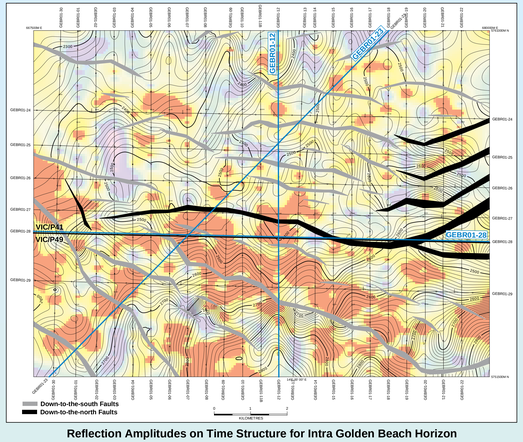
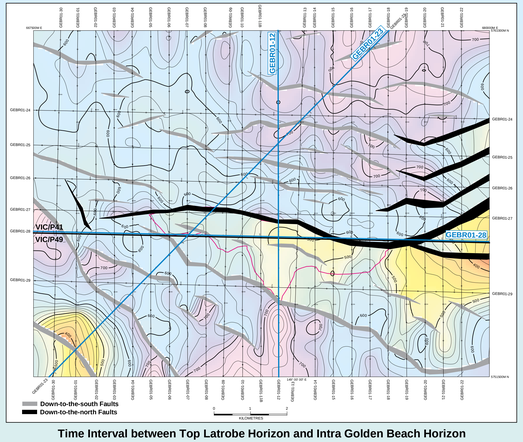
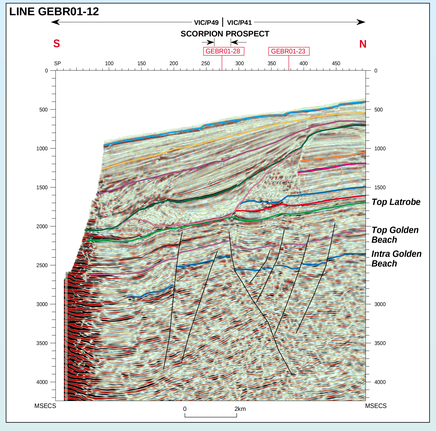
Eagle Bay Resources N.L. SCORPION PROSPECT - VIC/P41 - GIPPSLAND BASIN

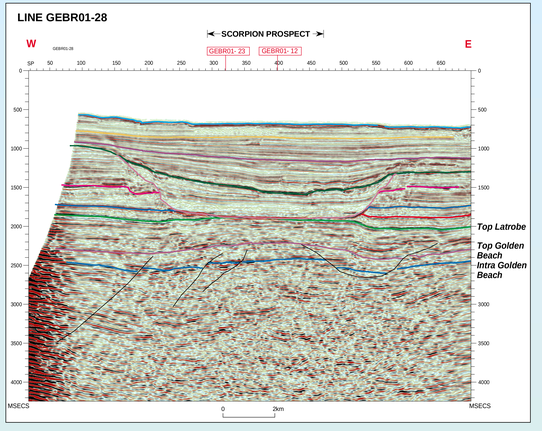


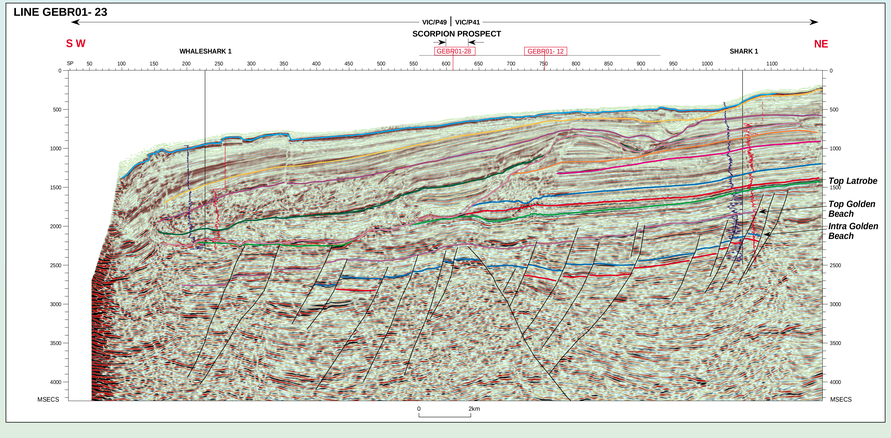
Reflection Amplitudes on Time Structure for Intra Golden Beach Horizon

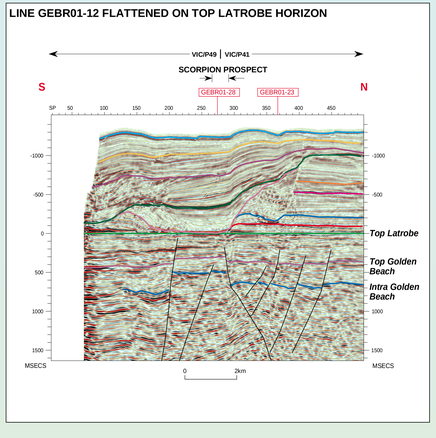


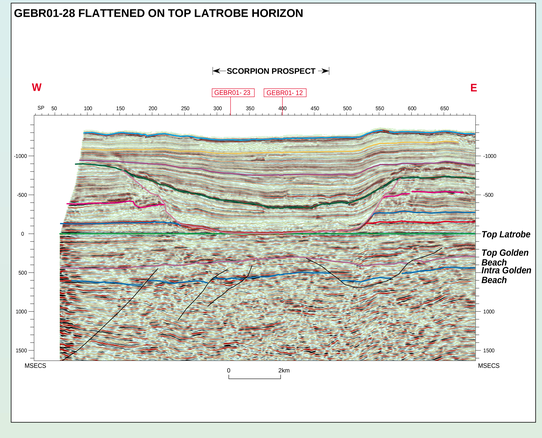
Time Interval between Top Latrobe Horizon and Intra Golden Beach Horizon











SCORPION PROSPECT

Eagle Bay Resources holds 100% of VIC/P41 and is seeking parties interested in acquiring, processing and interpreting a 3D seismic survey over the Scorpion prospect in return for an equity in VIC/P41 and an option to drill Scorpion 1. At the mapped intra-Golden Beach horizon preliminary estimates are that Scorpion could contain 101 MMSTB of recoverable oil or 365 BCF of recoverable gas. The potential for stacked accumulations is present in both the Latrobe Siliciclastics and the Golden Beach Subgroup.

The offshore Gippsland Basin is one of Australia's premier petroleum provinces that has produced 3.6 billion barrels of crude oil and condensate and 5.2 TCF of natural gas. At its current production rate it still meets 25% of Australia's hydrocarbon liquid and gas requirements. The basin has a high exploration success rate and remains prospective at both the basin margins and in deeper water areas.

VIC/P41 covers an area of approximately 2364 km. Water depths across the permit range from 60 metres to 2000 metres in the south. Seismic coverage varies from a 0.5 km grid in the central and western area to an approximately 4 km grid elsewhere. Two wells have been drilled within the permit. A third well, Sole 1 is covered by VIC/RL3 which is excluded from VIC/P41. Sole has reserves of approximately 200 BCF of dry gas at the top of the Latrobe Group. A 10 metre oil leg is interpreted to underlie the gas.

SCORPION

At top Latrobe Group level Scorpion is mapped in time as an elongate dip closed anticline. The closure is overlain by a Pliocene/Miocene channel containing slumped, Gippsland Limestone fill. Velocity distortions associated with the slumped material pull up the underlying events. Depth mapping at top Latrobe Group level indicates that the depth structure is subtle. At intra Golden Beach level a well developed horst is mapped in depth. Structure is confirmed at top and intra Golden Beach levels by isochron mapping below the top Latrobe horizon.

An amplitude anomaly coincident with the depth closure at intra golden Beach level is mapped.

Reservoir at top Latrobe level is expected to consist of a coastal barrier complex and be of excellent quality. The Golden Beach Subgroup is expected to consist of alluvial, upper coastal plain and lacustrine facies. Good well control exists 20 km to the northwest and on trend with Scorpion. Sands in this area have a considerable range of thicknesses, varying from less than 2 to commonly greater than 10 metres and in some cases up to 55 metres. Fluvial sands have porosities up to 27% and alluvial sands up to 21%. Net to gross ratios of approximately 80% are expected in both the braided stream and alluvial fan facies. In Manta 1 a test over an interval of 16 metres flowed 18 mmcfd.

Seal at top Latrobe level consists of slumped Gippsland Limestone channel fill The potential for a good seal is upgraded by the presence of a decollement surface at this level. Intraformational seals are also expected to be present within the latrobe Siliciclastics. Volcanics have proved to be an effective seal at the top of the Golden Beach Group at Kipper, Tuna and Sunfish. At Manta they also provide a seal for an intra-Golden Beach gas accumulation. The interval overlying the mapped intra-Golden Beach horizon has a bland appearance that suggests it may have been deposited in a low energy environment eg lacustrine. This thick interval has the potential to provide an excellent vertical and lateral seal for the underlying mapped closure. Intra-formational seals may also be effective within the Golden Beach Subgroup.

Charge for Scorpion relies on mature sources in the Latrobe Group located to the south of the prospect. Hydrocarbon charge at the intra-Golden Beach horizon is suggested by the presence an of amplitude anomaly. The presence of oil and gas at Sole supports northerly migration through the Scorpion area. Stacked accumulations with mixed charge may be present in both the Latrobe Siliciclastics and the Golden Beach Subgroup as they were in Basker 1 and Manta 1.

The most likely volumetric estimate at intra-Golden Beach level assumes the following parameters:

Area	5.8 sq km
Vertical Relief	200 metres
Bulk rock Volume	444,000,000 m³
Porosity	20%
Net/Gross	80%
Hydrocarbon Saturation	70%
Bg	260
Bo	1.7
Recovery Factor (Gas)	80%
Recovery Factor (Oil)	55%
Recoverable Gas	365 BCF
Recoverable Oil	101 MMSTB

Stacked accumulations in both the lower Latrobe Siliciclastics and the Golden Beach Subgroup may also be present. Accumulations of this type are present in Basker 1 and Manta 1.

LICENCE COMMITMENTS

Permit Year	Date	Work Commitment	Expenditure Commitment
1	14/5/1998 to 13/5/1999	Data review	$200,000
2	14/5/1999 to 13/5/2000	500km 2D seismic	$500,000
	14/5/2000 to 13/2/2001	In suspension	
3	14/2/2001 to 13/2/2002	One Well (Northright 1 drilled 2001)	$3,000,000
4	14/2/2002 to 13/2/2003	200 km 2D seismic	$200,000
5	14/2/2003 to 13/2/2004	One well	$3,000,000
6	14/2/2004 to 13/2/2005	Geological and Geophysical studies	$200,000