ENTERPRISE METALS LIMITED

ASX ANNOUNCEMENT **26 October 2011**

EARHEEDY IRON PROJECT

- **DETAILED AIRBORNE SURVEY DEFINES LARGE MAGNETIC PALAEOCHANNELS,**
- **ADDITIONAL TENEMENT APPLICATION LODGED TO COVER EXTENSIONS,**
- **CHANNEL & DETRITAL IRON ORE TARGETS (CID's & DID's) REFINED.**

Enterprise Metals Limited ("Enterprise" or "the Company", ASX: **"ENT"**) wishes to announce that it has received preliminary magnetic data from a detailed airborne magnetic and radiometric survey at the Earaheedy Iron Project in September 2011. The Earaheedy Project is located 300km SE of Newman and 800km NE of Perth. With the addition of a new exploration licence to the south, the Earaheedy Project now covers 1,056km^2.

Enterprise's targets are a series of major magnetic palaeochannels draining south from the outcropping BIF's of the Lee Steere Ranges, along the northern margin of the Proterozoic Earaheedy Basin. Based on image processed GSWA 400m line spaced airborne magnetic data, Enterprise considered that these interpreted channels had the potential to host substantial CID and/or detrital iron deposits (DID), similar to the Yandicoogina or Koodaideri deposits in the Hamersley Basin.

The increased definition in the new 100m line spaced low level aeromagnetic data (spliced into the 400m data - refer Figure 1 below) has confirmed the Company's interpretation that major iron rich palaeochannels are draining southwards downslope away from the BIF's of the Lee Steere Ranges (refer Figure 2). Drill testing of priority targets will be undertaken in the first half of 2012 following the completion of heritage surveys. Refer Figures 3, 4 and 5 overleaf for detailed images.

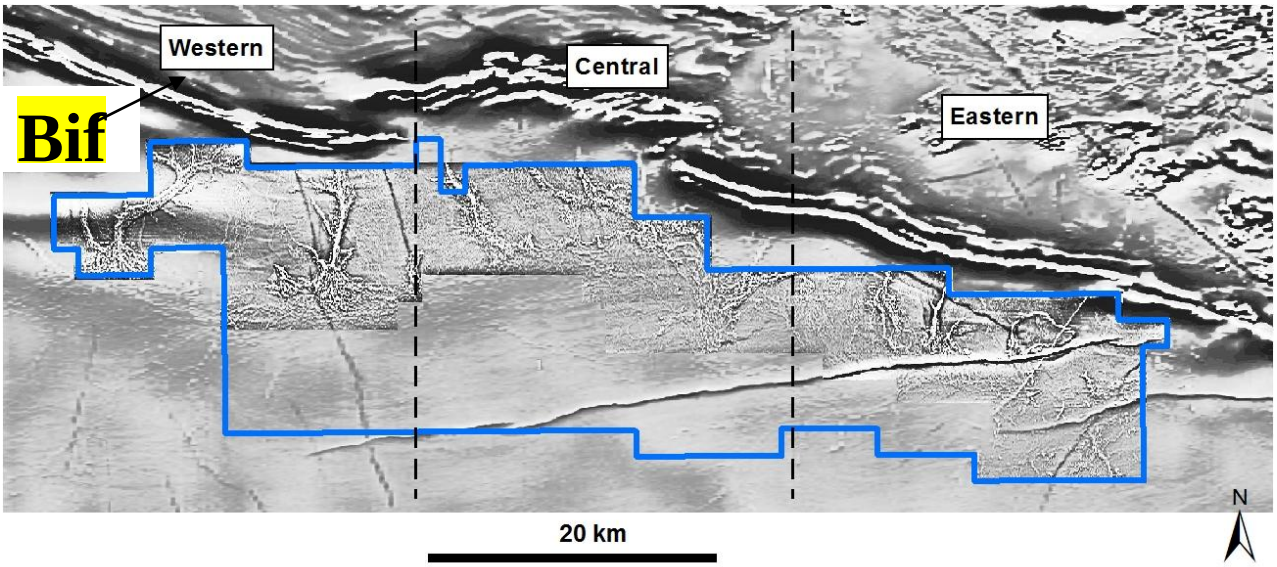

Figure 1. Earheedy Project Boundary (blue) Over 1st VD Grey Scale Magnetic Image

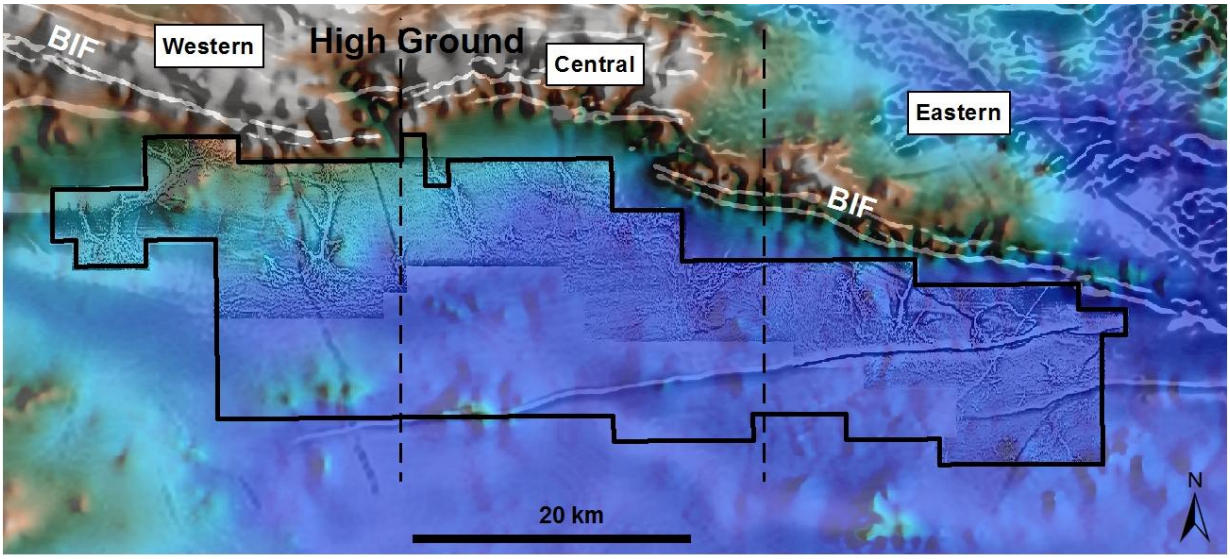

Figure 2. Earheedy Project – Digital Terrain Model Over 1st VD Grey Scale Magnetic Image

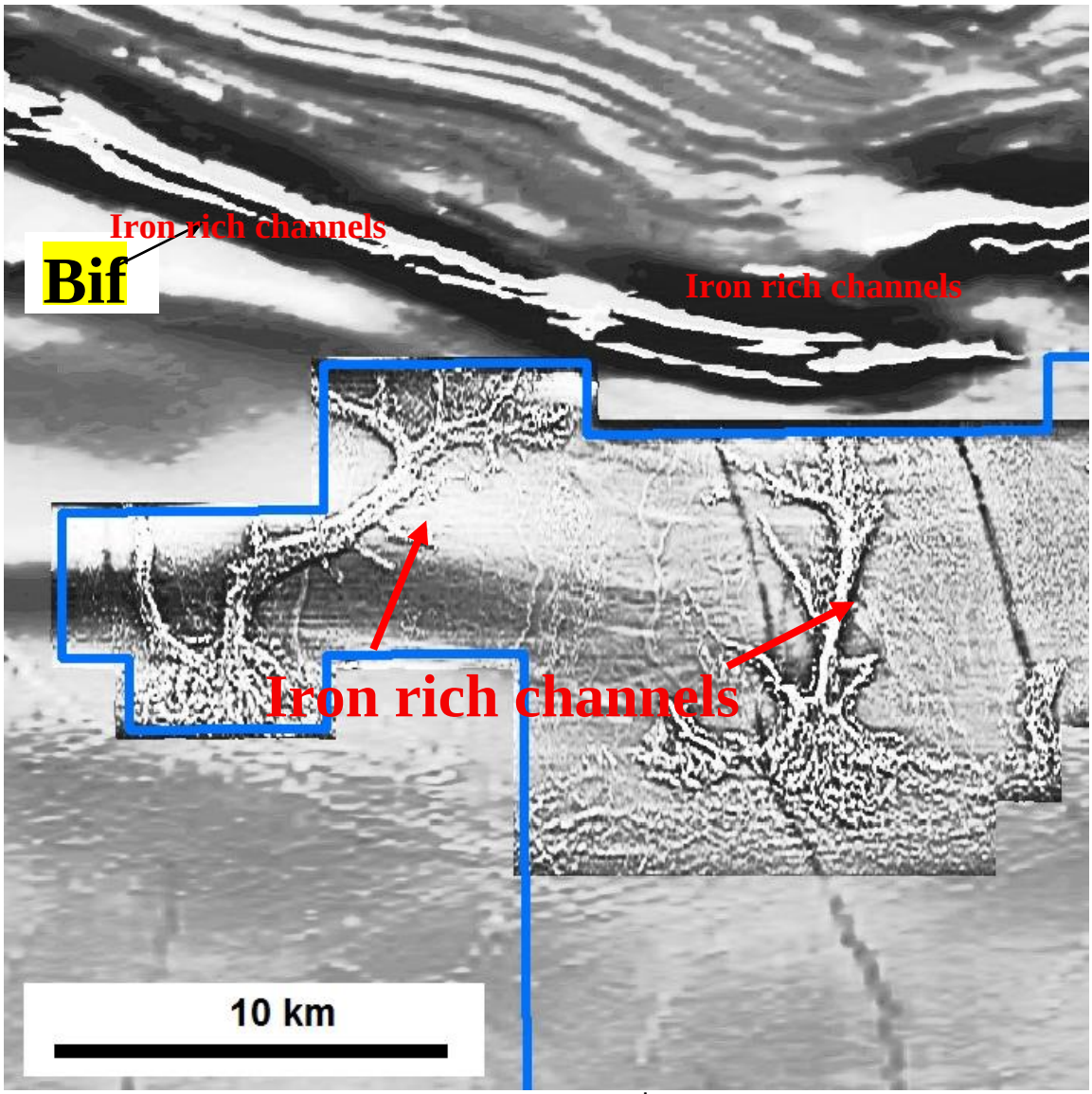

Figure 3. Earaheedy Project, Western Zone - 1st VD Grey Scale Magnetic Image

The Company believes that the palaeochannels, which commence on the high ground hosting the Bif units, have deeply incised the softer sediments to the south of the ranges, and at the same time deposited cubic kilometres of iron rich sediments (Bif, magnetite, goethite, hematite(?) and other sediment) into these channels.

The magnetic images also suggest that deltas of iron rich sediments were formed as the channels reached the flat lying plains to the south, and the sediment load lost its momentum.

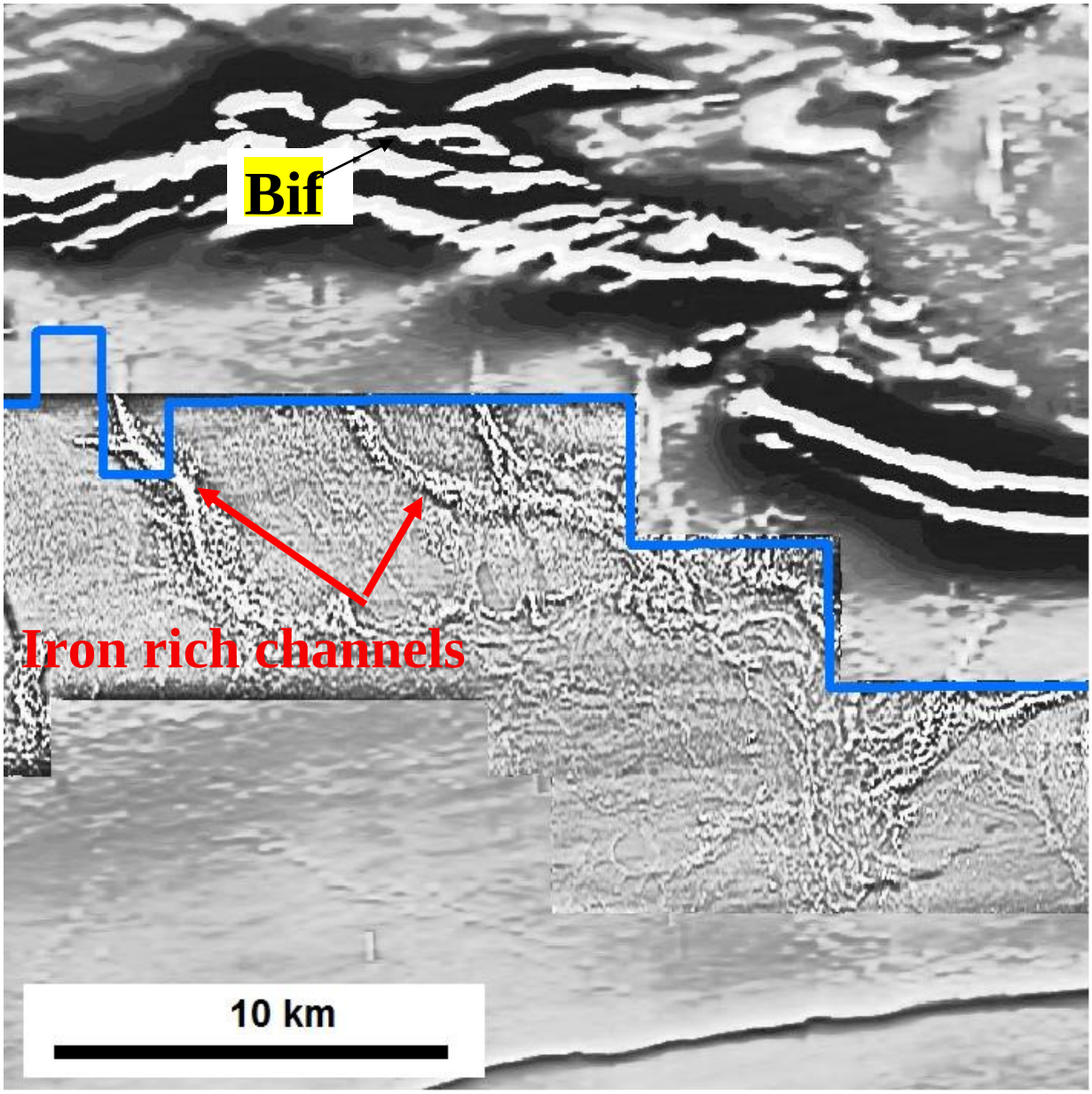

Figure 4. Earaheedy Project, Central Zone - 1st VD Grey Scale Magnetic Image

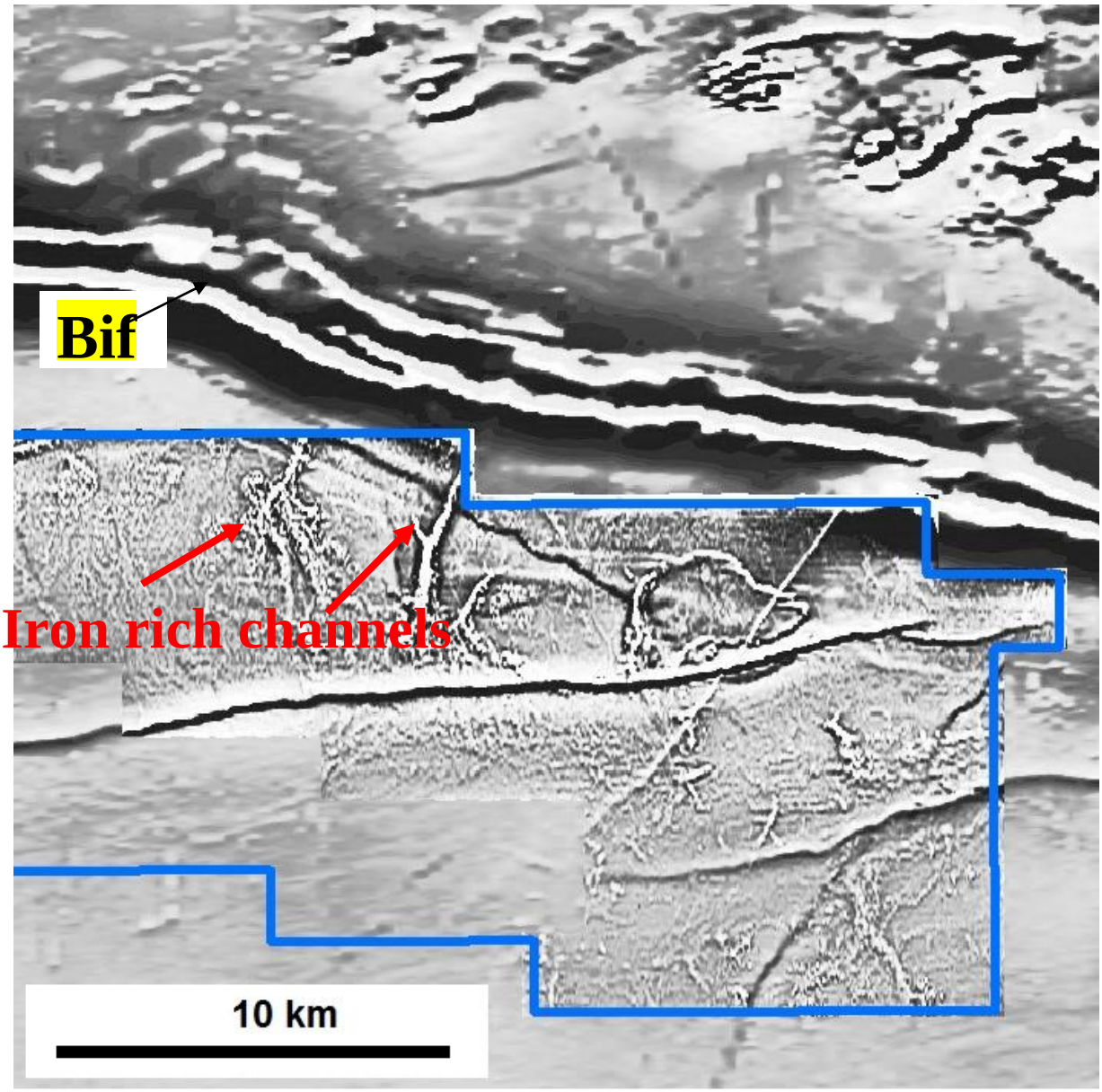

Figure 5. Earaheedy Project, Eastern Zone - 1st VD Grey Scale Magnetic Image

Enterprise's Earaheedy Project lies immediately to the southeast of the Cazaly Resources Ltd - Vector Resources Ltd **Earaheedy Joint Venture.**

On 26 September 2011, Cazaly Resources Ltd & Vector Resources Ltd announced to the ASX that Anglo American had agreed to farm into their Earaheedy Iron Project. Under the agreement, Anglo American will complete 7,500m of RC or DC drilling within 18 months, and may earn an initial 51% interest by paying the JV partners $1 million cash and spending $20 million over 4 years. Anglo American may then earn a total of 75% interest in the project by completion of a Bankable Feasibility Study and the payment of a further $5 million to the partners.

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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.