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27 January 2009

The Company Announcements Office
Australian Securities Exchange Limited

QUARTERLY ACTIVITIES REPORT TO 31 DECEMBER 2008

Highlights

With our Waite Kauri nickel/cobalt project now Joint Ventured out, Eagle Eye has intensified its search for gold.

Original Prospectus gold areas at Leonora/Laverton show high prospectivity and are targeted for further exploration, including drilling.

Cash outflows for the quarter down to less than \$50,000 per month, over \$2.5million cash reserves, very little debt.

Sound financial position and small share capital base sees the Company attracting offers to participate in substantial gold, coal, uranium and base metals ventures in Australia and offshore.

Coffey Mining South Africa geological consultants appointed.

The world's financial crisis has not prompted any major shift in Eagle Eye's exploration and development policy since Listing on ASX in late 2006. The continuing policy is to carefully research and assess our projects before implementing expensive exploration work, so as to get the best results for the minimum possible expenditure.

The Company's total cash expenditure for the quarter was kept down to \$140,000 at a monthly cash outflow of less than \$50,000. These savings were due in part to the Company's Waite Kauri nickel/cobalt project being successfully Joint Ventured out to Poseidon Nickel Limited in the September 2008 quarter.

Eagle Eye was originally intended as a primarily gold search Float. This well fits the founders and Directors considerable knowledge in this metal and the acquisition of a portfolio of excellent mostly gold prospects in the Leonora/Laverton region of the North Eastern Goldfields of Western Australia, a world renowned gold producing area. However, initial search focus was deliberately shifted to the Company's Waite Kauri nickel/cobalt project due to a massive increase in world demand and price for these metals. Now that this project has been Joint Ventured out, we are focusing strongly on gold opportunities, certainly a preferred metal in these troubled economic times.

As outlined in the following Consulting Geologist's report, the Company is now working up exploration and drilling programs for implementation on its highly prospective Western Australian gold exploration projects at Apollo Hill, Erlistoun, Little Doris, Wandry Well and Randwick.

With a sound financial position and a relatively small share capital structure, Eagle Eye is continually receiving approaches from other explorers and their broker/financial adviser representatives seeking to vend in mining projects. These opportunities are being carefully assessed by our well experienced mining industry Directors, in conjunction with our consulting geologists Rocworth Consulting in Australia. We have also recently appointed world recognized consultants Coffey Mining in South Africa to review and advise on projects in that region on offer to Eagle Eye.

CONSULTING GEOLOGIST'S REPORT BY ROCWORTH CONSULTING

Leonora/Laverton gold projects

The widely publicised financial crisis gripping the world's economies has only acted to reinforce the importance of Eagle Eye's long standing exploration strategy of ensuring that any exploration activity funded by the Company is undertaken in the most cost-effective manner possible. This strategy has seen Eagle Eye maintain a sound financial position whilst advancing its most prospective projects.

The financial crisis has also placed Eagle Eye in a good position for 2009 from an exploration perspective. Whilst the gold price continues to maintain its high level due in large part to the world embracing gold as a safe haven, the cost of most exploration activities (including the cost of drilling) has fallen considerably. Therefore, at no time in the recent past has gold exploration been on a more attractive cost basis. Consequently, last quarter Eagle Eye undertook a comprehensive review into the gold prospectivity of all its projects, including preparation of cost budgets required to advance the projects offering the highest potential of hosting economic gold mineralisation.

The results of this review Eagle Eye confirmed the attractiveness of the Company's Apollo Hill, Erlistoun and Little Doris gold projects, with these targets forming the basis of initial exploration endeavours for 2009, including targeted drilling campaigns.


The potential of Eagle Eye's Wandry Well and Randwick projects to host economic gold mineralisation was also elevated as a result of the review. Work programs are presently being complied for these two additional prospective gold projects for possible inclusion in next quarter's exploration campaign.

Rocworth Consulting
Benjamin Bell
BSc, MMET, MBA

The Company's Appendix 5B Financial Statements for the quarter follow.

Shareholders and investors queries are welcome at the contact details below.

Yours sincerely



Executive Chairman

Competent Person Declaration

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Benjamin Bell of Rocworth Consulting, who is a member of The Australian Institute of Geoscientist. Mr Bell has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration, Mineral Resources and Ore Reserves". He consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

For further information please contact:

Wayne Ryder, Executive Chairman

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Or consult Eagle Eye's web site

www.eagleymetals.com

ASX SHARE CODE: EYE
ASX OPTIONS CODE: EYEO

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

EAGLE EYE METALS LIMITED

ABN

11 113 931 105

Quarter ended ("current quarter")

31 DECEMBER 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(94)	(360)
(b) development	-	-
(c) production	-	-
(d) administration	(84)	(215)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	39	90
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(139)	(485)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(1)	(4)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	(1)	(4)
1.13 Total operating and investing cash flows (carried forward)	(140)	(489)

1.13	Total operating and investing cash flows (brought forward)	(140)	(489)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	44
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – share issue expenses/refunds	-	-
	Net financing cash flows	-	44
	Net increase (decrease) in cash held	(140)	(445)
1.20	Cash at beginning of quarter/year to date	2,734	3,039
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,594	2,594

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	69
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.2 includes aggregates amounts paid to directors including directors fees, consulting fees and superannuation payments

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	160
4.2 Development	-
Total	160

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	39	24
5.2 Deposits at call	2,550	2,700
5.3 Bank overdraft	-	-
5.4 Other – Security Deposits/Debit Card	5	10
Total: cash at end of quarter (item 1.22)	2,594	2,734

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	44,010,000	44,010,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	41,565,000	41,565,000	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 30 June 2010
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:

Date: 27 January 2009

(Director/Company Secretary)

Print name: **WAYNE RYDER.**

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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