

ASX : ENR

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Company Announcements Office
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Copper and zinc mineralisation at BM2

- **WA Government Exploration Incentive Scheme co-funded RC drilling program intersects copper and zinc sulphide mineralisation at BM2**
- **Results include:**
 - **26m @ 0.60% copper from 100m**
 - **14m @ 0.74% zinc from 230m to end of hole**
- **Mineralisation remains open to the west and at depth**
- **VTEM survey completed with conductor modelled down dip to the west of copper sulphide mineralisation**

The directors of Encounter Resources Ltd ("**Encounter**" or "**the Company**") are pleased to provide assay results from RC drilling program completed at the BM2 Prospect at the Yeneena project ("**Yeneena**"). The drilling was co-funded through the Western Australian Government Exploration Incentive Scheme ("**EIS**").

Background:

The BM2 prospect is located on the regionally extensive Tabletop Fault. This structure is known to be metallogenically important and is closely associated with the position of the Nifty Copper deposit, 50km along strike to the north-west (Figure 3). Previous aircore drilling defined a broad zone of copper anomalism (+0.25% Cu) over a strike extent of 800m (Figure 1). The identification of this significant base metal anomaly was made in an area of no outcrop, with up to 20m of transported overburden.

The RC drilling program at BM2 was designed to test for the source of the copper regolith anomaly and provide pre-collars for deeper diamond drilling.

Results from 2012 EIS drill program:

A total of nine RC holes (EPT1136A-1143 and 1171 for 2024m) and one diamond drill hole (EPT1174 for 434m) were completed in this phase of drilling at BM2 (Figure 1). Assay results have been received from all the RC holes. Core from the diamond hole has been cut with samples transported to the laboratory for analysis.

The RC drill program was designed to test up dip and to the west of section 389350mE (A-A' Figure 1) where previous diamond drilling had intersected a broad zone of zinc sulphide mineralisation (ASX announcement 28 November 2011). The initial six holes of the 2012 program were designed as vertical holes spaced 160m apart on 200m spaced sections (EPT1136A-1141). Three holes were added to the program, EPT1142 and EPT1143 were drilled -60° to the south as pre-collars for later diamond drilling and EPT1171 was drilled at -65° to the south to test under the copper mineralisation intersected in EPT1140.

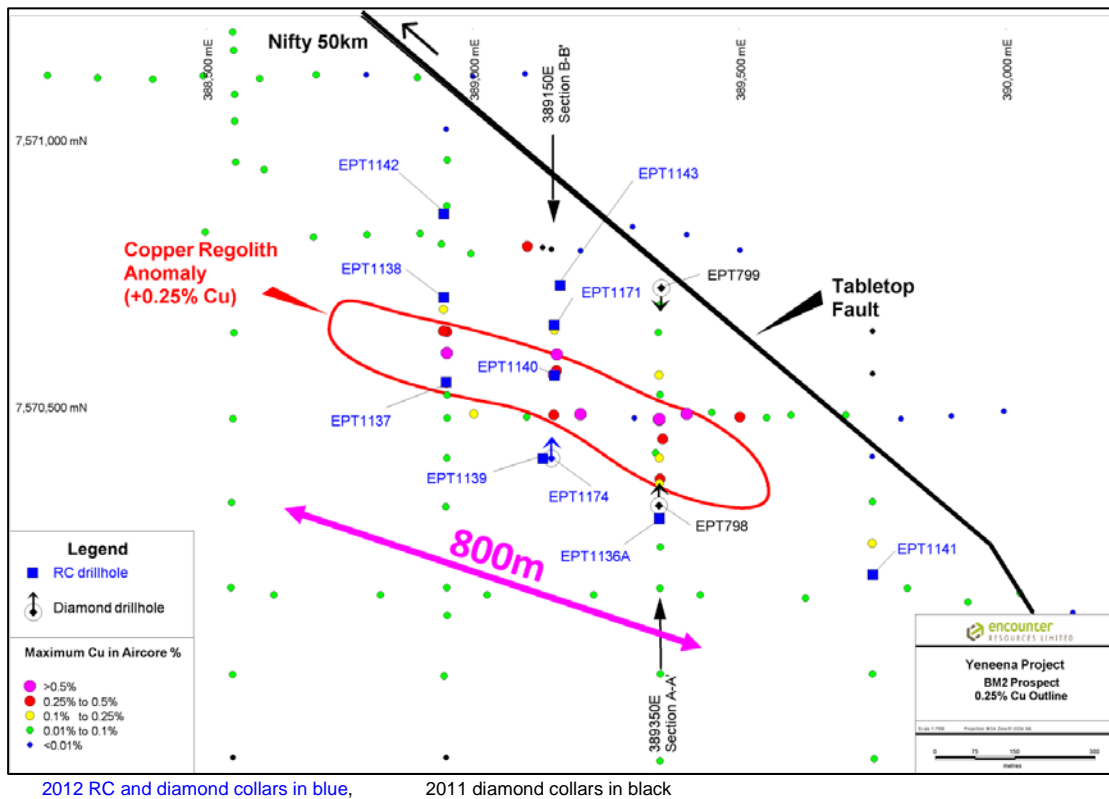


Figure 1: BM2 maximum diamond copper in aircore drilling and drill status plan

The program of RC drilling confirmed a heavily leached oxide profile with many holes showing a strengthening of mineralisation at depth. RC holes EPT1136A through to EPT 1141 all ended in anomalous zinc and lead and have mapped out an extensive area of base metal sulphide mineralisation that extends over 1km in strike (Table 2).

Drill hole EPT 1140, collared in the core of the regolith copper anomaly returned the first sulphide copper intersection at BM2.

26m @ 0.60% copper from 100m incl. 10m @ 0.92% copper from 100m

This intersection sits below the depth of the original aircore drilling and remains open to the west and at depth.

Diamond drill hole EPT1174 was collared from surface and drilled to the north at -60° . The hole has recently been cut and sampled with samples sent to the laboratory in Perth for analysis. Logging of EPT1174 identified copper oxide minerals above the base of oxidation and an extensive zone of zinc sulphides in veins from 150m downhole to the end of the hole. Assays from this hole are expected in 2-3 weeks.

A helicopter based VTEM (“Versatile Time domain Electromagnetic”) survey was recently completed over the BM2 prospect. A series of 150m spaced north-south lines were flown to assess whether any conductors could be mapped out within the area of the copper regolith anomalism.

Initial processing and modelling of the VTEM data has now been completed and has outlined a shallow NE dipping conductor centred to the west and downdip of EPT 1140.

Further drilling at the BM2 prospect is planned to test the modelled EM conductor located adjacent to the copper mineralisation intersected in EPT1140.

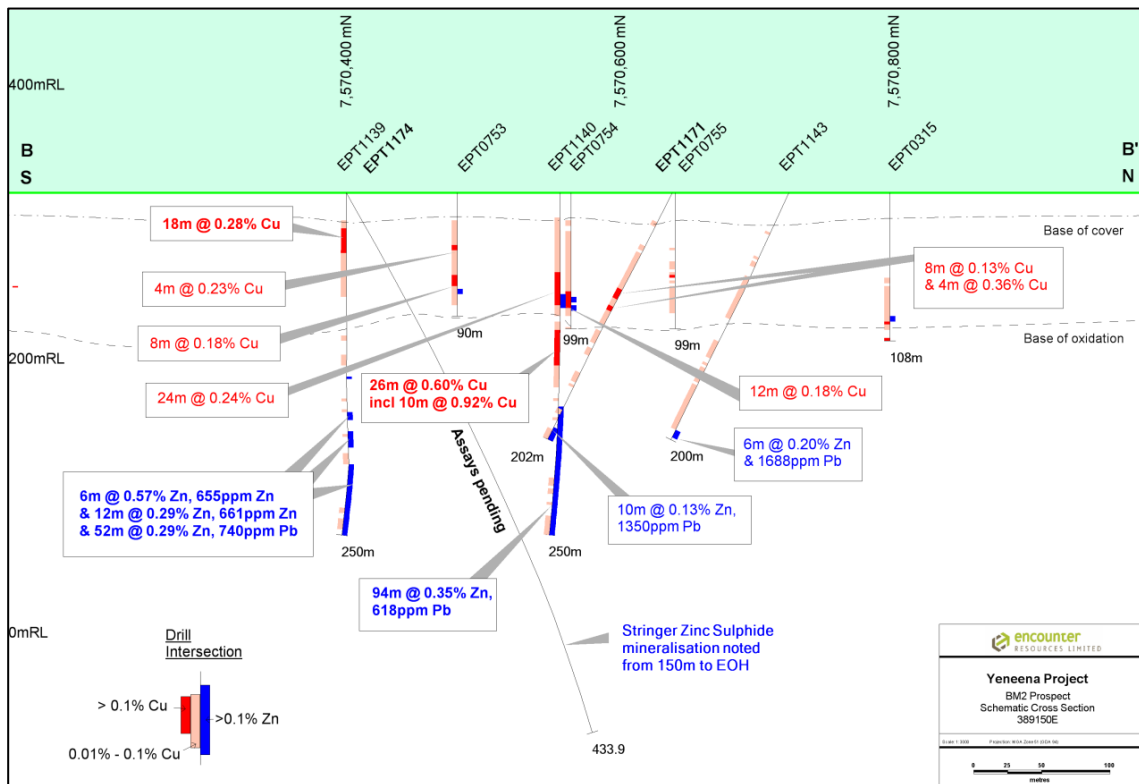


Figure 2: BM2 Cross Section 389350mE

Hole ID	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT1136A	7542024	367303	320	220	90	000
EPT1137	7541707	366856	320	244	90	000
EPT1138	7541701	367252	320	250	90	000
EPT1139	7541700	367117	320	250	90	000
EPT1140	7541503	367451	320	250	90	000
EPT1141	7541501	367252	320	214	90	000
EPT1142	7541500	367859	320	160	60	180
EPT1143	7541499	367048	320	200	60	180
EPT1171	7541497	367655	320	202	65	180
EPT1174	7541496	367171	320	433.9	60	000

Table 1: BM2 – RC Drill hole information

Hole ID	From(m)	To(m)	Interval(m)	Copper (%)	Zinc (%)	Lead (ppm)
EPT 1136A	176	196	20	-	0.17	608
and	208	220*	12	-	0.12	264
EPT 1137	70	72	2	0.13	0.09	2140
and	84	86	2	-	0.22	474
and	148	168	20	-	0.32	563
and	174	180	6	-	0.12	450
and	210	220	10	-	0.20	636
and	230	244*	14	-	0.74	1809
<i>incl.</i>	<i>234</i>	<i>238</i>	<i>4</i>	<i>-</i>	<i>1.61</i>	<i>2695</i>
EPT 1138	190	216	26	-	0.19	370
and	232	250*	18	-	0.28	404
EPT 1139	26	44	18	0.28	-	-
and	160	166	6	-	0.57	655
and	174	186	12	-	0.29	661
and	198	250*	52	-	0.29	740
EPT 1140	58	82	24	0.24	-	-
and	74	84	10	-	0.23	-
and	100	126	26	0.60	-	-
<i>incl.</i>	<i>100</i>	<i>110</i>	<i>10</i>	<i>0.92</i>	<i>-</i>	<i>-</i>
and	156	250*	94	-	0.35	618
EPT 1141	84	92	8	-	0.16	-
and	176	214*	38	-	0.18	614
EPT 1143	192	198	6	-	0.20	1688
EPT 1171	78	86	8	0.13	-	-
and	94	98	4	0.36	-	-
and	192	202*	10	-	0.13	1350

Table 2: BM2 – RC Drill hole results

Drill hole coordinates GDA94 zone 51 datum and determined via handheld GPS (+/-5m),
EOH = End of hole depth; * = assay interval extends to EOH, m=metre; azi=azimuth.
Assay intervals reported are greater than 0.1% copper or 0.1% zinc.

Project Background & Location Plan

The BM2 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).

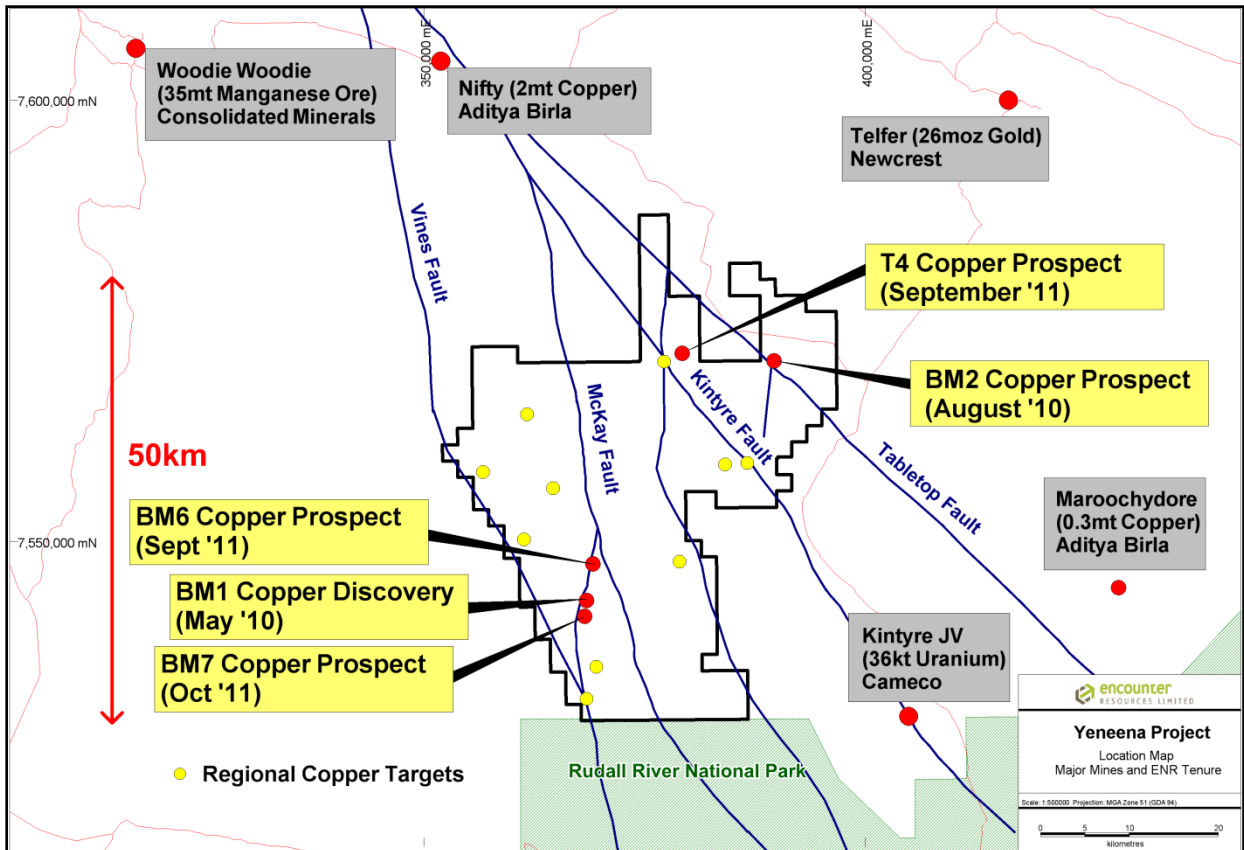


Figure 3: Yeneena Project leasing, key structures and target areas

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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.