

ASX : ENR

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

Deep Drill Program has commenced at BM1

- **A RC/Diamond drill program has commenced at the BM1 copper discovery at the Yeneena Project**
- **The initial 6 to 12 hole program will be the first deep (300-400m) drilling in the vicinity of the near surface copper discovery at BM1**
- **The objective of the program is to define the geological units at depth and identify vectors towards the primary source of the near surface copper mineralisation at BM1**

The directors of Encounter Resources Ltd (“Encounter”) are pleased to announce that a RC/diamond drill program has commenced at the BM1 copper discovery located in the Paterson Province of Western Australia (“WA”).

It is planned to complete 6 to 12 drill holes in the 3,000 metre program, depending on drilling conditions and operational performance. The objective of the program is to define the geological units at depth and to identify vectors towards the primary source of the near surface copper mineralisation at BM1. The program will test geophysical and geochemical targets generated through recent aircore drilling and a ground gravity survey completed in July 2010.

The program is expected to take approximately three weeks to complete with assay results expected in December 2010.

For further information please contact:
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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).

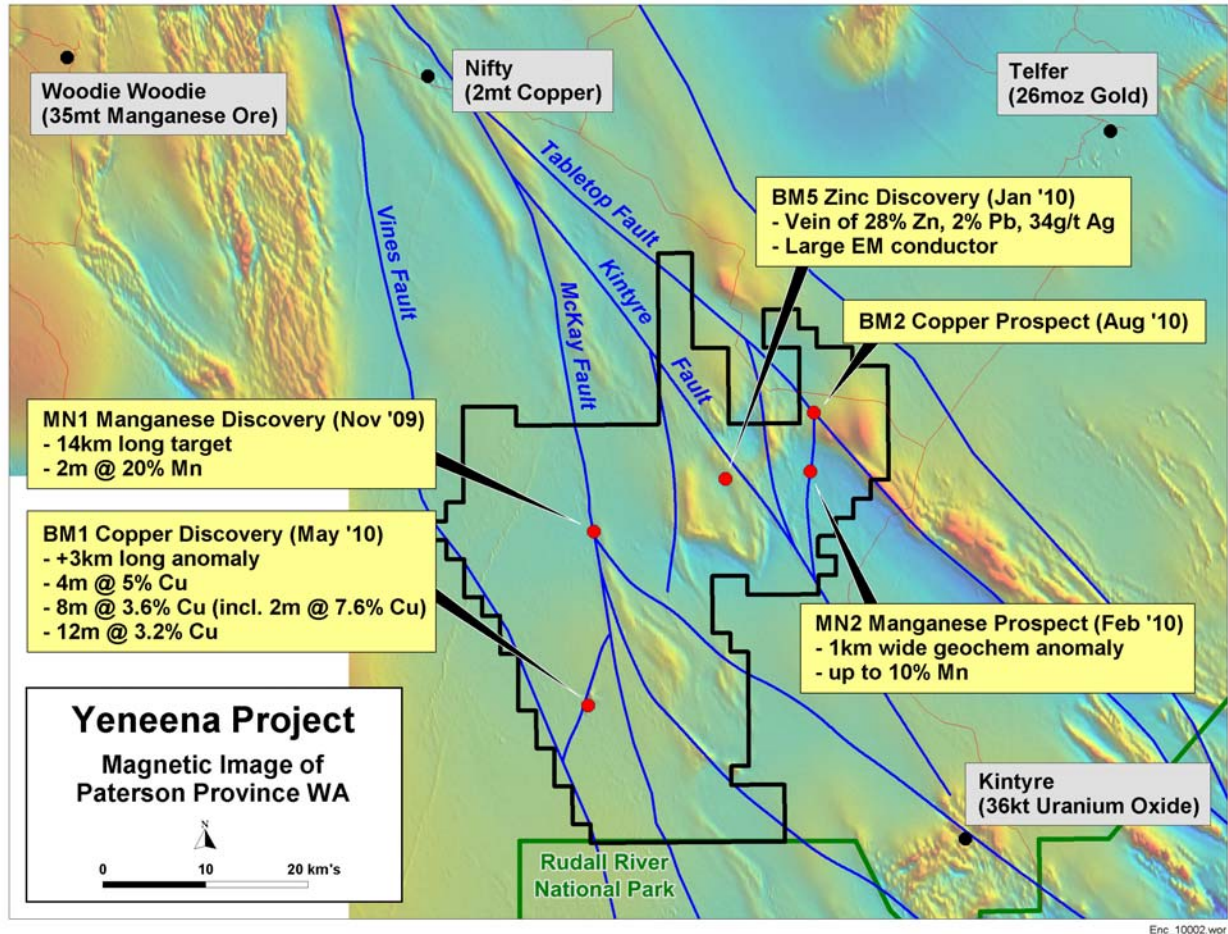


Figure 1. Yeneena Project leasing and targets areas on regional TMI magnetics

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.