

**ASX : ENR**

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

## **Commencement of Diamond Drilling at BM1-BM7 Copper**

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The directors of Encounter Resources Ltd (“**Encounter**”) are pleased to announce the re-commencement of diamond drilling at Yeneena, Western Australia. Diamond drilling has begun at the BM1-BM7 Copper Project with drilling to follow at the Lookout Rocks Copper Project and the Millennium Zinc Project. The 3,500m drill program is expected to be completed by the end of June 2016.

### **BM1-BM7 Copper Project**

A 14km long copper system, discovered and wholly owned by Encounter, that contains high grade Cu sulphide at BM7 and a coherent zone of near surface Cu oxide mineralisation at BM1.

A cover corrected gravity model has recently been produced over 6km of the BM1-BM7 copper trend. The model has highlighted three new, previously untested and significant density anomalies. The gravity anomalies are situated along strike of bedrock geochemical alteration anomalies and copper mineralisation that are consistent with a halo to a potential high grade copper system (see Figure 1). The anomalies also have the scale and amplitude that is consistent with the targeted large tonnage copper sulphide body.

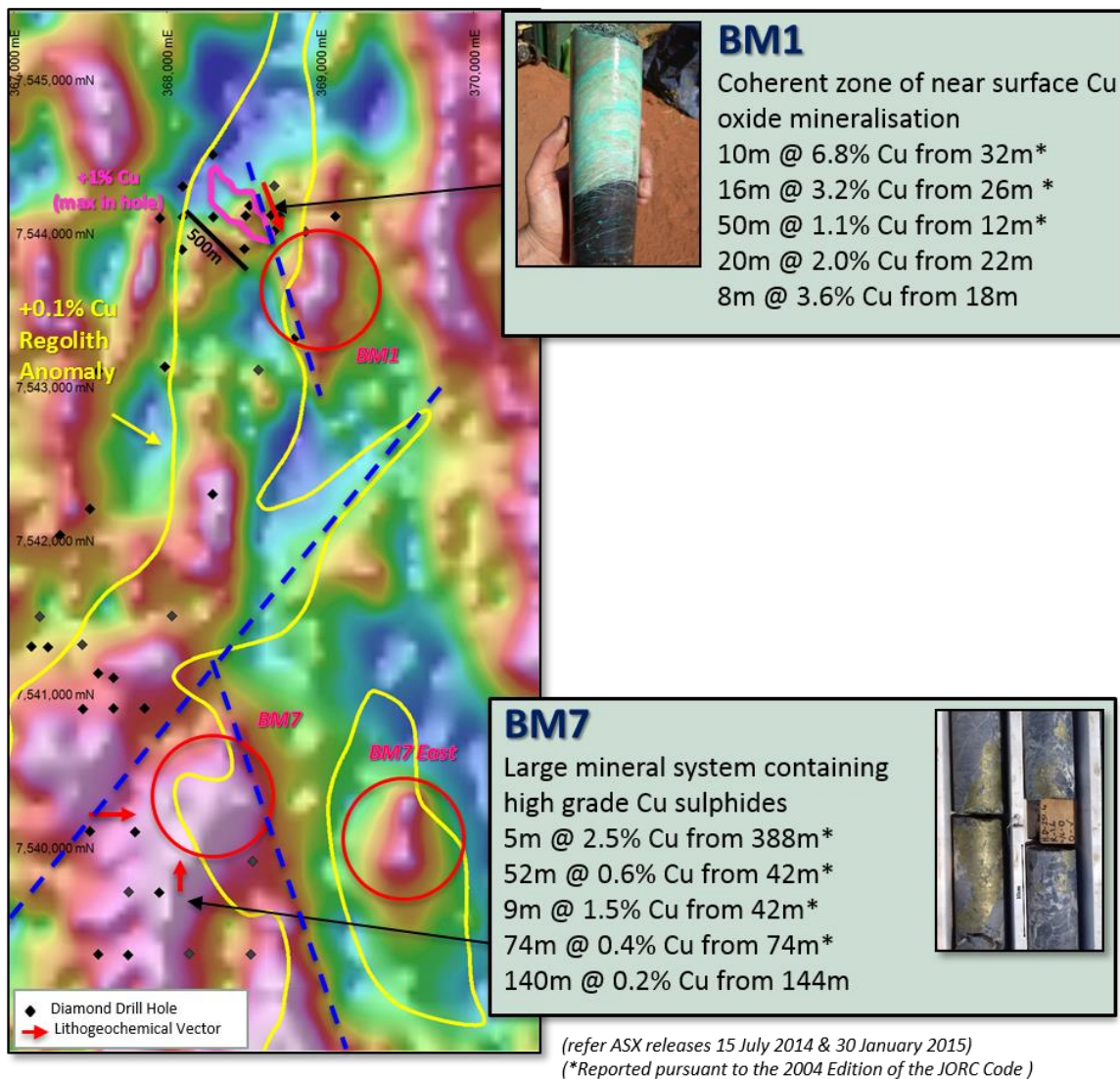
Diamond drill testing of these targets has commenced with the first hole targeting BM7 East. The drilling at BM1-BM7 will be 50% funded (up to \$150,000) under the WA Government Exploration Incentive Scheme.

### **Target 1 - BM1 Prospect**

The BM1 Northern Zone contains a significant accumulation of near surface, high grade copper oxide mineralisation over an area approximately 500m by 250m. Intersections from this zone include:

- 10m @ 6.8% Cu from 32m\*
- 16m @ 3.2% Cu from 26m
- 50m @ 1.1% Cu from 12m
- 20m @ 2.0% Cu from 22m\*
- 8m @ 3.6% Cu from 18m\*

*(refer ASX announcements 15 July 2014 & 30 January 2015)  
(\*Reported pursuant to the 2004 Edition of the JORC Code )*



**Figure 1: BM1-BM7 cover corrected gravity image (residual filter applied).  
Geochemical anomaly (0.1%Cu Max in hole) outline shown in yellow**

Diamond drill hole EPT2096, drilled to east of the BM1 Northern Zone intersected a complex brecciated zone containing strongly altered clasts. The breccia trends along a north south structural orientation and appears to be associated with a zone of massive pyrite approximately 1km south at the BM1 Central Zone. EPT2096 also included the first intersections of copper sulphide mineralisation associated with the BM1 Northern Zone oxide position with 3.3m @ 0.5% Cu from 56m and 5.8m @ 0.45% Cu from 70m. This copper sulphide mineralisation remains open to the south-east. (refer ASX announcement 31 October 2014)

The recent cover corrected gravity modelling has highlighted a discrete density anomaly located approximately 500m south east of the copper oxide zone. The western margin of the modelled gravity anomaly is highlighted by a strong linear termination that is near parallel to the interpreted terminating structure at the BM1 Oxide position (see Figure 1). It is considered that this structure may present a major fluid pathway for the mineralising fluids at BM1. The density anomaly to be drill tested lies adjacent to this interpreted structure at depth and provides a high quality drill target.

## **Target 2 - BM7 Prospect**

BM7 is a large mineral system containing high grade Cu sulphide intersections including:

- 5m @ 2.5% Cu from 388m\*
- 52m @ 0.6% Cu from 42m\*
- 9m @ 1.5% Cu from 42m\*
- 74m @ 0.4% Cu from 74m\*
- 140m @ 0.2% Cu from 144m

*(\*Reported pursuant to the 2004 Edition of the JORC Code )*

Additional gravity data was collected at BM7 during the December 2015 quarter. Modelling of this new data was completed in the March 2016 quarter and has refined the structural interpretation of the BM7 area.

This modelling has improved the understanding of key structural architecture at BM7 and has also highlighted a density anomaly located north-east of the existing drilling at BM7 where broad zones of low grade copper sulphide mineralisation and important alteration signatures considered diagnostic of the Nifty model have been previously intersected.

The initial drilling will focus on a density anomaly located at the intersection of north-east structures and an important north-north-west structure at BM7 (see Figure 1).

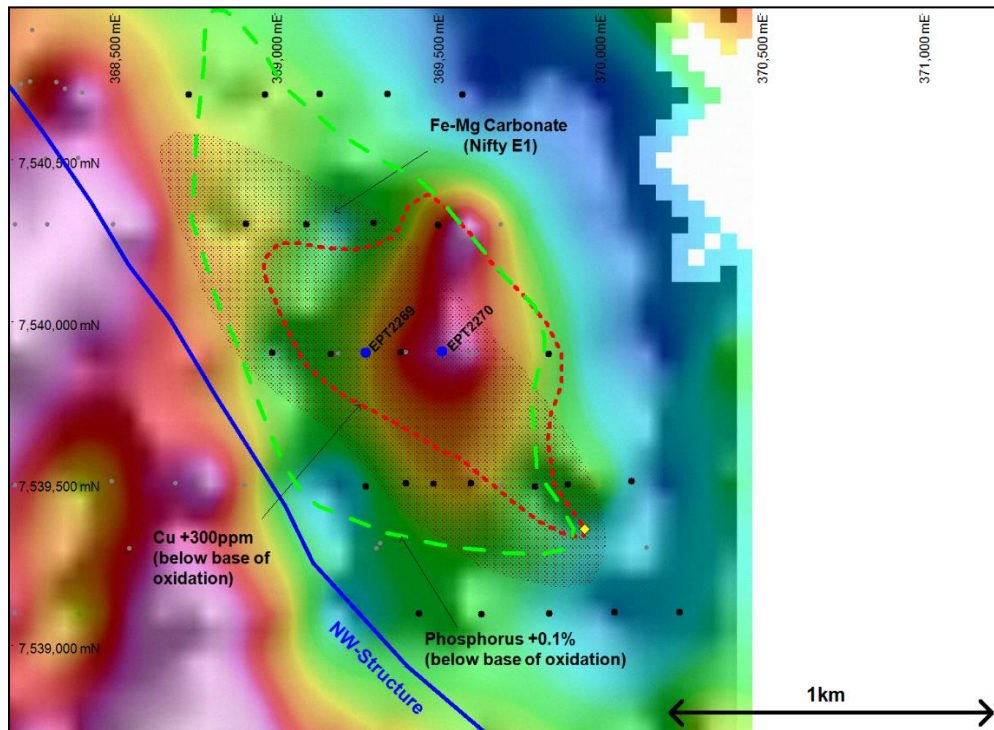
## **Target 3 - BM7 East Prospect**

The BM7 East Prospect was identified in 2013 with wide-spaced aircore drilling followed by a short RC drill program in late 2014. Fe-Mg carbonate (siderite) and phosphorus alteration haloes (associated with apatite), which have been shown to be proximal alteration signatures to the Nifty hypogene high grade mineralisation, are found in high concentrations at BM7 East. The alteration halo underlies the core of a laterally extensive copper oxide blanket found at BM7 East that extends over 2km in strike (see Figure 1).

The alteration and mineralisation intersected in the shallow drilling completed at BM7 East is similar to what is seen in the immediate hangingwall of the Nifty copper deposit.

Two, 200m spaced, vertical RC holes (EPT2269 and EPT2270) were completed in October 2015 across the core of the regolith anomaly (see Figure 2). High water inflows resulted in the holes being terminated short of their planned depth. The eastern of the two holes, EPT2270, returned anomalous copper values below the base of oxidation, with associated high phosphorous assays.

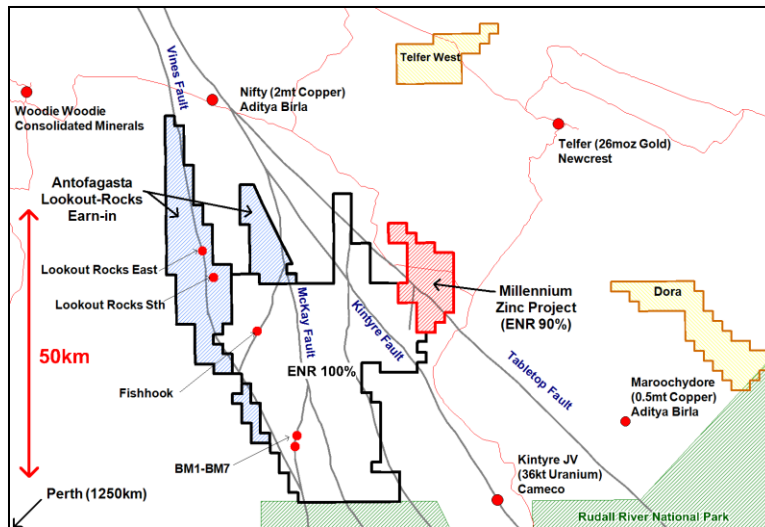
The recent gravity survey and remodelling has highlighted a discrete density anomaly located coincident with the centre of the 2km long geochemical anomaly previously identified at BM7 East. A diamond hole to test this coincident geochemical and density anomaly will be completed in the current diamond drilling program.



**Figure 2: Plan view of alteration and mineralisation through BM7 East – background image - cover corrected gravity image (residual filter applied)**

### Location Plan

The Yeneena Region covers 1,800km<sup>2</sup> of the Paterson Province in Western Australia, and is located 35km SE of the Nifty copper mine and 40km SW of the Telfer gold/copper deposit (Figure 3). The targets identified are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting.



**Figure 3: 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 holds shares and options in and 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.*

*The Company confirms that it is not aware of any new information or data that materially affects the information in the relevant ASX releases and the form and context of the announcement has not materially changed.*