

# Eagle Bay Resources N.L.

ACN 051 212 429

# Company Announcement

First Floor, 14 Outram St West Perth  
PO Box 913 West Perth Western Australia 6872

Telephone: (08) 9481 3322  
Facsimile: (08) 9481 3330

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Date: 17<sup>th</sup> February 2006  
To: Companies Announcements Office, ASX  
Electronic Lodgement:  
Subject: Options Expiring 31 March 2006 – Letter to Option Holders  
Number of pages: 12

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Dear Sir

## **RE: OPTIONS EXPIRING 31 MARCH 2006 – LETTER TO OPTION HOLDERS**

In compliance with listing rule 3.17 we attach a copy of the letter which will be sent today to all holders of Eagle Bay Resources NL Options expiring 31<sup>st</sup> March 2006 (“EBRO”).

Yours faithfully



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**TONY RECHNER**  
**DIRECTOR**



ACN 051 212 429

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Option Holder name and address	Date	:
	Register	:
	Holder No	:
	No of Options Held	:
	Shares to be allotted if exercised in full	:
	Long dated options to be allotted if exercised in full	:
	Amount payable if exercised in full	:

Dear Option Holder,

**EXPIRY OF 31<sup>ST</sup> MARCH 2006 OPTIONS**

You are the registered holder of the above-mentioned options in Eagle Bay Resources NL (“Eagle Bay”) that expire on 31<sup>st</sup> March 2006. These options entitle you to acquire one fully paid share in the capital of Eagle Bay and one free attaching Long Dated Option. The Long Dated Options entitle you to acquire one fully paid share in the capital of Eagle Bay for an exercise price A\$0.15 cents (15 cents) and these options expire 30 June 2009.

The exercise price of your options expiring 31<sup>st</sup> March 2006 is A\$0.12 cents (12 cents) each.

You are formally advised that your options will expire at 5.00pm West Australian Standard Time (WST) on Friday 31<sup>st</sup> March 2006 and that in accordance with the ASX Listing Rules, quotation of the Options will end at the close of trading on Friday 24<sup>th</sup> March 2006.

If you wish to exercise the options or any of them, then the option exercise form on the reverse of this notice should be completed and forwarded together with a cheque drawn on an Australian Bank and made payable to Eagle Bay Resources NL in Australian dollars and crossed “Not Negotiable”, to be received no later than 5.00pm (WST) on the 31<sup>st</sup> March 2006, to the Company’s share registry, Advanced Share Registry Services, PO Box 1156, Nedlands WA 6909. Failure to exercise the options within time will mean that the options will lapse and all rights under the options will cease at that time.

There is no obligation upon option holders to exercise their options. You may exercise some or all of the options or none. However, under the Listing Rules of the ASX, the Company is obliged to advise option holders of the information contained in this notice. If you do not exercise your options, your options will lapse. If you do exercise your options, you should pay the exercise price of A\$0.12 cents (12 cents) per option at that time of exercise, failing which the exercise may be invalid.

The market sale price of ordinary fully paid shares in Eagle Bay Resources NL on the ASX (code:EBR) was A\$0.077 cents (7.7 cents) on 16 February 2006, being the last trading day in Perth prior to the date of this notice. During the three months preceding the date of this notice the highest market sale on the ASX was A\$0.105 cents (10.5 cents) on the 16<sup>th</sup> January 2006 and the lowest market sale price was A\$0.075 cents (7.5 cents) on the 30<sup>th</sup> January 2006.

The market sale price of Long Dated Options in Eagle Bay Resources NL on the ASX (code:EBROA) was A\$0.028 cents (2.8 cents) on 16 February 2006, being the last trading day in Perth prior to the date of this notice. During the three months preceding the date of this notice the highest market sale on the ASX was A\$0.06 cents (6 cents) on the 16<sup>th</sup> January 2006 and the lowest market sale price was A\$0.028 cents (2.8 cents) on 16<sup>th</sup> February 2006.

On exercise of your option at a cost to you of A\$0.12 cents (12 cents), you would receive a share valued at A\$0.077 cents (7.7 cents) on 16 February 2006 and a long dated option valued at A\$0.028 cents (2.8 cents) on 16 February 2006. These prices change daily and should be checked by option holders prior to exercise.

If you have any questions regarding the exercise of options, please contact Ms Linda Bell at Eagle Bay Resources NL (Tel:+61 8 9481 3322). A copy of the company's Second Quarter Activities report to the ASX is attached.

For Eagle Bay Resources NL



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**ANTHONY RECHNER**  
**CHAIRMAN**

17 February 2006

# EAGLE BAY RESOURCES N.L.

ACN 051 212 429

## OPTION EXERCISE FORM

<b>EBRO</b>
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I/ We, Mr/ Mrs/ Miss

\_\_\_\_\_  
First Names/ Company Name

\_\_\_\_\_  
Surname/ Australian Company Number

Address \_\_\_\_\_

\_\_\_\_\_  
Postcode

(Please complete full name and address)

Contact telephone number \_\_\_\_\_

The registered holder(s) of the Options hereby exercise my/our Option for: \_\_\_\_\_

In figures \_\_\_\_\_ In words \_\_\_\_\_

ordinary fully paid shares and enclose application money of \$0.12 per share \$.....

(amount payable on exercise)

I/We whose full name(s) and address(es) appear above hereby apply for the number of shares shown above. I/We agree to be bound by the Constitution of the Company

Securityholder Reference Number (S.R.N.) \_\_\_\_\_ Complete this only if you are Issuer Sponsored.

Holder Identification Number (H.I.N.) \_\_\_\_\_ Complete this only if you are CHESSE Sponsored.

<b>Signature Of Shareholder(s)</b> (All joint holders must sign)	<b>Companies Only</b> - Executed in accordance with the Company's Constitution and the Corporations Law.
X----- Signature                      Date	X----- Sole Director and Sole Secretary                      Date
X----- Signature                      Date	X-----                      X----- Director                      Date                      Secretary                      Date
X----- Signature                      Date	X-----                      X----- Director                      Date                      Director                      Date
<b>Note:</b> If signed under Power of Attorney, a Certified Copy of the relevant Power of Attorney document must be exhibited to the Registry. The Attorney declares that he/she has had no notice of revocation of the Power of Attorney.	

### Terms and Conditions of Option Issue

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

- Each Short Dated Option entitles the holder to subscribe for one fully paid share in the capital of Eagle Bay and one free attaching Long Dated Option;
- The amount payable on exercise of each Short Dated Option is 12 cents
- The 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 Short Dated Options is effected by completing the notice of exercise of Short Dated Options and forwarding it to Eagle Bay together with the requisite exercise monies. 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;
- The Short Dated Options are transferable;
- All shares issued upon exercise of the Short Dated Options will rank pari passu in all respect with the then existing shares of Eagle Bay;
- Eagle Bay will apply for quotation of the Short Dated Options on ASX. Eagle Bay will apply for quotation of the shares issued pursuant to the exercise of Short Dated Options within 10 days of their exercise;
- There are no participation rights or entitlements inherent in the 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 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 Short Dated Option holders the opportunity to exercise their 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 Short Dated Options or the exercise price of the 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 Short Dated Options shall remain unchanged; and
- Short Dated Options not exercised by 5.00 pm WST on 31 March 2006 will automatically expire.

Cheques should be made payable to "EAGLE BAY RESOURCES N.L." and crossed "Not Negotiable" and drawn on an Australian Bank and posted to Advanced Share Registry Services, PO Box 1156, Nedlands, Western Australia 6909.

**NOTE: OPTIONS NOT EXERCISED BY 31 MARCH 2006 WILL AUTOMATICALLY EXPIRE**

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Date: 31<sup>st</sup> January 2006  
To: Companies Announcements Office, ASX  
Electronic Lodgement:  
Subject: Second Quarter Activity Report to 31<sup>st</sup> December 2005  
Number of pages: 8

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## SECOND QUARTER ACTIVITY REPORT TO 31 DECEMBER 2005

### THE COMPANY'S ACTIVITIES

#### 1 PEL-182

##### **ONSHORE PETROLEUM EXPLORATION – COOPER BASIN, S.A**

(EBR 37.6% and Operator)

##### **Drilling Operations Emily No 1's currently drilling to be followed by - Drill up to 5 wells (3 + 2) - with new drill rig imported from Stavanger, Norway.**

- Eagle Bay Resources advises that the Emily oil and gas exploration well ran a straddle drill stem test (DST2) over the Birkhead interval from 1901-1907.5 metres over two sand bodies that exhibited H/C shows while drilling, and also recorded higher resistivities on the electric logs.

This test was successful, and 33.6 barrels of fluid were recovered, of which 1.3 barrels was a light, black oil.

The PEL-182 JV is encouraged by the presence of oil in this first well, and has taken a decision to case and suspend the well – and selectively perforate the upper sand at a later date to establish if oil production with less water is possible.

The Century Rig-18 will be rigged down and released following the running and cementing of this production casing string.

- AuDAX Resources Ltd and partner Eagle Bay Resources NL have contracted with Driller White Sands Petroleum Pty Ltd (WSP) and imported a rig to drill 5 wells on PEL182 in the Cooper Basin.
- Driller White Sands Petroleum Pty 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 rigs capabilities.
- Eagle Bay, AOC and AuDax have purchased A\$1.5 million of casing for this 5 well program which is currently on location at Innamincka in central Australia.
- WSP EDM Rig-1 is in Roma, Queensland - under going modifications for compliance with Australian drilling regulations.
- WSP will drill the Reads Dome prospect to 2700M in Queensland later in 2006, for others as the “shakedown” well to prove rig is fully operational and fit for purpose.

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

### **2.1 VICP47 – EBR 25%**

A 3D seismic interpretation of the Longtom No1 look a like Judith No.1 is being concluded by the operator.

### **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 proceeding

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

#### **CULTANA JOINT VENTURE ELA 105**

Whyalla South Australia (EBR 75%, Minotaur 25%)

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 are being negotiated, together with a request for access permission should it be held that minerals were not reserved to the South Australian Government.

## **3. PNG IRON PROJECT – APPLICATION EBR 100%**

Local landholders approval to the grant of the exploration issue is being processed. A 5kg iron sands sample has arrived in Brisbane and will undergo metallurgical testing in Perth with an iron processing specialist.

## **4. ULEY GRAPHITE MINE**

Port Lincoln, SA (EBR 100%)

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

They 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.

### **The Current Position**

Eagle Bay awaits the results of iron ore price negotiations in Japan. Any increase in iron ore price / production may result in further demand for graphite as the refractory in blast furnaces.

### **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 PELA 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 unrisks 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. 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.*



Anthony Rechner  
Director  
For and on behalf o the Board of Directors

# 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

14 051 212 429

Quarter ended ("current quarter")

31 December 2005

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 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	(1,356)	(2,154)
(b) development	--	--
(c) production	--	--
(d) administration	(124)	(282)
1.3 Dividends received	--	--
1.4 Interest and other items of a similar nature received	110	166
1.5 Interest and other costs of finance paid	--	--
1.6 Income taxes paid	--	--
1.7 Other		
JV Contribution	--	209
Net GST	(49)	--
<b>Net Operating Cash Flows</b>	<b>(1,419)</b>	<b>(2,061)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	--	--
(b)equity investments	300	--
(c)other fixed assets	(13)	(13)
1.9 Proceeds from sale of:		
(a)prospects	--	--
(b)equity investments	--	--
(c)other fixed assets	--	--
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>287</b>	<b>(13)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,132)</b>	<b>(2,074)</b>



1.13	Total operating and investing cash flows (brought forward)	(1,132)	(2,074)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	6	6
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>6</b>	<b>6</b>
	<b>Net increase (decrease) in cash held</b>	<b>(1,126)</b>	<b>(2,068)</b>
1.20	Cash at beginning of quarter/year to date	5,831	6,773
1.21	Exchange rate adjustments to item 1.20	--	--
1.22	<b>Cash at end of quarter</b>	<b>4,705</b>	<b>4,705</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	113
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

**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

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

### 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	500
4.2 Development	--
<b>Total</b>	500

### 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	491	25
5.2 Deposits at call	4,214	5,806
5.3 Bank overdraft	--	--
5.4 Other (provide details)	--	--
<b>Total: cash at end of quarter</b> (item 1.22)	4,705	5,831

### 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>	227,811,571	227,811,571		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	50,445	50,445		Fully paid
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>	33,417,075 28,521,917	33,417,075 28,521,917	<i>Exercise price</i> 12c 15c	<i>Expiry date</i> 31/3/2006 30/6/2009
7.8 Issued during quarter	50,445		15c	30/6/2009
7.9 Exercised during quarter	50,445		12c	31/3/2006
7.10 Expired during quarter	100,000		39c	24/11/2005
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: .....  
(Company Secretary)

Date: 31<sup>st</sup> January 2006

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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