

ASX : ENR

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Company Announcements Office
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High Grade Copper in Diamond Drilling at BM7

- **All four diamond holes drilled in the recent program intersected zones of copper sulphide mineralisation that appears to be strengthening down dip to the east**
- **A zone of well developed copper sulphide intersected in EPT1719 (see ASX announcement 20 September 2013) returned an assay of 5.3m @ 2.5% Cu including 0.7m @ 10.7% Cu**
- **The diamond drill program has confirmed copper sulphide mineralisation extends to depth and established the high grade potential of the BM7 system**
- **The second phase of RC drilling to extend BM7 east and south has also intersected additional visible copper oxide mineralisation. Assays expected October/November 2013**
- **A third phase of RC drilling has commenced at BM7**

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

“This BM7 tenement was granted in August 2012. Since then the Company has outlined a 6km x 3km copper system that is still growing. We have attracted a quality partner in Antofagasta plc and our first joint diamond drill program has produced high grade copper sulphide mineralisation.”

“We know that the mineral system at BM7 has scale and this latest drilling demonstrates the grade potential of the system. This is the first deep drilling on this tenement and the drill lines were 800m apart. The mineralisation seen at BM7 shows geological similarities to the Nifty deposit located 65km to our north that contained a pre-mined resource of 2 million tonnes of copper metal” said Managing Director, Will Robinson.

Diamond Drilling BM7 (Antofagasta earn-in)

The four hole diamond drill program at BM7 was completed in September 2013. Assay results from the last two holes of the program, EPT1718 and EPT1719, have been received.

EPT1719 intersected a 5.3 metre zone, with locally massive copper sulphides forming as breccia cement near the upper boundary of a narrow carbonate unit (see ASX announcement

20 September 2013 and Photo 1). This zone returned an assay of 5.3m @ 2.5% Cu from 387.6m including 0.7m @ 10.7% Cu from 388.6m.



Photo 1 - EPT1719 – ~387.6m to 392.9m – Veined and brecciated carbonate with local massive copper sulphide breccia cement

This high grade primary mineralisation is a validation of the target mineralisation style similar to the Nifty copper deposit located 65 km north of BM7. The Nifty copper sulphide mineralisation is a shallow plunging body with the strongest mineralisation located at the keel of a synform (Figure 1).

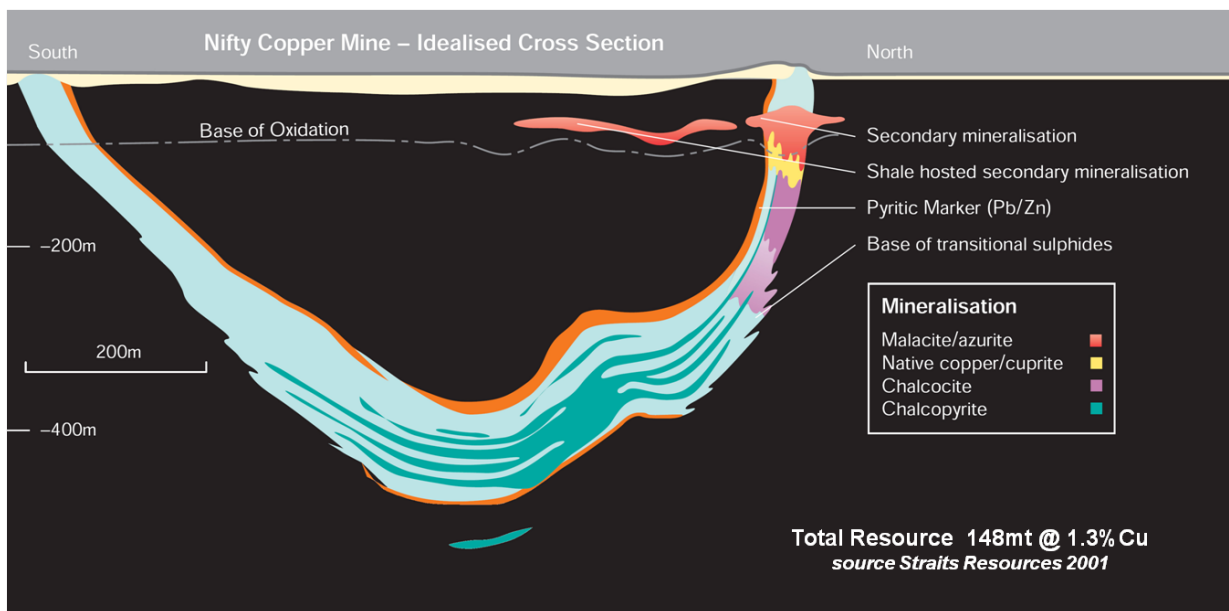


Figure 1 – Nifty Copper Deposit – Idealised Cross Section

It is interpreted that the BM7 mineralisation is stratabound within a package of shallow easterly dipping carbonate units separated by calcareous shales (Figure 2). The mineralisation appears to be stronger as drilling progresses down dip to the east with the sulphide assemblage becoming more chalcopyrite dominant. It is interpreted that EPT1719 is vectoring towards the centre of the mineral system at BM7. This observation, together with the copper oxides

intersected 1-2km to the east of BM7, support an interpretation of a potential synformal structure.

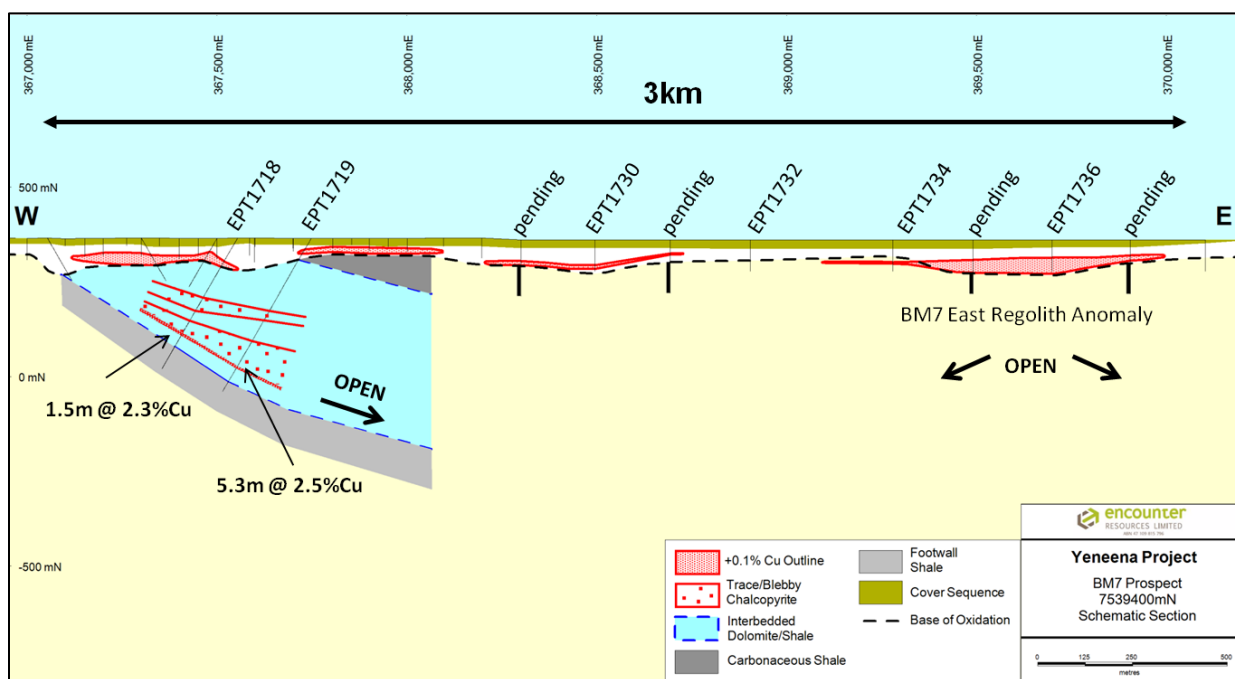


Figure 2 – Schematic Section BM7 Prospect (7539400mN) A-A' (refer Figure 3)

RC Drill Program – BM7 (Antofagasta earn-in)

The mineral system discovered at BM1-BM6-BM7 is now over 13km long and remains open along strike.

All assay results from the first phase of RC drilling have now been received. Assays have confirmed a new zone of near surface copper oxide and copper sulphide mineralisation to the south and east of BM7 (Figure 3).

Assays received from first phase drilling within this zone include:

EPT1726 - 18m @ 0.4% Cu from 38m including 2m @ 1.2% Cu from 46m (previously reported)

EPT1734 - 22m @ 0.2% Cu from 42m including 2m @ 1.2% Cu from 58m (previously reported)

EPT1753 - 22m @ 0.3% Cu from 18m including 2m @ 1.6% Cu from 18m

EPT1755 - 50m @ 0.1% Cu from 32m to end of hole including 2m @ 1.2% Cu from 58m

A second phase of RC drilling has also been completed. The objective of this 1,700 metre, follow up program was to complete a number of deeper infill holes within the initial 800m x 400m drill pattern and to expand the drilling further south of BM7. The second phase program has also been successful with visual copper mineralisation intersected in a number of additional drill holes. Ten of the fifteen holes drilled contained visible copper mineralisation or elevated copper anomalism confirmed by handheld XRF (shown as white dots on Figure 3).

These results are considered important given the broad spacing of the two RC drill programs. The copper oxide blanket discovered at the east of BM7 contains zones of high grade copper oxide mineralisation and is laterally extensive. It is interpreted that this level of anomalism is potentially the product of dispersion from a body of primary copper sulphide that is in direct contact with the regolith profile. This regolith copper blanket provides a helpful medium to zone

towards the primary source of this secondary copper oxide blanket. Accordingly, a third phase of infill RC drilling has recently commenced at BM7 (10 holes, 1,200 metres).

Remaining assays from the second phase RC program are expected to be received in October 2013 followed by the third phase of assays in November 2013.

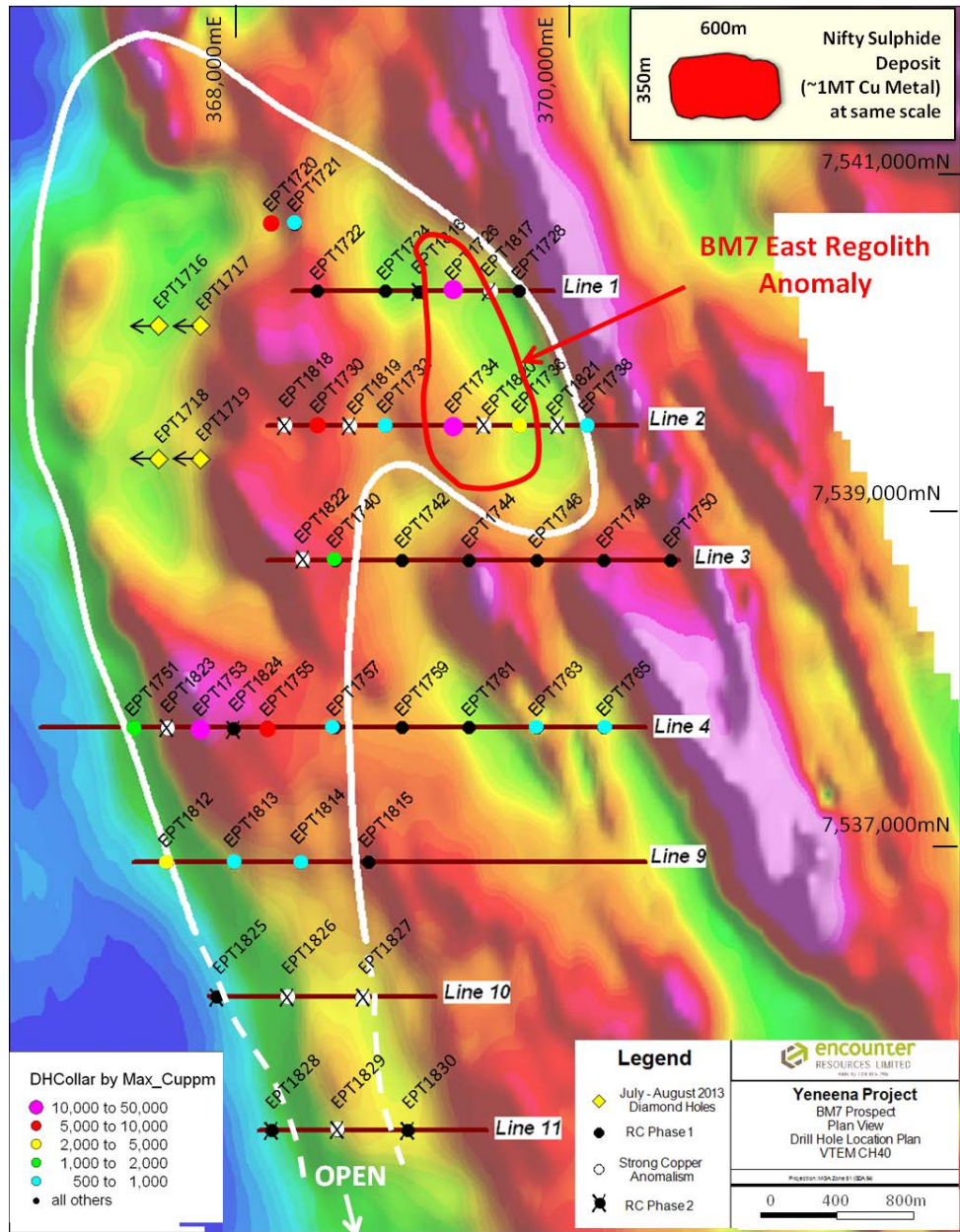


Figure 3 – BM7 Prospect – Diamond and RC Drill Plan (Background image - VTEM CH40)

BM2 - EIS Co Funded Diamond Drilling (ENR 100%)

Two co-funded diamond drill holes at the BM2 Zinc-Copper prospect have been completed under the WA Government Exploration Incentive Scheme. EPT1831 has 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). The heavily preferentially weathered zone, which starts from a depth of 175m, may represent the weathered remnants of a body of zinc sulphide mineralisation. A third hole will be drilled targeting this body below the base of weathering to assist with determining the orientation of this thick, potentially gossanous horizon. This hole will be completed in October 2013.

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	466	-60	270

Table 1: BM7 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	Depth from (m)	Depth to (m)	Interval (m)	Copper (%)	Cobalt (ppm)
EPT1718	BM7	27.6	30.3	2.7	0.11	32
	and	66.3	71	4.7	0.52	60
	and	76	82.2	6.2	0.23	69
	and	95.2	106.75	11.55	0.22	105
	and	201.7	214.7	13	0.25	435
	and	273.25	274.3	1.05	0.3	93
	and	284.2	293	8.8	0.67	295
	incl.	285.6	287.1	1.5	2.28	527
	and	305.7	307.2	1.5	0.28	145
EPT1719	BM7	27.6	43.1	15.5	0.42	98
	and	109	110	1	0.21	32
	and	124	125	1	0.14	216
	and	135.2	136.8	1.6	0.1	67
	and	160.9	162	1.1	0.11	95
	and	215.9	217.2	1.3	0.18	134
	and	231.8	237.2	5.4	0.17	282
	and	245.1	246.3	1.2	0.18	564
	and	264.1	277	12.9	0.15	86
	and	312.5	313.7	1.2	0.15	108
	and	321.3	322.8	1.5	0.13	165
	and	385.7	392.9	7.2	1.89	238
	incl.	387.6	392.9	5.3	2.49	242
incl.	388.6	389.3	0.7	10.7	781	
and	394.3	395.7	1.4	0.16	166	
and	401.75	408.6	6.85	0.11	101	

Table 2: BM7 Diamond Drill Hole Assay Summary (EPT1718 and EPT 1719)

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
EPT1740	BM7	7538697	368604	360	82	vert	0
EPT1742	BM7	7538695	369001	360	82	vert	0
EPT1744	BM7	7538699	369395	360	82	vert	0
EPT1746	BM7	7538702	369802	360	82	vert	0
EPT1748	BM7	7538705	370203	360	82	vert	0
EPT1750	BM7	7538701	370607	360	82	vert	0
EPT1751	BM7	7537700	367403	360	82	vert	0
EPT1753	BM7	7537702	367798	360	82	vert	0

EPT1755	BM7	7537696	368198	360	82	vert	0
EPT1757	BM7	7537700	368604	360	82	vert	0
EPT1759	BM7	7537700	369000	360	82	vert	0
EPT1761	BM7	7537700	369399	360	82	vert	0
EPT1763	BM7	7537699	369807	360	82	vert	0
EPT1765	BM7	7537698	370201	360	82	vert	0
EPT1812	BM7	7536905	367602	360	82	vert	0
EPT1813	BM7	7536898	367999	360	82	vert	0
EPT1814	BM7	7536896	368396	360	82	vert	0
EPT1815	BM7	7536903	368806	360	82	vert	0

Table 3: BM7 RC Drill hole information BM7 East (Lines 3,4 and 9)

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	Depth from (m)	Depth to (m)	Interval (m)	Copper (%)	Cobalt (ppm)
EPT1740	BM7	52	62	10	0.12	186
EPT1751	BM7	24	28	4	0.10	17
	and	38	40	2	0.10	177
EPT1753	BM7	18	40	22	0.33	493
	incl.	18	20	2	1.58	3750
EPT1755	BM7	32	82*	50	0.13	50
	incl.	58	60	2	1.16	397
EPT1757	BM7	52	54	2	0.11	21
EPT1812	BM7	56	70	14	0.13	80

Table 4: BM7 RC Drill Hole Assay Summary (Lines 3,4 and 9)

*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. EOH = End of hole depth * denotes EOH interval*

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 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.

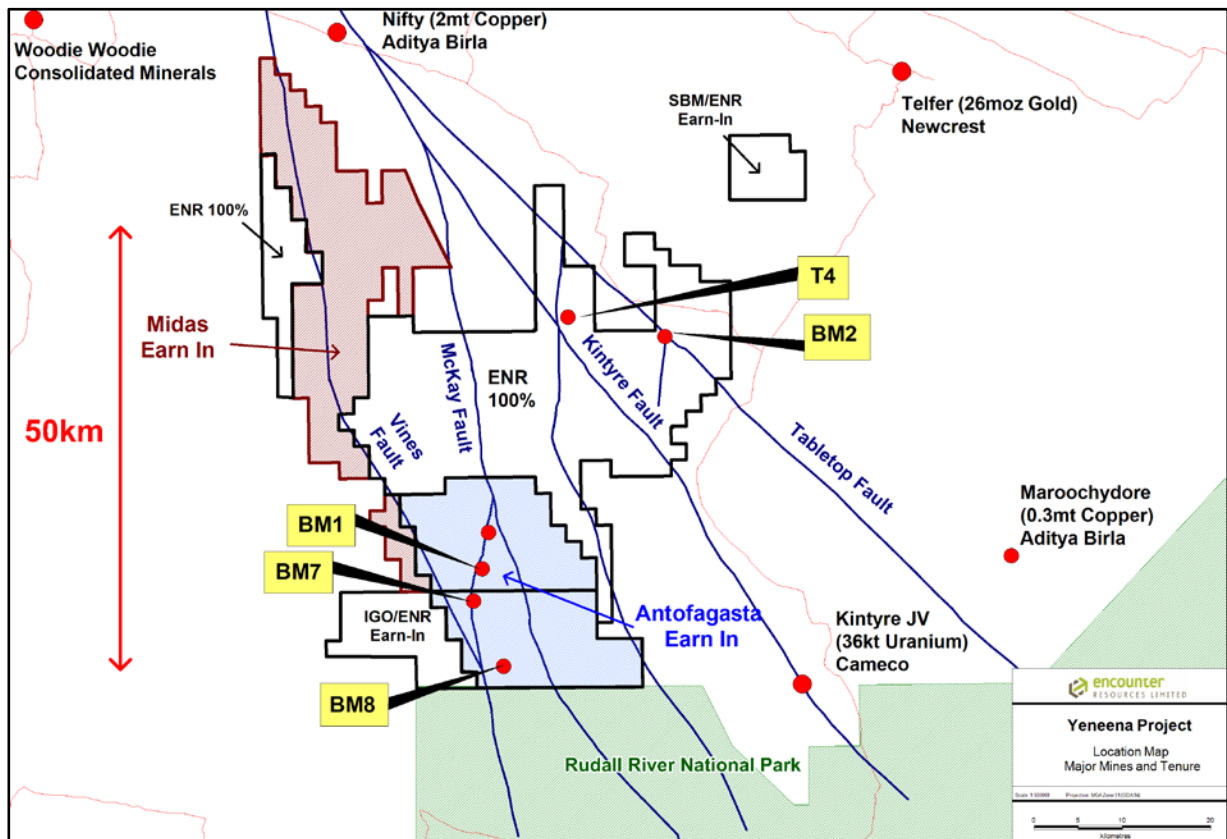


Figure 4. Yeneena Project leasing and targets areas

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.