

27 October 2010

Company Announcements Platform
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

PLACEMENT TO RAISE \$6.0 MILLION

Encounter Resources Limited (“Encounter” or “the Company”) is pleased to advise that it has received firm placement commitments from professional and sophisticated investors to raise \$6.0 million before costs. The manager of the placement was Bell Potter Securities Limited. The placement of 7,500,000 shares at 80 cents each is subject to shareholder approval at a meeting to be convened in early December 2010.

The 80 cent issue price represents a 9.6% discount to the 10-day VWAP of Encounter shares prior to the trading halt announced on 25 October 2010.

Proceeds from the placement will be used to accelerate and expand the Company’s exploration programs at the Yeneena Project and provide working capital.

The additional funding will enable the Company to significantly expand its 2011 exploration campaign at the BM1 copper discovery and bring forward the testing of additional targets at the Yeneena project.

Yours faithfully,
ENCOUNTER RESOURCES LIMITED



KEVIN HART
COMPANY SECRETARY