

ASX : ENR

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WA Govt. co-funded drilling intersects extensive zinc mineralisation at BM2

- **WA Government Exploration Incentive Scheme co-funded diamond drilling intersects thick zone of zinc mineralisation at BM2**
- **188m @ 0.35% zinc from 213m to end of hole including 45m @ 0.74% zinc**
- **Zinc mineralisation intersected is potentially a distal halo to a large scale copper system**
- **800m long copper oxide (+0.25% Cu) anomaly remains unexplained**
- **Further drilling planned to test for high grade base metals mineralisation at BM2**

The directors of Encounter Resources Ltd ("**Encounter**" or "**the Company**") are pleased to provide assay results from the first two diamond drill holes completed at the BM2 Prospect at the Yeneena project ("**Yeneena**"). The drilling was co-funded through the Western Australian Government Exploration Incentive Scheme ("**EIS**").

The BM2 prospect is located on the regionally extensive Tabletop Fault. This structure is known to be metallogenically important and is closely associated with the position of the Nifty Copper deposit, 50km along strike to the north-west (Figure 3). The prospect was first aircore drilled in August 2010 and later followed up with a more extensive aircore drill program in 2011. A broad zone of copper anomalism (+0.25% Cu) was identified within the regolith over a strike extent of 800m (Figure 1). The identification of this significant base metal anomaly was made in an area of no outcrop with up to 20m of transported overburden. This greenfields base metal discovery was the second significant under cover discovery at the Yeneena project following the identification of high grade copper mineralisation at BM1.

The two diamond drill holes completed in August 2011 at BM2 represent the first deep drilling at the prospect. The purpose of the holes was to test for the source of the 800m long copper anomaly defined in aircore drilling and to gain a basic understanding of the geology and structure at depth. The two holes were drilled as a scissor pair on the same north south section (Figure 2).

The Company previously reported (see ASX announcement 26 October 2011) that visual inspection of the drill core from BM2 highlighted a thick zone containing base metal bearing sulphide veins. The base metal sulphides observed occur within thin carbonate/quartz veinlets and narrow breccia zones (Photos 1 and 2) and are predominately sphalerite (zinc sulphide) with minor galena and traces of chalcopyrite.

Assay results from the two diamond holes drilled on section 389350mE have been received. The results confirm extensive thicknesses of zinc mineralisation in both holes with the mineralisation open along strike and at depth. Results include:

EPT798 - 188m @ 0.35% Zn from 213.3m to EOH incl. 44.7m @ 0.74% Zn

EPT799 - 173.6m @ 0.30% Zn from 375m incl. 26.5m @ 0.51% Zn; and
23.9m @ 0.37% Zn from 608m to EOH

Zones of +1% zinc mineralisation were intersected within this broader zone, including 16.1m @ 1.06% Zn (EPT 798) and 4.2m @ 1.32% Zn (EPT 799). A full set of assay results can be found in Table 1.

The zinc mineralisation intersected in the diamond drilling appears stratabound in nature with the 'Upper Zinc Contact' (Figure 2) coinciding with a marked change in lithogeochemical indicators. The lower contact of this mineralised unit remains untested with zinc anomalism extending to the bottom of both holes.

The wide extent of mineralised veining intersected in the first diamond holes at BM2 is highly encouraging and supports the potential for a large scale base metals deposit.

Significantly, the minor levels of copper anomalism observed in fresh rock at depth in these holes are considered insufficient to account for the scale and intensity of the observed shallow copper oxide anomalism at BM2. This interpretation suggests the potential primary source of the oxide copper anomalism is along strike from the current drill section and that the copper anomalism observed within the regolith on this section represents secondary dispersion from this primary source.

It is noted that in many ore-systems it is not uncommon for zinc mineralisation to occur distal to a central zone of copper mineralisation.

Further drilling at BM2 is planned to test for the source of the copper oxide anomalism and to define potential vectors to higher grade zinc mineralisation.

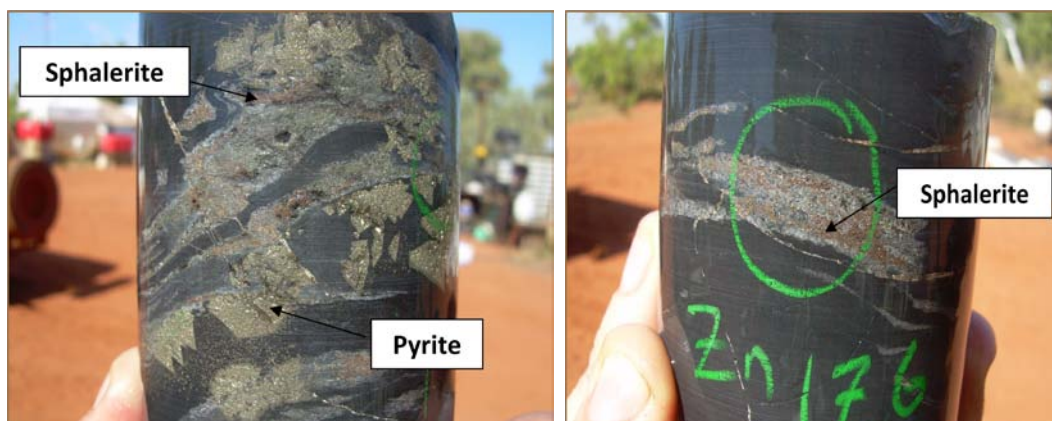


Photo 1 & 2: Zinc sulphides in EPT799

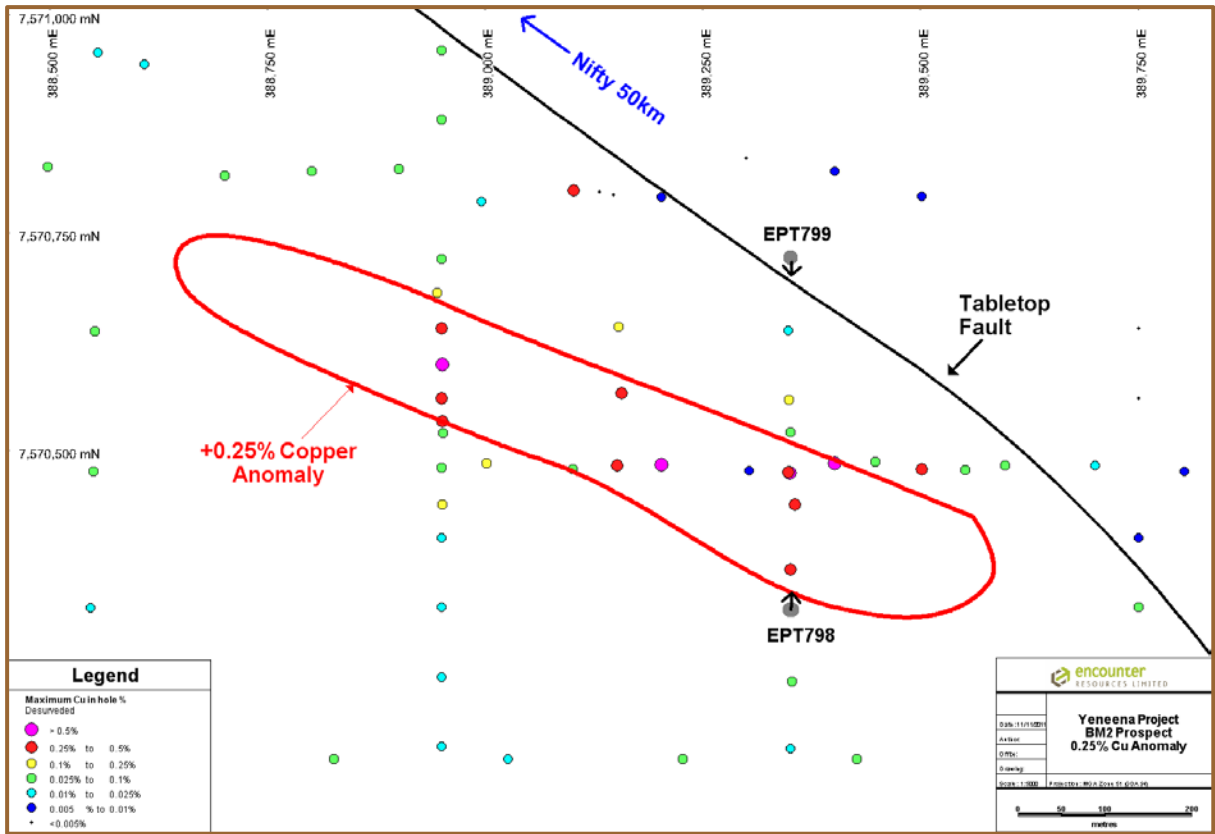


Figure 1: BM2 maximum copper in aircore drilling and drill status plan

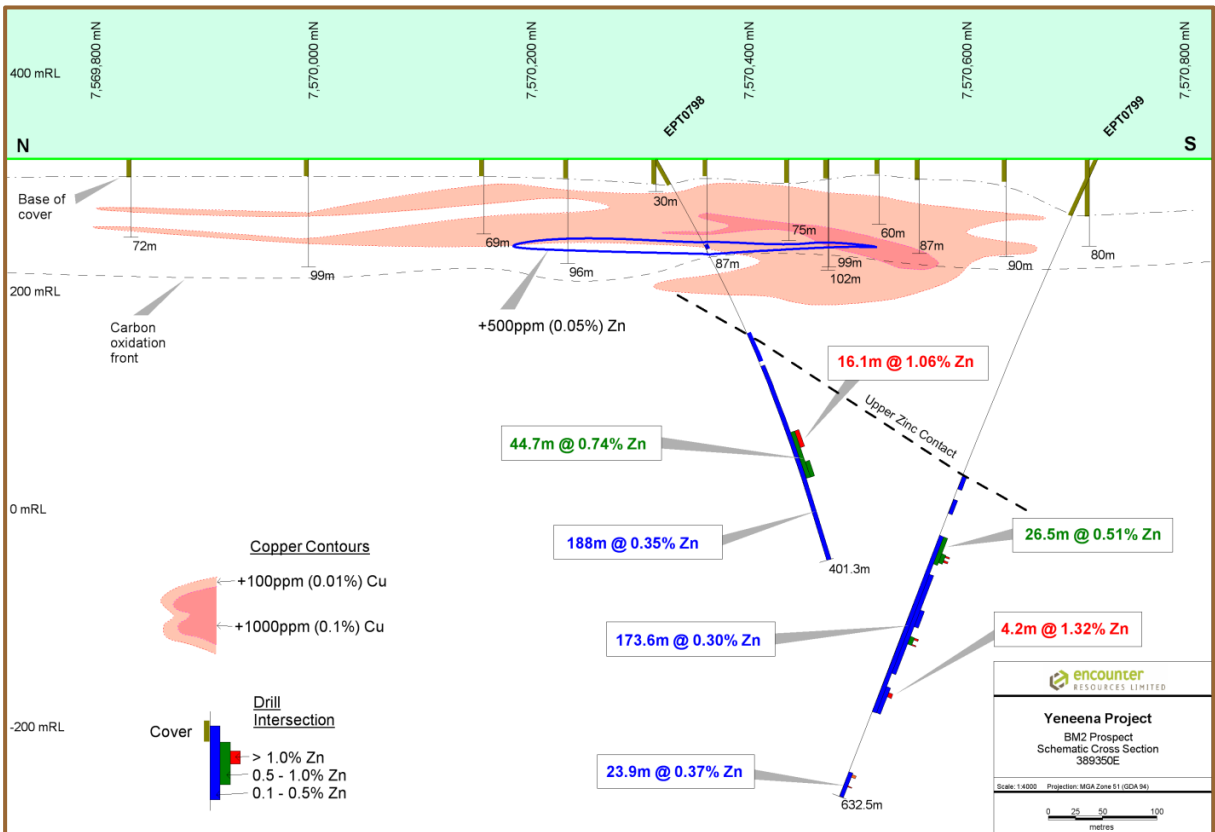


Figure 2: BM2 Cross Section 389350mE

Hole ID	Northing (m)	Easting(m)	RL(m)	EOH (m)	Dip	Azi	From(m)	To(m)	Interval(m)	Zinc (%)
EPT 798	7570317	389350	320	401.3	-60	000	90.6	95.3	4.7	0.26
				and			180.2	209.3	29.1	0.23
				and			213.3	401.3	188	0.35
				<i>incl.</i>			<i>279.6</i>	<i>324.3</i>	<i>44.7</i>	<i>0.74</i>
				<i>incl.</i>			<i>279.6</i>	<i>295.7</i>	<i>16.1</i>	<i>1.06</i>
				<i>incl.</i>			<i>309.0</i>	<i>324.3</i>	<i>15.3</i>	<i>0.85</i>
EPT 799	7570722	389352	320	632.1	-60	180	315.5	329	13.5	0.24
				and			339.3	353.1	13.8	0.19
				and			375	548.6	173.6	0.30
				<i>incl.</i>			<i>375</i>	<i>401.5</i>	<i>26.5</i>	<i>0.51</i>
				<i>incl.</i>			<i>389.9</i>	<i>399</i>	<i>9.1</i>	<i>0.92</i>
				<i>incl.</i>			<i>390.7</i>	<i>392.3</i>	<i>1.6</i>	<i>1.35</i>
				<i>incl.</i>			<i>395.0</i>	<i>397.0</i>	<i>2.0</i>	<i>1.03</i>
				and			411.9	509.4	97.5	0.29
				<i>incl.</i>			<i>445.9</i>	<i>462.0</i>	<i>16.1</i>	<i>0.45</i>
				<i>incl.</i>			<i>471.5</i>	<i>479.2</i>	<i>7.7</i>	<i>0.94</i>
				<i>incl.</i>			<i>471.5</i>	<i>473.5</i>	<i>2.0</i>	<i>1.65</i>
				<i>incl.</i>			<i>478.1</i>	<i>479.2</i>	<i>1.1</i>	<i>1.82</i>
				and			522.7	548.6	25.9	0.35
				<i>incl.</i>			<i>527.2</i>	<i>531.4</i>	<i>4.2</i>	<i>1.32</i>
and	608.2	632.1	23.9	0.37						
<i>incl.</i>	<i>609.5</i>	<i>612.0</i>	<i>2.5</i>	<i>1.47</i>						
<i>incl.</i>	<i>620.9</i>	<i>621.8</i>	<i>0.9</i>	<i>1.11</i>						

Table 1: BM2 - Drill hole information

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

EOH = End of hole depth; m=metre; azi=azimuth.

Reported intervals contain zones of lost core. Intersections have been determined by assigning the average of the grade of the interval above and below the loss core interval to the zone of lost core.

Project Background & Location Plan

The BM2 prospect is one of several high quality prospects within the 100% owned Yeneena project. The Yeneena project covers 1300km² of the Paterson Province in Western Australia and is located 40km SE of the Nifty copper mine and 30km NW of the Kintyre uranium 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).

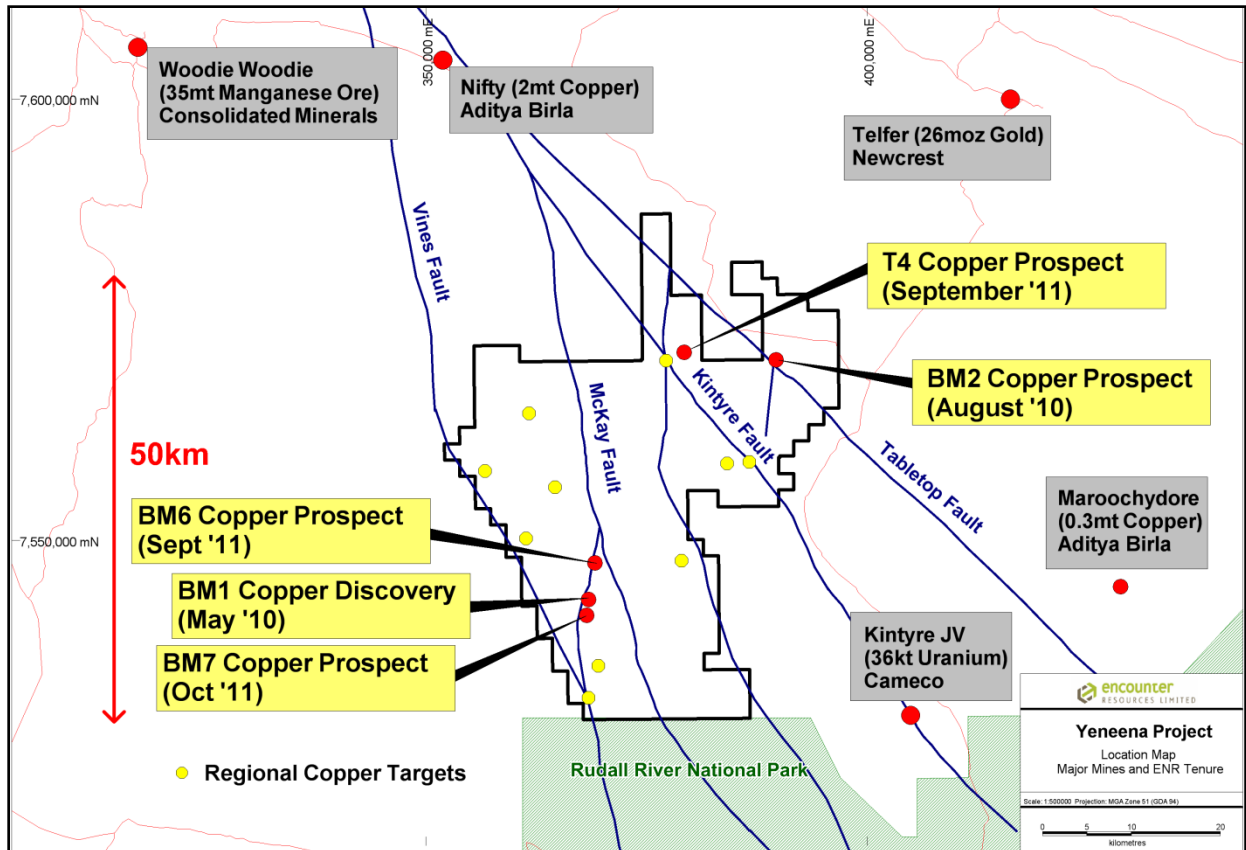


Figure 3: Yeneena Project leasing, key structures and target areas

For further information please contact:
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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.