



ENTERPRISE METALS LIMITED

ACN 123 567 073

Notice of General Meeting and Explanatory Statement

General Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia
on 29 August 2012 at 10:00 am (WST)

This Notice of General Meeting and Explanatory Statement should be read in its entirety.
Shareholders in doubt as to how they should vote should seek advice from their professional advisers.

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Corporate Directory

Directors

Dr Jingbin Wang (Non Executive Chairman)
Mr Dermot Ryan (Managing Director)
Dr Zhen Huang (Non Executive Director)
Mrs Anna Mao (Non Executive Director)
Mr Paul Hallam (Non Executive Director)
Mr Bruce Hawley (Non Executive Director)
Dr Allan Trench (Non Executive Director)

Company Secretary

Mr Dennis Wilkins (CFO)

Principal & Registered Office

Level 1, 640 Murray Street
West Perth WA 6005

Telephone: (08) 9436 9200
Email: info@enterprisemetals.com.au

Share Registry

Computershare Registry Services
Level 2, 45 St Georges Terrace
Perth WA 600

Auditor

Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
West Perth WA 6005

ASX Code

ENT

Website

www.enterprisemetals.com.au

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Notice of General Meeting

A General Meeting of Enterprise Metals Limited will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 29 August 2012 at 10:00 am (WST). The Explanatory Statement which forms part of this Notice of General Meeting describes the various matters to be considered. Shareholders are asked to refer to the Glossary at the end of the Explanatory Statement which contains definitions of the terminology used in this Notice of General Meeting and the Explanatory Statement.

Special Business:

Resolution 1: Adoption of new constitution

To consider and if thought fit to pass, with or without amendment, the following as a special resolution:

“That for the purposes of section 136(2) of the Corporations Act and for all other purposes, the Constitution be replaced with immediate effect, with the Constitution available for inspection at the General Meeting.”

Resolution 2: Approval for the Issue of Securities under the Enterprise Metals Limited Employee Share Option Plan 2012

To consider and, if thought fit, to pass with or without amendment, the following as an ordinary resolution:

“That the establishment and operation of an employee share option plan be approved for the purposes of ASX Listing Rule 7.2 exception 9, to be called the Enterprise Metals Limited Employee Share Option Plan 2012, for the provision of incentives to employees and consultants of the Company and its subsidiaries by issuing Options on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: For the purposes of ASX Listing Rule 7.2 exception 9 the Company will disregard any votes cast by any Director and any of their associates except a Director who is ineligible to participate in the plan. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 3: Approval for the issue of 2.5 million Options under the Enterprise Metals Limited Employee Share Option Plan 2012 to Mr Dermot Ryan

To consider and if thought fit to pass, with or without amendment, the following as an ordinary resolution:

“Conditional on Resolution 2 being approved, that for the purpose of ASX Listing Rule 10.14 and for all other purposes, the members of the Company authorise and approve the issue of 2.5 million Options under the Enterprise Metals Limited Employee Share Option Plan 2012 by the Company to Mr Dermot Ryan, Managing Director of the Company, or his nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: For the purposes of ASX Listing Rule 10.14 the Company will disregard any votes cast by any Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4: Approval for the issue of 1.5 million Options under the Enterprise Metals Limited Employee Share Option Plan 2012 to Dr Jing bin Wang

To consider and if thought fit to pass, with or without amendment, the following as an ordinary resolution:

"Conditional on Resolution 2 being approved, that for the purpose of ASX Listing Rule 10.14, Section 208 of the Corporations Act and for all other purposes, the members of the Company authorise and approve the issue of 1.5 million Options under the Enterprise Metals Limited Employee Share Option Plan 2012 by the Company to Dr Jing bin Wang, Non Executive Chairman of the Company, or his nominee, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: For the purposes of ASX Listing Rule 10.14 the Company will disregard any votes cast by any Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 5: Approval for the issue of 900,000 Options under the Enterprise Metals Limited Employee Share Option Plan 2012 to Dr Zhen Huang

To consider and if thought fit to pass, with or without amendment, the following as an ordinary resolution:

"Conditional on Resolution 2 being approved, that for the purpose of ASX Listing Rule 10.14, Section 208 of the Corporations Act and for all other purposes, the members of the Company authorise and approve the issue of 900,000 Options under the Enterprise Metals Limited Employee Share Option Plan 2012 by the Company to Dr Zhen Huang, Non Executive Director of the Company, or his nominee, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: For the purposes of ASX Listing Rule 10.14 the Company will disregard any votes cast by any Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 6: Approval for the issue of 900,000 Options under the Enterprise Metals Limited Employee Share Option Plan 2012 to Mrs Anna Mao

To consider and if thought fit to pass, with or without amendment, the following as an ordinary resolution:

"Conditional on Resolution 2 being approved, that for the purpose of ASX Listing Rule 10.14, Section 208 of the Corporations Act and for all other purposes, the members of the Company authorise and approve the issue of 900,000 Options under the Enterprise Metals Limited Employee Share Option Plan 2012 by the Company to Mrs Anna Mao, Non Executive Director of the Company, or her nominee, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: For the purposes of ASX Listing Rule 10.14 the Company will disregard any votes cast by any Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 7: Approval for the issue of 900,000 Options under the Enterprise Metals Limited Employee Share Option Plan 2012 to Mr Paul Hallam

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To consider and if thought fit to pass, with or without amendment, the following as an ordinary resolution:

"Conditional on Resolution 2 being approved, that for the purpose of ASX Listing Rule 10.14, Section 208 of the Corporations Act and for all other purposes, the members of the Company authorise and approve the issue of 900,000 Options under the Enterprise Metals Limited Employee Share Option Plan 2012 by the Company to Mr Paul Hallam, Non Executive Director of the Company, or his nominee, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: For the purposes of ASX Listing Rule 10.14 the Company will disregard any votes cast by any Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 8: Approval for the issue of 900,000 Options under the Enterprise Metals Limited Employee Share Option Plan 2012 to Mr Bruce Hawley

To consider and if thought fit to pass, with or without amendment, the following as an ordinary resolution:

"Conditional on Resolution 2 being approved, that for the purpose of ASX Listing Rule 10.14, Section 208 of the Corporations Act and for all other purposes, the members of the Company authorise and approve the issue of 900,000 Options under the Enterprise Metals Limited Employee Share Option Plan 2012 by the Company to Mr Bruce Hawley, Non Executive Director of the Company, or his nominee, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: For the purposes of ASX Listing Rule 10.14 the Company will disregard any votes cast by any Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 9: Approval for the issue of 900,000 Options under the Enterprise Metals Limited Employee Share Option Plan 2012 to Dr Allan Trench

To consider and if thought fit to pass, with or without amendment, the following as an ordinary resolution:

"Conditional on Resolutions 2 and 10 being approved, that for the purpose of ASX Listing Rule 10.14, Section 208 of the Corporations Act and for all other purposes, the members of the Company authorise and approve the issue of 900,000 Options under the Enterprise Metals Limited Employee Share Option Plan 2012 by the Company to Dr Allan Trench, Non Executive Director of the Company, or his nominee, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: For the purposes of ASX Listing Rule 10.14 the Company will disregard any votes cast by any Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 10: Re-election of Director

To consider and if thought fit to pass, with or without amendment, the following as an ordinary resolution:

“That for all purposes Dr Allan Trench who was appointed to the Board since the last annual general meeting of the Company is re-elected as a Director”.

Proxies

Please note that:

- (a) A member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) A proxy need not be a member of the Company; and
- (c) A member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

Snap-shot time

The Company may specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the meeting. The Directors have determined that all shares of the Company that are quoted on ASX at 5pm WST on 27 August 2012 shall be taken to be held by the persons registered as holding the shares at that time, for the purposes of determining voting entitlements at the General Meeting.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative. An appointment of Corporate Representative form is available upon request.

Signed in accordance with a resolution of the Directors dated 19 July 2012

Dennis Wilkins
Company Secretary
Dated 19 July 2012

Explanatory Statement

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions. This Explanatory Statement should be read in conjunction with the Notice of General Meeting. Shareholders are asked to refer to the Glossary at the end of the Explanatory Statement which contains definitions of the terminology used.

Resolution 1: Adoption of new Constitution

The Board consider that updating the Constitution is necessary, given that the existing Constitution was adopted in January 2007. Since then terminology and processes which are referred to in the Constitution has become out of date or obsolete as a result of ASX updating settlement procedures, bodies and rules.

In addition the Board wishes to ensure that the Constitution is legally effective in facilitating the agreement by ENT shareholders to be bound by the constitution of any entity whose securities may be distributed in specie by ENT to shareholders. This is consistent with the Company's announcement to ASX during July 2012 regarding the possible demerger of the Company's uranium assets and subsequent capital reduction to be effected by way of a distribution in specie of shares in the entity holding the Company's former uranium assets, to the Company's shareholders as at a record date yet to be determined.

Shareholders' attention is drawn to clause 11 of the proposed new Constitution which reads:

"Reduction Of Capital

The Company may by resolution of a type specified in section 256C of the Corporations Act, reduce its share capital in any way not otherwise provided under the Corporations Act including, but not limited to, distributing securities of any other body corporate to Members and for the Members to be bound by the constitution of that body corporate, subject to the reduction being fair and reasonable to the Company's Members as a whole and not materially prejudicing the Company's ability to pay its creditors."

A copy of the proposed new Constitution will be available on the Company's website (www.enterprisemetals.com.au) under the Governance tab, and at the Meeting for inspection. Shareholders may also request an electronic copy at any time before the Meeting, by contacting the Company Secretary.

Resolution 2: Approval for the Issue of Securities under the Enterprise Metals Limited Employee Share Option Plan 2012

Resolution 2 seeks to approve the Enterprise Metals Limited Employee Share Option Plan 2012 ("**Plan**") for the purposes of Listing Rule 7.2 Exception 9. The Plan provides the Board with the discretion to grant Options to eligible employees, directors and consultants that will vest subject to the satisfaction of a vesting period, or as otherwise determined by the Board.

As at the date of this Notice, no Options have been issued to any party under the Plan.

The Plan satisfies certain ASIC class order conditions, relieving the Company from the obligation to issue a prospectus for the offer of Options to participants other than consultants under the Plan. Offers of Options under the Plan which are made to consultants will constitute excluded offers under section 708(12) of the Corporations Act which exempts the Company from the obligation to issue a prospectus.

Listing Rule 7.1 provides that without the approval of the holders of ordinary securities, an entity must not issue or agree to issue equity securities which amount to more than 15% of its issued share capital in any rolling 12 month period. However, Listing Rule 7.2 sets out a number of exceptions to Listing Rule 7.1. These exceptions include Exception 9 which is an issue under an employee incentive scheme if within 3 years before the date of issue the holders of ordinary securities have approved the issue of securities under the scheme as an exception to this rule. Shareholder approval is now sought for the Plan for a 3 year period.

The effect of passing the resolution will provide the Company with an opportunity to incentivise its employees and consultants without affecting its capacity to issue equity securities under ASX Listing Rule 7.1, because Shares issued under the Plan during the three years following the date of the Meeting will not be taken into account for calculations of the Company's 15% capacity under ASX Listing Rule 7.1.

A summary of the rules of the Plan follows, for the purposes of ASX Listing Rule 7.2 Exception 9:

- All employees (full and part-time) and consultants will be eligible to participate in the Plan subject to any qualifying period of employment or engagement by the Company, as set out in the offer from the Board.
- If permitted by the Board, Options may be issued to an employee's nominee (for example a spouse or family company).
- Each Option entitles the holder to subscribe for one fully paid ordinary share in the Company and will expire up to five (5) years from (and including) its date of issue. The Board will determine the expiry date applicable to each offer of Options within this five year limit, in the offer from the Board.
- Options will be issued free.
- The exercise price of Options will be determined by the Board at the time it resolves to offer the Options.
- Subject to certain exceptions, the total number of Shares on issue as a result of exercise of Options issued under the Plan must not exceed 5% of the Company's issued share capital.
- If, prior to the expiry date of Options, a person ceases to be an employee of the Company for any reason other than retirement, permanent disability, redundancy or death, the Options held by that person (or that person's nominee) must be exercised within one (1) month thereafter otherwise they will automatically lapse. If a person dies, the Options held by that person will be exercisable by that person's legal personal representative.
- Options cannot be transferred other than to the legal personal representative of a deceased Option holder. The Company will not apply for official quotation of any Options issued pursuant to the Plan.
- Shares issued as a result of the exercise of Options will rank equally with the Company's Shares currently on issue, and application for official quotation of those Shares will be made by the Company within the timeframe required by ASX.
- Option holders may only participate in new issues of securities by first exercising their Options.
- If there is a bonus share issue to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
- If there is a pro rata issue (other than a bonus issue) to the holders of Shares, the exercise price of an Option will be reduced to take account of the effect of the pro rata issues as per the calculated formula.
- If there is a reorganisation of the issued capital of the Company, unexercised Options will be reorganised in accordance with the ASX Listing Rules.
- The Board may amend the rules to the Plan subject to the requirements of the Listing Rules.

All of the Directors are eligible to participate in the Plan and all of the Directors and their associates are excluded from voting in relation to Resolution 2. None of the Directors make a recommendation in relation to Resolution 2.

Resolution 3: Approval for the issue of 2.5 million Options under the Enterprise Metals Limited Employee Share Option Plan 2012 to Mr Dermot Ryan

Resolution 3 seeks Shareholder approval for the issue of Options under the Plan, to the Company's Managing Director, Dermot Ryan, pursuant to ASX Listing Rule 10.14. Resolution 3 is conditional on Resolution 2 being passed. If Resolution 2 is not approved by Shareholders, the Chairman will not put Resolution 3 to Shareholders.

Listing Rule 10.14 requirements

Listing Rule 7.1 provides generally that a company may not issue securities equal to more than 15% of the Company's issued share capital in any 12 months without obtaining shareholder approval. Listing Rule 10.14 provides that a company must not issue equity securities under the terms of an approved employee incentive scheme to a related party of the Company, such as a director, without the company obtaining shareholder approval by ordinary resolution. Where shareholder approval is obtained under Listing Rule 10.14, it is not also required under Listing Rule 7.1.

The Options under the Plan (more details of which are provided under Resolution 2) are equity securities for the purposes of the ASX Listing Rules. The following information is provided for the purposes of ASX Listing Rule 10.15A.

The recipient of the Options is Managing Director Dermot Ryan.

The maximum number of Options to be issued to Dermot Ryan is 2.5 million, and the maximum number of Shares to be issued to Dermot Ryan, assuming the Options granted to him become capable of exercise, will be 2.5 million Shares.

No price will be paid for the Options upon issue.

The exercise price of the Options is calculated by reference to the 50% premium of the volume weighted average price of Shares over the last five days in which Shares are traded on ASX prior to the date of the Meeting.

No Directors or their associates have received any Option or Shares under the Plan to date.

All the current Directors of the Company are entitled to participate in the Plan. They are Dr Jingbin Wang, Mr Dermot Ryan, Dr Zhen Huang, Mrs Anna Mao, Mr Paul Hallam, Mr Bruce Hawley and Dr Allan Trench (subject to re-election under Resolution 4 to be put to the General Meeting). All future Directors will be eligible to participate in the Plan, along with all employees and consultants of the Company.

All of the Directors and their associates are excluded from voting on Resolution 3.

There are no loans involved or relevant to implementation or operation of the Plan.

Details of all Options issued under the Plan, and details of all Shares issued upon exercise of Options will be published in each annual report of the Company relating to each financial year in which any Options have been issued or exercised, by the Company under the Plan following its approval at the meeting.

Any new Directors appointed after the date of this Notice of General Meeting, who will be eligible to participate in the Plan, will not participate in the Plan unless they are named in a supplementary Notice of General Meeting, or until such time as Shareholder approval has been obtained for the issue of Securities to that individual under ASX Listing Rule 10.14 at a subsequent meeting.

The Options to be issued under the Plan will be issued no later than 3 years after the date of the Meeting. The Options are exercisable no later than 3 years after the date of issue of the Options, subject to a vesting period of one year after the date of the Meeting.

Chapter 2E of the Corporations Act

Under Resolution 3, the Company does not seek Shareholder approval in accordance with section 208 of the Corporations Act from Shareholders for the issue of the Options to Mr Ryan.

Mr Ryan is a Related Party of the Company by virtue of his position as Director and therefore satisfies the Related Party test set out in Chapter 2E of the Corporations Act and applied in Listing Rule 10.14. Section 208 of the Corporations Act prohibits a public company from giving a financial benefit to a Related Party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

Resolution 3 provides for the issue of securities to a related party, which is a financial benefit requiring Shareholder approval in the absence of a specified exception applying. The Board (excluding Mr Ryan) considers that the exception in section 211 of the Corporations Act is applicable in this case, because the Options the subject of Resolution 3 are considered to form part of his reasonable remuneration in his capacity as the Managing Director of the Company.

Since all of the Directors and their associates are excluded from voting on Resolution 2, none of the Directors make a recommendation in relation to Resolution 3.

Resolutions 4 to 9 (inclusive): Approval for the issue of Options under the Enterprise Metals Limited Employee Share Option Plan 2012 to Related Parties

Resolutions 4 to 9 inclusive seek Shareholder approval for the issue of Options under the Plan, to Related Parties of the Company, comprising all the Non Executive Directors, pursuant to ASX Listing Rule 10.14 and section 208 of the Corporations Act. Resolutions 3 to 8 (inclusive) are conditional on Resolution 2 being passed. If Resolution 2 is not approved by Shareholders, the Chairman will not put Resolutions 4 to 9 to Shareholders. Resolution 9 is also conditional on Resolution 10 being passed. If Resolution 10 is not approved by Shareholders, the issue of Options under Resolution 9 will not take place.

Listing Rule 10.14 requirements

Listing Rule 7.1 provides generally that a company may not issue securities equal to more than 15% of the Company's issued share capital in any 12 months without obtaining shareholder approval. Listing Rule 10.14 provides that a company must not issue equity securities under the terms of an approved employee incentive scheme to a related party of the Company, such as a director, without the company obtaining shareholder approval by ordinary resolution. Where shareholder approval is obtained under Listing Rule 10.14, it is not also required under Listing Rule 7.1.

The Options under the Plan (more details of which are provided under Resolution 2) are equity securities for the purposes of the ASX Listing Rules. The following information is provided for the purposes of ASX Listing Rule 10.15A in relation to Resolutions 4 to 9 (inclusive).

The recipients of the Options and the number of Options are detailed below.

Name of Related Party	Position	Number of Options	Current interests in the Company
Dr Jingbin Wang	Non Executive Chairman	1.5 million	Nil Shares; Non Executive Director's Fee of \$60,000 per annum
Dr Zhen Huang	Non Executive Director	900,000	Nil Shares; Non Executive Director's Fee of \$40,000 per annum
Mrs Anna Mao	Non Executive Director	900,000	6,500,000 Shares; Non Executive Director's Fee of \$40,000 per annum
Mr Paul Hallam	Non Executive Director	900,000	436,667 Shares; Non Executive Director's Fee of \$40,000 per annum
Mr Bruce Hawley	Non Executive Director	900,000	1,341,667 Shares; Non Executive Director's Fee of \$40,000 per annum
Dr Allan Trench	Non Executive Director	900,000	Nil Shares; Non Executive Director's Fee of \$40,000 per annum

No price will be paid for the Options upon issue.

The exercise price of the Options is calculated by reference to the 50% premium of the volume weighted average price of Shares over the last five days in which Shares are traded on ASX prior to the date of the Meeting.

No Directors or their associates have received any Option or Shares under the Plan to date.

All the current Directors of the Company are entitled to participate in the Plan. They are Dr Jingbin Wang, Mr Dermot Ryan, Dr Zhen Huang, Mrs Anna Mao, Mr Paul Hallam, Mr Bruce Hawley and Dr Allan Trench. All future Directors will be eligible to participate in the Plan, along with all employees and consultants of the Company.

All of the Directors and their associates are excluded from voting on Resolutions 4 to 9 (inclusive).

There are no loans involved or relevant to implementation or operation of the Plan.

Details of all Options issued under the Plan, and details of all Shares issued upon exercise of Options will be published in each annual report of the Company relating to each financial year in which any Options have been issued or exercised, by the Company under the Plan following its approval at the meeting.

Any new Directors appointed after the date of this Notice of Meeting, who will be eligible to participate in the Plan, will not participate in the Plan unless they are named in a supplementary Notice of Meeting, or until such time as Shareholder approval has been obtained for the issue of Securities to that individual under ASX Listing Rule 10.14 at a subsequent meeting.

The Options to be issued under the Plan will be issued no later than 3 years after the date of the Meeting. The Options are exercisable no later than 3 years after the date of issue of the Options, subject to a vesting period of one year after the date of the Meeting.

Section 208 Corporations Act requirements

Under Resolutions 4 to 9 (inclusive), the Company seeks Shareholder approval in accordance with section 208 of the Corporations Act from Shareholders for the issue of the Options. Each of the recipients of the Options under Resolutions 4 to 9 (inclusive) is a Related Party of the Company by virtue of his or her position as Director and therefore satisfies the Related Party test set out in Chapter 2E of the Corporations Act and applied in Listing Rule 10.14.

Section 208 of the Corporations Act prohibits a public company from giving a financial benefit to a Related Party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

Resolutions 4 to 9 (inclusive) provide for the issue of securities to Related Parties, which is a financial benefit requiring Shareholder approval in the absence of a specified exception applying. None of the exceptions are applicable in relation to Resolutions 4 to 9 (inclusive). For the purpose of Chapter 2E of the Corporations Act the following information is provided in relation to Resolutions 4 to 9 (inclusive):

The related party to whom the resolutions would permit the financial benefit to be given

The related parties for each Resolution are detailed in the table on the preceding page of this Explanatory Statement.

The nature of the financial benefit

The financial benefits proposed to be given are detailed in the table on the preceding page of this Explanatory Statement, for nil consideration. Each Option will allow the relevant Related Party to subscribe for one ordinary fully paid Share in the Company. Each Option is exercisable within 3 years of their issue date. The exercise price of the Options is calculated by reference to the 50% premium of the volume weighted average price of Shares over the last five days in which Shares are traded on ASX prior to the date of the Meeting.

There are no additional performance criteria attaching to exercise of the Options. Given the speculative nature of the Company's activities and the small management team responsible for its operations, it is considered that the performance of the Non Executive Directors, and the performance in terms of value of the Company's securities, are closely related. As such, the Options issued will generally only be of benefit if each of the Related Parties perform to the level whereby the value of the Company's securities increases sufficiently to warrant exercising the Options.

Existing interests

The interests which each of the Related Parties the subject of Resolutions 4 to 9 (inclusive) currently have in the Company are detailed in the table on the preceding page of this Explanatory Statement.

Dilution

If the Options granted under Resolutions 4 to 9 (inclusive) are exercised by each of the Related Parties, the effect will be to dilute the holdings of Shares of other Shareholders. The issue of the Options will in aggregate be equal to approximately 2.10% of the Company's fully-diluted share capital assuming exercise of all the Options granted pursuant to Resolutions 3 to 9 (inclusive) (based on the number of shares and options on issue as at the date of this Notice of Meeting), resulting in a total of 285,446,582 Shares on issue.

Valuation of financial benefit

The exercise price of the Options is structured to ensure that the Options are granted at a significant premium to the current share price as at the date of the Meeting. The Company reviewed the practices of other exploration companies of a similar size and stage of development to determine a reasonable number of options required to incentivise non executive directors. Based on that review, the Board determined the number of Options proposed in Resolutions 4 to 9 (inclusive) to be appropriate.

The Black and Scholes option pricing model has been applied in providing valuation information in respect to the Options to be issued under Resolutions 4 to 9 (inclusive).

Assumptions	
Valuation Date	10 July 2012
Market Price of Shares (at Valuation Date)	10.5 cents
Exercise Price (hypothetical exercise price)	17 cents
Expiry Date (3 years from Valuation Date)	10 July 2015
Risk Free Interest Rate	2.33%
Volatility	110%
Dividend yield	Nil
Indicative value per Incentive Option:	6.15 cents

Note: The valuation above is based on a hypothetical exercise price of the Options. The real exercise price can only be determined on the date of the Meeting, because it is based on the 5 day volume weighted average price of the Shares on the 5 trading days prior to the date of the Meeting. The total indicative value of the Options issued under Resolutions 4 to 9 (inclusive) is \$369,000.

Directors' recommendation

Since all of the Directors and their associates are excluded from voting on Resolutions 4 to 9 (inclusive), none of the Directors make a recommendation in relation to Resolutions 4 to 9 (inclusive).

The Directors are not aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolutions 4 to 9 (inclusive).

Resolution 10: Re-election of Director

Clause 13.4 of the Company's Constitution requires that any Director appointed by the Board as an addition to the Board, must retire at the next general meeting following his or her appointment, but is eligible for re-election at that general meeting. The Board seeks the approval of Shareholders for the appointment of Dr Allan Trench as a director of the Company with effect from close of the Meeting, in accordance with section 201G of the Corporations Act

Dr Trench holds a BSc (Hons) Geology from the Royal School of Mines, London (1985), a Ph.D (Geophysics) from Glasgow University (1988), an MSc (Distinction) in Mineral Economics from the WA School of Mines (1997), and an MBA (Distinction) from Oxford University (1999). From 1992 to 2001 Dr Trench led nickel and gold/base metal exploration teams in the Yilgarn and Kalgoorlie regions of WA. From 2002 Dr Trench has acted as consultant and manager for McKinsey and Company, KCGM Pty Ltd and Woodside Petroleum. Dr Trench has authored 8 books on finance and strategic management, holds non executive directorships with a number of emerging overseas and Australian listed resources companies and currently holds the positions of Adjunct Professor (Spatial Sciences) at the WA School of Mines, Curtin University; Research Professor, Progressive Risk & Value, Centre for Exploration Targeting at the University of Western Australia, and Professor, Department of Energy & Mineral Economics at the Curtin University Graduate School of Business.

The Board considers that Dr Trench's experience and expertise will be of great benefit to the Company, and recommends his appointment as a Director.

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

ASX	ASX Limited
Board	the board of Directors
Company	Enterprise Metals Limited
Constitution	The constitution of the Company as adopted by Shareholders from time to time
Corporations Act	Corporations Act 2001 (Cth)
Director	Director of the Company
Listing Rules	the ASX Listing Rules
Meeting or General Meeting	The General Meeting of the Company the subject of this Notice of Meeting
Option	An option to subscribe for a Share
Plan	The Enterprise Metals Limited Employee Share Option Plan 2012
Related Party	Has the meaning given in the Corporations Act
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A shareholder of the Company

For personal use only

Enterprise Metals Limited

ABN 43 123 567 073

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

For your vote to be effective it must be received by 10:00am (WST) Monday 27 August 2012

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
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 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Enterprise Metals Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Enterprise Metals Limited to be held at The Celtic Club, 48 Ord Street, West Perth, WA 6005 on Wednesday, 29 August 2012 at 10:00am (WST) and at any adjournment of that meeting.

Important for Resolutions 2 - 9: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Resolutions 2 - 9 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Resolutions 2 - 9 and your votes will not be counted in computing the required majority if a poll is called on these Resolutions. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 2 - 9.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2

Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval for the Issue of Securities under the Enterprise Metals Limited Employee Share Option Plan 2012	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval for the Issue of 2.5 Million Options under the Enterprise Metals Limited Employee Share Option Plan 2012 to Mr Dermot Ryan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for the Issue of 1.5 Million Options under the Enterprise Metals Limited Employee Share Option Plan 2012 to Dr Jingbin Wang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval for the Issue of 900,000 Options under the Enterprise Metals Limited Employee Share Option Plan 2012 to Dr Zhen Huang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval for the Issue of 900,000 Options under the Enterprise Metals Limited Employee Share Option Plan 2012 to Mrs Anna Mao	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval for the Issue of 900,000 Options under the Enterprise Metals Limited Employee Share Option Plan 2012 to Mr Paul Hallam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval for the Issue of 900,000 Options under the Enterprise Metals Limited Employee Share Option Plan 2012 to Mr Bruce Hawley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval for the Issue of 900,000 Options under the Enterprise Metals Limited Employee Share Option Plan 2012 to Dr Allan Trench	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Re-election of Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

ENT

999999A

Computershare +