# ENTERPRISE METALS LIMITED

**ASX ANNOUNCEMENT** **30 September 2010**

## EUCLA PROJECT – COMMENCEMENT OF DRILLING MAGNETIC/GRAVITY TARGETS


**SUMMARY**

Enterprise Metals Limited ("Enterprise" or "the Company", ASX: **"ENT"**) wishes to announce that it has commenced drilling at the first of five magnetic/gravity targets near Balladonia, on the edge of the Eucla Basin.


The Racecourse magnetic target with dimensions of approximately 2km by 1.5km is situated 6km due south of the Balladonia homestead. A Universal drill rig is currently drilling the first reverse circulation ("RC") hole through the Nullabor Limestone cover sequence, which is expected to be approximately 120m thick. It is anticipated that diamond coring of the magnetic source in the basement will commence once the cover sequence is penetrated.

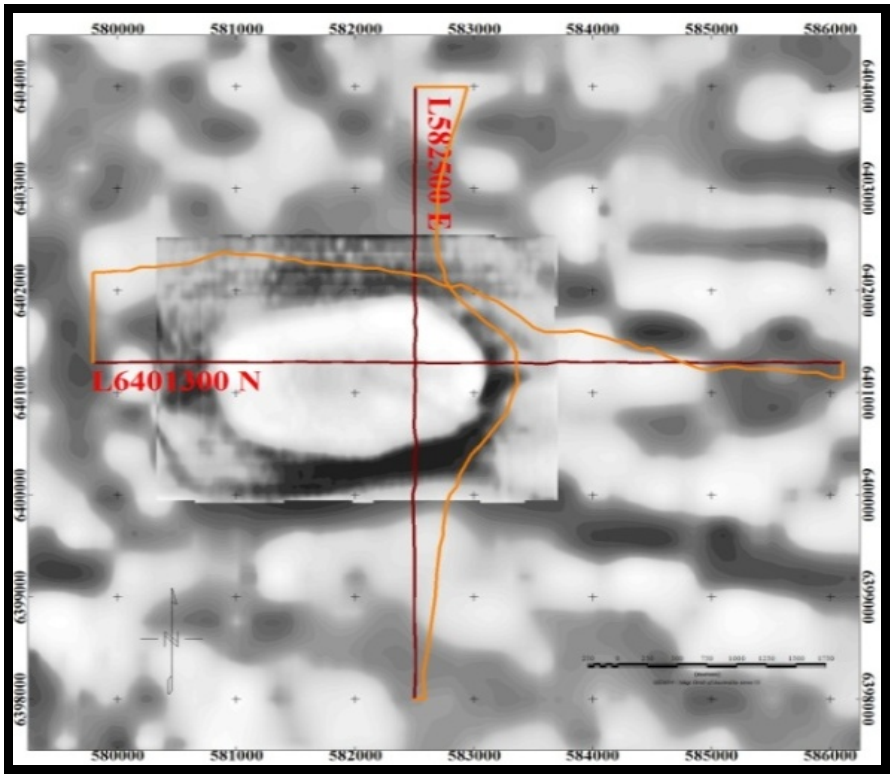


**Figure 1. Eucla Project – Racecourse Magnetic Target with Gravity Profile**

**Background**

Enterprise has a package of tenements centred around Balladonia, a roadhouse approximately 210km east of Norseman on the Eyre Highway. The project consists of one granted tenement E69/2603 and five tenements in application. The tenements, covering an area of 1467km$^2$ lie to the immediate east of the Proterozoic Fraser Range Orogenic Complex, within the Nornalup Complex, which is made up of intensely deformed, high grade gneisses intruded by granite sheets.

The regional magnetic data suggests the area may contain enclaves of granulite and upper amphibolite high grade metamorphics and/or thin linear belts of mafic volcanics, mafic-ultramafic layered complexes, and acid volcanics with sulphide rich intrusive bodies. Sediments covering most of the magnetic targets are thought to be generally less than 150 metres thick.

In 2009 Enterprise carried out a detailed airborne magnetic survey (100m flight line spacing) over parts of E69/2603 which defined a series of strong intrusive like magnetic features. Reconnaissance gravity surveys were then completed in late 2009, with gravity anomalies of up to 8 milligals being detected coincident with the magnetic features.

Enterprise considers that these magnetic targets have the potential to contain or be associated with large world class deposits of iron oxide-copper-gold ("IOCG"), such as Olympic Dam in South Australia, concealed beneath thin cover. It is believed that the area's proximity to major fault breaks make the local geology particularly prospective for shear hosted gold deposits. Most IOCG deposits contain breccia bodies with significant amounts of iron oxide and possibly sulphide mineralisation.

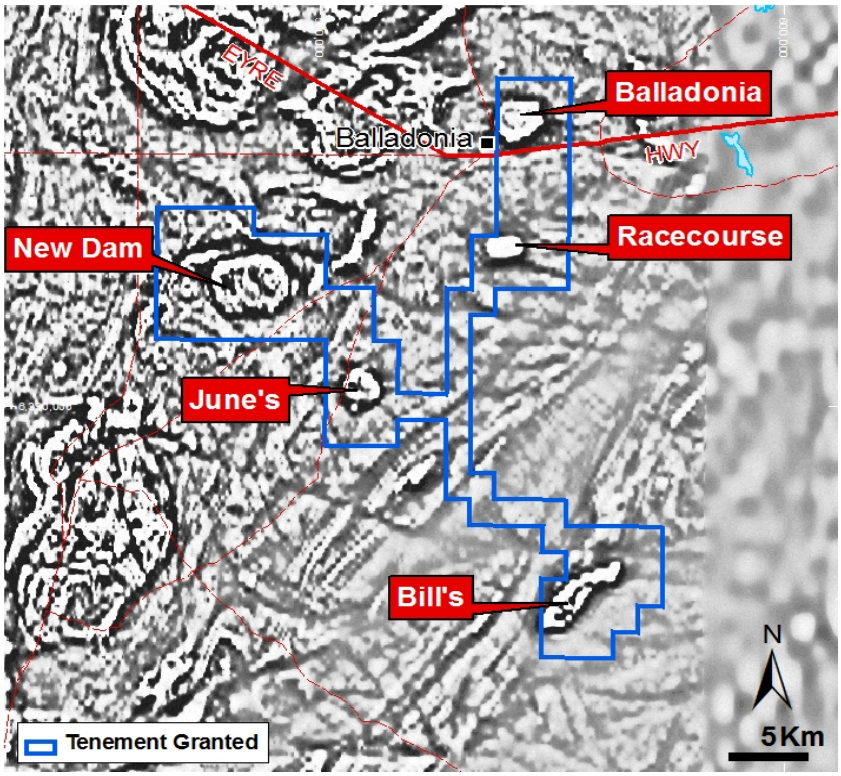


**Figure 2. Eucla Project, Aeromagnetic Image with Five Magnetic targets**

A grant of up to $150,000 was awarded by WA State Government for the drill testing of these discrete magnetic targets. The Government is matching the Company's expenditure on actual drilling costs.

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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.*