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31 May 2013

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Yeneena Project and Antofagasta Farm-in Update

- **Exploration has commenced under the farm-in agreement with Antofagasta Minerals Perth Pty Ltd ("Antofagasta"), a wholly owned subsidiary of London Stock Exchange listed Antofagasta PLC, one of the world's largest copper producers**
- **The conditions precedent for the farm-in agreement have been satisfied and Encounter has received payment for the first quarter cash call of approximately US$1.3 million**
- **An initial 15 hole, 3,200m RC drill program at BM1-BM6-BM7 has been completed**
- **Visible disseminated copper sulphide mineralisation has been intersected in four RC holes over an 800m strike length at BM7**
- **Diamond drilling to test below the zone of copper sulphides identified at BM7 to commence in July 2013**
- **A 1,400 line km airborne VTEM survey will commence this week which includes data collection over the Antofagasta farm-in tenements and also tenements held 100% by Encounter**

The directors of Encounter Resources Ltd ("Encounter" or "the Company") are pleased to provide an update on the Antofagasta farm-in agreement and recent exploration activities at the Yeneena project in Western Australia.

Farm-in agreement with Antofagasta
On 23 April 2013, the Company announced a farm-in with Antofagasta where Antofagasta has the right to earn a 51% interest in two tenements at the Yeneena project by funding the next US$20M of exploration expenditure.

The Company is pleased to advise that the conditions precedent for the farm-in agreement have been satisfied and the first quarter exploration cash call of approximately US$1.3m has been received. The following exploration activities at BM1, BM6 and BM7 will be undertaken in the June 2013 quarter:

- RC drilling at the BM7, BM1 and BM6 prospects;
- An airborne VTEM survey to cover the area north and west of the BM1-BM7 discovery trend;
- Heritage surveys at BM7 East and BM8; and
- Preparation for diamond drilling scheduled to commence at BM7 in July 2013.

RC Drill Program

A 15 hole, 3,200m RC drill program at BM1-BM6-BM7 has been completed. Two holes were completed at both BM1 and BM6 with a further eleven holes drilled at BM7.

The BM7 RC drill program was designed to test a number of targets within the extensive zone of supergene copper mineralisation discovered in late 2012. The objective of the program was to test for primary copper sulphide mineralisation below the existing drilling and to provide geological information to target follow up diamond drilling.

Visual inspection of the RC drilling and handheld Niton XRF analysis has confirmed that pervasive background copper anomalism exists within the host rocks below the base of oxidation at BM7. In addition, high grade structurally-controlled hypogene copper sulphide mineralisation has also been identified at BM7.

Assay results have been received from three of the eleven RC holes drilled at BM7 (Tables 1 & 2). Remaining assay results are expected to be received in June 2013. While only limited chemical assay information is available at this time, the RC drilling at BM7 has confirmed a number of key geological observations:

1. The resistor located between the Western and Eastern chargeability anomalies is a zone of intensely dolomite altered shale
2. The zone of dolomite alteration is anomalous in primary copper sulphide mineralisation over 800m in strike and remains open north and south
3. The margins of the resistor hosts high grade hypogene copper sulphide mineralisation, with assays up to 2m @ 2.8% copper returned to date
4. The IP chargeability anomalies relate to graphitic, pyritic black shales that have been variably altered

On the basis of these encouraging results, diamond drilling is planned to commence in July 2013. The diamond drill program is to be designed with the Antofagasta technical team and will target below the 800m long zone of copper sulphide mineralisation identified in the RC program. A number of these RC holes ended in copper mineralisation. The diamond program may extend some of the RC holes that did not reach their designed depth and, importantly, this program will provide the first drill core into the new sulphide zone at the BM7 discovery.

Hole ID	Prospect	Depth from (m)	Depth to (m)	Interval (m)	Copper (%)	Cobalt (ppm)
EPT1690	BM6	96	98	2	0.16	46
		110	112	2	0.19	48
EPT1691	BM6	pending				
EPT1692	BM1	pending				
EPT1693	BM1	pending				
EPT1694	BM7	pending				
EPT1695	BM7	pending				
EPT1696	BM7	pending				
EPT 1697	BM7	30	66	36	0.22	215
incl.		32	44	12	0.46	335
and		144	148	4	0.12	44
and		172	182	10	0.10	82
and		202	208	6	0.16	105
EPT 1698	BM7	24	42	18	0.36	333
and		94	108	14	0.16	131
and		120	124	4	0.16	66
and		142	176*	34	0.13	56
EPT1707	BM7	42	92	50	0.16	76
and		132	144	12	0.60	63
incl.		134	136	2	2.81	166
EPT1709	BM7	pending				
EPT1710	BM7	pending				
EPT1712	BM7	pending				
EPT1714	BM7	pending				
EPT1715	BM7	pending				

Table 1: RC Drill Hole Assay Summary

*Intervals listed are composited from individual assays using a nominal cut off of 0.1% copper. Zones of below 0.1% copper have been included in some composite calculations. *=End of Hole intersection.*

Hole ID	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT1690	7547503	368589	355	226	60	090
EPT1691	7547501	368903	355	250	60	090
EPT1692	7544803	368449	360	322	90	000
EPT1693	7544802	368551	360	334	90	000
EPT1694	7540504	368393	363	178	75	270
EPT1695	7540502	368293	363	166	75	270
EPT1696	7539700	366850	363	190	60	270
EPT1697	7539700	367250	363	292	60	270
EPT1698	7539700	367650	363	196	60	270
EPT1707	7539696	367462	363	239	60	270
EPT1709	7540101	367508	363	156	60	270
EPT1710	7540103	367557	363	202	60	270
EPT1712	7539298	367500	363	148	60	270
EPT1714	7540506	367451	363	190	60	270
EPT1715	7538901	367452	363	122	60	270

Table 2: RC Drill hole information

Drill hole coordinates GDA94 zone 51 datum and determined via handheld GPS (+/-5m),
EPT1696 to EPT 1698 are planned collar coordinates – GPS data not available
EOH = End of hole depth; m=metre; azi=azimuth.

Project Background & Location Plan

The Yeneena project covers 1,400km^2 of the Paterson Province in Western Australia and is located 40km SE of the Nifty copper mine and 30km SW of the Telfer gold/copper deposit (Figure 4). 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).

During 2012-13 Encounter strategically added to its ground position along the prospective corridor adjacent to the Yeneena project by completing earn-in agreements with St Barbara Limited and Independence Group NL.

In April 2013, the Company completed an earn-in agreement with Antofagasta Minerals Perth Pty Ltd, a wholly owned subsidiary of Antofagasta PLC, one of the world's largest copper producers, where they may earn a 51% interest in two tenements within Encounter's Yeneena project (~30% of Yeneena) by incurring expenditures of US$20 million over a five year period.

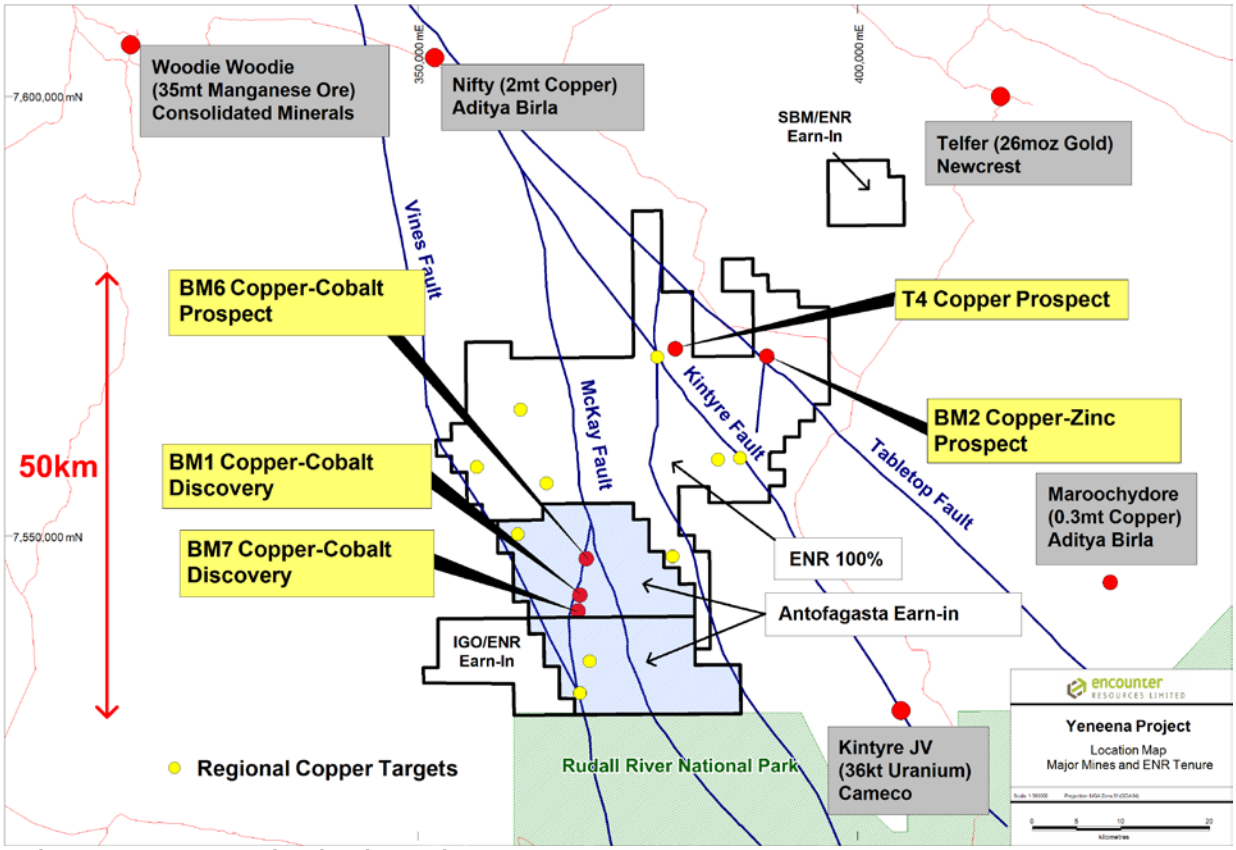

Figure 1. Yeneena Project leasing and targets areas

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.