

ASX : ENR

15 October 2010

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

Highest Grade Copper Intersection to Date at BM1

- **Additional high grade, near surface copper intersections have been received from the Northern Area at the BM1 copper discovery**
- **New assays results from the Northern Area include:**
 - **8m @ 3.6% Cu from 18m (incl. 2m at 7.6% Cu)**
 - **14m @ 1.1% Cu from 16m**
 - **12m @ 1.0% Cu from 24m**
 - **8m @ 0.8% Cu from 16m**
- **Highly anomalous cobalt mineralisation with several intersections above 0.1% cobalt**
- **The planned RC/diamond drill program to commence next week**

The directors of Encounter Resources Ltd ("Encounter") are pleased to announce additional high grade copper intersections from the BM1 prospect at the Yeneena project. Assay results have been received from the north-south aircore drill traverses at the Northern Area copper discovery (see ASX announcement 16 September 2010).

These assay results included the highest grade copper intersection to date from the project of 2m @ 7.6% Cu within a broader intersection of 8m @ 3.6% Cu from 18m. In addition, there were a number of thick, near surface intersections of over 1% copper (see Figure 1).

At the eastern end of the Northern Area, highly anomalous copper mineralisation has been intersected towards the bottom of the shallow aircore drill holes. This mineralisation sits below the base of oxidation within black shales and is interpreted to be transitional to primary in nature. This area is also associated with highly anomalous cobalt mineralisation with several intersections of over 0.1% cobalt (see Table 2). It is interpreted that the mineralisation within this area may be proximal to a primary copper sulphide position.

"We are delighted to have intersected the highest grade copper to date at the project as well as confirming the north-south continuity of the near surface copper blanket." said Managing Director, Will Robinson.

The RC/diamond drill rig remains on schedule to commence the deeper drill program next week.

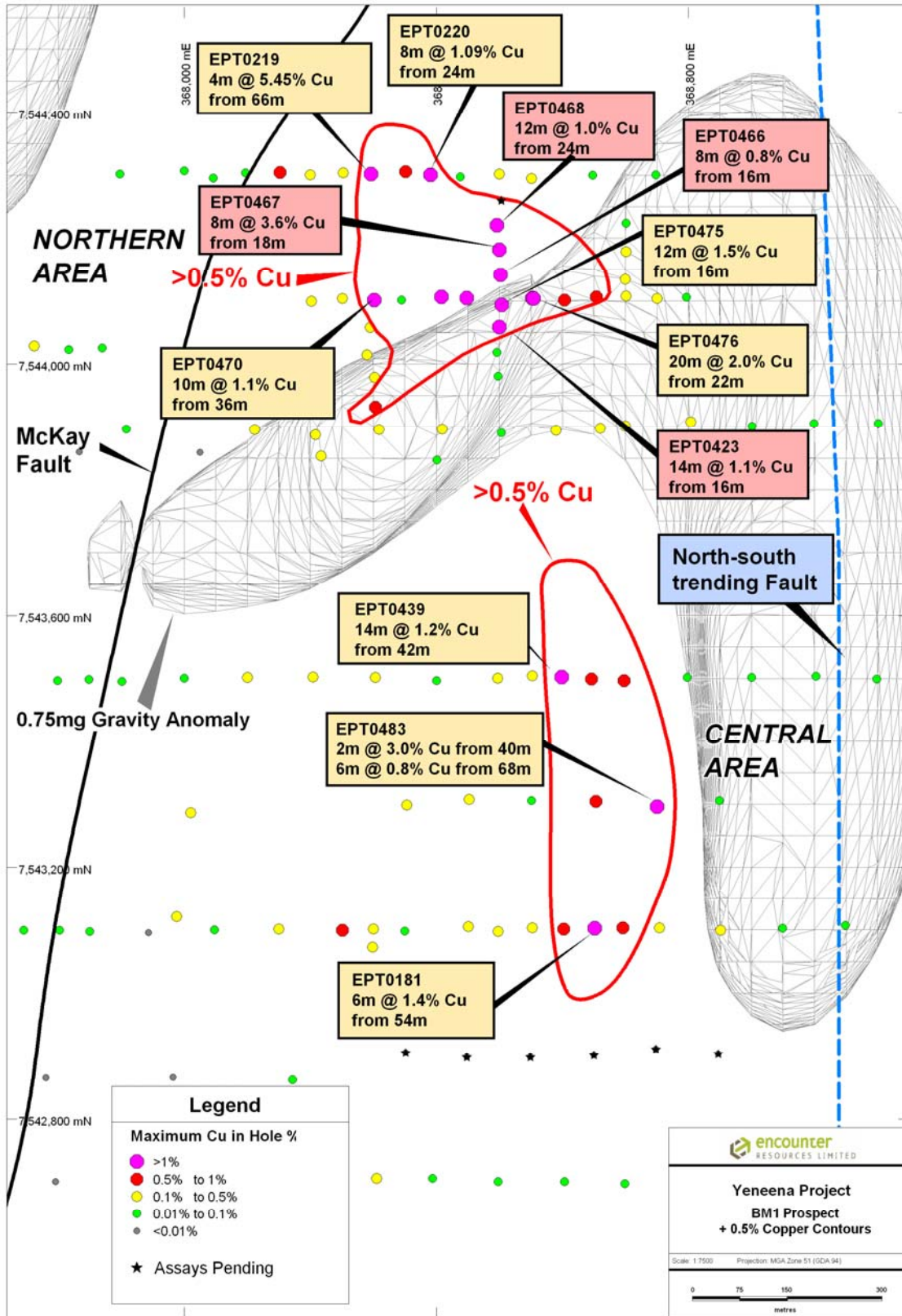


Figure 1 – BM1 - Northern Area/Central Zone – Maximum Copper in Hole over 0.75mg Gravity Shell

Table 1. Drill hole information BM1 – Northern Zone

Drill Hole ID	Northing (m)	Easting (m)	RL (m)	EOH (m)	From(m)	To(m)	Interval (m)	Copper (%)
EPT423	7544059	368500	320	62	16	30	14	1.1
EPT466	7544142	368502	320	75	16	24	8	0.8
EPT467	7544182	368500	320	75	18	26	8	3.6
						<i>incl.</i>	<i>2</i>	<i>7.6</i>
EPT468	7544221	368496	320	75	24	36	12	1.0

Table 2. Significant Cobalt intersections BM1 – Northern Zone

Drill Hole ID	Northing (m)	Easting (m)	RL (m)	EOH (m)	From(m)	To(m)	Interval (m)	Cobalt (%)
EPT418	7544102	368603	320	72	14	28	14	0.45
						<i>incl.</i>	<i>2</i>	<i>1.54</i>
EPT419	7544107	368654	320	90	24	46	22	0.07
						<i>incl.</i>	<i>4</i>	<i>0.12</i>
EPT420	7544108	368701	320	111	36	50	14	0.08
						<i>incl.</i>	<i>2</i>	<i>0.1</i>
EPT467	7544182	368500	320	75	14	18	4	0.07
EPT476	7544105	368552	320	80	22	30	8	0.15
						<i>incl.</i>	<i>2</i>	<i>0.3</i>
EPT 528	7544104	368554	320	88	24	36	12	0.07
						<i>incl.</i>	<i>4</i>	<i>0.13</i>
EPT531	7544015	368290	320	75	42	58	16	0.05
EPT533	7544179	368701	320	18	10	16	6	0.7
						<i>incl.</i>	<i>2</i>	<i>0.15</i>

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).

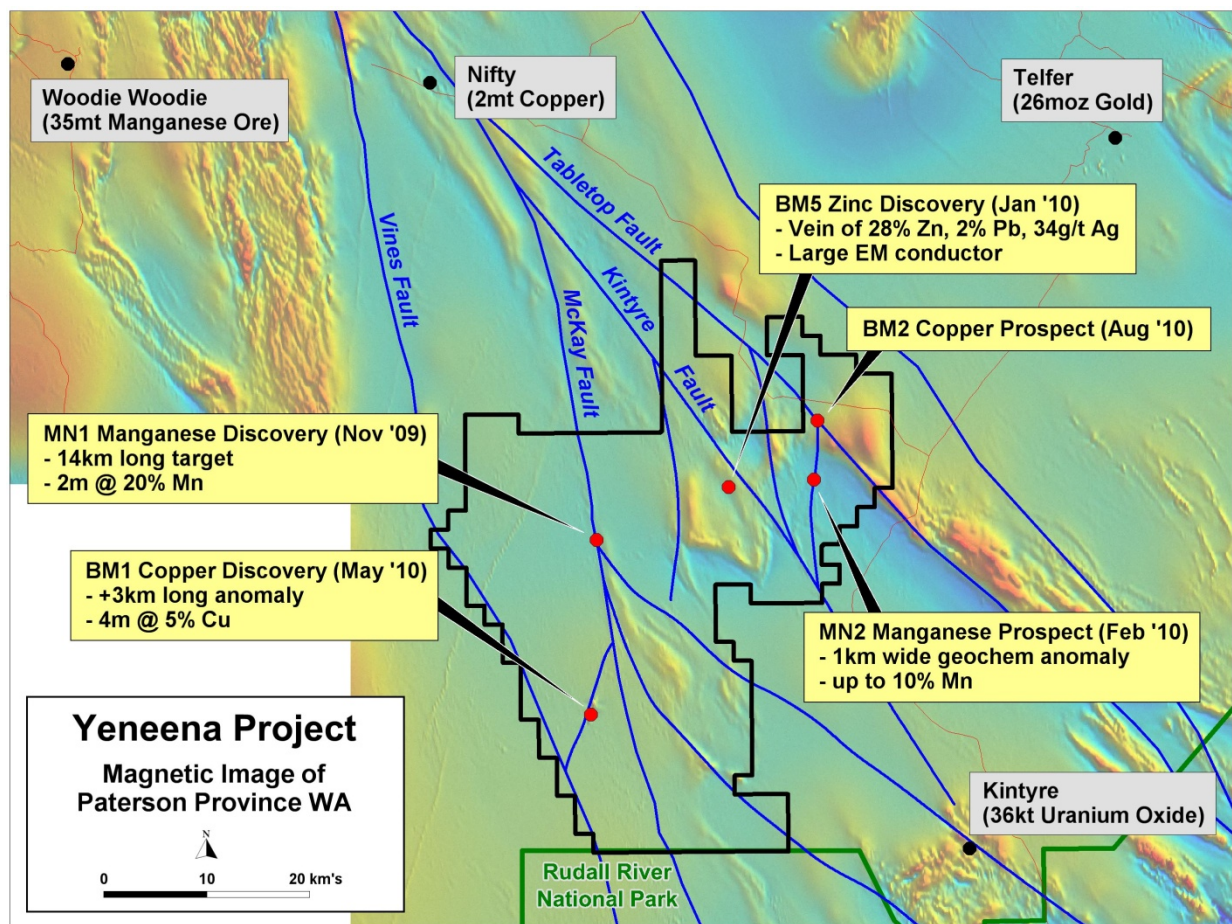


Figure 2. Key structures and targets over magnetics

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.