

Eagle Bay Resources N.L.

ACN 051 212 429

Company Announcement

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FIRST QUARTERLY REPORT TO 30TH SEPTEMBER 2004

THE COMPANY'S ACTIVITIES

1. OIL AND GAS EXPLORATION

VIC/P47

GIPPSLAND BASIN OFFSHORE VICTORIA

(EBR 25% Free carried interest in the drilling of Moby 1 for the first A\$5.75 million)

Operations at Moby 1 well have been successfully conducted with the Ocean Patriot drilling rig being released

Gas samples taken from the primary target Gurnard Formation in the Moby-1 well confirmed the Moby structure as a new field gas discovery.

The Gurnard Formation was intersected over the interval 534 – 566 metres below sea level, 17 metres high to prognosis, and slightly thicker than originally estimated (32 metres versus 25 metres).

Moby-1 well is approximately 5km east of the producing Patricia Baleen gas field. Based on preliminary analysis of wire line logs, the nature of gas shows whilst drilling and the description of the reservoir rock from drill cuttings, it is considered that the Moby-1 reservoir section is comparable to the Patricia Baleen gas reservoirs.

The Moby-1 well intersected the gas fluid contact as programmed. This means that there is extensive updip gas potential in the Moby structure, at least 105 metres of vertical closure is mapped above the level of the gas fluid contact intersected in the Moby-1 well.

Moby-1 has also confirmed that the 3D seismic amplitude anomaly (DHI) is indicating the presence of gas as predicted by the pre-drill interpretation. This result indicates the potential for the accumulation to also be areally extensive to the south and east beyond existing 3D seismic control.

Negotiations are in progress with seismic contractors with the aim of completing the 3D seismic coverage over the full potential area of the Moby accumulation by early 2005. It is planned that this data could be used to locate an appraisal well later in 2005.

The forward programme is to record a vertical seismic profile (VSP) to allow calibration of the well results to 3D seismic and, finally, to acquire side-wall cores to calibrate the reservoir rock with the wire line log results from both Moby-1 and the Patricia Baleen wells.

Results from the technical analysis will be released on completion.

VIC/P41
GIPPSLAND BASIN OFFSHORE VICTORIA
(EBR 100% and Diluting)

Acquiring 3D seismic.

ONSHORE PETROLEUM EXPLORATION AREA CO 2003-A
(Coongie Lakes area of the Cooper Basin South Australia, EBR 100%)

During the quarter, Eagle Bay Resources NL (EBR) was advised by Primary Industry and Resources of SA that it has won the right to explore the CO 2003-A acreage release block in the South Australian part of the Cooper Basin.

EBR's bid for the permit block worth \$21.55 million in total includes firm work of 11 oil and gas exploration wells, geoscientific studies and 70 km of seismic acquisition in the first three years of the program. The block contains known oil and gas prospects and leads, and abuts producing oil and gas fields.

A licence for the permit block will be granted once the 'right to negotiate' process has been successfully concluded between the SA Government, Registered Native Title Claimants and EBR.

2. GOLD EXPLORATION

COPPER/GOLD EXPLORATION

Myall Creek Copper Deposit, South Australia
(EBR Earning 75% Interest) and EL 3098 (EBR 100% and diluting)

Results of the Falcon® survey flown at the Cultana Project have been received. Several robust exploration targets have been identified from the analysis of the geophysical data collected in the survey.

The project area lies within the "Olympic Dam Corridor", half way between the Moonta and Mt Gunson copper mining districts. It is approximately 15 kilometres northeast of Whyalla, South Australia.

Gravity Capital Ltd may elect to earn up to a 55% interest in the project area by completing certain expenditures on target testing.

The two principle targets identified lie in close proximity to both, known copper mineralisation and to well-defined fracture zones which have been interpreted from the Falcon® data. Other targets that comprise a variety of geophysical features have been identified and are being considered for field follow up.

Planning for initial field investigation and site access for the two principle targets is in progress. A decision on how to progress these targets will be made in the December quarter. Although located within Department of Defence land, none of the priority targets lie within the Department of Defence “impact area” which, in the past, has restricted on-ground exploration activities in this area.

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

3.1 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. Some \$14 million has been spent on mining and the processing plant.

3.2 The Current Position

With rapid capacity increase in Chinese steel production more robust demand for graphite is expected in the near future. The company’s Chairman is presently in China delivering a paper on the Uley mine at the 5th International Symposium of Mining Science and Technology.

The information in this report as it relates to mineralisation is based on information compiled by Mr Tony Rechner who is a geologist 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 Tony Rechner.



Richard E Diermajer
Director

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")

30 September 2004

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 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	(59)	(59)
(b) development	--	--
(c) production	-	-
(d) administration	(109)	(109)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	31	31
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)	(4)	(4)
Net Operating Cash Flows	(141)	(141)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	(520)	(520)
(c)other fixed assets	-	--
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	291	291
(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	(229)	(229)
1.13 Total operating and investing cash flows (carried forward)	(370)	(370)

1.13	Total operating and investing cash flows (brought forward)	(370)	(370)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	--
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	-	--
	Net financing cash flows	-	--
	Net increase (decrease) in cash held	(370)	(370)
1.20	Cash at beginning of quarter/year to date	2,527	2,527
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,157	2,157

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

All payments to directors and associates are on normal commercial terms.

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	70
4.2 Development	--
Total	70

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	102	43
5.2 Deposits at call	2,072	2,484
5.3 Bank overdraft	–	–
5.4 Other (provide details)	–	–
Total: cash at end of quarter (item 1.22)	2,174	2,527

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		
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				
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: Date: 26 October 2004
(Company Secretary)

Print name: Graham Anderson

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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