

ASX : ENR

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Company Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
Sydney NSW 2000

Paterson Province - Earn in Agreement with Barrick

- Encounter signs earn in agreement with Barrick Gold of Australia to explore the Yeneena project.
- The project encompasses 1,500km² of highly prospective uranium and base metals exploration ground in the under-explored Paterson Province of Western Australia.
- The project is located 40km north west of Rio Tinto's world class Kintyre uranium project and 45km south east of the Nifty copper mine.
- An electromagnetic (EM) survey, that will cover the project, is due to be completed as part of the Federal Government Onshore Energy Security Program in the coming months.

The directors of Encounter Resources Ltd are pleased to announce that the company has entered into an earn in agreement with Barrick Gold of Australia to explore the Yeneena project in the Paterson Province of Western Australia.

"The area has been tied up with gold work since 2003 and prior to that the ground was held by WMC exploring for base metals. Our technical team is extremely excited by the uranium and base metals potential of the area. This is a standout address in an under-explored world class uranium and base metals province." said Managing Director Will Robinson.

The Paterson Province lies to the east of the Pilbara Craton of Western Australia, about 1,200km north north east of Perth. The region hosts the Kintyre uranium project, which is owned by Rio Tinto and the Nifty copper mine. The Kintyre uranium resources have been estimated at 36,000t of U₃O₈.

The Kintyre uranium deposits lie within Lower Proterozoic metamorphic rocks of the Rudall Complex. Younger Proterozoic sandstones of the Yeneena Group overlie these rocks and are interpreted to be the source of uranium. The contact between the older Rudall Complex rocks and the younger Yeneena Group rocks is known as an "unconformity". Such unconformities are critical in the formation of 'unconformity style' uranium ores such as at Kintyre and in the Athabasca Basin of Canada.

A localised, anomalously thick basin of Yeneena Group sedimentary rocks occurs between the Yeneena project and the area of the Kintyre uranium deposits. The structures at the margins of this basin are considered to be important in controlling

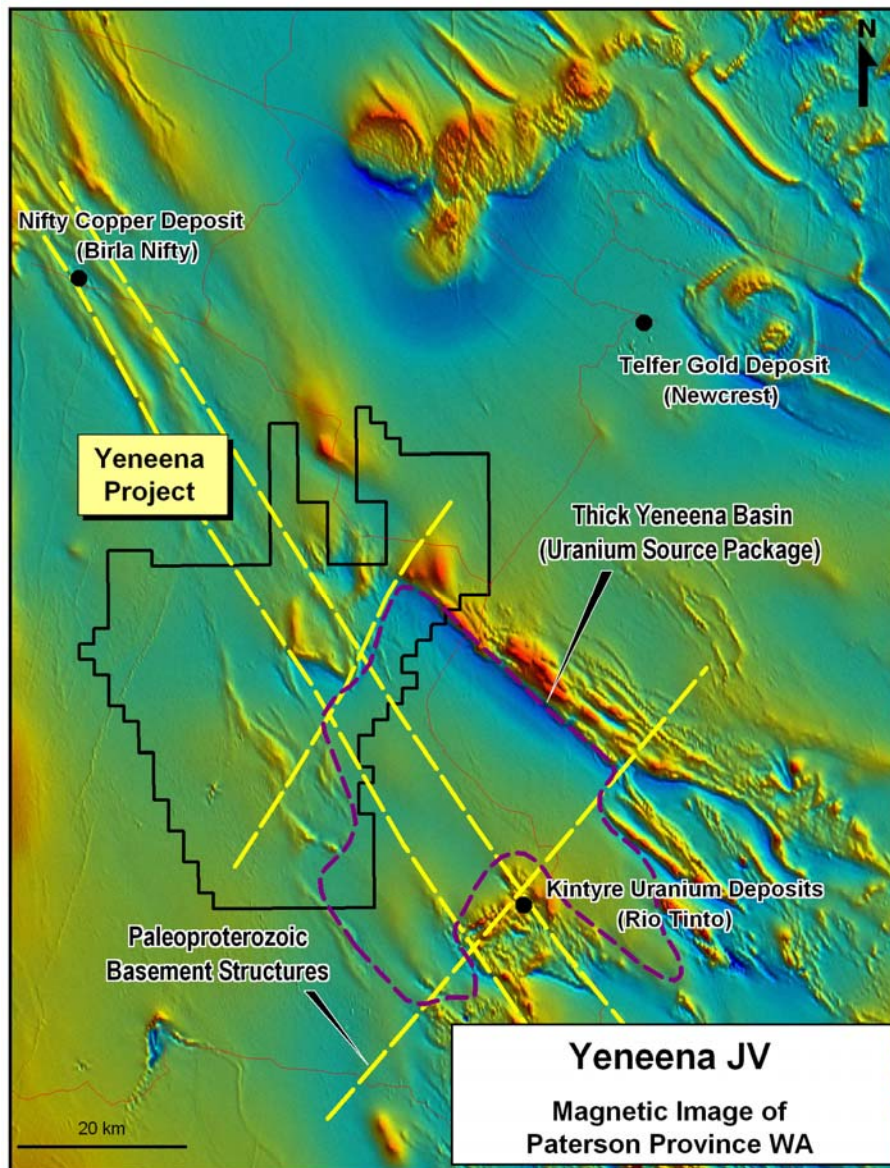
uranium mineralization (see Figure 1).

Within the Yeneena project, the favourable unconformity position is preserved and interpreted to be present beneath a thin veneer of Yeneena Group sandstones. The area is largely under sand cover with limited outcrop.

The overlying sandstones are also considered prospective for base metals with the Nifty copper mine hosted in the same stratigraphy, 45km to the north west of the Yeneena project.

“The area is about to be flown with EM for the first time as part of the Onshore Energy Security Program and Barrick’s previous regional exploration work will provide a great springboard to launch our own exploration activities” said Managing Director Will Robinson.

Figure 1 – Yeneena Project Magnetic Image



Key terms of the earn in agreement are:

- Encounter will spend a minimum of A\$500,000 on exploration within the first 15 months
- Encounter may spend A\$3m over five years to earn a 75% interest in the project
- Following completion of the earn in Barrick can contribute to expenditure to maintain an equity interest in the project or dilute to a 1.5% Net Smelter Royalty

Planned activities include:

- 1) Access discussions with the Western Desert Lands Aboriginal Corporation
- 2) Re-logging and assaying of gold exploration drill holes completed by Barrick
- 3) Interpretation of the EM survey to be completed over the project area as part of the Onshore Energy Security Program
- 4) Field reconnaissance

For further information please contact:

Mr Will Robinson
Managing Director
Encounter Resources Ltd
Tel: 08 9486 9455

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.

Encounter Resources Background

Encounter was established in 2004 to assemble a portfolio of strategically located, high quality, uranium projects in Western Australia. Project targeting involved a deliberate, commodity specific program at a time when there was minimal competition in Western Australia.

Encounter now controls a portfolio comprising over 6,000 square kilometres of strategically located and highly prospective uranium and base metals projects. The portfolio includes nineteen calcrete style uranium projects located in the Yilgarn and the Officer Basin and six projects targeting unconformity style uranium and base metals deposits in the Bangemall Basin.

The company has assembled an experienced board and management of former WMC and BHP Billiton executives to drive its growth strategy.