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EXPLORATION UPDATE – COMMENCEMENT OF DRILLING AT LAKE WAY SOUTH

Highlights

- A 90 hole aircore drill program has commenced at Lake Way South to test radiometric anomalies along the eastern shoreline of the lake.
- A drill rig has been secured for late September to complete a 200 hole program to test a series of targets within the Yeelirrie Channel Project
- Tenements granted over the Yeelirrie South Geochemical Anomaly (Anomaly 5)

Lake Way South

Encounter Resources Ltd ('Encounter') is pleased to announce the commencement of drilling at Lake Way South. Encounter has begun a 90 hole, land aircore drill program at its Lake Way South project located 20 kilometres south east of Wiluna. A second rig is currently being sought to complete an eighty hole drilling program that will test the extensions of Nova Energy's Centipede uranium resource and radiometric anomalies within the bounds of the lake. Encounter is earning a 60% interest in the uranium rights at Lake Way South from Avoca Resources Ltd.

Yeelirrie Channel Project

A drilling rig has been secured for late September to complete a 200 hole drilling program at the Yeelirrie Channel Project. This program will test a series of discrete targets within the project area as well as follow up on high grade uranium mineralisation intersected at Bellah Bore East. Additional targets to be tested in this phase of drilling include Bellah Bore West, Youno Downs and Anomaly 5.

The two tenements that cover the Yeelirrie South GSWA Geochemical Anomaly (Anomaly 5) were recently granted. The two tenements cover a 20km section of the Yeelirrie channel and abut the eastern most BHPB mineral claims. Anomaly 5 is located in an area of minimal previous uranium exploration and is 50km downstream of BHPB's Yeelirrie uranium deposit. Detailed sections have been designed over the area of geochemical anomalism in addition to a series of reconnaissance traverses that will test the broader channel position at Yeelirrie South.

ENDS

For further information:

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Encounter Resources Background

Encounter was established in 2004 to assemble a portfolio of strategically located, high quality, uranium projects in Western Australia. Project targeting involved a deliberate, commodity specific program at a time when there was minimal competition in Western Australia.

As a result of this extensive preliminary planning, in conjunction with joint venture partners Avoca Resources Ltd, Encounter now controls the strike continuation of two calcrete uranium deposits in Western Australia, BHP Billiton's Yeelirrie deposit, which is the world's largest; and Nova Energy's Lake Way and Centipede deposits.

In addition to these brownfields exploration projects, Encounter has over 4000km² in tenement holdings in the Yilgarn, the Officer Basin and the Bangemall Basin prospective for calcrete and unconformity style uranium deposits.