



encounter
RESOURCES LIMITED

ABN 47 109 815 796

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29 March 2006

Company Announcements Office
Australian Stock Exchange Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Appendix 3B

Please find attached Appendix 3B in respect of the issue of 100,000 unlisted employee options.

Yours faithfully

ENCOUNTER RESOURCES LIMITED

Kevin Hart
Company Secretary

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

ENCOUNTER RESOURCES LIMITED

ABN

47 109 815 796

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Unlisted employee options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 100,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Exercisable by payment of 20 cents each on or before 23 March 2011. Twelve month vesting period from grant date. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>N/A</p>				
<p>5 Issue price or consideration</p>	<p>Nil</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Employee option plan</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>23 March 2005</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">28,500,000</td> <td style="text-align: center;">Fully paid ordinary shares (“ENR”)</td> </tr> </tbody> </table>	Number	+Class	28,500,000	Fully paid ordinary shares (“ENR”)
Number	+Class				
28,500,000	Fully paid ordinary shares (“ENR”)				

+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	100,000 options	Exercisable at 20 cents each by 23/03/11
	29,496,900	Restricted Securities Until 24/03/2008
	2,000,000	Restricted Securities Until 24/03/2007
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No dividends declared or paid.	

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	Not applicable
12 Is the issue renounceable or non-renounceable?	Not applicable
13 Ratio in which the +securities will be offered	Not applicable
14 +Class of +securities to which the offer relates	Not applicable
15 +Record date to determine entitlements	Not applicable
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17 Policy for deciding entitlements in relation to fractions	Not applicable
18 Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Not applicable
19 Closing date for receipt of acceptances or renunciations	Not applicable

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	Not applicable
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable

⁺ See chapter 19 for defined terms.

- 32 How do +security holders dispose of their entitlements (except by sale through a broker)? Not applicable
- 33 +Despatch date Not applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought **Not applicable**

39 Class of +securities for which quotation is sought **Not applicable**

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Not applicable

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

Not applicable

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)	Not applicable	

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

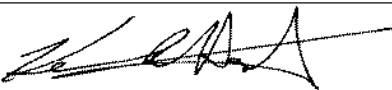
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date: **29 March 2006**
Company Secretary

Print name: **Kevin Ronald Hart**
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INSTRUCTIONS

How to Apply for Options

1. You or your nominee can apply for the number of Options noted in Section A para (1) of the Application Form, or a lesser number provided the number you apply for is a multiple of 1000.
2. You can accept the offer in your name (in which case fill in your particulars as "the Applicant"), or in the name of a nominee (in which case fill in the relevant particulars for the "Nominee").
3. Complete all relevant boxes of the Application Form.
4. Please post or deliver your completed Application Form.

Declarations by Applicant(s) on completing the front of this Application Form

By completing and returning this form you will be taken to have declared that all details and statements made by you are complete and accurate and the application complies with the terms of "Annexure A".

Correct Forms of Registrable Name

Note that only legal entities are allowed to hold Options. Applications must be in the name(s) of natural person(s), companies or other legal entities acceptable to Encounter Resources Limited. Full given names and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of account designations as described in the examples of correct forms of registrable names below:

<i>Type of Investor</i>	<i>Correct Form</i>	<i>Examples of Incorrect Form</i>
<i>Trusts</i>		
(Do not use the name of trust, use trustee(s) personal names)	John Brown <Brown Family Fund Account>	John Brown Family Trust
<i>Partnerships</i>		
(Do not use the name of partnership, use partner's personal names)	John Brown and Michael Brown <John Brown and Son Account>	John Brown & Son
<i>Superannuation Funds</i>		
(Do not use the name of fund, use name of trustee of fund)	John Brown Pty Ltd <Super Fund Account>	John Brown Pty Ltd Superannuation Fund

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TERMS AND CONDITIONS OF OPTIONS

- (a) Each Option shall be issued free for no consideration.
- (b) Each Option entitles the holder to subscribe for 1 ordinary Share upon the payment of the exercise price being 20 cents.
- (c) The Options will lapse at 5.00pm, Western Standard Time on a date 5 Years from the Listing date of Encounter on the ASX ("Expiry Date").
- (d) The Options will not be listed for official quotation on the ASX.
- (e) The Options shall not be transferred or assigned by an Optionholder except that the Optionholder may at any time transfer all or any of the Options to a spouse, family trust, or to a proprietary limited company, all of the issued shares in which are beneficially owned by the Optionholder or the spouse of the Optionholder.
- (f) There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to Shareholders during the currency of the Option.

However Optionholders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing Shareholders of the Company made during the currency of the Options, and will be granted a period of at least nine (9) business days before books closing date to exercise the Options.

- (g) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
 - (h) The Options shall be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Optionholder to exercise all or a specified number of Options held by them accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the Shares. An exercise of only some Options shall not affect the rights of the Optionholder to the balance of the Options held by them.
 - (i) The Company shall allot the resultant Shares and deliver a statement of Shareholdings with a holders' identification number within ten (10) business days of the exercise of the Options.
 - (j) Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with the existing ordinary Shares of the Company in all respects.
 - (k) The Company shall make an application to have those Shares allotted pursuant to an exercise of Options listed for official quotation by the Australian Stock Exchange Limited.
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- (l) All Options will be cancelled upon the holder ceasing to be an employee of the Company unless the Directors in their absolute discretion (with no requirement to give any reasons therefore) resolve to extend the time for cancellation.
 - (m) If there is a pro rata issue (except a bonus issue) to the holders of the underlying securities, the exercise price of the Options may be reduced according to the formula set out in Listing Rule 6.22 of the Official Listing Rules of the Australian Stock Exchange Limited.
 - (n) The options may be exercised at any time during the period commencing 12 months after the Issue Date and ending on the Expiry Date. The issue of the options is conditional on the Listing of Encounter Resources Limited on the Australian Stock Exchange Limited.
 - (o) "Issue Date" means the date the Company is admitted to the official list of entities that Australian Stock Exchange has admitted and not removed.
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