



45 Ventnor Avenue, West Perth WA 6005  
PO Box 829, West Perth WA 6872  
(08) 9389 4450  
Fax: (08) 9389 4400  
0418 928 180  
wayne@eagleeyemetals.com  
ABN 11 113 931 105

19 January 2011

The Company Announcements Office  
Australian Securities Exchange Limited

### **QUARTERLY ACTIVITIES REPORT TO 31 DECEMBER 2010**

- *Substantial development program, including fund raising, commenced early 2011.*
- *Aphrodite Gold Limited (“Aphrodite”) announces excellent results from drilling at the Aphrodite Gold Project, 20% of which is held under Option by Eagle Eye.*
- *Exploration at Eagle Eye’s Little Doris gold project produces positive results, including a high grade gold grab sample over 100 g/t.*
- *Exploration progresses solidly at Eagle Eye’s other gold and nickel projects.*
- *New mining project being considered for acquisition.*

### **DEVELOPMENT PROGRAM**

As announced on 31 December 2010, the Company has now embarked upon a substantial development program of its mining industry interests.

Eagle Eye holds an unsecured substantial shareholding in Aphrodite with a current market value of over \$1,600,000; owns outright 8 highly promising gold and nickel projects; holds an Option over 20% of the advanced Aphrodite Gold Project; has virtually zero debt; and has a relatively small issued capital of 44,010,000 Shares. This puts the Company in an ideal position for expansion.

To work the program effectively will require additional equity funding of at least \$4,500,000, and planning for this is progressing well in consultation with the Company’s Brokers/financial advisers.

Funds raised will be employed to:

- Further develop Eagle Eye’s existing gold and nickel projects in the Leonora-Laverton region in the Eastern Goldfields of Western Australia.
- Exercise the Option the Company holds over 20% of the Aphrodite Gold Project near Kalgoorlie in Western Australia.
- Acquire an interest in a new mining project currently being reviewed, should it show the required high level of potential.

Further details of the Company’s development and fund raising program will be released during the first quarter of 2011.

## **EXPLORATION REPORT**

### **Aphrodite Gold Project – M24/662, M24/681, M24/720, M24/779, M24/649**

In its December 2010 Quarterly Report released to ASX on 10 January 2010 Aphrodite advised that it had completed over 15,000 metres of RC and diamond core drilling since listing on ASX in July 2010.

Drilling has produced high grade intersections, and Aphrodite is aiming for a revised JORC resource statement in the first quarter of 2011. Current JORC resource sits at 983,000 ounces of gold.

Eagle Eye is awaiting the update to consider in making a decision on exercising its Option over 20% of the Project.

### **Little Doris Gold Project – M38/916**

The Little Doris Project is located 55 km north of Laverton, Western Australia and 6km southeast of the Company's Erlistoun Project (see Figure 1). Geological mapping and rock sampling were recently completed over the mining lease, which has potential for delineating high grade gold ore shoots.

The tenement covers historic shafts and pits and one small shallow open pit extending over an aggregate strike of 100m. The open pit exposes a strong quartz mineralised north striking shear zone over a length of about 50m. The shear is up to 5m wide and is exposed at both ends of the open pit. Outside the pit the ground is covered by soil and laterite masking any extensions to this structure.

A very high gold assay of 105.6g/t (with a repeat assay of 123.93g/t) was obtained from a channel sample from the northern face of the open pit in the previous quarter. This and other sample assays support the interpretation of high gold grades being achieved by historic mining at Little Doris with the tenor of the mineralisation most likely coarse gold.

Reconnaissance drilling is planned to test the mineralised shear following drilling on the Company's nearby Erlistoun Project (see Erlistoun Gold Project).

### **Apollo Hill Gold Project - M39/296**

The Apollo Hill mining lease is located 46km southeast of Leonora, Western Australia. The tenement lies adjacent and along strike from the Apollo Hill gold deposit. Peel Exploration Ltd recently announced a maiden JORC resource for this deposit of 9.9Mt at 1.0 g/t for 318,000 ounces of gold.

The close proximity of the Company's lease, directly along strike from the Apollo Hill deposit, increases the likelihood of gold mineralisation extending into the project area. Exploration will initially involve a first pass aircore drilling program to allow better targeting of any subsequent RC and diamond drilling programs.

### **Waite Kauri Nickel-Cobalt Project – M37/1289**

The Waite Kauri Project is located 43km 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).

Driven by a positive outlook for nickel demand Eagle Eye has recently instigated a program to evaluate the project for its sulphide nickel potential

International Geoscience recently completed a review of previous geophysical work conducted over the project area. This involved interpreting the geophysical data and making recommendations for future programs over areas of interest.

A detailed ground magnetic survey is now being planned. This work will aid in the identification of targets for a follow-up induced polarisation (IP) survey.

## Erlistoun Gold Project – M38/561 and P38/3780

The Erlistoun Gold Project is located 65kms north of Laverton, Western Australia (see Figure 1). The Project is being evaluated for gold resources that may be amenable to heap leach processing.

Digitising of detailed geological mapping recently undertaken over the project area was completed during the quarter (see Figure 2).

A drilling program is planned in the western half of the Project where reconnaissance aircore drilling in late 2009 reported encouraging near surface gold results as well as identifying other areas of interest.

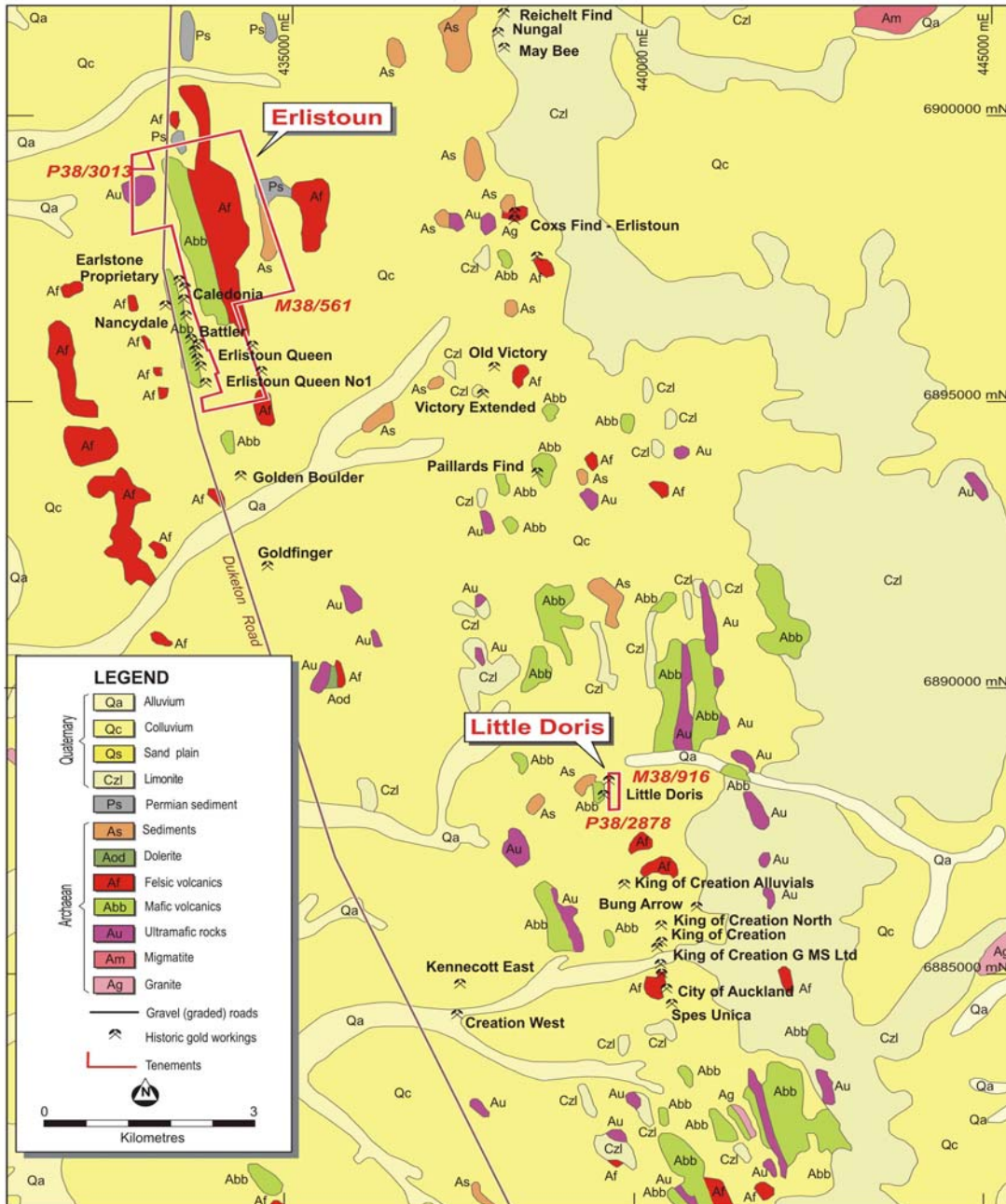


Figure 1. Little Doris and Erlistoun Projects – Location Map

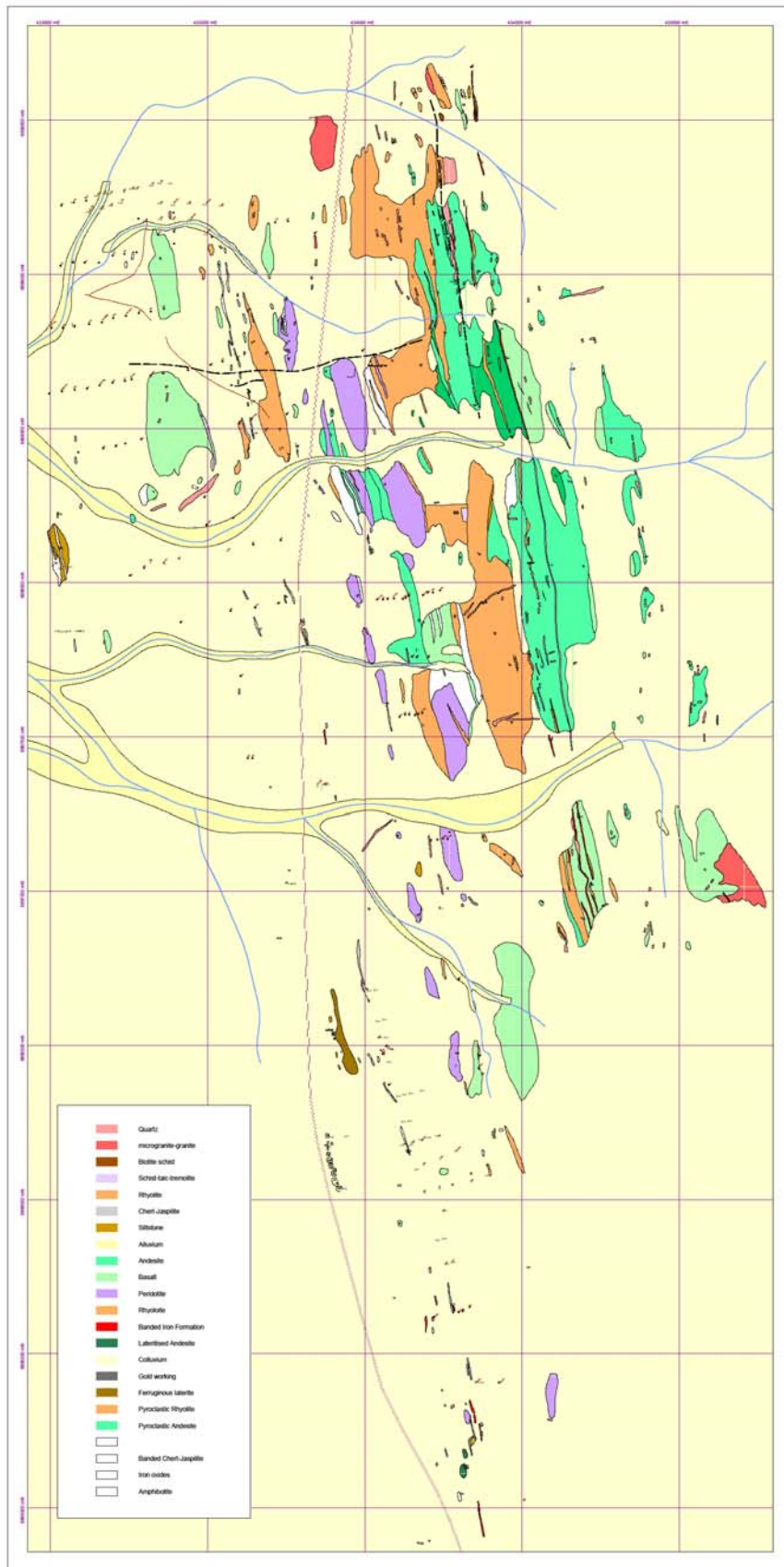


Figure 2. Eristoun Gold Project – Geological Map

## FINANCIAL REPORT

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

Shareholders should note that whilst cash held at 31 December 2010 was negligible, the Company is readily able to continue operations effectively whilst it undertakes and completes its fund raising program. This is enabled by cashing in investments held in other mining companies listed on ASX – not including Aphrodite Gold Limited.

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 Result and Mineral Resources is based on information compiled by Leon Reisgys 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 Reisgys 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

Phone: (08) 9389 4450

Mobile: 0418 928 180

Web site: [www.eagleeyemetals.com](http://www.eagleeyemetals.com)

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")

31 DECEMBER 2010

### Consolidated statement of cash flows

	Current quarter	Year to date (6 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	(71)	(177)
(b) development	-	-
(c) production	-	-
(d) administration	(82)	(205)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	3
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>(152)</b>	<b>(379)</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	25	25
(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>25</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(127)</b>	<b>(354)</b>

1.13	Total operating and investing cash flows (brought forward)	(127)	(354)
	<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/creditors	10	12
1.17	Repayment from borrowings/debtors	-	21
1.18	Dividends paid	-	-
1.19	Other – share issue expenses/refunds	-	-
	<b>Net financing cash flows</b>	10	33
	<b>Net increase (decrease) in cash held</b>	(117)	(321)
1.20	Cash at beginning of quarter/year to date	133	337
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>16</b>	<b>16</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	85
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	175
4.2 Development	-
4.3 Production	-
4.4 Administration	150
<b>Total</b>	<b>325</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	5	22
5.2 Deposits at call	-	100
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>16</b>	<b>133</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: 19 January 2011

(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.

== == == == ==