

**EAGLE EYE METALS LIMITED**

**ANNUAL REPORT  
2007**

Corporate Directory .....	3
Notice of Annual General Meeting.....	4
Chairman’s Review .....	5
Directors’ Report.....	6
Independent Auditor’s Report.....	11
Directors’ Declaration .....	13
Auditor’s Independence Declaration.....	14
Income Statement .....	15
Balance Sheet.....	16
Cash Flow Statement.....	17
Statement Of Changes In Equity .....	18
Notes To The Financial Statements .....	19
Top 20 Shareholders and Option Holders .....	31
Proxy Form .....	32

**REGISTERED OFFICE**

Eagle Eye Metals Limited  
ABN 11 113 931 105  
45 Ventnor Avenue  
West Perth WA 6005

**DIRECTORS**

Wayne Ryder FCA, FAICD, SME(U.S.) – Executive Chairman  
Tim Colclough – Non-Executive  
Garry Plowright – Non-Executive  
Warren Staude BSc, MSc, MAusIMM, ASIA – Non-Executive

**SECRETARY AND CHIEF EXECUTIVE OFFICER**

Wayne Ryder FCA  
Tel (08) 9389 4450  
Fax (08) 9389 4400  
Mobile 0418 928 180  
*wayne@eagleeyemetals.com*

**CONSULTING GEOLOGISTS**

BM Geological Services Pty Ltd  
Senior Geologist Darryl Mapleson  
36 Hannan Street  
Kalgoorlie WA 6430

**AUDITORS**

Bentleys MRI Perth Partnership  
Chartered Accountants  
Level 1, 10 Kings Park Road  
West Perth WA 6005

**SOLICITORS**

Hardy Bowen Lawyers  
Level 1, 28 Ord Street,  
West Perth WA 6005

**WEBSITE**

[www.eagleeyemetals.com](http://www.eagleeyemetals.com)

**EAGLE EYE METALS LIMITED**  
**NOTICE OF ANNUAL GENERAL MEETING**

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**NOTICE IS HEREBY GIVEN** that the 2007 Annual General Meeting of the Members of Eagle Eye Metals Limited will be held at the Registered Office, 45 Ventnor Avenue, West Perth WA 6005 on Friday 30 November 2007 at 11.30a.m.

**BUSINESS :**

1. To receive and consider the Balance Sheet at 30 June 2007 and the Income Statement for the Period then ended, together with the Reports of the Directors and Auditor's Report thereon.
2. To elect Directors :
  - i) Mr Tim Colclough retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.
  - ii) Mr Garry Plowright retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.
3. To receive, consider and, if thought fit, adopt the Remuneration Report as contained in the Directors' Report in accordance with Section 250R(2) of the Corporations Act.
4. To transact any other business in accordance with the Company's Constitution.

**BY ORDER OF THE BOARD**  
**WAYNE RYDER**  
**SECRETARY**

**DATED AT PERTH THIS 27TH DAY OF SEPTEMBER 2007**

**PROXIES**

Any Member entitled to attend and vote is entitled to appoint not more than two Proxies.

Where more than one Proxy is appointed each Proxy must be appointed to represent a specified proportion of the Member's voting rights.

A Proxy need not be a Member of the Company.

A Proxy Form is included at the back of this Report. If Proxies are appointed the Proxy Form must be lodged with the Company by delivery or post to the Registered Office, 45 Ventnor Avenue, West Perth WA 6005 or by fax to (08) 9389 4400, or by e-mail to *info@eagleeyemetals.com* not less than 48 hours before the Meeting.

## **INTRODUCTION**

Since its formation in April 2005, Eagle Eye has developed a solid presence in the metals exploration industry, initially acquiring 8 nickel, gold and other base metals exploration projects in the Leonora-Laverton region of the North-Eastern Goldfields of Western Australia.

Having successfully completed a \$5,000,000 Prospectus Securities Issue and attaining Australian Stock Exchange Limited ("ASX") Listing in December 2006, the Company commenced exploration of its projects, concentrating first on the Waite Kauri nickel oxide project adjoining GME Resources Limited's announced strike of 1.3Mt of 1.3% nickel and 0.14% cobalt. This exploration program has progressed to first pass shallow (to 30 metres) drilling stage, now mostly completed with assay results in the hands of Eagle Eye's Consulting Geologists for assessment and recommendations for follow up deeper and more closely spaced reverse circulation drilling aimed at resource definition on areas showing up as prospective. The Company's anomalous area considered most prospective, the 1km running directly South from the border with GME's strike, has only recently been approved for drilling and this work is currently in progress.

Exploration of the Company's other projects is currently being planned in conjunction with its Consulting Geologists, next targeting the gold, nickel and other base metals projects at Leonora East, Mertondale, Apollo Hill and Eristoun, where previous exploration and recent soil sampling has defined areas considered prospective and well warranted for drilling.

## **FINANCIAL RESULTS**

For the year the Company incurred capitalised expenditure of \$286,871 on exploration of its mining tenements. Operating and administration expenses totalled \$505,202 and after deducting interest received of \$151,389 this resulted in a net loss after taxation for the year of \$353,813. The Company has carefully managed its cash funds raised and is in a well cashed up position.

## **CLOSE**

Eagle Eye is making sound progress in the exploration of its projects, and we look forward to producing positive search results in the coming months. The Board is most appreciative of the strong support of Brokers and Shareholders, and the work efforts of staff and consultants. We look forward to seeing you at the Annual General Meeting.

**Sincerely**

**Wayne Ryder**

**27 September 2007**

Your Directors present their Report on Eagle Eye Metals Limited for the year ended 30 June 2007.

## **DIRECTORS**

The following persons were Directors of the Company during the year and at the date of this Report:

**Wayne Ryder FCA, FAICD, SME** (Non-Independent Executive Chairman) (Appointed 21 April 2005)

Wayne is a substantial Shareholder and the largest holder in the Company. He has an extensive track record in the mining resources sector over many years, including having held Directorships with a number of successful explorers and producers including Forsayth Mineral Exploration, Condor Minerals & Energy (Mt Horner, Dongara WA oil field), Kitchener Mining (Bamboo Creek, WA gold mine), Great Eastern Mines (Aga Khan emerald mine at Cue, WA), Lightning Ridge Mining (opal mining at Lightning Ridge, NSW).

He has spent significant time in the United States, working from his own Coral Resources exploration headquarters in Denver, Colorado and New York where he was a member of the prestigious New York Mining Club. As a consequence, he has developed excellent associations with US-based exploration groups, as well as key US capital market resource investors.

He is a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Australian Institute of Company Directors and a Member of the Society of Mining Metallurgy and Exploration in the United States.

Number of Fully Paid Ordinary Shares held directly and indirectly: 4,110,000  
Number of Options held directly and indirectly: 1,760,000

**Tim Colclough** (Non-Independent Non-Executive) (Appointed 21 April 2005)

Tim is a substantial Shareholder in the Company. He introduced the original vendor/prospectors to the Company and has followed up and developed a good relationship with a network of these and other prospectors and other mining industry people.

Number of Fully Paid Ordinary Shares held directly and indirectly: 3,325,000  
Number of Options held directly and indirectly: 825,000

**Garry Plowright** (Independent Non-Executive) (Appointed 21 April 2005)

Garry's career includes over 15 years experience in commercial and technical development within the mining industry, working for some of Australia's leading resource companies. He has been mostly involved in gold, base metals and iron ore exploration and mining, predominantly in Western Australia. He brings to the Board considerable experience and knowledge associated with the supply and logistics of services to the mining industry, tenement management and issues relating to land access, native title, and community consultation.

Garry has held management positions in the private sector of the mining industry, including mapping and GIS management for various small, medium and large capped companies. He has an extensive background in mining law and administration and has provided services to the industry in tenement management and administration, property acquisitions, project generation and joint venture negotiations.

He is responsible for the important tenement management role with Eagle Eye.

Number of Fully Paid Ordinary Shares held directly and indirectly: 1,060,000  
Number of Options held directly and indirectly: 1,060,000

**Warren John Staude BSc MSc MAusIMM ASIA** (Independent Non-Executive) (Appointed 31 March 2006)

Sydney based, Warren has long term professional experience in mining and mineral exploration, resource investment and portfolio investment management.

Over the past 20 years he has been engaged mostly in institutional investment management and research, working in AMP and GIO. Following AMP's takeover of GIO he assumed a leading role in establishing a specialist international resource equity investment fund and in assisting corporations in fund raising and with corporate advice. Previously he has worked as a Consulting Geologist in both Government and industry, and on the academic staff at Macquarie University

Warren is a Director of minerals explorers Malachite Resources NL, Central West Gold NL, Frontier Resources Limited and Stonehenge Metals Limited.

He is a Graduate of the University of Sydney (BSc, Geology), Macquarie University (MSc, Mineral Economics), and holds a Graduate Diploma from the Securities Institute of Australia, and sits on the Joint Ore Reserves Committee (JORC) and the VALMIN Committee.

Number of Ordinary Fully paid Shares held directly and indirectly: 600,000  
Number of Options held directly and indirectly: 600,000

## **RESULTS**

The Net Loss After Taxation of the Company for the year ended 30 June 2007 was \$353,813 (2006 \$207,084).

## **PRINCIPAL ACTIVITIES AND USE OF FUNDS**

During the year the principal activity of the Company was the exploration of it's mining tenements for nickel, gold and other base metals. The Company also completed a \$5,000,000 Prospectus Issue of Shares and Options and attained Listing on ASX on 6 December 2006. The Company utilised it's cash funds in a way consistent with it's business objectives as stated in the Prospectus. No other substantial activities were undertaken during the year.

## **DIVIDENDS**

The Directors recommend that no dividend be declared for the Period covered by this Report.

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

Apart from the fund raising and ASX Listing referred to in Principal Activities above, no significant changes took place during the year in the state of affairs of the Company.

## **MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

At the date of this Report there is no matter or circumstance which has arisen since Balance Date that has significantly affected or may significantly affect:

the Company's operations in future financial years; or

the results of those operations in future financial years; or

the Company's state of affairs in future financial years.

## **LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

There are no likely developments contemplated at the date of this Report that may have a significant affect upon the expected results of operations of the Company.

## **ENVIRONMENTAL REGULATIONS**

Operating in the minerals exploration and development industry, Eagle Eye is subject to Environmental Regulations and controls as set down by the Statutory Authorities, including the Department of Industry & Resources. We have and will continue to comply with those Regulations, and have adopted such compliance as an important point in our Corporate Governance practices.

## **MEETINGS OF DIRECTORS**

Directors during the year and Directors' Meetings attended were:

Name	Meetings Held	Meetings Attended
Wayne Ryder	8	8
Tim Colclough	8	6
Garry Plowright	8	7
Warren Staude	8	6

## **REMUNERATION REPORT**

The Board of the Company after considering advice from its Remuneration Committee determines the remuneration policies and practices generally, and makes specific decisions on remuneration packages and other terms of employment for Executive Directors, other senior executives and Non-Executive Directors.

During the year the following Directors' fees, commissions, management, consulting and secretarial fees were paid or accrued to Directors:

Wayne Ryder – Executive Chairman	\$255,013
Tim Colclough – Non-Executive	\$70,000
Garry Plowright – Non-Executive	\$41,000
Warren Staude – Non-Executive	\$30,000

## **CORPORATE GOVERNANCE STATEMENT**

The Directors are responsible for the Corporate Governance practices of the Company, and although these practices are not yet fully developed, their further development is being progressively considered and implemented, having regard to suitable procedures applicable to the Company.

The main Corporate Governance practices either in operation or targeted for implementation are:-

### **The Board of Directors**

The Board's mandate is that it should:  
be comprised of at least three Directors;  
be made up of a majority of Non-Executive Directors;  
be comprised of Directors with a broad range of skills, qualifications and experience appropriate to the Company's operations;  
meet on a regular basis; and  
maintain constant on-going communication of activities between Directors so that all Directors are fully informed of the Company's business and so as to be possessed of all the necessary information required to make decisions by Resolutions of the Board.



### **Duties and Responsibilities of Directors**

On the date on which this Report of the Directors is made out, the Board consisted of four Directors, the Chairman of which is an Executive Director and the other three are Non-Executives. The Executive Chairman and one other Director are substantial Shareholders in the Company and are accordingly classified as Non-Independent. The other two Directors are Independent. Details of the Directors are set out at the commencement of this Directors' Report.

The primary responsibilities of the Board include:  
the approval of the annual Financial Statements;  
establishment of long term goals of the Company and strategic plans to achieve those goals;  
the review and adoption of annual budgets for the financial performance of the Company, monitoring the results on a regular basis;  
ensuring that the Company abides strictly by Environmental Regulations affecting its operations in the minerals exploration and development industry; and  
ensuring that the Company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities.

### **Independent Professional Advice**

With the prior approval of the Chairman, such approval not to be unreasonably withheld, all Directors have the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

### **NOMINATION COMMITTEE** **REMUNERATION COMMITTEE** **AUDIT COMMITTEE**

The Company has established Committee's whose mandate is to review the composition of the Board on an annual basis, the remuneration packages of all Directors and executive officers on an annual basis, and to provide a forum for the effective communication between the Board and the Auditors.

### **RISK MANAGEMENT COMMITTEE**

The Company has established a Risk Management Committee which in conjunction with the Board, is responsible for the Company's system of internal controls. The Board and Committee constantly monitors the operational and financial aspects of the Company's activities, considers the recommendations and advice of the Auditors and other external advisers on the operational and financial risks that face the Company.

The Board and Committee ensures that recommendations made by the Auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.

In addition, the Board and Committee investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties, the employment and training of suitably qualified and experienced personnel, and the scope and work programme of internal control officers.

### **CODE OF CONDUCT**

As part of the Board's commitment to the highest standard of conduct, the Company has adopted a Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities. The Code of Conduct covers such matters as responsibilities to Shareholders, relations with customers and suppliers, compliance with environmental regulations, employment practices and responsibilities to the community.

**AUDITOR'S INDEPENDENCE DECLARATION**

The Auditor's Independence Declaration for the year ended 30 June 2007 can be found on Page 14.

**Wayne Ryder  
DIRECTOR**

**DATED AT PERTH THIS 27TH DAY OF SEPTEMBER 2007**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAGLE EYE METALS LIMITED**

### **Report on the Financial Report**

We have audited the accompanying financial report of Eagle Eye Metals Limited (the "Company"), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity, and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes, and the directors' declaration for Eagle Eye Metals Limited.

#### *Directors' responsibility for the financial report.*

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the 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 an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Chartered Accountants**

A member of Bentleys MRI, an association of independent accounting firms throughout Australia, and a member of Moores Rowland International, an association of independent accounting firms throughout the world. The firms practising as Bentleys MRI and Moores Rowland are independent. The member firms of these associations are affiliated only and not in partnership.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
EAGLE EYE METALS LIMITED**

**Report on the Financial Report (continued)**

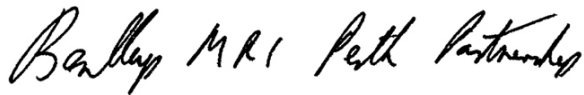
*Independence*

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

*Auditor's opinion on the financial report*

In our opinion, the financial report of Eagle Eye Metals Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2007 and of its performance for the financial year ended on that date, and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



**BENTLEYS MRI PERTH PARTNERSHIP**



**MICHAEL J HILLGROVE  
PARTNER**

Dated this day at Perth, on 27th September 2007

**EAGLE EYE METALS LIMITED**  
**DIRECTORS' DECLARATION**

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The Directors declare that:

1. the Financial Statements and Notes, as set out on pages 15 to 30, are in accordance with the Corporations Act 2001:
  - (a) giving a true and fair view of the Company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
  - (b) complying with Accounting Standards and Corporation Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This Declaration is made in accordance with a Resolution of the Board of Directors.

**DIRECTOR**

**DATED AT PERTH THIS 27TH DAY OF SEPTEMBER 2007**

**EAGLE EYE METALS LIMITED ABN 11 113 931 105**

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

*I declare that, to the best of my knowledge and belief during the year ended 30 June 2007 there has been:*

- i no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii no contraventions of any applicable code of professional conduct in relation to the audit.

*Bentleys MRI Perth Partnership*

**BENTLEYS MRI PERTH PARTNERSHIP**

*M Hillgrove*

**MICHAEL HILLGROVE  
PARTNER**

Dated at this day at Perth, on 27<sup>th</sup> September 2007

**Chartered Accountants**

A member of Bentleys MRI, an association of independent accounting firms throughout Australia, and a member of Moores Rowland International, an association of independent accounting firms throughout the world. The firms practising as Bentleys MRI and Moores Rowland are independent. The member firms of these associations are affiliated only and not in partnership.

**EAGLE EYE METALS LIMITED**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2007**

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	<b>Notes</b>	<b>2007</b> <b>\$</b>	<b>2006</b> <b>\$</b>
Revenue from ordinary activities	2	151,389	2,641
Expenses from ordinary activities	3	<u>(505,202)</u>	<u>(209,725)</u>
Profit/(Loss) from ordinary activities before income tax expense		(353,813)	(207,084)
Income tax relating to ordinary activities	4	<u>-</u>	<u>-</u>
Profit/(Loss) from ordinary activities after income tax expense		<u><u>(353,813)</u></u>	<u><u>(207,084)</u></u>
Basic earnings per share (Cents per share)	13	(0.01)	(0.02)

The accompanying notes form part of the Financial Statements

**EAGLE EYE METALS LIMITED**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2007**

	NOTE	2007	2006
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	3,860,832	32,488
Trade and other receivables		-	-
Other current assets		6,000	11,034
<b>TOTAL CURRENT ASSETS</b>		<u>3,866,832</u>	<u>43,522</u>
<b>NON - CURRENT ASSETS</b>			
Financial Assets	7	200,000	-
Property, Plant & Equipment		9,696	-
Exploration and Evaluation Costs	8	877,431	590,560
<b>TOTAL NON CURRENT ASSETS</b>		<u>1,087,127</u>	<u>590,560</u>
<b>TOTAL ASSETS</b>		<u>4,953,959</u>	<u>634,082</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables		58,533	55,250
Director's Loan – Non interest Bearing		-	152,000
<b>TOTAL CURRENT LIABILITIES</b>		<u>58,533</u>	<u>207,250</u>
<b>TOTAL LIABILITIES</b>		<u>58,533</u>	<u>207,250</u>
<b>NET ASSETS</b>		<u>4,895,426</u>	<u>426,832</u>
<b>EQUITY</b>			
Contributed equity	9	5,499,754	677,347
Accumulated losses		(604,328)	(250,515)
<b>TOTAL EQUITY</b>		<u>4,895,426</u>	<u>426,832</u>

The accompanying notes form part of the Financial Statements



**EAGLE EYE METALS LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2007**

	NOTE	2007 \$	2006 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers		(496,885)	(204,428)
Interest received		151,389	2,641
Cash Flows (used in) provided from operating activities	10	<u>(345,496)</u>	<u>(201,787)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Investments		(200,000)	-
Exploration and Tenement Costs		(286,870)	(305,560)
Purchase of property, plant and equipment		(9,696)	-
Cash Flows (used in)/provided from Investing Activities		<u>(496,566)</u>	<u>(305,560)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		5,260,900	435,600
Proceeds from borrowings		-	152,000
Equity fund raising costs		(438,494)	(164,376)
Repayment of borrowings		(152,000)	-
Cash Flows (used in)/provided from financing activities		<u>4,670,406</u>	<u>423,224</u>
Net increase/(decrease) in cash held		3,828,344	(84,123)
Cash at beginning of the financial year		32,488	116,611
Cash at end of the financial year	6	<u><u>3,860,832</u></u>	<u><u>32,488</u></u>

The accompanying notes form part of the Financial Statements

**EAGLE EYE METALS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**AS AT 30 JUNE 2007**

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<b>Economic Entity</b>		<b>Ordinary Share Capital</b>	<b>Accumulated Losses</b>	<b>Total</b>
	<b>NOTE</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2006</b>				
<b>Balance at beginning of the financial year</b>		121,123	(43,431)	77,692
Shares issued during the year		720,600	-	720,600
Capital raising costs		(164,376)	-	(164,376)
Current year profit/(loss)		-	(207,084)	(207,084)
<b>Balance at end of the financial year</b>		<u>677,347</u>	<u>(250,515)</u>	<u>426,832</u>
<b>2007</b>				
<b>Balance at beginning of financial year</b>		677,347	(250,515)	426,832
Shares issued during the year		5,260,900	-	5,260,900
Capital raising costs		(438,493)	-	(438,493)
Current year profit/(loss)		-	(353,813)	(353,813)
<b>Balance at end of financial year</b>	9	<u>5,499,754</u>	<u>(604,328)</u>	<u>4,895,426</u>

The accompanying notes form part of the Financial Statements

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Eagle Eye Metals Limited, a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**BASIS OF PREPARATION**

The accounting policies set out below have been consistently applied to all years presented.

*Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**(a) INCOME TAX**

The company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which maybe realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**EAGLE EYE METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 30 JUNE 2007**

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**(b) PROPERTY, PLANT AND EQUIPMENT**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

**PROPERTY**

Freehold land and buildings are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is the policy of the company to have an independent valuation every three years, with annual appraisals being made by the directors.

The revaluation of freehold land and buildings has not taken account of the potential capital gains tax on assets acquired after the introduction of capital gains tax.

**PLANT AND EQUIPMENT**

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

**DEPRECIATION**

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

**LEASES**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for the operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

**(c) EXPLORATION AND EVALUATION EXPENDITURE**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves expenditure which cannot be identified to specified areas of interest is expensed.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Cost of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the cost of any sit restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

**(d) IMPAIRMENT OF ASSETS**

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(e) EMPLOYEE BENEFITS**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**(f) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**EAGLE EYE METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 30 JUNE 2007**

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**(g) REVENUE**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

**(h) GOODS AND SERVICES TAX (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payable in the statement of the financial position are shown inclusive of GST.

**(i) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2007, but have not been applied in preparing this financial report.

- AASB 7 *Financial Instruments: Disclosures* (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require extensive additional disclosures with respect to the Group's financial instruments and share capital.
- AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 117 *Leases*, AASB 133 *Earnings Per Share*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First-time adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007 and is expected to only impact disclosures contained within the consolidated financial report.
- AASB 8 *Operating Segments* replaces the presentation for annual reporting periods beginning on or after 1 January 2009 and it is not expected to have an impact on the financial results of the Company and the Group as the standard is only concerned with disclosures.
- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 makes amendments to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, AASB 6 *Exploration for and Evaluation of Mineral Resources*, AASB 102 *Inventories*, AASB 107 *Cash Flow Statements*, AASB 119 *Employee Benefits*, AASB 127 *Consolidated and Separate Financial Statements*, AASB 134 *Interim Financial Reporting*, AASB 136 *Impairment Assets*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 8 *Operating Segments*. This standard is only expected to impact disclosures contained within the financial report.

**EAGLE EYE METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 30 JUNE 2007**

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- AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11 amends AASB 2 *Share-based Payments* to insert the transitional provisions of IFRS 2, previously contained in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. AASB 2007-1 is applicable for annual reporting periods beginning on or after 1 March 2007 and is not expected to have any impact on the consolidated financial report.
- AASB 2007-2 Amendments to Australia Accounting Standards arising from AASB Interpretation 12 makes amendments to AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*, AASB 121 *The Effects of Changes in Foreign Exchange Rates*, AASB 127 *Consolidated and Separate Financial Statement*, AASB 131 *Interest in Joint Ventures*, and AASB 139 *Financial Instruments Recognition and Measurement*. AASB 2007-2 is applicable for annual reporting periods beginning on or after 1 January 2008 and must be applied at the same time as the Interpretation 12 Service Concession Arrangements.
- AASB 2007-2 Amendments to Australian Accounting Standards also amends references to “UIG Interpretation” to interpretations. This amending standard is applicable to annual reporting periods ending on or after 28 February 2007.
- AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and other Amendments makes consequential amendments to AASB 1 *First-time adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 2 *Share Based Payments*, AASB 3 *Business Combinations*, AASB 4 *Insurance Contracts*, AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations*, AASB 6 *Exploration for and Evaluation of Mineral Resources*, AASB 7 *Financial Instruments : Disclosures*, AASB 102 *Inventories*, AASB 107 *Cash Flow Statement*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 110 *Events after the Balance Sheet Date*, AASB 112 *Income Taxes*, AASB 114 *Segment Reporting*, AASB 116 *Property, Plant and Equipment*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 119 *Employee Benefits*, AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*, AASB 121 *The Effects of Changes in Foreign Currency Rates*, AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investment in Associates*, AASB 129 *Financial Reporting in Hyperinflationary Economies*, AASB 130 *Disclosures of Financial Statement of Banks and Similar Financial Institutions*, AASB 131 *Interest in Joint Ventures*, AASB 132 *Financial Instruments: Disclosures and Presentation*, AASB 133 *Earnings Per Share*, AASB 134 *Interim Financial Reporting*, AASB 136 *Impairment of Assets*, AASB 137 *Provision, Contingent Liabilities and Contingent Assets*, AASB 138 *Intangible Assets*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 141 *Agriculture*, AASB 1023 *General Insurance Contracts*, and AASB 1038 *Life Insurance Contracts*. This standard is applicable to annual reporting periods beginning on or after 1 July 2007. The potential impact on the Company has not yet been determined.
- AASB 2007-5 Amendments to Australian Accounting Standard – *Inventories Held for Distribution by Not-for-Profit Entities* requires inventories held for distribution by not-for-profit entities to be measured at the lower of cost and current replacement costs. AASB 2007-5 is applicable for annual reporting periods beginning on or after 1 July 2007 and is not expected to have an impact on the financial results or disclosures contained within the financial report.
- AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 makes amendments to AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 101 *Presentation of Financial Statements*, AASB 107 *Cash Flow Statements*, AASB 111 *Construction contracts*, AASB 116 *Property, Plant and Equipment*, AASB 138 *Intangible Assets*, Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* and Interpretation 12 *Service Concession Arrangements*. AASB 2007-6 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be applied at the same time as AASB 123 *Borrowing Costs*.

**EAGLE EYE METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 30 JUNE 2007**

- AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 makes amendments to AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 101 Presentation of Financial Statements, AASB 107 Cash Flow Statements, AASB 111 Construction contracts, AASB 116 Property, Plant and Equipment, AASB 138 Intangible Assets, Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities and Interpretation 12 Service Concession Arrangements. AASB 2007-6 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be applied at the same time as AASB 123 Borrowing Costs. This standard principally removes the references to expensing borrowing costs on qualifying assets.
- AASB 2007-7 Amendments to Australian Accounting Standards arising from AASB 2007-4 makes amendments to AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 2 Share-Based Payment, AASB 4 Insurance Contracts, AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB Cash Flow Statements and AASB 128 Investments in Associates. AASB 2007-7 is applicable for annual reporting periods beginning on or after 1 July 2007. This standard is only expected to impact disclosures contained within the financial report.

**(J) COMPARATIVE FIGURES**

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 2: REVENUE</b>		
Sales Revenue		
- Interest received	151,389	2,641
	<u>151,389</u>	<u>2,641</u>
Total Revenue	<u><u>151,389</u></u>	<u><u>2,641</u></u>
<b>NOTE 3: LOSS FOR THE YEAR</b>		
Exploration and evaluation expenses	222,268	107,510
Finance costs	817	2,789
Administration expenses	282,117	99,426
	<u>505,202</u>	<u>209,725</u>
	<u><u>505,202</u></u>	<u><u>209,725</u></u>
<b>NOTE 4: INCOME TAX EXPENSE</b>		
The prima facie tax expense/(benefit) on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Tax expense/(benefit) benefit on loss from ordinary activities before income tax at 30%	(106,144)	(13,029)
Tax effect on permanent differences	-	-
Deferred tax not recognised	106,144	13,029
	<u>106,144</u>	<u>13,029</u>
Income tax expenses/(benefit) attributable to loss from ordinary activities before income tax	<u><u>-</u></u>	<u><u>-</u></u>



**EAGLE EYE METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 30 JUNE 2007**

As At 30 June 2007 there are available, accumulated income tax losses of \$604,328 (2006: \$250,515), which give rise to a future income tax benefit of \$181,298 (2006: \$75,155) at the future company income tax rate of 30%. In addition the Company maintains tax assets from capital raising activities amounting to \$438,494 (2006: \$164,376), which gives rise to a future income tax benefit of \$131,548 (2006: \$49,313) at the company income tax rate of 30%. The future income tax benefit attributable to carried forward income tax losses has not been recognised as an asset in these accounts as it will only be of benefit to the entity if the future assessable income is derived of a nature and amount sufficient to enable the benefits to be realised, the condition for deductibility impose by the tax legislation continue to be complied with and the entity is able to meet the continuity of ownership and/or continuity of business tests.

**NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION**

(a) Names and position held of the entity key management personnel at any time during the financial year.

Directors

Mr W Ryder	-	Executive Chairman
Mr W Staude	-	Director – Non Executive
Mr T Colclough	-	Director – Non Executive
Mr G Plowright	-	Director – Non Executive

(b) Details of remuneration for the year ended 30 June 2007

	Salary, Fees and Commission s \$	Super- annuation Contribution \$	Total \$
<b>Directors</b>			
Mr W Ryder	150,013	105,000	255,013
Mr W Staude	30,000	-	30,000
Mr T Colclough	70,000	-	70,000
Mr G Plowright	41,000	-	41,000
	<u>291,013</u>	<u>105,000</u>	<u>396,013</u>

No other non-cash benefits were paid to directors who held office during 2007 financial year.

Details of remuneration for the year ended 30 June 2006

	Salary, Fees and Commission s \$	Super- annuation Contribution \$	Total \$
<b>Directors</b>			
Mr W Ryder	108,317	-	108,317
Mr T Colclough	33,180	-	33,180
Mr G Plowright	20,440	-	20,440
Mr W Staude	17,500	-	17,500
	<u>179,437</u>	<u>-</u>	<u>179,437</u>

No other non-cash benefits were paid to directors who held office during 2006 financial year.

**EAGLE EYE METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**Options granted as part of remuneration for the period ended 30 June 2007.**

No options were granted as remuneration for the year ended 30 June 2007.

**Shares Issued on Exercise Compensation Options.**

No options have been granted as compensation in prior periods and accordingly no options granted as compensation were exercised through the year.

(c) Option Holdings

Number of Options held by Key Management Personnel.

<b>Directors</b>	<b>Balance 01/07/2006</b>	<b>Acquired</b>	<b>Balance 30/06/2007</b>
Mr W Ryder	855,000	905,000	1,760,000
Mr W Staude	600,000	-	600,000
Mr T Colclough	625,000	200,000	825,000
Mr G Plowright	1,060,000	-	1,060,000
	<u>3,140,000</u>	<u>1,105,000</u>	<u>4,245,000</u>

(d) Shareholdings

Number of Shares held by Key Management Personnel

<b>Directors</b>	<b>Balance 01/07/2006</b>	<b>Acquired</b>	<b>Balance 30/06/2007</b>
Mr W Ryder	3,355,000	755,000	4,110,000
Mr W Staude	600,000	-	600,000
Mr T Colclough	3,125,000	200,000	3,325,000
Mr G Plowright	1,060,000	-	1,060,000
	<u>8,140,000</u>	<u>955,000</u>	<u>9,095,000</u>

Apart from the details enclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year, and there were no material contracts involving directors' interests at year end.

<b>6. CASH AT BANK</b>	<b>2007 \$</b>	<b>2006 \$</b>
National Australia Bank		
- Management Account	55,832	4,426
- Term Deposit	3,800,000	-
- Security Deposit	5,000	-
BankWest	-	28,062
	<u>3,860,832</u>	<u>32,488</u>

**EAGLE EYE METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 30 JUNE 2007**

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**7. FINANCIAL ASSETS**

Available-for-sale-Financial Assets		
- Shares in listed corporation	200,000	-
	<u>200,000</u>	<u>-</u>
	<u><u>200,000</u></u>	<u><u>-</u></u>

**8. EXPLORATION AND EVALUATION COSTS**

Payments aggregating \$570,000 made for the acquisition of rights to mining tenements are included in the amount reflected in the balance sheet under this heading. The legal title to these rights is in the process of being transferred to the company and the transfer will be completed in the near future.

**9. ISSUED CAPITAL**

44,010,000 (2006: 16,411,000) fully paid ordinary shares	<u>5,499,754</u>	<u>677,347</u>
<b>(a) Ordinary Shares</b>	<b>NO. OF SHARES</b>	<b>NO. OF SHARES</b>
At the beginning of reporting period	16,411,000	10,630,000
Shares issued during the year	-	5,781,000
Shares issued during the year -		
August 2006	2,589,000	-
December 2006	25,000,000	-
February 2007 – Options exercised	10,000	-
	<u>44,010,000</u>	<u>16,411,000</u>
Number of shares at reporting date	<u><u>44,010,000</u></u>	<u><u>16,411,000</u></u>

The Company has no authorised capital and its ordinary shares have no par value.

Ordinary shares participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**EAGLE EYE METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 30 JUNE 2007**

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<b>(b) Options Issued</b>	<b>NO. OF OPTIONS</b>	<b>NO. OF OPTIONS</b>
At the beginning of the reporting period	9,986,000	5,630,000
Options issued during the prior year	-	4,356,000
Options issued with share allotments during the year -		
August 2006	2,589,000	-
December 2006	25,000,000	-
February 2007 - Exercised Options	(10,000)	-
	<hr/>	<hr/>
Number of options at reporting date	<u>37,565,000</u>	<u>9,986,000</u>

At 30 June 2007 there are 37,565,000 unissued shares in respect of which options are outstanding exercisable on or before 30 June 2010 at an exercise price of 20 cents each.

**10. SEGMENT REPORTING**

The Company is engaged in the mineral exploration industry in Australia. There are therefore no business segments requiring disclaim.

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>11. CASH FLOW INFORMATION</b>		
RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX		
Loss from ordinary activities after income tax.	(353,813)	(207,084)
Non-cash flows in loss from ordinary activities.	-	-
Changes in assets and liabilities		
Decrease/ (Increase) prepayments	5,034	(7,562)
Decrease in trade and other receivables	-	1,658
Increase in trade and other payables	3,283	11,201
	<hr/>	<hr/>
Cash Flows from Operations	<u>(345,496)</u>	<u>(201,787)</u>

**EAGLE EYE METALS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 30 JUNE 2007**

**12. FINANCIAL INSTRUMENTS**

**INTEREST RATE RISK**

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on classes of financial assets and liabilities is set out below.

	<b>Weighted Average Interest Rate 2007 %</b>	<b>Interest Bearing 2007 \$</b>	<b>Non-Interest Bearing 2007 \$</b>	<b>Total 2007 \$</b>
<b>Financial Assets</b>				
<b>Cash at bank</b>	5.45	3,860,832	-	3,860,832
<b>Receivables</b>	-	-	6,000	6,000
<b>Investments</b>	-	-	200,000	200,000
<b>Total Financial Assets</b>	-	3,860,832	206,000	4,066,832
<b>Financial Liabilities</b>				
<b>Creditors/Accruals</b>	-	-	58,533	58,533
<b>Total Financial Liabilities</b>	-	-	58,533	58,533

	<b>Weighted Average Interest Rate 2006 %</b>	<b>Interest Bearing 2006 \$</b>	<b>Non-Interest Bearing 2006 \$</b>	<b>Total 2006 \$</b>
<b>Financial Assets</b>				
<b>Cash at bank</b>	5.25	32,488	-	32,488
<b>Receivables</b>	-	-	11,034	11,034
<b>Investments</b>	-	-	-	-
<b>Total Financial Assets</b>	-	32,488	11,034	43,522
<b>Financial Liabilities</b>				
<b>Creditors/Accruals</b>	-	-	55,250	55,250
<b>Total Financial Liabilities</b>	-	-	55,250	55,250

**CREDIT RISK**

The maximum exposure to credit risk, including the value of any collateral or other security at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial statements.

The Company does not have any material credit risk exposure to any single debtor or a group of debtors under financial instruments entered by the Company.

### **NET FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The net fair value of financial assets and financial liabilities of the Company approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than ASX listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amount of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of these Financial Statements.

### **13. LOSS PER SHARE**

	<b>2007</b>	<b>2006</b>
Basic loss per share (cents per share)	(0.01)	(0.02)
Weighted average number of ordinary shares used in the calculation of the basic loss per share	30,960,827	12,54,729

No diluted loss per share has been provided as Directors believe that it is unlikely that its calculation would show a superior view of the earnings performance of the Company compared to that already disclosed by the basic loss per share above.

### **14. CAPITAL COMMITMENTS**

The Company's has exploration commitments on the tenements which have been acquired and are in the process of being transferred. These commitments for the financial year 2007/2008 and beyond, in order to retain the rights of tenure to its granted tenements, the Company is required to meet the minimum statutory expenditure requirements, which are currently estimated as follows:

	<b>\$</b>
Not later than 1 year	414,875
Later than 1 year, but not later than 2 years	414,875
Later than 2 years, but not later than 5 years	414,875
	<u>1,244,625</u>

### **15. SUBSEQUENT EVENTS**

No matter or circumstances of significance have arisen since balance date.

### **16. COMPANY DETAILS**

The registered office of the Company is:

Eagle Eye Metals Limited  
ABN 11 113 931 105  
45 Ventnor Avenue  
West Perth WA 6005

**EAGLE EYE METALS LIMITED**  
**TOP 20 SHAREHOLDERS AND OPTION HOLDERS**

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At 19 September 2007 the Top 20 Shareholders and Optionholders in the Company were:

**SHAREHOLDERS**

<b>Name</b>	<b>No. of Shares</b>	<b>% of Total</b>
Wayne Ryder	3,125,000	7.10
Timothy R. Colclough	3,125,000	7.10
Citicorp Nominees Pty Ltd	1,793,584	4.08
Donella Plowright	1,000,000	2.27
Robert M & CA Simpson	1,000,000	2.27
William D Goodfellow	1,000,000	2.27
Forty Traders Ltd	1,000,000	2.27
Wayne & Wendy Ryder (Ryder Super Fund)	755,000	1.72
Spiro & Jimmy Pty Ltd	688,500	1.56
Warren Staude	600,000	1.36
Simon P & MT Kirwan	550,000	1.25
Foster Stockbroking Pty Ltd	500,000	1.14
Northline Investments Pty Ltd	500,000	1.14
Bruce Birnie Pty Ltd	500,000	1.14
Linkenholt Pty Ltd	500,000	1.14
Brahma Finance BVI	500,000	1.14
Paul Falkingham	476,000	1.08
Robert Keith Woolnough	475,000	1.08
Neale and Chad Johnson	432,500	0.98
Allwood Jackson Pty Ltd	400,000	0.91
	<b>18,920,584</b>	<b>43.0</b>

**OPTIONHOLDERS**

<b>Name</b>	<b>No. of Options</b>	<b>% of Total</b>
Redcliff Pty Ltd	2,850,000	7.59
Donella Plowright	1,000,000	2.66
William D Goodfellow	1,000,000	2.66
Forty Traders Ltd	1,000,000	2.66
Wayne & Wendy Ryder (Ryder Super Fund)	905,000	2.41
Andrew Lenox Hewitt	800,000	2.13
Russell Alfred Middleton	800,000	2.13
Babdessa Pty Ltd	780,000	2.08
Quevy Holdings Pty Ltd	775,000	2.06
Robert Keith Woolnough	750,000	2.00
Cleveland Inv Global Ltd	750,000	2.00
Skylea Holdings Pty Ltd	720,000	1.92
Wayne Ryder	625,000	1.66
Timothy R Colclough	625,000	1.66
Warren Staude	600,000	1.60
Panstyn Inv Pty Ltd	600,000	1.60
Jeffery K & NA King	600,000	1.60
Foster Stockbroking Nom Pty Ltd	500,000	1.33
Bruce Birnie Pty Ltd	500,000	1.33
Robert M & CA Simpson	500,000	1.33
	<b>16,680,000</b>	<b>44.41</b>

**EAGLE EYE METALS LIMITED  
PROXY FORM**

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I/We.....

of.....

being a Member/Members of **EAGLE EYE METALS LIMITED**

HEREBY APPOINT.....

of.....

or failing him/her.....

of.....

or failing him/her the Chairman of the Meeting as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11.30a.m. on 30 November 2007 and at any adjournment thereof.

SIGNED THIS DAY OF 2007

Signature of.....(affix Common Seal)

Member(s).....if a Corporation)

Proxy Directions and signing requirements:-

If you desire to direct your Proxy how to vote on any item place a mark in the appropriate space below.

			FOR	AGAINST
1.		To adopt the 2007 Annual Accounts		
2.	i)	To re-elect Tim Colclough as a Director		
	ii)	To re-elect Garry Plowright as a Director		
3.		To approve the Remuneration Report		

**Notes:**

To be effective, the Proxy and the Power of Attorney (if any) under which it is signed must be received at the Registered Office, 45 Ventnor Avenue, West Perth WA 6005, or by fax at (08) 9389 4400 or email to [info@eagleeyemetals.com](mailto:info@eagleeyemetals.com) not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

If the Member is a Corporation the Proxy Form should be signed under Common Seal.