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**DRILLING RELEASE 11: EMILY#1
PEL-182, COOPER/ EROMANGA BASIN S.A.**

Eagle Bay Resources advises that the Emily oil and gas exploration well ran a straddle drill stem test (DST1) over the Birkhead interval from 1901-1907.5 metres over two sand bodies that exhibited H/C shows while drilling, and also recorded higher resistivities on the electric logs.

This test was a misrun - due to DST pump problems failing to set the inflatable packers.

A wiper trip was then run to 2000m, and DST2 with a new pump assembly was then re-run over the same Birkhead interval of 1901-1907.5 metres.

This test was successful, and 33.6 barrels of fluid were recovered, of which 1.3 barrels was a light, black oil.

The PEL-182 JV is encouraged by the presence of oil in this first well, and has taken a decision to case and suspend the well – and selectively perforate the upper sand at a later date with a much smaller work-over rig to establish oil production with less water.

The Century Rig-18 will be rigged down and released following the running and cementing of this production casing string.

The status of Emily-1 at 18:00 hrs (CST) on Sunday 22th January 2006 was:

Location:	PEL-182
Planned Total Depth:	2364 metres (TVD)
Current Depth:	2324 metres – (TD)
Operation:	Wiper trip and preparing to run production casing string
Spudded:	23:00 hrs 7 th January 2006

Participants in the Emily-1 well are:

Eagle Bay Resources (Operator)	37.6%
Audax Resources Ltd	39.9%
White Sands Petroleum Ltd	10.0%
Australian Oil Company No2 P/L	12.5%

Rig:	Century Rig-18
Target Strata:	Hutton SS
	Poolowanna SS
	Tinchoo SS

**TONY RECHNER
DIRECTOR**