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29 April 2010

The Company Announcements Office
Australian Securities Exchange Limited

QUARTERLY ACTIVITIES REPORT TO 31 MARCH 2010

HIGHLIGHTS

- *Eagle Eye granted an Option to acquire a 20% interest in the advanced Aphrodite Gold Project near Kalgoorlie WA.*
- *New Float Aphrodite Gold Limited sponsored by Eagle Eye soon to lodge Prospectus.*
- *Eagle Eye Shareholders to receive a Priority Entitlement to take up Shares and Options in the Aphrodite Float.*
- *Follow up exploration/development commences following positive drilling results from the Company's Erlistoun Gold Project north of Laverton WA.*
- *Waite Kauri nickel/cobalt project near Leonora WA to be explored for sulphide nickel ore.*
- *Company cash funds on hand increased at Quarter's end.*

APHRODITE GOLD PROJECT

Eagle Eye has been granted an Option over 20% of the Aphrodite Gold Project by newly formed Aphrodite Gold Limited ("Aphrodite"), which purchased the project in late 2009 for \$7.2 million.

The exercise price of the Option is cash equal to 20% of the purchase price and development costs of the Project to the date of exercise.

The Option is on advantageous terms to Eagle Eye, permitting it until 30 June 2011 to decide whether or not to exercise, by which time the results of development work on the Project, including infill and resource expansion drilling, will be known.

Upon exercise of its Option, Eagle Eye will enter into a Joint Venture with Aphrodite under which it will be required to contribute 20% of ongoing development and production costs.

APHRODITE GOLD LIMITED SECURITIES FLOAT

Aphrodite is well underway with an Initial Public Offering by way of a Prospectus Share and Option issue to raise funds to develop the Aphrodite Gold Project into early production.

ASX listing will be sought for Aphrodite's Securities.

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

Aphrodite has agreed to grant all Eagle Eye Shareholders a Priority Entitlement to take up Shares and Options in the IPO. Details of this Entitlement will be announced as soon as Aphrodite lodges its Prospectus with ASIC in early May 2010.

EXPLORATION REPORT

Erlistoun Gold Project

In the December Quarter 2009 the Company announced positive results from its initial drilling program at the Erlistoun Gold Project located 65kms north of Laverton, Western Australia.

Following this announcement the Company was approached by leading mineral engineer, Mineral Engineering Technical Services Pty Ltd ("METS"), recommending that heap leaching be investigated as a processing option should a commercial resource be delineated and metallurgical studies establish heap leaching as viable.

During the Quarter the Company commissioned METS to conduct a desktop study based upon the pre-supposition of utilising heap leaching for gold recovery. This study will provide indicative capital and operating costs for a typical gold heap leach operation (assuming typical oxide ore behavior) and an estimate of the minimum resource required for such a project to be economically viable with feed sourced from both the Erlistoun Project and other locations within reasonable trucking distance. The results of this report will greatly assist the Company in planning future programs and evaluating potential new acquisitions in the area.

A follow-up shallow drill program is scheduled to commence in the June Quarter 2010 following assessment of the desktop study. This program will test a 3km prospective N-S trending corridor between the northern and southern areas drilled in the initial aircore program. Dependent upon results, preliminary scoping metallurgical testwork will also be initiated using drill samples.

Waite Kauri Nickel/Cobalt Project

The Waite Kauri Project is located 43km northeast of Leonora, Western Australia. The Project contains a JORC compliant Inferred Resource of **2.53 million tonnes averaging 0.7% lateritic nickel and 0.05% cobalt**, which equates 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).

On the 25 February 2010 Eagle Eye announced that its Joint Venture partner and manager of the Project, Poseidon Nickel Limited, had given notice of its withdrawal from the Joint Venture due to the weak nickel price.

Since Poseidon Nickel's withdrawal the price of nickel has increased by nearly 35% from US\$20,115/tonne to its current price of around \$27,600/tonne (and from a low of around US\$9,000 in late 2008).

Given the strengthening nickel price and positive forecasts for nickel demand as economies emerge from the global recession, Eagle Eye has instigated a program to evaluate the Project for its sulphide nickel potential. This work program will commence with assessment of currently available geophysical data from ground and/or airborne surveys previously conducted over the area. Following this review a follow up field program will be planned.

An application by Eagle Eye for a mining lease over the entire Waite Kauri Project area is pending, with granting expected in the June Quarter of 2010.

FINANCIAL REPORT

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

Cash funds at Quarter's end were increased by a net \$67,000 after all exploration and administration costs, as a result of repayment of a cash loan of \$200,000 from Aphrodite, made to fund their initial start up costs and seed capital fund raising expenses. Eagle Eye also received fees/commissions of \$39,000 in respect of its services provided in arranging subscriptions to Aphrodite's successful Seed Capital issue.

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 codes: EYE and EYEO

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")

31 MARCH 2010

Consolidated statement of cash flows

	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(74)	(330)
(b) development	-	-
(c) production	-	-
(d) administration	(116)	(321)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	46	67
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	(144)	(584)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	(1,000)
(c) other fixed assets	(4)	(12)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	15	15
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(215)
1.11 Loans repaid by other entities	200	215
1.12 Other	-	-
Net investing cash flows	211	(997)
1.13 Total operating and investing cash flows (carried forward)	67	(1,581)

1.13	Total operating and investing cash flows (brought forward)	67	(1,581)
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	-	-
Net financing cash flows		-	-
Net increase (decrease) in cash held		67	(1,581)
1.20	Cash at beginning of quarter/year to date	545	2,193
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	612	612

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	105
4.2 Development	-
Total	105

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	55	40
5.2 Deposits at call	552	500
5.3 Bank overdraft	-	-
5.4 Other – Security Deposits/Debit Card	5	5
Total: cash at end of quarter (item 1.22)	612	545

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	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	44,010,000	
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>	41,565,000	<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>			

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: 29 April 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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