



AOC



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ANNOUNCEMENT TO ASX

**DRILLING RELEASE 10: EMILY#1
PEL-182, COOPER / EROMANGA BASIN S.A.**

Eagle Bay Resources advises that the Emily-1 oil and gas exploration well has completed wireline logging operations. A wiper trip is being run after which drill stem test #1 will be run from 1901m to 1907.5m in the lower Birkhead Formation. This interval corresponds to a wireline log anomaly and the best shows seen while drilling.

The status of Emily-1 at 06:00 hrs (CST) on 20th January 2006 was:

Location: PEL-182
Planned Total Depth: 2364 metres (TVD)
Current Depth: 2324 metres – (TD)
Operation: Wiper trip prior to running DST #1
Spudded: 23:00 hrs 7th January 2006

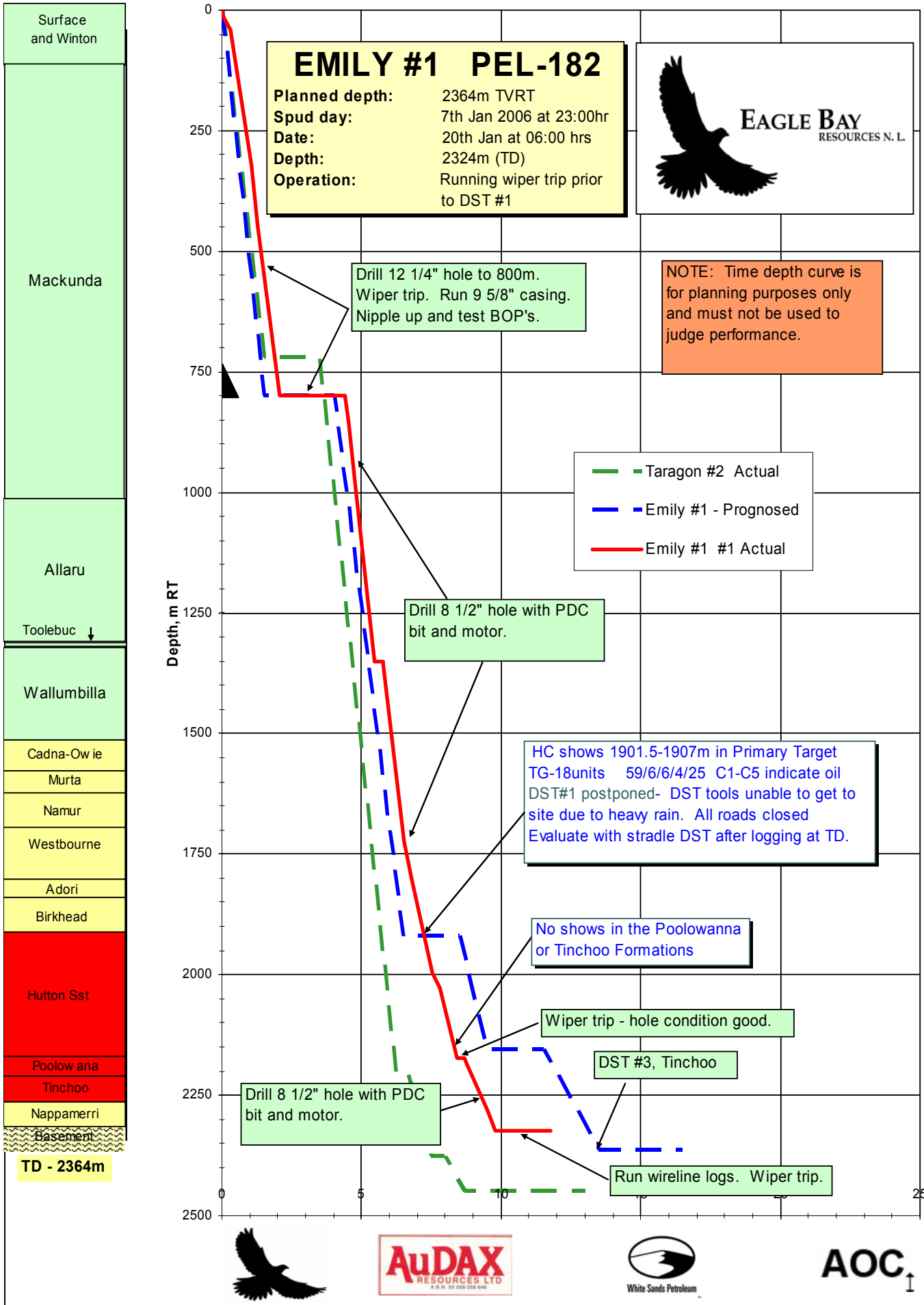
Participants in the Emily-1 well are:

Eagle Bay Resources (Operator) 37.6%
Audax Resources Ltd 39.9%
White Sands Petroleum Ltd 10.0%
Australian Oil Company No2 P/L 12.5%
Rig: Century Rig-18
Target Strata: Hutton SS
Poolowanna SS
Tinchoo SS

Yours sincerely

**TONY RECHNER
DIRECTOR**

DAYS FROM SPUD



EMILY #1 PEL-182
 Planned depth: 2364m TVRT
 Spud day: 7th Jan 2006 at 23:00hr
 Date: 20th Jan at 06:00 hrs
 Depth: 2324m (TD)
 Operation: Running wiper trip prior to DST #1



NOTE: Time depth curve is for planning purposes only and must not be used to judge performance.

— Taragon #2 Actual
 - - Emily #1 - Prognosed
 — Emily #1 #1 Actual

HC shows 1901.5-1907m in Primary Target TG-18units 59/6/6/4/25 C1-C5 indicate oil DST#1 postponed- DST tools unable to get to site due to heavy rain. All roads closed Evaluate with stradle DST after logging at TD.

No shows in the Poolowanna or Tinchoo Formations

Wiper trip - hole condition good.

DST #3, Tinchoo

Drill 8 1/2" hole with PDC bit and motor.

Run wireline logs. Wiper trip.

TD - 2364m