

ASX : ENR

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

Lakeview Diamonds Target

The directors of Encounter Resources Ltd are pleased to announce that an initial drill test of the Lakeview diamonds target has been completed. The company took the opportunity to secure a drill rig that became available at short notice, to test the previously reported coincident magnetic and gravity anomaly at the Lakeview project (E29/577 - Encounter 80%, Avoca Resources Ltd 20%). The project is located 50km west of Leonora in the Eastern Goldfields of WA.

The single hole was designed to test one of two geophysical anomalies that have been modeled as sub-vertical pipe-like intrusions in an area where previous explorers have identified kimberlite indicator minerals. The hole, ELV071, successfully intersected a 95 metre zone of xenolith-rich rocks from 108 metres to the end of hole (see Figure 1). The core has been identified as being of kimberlitic affinity on the basis of initial inspection by consultant Roger Hamilton, an expert in the field of diamond exploration. Modeling of ground magnetic data suggests the intrusion has an area of 5ha.

Test work will be completed that will include the concentration of any diamond indicator minerals, SEM analysis and interpretation of prospective grains and the recovery of microdiamonds if present, by caustic fusion. The company will also classify the rock using trace element analysis and petrology.

For further information please contact:

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Figure 1: Xenolith-rich intrusion (ELV071)



The information in this report that relates to Exploration Results is based on information compiled by Dr Jon Hronsky who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Hronsky is a Non Executive Director 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'. Dr Hronsky consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.