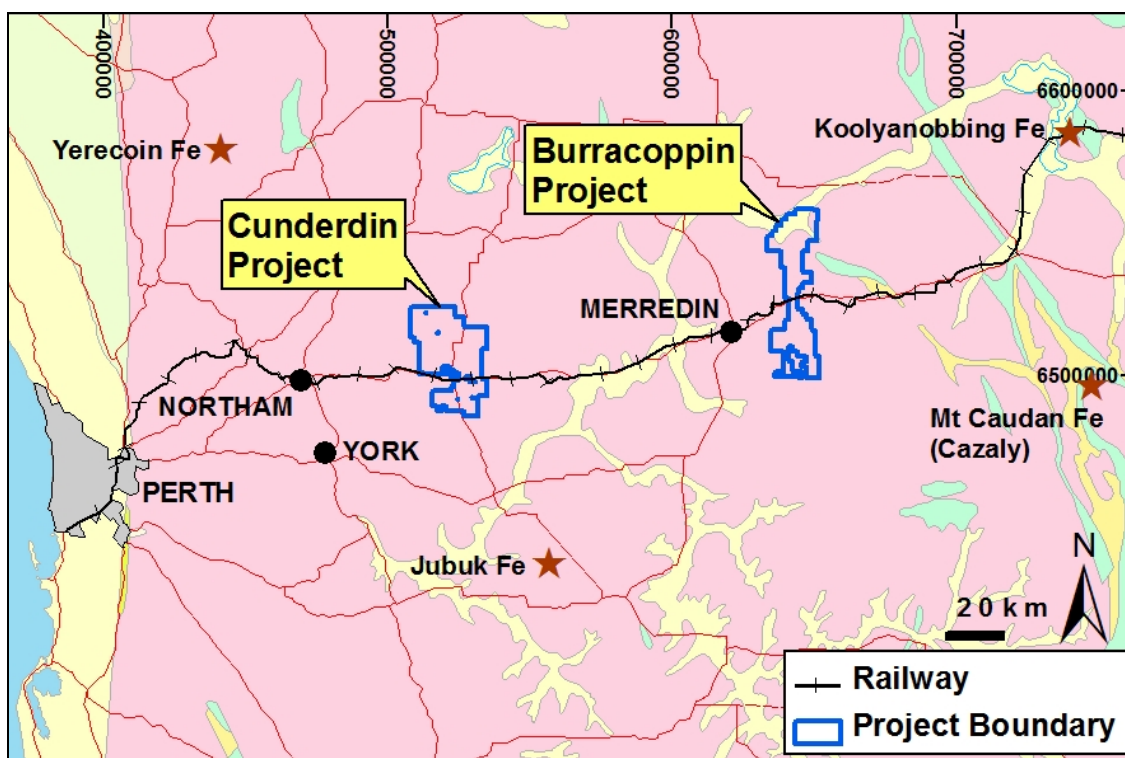


**CUNDERDIN IRON PROJECT - COMMENCEMENT OF DRILLING**

**SUMMARY**

Enterprise Metals Limited (“Enterprise” or “the Company”, ASX: “ENT”) wishes to announce that it has received approval from the Department of Mines and Petroleum (“DMP”) for the commencement of reverse circulation (“RC”) drilling at its Cunderdin iron project, 150 km east of Perth in Western Australia. The drilling contractor is mobilizing to site, and drilling is expected to commence on Thursday 9<sup>th</sup> September 2010.



**Figure 1. Project Location Plan**

**BACKGROUND**

The Cunderdin iron exploration project is centered on the township of Cunderdin approximately 150 km east of Perth in Western Australia, and straddles the Great Eastern Highway and the standard gauge railway line that runs from Kalgoorlie to the port of Kwinana south of Perth. The project consists of wholly owned Exploration Licence 70/3756-I and Exploration Licence application 70/3816 covering a total of approximately 713 km<sup>2</sup>.

The Company’s concept is that granites and granitic gneisses within the Cunderdin area contain enclaves of NW striking metamorphosed greenstone belts, which may also contain meta-sedimentary units including quartz-magnetite/ banded iron formation (“BIF”). However, deep weathering has resulted in little outcrop being left at surface, and hence detailed magnetic and radiometric surveys are critical in outlining these “blind” greenstone belts.

Following the completion of a low level 200 metre line spaced magnetic and radiometric survey over the project area, the Company submitted an initial program of work (“PoW”) to the DMP for approximately 40 RC drill holes along shire controlled road reserves. The Shire of Cunderdin is

supportive of this drilling on road reserves, and formal approval has now been received from the DMP.

The magnetic imagery clearly displays a highly folded magnetic unit within the Company’s tenements which is interpreted to be an Archaean quartz-magnetite/BIF. In addition, evidence supporting a buried greenstone belt model has come from gravity surveys by the Geological Survey of Western Australia (“GSWA”). The cumulative strike extent of the interpreted quartz magnetite/BIF unit is estimated to be 110km with a width of between 500 - 1,000 metres and therefore represents a significant tonnage.

The Company has identified 8 target areas along the interpreted BIF trend where de-magnetisation has occurred. These areas are adjacent to major north-east trending shear zones, and possibly indicate the conversion of magnetite to hematite or goethite, a hydrated form of iron ore. Enterprise has been provided with a Co-funded Grant of up to \$150,000 by the WA State Government. The Company’s expenditure on drilling will be funded dollar for dollar up to the total value of the grant.

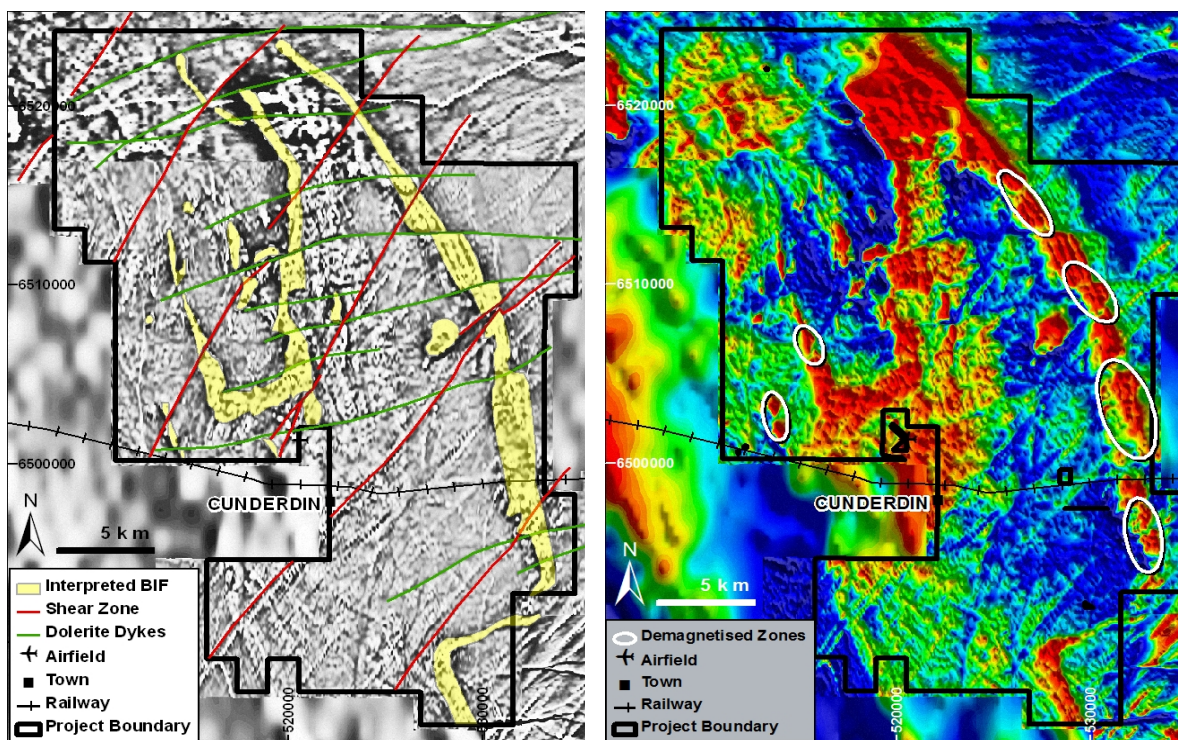


Fig 2. 1<sup>st</sup> Vertical Derivative Magnetics

Figure 2. Total Magnetic Intensity



**Dermot Ryan**  
**Managing Director**

**Contact:**

Telephone: 08 9436 9200 Facsimile: 08 9436 9299 Email: [admin@enterprisemetals.com.au](mailto:admin@enterprisemetals.com.au)

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.