

ASX : ENR

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Company Announcements Office
Australian Securities Exchange
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Sydney NSW 2000

Thick zone of copper-cobalt mineralisation in first deep drill hole at BM7

- **First diamond hole at the recently identified BM7 prospect intersected extensive zones of copper - cobalt sulphide mineralisation.**
- **Assay results from EPT1109 returned 274m @ 0.12% copper and 174ppm cobalt from 110m including:**
 - **27m @ 0.22% copper and 338ppm cobalt from 185m;**
 - **7m @ 0.25% copper and 250ppm cobalt from 237m; and**
 - **102m @ 0.19% copper and 243ppm cobalt from 274m.**
- **Alteration and mineralisation intersected in EPT1109 is consistent with a position marginal to a major sediment-hosted copper deposit.**

The directors of Encounter Resources Ltd ("**Encounter**" or "**the Company**") are pleased to provide results from the initial batch of assays from diamond drill hole EPT1109 drilled at the BM7 prospect in the Yeneena project (Western Australia).

Background:

The Company announced the identification of a large scale copper oxide anomaly at BM7 in an ASX announcement dated 24 November 2011. The BM7 prospect is located 3km south of the BM1 discovery and situated at the intersection of the north-east trending Queen fault and the regional extensive McKay fault. Copper oxide mineralisation has been defined by aircore drilling over 3.5km along the Queen fault and remains open both along strike and to the south (Figure 1).

Copper oxide mineralisation at BM7 is best developed at the intersection of the Queen and McKay faults. At this location, near surface copper oxide anomalism in excess of 0.1% copper extends over an area approximately 1km by 750m.

Diamond hole EPT1109 is the first hole drilled beneath the large scale copper oxide anomaly at BM7 and was positioned along the south eastern limb of the anomaly (Figure 2). It was sited in this position to test immediately beneath an interpreted disseminated sulphide gossan intersected at the bottom of aircore hole EPT1029 (Figure 3). The hole intersected an extensive hydrothermal stockwork system containing broad zones of finely disseminated, locally blebby and stringer copper sulphide mineralisation (see ASX announcement 5 December 2011).

Results from EPT1109:

Assay results from EPT1109 have been received for the interval from 100m to 422.2m (end of hole). These confirm the entire zone of previously-reported visible sulphide mineralisation is highly anomalous in copper and cobalt and includes multiple bands of stronger mineralisation. Details of the drill hole and assay results are shown in Tables 1 and 2 below. Mineralisation is hosted in both carbonate and shale rock types. Chalcopyrite is the dominant copper sulphide mineral.

These results indicate the presence of a large-scale, depth-extensive, primary copper-mineralisation system at BM7. The observed coincidence of copper and cobalt mineralisation is a common association in Proterozoic sediment-hosted copper deposits, such as those in the Zambian Copper Belt. This mineralisation intersected in EPT1109 is similar in style and intensity to what would be expected on the margin of a major sediment-hosted copper deposit.

Next Steps:

The next round of drilling at BM7 is scheduled to commence in March/April 2012. This program will focus on the area to the north and west of EPT1109, directly adjacent to the Queen fault where the copper bearing fluids may have been more focused and therefore mineralisation more intense. The initial program is planned to commence with a pattern of RC drill holes to a depth of approximately 250m that will be extended by follow up diamond drilling.

Hole ID	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT1109	7541100	367650	320	422.2	-60	090

Table 1: EPT1109 - Drill hole information

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

Hole ID	Depth from (m)	Depth to (m)	Interval (m)	Copper (%)	Cobalt (ppm)
EPT1109	110.5	384	273.5	0.12	174
including	119	136.2	17.2	0.13	38
and	184.9	211.9	27	0.22	338
and	237	244.1	7.1	0.25	250
and	274	376.2	102.2	0.19	243
including	274	289.9	15.9	0.22	238
and	294	307.3	13.3	0.30	308
and	319	332	13	0.24	230
and	337.7	376.2	38.5	0.22	325
and	399.5	405	5.5	0.23	119

Table 2: EPT1109 - Assay Results Summary

0-100m (assays pending).

Intervals listed are composited from individual assays using a nominal cut off of 0.1% copper. Narrow zones of below 0.1% copper have been included in +100m thick composite calculations.

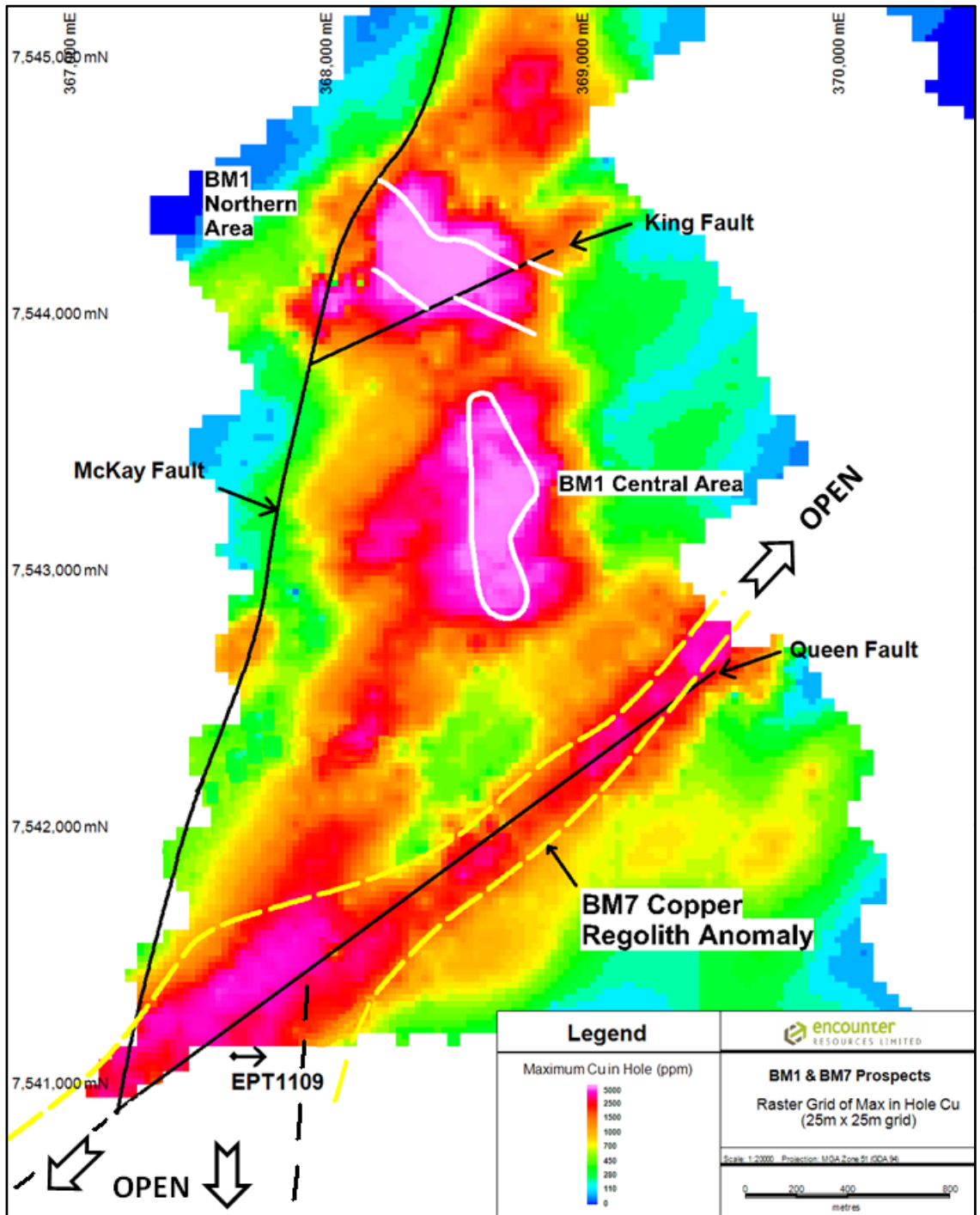


Figure 1: BM1 and BM7 prospects shown with a gridded image of maximum copper in hole

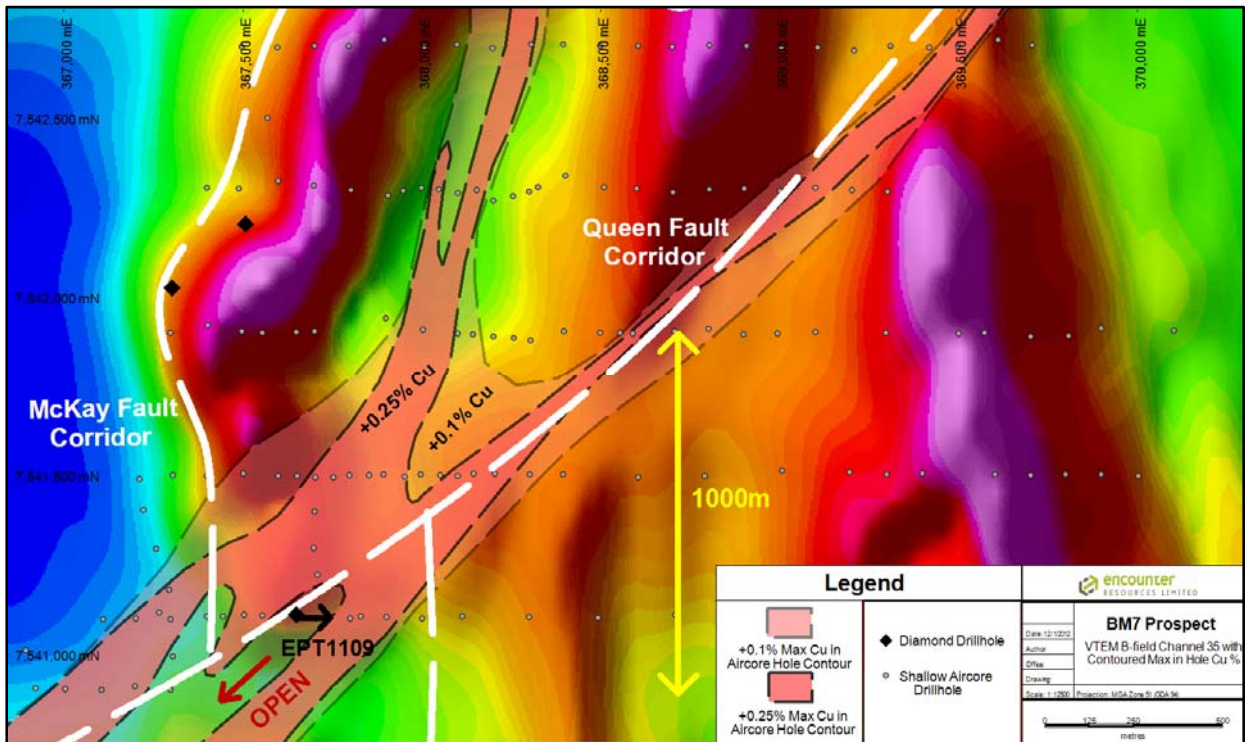


Figure 2: BM7 prospect contoured maximum copper in aircore holes over EM

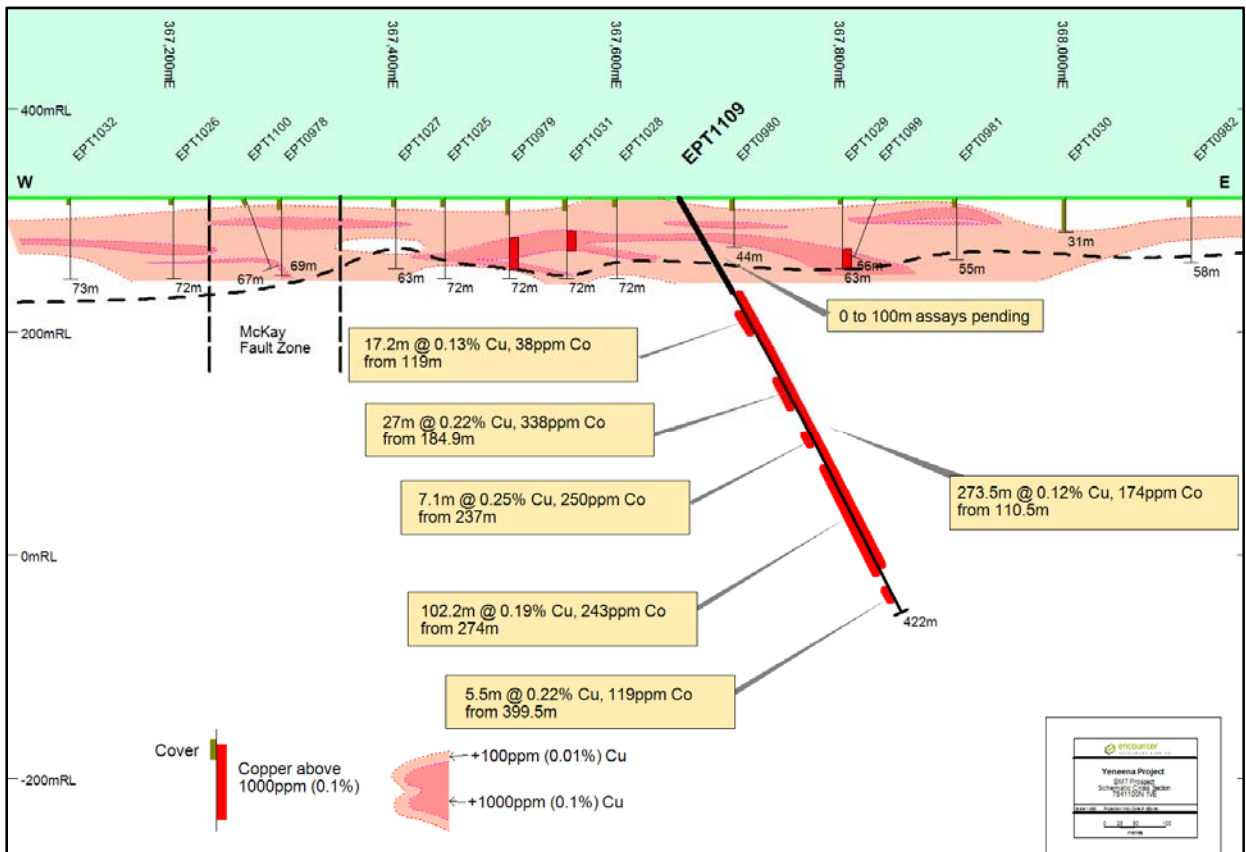


Figure 3: BM7 prospect Cross Section 7541100mN

Project Background & Location Plan

The BM7 prospect is one of several high quality prospects within the 100% owned Yeneena project. The Yeneena project covers 1300km² of the Paterson Province in Western Australia and is located 40km SE of the Nifty copper mine and 30km NW of the Kintyre uranium deposit (Figure 4). 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).

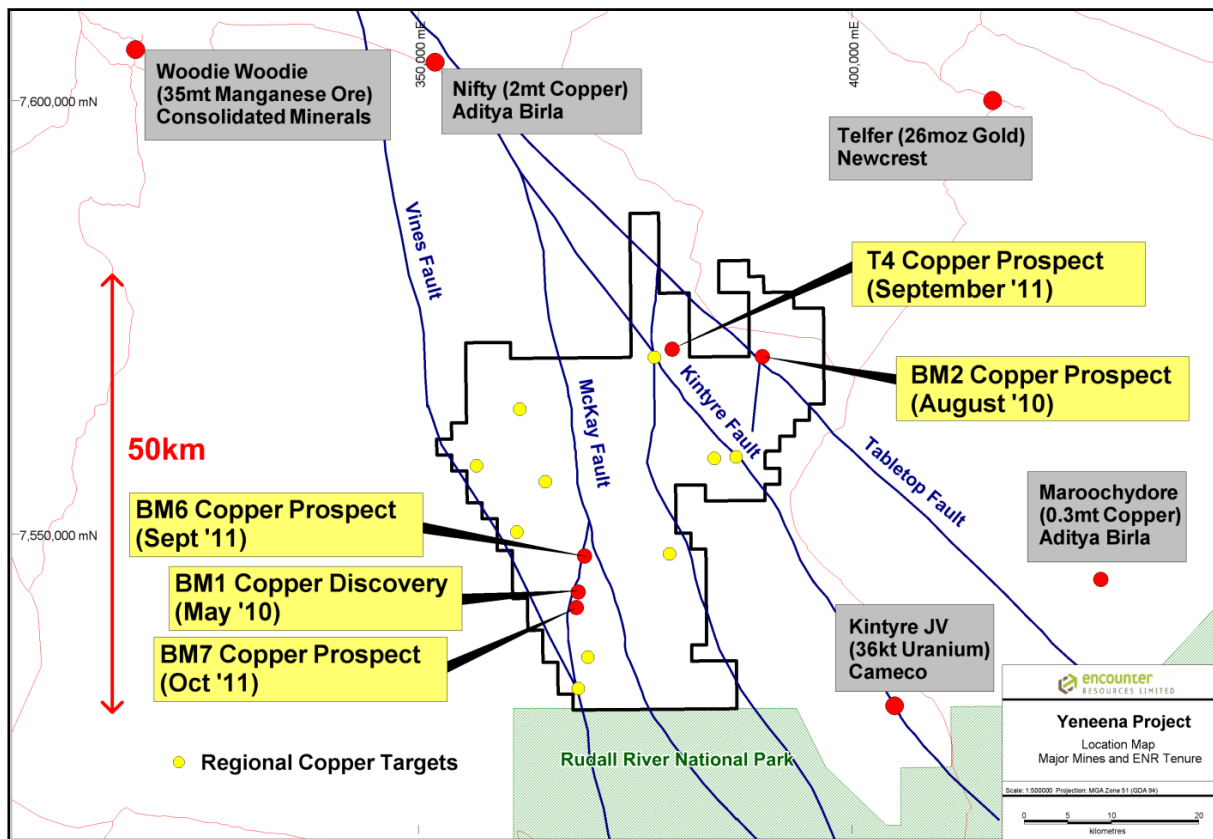


Figure 3: Yeneena Project leasing and target areas

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.