

ENTERPRISE SECURES OPTIONS TO ACQUIRE TWO IRON EXPLORATION PROJECTS IN SOUTHWEST OF WA

SUMMARY

Enterprise Metals Limited (“Enterprise” or “the Company”, ASX: “ENT”) wishes to announce that its wholly owned subsidiary Enterprise Iron Pty Ltd (“ENI”) has entered into Option Agreements that give it the right to purchase a 100% interest in the Cunderdin iron project, and an 85% interest in the Burgess iron project east of Merredin. The consideration for each option agreement is \$50,000.

The agreements allow ENI 6 months to conduct due diligence and evaluate the iron potential of the project areas. The exercise price for 100% of the Cunderdin project is \$10,000 cash and 3 million Enterprise fully paid shares and a gross production royalty of 1.5% on all minerals produced. The exercise price for an 85% interest in the Burgess project tenements is \$100,000 cash and 2 million Enterprise fully paid shares.

In both areas, the target is magnetite contained within Archaean banded iron formations (“BIF”). Public domain airborne magnetic data provides strong evidence for the occurrence of BIF in both these project areas, and competitor exploration information, both rockchip sampling, mapping and drilling data adjacent to, or within the project areas, provides additional strong supporting evidence.

The projects are respectively centred approximately 135 km and 270 km east of Perth in Western Australia, and straddle the Great Eastern Highway and the standard gauge railway line that runs from Kalgoorlie to the port of Kwinana south of Perth.

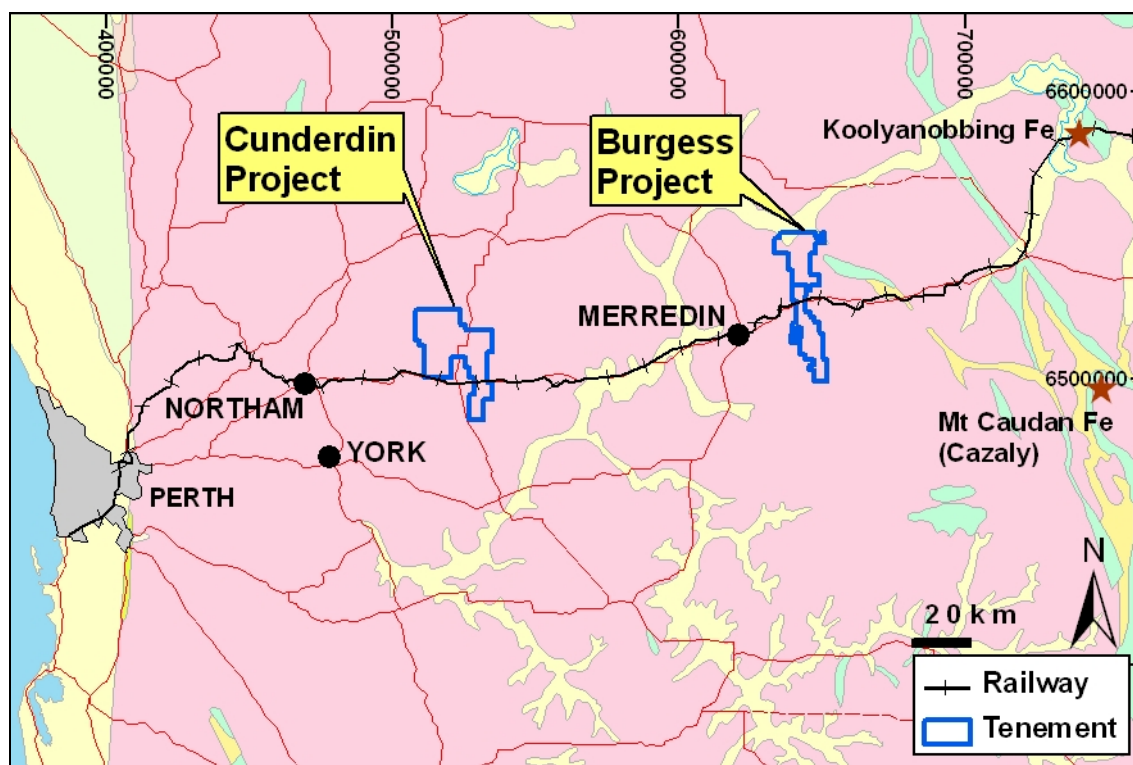


Figure 1. Location Plan – Cunderdin and Burgess Iron Projects

CUNDERDIN PROJECT

Under the Cunderdin option agreement, ENI will pay the shareholders of Glintan Pty Ltd (“Glintan”) an option fee of \$50,000 to undertake extended due diligence on Glintan and its Exploration Licence application 70/3756 for a period of 6 months. Following the grant of the tenement, ENI has the right but not the obligation to exercise its option and purchase a 100% interest in Glintan from its shareholders for a consideration of \$10,000 and 3 million Enterprise fully paid shares and a gross production royalty of 1.5% on all minerals produced.

The tenement of approximately 600km² covers cleared farmland with patchy outcrop where the farmers have not cleared natural vegetation. The tenement covers granitic rocks and granitic gneisses along the western margin of the South West Terrane of the Archaean Yilgarn Craton. Based on regional magnetic and gravity data, these granitic gneisses contain enclaves of Archaean greenstone belts, which elsewhere are known to contain sedimentary units including BIF. It is considered that potential exists in the project area for substantial deposits of iron ore (magnetite) partly concealed below laterite and other thin Cainozoic soil and sand cover.

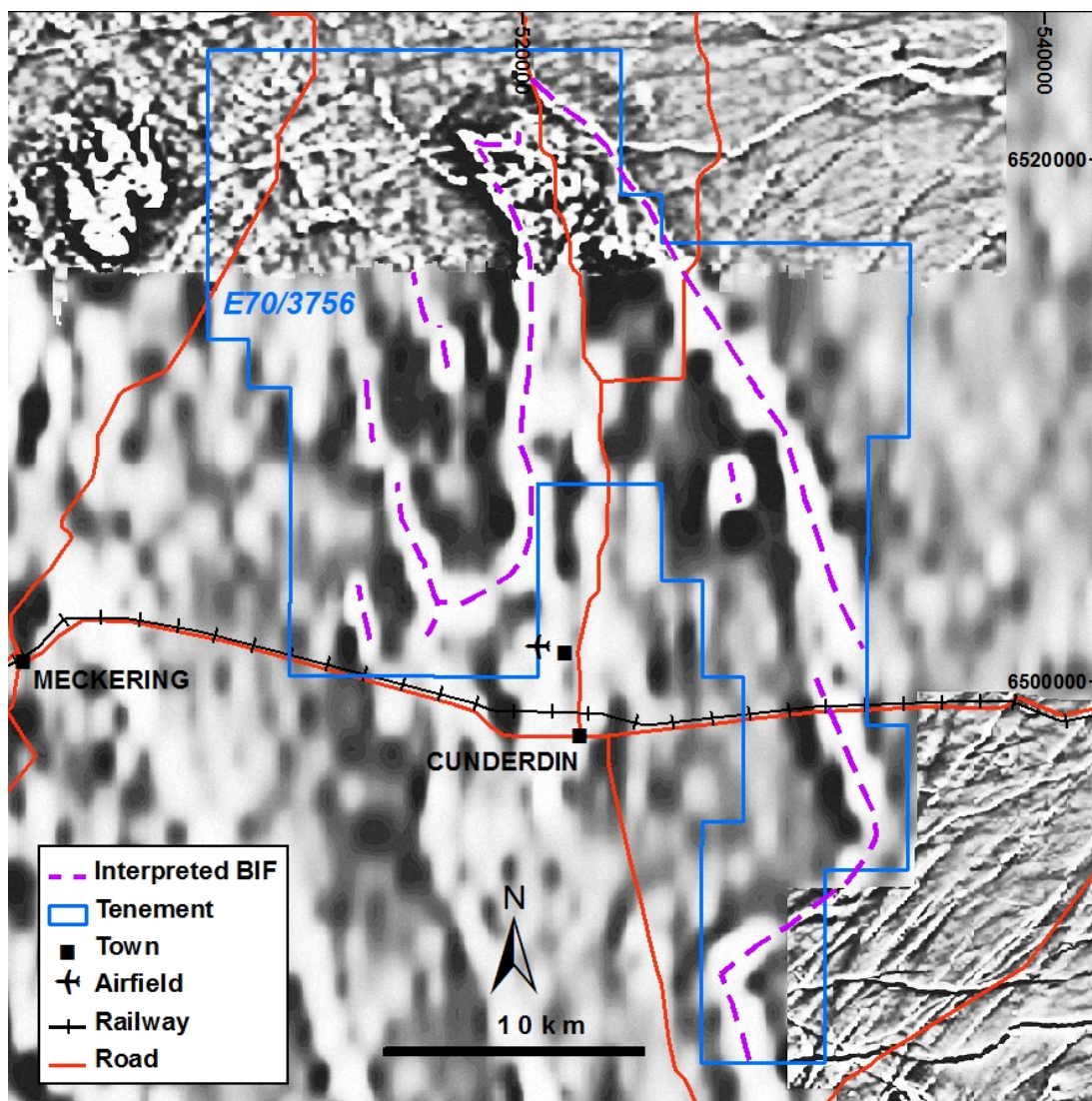


Figure 2. Cunderdin Project - 1st VD Aeromagnetic Image

BURGESS PROJECT

Under the Burgess option agreement, ENI will pay MPF Exploration Pty Ltd (“MPF”) an option fee of \$50,000 to undertake extended due diligence on MPF’s Exploration Licence applications 70/3637 and 70/3637 for a period of 6 months. Following the grant of the tenements, ENI has the right but not the obligation to exercise its option to purchase an 85% interest in the tenements for a consideration of \$100,000 and 2 million Enterprise fully paid shares. ENI will free carry MPF’s 15% interest through the exploration stage to completion of a final feasibility study and decision to mine. If MPF declines to participate in a mining operation, its interest will revert to a gross production royalty of 1.5% on all minerals produced.

The project area is centred on the small township of Burracoppin, approximately 70km west of the main Southern Cross greenstone belt which hosts the Mt Caudan iron deposit recently discovered by Cazaly Resources Ltd.

The tenements cover an area of approximately 420km² and overlie a portion of the poorly known Burracoppin greenstone belt, which is surrounded by post-tectonic intrusive granites. Based on previous mapping and shallow drilling, the greenstone belt is known to contain mafic, ultramafic and sedimentary rocks, including BIF. Outcrop within the area is scarce due to a widespread cover of Tertiary laterite, aeolian sand and soil.

The area also contains several small historical gold workings, which were explored during the 1990’s by several companies. Gold mineralisation occurs within quartz veins and quartz-rich granitic stringers hosted by sediments, mafic-to-felsic granulites and gabbroic rocks. (Cambrian Resources Ltd 1994-1996 and St Barbara Mines Ltd 1994).

Shallow drilling and mapping by previous explorers has demonstrated the existence of BIF’s within the sedimentary sequences of the Burracoppin greenstone belt. However, there has been no deeper drilling focussed on the strongly magnetic units (interpreted to contain BIF’s) to specifically test these magnetic units for iron grade and thickness.

Based on the regional magnetic and gravity data, it is considered that potential exists in the project area for substantial deposits of iron ore, gold and base metals concealed below laterite and other thin Cainozoic soil and sand cover.

A first vertical derivative image of the 400 metre line spaced areomagnetic data is shown overleaf, which highlights the strong linear magnetic anomalies which are interpreted by the Company to be related to banded iron formations. (BIF’s)

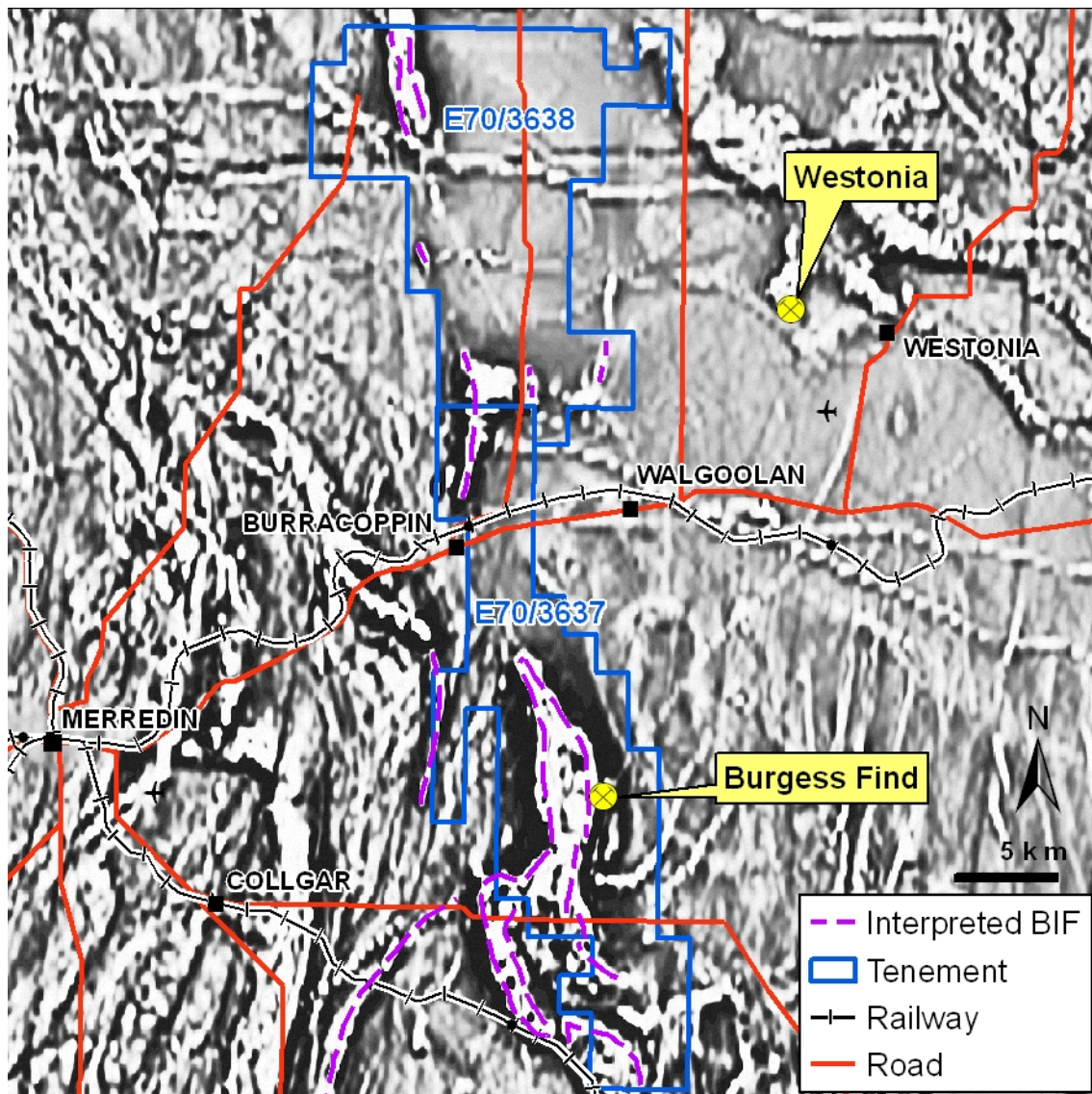


Figure 3. Burgess Project – 1st VD Aeromagnetic Image

FUTURE WORK

As part of its due diligence during the option period, ENI will commission the flying of a detailed airborne magnetic survey at Cunderdin to better define the magnetic targets considered to represent BIF units, for drill testing. At Burgess, the airborne magnetic data is already of sufficient detail to define drilling targets.

Ground follow up will initially consist of mapping and ultimately drilling. Drill testing will be dependent upon approval of any proposed “Program of Work” (“PoW”) by the Department of Mines and Petroleum, the completion of Access Agreements with the landholders, and the completion of site avoidance surveys by representatives of the Native Claimant holders.

PRESS COMMENT:

Enterprise's managing director, Dermot Ryan, commented:

"The South West mineral field has largely been forgotten in the quest to locate iron ore deposits in Western Australia. However, the evidence for the presence of poorly exposed and metamorphosed Archaean greenstone belts, including banded iron formations, within the granitic and gneissic terranes east of Perth, is slowly accumulating.

Magnetite derived from BIF now appears to be a viable exploration target when there is sufficient tonnage and the infrastructure such as rail, power, water, township and port is already in place. It is possible that exploration and development of these types of deposits can be fast tracked ahead of some of the planned magnetite projects in the Mid West (east of Geraldton), where billions of dollars of rail and port infrastructure are still required."



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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.