

**DEMERGER TAX COST BASE APPORTIONMENT**

Enterprise Metals Limited (“Enterprise Metals”) confirms the demerger of Enterprise Uranium Limited (“Enterprise Uranium”) was completed on 30 October 2012, as previously announced. Enterprise Metals Shareholders on the Record Date of 23 October 2012 received one Enterprise Uranium share for every 5 Enterprise Metals shares held.

The purpose of this announcement is to advise Enterprise Metals Shareholders of a reasonable apportionment of the CGT cost base in their Enterprise Metals shares between their existing Enterprise Metals shares and their newly acquired shares in Enterprise Uranium.

Enterprise Metals has received a Class Ruling (CR 2013/8) from the Australian Taxation Office (“ATO”) to confirm the taxation implications to shareholders in respect of the demerger.

The CGT cost base implications for Enterprise Metals Shareholders is as follows:

Subsections 125-80(2) and (3) of the *Income Tax Assessment Act, 1997* require Enterprise Metals shareholders to apportion on a reasonable basis the 1<sup>st</sup> element of the CGT cost base or reduced cost base of their Enterprise Metals shares between their newly acquired shares in Enterprise Uranium and their existing shares in Enterprise Metals, having regard to the market value of both the Enterprise Metals share and the Enterprise Uranium share just after the demerger, or a reasonable approximation of those market values.

The directors consider that the independent valuation of Enterprise Uranium dated 16 August 2012 represents the market value of Enterprise Uranium immediately after the demerger which valued Enterprise Uranium at a preferred value of \$5,906,000. The market price of Enterprise Metals shares traded on the ASX day of implementation of the de-merger was \$0.18 equating to a market valuation of \$38,379,740. Having regard to the above information, a reasonable apportionment of the shareholders’ existing cost base is 86.66% to Enterprise Metals shares and 13.34% to Enterprise Uranium shares. The table below summarises this:

	<b>Market Value</b>	
	<b>\$</b>	<b>%</b>
<b>Enterprise Metals Ltd</b>	38,379,740	86.66%
<b>Enterprise Uranium Ltd</b>	5,906,000	13.34%
<b>Total</b>	<b>44,285,740</b>	<b>100.00%</b>

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# ENTERPRISE METALS LIMITED

For example, a shareholder who purchased 10,000 shares in Enterprise Metals Ltd for \$0.20 each prior to the demerger would apportion their cost base as follows:

	Pre Demerger Cost Base	Apportionment %	Cost Base apportionment	Shares Held	Cost Base per share
	\$				
Enterprise Metals Ltd	\$2,000.00	86.66%	\$1,733.28	10,000	\$0.17
Enterprise Uranium Ltd	-	13.34%	\$266.72	2,000	\$0.133
<b>Total</b>	<b>\$2,000.00</b>	<b>100.00%</b>	<b>\$2,000.00</b>	<b>N/A</b>	<b>N/A</b>

**For further information:**

Dennis Wilkins  
Company Secretary  
0417 945 049

**Contact:**

Telephone: 08 9436 9200

Facsimile: 08 9436 9299

Email: [admin@enterprisemetals.com.au](mailto:admin@enterprisemetals.com.au)