

**ASX : ENR**

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Company Announcements Office  
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## **Large Base Metals Drill Targets Defined**

- **Large scale, drill ready Zinc-Copper-Lead-Silver (Zn-Cu-Pb-Ag) targets have been defined at the Tchintaby Well and Pingandy Creek projects in the Bangemall Basin in WA**
- **A detailed gravity survey completed in May 2008 at the Pingandy Creek project has defined five significant Zn-Cu-Pb-Ag drill targets**
- **The Pingandy Creek targets are located 50km to the west of the exciting Zn-Cu-Pb-Ag drill targets previously defined by the company at Tchintaby Well**
- **Drilling programs are planned to commence in August 2008**

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### **Introduction - Base Metals in the Bangemall Basin**

Encounter Resources controls a large and strategic project position (over 2000km<sup>2</sup>) in the prospective Proterozoic Bangemall Basin. This position is held in five separate project areas: Tchintaby Well, Pingandy Creek, Wanna, Waldburg Range and Staten.

The initial project targeting focused on regional multi-element geochemical anomalies in key structural locations within the Bangemall Basin. The Tchintaby Well and Pingandy Creek projects have been advanced by Encounter over the last 12 months to a position where these projects now represent advanced, high quality Zn-Cu-Pb-Ag drill targets.

The northern and southern margins of the Bangemall Basin are also considered prospective for unconformity style uranium mineralisation where the Mesoproterozoic Bangemall Basin sediments overlie the Palaeoproterozoic Capricorn Orogen to the south and Ashburton Basin to the north.

While the uranium potential of the projects remains untested, the compelling and immediate prospectivity of the base metals opportunity at the Tchintaby Well and Pingandy Creek projects has been the focus of recent exploration work by Encounter. Given the scale and magnitude of the geophysical anomalies and the abundant evidence of base metals mineralisation, these projects are outstanding near term targets for Encounter.

A summary of the recent progress at the base metals projects in the Bangemall Basin is outlined below.

## **Tchintaby Well Project (E52/1882 and ELA52/1959) - 80% Encounter, 20% Avoca**

Drilling in the mid 1990s by CRA Exploration intersected an extensive area of low grade Zn-Cu-Ag mineralisation extending laterally over an area 8km by 5km. A total of 29 holes were drilled by CRA tracing the mineralised horizon to a maximum depth of 200m below surface with mineralisation remaining open to the south. Typical holes within the mineralised area returned intersections of 10-15m thickness, grading 0.5-1% Zn, 500-1000ppm Cu and 5-15g/t Ag. The target at Tchintaby Well is high grade SEDEX zinc mineralisation, similar to the Century and McArthur River Deposits in Eastern Australia.

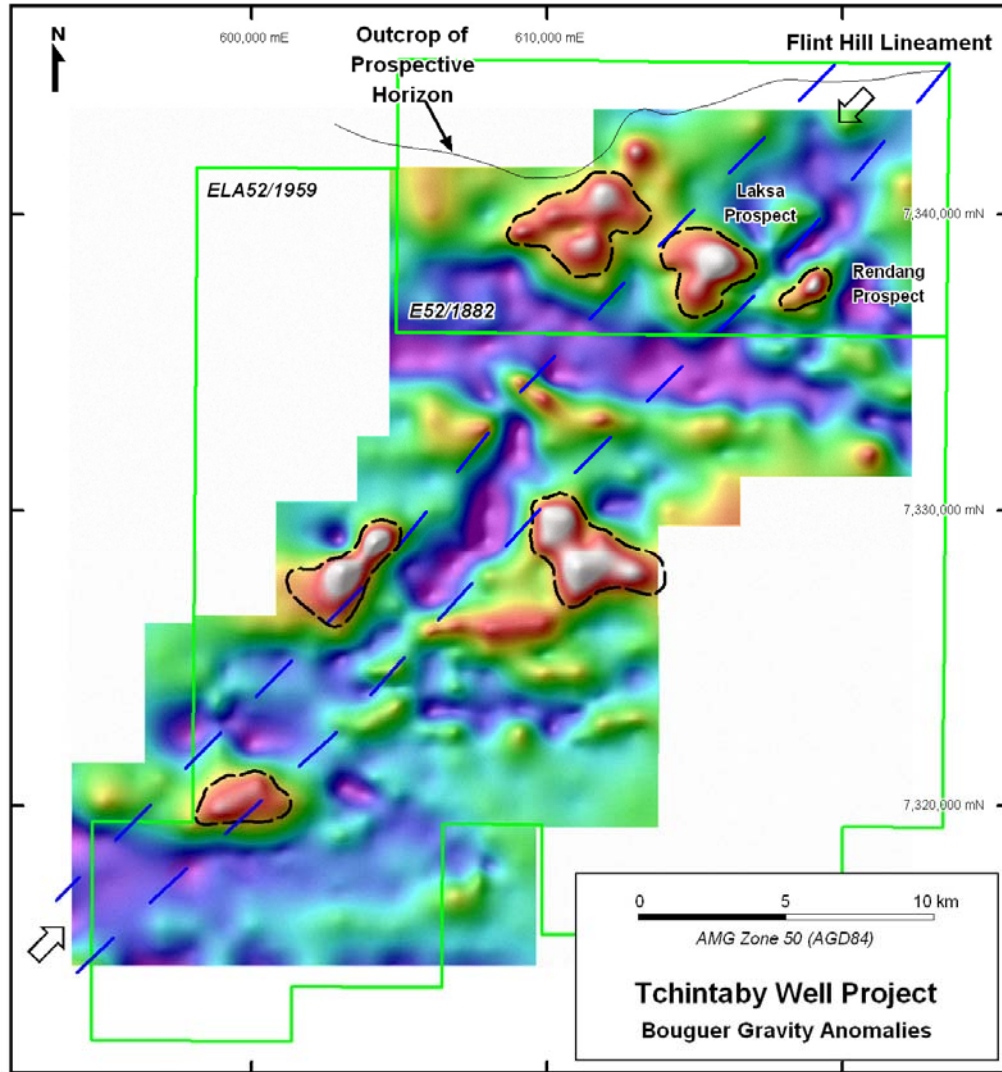
**Figure 1.** Northern Margin of the Bangemall Basin looking west



The geology of the Bangemall Basin is predominantly flat lying (see Figure 1). In areas of flat lying stratigraphy gravity surveys are likely to work extremely well in defining mass anomalies that may represent sulphide accumulation.

At Tchintaby Well, 3D gravity modelling of the area to the immediate south of the past drilling has been completed by Encounter. In total, six areas of excess mass have been defined in the Bouguer gravity image adjacent to the regionally extensive Flint Hill Lineament (see Figure 2). The Flint Hill Lineament is a regional extensive structure that can be traced over 100kms and is interpreted to represent the location of a long lived basement structure. Some 50km east of this lineament lies the sub-parallel Tangadee Lineament which is associated with the Abra base metals deposit.

**Figure 2.** Tchintaby Well – Regional first vertical derivative (1vd) Bouguer gravity and structural interpretation



It appears that the low grade Zn-Cu-Ag mineralisation drilled by CRA at the Andes Prospect is associated with a cluster of gravity features in the north of the project. Significantly, the holes drilled by CRA have not tested the highest amplitude gravity features (see Figure 3).

**Figure 3.** Tchintaby Well (northern project area)– Historical drill collars on 1vd Bouguer gravity

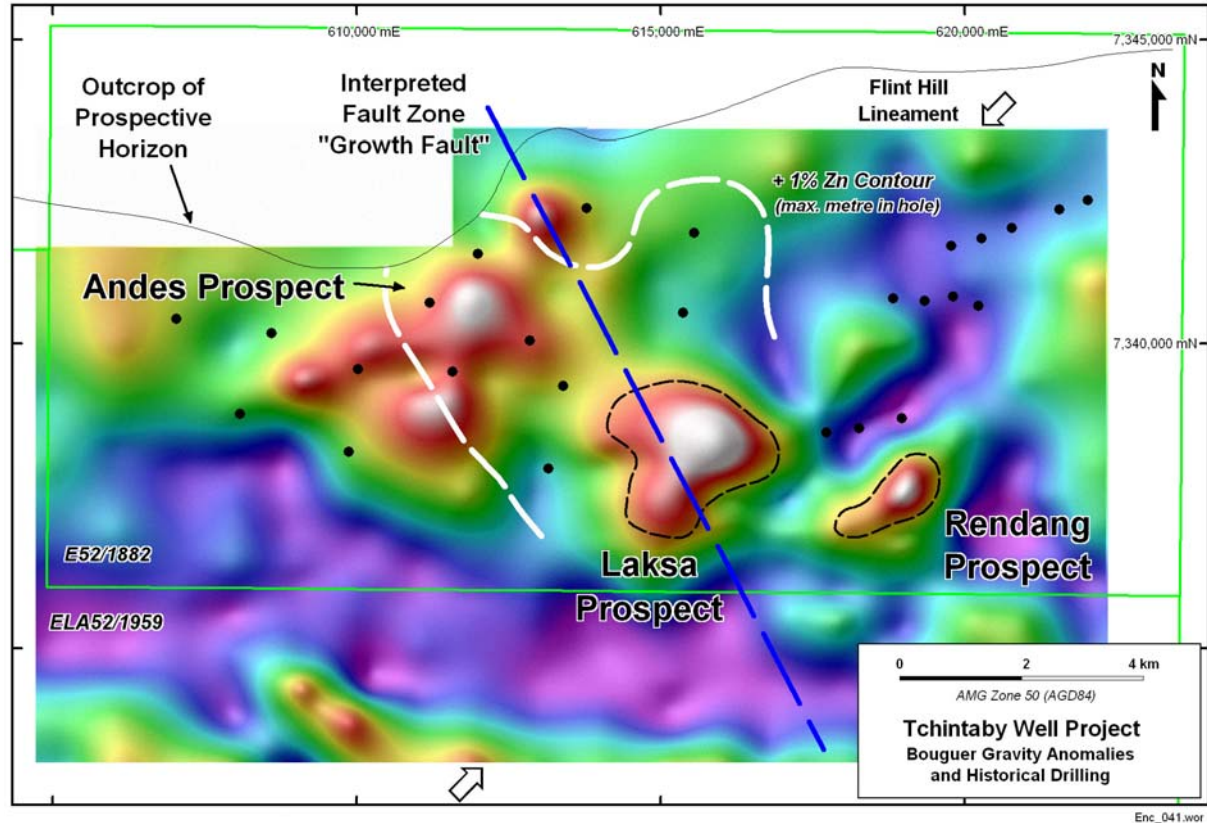


Plate modelling of the two gravity features directly south of the Andes Prospect, Laksa and Randang, has resolved that the mass anomalies sit directly downplunge of the known low grade base metals mineralisation at depths between 150m to 250m from surface. The flat lying bodies have been modelled as stratabound features with thicknesses and densities consistent with that of a large scale body of SEDEX zinc mineralisation.

An initial drill program to test these targets is scheduled to commence in August 2008.

### **Pingandy Creek Project**

**(E08/1779 - 80% Encounter, 20% Avoca, E08/1794 100% Encounter and E08/1578 Encounter Option to earn 100%)**

Encounter Resources is pleased to release the results of a recently completed ground gravity survey at the Pingandy Creek Project, located 80km south of Paraburdoo. The Pingandy Creek Project covers 425km<sup>2</sup> along the northern margin of the Proterozoic Bangemall Basin.

Historical drilling in the area by Pasminco in the mid 1990s intersected extensive, shallow, low grade Zn-Cu-Pb mineralisation within a black shale unit named the Peebeezee Horizon. In the area initially targeted by Encounter, this prospective horizon has been drill tested by only one hole below a depth of 25m from surface.

Historical intersections in the target area (shown in Figure 4) include:

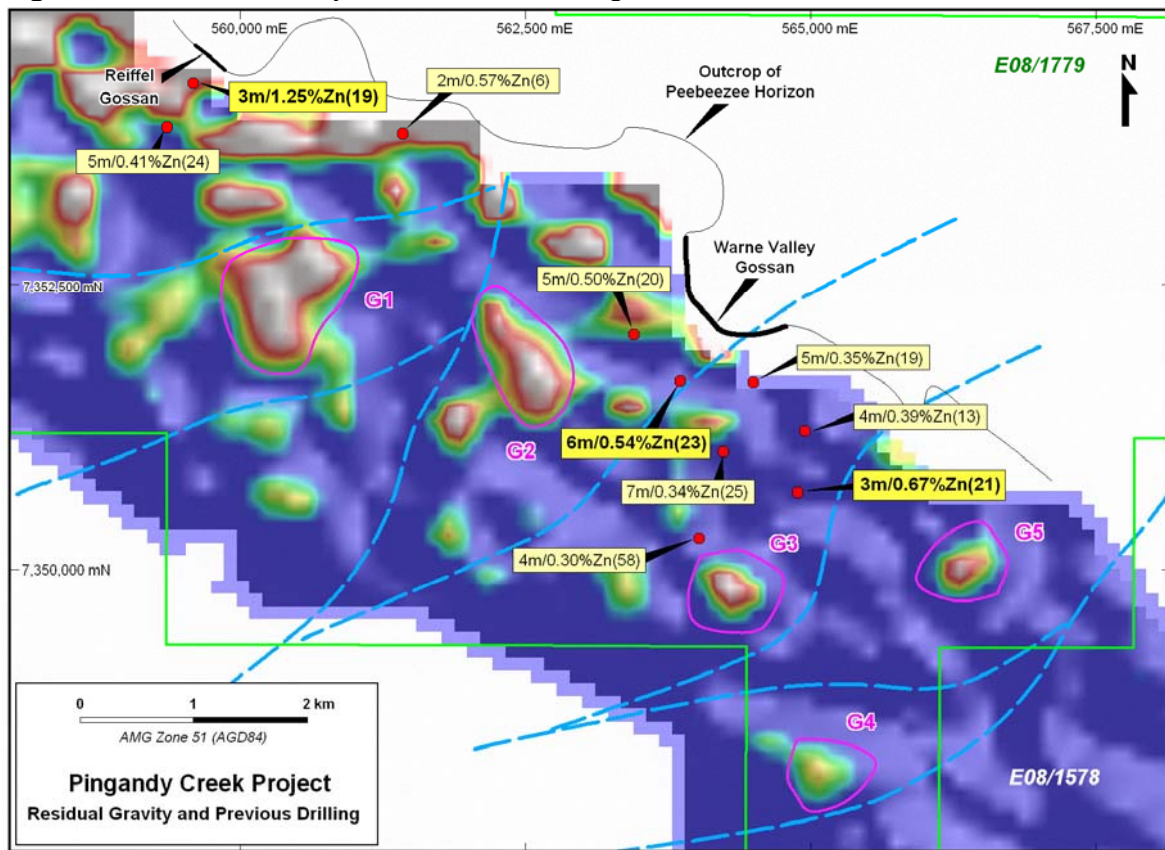


- 3m @ 1.25% Zn from 19m
- 3m @ 0.67% Zn from 21m.
- 6m @ 0.54% Zn from 23m

In May 2008 Encounter completed a 400m by 200m spaced ground survey gravity over a 15km segment of the Peebeezee Horizon. The survey area encompassed a number of historic mineralised holes and an area containing 3kms of the downplunge extension of the prospective horizon.

The survey defined five mass anomalies downplunge and along strike from the Pasmenco drilling (see Figure 4). Four of the five (G1-G4) gravity anomalies have been selected for follow up drill testing. The targets selected were defined as coherent, multi-point anomalies that are located in close proximity to interpreted cross cutting structures. It is inferred that the interpreted structures are the conduits for the mineralising base metal rich fluids.

**Figure 4. Residual Gravity and Previous Drilling Plan**



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A heritage survey was completed earlier this month and has cleared access tracks to the proposed drill site at targets G1 to G4. A drill contract to complete this program at Pingandy Creek is currently being finalised with drilling scheduled to commence in August 2008.

## **Summary**

Over the last 2 years Encounter Resources has assembled an extensive base metals project portfolio in the Proterozoic regions of WA to complement its advancing uranium interests. The projects in the Bangemall Basin cover regional multi-element surface geochemical anomalies along major structural locations. The primary target is SEDEX base metal mineralisation similar to the giant deposits of Century and McArthur River in Eastern Australia. Gravity modelling has been used to defined drill targets within the flat lying stratigraphy of the Bangemall Basin.

The company has now defined large scale, high quality geophysical drill targets in areas demonstrating clear evidence of mineralisation. Drilling at the Pingandy Creek and Tchintaby Well projects is scheduled to commence in August 2008.

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*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.*