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Large Scale Uranium Geochemical Anomaly Identified

- **An auger drill program at McPherson's Bore has identified a large uranium geochemical anomaly.**
- **The anomaly is over 4km long and up to 1km wide and open north and south.**
- **Geochemical assays up to 1.5m @ 324ppm U_3O_8 (end of hole) were received.**
- **Aircore drill testing of the anomaly will be completed ASAP.**

The directors of Encounter Resources Ltd are pleased to announce the results of a first pass auger drilling program at the McPherson's Bore project (E29/587 - Encounter 80%, Avoca Resources Ltd 20%). The project is located 120km west of Leonora in the drainage channel that hosts the Lake Raeside uranium occurrences.

The McPherson's Bore project is one of six targets in the North Eastern Goldfields to be tested utilising a lake auger rig. The objective of this reconnaissance sampling is to confirm the source of the radiometric anomalism and to provide information that will assist in the future prioritisation of Encounter's regional projects

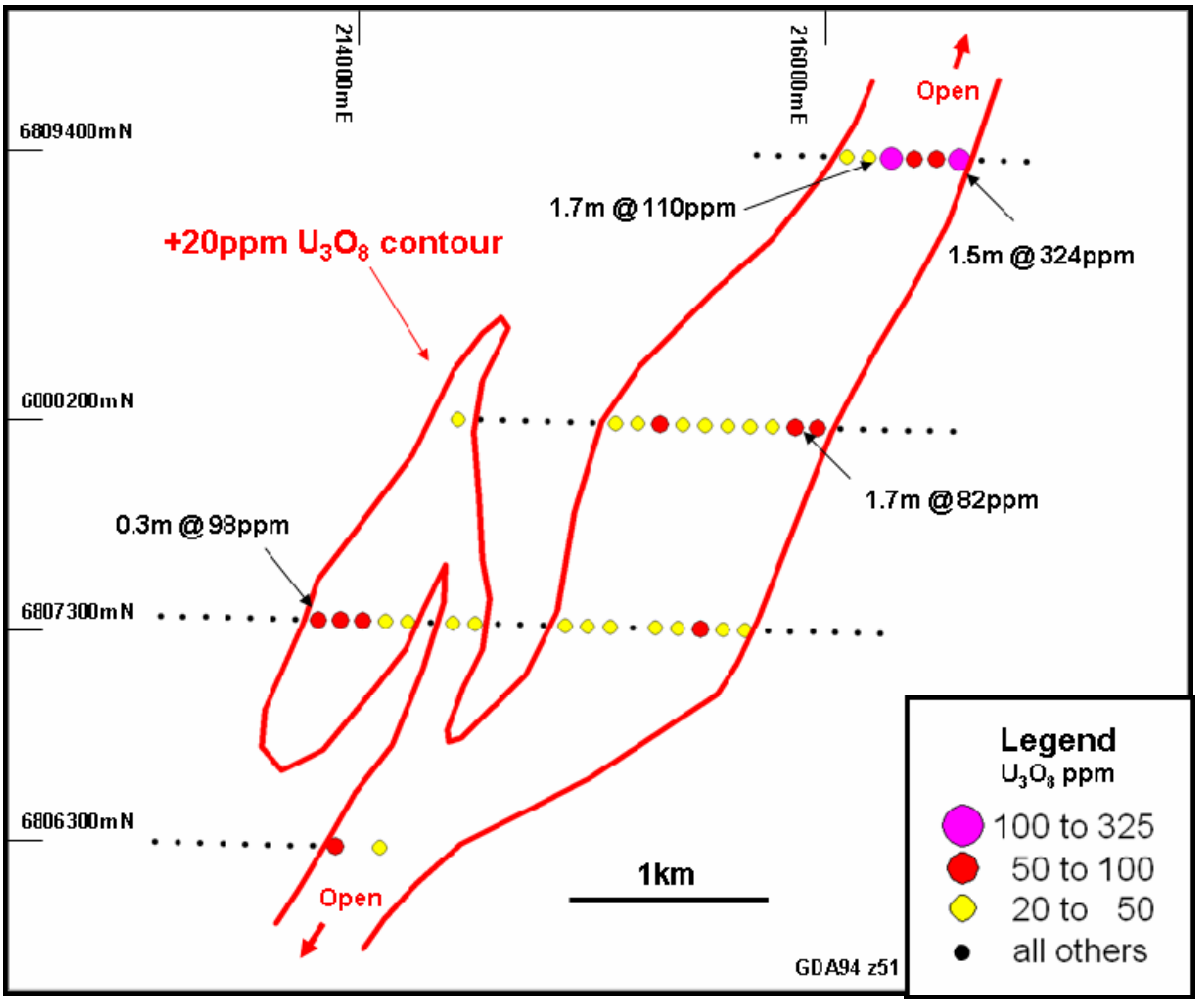
Four broad spaced auger drill traverses were completed at McPherson's Bore to test a coincident regional stream sediment and airborne uranium channel radiometric anomaly. The drilling has identified a 4km long uranium geochemical anomaly associated with a buried zone of calcrete and calcareous sediments. The zone of uranium anomalism is up to 1km wide and remains open to the north and south (see Figure 1).

Auger drill holes range from 0.3 to 4.7 metres deep with holes terminating at the top of the hard calcrete horizon. A significant number of the anomalous holes did not exceed 1m as the auger rig could not penetrate the calcrete horizon. Assays over 50ppm were recorded on each drill line with the highest grades recorded on the most northern line with grades to 324ppm U_3O_8 over 1.5 metres at end of hole in EMB0010. All assays over 20ppm U_3O_8 are shown in Table 1.

An aircore drill rig is being sourced to complete a follow up program. This rig will be capable of penetrating the calcrete horizon to test the primary target zone at the water table, which is expected to be within 10m of the surface.

These reconnaissance results are considered to be very encouraging given the widespread uranium anomalism and favourable geological setting.

Figure 1. McPherson's Bore reconnaissance auger drilling program (best in hole – ppm U_3O_8)



The information in this report that relates to Exploration Results is based on information compiled by Mr. Peter Bewick who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Bewick is a full time employee of Encounter Resources Ltd and has sufficient experience which is relevant to the style of mineralisation under consideration 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'. Mr. Bewick consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For further information please contact:

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Table 1. McPherson's Bore Auger drilling – Intervals >20ppm U_3O_8

Hole number	Easting_MGA94	Northing_MGA94	Sample #	Depth(m)	U_3O_8
EMB0005	216100	6809400	EX104074	0 – 1*	46.0
EMB0006	216200	6809400	EX104073	0 – 1.7*	48.3
EMB0007	**216300**	**6809400**	**EX104071**	**0 - 1.7**	**109.7**
			EX104072	1.7 - 3.2*	22.8
EMB0008	216400	6809400	EX104069	0 - 1.7	77.8
			EX104070	1.7 - 3.2*	43.6
EMB0009	216500	6809400	EX104066	0 - 1.7	53.1
			EX104067	1.7-3.2	48.3
			EX104068	3.2-4.7*	20.3
EMB0010	**216600**	**6809400**	EX104063	0 - 1.7	30.7
			EX104064	1.7-3.2	31.8
			EX104065	**3.2-4.7***	**324.3**
EMB0014	214400	6808200	EX104083	0 - 1.7*	28.3
EMB0021	215100	6808200	EX104090	0 - 0.5*	24.8
EMB0022	215200	6808200	EX104091	0 - 0.5*	37.7
EMB0023	215300	6808200	EX104092	0 - 0.5*	74.3
EMB0024	215400	6808200	EX104093	0 – 1.1*	23.6
EMB0025	215500	6808200	EX104094	0 – 1.2*	24.8
EMB0026	215600	6808200	EX104095	0 – 1.1*	31.8
EMB0027	215700	6808200	EX104096	0 – 1.1*	22.4
EMB0028	215800	6808200	EX104097	0 - 1.5*	40.1
EMB0029	**215900**	**6808200**	**EX104098**	**0 - 1.7**	**82.5**
			EX104099	1.7-2.5*	35.4
EMB0030	216000	6808200	EX104100	0 - 1.8*	64.9
EMB0045	**213800**	**6807300**	**EX104143**	**0 - 0.3***	**97.9**
EMB0046	213900	6807300	EX104142	0 - 0.3*	76.6
EMB0047	214000	6807300	EX104141	0 - 0.3*	56.6
EMB0048	214100	6807300	EX104140	0 - 0.3*	24.8
EMB0049	214200	6807300	EX104139	0 - 0.5*	43.6
EMB0051	214400	6807300	EX104137	0 - 0.5*	29.5
EMB0052	214500	6807300	EX104136	0 - 0.5*	41.3
EMB0056	214900	6807300	EX104132	0 – 1*	34.2
EMB0057	215000	6807300	EX104131	1.7-3.2*	22.1
EMB0058	215100	6807300	EX104129	0 - 1.7*	24.8
EMB0060	215300	6807300	EX104127	0 - 0.8*	21.1
EMB0061	215400	6807300	EX104126	0 - 0.8*	38.9
EMB0062	215500	6807300	EX104125	0 – 1.5*	71.9
EMB0063	215600	6807300	EX104123	0.4-2	22.5
EMB0064	215700	6807300	EX104121	0 - 1.7	23.5
			EX104122	1.7-2.8*	20.9
EMB0079	213900	6806300	EX104159	0.2-1.7*	51.9
EMB0081	214100	6806300	EX104161	0 – 1.5*	20.3

* end of hole sample