

EAGLE BAY

RESOURCES N. L.



A.B.N. 14 051 212 429

**FINANCIAL REPORT
FOR THE HALF-YEAR
ENDED 31 DECEMBER 2007**

DIRECTORS	James B Craib John T Roy Jonathan A Salomon Linda R Bell
SECRETARY	Linda R Bell
REGISTERED OFFICE	1 st Floor, 610 Murray Street, West Perth Western Australia 6005 Telephone: (08) 9481 3322 Facsimile: (08) 9481 3330 Email: ebr@eaglebayresources.com.au Web: www.eaglebayresources.com.au Postal Address: PO Box 913, West Perth Western Australia 6872
ACN	051 212 429
AUDITORS	Stantons International Level 1 1 Havelock Street West Perth Western Australia 6005
BANKERS	ANZ Bank 1275 Hay Street, West Perth Western Australia 6005
STOCK EXCHANGE	The Company's shares are quoted on the official list at the Australian Securities Exchange Ltd, ASX Code EBR
SHARE REGISTRY	Advanced Share Registry 110 Stirling Highway Nedlands WA 6009 Telephone (08) 9389 8033
SOLICITORS	Salter Power Level 2, 6 Kings Park Road, West Perth Western Australia
CONTENTS	
Directors' Report	1
Condensed Income Statement	5
Condensed Balance Sheet	6
Condensed Cash Flow Statement	7
Condensed Statement of Changes in Equity	8
Condensed Notes to the Half-Year Financial Statements	9
Directors' Declaration	15
Independent Review Report to the Members	16
Auditor's Declaration of Independence	18

Directors' Report

The directors hereby present the following report for the half-year ended 31 December 2007.

The names of the directors who held office during or since the end of the half-year are:

JAMES BENTON CRAIB

JOHN THOMAS ROY

LINDA RUSSELL BELL (appointed 17 September 2007)

JONATHAN ARNOLD SALOMON (appointed 4 February 2008)

ANTHONY RECHNER (resigned 14 September 2007)

The consolidated entity, the Company (EBR) and its subsidiaries are actively engaged in exploration.

REVIEW OF OPERATIONS

1. OIL AND GAS EXPLORATION

1.1 PEL-182 - (EBR 37.6% and OPERATOR)

ONSHORE PETROLEUM EXPLORATION – COOPER BASIN, S.A

Two wells, Vanessa-1 and Jasmine-1, were drilled in the report period.

The **VANESSA-1** well was drilled to a final TD of 3061 metres. It recorded gas shows in the primary Permian sandstone objectives. Three zones were drill stem tested as follows:

DST-1A	2977 to 2980 m	5.1 MMscfd on ½” choke at 800 psi FP
DST-1B	2960 to 2963m	No flow was recorded and we suspect the tool was plugged
DST-1C	2239 to 2932	3.9 MMscfd on ½” choke at 525 psi FP

No DST's were run in the deeper Patchawarra Fm, as blocked by coal obstruction in the original drill hole. These coals also resulted in the DST tools becoming stuck and lost down hole. A new sidetrack hole was successfully drilled past this obstruction, and successfully logged to the new TD, confirming additional gas zones which were not tested. These will be evaluated later by cased hole production DST's. The well was cased and suspended.

The **JASMINE-1** well was drilled during December 2007 and early January 2008. The well targeted a stratigraphic pinchout trap supported by seismic inversion work in the Permian Patchawarra sands which had oil shows downdip at the Darter-1 exploration well, drilled 8 km to the south by Santos in 1995.

The well determined that the objective Patchawarra sands were absent at the Jasmine-1 location. A weak oil show was encountered in the deeper Mirramelia Sandstones, and a drill stem test (DST) was conducted, but failed to produce hydrocarbons, as this deeper formation was too tight to flow oil. The Jasmine-1 well was plugged and abandoned as a dry hole.

As the drilling of Jasmine-1 took place three weeks after the end of the permit Year 1, a variation has been requested from the government such that Jasmine-1 becomes a well in year 2 instead of the fourth well in Year 1. This will bring the actual drilling programme back into formal compliance with the approved minimal work programme.

Approval was received from government to swap the 5th obligation well for a 300 sq km 3D seismic program to be recorded in 2008. Acquiring 3D data is a risk reduction exercise and it is hoped that the seismic program will result in a number of oil prospects being matured for drilling late in year-2 and into year-3 (2008 - 2009). Potential targets include both shallower Jurassic structural oil plays (similar to the Santos Charo-2 & 3 new oil discoveries 15 km to the west of Jasmine-1) and Permian Patchawarra and Triassic Tinchoo stratigraphic/structural plays.

PEL-182 majority joint venture partner, Audax Resources Ltd, will become operator of this permit with effect from 30 April 2008, subject to government approval.

**1.2 VIC-P65 OFFSHORE GIPPSLAND BASIN (PREVIOUSLY VO6-4)
(EBR 100%)**

This permit has been offered and accepted. The main target in the block is a large deep water structure, and the plan is to shoot an initial 2D seismic survey over the structure as part of a group shoot, currently scheduled for mid 2008.

**1.3 VIC/P47 – (EBR 25%)
GIPPSLAND BASIN OFFSHORE VICTORIA**

Vic/P47 contains the Judith-1 gas discovery. Judith has been remapped using modern 3-D seismic data. The preliminary commercial potential of Judith has been evaluated in an initial scoping study, and a detailed study by Gaffney Cline & Associates has been initiated. Farminee interest continues to be evaluated.

**1.4 VIC/P41 - EBR 25% (Diluting to 17.5% Free Carried for the drilling of the first well)
GIPPSLAND BASIN OFFSHORE VICTORIA**

Final interpretation of the 500 sq km 3D has been completed and a direct hydrocarbon indicator (DHI) – amplitude versus offset study has been reviewed by the Joint Venture partners. A high quality sand observed in the Judith-1 well in VIC/P47 has been mapped over VIC/P41.

The operator has advised the Joint Venture will take advantage of the MV CGG Pacific Titan seismic vessel during a group shoot in the Gippsland Basin, and will record a further 250 km of new 2D seismic in 2008.

The JV operator is continuing with efforts to farmout an exploration well in this permit.

1.5 ROMANIA

During the period, an application was made to acquire petroleum permits in Romania. Subsequent to the reporting period the company was notified that it was unsuccessful in its application, being the runner-up to the winning bid.

**2. ULEY GRAPHITE MINE – PORT LINCOLN, SA
(EBR 100% and diluting to 25% free carried to commercial production)
GRAPHITE**

In September 2007 drill testing took place at the Uley Graphite. The company's Joint Venture partner Mikkira Graphite Pty Ltd has until November 2008 to decide if it wishes to purchase 75% of the tenements to move forward to commercial production.

3. NICKEL EXPLORATION

**3.1 CARR BOYD JOINT VENTURE - EL 39/491 & EL 39/492
(EBR 70% AND DILUTING)**

A detailed soil geochemistry program was completed with 36 element analysis done in Vancouver. Some 8 nickel plus copper and cobalt anomalies coincident with magnetic highs and the presence of primary komatiite outcrop and/or serpentines were mapped. Three anomalies have been recommended for an electro-magnetic survey.

**3.2 FALCON BRIDGE JOINT VENTURE
(EBR AND ROCKY MOUNTAIN MINERALS INC 50% EACH)
WESTERN AUSTRALIA EL38/1970, P38-3381-4 – APPLICATIONS**

The application blocks are aimed at Nickel anomalism in ultramafics. We expect the licence to be granted within the next 4-6 months.

4. URANIUM / COPPER / GOLD EXPLORATION

**4.1 CULTANA JOINT VENTURE EL 3547 (formerly ELA 105/2000)
WHYALLA SOUTH AUSTRALIA – THE ARMY TRAINING AREA
(EBR 75%, Minotaur 25%)**

No progress has been made in obtaining access from the Department of Defence.

**4.2 TREGALANA JOINT VENTURE EL 3538 (formerly EL 2800)
WHYALLA SOUTH AUSTRALIA - (EBR 50%, Minotaur 50%)**

Last year's drilling programme showed anomalies caused by iron rather than Copper-bearing sulphides.

Minotaur sold their exploration interests in Cultana and Tregalana to U Energy Pty Ltd on 26 February 2008.

4.3 MUNGLINUP URANIUM EXPLORATION WESTERN AUSTRALIA E74/403 AND E74/404

These tenements were relinquished on 19 February 2008, following receipt of the assay results.

4.4 ULEY SOUTH URANIUM PROJECT – SOUTH AUSTRALIA - EBR 100%

Field recognisance in Sept-Oct 2007 resulted in the identification of a possible uranium resource in the Lincoln Granite which has eroded into the shoulder area of an existing lake. This higher elevation shoulder had anomalous uranium radioactivity counts and samples are being assayed.

RESULTS OF OPERATIONS

The consolidated entity incurred an after tax operating loss for the half year ended 31 December 2007 of \$(653,018) (half year ended 31 December 2006 profit of \$137,169).

EVENTS SUBSEQUENT TO REPORTING DATE

On 4 February 2008, the Company announced the appointment of Jonathan Arnold Salomon as an Executive Director of the Company.

Included in receivables at 31 December 2007 is an amount of \$1,202,989 being a loan to a joint venture partner to assist with drilling costs. This loan was repaid to Eagle Bay on 25 January 2008.

Apart from the above, there have not been any matters that have arisen since the end of the half-year that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of the affairs of the consolidated entity in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 18.

Signed in accordance with a resolution of the directors



Director

West Perth, Western Australia
14 March 2008

Condensed Income Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Notes	CONSOLIDATED	
		2007 \$	2006 \$
Continuing operations			
Revenue	3	320,160	785,778
Other expenses	3	<u>(973,178)</u>	<u>(648,609)</u>
Profit/(loss) from continuing operations before income tax		(653,018)	137,169
Income tax expense	5	<u>-</u>	<u>-</u>
Profit /(loss) after tax from continuing operations attributable to members		<u>(653,018)</u>	<u>137,169</u>
Earnings per share (cents per share)			
- basic loss for the half-year	4	(0.23 cents)	0.06 cents

Diluted earnings per share does not represent an inferior view of the economic entity's performance and is not disclosed for this reason.

The above income statement should be read in conjunction with the accompanying condensed notes.

Condensed Balance Sheet

AS AT 31 DECEMBER 2007

	<i>Notes</i>	<i>CONSOLIDATED</i>	
		<i>As at 31 December 2007 \$</i>	<i>As at 30 June 2007 \$</i>
ASSETS			
Current Assets			
Cash and cash equivalents	10	3,848,457	6,536,852
Trade and other receivables		1,391,910	743,532
Total Current Assets		5,240,367	7,280,384
Non-current Assets			
Property, plant and equipment		81,087	153,294
Financial assets		182,922	177,930
Other receivables		25,649	25,649
Total Non Current Assets		289,658	356,873
TOTAL ASSETS		5,530,025	7,637,257
LIABILITIES			
Current Liabilities			
Trade and other payables		372,538	1,154,639
Provisions		58,000	808,000
Total Current Liabilities		430,538	1,962,639
TOTAL LIABILITIES		430,538	1,962,639
NET ASSETS		5,099,487	5,674,618
EQUITY			
Contributed equity	6	26,268,925	26,268,925
Accumulated losses		(21,533,325)	(20,880,307)
Other reserves		363,887	286,000
TOTAL EQUITY		5,099,487	5,674,618

The above balance sheet should be read in conjunction with the accompanying condensed notes.

Condensed Cash Flow Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Notes	CONSOLIDATED	
		2007	2006
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(2,304,042)	(748,564)
Bank guarantee		-	(25,649)
Joint venture income received		-	460,000
Management fees received		161,316	184,464
Interest received		158,844	113,291
Legal fees reimbursed		468,072	-
Sundry income received		-	1,938
Net cash flows used in operating activities		(1,515,810)	(14,520)
Cash flows from investing activities			
Purchases of shares		-	(110,170)
Loans made		(1,202,989)	-
Loans repaid		-	377,446
Proceeds from sale of fixed assets		37,000	-
Payments for plant and equipment		(6,596)	(6,990)
Net cash flows (used in)/from investing activities		(1,172,585)	260,286
Cash flows from financing activities			
Proceeds from share issues		-	-
Net cash flows from financing activities		-	-
Net (decrease)/increase in cash and cash equivalents held		(2,688,395)	245,766
Cash and cash equivalents at beginning of the half year	10	6,536,852	4,191,565
Cash and cash equivalents at end of the half year		3,848,457	4,437,331

The accompanying condensed notes form part of these financial statements.

Condensed Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

<i>31 December 2007</i>	Issued capital	Accumulated losses	Other reserves	Total equity
CONSOLIDATED	\$	\$	\$	\$
At 1 July 2007	26,268,925	(20,880,307)	286,000	5,674,618
Share based remuneration	-	-	67,887	67,887
Net gains on available for sale investments	-	-	10,000	10,000
Profit/(loss) for the period	-	(653,018)	-	(653,018)
At 31 December 2007	26,268,925	(21,533,325)	363,887	5,099,487

<i>31 December 2006</i>	Issued capital	Accumulated losses	Other reserves	Total equity
CONSOLIDATED	\$	\$	\$	\$
At 1 July 2006	23,000,633	(19,359,627)	263,700	3,904,706
Net gains on available for sale investments	-	-	800	800
Profit/(loss) for the period	-	137,169	-	137,169
At 31 December 2006	23,000,633	(19,222,458)	264,500	4,042,675

The accompanying condensed notes form part of these financial statements

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

1. CORPORATE INFORMATION

The financial report of Eagle Bay Resources NL (the Company) for the half-year ended 31 December 2007 was authorised for issue in accordance with a resolution of the directors on 14 March 2008. Eagle Bay Resources NL is an unlimited company incorporated in Australia and its shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in note 7 and the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Eagle Bay Resources as at 30 June 2007.

It is also recommended that the half-year financial report be considered together with any public announcements made by Eagle Bay Resources and its controlled entities during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis except for financial assets carried at fair value.

Since 1 July 2007, the Group has adopted the following Standards and Interpretations mandatory for annual periods beginning on or after 1 January 2007. Adoption of these Standards and Interpretations did not have any effect on the financial performance or position of the Group.

- AASB 7 Financial Instruments: Disclosures
- AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038)
- AASB 2007-04 Amendments to Australian Accounting Standards arising from ED 151 and other amendments
- AASB 2007-7 Amendments to Australian Accounting Standards (AASB 1, 2, 4, 5, 107 and 108)

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Eagle Bay Resources and its subsidiaries ('the Group') as at 31 December 2007.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Eagle Bay Resources has control.

(c) Summary of significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2007.

	Consolidated	
	31 December 2007	31 December 2006
	\$	\$
3. REVENUE, INCOME AND EXPENSES		
Revenue, Income and Expenses from Continuing Operations		
REVENUE		
Joint Venture Contributions	-	460,000
Management fees	161,316	184,464
Interest revenue	158,844	113,291
Fair value change in investments	-	26,085
Sundry income	-	1,938
Total revenue	320,160	785,778
OTHER EXPENSES		
Depreciation	16,091	17,107
Exploration expenditure written off	1,132,335	391,820
Fair value change in investments	5,008	-
Writeback legal fees provision and recoveries	(827,152)	-
Loss on disposal of fixed assets	14,551	-
Share based remuneration	67,887	-
Provision for doubtful debt written back	-	(178,380)
Administration and occupancy expenses	564,458	418,062
Total other expenses	973,178	648,609

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Cents	Cents
4. EARNINGS PER SHARE		
Basic profit/(loss) per share	(0.23)	0.06

Weighted average number of ordinary shares used in the calculation of basic loss per share is 288,222,501 (2006: 230,577,999). Options to purchase ordinary shares not exercised at 31 December 2007 have not been included in the determination of basic profit/(loss) per share.

Diluted earnings per share does not represent an inferior view of the consolidated entity's performance and is not disclosed for this reason.

5. INCOME TAX

No income tax is payable due to tax losses available from this and prior years.

6. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2007	30 June 2007
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	26,268,925	26,268,925

	Number of Options	
	31 December 2007	30 June 2007
<i>Movements in Options on Issue</i>		
At 1 July 2007	92,182,843	34,538,343
Increase through issue of options	2,000,000	57,644,500
Exercised during the half year	-	-
Options lapsed during the half year	-	-
Balance at 31 December 2007	94,182,843	92,182,843

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

7. SEGMENT INFORMATION

Eagle Bay Resources NL operates in mineral and energy exploration and investment in Australia.

8. SUBSEQUENT EVENTS

On 4 February 2008, the Company announced the appointment of Jonathan Arnold Salomon as an Executive Director of the Company.

Included in receivables at 31 December 2007 is an amount of \$1,202,989 being a loan to a joint venture partner to assist with drilling costs. This loan was repaid to Eagle Bay on 25 January 2008.

Apart from the above, there has not arisen in the interval between 31 December 2007 and the date of this Report any matter, item, transaction or event of a material or unusual nature, that in the opinion of the directors of the Company, would significantly affect the operations of the Economic Entity, the results of those operations or the state of affairs of the Economic Entity in subsequent financial years.

9. CONTINGENT LIABILITIES

Mr Anthony Rechner, former Chairman and Managing Director of the company, has been convicted of misleading statements in 2003 in relation to the Myall Creek joint venture project in South Australia. Mr Rechner has repaid all legal costs which had been paid on his behalf by the company. As the action against Mr Rechner has been successful, the company may incur a potential liability which is unquantifiable at this time.

Apart from the above, in the opinion of the directors, there are no contingent liabilities as at 31 December 2007 and none have arisen in the interval between 30 June 2007 and the date of this report.

10. CASH AND CASH EQUIVALENTS

For the purposes of the half-year condensed cash flow statement, cash and cash equivalents are comprised of the following as at 31 December:

	Consolidated	
	2007	2006
	\$	\$
Cash at bank and in hand	226,182	626,920
Short-term deposits	3,622,275	3,810,411
TOTAL	<u>3,848,457</u>	<u>4,437,331</u>

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

11. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that were entered into with related parties for the half-years ended 31 December 2007 and 2006:

Related party		Management fees charged to related parties \$	Consultancy fees \$
Joint ventures in which the parent is a venturer			
PEL-182 Joint Venture*	2007	258,519	-
	2006	295,615	-
Key management personnel of the Group:			
Other directors' interests			
Tangram Pty Ltd - consultancy fees	2007	-	42,500
	2006	-	120,000

Management fees are charged to the joint venture in accordance with the provisions of the Joint Venture Operating Agreement.

Mr A Rechner is a director and shareholder of Tangram Pty Ltd which whilst Mr Rechner was a director of Eagle Bay Resources NL provided exploration and administrative consultancy services to the Company on normal terms and conditions. Amounts due to this company during the half year in respect of professional services rendered are included in remuneration of directors.

Eagle Bay Resources NL provides working capital to its wholly-owned subsidiaries aggregating \$56,184 which has been provided against during this half-year. Transactions between the parent entity and the wholly-owned subsidiaries consist of interest free unsecured loans which have no fixed repayment terms.

*Included in management fees is Eagle Bay Resources NL's 37.6% share of the fee being \$97,203 (2006 : \$111,151)

Condensed Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

12. LOANS

The following loan was made during the six months ended 31 December 2007:

	Currency	Interest Rate		Face Value	Carrying Amount
		Nominal	Effective	\$	\$
Balance at 1 July 2007				-	-
New Loans					
Loan to Joint Venture Partner	AUD	8%	8%	1,202,989	1,202,989
Repayments					
Loan from Joint Venture Partner	AUD	8%	8%	-	-
Balance at 31 December 2007					1,202,989

This loan was repaid to Eagle Bay Resources NL on 25 January 2008.

Directors' Declaration

In accordance with a resolution of the directors of Eagle Bay Resources NL, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2007 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Director

West Perth, Western Australia
14 March 2008

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF EAGLE BAY RESOURCES NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Eagle Bay Resources NL, which comprises the consolidated condensed balance sheet as at 31 December 2007, and the consolidated condensed income statement, consolidated condensed statement of changes in equity and consolidated condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Eagle Bay Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

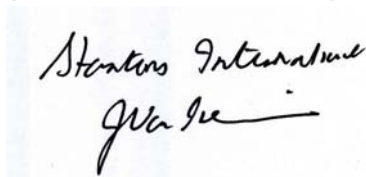
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Eagle Bay Resources NL on 14 March 2008.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Eagle Bay Resources NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL (Authorised Audit Company)

A blue rectangular stamp with the text "STANTONS INTERNATIONAL" is partially visible. Overlaid on the stamp is a handwritten signature in black ink that reads "J P Van Dieren".

J P Van Dieren
Director

West Perth, Western Australia
14 March 2008

14 March 2008

Board of Directors
Eagle Bay Resources NL
Suite 3 First Floor
610 Murray St
WEST PERTH WA 6005

Dear Sirs

RE: EAGLE BAY RESOURCES NL

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Eagle Bay Resources NL.

As Audit Director for the review of the financial statements of Eagle Bay Resources NL for the six months ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

STANTONS INTERNATIONAL
(Authorised Audit Company)



John Van Dieren
Director