EAGLE BAY RESOURCES N.L.

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Company Announcement

Date:	19 September 2003
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Subject:	1. Underwriting Agreement for Placement and Pro Rata Issue 2. Proposed Placement of 17.6 million Shares @ 6 cents per share 3. Proposed Non Renounceable Pro Rata Issue @ 6 cents per share

The Company has entered into an underwriting agreement with Kefu Underwriters Pty Limited (Kefu) for both a Placement of 17.6 million shares at 6 cents per share and also a Non Renounceable Pro Rata Issue on the basis of one share for every six shares held at a record date (yet to be announced) by existing shareholders at a price of 6 cents for every new share. The Underwriting Agreement is structured so that the placement of shares is completed first and then a non renounceable pro rata issue of shares will follow the successful completion of the Placement.

The Company's existing capital structure and the basic sequence of events for the proposed issues of shares is outlined as follows:

1. The Company currently has on issue 117,912,935 shares plus 100,000 unlisted options.
2. The Placement of 17,600,000 shares at 6 cents each will raise $1,056,000 less capital raising costs. A "shortform" Prospectus will be issued for this placement.
3. Following the Placement, which is fully underwritten, the Company will have on issue 135,512,935 shares and the 100,000 unlisted options.
4. Within 5 days of the receipt of monies and issue of shares pursuant to the Placement, the Company will lodge a Prospectus for the Non Renounceable Pro Rata Issue. This means that the parties participating in the Placement will also be entitled to participate in the Pro Rata Issue.
5. In accordance with ASX Listing Rules a minimum notice of 7 business days will be given to shareholders of the record date to identify shareholders able to participate in the Pro Rata Issue. The record date has not been set at this point in time.
6. The Pro Rata Issue, which is fully underwritten, on the basis of one share for every six shares held at the record date, will result in approximately 22,585,489 shares being issued at 6 cents each raising a total of approximately $1,355,129.34 less capital raising costs. A "shortform" Prospectus will be issued for this Pro Rata Issue.

The Underwriter has therefore underwritten approximately $2,411,129.34 for the two capital raisings. The Underwriter has the right to nominate and determine, in its absolute discretion, who is to receive the shortfall, if any, of shares from both Issues. The Under writer will be paid a fee of 5% of the amount raised which is equivalent to a fee of approximately $120,557.

In accordance with ASX Listing Rules the Company advises the following:

- The class of securities to be issued is ordinary fully paid shares.
- The number of securities to be issued is 17,600,000 shares under the Placement and approximately 22,585,489 shares under the Pro Rata Issue with entitlements being rounded up.
- The principal terms of the securities are they are ordinary fully paid shares ranking equally with all fully paid shares on issue.
- The Placement of 17,600,000 shares will be made pursuant to the Company's capacity under the ASX Listing Rules to issue the equivalent of 15% of shares currently on issue without shareholder approval. Shareholder approval will not be sought for this proposed issue.
- The Non Renounceable Pro Rata Issue does not require shareholder approval because the issue will be made to existing shareholders on the register at the record date.

APPLICATION OF FUNDS

The first prospectus is the first of two underwritten prospectus the second of which is initiated immediately after the receipt of funds by the company pursuant to the first prospectus. Consequently it is only meaningful to consider the utilisation of funds raised by both underwritten prospectus which will see the issue of 40,185,489 shares at 6 cents to raise A$2,411,129.34, or A$2.25 million after raising costs.

Some A$425,000 is proposed to be used for the acquisition, evaluation and drilling of previously identified gold/copper targets. In particular the drilling of the major gravity anomaly in the Myall Creek area, however one of the 3 leases held in the area is still the subject of an exploration licence application which is dependent on access approval by the Federal Government, these funds may not be expended in that area. Access approval to this area for exploration has been granted twice before and as recently as 1998 and it is reasonable to expect it to be granted in the near future. The company has a number of exploration drilling opportunities and will evaluate the most appropriate with these funds.

It is proposed that a further A$1 million will be allocated to oil and gas exploration in VIC/P47. The funds will initially be offered to BSOC to earn further unlevered equity in the drilling of Moby1. That equity would be around 20% in addition to Eagle Bay's current 25% free carried interest. Should BSOC not utilise these funds they will be applied to a 3 dimensional seismic program or to pipeline costs in the case of a discovery.

Should as a result of exploration contemplated above it becomes apparent further pursuit of a particular prospect is unjustified then the funds will be directed to other prospects in that asset class or to working capital.

The final A$0.8 million will be applied to 12 months working capital for the company and the evaluation and drilling of projects as yet unidentified.

In summary it is proposed the total funds will be utilised as follows:-

EXPLORATION ACTIVITY	COST
1. Acquisition, evaluation and drilling of gold/copper targets.	$425,000.00
2. Exploration in VIC/P47 for oil and gas.	$1,000,000.00
3. 12 months working capital and the evaluation and drilling of prospects as yet unidentified.	$800,000.00
TOTAL	**$2,250,000.00**

Yours faithfully

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