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29 July 2008

The Company Announcements Office
Australian Securities Exchange

QUARTERLY ACTIVITIES REPORT TO 30 JUNE 2008 AND FINANCIAL YEAR REVIEW

The end of the 2008 Financial Year coincides with a major step forward in Eagle Eye's (ASX codes EYE and EYEO) exploration fortunes, and sees the Company in a solid financial position.

EXPLORATION ACTIVITIES SUMMARY

For more detailed geological information please refer to the Consulting Geologists' Report herein.

Waite Kauri Nickel/Cobalt project

The signing of a Joint Venture over our project near Leonora, WA with prominent miner Poseidon Nickel Limited heralds a milestone towards the mining and production phase.

To earn their 80% interest Poseidon is to spend \$500,000 on further metallurgical, ore process testing and drilling to expand ore resource.

Eagle Eye's 20% interest in the JV is free carried to the mining and production phase, at which point we will receive our share of income from metals sold and contribute our share of all mining, transport and processing costs. We do have the right to convert to a free carried 2% Net Smelter Royalty on all metals produced from our interest - this is not our preferred option at this time, but is something to be considered further when the decision to commence mining operations is made.

Eagle Eye will receive additional income by way of a 2% Net Smelter Royalty from Poseidon in respect of all metals produced from their 80% share.

Other exploration projects

Now that the Waite Kauri first priority Prospectus project is set for development under the JV with Poseidon, not requiring further substantial expenditure by Eagle Eye, we are proceeding with the further exploration and development of our other Prospectus projects, several of which are showing up as highly prospective for Gold and Base Metals from initial work done.

In particular, our **Apollo Hill Gold project** and the substantial **Leonora East Gold and Base Metals project** are considered prime targets well warranting drilling.

New mining projects

Having a small capital base and good cash position Eagle Eye has attracted the attention of many other mining and financial groups offering participation in new projects.

Whilst we remain committed to the development of the highly prospective exploration projects detailed in our Prospectus, some of which show the potential to become commercially viable mining operations, we also consider that the Company has the capacity to beneficially expand operations by way of participation in new projects.

We are currently looking at several acquisition opportunities in a range of different commodities both within and outside of Australia that show the capacity to increase the Company's level of involvement in the mining industry, with the simple test always being will any acquisition add value to the Company for the benefit of our Shareholders.

FINANCIAL SUMMARY

Cash position and mining interests

As per the attached Appendix 5B Report, at 30 June 2008 the Company had in excess of \$3million cash in hand, and owned it's mining interests outright.

Management and administration costs

Directors have worked hard to restrict administration expenditure, with this presently running at some \$150,000 per annum less than budgeted for in our Prospectus. Disciplines applied to achieve this excellent result includes running well planned and efficient but less costly office operations. Another major contribution to this saving has been achieved by the Directors, who are all well experienced mining people, contributing to exploration activities and tenement management responsibilities, enabling them to keep down their fees for admin services. CEO Wayne Ryder being a Chartered Accountant with a mining degree also assists in cutting secretarial and accounting costs.

Capital structure and ASX trading

Eagle Eye is very small by ASX Listed Company standing, with the 44m Shares and approx 41.6m Options on issue having a market cap that until very recently has been around cash asset backing per share, with very little value being attributed to our highly prospective mining projects.

With the Company owning its exploration projects outright, and the Waite Kauri Nickel/Cobalt project now under an excellent free carried Joint Venture arrangement, there is obviously considerable room for improvement in our market value.

FORWARD PROGRAMME

In the short term, further exploration and development at Waite Kauri will proceed under the JV with Poseidon, and drilling of our next priority gold and base metals areas is already being planned for implementation.

Also, we will look to participate in high quality new projects being offered to the Company.

Medium term, the objective has been the same since float, to have the Company's mining projects developed to the stage where Eagle Eye is regarded as a strong participant in the mining industry, with our share price at a level that will ensure the approx 41.6m Options on issue are exercised by 30 June 2010, providing over \$8m of additional cash equity to further expand operations.

**CONSULTING GEOLOGIST'S REPORT
BY BM GEOLOGICAL SERVICES PERTH**

HIGHLIGHTS

- During the June Quarter, a Joint Venture Agreement was signed with Poseidon Nickel Limited to conduct further exploration of the Waite Kauri Nickel/Cobalt project, with the intention of developing a mining and heap-leach processing operation.
- Inferred Resource calculation completed for the project.
- Approvals in place to conduct metallurgical test sampling of the ore from the project.
- Leonora East Gold/Base Metals project being prepared for drilling.
- Apollo Hill Gold project planned for Reverse Circulation drilling.

Waite Kauri Nickel/Cobalt Joint Venture

Inferred Resource Calculated:

Following the successful RC drilling campaign in February, an Inferred Resource has been completed for Waite Kauri. The resource was calculated within a SURPAC block model using an inverse-distance squared method to estimate Nickel and Cobalt values. Ordinary Kriging will be used on future models once the data density has been improved by infill drilling.

The Inferred Resource is **2.533Mt @ 0.7% Ni and 0.05% Co** using a 0.5% Ni estimation envelope.

At a 0.7% Ni cut-off the Inferred Resource is **1.072Mt @ 0.85% Ni and 0.06% Co**.

Of the mineralised zones currently identified by drilling, the northern-most Wanaka area (see map on following page) is the largest and best defined. The higher-grade material at Wanaka is close to surface, with shallower areas carrying only 2m of waste, and thickness and continuity are excellent with continuous intersections of 13m exceeding 0.7% Ni.

The three southern zones, Taranaki, Ruapehu and Kaikoura, are currently significantly smaller than Wanaka but they are also less well defined, and in some areas they remain open along strike. During the February RC programme not all the planned holes could be drilled because of mechanical problems with the rig. There are also mineralised intersections in single holes, and instances where air-core holes ended in mineralisation which require following up. Additional drilling is expected to boost the resource in these areas significantly.

Cobalt grades are highest in the Kaikoura zone, where individual holes include intersections such as 5m @ 0.16% Co (WKAC139) and 5m @ 0.22% Co (WKAC122).

Metallurgical test work:

Statutory approvals are now in place to remove a 10t sample of mineralised material from Waite Kauri for metallurgical testing by Poseidon Nickel, who will test the laterite's suitability for sulphuric acid heap leaching.

Ammtec are currently finalising a 45 day bottle roll test on three composite samples of mineralised material from the recent Waite Kauri drilling. This test work will analyse the leach profile and acid consumption of the laterite, information which will be crucial in calculating the potential economics of a mining operation.

The map below depicts the trend of laterite mineralisation at Waite Kauri, contoured by Nickel grade and thickness, overlain on the local geology. The shaded contours represent grade-thickness expressed as Ni%.m.

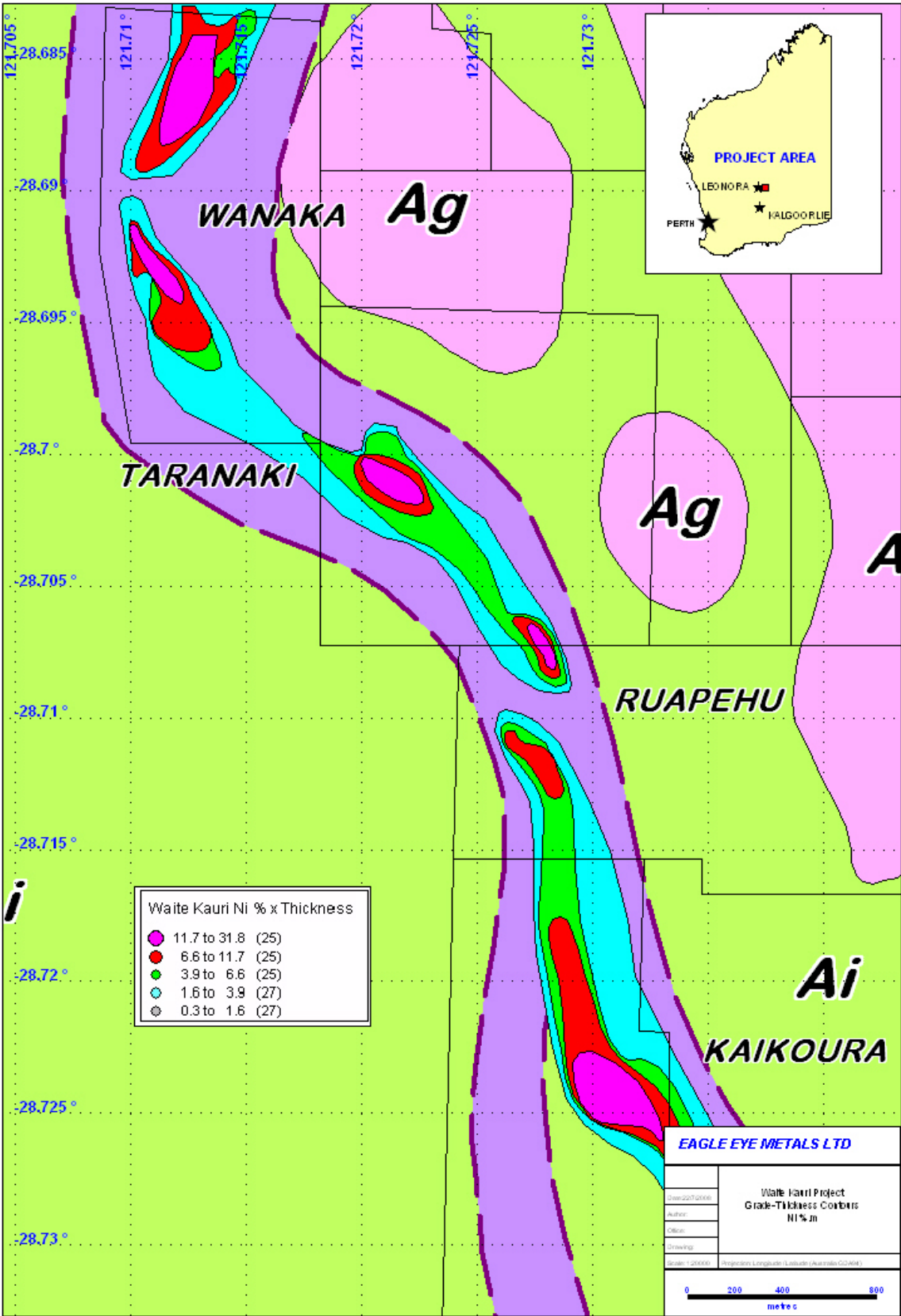


Figure 1: Waite Kauri mineralisation contours overlain on geology.

Recommendations:

Additional drilling is proposed to upgrade the resource. This drilling is to be conducted by Poseidon Nickel under the terms of the Joint Venture agreement, and will be undertaken in two stages:-

First, infill drilling at 100m centres is intended to define the resource to JORC Indicated category. Step-out drilling will also be conducted along strike from existing mineralisation to test for extensions, as well as in areas where previous air-core drilling ended in anomalous Nickel mineralisation but failed to achieve full depth.

The second stage of infill drilling will define the mineralised zones on a 50 by 50m grid, allowing a JORC Measured resource calculation.

Timing of the drilling campaigns will be finalised after the metallurgical test work outlined above has been satisfactorily completed.

Leonora East Gold and Base Metals

An RC and Air-core drilling programme is planned for Leonora East in the next Quarter, focussing on the Harriston area. The drilling will be assayed for a multi-element suite including Gold and Base Metals. Statutory heritage and drilling approvals are already in place for this campaign.

Apollo Hill Gold

RC drilling is planned for Apollo Hill in the next Quarter. The drilling is intended to test 3 Gold-in-soil anomalies identified by Eagle Eye in a sampling programme in 2007. This will also test for strike extensions of high grade mineralisation recently drilled by Apex Minerals on the adjacent tenement to the northwest, which appears to strike directly towards Eagle Eye's M39/296.

All exploration areas - Geophysical Target Review

BM Geological Services are currently conducting a review of all available geophysical data over Eagle Eye's 8 Leonora project areas. The aim of this review is to identify potential new hosts for mineralisation based on a reinterpretation of the public domain magnetic data. A programme of work and related budgets will be drawn up following completion of the review.

BM Geological Services Pty Ltd

Andrew Paterson B.Eng (hons) MAusIMM

Principal Geologist Perth

Shareholders and investors queries are welcome at the contact details below.

Yours sincerely

Wayne Ryder

Executive Chairman

Competent Person Declaration

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Andrew Paterson of BM Geological Services, who is a member of The Australasian Institute of Mining and Metallurgy. Mr. Paterson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Andrew Paterson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

CONTACTS FOR INFORMATION

Our web site www.eagleeyemetals.com provides the facility for Shareholders and other interested investors to register to receive updates by email, and you are also most welcome to make phone enquiries as to our progress.

Aaron Ryder, Investor Relations M 0407 163 598

Wayne Ryder, Executive Chairman Ph (08) 9389 4450
M 0418 928 180

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

EAGLE EYE METALS LIMITED

ABN

11 113 931 105

Quarter ended ("current quarter")

30 JUNE 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A '000	Year to date (12 months) \$A '000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(179)	(585)
(b) development	-	-
(c) production	-	-
(d) administration	(109)	(437)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	57	250
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(231)	(772)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	(3)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	(51)
1.11 Loans repaid by other entities	29	59
1.12 Other – Investment in Listed Company	-	(57)
Net investing cash flows	29	(52)
1.13 Total operating and investing cash flows (carried forward)	(202)	(824)

+ See chapter 19 for defined terms.

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(202)	(824)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – share issue expenses/refunds	-	(2)
Net financing cash flows		-	(2)
Net increase (decrease) in cash held		(202)	(826)
1.20	Cash at beginning of quarter/year to date	3,241	3,865
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,039	3,039

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	71
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.2 includes aggregates amounts paid to directors including directors fees, consulting fees and superannuation payments

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

Amount available \$A'000	Amount used \$A'000
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3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	220
4.2	Development	-
Total		220

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	30	32
5.2 Deposits at call	3,000	3,200
5.3 Bank overdraft	-	-
5.4 Other – Security Deposits/Debit Card	9	9
Total: cash at end of quarter (item 1.22)	3,039	3,241

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	NIL		
6.2	Interests in mining tenements acquired or increased	NIL		

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Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	44,010,000	34,565,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	37,565,000	33,120,000	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 30 June 2010
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:

Date: 25th July 2008

(Director/Company Secretary)

Print name: **WAYNE RYDER.**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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