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Company Announcements Office
Australian Securities Exchange
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Sydney NSW 2000

Base Metals Drill Program Commences

- **Drilling has commenced at the Pingandy Creek Project**
- **Four gravity anomalies to be tested**
- **Drill targets considered prospective for large scale SEDEX mineralisation**

The directors of Encounter Resources Ltd ("Encounter") are pleased to announce that drilling has commenced at the Pingandy Creek Base Metals Project in Western Australia. The project area covers 425km² along the northern margin of the Proterozoic Bangemall Basin and is located 80kms south of Paraburdoo. The drilling program will test four targets located on E08/1779 which is held in Joint Venture between Encounter (80%) and Avoca Resources Ltd (20%).

Historical drilling in the area by Pasminco in the mid 1990s intersected extensive, shallow Zn-Cu-Pb-Ag mineralisation within a black shale unit named the Peebeeze Horizon. In the target area to be drilled by Encounter, only ten holes were drilled by Pasminco and the majority of holes intersected the target horizon within 25m of surface.

Historical intersections in the target area (shown in Figure 1) include:

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

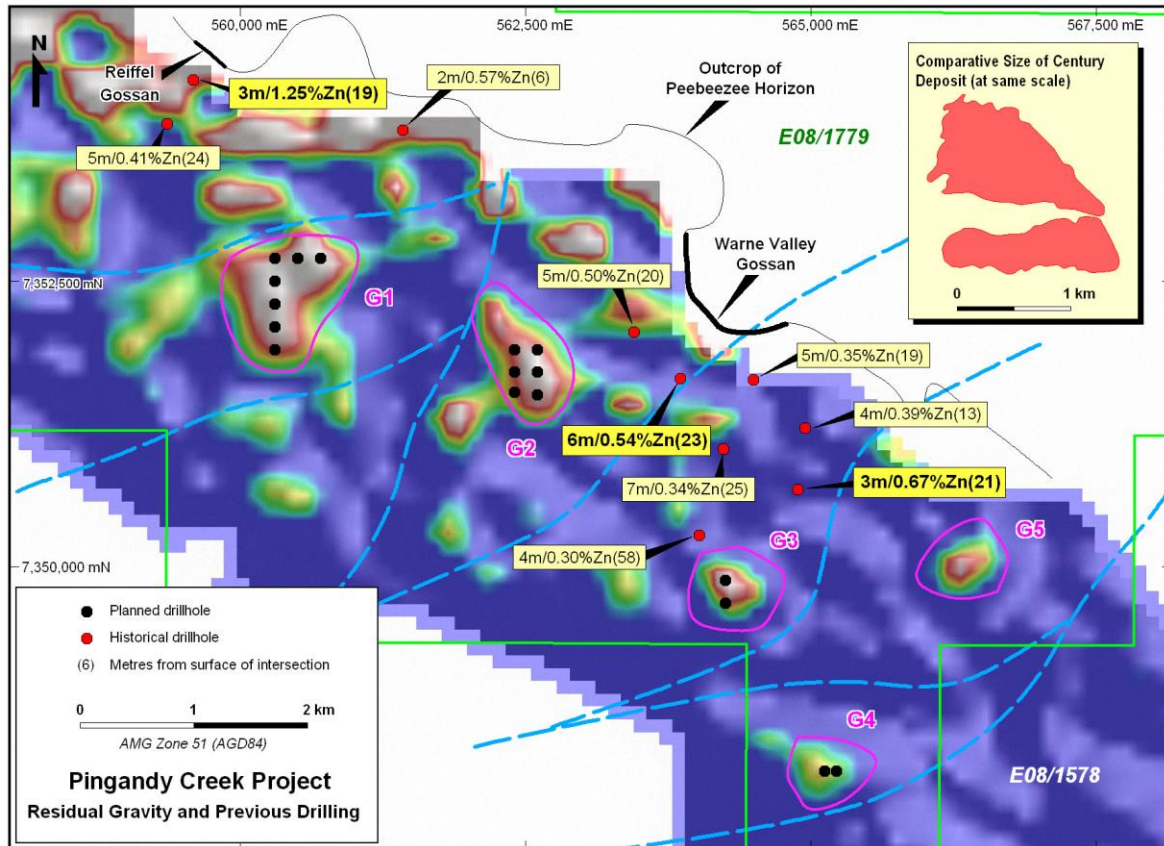
In May 2008 Encounter completed a 400m by 200m spaced ground survey gravity over a 15km segment of the Peebeeze Horizon. The survey area encompassed a number of historic mineralised holes and an area containing 3kms of the downplunge extension of the prospective horizon.

The survey defined five density anomalies downplunge and along strike from the Pasminco drilling (see Figure 1). Four of the five (G1-G4) anomalies have been selected for follow up drill testing and have been modeled to be between 50m-100m from surface. The targets selected were defined as coherent, multi-point gravity 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 fluids.

The density anomalies to be drilled may represent sulphide accumulations associated with SEDEX base metal mineralisation. The type examples for this style of mineralisation include the Century and McArthur HYC deposits located in the Proterozoic of Eastern Australia.

Figure 1. Residual Gravity and Previous Drilling Plan



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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.