

EAGLE BAY RESOURCES N.L.

A.C.N. 051 212 429

THIS DOCUMENT IS IMPORTANT

IF YOU DO NOT FULLY UNDERSTAND IT, OR ARE IN DOUBT AS TO HOW TO DEAL WITH IT, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

NON-RENOUNCEABLE PRO RATA ISSUE PROSPECTUS

For the issue of approximately 57,644,500 New Shares at an issue price of 6 cents per New Share through a pro rata non-renounceable issue to Shareholders on the basis of 1 New Share plus 1 Attaching Option for every 4 shares held at the Record Date to raise up to approximately \$3,458,670.

Underwriter: Kefu Underwriters Pty Limited

The Securities offered by this Prospectus should be considered speculative.
Applicants should read this Prospectus in its entirety before deciding to apply for New Shares.

EAGLE BAY RESOURCES N.L.

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TIMETABLE

Prospectus lodged with ASIC & ASX	24 January 2007
Application to ASX for official quotation of New Shares	24 January 2007
Record date to determine entitlements	5 February 2007
Securities quoted on "ex" basis	30 January 2007
Dispatch of Prospectus and Entitlement and Acceptance Form	9 February 2007
Closing date	23 February 2007
Trading of shares on deferred settlement basis	26 February 2007
New Shares allocated and holding statements dispatched	6 March 2007

All dates (other than the date of lodgement of the Prospectus with ASIC) are indicative only. The Directors reserve the right to extend the Closing Date, subject to the Corporations Act and the Listing Rules, without further notice. A change to the Closing Date may cause other dates to change.

CORPORATE DIRECTORY

DIRECTORS	Anthony Rechner James B Craib John Roy
COMPANY SECRETARY	Linda Bell
REGISTERED OFFICE	1 st Floor, Suite 3, 610 Murray Street, West Perth Western Australia 6005 Telephone: (08) 9481 3322 Facsimile: (08) 9481 3330 Email: ebr@eaglebayresources.com.au Web: www.eaglebayresources.com.au Postal Address: PO Box 913, West Perth WA 6872
ACN	051 212 429
AUDITORS	Stantons International* Level 1 1 Havelock Street West Perth WA 6005
UNDERWRITER	Kefu Underwriters Pty Limited* 9-11 Waiwera St McMahons Point NSW 2060
STOCK EXCHANGE	The Company's shares are quoted on the official list of the Australian Stock Exchange Ltd, ASX Code EBR
SHARE REGISTRY	Advanced Share Registry* 110 Stirling Highway, Nedlands Western Australia 6009 Telephone (08) 9389 8033 Facsimile (08) 9389 7871

* These entities have had no involvement in the preparation of this Prospectus and their names appear above for information purposes only.

EAGLE BAY RESOURCES N.L.

Letter from the Chairman

Dear Shareholder

The New Shares and free Attaching Options offered in this Prospectus are at a discount to the market price at the time of writing and are offered at a time when your company is planning to commence an extensive and exciting drilling program over its oil and gas projects in the Cooper Basin area.

Under this Offer, each existing Shareholder may subscribe for one New Share at 6 cents for every four Shares held by them at the Record Date. In addition, Shareholders will be issued with one free Attaching Option for every New Share for which Shareholders subscribe. Shareholders may apply for more New Shares than their entitlement if they wish to do so.

The intention of this Issue is to raise funds for exploration and for working capital. In particular, the Company has signed a Letter of Intent with a drilling rig operator that states that the Company may commence drilling with Century Rig 3 on Copper Basin permit PEL-182 in late February 2007, subject to the drilling rig operator's completion of prior drilling commitments. The Company's exploration program on PEL-182 is to drill 2 wells, Sarahlyn and Vanessa, followed by an option to drill a further 2 wells, Michelle and Jasmine. These prospects are described in the Company's September 2006 quarterly report.

Eagle Bay is keen to increase its equity in PEL-182 and has allocated funds from this fundraising to acquire further equity and/or shareholding from our joint venture partners should a suitable opportunity arise.

Yours sincerely



A. Rechner
Chairman

EAGLE BAY RESOURCES N.L.

IMPORTANT NOTICE

This Prospectus is dated 24 January 2007. Copies of this Prospectus were lodged with the Australian Securities and Investments Commission (ASIC) and the Australian Stock Exchange (ASX) on 24 January 2007. This Prospectus expires on the date 13 months after the date of this Prospectus. No securities will be issued on the basis of this Prospectus later than the date that it expires. Neither ASIC, the ASX or their respective officers take responsibility as to the contents of this Prospectus.

No person is authorised to give information or to make any representations in connection with this Prospectus which is not contained in this Prospectus. In making representations in this Prospectus regard has been made to the fact that the ASX maintains a file containing publicly disclosed information about the Company, that the Company is a disclosing entity for the purpose of the Corporations Act 2001 and that certain matters may reasonably be expected to be known to professional advisers of any kind whom potential investors may reasonably be expected to consult.

This is an important document. Before deciding to apply for New Shares you should consider whether they are a suitable investment for you. Persons wishing to subscribe for the New Shares offered by this Prospectus should carefully read this Prospectus and consult their licensed professional advisers for the purpose of making an informed assessment of this offer of shares under this Prospectus.

The directors of the Company consider this to be a speculative investment.

This Prospectus does not constitute an offer in a place where it is not lawful to make an offer. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and any person into whose possession this Prospectus comes should seek advice on and observe these restrictions.

Accordingly, the Offer is not being made to and no securities will be issued to Excluded Shareholders having registered addresses outside Australia and New Zealand.

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to the compliance with certain conditions.

This Prospectus is available in electronic form at www.eaglebayresources.com.au only for persons within Australia. Persons who access the electronic form of this Prospectus must ensure that they download and read the entire Prospectus. A printed copy of this Prospectus is available free of charge by calling the Company.

1. TERMS OF THE OFFER

1.1 Important Note

This Section is not intended to provide full information for those intending to apply for the New Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

1.2 Offer

Under this Prospectus, the Company is making a non-renounceable offer to Eligible Participants on the basis of one New Share for every four Shares held on the Record Date at an issue price of 6 cents per New Share (the “**Issue**”). For every New Share subscribed for, the Eligible Participant will be granted one Attaching Option. Each Attaching Option will entitle the holder to subscribe for one Share upon payment to the Company of 15 cents per Share on or before 30 June 2009.

Based on the capital structure of the Company at the date of this Prospectus, 57,644,500 New Shares and 57,644,500 Attaching Options will be offered pursuant to the Issue and the proceeds from the Issue will be approximately \$3,458,670 (before costs).

Fractional entitlements will be rounded up.

1.3 Shareholder Entitlement

The number of New Shares and Attaching Options for which an Eligible Participant is entitled to subscribe is set out in the Entitlement and Acceptance Form which accompanies this Prospectus.

Eligible Participants may accept their entitlement to subscribe for New Shares and Attaching Options under this Issue in whole or in part. If Eligible Participants decide not to accept their Entitlement by the due date for doing so, their Entitlement will lapse.

It is important that you consider the Issue carefully. If you decide to accept your Entitlement (either in whole or in part), you must do so in accordance with the instructions set out on the accompanying Entitlement and Acceptance Form and Section 2 of this Prospectus. If you are in doubt as to the course of action you should or may take, you should consult your professional adviser.

1.4 Additional Shares

The Issue is underwritten. In the event that there is a shortfall in subscriptions under the Issue, the Company will issue the shortfall of New Shares to the Underwriter being Kefu Underwriters Pty Limited.

An individual or entity that wishes to apply for Additional Shares (in the event of a shortfall) must complete the Shortfall Application Form attached to this Prospectus.

In the event the total New Shares for which Shareholders apply (including Additional Shares) does not exceed 57,644,500 Shares, Additional Share

applications will be accepted. The Company may only accept applications for Shares offered under the Prospectus on Valid Applications.

In the event the total New Shares which Shareholders apply for (including Additional Shares) exceeds 57,644,500 Shares, Additional Shares will be allocated on a proportionate basis.

The Company will make the issue of any shortfall of New Shares to the subscribers of Additional Shares within 3 months of the Closing Date. However the Directors anticipate that this will occur prior to 6 March 2007.

Eligible Participants should read the Shortfall Application Form and follow the instructions detailed in the Form when applying for Additional Shares.

1.5 Purpose of the Offer

The Issue is expected to raise approximately \$3,458,670 which will be used as follows:

EXPLORATION ACTIVITY	COST
Cooper Basin 2 Firm Wells – to Completion PEL-182 (1)	\$750,000
Cooper Basin 2 Optional Wells PEL-182 (1)	\$1,000,000
Cooper Basin – Acquire Further Equity and Contingencies (1)	\$1,000,000
Uranium Copper Gold Exploration SA. Uley, Cultana, Myall Creek (2)	\$250,000
Offshore Gippsland VICP41/47 (3)	\$212,670
Underwriting Fee	\$172,900
Costs of the issue	\$73,100
TOTAL	\$3,458,670

1. Cooper Basin PEL 182 – EBR 37.6%

Due to the Company's free carried interest, the Company will only contribute a portion of the cost of the first two firm wells (Sarahlyn and Vanessa) (\$750,000). The Company will contribute 25% of the cost of the subsequent two optional wells (Jasmine and Michelle) (\$1,000,000). EBR is considering acquiring further equity and/or shareholding in PEL-182 from existing Joint Venture Partners, should they express a desire to dilute on favourable terms to EBR. EBR has also allowed for contingency costs, for example, when the rig is on contract but unable to work due to adverse weather conditions.

2. Uranium, Copper & Gold Exploration, South Australia

As detailed in the September 2006 quarterly report, the Myall Creek joint venture (EBR: 50%) is in negotiations to drill the Induced Polarisation anomalies (\$125,000). At Cultana the Directors believe that ongoing data review and army/ native title negotiations should lead to drilling the 5 defined anomalies (\$100,000). The Directors also propose exploring for minerals other than graphite at Uley.

3. Offshore Gippsland Basin VICP/ 41 and VIC/P47

The initial scoping study (\$50,000) in VICP/47 is close to completion. The Company has also allocated \$162,670 to pursue farminees in VIC/P47 and VIC/P41.

Exploration is a high risk activity as summarised in Section 5 and the Directors will continually review the proposed exploration strategy set out above as results are obtained or events transpire and will review the projects and allocate funds to maximise shareholder value. All of the proposed expenditures set out above are current commitments, however results of the 2 Firm Wells (once interpreted) on PEL-182 may lead to a further appraisal well prior to drilling the option wells. Any non expended funds will be applied to the year 2 three well program in PEL 182 and/ or working capital. The directors propose that current company funds (approximately \$4 million at time of printing) will be applied to the total 11 well program in PEL-182 subject to exploration results, weather and as joint venture partners dictate.

On the assumption that the contractual obligations of all Joint Venture parties are met in a timely fashion, the Company has the following exploration expenditure requirements to comply with its Joint Venture exploration commitments. The table below indicates the Company's total Joint Venture exploration commitments as outlined in the Annual Report 2006.

	2006	2005
	\$	\$
Not later than one year	1,500,000	1,500,000
After one year but less than two years	1,975,000	1,975,000
After two years but less than five years	5,000,000	6,500,000
After five years	-	-
	8,475,000	9,975,000

1.6 Opening and Closing Dates

The Offer will open for receipt of applications on 9 February 2007 and all Entitlement and Acceptance Forms must be received by the Closing Date, being 23 February 2007. To the extent it is permitted to do so, the Company reserves the right to extend the Closing Date without prior notice. Eligible Participants are encouraged to submit their applications as soon as possible.

1.7 **How to Accept your Entitlement**

Section 2 explains how Eligible Participants may accept the Offer. Prior to accepting the Offer you should carefully read Section 2 and the instructions on the reverse side of the Entitlement and Acceptance Form accompanying this Prospectus.

1.8 **ASX quotation**

Application will be made to ASX no later than 7 days after the date of this Prospectus for the official quotation of the New Shares and Attaching Options offered pursuant to this Prospectus. If permission is not granted by ASX within three months after the date of this Prospectus the Company will repay all application monies received pursuant to the requirements of the Corporations Act.

1.9 **CHESS**

The Company participates in CHESS. ASTC, a wholly owned subsidiary of ASX, operates CHESS in accordance with ASX Listing Rules, ASTC Settlement Rules and ACH Clearing Rules.

Under CHESS, Applicants who apply for New Shares will not receive a certificate but will receive a statement of their holding.

If you are broker sponsored, ASTC will send you a CHESS statement.

The CHESS statement will set out the number of New Shares and Attaching Options issued under this Prospectus, provide details of your holder identification number and the participant identification number of the sponsor.

If you are registered on the issuer sponsored sub-register, your statement will be dispatched by the Share Registrar and will contain the number of New Shares and Attaching Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to holders of New Shares or Attaching Options at the end of any calendar month during which the balance of their holding changes. Holders may request a statement at any other time; however, a charge may be made for additional statements.

1.10 **Allotment**

Application Monies will be held in trust for Applicants until allotment of the New Shares and Attaching Options. Interest earned on the Application Monies will be for the benefit of the Company and will be retained by the Company whether or not allotment takes place. No allotment of New Shares or Attaching Options will occur until the Proceeds of the Offer have been received and ASX grants permission to quote the New Shares and Attaching Options. Should ASX not permit quotation within three months from the date of this Prospectus, the Application Monies will be refunded in full without interest.

New Shares and Attaching Options under the Offer are expected to be allotted, and shareholding statements dispatched, on or around 6 March 2007.

1.11 Excluded Shareholders

Eagle Bay Resources N.L. has determined that it is unreasonable to make the Offer to Shareholders who have a registered address in a country outside of Australia or New Zealand having regard to the number of Shareholders in such places, the number and value of the New Shares they would be offered and the substantial costs of complying with the legal and regulatory requirements of those jurisdictions.

This Prospectus is accordingly being sent to Excluded Shareholders for information purposes only. This Prospectus does not constitute an offer to Excluded Shareholders.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Shareholders holding Shares on behalf of persons who are resident outside Australia or New Zealand are responsible for ensuring that taking up their rights under this issue does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will constitute a representation that there has been no breach of such regulations.

1.12 Share Trading History

The highest and lowest market price of the Company's Shares in ASX during the three months immediately preceding the date of this Prospectus and the respective dates of these sales and the last sale (on which sales occurred) on the Business Day immediately preceding the date of this Prospectus were:

Shares (EBR)		
	Value (cents)	Date
Highest	7.6 cents	26 October 2006
Lowest	5.7 cents	7 December 2006
Last	6.3 cents	23 January 2007

1.13 Option Trading History

The highest and lowest market price of the Company's Options in ASX during the three months immediately preceding the date of this Prospectus and the respective dates of these sales and the last sale (on which sales occurred) on the Business Day immediately preceding the date of this Prospectus were:

Options (EBROA)		
	Value (cents)	Date
Highest	3.5 cents	18 December 2006
Lowest	1.8 cents	19 January 2007
Last	1.9 cents	23 January 2007

1.14 Underwriting

This issue is underwritten by Kefu Underwriters Pty Limited.

The details of the Underwriting Agreements and the basis upon which the Issue is being underwritten are summarised in section 6.

The table below illustrates the effect that the Rights Issue will have on Kefu's Voting Power in the Company if the Offer is not fully subscribed and it is required to take up Shares in fulfilment of their underwriting commitment assuming:

- the Directors and their associates and the Underwriters take up all of their respective Entitlements pursuant to the Rights Issue (whether personally or through the arrangement of a sub-underwriter);
- subscription rates of 0%, 10% and 20% respectively in relation to the Offer; and
- that the maximum number of Shares capable of being offered under this Prospectus are issued:

Subscription Rate	No of Shares Subscribed by Kefu and Associates	Total No of Shares Held by Kefu and Associates	Voting Power of Kefu
0%	49,402,029	49,402,029	17%
10%	44,461,826	44,461,826	15%
20%	39,521,623	39,521,623	14%

1.15 Minimum Subscription Level

No minimum subscription has been set for this Prospectus, as it is fully underwritten.

2. ACCEPTANCE OF OFFER

- 2.1 This Offer may only be accepted by validly completing the Entitlement and Acceptance Form accompanying this Prospectus and in accordance with the instructions referred to in this Prospectus and delivering it on or before 5.00pm WST on the Closing Date by delivery or by post to:

**Advanced Share Registry
110 Stirling Highway
Nedlands
PERTH WA 6009**

**Advanced Share Registry
PO Box 1156
Nedlands
WA 6909**

Completed Entitlement and Acceptance Forms must be accompanied by payment in full at 6 cents per New Share. Payment must be made by cheque in Australian Dollars, crossed “**Not Negotiable**” and made payable to “**Eagle Bay Resources NL Share Issue Account**”. Applicants must not forward cash. Receipts for payments will not be issued.

The Entitlement and Acceptance Form indicates your Entitlement for the number of New Shares and Attaching Options for which you can apply.

If an Entitlement and Acceptance Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted by the Company. The Company’s decision as to whether to accept the Application or how to construe, amend or complete it, shall be final, but no Applicant will be treated as having offered to purchase more New Shares or Additional Shares than is indicated by the amount of the cheque for application monies.

- 2.2 **If you wish to apply for additional New Shares and Attaching Options in addition to your Entitlement**

If you are an Eligible Participant, you may, in addition to taking up all of your Entitlement, apply for additional New Shares and Attaching Options in the event of a Shortfall. A Shortfall arises if the actual Applications received for New Shares and Attaching Options are less than the number of New Shares and Attaching Options to be issued under the Offer.

Applicants wishing to apply for additional New Shares and Attaching Options in the event of a Shortfall are required to complete the Shortfall Application Form accompanying this Prospectus and in accordance with the instructions referred to in this Prospectus and the Shortfall Application Form.

The completed Shortfall Application Form must be accompanied by a separate cheque or bank draft for the appropriate application monies calculated at 6 cents per New Share for which you wish to apply under the Shortfall Application Form, and received by the Share Registrar at either of the following addresses by no later than 5.00pm WST on the Closing Date.

Delivery Address
Advanced Share Registry
110 Stirling Highway
Nedlands PERTH WA 6009

Mailing Address
Advanced Share Registry
PO Box 1156
Nedlands WA 6909

To the extent that Eligible Participants do not take up their full Entitlement, the Shortfall will be issued to Kefu in accordance with the terms of the Underwriting Agreement summarised in Section 6. In the event that applications for the Shortfall are not accepted in part or in full, the relevant application monies (without interest) will be refunded by the Company in accordance with the provisions of the Corporations Act. Neither the Directors nor Kefu guarantee that you will receive any New Shares or Attaching Options in the event of a Shortfall.

2.3 Taking up part only of your Entitlement

If you wish to take up part only of your Entitlement you must indicate in the space provided on the Entitlement and Acceptance Form the number of New Shares and Attaching Options for which you wish to subscribe.

2.4 Entitlements not taken up

Entitlements not taken up by lodging the Entitlement and Acceptance Form with the Company by the Closing Date will lapse, and revert to Kefu in accordance with the terms of the Underwriting Agreement.

2.5 Acknowledgement and privacy statement

By returning an Entitlement and Acceptance Form, each Applicant acknowledges that they have received and read this Prospectus.

The information about Applicants included on an Entitlement and Acceptance Form is used for the purposes of processing the Entitlement and Acceptance Form and to administer the holding of securities. By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided on the Entitlement and Acceptance Form for the purposes set out in this privacy statement and may disclose it for those purposes to the Underwriter, the Share Registrar and the Company's related bodies corporate, agents and contractors and third party service providers, including mailing houses and professional advisors, and to ASX and other regulatory authorities.

The Corporations Act requires the Company to include information about each security holder (including the security holder's name and address and details of the securities held) in a register. The information contained in the Company's register must remain there even if that person ceases to be a security holder. Information contained in the Company's register is also used to facilitate payments and corporate communications (including the Company's financial results, annual reports and other information that the Company wishes to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

Security holders have a right to gain access to information that the Company holds about them, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

2.6 Enquiries concerning your Entitlement

If you have any queries concerning your Entitlement please contact:

Advanced Share Registry
110 Stirling Highway
Nedlands PERTH WA 6009
Telephone (08) 9389 8033
Facsimile (08) 9389 7871

3. RIGHTS ATTACHING TO NEW SHARES

All New Shares issued pursuant to this Prospectus will, from the time they are issued, rank equally in all respects with the Company's existing Shares.

The Constitution of the Company sets out the rights attaching to Shares which will apply to the New Shares and copies of the Constitution are available for inspection at the Company's registered office during normal business hours, without charge.

The following is a summary of the rights which attach to the Company's Shares.

3.1 Voting rights

- (a) Subject to paragraph (b), the Listing Rules and any rights or restrictions for the time being attached to any class or classes of shares at general meetings of Shareholders or classes of Shareholders:
- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
 - (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
 - (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares, shall have a fraction of a vote for each partly paid share. The fraction shall be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable, excluding amounts credited, provided that amounts paid in

advance of a call are ignored when calculating a true proportion.

- (b) In the event of a breach of the Listing Rules relating to restricted securities or of any escrow agreement entered into by the Company under the Listing Rules in relation to any shares which are classified under the Listing Rules or by ASX as restricted securities, the Shareholder holding the shares in question shall cease to be entitled to any voting rights in respect of those shares for so long as the breach subsists.

3.2 Dividends

The Directors or Company in General Meeting may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend. The dividend as declared shall (subject to certain provisions in relation to any restriction agreements as set out in the Constitution of the Company, the rights of any preference Shareholders and to the right of the holders of any shares created or raised under any special arrangement as to dividend) be payable on all shares in accordance with the Corporations Act.

3.3 Winding Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as it considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

Subject to the rights of Shareholders (if any) entitled to shares with special rights in a winding up, all monies and property that are to be distributed among Shareholders on a winding up, shall be so distributed in proportion to the shares held by them respectively, irrespective of the amount paid up or credited as paid up on the shares. Any share that is a Restricted Security which at the commencement of the winding up is subject to an escrow agreement entered into by the Company, will rank after all other shares.

3.4 Issue of Shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, shares for the time being unissued shall be under the control of the Directors, and subject to the Corporations Act, the Listing Rules and the Constitution of the Company, the Directors may at any time and from time to time issue such number of shares either as ordinary shares or shares of a named class or classes (being either an existing class or a new class) and with such preferred, deferred or other special rights or such restrictions, whether with regard to dividend, return of capital, or otherwise, and whether as preference shares that are or at the option of the Company are

liable to be redeemed, as the Directors shall, in their absolute discretion determine.

3.5 Transfer of Shares

Subject to the Constitution of the Company, the Corporations Act and the Listing Rules, ordinary shares in Eagle Bay are freely transferable.

3.6 Variation of Rights

Subject to the Listing Rules, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied, whether or not the Company is being wound up, with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class. Any variation of rights shall also be subject to the Corporations Act. The provisions of the Constitution of the Company relating to general meetings shall apply so far as they are capable of application and with necessary alterations to every such separate meeting except that a quorum is constituted by three persons of the class.

3.7 Terms and Conditions of Attaching Options

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

- Each Attaching Option entitles the holder to subscribe for one Share;
- The amount payable on exercise of each Attaching Option is 15 cents;
- The Attaching Options are exercisable by notice in writing to Eagle Bay accompanied by payment of the exercise price on or prior to 30 June 2009;
- The Attaching Options are exercisable in parcels of not less than 5,000;
- The Attaching Options are transferable;
- All Shares issued upon exercise of the Attaching Options will rank *pari passu* in all respect with the then existing Shares of Eagle Bay;
- Eagle Bay will apply for quotation of the Attaching Options on ASX. Eagle Bay will apply for quotation of the Shares issued pursuant to the exercise of the Attaching Options within 10 days of their exercise;
- There are no participation rights or entitlements inherent in the Attaching Options and their holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Attaching 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 (to be compatible with existing EBROA) after the issue is announced. This will give Option holders the opportunity to exercise their Attaching 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 Attaching Options or the exercise price of the Attaching 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 Attaching Options shall remain unchanged; and
- Attaching Options not exercised by 5.00 pm WST on 30 June 2009 will automatically expire.

4. EFFECT OF THE ISSUE

4.1 Application of Proceeds

The Issue is expected to raise approximately \$3,458,670 which will be used as follows:

EXPLORATION ACTIVITY	COST
Cooper Basin 2 Firm Wells – to Completion PEL 182	\$750,000
Cooper Basin 2 Optional Wells PEL 182	\$1,000,000
Cooper Basin – Acquire Further Equity and Contingency	\$1,000,000
Uranium Copper Gold Exploration SA. Uley, Cultana, Myall Creek	\$212,670
Offshore Gippsland VICP41/47	\$250,000
Underwriting Fee	\$172,900
Costs of the issue	\$73,100
TOTAL	\$3,458,670

All of the proposed expenditures set out above are current commitments, however results of the Firm Wells (once interpreted) on PEL 182 may lead to a further appraisal well prior to drilling the optional wells in PEL 182. Any non expended funds will be applied to the year 2 drilling commitments in PEL 182 and/or working capital.

4.2 Consolidated Statement of Financial Position and Pro Forma Statement of Financial Position

A half year report reviewed by the auditors for the six months ended 31 December 2006 has been released to the ASIC and ASX. Set out below is the Consolidated Statement of Financial Position extracted from that Half Year Report plus a proforma statement of financial position showing the impact of the following:

- This non-renounceable rights issue of 57,644,500 shares at an issue price of 6 cents per share raising \$3,458,670;
- Cost of this Issue, including underwriting fees, totalling \$246,000

	Audit reviewed 31 December 2006 Half Year report \$	Proforma (which assumes completion of this issue) 31 December 2006 \$
ASSETS		
Current Assets		
Cash assets	4,437,331	7,650,001
Receivables	4,125	4,125
Total Current Assets	4,441,456	7,654,126
Non-current Assets		
Property, plant and equipment	139,883	139,883
Financial assets	162,888	162,888
Other	25,649	25,649
Total Non Current Assets	328,420	328,420
TOTAL ASSETS	4,769,876	7,982,546
LIABILITIES		
Current Liabilities		
Payables	169,201	169,201
Provisions	558,000	558,000
Total Current Liabilities	727,201	727,201
TOTAL LIABILITIES	727,201	727,201
NET ASSETS	4,042,675	7,255,345
EQUITY		
Contributed equity	23,000,633	26,213,303
Accumulated losses	(19,222,458)	(19,222,458)
Other reserves	264,500	264,500
TOTAL EQUITY	4,042,675	7,255,345

4.3 Capital Structure

The Company currently has on issue 230,577,999 Shares.

The Company also has currently on issue 31,288,345 listed Options exercisable at 15 cents on or before 30 June 2009 and 3,250,000 Unlisted Options exercisable at 15 cents on or before 30 June 2010.

After the Placement and the Issue the Company will have on issue the following securities:

	Shares	Listed Options	Unlisted Options	Gross Amount Raised
Existing Capital	230,577,999	31,288,345	3,250,000	-
New Shares and Attaching Options	57,644,500	57,644,500	-	\$3,458,670
Total	288,222,499	88,932,845	3,250,000	\$3,458,670

5. RISK FACTORS

The New Shares and Attaching Options offered under this Prospectus are considered speculative because of the inherent risks associated with oil and gas exploration, appraisal, development, production, transport and marketing. In addition, there are risks inherent in investing in the share market in general.

The Directors have considered and identified in this section of the Prospectus the critical areas of risk associated with investing in the New Shares and Attaching Options. The risks identified by the Directors are not exhaustive and potential investors should read this Prospectus in full and seek professional advice if they require further information on material risks in deciding whether to subscribe for New Shares and Attaching Options.

The following summary, which is not exhaustive, represents some of the major risk factors which investors need to be aware of:

5.1 Share Market Conditions

The market price of the New Shares and the Attaching Options when quoted on the ASX will be influenced by international and domestic factors affecting conditions in equity and financial markets. These factors may affect the prices for listed securities and the prices for the securities of oil and gas exploration companies quoted on the ASX, including EBR.

The stock market has in the past and may in the future be affected by a number of matters including commodity prices, market confidence, supply and demand for money, and currency exchange rates.

5.2 Volatility in the price of commodities

Commodity prices are influenced by the physical and investment demand for those commodities. Fluctuations in commodity prices may influence timing, viability and management of projects in which the Company has an interest.

5.3 Volatility in the market price of shares

Although the Company is listed on the ASX, there is no assurance that an active trading market for its Shares will be sustained. There is also no assurance that the market price for the Shares will not decline below the issue price. The market price of the Company's Shares could be subject to significant fluctuations due to various external factors and events, including the liquidity of the Shares in the market, any difference between the Company's actual financial or operating results and broader market-wide fluctuations.

Furthermore, any stock market volatility and weakness could result in the market price of the Shares decreasing so that they trade at prices significantly below the Issue price, without regard to the Company's operating performance.

5.4 Economic and Political Conditions

Economic and political conditions, both domestic and global, may affect the performance of the Company. Factors such as wars, consequences of terrorist and other activities, currency fluctuations, inflation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and share market prices. The Company's future possible revenue, asset values and share prices can be affected by these factors, all of which are beyond the control of the Company and the Directors. In addition the Company's ability to raise additional capital, should it be required, may be affected.

5.5 Operational and Exploration Risk

The business of oil and gas exploration, project development and production involves risks by its very nature. It depends on the successful exploration, appraisal and development of commercially viable deposits. Outcomes of the exploration program outlined in this Prospectus will affect the future performance of the Company and its Shares.

Operations such as design and construction of efficient mining and processing facilities, competent operation and managerial performance, and efficient transport and marketing services, are required to be successful. In particular, production operations can be hampered by force majeure circumstances, engineering difficulties, cost overruns, inconsistent recovery rates and other unforeseen events. In the event the Company proceeds to development of economic deposits production may be affected by these matters.

Exploration and appraisal is a process subject to unforeseen contingencies. Exploration programs must be flexible enough to respond to the results obtained.

The actual scope, costs and timetables of exploration programs may differ substantially from the proposals set out in this Prospectus. Financial failure, or default by any future alliance or joint venture partner of the Company, may require the Company to face unplanned expenditure or risk forfeiting relevant tenements.

The Company gives no assurance that its exploration programme will result in the discovery of any accumulation of oil or gas, nor that any discovery will be commercially viable.

5.6 Funding

The Company's activities will require substantial expenditures. Unless and until the Company develops or acquires income producing assets, it will be dependent upon the funds raised by this Offer, and its ability to obtain future equity or debt funding to support exploration evaluation and development of the properties in which it has an interest. The Company's ability to raise further equity or debt or to divest part of its interest in a project, and the terms of such transactions, will vary according to a number of factors, including the success of exploration and the future development of the project, stock market conditions and prices for metals in world markets.

5.7 Key Personnel

The ability of the Company to achieve its objectives depends on the retention of key external contractors who constitute its technical panel and provide technical expertise. If the Company cannot secure external technical expertise (for example to carry out drilling) or if the services of the present technical panel cease to become available to the Company, this may affect the Company's ability to achieve its objectives either fully or within the timeframes and the budget the Company has decided upon.

Whilst the ability of the Company to achieve its objectives may be affected by the matters mentioned above, the Directors believe that appropriately skilled and experienced professionals would be available to provide services to the Company at market levels of remuneration in the event key external contractors cease to be available.

5.8 Negative publicity may adversely affect the Share Price

Any negative publicity or announcement relating to any of our substantial shareholders or key personnel may adversely affect the stock performance of the Company, whether or not this is justifiable. Examples of this negative publicity or announcement may include involvement in legal or insolvency proceedings, failed attempts in takeovers, joint ventures or other business transactions.

5.9 Insurance Risks

The Company maintains insurance coverage that is substantially consistent with exploration industry practice. However, there is no guarantee that such insurance or any future necessary coverage will be available to the Company at economically viable premiums (if at all) or that, in the event of a claim, the

level of insurance carried by the Company now or in the future will be adequate, or that a liability or other claim would not materially and adversely affect the Company's business.

5.10 **Access to Land**

Significant delays may be experienced in gaining access to privately owned freehold or leasehold land. Delays may be caused by weather, deference to landholders' activities such as calving and mustering, and other factors.

5.11 **Cultural Heritage**

Delays may be experienced if evidence of Aboriginal cultural heritage exists on any land to which the Company requires access.

When exercising a right or permission for access to any land, it is an offence to disturb physical evidence of human occupation of prehistoric or historic significance without statutory permission. This restriction applies to any activity including oil and gas exploration and production.

The Company has not undertaken the comprehensive research, investigations or enquiries which would be necessary to enable it to form an opinion with certainty as to whether any such evidence exists on any land in which EBR has an interest.

5.12 **Native Title**

The effect of the present laws in respect of Native Title that apply in Australia is that mining tenement applications and existing tenements may be affected by Native Title claims or procedures. This may preclude or delay granting of exploration or mining tenements and considerable expenses may be incurred negotiating and resolving issues. The presence of Aboriginal sacred sites on tenements held by the Company or its subsidiaries may limit or preclude exploration or mining activity within spheres of influence of those sites and delays and expenses may be experienced in obtaining clearances.

The Directors' believe that none of the offshore drilling is expected to be delayed due to claims of Native Title. A work area clearance agreement is in place for PEL-182.

The drilling in the mineral provinces of Cultana, South Australia is subject to the settlement of two overlapping native title claims currently being processed. The current procedure in South Australia for negotiation and settlement is a well documented, regulated and proven process of settling Native Title claims. EBR negotiates in good faith and based on past experience the Directors' expect a timely grant of entry to these areas. However, no fixed timetable can be given and no conclusion assured in negotiations which are yet to occur. The funds will be expended on the permit when Native Title approval is granted.

5.13 **Environmental Risks**

The Company's exploration and appraisal programs will, in general, be subject to approval by government authorities. Development of any oil and gas resources will be dependent on the project meeting environmental guidelines and gaining approvals by government authorities.

Requirements to obtain environmental approvals may delay exploration and production. Exploration programs impact on the environment. Although these impacts are minimised by the Company's application of best practice principles, compensation may be payable for any damage caused to the environment.

5.14 **Government Policy**

Industry profitability can be affected by changes in government policy relating to exploration and production which are beyond the control of the Company. This may include the imposition of additional taxes, imposts and other charges by government from time to time relating to revenue and cash flow. Operations by the Company may require approvals from regulatory authorities which may not be forthcoming or which may not be able to be obtained on terms acceptable to the Company.

5.15 **Risks Specific to Uranium**

Approval Process

The approval processes for uranium mining are more rigorous than for the mining of other metals, as both Commonwealth and State Government legislation needs to be satisfied. There is a risk that, should economic deposits of uranium be discovered, the necessary government approvals may not be granted, or may be significantly delayed.

Government Policy

Mining activity in Australia (and uranium mining in particular) is regulated by State and Federal governments. Complying with the relevant laws and regulations for exploration and mining generally and for uranium exploration and mining in particular may increase the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

The Federal Government currently permits the mining and export of uranium under strict international agreements designed to prevent nuclear weapons proliferation. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries who undertake to use it for peaceful purposes.

Uranium mining in South Australia is subject to stricter controls than mining in general due to public concerns about the uses and physical characteristics of the end product and the need to comply with Federal Government requirements and international obligations. A complex regime of State and Federal legislation govern the mining and sale of uranium.

The Australian Labour Party (“ALP”) currently has a “no new mines” policy which opposes new uranium mines but allows continued and expanded mining at existing sites. However, the South Australian Government is in favour of reviewing the “no new mines” policy at the next Federal Labour party conference in 2007 with a view to abolishing this policy and allowing new mines to be opened. The continued application of the “no new mines” policy, as well as future changes in governments, regulation and policies, may have an adverse impact on the Company.

5.16 **Contract Risk**

The Company operates through a series of contractual relationships with joint venturers, farminees and contractors. Generally all contracts carry risks associated with the performance by the parties thereto of their obligations as to financial performance and technical capacity, and further, as to time, quality and sufficiency of work performed.

The Company proposes using a portion of the funds raised under this Issue to contribute to the cost of drilling the two firm wells on PEL-182. Whilst none is expected, a default by the Company’s Joint Venture Partners in making cash calls may delay the proposed drilling programme on PEL-182.

5.17 **Litigation**

The Company is not presently involved in litigation.

Mr Anthony Rechner, Chairman and Managing Director of the company, has been charged with a series of offences in relation to statements made in 2003 by the Company in relation to the Cultana joint venture project in South Australia. The Company has made a provision in the accounts of \$500,000 based on the lawyers’ estimates of costs. Actual costs could be considerably different from the amount provided but cannot be accurately quantified at this time. In the event that Mr Rechner is found guilty, he will reimburse any costs incurred by the Company. These charges are being vigorously defended. If the action against Mr Rechner is successful, the Company may incur a potential liability which is unquantifiable at this time. In the event that Mr Rechner is found guilty, Mr Rechner will become a debtor to the Company for the amount of costs incurred by the Company in defending the charges against Mr Rechner.

Apart from the matter above, the Directors are not aware of any basis on which litigation against the Company may arise.

5.18 **General**

The above risk factors and others not specifically referred to may in the future materially affect the financial performance of the Company and accordingly an investment in the Company should be considered speculative.

6. MATERIAL CONTRACTS

6.1 Underwriting Agreement with Kefu Underwriters

As announced on 20 January 2007, the Company entered into an Underwriting Agreement with Kefu Underwriters Pty Limited to underwrite the offer of 57,644,500 Shares and Attaching Options for a total liability of \$3,458,670.

The Underwriting Agreement can be terminated by Kefu if a termination event occurs and Kefu forms the reasonable opinion, in good faith, that the termination event has or could have a material adverse effect on the prospect of the Issue, the subsequent market for Shares or the condition, trading, financial position, performance, profits and losses or prospects of the Company. The termination events are:

- the approval of the ASX to official quotation of the Underwritten Shares not being applied for within 7 days after the Prospectus is lodged with ASIC or being refused, not being granted, or being granted but withdrawn or qualified in a way which is not customary and in Kefu's reasonable opinion, is unacceptable;
- ASIC gives notice of its intention to hold a hearing under section 739(2) of the Corporations Act 2001 in relation to the Offer or Prospectus and, in the reasonable opinion of Kefu, determined in good faith, the hearing would adversely and materially affect the Issue or the Company or its business;
- an application is made by ASIC for an order under section 1324B of the Corporations Act 2001 in relation to the Prospectus and that application has not been withdrawn or dismissed;
- a supplementary or replacement prospectus in respect of the Offer that is required (under the Corporations Act 2001) to be lodged with ASIC:
 - (a) is not lodged, or the Company amends the form of the Prospectus lodged with ASIC in any material way, without the prior written approval of Kefu, which must not be unreasonably withheld; or
 - (b) is lodged without the prior written approval of Kefu;
- any person who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- all or any of the following occur (having regard in each case to both intra-day and close of trading levels of the respective indices):
 - (a) the All Ordinaries Index, as published by the ASX from time to time, is at any time after the Effective Date ("Effective Date" is defined as the date of the Underwriting Agreement, being 15

January 2007) 10% or more below the level as at the close of trading on the Effective Date;

(b) any of the NASDAQ Composite Index or the Dow Jones Industrial Average is at any time after the Effective Date 10% or more below its respective level as at the close of trading on the Effective Date;

- the price of West Texas Crude Oil, as published in the Australian Financial Review, at the close of trading on any day after the Effective Date, falls by 10% or more below its price as at the close of trading on the Effective Date;
- the price of gold (expressed in US dollars), as published in the Australian Financial Review, at the close of trading on any day after the Effective Date, falls by 10% or more below its price as at the close of trading on the Effective Date;
- the Company is wound up;
- any meeting is called to consider a resolution for the winding up of the Company or any proceedings being commenced against the Company for its winding up and those proceedings are not dismissed or withdrawn before the Closing Date;
- the Company is placed under provisional liquidation or a liquidator being appointed with respect to it or a receiver, receiver and manager or administrator of any of its assets being appointed pursuant to the Corporations Act 2001;
- the Company enters into any scheme of arrangement with its creditors or any class of them or indicates its intention or is endeavouring to do so;
- the Company suspends payment of its debts generally;
- any director of the Company is charged with an indictable offence relating to any financial or corporate matter which would adversely and materially affect the Issue or the Company or its business;
- the Company is prevented in any way from operating its normal business as a result of any event, including the passing of any law, regulation or similar matter which would adversely and materially affect the Issue or the Company or its business;
- the Company fails to comply with any of the provisions of its constitution or any other document affecting the governance of the Company in any material respect which would adversely and materially affect the Issue or the Company or its business;
- the Company contravenes any law or regulation or any request from ASIC, or the Company fails to comply with any governmental agency (of

any Commonwealth, State or local jurisdiction) or the ASX, in either case in a material way which would adversely and materially affect the Issue or the Company or its business;

- the Company is in default of any term or condition of this agreement or breaches any warranty or covenant given or made by it under this agreement and, where the default or breach is capable of being remedied, fails to remedy that breach or default to the satisfaction of Kefu within the earlier of the Closing Date or 5 Business Days from the occurrence of the default or breach;
- any material adverse change occurs which impacts or is likely to impact on the operation or financial position of the Company, including if any Prospectus projection becomes incapable of being met;
- any warranty or representation or any public statement made by the Company in relation to the Offer is or becomes false, misleading or incorrect in any material respect which would adversely and materially affect the Issue or the Company or its business;
- the Prospectus contains a material omission, or a material statement which is false or misleading;
- the Prospectus does not comply with sections 710, 711 or any other relevant provision of the Corporations Act 2001;
- without the prior written consent of Kefu, any material contract referred to in the Prospectus is terminated, rescinded, amended or altered in any material respect or is found to be void or voidable;
- any person other than Kefu gives a notice under section 730 of the Corporations Act in relation to a matter which is not subsequently dealt with by way of a supplementary or replacement prospectus prior to the Closing Date;
- if the Company, during the term of this agreement, disposes of or agrees to dispose of the whole or any substantial part of its business or property without the prior written consent of Kefu (which must not be unreasonably withheld), except in the ordinary course of business for full market consideration or where the disposal or proposed disposal has not or will not have, in the reasonable opinion of Kefu, a material adverse effect on the interests of Kefu;
- the Company gives security in favour of any person who is not a security holder at the date of this agreement or gives any additional security to any existing security holder without the prior written consent of Kefu, which must not be unreasonably withheld;

- the Company alters or announces an intention to alter its capital structure, constitution (other than any alteration to the constitution requested by the ASX to secure compliance with the Listing Rules or an alteration made prior to lodgment of the Prospectus which is reflected in or contemplated by the Prospectus) or board of directors without the prior written consent of Kefu, which must not be unreasonably withheld;
- the Company (whether directly or indirectly or through its agents) makes any statement or communicates, publishes, broadcasts or issues by any means any notice, circular or advertisement (whether or not in writing) relating to the Company, the Prospectus or the Offer which is materially prejudicial to the prospects of the Offer being fully subscribed (by persons other than Kefu) without the approval of Kefu (which must not be unreasonably withheld, although Kefu will be entitled to insist as a condition of any approval that it is named as Kefu with reasonable prominence in any such statement, notice, circular or advertisement);
- there is introduced into the Parliament of Australia or any of its States any law or prospective law or budget, or there is adopted by the Reserve Bank of Australia, or any Commonwealth Financial Authority, any major changes in monetary or fiscal policy, such introduction or adoption is foreshadowed, or there occurs any fundamental change in Australian economic or political conditions, which in any of those cases would have a material adverse effect on the Issue or the Company (which includes but is not limited to any actual or projection increase in the Reserve Bank of Australia Official Cash Rate beyond 6.75% during the term of this agreement); or
- the government of the United States of America adopts or announces any of the following:
 - (a) any change in monetary, fiscal or taxation policy which in Kefu's opinion acting reasonably would materially and adversely affect companies generally or the Company in particular or investment in stocks and shares generally including any change which is likely to materially affect interest rates; or
 - (b) any law or prospective law or other measures having the effect or restraining capital issues, corporate profits or foreign investment.

6.2 Underwriting Fee

The Company will pay Kefu an underwriting fee equal to 5% of the total amount underwritten of \$3,458,670 (plus GST). The Company will be required to reimburse Kefu's reasonable legal expenses and costs incurred in relation to the Underwriting Agreement.

6.3 **Sub Underwriters**

Kefu is permitted to seek sub-underwriters. At the request of Tony Rechner, Kirke Securities Ltd (ABN 90 009 115 440), has given Kefu a general sub-underwriting commitment of \$460,000 in respect of the Issue for a fee of 4% (\$18,400). This sub-underwriting commitment approximates Mr Tony Rechner's entitlement to subscribe for 7,705,796 New Shares for \$462,348.

6.4 **Indemnifications & Warranties**

The Company has indemnified Kefu against any loss or damage arising from non-compliance with or a breach of any legal requirement or the Listing Rules in relation to the Prospectus, any statements, mis-statement, misrepresentation, non-disclosure, inaccuracy or omission from the Prospectus or any breach by the Company of the Underwriting Agreement.

The Company has provided the usual warranties including as to its capacity and this Prospectus. The Company has also provided warranties that it holds all licenses and approvals necessary to enable it to conduct its business, that except as disclosed to Kefu prior to lodgement of this Prospectus, there is no pending or threatened litigation against the Company, and that the Company has complied with the Corporations Act.

7. **ADDITIONAL INFORMATION**

7.1 **Interests of Directors**

The following persons hold office as directors of Eagle Bay Resources N.L. at the date of this Prospectus.

Anthony Rechner, BSc, MAusIMM

Executive Chairman

James Benton Craib, JP CPA

Non-Executive Director

John Roy, P.Eng

Non-Executive Director

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now or has had in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Except as disclosed in this Prospectus, no amount of any kind (whether in cash or shares or otherwise) has been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or any company or firm with which the Director is associated

in connection with the promotion or formation of the Company or the offer of the securities.

As at the date of this Prospectus the Directors hold the following beneficial interests in the capital of the Company:

	Shares in own name:	Shares in other names:
A. Rechner	51	30,823,131
J Roy	1,000,000	-
J. B. Craib	37,200	1,109,500

	Options in own name:	Options in other names:
A. Rechner	-	2,252,010
J Roy	1,000,000	-
J. B. Craib	1,300,000	161,067

Directors' remuneration for the last two financial years is as follows:

	SHORT TERM		POST EMPLOYMENT		EQUITY	TOTAL
	Salary & Fees	Non-Monetary	Super-annuation	Prescribed Benefits	Options (A)	\$
Directors						
Anthony Rechner - Executive Chairman						
2006	266,161	34,951	2,355	-	27,600	331,067
2005	230,250	28,732	-	-	57,600	345,314
Richard Diermayer - Managing Director (resigned 20 December 2005)						
2006	35,435	-	826	-	-	36,261
2005	83,000	935	-	-	28,800	112,735
John Roy - Non Executive Director (appointed 20 December 2005)						
2006	17,578	-	1,582	-	27,600	46,760
2005	-	-	-	-	-	-
Jim Craib - Non Executive Director						
2006	26,161	-	2,355	-	27,600	56,116
2005	20,000	-	-	-	14,400	34,400

Amounts paid, or due and payable, include all consulting and directors fees paid to Directors (or their associates) but excludes any reimbursement of out of pocket expenses incurred by Directors in the normal course of performing their duties as a Director.

7.2 Interests of the Underwriters, experts and advisors

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as providing professional, advisory or other services in connection with the preparation or distribution of this Prospectus or any firm of which any such person is a partner:

- has or has had at any time during the two years preceding the date of this Prospectus, any interest in:
 - the formation or promotion of the Company
 - any property acquired or proposed to be acquired by the

Company in connection with the formation or promotion of the Company or the Offer; or

- the Offer.
- has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services provided by them in connection with the promotion or formation of the Company or the Offer.

Kefu has acted as Underwriter to the Offer and will receive the fees set out in Section 6.

7.3 **Consents**

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with ASIC:

(a) Advanced Share Registry

Advanced Share Registry has given its consent to be named as the Share Registry of the Company in this Prospectus and has not withdrawn such consent before lodgement of this Prospectus with ASIC. Advanced Share Registry has not been involved in the preparation of any part of this Prospectus other than this paragraph and the references in this Prospectus to its name, and specifically disclaims liability to any person in respect of any misleading or deceptive statement in, or omission from, any part of this Prospectus.

(b) Stantons International

Stantons International has given its consent to be named as the Auditor to the Company in this Prospectus and for references made in this Prospectus to the audit reviewed financial statements of the Company as at 31 December 2006, and has not withdrawn such consent before lodgement of this Prospectus with ASIC. Stanton International has not been involved in the preparation of any part of this Prospectus other than this paragraph and the references in this Prospectus to its name, and specifically disclaims liability to any person in respect of any misleading or deceptive statement in, or omission from, any part of this Prospectus.

(c) Kefu Underwriters Pty Limited

Kefu has given its consent to be named as the Underwriter of the Issue in this Prospectus and has not withdrawn such consent before lodgement of this Prospectus with ASIC. Kefu has not been involved in the preparation of any part of this Prospectus other than this paragraph and the references in this Prospectus to its name, and specifically disclaims liability to any person in respect of any misleading or deceptive statement and or omission from any part of this Prospectus.

(d) Kirke Securities Limited

Kirke Securities Limited has given its consent to be named in the form and context in which it has been named in this Prospectus and has not withdrawn such consent before lodgement of this Prospectus with ASIC. Kirke Securities Limited has not been involved in the preparation of any part of this Prospectus other than this paragraph and the references in this Prospectus to its name, and specifically disclaims liability to any person in respect of any misleading or deceptive statement and/ or omission from any part of this Prospectus.

7.4 Continuous Disclosure

Eagle Bay Resources N.L. is a “disclosing entity” under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under the Listing Rules of the ASX. Having taken such precautions and made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX (as applicable from time to time throughout the twelve months immediately prior to the issue of this Prospectus) which required the Company to notify ASX of information about specified events or matters as they arose for the purpose of ASX making that information available to the stock market conducted by ASX.

Section 713 of the Corporations Act enables companies to issue “continuously quoted prospectuses” where those companies are, and have been for a period of 12 months, a “disclosing entity” and subject to the continuous disclosure regime provided for in the Corporations Act and ASX Listing Rules.

In general terms, a “continuously quoted prospectus” is only required to contain information in relation to the effect of the issue of securities on the company and the rights attaching to those securities. It is not necessary to include general information in relation to all the assets and liabilities, financial position, profit position, profit and losses or prospects of the issuing company.

The Company maintains files containing publicly disclosed information about itself. These files are available for inspection at the Company’s registered office during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any Regional Office of ASIC.

Information which is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company will provide a copy of each of the following documents, free of charge, to any person whom so requests during the period that this Offer remains open.

- (a) Half Yearly Accounts 31 December 2006
- (b) Quarterly Report 30 September 2006
- (c) Annual Report 30 June 2006

- (d) All announcements made by Eagle Bay since lodgement of the annual financial report for the year ended 30 June 2006 on 30 September 2006 and in addition all announcements made since 30 June 2006 being:

Date	Details
24/01/07	Half Year Accounts
22/01/07	Non-Renounceable Pro Rata Issue – Timetable
16/01/07	Non-Renounceable Pro Rata Issue
27/12/2006	ADX ann: Termination of White Sands Deed
07/12/2006	Change of Registered office address
23/11/2006	AGM Results
31/10/2006	First Quarter Activities & Cash Flow Reports
25/10/2006	Notice of Annual General Meeting
16/10/2006	AOC ann: PEL 182 - Cooper Basin
04/10/2006	Response to AOC release - PEL-182 JV Default Notice 3/10/06
03/10/2006	AOC: PEL182 JV - Disputed Default Notice
03/10/2006	PEL-182 JV - Issue of default notice
29/09/2006	Annual Report
27/09/2006	BAS: New Play Potential in Gippsland Basin
18/09/2006	Ceasing to be a substantial holder
15/09/2006	Change in substantial holding
15/09/2006	Change of Director's Interest Notice
04/09/2006	Presentation - Exploration Activities - August 2006
04/09/2006	OBL Letter to Shareholders 30 Aug 2006
23/08/2006	OBL: Farm-In to 12.5% VIC/P41 & Overview Status of Operations
22/08/2006	Enters into Farmin Agreement VIC/P41 - Gippsland Basin
22/08/2006	MOG: Moby Enters Into Farmin AgreementVic/P41-GippslandBasin
31/07/2006	Fourth Quarter Activities & Cash flow Reports
03/07/2006	Change of Director's Interest Notice
30/06/2006	Becoming a substantial holder

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules that investors or their professional advisers would reasonably require for making an informed assessment of:

- the effect of the Issue on the Company; or

- the rights and liabilities attaching to the Shares offered pursuant to the Issue.

The following documents are also available for inspection during normal business hours at the Company's registered office:

- (a) this Prospectus;
- (b) the Company's Constitution; and
- (c) the consents of the parties referred to above.

7.5 Expenses of the Issue

The total expenses of the Issue are estimated to be \$246,000. These comprise;

• Share Registry fees	\$5,500
• ASIC lodgement fee	\$2,010
• ASX listing fees	\$25,000
• Printing and distribution of the Prospectus	\$14,500
• Underwriting and Lead Manager Fees	\$172,900
• Legal fees	\$25,000
• Sundry fees and costs	\$1,090
TOTAL	\$246,000

8. GLOSSARY

In this Prospectus, the following terms and abbreviations have the following meanings, unless otherwise stated or the context otherwise requires:

“Additional Shares” means New Shares for which Eligible Participants subscribe above their Entitlement by completing the Shortfall Application Form;

“Applicant” means a subscriber for New Shares and Attaching Options under this Prospectus;

“Attaching Option” means the options to be issued under this Prospectus on the terms set out in section 3;

“ASIC” means Australian Securities and Investments Commission;

“ASX” means Australian Securities Exchange Limited (ACN 008 624 691);

“Closing Date” means 23 February 2007 or as extended by the Company;

“Company”, “Eagle Bay” or “EBR” means Eagle Bay Resources N.L. (ACN 051 212 429);

“Corporations Act” means the Corporation Act 2001 (Cth);

“Directors” means the directors of the Company;

“Eligible Participant” means a Shareholder with a registered address in Australia or New Zealand as at the Record Date;

“Entitlement and Acceptance Form” means the application form accompanying this Prospectus;

“Entitlement” means an Eligible Participant’s right under the Offer to apply for that number of New Shares that is equivalent to one New Share for every four Shares held by that Eligible Participant as at the Record Date;

“Excluded Shareholders” means a Shareholder in the Company with a registered address other than in Australia or New Zealand as at the Record Date;

“Issue” means the offer and issue of New Shares and Attaching Options pursuant to this Prospectus;

“Kefu” means Kefu Underwriters Pty Ltd (ACN 089 945 568);

“Listing Rules” means the Official Listing Rules of ASX, as amended from time to time;

“New Shares” means the Shares offered pursuant to this Prospectus;

“Offer” means the issue of approximately 57,644,500 New Shares at an issue price of six cents per New Share offered pursuant to this Prospectus;

“Prospectus” means this Prospectus together with any replacement or supplementary prospectus;

“Record Date” means 5 February 2007;

“Shares” means a fully paid ordinary share in the capital of the Company;

“Shareholder” means a holder of shares and **“Shareholders”** has a corresponding meaning;

“Shortfall Application Form” means the application form accompanying this Prospectus as discussed in section 3.

“Underwriter” or **“Kefu”** means Kefu Underwriters Pty Limited (ACN 089 945 568).

“Valid Application” means an Application Form:

- (a) received by the Company on or before the Closing Date;
- (b) accompanied by the appropriate application money;
- (c) for which the application money is cleared when presented for payment; and
- (d) which otherwise complies with the instructions relating to completion of the Application Form and is in accordance with the Prospectus.

9. DIRECTORS RESPONSIBILITY STATEMENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC, or to the Directors' knowledge, before any issue of New Shares pursuant to this Prospectus.

In accordance with section 720 of the Corporations Act 2001, each Director has consented in writing to the lodgement of this Prospectus with ASIC.

Signed for and on behalf of Eagle Bay Resources NL

A handwritten signature in blue ink, appearing to read 'A. Rechner', with a horizontal line extending to the right from the end of the signature.

A.Rechner
Chairman

INSTRUCTIONS TO APPLICANTS

Please post or deliver the completed Shortfall Application Form together with a cheque to the Share Registrar of the Company. If an Applicant has any questions on how to complete this Shortfall Application Form, please telephone the Share Registry on (08) 9389 8033. The Form must be received by the Share Registrar no later than 5pm (WST) on 23 February 2007.

- **Application for New Shares**
The Shortfall Application Form must only be completed in accordance with the instructions included in the Prospectus.
- **Name of Applicant**
Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected.
- **Name of Joint Applicants or Account Designation**
If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.
- **Address**
Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify the Country after City/Town.
- **ABN, Tax File Number or Exemption**
Enter your Australian Business Number (ABN) or Tax File Number (TFN) or exemption category. Collection of TFNs and ABNs is authorised by taxation laws. Quotation of your TFN or ABN is not compulsory and will not affect your Application. However, if no TFN or ABN is quoted any dividends may be taxed at the highest marginal tax rate plus the Medicare Levy.
- **CHES HIN or Existing SRN Details**
The Company participates in CHES. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHES HIN. If the Applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.
- **Cheque Details**
Make cheques payable to "Eagle Bay Resources NL – Share Issue Account" in Australian currency and cross them "Not Negotiable". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Shortfall Application Form.
- **Contact Details**
Please provide a contact name and daytime telephone number so that the Company or the Share Registrar can contact the Applicant if there is an irregularity regarding the Shortfall Application Form.
- **Declaration**
By completing the Shortfall Application Form, the Applicant will be taken to have made to the Company the declarations and statements therein. The Shortfall Application Form does not need to be signed.
If a Shortfall Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept a Shortfall Application Form, and how to construe, amend or complete it, shall be final. A Shortfall Application Form will not, however, be treated as having offered to subscribe for more New Shares than is indicated by the amount of the accompanying cheque.

Forward your completed Shortfall Application Form together with the Application Money to:

Eagle Bay Resources Pty Limited
C/- Advanced Registry Services Pty Limited
110 Stirling Highway
Nedlands, WA 6009

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Shortfall Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Shortfall Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials.	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations.	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names.	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal name(s).	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners' personal names.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use the name of the trustee of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

EAGLE BAY RESOURCES NL

ACN: 051 212 429

REGISTERED OFFICE: Level 1, 610 Murray Street West Perth WA 6005
SHARE REGISTRY: Advanced Share Registry Services, 110 Stirling Highway, Nedlands WA 6009

Form Number	:
SRN/HIN	:
Sub-Register	:
Shareholding at 5.00pm WST on 5 February 2007	:
Entitlement to New Shares on a 1:4 basis	:
Amount payable at \$0.06 per New Share	:

A PRO RATA NON-RENOUNCEABLE ENTITLEMENT ISSUE OF UP TO 57,644,500 NEW SHARES ON THE BASIS OF ONE (1) NEW SHARE FOR EVERY FOUR (4) FULLY PAID SHARES HELD AT THE RECORD DATE, TO RAISE UP TO APPROXIMATELY \$3,458,670 IF FULLY SUBSCRIBED.

To the directors,
Eagle Bay Resources NL

- (1) I/We the abovenamed being registered on 5 February 2007 (at 5.00pm WST) as the holder(s) of ordinary shares in your Company hereby accept and apply (as appropriate) for the undermentioned New Shares issued in accordance with the terms of the Prospectus accompanying this form.

TO BE COMPLETED BY SHAREHOLDER	NUMBER OF NEW SHARES ACCEPTED/APPLIED FOR	@ \$0.06 PER NEW SHARE	AMOUNT ENCLOSED
ENTITLEMENT as above		x \$0.06	\$

- (2) I/We enclose my/our cheque made payable to Eagle Bay Resources NL, for an amount shown being payment at the rate of \$0.06 per New Share applied for.
- (3) I/We hereby authorise you to place my/our names(s) on the register of shareholders in respect of the number of New Shares granted to me/us.
- (4) I/We agree to be bound by the Constitution of the Company.
- (5) If any information on this form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the directors as to whether to accept this form, and how to construe, amend or complete it, shall be final.
- (6) My/Our contact numbers in case of enquiries are:

Telephone () _____ **Facsimile** () _____

NOTE: Only cheques and/or bank drafts in Australian currency and drawn or payable on a bank within Australia should be sent, made payable to Eagle Bay Resources NL, crossed "Not negotiable" and forwarded to the share registry, together with this Entitlement and Acceptance Form in the enclosed return addressed envelop to arrive:
NO LATER THAN 5.00PM WST ON 23 FEBRUARY 2007

THIS FORM DOES NOT REQUIRE SIGNING UNLESS YOU WISH TO CHANGE YOUR ADDRESS
Please complete ONLY if your ISSUER SPONSORED address is INCORRECT

<p>NEW ADDRESS: (CHESS HOLDERS CAN ONLY AMEND THEIR ADDRESS BY ADVISING THEIR SPONSORING BROKER) BLOCK LETTERS PLEASE Your signature/s</p>

RETURN OF THIS DOCUMENT TO THE SHARE REGISTRY OR COMPANY WITH THE REQUIRED REMITTANCE
WILL CONSTITUTE YOUR ACCEPTANCE OF THE SECURITIES BEING OFFERED
THE DIRECTORS RESERVE THE RIGHT TO MAKE AMENDMENTS TO THIS FORM WHERE APPROPRIATE
THIS ISSUE CLOSES 5.00PM WST ON 23 FEBRUARY 2007

EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of New Shares which you are entitled to accept.
2. Your entitlement may be accepted either in full or in part. There is no minimum acceptance.
3. You may not use this form to apply for New Shares in excess of your maximum entitlement. Please use the Shortfall Application form attached to the Prospectus if you wish to apply for New Shares in excess of your maximum entitlement.
4. The price payable on acceptance of each New Share is 6 cents.
5. You may accept your entitlement by completing the Entitlement and Acceptance Form overleaf.

APPLICATION INSTRUCTIONS

The amount of 6 cents per New Share is payable in full upon application.

Payments must be made in Australian currency by cheque or bank draft drawn on and payable at a bank within Australia. Cheques or bank drafts drawn on banks outside Australia in either Australian currency or in foreign currency will not be accepted.

The cheques must be made payable to "Eagle Bay Resources NL" and crossed "Not negotiable".

When completed, this form together with the appropriate payment in Australian currency should be forwarded to:

Advanced Share Registry
PO Box 1156
Nedlands WA 6909

Acceptances must be received by no later than 5.00pm WST on 23 February 2007.

ENQUIRIES

Any enquiries should be directed to:

Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009

Postal Address:
PO Box 1156
Nedlands WA 6909

Telephone: + 61 (08) 9389 8033
Facsimile: + 61 (08) 9389 7871
E-mail: admin@advancedshare.com.au

or to the Company at:

Eagle Bay Resources NL
14 Outram Street
West Perth WA 6005

Postal Address:
PO Box 913
West Perth WA 6872

Telephone: + 61 (08) 9481 3322
Facsimile: + 61 (08) 9481 3330
E-mail: ebr@eaglebayresources.com.au