

# Eagle Bay Resources N.L.

ACN 051 212 429

# Company Announcement

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## **FOURTH QUARTER ACTIVITY REPORT TO 30<sup>TH</sup> JUNE 2006**

### **THE COMPANY'S ACTIVITIES**

#### **1 PEL-182**

##### **ONSHORE PETROLEUM EXPLORATION – COOPER BASIN, S.A (EBR 37.6% and Operator)**

- AuDAX Resources Ltd and partner Eagle Bay Resources NL have contracted with driller White Sands Petroleum Ltd (WSP) and imported a rig to drill 5 wells on PEL-182 in the Cooper Basin.
- Driller White Sands Petroleum Ltd to earn 10% equity from AuDAX by meeting 20% of costs.
- White Sands has concluded an IPO and raised some AUD\$10million and may commence drilling on PEL-182 after proving the rig's capabilities.
- WSP is drilling the Reid's Dome prospect to 2700M for others in Queensland, as the "shakedown" well to prove the rig is fully operational and fit for purpose. WSP moved on location around 10<sup>th</sup> April 2006 and by early July still had not made significant progress. A draft notice of termination of WSP's drilling services has been sent to WSP and a final decision will be made by the Joint Venture partners early August. Century Rig 11 has quoted to pick up the drilling contract.

## **2. OIL AND GAS EXPLORATION**

### **2.1 VICP47 – EBR 25%**

A 3D seismic interpretation of the Longtom No3 look-a-like Judith No.1 has been conducted by the operator and has been reviewed by the Joint Venture partners. We await the testing results for Longtom No3.

### **2.2 VIC/P41**

#### **GIPPSLAND BASIN OFFSHORE VICTORIA – EBR 25%**

The 500km<sup>2</sup> 3D seismic using the Western Trident has been completed by the operator pursuant to their earning requirements in the permit. A status report on processing and interpretation has been received. Final interpretation is complete and a direct hydrocarbon indicator (DHI) – amplitude versus offset study has been reviewed by the Joint Venture partners.

EBR entered into a HoA with Oil Basins Limited (formerly Saxon Investment Group Limited) on 3 April 2006 with respect to a conditional farmout agreement for 7.5% of Vic/P41, subject to a successful minimum capital raising of \$2.5m by Oil Basins Limited by 30 June 2006 which was extended by EBR to 31 July 2006.

With the Oil Basins Limited (ASX code "OBL") Rights IPO successfully raising \$2.5m when the offer closed on 20 July 2006, all pre-conditions have now been satisfied by OBL.

A \$50,000 deposit has been received and a further \$450,000 is expected to be paid to EBR in August 2006 when Oil Basins Ltd relists on the Australian Stock Exchange (ASX code: OBL). Oil Basins Ltd will then pay 250% of their pro rata cost in the first well.

Further expressions of interest from major oil companies are being evaluated pending receipt of the DHI study and its distribution to potential farminees.

### **2.3 URANIUM/COPPER/GOLD EXPLORATION**

#### **2.3.1 CULTANA JOINT VENTURE EL 3547 (formerly ELA 105)**

Whyalla South Australia (EBR 75%, Minotaur 25%) – The Army Training Area

Minotaur had agreed to operate the first phase drilling over the Falcon™ defined target CO1 in December 2005. However, two last minute native title claims were lodged and were unable to be negotiated due in part to the army's recognition of multiple claimants. Negotiations for access to test one of a number of Falcon gravity anomalies on the Department of Defence Training Ground at Cultana continued with little progress.

### **2.3.2 MYALL CREEK JOINT VENTURE EL 3538 (formerly EL 2800)**

Whyalla South Australia (EBR 50%, Minotaur 50%)

Trial electrical geophysical surveys at the Myall Creek copper prospect, discovered in 1975 by Australian Selection Pty Ltd, were able to delineate mineralization recorded in historic drilling. Additional electrical geophysical will be undertaken to map key features in the subsurface.

### **2.3.3. EXPLORATION LICENCE TENURE**

With access difficulties being experienced in EL 3547 the joint venture is not anxious to approve the Army's extension of their training range over EL 3538 and may seek compensation in the event of compulsory acquisition. These negotiations are being conducted in the SACOME forum (The South Australian Chamber of Mines & Energy) and the EBR company secretary attends their monthly briefing sessions.

### **3. ULEY GRAPHITE MINE**

Port Lincoln, SA (EBR 100%)

#### **History of Company's Graphite Mine**

The Uley Graphite project contains a world class resource of high grade flake graphite. 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. Three farmin offers are being negotiated and our wholly owned subsidiary Eagle Bay Graphite Pty Ltd is being corporately organised for a possible I.P.O.

#### **The Current Position**

Several potential farminees are conducting due diligence.

#### ***Disclaimer:***

*The hard rock and mineral information in this report is based on information compiled by Mr Anthony 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 Anthony Rechner.*

*The Oil and Gas information on PEL-182 in this report is based on information compiled by Mr Ian R Barr who is a geophysicist 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 Ian R Barr.*

*Both Mr Eric Tucker and Mr I R Barr and most other publicly listed oil exploration companies use the words "P50 Reserves" in regard to an undrilled exploration prospect. These words indicate the unrisksed oil or gas potential of a prospect if oil or gas is present and do not comply with the definition of reserves as set out in the JORC code which is a reporting code for mineral and coal exploration not for oil and gas exploration.*

*Statements attributed to 3<sup>rd</sup> parties do not necessarily reflect the opinions of Eagle Bay Resources but are statements by qualified people on the public record and are included for completeness of the company's obligations under continuous disclosure.*

*The contents of this report are not and should not be used as a substitute for independent professional advice in making an investment decision involving Eagle Bay Resources NL or any of its associated entities. This is particularly true for online and day traders who do not access the professional advice available from licensed stockbrokers and consequently should not trade in the company's securities. The company does not give 'plain english' translation of technical reports. Eagle Bay Resources NL shall not be liable and the reader shall indemnify the company and its Directors for any loss or damage caused by or owing directly or indirectly as a result of the reader's use of the information contained within the documents that comprise this report without first accessing professional advice.*

*Chapter 19 "definitions" of the ASX listing rules indicate a "pre hydrocarbon reserve stage" however no hydrocarbons are claimed to be present.*

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Eagle Bay Resources NL

ABN

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Quarter ended ("current quarter")

30 June 2006

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	--	--
1.2 Payments for		
(a) exploration and evaluation	(59)	(2,536)
(b) development	--	--
(c) production	--	--
(d) administration	(236)	(785)
1.3 Dividends received	--	--
1.4 Interest and other items of a similar nature received	56	279
1.5 Interest and other costs of finance paid	--	--
1.6 Income taxes paid	--	--
1.7 Other		
JV Contribution	--	189
<b>Net Operating Cash Flows</b>	<b>(239)</b>	<b>(2,853)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	--	--
(b)equity investments	(26)	(26)
(c)other fixed assets	(30)	(45)
1.9 Proceeds from sale of:		
(a)prospects	--	--
(b)equity investments	--	--
(c)other fixed assets	--	5
1.10 Loans to other entities	--	--
1.11 Loans repaid by other entities	--	--
1.12 Other (provide details if material)	--	-
<b>Net investing cash flows</b>	<b>(56)</b>	<b>(66)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(295)</b>	<b>(2,919)</b>

1.13	Total operating and investing cash flows (brought forward)	(295)	(2,919)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	34	338
1.15	Proceeds from sale of forfeited shares	--	--
1.16	Proceeds from borrowings	--	--
1.17	Repayment of borrowings	--	--
1.18	Dividends paid	--	--
1.19	Other (provide details if material)	--	--
<b>Net financing cash flows</b>		<b>34</b>	<b>338</b>
<b>Net increase (decrease) in cash held</b>		<b>(261)</b>	<b>(2,581)</b>
1.20	Cash at beginning of quarter/year to date	4,453	6,773
1.21	Exchange rate adjustments to item 1.20	--	--
1.22	<b>Cash at end of quarter</b>	<b>4,192</b>	<b>4,192</b>

**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	133
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 transactions involving directors and associates were on normal commercial terms
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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

Nil
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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

Nil
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### 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	130
4.2 Development	--
<b>Total</b>	130

### 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	269	583
5.2 Deposits at call	3,923	3,870
5.3 Bank overdraft	--	--
5.4 Other (provide details)	--	--
<b>Total: cash at end of quarter (item 1.22)</b>	4,192	4,453

### 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	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

**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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	230,577,999	230,577,999		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	--	--		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	31,288,345 3,250,000	31,288,345 --	<i>Exercise price</i> 15c 15c	<i>Expiry date</i> 30/6/2009 30/6/2010
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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: 31<sup>st</sup> July 2006  
  
(Company Secretary)

Print name: Linda Bell

## 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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