

**ASX : ENR**

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Company Announcements Office  
Australian Securities Exchange  
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Sydney NSW 2000

## Strategic land addition at Yeneena

- **Encounter has completed an earn-in agreement with Midas Resources Ltd (“MDS”) over two tenements adjacent to the Yeneena Project (“Yeneena”)**
- **Strategic addition to the Yeneena ground holding in the prospective Paterson Province in Western Australia (“WA”)**
- **Additional land covers the northern extension to the McKay and Vines Faults copper corridors**

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The directors of Encounter Resources Ltd (“**Encounter**” or “**the Company**”) are pleased to announce that the Company has entered into agreement to further expand its ground position in the Paterson Province in WA.

The agreement, with MDS, relates to granted exploration licenses E45/3768 and E45/4091 (“**the Tenements**”) and an area which covers 316km<sup>2</sup>. The Tenements are located to the north and west of the Company’s Yeneena Project (Figure 1).

The Tenements capture additional prospective ground along the McKay and Vines Fault copper corridors. This ground addition will result in Encounter controlling over 75 strike kms of the Vines Fault and 60kms of the McKay Fault corridors. Encounter’s exploration activities at Yeneena to date have outlined significant copper mineralisation between these two corridors, in particular, the BM1 and BM7 copper discoveries.

“Encounter has considerable operating experience in the Paterson Province and has developed significant in-house knowledge about the copper systems in the region. Expanding our strategic footprint and applying our deposit understanding and targeting skills into these prospective regions is a logical extension to our existing copper exploration activities” said Managing Director, Will Robinson.

Key terms in the agreement include:

- Encounter is granted the exclusive right to explore the Tenements for a period of four years (“**Initial Earn-in Phase**”).
- Encounter may acquire a 70% interest in the Tenements by expenditure of \$500,000 on the Tenements during the Initial Earn-in Phase.
- Encounter can elect to withdraw at any time during the Initial Earn-in Phase subject to meeting the minimum statutory expenditure commitments for the first year (~\$100,000) and will retain no interest in the Tenements.
- Should MDS elect not to contribute to further exploration once Encounter has earned its 70% interest, Encounter will be entitled to earn a further 15% interest through the expenditure of an additional \$500,000 over an additional two year period (“**Second Earn-in Phase**”), at the end of which stage Encounter would have spent a total of \$1,000,000 and have earned a 85% interest in the Tenements.
- If MDS elects not to contribute to expenditure at any time after completion of the Second Earn-In Phase standard industry dilution formulas will apply down to a 10% interest.
- If MDS’s interest dilutes below 10% that interest will revert to a 1.5% net smelter royalty.

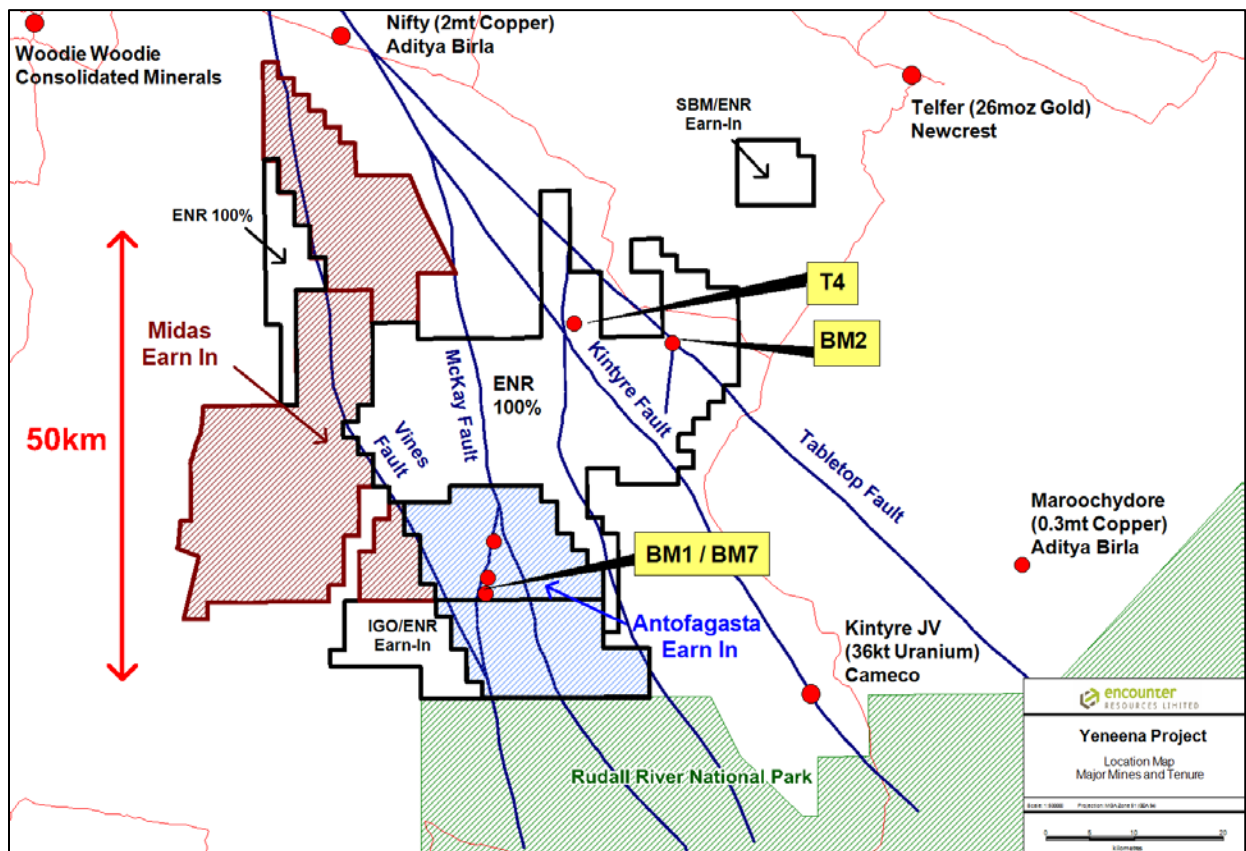


Figure 1: Yeneena Project leasing, key structures and target areas

## **Project Background & Location Plan**

The Yeneena Project now covers 1,900km<sup>2</sup> 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.

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.*