

ASX : ENR

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

Multiple High Grade Copper Intersections at BM1

- **New assays results received from the BM1 prospect include:**
 - **20m @ 2.0% Cu from 22m (incl. 12m @ 3.2% Cu)**
 - **12m @ 1.5% Cu from 16m (incl. 2m @ 2.7% Cu)**
 - **10m @ 1.1% Cu from 36m (incl. 2m @ 2.5% Cu)**
 - **16m @ 0.7% Cu from 8m (incl. 2m @ 3.0% Cu)**
 - **34m @ 0.4% Cu from 18m (incl. 4m @ 1.6% Cu)**
- **Coherent zone of near surface copper mineralisation defined**
- **Gravity anomaly adjacent to the high grade copper zone**
- **A second drill rig being sourced to expand and deepen drill program**

The directors of Encounter Resources Ltd (“Encounter”) are pleased to provide the first batch of assay results from the current aircore drill program at the BM1 prospect at the Yeneena project.

“We are excited to report a number of thick intersections grading over 1% copper within 50 metres of the surface in the first batch of assays received from the ongoing drill program at BM1. The company has just scratched the surface at BM1, the average depth of drilling to date is about 75 metres. This drilling has been highly successful at defining coherent copper mineralisation over an extensive area. We expect further positive results as the drill program continues.” said Managing Director Will Robinson

“Given the results to date a second drill rig with capacity to drill in excess of 300 metres is being sourced to test for the primary source of this high grade, near surface copper” Mr Robinson added.

The current 10,000 metre aircore/RC drill program at BM1 was designed to test for additional copper mineralisation to the north, south and east of the previously defined 3km long copper regolith anomaly and to complete infill drilling in the higher grade areas of the previously defined copper mineralisation.

In the ASX announcement on 30 August 2010 the company reported that visible copper mineralisation had been intersected in four adjacent aircore holes on a east-west 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).

The assay results from the four adjacent, vertical aircore drill holes spaced 50 metres apart have now been received:

- **EPT 476 20m @ 2.0% Cu from 22m (incl. 12m @ 3.2% Cu)**
- **EPT 475 12m @ 1.5% Cu from 16m (incl. 2m @ 2.7% Cu)**
- **EPT 472 16m @ 0.7% Cu from 8m (incl. 2m @ 3.0% Cu)**
- **EPT 471 34m @ 0.4% Cu from 18m (incl. 4m @ 1.6% Cu)**

The mineralisation is coherent between the four holes and importantly all of the mineralised intersections are within 50 metres of surface (Figure 2).

In addition, EPT418, the next drill hole on the eastern end of the line, returned 22m @ 0.3% Cu together with highly anomalous cobalt (14m @ 4532ppm Co including 2m @ 1.5% Co) and silver (14m @ 8g/t Ag including 2m @ 40g/t Ag).

Based on drilling completed to date, a coherent zone of copper mineralisation stretches over a large area in the northern section of the BM1 prospect ("Northern Area"). Additional aircore drilling within this Northern Area is currently being completed to determine the full extent of this high grade copper zone. In addition, aircore drilling will be completed at further significant copper targets in other areas of the BM1 prospect. The aircore program is expected to continue until early October 2010. Assay results from the drilling will be received in batches approximately every two to three weeks.

The Northern Area is broadly adjacent to a north-east trending gravity anomaly that is being modelled to define the depth of the drill target (Figure 1). It is interpreted that this gravity feature may represent primary sulphide mineralisation at depth.

A second drill rig is currently being sourced to complete a series of deeper RC holes in excess of 300m at the BM1 prospect. The objective of this deeper drilling is to define the geological units at depth to assist with vectoring towards, and to potentially identify, the primary source of the near surface copper mineralisation. This deeper drill program is expected to commence in October 2010.

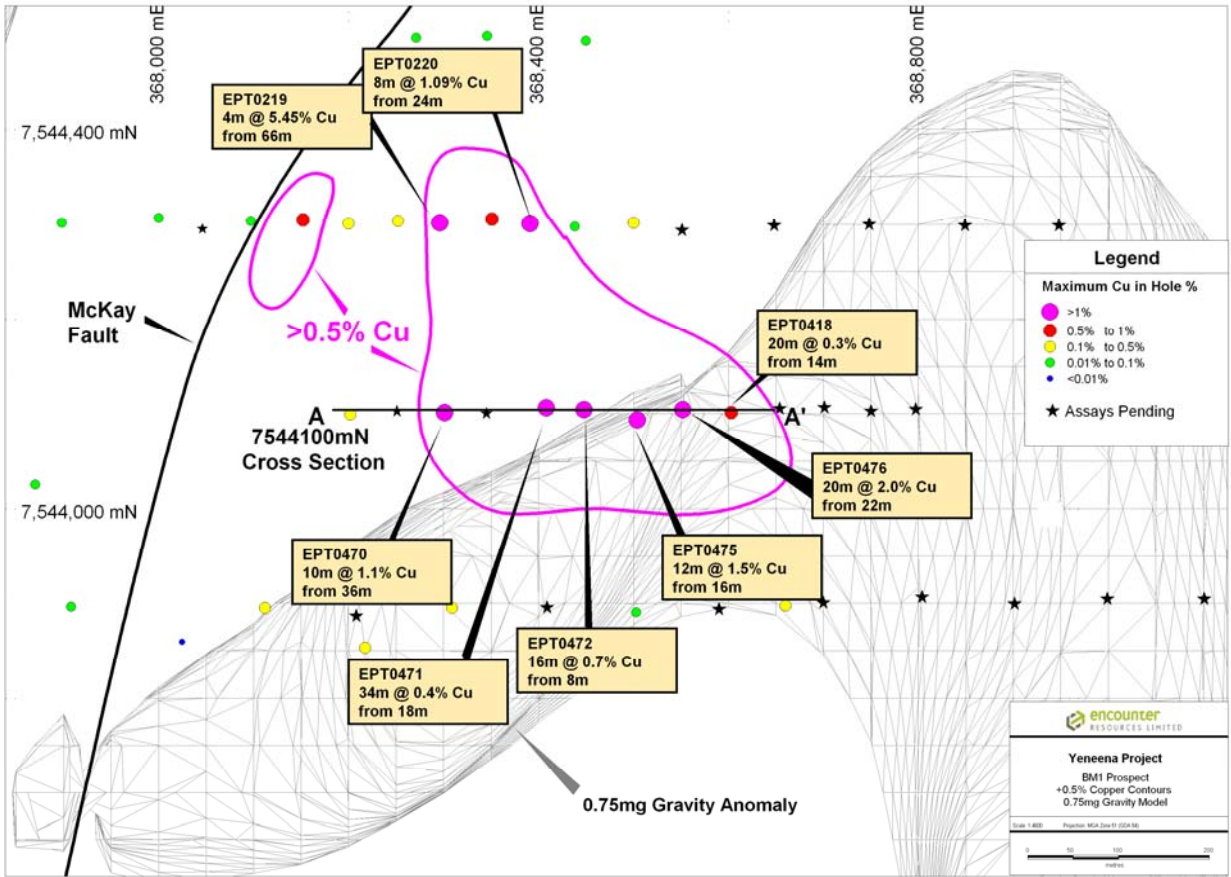


Figure 1 – BM1 - Northern Area – Maximum Copper in Hole over 0.75mg Gravity Shell

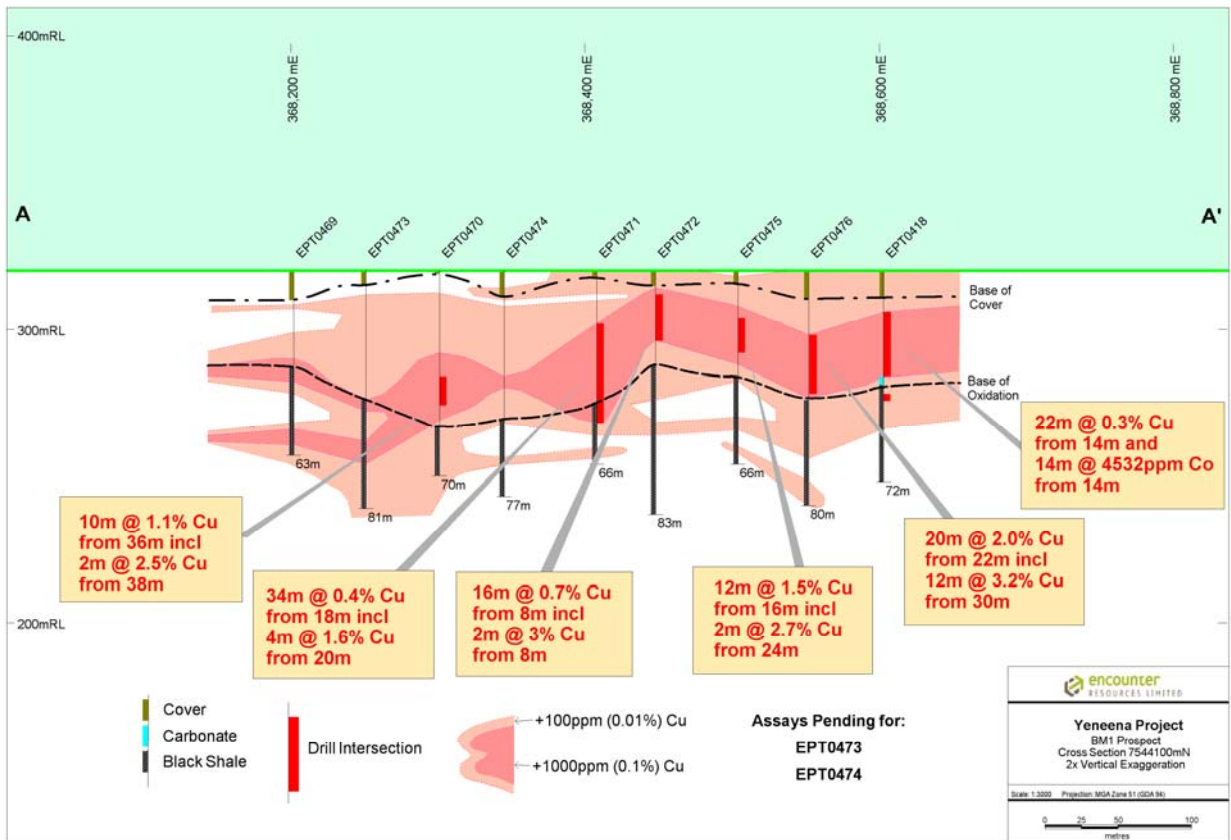


Figure 2 – BM1 - Northern Area – Cross Section 7544100N (A – A')

Table 1. Drill hole information BM1 - Northern Area

Drill Hole ID	Northing (m)	Easting (m)	RL (m)	EOH (m)	From(m)	To(m)	Interval (m)	Copper (%)
EPT469	7544100	368202	320	63	30	38	8	0.13
					54	60	6	0.11
EPT470	7544102	368301	320	70	36	46	10	1.1
				<i>Incl.</i>	38	40	2	2.5
EPT471	7544107	368408	320	66	18	52	34	0.4
				<i>Incl.</i>	20	24	4	1.6
EPT472	7544105	368448	320	83	8	24	16	0.7
				<i>Incl.</i>	8	10	2	3.0
EPT475	7544094	368504	320	66	16	28	12	1.5
				<i>Incl.</i>	24	26	2	2.7
EPT476	7544105	368552	320	80	22	42	20	2.0
				<i>Incl.</i>	30	42	12	3.2
EPT418	7544102	368603	320	72	14	36	22	0.3
				<i>Incl.</i>	24	26	2	0.8

*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).

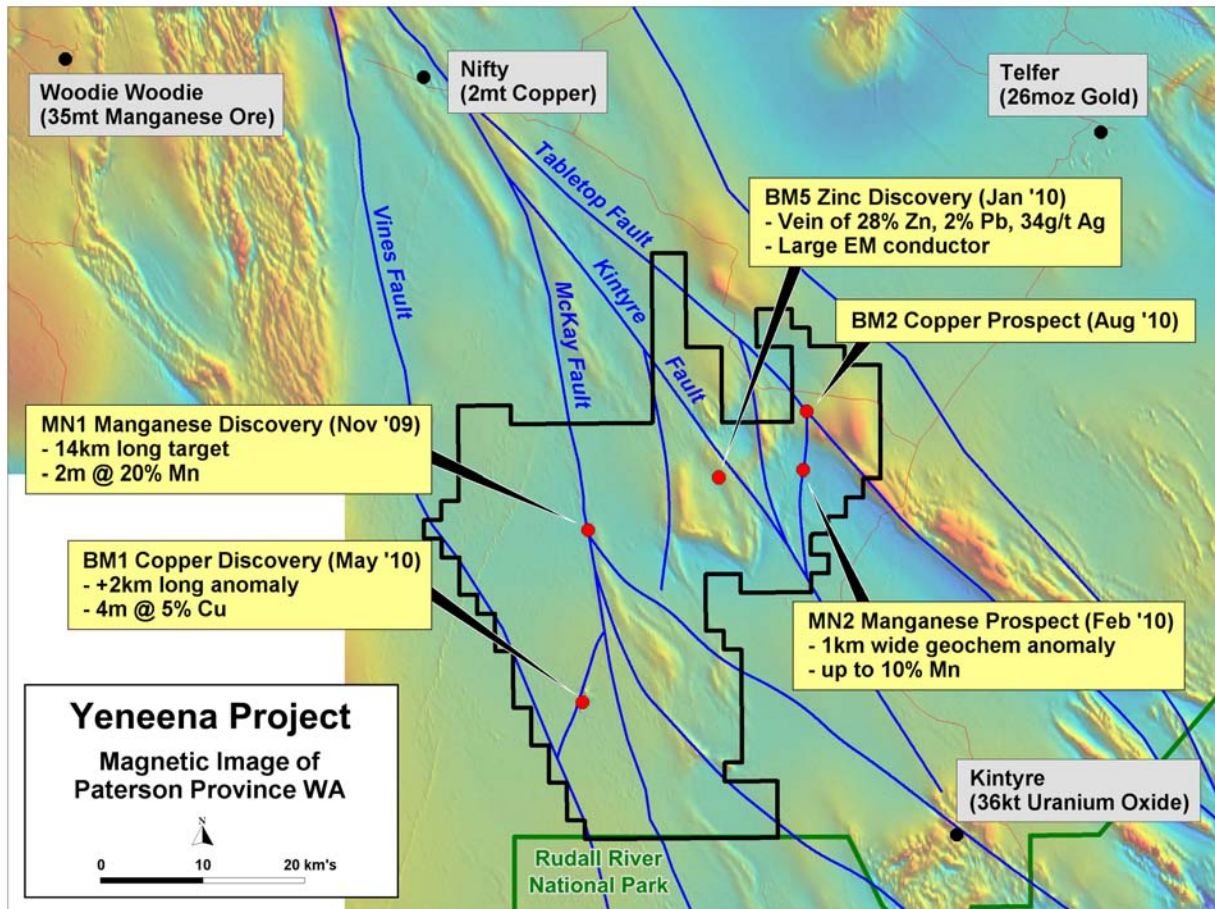


Figure 3. Key structures and targets over magnetics

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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.