

ASX : ENR

29 June 2010

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

BM1 Copper Discovery Grows

- **Further assay results expand the BM1 copper discovery at Yeneena**
- **Assays received to date include:**
 - **4m @ 5.45% Cu from 66m**
 - **8m @ 1.09% Cu from 24m**
 - **6m @ 1.41% Cu from 54m to end of hole**
- **Copper regolith anomaly extends over 3km**
- **Numerous holes end in copper mineralisation**
- **Mineralisation remains open north, south and east**
- **Drilling to recommence at BM1 in August**

The directors of Encounter Resources Ltd (“Encounter”) are pleased to announce further encouraging drill results from the BM1 copper prospect at the Yeneena Project. Aircore drilling at BM1 has identified an extensive coherent zone of near surface copper mineralisation which includes numerous intersections above 0.5% Cu (Table 1). The copper enrichment extends over 3km and the intersections are generally at a depth between 20m and 70m (Figure 1).

There is considerable potential at BM1 for the discovery of a sizeable primary copper source and also for additional near surface copper oxide mineralisation.

“It’s still early days, but given the footprint of copper, we could be seeing the beginning of a major copper discovery at BM1” said Managing Director, Will Robinson

On 28 May 2010 Encounter announced the discovery of high grade copper mineralisation at BM1. This included the initial results from selective sampling and analysis of zones of visible mineralisation within holes EPT219 and EPT220. All assay results have now been received from EPT219 and EPT220 as well as the majority of holes drilled in the recent program at BM1. The results have highlighted additional high grade copper intersections, significantly expanded the area of copper regolith mineralisation and extended the thickness of the high grade copper mineralisation in EPT219.

As a result of receiving complete assays the copper intersection in EPT219 has been extended to **4m @ 5.45% Cu** from 66m (previously 3m @ 5.12% from 67m) (Figure 3).

A second zone of plus 1% copper has been identified in the aircore drilling 1.2km south of the high grade copper intersection in EPT219. Drill hole EPT181 intersected **6m @ 1.41% Cu** from 54m to the bottom of the hole. This bottom of hole intersection is supported by strong copper anomalism in the two adjacent drill holes located to the west (Figure 2).

To date only shallow aircore drilling has been completed at a 400m by 100m spacing with a few infill drill holes completed.

The copper mineralisation at BM1 is hosted within black shale of the Broadhurst Formation. The exploration target at this prospect is for a Zambian Copper Belt style, sediment-hosted copper deposit. The copper intersections at BM1 are coincident with elevated cobalt including several assays over 0.1% Co. The BM1 prospect is located in the Paterson Province of Western Australia, approximately 60km south of the Nifty Copper Deposit (Figure 5).

The extensive regolith copper mineralisation at the BM1 prospect is over 3km long and remains open to the north, south and east. This significant anomaly indicates that the primary source of the regolith hosted copper at BM1 is possibly very large or a series of multiple sources. While the mineralisation remains open in three directions the BM1 prospect already has a world class copper regolith footprint.

In summary, the BM1 prospect:

- is situated in an ideal structural location adjacent to the regionally significant McKay Fault which hosts the Nifty copper mine 60km north (Figure 4);
- has a large hydrothermal alteration system at depth which was identified in a diamond hole drilled by Encounter in 2009 (Photo 1), co-funded through the WA Government's Exploration Incentive Scheme;
- has extensive copper regolith mineralisation that extends over 3km of strike and remains open; and
- contains high grade copper, up to 4m @ 5.45%, intersected in shallow broad spaced aircore drilling.

These factors combine to provide a growing confidence that further exploration at the BM1 prospect could result in a major copper discovery.

An aircore and RC drill program will commence in August and will target the northern and eastern extents of the copper regolith anomaly as well as testing below and adjacent to the areas where high grade copper mineralisation has been intersected.

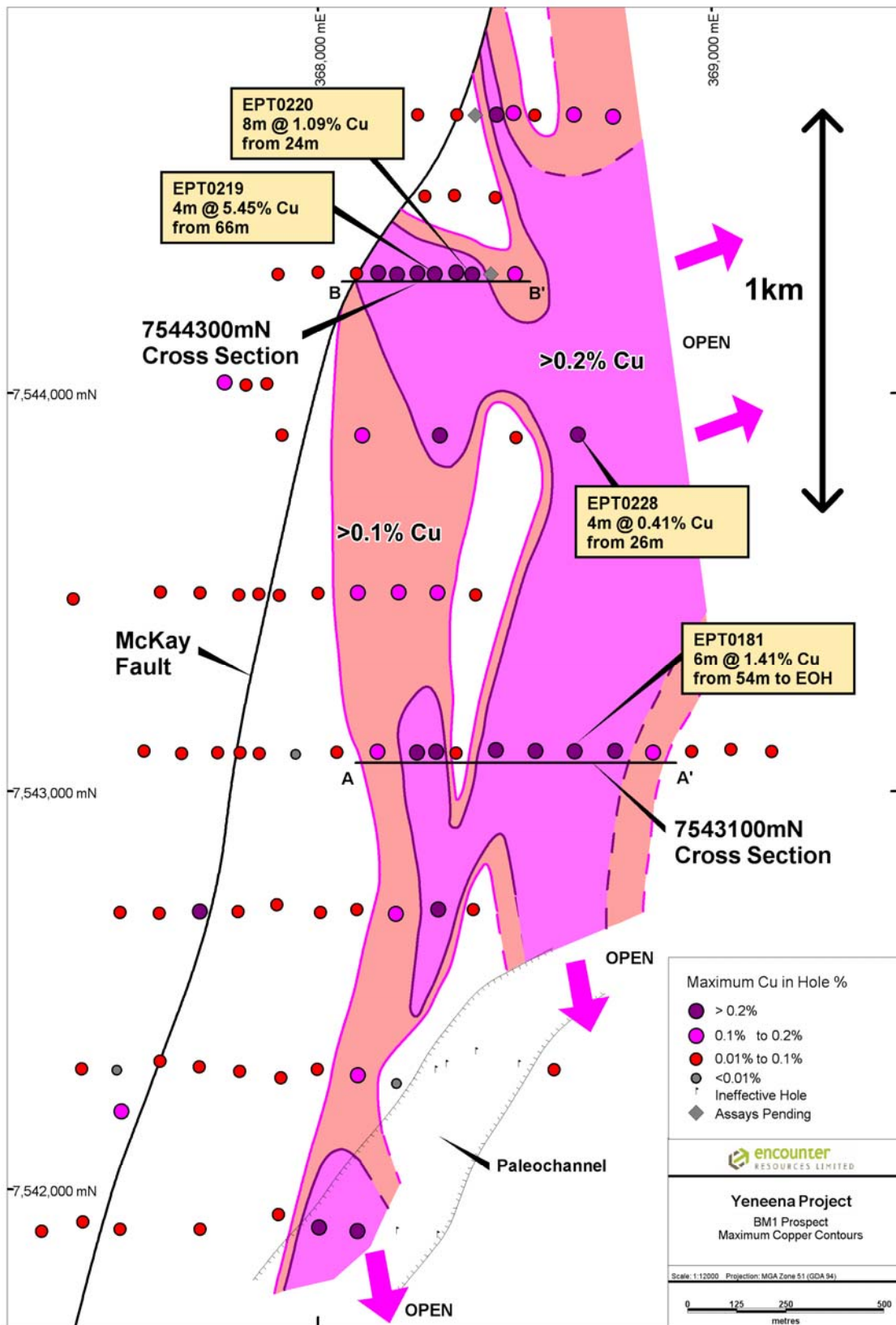


Figure 1 – BM1 Drill status plan and maximum copper in hole contours (>0.1% & >0.2% Cu)

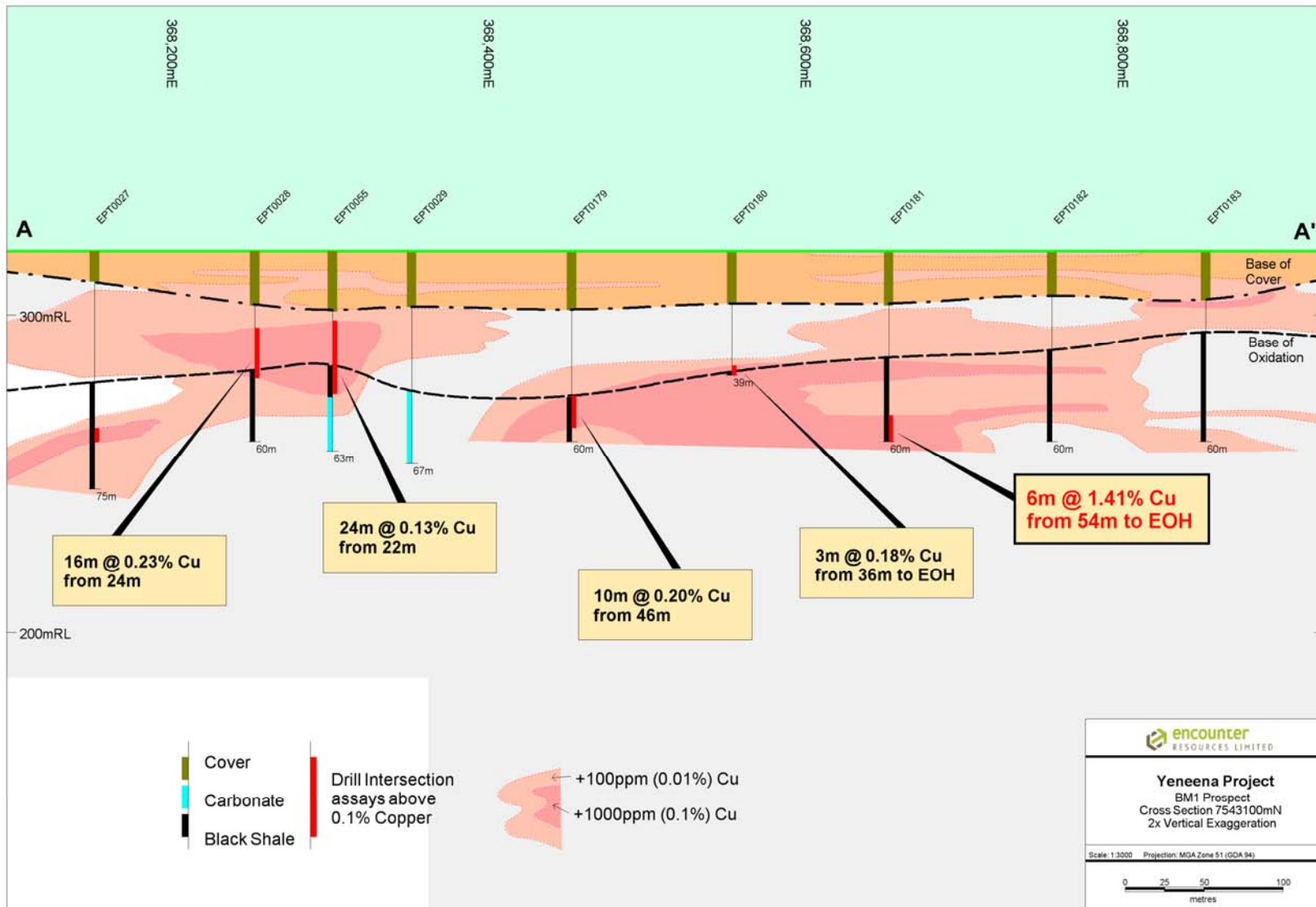


Figure 2 – BM1 Cross Section 7543100mN

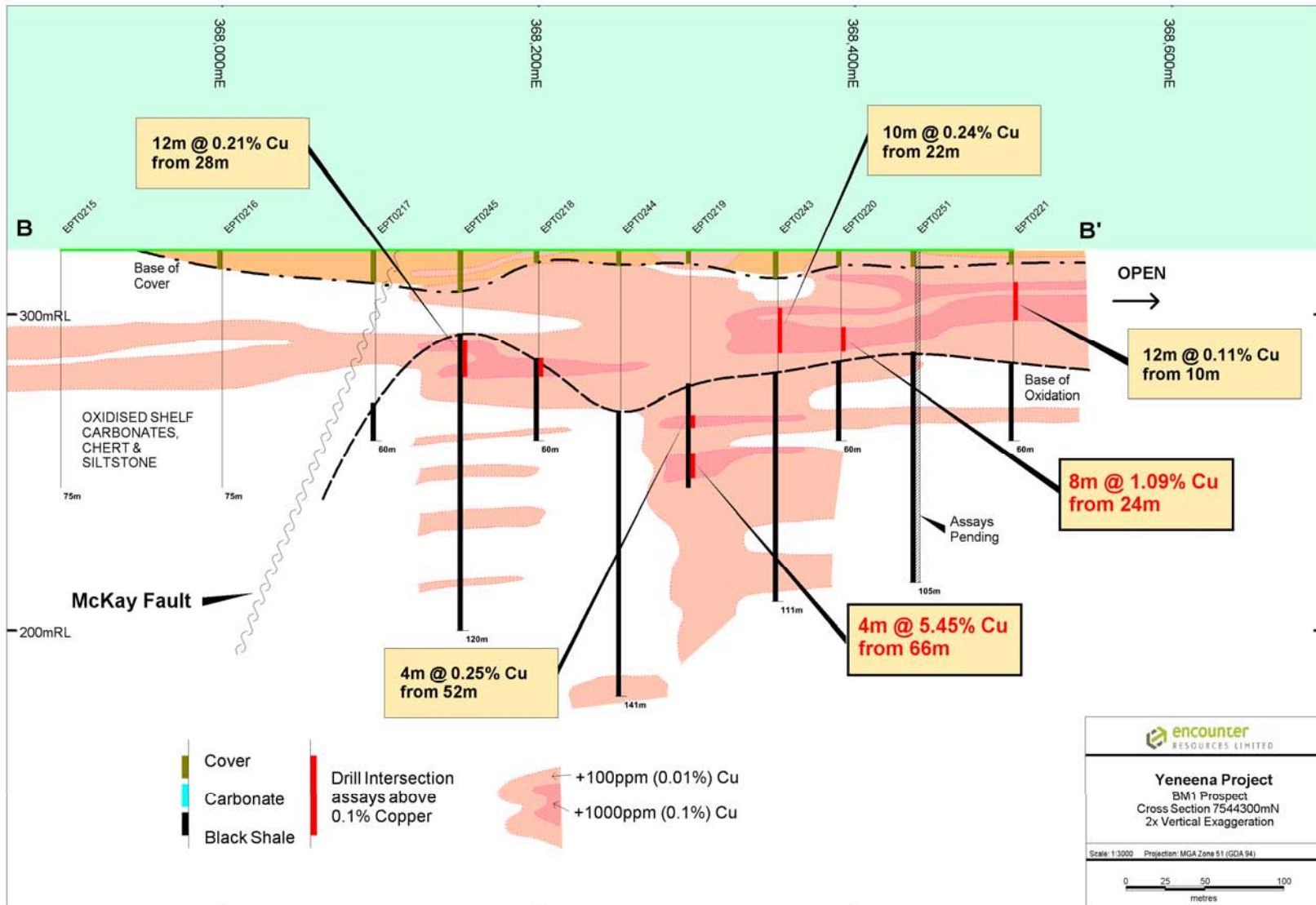


Figure 2 – BM1 Cross Section 7544300mN

Table 1. Drill hole information BM1 (intersections +0.2% copper)

Drill Hole ID	Northing (m)	Easting (m)	RL (m)	EOH (m)	From(m)	To(m)	Interval (m)	Copper (%)
EPT 028	7543100	368251	320	60	27	29	2	0.20
					36	40	4	0.55
EPT 033	7542701	367699	320	93	70	71	1	0.41
EPT 039	7542706	368305	320	84	54	64	10	0.28
EPT 055	7543102	368300	320	63	32	33	1	0.25
EPT 179	7543106	368451	320	60	46	52	6	0.26
EPT 180	7543104	368552	320	39	36	38	2	0.22
EPT 181	7543103	368651	320	60	54	60*	6	1.41
EPT 182	7543104	368754	320	50	48	50	2	0.30
EPT 208	7541908	368002	320	56	48	52	4	0.38
EPT 209	7541898	368099	320	71	68	70	2	0.27
EPT 218	7544301	368200	320	60	34	36	2	0.22
					38	40	2	0.21
EPT 219	7544302	368296	320	75	52	54	2	0.36
					64	70	6	3.71
				incl	66	70	4	5.45
EPT 220	7544301	368391	320	60	24	32	8	1.09
EPT 226	7543896	368309	320	60	26	28	2	0.23
EPT 228	7543898	368660	320	60	26	30	4	0.41
					34	36	2	0.23
EPT 239	7544702	368453	320	72	66	70	4	0.32
EPT 243	7544306	368351	320	111	30	32	2	0.63
					62	64	2	0.53
EPT 244	7544304	368252	320	141	36	38	2	0.22
EPT 245	7544305	368152	320	120	30	32	2	0.50
					36	38	2	0.34

Drill hole coordinates GDA94 zone 51 datum and determined via handheld GPS (+/-5m)
 All holes are drilled vertical; EOH = End of hole depth; m=metre; * end of hole interval

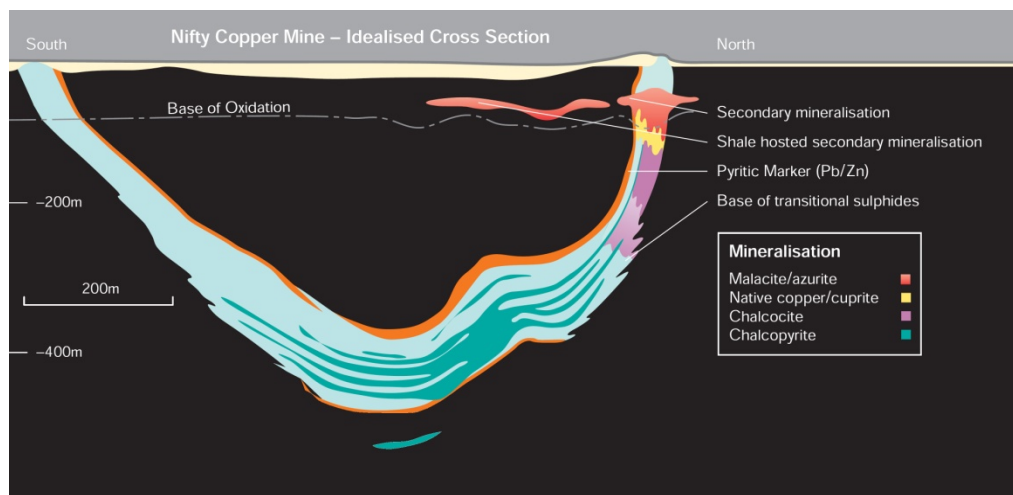


Figure 4 – Nifty Copper Mine idealised cross section. (Source: Straits Resources Ltd Annual Report 2001)



Photo 1 – BM1 - EPT057 Intense hematite alteration in brecciated dolomite

For further information please contact:

Mr Will Robinson
Managing Director
Encounter Resources Ltd
Tel: 08 9486 9455

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.

Forward-Looking Statement

Certain statements made during or in connection with this communication, including, without limitation, those concerning exploration targets, contain or comprise certain forward-looking statements regarding Encounter's exploration operations, economic performance and financial condition. Although Encounter believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. Encounter undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

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 controls 100% ownership of the project.

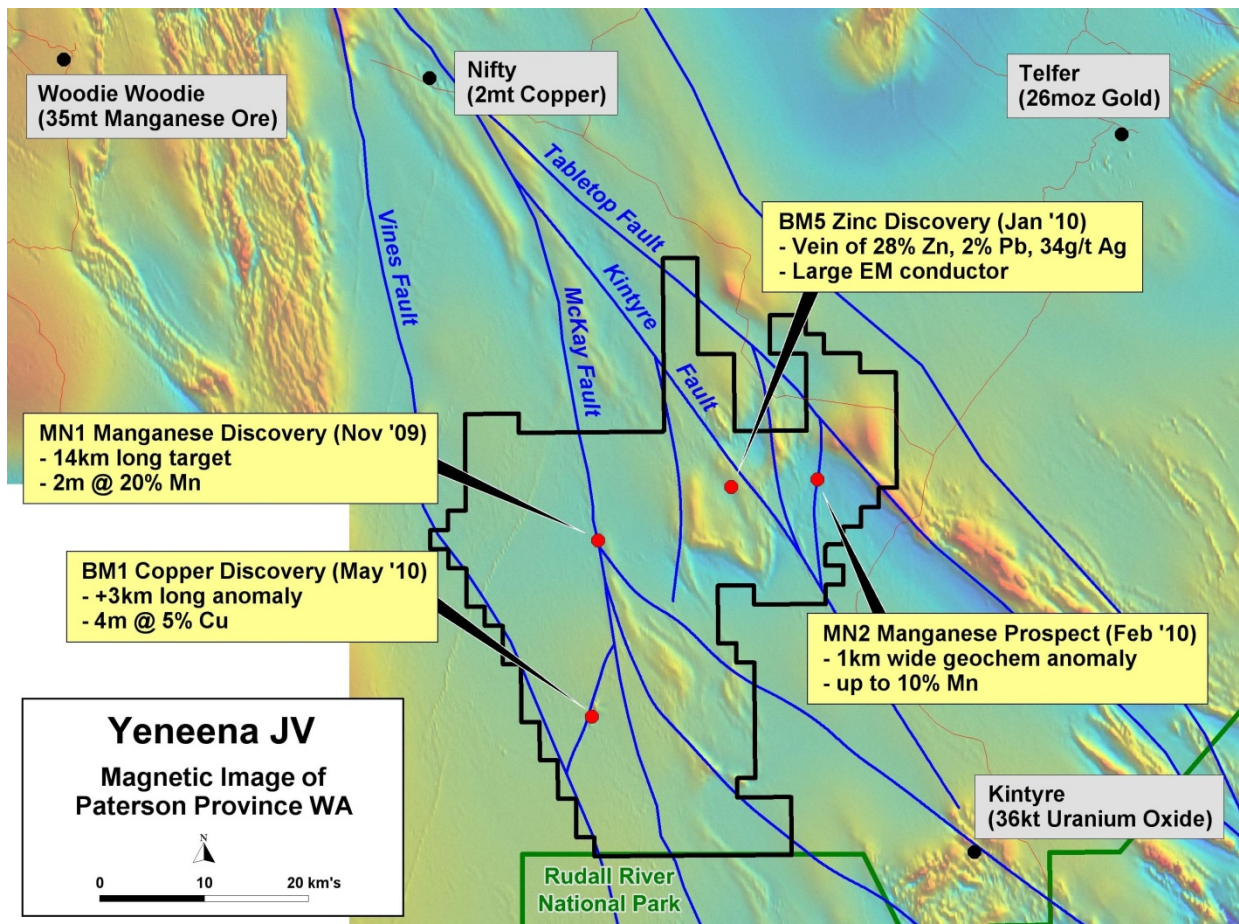


Figure 5. Yeneena Project leasing and targets areas on regional TMI magnetics