

**MOU SIGNED WITH SINOTECH FOR
SINOTECH TO TAKE \$12.4 MILLION PLACEMENT**

- **SinoTech and Enterprise sign Memorandum of Understanding Agreement for 62 million ENT shares at 20 cents to raise \$12.4 million for ongoing exploration. (subject to various approvals and conditions)**
 - **Funds raised will provide Enterprise with additional funding for exploration and possible development of current projects.**
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Enterprise Metals Limited ("Enterprise" or "the Company", ASX: "ENT") wishes to announce that it has entered into a Memorandum of Understanding ("MOU") with SinoTech (Hong Kong) Corporation Limited ("**SinoTech**").

SinoTech is a subsidiary of Sinotech Minerals Exploration Co., Ltd., a major Chinese exploration and mine development company. Sinotech has mineral exploration projects in mainland China and more than 10 countries worldwide. Its major shareholder is Beijing Institute of Geology for Mineral Resources (BIGM) a Chinese government owned or controlled entity. In the past, Sinotech has discovered a number of world class mineral deposits in China, and more recently has discovered a VMS style copper/gold deposit in Ethiopia and is conducting exploration on a porphyry copper deposit in Chile.

It has a presence in most continents of the world, but subject to various approvals and conditions, Enterprise will be its first equity investment in Australia. The Enterprise Chairman Mr Paul Larsen commented that *"the proposed investment by SinoTech is a great opportunity for Enterprise to accelerate exploration on its existing projects and also seek new opportunities which previously were beyond our grasp. I also look forward to the technical input that will result from SinoTech's secondment of senior geological staff to Enterprise."*

Summary of Proposed SinoTech Placement

Basic terms of the MOU are:

- SinoTech will subscribe for 62,000,000 fully paid ordinary shares in Enterprise at a price of A\$0.20, subject to certain conditions.
- The Placement will raise \$12,400,000 excluding costs of the Placement. Upon the allotment of the shares, SinoTech will have a shareholding of 32.1% in Enterprise assuming no other shares are issued by the Company.
- Enterprise will also issue SinoTech 20,000,000 unlisted options for nil consideration, with an exercise price of A\$0.25 each, and with an exercise period of two years.
- If 10,000,000 of the options are exercised within 12 months of the allotment date,

then Enterprise will issue to SinoTech an additional 11,000,000 25 cent unlisted options for nil consideration with a 2 year exercise period.

- Both Parties have agreed that the MOU is legally binding on the Parties subject to Due Diligence to be conducted by SinoTech by 20 May 2011, and to satisfaction of the Conditions in accordance with the Corporations Act 2001 (Commonwealth of Australia) (“Corporations Act”), the ASX Listing Rules, the Foreign Acquisitions and Takeovers Act and the Foreign Investment Review Board (“FIRB”) Policy of the Commonwealth of Australia, involving shareholder approvals by ENT under Listing Rule 7.1 and under section 611 of the Corporations Act.
- SinoTech will nominate 2 directors to the Enterprise Board of Directors with effect from the Allotment Date and that SinoTech will nominate a Deputy Chairman from one of its proposed directors.
- A break fee of \$124,000 applies to either party should the approvals which are required or deemed necessary for that party to proceed with the placement not be obtained.
- The timetable for the placement will be finalised once SinoTech’s due diligence condition has been satisfied and a subscription agreement has been negotiated by the parties.

Summary of Proposed Worldtex Placement

Enterprise has also negotiated terms with Worldtex Capital Resources Ltd (“**Worldtex**”) for a placement of 10,000,000 Enterprise shares at an issue price of \$A0.20 per share to raise \$2,000,000. Worldtex has also been offered 3,225,806 options at an exercise price of A\$0.25 each exercisable within two years of the date of grant. If 1,612,903 of these options are exercised by Worldtex within 1 year of their date of grant, then Enterprise will issue to Worldtex a further 1,774,194 options at an exercise price of A\$0.25, each exercisable within two years.

No application for these shares and options has been lodged at this stage and Enterprise understands that Worldtex needs more time to conduct its due diligence enquiries before any application is lodged and any agreement is reached with Enterprise to issue the securities.

Worldtex is a well funded private equity and investment firm registered in Hong Kong and is backed by major investors from the commercial real estate industry, and the mining and financial industry in mainland China.

Negotiations are also in progress with Worldtex for the underwriting of the SinoTech placement.



Ms Anna Mao, CEO & Director, Worldtex, (left) Mr Dermot Ryan, Dr Jingbin Wang, Chairman of SinoTech & Mr Bruce Hawley (right) in Beijing.

Appointment of Corporate Adviser

Enterprise Metals Limited has appointed RI Capital Pty Limited (“RI Group”) as corporate adviser in connection with the proposed SinoTech and Worldtex transactions. Subject to successful completion of the SinoTech and Worldtex placements, RI Group will be entitled to a fee of 5% of the total funds raised by the placements, and 15 million unlisted options to subscribe for ordinary shares in Enterprise. The options will be exercisable within 3 years after the date of allotment of the placement shares, at an exercise price of A\$0.25.

Changes to ENT Board and Management Structure

Under the terms of the RI Group mandate, the Enterprise Board has agreed that Mr. Eduard Eshuys will be invited to fill the casual position of Chairman of the Enterprise Board with effect from the date the placement shares are allotted to SinoTech. Mr Eshuys will be offered 5 million unlisted options to subscribe for ordinary shares in Enterprise on the same terms as those offered to the RI Group.

The Company has also agreed to negotiate consultancy arrangements with Mr Eshuys with effect from the date the placement shares are allotted to SinoTech, for consultancy services that remain to be finalised.

Subject to completion of the SinoTech and Worldtex placements, the Enterprise Board will comprise:

Existing Board

Dermot Ryan
Bruce Hawley
Paul Larsen

Managing Director
Executive Director
Non Executive Director

Additions to Board

Eduard Eshuys

Non Executive Chairman (independent)

SinoTech nominee director
SinoTech nominee director
Worldtex nominee director

Non Executive Deputy Chairman
Non Executive Director
Non Executive Director

In addition, the Company has agreed as part of the SinoTech placement to employ an appropriately qualified and experienced person nominated by SinoTech to participate in the Company's senior technical management subject to agreement of usual employment terms with the Company.



Dermot Ryan
Managing Director

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