GRAVITY
Capital Limited

18 May 2004

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

NEW FALCON™ FARMIN PROJECT
EAGLE BAY RESOURCES – "CULTANA" PROJECT, SOUTH AUSTRALIA

Gravity is pleased to announce that Falcon™ will be flown in the Cultana area in South Australia where the targets are Olympic Dam style copper-gold deposits.

The survey will be flown under two farmin agreements with Eagle Bay Resources NL. Eagle Bay will cover the costs of the survey and Gravity will retain an option to earn an interest in the project by drilling any targets that Falcon™ identifies.

The area lies around halfway between the Moonta and Mt Gunson copper mines within the prospective 'Olympic Dam' corridor and covers prospects of known copper mineralisation. For many years this highly prospective area has been quarantined by the Department of Defence and Eagle Bay has only recently received clearance to fly the area and to conduct follow-up drilling.

The survey will cover EL application 105/00, held by Minotaur Resources Ltd, where Eagle Bay may earn a 75% interest by expenditure of $350,000, and part of EL 3098, 100%-owned by Eagle Bay. Gravity's farmin terms are as follows.

Eagle Bay will fund the cost of the Falcon™ survey, estimated at $185,000.

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For ELA 105/00:

- Gravity may elect to acquire a 32.5% interest in the ELA by spending an equivalent amount to test resulting Falcon™ targets;
- Gravity may earn a further 17.5% interest (to a total of 55%) by spending a further $300,000 on exploration on the tenement. Eagle Bay will not be required to contribute to joint venture expenditure until such interest is earned; and
- Gravity will be entitled to assign its interest to BHP Billiton under the established terms of the Falcon™ Access Agreement.

For EL 3098:

- Gravity may elect to spend $200,000 to earn a 55% interest in the overflown area; and
- Gravity will be entitled to assign its interest to BHP Billiton.

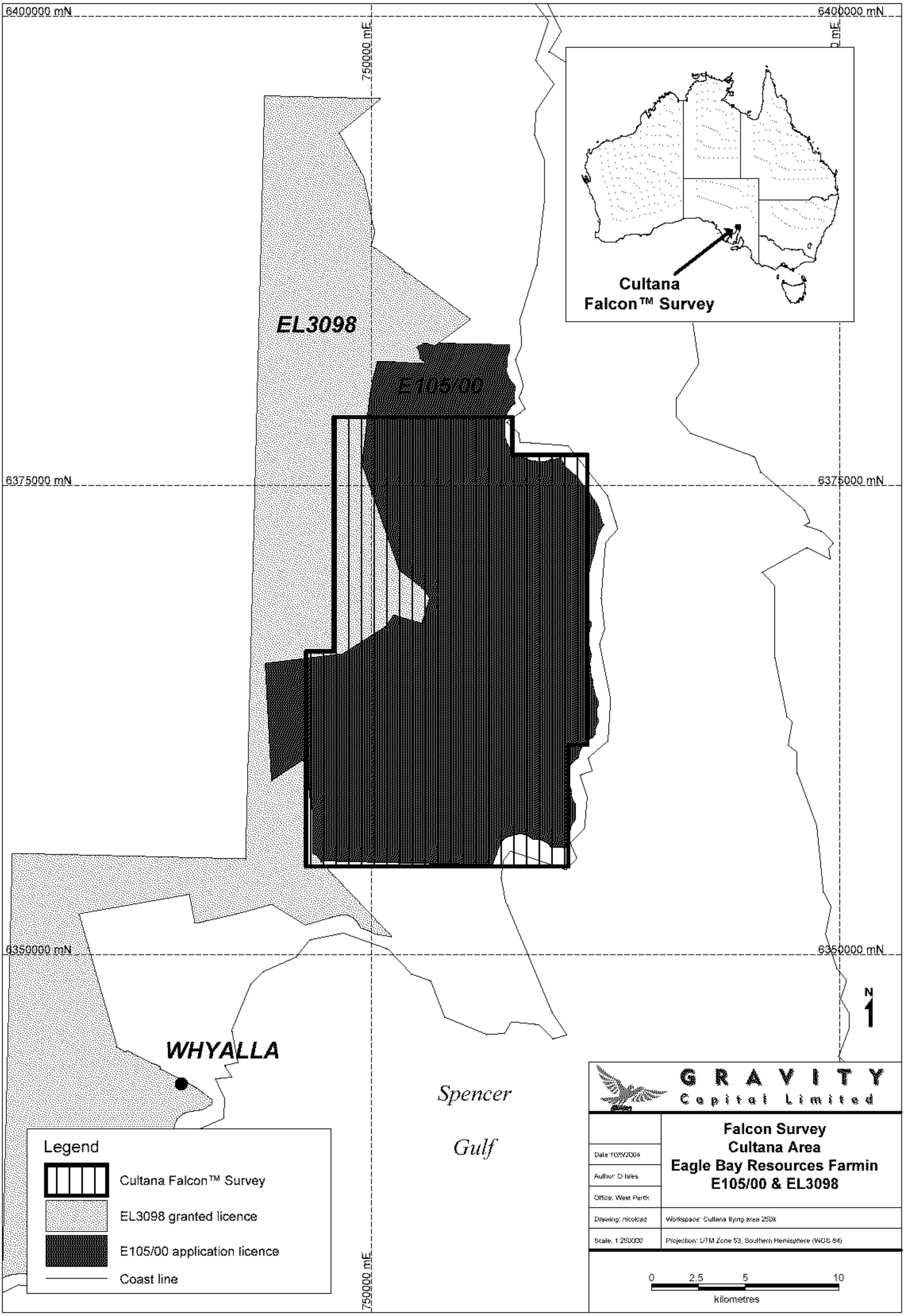
A plan showing the tenements and survey area is attached.

The survey will commence immediately and results are expected late in June 2004.

Yours faithfully,

Phil Harman
Managing Director

Attach.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EL3098
E105/00
WHYALLA
Spencer
Gulf
Cultana
Falcon™ Survey
N
Legend
Cultana Falcon™ Survey
EL3098 granted licence
E105/00 application licence
Coast line
GRAVITY
Capital Limited
Falcon Survey
Cultana Area
Eagle Bay Resources Farmin
E105/00 & EL3098
Office: West Perth
Projection: UTM Zone 53, Southern Hemisphere (WGS 84)
0
2.5
5
10
kilometres