encounter
RESOURCES LIMITED
ABN 47 109 815 796

Level 7, 600 Murray Street
West Perth WA 6005

PO Box 273
West Perth WA 6872

P 08 9486 9455
F 08 6210 1578

www.enrl.com.au

ASX : ENR

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

Massive Zinc Sulphide Mineralisation in EIS Drilling at BM2

- **Three diamond drill holes have recently been completed at the BM2 zinc prospect within the 100% owned Yeneena tenements.**
- **Drilling was co-funded by the WA Government Exploration Incentive Scheme (EIS)**
- **EPT1831 intersected a 140m thick zone of highly oxidized, iron rich material containing elevated zinc (~1% zinc) that may be a gossan representing the weathered remnants of a body of zinc sulphide mineralisation**
- **EPT1854 has intersected two narrow zones of brecciated and laminated massive zinc sulphide mineralisation 200m down-dip of the gossanous zone in EPT1831. Assays results for EPT1854 are expected in December 2013.**
- **Zinc sulphide mineralisation remains open along strike and at depth**
- **Previous shallow drilling outlined anomalous zinc intersections over 2km of strike**

The directors of Encounter Resources Ltd ("Encounter" or "the Company") are pleased to provide an update on recent BM2 prospect drilling activities at the Yeneena project in Western Australia. The BM2 prospect is held 100% by Encounter and is located approximately 35km north-east of the BM1-BM7 copper discoveries.

"This latest drilling is a significant step forward for the zinc potential of BM2. This program has discovered a thick gossan at a key geological contact as well as intersecting narrow zones of massive zinc sulphide mineralisation 200m down dip. The zinc regolith anomaly along the mineralised contact at BM2 is over 2km long indicating the scale potential of the zinc mineral system." said Managing Director, Will Robinson.

The Company would like to acknowledge the support of the WA Government through the Exploration Incentive Scheme that co-funded this drilling. The zinc sulphide mineralisation discovered in this program remains open along strike and at depth providing obvious follow up drill targets. Following the return of assays the Company will be assessing its technical, commercial and drilling options that are available to advance this exciting, large scale zinc prospect.

Program Summary

In total three holes were drilled at BM2 in this program for a total of 1,895m. The three holes were drilled on the north-south cross section 388,950mE (see Figure 1).

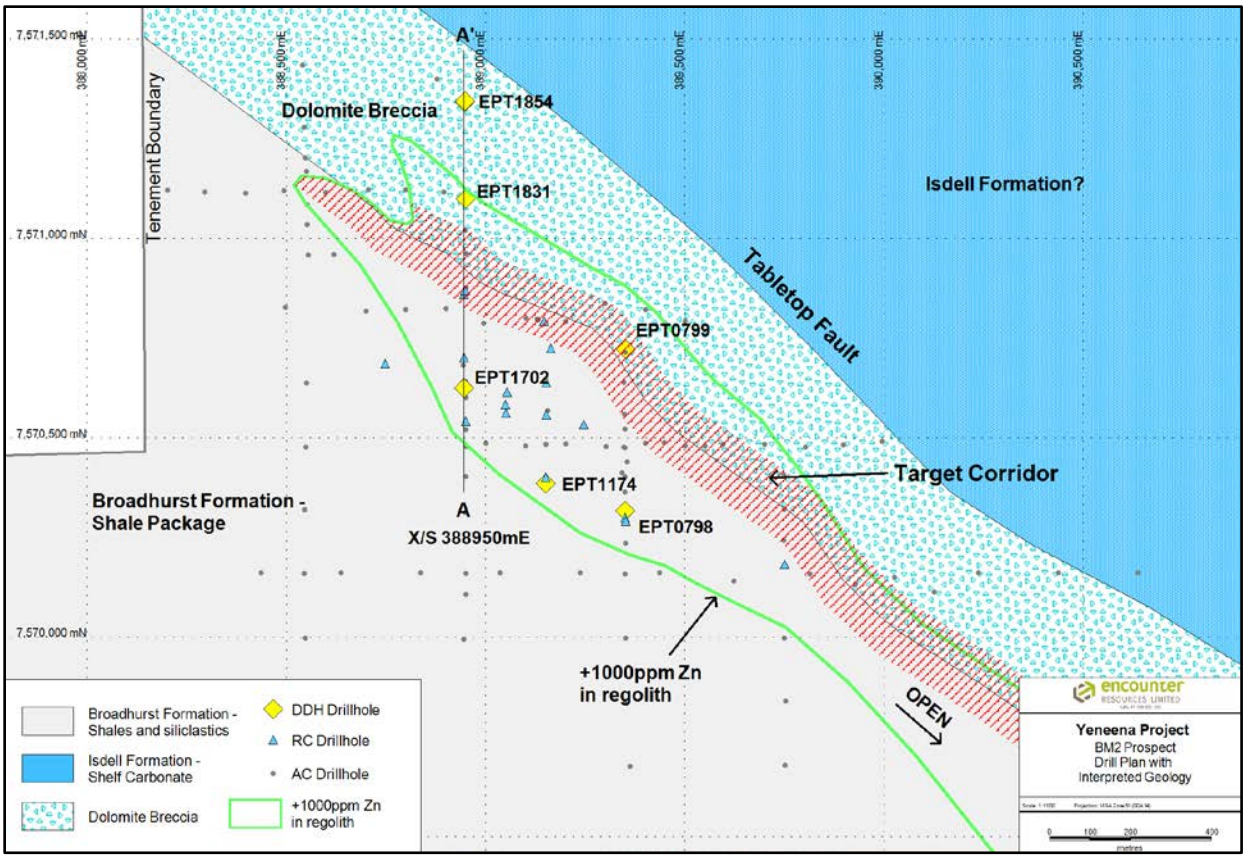

Figure 1 – BM2 Prospect – Drill status plan and geochemical summary.

EPT1702 was drilled to test 200m to the north-west of a broad intersection of zinc sulphide mineralisation intersected in EPT1174 (201m @ 0.6% Zn from 233m to EOH). EPT1702 was designed to determine if the zinc mineralisation strengthens to the west and if mineralisation is stronger at the base of the shale sequence. EPT1702 intersected a partially oxidized layer of zinc sulphide mineralisation from 195m to 234m of an estimated tenor similar to that seen in EPT1174. The hole was then extended to depth to test the base of the shale sequence however the hole was terminated at 772.7m without intersected the footwall shale contact.

The second hole of the program, EPT1831 was collared 500m north of EPT1702 and was designed to test the contact between the zinc bearing carbonaceous shale and a dolomite unit located adjacent to the Tabletop Fault. The hole intersected a 140m thick zone of highly oxidized, iron rich material containing elevated zinc (grading approximately 1% zinc in XRF, supported by representative spot chemical analysis) at the targeted contact. The heavily preferentially weathered zone, which starts from a depth of 175m, is interpreted to represent the weathered remnants of a significant body of zinc sulphide mineralisation (Photo 1).

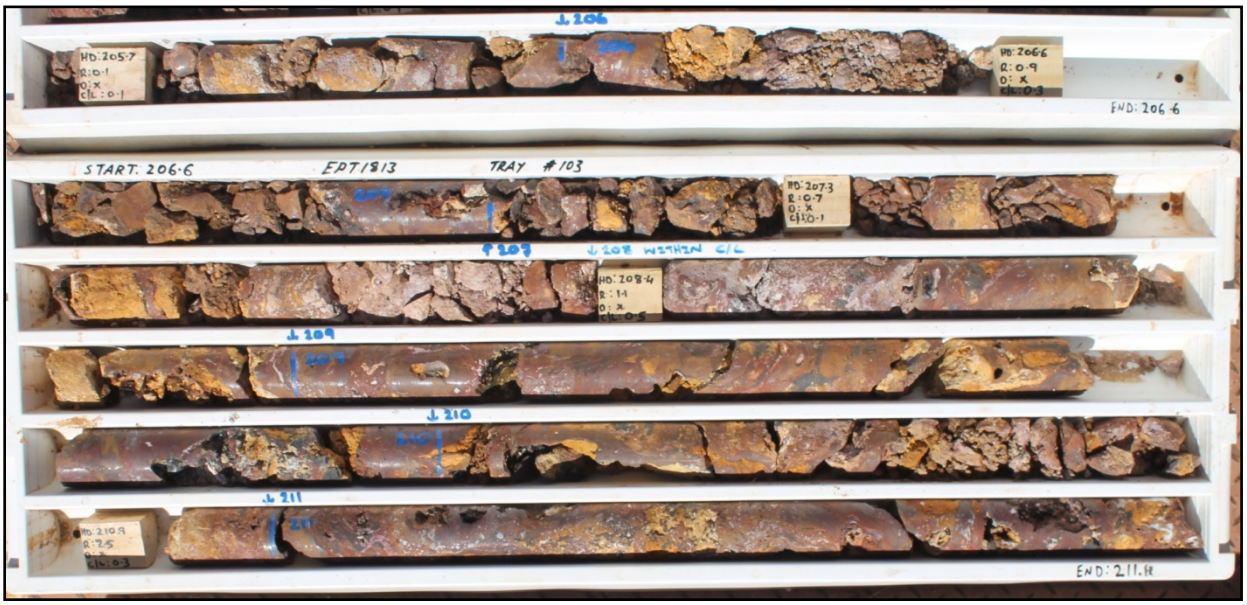

Photo 1 – EPT1831 ~205.7 to 211.8m – Highly oxidized, iron rich material containing elevated zinc (~1% Zn)

A third hole EPT1854 was designed to target this highly oxidized, iron rich body below the base of weathering to assist with determining the orientation of the potentially gossanous horizon intersected in EPT1831.

EPT1854, has intersected two narrow zones of brecciated and laminated massive zinc sulphide mineralisation (Photo 2). This zinc sulphide mineralisation (sphalerite) is located 200m down-dip from the start of the 140m thick zone of highly oxidized, iron rich material containing elevated zinc in EPT1831.

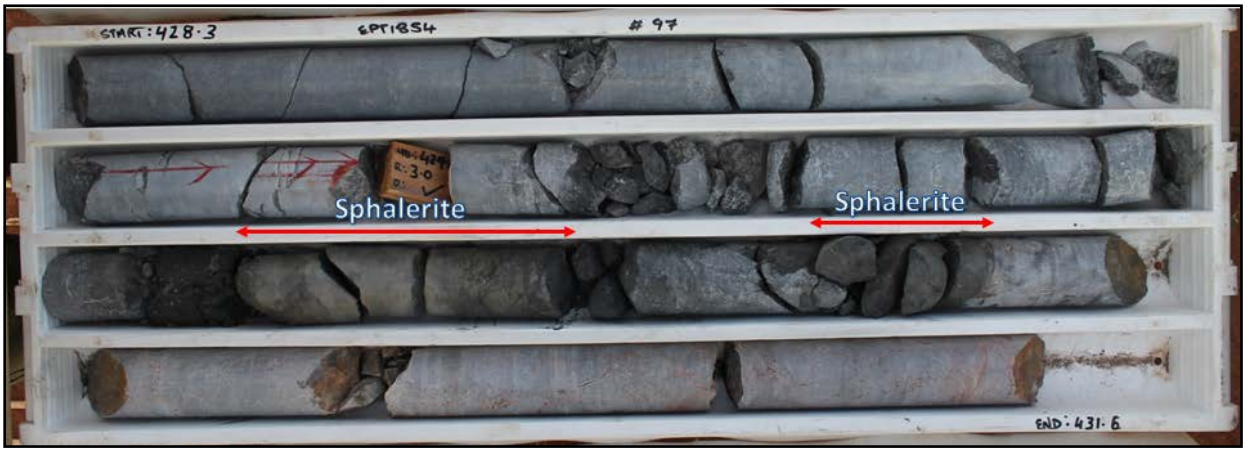

Photo 2 - EPT1854 – ~428.3 to 431.6m – zones of brecciated and laminated massive zinc sulphide mineralisation (Sphalerite)

The zinc sulphide mineralisation sits within a wide shear zone at the contact between carbonaceous shale and a brecciated dolomite adjacent and parallel to the Tabletop Fault (Figure 2). Drillhole EPT1854 is first hole to test the shale/dolomite mineralised contact below the base of oxidation. Previous shallow aircore and RC drilling along the mineralised contact has intersected zinc anomalism over a strike length of 2km which remains open to the south-east (Figure 1).

Drill core containing the zinc sulphide mineralisation in EPT1854 has been transported to Perth for cutting and chemical analysis. Assay results are expected in December 2013.

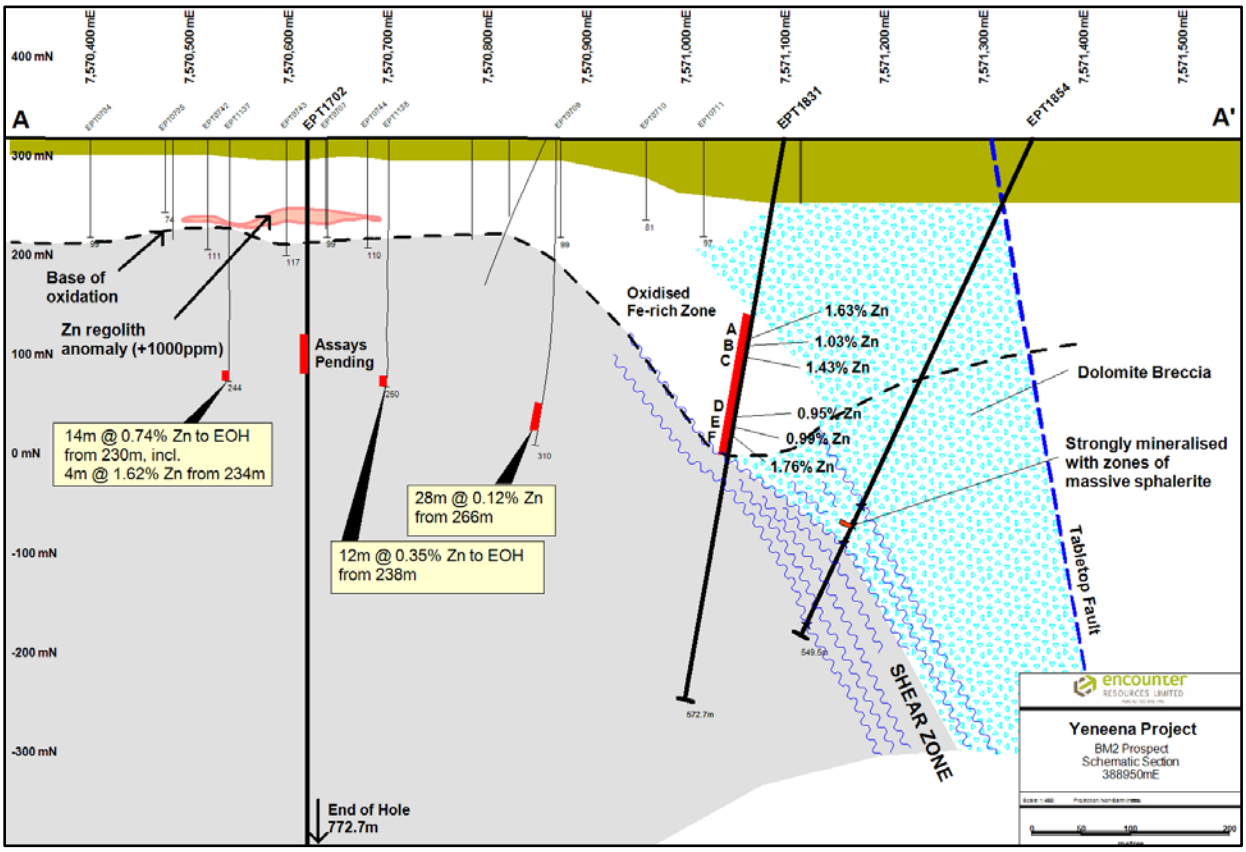

Figure 2 – BM2 Prospect – Schematic Section.
(NB Letters A to F on EPT1831 refer to the location of spot samples submitted for chemical analysis – results see Table 2)

Hole ID	Prospect	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT1702	BM2	7570625	388946	360	772.7	vert	000
EPT1831	BM2	7571100	389950	360	572.4	-80	180
EPT1854	BM2	7571350	389950	360	In progress	-60	180

Table 1: BM2 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.

Sample #	Zinc (%)	Lead (ppm)	Cobalt (ppm)	Molybdenum (ppm)	Copper (ppm)	Iron (%)	Manganese (ppm)	Nickel (ppm)	Thallium (ppm)
A	1.63	132	245	1.7	140	51.1	2150	1070	3.23
B	1.03	148	217	1.9	105	33.9	6690	680	2.43
C	1.43	79.2	272	2.5	110	37	1820	655	0.424
D	0.95	63.1	68.2	63.9	140	44	434	385	0.546
E	0.99	132	72.7	21.3	145	51	1990	690	1.82
F	1.76	128	135	9.9	155	42.1	2520	770	1.46

Table 2: EPT1831 Analytical results from spot samples (sample positions shown on Figure 1).
(Samples also analysed for Al, As, Ag, Bi, U, Ca, Mg, P, S and Zr but not reported)

Project Background & Location Plan

The Yeneena Project covers 1,900km^2 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 a wholly owned subsidiary of Antofagasta plc, one of the world's largest copper producers, whereby it may earn a 51% interest in two tenements within the Yeneena Project by incurring expenditures of US$20 million over a five year period.

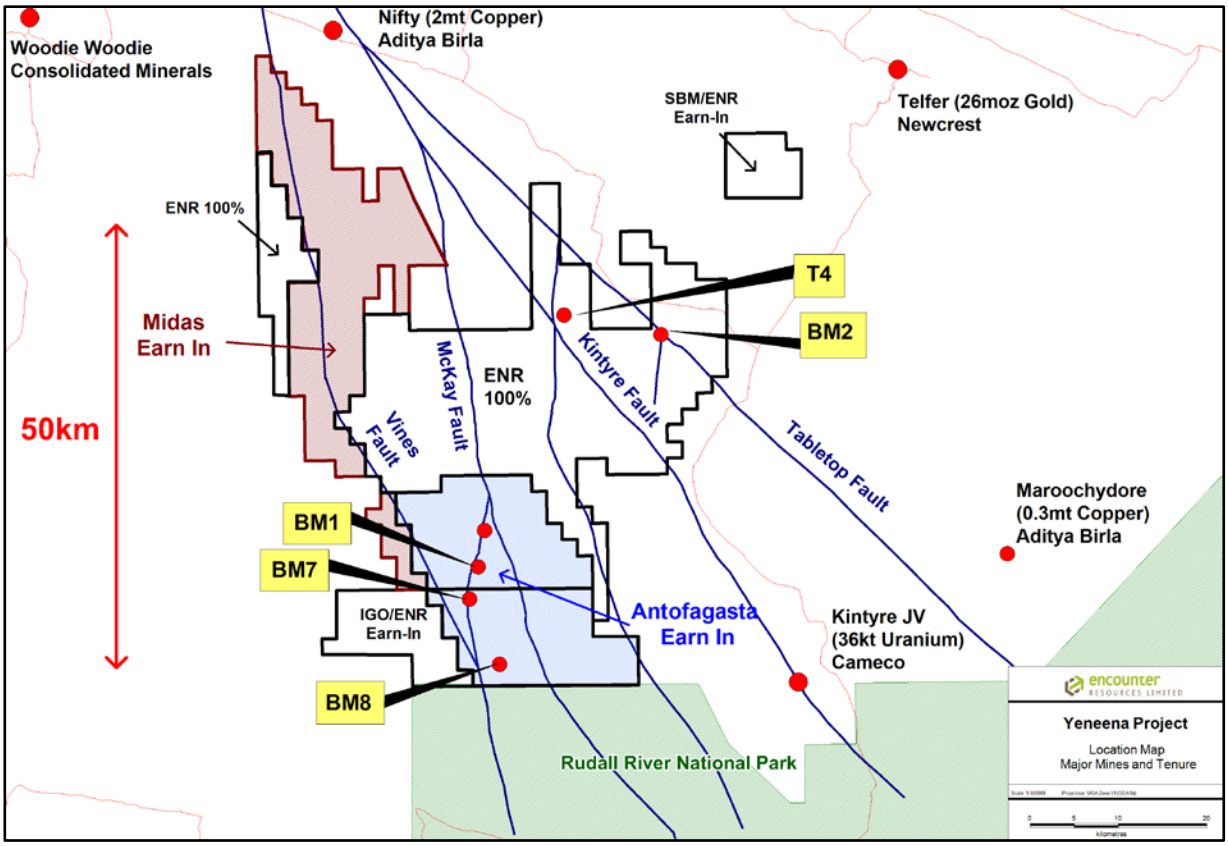

Figure 3. Yeneena Project leasing and targets areas

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 2012 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.

SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	The BM2 project was sampled using Diamond Drilling (DD), with a total of three drill holes drilled for 1895m. The diamond drill program was drilled on a north – south section at a spacing of 250 – 500m. Onsite handheld Niton XRF instruments were used to systematically analyse diamond drill core, with a single reading taken at every meter mark, except in the case of core loss. The host lithologies were targeted and veins and obvious signs of mineralisation avoided. These results are only used for onsite interpretation and the analyses are not reported.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used	Drill hole collar locations were recorded by handheld GPS, which has an estimated accuracy of +/- 5m.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information	Diamond core was drilled with PQ, HQ and NQ2 size and sampled as half core or fillet to produce a bulk sample for analysis. Intervals varied from 0.1 – 4m and were selected on the basis of interpreted geological boundaries, degree of mineralisation during geological logging, core loss and the results of systematic handheld Niton XRF sampling. These samples were sent to Ultratrace Laboratories in Perth, where they were dried, crushed, pulverised and split to produce a sub – sample for ICP – OES and ICP – MS analysis.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	Diamond drilling accounts for 100% of the program. Drill holes were completed using PQ and HQ triple tube and conventional NQ2 sized core. HQ and NQ core was orientated where possible.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed*	Diamond core recoveries/core loss was recorded during drilling and noted during geological logging. Significant core loss occurred in EPT1831 whilst no significant sample recovery problems are thought to have occurred in any other holes drilled during the BM2 diamond drilling program.
	Measures taken to maximise sample recovery and ensure representative nature of the samples	Driller's used appropriate measures to maximise diamond sample recovery, including the use of triple tube. Core loss was recorded by ENRL geologists and sampling intervals were not carried through core loss.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	To date, no detailed analysis to determine the relationship between sample recovery and/or and grade has been undertaken for this diamond drill program.

Criteria	JORC Code explanation	Commentary
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Geological logging was carried out on all diamond drillholes, with lithology, alteration, mineralisation, structure and veining recorded. Where core was orientated, structural measurements were taken.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Geological logging is qualitative in nature and records interpreted lithology, alteration, mineralisation, structure, veining and other features of the samples.
	The total length and percentage of the relevant intersections logged	All drillholes were logged in full with the exception of a single diamond drill hole pre-collar (EPT1854), which was rock rolled from surface to a depth of 105.1m.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Diamond core will be cut on site and in Perth by Encounter Resources Ltd using automatic core saws. Diamond core will be either half-cored or filleted depending on the degree of mineralisation identified during geological logging and systematic handheld Niton XRF sampling. Samples were collected from the same side of the core.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	Not applicable.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Sample preparation will be completed at Ultratrace Laboratories in Perth. Samples were dried, crushed, pulverised (90% passing at a ≤75µM size fraction) and split into a sub – sample that was analysed using a 4 acid digest with an ICP – OES and ICP – MS finish.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Field QC procedures involve the use of commercial certified reference material (CRMs) for assay standards and in house blanks. The insertion rate of these averaged 1:33.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	No duplicates/second half sampling were utilised during this diamond drilling program.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample sizes were considered appropriate to give an accurate indication of base metal anomalism and mineralisation at BM2.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	The samples will be digested and refluxed with hydrofluoric, nitric, hydrochloric and perchloric acids (four acid digest). This digest is considered to approach a total digest for many elements, although some refractory minerals are not completely digested. Analytical methods used were ICP – OES (Al, Ca, Cu, Fe, Mg, Mn, Ni, P, S, Zn, Tl and Ti) and ICP – MS (Ag, As, Bi, Mo, Pb, U and Co).
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	Two handheld XRF instruments were used to systematically analyse onsite. The principal instrument used was a Thermo Scientific XL3t 950 GOLDD+. A Thermo Scientific XL3t 500 GOLDD+ was also used infrequently. Reading times ranged from 20 – 25 seconds. The instruments are serviced and calibrated at least once a year.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests continued	*Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	Laboratory QAQC involved the use of internal lab standards using certified reference material, blanks, splits and replicates as part of in house procedures. The Company also submitted an independent suite of CRMs, blanks and field duplicates (see above). A review of this data will be completed prior to March 2014.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Not applicable to this announcement
	The use of twinned holes.	No twinned holes were drilled at BM2 during this drill program.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Primary data was collected for the BM2 project by hand on printed forms and on toughbook computers using Excel templates and Maxwell Geoservice's LogChief software. Data collected was sent offsite to the Company's Database (Datashed software), which is backed up daily.
	Discuss any adjustment to assay data.	No adjustments or calibrations will be made to any assay data collected at BM2.
Location of data points	*Accuracy and quality of surveys used to locate drillholes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Drill hole collar locations are determined using a handheld GPS. Down hole surveys used single shot readings during drilling. These were taken at approximately every 30m downhole.
	Specification of the grid system used.	The grid system used is MGA_GDA94, zone 51.
	Quality and adequacy of topographic control.	Estimated RLs were assigned during drilling and are to be corrected using VTEM data at a later stage.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	The diamond drill program was drilled on a north – south section at a spacing of 250 – 500m.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	Mineralisation at BM2 has not yet demonstrated to be sufficient in both geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications to be applied.
	Whether sample compositing has been applied.	Compositing of intervals of up to 4m was applied to the BM2 diamond core samples.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	The orientation of key structures and any relationship to mineralisation at BM2 has yet to be identified.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No sampling bias resulting from a structural orientation is known to occur at BM2 at this stage.
Sample security	*The measures taken to ensure sample security.*	The chain of custody is managed by the Company. Samples will delivered by Encounter personnel to the Ultratrace assay laboratory in Perth.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	Sampling techniques and procedures are regularly reviewed internally, as is data. To date, no external audits have been completed on BM2.

SECTION 2 REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties including joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	The BM2 prospect is located within Exploration Licenses E45/2500 and E45/2501. Encounter has a 100% interest in the tenements. These two tenements are subject to 1.5% Net Smelter Royalty to Barrick Gold of Australia. E45/2500 and E45/2501 are contained completely within land where the Martu People have been determined to hold native title rights. No historical or environmentally sensitive sites have been identified in the area of work.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Exploration prior to Encounter in the region is dominated by shallow RAB and some percussion drilling completed in the mid – 2000s, much of which had been incompletely sampled, assayed, and logged. Furthermore, those intervals sampled were mostly composited into large intervals. This early work was focused on gold rather than base metal exploration.
Geology	*Deposit type, geological setting and style of mineralisation*	BM2 is situated in the Proterozoic Paterson Province of Western Australia. A simplified regional stratigraphy of the area comprises the Palaeo-Proterozoic Rudall Complex, unconformably overlain by the Neo-Proterozoic Coolbro Sandstone. On top of this is the Broadhurst Formation, which hosts the BM2 prospect. The BM2 project is considered prospective for SEDEX – style Zn, Pb and Cu mineralisation. Anomalism and mineralisation observed to date at BM2 includes a large base metal (Zn, Pb and Cu) regolith anomaly as well as primary sulphide mineralisation at depth. Significantly, an apparent association between Zn – Pb mineralisation and a shallowly NNW dipping siderite alteration envelope adjacent to the regionally extensive Tabletop has been identified to occur in the area.
Drill hole information	*A summary of all information material to the understanding of the exploration results including tabulation of the following information for all Material drill holes:* • *Easting and northing of the drill hole collar* • *Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar* • *Dip and azimuth of the hole* • *Down hole length and interception depth* • *Hole length*	Refer to tabulations in the body of this announcement.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	Not applicable for this announcement.
	Where aggregated intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Not applicable for this announcement.

Criteria	JORC Code explanation	Commentary
Data aggregation methods continued.	*The assumptions used for any reporting of metal equivalent values should be clearly stated.*	Not applicable for this announcement.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of exploration results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	The geometry of the mineralisation is not yet known due to insufficient deep drilling in the targeted area.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plane view of drill hole collar locations and appropriate sectional views.*	Refer to body of this announcement.
Balanced Reporting	*Where comprehensive reporting of all Exploration Results is not practical, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	All results for Zn, Pb, Cu, Co, Fe, Tl, Mo, Mn and Ni from the Spot Sample are reported in tabulation within this announcement.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observation; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	All meaningful and material information has been included in the body of the text. No metallurgical or mineralogical assessments have been completed.
Further Work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large – scale step – out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	At this stage mineralisation identified during the diamond drill program is indicative and requires further work to test for coherency, as well as for lateral and vertical extensions. A work program is currently in the planning phase and will be reported when completed.