

ASX : ENR

28 August 2013

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

New copper zone at BM7

- **RC drilling commenced last week at the BM7 East and BM8 prospects**
- **RC drilling has significantly increased the scale of the BM7 prospect with a new zone of copper mineralisation intersected in multiple drill holes over 1km east of previous drilling**
- **The first three diamond holes have been completed at BM7 and have confirmed copper sulphide mineralisation associated with two easterly dipping, strongly veined and altered carbonate units**
- **First batch of assay results has been received for the top 160m of diamond hole EPT 1716**
 - **86m @ 0.2% Cu from 74m to 160m (160m being last assay received) including 17m @ 0.5% Cu and 583ppm Co from 108m**

The directors of Encounter Resources Ltd (“Encounter” or “the Company”) are pleased to provide an update on exploration activities at the BM7 & BM8 prospects at the Yeneena project in Western Australia. Exploration at the BM7 & BM8 prospects is being conducted as part of the Antofagasta earn-in agreement (see ASX announcement 23 April 2013).

RC Drill Program – BM7 East and BM8

A 5000m RC drill program at the BM7 East and BM8 prospects commenced last week. The RC drill program was designed to provide an initial test of the area to the east of the previous drilling at BM7 and also to complete the first drilling of the new BM8 prospect located 5km south of BM7.

The mineral system discovered at BM1-BM6-BM7 is currently 11km long and remains open along strike. The objective of the first pass RC program (60 vertical holes, average hole depth 80m) is to test for evidence of copper mineralisation in the BM7 East and BM8 areas to help to define the full extent of the copper system at the project.

The first 8 holes of the program have been completed (2 lines 800m apart, with holes spaced 400m apart along section) (Figure 1). The drilling has confirmed a significant extension to the mineral system at BM7 with visible copper mineralisation (Photo 1), confirmed by handheld XRF, intersected in drill holes EPT1726, EPT1734 and EPT1736. These holes extend the near surface copper mineralisation footprint of the BM7 system a further 1km east of the previous known limit.

The intersection of the copper oxides at BM7 East appears to be located along a second major NNW-trending structure and is associated with a block of resistive geology. This result is an important validation of the Company's geological and geophysical targeting model that is based on the initial BM7 discovery. This discovery of copper mineralisation has significantly expanded the BM7 prospect and has positive implications for the regional targets around BM7 including the drilling planned at BM8, located 5km south.

The first assay results from the RC program are expected to be received in September 2013.

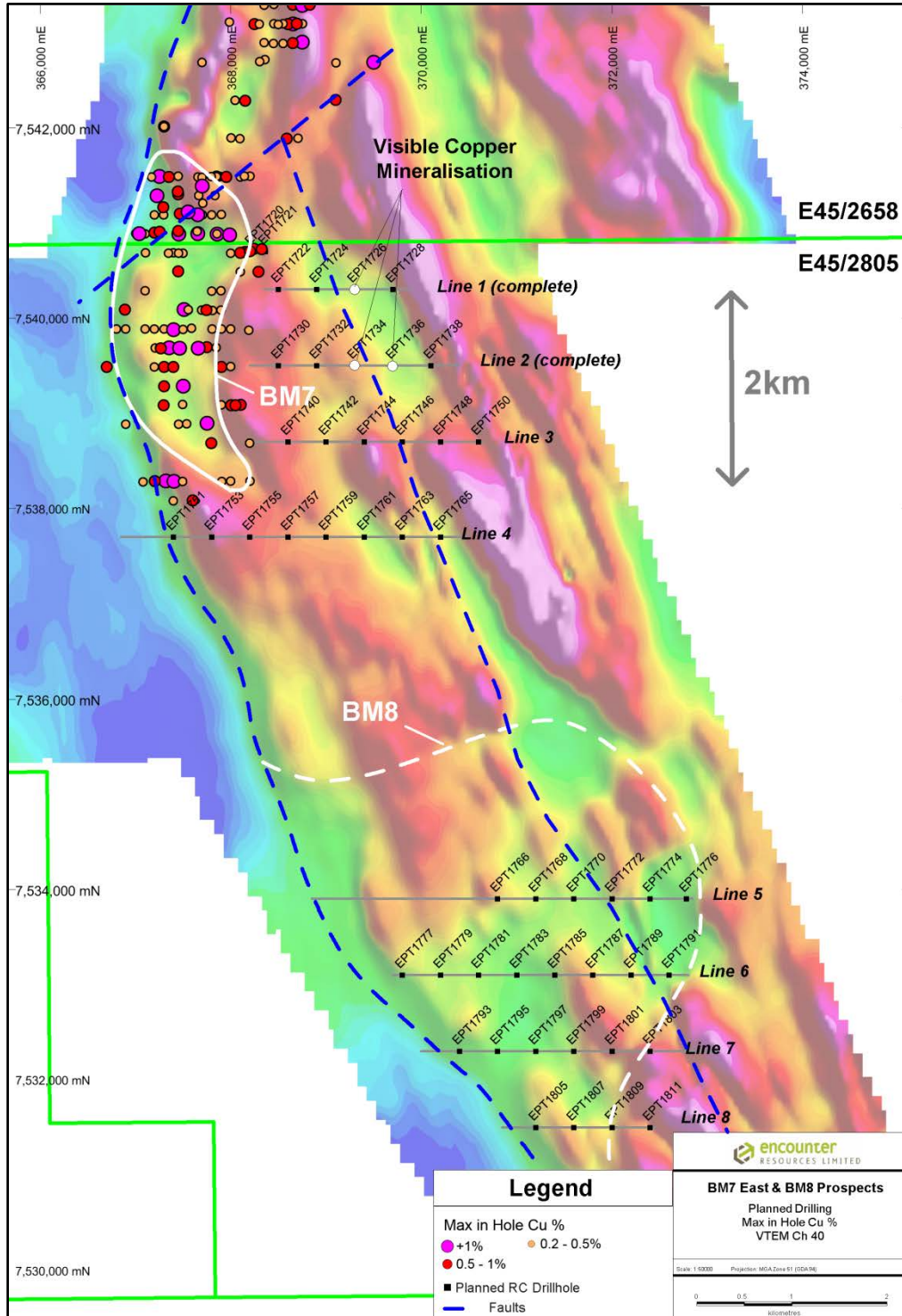


Figure 1 – BM8 & BM7 East RC drill lines



Photo 1 - EPT1726 - Copper mineralisation 43-49m (malachite) within leached clays

Diamond Drilling BM7

The four hole diamond drill program was designed to target below the 800m long zone of copper sulphide mineralisation identified in the April 2013 RC drill program. The first three diamond holes of the planned four hole diamond drill program have now been completed (EPT 1716 - depth 431m, EPT 1717 - depth 579m, EPT1718 – depth 395m). The rig has just commenced the fourth hole of the program, EPT1719 (Figure 2).

The first three diamond holes into the zone of dolomite altered and veined shales and carbonates at BM7 have confirmed that primary copper sulphide mineralisation extends to depth. Drilling appears to indicate a shallow easterly dip to the stratigraphy and the mineralised horizons appear to be stratabound in nature.

The first batch of assay results has been received for the top 160m of the first diamond drill hole completed, EPT 1716. This first batch of assays has confirmed that copper and cobalt mineralisation extends into the sulphide zone and has provided the first look at drill core from the prospect. The drill hole contained zones of dolomite veined and brecciated carbonate containing chalcopyrite (Photo 2). Mineralisation is generally focused around the contacts between the shale and carbonate units. Assays from the top 160m of the hole included 86m @ 0.2% Cu from 74m to 160m (160m being last assay received) including 17m @ 0.5% Cu and 583ppm Co from 108m. The remaining 271m of this hole and assays from the remaining diamond holes are expected to be received in September / October 2013.

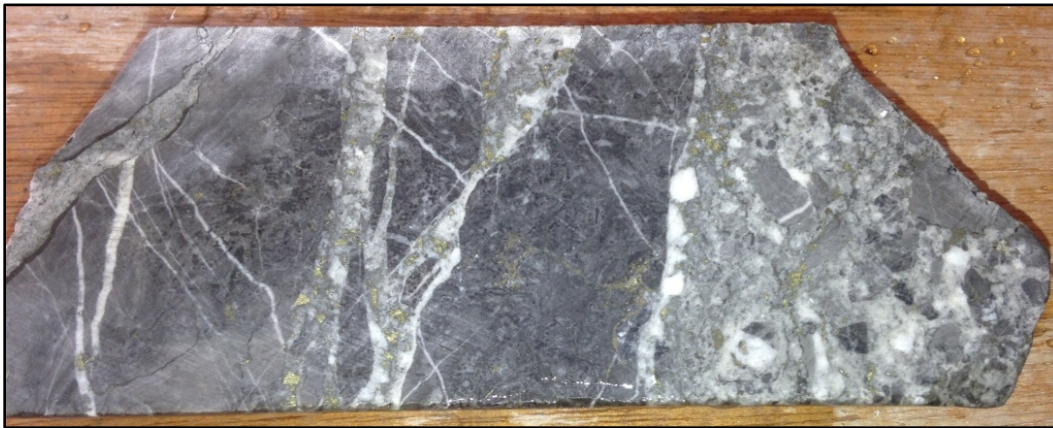


Photo 2 - EPT1716 – ~120m - Veined and brecciated carbonate containing chalcopyrite (HQ core width 60mm)

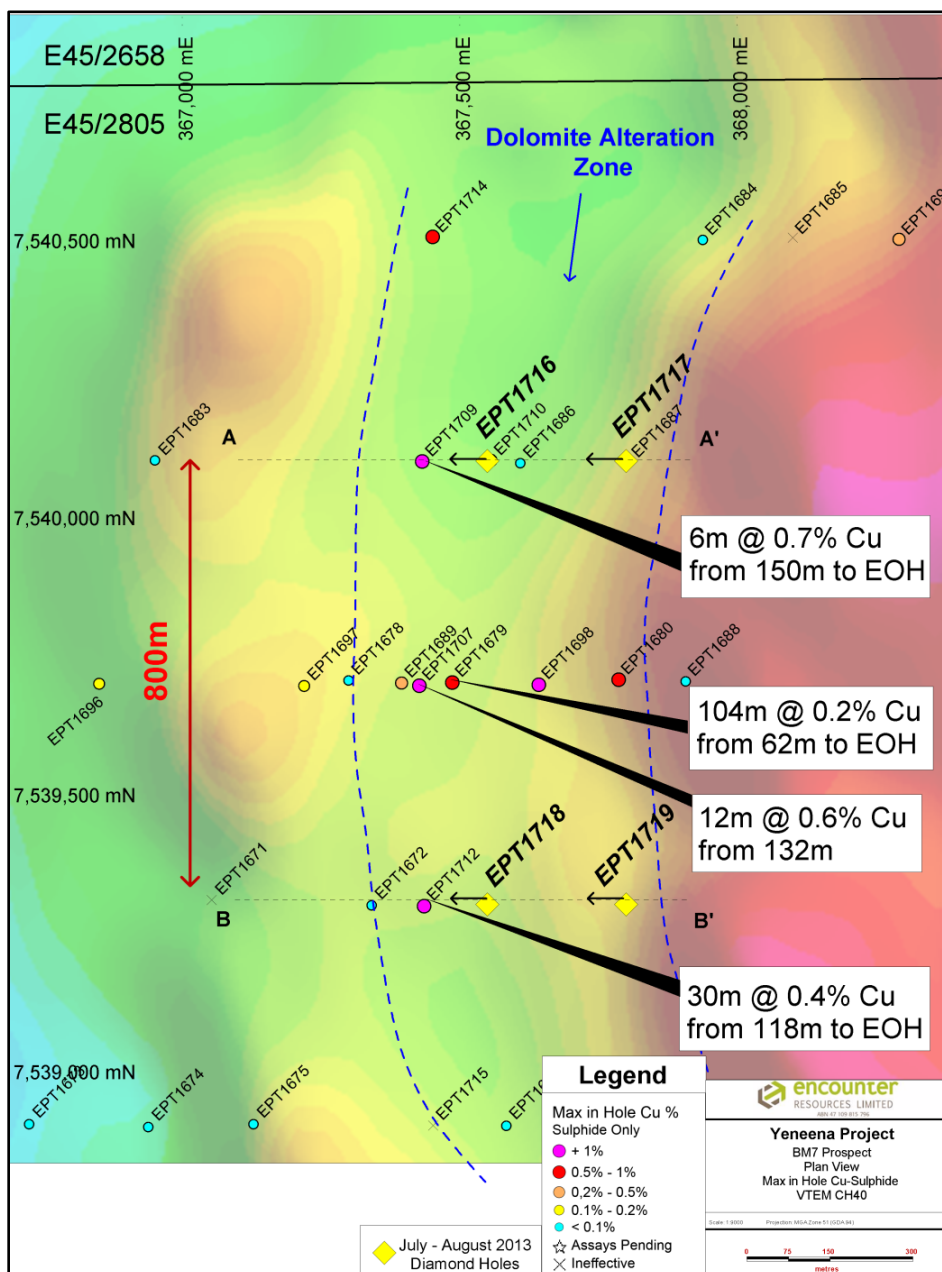


Figure 2 – BM7 Prospect – Diamond Drill Plan

Hole ID	Prospect	Depth from (m)	Depth to (m)	Interval (m)	Copper (%)	Cobalt (ppm)
EPT1716	BM7	73.5	160	86.5	0.19	205
	incl.	108	124.9	16.9	0.48	583

Table 1: Diamond Drill Hole Assay Summary (0-160m of EPT1716)

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.

Hole ID	Prospect	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT1716	BM7	7540100	367550	360	431	-60	270
EPT1717	BM7	7540100	367800	360	570	-60	270
EPT1718	BM7	7539300	367550	360	395	-60	270
EPT1719	BM7	7539300	367800	360	in progress	-60	270

Table 2: Diamond Drill hole information

Planned hole locations. Drill hole coordinates GDA94 zone 51 datum to be finalised via handheld GPS (+/-5m), EOH = End of hole depth; m=metre; azi=azimuth.

Hole ID	Prospect	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT1722	BM7 East	7540300	368500	360	82	vert	0
EPT1724	BM7 East	7540300	368900	360	82	vert	0
EPT1726	BM7 East	7540300	369300	360	82	vert	0
EPT1728	BM7 East	7540300	369700	360	82	vert	0
EPT1732	BM7 East	7539500	368500	360	82	vert	0
EPT1734	BM7 East	7539500	368900	360	82	vert	0
EPT1736	BM7 East	7539500	369300	360	82	vert	0
EPT1738	BM7 East	7539500	369700	360	82	vert	0

Table 3: RC Drill hole information BM7 East (hole completed as at 27/8/13)

Planned hole locations. Drill hole coordinates GDA94 zone 51 datum to be finalised via handheld GPS (+/-5m), EOH = End of hole depth; m=metre; azi=azimuth.

Project Background & Location Plan

The Yeneena Project covers 1,900km² 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 1). 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 and 2013 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, Independence Group NL and Midas Resources Limited.

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 the Yeneena Project by incurring expenditures of US\$20 million over a five year period.

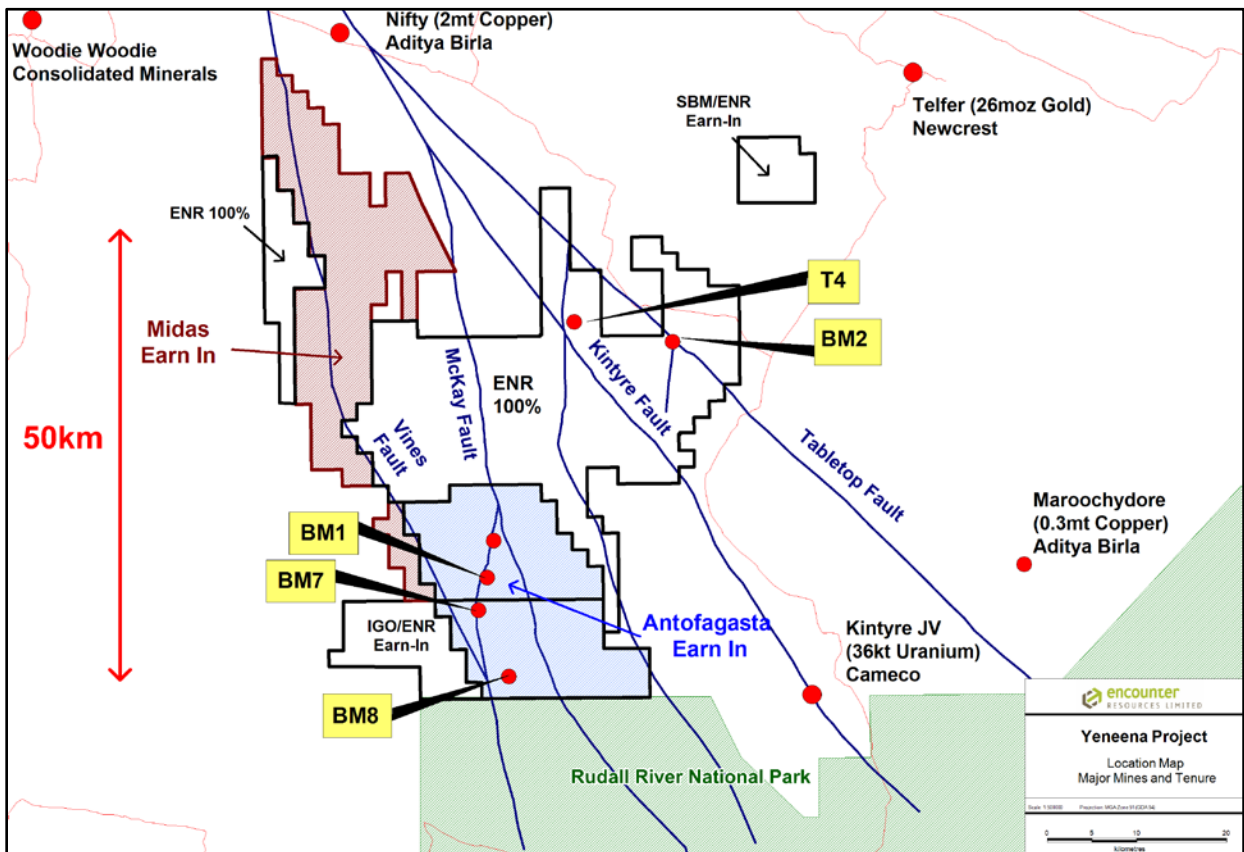


Figure 3. Yeneena Project leasing and targets areas

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 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.