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Emily-1 First Exploration Well in PEL-182

Drilling Announcement 04 Jan 2006

Eagle Bay Resources N.L.(EBR) as operator for the PEL-182 Joint Venture in the Cooper / Eromanga Basin, South Australia, advises that Century Resources Rig-18 under contract to Stuart Petroleum Limited, have both been retained by EBR - for one drill slot only - to drill the oil exploration well Emily-1 in PEL-182.

Emily-1 is the first commitment well of a scheduled 1+5 = 6 well program to be drilled in year one of the permit. PEL-182 is a large 1745 sq km permit, and has over 11 oil & gas leads and prospects mapped for future evaluation.

Emily-1 is selected as the first well as it is a simple 4 way closure, oil prone, with 3 separate oil objectives in the Hutton, Poolowanna and Tinchoo sandstones, with P50 recoverable reserves of $5.5+3.0+2.0 = 10.5$ MMBls (if oil is present). An oil discovery here can be converted into profitable cash flow quickly by tying into nearby existing infrastructure.

The Cooper Basin is proving to be a great place to explore, with success rates running near to 60%, i.e. almost 3 in 5 wells are discoveries.

Emily-1 is located only 6.5km updip from the 1997 Santos oil discovery at Tarragon-1 which flowed 1500 BOPD from the Hutton and 500 BOPD from the Tinchoo sandstone reservoirs.

Well Details

Licence:	PEL-182 Cooper/Eromanga Basin S.A.
Participants:	Eagle Bay Resources NL (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
Estimated Recoverable Oil:	$5.5+3.0+2.0=10.5$ MMBO (P50)
Target Strata:	Hutton SS Poolowanna SS Tinchoo SS
Total Depth:	2364 m



Commentary

The PEL-182 permit was awarded to EBR on the 10th August 2005 after strong competitive bidding, with a 5 well drilling commitment scheduled for year 1.

Numerous oil and gas fields have been discovered and developed by Santos in and around PEL-182, and a gas pipeline and an oil pipeline run diagonally NE-SW past the SE edge of the permit to the Tirrawarra and Moomba Oil & Gas processing facilities.

Logistically, the area is relatively flat laying sand dune and inter-dune territory, and is well serviced by the existing road network.

Emily-1 is located in the NE part of PEL-182, within the Innamincka regional reserve, approximately 85 Km by road north of Innamincka. It is located on the northern flank of the Cooper/Eromanga basin, just updip of the Permian pinchout edge (Blue) and down dip of the Triassic pinchout edge (Green), in an ideal position to capture hydrocarbons migrating up and out of the deeper Patchawarra Trough and Cooper Basin source kitchen, into the overlying Triassic and Jurassic sandstone reservoirs.

The Emily oil prospect is a simple 4 – way structural closure, mapped on 2D seismic of varying vintages and quality. It lays 6.5 km updip from oil production at the Santos 1997 Tarragon-1 well with 1500 BOPD from the Hutton and 500 BOPD from the Tinchoo. It is also only 6 KM updip from the Santos 1996 Coruna-1 well, with oil shows in the Jurassic Birkhead Fm, and an anomalous wireline log zone in the Triassic Poolowanna Fm.

Pre-Drill Estimate of Recoverable Oil (if oil is present)

Recoverable Oil (MMBls)				
Prospect	Formation	P90	P50	P10
Emily-1	Hutton SS	3	5.5	11
	Poolowanna SS	1.5	3	6
	Tinchoo SS	1	2	4.5
	TOTAL	5.5	10.5	21.5

Target Formations & Seal

The Emily Prospect has three primary potential reservoirs, which if successful, can each on their own provide an economic oil field.

Hutton Sandstone (M Jr)

The Hutton Sandstone is a good to excellent sandstone reservoir, and is the major objective at Emily-1, as it flowed 1500 BOPD from the nearby Tarragon-1 oil discovery.

The Hutton SS is predominantly medium to coarse grained, and exhibits fair to good porosity in the upper portion of the formation.

Poolowanna Sandstone (L Jr)

The Poolowanna sandstone is a fair to good sandstone reservoir, as demonstrated in nearby fields and at the Tarragon-1& 2 wells.

The Poolowanna Formation is predominantly sandstone with interbedded siltstones and occasional coals deposited a fluvial depositional environment with a significant lacustrine influence towards the top of the formation.



Tinchoo Sandstone (M Tr)

The Tinchoo sandstones are poor to good potential reservoirs based on their reservoir performance in Tarragon-1 and in the above oil fields.

The Tinchoo Formation is predominantly sandstone with some siltstone and claystone interbeds. The uppermost portion consists of a relatively thick 70 foot section of claystone that forms an effective vertical seal to the underlying thick Tinchoo formation reservoir sandstones. The sandstones are predominantly medium grained, and produce oil in the Keleary, James and Telopea oil fields (Figs. 1 & 2) which lie to the north east along the Permian / Triassic zero edge fairway.

Birkhead Formation (M-U Jr) Regional Seal

The Birkhead is the major regional seal in the Eromanga section in this part of the basin. This unit is designated as a secondary target for oil, as potential stratigraphically trapped sands also exist in this unit, and there is mapped anticlinal structure at this horizon at Emily-1.

Summary of Potential

Emily-1 is mapped as having cumulative P50 recoverable reserves of 10.5 MMBls of oil from 3 primary objective reservoirs. Each of these 3 reservoirs is a proven producer in nearby oil fields. At Emily, any one of these 3 primary reservoirs can be economic in its own right.

A successful discovery at Emily would be immediately developed to quickly maximise oil production and cash flow, and benefit from the current high oil prices at near record levels.

A 3D seismic survey would be programmed (subject to JV approval) to better define structural and stratigraphic details, and to determine optimum well locations, and to also identify other adjacent potential oil fields nearby in PEL-182. This would then be followed by an aggressive drilling program, using White Sands Petroleum's newly imported state of the art EDM drilling rig for 5 wells.

Timing

Emily-1 is anticipated to spud on or about 8th January 2006.

Anthony Rechner
Chairman & Managing Director

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Disclaimer:

The Oil and Gas information on PEL 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. Mr Barr based his assessment on work done by Mr Eric Tucker.

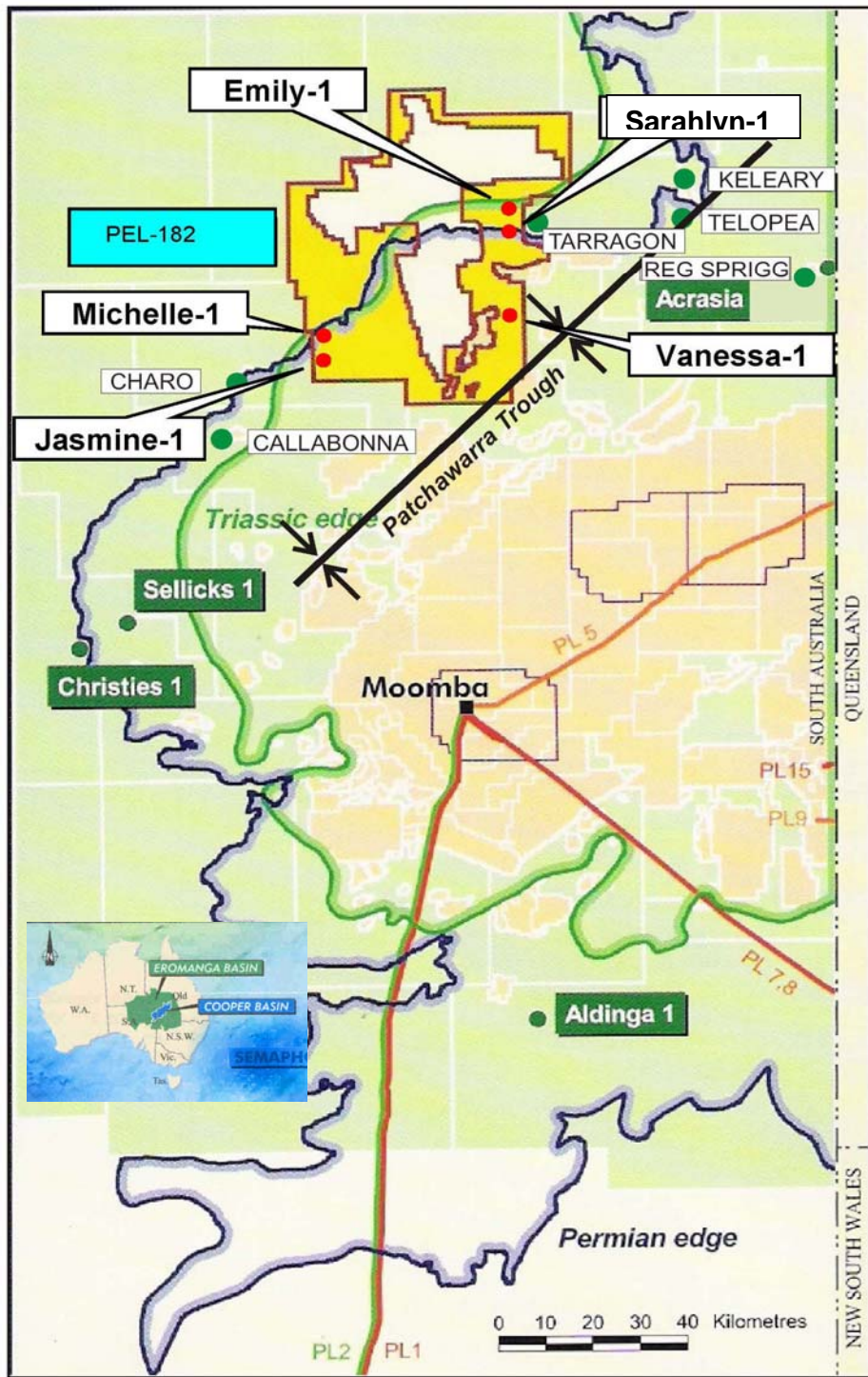
Mr Eric Tucker and Mr I R Barr and most other publicly listed oil exploration companies use the words "P50 Reserves" in regard to an undrilled exploration prospect. These words indicate the unrisks oil or gas potential of a prospect if oil or gas is present and do not comply with the definition of reserves as set out in the JORC code which is a reporting code for mineral and coal exploration not for oil and gas exploration.

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EMILY-1 COOPER BASIN S.A.



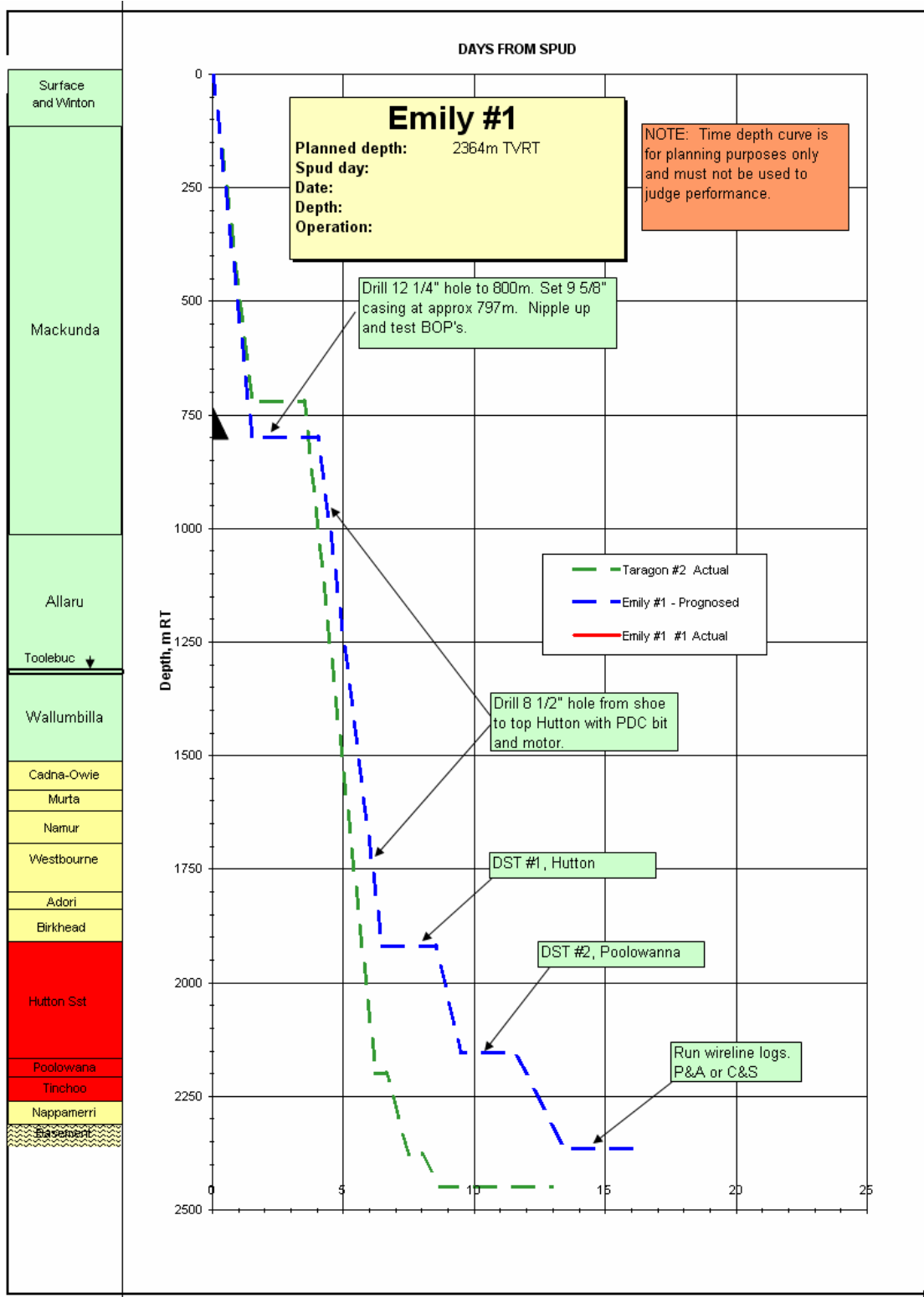
PORT BONYTHON / ADELAIDE

● recent oil discoveries

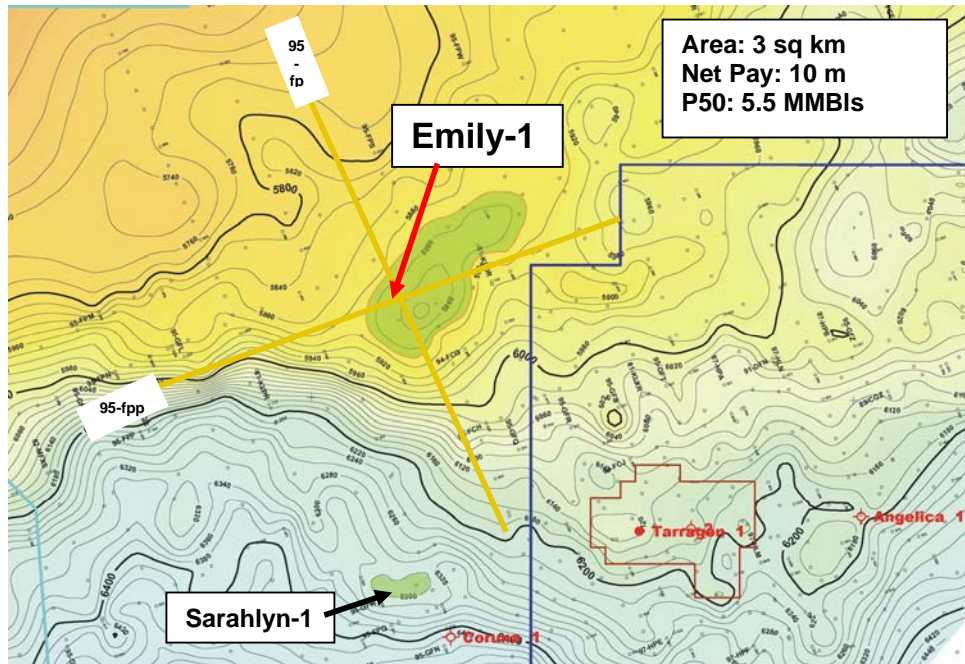
PEL-182 LOCATION MAP (Fig 1)



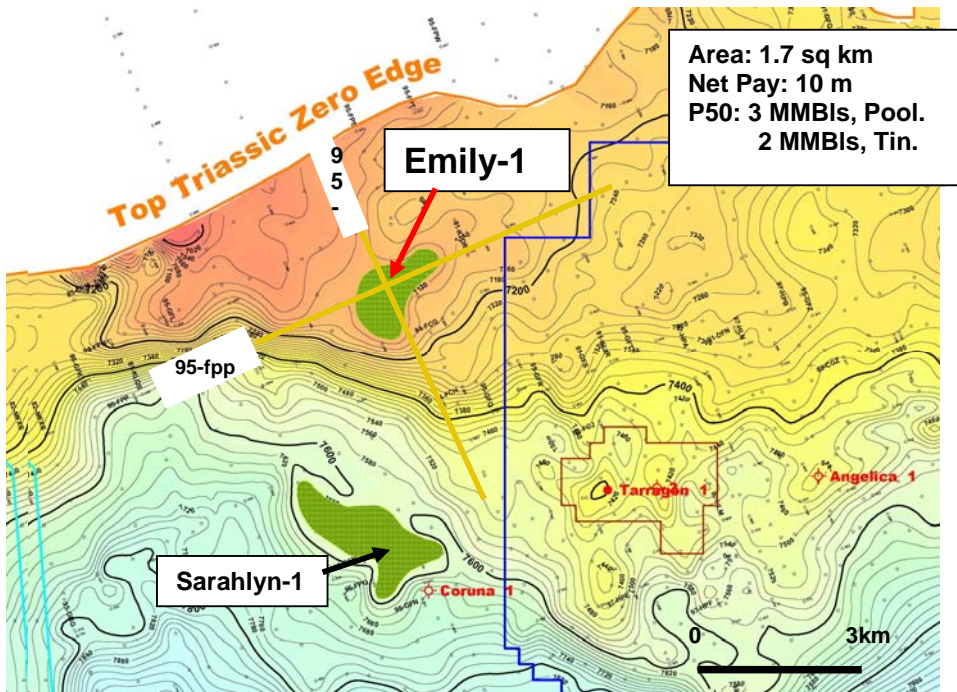
EMILY-1 First Well in PEL-182



EMILY-1 Time – Depth Drilling Curve



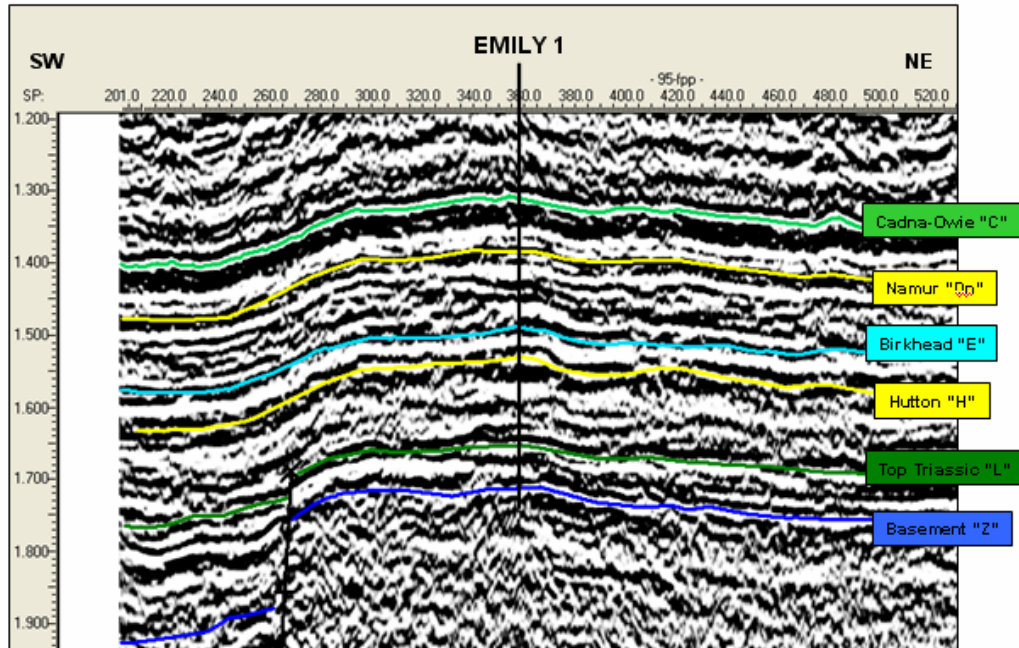
NEAR TOP BIRKHEAD/HUTTON FM – DEPTH MAP



TOP TRIASSIC DEPTH MAP ~ Poolowanna & Tinchoo Fms



SEISMIC LINE 95-FPP THRU PROSPECT EMILY



SEISMIC LINE 95-FPS THRU PROSPECT EMILY

