compiled by Mr A Rechner who is a Director of the Company and a competent person as described in Appendix 5A to the ASX Listing Rules. The report accurately reflects the information compiled by Mr Rechner. Mr Rechner has been involved in several oil discoveries in his 30 years as a geologist including as operations manager for West Australian Petroleum and Chevron Oil in North Africa. Mr Rechner's previous involvement as Chairman and Managing Director of Windsor Resources NL, Brunswick NL and Geographe Resources Ltd resulted in these company's evolving from small explorers to major producers at Mount Percy, Galtee More and Chalice respectively.

For Further Information Please Contact

Anthony Rechner
Chairman

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97.

Name of entity

Eagle Bay Resources NL

ACN or ARBN

051 212 429

Quarter ended ("current quarter")

31 December 2003

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(86)	(159)
(b) development	(23)	(36)
(c) production	-	-
(d) administration	(100)	(170)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	18	25
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Reallocation to financing	-	-
1.8 Net GST Refund/(Paid)	(16)	(8)
Net Operating Cash Flows	(207)	(348)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(207)	(348)

1.13	Total operating and investing cash flows (brought forward)	(207)	(348)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2411	2411
1.15	Proceeds from sale of forfeited shares	–	–
1.16	Proceeds from borrowings	–	–
1.17	Repayment of borrowings	–	–
1.18	Dividends paid	–	–
1.19	Capital raising costs	(129)	(129)
	Net financing cash flows	2282	2282
	Net increase (decrease) in cash held	2075	1934
1.20	Cash at beginning of quarter/year to date	621	762
1.21	Exchange rate adjustments to item 1.20	–	–
1.22	Cash at end of quarter	2696	2696

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	63
1.24	Aggregate amount of loans to the parties included in item 1.10	–

1.25 Explanation necessary for an understanding of the transactions

Fees for Technical and management services
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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	–	–
3.2 Credit standby arrangements	–	–

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	65
Total	115

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	81	80
5.2	Deposits at call	2615	541
5.3	Bank overdraft	–	–
5.4	Other (provide details)	–	–
Total: cash at end of quarter (item 1.22)		2696	621

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	EP 423 & TP 21	15%	Nil
		WA 331P	25%	Nil
6.2	Interests in mining tenements acquired or increased	–		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Number issued	Number quoted	Par value (cents)	Paid-up value (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Issued during quarter				
7.3 +Ordinary securities	158,098,424	158,098,424		Fully paid
7.4 Issued during quarter	40,185,489	40,185,489		Fully paid
7.5 +Convertible debt securities <i>(description and conversion factor)</i>				
7.6 Issued during quarter				
7.7 Options <i>(description and conversion factor)</i>	100,000	–	<i>Exercise price</i> 39c	<i>Expiry date</i> 24/11/2005
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:
(Company Secretary)

Date: 30 January 2004

Print name: Paul Fromson

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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