

ASX : ENR

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

Encounter expands land holding at Yeneena

- **Encounter completes agreement to expand ground position at the Yeneena project**
- **The Tenement covers a 114km² area located 4km west of the BM7 copper discovery**

The directors of Encounter Resources Ltd ("**Encounter**" or "**the Company**") are pleased to announce that it has entered into agreement to expand its land position at the Yeneena project.

The agreement, with Independence Group NL ("**IGO**"), relates to tenement ELA45/3881 ("**the Tenement**") and covers an area of 114km² adjoining the south-west corner of the Yeneena project. The Tenement is located approximately 4km west of Encounter's BM7 copper discovery (Figure 1).

The Company has previously highlighted the significance of the north-east trending structures to the location of copper mineralisation at the Yeneena project. Specifically, the intersection of these structures with the major north-west trending structural corridors in the region is considered an important control on copper mineralisation. The Tenement includes the intersection of a number of these important north-east trending structures at their intersection with the regional Vines Fault. The Tenement covers a 12km long segment of the Vines Fault.

Key terms of the agreement are:

- Encounter will spend a minimum of A\$100,000 on exploration within the first 12 months following grant of the Tenement ("**Initial Expenditure**")
- Encounter may spend A\$500,000, which includes the Initial Expenditure, over three years to earn a 70% interest in the Tenement
- Following the acquisition of a 70% interest in the Tenement, Encounter and IGO can contribute to exploration and development expenditure on a pro-rata basis
- If IGO elects not to contribute then Encounter can earn a further 15% interest through the expenditure of an additional A\$500,000, at which stage Encounter would have spent a total of A\$1,000,000 to earn an 85% interest in the Tenement
- Standard industry dilution formulas will apply down to a 10% interest. If a party's interest is diluted below 10%, the interest will revert to a 1.5% net smelter royalty.

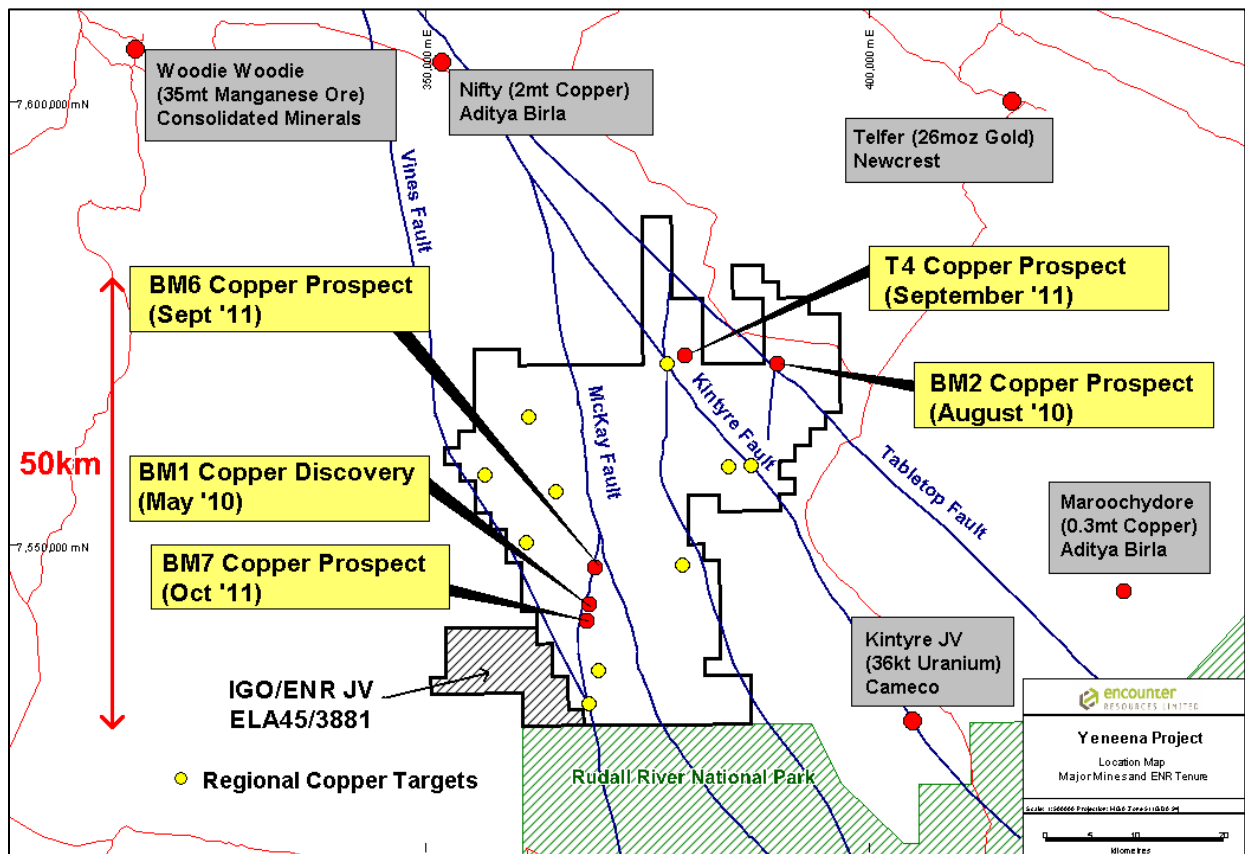


Figure 1: Yeneena Project leasing, key structures and target areas

Project Background & Location Plan

The Yeneena project covers 1450km² of the Paterson Province in Western Australia and is located 40km SE of the Nifty copper mine and 30km NW of the Kintyre uranium deposit (Figure 4). The targets identified are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting. The targets are hosted within sediments of the Broadhurst Formation in a similar geological setting to the Nifty copper deposit (total resource of 148.3mt @ 1.3% Cu – Straits Resources Ltd, 2001).

For further information please contact:

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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.