

**ASX : ENR**

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

## **BM1 copper system extends over 3.5km & remains open**

- **Final assay results received from aircore drill program completed in October 2010**
- **Copper mineralisation at BM1 now extends over 3.5km and remains open north and south**
- **Highly anomalous copper intersected on southern aircore drill line including 2m @ 0.8% Cu**
- **The Central Area (+0.5% copper zone) extended to 800m long**
- **Initial three hole diamond program has been completed at BM1. Assay results expected in early January 2011.**

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The directors of Encounter Resources Ltd ("Encounter") are pleased to announce that the remaining assay results from the aircore drill program completed within the Yeneena project in October 2010 have been received. These results have extended the area of copper anomalism at the BM1 prospect to over 3.5km in strike and have extended the Central Area mineralisation to 800m of strike.

### **Southern Area**

Assay results from the most southern drill line at BM1 have extended the copper regolith anomaly by an additional 500m, and show the mineralised system remains open. The southern drill line included numerous intersections above 0.1% Cu including 2m @ 0.8% Cu from 62m in EPT373. Additional aircore drilling will be completed in the 2011 field season to determine the extents of the broad and expanding copper regolith anomaly at BM1.

### **Central Area**

In addition, assay results have extended the zone of copper mineralisation within the Central Area by 200m to the south. On the basis of broad spaced drilling, the north-south trend to the copper mineralisation at the Central Area is now interpreted to be approximately 800m long and 100-200m wide. Recent results include 4m @ 1.1% Cu from 26m in EPT 492 and 2m @ 0.8% Cu from 74m in EPT 491 (see Table 1).

"We are encouraged to have new copper intersections on the southern line of drilling. We are still yet to define the extents of the sizeable copper regolith anomaly at BM1. It is clear that further shallow aircore drill is required at BM1 and this will be completed in parallel with the expanded deeper drill program planned for 2011" said Managing Director, Will Robinson.

## Diamond Drill Program

The initial deeper drill program of three diamond drill holes has been completed at BM1. Two holes were drilled at the Northern Area as well as one hole at the Central Area (see Table 2).

The two holes completed at the Northern Area intersected zones of very intense haematite 'red rock' alteration as well as extensive zones of pyrite within the shale packages.

The diamond hole completed at the Central Area intersected a shallow, easterly dipping alteration zone downdip of the copper regolith anomaly.

The three diamond drill holes do not appear to have intersected any unit that would account for the gravity anomaly defined at BM1. Information from these drill holes has provided fundamental geological information that will be integrated into the drill planning for the expanded \$4-5m exploration program in 2011.

The deep drilling program to test for the primary copper sulphide zone and to determine the nature of the gravity anomaly at BM1 is scheduled to recommence in March 2011. Core from the deep drilling is being transported from site with assay results expected in early January 2011.

**Table 1. Latest aircore drill results from BM1 (>0.5% Cu)**

<i>Drill Hole ID</i>	<i>Northing (m)</i>	<i>Easting (m)</i>	<i>RL (m)</i>	<i>EOH (m)</i>	<i>From (m)</i>	<i>To (m)</i>	<i>Interval (m)</i>	<i>Copper (%)</i>	<i>Prospect</i>
EPT 373	7,541,898	368,590	320	75	62	64	2	0.82	Southern
EPT 491	7,542,902	368,650	320	99	74	76	2	0.80	Central
EPT 492	7,542,912	368,748	320	75	26	30	4	1.10	Central
EPT 507	7,542,304	369,100	320	66	56	58	2	0.78	

*All aircore holes drilled vertical*

**Table 2. November diamond drill hole information BM1**

<i>Drill Hole ID</i>	<i>Northing (m)</i>	<i>Easting (m)</i>	<i>Dip</i>	<i>Azi</i>	<i>RL (m)</i>	<i>EOH (m)</i>	<i>Prospect</i>	<i>Comments</i>
EPT 573	7544100	368500	-75	000	320	197	BM1 Northern Area	
EPT 574	7644100	368675	-60	270	320	265	BM1 Northern Area	
EPT 579	7543900	368500	-60	000	320	136	BM1 Northern Area	RC precollar failed, hole abandoned
EPT 584	7543300	368825	-60	270	320	304	BM1 Central Area	

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

*EOH = End of hole depth; m=metre; Azi = Azimuth,*

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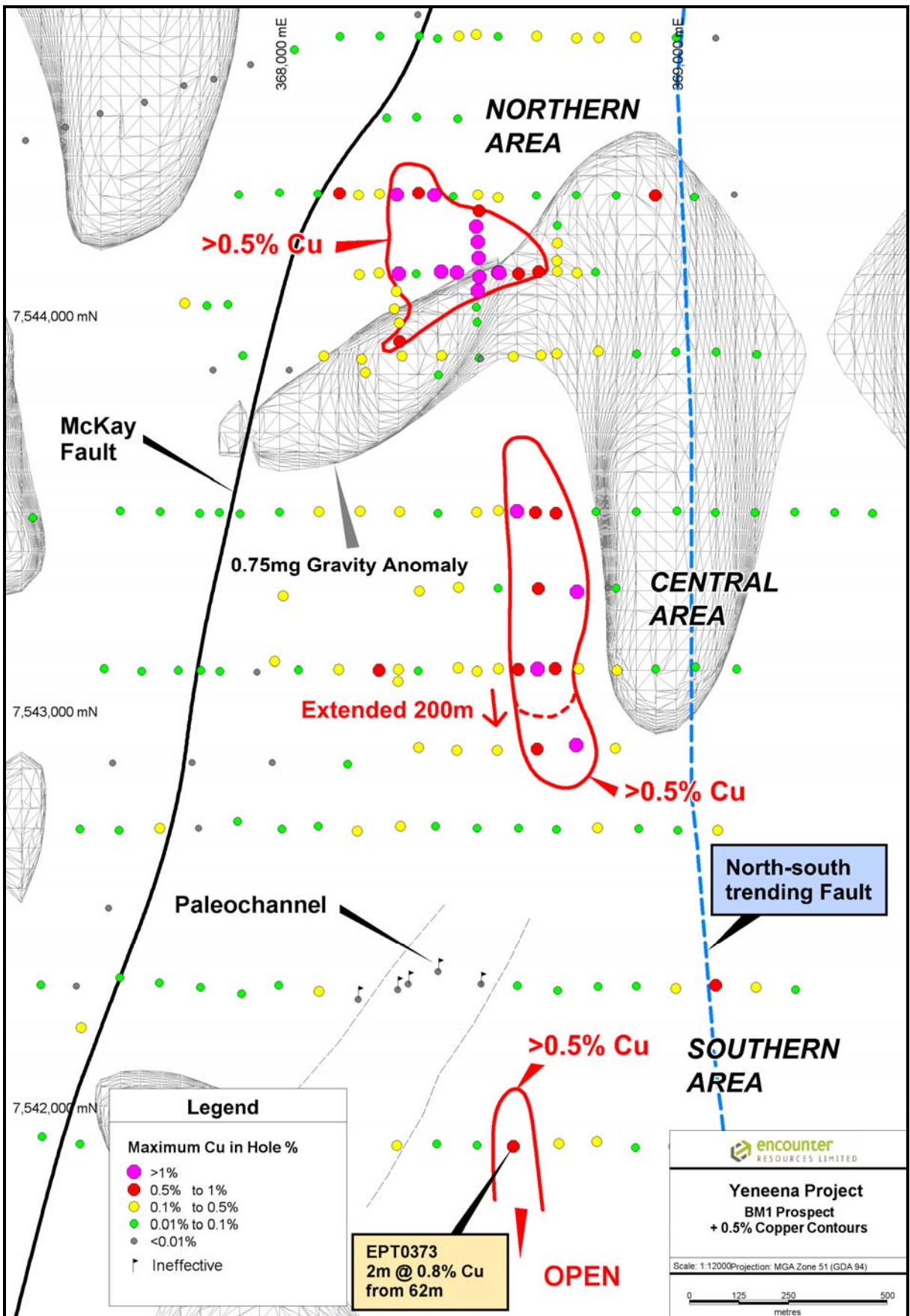


Figure 1 – BM1 - Maximum Copper in Hole over 0.75mg Gravity Shell

## Project Background & Location Plan

The BM1 prospect is one of several high quality prospects within the 100% owned Yeneena project. 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 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).

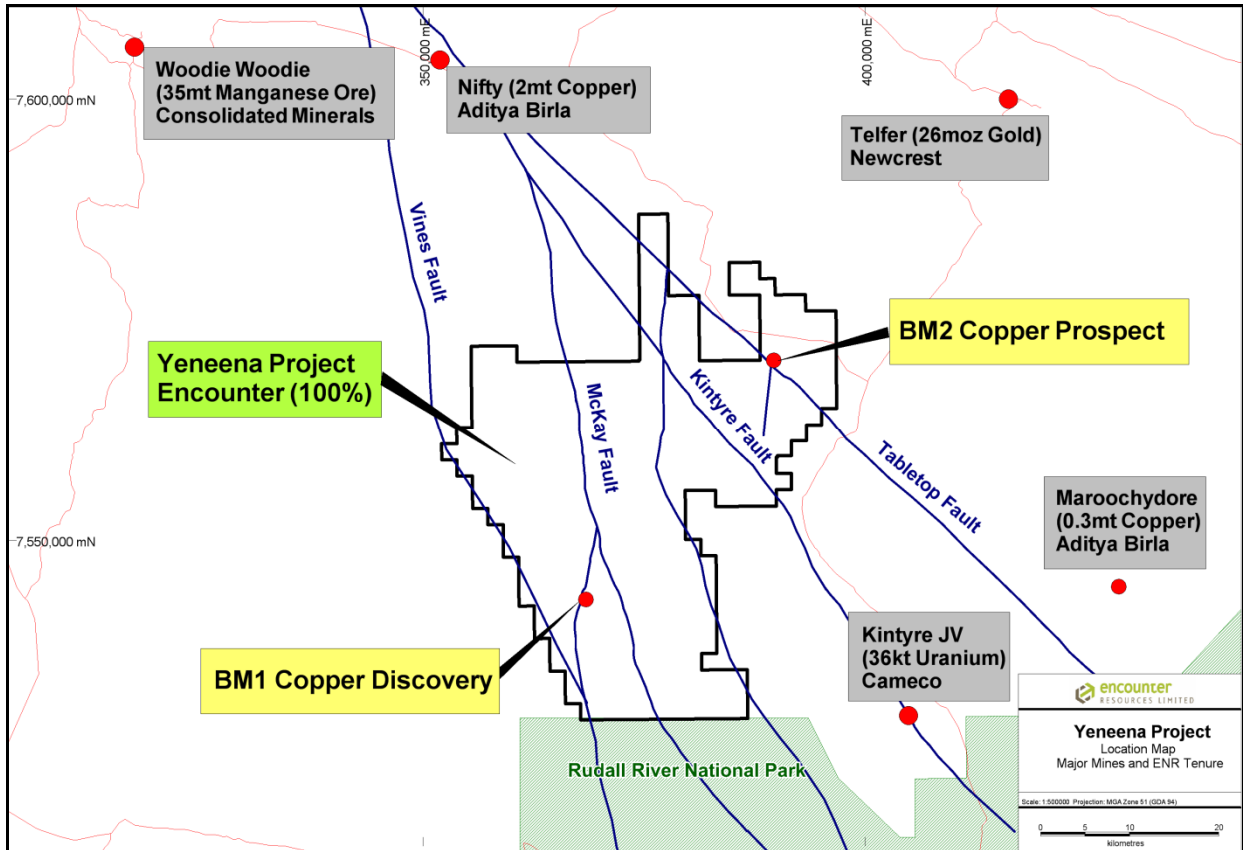


Figure 2. Yeneena Project Location Map

*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.*