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Date: 1<sup>st</sup> February 2005  
To: Companies Announcements Office, ASX  
Electronic Lodgement:  
Subject: **NON RENOUNCEABLE PRO RATA ISSUE**  
Number of pages: 2

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## **NON RENOUNCEABLE PRO RATA ISSUE**

The Directors of Eagle Bay Resources NL advise that the Company has entered into an underwriting agreement with Kefu Underwriters Pty Limited (Kefu) for a Non Renounceable Pro Rata Issue on the basis of one share for every three shares held at a record date of 18 February 2005 by existing shareholders at a price of 9 cents for every new share with attaching options.

The Company's existing capital structure and the basic sequence of events for the proposed issue of shares is outlined as follows:

1. The Company currently has on issue 158,098,424 shares plus 100,000 unlisted options.
2. The Company will lodge a Prospectus for the Non Renounceable Pro Rata Issue on or before 18 February 2005.
3. In accordance with ASX Listing Rules a minimum notice of 7 business days must be given to shareholders of the record date to identify shareholders able to participate in the Pro Rata Issue. The record date has been set at 18 February 2005.
4. The Pro Rata Issue, which is fully underwritten, on the basis of one share for every three shares held at the record date, will result in approximately 52,699,475 shares being issued at 9 cents each raising a total of approximately \$4,742,953 less capital raising costs. A "shortform" Prospectus will be issued for this Pro Rata Issue.
5. The options to be issued with the new shares will have the following terms:
  - For each 2 shares taken up 2 options will be granted.
  - 1 option will entitle the holder to subscribe for 1 fully paid ordinary share for every option upon payment of 12 cents per share on or before 31 March 2006. Upon exercise of this option the holder would be issued a free option that will entitle the holder to subscribe for one fully paid share upon payment of 15 cents per share on or before 30 June 2009.
  - 1 option will entitle the holder to subscribe for one fully paid share upon payment of 15 cents per share on or before 30 June 2009.

The Underwriter has the right to nominate and determine, in its absolute discretion, who is to receive the shortfall, if any, of shares from both Issues. The Underwriter will be paid a fee of 4% plus a management fee of 1% of the amount raised which is equivalent to a fee of approximately \$237,150. The Directors and associates have agreed to sub-underwrite the issue for an amount totalling \$1,500,000 and will be paid a fee by the Underwriter of 3.5% of the amount sub-underwritten.

In accordance with ASX Listing Rules the Company advises the following:

- The class of securities to be issued is ordinary fully paid shares.
- The number of securities to be issued is approximately 52,699,475 shares under the Pro Rata Issue with entitlements being rounded up.
- The principal terms of the securities are they are ordinary fully paid shares ranking equally with all fully paid shares on issue.
- The Non Renounceable Pro Rata Issue does not require shareholder approval because the issue will be made to existing shareholders on the register at the record date.

**APPLICATION OF FUNDS**

The funds to be raised by this issue will be applied as follows:

<b>EXPLORATION ACTIVITY</b>	<b>\$ Millions</b>
Moby 2 – Development Well VICP47	2.00
3D Seismic Vic P41/47	1.30
Cooper Basin – 5 Wells back to back	0.93
Gilbert 1 – Exploration well VICP47	0.25
Costs of the issue	0.26
<b>TOTAL</b>	<b>4.74</b>

Full details of the Company’s planned activities in these exploration areas is set out in the December quarterly activities report previously lodged with ASX.

Yours Faithfully




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Anthony Rechner  
Director