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

Initial drill targets to be tested at Yeneena project

ASX Code

ENR

Market Cap (21/04/09)

A\$7.2M (\$0.105/share)

Issued Capital (21/04/09)

68.6 million ordinary shares
3.0 million employee options

Cash (31/3/09)

approx. A\$2.7M

Board of Directors & Management

Mr. Paul Chapman
Non-Executive Chairman

Mr. Will Robinson
Managing Director

Mr. Peter Bewick
Exploration Director

Dr. Jon Hronsky
Non-Executive Director

Mr. Kevin Hart
Company Secretary

www.enrl.com.au

- The first targets to be drill tested at the Yeneena project have been defined at BM1 and BM5.
- The copper regolith anomaly at the BM1 target has been extended to over 1.2km long and includes grades of up to 0.35% Cu. This significant regolith enrichment is coincident with a magnetic anomaly, a recently defined electromagnetic anomaly and is considered a potential Nifty analogue. The scale and nature of the anomalism seen at BM1 indicates the potential for the area to host a major copper deposit.
- A review of historical drilling has identified a potentially significant base metals gossan at BM5 which is over 1km long. The Fe-Mn enriched body is associated with highly elevated Cu-Zn-Pb-Ag anomalism, appears to be structurally controlled and is located adjacent to a major regional fault.
- The final airborne electromagnetic ("AEM") survey data which covers the eight target areas at the Yeneena project has been released by Geoscience Australia. This data will now be processed with the aim of defining discrete conductive plates within the basement.
- An initial aircore drilling program to target potential oxide base metal mineralisation at the BM1 and BM5 targets has been planned and is scheduled to commence in the June quarter.

Project Background

The Yeneena JV covers over 1500km² in the Proterozoic Paterson Province of Western Australia. The project is situated 30km NW of the Kintyre uranium deposit and 40km SE of the Nifty copper mine (Figure 1). The stratigraphy and key structures that host the Nifty and Kintyre deposits are interpreted to extend through the Yeneena JV project area. Encounter is earning a 75% interest in the JV from Barrick Gold of Australia (“Barrick”).

During 2008 Geoscience Australia (“GA”) completed a 30,000 line km airborne electromagnetic (“AEM”) survey over a large portion of the Paterson Province. The survey lines were flown in an east-west orientation at 1km or 2km line spacing. Encounter contracted Fugro Airborne to fly an additional 1000 line kms within the Yeneena JV to infill line spacing to 500m. The final data from this survey, including the GA flight lines, was received in April 2009.

Simplified geological stratigraphy for the region comprises the Palaeo-Proterozoic Rudall Complex as the lowermost unit, overlain by the Neo-Proterozoic Coolbro Sandstone. The Broadhurst Formation sits stratigraphically above the Coolbro Sandstone and is the host to the base metals targets and the Nifty copper mine. The Kintyre uranium deposit sits directly below the unconformity between the Coolbro Sandstone and the Rudall Complex and this position is the primary target for unconformity uranium mineralisation.

The Paterson Province has very poor outcrop and has seen minimal modern exploration. Most drilling completed to date in the Yeneena JV area is shallow aircore or RAB drilling. Encounter completed an extensive re-analysis program of sample pulps from the 18,000 metres of gold exploration drilling conducted by Barrick which highlighted areas of significant uranium and base metal anomalism.

The copper and uranium mineralisation in the Paterson Province is closely associated with major NS to NNW trending structures. Three of these key structures; the Vines, McKay and Tabletop Faults, extend through the Yeneena JV project area (Figure 1).

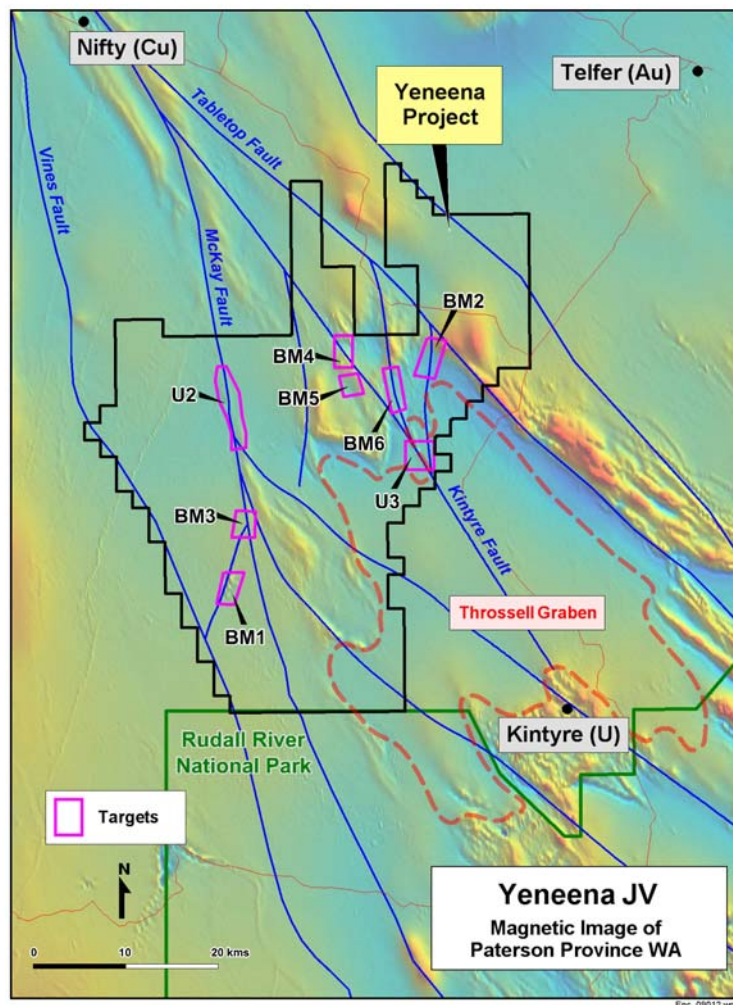


Figure 1: Location of the targets at the Yeneena project

Targeting work by Encounter initially focused on major structural intersections within the project, supported by a thorough interrogation of historical datasets. This work in association with the geophysical and geochemical datasets collected by Encounter in 2008 has resulted in the generation of eight regional scale exploration targets within the project area (Figure 1).

BM1 Target. The BM1 target sits within the Broadhurst Formation and consists of a coincident magnetic and AEM anomaly located on a SSW trending splay structure to the McKay Fault (Figure 1).

Drilling by CRA in the mid 1980s focused on the outcropping ironstone unit at the northern end of the magnetic anomaly. Three holes were drilled by CRA and intersected copper up to 1000ppm and broad anomalous zones of uranium mineralisation. A water bore hole (WTWB2) drilled to the south of the ironstone returned highly anomalous copper results of 15m @ 0.14% Cu from 25m, including 3m @ 0.35% Cu. A second water bore (WTWB1) drilled 350m to the north west of WTWB2 ended in mineralisation of 3m @ 0.10% Cu from 54m to the end of hole.

A decade later Normandy completed two broadly spaced lines of shallow RAB drilling across the target area and intersected additional copper regolith anomalism of 10m @ 0.12% Cu from 15m and 27m @ 310ppm from 17m (Figure 2).

The historical drilling has defined a regolith copper anomaly that extends over 1.2kms and is open to the north, south and east. This regolith enrichment includes thick intersections in three holes grading in excess of 0.1% Cu over 800 metres in strike. The southern half of this anomaly is coincident with a westerly dipping EM conductor that has been modeled in both airborne and ground EM datasets. It is interpreted that the conductor represents a sulphidic horizon below the base of oxidation.

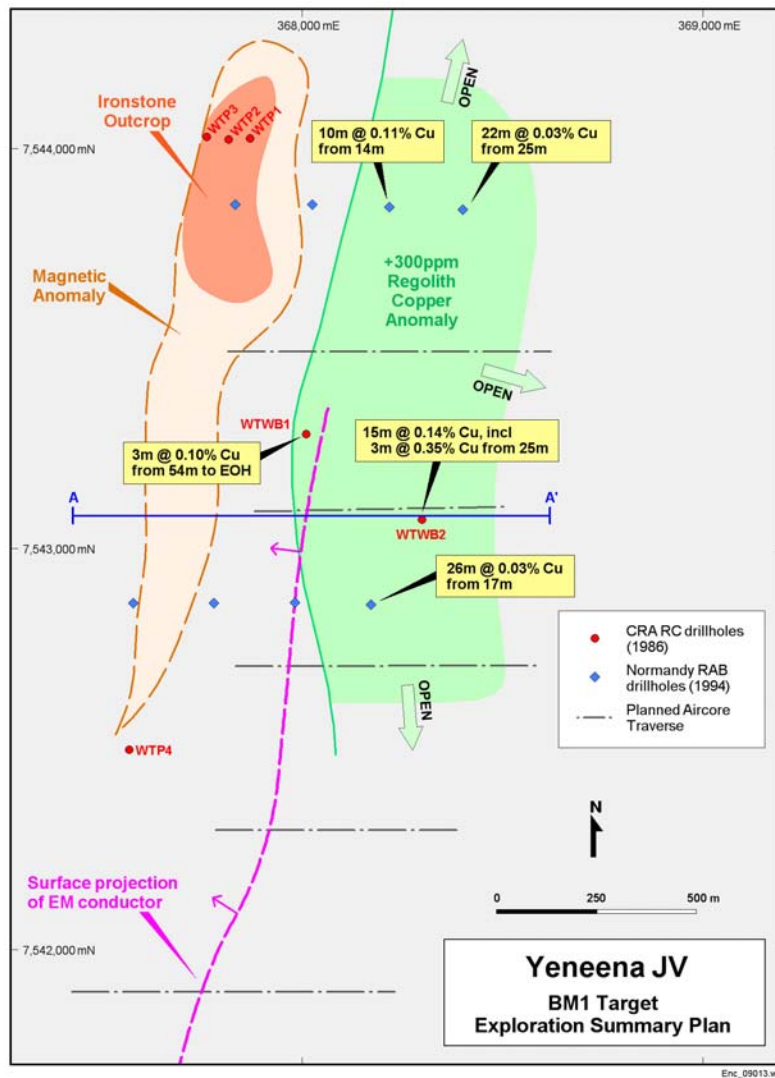


Figure 2: BM1 Exploration summary plan

The observed geological, geochemical and geophysical features at BM1 show strong similarities to that of the 2 million metal tonne Nifty copper deposit (Figure 4). The scale and nature of the anomalism seen at BM1 indicates the potential for the area to host a major copper deposit.

An initial program of aircore drilling will target copper oxide mineralisation directly above and to the east of the modeled EM conductor. The 2500m program will commence in the June quarter. A program of deeper drilling is planned for later in the year and will target the EM conductor at depth (Figure 3).

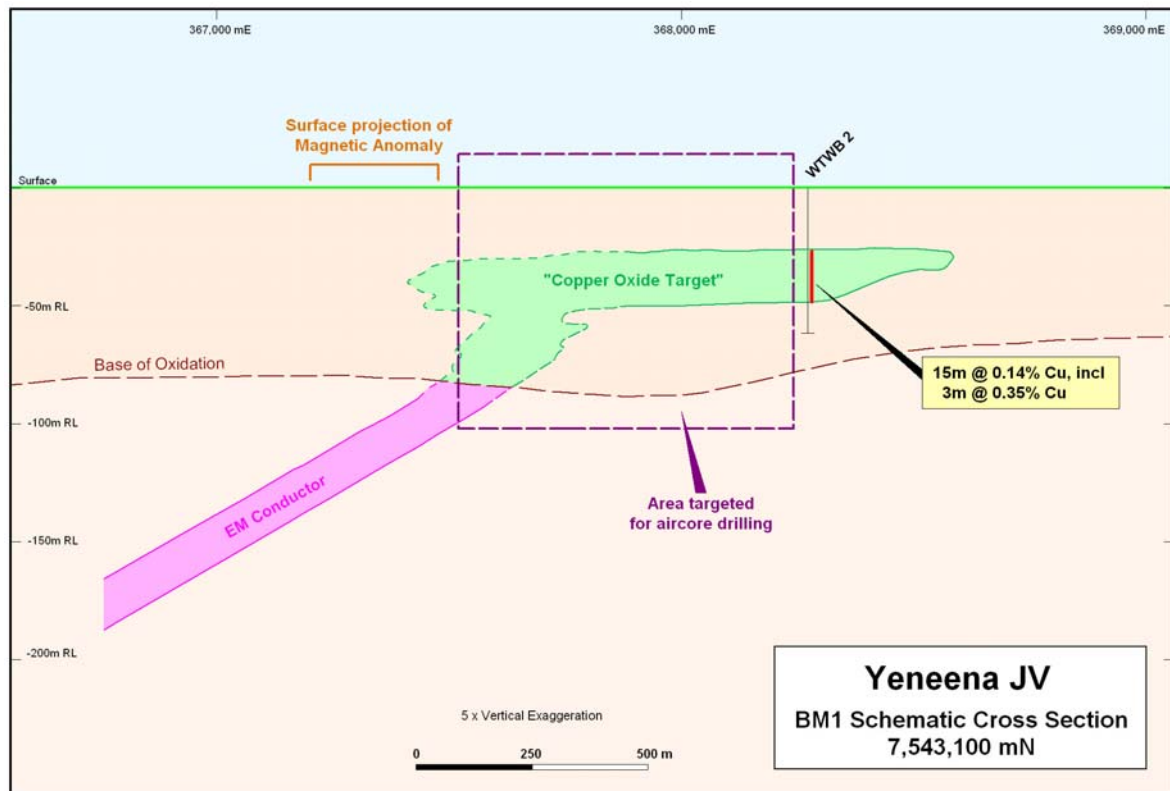


Figure 3: Planned drilling targets at BM1

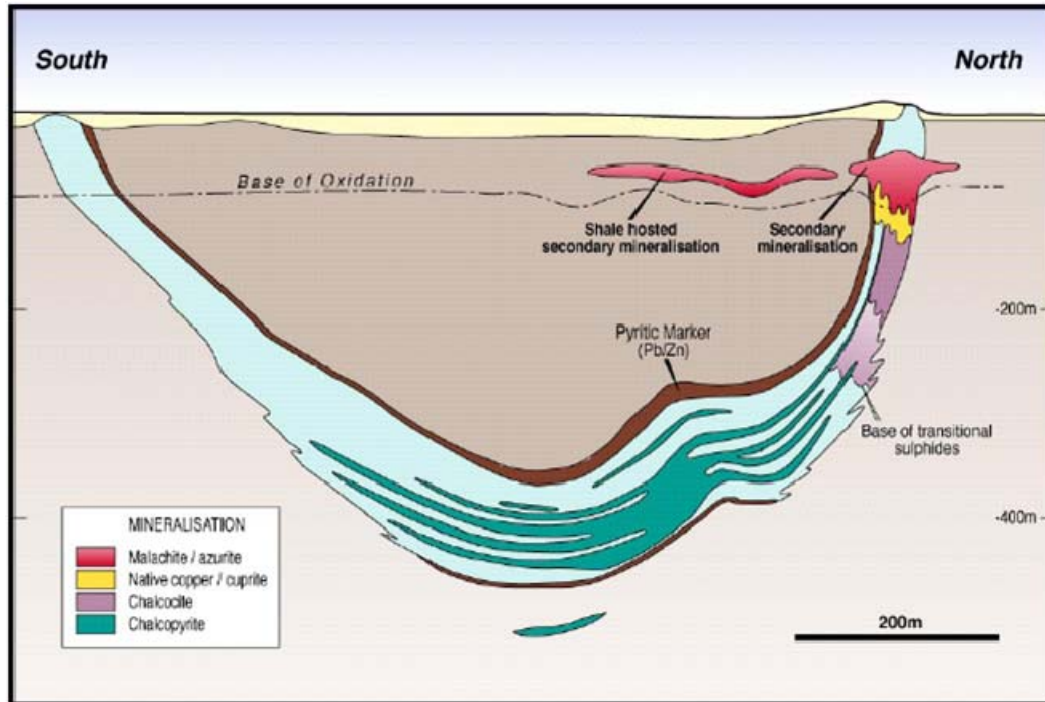


Figure 4: Schematic cross section through the Nifty copper deposit (from Straits Resources website)

BM5 Target. The BM5 target is located along the regionally extensive Kintyre Fault (Figure 1). The area was initially drilled by WMC in the early 1990s, at the end of their exploration program in this area. A series of 800m spaced RC traverses were drilled across the NW trending Kintyre Fault where it separates two large zones of conductive Broadhurst Formation. These were followed up by one deeper diamond drill hole.

The early drilling program intersected thick zones of Fe-Mn rich material below Permian and Recent cover. The Fe-Mn body is over 1km long and is associated with strong Cu-Zn-Pb-Ag anomalism. The body appears to be controlled by the underlying dolomitic basement geology at the intersection with the Kintyre Fault (Figure 6). Initial interpretation by WMC inferred the base metal anomalism was due to manganese scavenging within the regolith. A comprehensive review of the historical data clearly shows that, the high Cu-Zn-Pb-Ag values in this zone do not correlate with the high manganese values. It is therefore interpreted that this enriched body represents a potentially significant base metal gossan.

A series of three aircore traverses have been planned to test the area of the gossan on a 800m by 200m pattern (Figure 5). A Niton portable XRF will be used during the drill program to determine if additional infill holes are required.

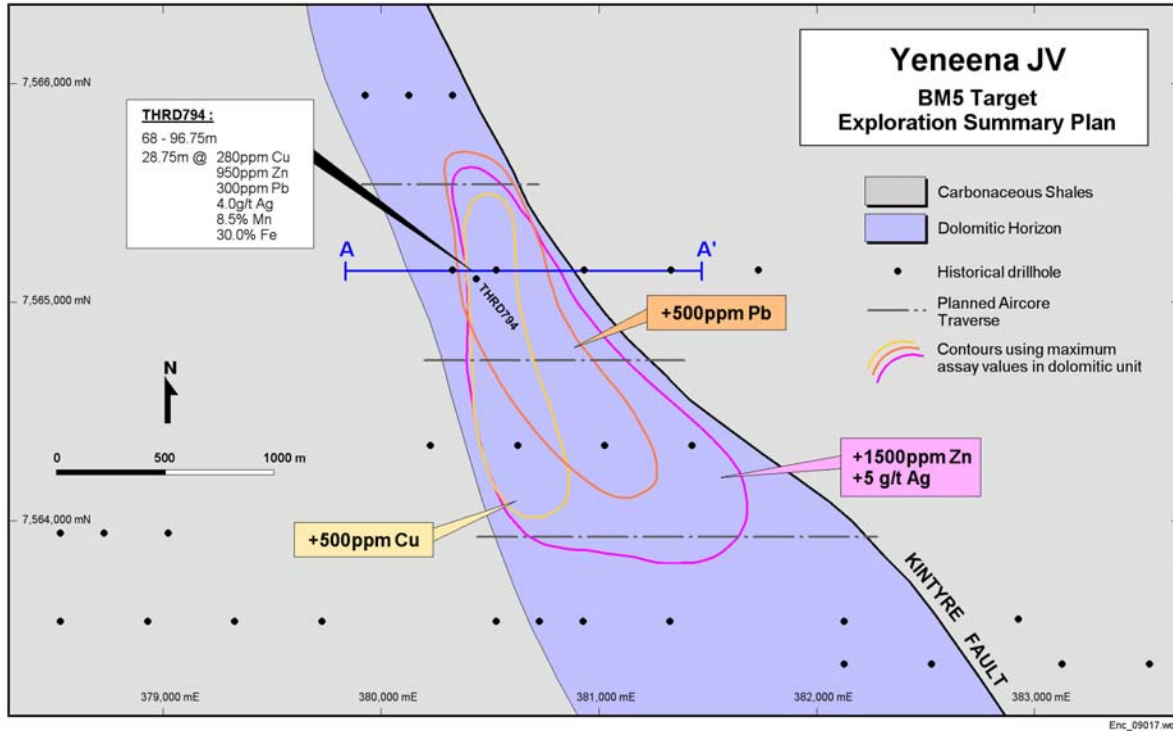


Figure 5: BM5 Exploration summary plan

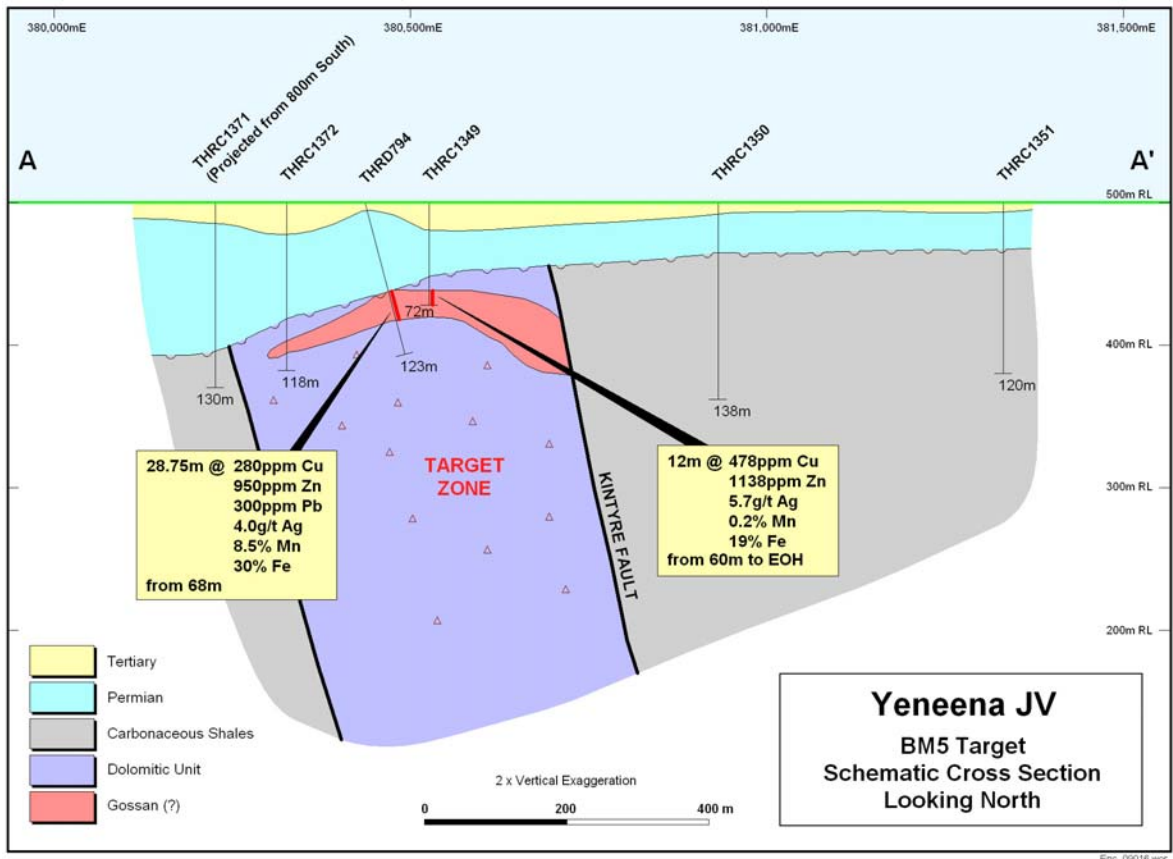


Figure 6: Cross section and drilling target at BM5.

AEM Results

The final AEM dataset has now been received and includes the lines flown by GA which were released in April 2009. The extensive regional survey has been highly successful at seeing well into the basement and has minimal interference from any surface conductive units. The AEM survey has opened up a new unexplored exploration space at a relatively shallow depth in a region that hosts three major mineral deposits.

The AEM data from within the eight defined target areas at the Yeneena JV project will now be processed with the aim of defining discrete conductive plates within the basement. Depending on their stratigraphic position these conductors may be considered prospective for unconformity uranium or sedimentary hosted copper mineralisation. The interpretation of this data and the generation of bedrock drill targets will be completed in the June quarter. Drilling of the deeper EM anomalies is scheduled to commence in the September quarter.

Conclusion

The compilation of historical exploration data, a re-interpretation of the structural setting and the analysis of the Barrick drill pulps has generated two outstanding oxide base metal drill targets at BM1 and BM5.

The BM1 target shows strong geological geochemical and geophysical similarities to the Nifty copper mine. The Fe-Mn 'gossan' at BM5 extends over 1km in strike and is highly anomalous in copper, zinc, lead and silver. The BM1 and BM5 targets both have the scale to host a major base metal position.

An aircore drilling program to test for oxide base metal mineralisation the BM1 and BM5 will commence in the June quarter.

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.