

ASX : ENR

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

Annual General Meeting – Chairman Address

Over the past year Encounter Resources Ltd (“**Encounter**”) has been actively advancing its greenfield copper discoveries made at the Yeneena Project (“**Yeneena**”) in the Paterson Province of Western Australia.

We completed a total of 37,000 metres of drilling during 2011. In 2012, we have invested in a further 30,000 metres of diamond, RC and aircore drilling at Yeneena. The escalation in exploration activity over this period has been demanded by the discovery of significant copper at four separate project locations.

Yeneena is located in a region that has demonstrated the capacity to produce world class mineral deposits including the giant gold/copper mine at Telfer, the Woodie Woodie manganese mine, the Nifty copper mine and the Kintyre uranium deposit. Importantly, all of these deposits were discovered in areas of outcrop and minimal systematic exploration has occurred across the vast areas of sand cover in the region. This demonstrates the potential for the existence for large deposits in the region. In turn, this has meant that the region is also relatively well serviced in terms of infrastructure.

The initial **BM1** discovery made by Encounter in 2010 was the first significant new copper discovery in this area for over 25 years. The initial discovery of high grade copper oxide at BM1 was a milestone and resulted in the rapid escalation of exploration activities. Drilling since has defined a coherent zone of near surface copper oxide mineralisation at BM1 over an area of approximately 500m x 250m.

Three further discoveries of copper with significant scale and grade potential have since been made at Yeneena. These include:

- The **BM2** prospect where we have discovered an 800m long 0.25% copper oxide anomaly. The deep drill program completed at BM2 in April 2012 resulted in an intersection of 26m @ 0.6% copper from a depth of 100m. This drill program also uncovered a highly anomalous zinc unit with an intersection of 201m @ 0.6% zinc from a depth of 233m to end of hole.
- The **T4** prospect where a stratigraphic diamond hole intersected multiple zones of copper anomalism. The copper at T4 is related to a magnetic anomaly with a strike-length of approximately 4km that is interpreted to represent magnetite alteration associated with copper mineralisation.

- The **BM7** prospect, located 3km south of the initial copper discovery at BM1. At BM7, RC and diamond drilling has identified a large scale copper-cobalt mineral system.

BM7 has demonstrated broad thicknesses of lower grade copper mineralisation intersected over a large area. Drilling has demonstrated the potential for high grade copper within this large mineral system. Until August 2012, Encounter has only had access to the northern quarter of the 3km long target at BM7 and drilling has been on a broad spacing.

However, seven lines (5,000m) of aircore drilling have been completed along the southern extension of BM7 following the grant of this tenement in August 2012. No previous exploration had been completed in the tenement area. The purpose of the first aircore program was to: determine the extent of the mineralised system; identify zones of high grade copper regolith mineralisation; and provide a focus for follow up deep RC and diamond drilling.

Assays received on Lines 1 to 4 have extended the BM7 copper-cobalt system to over 2.3km with the system still open to the south and east. Several end of hole samples exhibit possible gossanous textures. The drilling shows the depth of the cover sequence at BM7 varies between 10m and 25m. Assay results from Lines 5 to 7 are expected soon. However, handheld XRF analysis from these lines indicates the mineral system extends through to Line 7 and remains open to the south and east. This means that the mineral system at BM7 now extends over 3.5km.

Our targeting methodologies at Yeneena are having a tremendous success rate at finding new zones of copper mineralisation under sand cover across our major land position in this region. We believe we are seeing the early stages of a new copper province in Western Australia.

During the year, Encounter also expanded its land holding at Yeneena with the completion of a joint venture agreement with the Independence Group in July 2012. The Company has secured a substantial foothold in this region. We control about 1,400km² of prospective land holding containing an extensive pipeline of exploration opportunities.

Encounter has established a distinct competitive advantage in the area through our understanding of ore forming processes and how these mineralised systems are represented in regional datasets. Advances in modern geophysics (including advances in rapid collection airborne electromagnetics) and geochemistry (improved assay detection limits and real time analysis through hand held technologies) continue to improve the explorability of this world class mineral province.

The focus for 2013 is to advance one or more of these recent copper discoveries from the initial groundbreaking intersections to a mineral resource definition drilling program.

Clearly to advance these projects funding will be required at some point in the future. The timing and form of this funding has yet to be decided. Equity markets remain risk averse and the further away from production a company is, the more risk averse investors become. This presents challenges to all explorers including Encounter. I am pleased to say that our major shareholders have been and remain supportive.

Many undeveloped copper projects in the world face high capital intensity. These projects are often located in developing countries where there is poor infrastructure and increasing degrees of political risk. Investors are questioning whether capital should be invested in mega projects. Being disciplined in capital allocation by improving project selection and execution is expected.

These challenges mean that Yeneena is on the radar of many large global resource companies. Large industry participants can see the potential at Yeneena. Mineralised systems that extend over 11km and remain open are few and far between. Intersections like 20m @ 2% Cu, 279m @ 0.1% Cu and 73m @ 0.4% Cu at BM7 demonstrate the prospectivity and capacity for scale.

We will maintain our dialogue with these large industry participants as we make further advances into 2013.

In closing we would like to thank our committed team for their professionalism and dedication. We are fortunate to have such a talented team of geologists who are leaders in their field. I would also add that attracting and retaining quality people remains a major challenge for junior explorers and Encounter is not immune from that challenge. We compete globally against much larger organisations for resources, be they human or mineral.

Finally, we would also take this opportunity to especially thank our fellow shareholders for their ongoing support.

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 appear