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ASX : ENR

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Additional High Grade Manganese Intersections at Yeneena

- **Three zones of manganese with multiple drill targets now identified**
    - **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**
    - **BM5 gossan: High grade manganese including:**

      1.85m @ 34.7%Mn, 2.3m @ 31.9%Mn, 3.2m @ 22.6%Mn
- **High grade manganese intersections across a variety of geological settings and over an extensive geographic area, highlight the potential of the project**
- **April 2010 drill program to be expanded**

The directors of Encounter Resources Ltd ("Encounter") are pleased to announce that three zones of manganese have now been identified at the Yeneena project. This includes multiple drill targets previously identified at the MN1 prospect as well as two new zones at MN2 and BM5. The project is located 70km from the Woodie Woodie manganese mine in Western Australia ("WA").

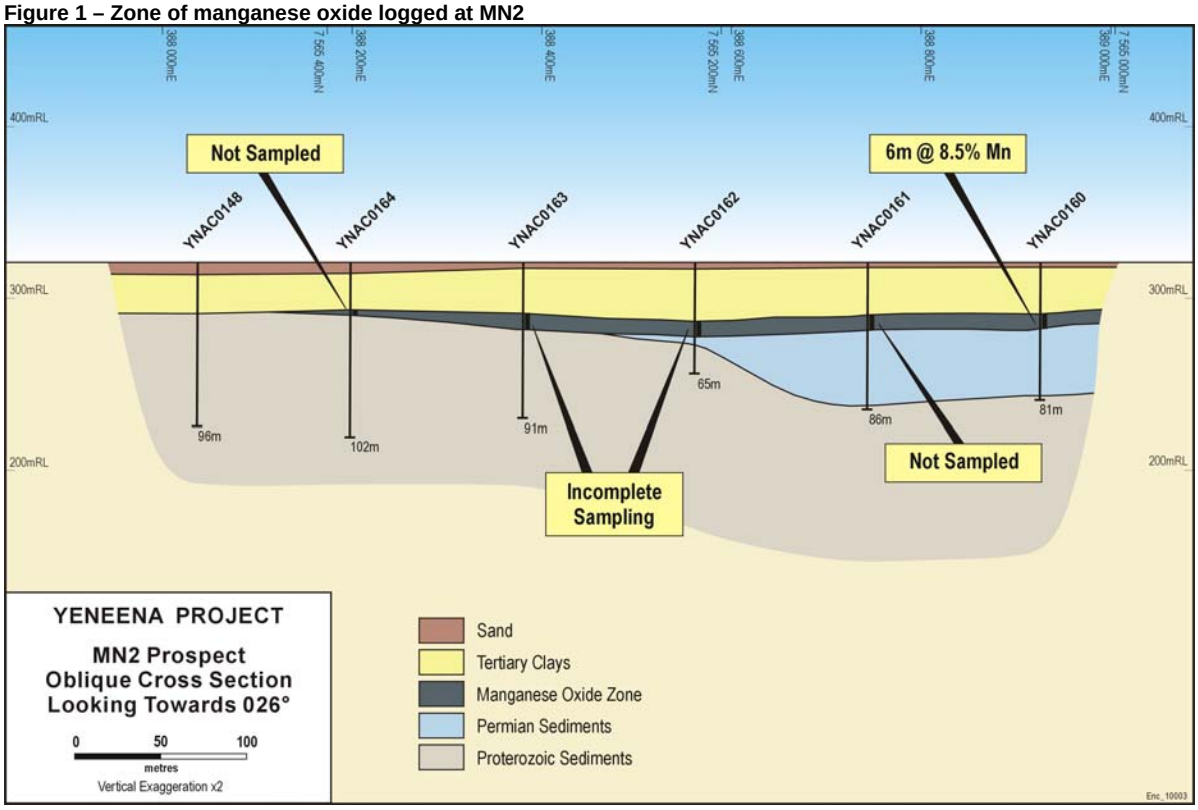
It is important to note that the identification of these significant manganese zones within a 1,300km^2 greenfields project has been achieved without a targeted manganese exploration program. The identification of high grade manganese across a variety of geological settings and over an extensive geographic area highlights the potential for the discovery of substantial manganese deposits within a new district.

MN1 Prospect - In November 2009, Encounter announced the discovery of high grade manganese at the MN1 prospect (see ASX announcement 20 November 2009). The historical drill holes containing the near surface manganese at MN1 sit at the southern end of a 14km long regional gravity ridge located to 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).

An orientation ground gravity program covering the southern 4km at MN1 identified a number of discrete pod-like anomalies at MN1 (see ASX announcement 22 January 2010). Potentially these anomalies represent thicker, more dense manganese mineralisation than that already intersected.

MN2 Prospect - A second area of manganese anomalism has now been identified 20km to the east of the MN1 prospect. Logging descriptions of historic drilling at the MN2 prospect noted the presence of shallow, flat lying layer of manganese oxide in five adjacent, 200m spaced aircore holes (Figure 1).

Figure 1 – Zone of manganese oxide logged at MN2



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 between 2-9m thick (Figure 1). The zone of logged manganese oxide in the historic drilling was only partially sampled with no samples taken from two of the five mineralised holes.

A re-analysis program by Encounter of the available samples has highlighted a potentially significant zone of manganese anomalism. Table 1 below summarises the logging information and re-assay results:

Table 1 – Sample and assay summary of manganese oxide zone logged in YNAC 160 to 164

Hole #	From (m)	To (m)	Width (m)	Mn%	Fe%	Comments
YNAC 160	31	34	3	6.5	2.8	No samples above or below logged Mn Oxide zone
	34	37	3	10.5	1.9	
YNAC 161	30	38	8	Not Sampled		Logged 8m zone with manganese oxide
YNAC 162	34	40	6	Not Sampled		Logged 8m zone with manganese oxide
	40	41	1	1.0	15.6	
	41	42	1	1.6	7.3	
YNAC 163	30	36	6	Not Sampled		Logged 9m zone with manganese oxide
	36	37	1	6.6	4.3	
	37	38	1	2.4	3.2	
	38	39	1	1.1	3.2	
YNAC 164	28	30	2	Not Sampled		Logged 2m zone with manganese oxide

The geological descriptions for holes YNAC160 to YNAC164 indicate the manganese anomalism is located at the boundary between the overlying Tertiary and the underlying Permian sediments. This infers that the manganese may have been deposited through hydromorphic dispersion from a primary manganese rich source area. A series of aircore drilling traverses will be completed at MN2 aimed at identifying vectors towards the potential primary source.

The MN2 prospect represents a compelling exploration target and has significantly expanded the area of prospective manganese mineralisation at the project.

BM5 Prospect – Located between the MN1 and MN2 prospects, drill hole EPT062 at BM5 was designed to test for high grade base metal mineralisation at the basal contact of a carbonate unit beneath a southerly plunging, gossanous iron manganese horizon. The hole was terminated due to ground conditions before reaching the target depth. A vein of massive sulphide containing sphalerite and galena was intersected near the end of the hole in brecciated carbonate. Assay results for the interval returned 0.1m @ 28.5% zinc, 2.3% lead and 33.9g/t silver. In addition, an offhole EM conductor was identified in EPT062, located approximately 60m below the end of hole (see ASX announcement 28 January 2010).

Sampling of the iron manganese gossan in EPT062 has identified discrete high grade layers of manganese mineralisation. A review of historical drilling indicates THRD794, drilled 80m to the east, also contains a number of discrete high grade lens of manganese within the broader iron manganese gossan. Table 2 below shows the significant assay results from EPT062 and THRD794:

Table 2 – Significant manganese assay results from BM5

Hole #	From (m)	To (m)	Width (m)	Mn%	Fe%
THRD 794	82	84	2	28.1	29.6
	89	91.3	2.3	31.9	15.4
	93	94.85	1.85	34.7	10.6
EPT 062	86.2	89.4	3.2	22.6	9.4
	91.6	93	1.4	25.0	10.2

The aircore drilling program planned for the BM5 prospect will target the up plunge, northern extent of the iron manganese gossan.

Drill Program – The aircore drilling program planned to commence in April 2010 at the cessation of the cyclone season. This will be the first drill program focused specifically on manganese at the project. This program has now been expanded to approximately 5,000m and will include drilling to test for extensions to manganese already intersected at MN1, MN2 and BM5.

In addition, diamond drilling at BM5 is planned for May 2010 to test the offhole EM conductor identified in EPT062.

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Project Background & Location Plan

The Yeneena project covers 1,300km^2 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.

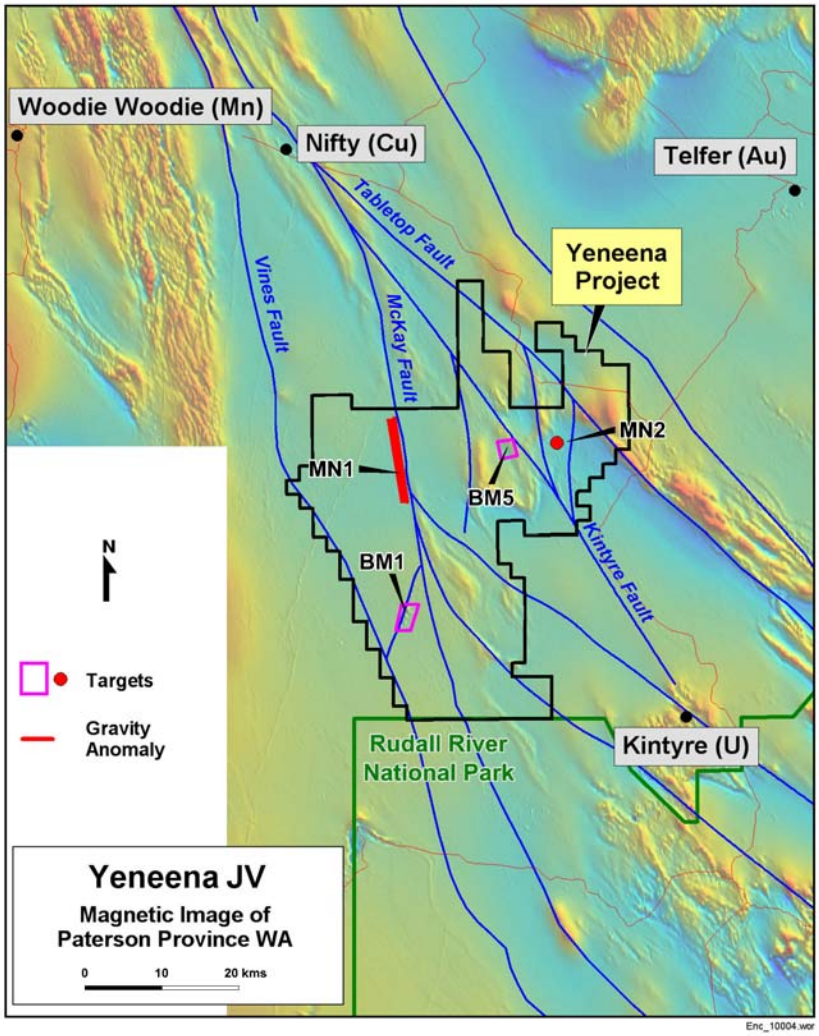

Figure 2. Yeneena Project leasing and targets areas on regional TMI magnetics

Table 3 – Drill hole summary information

Hole #	Northing	Easting	RL	Dip	Azimuth	EOH	Drill Type
YNAC 160	7,565,046	388,927	320	-90	0	81	Aircore
YNAC 161	7,565,136	388,747	320	-90	0	86	Aircore
YNAC 162	7,565,226	388,567	320	-90	0	65	Aircore
YNAC 163	7,565,316	388,387	320	-90	0	91	Aircore
YNAC 164	7,565,406	388,207	320	-90	0	102	Aircore
THRD 794	7,565,144	380,374	320	-82	065	306	Diamond
EPT 062	7,565,123	380,450	320	-60	090	123	Diamond

All distance measurements are measured in metres. Projected to GDA94 z51. EOH = End of hole depth

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.