

ASX : ENR

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

High Grade Zinc Mineralisation Intersected at Yeneena

- The first diamond drill hole at the BM5 target has intersected high grade zinc mineralisation
- 28.5% zinc, 2.3% lead and 33.9g/t silver over 0.1 metres within 5m of the end of hole
- A significant offhole conductor approximately 60m below the bottom of hole
- Follow up diamond drill program May 2010

The directors of Encounter Resources Ltd ("Encounter") are pleased to confirm that the vein of massive sulphide intersected at BM5 in the Yeneena project (see ASX announcements 29 October and 17 December 2009) has returned an assay result of 28.5% zinc. This intersection has confirmed that processes required to form high grade base metal mineralisation are present in the BM5 target area.

Diamond drill hole EPT062 at the BM5 prospect intersected a vein of massive sulphide containing sphalerite and galena between 301.6m and 301.7m in brecciated carbonate, within 5m of the end of hole (see Figures 1 & 2).

Assay results for the interval returned **0.1m @ 28.5% zinc, 2.3% lead and 33.9g/t silver**.

As reported in the ASX announcement on 17 December 2009, a downhole electromagnetic survey from drill hole EPT062 identified a significant +500m long, offhole conductor approximately 60m below the bottom of hole. The conductive body is interpreted to be at, or near, the base of the host carbonate sequence. No conductive stratigraphy was intersected in EPT062 other than the massive sulphide vein and it is interpreted that the offhole conductor may represent additional base metal sulphide mineralisation.

It is highly encouraging to intersect high grade massive sulphide mineralisation in the first diamond drill hole at the BM5 prospect and the testing of the EM conductor is a priority for 2010.

Drill hole EPT062 was co-funded through the WA Government's Exploration Incentive Scheme. Assay results from the remaining diamond holes completed in November 2009 are pending.

Table 1. Drill hole information BM5

Drill Hole ID	Northing(m)	Easting(m)	RL	Dip	Azimuth	Total Depth
EPT 062	7565144	380374	320m	-60°	090	306m

Drill hole coordinates GDA94 zone 51 datum and determined via handheld GPS (+/-5m)



Figure 1 – Vein of massive sulphide in EPT062 at the BM5 prospect

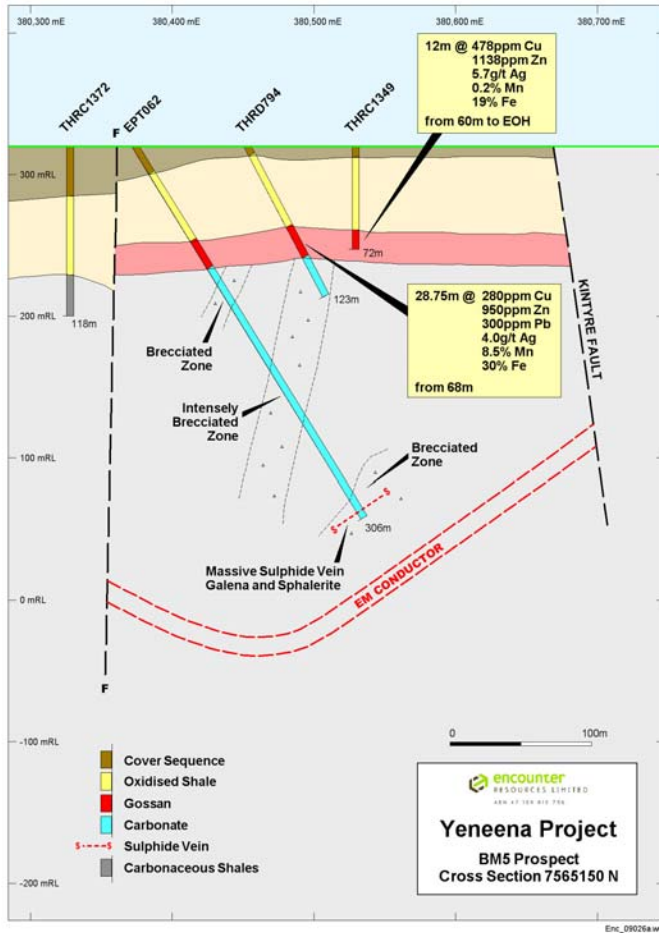


Figure 2 – BM5 Cross Section

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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, 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.

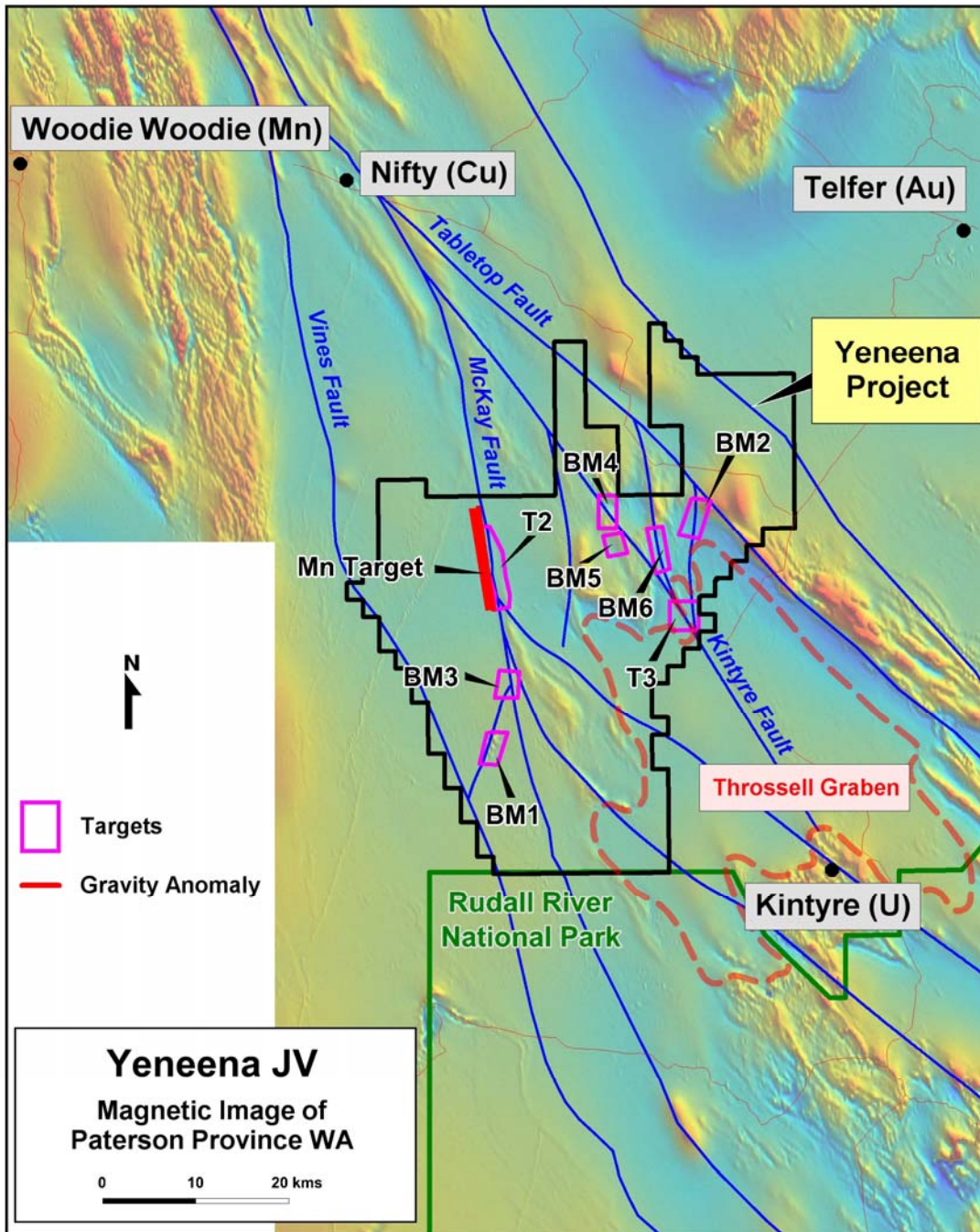


Figure 3. Yeneena Project leasing and targets areas on regional TMI magnetics