

ASX : ENR

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Company Announcements Office
Australian Securities Exchange
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Sydney NSW 2000

10,000m Drill Program Commencing at BM1 Copper Discovery

- **A 10,000 metre aircore and RC drill program will commence this week at the BM1 copper discovery at the Yeneena Project**
- **Drilling will test to the north, south and east of the +3km long, +0.2% copper regolith anomaly.**
- **Drilling will also target extensions to the areas of high grade copper mineralisation intersected in June 2010 which included:**
 - **EPT 219: 4m @ 5.45% copper from 66m**
 - **EPT 220: 8m @ 1.09% copper from 24m**
 - **EPT 181: 6m @ 1.41% copper from 54m to the end of hole**
- **Detailed ground gravity survey completed**

The directors of Encounter Resources Ltd ("Encounter") are pleased to announce that an aircore and RC drill program will commence this week at the Yeneena project in the Paterson Province of Western Australia ("WA"). The 10,000 metre program will test for additional near surface copper mineralisation at the BM1 discovery and is expected to take approximately eight weeks to complete.

Aircore drilling completed at the BM1 Prospect in June 2010 significantly extended the area of near surface copper mineralisation that was first identified in June 2009. The area of anomalism in excess of 0.2% copper now extends over 3kms in strike and remains open to the north, south and east (Figure 1). Zones of high grade copper mineralisation were intersected in the June 2010 drill program including:

- 4m @ 5.45% Cu from 66m in EPT 219
- 8m @ 1.09% Cu from 24m in EPT 220
- 6m @ 1.41% Cu from 54m to end of hole in EPT 181

The BM1 prospect is located along the McKay Fault approximately 60km south of the Nifty copper mine (Figure 3). The BM1 copper mineralisation is hosted within the Broadhurst Formation and is almost entirely overlain by 2-10 meters of transported cover.

To date only shallow aircore drilling has been completed at 400m by 100m spacing with a few infill drill holes completed.

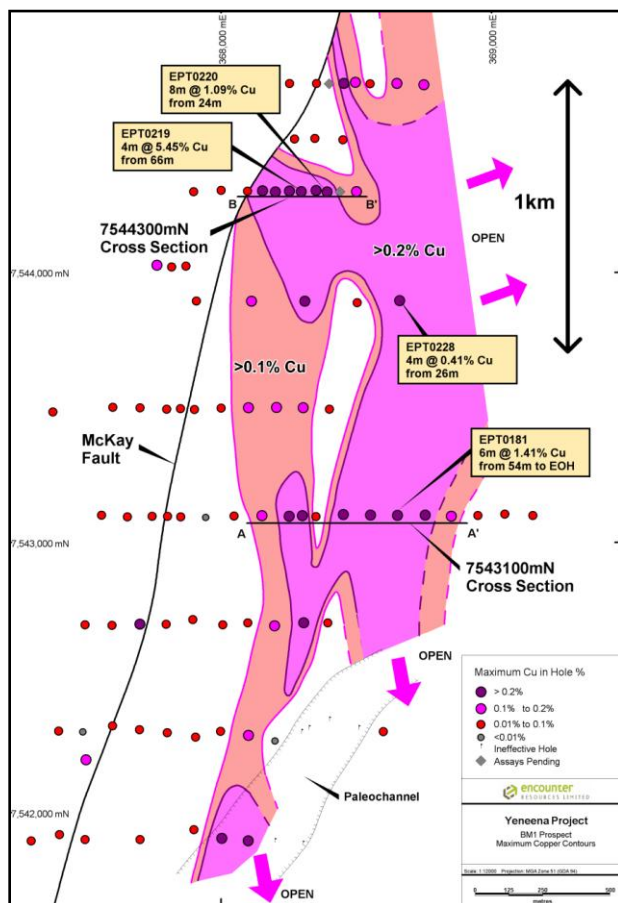


Figure 1: BM1 prospect showing existing drilling and maximum copper in hole

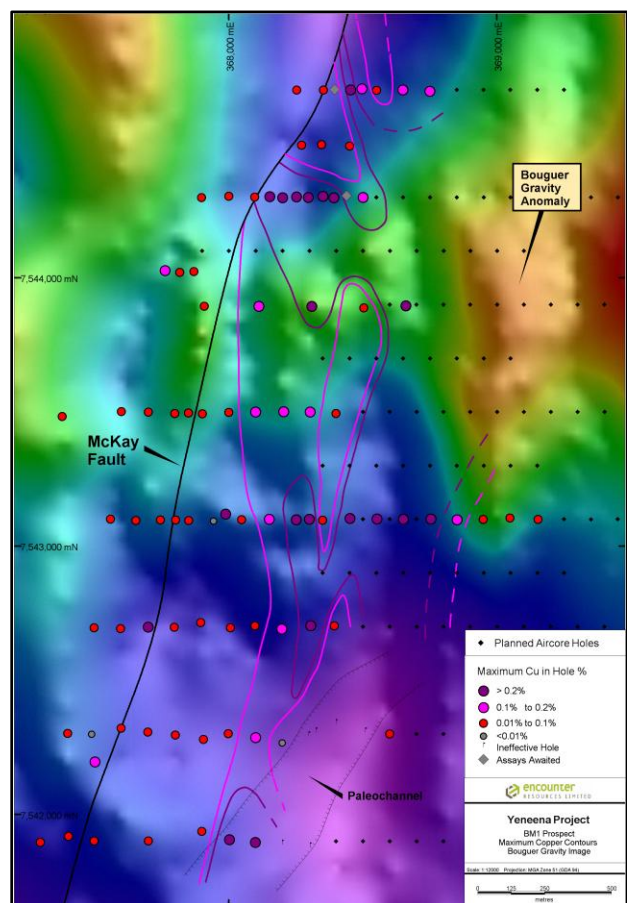


Figure 2: BM1 prospect showing planned drill holes over bouguer gravity image

A detailed ground gravity survey has been completed at BM1 which was designed to provide additional structural and stratigraphic information to assist with the planned follow up drill program. Figure 2 highlights a bouguer gravity anomaly located to the east of the existing drilling. The area of this anomaly will be targeted in the current drill program.

The drill program will consist of approximately 8,000m of aircore and 2,000m of RC drilling. This program will target additional near surface copper mineralisation to the north, south and east of the extensive regolith anomaly as well as testing below and adjacent to the areas where high grade copper mineralisation has been intersected. The program is expected to be completed in October 2010.

For further information please contact:
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Project Background & Location Plan

The Yeneena project covers 1300km² of the Paterson Province in Western Australia and is located 40km SE of the Nifty copper mine, 30km NW of the Kintyre uranium deposit and 70km SE of the Woodie Woodie manganese mine. The targets identified are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting. The base metals targets are hosted within sediments of the Broadhurst Formation in a similar geological setting to the Nifty copper deposit (total resource of 148.3mt @ 1.3% Cu – Straits Resources Ltd, 2001). Encounter controls 100% ownership of the project.

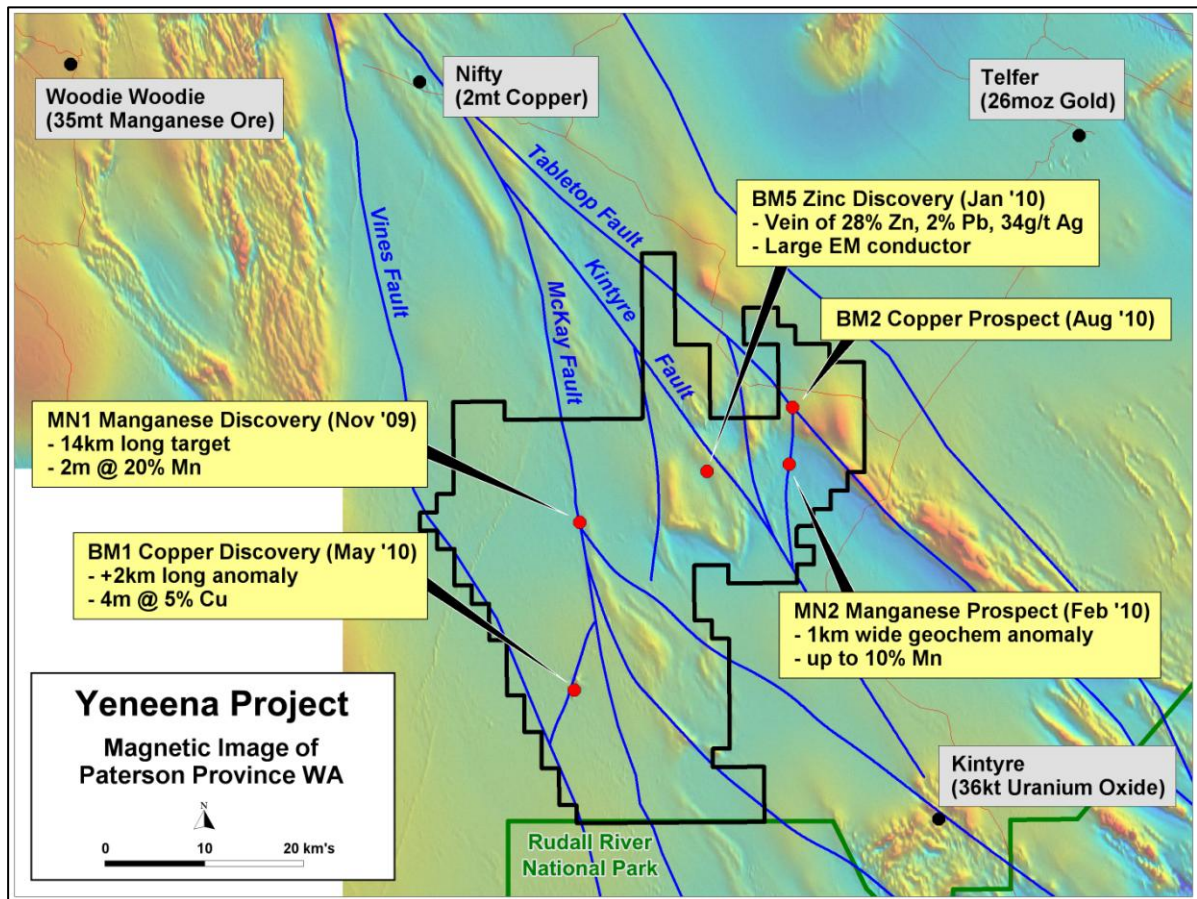


Figure 3. Yeneena Project leasing and targets areas on regional TMI magnetics

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.