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28 July 2010

The Company Announcements Office  
Australian Securities Exchange Limited

## QUARTERLY ACTIVITIES REPORT TO 30 JUNE 2010

### HIGHLIGHTS

- *Initial Public Offering by Aphrodite Gold Limited, a gold mining company sponsored by Eagle Eye, closes oversubscribed.*
- *Due mostly to substantial gain in the value of its shareholding in Aphrodite, the Company expects to show a positive Net Comprehensive Income result for the financial year ended 30 June 2010.*
- *Aphrodite commences drilling at the Aphrodite Gold Project, 20% of which Project is held under Option by Eagle Eye.*
- *Drilling program being planned following positive drilling results from Eagle Eye's Erlistoun Gold Project north of Laverton, Western Australia.*
- *The Company's Waite Kauri nickel/cobalt project near Leonora, Western Australia being explored for sulphide nickel.*
- *Listed securities reduced with 41,565,000 Options having expired on 30 June 2010.*

### APHRODITE GOLD LIMITED

Eagle Eye is a major sponsor of Aphrodite, is a Substantial Shareholder and has two of its Directors on their Board, Chairman Warren Staude and Finance Director Wayne Ryder.

Aphrodite's IPO closed oversubscribed, raising \$9,316,300 to be used in the development of the advanced Aphrodite Gold Project, located 65 kms north of Kalgoorlie WA. Its Shares and Options were Listed on ASX on 7 July 2010 under the codes AQQ and AQO.

Eagle Eye holds an Option over 20% of the Aphrodite Gold Project, and is watching with considerable interest the drilling program recently commenced by Aphrodite, designed to establish further resource amenable to open pit mining.

## **EXPLORATION REPORT**

### **Erlistoun Gold Project**

Eagle Eye's Erlistoun Gold Project is located 65 kms north of Laverton, Western Australia. The Project is being evaluated for gold resources that may be amenable to heap leach processing.

During the Quarter field geological mapping of the entire project area (5.5 sq km) was completed at the scale 1:5,000. The mapping was undertaken to facilitate planning of a follow-up drill program in the western half of the Project (where reconnaissance drilling in late 2009 reported encouraging near surface gold results) as well as to identify other areas of interest. This mapping included some rock chip sampling, with samples recently submitted for assay.

Following receipt of all data a follow-up shallow drill program will be planned to commence in the September Quarter 2010. This program will principally target a prospective 3km north-south trending corridor between the areas drilled in late 2009.

### **Waite Kauri Nickel-Cobalt Project**

The Waite Kauri Project is located 43 kms northeast of Leonora, Western Australia and is covered by a recently granted mining lease.

The Project hosts a nickel-cobalt laterite deposit with a JORC compliant Inferred Resource of 2.53 million tonnes averaging 0.7% nickel and 0.05% cobalt, equating to around 17,000 tonnes of contained nickel and 1,520 tonnes of cobalt (refer to ASX announcement of 14 July 2008 for more detailed information). Given the strengthening nickel price and positive forecasts for nickel demand Eagle Eye has recently instigated a program to evaluate the project for its sulphide nickel potential. Nickel-cobalt laterite has been identified in and around the Project area, but as of yet no primary nickel sulphide deposits have been identified.

During the Quarter International Geoscience completed a review of previous geophysical work conducted over the Project. This involved interpreting the geophysical data and making recommendations for future programs over any areas of interest.

Data from two airborne magnetic surveys were acquired and merged to produce a higher resolution magnetic dataset for the Project tenements. One ground gravity survey was also acquired but was assessed to be of limited use due to the coarse resolution of the data.

The merged magnetic data, with available remote sensing data and previous geology, were used to produce a revised integrated interpretation of the Project. The known nickel-cobalt deposits in and around the Project correlate well with the mapped ultramafic units. The strong magnetic response of this unit correlates well with previously mapped serpentinite from exploration reports.

Detailed ground magnetic and follow-up induced polarisation (IP) surveys have been recommended by the consultants. This will aid in the identification of massive or disseminated sulphide targets within the mining lease.

## **FINANCIAL REPORT**

The Company's Appendix 5B Quarterly Cash Flow Statement for the Quarter follows.

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 Leon Reigys of Townshend Mining Pty Ltd, who is a fellow of The Australasian Institute of Mining and Metallurgy (AusIMM) and a member of The Australian Institute of Geoscientists(AIG). Mr Reigys 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, Mineral Resources and Ore Reserves". He consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears.*

### **For further information please contact:**

Wayne Ryder, Executive Chairman

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ASX code: EYE

# 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 2010

### Consolidated statement of cash flows

	Current quarter	Year to date (12 months)
	\$A'000	\$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(37)	(367)
(b) development	-	-
(c) production	-	-
(d) administration	(212)	(533)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	72
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(244)</b>	<b>(828)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(30)	(1,030)
(c) other fixed assets	(1)	(13)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	15
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(215)
1.11 Loans repaid by other entities	-	215
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>(31)</b>	<b>(1,028)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(275)</b>	<b>(1,856)</b>

1.13	Total operating and investing cash flows (brought forward)	275	(1,856)
	<b>Cash flows related to financing activities</b>		
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	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	275	(1,856)
1.20	Cash at beginning of quarter/year to date	612	2,193
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>337</b>	<b>337</b>

#### 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	105
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
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	115
4.2 Development	-
<b>Total</b>	<b>115</b>

## 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	25	55
5.2 Deposits at call	301	552
5.3 Bank overdraft	-	-
5.4 Other – Security Deposits/Debit Card	11	5
<b>Total: cash at end of quarter (item 1.22)</b>	<b>337</b>	<b>612</b>

## 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		

## 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	<b>Preference securities</b> <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	44,010,000	44,010,000	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	<b>+Convertible debt securities</b> <i>(description)</i>			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	<b>Options</b> <i>(description and conversion factor)</i>		<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter			
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	<b>Debentures</b> <i>(totals only)</i>			
7.12	<b>Unsecured notes</b> <i>(totals only)</i>			

## 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\* give a true and fair view of the matters disclosed.



Sign here: .....

Date: 28 July 2010

(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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