ASX
AUSTRALIAN STOCK EXCHANGE

Australian Stock Exchange Limited
ABN 98 008 624 691
Level 8
Exchange Plaza
2 The Esplanade
Perth WA 6000

GPO Box D187
Perth WA 6840

Telephone 61 9224 0000
Facsimile 61 9221 2020
Internet http://www.asx.com.au

26 September 2003

Mr P Fromson
Company Secretary
Eagle Bay Resources NL
PO Box 913
WEST PERTH WA 6872

Facsimile: 9481 3330

Dear Sir

Eagle Bay Resources NL (the "Company")

REPLY TO ASX QUERY DATED 25 SEPTEMBER 2003

We refer to the Company's reply to our query dated 25 September 2003 and references to the 25 March 2003 announcement.

Australian Stock Exchange Limited notes the announcement of 25 March 2003 gives a background to the geology. It is of the same quality as the 4 September 2003 report. However, the announcement of 10 September 2003 (and Figure 3 in the 25 March 2003 announcement) refer to copper-gold mineralisation and copper-gold mineralised pebbles. Figure 3 of the 25 March 2003 announcement gives results for 10 old drill holes. There are no reported gold values for any of these holes. The only mention of a gold assay is from the Prominent Hill deposit located approximately 300 km from Myall Creek. Therefore while there is a low level copper anomaly over an area of 10km x 20km, there is no data regarding the gold grade of the "1 to 2 m thick layer of gold and copper-bearing rocks".

Australian Stock Exchange Limited is concerned with the release of 10 September 2003 because it implies that the latest work ("Eagle Bay has <u>today</u> confirmed....") has added immediate value to the company's tenements. However when asked for the basis of that statement, the Company has referred ASX back to the company's earlier reports, going back to 25 March 2003, of pre-existing information, some of which is 25 years old.

Australian Stock Exchange Limited requests that the Company's comments on the above in a format suitable for release to the market.

Your response should be sent to me on facsimile number (08) 9221 2020. It should <u>not</u> be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, by no later than 5pm (W.S.T) on Friday 26 September 2003.

The response must be in a form suitable for release to the market. ASX reserves the right to release your reply and this letter to the market. If you have any concern about release of a response, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and the guidance note titled "Trading halts" we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours faithfully,

Anthony Walsh
<u>Assistant Manager Companies</u>

EAGLE BAY RESOURCES N.L.

Mr Anthony Walsh
Assistant Manager – Companies
Australian Stock Exchange
PERTH WA 6000

Fax: (08) 9221 2020

RE: Your fax of 26 September 2003

Dear Tony

We respond to your questions using your paragraph headings,

Paragraph 2
Your question in regard to gold grade is put into context by the second paragraph of "Current Exploration Status at Myall Creek" – ASX announcement of 25 March 2003. Historically exploration by BHP and Seltrust at Myall Creek was for base metals and gold assays were not done. This led the deposit to be characterised as a base metal or copper deposit. As our ASX release points out these diamond cores were subsequently re-examined and re-assayed for gold and the geological concept of a copper gold pebble layer was first proposed. Your reference to the old drill hole assays as showing only copper values is correct however the re-examination and re-assay of the old core data revealed numerous low level gold intersections sufficient to justify our statement of:-
"a layer of gold and copper bearing rocks". We do not hold the gold assays to be significant as we do not hold the mineralised pebble layer to be significant other than to indicate the nearby source of the pebble layer which is discussed at length in our 25 March 2003 ASX release. Because the gold assays were not significant they were not reported. The statement "a layer of copper gold bearing rocks" is a true statement as there are a hundred and forty one one metre re-assays in twenty six holes that recorded low level gold.

Your assertion that Myall Creek is a low level copper anomaly is not supported by previous researchers, who all refer to it as a deposit.

Paragraph 3
The use of the word 'today' in the 10 September 2003 release was explained at the base of the first paragraph of the 25 September 2003 release. The five evidence sources for the Myall Creek deposit were:-
"assembled by the Public Relations firm on 10 September 2003". The release of the 10 September 2003 was not intended, nor do we believe that it does imply that the latest work has added immediate value to the companies tenements. It was simply released after the whole board of the company became aware of and felt that a holistic summary was a reasonable request from shareholders.

We confirm that this response is in a form suitable for release to the market and consequently we do not believe a trading halt is appropriate.

Yours sincerely

Anthony Rechner
Chairman

First Floor, 14 Outram Street, West Perth, Western Australia 6005 • PO Box 913 West Perth WA 6872
Telephone: (08) 9481 3322 • Facsimile: (08) 9481 3330 • Email: ebr@indigo.net.au • Website: www.eaglebay.indigo.net.au
ACN 051 212 429