

Eagle Bay Resources N.L.

ACN 051 212 429

Company Announcement

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Date: 28th February 2006
To: Companies Announcements Office, ASX
Electronic Lodgement:
Subject: Notice of General Meeting to be held 31st March 2006
Number of pages: 17

Dear Sir

RE: NOTICE OF GENERAL MEETING TO BE HELD 31ST MARCH 2006

We attach a copy of the Notice of General Meeting to be held on the 31st March 2006 which will be sent today to all shareholders of Eagle Bay Resources NL.

Yours faithfully



TONY RECHNER
DIRECTOR

EAGLE BAY RESOURCES NL
ACN 051 212 429

NOTICE OF GENERAL MEETING

PROXY FORM

EXPLANATORY MEMORANDUM

Date of Meeting

31 March 2006

Time of Meeting

11.00am

Place of Meeting

Level 1, 14 Outram Street, West Perth

EAGLE BAY RESOURCES NL

ACN 051 212 429

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT A GENERAL MEETING OF SHAREHOLDERS OF EAGLE BAY RESOURCES NL (“Eagle Bay”) WILL BE HELD AT LEVEL 1, 14 OUTRAM STREET, WEST PERTH, WESTERN AUSTRALIA ON FRIDAY 31st MARCH 2006, AT 11.00 AM.

ORDINARY BUSINESS

1. Appointment of a director

To consider, and if thought fit, to approve, the following resolution as an ordinary resolution:

“That John Thomas Roy, who retires in accordance with article 75 of the Company’s Constitution and being eligible offers himself for re-election, be elected as a director.”

2. Increase in directors’ fees

To consider, and if thought fit, to approve, the following resolution as an ordinary resolution:

“That, for the purpose of Article 77 of the Constitution and Listing Rule 10.17 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, that the maximum aggregate remuneration which may be paid by the Company to its non-executive directors be increased by \$90,000 to a maximum sum of \$150,000 a year”.

Voting Exclusion: The Company will disregard any votes cast on this resolution by a director of the Company or by an associate of a director of the Company.

3. Issue of Options to Mr Anthony Rechner

To consider, and if thought fit, to approve, the following resolution as an ordinary resolution:

“That, for the purpose of Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, the shareholders approve and authorise the issue of 1,000,000 free Options (“Employee Options”) to Mr Anthony Rechner (or his permitted nominee), each to acquire a fully paid ordinary share in the capital of Eagle Bay on the terms and conditions stated in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr Anthony Rechner and any associates of Mr Anthony Rechner.

4. Issue of Options to Mr James Craib

To consider, and if thought fit, to approve, the following resolution as an ordinary resolution:

“That, for the purpose of Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, the shareholders approve and authorise the issue of 1,000,000 free Options (“Employee Options”) to Mr James Craib (or his permitted nominee), each to acquire a fully paid ordinary share in the capital of Eagle Bay on the terms and conditions stated in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr James Craib and any associates of Mr James Craib.

5. Issue of Options to Mr John Roy

To consider, and if thought fit, to approve, the following resolution as an ordinary resolution:

“That, for the purpose of Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, the shareholders approve and authorise the issue of 1,000,000 free Options (“Employee Options”) to Mr John Roy (or his permitted nominee), each to acquire a fully paid ordinary share in the capital of Eagle Bay on the terms and conditions stated in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr John Roy and any associates of Mr John Roy.

6. Issue of Options to Ms Linda Bell

To consider, and if thought fit, to approve, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, the shareholders approve and authorise the issue of 250,000 free Options (“Employee Options”) to Ms Linda Bell (or her permitted nominee), each to acquire a fully paid ordinary share in the capital of Eagle Bay on the terms and conditions stated in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by Ms Linda Bell and any associates of Ms Linda Bell.

7. Ratification of Previous Issue of Options to Mr Ian Barr

To consider, and if thought fit, to approve, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.4. of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, the shareholders ratify the allotment and issue of 1,000,000 free Options (“Listed Short Dated Options”) to Mr Ian Barr (or his permitted nominee), each to acquire:

- (a) a fully paid ordinary share in the capital of Eagle Bay; and*
- (b) a free attaching option (“Listed Long Dated Option”) to acquire a further fully paid ordinary share in the capital of Eagle Bay,*

on the terms and conditions stated in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr Ian Barr and any associates of Mr Ian Barr.

BY ORDER OF THE BOARD

Dated 22nd February 2006

Linda Bell
Company Secretary

PROXY

A member entitled to attend and to vote at the meeting is entitled to appoint a proxy to attend and to vote instead of the member. The proxy need not be a member of Eagle Bay. Proxy Forms must be lodged at the principal office of Eagle Bay at Level 1, 14 Outram Street, West Perth, Western Australia 6005, (PO Box 913 West Perth, Western Australia 6872) or by facsimile on (08) 9481 3330 not later than 48 hours before the time of the meeting.

For the determination of voting entitlements, the Directors have determined that the numbers of shares registered in the names of each member 24 hours prior to the time of the meeting will be taken, for the purposes of the meeting, to be held by the person who held them at that time.

A Proxy Form accompanies this Notice of Meeting.

EAGLE BAY RESOURCES NL

ACN 051 212 429

EXPLANATORY STATEMENT

This Explanatory Statement is for the information of Shareholders of Eagle Bay Resources NL (Eagle Bay) in connection with Resolutions to be considered at the General Meeting of Eagle Bay to be held on Friday, 31st March 2006 at 11.00am. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors before voting.

Ordinary Business

Resolution 1 – Appointment of John Thomas Roy as a director

Mr John Thomas Roy was appointed as a director of the Company by the board of directors on 20 December 2005 and shareholder approval is now sought for the appointment in accordance with the requirements of the Corporations Act and the Company's Constitution.

Mr Roy is a Professional Engineer with 30 years of technical, operational and management experience in the drilling sector of the oil and gas industry. He has managed complex operations in Canada, Australia, North Africa, Asia and Europe. Industry training and experience was firstly gained as an employee of Gulf Oil and Petro-Canada. The past 20 years John has worked as an independent consultant to the industry as owner and sole director of Seawell Engineering Ltd providing skills necessary to plan and execute exploration and development projects for over 20 client operating companies.

Resolution 2 - Increase in directors' fees

The maximum aggregate annual remuneration payable in non-executive directors' fees is currently \$60,000 per annum and this has remained unchanged since the company was incorporated in 1991. It is now proposed to increase the maximum aggregate annual remuneration to \$150,000.

There are currently two non-executive directors, Mr James Craib and Mr John Roy, and it is proposed to increase their annual fees from \$20,000 to \$36,000 each per annum. The proposed increase reflects market movements and ensures that the Company retains the best people to drive corporate performance and to deliver appropriate returns to shareholders.

The proposed increase in the aggregate amount exceeds the amount currently needed to increase non-executive directors' fees to \$36,000 each per annum and is requested to provide for future market movements and to allow for up to two additional non-executive directors to be appointed to the board as the need arises.

The proposed increased aggregate amount is a maximum and is not necessarily to be used in full each year.

Mr James Craib receives \$20,000 per annum (including superannuation) as a non-executive director of the Company. Mr James Craib receives no other emoluments from the Company.

Mr John Roy is a newly appointed non-executive director of the company and has previously received no emoluments from the Company. It is proposed to pay Mr John Roy fees of \$36,000 per annum.

Resolutions 3, 4 and 5 - Issue of options to Directors

Shareholder approval for the grant of the Employee Options the subject of resolutions 3, 4 and 5 is sought for the purposes of:

- Chapter 2E of the Corporations Act – which governs the giving of financial benefits to “related parties”, e.g. directors of a company; and
- ASX Listing Rule 10.11 - which requires shareholder approval by ordinary resolution prior to the issue of securities (including options) to a related party of a company. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

The purpose of the proposed grant of Employee Options is to provide Messrs Rechner, Craib and Roy with incentive, and to recognise contributions to the Company, whilst enabling the Company to preserve its cash reserves.

Chapter 2E of the Corporations Act - Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

In accordance with the requirements of Chapter 2E and, in particular, sections 219 and 221 of the Corporations Act, the following information is provided to shareholders to allow them to assess the proposed grant of Employee Options:

- (a) being Directors of the Company, Messrs Rechner, Craib and Roy are related parties of the Company (by virtue of Section 228(2)(a) of the Corporations Act) to whom the financial benefit would be given;
- (b) the nature of the financial benefit to be given to the Directors is the grant of the following options:
 - (i) Anthony Rechner – 1,000,000 Employee Options;
 - (ii) James Craib – 1,000,000 Employee Options; and
 - (iii) John Roy – 1,000,000 Employee Options.

These options will not be listed on the ASX.

- (c) the Board of Directors makes no recommendation in respect of this resolution in view of their personal interests in the outcomes of the resolutions;
- (d) the Employee Options are to be issued free of charge. Any funds raised from the exercise of the Employee Options will be used for the Company’s general working capital requirements. The exercise price for each Employee Option will be \$0.15 and the exercise date for the Employee Options is on or before 30 June 2010. Based on the Black-Scholes option pricing model, the Company estimates that the Employee Options referred to in resolutions 3, 4 and 5 are valued at 3.027 cents each. Assumptions made to determine the value of the Employee Options are an underlying share price of 8 cents on 14 February 2006, a volatility value of 75% and a risk free interest rate (short term Government Bond rate) of 5.255% pa. If the Employee Options are exercised and the exercise price paid, the holder of the Employee Options will be issued with one fully paid ordinary share in the capital of Eagle Bay for each Employee Option exercised. The Employee Options have no rights to dividends or bonus issues.

The value of the options package to the Directors is set out in the table below.

Directors & Officers	Value of Employee Options
Anthony Rechner	\$30,270
James Craib	\$30,270
John Roy	\$30,270

- (e) the above valuation of 3.027 cents per option is based on a volatility of 75%. The theoretical value of one option at 50% volatility is 1.782 cents and at 100% volatility is 5.959 cents
- (f) over the last 12 months the lowest recorded price of the Company's shares in SEATS trading on ASX was 7 cents on 3rd May 2005 and the highest was 14.5 cents on 21st September 2005. At the close of trading on 21 February 2006, the last day of trading prior to the lodgement of the Notice of General Meeting with ASIC, the share price was 7.7 cents;
- (g) Capital structure:
- (i) On granting of the Employee Options to Directors (and excluding the Options proposed in Resolution 6):

	Shares	Unlisted Options	Listed Options
Existing securities on issue as at the date of this Notice	227,840,044	-	62,938,992
Number of Options to be granted	-	3,000,000	-
Total securities after Options granted	<u>227,840,044</u>	<u>3,000,000</u>	<u>62,938,992</u>

- (ii) Assuming all Employee Options issued to Directors are exercised (and excluding the Options proposed in Resolution 6):

	Shares	Unlisted Options	Listed Options
Existing securities on issue as at the date of this Notice	227,840,044	-	62,938,992
Number of shares to be issued on exercise of Employee Options	3,000,000	-	-
Total securities assuming Employee Options exercised	<u>230,840,044</u>	<u>-</u>	<u>62,938,992</u>

- (h) Mr Anthony Rechner is a shareholder and director of Tangram Pty Ltd. This company receives \$240,000 per annum in accordance with the terms and conditions of the contract to provide Executive Chairman services at normal commercial rates to the Company. Mr Anthony Rechner currently receives \$20,000 per annum (including superannuation) as a Director of the company (before the proposed increase to \$36,000). Mr Anthony Rechner receives no other emoluments from the Company;
- (i) Mr James Craib receives \$20,000 per annum (including superannuation) as a non-executive director of the Company (before the proposed increase to \$36,000). Mr James Craib receives no other emoluments from the Company;
- (j) Mr John Roy is a newly appointed director of the company and has previously received no emoluments from the Company. It is proposed to pay Mr John Roy fees of \$36,000 per annum;
- (k) Other than as set out in this Explanatory Statement, it is not considered that from an economic and commercial point of view there are any costs and detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the

Company resulting from the issue of the Employee Options. Neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision whether it is in the best interests of the Company to pass resolutions 3, 4 and 5 other than that (following the passing of this resolution) Messrs Rechner, Craib and Roy will hold relevant interests in the following shares and options in the Company:

Director	Number of Shares		Options
	Direct	Indirect	
Anthony Rechner	51	9,089,651	3,000,000
James Craib	37,200	1,109,500	1,300,000
John Roy	-	-	1,000,000

Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including an option) to a related party of the Company.

A “related party” includes a director of a company. Therefore, Messrs Rechner, Craib and Roy are related parties of the Company.

Accordingly, approval for the grant of 1,000,000 Employee Options to each of Mr Anthony Rechner, Mr James Craib and Mr John Roy is required pursuant to ASX Listing Rule 10.11.

ASX Listing Rule 10.13 sets out a number of matters which must be included in the notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 3, 4 and 5:

- (a) the maximum number of securities to be granted by the Company is 3,000,000 Employee Options;
- (b) the allottees of the Employee Options will be:
 - (i) Mr Anthony Rechner (or his nominee);
 - (ii) Mr James Craib (or his nominee);
 - (iii) Mr John Roy (or his nominee);
- (c) the terms and conditions of the Employee Options are set out in this Explanatory Statement and otherwise in Schedule 1 of this Explanatory Statement;
- (d) the Employee Options will be granted for no consideration;
- (e) the Employee Options will be granted not later than one (1) month after the date of the meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the Employee Options will be granted to each of the allottees on one date; and
- (f) there will be no funds raised from the issue of the Employee Options as they are being granted to Messrs Rechner, Craib and Roy as an incentive and to recognise their contributions to the Company.

Resolutions 6 – Issue of options to Ms Linda Bell

This resolution deals with the issue of Employee Options to the Company’s Company Secretary and Chief Financial Officer who is not a director or related party of the Company.

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue more than 15% of its capital in any 12 month period without shareholder approval.

To provide the Company with the flexibility to make future issues of securities within the 15% limit during the next 12 months, Resolution 6 seeks such shareholder approval to the issue to Ms Linda Bell of 250,000 Employee Options each to acquire a fully paid ordinary share in the capital of the Company. The purpose of the proposed grant of Employee Options is to provide Ms Bell with an incentive and for future commitment to the Company. The Employee Options will not be listed on the ASX.

In compliance with the information requirements of ASX Listing Rule 7.3:

- (a) the maximum number of securities to be issued is 250,000 Employee Options each to acquire a fully paid ordinary share in the capital of the Company;
- (b) the Employee Options will be granted for no consideration;
- (c) the exercise price of the Employee Options shall be 15 cents;
- (d) the Employee Options will be otherwise issued on the terms set out in Schedule 1 of this Explanatory Statement;
- (e) the Employee Options will be issued no later than 1 month after the date of the Meeting and it is anticipated that all of the Employee Options will be granted on the same date;
- (f) each Employee Option will entitle the holder to subscribe for and be allotted one share in the capital of Eagle Bay;
- (g) there will be no funds raised from the issue of the Employee Options as they are being granted to Ms Bell as an incentive and for future commitment to the Company. Any funds raised upon the exercise of the Employee Options will be used for working capital purposes.

The proposed terms and conditions of the Employee options are set out in Schedule 1 to this Explanatory Memorandum.

- (i) On granting of the Employee Options to Directors and the Company Secretary as proposed in resolutions 3, 4, 5 and 6, the capital structure will be as follows:

	Shares	Unlisted Options	Listed Options
Existing securities on issue as at the date of this Notice	227,840,044	-	62,938,992
Number of Options to be granted	-	3,250,000	-
Total securities after Options granted	<u>227,840,044</u>	<u>3,250,000</u>	<u>62,938,992</u>

- (ii) Assuming all Employee Options issued to Directors and the Company Secretary are exercised, the capital structure will be as follows:

	Shares	Unlisted Options	Listed Options
Existing securities on issue as at the date of this Notice	227,840,044	-	62,938,992
Number of shares to be issued on exercise of Employee Options	3,250,000	-	-
Total securities assuming Employee Options exercised	<u>231,090,044</u>	<u>-</u>	<u>62,938,992</u>

Resolution 7 – Ratification of Previous Issue of options to Mr Ian Barr

This resolution deals with the issue of Listed Short Dated Options to the Company's petroleum consultant who is not a director or related party of the Company.

On 16th January 2006 the Company issued 1,000,000 Listed Short Dated Options to Mr Ian Barr each option to acquire a fully paid ordinary share in the capital of the Company and a free attaching Listed Long Dated Option. Pursuant to his employment contract, the Company was to make best efforts to issue Mr Barr with 2,000,000 Listed Short Dated Options, and 1,000,000 were issued in April 2005 following the granting of shareholder approval for that first tranche. Shareholder approval is now sought for the issue of the second tranche. The purpose of the issue of Listed Short Dated Options was to provide Mr Barr with an incentive, and to recognise his contribution to the Company's success.

Listing Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited provides that a company must not, subject to certain exceptions, issue more than 15% of its capital in any 12 month period without shareholder approval. The issue of shares to Mr Ian Barr was made out of the 15% limit available to the Company and the Company was in compliance with Listing Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited at the time the issue was made. The Company now seeks shareholder approval for the issue pursuant to Listing Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited to retain the flexibility to issue equity securities in the future up to the 15% threshold set out in Listing Rule 7.1 of the Australian Stock Exchange Limited.

The following information is provided in compliance with the information requirements of ASX Listing Rule 7.5:

- (a) the number of securities issued is 1,000,000 Listed Short Dated Options each to acquire a fully paid ordinary share in the capital of the Company and a free attaching Listed Long Dated Option;
- (b) the Listed Short Dated Options were granted for no consideration;
- (c) the exercise price of the Listed Short Dated Options is 12 cents;
- (d) the Listed Short Dated Options were otherwise issued on the terms set out in Schedule 2 of this Explanatory Statement;
- (g) no funds were raised from the issue of the Options as they were granted to Mr Barr as an incentive and for future commitment to the Company. Any funds raised upon the exercise of the Short Dated Options will be used for working capital purposes.

The terms and conditions of the Listed Short Dated Options are set out in Schedule 2 to this Explanatory Memorandum.

Schedule 1

Terms and Conditions of Employee Option Issue

The proposed terms and conditions of the Employee Options are as follows:

- *Each Employee Option entitles the holder to subscribe for one fully paid share in the capital of Eagle Bay;*
- *The amount payable on exercise of each Employee Option is 15 cents;*
- *The Employee Options are exercisable by notice in writing to Eagle Bay accompanied by payment of the exercise price on or prior to 30 June 2010;*
- *Exercise of the Employee Options is effected by completing the notice of exercise of Employee Options and forwarding it to Eagle Bay together with the requisite exercise monies;*
- *The Employee Options are exercisable in parcels of not less than 5,000;*
- *The Employee Options are transferable;*
- *All shares issued upon exercise of the Employee Options will rank pari passu in all respect with the then existing shares of Eagle Bay;*
- *Eagle Bay will apply for quotation of the shares issued pursuant to the exercise of Employee Options within 10 days of their exercise;*
- *There are no participation rights or entitlements inherent in the Employee Options and their holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Employee Options. Eagle Bay, however, will ensure that for the purposes of determining entitlements to any such issue, the books closing date will be at least 10 Business Days after the issue is announced. This will give Employee Option holders the opportunity to exercise their Employee Options (should they otherwise be entitled to) prior to the date for determining entitlements to participate in any such issue;*
- *In the event of any reconstruction of the issued capital of Eagle Bay, the number of Employee Options or the exercise price of the Employee Options or both shall be reconstructed in a manner which complies with the ASX Listing Rules in force at that time and in all other respects the terms for the exercise of the Employee Options shall remain unchanged; and*
- *Employee Options not exercised by 5.00 pm WST on 30 June 2010 will automatically expire.*

Schedule 2

Terms and Conditions of Listed Short Dated Option Issue

The terms and conditions of the Listed Short Dated Options are as follows:

- *Each Listed Short Dated Option entitles the holder to subscribe for one fully paid share in the capital of Eagle Bay and one free attaching Listed Long Dated Option (see below for terms and conditions);*
- *The amount payable on exercise of each Listed Short Dated Option is 12 cents;*
- *The Listed Short Dated Options are exercisable by notice in writing to Eagle Bay accompanied by payment of the exercise price on or prior to 31 March 2006;*
- *Exercise of the Listed Short Dated Options is effected by completing the notice of exercise of Listed Short Dated Options and forwarding it to Eagle Bay together with the requisite exercise monies;*
- *The Listed Short Dated Options are transferable;*
- *All shares issued upon exercise of the Listed Short Dated Options will rank pari passu in all respect with the then existing shares of Eagle Bay;*
- *Eagle Bay applied for and was granted quotation of the Short Dated Options on ASX. Eagle Bay will apply for quotation of the shares issued pursuant to the exercise of Listed Short Dated Options within 10 days of their exercise;*
- *There are no participation rights or entitlements inherent in the Listed Short Dated Options and their holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Listed Short Dated Options. Eagle Bay, however, will ensure that for the purposes of determining entitlements to any such issue, the books closing date will be at least 10 Business Days after the issue is announced. This will give Listed Short Dated Option holders the opportunity to exercise their Listed Short Dated Options (should they otherwise be entitled to) prior to the date for determining entitlements to participate in any such issue;*
- *In the event of any reconstruction of the issued capital of Eagle Bay, the number of Listed Short Dated Options or the exercise price of the Listed Short Dated Options or both shall be reconstructed in a manner which complies with the ASX Listing Rules in force at that time and in all other respects the terms for the exercise of the Listed Short Dated Options shall remain unchanged; and*
- *Listed Short Dated Options not exercised by 5.00 pm WST on 31 March 2006 will automatically expire.*

Terms and Conditions of Listed Long Dated Option Issue

The terms and conditions of the Listed Long Dated Options are as follows:

- *Each Listed Long Dated Option entitles the holder to subscribe for one fully paid share in the capital of Eagle Bay;*
- *The amount payable on exercise of each Listed Long Dated Option is 15 cents;*
- *The Listed Long Dated Options are exercisable by notice in writing to Eagle Bay accompanied by payment of the exercise price on or prior to 30 June 2009;;*
- *Exercise of the Listed Long Dated Options is effected by completing the notice of exercise of Listed Long Dated Options and forwarding it to Eagle Bay together with the requisite exercise monies;*
- *The Listed Long Dated Options are transferable;*
- *All shares issued upon exercise of the Listed Long Dated Options will rank pari passu in all respect with the then existing shares of Eagle Bay;*
- *Eagle Bay applied for and was granted quotation of the Listed Long Dated Option on ASX. Eagle Bay will apply for quotation of the shares issued pursuant to the exercise of Listed Long Dated Options within 10 days of their exercise;*

- *There are no participation rights or entitlements inherent in the Listed Long Dated Options and their holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Listed Long Dated Options. Eagle Bay, however, will ensure that for the purposes of determining entitlements to any such issue, the books closing date will be at least 10 Business Days after the issue is announced. This will give Listed Long Dated Option holders the opportunity to exercise their Listed Long Dated Options (should they otherwise be entitled to) prior to the date for determining entitlements to participate in any such issue;*
- *In the event of any reconstruction of the issued capital of Eagle Bay, the number of Listed Long Dated Options or the exercise price of the Listed Long Dated Options or both shall be reconstructed in a manner which complies with the ASX Listing Rules in force at that time and in all other respects the terms for the exercise of the Listed Long Dated Options shall remain unchanged; and*
- *Listed Long Dated Options not exercised by 5.00 pm WST on 30 June 2009 will automatically expire.*

GLOSSARY

"**ASIC**" means the Australian Securities and Investments Commission;

"**ASX**" means Australian Stock Exchange Limited;

"**Company**" means Eagle Bay Resources NL ACN 051 212 429;

"**Corporations Act**" means Corporations Act 2001 (Cth);

"**Director**" means a director of the Company;

"**Listing Rules**" means the Listing Rules of the ASX;

"**Notice**" means the notice of meeting accompanying this Explanatory Memorandum;

"**WST**" means Western Standard Time

EAGLE BAY RESOURCES NL

ACN 051 212 429

14 Outram Street, West Perth, WA 6005
PO Box 913 West Perth, WA 6872

PROXY FORM

I/We

NUMBER OF
SHARES HELD

Of _____
being a member of Eagle Bay Resources NL ("Eagle Bay") hereby appoint:

Please fill in number

_____ or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the General Meeting to be on 31st March 2006 and at any adjournment thereof.

ORDINARY RESOLUTION

	FOR	AGAINST	ABSTAIN
1. Appointment of John Roy	<input type="text"/>	<input type="text"/>	<input type="text"/>
2. Increase in directors' fees	<input type="text"/>	<input type="text"/>	<input type="text"/>
3. Issue of Options to A Rechner	<input type="text"/>	<input type="text"/>	<input type="text"/>
4. Issue of Options to J Craib	<input type="text"/>	<input type="text"/>	<input type="text"/>
5. Issue of Options to J Roy	<input type="text"/>	<input type="text"/>	<input type="text"/>
6. Issue of Options to L Bell	<input type="text"/>	<input type="text"/>	<input type="text"/>
7. Ratification previous issue of Options to I Barr	<input type="text"/>	<input type="text"/>	<input type="text"/>

IMPORTANT FOR ALL ITEMS

If the Chairman of the meeting is your proxy and you have not directed your proxy how to vote on items 1 to 7, please place a mark in this box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of the interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the meeting will not cast your votes on items 1 to 7 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman intends to vote undirected proxies in favour of all of the resolutions.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

Signed this _____ day of _____ 2006

By:

Individuals and joint holders

<input type="text"/>
Signature
<input type="text"/>
Signature
<input type="text"/>
Signature

Companies (affix common seal if appropriate)

<input type="text"/>
Director
<input type="text"/>
Director/Company Secretary
<input type="text"/>
Sole Director and Sole Company Secretary

Instructions for Completing ‘Appointment of Proxy’ Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint a proxy to attend and vote on their behalf.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy’s authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.