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Copper-Gold Project in Paterson Province

- **Encounter has completed an earn-in agreement with St Barbara Limited ("SBM")**
- **Strategic addition to its ground position in the prospective Paterson Province in Western Australia ("WA")**
- **Copper-gold project located on important structural corridor between Encounter's Yeneena project and the Telfer gold-copper mine**

The directors of Encounter Resources Ltd ("**Encounter**" or "**the Company**") are pleased to announce that the Company has entered into agreement to expand its ground position in the Paterson Province in WA.

The agreement, with SBM, relates to tenement applications ELA45/3232 and ELA45/3308 (**"the Tenements")** which cover an area of 60km^2 located 10km north-east of the Company's Yeneena project and 15kms south-west of Newcrest's giant Telfer gold-copper mine (Figure 1).

The Company has previously highlighted the significance of the north-east trending structures in relation to copper-cobalt mineralisation at the Yeneena project. The Tenements are located within a prospective north-east structural corridor of between the Yeneena project and Telfer. The Tenements include a subtle but discrete magnetic anomaly located along this north-east prospective trend. At Encounter's BM1-BM7 copper discoveries magnetite alteration systems are interpreted to be related to, or utilise similar fluid pathways to, the copper-cobalt mineralising event.

Managing Director, Will Robinson said "This completes our second earn-in agreement in the region and expands our position along the prospective corridor between our Yeneena project and the Telfer gold-copper mine. The Paterson Province has demonstrated potential for major gold and base metals deposits and we are strategically positioned in the region" he added.

The Company intends to progress the Tenements through to grant, complete a helicopter based EM survey to allow more detailed targeting and then drilling as warranted.

Key terms in the agreement include:

- Encounter will assume responsibility for the progression of the Tenements to grant.
- Encounter is granted the exclusive rights to explore the Tenements for a period of four years from the date the Tenements are granted ("**Initial Earn-in Phase**").
- Encounter may acquire a 51% interest in the Tenements by expenditure of $500,000 on the Tenements during the Initial Earn-in Phase.
- Encounter can elect to withdraw at any time during the Initial Earn-in Phase subject to meeting the minimum statutory expenditure commitments and will retain no interest in the Tenements.
- Should SBM elect not to contribute to further exploration once Encounter has earned its 51% interest, Encounter will be entitled to earn a further 19% interest through the expenditure of an additional $500,000 over an additional two year period ("**Second Earn-in Phase"**), at the end of which stage Encounter would have spent a total of $1,000,000 and have earned a 70% interest in the Tenements.
- If SBM elects not to contribute to expenditure at any time after completion of the Second Earn-In Phase standard industry dilution formulas will apply down to a 5% interest.
- If SBM's interest dilutes below 5% its interest will revert to a 1.5% net smelter royalty in the case of a non-gold dominant deposit or a 1.5% net revenue royalty in the case of a gold dominant deposit.

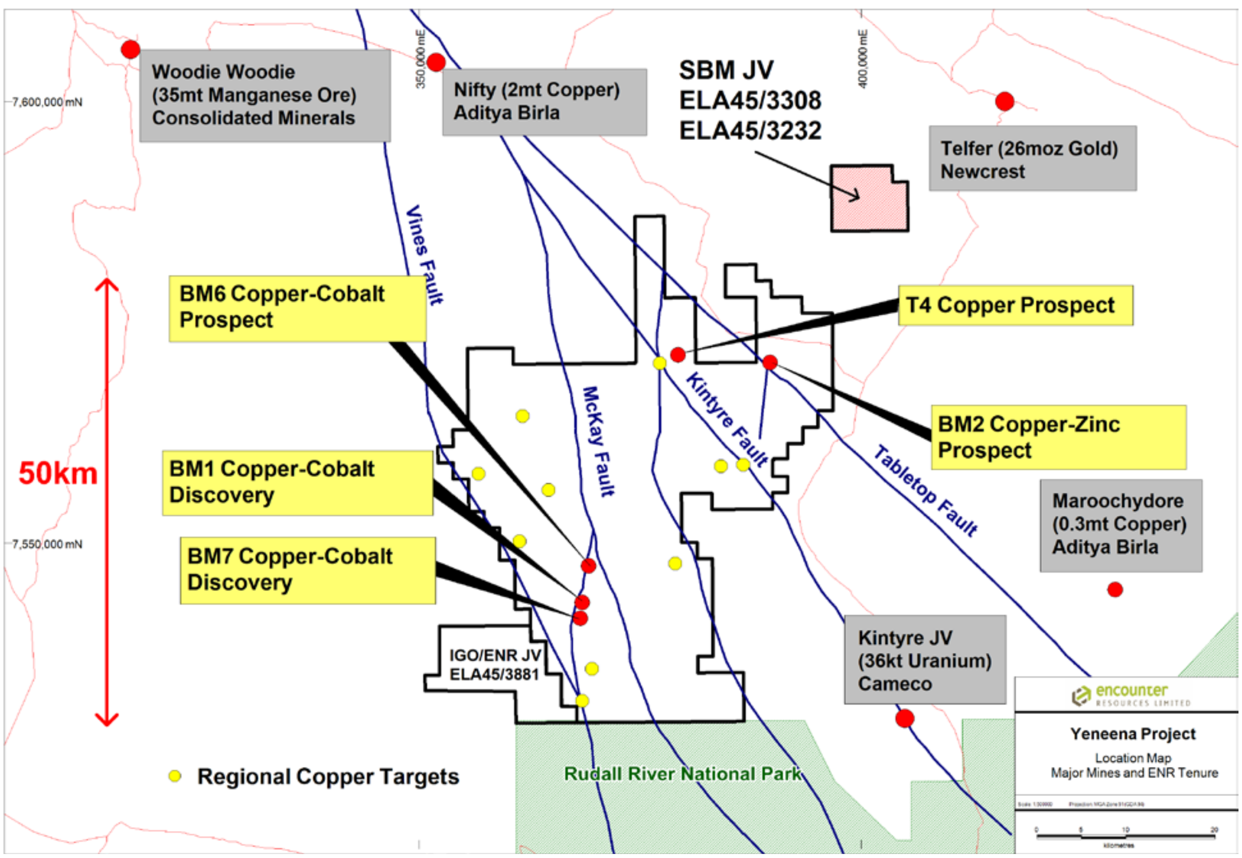

Figure 1: Yeneena Project leasing, key structures and target areas

Project Background & Location Plan

The Yeneena project covers 1,400km^2 of the Paterson Province in Western Australia and is located 40km SE of the Nifty copper mine and 30km SW of the Telfer gold/copper 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.