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Encounter produces fresh success

Resources

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Encounter Resources has surged to a fresh 12-month high after putting on more than 20 per cent this week. The mineral explorer has identified a second zone of near-surface copper mineralisation at its BM1 prospect in the Yeneena region of Western Australia.

The new zone of copper is about 500 metres south of the explorer's Northern Area copper discovery. Encounter Resources has put on 240 per cent so far this year. Most of that has come since September, with shares in the company adding 220 per cent. The explorer has a market capitalisation of $77 million.

Gold One International has had a positive start to October, putting on 13.8 per cent. The junior goldminer produced 19.470 ounces of gold in the September quarter, up 58 per cent on the June quarter and in line with guidance.

Gold One also announced a 115 per cent increase in the audited resources of its Megamine assets, east of Johannesburg in South Africa. The indicated resources have increased from 0.31 million ounces to 3.02 million ounces.

Rock chip sampling at Scandinavian Resources' Sarksjon project in Sweden has returned promising results.

The mineral explorer described the finding as "exceptionally high". Those findings included 42.5 grams of gold per tonne, 45.2 grams of silver per tonne and 1.4 per cent copper. Scandinavian Resources has had a difficult year, dropping 10 per cent. But a turnaround appears to be in motion with stock in the company putting on 30 per cent so far this week following the mineral discovery.

Scandinavian Resources has a market capitalisation of $43.2 million. It listed on the Australian Stock Exchange in April. Shares in the explorer were floated at 20¢; on Tuesday they were at 19¢.

Merrill Lynch continues to like West African gold explorer Ampella Mining despite shares in the company rocketing over the past month. Ampella advanced 38 per cent in September as investors rushed to get a slice of the West African mining industry.

Ampella Mining is one of the larger junior gold explorers listed on the Australian Securities Exchange. The company has a market capitalisation of $500 million.

So far this year Ampella has put on 321 per cent, buoyed by promising drill results. Additional drilling at the explorer's Konkera project has intersected areas of high-grade mineralisation — the highest and widest grades to date. The best new intersections include 17 metres at 17.2 grams per tonne and 66 metres at 4 grams per tonne.

Ampella is tipped to upgrade its resource in early 2011 from 1.2 million ounces. Merrill Lynch said the resource could rise to between 2 million and 3 million ounces. The broker has a "buy" rating on Ampella and a 12-month price target of $3.65 on the stock.

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