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Airborne EM Survey defines new Uranium and Copper targets NW of Kintyre (Yeneena JV)

ASX Code

ENR

Market Cap (22/01/09)

A$5.1M ($0.075/share)

Issued Capital (22/01/09)

68.6 million ordinary shares
2.3 million employee options

Cash (31/12/08)

approx. A$3.1M

Board of Directors & Management

Mr. Paul Chapman
Non-Executive Chairman

Mr. Will Robinson
Managing Director

Mr. Peter Bewick
Exploration Director

Dr. Jon Hronsky
Non-Executive Director

Mr. Kevin Hart
Company Secretary

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- 1000 line km Tempest Airborne Electro-Magnetic survey defines high quality uranium and copper targets close to the Kintyre uranium deposit and the Nifty copper mine
- Interpreted unconformity related EM conductor defined along the regionally extensive McKay Fault at the ‘U2’ target
- AEM survey reveals bedrock conductor adjacent to historical copper mineralisation of 25m @ 0.14% Cu from 25m at ‘BM1’ target
- Additional AEM lines flown by Geoscience Australia over the project area remain pending
- Field programs and drilling of high priority targets to commence in the 2009 field season
- Removal of the policy prohibiting uranium mining in Western Australia by the State Government in October 2008 is accelerating uranium exploration in the world class Paterson Mineral Province.

Summary
The Directors of Encounter Resources Limited ("Encounter") are pleased to announce the results of a 1000 line km Tempest Airborne Electro-magnetic ("AEM") survey completed at the Yeneena joint venture ("JV") project. Initial interpretation of the AEM lines has highlighted a number of high quality basement conductors that are considered prospective for unconformity uranium or sedimentary hosted copper mineralisation.

Drilling of high priority targets is planned to commence in the current field season.

Project Background
The Yeneena JV covers over 1500km^2 in the Proterozoic Paterson Province of Western Australia. The project is situated 30km NW of the Kintyre uranium deposit and 40km SE of the Nifty Copper Mine (see Figure 1). The stratigraphy and key structures that host the Nifty and Kintyre deposits are interpreted to extend through the Yeneena JV project area. Encounter is earning a 75% interest in the JV from Barrick Gold of Australia ("Barrick").

During 2008 Geoscience Australia ("GA") completed a 30,000 line km AEM survey over a large portion of the Paterson Province. This survey was funded by the Federal Government's Onshore Energy Initiative. The survey lines were flown in an east-west orientation at 1km or 2km line spacing. Encounter contracted Fugro Airborne to fly an additional 1000 line kms within the Yeneena JV to infill line spacing to 500m. The preliminary data from this infill survey has been received. The remaining GA survey line data will be released in the coming months.

Simplified geological stratigraphy for the region comprises the Palaeo-Proterozoic Rudall complex as the lowermost unit, overlain by the Neo-Proterozoic Coolbro Sandstone. The Broadhurst formation sits stratigraphically above the Coolbro and is the host to the base metals targets and the Nifty Copper Mine. The Kintyre uranium deposit sits directly below the unconformity between the Coolbro and the Rudall and this position is the primary target for unconformity uranium mineralisation.

The Paterson Province has seen minimal modern exploration. Most drilling completed to date in the Yeneena JV area is shallow aircore or RAB drilling. Encounter completed an extensive re-analysis program of sample pulps from the 18,000 metres of gold exploration drilling conducted by Barrick which highlighted areas of significant uranium and base metal anomalism. This re-assay program was the first uranium drill hole sampling program completed within the project.

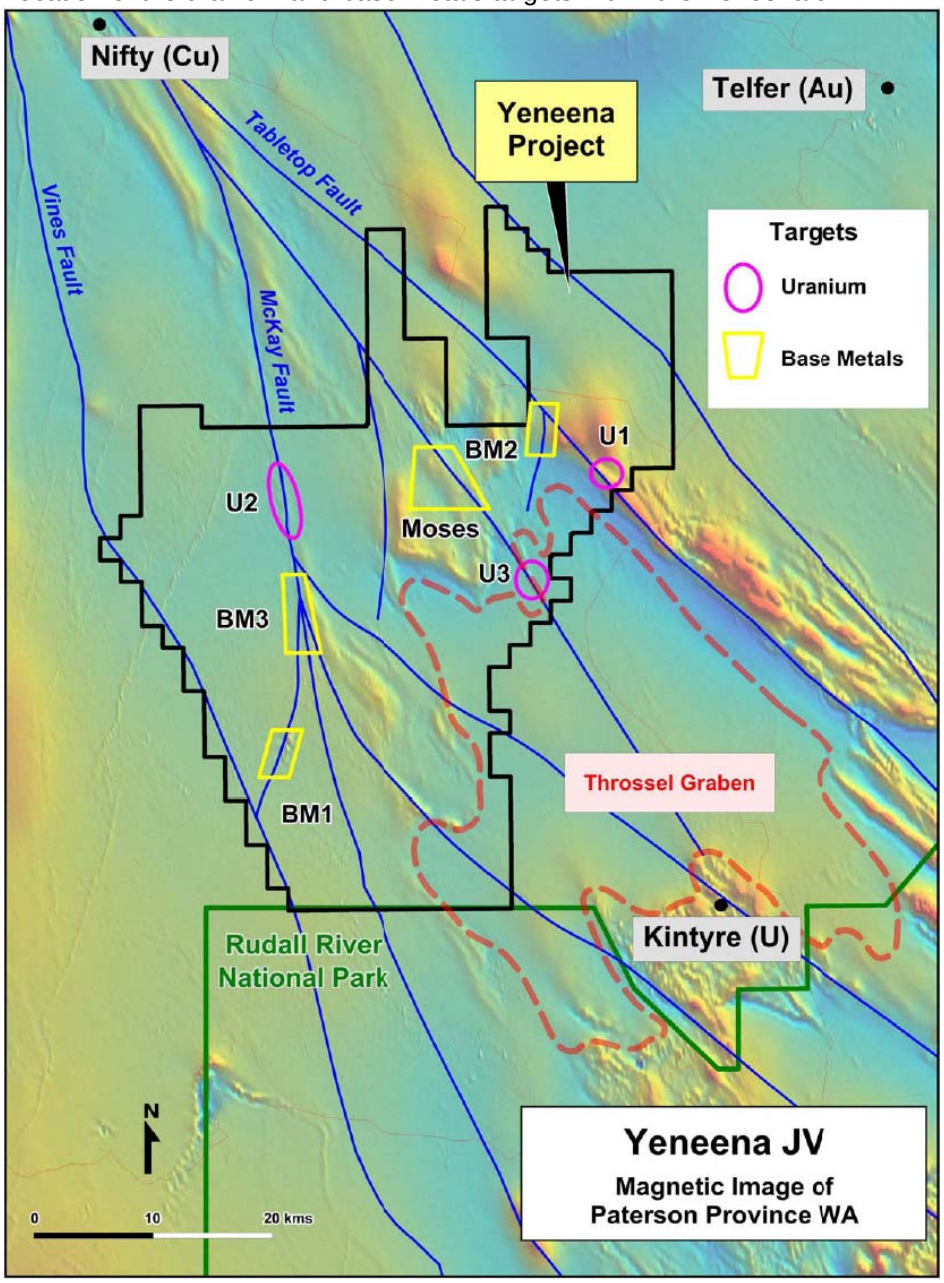
The copper and uranium mineralisation in the Paterson is closely associated with major NS to NNW trending structures. Three of these key structures; the Vines, McKay and Tabletop Faults, extend through the Yeneena JV project (see Figure 1). Targeting work by Encounter initially focused on major structural intersections within the project, supported by a thorough interrogation of historical datasets. New geophysical and geochemical datasets collected by Encounter in 2008 have defined a series of new, outstanding targets which represent "walk-up" drill targets.

AEM Results
The preliminary AEM data indicates that the survey has been highly successful at seeing well into the basement and has minimal interference from any surface conductive units. Initial interpretation of the AEM lines flown by Encounter has highlighted a number of discrete basement conductors that are considered extremely prospective for unconformity

uranium or sedimentary hosted copper mineralisation. Metal anomalism in the regolith defined by the 2008 drill pulp re-analysis program supports a number of these new AEM targets.

The AEM survey has opened up a new unexplored exploration space at a relatively shallow depth in a region that hosts three major mineral deposits. The survey has defined a number of new, significant uranium and copper drill targets in the extensive project area. These uranium and base metals targets are shown below in Figure 1. Detailed descriptions of three priority targets; U2, BM1 and BM2, are included in the following section.

Figure 1: Location of the uranium and base metals targets within the Yeneena JV.



U2 Target. The U2 target consists of a discrete AEM and uranium channel radiometric anomaly located along a section of the regionally extensive McKay Fault. The bedrock AEM anomaly is located approximately 200m from the surface near the interpreted unconformity between the Coolbro sandstone and the Rudall Complex (see Figures 2 and 4). A regionally significant uranium channel radiometric anomaly sits 4km to the south of the AEM anomaly in an area of outcropping Coolbro sandstone, adjacent to the McKay Fault (see Figure 3). Recently acquired geochemistry from historical drilling 5kms to the south of U2 revealed near surface uranium anomalism that is open and increasing in intensity to the north towards U2. Field validation of the radiometric anomaly is scheduled for March/April 2009 with drilling of the AEM to follow.

Figure 2: Stacked AEM CDIs at U2.

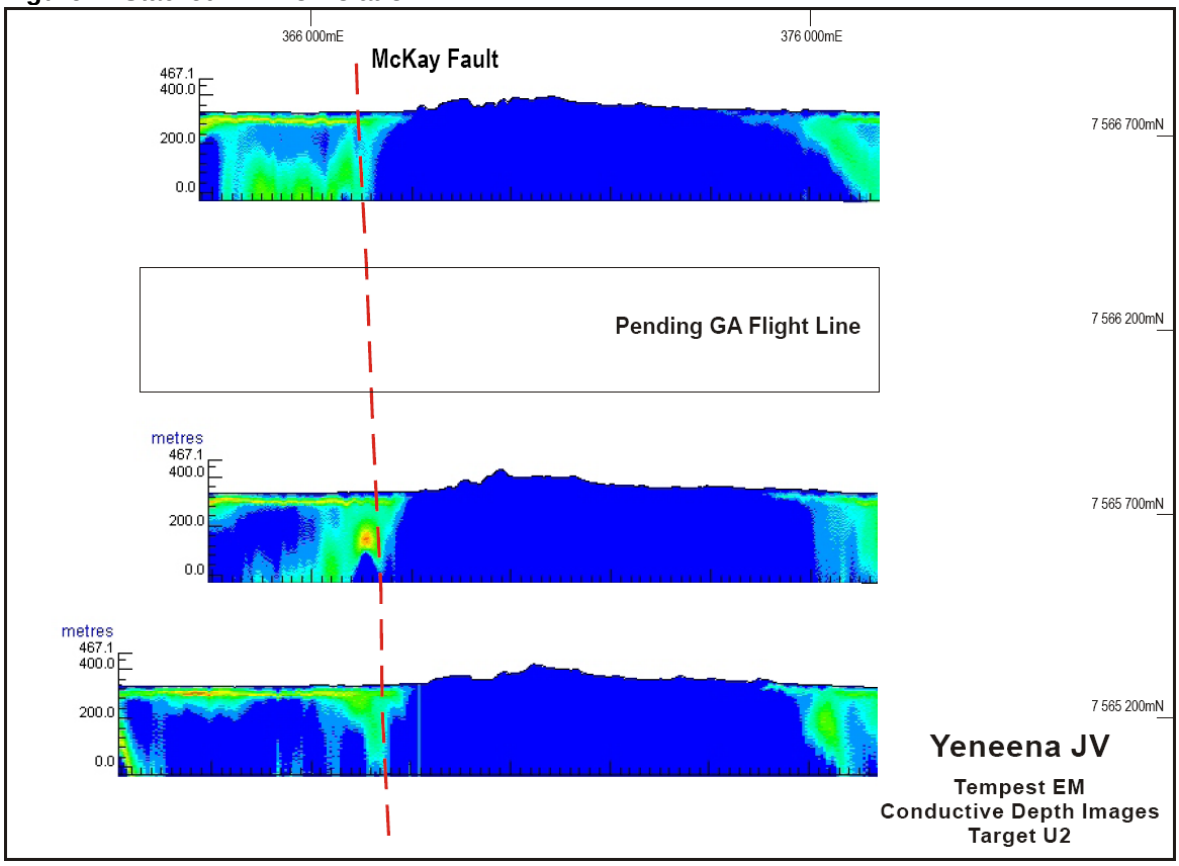


Figure 3: Location of the AEM and uranium channel radiometric anomalies at U2.

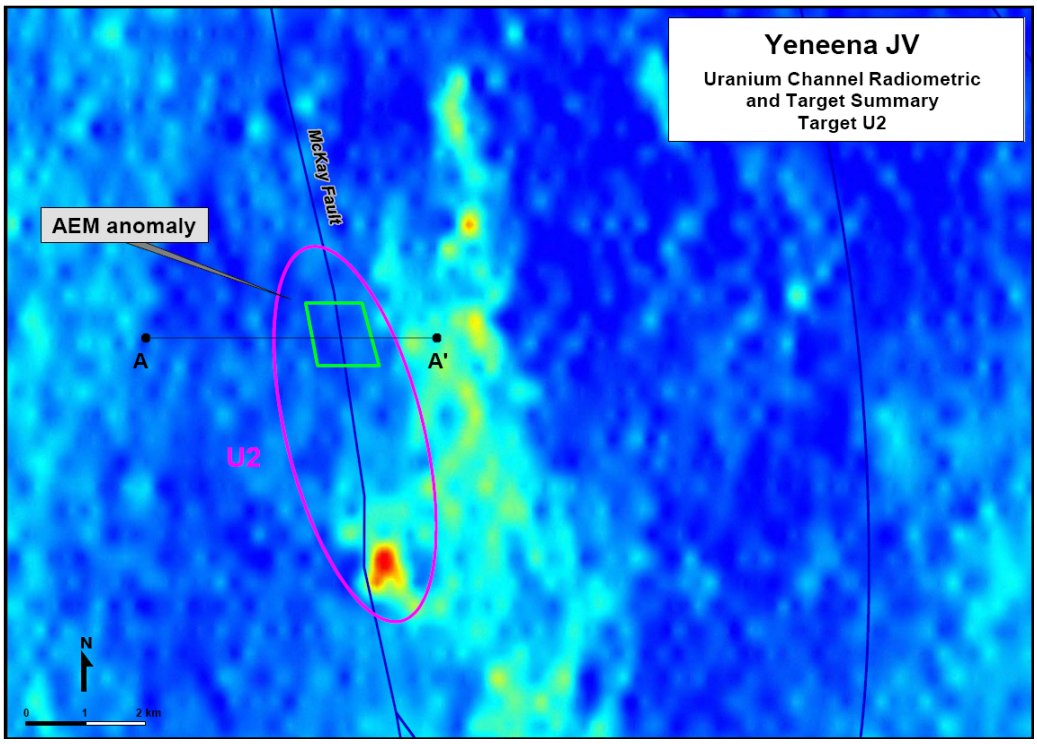
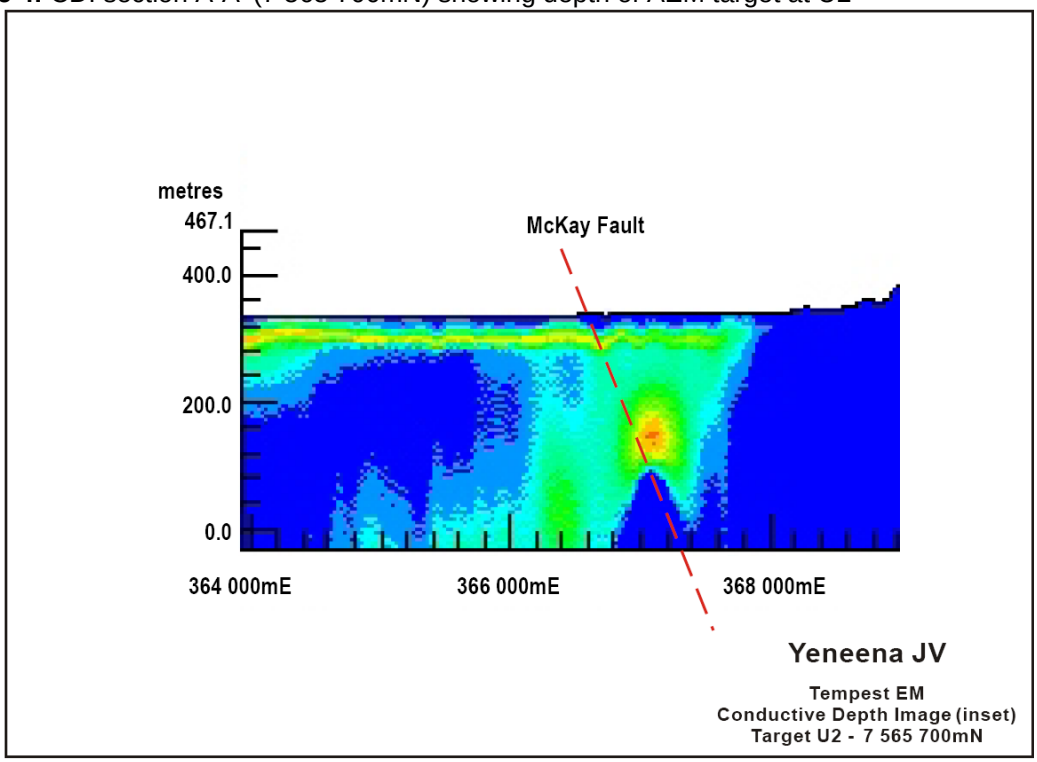


Figure 4: CDI section A-A' (7 565 700mN) showing depth of AEM target at U2



BM1 Target. The BM1 target consists of a near-coincident magnetic and AEM anomaly located on a NNE trending splay structure to the McKay Fault (refer to Figures 5 and 6). A section of three holes drilled by CRA in the mid 1980s, 1km to the north of the AEM anomaly, targeted the magnetic feature and intersected copper anomalism between 100-500ppm Cu. A water bore hole (WTWB2) drilled on section and 600m to the east of the AEM anomaly returned highly anomalous copper results of 15m @ 0.14% from 25m, including 3m @ 0.35%Cu (see Figures 5 and 7). Modeling of the AEM conductor is currently underway and drilling will target the defined plate.

Figure 5: TMI Magnetics, key structures and hole locations at BM1

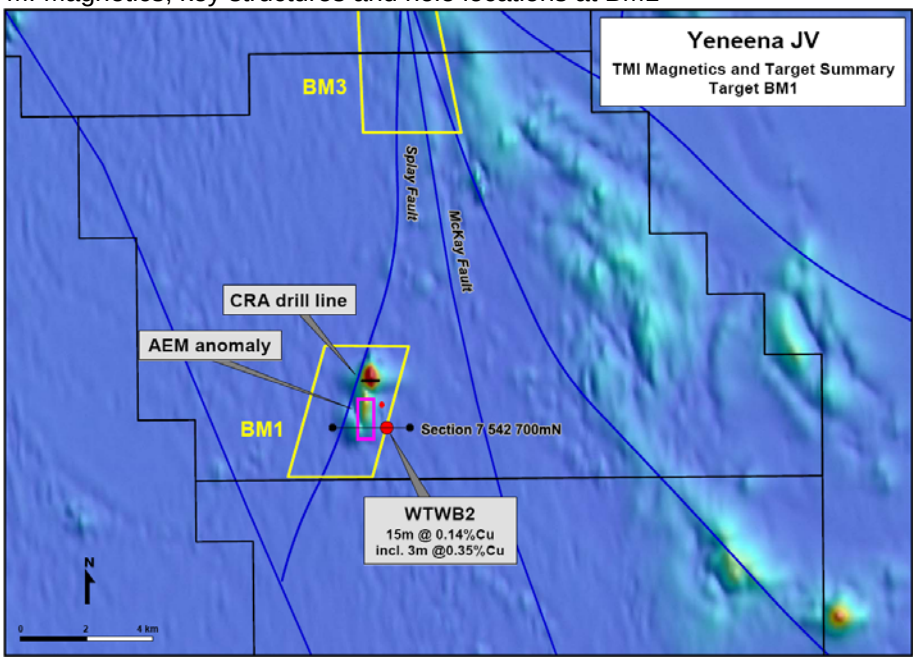


Figure 6: Conductivity Depth Images and key structures over BM1

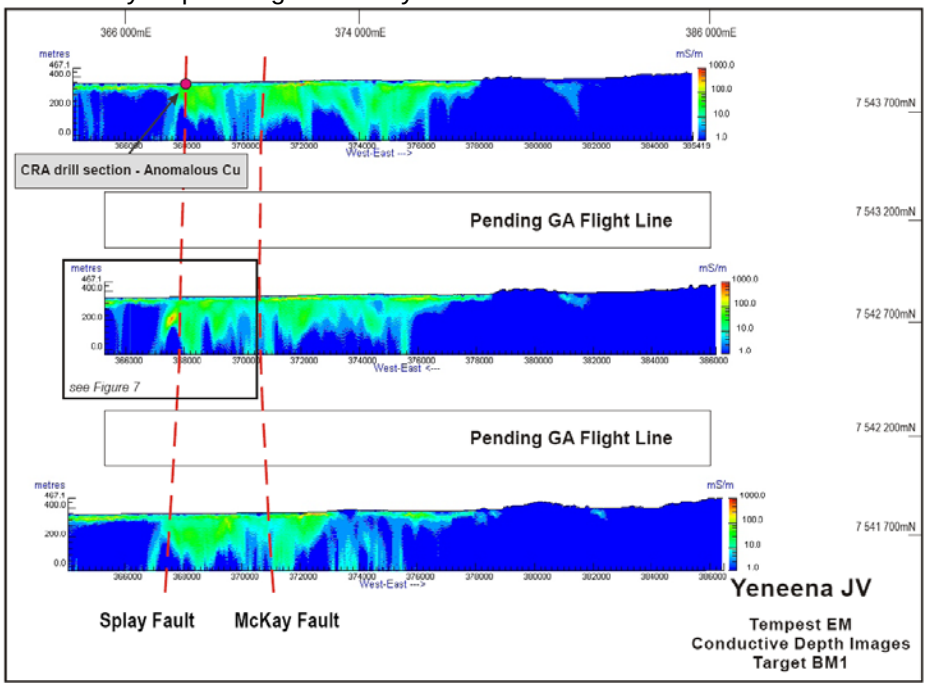
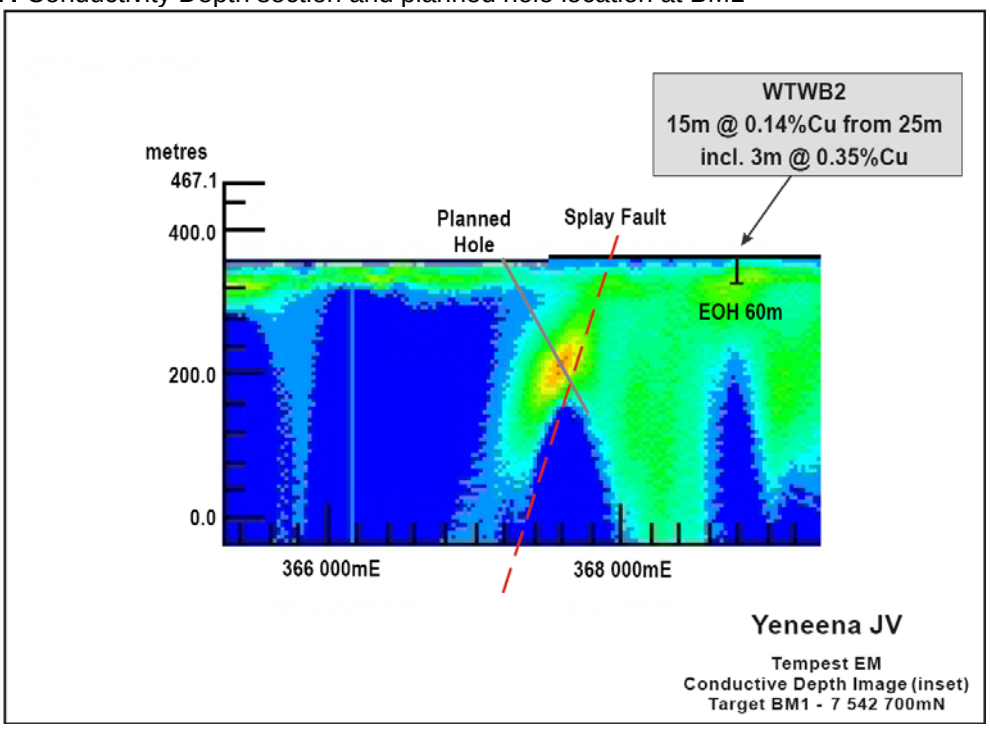
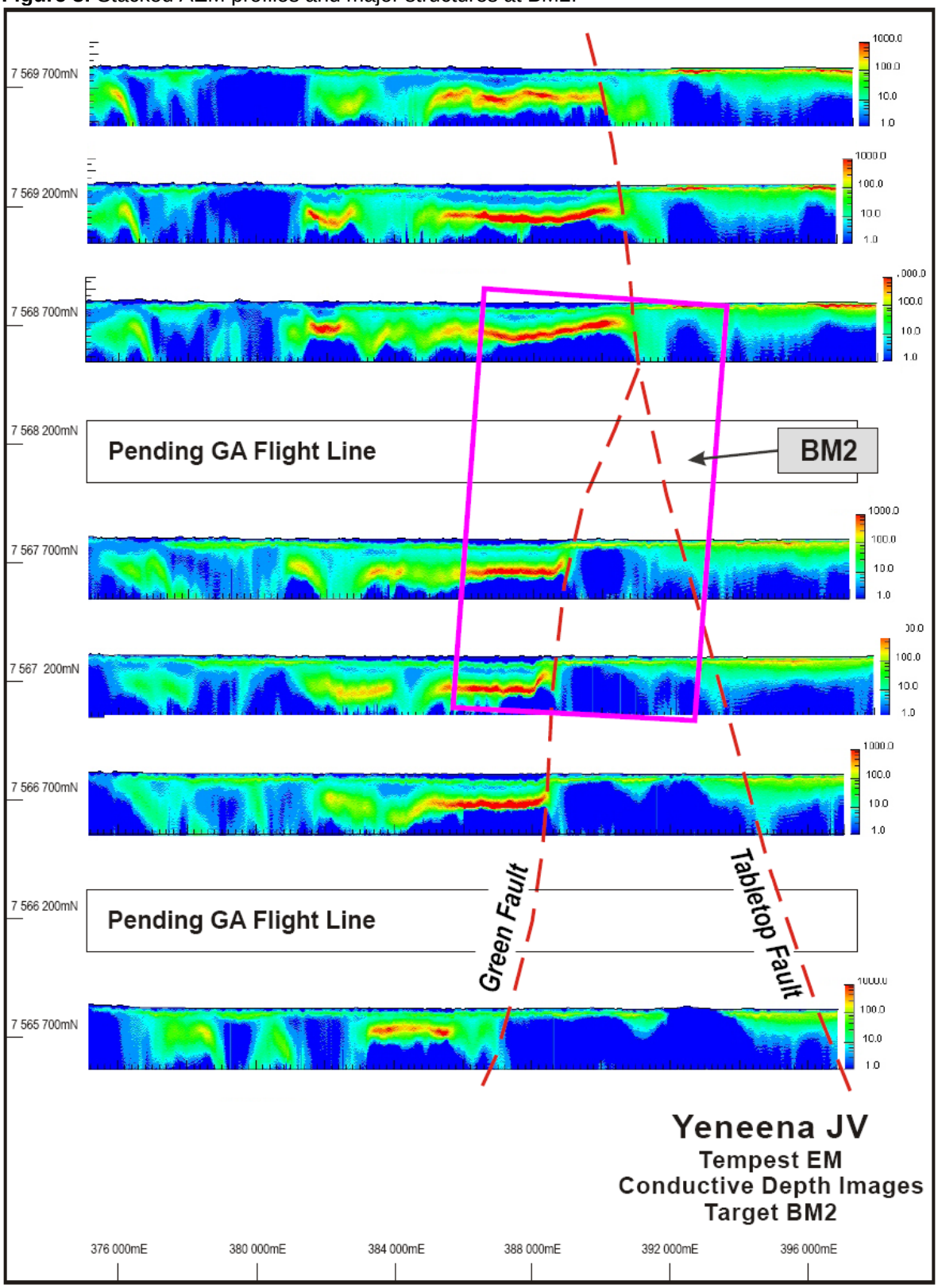


Figure 7: Conductivity Depth section and planned hole location at BM1



BM2 Target. A series of the newly acquired AEM lines outline an anomalously conductive horizon, interpreted as a shale unit within the Broadhurst Formation. The primary target at BM2 is at the intersection between an interpreted north-south trending, westerly dipping fault, named the Green Fault and the Tabletop Fault (see Figure 8). The stacked AEM profiles clearly show the termination of the eastern margin of the conductive horizon against these structures and an unusual steep geometry of the AEM anomaly against the Green Fault. The unusual steep geometry is interpreted to be related to conductive copper mineralisation developing along the Green Fault. The intersection of the Green Fault and the conductive unit is estimated to be at a depth of 150m and is the primary target for Red Bed style copper mineralisation. The target is supported by copper regolith anomalism up to 500ppm Cu intersected in broad spaced aircore drill lines. This geochemical anomaly is interpreted to represent a surface leakage anomaly from a metal source at depth. The portion of this extensive target showing the strongest AEM and geochemical anomalism will be targeted for drilling.

Figure 8: Stacked AEM profiles and major structures at BM2.



Conclusion

The compilation of historical exploration information, the re-analysis of the Barrick aircore drill pulps and the recent AEM survey has defined a number of drill ready unconformity uranium and sedimentary copper targets in the Yeneena JV project. The Yeneena JV is a priority exploration project for Encounter in 2009 and the proposed exploration program will see the company complete its first drill program in this world class mineral province in the coming field season.

For further information please contact:

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Managing Director
Encounter Resources Ltd
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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 the information compiled by him, in the form and context in which it appears.