EAGLE BAY
RESOURCES N. L.

A.B.N. 14 051 212 429

FINANCIAL REPORT
FOR THE HALF-YEAR
ENDED 31 DECEMBER 2006

DIRECTORS	Anthony Rechner James B Craib John T Roy
SECRETARY	Linda Bell
REGISTERED OFFICE	1st Floor, 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 Western Australia 6872
ACN	051 212 429
AUDITORS	Stantons International Level 1 1 Havelock Street West Perth Western Australia 6005
BANKERS	ANZ Bank 1275 Hay Street, West Perth Western Australia 6005
STOCK EXCHANGE	The Company's shares are quoted on the official list at the Australian Stock Exchange Ltd, ASX Code EBR
SHARE REGISTRY	Advanced Share Registry 110 Stirling Highway Nedlands WA 6009 Telephone (08) 9389 8033
SOLICITORS	Salter Power Level 2, 6 Kings Park Road, West Perth Western Australia

CONTENTS

Directors' Report	1
Condensed Income Statement	4
Condensed Balance Sheet	5
Condensed Cash Flow Statement	6
Condensed Statement of Changes in Equity	7
Condensed Notes to the Half-Year Financial Statements	8
Directors' Declaration	17
Independent Review Report to the Members	18
Auditor Declaration of Independence	20

Directors' Report

The directors hereby present the following report for the half-year ended 31 December 2006.

The names of the directors who held office during or since the end of the half-year are:

ANTHONY RECHNER
JAMES BENTON CRAIB
JOHN THOMAS ROY

The consolidated entity, the Company (EBR) and its subsidiaries are actively engaged in exploration.

REVIEW OF OPERATIONS

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^2 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. Please refer to the September 2006 quarterly report for further details in relation to this tenement.

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 company which is expected to begin its diligence work shortly.

4. URANIUM / COPPER / GOLD EXPLORATION
SOUTH AUSTRALIA

4.1 CULTANA JOINT VENTURE EL 3547 (formerly ELA 105/2000)
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)
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 potential 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.

RESULTS OF OPERATIONS

The consolidated entity incurred an after tax operating profit for the half year ended 31 December 2006 of $137,169 (half year ended 31 December 2005 loss of $1,450,869).

EVENTS SUBSEQUENT TO REPORTING DATE

On 16 January 2006, the company 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 will be lodged with the ASX and ASIC and sent to all shareholders registered at the Record Date.

Apart from the above, there have not been any matters that have arisen since the end of the half-year that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of the affairs of the consolidated entity in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 20.

Signed in accordance with a resolution of the directors

Anthony Rechner
Director

West Perth, Western Australia
24 January 2007

Condensed Income Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Notes	*CONSOLIDATED*	
		2006	*2005*
		$	*$*
Continuing operations			
Revenue	3	896,929	165,469
Other expenses	3	(759,760)	(1,616,338)
Profit/(loss) from continuing operations before income tax		**137,169**	**(1,450,869)**
Income tax expense	5	-	-
Profit /(loss) after tax from continuing operations attributable to members		**137,169**	**(1,450,869)**
Earnings per share (cents per share)			
- basic for loss for the half-year	4	0.06 cents	(0.64) cents
- dividends paid per share		Nil	Nil

Diluted earnings per share does not represent an inferior view of the economic entity's performance and is not disclosed for this reason.

The above income statement should be read in conjunction with the accompanying notes.

Condensed Balance Sheet

AS AT 31 DECEMBER 2006

	Notes	*CONSOLIDATED*	
		As at 31 December 2006 $	*As at 30 June 2006 $*
ASSETS			
Current Assets			
Cash and cash equivalents	10	4,437,331	4,191,565
Trade and other receivables		4,125	221,285
Total Current Assets		4,441,456	4,412,850
Non-current Assets			
Property, plant and equipment		139,883	150,000
Financial assets		162,888	25,833
Other		25,649	-
Total Non Current Assets		328,420	175,833
TOTAL ASSETS		4,769,876	4,588,683
LIABILITIES			
Current Liabilities			
Trade and other payables		169,201	125,978
Provisions		558,000	558,000
Total Current Liabilities		727,201	683,978
TOTAL LIABILITIES		727,201	683,978
NET ASSETS		4,042,675	3,904,705
EQUITY			
Contributed equity	6	23,000,633	23,000,632
Accumulated losses		(19,222,458)	(19,359,627)
Other reserves		264,500	263,700
TOTAL EQUITY		4,042,675	3,904,705

The above balance sheet should be read in conjunction with the accompanying notes.

Condensed Cash Flow Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Notes	*CONSOLIDATED* 2006 $	*CONSOLIDATED* 2005 $
Cash flows from operating activities			
Payments to suppliers and employees		(859,715)	(2,450,449)
Bank guarantee		(25,649)	-
Joint venture income received		460,000	-
Management fees received		295,615	-
Interest received		113,291	165,269
Sundry income received		1,938	-
Net cash flows used in operating activities		(14,520)	(2,285,180)
Cash flows from investing activities			
Purchases of shares		(110,170)	-
Loans repaid		377,446	-
Payments for plant and equipment		(6,990)	(14,457)
Net cash flows (used in)/from investing activities		260,286	(14,457)
Cash flows from financing activities			
Proceeds from share issues		-	6,240
Net cash flows from financing activities		-	6,240
Net (decrease)/increase in cash and cash equivalents held		245,766	(2,293,397)
Cash and cash equivalents at beginning of the half year		4,191,565	6,772,607
Cash and cash equivalents at end of the half year		4,437,331	4,479,210

The accompanying notes form part of these financial statements.

Condensed Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

31 December 2006	**Issued capital**	**Accumulated losses**	**Other reserves**	**Total equity**
CONSOLIDATED	**$**	**$**	**$**	**$**
At 1 July 2006	**23,000,633**	**(19,359,627)**	**263,700**	**3,904,705**
Net gains on available for sale investments	-	-	800	800
Profit/(loss) for the period	-	137,169	-	137,169
At 31 December 2006	**23,000,633**	**(19,222,458)**	**264,500**	**4,042,675**

31 December 2005	**Issued capital**	**Accumulated losses**	**Other reserves**	**Total equity**
CONSOLIDATED	**$**	**$**	**$**	**$**
At 1 July 2005	22,662,421	(16,758,425)	144,000	6,047,996
Profit/(loss) for the period	-	(1,450,869)	-	(1,450,869)
Total income/expense for the period	**22,662,421**	**(18,209,294)**	**144,000**	**4,597,127**
Exercise of options	6,240	-	-	6,240
At 31 December 2005	**22,668,661**	**(18,209,294)**	**144,000**	**4,603,367**

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

1. CORPORATE INFORMATION

The financial report of Eagle Bay Resources NL (the Company) for the half-year ended 31 December 2006 was authorised for issue in accordance with a resolution of the directors on 24 January 2006. Eagle Bay Resources NL is an unlimited company incorporated in Australia and its shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in note 7 and the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Eagle Bay Resources as at 30 June 2006.

It is also recommended that the half-year financial report be considered together with any public announcements made by Eagle Bay Resources and its controlled entities during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

(c) Summary of significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2006.

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Eagle Bay Resources and its subsidiaries ('the Group') as at 31 December 2006.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Eagle Bay Resources has control.

(ii) Interest in joint venture operation

The Group's investment in its joint venture operation is accounted for by writing off its contributions to exploration expenditure in the income statement.

(iii) Exploration expenditure

Exploration, evaluation and relevant acquisition costs are accumulated separately for each area of interest. They comprise acquisition costs, direct exploration and evaluation costs and an appropriate portion of related overhead expenditure. They do not include general overhead or administrative expenditure not having a specific nexus with a particular area of interest.

Costs of this nature are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or

ii) exploration and evaluation activities in the area have not at balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Exploration and evaluation expenditure which does not satisfy this criteria is written off.

Ultimate recoupment of capitalised expenditure in respect of areas in the exploration and/or evaluation stage is dependent upon successful development and commercial exploitation or alternatively sale, of the respective areas.

Once a decision has been taken to proceed with mine development, all past and future exploration expenditure in respect of that area of interest is aggregated and reclassified as Mine Properties.

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

(iv) Mine Properties

Mine properties represent the accumulation of all exploration, evaluation, and development expenditure incurred by or on behalf of the entity in relation to areas of interest in which a decision to commence mining of a mineral resource has been taken.

Where further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the cost of that mine property, only when substantial economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

The net carrying value of each mine property is reviewed regularly and, to the extent to which this value exceeds its recoverable amount that excess is fully provided against in the financial year in which this is determined. The expected net cash flows included in determining recoverable amount are discounted to their present value.

(v) Foreign currency translation

Both the functional and presentation currency of Eagle Bay and its Australian subsidiaries is Australian dollars (A$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

(vi) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 3 to 10 years

(vii) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

(viii) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(ix) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(x) Share-based payment transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (‘equity-settled transactions’).

These benefits are in the form of options and all issues of options to related parties are subject to shareholder approval.

The cost of these equity-settled transactions are measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-based transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Eagle Bay Resources (‘market conditions’).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (‘vesting date’).

The cumulative expense recognised for equity-based transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(xi) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(xii) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(xiii) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Consolidated 31 December 2006 $	Consolidated 31 December 2005 $
3. REVENUE, INCOME AND EXPENSES		
Revenue, Income and Expenses from Continuing Operations		
REVENUE		
Joint Venture Contributions	460,000	-
Management fees	295,615	-
Interest revenue	113,291	165,226
Fair value change in investments	26,085	-
Sundry income	1,938	243
Total revenue	896,929	165,469
OTHER EXPENSES		
Depreciation	17,107	12,311
Exploration expenditure written off	502,971	1,203,483
Provision for doubtful debt written back	(178,380)	-
Administration and occupancy expenses	418,062	400,544
Total other expenses	759,760	1,616,338

	Cents	Cents
4. EARNINGS PER SHARE		
Basic profit/(loss) per share	0.06	(0.64)

Weighted average number of ordinary shares used in the calculation of basic loss per share is 230,577,999 (2005: 227,779,318). Options to purchase ordinary shares not exercised at 31 December 2006 have not been included in the determination of basic profit/(loss) per share.

5. INCOME TAX

No income tax is payable due to tax losses available from prior years to offset the profit made this half-year.

6. CONTRIBUTED EQUITY

	Consolidated 31 December 2006 $	Consolidated 30 June 2006 $
Ordinary shares		
Issued and fully paid	23,000,633	23,000,633

7. SEGMENT INFORMATION

Eagle Bay Resources NL operates in mineral and energy exploration and investment in Australia.

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

8. SUBSEQUENT EVENTS

On 16 January 2006, the company 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 will be lodged with the ASX and ASIC and sent to all shareholders registered at the Record Date.

Apart from the above, there has not arisen in the interval between 31 December 2006 and the date of this Report any matter, item, transaction or event of a material or unusual nature, that in the opinion of the directors of the Company, would significantly affect the operations of the Economic Entity, the results of those operations or the state of affairs of the Economic Entity in subsequent financial years.

9. CONTINGENT LIABILITIES

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 point in 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.

There has been no change in contingent liabilities in the half year to 31 December 2006.

Apart from the above, in the opinion of the directors, there are no contingent liabilities as at 31 December 2006 and none have arisen in the interval between 30 June 2006 and the date of this report.

10. CASH AND CASH EQUIVALENTS

For the purposes of the half-year condensed cash flow statement, cash and cash equivalents are comprised of the following as at 31 December:

	Consolidated	
	2006	**2005**
	$	**$**
Cash at bank and in hand	626,920	265,890
Short-term deposits	3,810,411	4,213,320
TOTAL	4,437,331	4,479,210

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

11. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that were entered into with related parties for the half-years ended 31 December 2006 and 2005:

Related party		Management fees charged to related parties $	Amounts owed by related parties $	Consultancy fees $
Joint ventures in which the parent is a venturer				
PEL-182 Joint Venture	*2006*	295,615	-	-
	2005	-	317,174	-
Key management personnel of the Group: Other directors' interests				
Tangram Pty Ltd - consultancy fees	*2006*	-	-	120,000
	2005	-	-	120,000

Management fees are charged to the joint venture in accordance with the provisions of the Joint Venture Operating Agreement.

Outstanding balances at half year-end are unsecured, interest free and settlement occurred in cash.

Mr A Rechner is a director and shareholder of Tangram Pty Ltd which has provided exploration and administrative consultancy services to the Company on normal terms and conditions. Amounts due to this company during the half year in respect of professional services rendered are included in remuneration of directors.

Eagle Bay Resources NL provides working capital to its wholly-owned subsidiaries aggregating $25,905 which has been provided against during this half-year. Transactions between the parent entity and the wholly-owned subsidiaries consist of interest free unsecured loans which have no fixed repayment terms.

Directors' Declaration

In accordance with a resolution of the directors of Eagle Bay Resources NL, I state that:

In the opinion of the directors:

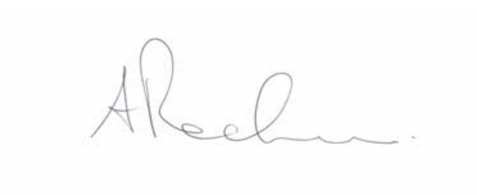
(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) give a true and fair view of the financial position as at 31 December 2006 and the performance for the half-year ended on that date of the consolidated entity; and

(ii) comply with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Anthony Rechner
Director

West Perth, Western Australia
24 January 2007

Stantons International

ABN 41 103 088 697

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
EAGLE BAY RESOURCES NL**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Eagle Bay Resources NL, which comprises the consolidated condensed balance sheet as at 31 December 2006, and the consolidated condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Eagle Bay Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* has been provided to the directors of Eagle Bay Resources NL on 24 January 2007.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Eagle Bay Resources NL is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL
(Authorised Audit Company)

Stantons International

J P Van Dieren
Director

West Perth, Western Australia
24 January 2007

Stantons International
ABN 41 103 088 697
LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

24 January 2007

Board of Directors
Eagle Bay Resources NL
Suite 3 First Floor
610 Murray St
WEST PERTH WA 6005

Dear Sirs

RE: EAGLE BAY RESOURCES NL

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Eagle Bay Resources NL.

As Audit Director for the review of the financial statements of Eagle Bay Resources NL for the year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)

John Van Dieren
Director

Au: EAG4528\Audit Independence Decl Dec 2006

Member of Russell Bedford International