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THE COMPANY'S ACTIVITIES

OIL AND GAS EXPLORATION

Moby 1 to commence drilling around 28th September 2004.

1. DRILLING ACTIVITY ACCELERATES IN OFFSHORE VICTORIA

For the first time in many years there will be 3+ offshore drilling rigs working in offshore Victoria. The Ocean Bounty will be re-drilling the Baleen Gas Field for Santos et al at the same time as the Eagle Bay / Moby / BSOC consortium drill the Moby Prospect some 10 kilometres to the east with the Ocean Patriot. The deepwater rig Jack Bates is also looking at work for Santos in the Otway Basin. Ensco 102 is presently drilling the Yolla development wells and is scheduled to be used by Esso in the Gippsland Basin where it will follow up the northern platform 3D seismic survey recently completed in the Gippsland Basin.

2. VIC/P47 GIPPSLAND BASIN OFFSHORE VICTORIA

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

Bass Strait Oil Company Ltd (BSOC) (40%) and Moby Oil & Gas Limited (Moby)(35%) are earning an aggregate 75% interest in Vic/P47 in return for meeting the costs of drilling of Moby 1. They have entered into a final drilling contract with Diamond Offshore (Australia) LLC ("Diamond") for the drilling of the Moby 1 well in the offshore Gippsland block, Vic/P47. The contract provides the use of Diamond's Offshore drilling unit, the semi-submersible Ocean Patriot, for the drilling of the Moby 1 well. The Ocean Patriot is presently on location for the last well in New Zealand. After it has concluded its New Zealand duties around 17th September 2004 it will proceed to the offshore Gippsland Basin, where Moby 1 is the first planned well in the Australian program.

Moby and BSOC have, in conjunction with the signing, completed payment of the mobilisation fee for the use of this rig in drilling Moby 1 and other associated drilling in the forthcoming offshore Gippsland Basin Program.

Moby and BSOC have secured three additional optional slots for use later in the program. Any such slots could be used for the drilling of Moby 2. Lakes Oil NL has also acquired an option to use one of these optional slots for the proposed Gilbert well in Vic/P47.

Current planning has the Ocean Patriot available for commencement of drilling of the Moby 1 well on or about the 28th September 2004.

BY ORDER OF THE BOARD OF EAGLE BAY RESOURCES N.L.