



ENTERPRISE METALS LIMITED

(ACN 123 567 073)

JUNE 2009 QUARTERLY ACTIVITIES REPORT

29 July 2009

ENTERPRISE METALS LTD

ASX Symbol: **ENT**

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BOARD OF DIRECTORS

Mr Paul Larsen
Chairman

Mr Dermot Ryan
Managing Director

Mr Bruce Hawley
Executive Director

PROJECTS

Gold

Darlot (Yandal)
Revere (Doolgunna)
Wattagee (Cue)
Fraser Range (SW Yilgarn)

Uranium

Maitland (Yandal)
Lake Mason (Gidgee)
Darlot (Yandal)
Sylvania (Pilbara)

Iron Ore

Sylvania
Earaheedy
Fraser Range
Eucla

ISSUED CAPITAL

Shares: 91,086,243

Options: 23,709,743

HIGHLIGHTS

- **IP and VTEM surveys completed at Revere-Doolgunna project. Drill targets identified POW's Lodged, and additional ground acquired.**
- **Enterprise wins co-funding grant of \$110,000 from WA Gov't for drilling at Doolgunna.**
- **IP surveys completed at Griffin Well-Darlot project. Drill targets identified.**
- **Cash in bank at 30 June 2009 of \$ 1.06M.**
- **Entitlements issue raises additional \$2.15M cash after costs.**

OVERVIEW

At Revere, a 3 line IP survey was completed. IP anomalies have been identified that maybe sourced by sulphides associated with Cu/Au mineralization.

At the same time Sandfire Resources Ltd announced the discovery of a high grade copper sulphide deposit approximately 11kms north of the Enterprise tenements.

The Company lodged POW's with the DMP to undertake RC drilling at Doug's Find and Golden King. This drilling campaign is to be part funded by a contribution of \$ 110,000 from the State Government's Exploration Incentive Scheme.

Airborne electromagnetic survey (VTEM) was flown over six areas within the Reveve tenements. Numerous basement conductors have been identified.

At Darlot the company completed detailed IP surveys which identified three IP anomalies at Griffin North, Griffin and Griffin South. An RC drill rig commenced drilling on the 27th July 2009.

Acquisition of two tenements, one over the Goodin Fault and the other over the South Boundary Fault enabled Enterprise to increase their tenement holding from 987 km² to 1151 km².

1. EXPLORATION ACTIVITIES

REVERE PROJECT (100% interest)

In late April 2009 Zonge Engineering commenced pole-dipole Induced Polarisation (“IP”) surveys over the Revere Reef quartz gold systems, approximately 90km NE of Meekatharra. The results from Line 1 of the survey were reported in the Company’s Quarterly Activities report to the ASX dated 29th April 2009, and the results from Lines 2 and 3 were reported to the ASX on 13th and 18th May 2009 respectively.

The survey data was modelled with 2D inversion software, and a number of strong anomalous responses were detected. The surveyed lines showed zones of high IP and conductors, potentially reflecting higher sulphide content and Cu/Au mineralisation. The IP/resistive responses (less sulphide) were considered to be targets for quartz reef-gold systems. Importantly, the survey showed that the area is deeply weathered to a depth of 50-75 metres, and that most of the historical drilling has been ineffective and not tested the primary or fresh rock zone.

On 18th May 2009, Enterprise’s near neighbour at Doolgunna, Sandfire Resources Ltd (ASX: SFR) announced the discovery of a new high grade copper sulphide deposit at the DeGrussa Prospect, some 11km north of Enterprise’s tenement boundary. Sandfire’s drilling results confirmed Enterprise’s previously held view that large copper/gold sulphide systems may occur at depth within this highly prospective belt of Palaeoproterozoic volcanic and sediments.

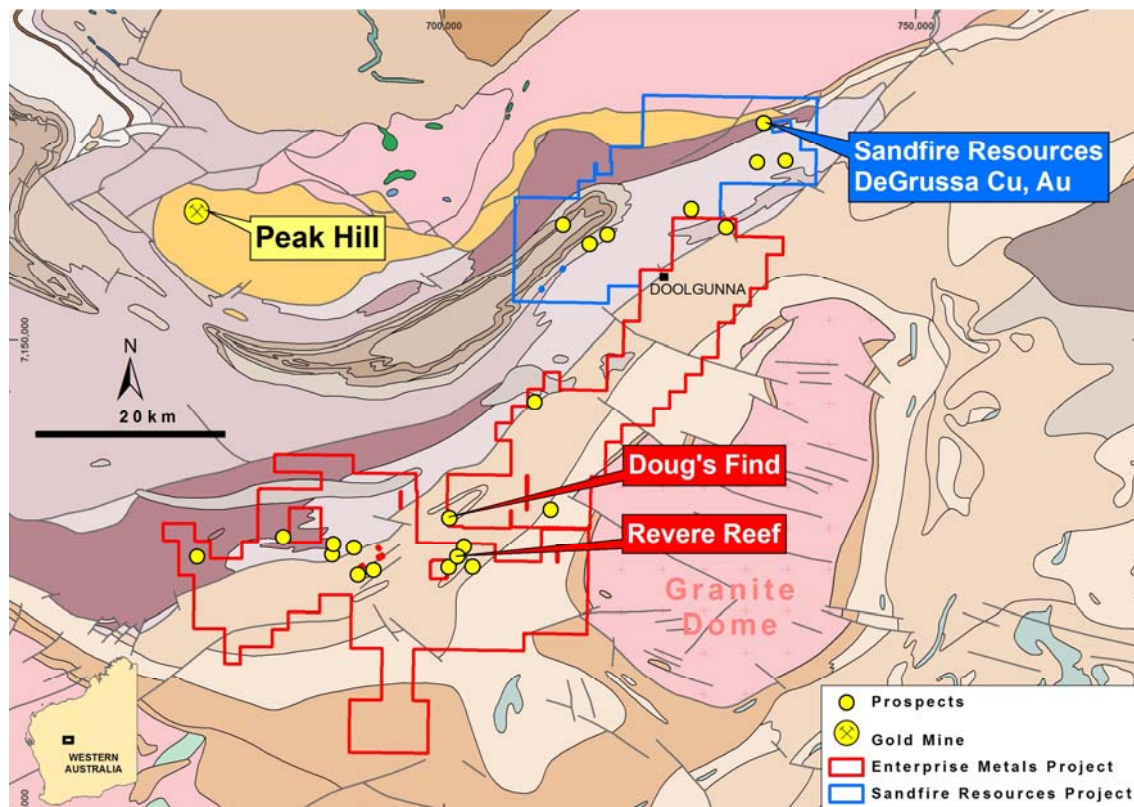


Figure 1. Revere Project, Regional Geology & Location Plan

Following modelling and assessment of the IP data, the Company lodged Programs of Work (“POWs”) with the Department of Mines and Petroleum (“DMP”) to undertake reverse circulation (“RC”) drill testing of identified targets at Doug’s Find and Golden King.

On 30th June 2009, Enterprise announced that it was one of 29 companies to receive an offer in the first round of the Western Australian State Government's Co-funded Industry Drilling Program. The Company was offered \$110,000 to fund up to 50% of the planned RC drilling program to test geophysical targets at Doug's Find and Golden King. The grant, won under competitive conditions, represents a strong endorsement of the Company's exploration strategy and tactics.

The realisation by Enterprise and others that small oxide gold prospects may represent the surface expression of larger, deeply weathered and leached sulphide copper/gold systems has led to a fundamental reappraisal of the prospectivity of what was formerly called the Glengarry Basin, and in particular the geophysical techniques required to find sulphide rich systems.

Subsequently, Enterprise commissioned and completed 5 Versatile Time-Domain Electromagnetic ("VTEM") airborne surveys over 6 areas where geochemical, magnetic or IP anomalism had been identified. These areas, from south to north are: Golden King, Doug's Find, Donald Well, Beefwood, Doolgunna and No. 2 Bore. The data from the individual surveys was processed and levelled, and "late time" or deep "channel 30" responses are shown in Figure 3.

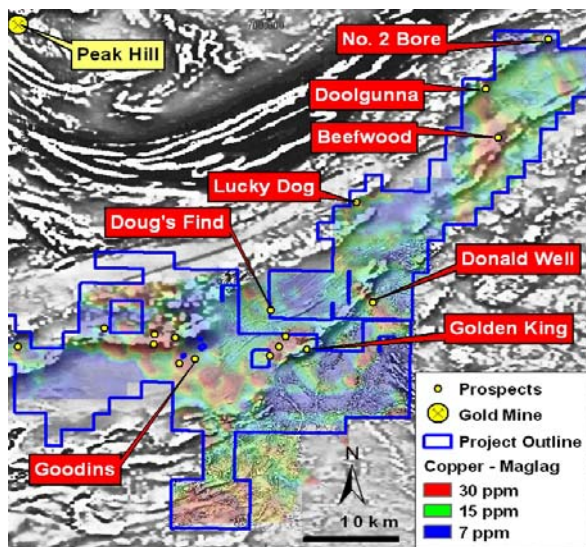


Figure 2.
Magnetic & Copper Soil Geochemistry
Image with Prospect Locations

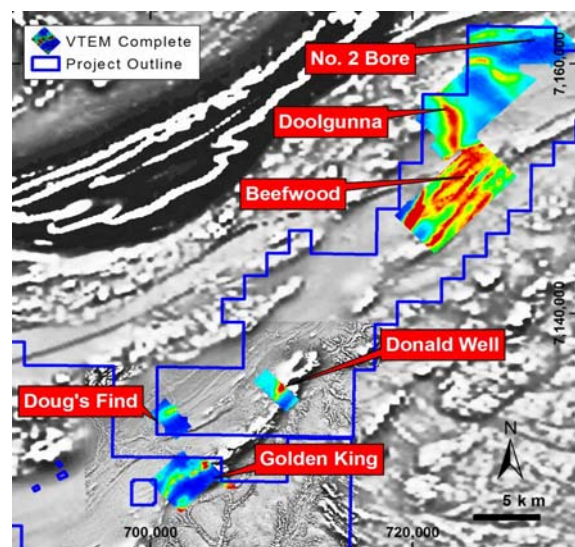


Figure 3.
VTEM Survey (Channel 30) Images over
Magnetic Image with Prospect Locations

At Golden King, the VTEM data defines a number of discrete conductors along the northern margin of a large magnetic anomaly along the South Boundary Fault ("SBF"). The VTEM data also defines a discrete NE striking conductor immediately north of Doug's Find gold-quartz reef.

At Donald Well, an intense magnetic anomaly exists which is interpreted to represent the "footprint" of an alteration system resulting from deep basal fluids outsourcing along the SBF. Geochemical sampling has defined two anomalous +1ppb Au zones which are coincident with the SBF. Orientation VTEM surveying of the western one third of the Donald Well geochemical/magnetic target has partially defined a late time (deep) conductor on an ENE trending shear that bisects the magnetic anomaly.

At Beefwood copper anomaly, a complex series of parallel conductors, some associated with linear magnetic features, has been defined by VTEM surveying. An intense NNE trending conductor, without magnetic signature, has also been defined on the western margin of the survey. Further processing of the VTEM data and ground follow up is in progress.

At Doolgunna, the VTEM data has defined an intense and discrete north trending conductor which is represented at surface by a linear MAGLAG copper anomaly. Between No. 2 Bore and Shed Well, the VTEM survey has defined a conductive response in the vicinity of Shed Well. Further processing of this VTEM data is in progress.

Enterprise has lodged POW's with the DMP for RC drilling at Golden King, Doug's Find, Beefwood, Doolgunna and No. 2 Bore. These have been passed by the DMP to the Department of Environment and Conservation ("DEC") for assessment. Additional holes have been planned for the Donald Well conductor, and another POW is in preparation.

The RC holes at Golden King and Doug's Find are primarily targeted at IP anomalies generated by the IP surveys. RC drilling at Donald Well, Beefwood, Doolgunna and Shed Well will be directed towards the new VTEM conductors where there is geochemical or structural support. In total, some 88 holes have been planned, for approximately 22,000 metres of drilling, but not all of these will be drilled, as the program will be modified by the success or otherwise of each successive hole.

DARLOT PROJECT (100% interest)

In early July 2009 the Company completed an extensive and detailed IP survey (41.4 line km of survey) at **Griffin Well**. The survey was undertaken to search for zones of quartz veining, silica alteration and massive and disseminated sulphides beneath anomalous gold in historical shallow drill holes. The Project area lies approximately midway between the Bronzewing and Darlot gold mines. The project area is prospective for orogenic gold deposits and VMS style copper/zinc base metal deposits.

Griffin North is the strongest IP anomaly, and is located at the northern end of line 324,600mE. At Griffin, (line 325,000mE a strong IP response is evident below anomalous gold in a shallow RAB hole at approximately 6938,250N). Modelling of the IP data suggests that the source is greater than 100m below surface and infill IP lines suggest that the IP zone deepens to the south and west. At Griffin South, the modelled IP data suggests that potential gold mineralisation is increasing in depth to the north.

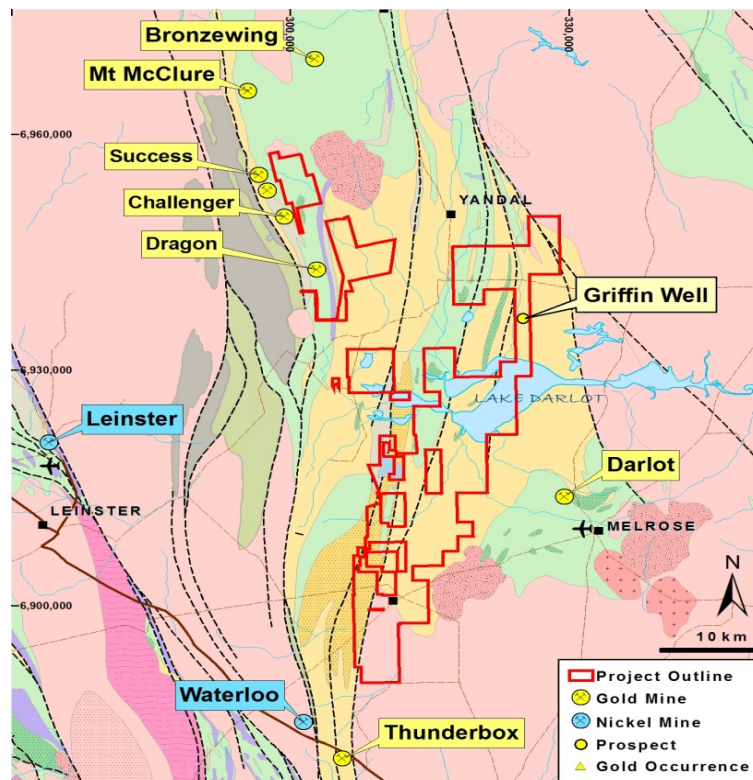


Figure 4. Regional Geology & Location Plan

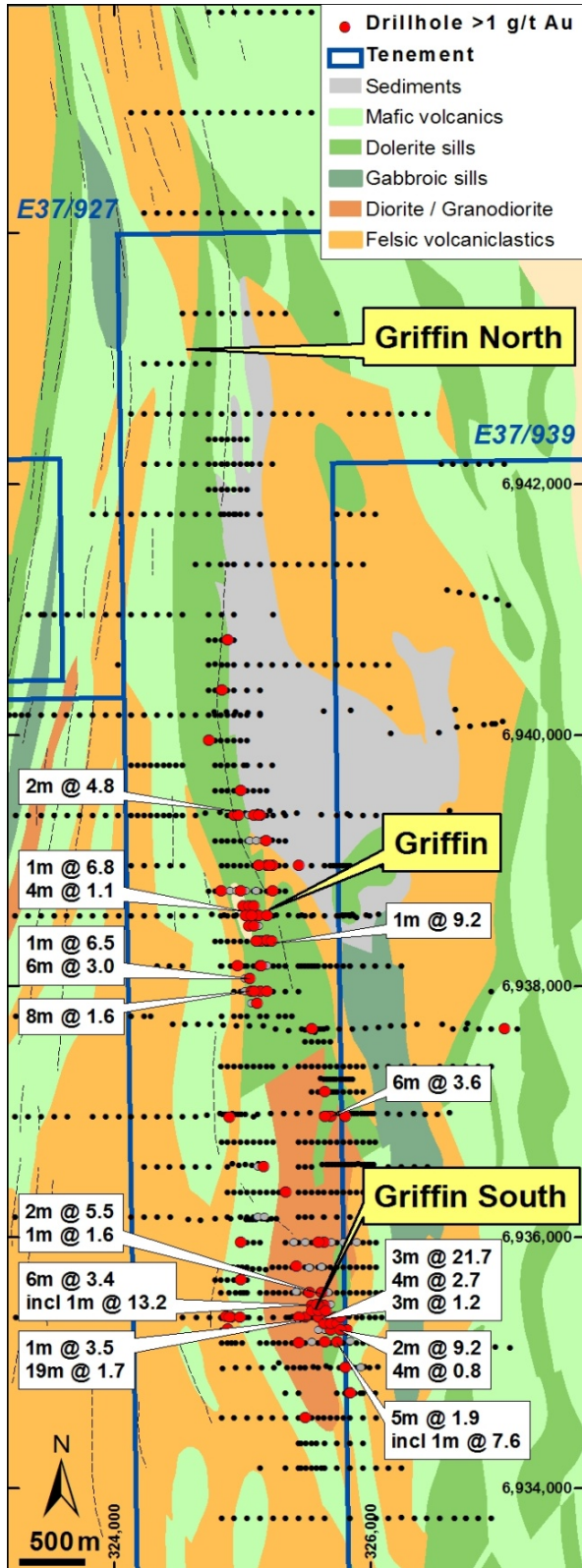


Figure 1a.
Griffin Well Prospect, local geology
with historical drilling results

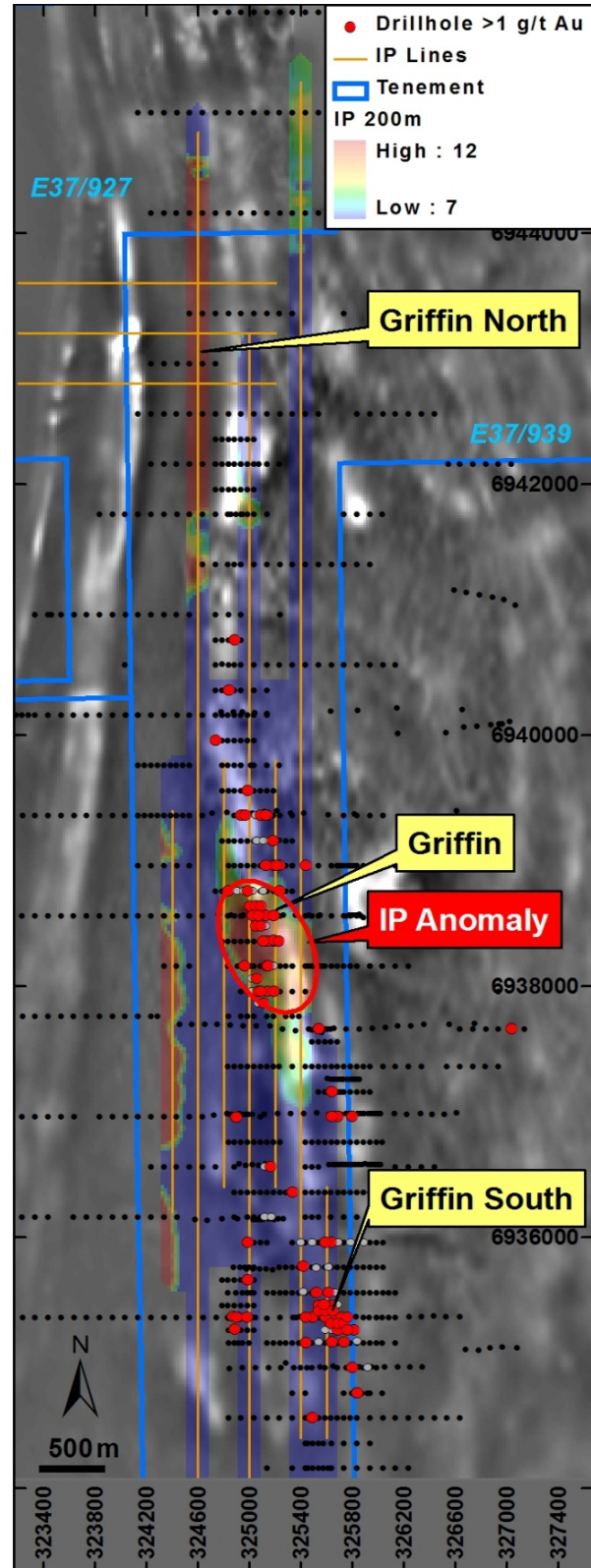


Figure 1b.
IP over 1st VD Magnetic Image,
Showing NW-SE striking Target Zones

The Company has a Program of Works (POW) for drilling at Griffin Well already approved by the DMP, and drilling of some 12 RC holes for 2,500 metres is planned to commence on 28th July 2009.

2. NEW PROJECTS

The Company announced to the ASX on 15th July 2009 that it has secured an option to explore and purchase two tenements (total 164km²) which are contiguous with its Revere Project tenements near Doolgunna. The new tenements are located immediately south and east of Doolgunna homestead, approximately 130km NE of Meekatharra in Western Australia.

The westernmost tenement (31km²) covers the prospective faulted contact between the Naracoota Volcanics and Yerrida Basin sediments, and the easternmost tenement (133km²) covers the NE extension of the SBF on the northern margin of the Archaean Goodin Dome.

3. CORPORATE

Share and Option Issue Under Entitlement Offer – *Subsequent to End of Quarter*

On 16th June 2009, the Company announced that it would offer eligible shareholders the opportunity to participate in a non-renounceable Entitlement Offer (“Offer”) on the basis of one new Share at an issue price of \$0.15 for every six shares held on the record date of 26th June 2009. For every one new Share issued, one new Option would also be granted for nil consideration with an exercise price of \$0.25 cents exercisable on or before 20th June 2012.

Pursuant to the Offer, a maximum of 12,646,084 shares and 12,646,084 Options were eligible to be issued, potentially raising a total of \$1,896,912.50 before costs.

As underwriter, Argonaut Capital Limited (“Argonaut”) and its sub-underwriters were entitled to a minimum of 5,000,000 Shares and 5,000,000 Options with an option to acquire a further 1,000,000 Options. Argonaut was also to be paid a management fee of \$30,000 cash, plus an underwriting commission equal to 5% of the total value of the Underwritten Shares and the Shares issued pursuant to the Top-Up Placement.

When the Offer closed on 13th July 2009, Enterprise had received 10,186,742 valid Share applications, resulting in a shortfall of 2,459,342 Shares and 2,459,342 attaching Options (“Shortfall”), which Argonaut was entitled to place.

Argonaut was also entitled to place an additional 2,540,658 Shares and 2,540,658 attaching Options (“Top Up”) on the same terms as the rights issue, and Argonaut was entitled to subscribe for up to 1 million Options at an issue price of 1 cent each. The Company has now issued these 5,000,000 Shares and 6,000,000 Options pursuant to the underwriting agreement.

The following table shows the number of Shares and Options on issue immediately prior to the Entitlement issue and the total number of Shares and Options on issue following the issue of the Entitlement, Shortfall and Top Up Shares and Options.

	Shares	Options
Previously Issued	75,876,500	7,500,000 ¹
Accepted under Entitlement	10,209,743	10,209,743
Underwriter Shortfall	2,459,342	2,459,342
Underwriter Top Up	2,540,658	2,540,658
Underwriter Entitlement	-	1,000,000
TOTAL ISSUED	91,086,243	23,709,743
TOTAL ASX QUOTED	91,086,243	16,209,743

Note 1: Director Options, not ASX quoted.

Cash Position

The Company's cash position at 30th June 2009 was \$ 1.06 million.

Subsequent to the end of the Quarter, the Company banked an additional \$ 2.15million as a result of its Entitlements Issue.



Dermot Ryan
Managing Director

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The information in this announcement that relates to Exploration Results has been reviewed by Mr Dermot Ryan, who is a Fellow of the Australian Institute of Geoscientists, a Fellow of the Australasian Institute of Mining and Metallurgy, a Chartered Professional and a full time employee of geological consultancy XServ Pty Ltd. Mr Ryan has sufficient relevant experience in the 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.

All co-ordinates quoted are MGA Zone 51, GDA94.

PROJECT LOCATIONS – 30 June 2009

