

ASX : ENR

4 October 2012

Company Announcements Office
Australian Securities Exchange
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Sydney NSW 2000

Up to 4.9% Copper intersected at BM7

- **Additional thick zones of copper sulphide mineralisation including the highest grade interval to date from BM7 drilling**
- **Drilling has outlined copper mineralisation at BM7 over an area 800m x 1km at the northern end of a large geophysical anomaly (conductivity low)**
- **Heritage survey completed to facilitate the drilling of the southern 2.5km extension of the geophysical anomaly**
- **Aircore drilling at BM7 scheduled to re-commence in early October 2012**

The directors of Encounter Resources Ltd (“**Encounter**” or “**the Company**”) are pleased to provide an update on progress at the BM7 prospect within the Yeneena project in the Paterson Province of Western Australia.

Assay results from the diamond drilling program have provided more evidence of the discovery of a large scale copper-cobalt system at BM7. Broad zones of disseminated sulphide mineralisation in excess of 250m thick and narrow zones of high grade copper mineralisation have been intersected.

Results from the latest batch of assays from diamond drilling include:

- **279m @ 0.1% Cu and 100ppm Co from 172m including 23m @ 0.31% Cu and 170ppm Co and 6m @ 0.7% Cu and 435ppm Co in EPT1244**
- **73m @ 0.4% Cu and 100ppm Co from 74m including 8m @ 1.0% Cu and 120ppm Co and 0.9m at 4.9% Cu and 350ppm Co in EPT1159**

The initial discovery of strong copper-cobalt mineralisation at the BM7 prospect was first announced in June 2012 (see ASX announcement 1 June 2012). BM7 is located 3km south of the initial copper discovery at the Yeneena project located at the BM1 prospect (grades up to 10m @ 6.8% Cu).

Assay results released previously from BM7 drilling include:

- **34m @ 0.6% Cu from 156m including 10m @ 1.6% Cu**
- **22m @ 0.4% Cu from 140m including 2m @ 2.9% Cu**
- **34m @ 0.5% Cu from 20m including 14m @ 0.8% Cu**
- **33m @ 0.4% Cu from 410m including 19m @ 0.5% Cu**
- **16m @ 0.4% Cu from 498m including 7m @ 0.7% Cu**

The copper mineralisation in drill hole EPT1159, which included an intersection up to 0.9m @ 4.9% Cu, has demonstrated the potential for high grade copper within the large mineral system at BM7. The scale potential of the prospect has already been established with broad thicknesses of lower grade copper mineralisation intersected over a large area (see Figure 1).

Since the initial copper discovery at BM7, copper mineralisation has been intersected in the majority of drill holes completed within the geophysical anomaly (conductivity low) adjacent to the McKay Fault over an area approximately 800m x 1km.

The mineralisation remains open to the south where the southernmost section drilled to date has defined a corridor of copper mineralisation in excess of 1km wide along the southern boundary of E45/2658 (see Figure 2).

The tenement directly to the south of the BM7 drilling, E45/2805, was previously held by the Company as an application and hence the Company was prevented from extending the drill program further south. This tenement, E45/2805, has been converted from an application and was granted in August 2012. A heritage survey at the new tenement was completed last week and drilling is scheduled to re-commence in early October 2012 to test the remaining 2.5km long geophysical target.

Mineralised intersections of 14m @ 0.8% Cu, 7m @ 0.7% Cu, 2m @ 2.9% Cu, 2m @ 2.2% Cu and 19m @ 0.5% Cu are all located on the most southern line of drilling at BM7 which is 100m from the boundary of the new tenement. It is expected that further copper mineralisation will be intersected as we progress further south.

The copper mineralisation at BM7 is coincident with a 3km long geophysical anomaly (conductivity low) that is interpreted to represent a broad zone of silicification and dolomitisation (Figure 2). This silicification and dolomitisation is observed to be an important alteration halo surrounding major sediment-hosted copper deposits such as Nifty and Mt Isa. The close spatial relationship between the area of copper mineralisation at BM7 and the geophysical anomaly is compelling.

“We are still drilling on a broad spacing (200m x 200m) within a very large copper mineral system at BM7 and hitting copper in most drill holes. It is expected that the copper mineralisation at BM7 extends further south given that there are intersections grading between 0.5% and 2.9% copper within 100 metres of the boundary of the new tenement” said Managing Director, Will Robinson.

Next steps:

A track mounted aircore rig is scheduled to re-commence the drill program at BM7 in early October 2012. The program will initially drill a 400 x 200 pattern and then infill within the areas of stronger copper mineralisation. The aircore rig will be used for a first pass assessment with deeper RC or diamond drilling to follow pending positive results.

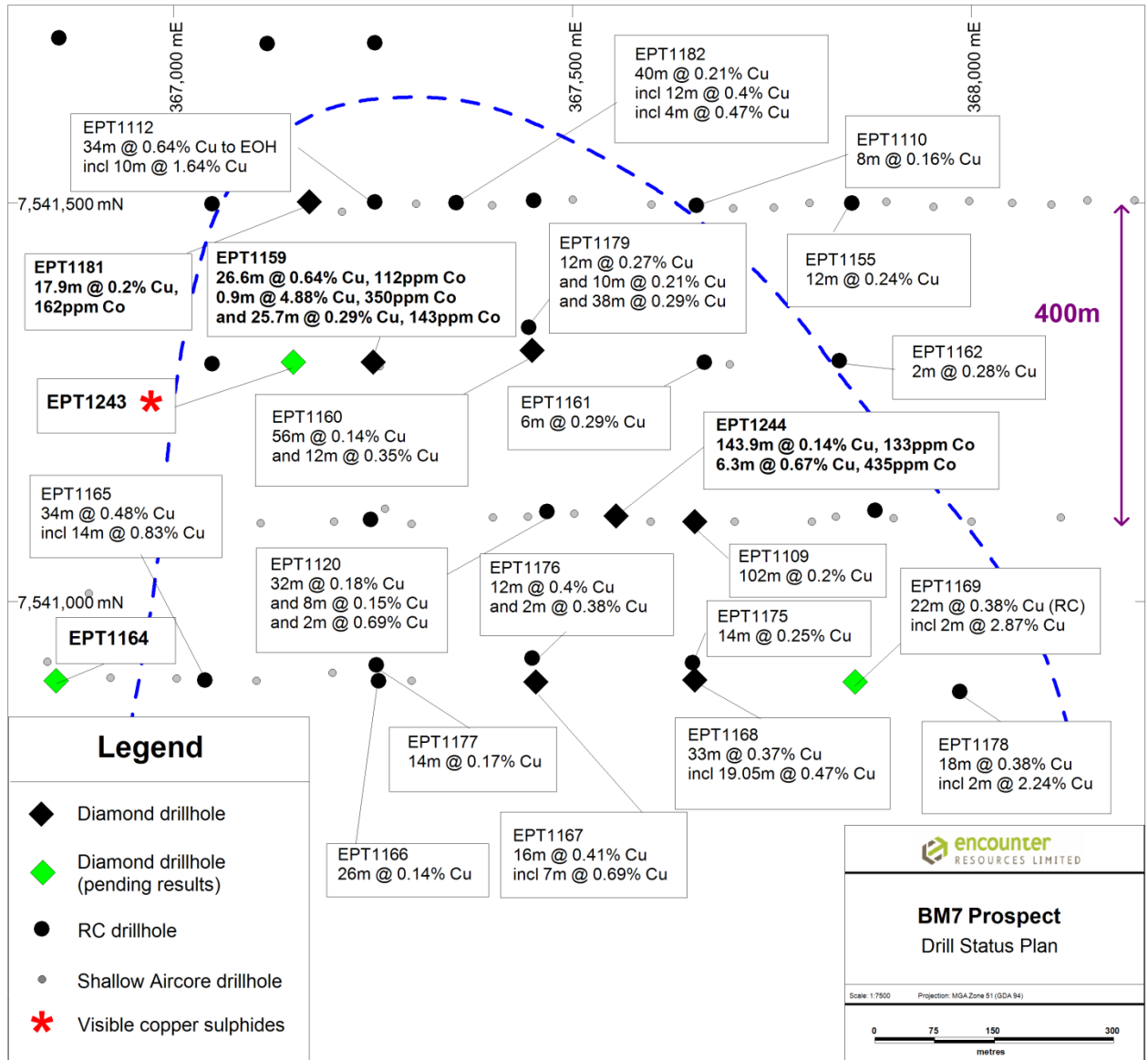


Figure 1: BM7 prospect drill status plan

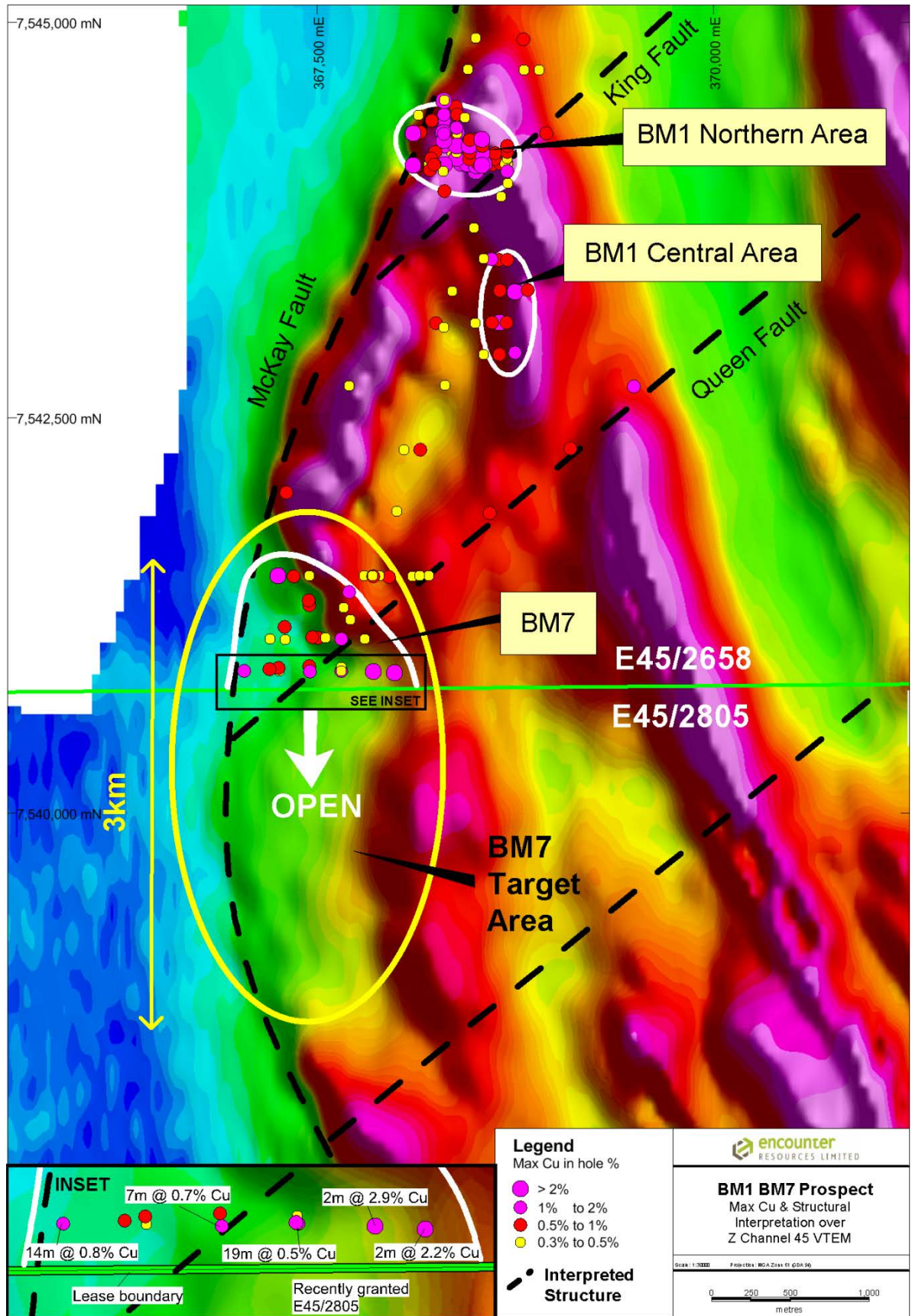


Figure 2: BM1 - BM7 prospects Maximum copper in hole (>0.3%) over VTEM Channel 45

Hole ID	Depth from (m)	Depth to (m)	Interval (m)	Copper (%)	Cobalt (ppm)
EPT 1181	239.6	257.5	17.9	0.20	162
and	302	304.7	2.7	0.10	66
EPT 1159	74.4	147	72.6	0.36	99
incl.	74.4	101	26.6	0.64	112
incl.	79.6	87.7	8.1	1.05	116
incl.	82.1	83	0.9	4.88	350
and	121.3	147	25.7	0.29	143
EPT 1244	172	451	279	0.10	102
incl.	172	184.5	12.5	0.31	191
and	189.6	333.5	143.9	0.14	133
incl.	195	198.4	3.4	0.39	238
incl.	199.5	202.3	2.8	0.44	438
incl.	211.8	215.5	3.7	0.17	317
incl.	246.5	269.9	23.4	0.31	173
incl.	293	333.5	40.5	0.16	162
and	401.7	405.3	3.6	0.11	36
and	438.7	445	6.3	0.67	435

Table 1: BM7 Drill Hole Assay Summary

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	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT1181	7541496	367171	320	346.2	60	090
EPT1159	7541298	367226	320	301	60	090
EPT1244	7541100	367550	320	472.4	60	090

Table 2: BM7 Diamond 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.

Project Background & Location Plan

The Yeneena project covers 1400km² 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 3). 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).

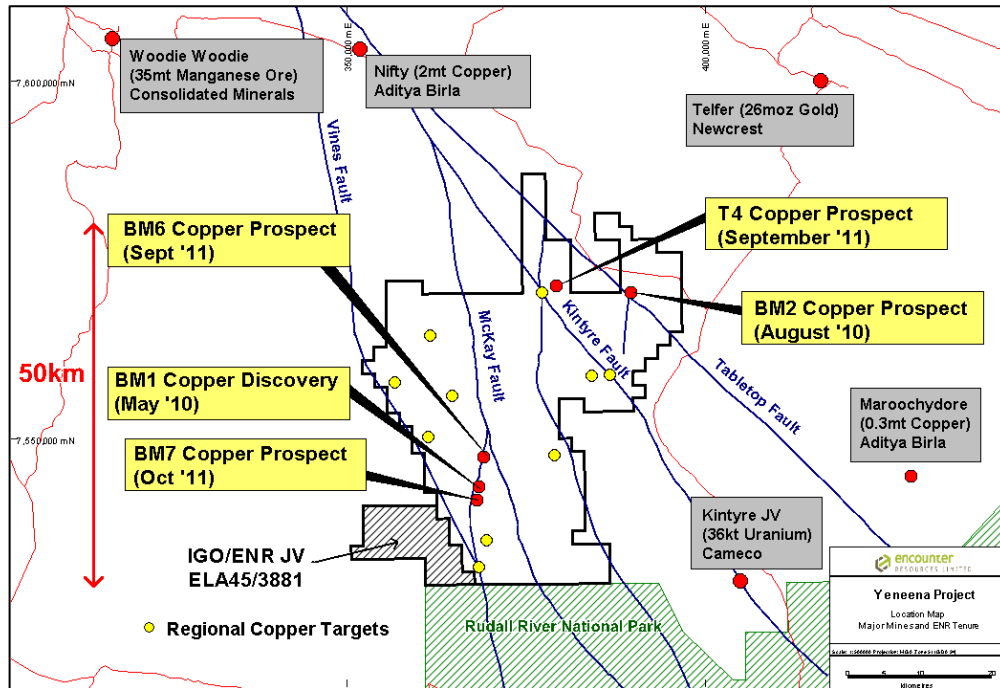


Figure 3: Yeneena Project leasing and target areas

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 appear.