

ASX : ENR

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Company Announcements Office
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Aircore Drilling to Commence at Yeneena

- **A 6,000 metre aircore drill program will commence this week at the Yeneena project**
- **This is the first manganese targeted drill program at the project:**
 - MN1: 14km long target area containing intersections of 2m @ 20%Mn and 3m @ 16%Mn
 - MN2: 1 km wide zone of manganese oxide logged from historic drilling
- **BM1 and BM2 copper prospects to be tested**

The directors of Encounter Resources Ltd ("Encounter") are pleased to announce that an aircore drill program will commence this week at the Yeneena project in Western Australia ("WA"). The 6,000 metre program will test for near surface manganese positions at the MN1 and MN2 manganese prospects. The aircore program will also include additional testing of the BM1 and BM2 copper targets. The program will take approximately eight weeks to complete and will commence at the MN1 manganese prospect.

MN1 Prospect - In November 2009, Encounter announced the discovery of high grade manganese at the MN1 prospect (2m @ 20%Mn and 3m @ 16%Mn) from re-analysis of historical drill holes. These historical drill holes were targeting gold but intersected near surface manganese at the southern end of a 14km long regional gravity ridge located west of the major, regional scale, McKay Fault. The MN1 prospect is located 70km to the south east of the Woodie Woodie manganese mine (Figure 2).

A ground gravity program covering the southern 4km at MN1 was completed in December 2009 and identified a number of discrete pod-like anomalies (Figure 1). Potentially these anomalies represent thicker, denser manganese mineralisation than that already intersected. A series of aircore drill traverses across the gravity features and the existing manganese mineralisation will be completed in the current program. The aircore program will be the first manganese targeted drill program at the project.

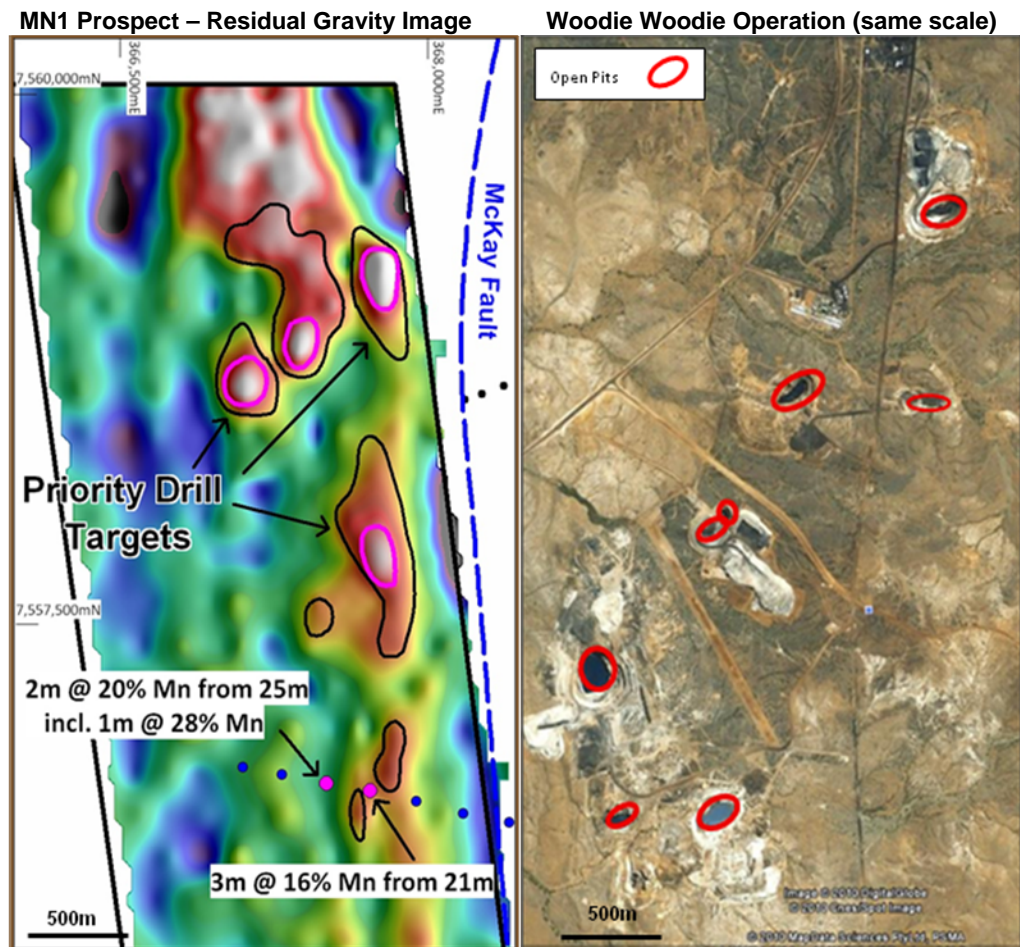


Figure 1 – Scale comparison, residual gravity image at MN1 and Woodie Woodie Operation

MN2 Prospect - Logging descriptions of historic gold targeted drilling at the MN2 prospect noted the presence of a shallow, flat lying layer of manganese oxide in five adjacent, 200m spaced aircore holes. This 1km wide zone of manganese oxide is located in an area of extensive sand cover and no surface outcrop. The highly anomalous manganese starts 30m below surface and is 2-9m thick. A series of aircore drilling traverses will be completed at MN2 aimed at identifying vectors towards a potential primary source of the anomaly.

BM1 Prospect - An aircore drill program completed in the June 2009 successfully defined a coherent, under cover, near surface copper regolith anomaly (up to 2m @ 0.89% Cu from 38m) that is open and strengthening towards the south. The follow up aircore program will test targets identified to the south and east of this 1km long anomaly.

BM2 Prospect - The BM2 prospect is located at the intersection of a north-south trending, westerly dipping fault and the regionally extensive Tabletop Fault. Historical, 1km spaced drill holes define base metal regolith anomalism over an interpreted strike of 3km including up to 521ppm copper. Further definition of regolith geochemistry is planned as part of the current aircore drill program.

Project Background & Location Plan

The Yeneena project covers 1,300km² of the Paterson Province in Western Australia and is located 40km SE of the Nifty copper mine, 30km NW of the Kintyre uranium deposit and 70km SE of the Woodie Woodie manganese mine. The targets identified are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting. Encounter is earning a 75% interest in the Yeneena project from Barrick Gold of Australia.

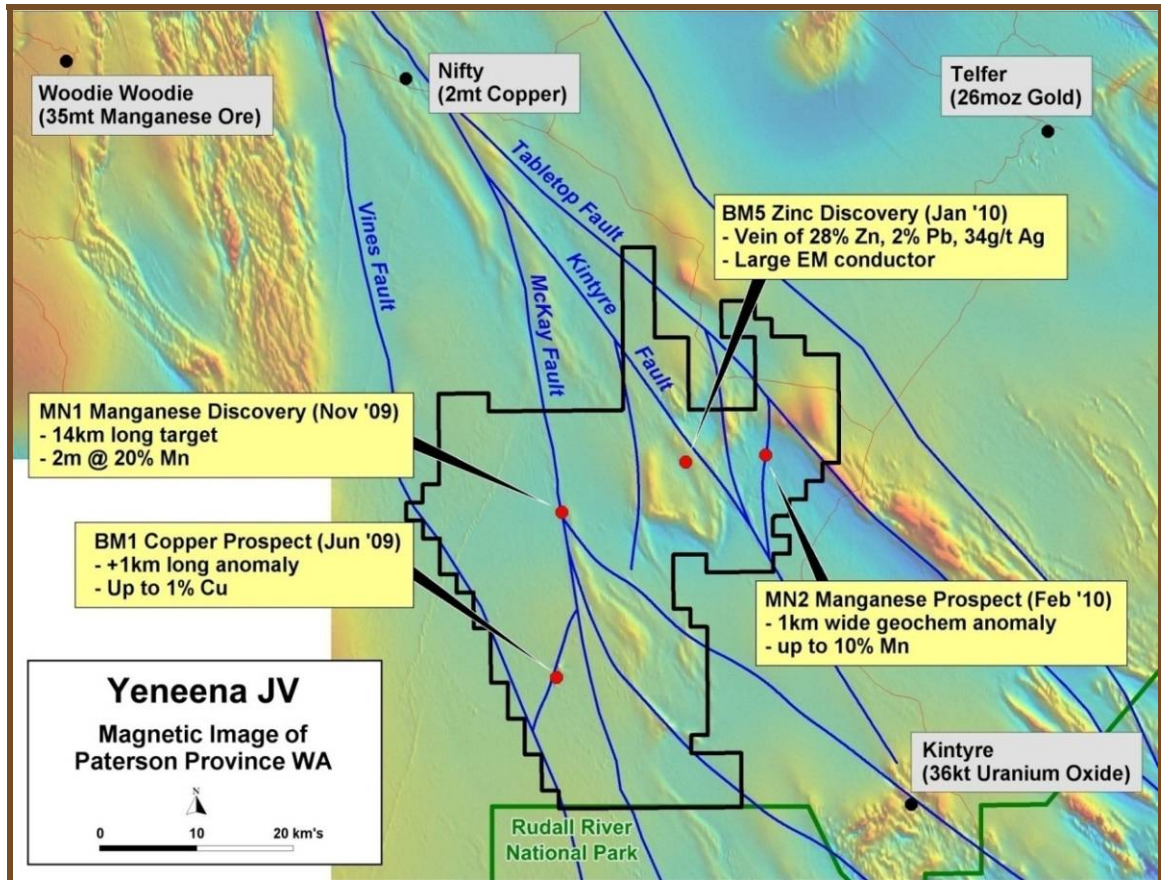


Figure 2. Yeneena Project leasing and targets areas on regional TMI magnetics

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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.