

**ASX : ENR**

26 October 2012

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

## Commencement of Drilling at BM7

- **Aircore drilling program has commenced over the southern extension of BM7 copper system**
  - **Copper mineralisation over 1km wide along lease boundary to the north**
  - **Untested portion of geophysical anomaly is 2.5km long**
  - **Geophysical anomaly at BM7 closely associated with copper mineralisation**
- 

The directors of Encounter Resources Ltd (“**Encounter**” or “**the Company**”) are pleased to announce that drilling of the southern extension of the BM7 copper discovery within the Yeneena project in the Paterson Province of Western Australia has commenced.

An aircore drilling program targeting the southern extension of the BM7 copper discovery has begun the evaluation of this large scale, copper-cobalt system. Seven lines of aircore drilling will be completed along the 2.5km long geophysical anomaly at BM7. It is estimated that approximately 5000m of aircore drilling will be completed in this program.

Drill lines have been planned on 400m line spacing with holes 100m apart along section. The depth of drilling will vary but average hole depth will be in the order of 50m.

The objectives of this broad spaced aircore program are;

- Determine the extent of the copper-cobalt mineral system at BM7
- Identify zones of high grade copper regolith mineralisation within the 2.5km long target at BM7
- Provide a focus for follow up deep RC and diamond drilling

The first batch of assay results from this aircore drill program is expected to be reported in November 2012.

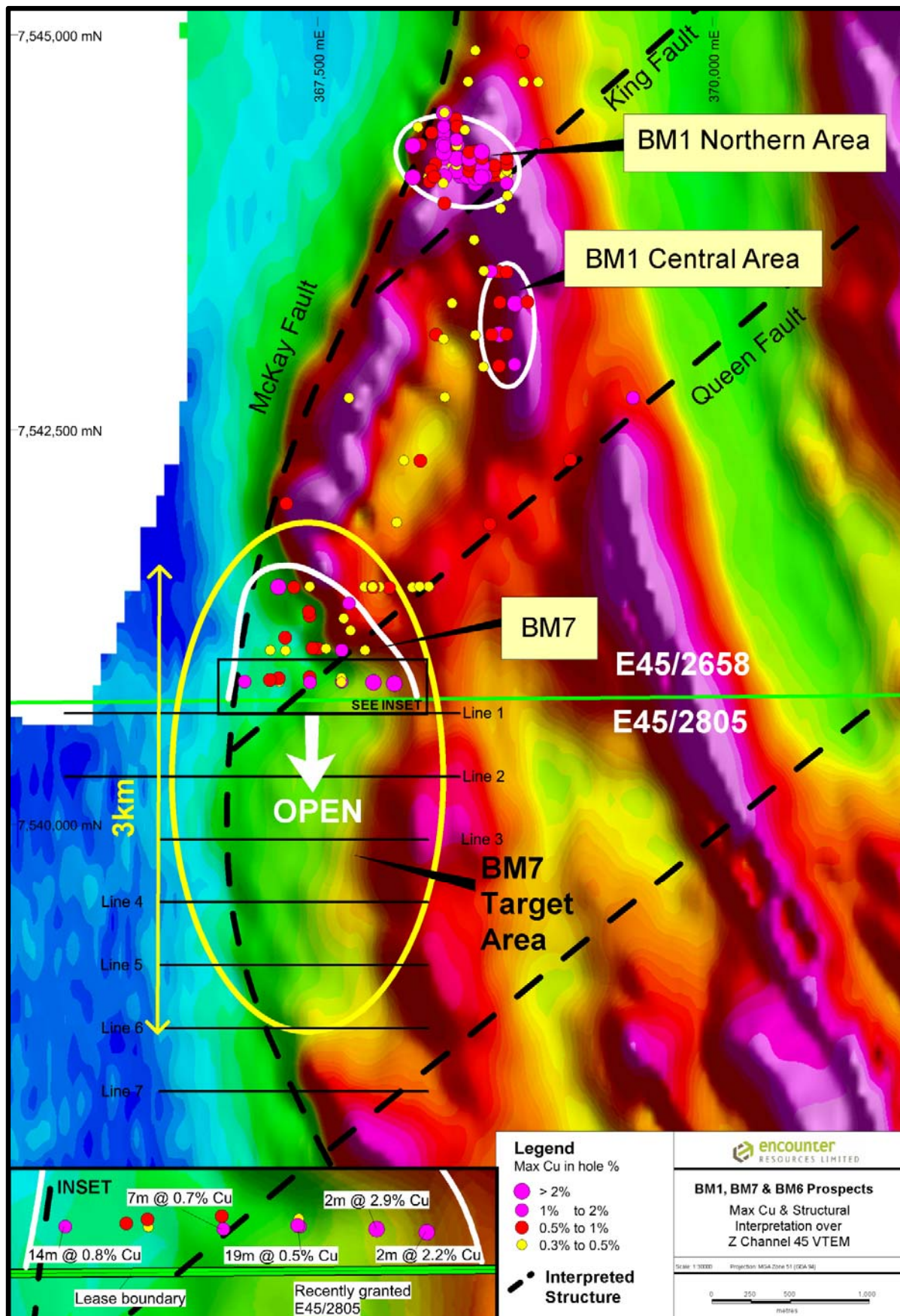


Figure 1: BM6 - BM1 - BM7 prospects Maximum copper in hole (>0.3%) over VTEM Channel 45

## Project Background & Location Plan

The Yeneena project covers 1400km<sup>2</sup> 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).

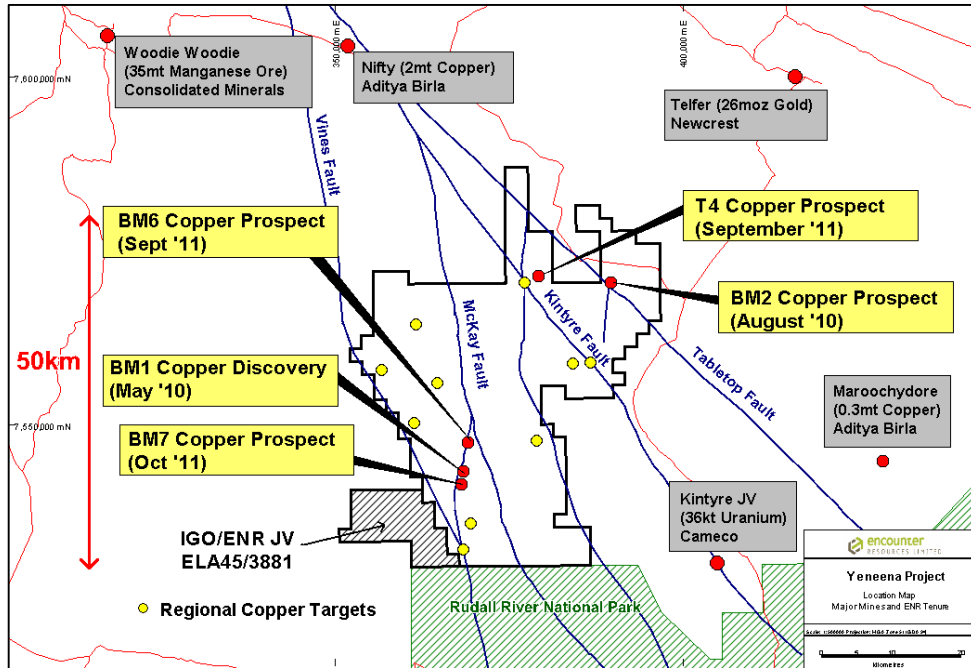


Figure 2: Yeneena Project leasing and target areas

*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.*