

**ASX : ENR**

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

## **Large scale EM conductor at BM5 – Yeneena**

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The directors of Encounter Resources Ltd (“Encounter”) are pleased to provide results from the downhole electromagnetic (“EM”) survey completed in November 2009 following a diamond drill program at the Yeneena project in WA. The modelling of the downhole EM survey has been completed and has defined a large scale offhole conductor at the BM5 prospect.

As previously reported, drill hole EPT062 was designed to test beneath a gossanous iron manganese horizon associated with copper-lead-zinc-silver geochemical anomalism (see ASX announcement 29 October 2009). Drilling has confirmed the gossanous horizon sits at the upper stratigraphic contact of a carbonate unit which is the host to the base metal deposits in this region. The primary target for base metals mineralisation is the lower contact of this carbonate unit.

Drilling conditions were difficult at BM5 resulting in the hole being abandoned at a depth of 306m, above the targeted lower contact of the carbonate unit. A vein of massive sulphide containing sphalerite and galena was intersected within 5m of the end of hole in brecciated carbonate.

The downhole electromagnetic survey results from drill hole EPT062 has identified a significant +500m long, offhole conductor approximately 60m below the bottom of hole (see Figure 1). The conductive body is interpreted to be at or near the base of the host carbonate sequence. No conductive stratigraphy was intersected in EPT062 other than the massive sulphide vein and it is interpreted that the offhole conductor may represent additional base metal sulphide mineralisation. Drilling this conductor is a high priority and will be completed during the planned drill campaign in March – May 2010.

Drill hole EPT062, along with the three other completed diamond holes, is currently being cut and sampled to be submitted for analysis. Assay results are expected in mid January 2010.

The recent diamond drilling program at the Yeneena project was co-funded through the WA Government’s Exploration Incentive Scheme.

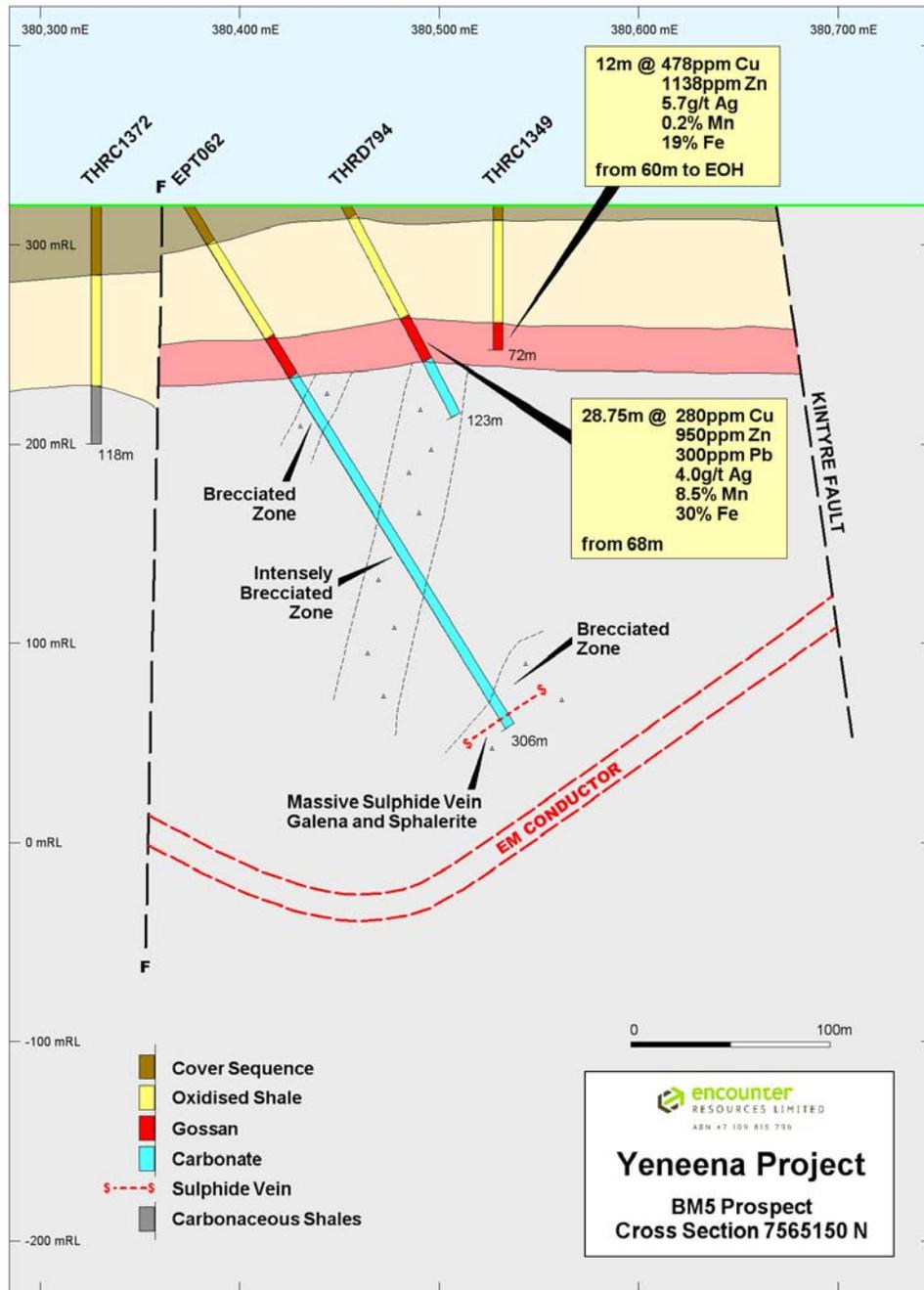


Figure 1 – BM5 Cross Section

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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.

## Project Background & Location Plan

The Yeneena project covers 1300km<sup>2</sup> 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 is earning a 75% interest in the Yeneena project from Barrick Gold of Australia.

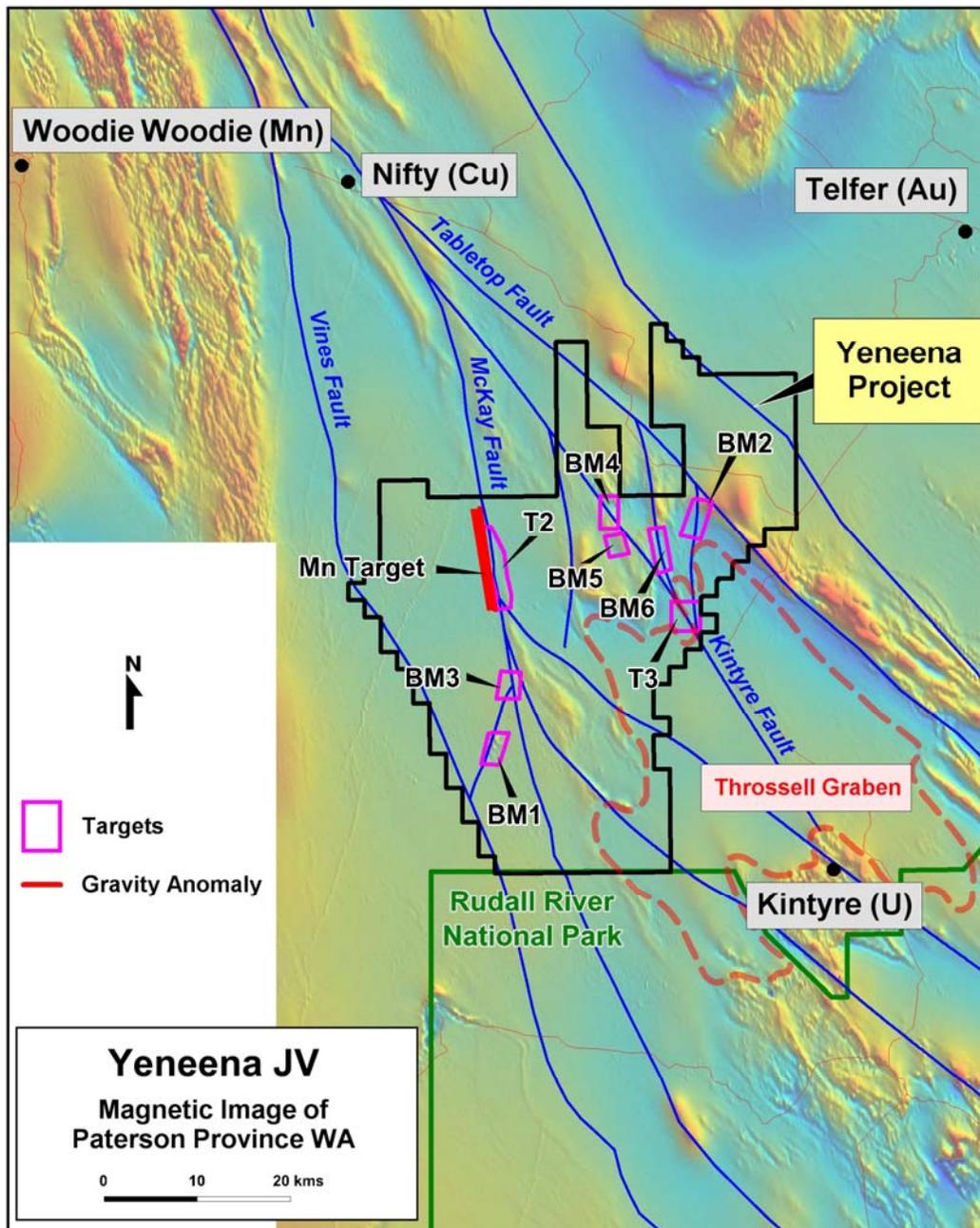


Figure 2. Yeneena Project leasing and targets areas on regional TMI magnetics