ENTERPRISE METALS LIMITED

ASX ANNOUNCEMENT **13 May 2011**

AIRBORNE SURVEY AT HARRIS LAKE CONFIRMS URANIUM POTENTIAL

- **Radiometric survey identifies four uranium target areas**
- **Uranium anomalies associated with Harris Lake drainage system**

Enterprise Metals Limited ("Enterprise" or "the Company", ASX: **"ENT"**) is pleased to announce that it's recent Harris Lake detailed airborne magnetic-radiometric survey has identified several significant uranium anomalies at the point where the Lake Lefroy drainage system exits the Archaean Yilgarn Craton and traverses the iron rich western units of the Proterozoic Albany-Fraser Orogen.

The Harris Lake Project is located approximately 200km east of Kalgoorlie and 150km due south of the Mulga Rocks deposit, and is comprised of one granted exploration licence E28/1958 covering 76km^2, see Figure 1. The project area is considered prospective for uranium, gold and base metals.

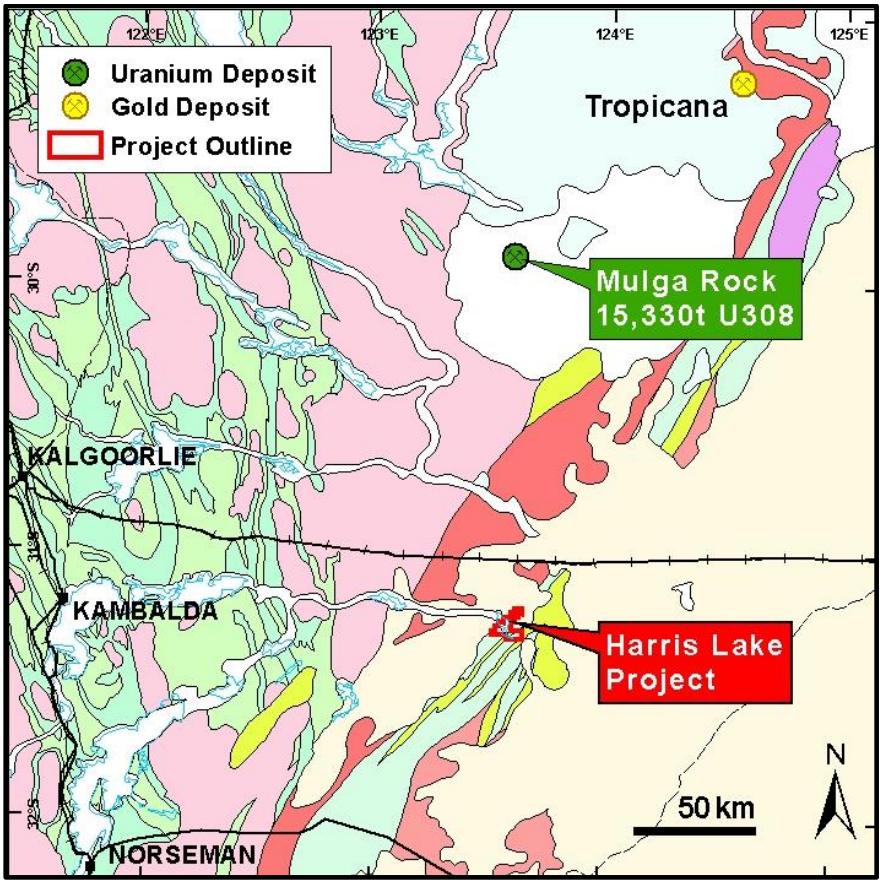

Figure 1: Regional Geology Plan with Harris Lake Location

Radiometric Data

Following a review of historic data, the company commissioned a detailed airborne magnetic-radiometric survey over the SE half of Harris Lake and the surrounding drainage channels. The survey covered the entire tenement area at 100m line spacing, with a flying height of 50m for a total of 1,026 line km.

The uranium channel image superimposed on detailed and regional magnetic data (Figure 2 below) clearly shows anomalous uranium concentrations exposed in "*oxbow*" situations within Harris Lake. It is postulated by Enterprise that a uraniferous layer extends across (but below) the flat surface of the lake, and has only been exposed by vortex flow removing lake sediment around the bend where the water speed is fastest. The main uranium anomaly, in red in the image below, is over 10km in length.

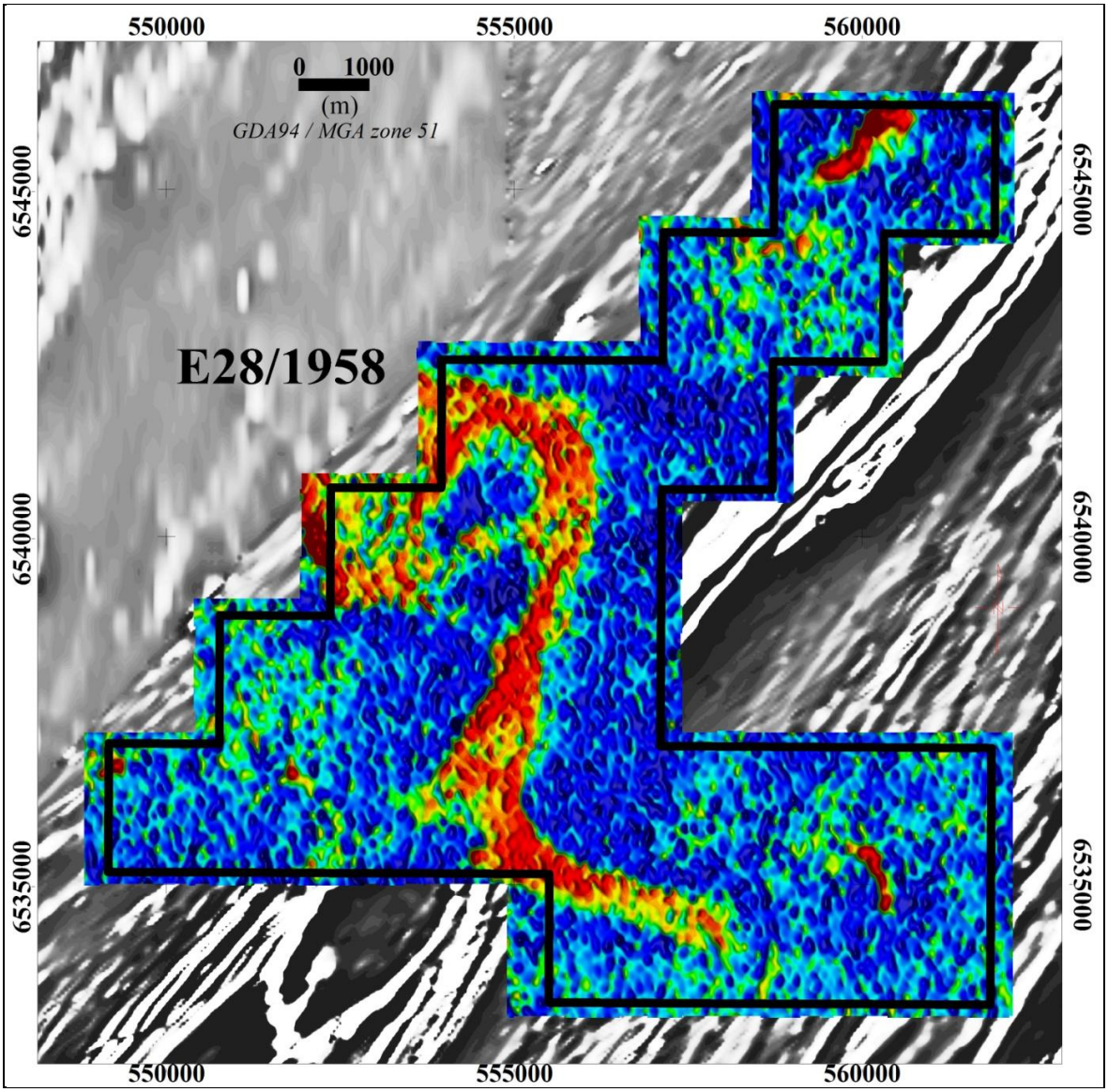

Figure 2: Harris Lake Uranium Image (Red high, blue low)

Figure 3 below is an image of the digital terrain model ("DTM") acquired during the airborne survey, superimposed on a total magnetic intensity ("TMI") image, with the uranium anomalism (in red) superimposed on the DTM. Four target areas with anomalous uranium responses have been identified and are discussed below:

Target A: Located in the northern lakes system, NW of the main Harris Lake drainage. A strong discrete elongate (1,500m x 200m) uranium response.

Target B: Located in the SE corner of the tenement, coincident with an isolated "oxbow" off the main drainage system. A discrete (1,000m x 150m) uranium response.

Target C: The main anomalous uranium response is approximately 10km long. However, the actual body of uranium mineralisation is considered to be more extensive due to surface ponds of water and lake sediment masking the complete response.

Target D: Located in the SW part of the tenement associated with an EW trending drainage tributary, again possibly masked by water in the drainage.

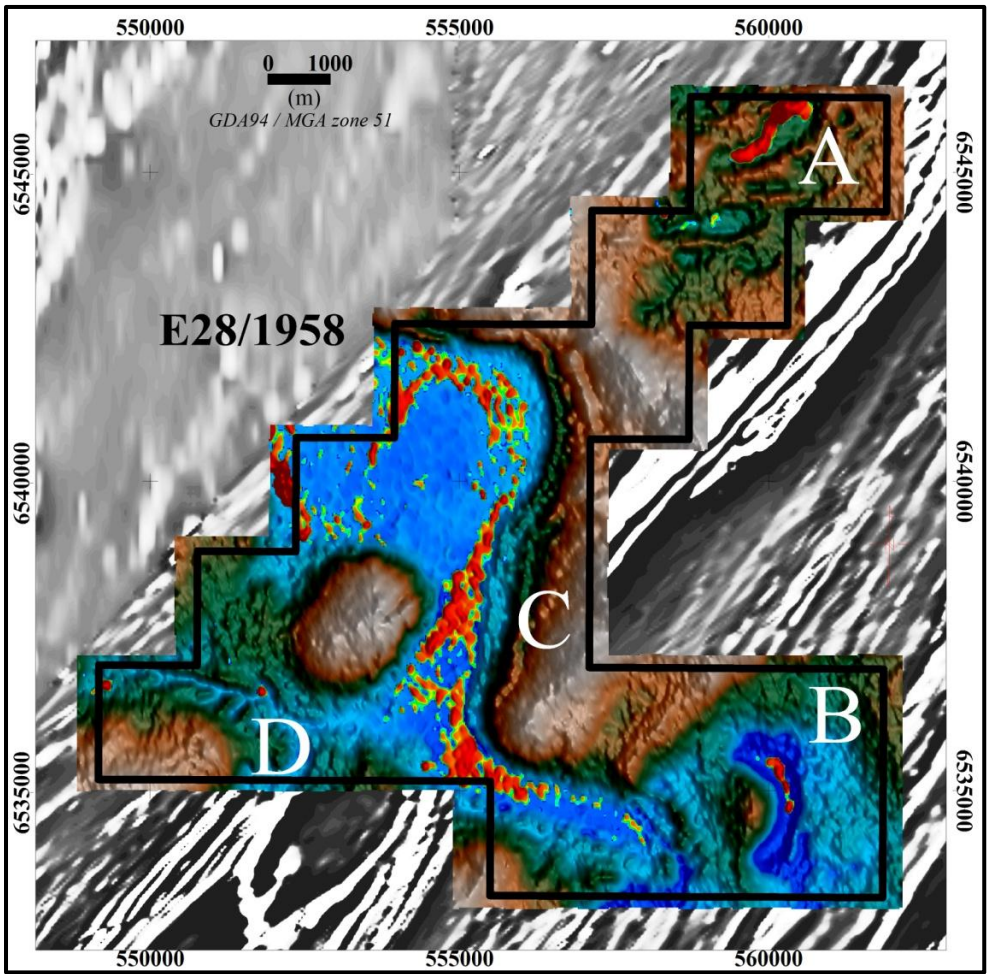

Figure 3: Harris Lake DTM with Uranium Image

Uranium Exploration Model

The anomalous uranium accumulations observed in the Harris Lake drainage system could be attributable to one or more of the following three models:

1. **Calcrete-type**: carnotite dominant mineralisation hosted by carbonate enriched lacustrine successions deposited within the lake and exposed within the present day channel. This mineralisation would be similar to that at the Lake Way-Centipede and Lake Maitland uranium deposits.

2. **Sandstone-hosted roll-front style**: deposits are formed where groundwater in permeable sandstone or conglomerate encounters the interface between oxidizing and reducing conditions. The reduction-oxidation ("redox") front will migrate in the direction of groundwater flow.

3. **Sandstone/lignite-hosted:** coffinite dominant, tabular or fault associated mineralisation. This style of mineralisation would be similar to the Mulga Rocks Uranium Deposit, and could contain anomalous amounts of precious metals.

Magnetic Data

Figure 4 overleaf is an image of the 1st vertical derivative ("VD1") of the TMI, with the blue line being the interpreted boundary between the Archaean Yilgarn Craton (to the NW) and the metamorphosed iron rich ("mafic") lithologies of the Proterozoic Albany-Fraser Orogen (to the SE).

This magnetic image supports the Company's contention that Harris Lake straddles a highly sheared contact zone where there has been considerable fluid movement.

Detailed analysis of the magnetic data also shows a number of cross cutting fine fractures or faults trending E-W and NW-SE, which may be mineralised and/or may have contributed to the development of the lake itself. The area is considered by Enterprise to be a priority area for the emplacement of structurally controlled gold deposits similar to Tropicana.

Field reconnaissance over the four uranium target areas is planned for late May 2011.

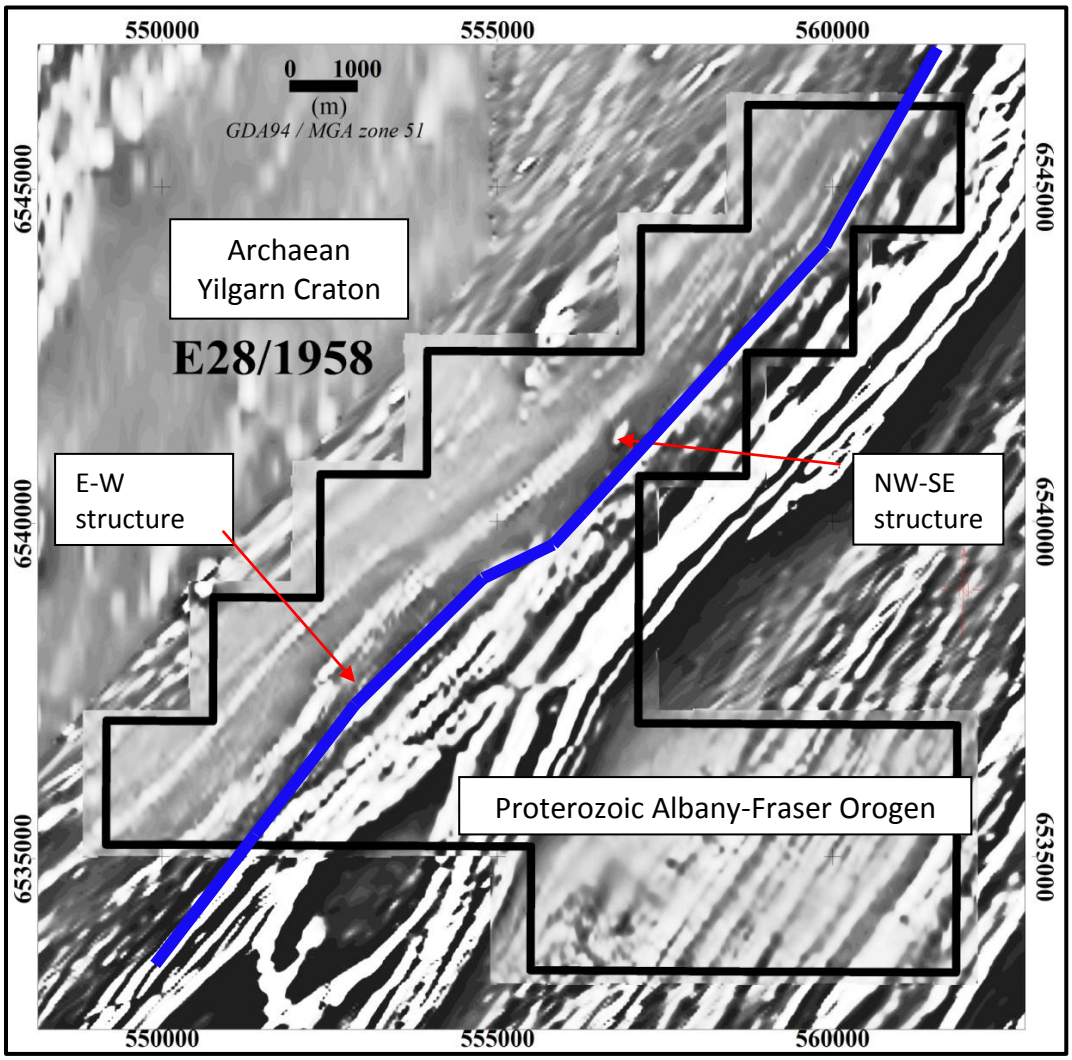

Figure 4: Harris Lake Aeromagnetic Image (VD1) showing Terranes and Structures

Update on Activities at Other Enterprise Uranium Projects

Yalgoo Project

Field reconnaissance work is currently being undertaken over several drainage systems containing calcrete with associated anomalous uranium responses, identified in a previous Enterprise airborne survey. The Project covers an area of 892km^2 and is considered prospective for palaeochannel/calcrete uranium, as well as gold and base metals similar to the Deflector Cu-Au deposit, located some 15km to the south of the Gullewa greenstone belt.

Byro Project

An airborne magnetic and radiometric survey over the Byro South area (E59/1617) is scheduled to commence next week. The survey will cover the southern extension of anomalous uranium responses associated with the Murchison River and Wooleen Lake systems.

Dermot Ryan
Managing Director

Contact:
Telephone: 08 9436 9200 *Facsimile: 08 9436 9299* *Email: admin@enterprisemetals.com.au*

The information in this announcement that relates to Exploration Results is based on information compiled by Mr Derek Waterfield, a Member of the Australian Institute of Geoscientists and a full time employee of Enterprise Metals Limited. Mr Waterfield 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.

PROJECT LOCATIONS - MAY 2011