



**EAGLE EYE**

Metals Limited

ABN 11 113 931 105

# HALF-YEAR REPORT

**CONDENSED FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

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## *Corporate Information*

This Condensed Report covers the activities of Eagle Eye Metals Limited ABN 11 113 931 105 for the half-year ended 31 December 2007. The Company's functional and presentation currency is Australian Dollars (AUD). A review of the Company's principal activities and operations is included in the Directors' Report at page 3. The Directors' Report is unaudited and does not form part of this Condensed Financial Report.

### **Directors**

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

### **Secretary**

Wayne Ryder FCA

### **Registered and Operations Office**

45 Ventnor Avenue  
West Perth WA 6005  
(08) 9389 4450  
Email: [info@eagleeyemetals.com](mailto:info@eagleeyemetals.com)  
Web Site: [www.eagleeyemetals.com](http://www.eagleeyemetals.com)

### **Exploration Manager**

Graham de la Mare  
Geologist  
West Perth Operations Office

### **Consulting Geologists**

BM Geological Services Pty Ltd  
Darryl Mapleson - Senior Geologist  
36 Hannan Street  
Kalgoorlie WA 6430

### **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

## *Directors' Report*

Your Directors are pleased to submit their Report for the half-year ended 31 December 2007.

The following were the Directors of the Company in office during the half-year under review and at the date of this Report:

Wayne Ryder – Executive Chairman  
Warren Staude  
Garry Plowright  
Tim Colclough – resigned 30 November 2007

### **PRINCIPAL ACTIVITY**

The Company's principal activity during the half-year was minerals exploration.

### **REVIEW OF EXPLORATION ACTIVITIES**

#### **Waite Kauri nickel project**

Formed with the aim of developing a strong presence in the metals exploration industry, in 2006 Eagle Eye acquired eight nickel, gold and other base metals exploration projects in the Leonora-Laverton region of the North-Eastern Goldfields of Western Australia. Following a fund raising by Prospectus the Company's shares and options were listed for trading on the Australian Securities Exchange ("ASX") on 6 December 2006.

Commencing the Prospectus detailed exploration program in early 2007, Eagle Eye has concentrated its efforts in the search for nickel oxides at the Waite Kauri project near Leonora. By 31 December 2007 the Company had completed shallow air core drilling of 183 holes, producing assay results described by our Consulting Geologists, Kalgoorlie based BM Geological Services, as "extremely encouraging" and "significant", adopting a results cut off grade of nickel of 0.50%. They advised that "the program was successful and ore grade mineralisation was encountered in 14 holes."

Subsequent to the end of the half-year under review, this work is being followed up with an intensive reverse circulation ("RC") drilling program designed to extend the known extents of the mineralisation, particularly in Eagle Eye's tenements directly adjoining GME Resources Limited's deposit of 1.30Mt @1.33% nickel and 0.14% cobalt.

The RC drilling programme has commenced in February 2008 under the supervision of Eagle Eye's recently appointed Exploration Manager, Geologist Graham de la Mare, working with our Consulting Geologists and the drilling contractors.

We anticipate that the drilling and laboratory assays, followed by the geological interpretation thereof, will take several weeks to complete, with results to be announced as soon as available, anticipated in the June 2008 quarter.

#### **Other exploration projects**

Eagle Eye's seven other exploration projects are all considered highly prospective, and our Exploration Manager and Consulting Geologists are currently preparing detailed exploration work programs for their development, these programs set to commence in the June 2008 quarter. Established targets for gold at Mertondale and Erlistoun, and base metals at Leonora East, will be given search priority.

## ***Directors' Report (cont.)***

### **FINANCIAL RESULTS**

During the half-year the Company recorded a net loss from administration and operating activities of \$90,324 (2006 \$270,924). This result was achieved after receiving interest on cash deposits of \$135,064 (2006 \$39,798). Exploration expenditure capitalised amounted to \$181,581 (2006 \$76,550).

### **ASSETS POSITION AND NET TANGIBLE ASSET BACKING PER SHARE**

At 31 December 2007 the Company was in a healthy position, with all exploration projects owned outright, negligible debt and with net cash and cashable investments on hand representing approx 8.4 cents per issued share.

### **CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Company during the half-year under review.

### **SUBSEQUENT EVENTS**

In January 2008 the Company appointed Geologist Graham de la Mare as full time Exploration Manager on a salary plus future allotments of options over shares incentives basis.

In February 2008 the Company took a placement for cash of 250,000 fully paid ordinary shares in ASX listed gold miner Beaconsfield Gold NL at 23 cents per share, total \$57,500.

### **AUDITOR'S INDEPENDENCE DECLARATION**

The Auditor's independence declaration is set out on page 5 and forms part of the Directors' Report for the half-year ended 31 December 2007.

### **SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS OF EAGLE EYE METALS LIMITED**



**WAYNE RYDER  
DIRECTOR**

Dated at West Perth this 11<sup>th</sup> day of March 2008



## 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 review of Eagle Eye Metals Limited for the half-year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (b) No contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON (WA) PARTNERSHIP

MJ HILLGROVE  
Partner  
Perth

Date: 11<sup>th</sup> March 2008

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**Condensed Income Statement**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	<b>31 Dec 2007 \$</b>	<b>31 Dec 2006 \$</b>
<b>INCOME</b>		
Interest received	135,064	39,798
	-----	-----
<b>EXPENSES</b>		
Wages and salaries	48,761	-
Superannuation	41,239	-
Accounting, management, consulting fees	20,861	232,768
Audit fees	1,625	-
Bank fees	256	506
ASX listing fees	23,317	43,686
Office rent	23,692	-
Legal fees	361	-
Share registry expenses	4,137	-
Public relations, entertainment and promotion expenses	21,893	6,500
Travel	1,364	1,134
Printing, postages, stationery, etc	1,665	11,778
Other administration expenses	36,217	14,350
	-----	-----
	225,388	310,722
	-----	-----
<b>NET OPERATING (LOSS) BEFORE INCOME TAX</b>	<b>(90,324)</b>	<b>(270,924)</b>
Less: Income tax	-	-
	-----	-----
<b>NET OPERATING (LOSS) AFTER INCOME TAX</b>	<b>(90,324)</b>	<b>(270,924)</b>
<b>ACCUMULATED (LOSSES) AT THE BEGINNING OF THE HALF-YEAR</b>	<b>(604,328)</b>	<b>(250,515)</b>
	-----	-----
<b>ACCUMULATED (LOSSES) AT THE END OF THE HALF-YEAR</b>	<b>(694,652)</b>	<b>(521,439)</b>
	=====	=====
<b>Earnings Per Share for profit/(loss) attributable to ordinary equity holders:</b>		
Basic earnings per share	(0.002)	(0.007)
Diluted earnings per share	(0.002)	(0.007)

*The condensed income statement is to be read in conjunction with the condensed notes to the interim financial report.*

**Condensed Balance Sheet**

AS AT 31 DECEMBER 2007

	Note	31 Dec 2007 \$	30 Jun 2007 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		3,527,322	3,860,832
Receivables and loans		32,135	6,000
Available for sale shares		200,000	200,000
		-----	-----
<b>Total Current Assets</b>		<b>3,759,457</b>	<b>4,066,832</b>
		-----	-----
<b>Non-Current Assets</b>			
Mining tenements and exploration costs		1,059,012	877,431
Property, plant and equipment		10,176	9,696
		-----	-----
<b>Total Non-Current Assets</b>		<b>1,069,188</b>	<b>887,127</b>
		-----	-----
<b>TOTAL ASSETS</b>		<b>4,828,645</b>	<b>4,953,959</b>
		=====	=====
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		23,543	58,533
		-----	-----
<b>TOTAL LIABILITIES</b>		<b>23,543</b>	<b>58,533</b>
		=====	=====
<b>NET ASSETS</b>		<b>4,805,102</b>	<b>4,895,426</b>
		=====	=====
<b>EQUITY</b>			
Contributed equity	3	5,499,754	5,499,754
Accumulated losses		(694,652)	(604,328)
		-----	-----
<b>NET EQUITY</b>		<b>4,805,102</b>	<b>4,895,426</b>
		=====	=====

*The condensed balance sheet is to be read in conjunction with the condensed notes to the interim financial report.*



**Condensed Statement of Changes in Equity**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Note	Ordinary Share Capital \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2006</b>	3	677,347	(250,515)	426,832
Shares issued during the half-year		5,258,900		5,258,900
Share issue expenses		(426,049)		(426,049)
Current half-year (loss)			(270,924)	(270,924)
<b>Balance at 31 December 2006</b>	3	<b>5,510,198</b>	<b>(521,439)</b>	<b>4,988,759</b>
Shares issued during the half-year		2,000		2,000
Share issue expenses		(12,444)		(12,444)
Current half-year (loss)			(82,889)	(82,889)
<b>Balance at 30 June 2007</b>	3	<b>5,499,754</b>	<b>(604,328)</b>	<b>4,895,426</b>
Shares issued during the half-year		-		-
Share issue expenses		-		-
Current half-year (loss)			(90,324)	(90,324)
<b>Balance at 31 December 2007</b>	3	<b>5,499,754</b>	<b>(694,652)</b>	<b>4,805,102</b>

The condensed statement of changes in equity is to be read in conjunction with the condensed notes to the interim financial report.

## ***Condensed Cash Flow Statement***

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Note	31 Dec 2007 \$	31 Dec 2006 \$
<b>Cash flows from operating activities</b>			
Interest received		135,064	39,798
Payments to suppliers and employees		(286,513)	(146,992)
		-----	-----
Cash flows (used in)/ provided from operating activities		<b>(151,449)</b>	<b>(107,194)</b>
		-----	-----
<b>Cash flows from Investing activities</b>			
Exploration and Tenement Costs		(181,581)	(76,550)
Payments for property, plant and equipment		(480)	(2,000)
		-----	-----
Cash flows (used in)/provided from investing activities		<b>(182,061)</b>	<b>(78,550)</b>
		-----	-----
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	5,258,900
Proceeds from borrowings		-	15,000
Repayment of borrowings		-	(100,000)
Share issue expenses		-	(426,049)
		-----	-----
Cash flows (used in)/ provided from financing activities		-	<b>4,747,851</b>
		-----	-----
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(333,510)</b>	<b>4,562,107</b>
		-----	-----
Cash and cash equivalents at the beginning of the half-year		3,860,832	32,488
		-----	-----
<b>Cash and cash equivalents at the end of the half-year</b>		<b>3,527,322</b>	<b>4,594,595</b>
		-----	-----

*The condensed cash flow statement is to be read in conjunction with the condensed notes to the interim financial report.*

# ***Condensed Notes to the Interim Financial Report***

## **FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

### **1. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

#### **Basis of preparation**

This general purpose condensed financial report for the half-year ended 31 December 2007 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the company as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2007 and considered together with any public announcements made by the company during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations of the *ASX listing rules*.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the 30 June 2007 annual financial report.

#### **Changes in Accounting Policy**

Since 1 July 2007 the company has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2007. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the company.

- AASB 7 – Financial Instruments: Disclosures.
- AASB 2005-10 – Amendments to Australian Accounting Standards (AASB 132,101,114,117,133,139,1,4,1023 and 1038).
- AASB 2007-4 – Amendments to Australian Accounting Standards Arising from ED 151 and Other Amendments.
- AASB 2007-5 – Amends AASB 102 Inventories.
- Interpretation 8 – Scope of AASB 2.
- Interpretation 9 – Reassessment of Embedded Derivatives.
- Interpretation 10 – Interim Financial Reporting and Impairment.
- Interpretation 11 – Share based payments.

### **2. SEGMENT REPORTING**

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

**Notes to the Financial Statements (cont.)**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

**3. ISSUED CAPITAL**

	31 Dec 2007 \$	30 Jun 2007 \$
44,010,000 (2006:44,000,000) fully paid ordinary shares	5,499,754	5,499,754

**Movements:-**

	No. Shares	\$	No. Options	\$
<b>Contributed equity at 1 July 2006</b>	<b>16,411,000</b>	<b>677,347</b>	<b>9,986,000</b>	-
Shares and options issued	27,589,000	5,258,900	27,589,000	-
Less – share issue expenses	-	(426,049)		
<b>Net equity funds raised</b>	<b>27,589,000</b>	<b>4,832,851</b>	<b>27,589,000</b>	-
<b>Contributed equity at 31 December 2006</b>	<b>44,000,000</b>	<b>5,510,198</b>	<b>37,575,000</b>	-
<b>Contributed equity at 1 July 2007</b>	<b>44,010,000</b>	<b>5,499,754</b>	<b>37,565,000</b>	-
Shares and options issued	-	-	-	-
Less – share issue expenses	-	-	-	-
<b>Net equity funds raised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contributed equity at 31 December 2007</b>	<b>44,010,000</b>	<b>5,499,754</b>	<b>37,565,000</b>	-

Ordinary shares participate in dividends and the proceeds on winding up of the entity 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.

At 31 December 2007 there are 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.

## *Notes to the Financial Statements (cont.)*

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

### 4. EXPENDITURE COMMITMENTS

The Company has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Company. The estimated amount of these commitments at 31 December 2007 to 30 June 2008 is \$480,000.

### 5. CONTINGENT LIABILITY

There are no contingent liabilities.

### 6. EVENTS SUBSEQUENT TO REPORTING DATE

Other than as referred to in the Directors' Report no matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

### 7. RELATED PARTIES

Transactions between related parties are on normal commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated. Transactions with related parties for the half-year were:-

i) Salary, superannuation, expenses reimbursement, accounting and management fees paid to Wayne Ryder and entities associated with him amounting to \$120,800. (31 December 2006 \$112,000).

ii) Consultancy fees paid to Warren Staude and entities associated with him amounting to \$15,000 (31 December 2006 \$15,000).

iii) Tenement maintenance service fees paid to Gary Plowright and entities associated with him amounting to \$30,000 (31 December 2006 \$19,500).

iv) General exploration consultancy service fees paid to Tim Colclough and entities associated with him amounting to \$12,500 (31 December 2006 \$55,000).

Directors' shareholdings and option holdings at 31 December 2007 were:-

Director	Shares held directly	Shares held indirectly	Options held directly	Options held indirectly
Wayne Ryder	3,125,000	230,000	625,000	230,000
Warren Staude	600,000	-	600,000	-
Garry Plowright	-	1,060,000	-	1,060,000

EAGLE EYE METALS LIMITED

## ***Directors' Declaration***

In the opinion of the Directors of Eagle Eye Metals Limited:

1. the financial statements and notes, as set out on pages 6 to 12, are in accordance with the Corporations Act 2001 including:
  - (a) giving a true and fair view of the financial position of the Company as at 31 December 2007 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporation Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a Resolution of the Directors.



**WAYNE RYDER**  
**DIRECTOR**

Dated at West Perth this 11<sup>th</sup> day of March 2008



## **INDEPENDENT AUDITOR'S REVIEW REPORT**

### **TO THE MEMBERS OF EAGLE EYE METALS LIMITED**

#### **Report on the half-year financial report**

We have reviewed the accompanying half-year financial report of Eagle Eye Metals Limited (the Company) which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a description of accounting policies, and other selected explanatory notes.

#### **Directors' responsibility for the half-year financial report**

The directors of the Company are responsible for the preparation and fair presentation of the half-year 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 control relevant to the preparation and fair presentation of the half-year 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.

#### **Auditor's responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of Eagle Eye Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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**Independence**

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

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Eagle Eye Metals Limited is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
- (b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and Corporations Regulations 2001.



GRANT THORNTON (WA) PARTNERSHIP



MJ HILLGROVE  
Partner  
Perth

Date: 11<sup>th</sup> March 2008