

ASX : ENR

30 August 2010

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

Yeneena Project - Drilling Update

The directors of Encounter Resources Ltd (“Encounter”) are pleased to provide an update on the aircore drill program at the BM1 prospect at the 100% owned Yeneena project in Paterson Province of Western Australia.

A drill line located 200 metres south of the previously announced intersections of 4m @ 5.45% Cu from 66m in EPT 219 and 8m @ 1.09% Cu from 24m in EPT 220 (see ASX announcement 29 June 2010) has recently been completed. Visible copper mineralisation was intersected in four adjacent holes spaced 50 metres apart on this drill line (see Photo 1). All of the mineralised intersections are within 50 metres of surface.

A handheld XRF has confirmed the presence of highly anomalous copper mineralisation within these four holes over thicknesses between 4-12 metres. However the intervals have not yet been subjected to chemical assay. The samples are being transported to Perth with assay results expected to be received in the next two to three weeks. The drill program continues.



Photo 1 – EPT 470 (38-39m) – Copper Mineralisation

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 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).

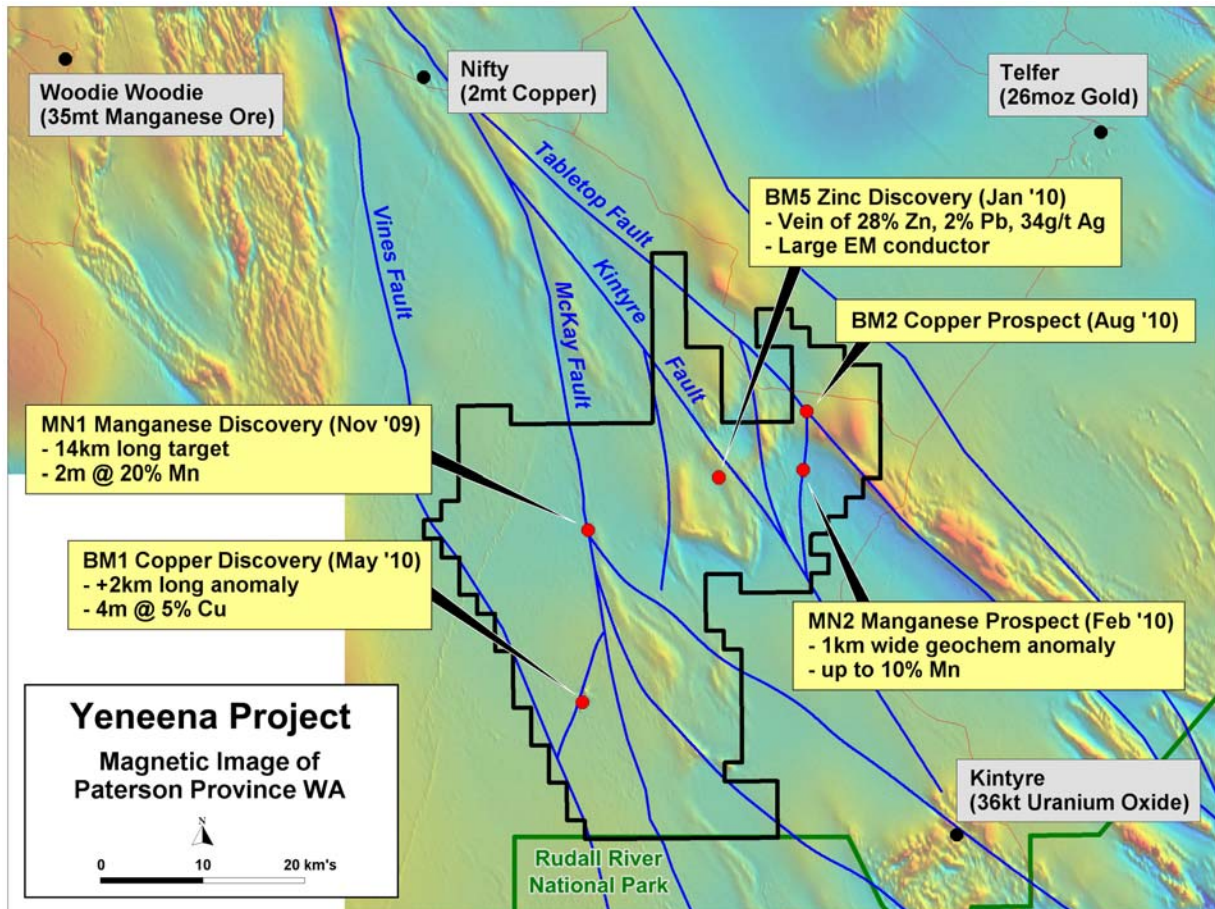


Figure 1. Key structures and targets over magnetics

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.