



## Company Announcement

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### **SECOND QUARTER ACTIVITY REPORT TO 31<sup>st</sup> DECEMBER 2006**

This report is technical and shareholders should seek independent, professional advice before reaching any conclusions. Statements may be forward looking and speculative.

#### **THE COMPANY'S ACTIVITIES**

##### **1. OIL AND GAS EXPLORATION**

###### **1.1 VICP47 – EBR 25% GIPPSLAND BASIN OFFSHORE VICTORIA**

Vic/P47 contains the 1989 Shell Judith-1 Emperor Subgroup gas discovery. Judith-1 was evaluated with a full suite of wireline logs, a velocity survey, and 35 formation pressure tests in Emperor gas sands between 2300m and total depth of 2958m. Judith-1 petrophysical analysis indicates a number of potential gas columns, some with permeabilities indicating good reservoir potential. Judith has also been remapped using modern 3-D seismic data. The commercial potential of Judith is being evaluated in a scoping study the first draft of which is due early March 2007.

###### **1.2 VIC/P41 - EBR 25% (Diluting to 17.5% Free Carried) GIPPSLAND BASIN OFFSHORE VICTORIA**

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 complete and a direct hydrocarbon indicator (DHI) – amplitude versus offset study has been reviewed by the Joint Venture partners. The operator continues to pursue farminees.

**1.3 PEL-182 - (EBR 37.6% AND OPERATOR)  
ONSHORE PETROLEUM EXPLORATION – COOPER BASIN, S.A**

The operator has secured an option over Century Rig 3 to drill after the last three wells scheduled by Beach Petroleum for this rig. This may be late February 2007 depending on weather, breakdowns and any discoveries.

**2. NICKEL EXPLORATION  
CARR BOYD JOINT VENTURE - EL 39/491 & EL 39/492  
(EBR 70% AND DILUTING)**

A Geochemistry review has been received which defined 5 targets. Further geochemistry is planned.

**3. ULEY GRAPHITE MINE - (EBR 100% and diluting to 25% free carried)  
PORT LINCOLN, SA**

**History of Company's Graphite Mine**

The 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. Three farmin offers were being negotiated and our wholly owned subsidiary Eagle Bay Graphite Pty Ltd is being corporately reviewed.

**The Current Position**

On 7 October 2006 EBR entered into a non binding memorandum of understanding (MOU) with a private venture capital group which is expected to begin its due diligence work shortly.

**4. URANIUM / COPPER / GOLD EXPLORATION  
SOUTH AUSTRALIA**

**4.1 CULTANA JOINT VENTURE EL 3547 (formerly ELA 105/2000)  
WHYALLA SOUTH AUSTRALIA – THE ARMY TRAINING AREA  
(EBR 75%, Minotaur 25%)**

Minotaur had agreed to operate the first phase drilling over the Falcon™ defined targets. Access negotiations made little progress and have recently recommenced under a new formal Exploration Licence. The application has been made to test a number of Falcon gravity anomalies.

**4.2 MYALL CREEK JOINT VENTURE EL 3538 (formerly EL 2800)  
WHYALLA SOUTH AUSTRALIA  
(EBR 50%, Minotaur 50%)**

Trial electrical geophysical surveys at the Myall Creek copper prospect, discovered in 1975 by Australian Selection Pty Ltd, were able to delineate mineralization recorded in historic drilling. Additional electrical geophysics have been undertaken to map key features in the subsurface. A farminee is currently reviewing the project and some \$75,000 of State Government fund has been attracted on the basis of the project's geology. Drilling is planned.

## 5. PROSPECTUS

The company has announced a pro rata 1:4 issue of 57,644,500 shares and free attaching options (EBROA) to raise \$3,458,670 underwritten by KEFU Underwriters P/L. The options are to convert to shares on payment of 15c on and before 30 June 2009. The prospectus has been lodged with the ASX and ASIC and will be sent to all shareholders registered at the Record Date.

### **Disclaimer:**

*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 company gives drilling sequences not drilling dates.*

*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. This is particularly true for online and day traders who do not access the professional advice available from licensed stockbrokers and consequently should not trade in the company's securities. The company does not give 'plain english' translation of technical reports. 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.*

**By order of the Board  
Eagle Bay Resources N.L**

# 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 2006

### 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	296	296
- Management fees received		
1.2 Payments for (a) exploration and evaluation	(208)	(503)
(b) development	--	--
(c) production	--	--
(d) administration	(149)	(356)
(e) bank guarantee	(26)	(26)
1.3 Dividends received	--	--
1.4 Interest and other items of a similar nature received	58	113
1.5 Interest and other costs of finance paid	--	--
1.6 Income taxes paid	--	--
1.7 Other		
JV Contribution	10	460
Sundry	2	2
<b>Net Operating Cash Flows</b>	<b>(17)</b>	<b>(14)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	--	--
(b)equity investments	--	(110)
(c)other fixed assets	(7)	(7)
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	377	377
1.12 Other (provide details if material)	--	-
<b>Net investing cash flows</b>	<b>370</b>	<b>260</b>
1.13 Total operating and investing cash flows (carried forward)	353	246

1.13	Total operating and investing cash flows (brought forward)	353	246
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	--	--
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>Net increase (decrease) in cash held</b>		353	246
1.20	Cash at beginning of quarter/year to date	4,085	4,192
1.21	Exchange rate adjustments to item 1.20	--	--
1.22	<b>Cash at end of quarter</b>	4,438	4,438

**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	87
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

\$10,000 has been received from a private venture capital group which has entered into a non-binding memorandum of understanding with EBR in relation to the Uley Graphite mine.

### 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	745
4.2 Development	--
<b>Total</b>	745

### 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	628	329
5.2 Deposits at call	3,810	3,756
5.3 Bank overdraft	--	--
5.4 Other (provide details)	--	--
<b>Total: cash at end of quarter (item 1.22)</b>	4,438	4,085

### 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	Nickel Exploration E38/1970 P38/3381 P38/3382 P38/3383 P38/3384	Acquisition of Falconbridge tenements	0%	100% and diluting
6.2 Interests in mining tenements acquired or increased	E31/491 E31/492	Acquisition of Carr Boyd tenements	0%	70% and diluting


### 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>	230,577,999	230,577,999		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	--	--		
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>	31,288,345 3,250,000	31,288,345 --	<i>Exercise price</i> 15c 15c	<i>Expiry date</i> 30/6/2009 30/6/2010
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
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:   
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(Company Secretary)

Date: 30<sup>th</sup> January 2007

Print name: Linda Bell

## 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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