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

Yeneena Project - Drilling Update

The directors of Encounter Resources Ltd (“Encounter”) are pleased to provide an update on the diamond drill program at the Yeneena project in Western Australia (WA).

BM1 Target

Drill hole EPT057 was targeted to test below the zone of regolith copper anomalism identified in a shallow aircore program completed in June 2009. The hole intersected two thick (+80m) zones of brecciated and altered dolomite hosted within carbonaceous shales. The alteration included intense carbonate veining, silicification, disseminated pyrite and sporadic occurrences of chalcopyrite. Several zones of intense hematite alteration were encountered within the lower dolomite unit (Photo 1). The company is encouraged that the hole has identified a major hydrothermal alteration system below an extensive regolith copper anomaly that remains open to the north and south.

BM5 Target

Drill hole EPT062 was designed to test beneath a gossanous iron manganese horizon associated with copper-lead-zinc-silver geochemical anomalism. Drilling conditions were difficult resulting in the hole being abandoned above the target depth at 306m. A vein of massive sulphide containing sphalerite and galena was intersected within 5m of the end of hole in brecciated dolomite (Photo 2). A downhole electromagnetic survey will be completed in the next week to test for an off hole EM conductor.

The drill rig is currently being moved to the T2 target to test a 600 metre long, discrete EM conductor located on the regionally extensive McKay Fault.

The current drill program is planned to finish in the middle of November. The core will then be transported to Perth for cutting and assaying. Assay results are expected in December 2009.



Photo 1 – BM1 - EPT057 Hematite alteration in dolomite



Photo 2 – BM5 – EPT062 - Massive sphalerite-galena vein in dolomite

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.

Project Background & Location Plan

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).

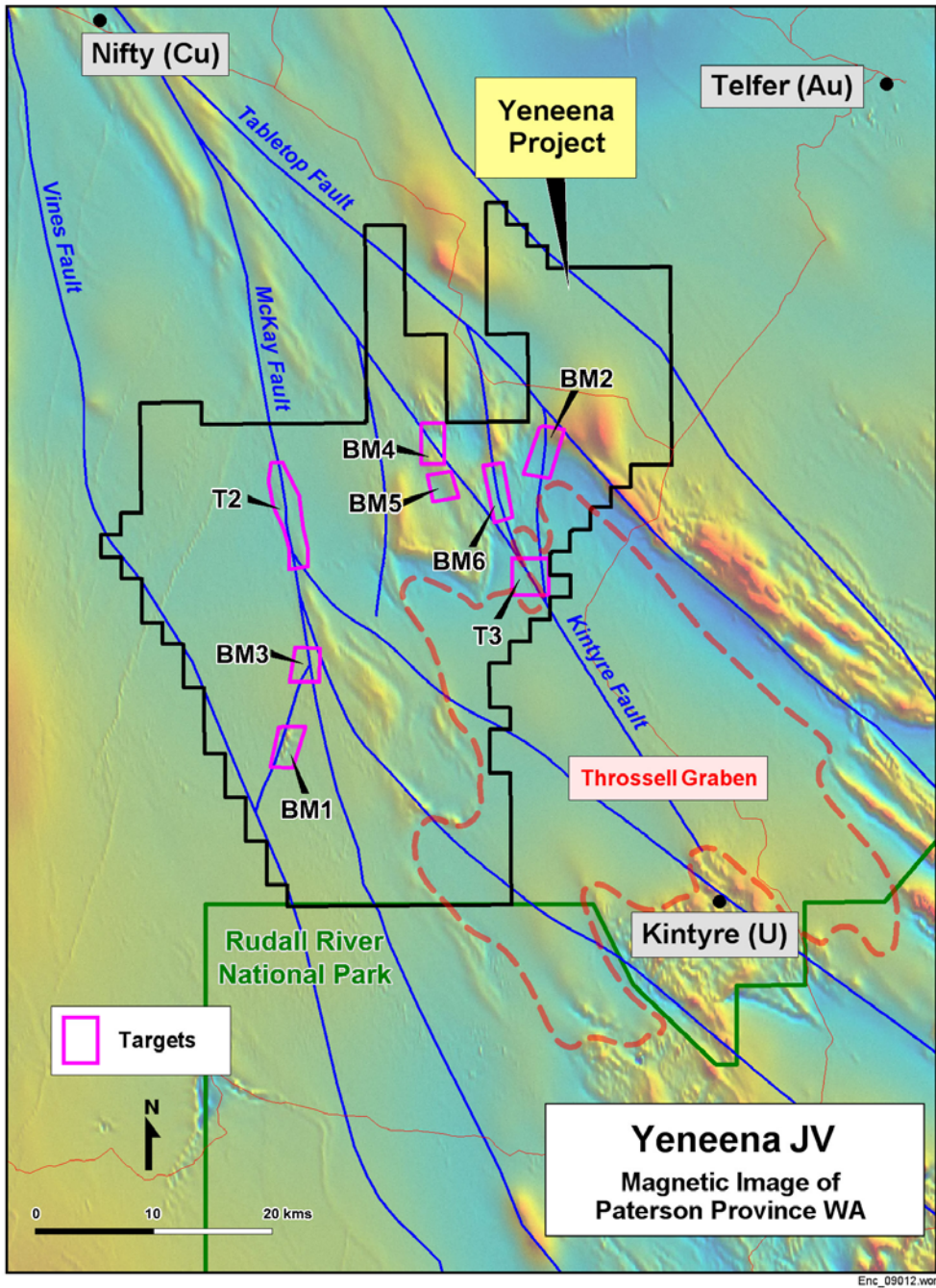


Figure 1. Key structures and targets over magnetics