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ASX : ENR

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

US\$20 Million Earn-In Agreement at Yeneena and and Placement to Raise US\$2m

- **Encounter has completed an earn-in agreement with Antofagasta Minerals Perth Pty Limited (“Antofagasta”), a wholly owned subsidiary of London Stock Exchange listed Antofagasta PLC, one of the world’s largest copper producers and explorers**
- **Encounter will be joining forces with the significant financial and technical resources of Antofagasta to advance the exciting BM1-BM7 copper discoveries**
- **Antofagasta may earn a 51% interest in tenements E45/2658 and E45/2805 (433km²) within Encounter’s highly prospective Yeneena project (approximately 30% of Encounter’s Yeneena land holding) by incurring expenditures of US\$20 million over a five year period.**
- **Encounter maintains a 100% interest in the majority of its ground holding at the Yeneena project (~1,000km²) which includes the BM2 and T4 copper discoveries as well as a number of other highly prospective untested targets**
- **Encounter will continue to manage all exploration at Yeneena throughout the earn-in period including the tenements subject to the Antofagasta earn-in agreement**
- **Antofagasta to complete a private placement and will inject A\$1,940,805 (US\$2,000,000) into Encounter (9,241,931 shares at A\$0.21 per share)**
- **Existing Encounter shareholders will have the opportunity to subscribe for additional shares in the Company at the same price as the Antofagasta placement through a Share Purchase Plan to eligible shareholders (details will be provided in a subsequent ASX announcement)**
- **The 5,000m RC drill program at Yeneena has commenced with first assay results expected in May 2013**

The directors of Encounter Resources Ltd (“**Encounter**” or “**the Company**”) are pleased to announce that the Company has entered into an earn-in agreement in relation to two tenements at the Yeneena project located in Paterson Province in WA. The agreement with Antofagasta relates to tenements E45/2658 and E45/2805 (“**the Tenements**”) which cover an area of 433km² of Encounter’s Yeneena project (Figure 1).

“We are delighted to welcome Antofagasta, a subsidiary of one of the world’s largest copper producers and explorers, onto our share register and into an earn-in agreement over two tenements within the Yeneena project. The transaction is a significant endorsement of the large scale copper potential at Yeneena. Antofagasta brings considerable financial, technical and operating resources to progress the exciting copper discoveries made by Encounter at

BM1 and BM7. This relationship will ensure a fully funded exploration programme and if successful, provides a path towards production with a major copper producer ” said Managing Director, Will Robinson.

Benefits of the Earn-in and Joint Venture Agreement & Equity Investment

The benefits of the earn-in and joint venture agreement into the Tenements and equity investment by Antofagasta into Encounter include:

- Encounter will be joining forces with one of the major global copper companies to advance the exciting BM1-BM7 copper discovery trend;
- The transaction represents a significant financial investment by Antofagasta that ameliorates financial risks to project advancement;
- Exploration at Yeneena will continue to be managed by Encounter throughout the earn-in period with valuable input from the highly credentialed, globally recognised technical expertise of Antofagasta;
- In the event of a Decision to Mine, Encounter has the opportunity to enter a production joint venture with an experienced developer and operator in Antofagasta;
- Encounter retains the majority of the extensive Yeneena land holdings adjacent to the earn-in Tenements;
- The equity injection provides Encounter with additional funding to advance its other highly prospective targets within the remaining ~1,000km² land holding 100% controlled by Encounter; and
- The agreements provide a platform for Encounter to apply the successful target generation methodologies used by the Company to its extensive portfolio of prospects within the Yeneena project and elsewhere.

Earn-in and Joint Venture Agreement

Key terms of the earn-in and joint venture agreement include:

- Antofagasta must spend a minimum committed US\$3,000,000* on exploration within the first year.
- Antofagasta may acquire a 51% interest in the Tenements by incurring expenditure of US\$20,000,000* in total on the Tenements within five years (“**Initial Earn-in Phase**”). Antofagasta is entitled to fast track the expenditure as it determines.
- Antofagasta can elect to withdraw during the Initial Earn-in Phase subject to completion of the initial US\$3,000,000 expenditure. If Antofagasta wishes to continue with the Initial Earn in Phase it is required to meet ongoing annual expenditure commitments:
 - Year 2 a further US\$4,000,000* (optional)
 - Year 3 a further US\$4,000,000* (optional)
 - Year 4 a further US\$4,000,000* (optional)
 - Year 5 a further US\$5,000,000* (optional).
- If Antofagasta elects to withdraw from the earn-in and joint venture agreement prior to incurring US\$20,000,000* expenditure it will retain no interest in the Tenements.
- If Antofagasta earns a 51% interest in the Tenements then Antofagasta and Encounter will form a joint venture in relation to the Tenements (“**Joint Venture**”).
- Within 6 months of the formation of the Joint Venture, Encounter can elect to contribute to all Joint Venture expenditures in proportion to its 49% Joint Venture interest.
- If Antofagasta has earned its 51% Joint Venture interest and should Encounter elect not to contribute to further exploration and development studies, then Antofagasta will be entitled to earn a further 19% Joint Venture interest by sole funding the completion of a pre-feasibility study within four years of Encounter’s election to not contribute (“**Second Earn-in Phase**”).
- If Antofagasta completes a pre-feasibility study during the Second Earn-in Phase, Antofagasta:
 - will earn a further 19% Joint Venture interest, giving it a 70% Joint Venture interest with Encounter having a 30% Joint Venture interest.

- must then either pay US\$15 million* (US CPI indexed) to Encounter or contribute US\$15 million (US CPI indexed) in lieu of Encounter's contribution to its proportionate share of feasibility study costs.
- If Antofagasta commences the Second Earn-in Phase, but does not complete a pre-feasibility study, it will retain a 51% Joint Venture interest, each of Antofagasta and Encounter will be required to contribute to all Joint Venture expenditure in proportion to its respective Joint Venture interest and Encounter will manage and control the Joint Venture.
- At any time after Antofagasta has earned a 51% interest in the Joint Venture, Encounter can elect to sell its Joint Venture interest subject to Antofagasta having a pre-emptive right. Encounter also retains a pre-emptive right in the event Antofagasta wishes to sell its Joint Venture interest.
- After the completion of a feasibility study, if a Decision to Mine is made in respect of the operations conducted on the Tenements, then Encounter can either elect to participate in mine development in proportion to its Joint Venture interest, and if Encounter elects not to proceed with a Decision to Mine, Antofagasta Perth can acquire Encounter's Joint Venture interest at 90% of an agreed value determined by independent expert valuation.
- The earn-in and joint venture agreement is conditional on Encounter obtaining all necessary consents and approvals to the grant of the earn-in rights to Antofagasta.

* amounts set out in the Earn-in and Joint Venture Agreement are in United States dollars, provided that the Australia dollar to United States dollar exchange rate published by the Reserve Bank of Australia is between 1.15 and 0.95 (the "Acceptable Range"). If the Exchange Rate is outside the Acceptable Range on the date cash payment is due, the Exchange Rate will be set at 1.05 United States dollar for each 1 Australian dollar.

Equity Investment by Antofagasta into ENR

- Antofagasta will subscribe to 9,241,931 shares in Encounter at a price of \$0.21 per share for total proceeds of A\$1,940,805 (US\$2,000,000). The placement price is the 20 day VWAP of ENR shares ending on 18 April 2013.
- Immediately following the completion of the placement Antofagasta will hold approximately 7.5% of the issued ordinary shares in Encounter.
- The placement is expected to be completed and the shares issued to Antofagasta within 7 days.
- Encounter is pleased to welcome Antofagasta onto the Company's share register.

Private Placement

The Company has received firm placement commitments from professional and sophisticated investors, who are primarily existing shareholders of Encounter, to raise approximately A\$500,000 before costs. The placement of approximately 2,380,950 ordinary fully paid shares at \$0.21 each will be completed pursuant to the Company's 15% placement capacity under ASX Listing Rule 7.1.

Proceeds from both placements will provide additional funding to advance the highly prospective targets on the land holding that is 100% controlled by Encounter at the Yeneena project and to provide working capital.

Share Purchase Plan ("SPP")

The opportunity will be provided to existing Encounter shareholders to subscribe for additional shares in Encounter at the same price as the Antofagasta private placement (\$0.21 per share). Details of the SPP will be provided in a subsequent announcement.

RC Drill Program

The initial 5,000m RC drill program (see ASX announcement 25 March 2013) has commenced and is expected to be completed within three weeks with first assay results expected in May 2013.

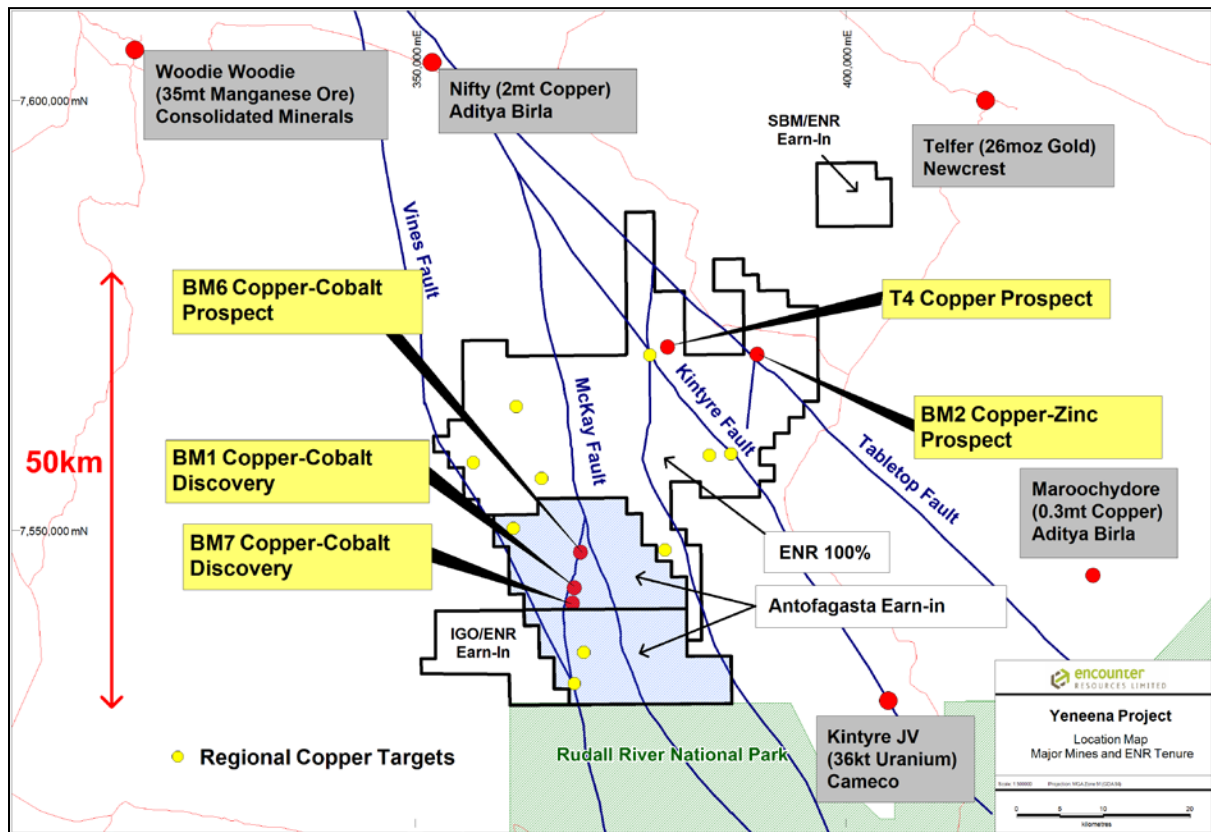


Figure 1: Yeneena Project leasing, key structures and target areas

Project Background & Location Plan

The Yeneena project covers 1,400km² 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).

Antofagasta PLC Background

Antofagasta PLC is a Chilean-based copper mining group with additional interests in transport and water distribution. Antofagasta PLC is listed on the London Stock Exchange (LN:ANTO) and has been a constituent of the FTSE-100 index since 2004. Antofagasta PLC has a market capitalisation of approximately US\$15 billion.

Antofagasta PLC creates value for its shareholders through the discovery, development and operation of copper mining operations. Antofagasta PLC's activities are mainly concentrated in Chile where it owns and operates four copper mines with a total production in 2012 of 709,600 tonnes of copper, 299,900 ounces of gold and 12,200 tonnes of molybdenum. Antofagasta PLC has exploration and evaluation or feasibility programmes in North America, Latin America, Europe, Asia, Africa and Australia.

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.