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29 July 2011

The Company Announcements Office  
Australian Securities Exchange Limited

## QUARTERLY ACTIVITIES REPORT TO 30 JUNE 2011

### HIGHLIGHTS

#### Corporate

- Acquisition of 100% of unlisted Birimian Gold Limited completed – providing the Company considerable exposure to several highly prospective gold projects in West Africa.
- Board of Directors restructured to focus on West African Gold.
- \$3.4 million raised through placements and a rights issue.

#### West African Gold Projects

- Maiden RC drilling program completed at the Dankassa Gold Project in Mali. Analytical results for all drill holes are pending.
- Reconnaissance licence covering 1,131km<sup>2</sup> over the highly prospective Basawa Gold Project in Liberia granted.

### WEST AFRICAN GOLD PROJECTS

#### **Dankassa Gold Project, Mali**

The Dankassa Gold Project comprises three permits covering a total of approximately 450km<sup>2</sup> in southern Mali (see Figure 1). Previous operators delineated extensive gold in soil anomalism at the Project (see Figure 2). Despite this very limited follow-up work has been undertaken.

The most advanced prospect within this Project is the Kourouba Prospect. Previous operators have delineated a coherent, 5,000 metre long gold in soil anomaly here (see Figure 3). This anomalism has been subjected to very limited previous drilling – 58 RC holes had been drilled previously, on very broadly spaced centres (between 250 and 1000 metres apart). Despite this very limited drill evaluation, very encouraging results were returned, including:

- 10m @ 5.75 g/t Au
- 12m @ 1.81 g/t Au
- 14m @ 1.76 g/t Au
- 40m @ 1.06 g/t Au (incl 10m @ 1.63 g/t Au)
- 20m @ 2.17 g/t Au

During the June quarter Eagle Eye Metals Limited (ASX:EYE, “Eagle Eye” or “the Company”) successfully completed its maiden reverse circulation (RC) drilling program at the Dankassa Gold Project. This drill program extended the drill coverage north and south of the previous ore grade drill intercepts, targeting an 800 metre long zone within the larger 5,000 metre geochemical anomaly. 24 RC holes were completed for a total of 2,400 metres. Analytical results from all holes are pending.

### **Basawa Gold Project, Liberia**

During the quarter the Company was granted a reconnaissance licence covering 1131km<sup>2</sup> at the Basawa Gold Project in south-eastern Liberia (see Figure 4).

The Project area covers rocks of the Birimian Greenstone Terrane – the highly prospective geological formation that hosts world-class gold deposits within West Africa. Numerous gold occurrences, both hard rock and alluvial, have been documented within the licence area.

During the quarter a reconnaissance of the Project was undertaken by helicopter. Significant artisanal mining activity was evident at more than 8 locations within the licence area. The Company is not aware of any previous modern exploration activities at any of the identified gold occurrences.

Surface sampling and mapping programs are planned in the near future to further define prospective areas for eventual drill testing.

### **AUSTRALIAN GOLD PROJECTS**

Eagle Eye holds 100% interests in a nickel/cobalt project and seven gold projects in the Leonora/Laverton region of the Eastern Goldfields of Western Australia. No activity was undertaken at these projects during the quarter.

With the Company now firmly focused on its West African assets, the Company is formulating a strategy to divest these assets.

### **CORPORATE**

#### **Acquisition of Birimian Gold Limited**

During the quarter the Company completed the acquisition of 100% of the shares in unlisted Birimian Gold Limited. This acquisition provides the Company with substantial interests in numerous highly prospective gold projects in Mali and Liberia.

Following this acquisition, and in line with the Company’s new focus on developing these West African gold assets, Kevin Joyce was appointed Managing Director, Hugh Bresser was appointed Non-Executive Chairman and Mike Haynes was appointed Non-Executive Director. These new directors, particularly Kevin Joyce who was formerly the Exploration Manager, Mali for Resolute Gold Limited, bring considerable West African knowledge and expertise to the Board.

## **Capital Raising Program**

The Company is now well financed to continue to aggressively explore its gold projects in West Africa and to continue to assess new opportunities to continue to grow the business.

## **Aphrodite Gold Limited Option**

In April 2010 Aphrodite Gold Limited (ASX:AQQ) granted Eagle Eye Metals Limited an option to acquire a 20% contributing interest in the Aphrodite Gold Project (the Option). This Option was exercisable by 30 June 2011. Consideration to exercise the Option comprised a cash payment of \$1.44 million plus reimbursement of 20% of the direct exploration and development costs incurred by Aphrodite Gold Limited on the Aphrodite Gold Project.

On 30 June 2011 Eagle Eye Metals Limited elected not to exercise this Option.

Eagle Eye continues to own 11.85 million shares (8.9%) and 5.925 million options in Aphrodite Gold Limited, hence remains a major shareholder in that Company and continues to have considerable exposure to the potential of the Aphrodite Gold Project.

## **New Project Opportunities**

The Company continues to actively seek new gold projects in West Africa.

A handwritten signature in blue ink, appearing to read "Kevin Joyce".

**Kevin Joyce**  
**Managing Director**

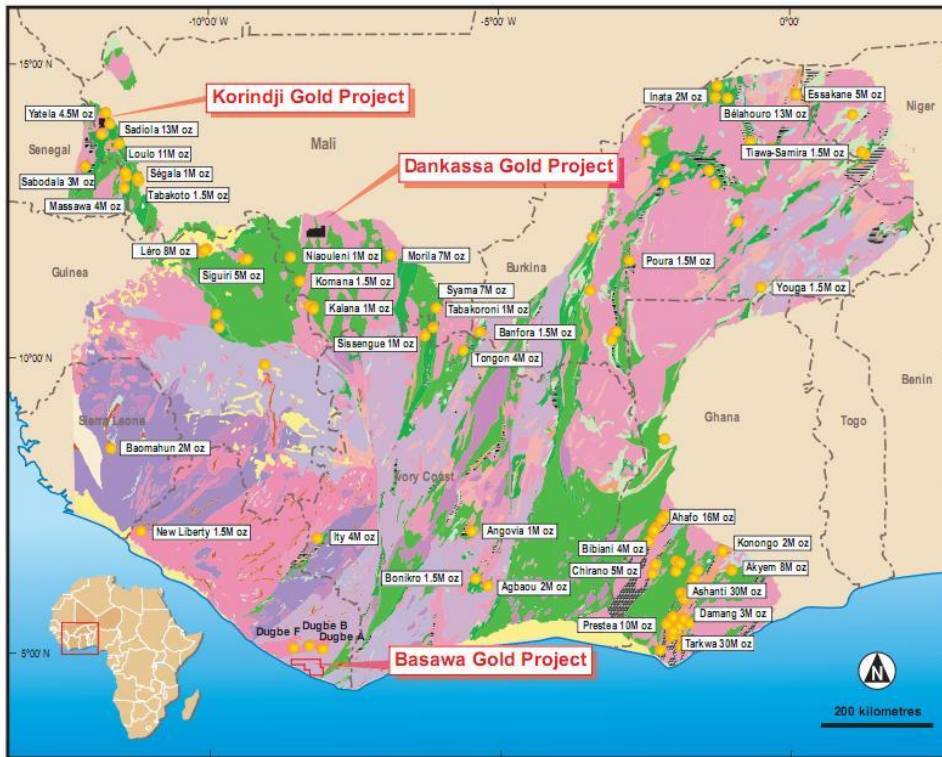


Figure 1. Location of Eagle Eye Metals Limited projects in West Africa.

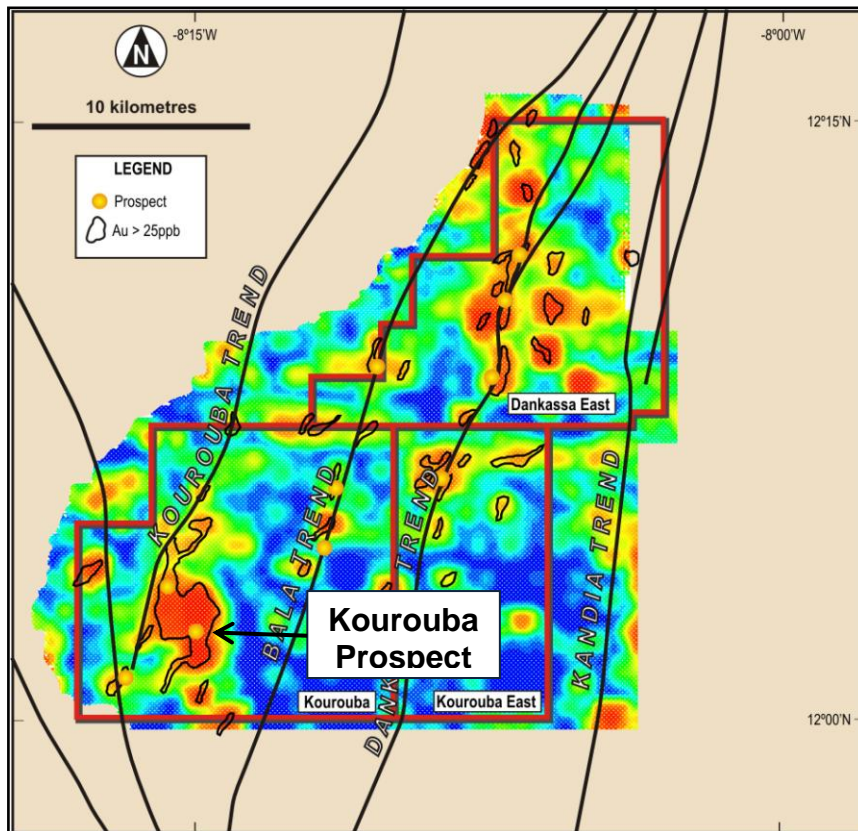


Figure 2. Dankassa Gold Project. Gold in soils image showing extensive mineralized trends over the project area.

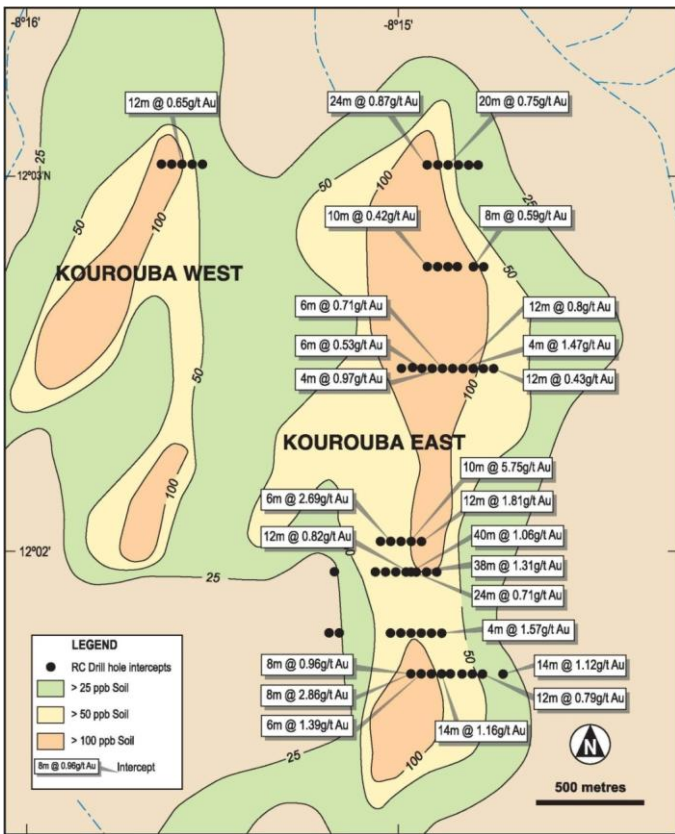


Figure 3. Previous drilling at the Kourouba Prospect. Dankassa Gold Project, Mali.

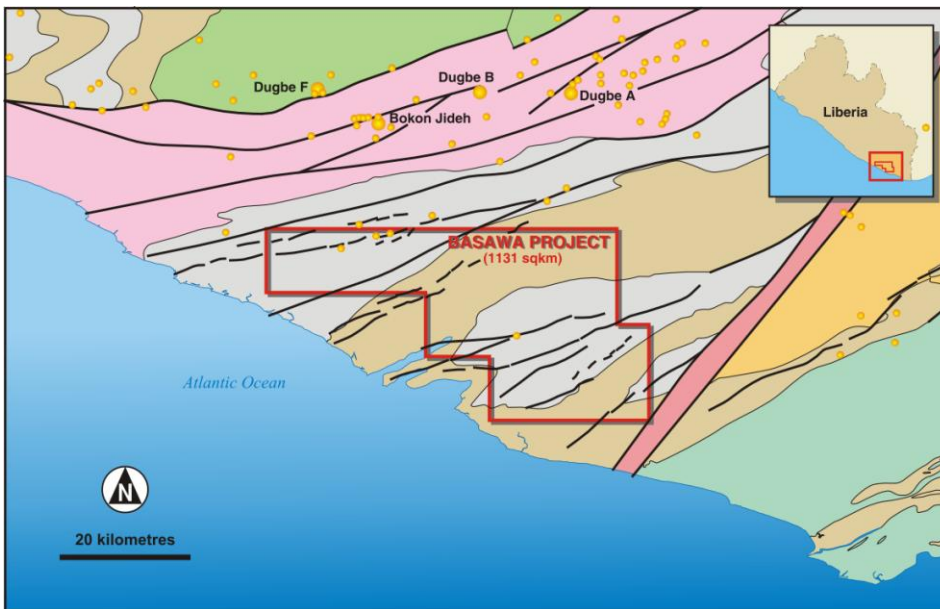


Figure 4. Location of Basawa Gold Project in Liberia, relative to other active projects and known gold occurrences (yellow points)

### ***Competent Persons Declaration***

*The information in this announcement that relates to exploration results is based on information compiled by or under the supervision of Kevin Anthony Joyce. Mr Joyce is Managing Director of Eagle Eye Metals and a Member of the Australian Institute of Geoscientists. Mr Joyce has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity 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 Resources and Ore Reserves” and a Qualified Person as defined in the Canadian National Instrument 43-101 (standards of disclosure for Mineral Projects). Mr Joyce consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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

# 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 2011

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>		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	(628)	(876)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(615)	(902)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	10	13
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>(1,233)</b>	<b>(1,765)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	106
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other	-	-
	<b>Net investing cash flows</b>		<b>106</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(1,233)</b>	<b>(1,659)</b>

1.13	Total operating and investing cash flows (brought forward)	(1,233)	(1,659)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	3,799	3,799
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings/creditors	(64)	18
1.17	Repayment from borrowings/debtors	(37)	(16)
1.18	Dividends paid	-	-
1.19	Other – share issue expenses/refunds	(172)	(172)
	<b>Net financing cash flows</b>	<b>3,526</b>	<b>3,629</b>
	<b>Net increase (decrease) in cash held</b>	<b>2,293</b>	<b>1,970</b>
1.20	Cash at beginning of quarter/year to date	14	337
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>2,307</b>	<b>2,307</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	299
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 \$234,000  
Payments for rent, secretarial, staff and use of serviced office \$60,225  
Re-imburement for other expenses at cost \$4,791

### 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

During the quarter the Company issued 42,855,000 fully paid shares to acquire a 100% interest in Birimian Gold Limited, an unlisted public company with gold mining interests in West Africa. The Company also issued 2,000,000 fully paid shares to consultants and brokers who assisted the Company with the acquisition.

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	250
4.2	Development	-
4.3	Production	-
4.4	Administration	250
	<b>Total</b>	<b>500</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	*253	3
5.2	Deposits at call	2043	-
5.3	Bank overdraft	-	-
5.4	Other – Security Deposits/Debit Card	11	11
	<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,307</b>	<b>14</b>

\*Includes opening bank balance of subsidiary acquired during the quarter.

## 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	07/0416	Nil	Nil
		10/2296	Nil	Nil

09/0590	Option to Purchase up to 90% interest.	Nil	Nil
11/0018	Joint venture. Eagle Eye earning up to 85% interest.	Nil	Nil
MRL13009	Granted reconnaissance license	Nil	100%

## 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>	126,310,555	126,310,555		
7.4	Changes during quarter (a) Increases through issues - Pursuant to a Prospectus - Placements - To Vendors - For services (b) Decreases through returns of capital, buy-backs	25,300,000 12,145,555 42,855,000 2,000,000	25,300,000 12,145,555 42,855,000 2,000,000	\$0.09 \$0.09 \$0.09 \$0.00	
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> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

## 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 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Date: 29 July 2011

Wayne Ryder FCA

Director/Secretary

## 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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.