



EAGLE EYE

Metals Limited

ANNUAL REPORT 2009

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Eagle Eye Metals Limited

CORPORATE DIRECTORY

REGISTERED OFFICE

Eagle Eye Metals Limited
ABN 11 113 931 105
45 Ventnor Avenue
West Perth WA 6005

DIRECTORS

Wayne Ryder FCA, FAICD, SME(U.S.) – Executive Chairman
Garry Plowright – Non-Executive
Warren Staude BSc, MSc, MAusIMM, ASIA – Non-Executive

SECRETARY AND CHIEF EXECUTIVE OFFICER

Wayne Ryder FCA
Tel (08) 9389 4450
Fax (08) 9389 4400
Mobile 0418 928 180
wayne@eagleeyemetals.com

CONSULTING GEOLOGISTS

Rocworth Consulting
Senior Geologist Benjamin Bell BSc, MMET, MBA
45 Ventnor Avenue
West Perth WA 6005

AUDITORS

Grant Thornton (WA) Partnership
Chartered Accountants
Level 1, 10 Kings Park Road
West Perth WA 6005

SOLICITORS

Hardy Bowen Lawyers
Level 1, 28 Ord Street,
West Perth WA 6005

WEB SITE

www.eagleeyemetals.com

Eagle Eye Metals Limited

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2009 Annual General Meeting of the Members of Eagle Eye Metals Limited will be held at the Registered Office, 45 Ventnor Avenue, West Perth WA 6005 on Friday 6 November 2009 at 11.00 a.m.

BUSINESS :

1. To receive, consider and, if thought fit, adopt the Balance Sheet at 30 June 2009 and the Income Statement for the Period then ended, together with the Reports of the Directors and Auditor's Report thereon.
2. To elect a Director :

Wayne Ryder retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.
3. To receive, consider and, if thought fit, adopt the Remuneration Report as contained in the Directors' Report.
4. To accept the resignation of Grant Thornton (WA) Partnership as Auditor of the Company.
5. To appoint Grant Thornton Audit Pty Ltd as Auditor of the Company.
6. To transact any other business in accordance with the Company's Constitution.

BY ORDER OF THE BOARD
WAYNE RYDER
SECRETARY

DATED AT PERTH THIS 30TH DAY OF SEPTEMBER 2009

NOTE RE RESOLUTIONS 4 AND 5 – AUDITOR

The Company's auditor, Grant Thornton (WA) Partnership has acted as the Company's Auditor for a number of years.

To facilitate a new audit firm operating structure, an authorised audit company, Grant Thornton Audit Pty Ltd, has been established to conduct audit engagements.

Subject to approval by Shareholders, the appointment of Grant Thornton Audit Pty Ltd will be effective for the 2010 financial year. Grant Thornton (WA) Partnership remained responsible for the audit for the 2009 financial year.

The resolution is conditional upon ASIC's consent to the resignation of the Company's current auditor, Grant Thornton (WA) Partnership, as this is a pre-condition to the Auditor under the existing audit firm partnership structure being able to resign. The Company anticipates that this consent will be forthcoming.

In accordance with section 328B of the Corporations Act, notice in writing nominating Grant Thornton Audit Pty Ltd has been given to the Company by a Shareholder.

Eagle Eye Metals Limited

PROXIES

Any Member entitled to attend and vote is entitled to appoint not more than two Proxies who must be natural persons over the age of 18 years.

Where more than one Proxy is appointed each Proxy must be appointed to represent a specified proportion of the Member's voting rights.

A Proxy need not be a Member of the Company.

A Proxy Form is included at the back of this Report. If Proxies are appointed the Proxy Form must be lodged with the Company by delivery or post to the Registered Office, 45 Ventnor Avenue, West Perth WA 6005 or by fax to (08) 9389 4400, or by e-mail to *info@eagleeyemetals.com* not less than 48 hours before the Meeting.

CHAIRMAN'S REVIEW AND REVIEW OF OPERATIONS

Introduction

The 2009 Financial Year saw further progress with the exploration and development of Eagle Eye's gold, nickel and other base metals areas, and the continued research of new exploration and mining projects that are available for participation. Subsequent to year end, the Company has negotiated the right to participate in an advanced gold project near Kalgoorlie WA.

Exploration Programme

Waite Kauri nickel/cobalt project

P37/6634 – 6636, 6664, 6665, 6757, and 6791 - 6792 comprising 1,570 hectares located in the Leonora-Laverton region of the N-E Goldfields of Western Australia. Eagle Eye holds a 20% free carried interest in the project, with Poseidon Nickel Limited earning an 80% interest by way of undertaking future exploration and development works.

A substantial drilling program completed by Eagle Eye in mid 2008 has defined mostly near surface inferred ore resources of 2.53Mt @ 0.7% nickel and 0.05% cobalt, equating to over 17,000t of contained nickel and 1,520t of cobalt, using 0.5% nickel as a commercial cut off grade. The presence of highly priced cobalt in the ore facilitates the use of this 0.5% nickel cut off grade. Using a 0.7% nickel cut off grade the resources are 1.07Mt @ 0.85% nickel and 0.06% cobalt.

The project has been joint ventured out to prominent nearby nickel miner Poseidon Nickel Limited. They may earn an 80% interest by spending \$500,000 on further metallurgical, ore process testing and drilling to increase the known ore resource. To 30 June 2009 Poseidon had expended \$100,901 on the project.

During the year Poseidon conducted preliminary test-work on a bulk ore sample from Waite Kauri. Whilst the test-work was preliminary in nature the results obtained identified a low nickel content and a high level of magnesium >9%. Magnesium is an acid consumer and the combination of low nickel grade and high magnesium levels adversely impact on overall project economics. Further test-work on Waite Kauri has been placed on hold.

Other Projects

Several of the Company's seven other exploration projects located in the Leonora/Laverton region have shown up as highly prospective for gold and base metals from initial exploration work, and these are being followed up progressively for further exploration and development work. A drilling program has been undertaken post Balance Date at the Eristoun gold project north of Laverton, and a drilling program has been submitted to the Mines department for their approval in respect of the Apollo Hill gold project south-east of Leonora.

These gold and base metals exploration projects are all located in the same Leonora-Laverton region and are all 100% owned by the Company. Their tenement details are as follows:-

- Eristoun – M38/561 and P38/3780 comprising 550 hectares.
- Apollo Hill – M39/296 comprising 24 hectares.
- Leonora East – P37/6674, 6893, 7077, 7499 – 7507, 7532, 7621 – 7630, 7709 and 7710 comprising 5,094 hectares.
- Mertondale – P37/7590-1 comprising 400 hectares.
- Randwick – M37/1163, 1173, P37/7525, 7533 - 7536 comprising 1,233 hectares.
- Little Doris – M38/916, P38/2878 comprising 18 hectares.
- Wandry Well – P31/1701-6 comprising 1010 hectares.

Eagle Eye Metals Limited

New Mining Projects

With a small capital base and good cash position in excess of \$2 million at balance date, Eagle Eye is attracting the attention of many other mining and associated broking and financial groups offering participation in new projects.

Whilst we remain committed to the development of our existing exploration projects, several of which show the potential to become commercially viable, we consider the Company to have the management skills and financial capacity to beneficially participate in high quality new projects.

In this regard, subsequent to Balance Date the Company has negotiated the right to an Option over a 20% interest in the advanced Aphrodite gold project north of Kalgoorlie WA. Full details of Eagle Eye's participation in the project have been announced to ASX on 28 September 2009. In summary, the project is being acquired by a new Company, Aphrodite Gold Limited ("AGL"), from ASX Listed Apex Minerals NL for \$7.2 million plus stamp duty. AGL has agreed that it will forthwith upon completion of the acquisition grant Eagle Eye an Option until 30 June 2011 to acquire a 20% interest in the project for cash equal to 20% of the purchase price and development costs to the date of exercise of the Option. Eagle Eye will then enter into a Joint Venture with AGL for the development of the project into gold production. Eagle Eye has agreed to take up Seed Capital in AGL up to \$1 million to assist them in the purchase from Apex. In return for its assistance in the initial review of the project, Eagle Eye will be refunded all of its costs and expenses, plus a fee of 2 million Shares and 1 million Options in AGL.

Financial Results

For the year the Company capitalised expenditure of \$324,642 (2008 \$613,710) on exploration of its mining tenements, and wrote off \$146,062 (2008 \$nil) on exploration expenditure incurred on its tenements not considered worth retaining and on new projects reviewed but not participated in. Operating and administration expenses for the year were \$499,608 (2008 \$427,455), and the write down of financial assets was \$151,250 (2008 \$15,000). Expenses and write downs totalled \$796,920 (2008 \$442,455) and after deducting interest received of \$139,752 (2008 \$251,100) this resulted in a net loss after taxation for the year of \$657,168 (2008 \$191,355).

Close

Continuing on a dedicated path to becoming a strong participant in the mining industry, Eagle Eye has produced excellent results for the 2009 year and subsequent to Balance Date, and this now finds the Company ideally placed in going forward.

We would like to see as many Shareholders as possible at the AGM, or you may contact any of the Directors with any queries or to discuss your views on our operations.

Sincerely



Wayne Ryder
30th September 2009

Eagle Eye Metals Limited

DIRECTORS' REPORT

Your Directors present their Report on Eagle Eye Metals Limited for the year ended 30 June 2009.

Currency

All monetary amounts shown throughout the financial report are expressed in Australian Dollars.

Directors and Company Secretary

The following persons were Directors/Secretary of the Company during the year and at the date of this Report:

- **Wayne Ryder FCA, FAICD, SME**
(Non-Independent Executive Chairman and Company Secretary) (Appointed 21 April 2005)

Wayne is a substantial Shareholder and the largest holder in the Company. He has an extensive track record in the mining resources sector over many years, including having held Directorships with a number of successful explorers and producers including Forsyth Mineral Exploration, Condor Minerals & Energy (Mt Horner, Dongara WA oil field), Kitchener Mining (Bamboo Creek, WA gold mine), Great Eastern Mines (Aga Khan emerald mine at Cue, WA), Lightning Ridge Mining (opal mining at Lightning Ridge, NSW).

He has spent significant time in the United States, working from his own Coral Resources exploration headquarters in Denver, Colorado and New York where he was a member of the prestigious New York Mining Club. As a consequence, he has developed excellent associations with US-based exploration groups, as well as key US capital market resource investors.

Wayne has acted as the Secretary of a number of ASX listed public companies over the past 30 years, mostly mining and exploration companies based in Western Australia, but also manufacturing companies, including a commercial glass manufacturing company listed on ASX and with operations based in China.

He is a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Australian Institute of Company Directors and a Member of the Society of Mining Engineers in the United States.

Other Directorships held in the last three years were:

- Globe Securities Limited, appointed 11 February 1987 – resigned 20 November 2008.

Number of fully paid Ordinary Shares held directly and indirectly: 7,348,193

Number of Options held directly and indirectly: 1,770,000

- **Garry Plowright**
(Non-Executive) (Appointed 21 April 2005)

Garry's career includes over 15 years experience in commercial and technical development within the mining industry, working for some of Australia's leading resource companies. He has been mostly involved in gold, base metals and iron ore exploration and mining, predominantly in Western Australia. He brings to the Board considerable experience and knowledge associated with the supply and logistics of services to the mining industry, tenement management and issues relating to land access, native title, and community consultation.

Garry has held management positions in the private sector of the mining industry, including mapping and GIS management for various small, medium and large capped companies. He has an extensive background in mining law and administration and has provided services to the industry in tenement management and administration, property acquisitions, project generation and joint venture negotiations. He is responsible for the important tenement management role with Eagle Eye.

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- Number of fully paid Ordinary Shares held directly and indirectly: 1,060,000
- Number of Options held directly and indirectly: 1,060,000

➤ **Warren John Staude BSc MSc MAusIMM ASIA**
(Non-Executive) (Appointed 31 March 2006)

Sydney based, Warren has long term professional experience in mining and mineral exploration, resource investment and portfolio investment management.

Over the past 20 years he has been engaged mostly in institutional investment management and research, working in AMP and GIO. Following AMP's takeover of GIO he assumed a leading role in establishing a specialist international resource equity investment fund and in assisting corporations in fund raising and with corporate advice. Previously he has worked as a Consulting Geologist in both Government and industry, and on the academic staff at Macquarie University.

Warren is a Director of minerals explorers Malachite Resources NL, Central West Gold NL, Frontier Resources Limited and Stonehenge Metals Limited.

He is a Graduate of the University of Sydney (BSc, Geology), Macquarie University (MSc, Mineral Economics), and holds a Graduate Diploma from the Securities Institute of Australia, and sits on the Joint Ore Reserves Committee (JORC).

Other Directorships held in the past three years were:

- Central West Gold NL, appointed 24 February 2002 – current.
- Malachite Resources NL, appointed 9 July 2002 – current.
- Frontier Resources Limited, appointed 31 December 2002 – current.
- Stonehenge Metals Limited, appointed 7 September 2006 – current.
- Atom Energy Limited, appointed 27 November 2008 – current.

Number of fully paid Ordinary Shares held directly and indirectly: 600,000

Number of Options held directly and indirectly: 600,000

Results

The Net Loss After Taxation of the Company for the year ended 30 June 2009 was \$657,168 (2008 \$191,355).

Principal Activities and Use of Funds

During the year the principal activity of the Company was the exploration of its own mining tenements for gold, nickel and other base metals. The Company also reviewed new exploration and mining projects offered for participation in. Cash funds were utilised in a way consistent with the business objectives as stated in the 2006 Prospectus. No other substantial activities were undertaken during the year.

Dividends

The Directors recommend that no dividend be declared in respect of the financial year covered by this Report.

Significant Changes in the State of Affairs

No significant changes took place during the year in the state of affairs of the Company.

Eagle Eye Metals Limited

Matters Subsequent to the End of the Financial Year

Other than as set out in the Chairman's Review and Review of Operations under the heading New Mining Projects, at the date of this Report there is no matter or circumstance which has arisen since the end of the financial year that has significantly affected or may significantly affect:

- the Company's operations in future financial years; or
- the results of those operations in future financial years; or
- the Company's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

Other than as set out in the Chairman's Review and Review of Operations under the heading New Mining Projects, there are no likely developments contemplated at the date of this Report that may have a significant effect upon the expected results of operations of the Company.

Environmental Regulations

Operating in the minerals exploration and development industry, Eagle Eye is subject to Environmental Regulations and controls as set down by the Statutory Authorities, including the Department of Industry & Resources. The Company has complied and will continue to comply with those Regulations, and have adopted such compliance as an important point in our Corporate Governance practices.

Meetings of Directors and Committees

Directors during the year and Directors' Meetings attended were:

Name	Meetings Held	Meetings Attended
Wayne Ryder	5	5
Garry Plowright	5	5
Warren Staude	5	5

The Audit Committee was formed during the year for the purpose of reviewing and discussing with the Auditors the Company's activities and financial statements for the year. A meeting was held for this purpose and was attended by both members of the Committee, Directors Warren Staude and Garry Plowright.

The Company does not have a separate Remuneration Committee. Remuneration is considered and determined by the Board of the Directors of the Company, with any relevant affected Director not participating in the vote on his Remuneration.

Remuneration Report (Audited)

The Board of the Company determines the remuneration policies and practices generally, and makes specific decisions on remuneration packages and other terms of employment for Executive Directors, other senior executives and Non-Executive Directors.

The Company has no Employee Option Plan and does not offer any other incentives to Directors or Key Management Personnel as part of their remuneration. No Key Management Personnel remuneration is linked to the Company's performance.

The performance of key management personnel is measured against criteria agreed bi-annually with each executive and is based predominantly on the successful development of the Company's gold, base metals project and Shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in Shareholder wealth.

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Key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed.

The Board's policy is to remunerate non-executive Directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by Shareholders at the Annual General Meeting.

During the year the following Directors' fees, Company Secretary's fees, salaries, management and consulting fees were paid or accrued to Directors:

	Short-term benefits	Post employment benefits	Total
	Salary and Fees	Super- annuation	
	\$	\$	\$
Wayne Ryder	121,500	96,000	217,500
Garry Plowright	60,000	-	60,000
Warren Staude	45,000	-	45,000
	226,500	96,000	322,500

Salary and Directors' fees includes fees paid to related entities as shown in note 8 Related Party Transactions.

Executive Chairman Wayne Ryder is the only Director or Key Management Personnel employed by the Company under Contract.

His current Contract for Employment is due to expire on 6 December 2009 if not renewed by then. The Company may terminate the Contract by written notice of at least 2 months, with the balance of remuneration to the expiry date of the Contract thereupon becoming due and payable. The Company may also terminate the Contract without any termination payment for any breaches of his required duties and responsibilities that remain unrectified for 14 days from notice thereof.

Corporate Governance Statement

The Directors are responsible for the Corporate Governance practices of the Company. These practices are being progressively developed, having regard to the most suitable and effective procedures applicable to the Company.

The main Corporate Governance practices in operation by the Company are:-

The Board of Directors

The Board's charter is that it should:

- be comprised of at least 3 Directors;
- be made up of a majority of Independent Non-Executive Directors;

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- be comprised of Directors with a broad range of skills, qualifications and experience appropriate to the Company's operations;
- meet on a regular basis; and
- maintain constant on-going communication of activities between Directors so that all Directors are fully informed of the Company's business and so as to be possessed of all the necessary information required to make decisions by Resolutions of the Board.

Duties and Responsibilities of Directors

On the date on which this Report of the Directors is made out, the Board consisted of 3 Directors, the Chairman of which is an Executive Director and the other 2 are Independent Non-Executives. Details of the Directors are set out at the commencement of this Directors' Report.

The primary responsibilities of the Board include:

- the approval of the annual Financial Statements;
- establishment of long term goals of the Company and strategic plans to achieve those goals;
- the review and adoption of annual budgets for the financial performance of the Company, monitoring the results on a regular basis;
- ensuring that the Company abides by ASX listing rule disclosure requirements;
- ensuring that all management, employees and consultants abide by a high standard code of conduct befitting a listed corporation;
- ensuring that the Company abides strictly by Environmental Regulations affecting its operations in the minerals exploration and development industry; and
- ensuring that the Company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities.

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2009.

Board Composition

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the Annual Report and their term of office are detailed in the Directors' Report.

The names of independent Directors of the Company are:

- Warren Staude
- Garry Plowright

When determining whether a Non-Executive Director is independent the Director must not fail any of the following materiality thresholds:

- less than 10% of Company's Shares are held by the Director and any entity or individual directly or indirectly associated with the Director;
- none of the Directors' income or the income of an individual or entity directly or indirectly associated with the Director is derived from a contract with any member of the Company other than income derived as a Director of the Company.

Independent Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at the Company's expense. Written approval must be obtained from the Chairman prior to incurring any expense on behalf of the Company.

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Securities Trading Policy

The Company's policy regarding Directors and employees trading in its securities is set by the Board. The policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the Company's securities' prices.

Communication with Shareholders

The Company's policy is to keep Shareholders well informed of operational activities and financial matters via ASX announcements, media releases, direct letter and email advices and it's web site. The Company also actively encourages communication from Shareholders. To assist Key Management Personnel with communications, the Company retains investor relations and media consultants.

Audit Committee

The names and qualifications of those appointed to the Audit Committee and their attendance at meetings of the Committee are included in the Directors' Report.

Risk Management

The Board and Risk Management Committee are responsible for the Company's system of internal controls to effectively manage material business risks and any oversights. The Board and Committee constantly monitors the operational and financial aspects of the Company's activities and considers the recommendations and advice of the Auditors and other external advisers on the operational and financial risks that face the Company.

The Board and Committee ensures that recommendations made by the Auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the risks identified.

The Board is satisfied from the advice of the Chief Executive Officer and Chief Financial Officer, who has signed off in that regard, that all material business risks and financial reporting risks for the financial year have been managed effectively.

Code of Conduct

As part of the Board's commitment to the highest standards of conduct, the Company has adopted a Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities. The Code of Conduct covers such matters as:

- responsibilities to Shareholders;
- relations with customers and suppliers;
- compliance with environmental regulations;
- employment practices; and
- responsibilities to the community.

Performance Evaluation

An annual performance evaluation of the Board and all Board members was conducted by the Board for the financial year ended 30 June 2009. The Chairman also speaks to each Director individually regarding their role as a Director. The evaluation was considered by the Board and formed the basis for recommendations to set and improve performance criteria and goals for the next year.

Eagle Eye Metals Limited

Remuneration Policies

The remuneration policy, which sets the terms and conditions for the key management personnel, was developed by the Board after seeking professional advice from independent consultants. Executives receive a base salary, and may also receive superannuation and fringe benefits. The Board reviews executive packages annually by reference to the Company's performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The object is to reward executives adequately so as to attract highly capable personnel who will develop the Company's activities to the maximum benefit of Shareholders.

Remuneration Committee and Nomination Committee

The Company does not have either a Remuneration Committee or Nomination Committee as recommended by the ASX Corporate Governance Council. Given that the Company has only three Directors, it is considered that there are no efficiencies to be gained by having these separate Committees, so these roles are undertaken by the Board.

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's web site at www.eagleeyemetals.com

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Indemnification and Insurance of Officers and Auditors

The Company has agreed to indemnify, to the extent permitted by law, each Director and Secretary of the Company against any liability incurred by that person as an Officer of the Company. The Company will obtain and pay for Directors and Officers insurance policies during the 2010 financial year.

The Company has not paid any premiums in respect of any contract insuring its Auditor against a liability incurred in their role as Auditor of the Company. In respect of non-audit services, Grant Thornton (WA) Partnership, the Company's Auditor, has the benefit of an indemnity to the extent Grant Thornton (WA) Partnership reasonably relies on information provided by the Company which is false, misleading or incomplete. No amount has been paid under this indemnity during the financial year ended 30 June 2009 or to the date of this Report.

Non-audit Services

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external Auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Eagle Eye Metals Limited

The following fees were paid or payable to Grant Thornton WA Pty Ltd for non-audit services provided:

	\$ 2009	\$ 2008
Taxation services	2,000	6,020

Auditor's Independence Declaration

The Auditor's Independence Declaration for the year ended 30 June 2009 can be found on Page 18.

This Directors' Report is made in accordance with a Resolution of the Board of Directors.



Wayne Ryder

Director

Dated at Perth this 30th Day of September 2009

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West Perth WA 6005
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West Perth WA 6872

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F +61 8 9322 7787
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Independent Auditor's Report To the Members of Eagle Eye Metals Limited

Report on the Financial Report

We have audited the accompanying financial report of Eagle Eye Metals Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Grant Thornton (WA) Partnership ABN 17 735 344 518, a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389.

Grant Thornton Australia Limited is a member firm within Grant Thornton International Ltd. Grant Thornton International Ltd and the member firms are not a worldwide partnership. Grant Thornton Australia Limited, together with its subsidiaries and related entities, delivers its services independently in Australia.

Liability limited by a scheme approved under Professional Standards Legislation.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we complied with applicable independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- a the financial report of Eagle Eye Metals Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 10 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Eagle Eye Metals Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants



M J HILLGROVE
Partner – Audit & Assurance Services

Perth, 30 September 2009

Eagle Eye Metals Limited

DIRECTORS' DECLARATION

In accordance with a Resolution of the Directors of Eagle Eye Metals Limited, I state that:

1. In the opinion of the Directors:
 - a. The financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of the Company are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2009, and its performance for the year ended on that date; and
 - ii. complying with Accounting Standards and Corporations Regulations 2001; and
 - b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This Declaration has been made after receiving the Declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2009.

On behalf of the Board



Wayne Ryder
Director and Chief Executive/ Financial Officer
Dated at Perth this 30th day of September 2009

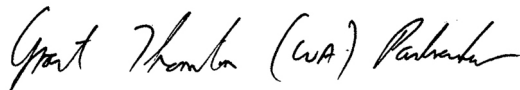
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**Auditor's Independence Declaration
To The Directors of Eagle Eye Metals Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Eagle Eye Metals Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b No contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants



M J HILLGROVE
Partner

Perth, 30 September 2009

Eagle Eye Metals Limited

INCOME STATEMENT

For the year ended 30 June 2009

	Notes	2009 \$	2008 \$
Revenue	2	139,752	251,100
Finance costs		-	(496)
Other expenses	3(a)	(499,608)	(426,959)
Impairment of financial assets	3(b)	(151,250)	(15,000)
Exploration expenditure written off	3(b)	(146,062)	-
		<hr/>	<hr/>
(Loss) before income tax for the year		(657,168)	(191,355)
Income tax	4	-	-
(Loss) after income tax for the year		(657,168)	(191,355)
		<hr/>	<hr/>
Basic and diluted (loss) per share	18	(0.015)	(0.004)

The accompanying notes form part of the Financial Statements

Eagle Eye Metals Limited

BALANCE SHEET

As at 30 June 2009

	Note	2009 \$	2008 \$
Current Assets			
Cash and cash equivalents	6	2,205,312	3,034,678
Other current assets	9	24,439	10,700
Total Current Assets		2,229,751	3,045,378
Non - Current Assets			
Financial assets	11	91,250	242,500
Property, plant & equipment	12	7,676	8,345
Exploration and evaluation costs	13	1,815,783	1,491,141
Total Non - Current Assets		1,914,709	1,741,986
Total Assets		4,144,460	4,787,364
Current Liabilities			
Trade and other payables	10	53,557	83,293
Total Current Liabilities		53,557	83,293
Total Liabilities		53,557	83,293
Net Assets		4,090,903	4,704,071
Equity			
Issued capital	14	5,499,754	5,499,754
Options reserve		44,000	-
Accumulated (losses)		(1,452,851)	(795,683)
Total Equity		4,090,903	4,704,071

The accompanying notes form part of the Financial Statements

Eagle Eye Metals Limited

CASH FLOW STATEMENT For the year ended 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Payments to suppliers		(537,448)	(402,903)
Interest received		139,752	251,100
Cash flows (used in) operating activities	16	(397,696)	(151,803)
Cash flows from Investing activities			
Purchases of financial assets		-	(57,500)
Exploration and evaluation costs		(426,704)	(613,710)
Purchases of property, plant and equipment		(4,966)	(3,141)
Cash flows (used in) investing activities		(431,670)	(674,351)
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Proceeds from borrowings		-	-
Equity fund raising costs		-	-
Repayment of borrowings		-	-
Cash flows provided by financing activities		-	-
Net (decrease) in cash held		(829,366)	(826,154)
Cash at beginning of the year		3,034,678	3,860,832
Cash at end of the year	6	2,205,312	3,034,678

The accompanying notes form part of the Financial Statements

Eagle Eye Metals Limited

STATEMENT OF CHANGES OF EQUITY For the year ended 30 June 2009

	Note	Ordinary Share Capital \$	Accumulated Losses \$	Options Reserve \$	Total \$
2008					
Balance at beginning of year		5,499,754	(604,328)	-	4,895,426
(Loss) for the year		-	(191,355)	-	(191,355)
Total recognised income and expenses during the year		-	(191,355)	-	(191,355)
Balance at end of year	16	5,499,754	(795,683)	-	4,704,071
2009					
Balance at beginning year		5,499,754	(795,683)	-	4,704,071
(Loss) for the year		-	(657,168)	-	(657,168)
Total recognised income and expenses during the year		-	(657,168)	-	(657,168)
Options reserve		-	-	44,000	44,000
Balance at end of year	16	5,499,754	(1,452,851)	44,000	4,090,903

The accompanying notes form part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of Eagle Eye Metals Limited ("the Company").

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Eagle Eye Metals Limited

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

(d) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(e) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

ii Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Eagle Eye Metals Limited

(f) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(j) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(k) Interests in Joint Ventures

The Company's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the financial statements.

The Company's interests in joint venture entities are brought to account using the cost method. Refer to Note 20 for further details.

(l) Revenue

The Company receives interest on funds deposited with its Bank, and brings this to account as revenue in the income statement.

Eagle Eye Metals Limited

(j) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Judgments — Exploration and Evaluation Expenditure

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies have not yet concluded. Such capitalised expenditure is carried at Balance Date at \$1,815,783.

	2009	2008
	\$	\$
Note 2: Revenue		
Interest received	139,752	251,100
Total Revenue	<u>139,752</u>	<u>251,100</u>
Note 3: Expenses		
(a) Other Expenses		
Consulting expenses	70,647	20,430
Administration expenses	428,961	406,529
Total Other Expenses	<u>499,608</u>	<u>426,959</u>
(b) Significant Expenses		
Impairment of financial assets	151,250	15,000
Exploration expenditure written off	146,062	-
Total Significant Expenses	<u>297,312</u>	<u>15,000</u>

Eagle Eye Metals Limited

	2009	2008
	\$	\$
Note 4: Income Tax Expense		
The components of income tax expense comprise		
- Current tax	-	-
- Deferred tax	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax (benefit) on loss from ordinary activities before income tax at 30%	(197,150)	(57,406)
Add/(less):		
Tax effect of:		
— other non-allowable items	7,522	6,893
— tax losses not brought to account	282,727	271,900
Less:		
Tax effect of:		
— share issue expenses	(37,274)	(37,274)
— exploration and evaluation expenditure	(97,393)	(184,113)
— other non-assessable items	(3,807)	-
Unrecognised Deferred tax asset attributable to tax losses	45,375	-
Income tax attributable to Company	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
The applicable weighted average effective tax rate is as follows:	N/A	N/A
Unrecognised Deferred Tax Balances:		
Unrecognised deferred tax asset losses	1,042,108	765,381
Unrecognised deferred tax asset other	113,857	99,756
Unrecognised deferred tax liabilities (exploration and evaluation temporary differences)	(548,542)	(447,342)
Net unrecognised deferred tax assets	<u>607,423</u>	<u>417,795</u>

Note 5: Key Management Personnel Compensation

(a) Names and position held by the Company's Key Management Personnel at any time during the financial year. All Key Management Personnel were Directors of the Company.

Wayne Ryder	-	Executive Chairman/Company Secretary
Warren Staude	-	Non-Executive Director
Garry Plowright	-	Non-Executive Director

Eagle Eye Metals Limited

(b) Details of remuneration for the year ended 30 June 2009

Directors	Short Term	Post Employment	Total \$
	Salary and Fees \$	Superannuation Contribution \$	
Wayne Ryder	121,500	96,000	217,500
Warren Staude	45,000	-	45,000
Garry Plowright	60,000	-	60,000
Total	226,500	96,000	322,500

No other non-cash benefits were paid to Directors who held office during 2009 financial year.

Options granted as part of remuneration for the period ended 30 June 2009.

No Options were granted as remuneration for the year ended 30 June 2009.

Shares Issued on Exercise of Compensation Options.

No Options have been granted as compensation during the 2009 financial year or in any prior years and accordingly no Options granted as compensation were exercised during the year.

Details of remuneration for the year ended 30 June 2008

Directors	Short Term	Post Employment	Total \$
	Salary and Fees \$	Superannuation Contribution \$	
Wayne Ryder	106,761	73,239	180,000
Warren Staude	30,000	-	30,000
Tim Colclough	12,500	-	12,500
Garry Plowright	60,000	-	60,000
Total	209,261	73,239	282,500

Resigned 30 November 2007

No other non-cash benefits were paid to Directors who held office during 2008 financial year.

(c) Option Holdings

Number of Options held by Key Management Personnel at 30 June 2009

Directors	Balance 1 July 2008	Disposed	Balance 30 June 2009
Wayne Ryder	1,770,000	-	1,770,000
Warren Staude	600,000	-	600,000
Garry Plowright	1,060,000	-	1,060,000
	3,430,000	-	3,430,000

All Options are vested and exercisable.

Eagle Eye Metals Limited

Number of Options held by Key Management Personnel at 30 June 2008

Directors	Balance 1 July 2007	Disposed	Balance 30 June 2008
Wayne Ryder	1,770,000	-	1,770,000
Warren Staude	600,000	-	600,000
Garry Plowright	1,060,000	-	1,060,000
Tim Colclough	825,000	(200,000)	625,000
	4,255,000	(200,000)	4,055,000

Resigned 30 November 2007

All Options are vested and exercisable.

(d) Share Holdings

Number of Shares held by Key Management Personnel at 30 June 2009

Directors	Balance 1 July 2008	Acquired	Balance 30 June 2009
Wayne Ryder	4,120,000	3,228,193	7,348,193
Warren Staude	600,000	-	600,000
Garry Plowright	1,060,000	-	1,060,000
	5,780,000	3,228,193	9,008,193

Number of Shares held by Key Management Personnel at 30 June 2008

Directors	Balance 1 July 2007	Disposed	Balance 30 June 2008
Wayne Ryder	4,120,000	-	4,120,000
Warren Staude	600,000	-	600,000
Tim Colclough	3,325,000	(200,000)	3,125,000
Garry Plowright	1,060,000	-	1,060,000
	9,105,000	(200,000)	8,905,000

Resigned 30 November 2007

Apart from the details shown in this note, no Director has entered into a material contract with the Company since the end of the previous financial year, and there were no material contracts involving Directors' interests at year end.

6. Cash and Cash Equivalents

	2009 \$	2008 \$
National Australia Bank		
- Cash at bank and in hand	30,312	34,678
- Short term bank deposit	2,175,000	3,000,000
Balance at end of the year	<u>2,205,312</u>	<u>3,034,678</u>
Effective interest rate on short term bank deposits	5%	5.45%
Average maturity of short term bank deposits	80 days	90 days

Eagle Eye Metals Limited

	2009	2008
	\$	\$
7. Auditor's Remuneration		
Remuneration of Grant Thornton (WA) Partnership for:		
– auditing and reviewing the financial report	28,520	24,403
Amounts paid to related practice of auditor for:		
– taxation services	2,000	6,020
8. Related Parties Transactions	2009	2008
	\$	\$
Director's fees paid to W. Ryder & Co, an entity in which Director Wayne Ryder has an interest	36,000	36,000
Executive Director's salary paid to W. Ryder & Co, an entity in which Director Wayne Ryder has an interest	48,000	48,000
Company Secretary's fees paid to W. Ryder & Co, an entity in which Director Wayne Ryder has an interest	37,500	-
Superannuation paid to Ryder Super Fund, an entity in which Director Wayne Ryder has an interest	96,000	96,000
Director's fees paid to Digital Mapping Services Pty Ltd, a company in which Director Garry Plowright has an interest	30,000	30,000
Consulting fees paid to Digital Mapping Services Pty Ltd, a company in which Director Garry Plowright has an interest	30,000	30,000
Director's fees paid to Serrasalmin, an entity in which Director Warren Staude has an interest	30,000	30,000
Consulting fees paid to Serrasalmin, an entity in which Director Warren Staude has an interest	15,000	-
Transactions between related parties are on normal commercial conditions and are no more favourable than those available to other parties unless otherwise stated.		
9. Other Current Assets	2009	2008
	\$	\$
GST receivable	18,439	4,700
Security deposit	6,000	6,000
	24,439	10,700
10. Trade and Other Payables	2009	2008
	\$	\$
Trade creditors and accruals	53,557	83,293

All creditors are on normal commercial trade terms, payable within 14-30 days

Eagle Eye Metals Limited

	2009	2008
	\$	\$
11. Financial Assets		
Available for sale financial assets		
Shares in listed corporations at cost	257,500	257,500
Less: Provision for Impairment	(166,250)	(15,000)
Balance at end of the year	91,250	242,500

Available-for-sale investments consist of investments in ASX listed ordinary shares, and therefore have no fixed maturity date or coupon rate. The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market. Due to the significant and prolonged decline in the market price of the investments, an impairment charge of \$151,250 has been included within the relevant line in the income statement.

	2009	2008
	\$	\$
12. Property, Plant and Equipment		
Office furniture and electronic equipment		
At cost	15,930	12,837
Less – accumulated depreciation	(8,254)	(4,492)
Written down value at end of the year	7,676	8,345

(a) Movements in Carrying Amounts

Movement in the carrying amount for Office furniture and electronic equipment between the beginning and the end of the current financial year.

Balance at the beginning of the year – 1 July 2007	9,696
Additions	3,141
Disposals	-
Depreciation	(4,492)
Balance at the end of the year – 30 June 2008	8,345

Balance at the beginning of the year – 1 July 2008	8,345
Additions	4,966
Disposals	(2,413)
Depreciation	(3,222)
Balance at the end of the year 30 June 2009	7,676

	2009	2008
	\$	\$
13. Exploration and Evaluation Costs		
Balance at beginning of the year	1,491,141	877,431
Expenditure incurred during the year	470,704	613,710
	1,961,845	1,491,141
Less – expenditure written off	(146,062)	-
Balance at end of the year	1,815,783	1,491,141

Expenditure of \$146,062 has been written off during the period as the Company will not be undertaking any further exploration of these areas.

Eagle Eye Metals Limited

The Directors' assessment of the carrying amount for the Company's exploration properties was after consideration of prevailing market conditions; previous expenditure for exploration work carried out on the tenements; and the potential for mineralisation based on the Company's and independent geological reports. The ultimate value of these assets is dependent upon recoument by commercial development or the sale of the whole or part of the Company's interests in these exploration properties for an amount at least equal to the carrying value. Should any exploration properties be established as non-viable commercially, the Company will then either on sell or abandon them and write off the expenditure incurred thereon to profit and loss. There may exist on the Company's exploration properties areas subject to claim under Native Title or containing sacred sites or sites of significance to Aboriginal people. As a result, the Company's exploration properties or areas within the tenements may be subject to exploration and mining restrictions.

	2009 \$	2008 \$
14. Issued Capital		
44,010,000 (2007: 44,010,000) fully paid Ordinary Shares	<u>5,499,754</u>	<u>5,499,754</u>
(a) Ordinary Shares	No. Of Shares	No. of Shares
Number at beginning of the year	44,010,000	44,010,000
Number issued during the year	-	-
Number at end of the year	<u>44,010,000</u>	<u>44,010,000</u>

The Company's capital consists of Ordinary Shares and Options. The company has no authorised capital. The Shares have no par value and are entitled to participate in dividends and the proceeds on any winding up of the Company in proportion to the number of Shares held. At Shareholders meetings each Ordinary Share is entitled to one vote when a poll is called, otherwise each Shareholder has one vote on a show of hands. The Options only become entitled to these dividend, distribution and voting rights upon conversion to Ordinary Shares by exercise and payment of the exercise consideration..

	2009 No. Of Options	2008 No. of Options
(b) Options Issued		
Number at beginning of the year	37,565,000	37,565,000
Number issued during the year	4,000,000	-
Number at end of the year	<u>41,565,000</u>	<u>37,565,000</u>

The 4,000,000 Options issued during the year were for services rendered by an unrelated party. They were issued at market value of 1 cent each, and were listed on ASX. Their issue value of \$44,000 has been transferred to an Options Reserve.

At 30 June 2009 there are 41,565,000 (2008 37,565,000) unissued Shares in respect of which Options are outstanding exercisable on or before 30 June 2010 at an exercise price of 20 cents each. No Options were forfeited, exercised or expired during the year.

(c) Capital Management

The Board of Directors controls the capital of the Company in the interests of Shareholders: so that sufficient funds continue to be available to effectively pursue the exploration and development of the Company's exploration properties; to enable prompt payment of the Company's costs and debts incurred in pursuit of those objectives; to maintain very low debt levels and no borrowings; and to maintain substantial (relative to the Company's size and share structure) cash reserves to enable participation in worthwhile new exploration and mining projects that may become available. There have been no changes in the strategy adopted by the Board to control the capital of the Company since the previous year.

Eagle Eye Metals Limited

15. Segment Reporting

The Company is engaged in the mineral exploration industry in Australia. There are therefore no business segments requiring disclosure.

	2009 \$	2008 \$
16. Cash Flow Information		
Reconciliation of Cash Flow from Operations with loss after income tax		
(Loss) after income tax.	(657,168)	(191,355)
Non-cash flows in loss		
Depreciation	5,635	4,492
Impairment of financial assets	151,250	15,000
Exploration expenditure written off	146,062	-
Changes in assets and liabilities		
(Decrease) in trade and other receivables	(13,739)	-
(Decrease)/Increase in trade payable and accruals	(29,736)	20,060
Cash flows used in operations	<u>(397,696)</u>	<u>(151,803)</u>

17. Financial Risk Management

a. Financial Risk Management Policies

The Company's financial instruments consist mainly of deposits with banks and investments in ASX listed companies.

i. Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and price risk.

Interest rate risk

Interest rate risk on funds the Company has on deposit is managed by regular review by the Board to ensure maximum available rates are being received.

Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised cash funds are held at bank to cover all forecast outgoings.

Credit risk

Credit risk is managed and reviewed regularly by the Board. It arises from exposures through certain derivative financial instruments and deposits with financial institutions.

The Board monitors credit risk by only utilising banks with an "A" rating and investing only a relatively minor amount of surplus funds in ASX listed companies. Investments in ASX listed available-for-sale financial assets are reviewed by the Board regularly to minimise risk.

Price risk

The Company may be exposed to commodity price risk in the future through its gold, nickel, cobalt and other base metals exploration projects, should any of these be developed through to the production phase. In particular, the Company is working under a farm in type arrangement with Poseidon Nickel Limited to develop the Company's Waite Kauri nickel/cobalt project near Leonora in the N-E Goldfields of Western Australia. Should this project go into production, the operation's profitability will be subject to fluctuations in the prices of nickel and cobalt. These prices have fluctuated considerably over the past two

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years, and prior to production commencing the parties involved in the project will consider implementing a hedging policy, or the Company may opt to not participate in the production phase and the risks involved therein by electing to receive a Net Smelter Royalty from Poseidon on all metals produced.

b. Financial Instruments

ii. Financial instrument composition and maturity analysis:

The tables below shows the Company's Financial Assets and Financial Liabilities and the weighted interest rate average received on deposits.

	Weighted Average Interest Rate 2009 %	Interest Bearing 2009 \$	Non-Interest Bearing 2009 \$	Total 2009 \$
Financial Assets				
Cash at bank	5.0	30,312	-	30,312
Cash on deposit at bank	5.0	2,175,000	-	2,175,000
Investments	-	-	91,250	91,250
Total Financial Assets		2,205,312	91,250	2,296,562
Financial Liabilities				
Trade and other payables	-	-	53,557	53,557
Total Financial Liabilities		-	53,557	53,557
	Weighted Average Interest Rate 2008 %	Interest Bearing 2008 \$	Non-Interest Bearing 2008 \$	Total 2008 \$
Financial Assets				
Cash at bank	5.45	34,678	-	34,678
Cash on deposit at bank	5.45	3,000,000	-	3,000,000
Investments	-	-	242,500	242,500
Total Financial Assets		3,034,678	242,500	3,277,178
Financial Liabilities				
Trade and other payables	-	-	83,293	83,293
Total Financial Liabilities		-	83,293	83,293

Cash on deposit at bank is at call and so there is no maturity or liquidity risk.

iii. Net Fair Values

The net fair value of financial assets and financial liabilities of the Company approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than ASX listed investments.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. The Company has no borrowings and all trade and other payables are due and are paid within a maximum of 30 days from receipt of agreed invoice.

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Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

	2009		2008	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
Financial Assets				
Cash at bank	30,312	30,312	34,678	34,678
Cash on deposit at bank	2,175,000	2,175,000	3,000,000	3,000,000
Investments (available for sale)	91,250	91,250	242,500	242,500
	2,296,562	2,296,562	3,277,178	3,277,178
Financial Liabilities				
At amortised cost:				
Trade and other payables	53,557	53,557	83,293	83,293
	53,557	53,557	83,293	83,293

Fair values are materially in line with carrying values.

iv. Sensitivity Analysis

Interest Rate Risk and Price Risk

The Company has performed sensitivity analysis relating to its exposure to interest rate risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2009, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2009	2008
Increase/(decrease) in profit		
— increase in interest rate by 2%	44,000	68,000
— decrease in interest rate by 2%	(44,000)	(68,000)
Increase/(decrease) in equity		
— increase in interest rate by 2%	44,000	68,000
— decrease in interest rate by 2%	(44,000)	(68,000)

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Price Risk Sensitivity Analysis

At 30 June 2009, the effect on profit and equity as a result of changes in the ASX share market price of investments held, with all other variables remaining constant, would be as follows:

	2009	2008
Increase/(decrease) in profit		
— increase in price by 10%	9,125	9,125
— decrease in price by 10%	(9,125)	(9,125)
Increase/(decrease) in equity		
— increase in price by 10%	9,125	9,125
— decrease in price by 10%	(9,125)	9,125

18. Loss Per Share

	2009	2008
Basic (loss) per Share	(0.015)	(0.04)
(Loss) used in calculation of basic and diluted loss per Share	657,168	191,355
Weighted average number of Shares used in the calculation of the basic loss per Share and diluted loss per Share	44,010,000	44,010,000

Options have not been included in the calculation of diluted loss per Share as they are not dilutive in nature.

19. Capital and Lease Commitments

Exploration Expenditure Commitments

The Company is committed to minimum statutory exploration work requirements on its exploration tenements in order to retain the rights of tenure. Commitments for the financial year 2009/2010 and beyond are estimated as follows:

Not later than 1 year	\$ 275,000
Later than 1 year, but not later than 2 years	275,000
Later than 2 years, but not later than 5 years	275,000
	<u><u>825,000</u></u>

Lease Commitments

The Company is committed to lease payments in respect of its office premises. The current Lease Agreement is on normal commercial terms with no abnormal restrictions. It is due to expire on 14 January 2010 unless renewed by mutual agreement, including as to term, conditions and rentals payable, prior to then. Minimum commitments for the financial year 2009/2010 and beyond are estimated as follows:

Not later than 1 year	\$ 58,800
Later than 1 year and beyond	-
	<u><u>58,800</u></u>

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20. Contingent Liability

The Company has spent \$831,843 on development of its Waite Kauri nickel project which has subsequently been joint ventured out to Poseidon Nickel Limited, who may earn an 80% interest in the project by spending \$500,000 on further exploration and development work. Further exploration work on the project has been put on hold by Poseidon as a result of preliminary testing on a bulk ore sample producing unsatisfactory results. Should Poseidon decided to abandon the joint venture, the Company will need to decide whether to continue exploration of the project in its own right, or to abandon it and write off the expenditure incurred to profit and loss.

21. Subsequent Events

No matter or circumstances of significance have arisen since balance date other than as detailed in the Chairman's Review and Review of Operations under the heading New Mining Projects.

22. Company Details

The registered office of the Company is located at:
Eagle Eye Metals Limited
ABN 11 113 931 105
45 Ventnor Avenue
West Perth WA 6005

23. New Accounting Standards and Interpretations not yet Adopted

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Company follows:

AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 127, AASB 134, AASB 136, AASB 1029 & AASB 1028] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Company's Board for the purposes of decision making. The Board has determined that this standard will not have any impact on the Company as there are no additional operating segments on which to report.

AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Company. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2](applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

The Company does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Company's financial statements.

The Financial Report was authorised for issue on 30th September 2009 by a Resolution of the Board of Directors.

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Shareholders and Optionholders Details

Substantial Shareholders at 22 September 2009 were:

Name	No. of Shares
Wayne Ryder	7,348,193

Spread of Shareholders

	No. of Holders	No. of Shares	% of total
1 - 1,000	5	368	0.00
1,001 - 5,000	43	167,698	0.38
5,001 - 10,000	96	895,929	2.04
10,001 - 100,000	279	11,607,514	26.37
100,001 - and above	79	31,338,491	71.21
	502	44,010,000	100.00

Spread of Optionholders

	No. of Holders	No. of Options	% of total
1 - 1,000	-	-	-
1,001 - 5,000	3	13,500	0.03
5,001 - 10,000	75	739,450	1.78
10,001 - 100,000	154	7,153,506	17.21
100,001 - and above	72	33,658,544	80.98
	304	41,565,000	100.00

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Top 20 Shareholders and Option holders

Top 20 Shareholders and Optionholders at 22 September 2009 were:

SHAREHOLDERS

Name	No. of Shares	% of Total
Wayne Ryder	6,035,000	13.71
Jeffrey Anthony Reed	2,000,000	4.54
Wayne & Wendy Ryder (Ryder Super Fund)	1,348,193	3.06
Donella Plowright	1,000,000	2.27
Robert M & CA Simpson	1,000,000	2.27
William D Goodfellow	1,000,000	2.27
Forty Traders Ltd	1,000,000	2.27
Spiro & Jimmy Pty Ltd	688,500	1.56
Paso Holdings Pty Ltd	624,759	1.42
Warren Staude	600,000	1.36
Alan & Melinda Brien	524,584	1.19
Garry Ralston	509,922	1.16
Bruce Birnie Pty Ltd	500,000	1.14
Jeffrey Anthony Reed	500,000	1.14
Brahma Finance BVI Pty Ltd	500,000	1.14
Paul Falkingham	476,000	1.08
Bellevue Investments NSW Pty Ltd	468,000	1.06
Neale and Chad Johnson	432,500	0.98
Allwood Jackson Pty Ltd	400,000	0.91
Panstyn Investments Pty Ltd	360,956	0.82
	19,968,414	45.35

OPTIONHOLDERS

Name	No. of Options	% of Total
Subiaco Capital Pty Ltd	3,000,000	7.22
David Sundance Vanzyl	1,350,000	3.25
Wayne & Wendy Ryder (Ryder Super Fund)	1,005,000	2.42
Donella Plowright	1,000,000	2.41
Professional Payment Services	1,000,000	2.41
William D Goodfellow	1,000,000	2.41
Forty Traders Ltd	1,000,000	2.41
Diarmid Foulis	937,526	2.26
Panstyn Investments Pty Ltd	900,000	2.17
Russell Alfred Middleton	800,000	1.92
Jeffrey Anthony Reed	796,450	1.92
Babdessa Pty Ltd	780,000	1.88
Lorraine Young	775,000	1.86
Cleveland Inv Global Ltd	750,000	1.80
Skylea Holdings Pty Ltd	720,000	1.73
Michael Safar	700,000	1.68
Wayne Ryder	635,000	1.53
Timothy R Colclough	625,000	1.50
Robert Keith Woolnough	615,000	1.48
Warren Staude	600,000	1.44
	18,988,976	45.70

Eagle Eye Metals Limited

PROXY FORM

I/We.....

of.....

being a Member/Members of **EAGLE EYE METALS LIMITED**

HEREBY APPOINT.....

of.....

or failing him/her.....

of.....

or failing him/her the Chairman of the Meeting as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11.00 a.m. on Friday 6 November 2009 and at any adjournment thereof.

SIGNED THIS DAY OF 2009

Signature of.....(affix Common Seal)

Member(s).....(if a Corporation)

-Proxy Directions and signing requirements:-

If you desire to direct your Proxy how to vote on any item place a mark in the appropriate space below.

			FOR	AGAINST
1.		To adopt the 200 Annual Accounts		
2.		To re-elect Wayne Ryder as a Director		
3.		To approve the Remuneration Report		
4.		To accept Auditor's resignation		
5.		To appoint new Auditor		

Notes:

To be effective, the Proxy and the Power of Attorney (if any) under which it is signed must be received at the Registered Office, 45 Ventnor Avenue, West Perth WA 6005, or by fax at (08) 9389 4400 or email to info@eagleeyemetals.com not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

If the Member is a Corporation the Proxy Form should be signed under Common Seal.