

ASX : ENR

11 October 2010

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

Second Copper Zone Identified at BM1

- **A new zone (“the Central Area”) of near surface copper mineralisation has been identified at BM1 located 500m south of the Northern Area discovery**
- **Assays results from this new zone include:**
 - **14m @ 1.2% Cu from 42m**
 - **2m @ 3.0% Cu from 40m**
 - **6m @ 0.8% Cu from 68m (incl. 2m @ 1.7% Cu)**
 - **6m @ 1.4% Cu from 54m (previously reported)**
- **Copper mineralisation at the Central Area interpreted to be approximately 600m long**
- **A planned RC/diamond drill program has been expanded to include deeper drilling at the Central Area commencing mid October 2010**

The directors of Encounter Resources Ltd (“Encounter”) are pleased to announce that a second zone of near surface copper mineralisation has been identified in the recently completed aircore drill program at the BM1 prospect at the Yeneena project. The new zone (“Central Area”) of coherent copper mineralisation is located approximately 500 metres south of the Northern Area copper discovery (see ASX announcement 16 September 2010).

On the basis of broad spaced drilling this new zone of copper mineralisation is interpreted to be approximately 600m long and 100-200m wide. The mineralisation identified is hosted in black shales below the base of oxidation. It is associated with high sulphur contents and high copper/sulphur ratios indicating that it is likely to be transitional to primary in nature. There is a clear north-south trend to the copper mineralisation and it is interpreted that this zone represents metal leakage from a primary source at depth, localised along a north-south trending fault.

“The identification of the second copper zone at BM1 expands the footprint of the near surface mineralisation significantly. The copper is hosted in black shales below the base of oxidation which gives us further confidence that the near surface copper discovered at BM1 has a primary source at depth” said Managing Director, Will Robinson

Further assay results from the Northern Area are expected to be received within the next two weeks.

The planned RC/diamond drill program has been expanded to include additional drilling at the Central Area. The drill rig remains on schedule to commence the deeper drill program in mid October 2010.

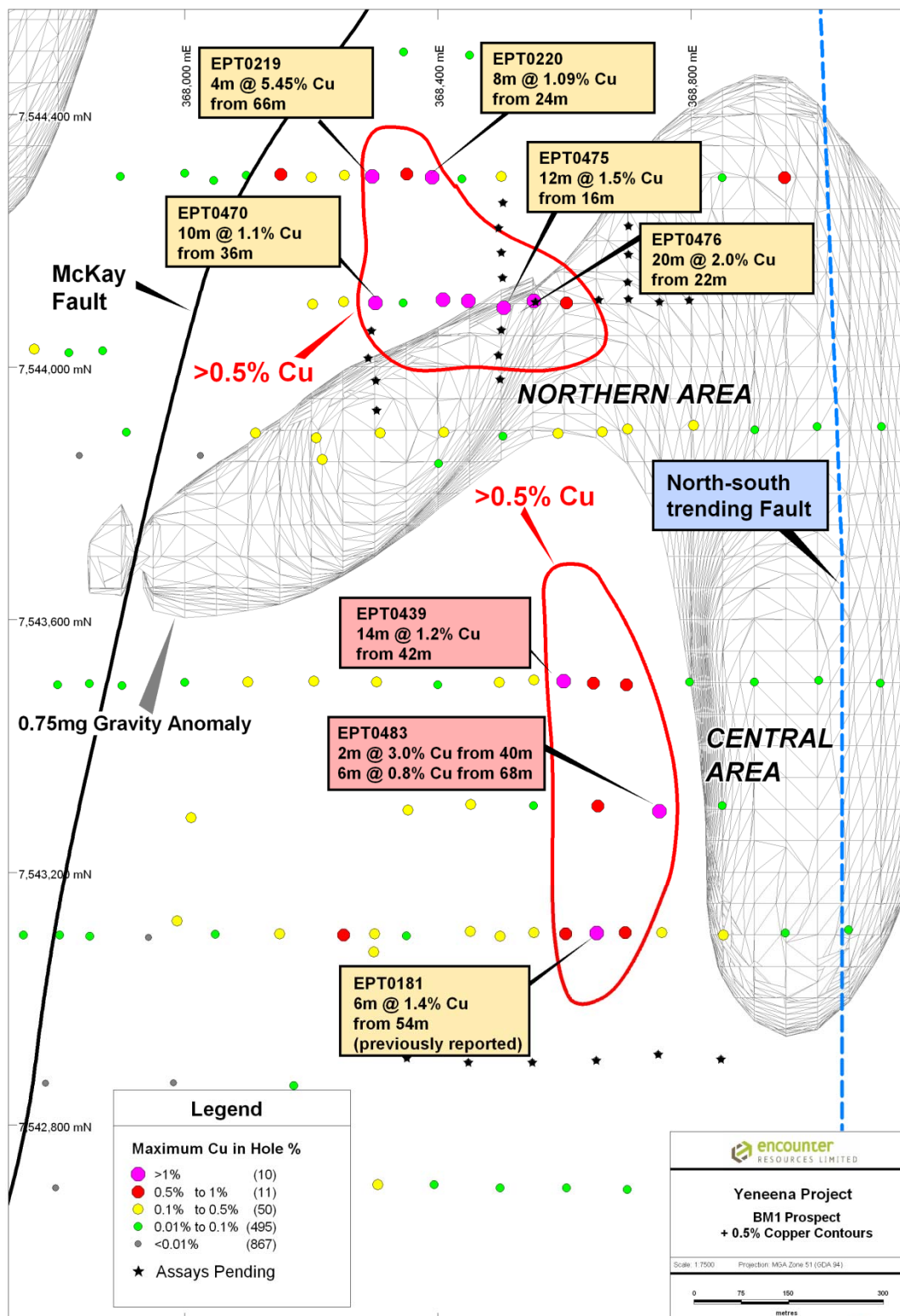


Figure 1 – BM1 - Northern Area/Central Zone – Maximum Copper in Hole over 0.75mg Gravity Shell

Table 1. Drill hole information BM1 – Central Zone

Drill Hole ID	Northing (m)	Easting (m)	RL (m)	EOH (m)	From(m)	To(m)	Interval (m)	Copper (%)
EPT439	7543503	368599	320	78	42	56	14	1.2
EPT482	7543305	368653	320	99	40	54	14	0.4
				<i>Incl.</i>	<i>50</i>	<i>54</i>	<i>4</i>	<i>0.7</i>
EPT483	7543297	368750	320	75	40	42	2	3.0
					68	74	6	0.8

Drill hole coordinates GDA94 zone 51 datum and determined via handheld GPS (+/-5m)

All holes are drilled vertical; EOH = End of hole depth; m=metre;

Project Background & Location Plan

The BM1 prospect is one of several high quality prospects within the 100% owned Yeneena project. The Yeneena project covers 1300km² of the Paterson Province in Western Australia and is located 40km SE of the Nifty copper mine and 30km NW of the Kintyre uranium deposit. The targets identified are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting. The 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).

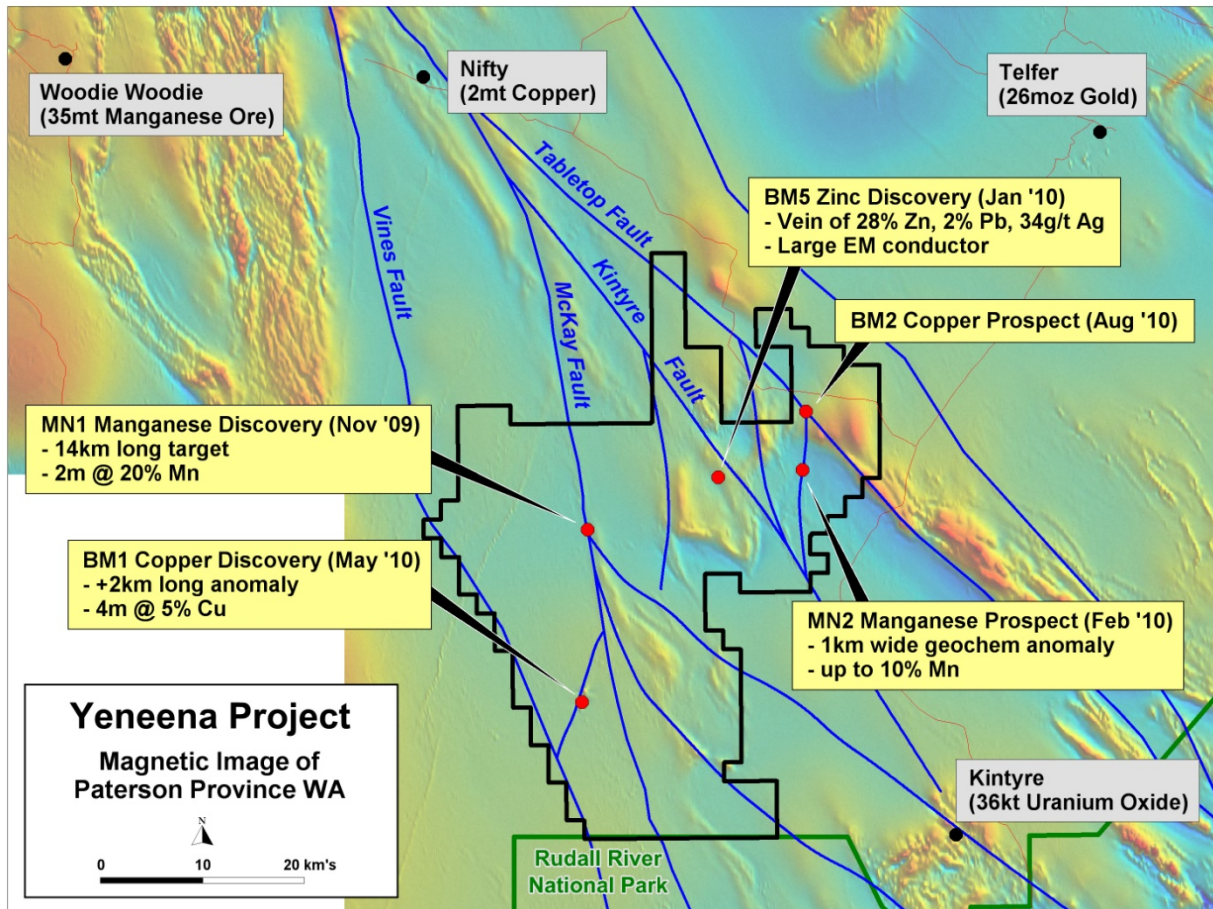


Figure 2. Key structures and targets over magnetics

For further information please contact:

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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.