



EAGLE EYE

Metals Limited

ANNUAL REPORT 2008

TABLE OF CONTENTS

CORPORATE DIRECTORY.....	2
NOTICE OF ANNUAL GENERAL MEETING	3
CHAIRMAN'S REVIEW AND REVIEW OF OPERATIONS	4
DIRECTORS' REPORT	6
AUDITOR'S REPORT	13
DIRECTORS' DECLARATION	16
AUDITOR'S INDEPENDENCE DECLARATION	17
INCOME STATEMENT	18
BALANCE SHEET	19
CASH FLOW STATEMENT	20
STATEMENT OF CHANGES OF EQUITY	21
NOTES TO THE FINANCIAL STATEMENTS	22
SHAREHOLDERS AND OPTIONHOLDERS DETAILS	37
PROXY FORM	39

Eagle Eye Metals Limited

CORPORATE DIRECTORY

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
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

Grant Thornton (WA) 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

WEB SITE

www.eagleeyemetals.com

Eagle Eye Metals Limited

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2008 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 28 November 2008 at 11.30 a.m.

BUSINESS :

1. To receive, consider and, if thought fit, adopt the Balance Sheet at 30 June 2008 and the Income Statement for the Period then ended, together with the Reports of the Directors and Auditor's Report thereon.
2. To elect a Director :

Mr Warren Staude 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.
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 30TH DAY OF SEPTEMBER 2008

PROXIES

Any Member entitled to attend and vote is entitled to appoint not more than two Proxies who must be natural persons over the age of 18 years.

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.

CHAIRMAN'S REVIEW AND REVIEW OF OPERATIONS

Introduction

The 2008 Financial Year saw major forward progress with the exploration and development of Eagle Eye's metals projects, and with the continuation of sound financial management in all areas of exploration and administration expenditure.

Exploration Programme

Waite Kauri nickel/cobalt project

P37/6757,6634-6,6664-5,6791-2 comprising 1,570 hectares located in the Leonora-Laverton region of the N-E Goldfields of Western Australia. Eagle Eye holds a 20% free carried interest in the project, with Poseidon Nickel Limited earning an 80% interest by way of undertaking future exploration and development works.

Substantial drilling of the Waite Kauri nickel/cobalt project near Leonora, WA has enabled the defining of mostly near surface ore resources of 2.53Mt @ 0.7% nickel and 0.05% cobalt, equating to over 17,000t of contained nickel and 1,520t of cobalt, using 0.5% nickel as a commercial cut off grade. The presence of highly priced cobalt in the ore facilitates the use of this 0.5% nickel cut off grade. Using a 0.7% nickel cut off grade the resource is 1.07Mt @ 0.85% nickel and 0.06% cobalt.

Based on this successful drilling programme we were approached by prominent nearby nickel miner Poseidon Nickel Limited and in June 2008 entered into an Agreement with them for development of the project by way of a farm in Agreement. Poseidon will earn an 80% interest by spending the next \$500,000 on further metallurgical, ore process testing and drilling to increase the known ore resource. Subsequent to balance date this development work is proceeding well, assisted by the sound co-operative efforts of both parties.

In addition to our 20% free carried interest, Eagle Eye is entitled to a 2% Net Smelter Royalty from Poseidon in respect of all metals produced from their 80% share.

A great advantage of the Agreement is that all ore will be processed at Poseidon's production facility being established at nearby Windarra.

Other Projects

Several of the Company's seven other exploration projects as contained in our 2006 Prospectus and located in the Leonora/Laverton region have shown up as highly prospective for gold and base metals from initial exploration work, and these are being followed up progressively for more intense work, including drilling for resource. In particular our geologists are designing for implementation work programmes at the Apollo Hill gold project, and the Leonora East, Mertondale (subject to granting of title) and Randwick gold and base metals areas.

These gold and base metals exploration projects are all located in the same Leonora-Laverton region and are all 100% owned by the Company. Their tenement details are as follows:-

Apollo Hill – M39/296 comprising 24 hectares.

- Leonora East – P37/499-507,532-5,6893,6674,6421,6787-8 comprising 5,094 hectares.
- Mertondale – P37/7590-1 comprising 400 hectares.
- Randwick – M37/1163,1173, P37/5661-4,5883-4,6756,7525 comprising 1,233 hectares.
- Erlistoun – M38/561 comprising 550 hectares.
- Little Doris – M38/916, P38/2878 comprising 18 hectares.
- Wandry Well – P31/1701-6 comprising 1010 hectares.

Eagle Eye Metals Limited

New mining projects

With a small capital base and good cash position in excess of \$3million at balance date, Eagle Eye is attracting the attention of many other mining and associated broking and financial groups offering participation in new projects.

Whilst we remain committed to the development of our existing exploration projects, several of which show the potential to become commercially viable, we consider the Company to have the management skills and financial capacity to beneficially participate in high quality new projects. We are presently looking at and analysing several mining projects on offer in Australia and overseas in a range of commodities.

Financial Results

For the year the Company incurred capitalised expenditure of \$613,710 (2007 \$286,871) on exploration of it's mining tenements. Operating and administration expenses and the write down of financial assets totalled \$442,455 (2007 \$505,202) and after deducting interest received of \$251,100 (2007 \$151,389) this resulted in a net loss after taxation for the year of \$191,355 (2007 \$353,813).

Close

Continuing on a dedicated path to becoming a strong participant in the mining industry, Eagle Eye has produced excellent results for the 2008 year, and this now finds the Company in a strong position to progress the Joint Venture with Poseidon, develop our other existing projects and to participate in new projects of high quality.

We would like to see as many Shareholders as possible at the AGM, or you may contact any of the Directors with any queries or to discuss your views on our operations.

Sincerely



Wayne Ryder

30th September 2008

Eagle Eye Metals Limited

DIRECTORS' REPORT

Your Directors present their Report on Eagle Eye Metals Limited for the year ended 30 June 2008.

Currency

All monetary amounts shown throughout the financial report are expressed in Australian Dollars.

Directors and Company Secretary

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

- **Wayne Ryder FCA, FAICD, SME**
(Non-Independent Executive Chairman and Company Secretary) (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 Forsyth 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.

Wayne has acted as the Secretary of a number of ASX listed public companies over the past 30 years, mostly mining and exploration companies based in Western Australia, but also manufacturing companies, including a commercial glass manufacturing company listed on ASX and with operations based in China.

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.

Other Directorships held in the last three years were:

- Globe Securities Limited, appointed 11 February 1987 – current.

Number of fully paid Ordinary Shares held directly and indirectly: 4,120,000

Number of Options held directly and indirectly: 1,770,000

- **Garry Plowright**
(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

Eagle Eye Metals Limited

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**
(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.

Other Directorships held in the past three years were:

- Central West Gold NL, appointed 24 February 2002 – current.
- Malachite Resources NL, appointed 9 July 2002 – current.
- Frontier Resources Limited, appointed 31 December 2002 – current.
- Jupiter Mines Limited, appointed 15 April 2004, resigned 2 November 2005.
- Stonehenge Metals Limited, appointed 7 September 2006 – current.

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

➤ **Tim Colclough**
(Non-Executive) (Appointed 21 April 2005, Resigned 30 November 2007)

Number of fully paid Ordinary Shares held directly and indirectly: 3,125,000
Number of Options held directly and indirectly: 625,000

Results

The Net Loss After Taxation of the Company for the year ended 30 June 2008 was \$191,355 (2007 \$353,813).

Principal Activities and Use of Funds

During the year the principal activity of the Company was the exploration of its mining tenements for nickel, gold and other base metals. The Company utilised its cash funds in a way consistent with its business objectives as stated in its 2006 Prospectus. No other substantial activities were undertaken during the year.

Eagle Eye Metals Limited

Dividends

The Directors recommend that no dividend be declared in respect of the financial year covered by this Report.

Significant Changes in the State of Affairs

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 the end of the financial year 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 Development 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. The Company has complied 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 and Committees

Directors during the year and Directors' Meetings attended were:

Name	Meetings Held	Meetings Attended
Wayne Ryder	6	6
Tim Colclough	3	1
Garry Plowright	6	4
Warren Staude	6	6

(resigned 30 November 2007)

The Audit Committee Meeting was formed during the year for the purpose of reviewing and discussing with the Auditors the Company's activities and financial statements for the year. The first meeting was held after balance date and was attended by both members of the Committee, Directors Warren Staude and Garry Plowright.

The Company does not have a separate Remuneration Committee. Remuneration is considered and determined by the Board of the Directors of the Company, with any relevant affected Director not participating in the vote on his Remuneration.

Remuneration Report (Audited)

The Board of the Company 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.

Eagle Eye Metals Limited

The Company has no Employee Option Plan and does not offer any other incentives to Directors or Key Management Personnel as part of their remuneration. No Key Management Personnel remuneration is linked to the company's performance.

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

	Salary, Fees \$	Super- annuation \$	Total \$
Wayne Ryder	106,761	73,239	180,000
Tim Colclough	12,500	-	12,500
Garry Plowright	60,000	-	60,000
Warren Staude	30,000	-	30,000
	209,261	73,239	282,500

(resigned 30 November 2007)

Executive Chairman Wayne Ryder is the only Director or Key Management Personnel employed by the Company under Contract.

His current Contract for Employment is due to expire on 6 December 2008 if not renewed by then. The Company may terminate the Contract by written notice of at least 2 months, with the balance of remuneration to the expiry date of the Contract thereupon becoming due and payable. The Company may also terminate the Contract without any termination payment for unrectified within 14 days notice of breaches of his required duties and responsibilities.

Corporate Governance Statement

The Directors are responsible for the Corporate Governance practices of the Company. These practices are being progressively developed, having regard to the most suitable and effective procedures applicable to the Company.

The main Corporate Governance practices in operation by the Company are:-

The Board of Directors

The Board's charter is that it should:

- be comprised of at least 3 Directors;
- be made up of a majority of Independent 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 3 Directors, the Chairman of which is an Executive Director and the other 2 are Independent Non-Executives. 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;

Eagle Eye Metals Limited

- 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 by ASX listing rule disclosure requirements;
- ensuring that all management, employees and consultants abide by a high standard code of conduct befitting a listed corporation;
- 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.

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2008.

Board Composition

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the Annual Report and their term of office are detailed in the Directors' Report.

The names of independent Directors of the Company are:

- Warren Staude
- Garry Plowright

When determining whether a Non-Executive Director is independent the Director must not fail any of the following materiality thresholds:

- less than 10% of Company's Shares are held by the Director and any entity or individual directly or indirectly associated with the Director;
- none of the Directors' income or the income of an individual or entity directly or indirectly associated with the Director is derived from a contract with any member of the Company other than income derived as a Director of the Company.

Independent Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at the Company's expense. Written approval must be obtained from the Chairman prior to incurring any expense on behalf of the Company.

Securities Trading Policy

The Company's policy regarding Directors and employees trading in its securities is set by the Board. The policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the Company's securities' prices.

Communication with Shareholders

The Company's policy is to keep Shareholders well informed of operational activities and financial matters via ASX announcements, media releases, direct letter and email advices and it's web site. The Company also actively encourages communication from Shareholders. To assist Key Management Personnel with communications, the Company retains investor relations and media consultants.

Eagle Eye Metals Limited

Audit Committee

The names and qualifications of those appointed to the Audit Committee and their attendance at meetings of the Committee are included in the Directors' Report.

Risk Management

The Board and Risk Management Committee are responsible for the Company's system of internal controls to effectively manage material business risks and any oversights. The Board and Committee constantly monitors the operational and financial aspects of the Company's activities and 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 risks identified.

The Board is satisfied from the advice of the Chief Executive Officer and Chief Financial Officer, who has signed off in that regard, that all material business risks and financial reporting risks for the financial year have been managed effectively.

Code of Conduct

As part of the Board's commitment to the highest standards 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.

Performance Evaluation

An annual performance evaluation of the Board and all Board members was conducted by the Board for the financial year ended 30 June 2008. The Chairman also speaks to each Director individually regarding their role as a Director. The evaluation was considered by the Board and formed the basis for recommendations to set and improve performance criteria and goals for the next year.

Remuneration Policies

The remuneration policy, which sets the terms and conditions for the key management personnel, was developed by the Board after seeking professional advice from independent consultants. Executives receive a base salary, and may also receive superannuation and fringe benefits. The Board reviews executive packages annually by reference to the Company's performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The object is to reward executives adequately so as to attract highly capable personnel who will develop the Company's activities to the maximum benefit of Shareholders.

Remuneration Committee and Nomination Committee

The Company does not have either a Remuneration Committee or Nomination Committee as recommended by the ASX Corporate Governance Council. Given that the Company has only three Directors, it is considered that there are no efficiencies to be gained by having these separate Committees, so these roles are undertaken by the Board.

Eagle Eye Metals Limited

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's web site at www.eagleeyemetals.com

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external Auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The Auditors were paid \$6,020 (2007: \$3,300) for non-audit taxation advisory services during the year.

Auditor's Independence Declaration

The Auditor's Independence Declaration for the year ended 30 June 2008 can be found on Page 17.

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



Wayne Ryder
DIRECTOR

Dated at Perth this 30th Day of September 2008

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, which comprises the balance sheet as at 30 June 2008, 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, other explanatory notes and the directors' declaration.

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 controls 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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

Electronic Presentation of Audited Financial Report

This auditor's report relates to the financial report of Eagle Eye Metals Limited (the company) for the year ended 30 June 2008 included on the company's web site. The company's directors are responsible for the integrity of the company's web site. We have not been engaged to report on the integrity of the company's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site

Independence

In conducting our audit, we complied with applicable independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) 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 and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1

Liability limited by a scheme approved under Professional Standards Legislation.

Grant Thornton (WA) Partnership is an independent business entitled to trade under the international name Grant Thornton.
Grant Thornton is a trademark owned by Grant Thornton International and used under licence by independent firms and entities throughout the world.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 9 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Eagle Eye Metals Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.



GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants



M. J. Hillgrove
Partner

Perth, 30 September 2008.

Eagle Eye Metals Limited

DIRECTORS' DECLARATION

In accordance with a Resolution of the Directors of Eagle eye Metals Limited, I state that:

1. In the opinion of the Directors:
 - a. The financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of the Company are 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 2008, and its performance for the year ended on that date; and
 - ii. complying with Accounting Standards and 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.
2. This Declaration has been made after receiving the Declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2008.

On behalf of the Board



Wayne Ryder
Director and Chief Executive/ Financial Officer

Dated at Perth this 30th day of September 2008

AUDITOR'S INDEPENDENCE DECLARATION
To the Directors of Eagle Eye Metals Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Eagle Eye Metals Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b No contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants



M. J. Hillgrove
Partner

Perth, 30 September 2008.

Eagle Eye Metals Limited

INCOME STATEMENT For the year ended 30 June 2008

	Notes	2008 \$	2007 \$
Revenue	2	251,100	151,389
Finance costs		(496)	(817)
Other expenses	3	(426,959)	(504,385)
Impairment of financial assets	8	<u>(15,000)</u>	-
Profit/(loss) before income tax		(191,355)	(353,813)
Income tax	4	-	-
Profit/(loss) after income tax		<u>(191,355)</u>	<u>(353,813)</u>
Basic and Diluted earnings/(loss) per share	15	(0.004)	(0.008)

The accompanying notes form part of the Financial Statements

Eagle Eye Metals Limited

BALANCE SHEET as at 30 June 2008

	Note	2008 \$	2007 \$
Current Assets			
Cash and cash equivalents	6	3,034,678	3,860,832
Other current assets		10,700	6,000
Total Current Assets		3,045,378	3,866,832
Non - Current Assets			
Financial assets	8	242,500	200,000
Property, plant & equipment	9	8,345	9,696
Exploration and evaluation costs	10	1,491,141	877,431
Total Non Current Assets		1,741,986	1,087,127
Total Assets		4,787,364	4,953,959
Current Liabilities			
Trade and other payables		83,293	58,533
Total Current Liabilities		83,293	58,533
Total Liabilities		83,293	58,533
Net Assets		4,704,071	4,895,426
Equity			
Issued capital	11	5,499,754	5,499,754
Accumulated losses		(795,683)	(604,328)
Total Equity		4,704,071	4,895,426

The accompanying notes form part of the Financial Statements

Eagle Eye Metals Limited

CASH FLOW STATEMENT For The Year Ended 30 June 2008

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Payments to suppliers		(402,903)	(496,885)
Interest received		251,100	151,389
Cash flows (used in) operating activities	13	<u>(151,803)</u>	<u>(345,496)</u>
Cash flows from Investing Activities			
Purchase of financial assets		(57,500)	(200,000)
Exploration and evaluation costs		(613,710)	(286,870)
Purchase of property, plant and equipment		(3,141)	(9,696)
Cash flows (used in) investing Activities		<u>(674,351)</u>	<u>(496,566)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	5,260,900
Proceeds from borrowings		-	-
Equity fund raising costs		-	(438,494)
Repayment of borrowings		-	(152,000)
Cash flows provided by financing activities		<u>-</u>	<u>4,670,406</u>
Net increase/(decrease) in cash held		(826,154)	3,828,344
Cash at beginning of the financial year		3,860,832	32,488
Cash at end of the financial year	6	<u>3,034,678</u>	<u>3,860,832</u>

The accompanying notes form part of the Financial Statements

Eagle Eye Metals Limited

STATEMENT OF CHANGES OF EQUITY For the year ended 30 June 2008

	Note	Ordinary Share Capital \$	Accumulated Losses \$	Total \$
2007				
Balance at beginning of the financial year		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)
Balance at end of the financial year		<u>5,499,754</u>	<u>(604,328)</u>	<u>4,895,426</u>
2008				
Balance at beginning of financial year		5,499,754	(604,328)	4,895,426
Current year profit/(loss)		-	(191,355)	(191,355)
Balance at end of the financial year	11	<u>5,499,754</u>	<u>(795,683)</u>	<u>4,704,071</u>

The accompanying notes form part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 30 June 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of Eagle Eye Metals Limited ("the Company").

Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) **Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) **Property, Plant and Equipment**

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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 that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(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 that permits reasonable assessment of the existence of economically recoverable reserves.

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.

Eagle Eye Metals Limited

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.

Costs 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.

(d) Leases

Lease payments for 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.

(e) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

ii *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(f) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(g) 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.

(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 payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Comparative Figures

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

(j) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Eagle Eye Metals Limited

	2008	2007
	\$	\$
Note 2: Revenue		
Interest received	251,100	151,389
Total Revenue	<u>251,100</u>	<u>151,389</u>
Note 3: Other Expenses		
Consulting expenses	20,430	222,268
Administration expenses	406,529	282,117
Total Expenses	<u>426,959</u>	<u>504,385</u>
Note 4: Income Tax Expense		
	2008	2007
	\$	\$
Prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:	(57,406)	(106,144)
Add:		
Tax effect of:		
— other non-allowable items	6,893	-
— tax losses not brought to account	271,900	229,479
Less:		
Tax effect of:		
— share issue expenses	(37,274)	(37,274)
— exploration and evaluation expenditure	(184,113)	(86,061)
Recoupment of prior year tax losses not previously brought to account	-	-
Income tax attributable to Company	<u>-</u>	<u>-</u>
Unrecognised Deferred Tax Balances:		
Unrecognised deferred tax asset losses	765,381	493,482
Unrecognised deferred tax asset equity	99,756	137,031
Unrecognised deferred tax liabilities (exploration and evaluation temporary differences)	(447,342)	(263,229)
Net unrecognised deferred tax assets	<u>417,795</u>	<u>367,284</u>

Eagle Eye Metals Limited

Note 5: Key Management Personnel Compensation

- (a) Names and position held by the Company's Key Management Personnel at any time during the financial year

Directors

Wayne Ryder	-	Executive Chairman/Company Secretary
Warren Staude	-	Non Executive
Tim Colclough	-	Non Executive - Resigned 30 November 2007
Garry Plowright	-	Non Executive

- (b) Details of remuneration for the year ended 30 June 2008

Directors	Salary and Fees \$	Superannuation Contribution \$	Total \$
Wayne Ryder	106,761	73,239	180,000
Warren Staude	30,000	-	30,000
Tim Colclough	12,500	-	12,500
Garry Plowright	60,000	-	60,000
Total	209,261	73,239	282,500

Resigned 30 November 2007

No other non-cash benefits were paid to Directors who held office during 2008 financial year.

Details of remuneration for the year ended 30 June 2007

Directors	Salary, Fees and Commission \$	Superannuation Contribution \$	Total \$
Wayne Ryder	150,013	105,000	255,013
Warren Staude	30,000	-	30,000
Tim Colclough	70,000	-	70,000
Garry Plowright	41,000	-	41,000
Total	291,013	105,000	396,013

Resigned 30 November 2007

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

Options granted as part of remuneration for the period ended 30 June 2008.

No Options were granted as remuneration for the year ended 30 June 2008.

Shares Issued on Exercise of Compensation Options.

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

Eagle Eye Metals Limited

(c) Option Holdings

Number of Options held by Key Management Personnel

Directors	Balance 01/07/2007	Disposed	Balance 30/06/2008
Wayne Ryder	1,770,000	-	1,770,000
Warren Staude	600,000	-	600,000
Tim Colclough	825,000	200,000	625,000
Garry Plowright	1,060,000	-	1,060,000
	4,255,000	200,000	4,055,000

Resigned 30 November 2007

(d) Share Holdings

Number of Shares held by Key Management Personnel

Directors	Balance 01/07/2007	Disposed	Balance 30/06/2008
Wayne Ryder	4,120,000	-	4,120,000
Warren Staude	600,000	-	600,000
Tim Colclough	3,325,000	200,000	3,125,000
Garry Plowright	1,060,000	-	1,060,000
	9,105,000	200,000	8,905,000

Resigned 30 November 2007

Apart from the details shown 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.

6. Cash and Cash Equivalents

	2008 \$	2007 \$
National Australia Bank		
- Management Account	29,678	55,832
- Term Deposit	3,000,000	3,800,000
- Security Deposit	5,000	5,000
Balance at end of the year	<u>3,034,678</u>	<u>3,860,832</u>

7. Auditor's Remuneration

	2008 \$	2007 \$
Remuneration of the Auditor for:		
- auditing and reviewing the financial report	24,403	19,120
- taxation services	6,020	3,300

Eagle Eye Metals Limited

	2008 \$	2007 \$
8. Financial Assets		
Available for sale financial assets		
Shares in listed corporations at cost	257,500	200,000
Less: Provision for Impairment	(15,000)	-
Balance at end of the year	<u>242,500</u>	<u>200,000</u>

Available-for-sale investments consist of investments in ASX listed ordinary shares, and therefore have no fixed maturity date or coupon rate. The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market. Impairment has been included within the relevant line in the income statement

	2008 \$	2007 \$
9. Property, Plant and Equipment		
Office furniture and electronic equipment		
Written down value at beginning of year	9,696	-
Additions at cost	3,141	9,696
	<u>12,837</u>	<u>9,696</u>
Less – accumulated depreciation	(4,492)	-
Written down value at end of year	<u>8,345</u>	<u>9,696</u>

	2008 \$	2007 \$
10. Exploration and Evaluation Costs		
Balance at beginning of the year	877,431	590,560
Expenditure incurred during the year	613,710	286,871
Balance at end of the year	<u>1,491,141</u>	<u>877,431</u>

The Directors' assessment of the carrying amount for the Company's exploration properties was after consideration of prevailing market conditions; previous expenditure for exploration work carried out on the tenements; and the potential for mineralisation based on the Company's and independent geological reports. The ultimate value of these assets is dependent upon recoupment by commercial development or the sale of the whole or part of the Company's interests in these exploration properties for an amount at least equal to the carrying value. There may exist on the Company's exploration properties areas subject to claim under Native Title or containing sacred sites or sites of significance to Aboriginal people. As a result, the Company's exploration properties or areas within the tenements may be subject to exploration and mining restrictions.

Eagle Eye Metals Limited

	2008	2007
	\$	\$
11. Issued Capital		
44,010,000 (2007: 44,010,000) fully paid Ordinary Shares	<u>5,499,754</u>	<u>5,499,754</u>
(a) Ordinary Shares	No. of	No. of
	Shares	Shares
Number at beginning of the year	44,010,000	16,411,000
Number issued during the year	-	27,599,000
Number at end of the year	<u>44,010,000</u>	<u>44,010,000</u>

The Company's capital consists of Ordinary Shares and Options. The company has no authorised capital. The Shares have no par value and are entitled to participate in dividends and the proceeds on any winding up of the Company in proportion to the number of Shares held. At 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. The Options only become entitled to these dividend, distribution and voting rights upon conversion to Ordinary Shares by exercise and payment of the exercise consideration.

	2008	2007
	\$	\$
(b) Options Issued	No. of	No. of
	Options	Options
Number at beginning of the year	37,565,000	9,986,000
Number issued during the year	-	27,579,000
Number at end of the year	<u>37,565,000</u>	<u>37,565,000</u>

At 30 June 2008 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.

(c) Capital Management

The Board of Directors controls the capital of the Company in the interests of Shareholders: so that sufficient funds continue to be available to effectively pursue the exploration and development of the Company's exploration properties; to enable prompt payment of the Company's costs and debts incurred in pursuit of those objectives; to maintain very low debt levels and no borrowings; and to maintain substantial (relative to the Company's size and share structure) substantial cash reserves to enable participation in worthwhile new exploration and mining projects that may become available. There have been no changes in the strategy adopted by the Board to control the capital of the Company since the previous year.

12. Segment Reporting

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

Eagle Eye Metals Limited

	2008	2007
	\$	\$
13. Cash Flow Information		
Reconciliation of Cash Flow from Operations with loss after income tax		
(Loss) after income tax.	(191,355)	(353,813)
Non-cash flows in loss		
Depreciation	4,492	-
Impairment of financial assets	15,000	-
Changes in assets and liabilities		
Decrease in prepayments	-	5,034
Decrease in trade and other receivables	-	-
Increase in trade payable and accruals	20,060	3,283
Cash flows used in operations	<u>(151,803)</u>	<u>(345,496)</u>

14. Financial Risk Management

a. Financial Risk Management Policies

The Company's financial instruments consist mainly of deposits with banks and investments in ASX listed companies.

i. Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and price risk.

Interest rate risk

Interest rate risk on funds the Company has on deposit is managed by regular review by the Board to ensure maximum available rates are being received.

Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised cash funds are held at bank to cover all forecast outgoings.

Credit risk

Credit risk is managed and reviewed regularly by the Board. It arises from exposures through certain derivative financial instruments and deposits with financial institutions.

The Board monitors credit risk by only utilising banks with an "A" rating and investing only a relatively minor amount of surplus funds in ASX listed companies. Investments in ASX

listed available-for-sale financial assets are reviewed by the Board regularly to minimise risk.

Price risk

The Company may be exposed to commodity price risk in the future through its gold, nickel, cobalt and other base metals exploration projects, should any of these be developed through to the production phase. In particular, the Company is working under a farm in type arrangement with Poseidon Nickel Limited to develop the Company's Waite Kauri nickel/cobalt project near Leonora in the N-E Goldfields of Western Australia. Should this project go into production, the operation's profitability will be subject to fluctuations in the prices of nickel and cobalt. These prices have fluctuated considerably over the past two years, and prior to production commencing the parties involved in the project will consider implementing a hedging policy, or the Company may opt to not participate in the production phase and the risks involved therein by electing to receive a Net Smelter Royalty from Poseidon on all metals produced.

Eagle Eye Metals Limited

b. Financial Instruments

ii. Financial instrument composition and maturity analysis:

The tables below shows the Company's Financial Assets and Financial Liabilities and the weighted interest rate average received on deposits.

	Weighted Average Interest Rate 2008 %	Interest Bearing 2008 \$	Non-Interest Bearing 2008 \$	Total 2008 \$
Financial Assets				
Cash at bank	5.45	34,678	-	34,678
Cash on deposit at bank	5.45	3,000,000	-	3,000,000
Investments	-	-	242,500	242,500
Total Financial Assets		3,034,678	247,502	3,277,178
Financial Liabilities				
Trade and other payables	-	-	83,293	83,293
Total Financial Liabilities		-	83,293	83,293

	Weighted Average Interest Rate 2007 %	Interest Bearing 2007 \$	Non-Interest Bearing 2007 \$	Total 2007 \$
Financial Assets				
Cash at bank	4.97	60,832	-	60,832
Cash on deposit at bank	4.97	3,800,000	-	3,800,000
Investments	-	-	200,000	200,000
Total Financial Assets		3,860,832	200,000	4,060,832
Financial Liabilities				
Trade and other payables	-	-	58,533	58,533
Total Financial Liabilities		-	58,533	58,533

ii. Net Fair Values

The net fair values of:

- All funds on deposit at bank are at call.
- Listed investments are valued at the quoted market bid price at balance date.
- Other assets and other liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. The Company has no borrowings and all trade and other payables are due and are paid within a maximum of 30 days from receipt of agreed invoice.

Eagle Eye Metals Limited

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

	2008		2007	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
Financial Assets				
Cash at bank	34,678	34,678	60,832	60,832
Cash on deposit at bank	3,000,000	3,000,000	3,800,000	3,800,000
Investments	242,500	242,500	200,000	200,000
	3,277,178	3,277,178	4,06,832	4,060,832
Financial Liabilities				
Trade and other payables	83,293	83,293	58,533	58,533
	83,293	83,293	58,533	58,533

Fair values are materially in line with carrying values.

iii. **Sensitivity Analysis**

Interest Rate Risk and Price Risk

The Company has performed sensitivity analysis relating to its exposure to interest rate risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2008	2007
Increase/(decrease) in profit		
— increase in interest rate by 2%	68,000	42,000
— decrease in interest rate by 2%	(68,000)	(42,000)
Increase/(decrease) in equity		
— increase in interest rate by 2%	68,000	42,000
— decrease in interest rate by 2%	(68,000)	(42,000)

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.

Eagle Eye Metals Limited

15. Loss Per Share

	2008	2007
Basic earnings/(loss) per Share	(0.004)	(0.008)
Weighted average number of Shares used in the calculation of the basic loss per Share and diluted loss per share	44,010,000	30,960,827

Diluted EPS is not calculated as it does not increase loss per share

16. Capital and Lease Commitments

Exploration Expenditure Commitments

The Company is committed to minimum statutory exploration work requirements on its exploration tenements in order to retain the rights of tenure. Commitments for the financial year 2008/2009 and beyond are estimated as follows:

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>

Lease Commitments

The Company is committed to lease payments in respect of its office premises. The current Lease Agreement is on normal commercial terms with no abnormal restrictions. It is due to expire on 14 January 2009 unless renewed by mutual agreement, including as to term, conditions and rentals payable, prior to then. Minimum commitments for the financial year 2008/2009 and beyond are estimated as follows:

Not later than 1 year	\$30,550
Later than 1 year and beyond	-
	<u>\$30,550</u>

17. Subsequent Events

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

18. Company Details

The registered office of the Company is located at:

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

19. New Accounting Standards and Interpretations not yet Adopted

The following standards, amendments to standards and interpretations are available for early adoption at 30 June 2008. These standards have not been applied in preparing this financial report.

AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards (June 2007)* incorporates amendments arising from *Interpretation 12 Service Concession Arrangements*. The Company is not expecting to enter into service concession arrangements in future reporting periods therefore these amendments are not expected to have any impact on the Company's financial report. This standard is applicable for annual reporting periods ending on or after 31 December 2008.

AASB 123 *Borrowing Costs (June 2007)* incorporates amendments removing the option to immediately expense borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. As the entity does not have borrowings associated with qualifying assets, these amendments are not expected to have any impact on the entity's financial report. This standard is applicable for annual reporting periods ending on or after 31 December 2009.

AASB 127 *Consolidated and Separate Financial Statements (March 2008)* amends how entities account for business combinations and changes in ownership interests in subsidiaries. As the transitional provision of AASB 127 provide that the changes to the recognition and measurement criteria within AASB 127 resulting from this revision do not apply retrospectively to business combinations effected prior to the amendments being adopted, this standard is not expected to have any impact on the Company's financial report. This standard is applicable for annual reporting periods ending on or after 30 June 2010.

AASB 1004 *Contributions (December 2007)* incorporates amendments which have the effect of relocating the accounting requirements of contributions from AASs 27, 29 and 31 substantively unamended (with some exceptions) into AASB 1004. As the entity is a for-profit entity the changes will not have any impact on the entity's reported financial position. This standard is applicable for annual reporting periods ending on or after 30 June 2009.

AASB 1049 *Whole of Government and General Government Sector Financial Reporting (October 2007)*. As the entity is not part of the Government or a Government sector, this standard will not have any impact on the Company's financial report. This standard is applicable for annual reporting periods ending on or after 30 June 2009.

AASB 1050 *Administered Items (December 2007)*. As the entity is not part of the Government or a Government sector, this standard will not have any impact on the Company's financial report. This standard is applicable for annual reporting periods ending on or after 30 June 2009.

AASB 1051 *Land Under Roads (December 2007)*. As the entity is not part of the Government or a Government sector, this standard will not have any impact on the entity's financial report. This standard is applicable for annual reporting periods ending on or after 30 June 2009.

AASB 1052 *Disaggregated Disclosures (December 2007)*. As the entity is not part of the Government or a Government sector, this standard will not have any impact on the Company's financial report. This standard is applicable for annual reporting periods ending on or after 30 June 2009.

AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]. As the Company does not have borrowings associated with qualifying assets, these amendments are not expected to have any impact on the entity's financial report. This standard is applicable for annual reporting periods ending on or after 31 December 2009.

AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31* [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137]. As the Company is not part of the Government or a Government sector, this standard will not have any impact on the entity's financial report. This standard is applicable for annual reporting periods ending on or after 30 June 2009.

19. New Accounting Standards and Interpretations not yet Adopted cont'd.

AASB 2008-1 *Amendments to Australian Accounting Standard – Share based Payments: Vesting Conditions and Cancellations* [AASB 2]. Unless the Company enters into share-based payment transactions in future reporting periods, these amendments are not expected to have any impact on the Company's financial report. This standard is applicable for annual reporting periods ending on or after 30 June 2010.

AASB 2008-2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation* [AASB 7, AASB 101, AASB 132, AASB 139 & Interpretation 2]. As the Company has no puttable financial instruments, the changes are not expected to have any impact on the entity's reported financial position. This standard is applicable for annual reporting periods ending on or after 30 June 2010.

AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107]. This standard is applicable for annual reporting periods ending on or after 30 June 2010.

Interpretation 4 *Determining whether an Arrangement contains a Lease (February 2007)*. Unless the entity enters into service concession arrangements in future reporting periods, these amendments are not expected to have any impact on the Company's financial report. This interpretation is applicable for annual reporting periods ending on or after 31 December 2009.

Interpretation 12 *Service Concession Arrangement (February 2007)*. Unless the Company enters into service concession arrangements in future reporting periods, these amendments are not expected to have any impact on the Company's financial report. This interpretation is applicable for annual reporting periods ending on or after 31 December 2009.

Interpretation 13 *Customer Loyalty Programs (August 2007)*. As the Company does not have customer loyalty programmes, this interpretation is not expected to have any impact on the Company's financial report. This interpretation is applicable for annual reporting periods ending on or after 30 June 2009.

Interpretation 14 *AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (August 2007)*. As the Company does not have a defined benefit superannuation plan this interpretation is not expected to have any impact on the entity's financial report. This interpretation is applicable for annual reporting periods ending on or after 31 December 2008.

Interpretation 129 *Service Concession Arrangements: Disclosures (February 2007)*. Unless the Company enters into service concession arrangements in future reporting periods, this interpretation is not expected to have any impact on the Company's financial report. This interpretation is applicable for annual reporting periods ending on or after 31 December 2008.

Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. As the Company is not a government sector entity, this interpretation will not have any impact on the Company's financial report. This interpretation is applicable for annual reporting periods ending on or after 30 June 2009.

The financial report was authorised for issue on 30th September 2008 by a Resolution of the Board of Directors.

Eagle Eye Metals Limited

Shareholders and Optionholders Details

Substantial Shareholders at 23 September 2008 were:

Name	No. of Shares
Wayne Ryder	4,438,127
Timothy R Colclough	3,125,000

Spread of Shareholders

	No. of Holders	No. of shares	% of total
1 - 1,000	4	367	0.00
1,001 - 5,000	45	177,414	0.40
5,001 - 10,000	103	961,310	2.18
10,001 - 100,000	288	12,050,510	27.38
100,001 - and above	82	30,820,399	70.03
	522	44,010,000	100.00

Spread of Optionholders

	No. of Holders	No. of shares	% of total
1 - 1,000	-	-	-
1,001 - 5,000	3	13,500	0.03
5,001 - 10,000	78	769,450	1.85
10,001 - 100,000	161	7,693,506	18.51
100,001 - and above	77	33,088,544	79.61
	319	41,565,000	100.00

Eagle Eye Metals Limited

Top 20 Shareholders and Option holders

Top 20 Shareholders and Optionholders at 23 September 2008 were:

SHAREHOLDERS

Name	No. of Shares	% of Total
Wayne Ryder	3,125,000	7.10
Timothy R. Colclough	3,125,000	7.10
Jeffrey Anthony Reed	1,250,000	2.84
Citicorp Nominees Pty Ltd	1,068,584	2.43
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
Foster Stockbroking Pty Ltd	500,000	1.14
Bruce Birnie Pty Ltd	500,000	1.14
Brahma Finance BVI Pty Ltd	500,000	1.14
Paul Falkingham	476,000	1.08
Neale and Chad Johnson	432,500	0.98
Simon P & MT Kirwan	410,036	0.93
Garry Ralston	409,922	0.93
Allwood Jackson Pty Ltd	400,000	0.91
Panstyn Investments Pty Ltd	360,956	0.82
	18,601,498	42.26

OPTIONHOLDERS

Name	No. of Options	% of Total
Subiaco Capital Pty Ltd	4,000,000	9.62
Donella Plowright	1,000,000	2.41
William D Goodfellow	1,000,000	2.41
Forty Traders Ltd	1,000,000	2.41
David Sundance Vanzyl	944,526	2.27
Wayne & Wendy Ryder (Ryder Super Fund)	905,000	2.18
Panstyn Investments Pty Ltd	900,000	2.17
D & K Hicks Pty Ltd	900,000	2.17
Andrew Lenox Hewitt	800,000	1.92
Russell Alfred Middleton	800,000	1.92
Babdessa Pty Ltd	780,000	1.88
Lorraine Young	775,000	1.86
Cleveland Inv Global Ltd	750,000	1.80
Skylea Holdings Pty Ltd	720,000	1.73
Wayne Ryder	625,000	1.50
Timothy R Colclough	625,000	1.50
Robert Keith Woolnough	615,000	1.48
Warren Staude	600,000	1.44
Panstyn Inv Pty Ltd	600,000	1.44
Lawrence Crowe Cons Pty Ltd	525,000	1.26
	18,864,526	45.37

