



**EUCLA PROJECT – COMPLETION OF DRILLING
MAGNETIC/GRAVITY TARGETS**

SUMMARY

Enterprise Metals Limited (“Enterprise” or “the Company”, ASX: “ENT”) wishes to announce that it has completed scout drilling at the five magnetic/gravity targets near Balladonia, on the edge of the Eucla Basin.

In all cases igneous dioritic rocks with minor magnetite concentrations were intersected in the Precambrian basement. The dioritic rocks are interpreted to adequately explain the target magnetic/gravity anomalies. Geological inspection of the drill samples does not reveal any mineralization or alteration that might be of economic interest, although assay and petrographic results are awaited. The future of the project will be assessed after all assay and petrographic results from these unusual features are received and interpreted.

Background

Enterprise has a package of tenements centred around Balladonia, a roadhouse approximately 200km east of Norseman on the Eyre Highway. The project consists of two granted tenements E69/2603, E69/2604 and three tenements in application covering an area of 1470km².

Regional magnetic data suggested the area may contain enclaves of high rank metamorphics and/or thin linear belts of mafic volcanics, mafic-ultramafic layered complexes, and acid volcanics with sulphide rich intrusive bodies. Cenozoic sediments covering most of the magnetic targets were thought to be generally less than 150 metres thick.

In 2009 Enterprise carried out a detailed airborne magnetic survey (100m flight line spacing) over parts of E69/2603 which defined a series of strong intrusive like magnetic features. Reconnaissance gravity surveys were then completed in late 2009, with gravity anomalies of up to 8 milligals being detected coincident with the magnetic features.

Enterprise interpreted these magnetic targets to have potential to contain or be associated with large world class deposits of iron oxide-copper-gold (“IOCG”), such as Olympic Dam in South Australia. The Company received a grant from the WA State Government, to a maximum of \$150,000, to drill test these unusual magnetic targets, and a combined RC/diamond drilling program commenced in October 2010. The program encountered numerous delays due to mechanical failures associated with the drilling equipment and very difficult drilling conditions in the overlying limestone and clay cover sequence.

Drilling Results

At the **Balladonia Prospect**, approximately 3km NE of the Balladonia homestead, hole **BLRCD07** was drilled to test a discrete magnetic high within the broader circular Balladonia magnetic anomaly. The hole intersected coarse magnetic biotite-diorite (identified by field observation of hand specimens) from 39m to 78.6m vertically below surface, where the hole was terminated. A 24.6m cored interval was obtained at the end of the hole.

At the **Racecourse Prospect**, approximately 7km south of the Balladonia Homestead, hole **BLRC01** was drilled in the centre of the target magnetic anomaly. The hole was abandoned at 123m in the

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Cenozoic cover sediments, with the drill rods stuck in the hole. Hole **BLRCD05** was drilled on the northern edge of the anomaly, and penetrated the cover sediments at 119.0m vertically below surface, where it intersected biotite-diorite to quartz-biotite-diorite with accessory magnetite, to the end of hole at 129.5m.

At the **New Dam Prospect**, approximately 23km SSE of the Balladonia Roadhouse, hole **BLRC03** was drilled on the NE edge of the target magnetic anomaly, and intersected magnetic quartz-biotite-diorite from 34m to 43m vertically below surface, where the hole was terminated. Hole **BLRC04** was drilled 1.5km inside the target magnetic anomaly to gauge any variability in the basement rocks, but was abandoned at 49m in the cover sediments, with drill rods bogging down the hole.

At **June's Prospect**, approximately 33km SE of the Balladonia Roadhouse, hole **BLRC02** was drilled on the northern edge of the target magnetic anomaly, at its interpreted shallowest point. The hole intersected magnetic metamorphosed quartz-biotite-diorite at 19m vertically below surface, and was terminated at 31m. An exploratory water bore was attempted nearby, and also intersected weakly magnetic metamorphosed quartz-biotite-diorite from 41m to 43m vertically below surface.

At **Bill's Prospect**, approximately 31km SSE of the Balladonia homestead, hole **BLRCD06** was drilled on the SE edge of the target magnetic anomaly, due to difficult access to other parts of the prospect. The hole intersected magnetic metamorphosed chlorite-biotite diorite from 90m to 92.1m vertically below surface where the hole was terminated.

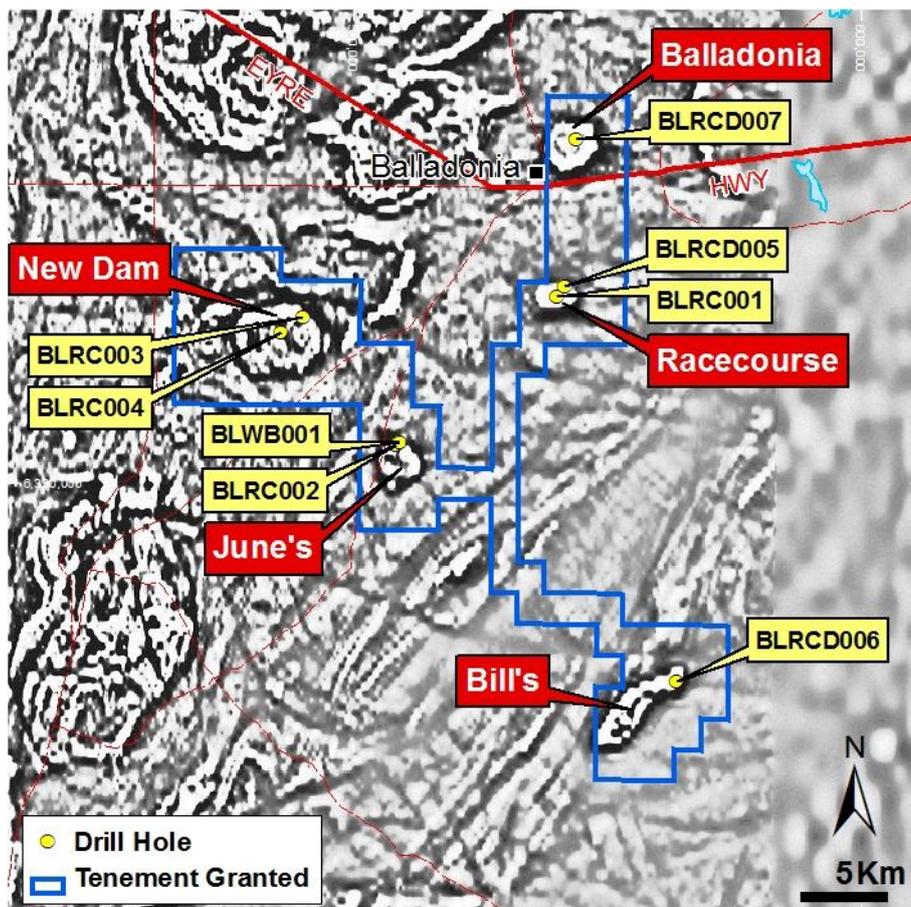


Figure 1. Eucla Project, Aeromagnetic Image with Five Magnetic targets and Drill Hole Locations



Table 1. Drill Hole Locations

Hole No.	North	East	Prospect	EL	Depth	Diamond Cored Interval
BLRC01	6401153	582008	Racecourse	E69/2603	123m	-
BLWB01	6392497	572746	June's	E69/2603	43m	-
BLRC02	6392325	572541	June's	E69/2603	31m	-
BLRC03	6399896	567043	New Dam	E69/2603	43m	-
BLRC04	6399003	565787	New Dam	E69/2603	49m	-
BLRCD05	6401752	582505	Racecourse	E69/2603	129.5m	61-129.5m*
BLRCD06	6378265	589135	Bill's	E69/2603	92.1m	18-92.1m*
BLRCD07	6410501	583210	Balladonia	E69/2603	78.6m	54-78.6m

All holes were vertical. Coordinates are MGA94 Zone 51. *Drilling difficulty in the cover sediments forced core drilling to be used early in the hole.

The future of the project will be assessed after all assay and petrographic results are received and interpreted.

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The information in this announcement that relates to Exploration Results has been compiled by Mr Dermot Ryan, who is a Fellow of the Australian Institute of Geoscientists, and a full time employee of geological consultancy Xserv Pty Ltd. Mr Ryan has sufficient relevant experience in the techniques being reported and styles of mineralisation and types of deposit under consideration, and in the activity he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code), and consents to the inclusion of the information in the form and context in which it appears.