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Multiple Manganese Targets at Yeneena Project

- **Detailed ground gravity survey defines multiple manganese drill targets**
- **Re-sampling of historical drill piles has confirmed primary manganese grades up to 29% Mn and low iron**
- **Shallow marine sediments, prospective for high grade manganese mineralisation, interpreted over the length of the 14km long gravity ridge**
- **Historical manganese drill intersections are outside the most intense gravity features indicating the potential for thicker and higher grade primary manganese mineralisation associated with the untested anomalies**
- **Extensive drilling program to commence in April 2010**

The directors of Encounter Resources Ltd ("Encounter") are pleased to announce the results of a detailed ground gravity survey at the Yeneena project in Western Australia (WA) that has identified multiple manganese drill targets at the MN1 prospect.

In November 2009 Encounter announced the identification of high grade manganese mineralisation at the Yeneena Project (see ASX announcement 20 November 2009). A series of orientation ground gravity lines were outlined in the future work program at the MN1 prospect for completion in April 2010. The purpose of this orientation program is to determine the effectiveness of this technology in defining drill targets. Encounter was able to secure a ground gravity crew in early December and it was decided to bring forward the orientation survey at MN1.

The ground gravity orientation program covered the southern four kilometers of the 14km long regional gravity ridge (Figure 1). The survey was completed at a spacing of 200m by 100m, with minor infill completed over the area of the existing manganese drill intersections.

The survey results were highly encouraging resolving the regional anomaly into a number of discrete pod-like anomalies (Figure 3). These anomalies lie to west of the McKay Fault within shallow marine carbonates located 70kms to the south east of the Woodie Woodie manganese mine (Figure 4).

The previously reported manganese mineralisation was intersected in two adjacent drill holes, 200 metres apart (YNAC 168 and YNAC 169) and is located on the southern extremity of the 14km long regional gravity ridge. This mineralisation is located on the margins of two pod-like anomalies defined in the recent detailed gravity survey (Figure 3). It is interpreted that these gravity anomalies may represent thicker, more dense manganese mineralisation than that intersected in holes YNAC 168 and YNAC 169.

During the ground gravity survey drill holes YNAC 168 and YNAC 169 were located, photographed and re-sampled from the remnant surface piles (Figure 2). Assay results from this re-sampling program have been received and show a good correlation with the original aircore results, as well as providing information on deleterious elements not previously assayed (Table 1).

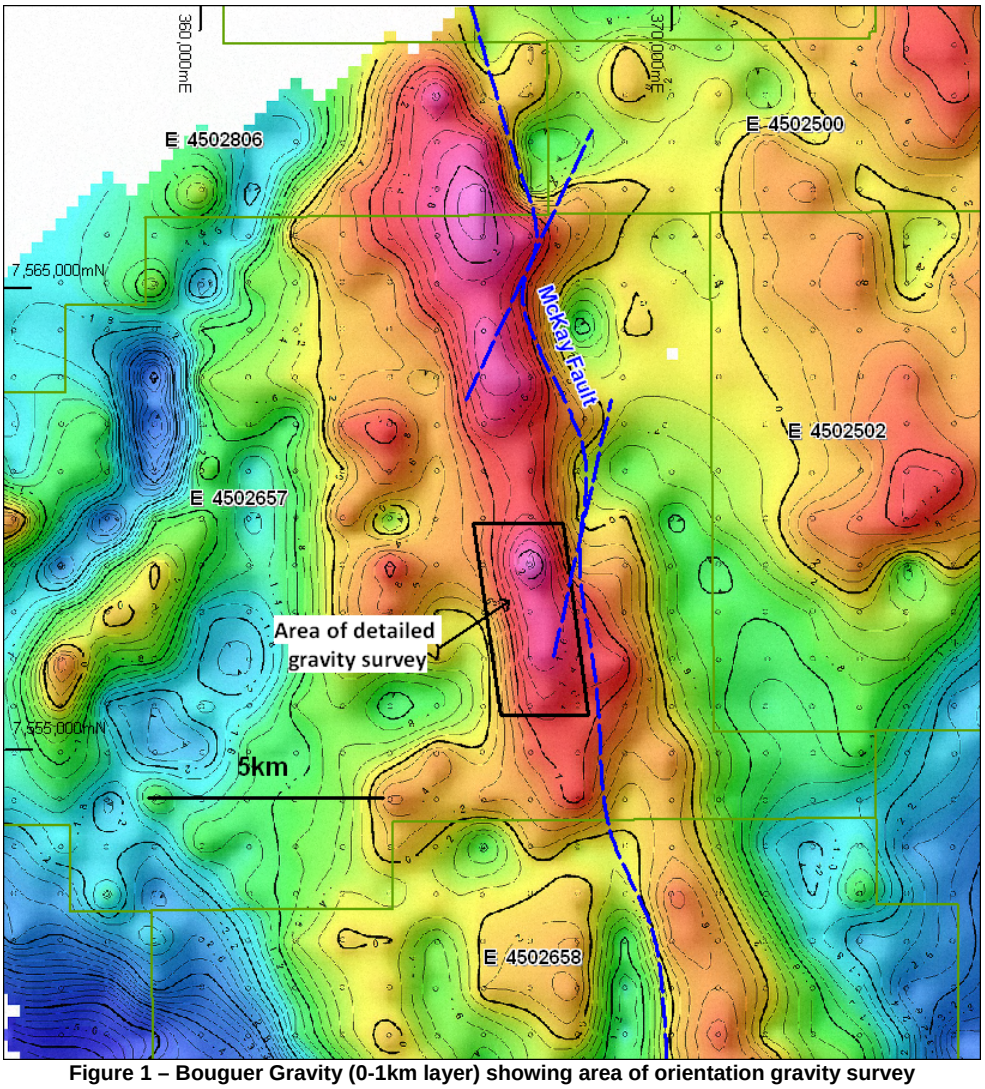

Figure 1 – Bouguer Gravity (0-1km layer) showing area of orientation gravity survey

Table 1 – Assay results from samples taken from YNAC 168 and 169

Sample #	Hole #	Depth	Mn%	Fe%	SiO_2%	P_2O_5%	Al_2O_3%	Description
EX127883	YNAC 169	21-22m	17.6	3.67	0.17	0.14	1.04	Grab sample
EX127884		22-23m	8.29	4.89	0.20	0.21	2.10	Grab sample
EX127885		21-24m	22.7	2.71	0.13	0.16	0.87	Composite of Mn chips 21-24m
EX127885A			26.5	3.31	0.16	0.18	0.97	
EX127886	YNAC 168	26-27m	28.7	7.14	0.17	0.13	1.52	Mn chips
EX127887		22-24m	19.7	2.51	0.29	0.09	1.28	Mn coated carbonate

The geology in the MN1 area is masked by extensive sand cover with only isolated minor surface outcrops. Logging of the mineralised aircore holes shows the manganese mineralisation is hosted in stromatolitic carbonates and siltstones. Although not previously mapped in the region, it is interpreted from the limited drilling and outcrops that these shallow marine sediments that host the manganese mineralisation extend the full 14km strike of the regional gravity ridge. This interpretation indicates the potential for numerous manganese discoveries within this extensive area of prospective stratigraphy.

Aircore drilling will commence in April 2010 and will test a number of the defined targets. A series of drill sections are planned around the existing manganese intersections and across the newly defined gravity targets. It is estimated that 3000 metres of aircore drilling will be completed at MN1 in this initial program.

Figure 2 – Manganese mineralisation in YNAC 169

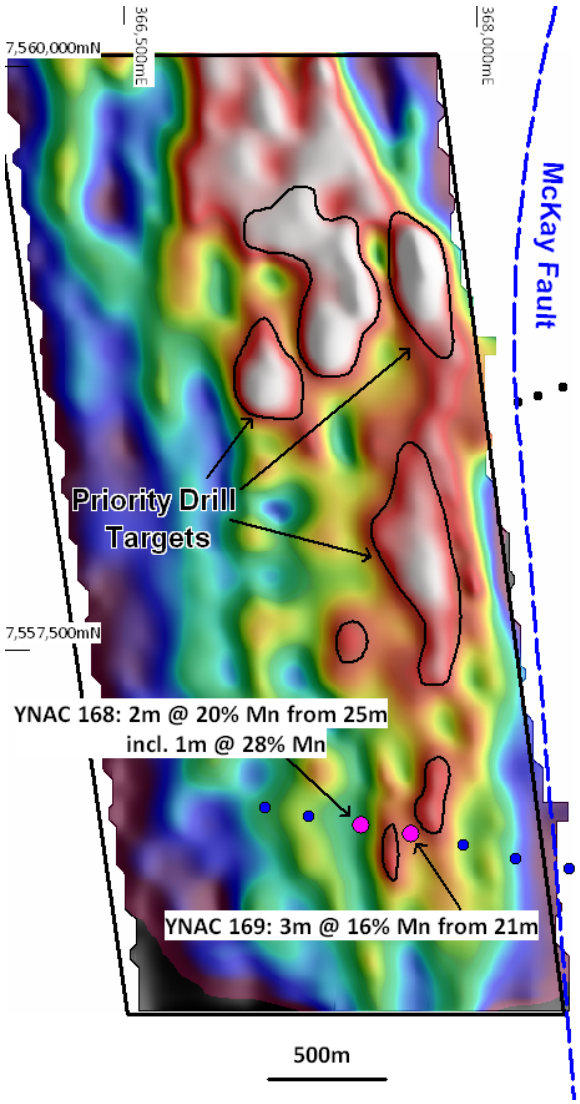

Figure 3 – Residual gravity image from detailed survey (Dec09) and Maximum Mn in aircore drill holes (magenta +15% Mn, blue <1% Mn)

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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 1300km^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. The base metals 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). Encounter is earning a 75% interest in the Yeneena project from Barrick Gold of Australia.

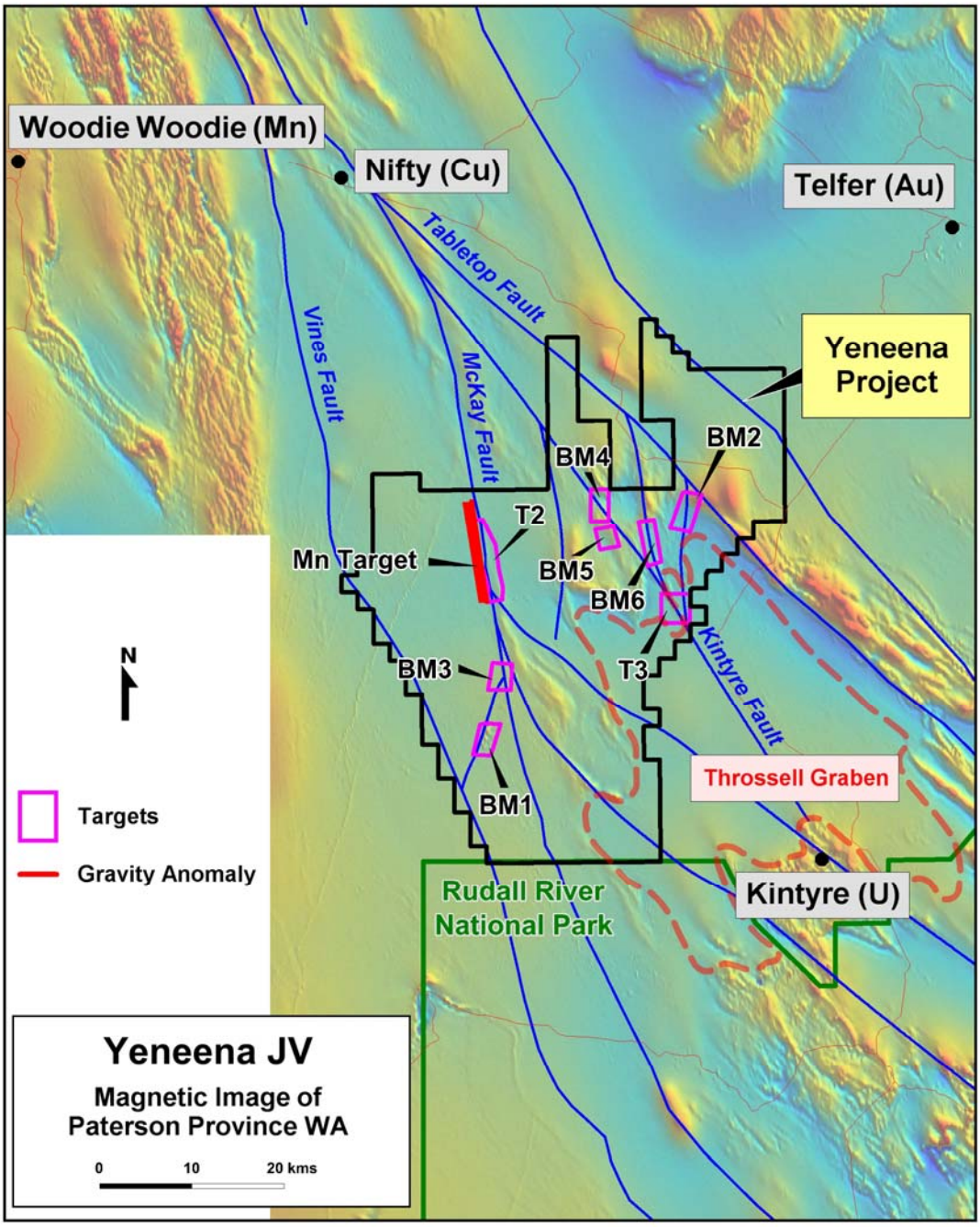

Figure 4. Yeneena Project leasing and targets areas on regional TMI magnetics