

10 January 2013

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

## **RC drilling at BM7 delivers strong copper mineralisation**

- **Three zones of high grade supergene mineralisation defined at BM7 South**
- **RC drilling returns 8m @ 2% Cu, 0.1% Co 200m south of previous aircore intersection of 9m @ 1.54% Cu and 1.0% Co to end of hole (EOH)**
- **Primary copper mineralisation intersection of 104m @ 0.2% Cu, 175ppm Co from 62m to EOH within a 1.5km long +0.5% copper regolith anomaly**
- **RC drill results indicate the 11km long copper system that parallels the McKay Fault zone is strengthening to the south and remains open**
- **IP survey final data received with preliminary results expected late January 2013**

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

### **Background:**

Seven lines of aircore drilling (5,000m) were completed along the southern extension of BM7 following the tenement grant in August 2012. The purpose of the initial aircore program was to determine the southern extent of the copper-cobalt mineral system at BM7, identify zones of high grade copper regolith mineralisation and provide a focus for follow up deep RC and diamond drilling.

No previous exploration had been completed in the tenement area. Significant zones of copper mineralisation were intersected on all seven aircore lines with end of hole copper grades up to 9m @ 1.54% Cu and 1.0% Co on Line 3 (see ASX announcements 7 November 2012 and 21 November 2012).

The aircore drilling at BM7 delineated a 3.5km long, 1.5km wide +0.1% Cu regolith anomaly that contains three higher grade +0.5% Cu cores (see Figure 1). Localized higher grades (+1% Cu) exist within the regolith anomaly, with significant cobalt enrichment associated with the copper mineralisation.

The BM7 regolith anomaly is located at the southern end of an 11km long copper system that remains open to the south and to the east.



## RC Drill Program

A 19 hole (2,400m) RC program was completed in early December at the end of the 2012 field campaign. This program was primarily designed to test areas where the previous aircore drilling was only partially effective as holes did not penetrate through to the base of the weathered Proterozoic sediments.

The RC holes were drilled on section spacing of either 400m or 800m with hole separation between 100m and 400m on section. All RC holes were drilled at  $-60^{\circ}$  to the east with average hole depth being  $\sim 130\text{m}$  ( $\sim 110\text{m}$  from surface). The RC program, although broadly spaced and shallow, has provided immediate drill targets to be tested early in the 2013 drill season (March 2013 - November 2013).

RC hole EPT1689 intersected a high-grade copper oxide zone with assays returning 52m @ 0.55% Cu, 378ppm Co from 42m including 8m @ 1.97% Cu, 1076ppm Co from 58m. This hole is located 200m south of aircore hole EPT 1557 that returned a high grade intersection of 9m @ 1.54% Cu and 1.0% Co from 42m to EOH. These two intersections are interpreted to be a coherent zone of high grade supergene mineralisation that may represent the direct weathering of primary copper sulphides.

In addition, a broad copper sulphide intersection of 104m @ 0.2% Cu, 175ppm Co from 62m to EOH was drilled in EPT1679. This hole is located 100m east of EPT1689, on the eastern flank of the central +0.5% Cu regolith anomaly. Importantly, this hole was ended short of the target depth due to mechanical issues with the drill rig.

Figure 2 shows the aforementioned RC drill holes on section and highlights that the previous aircore drilling was only partially effective at penetrating the weathered Proterozoic sediments.

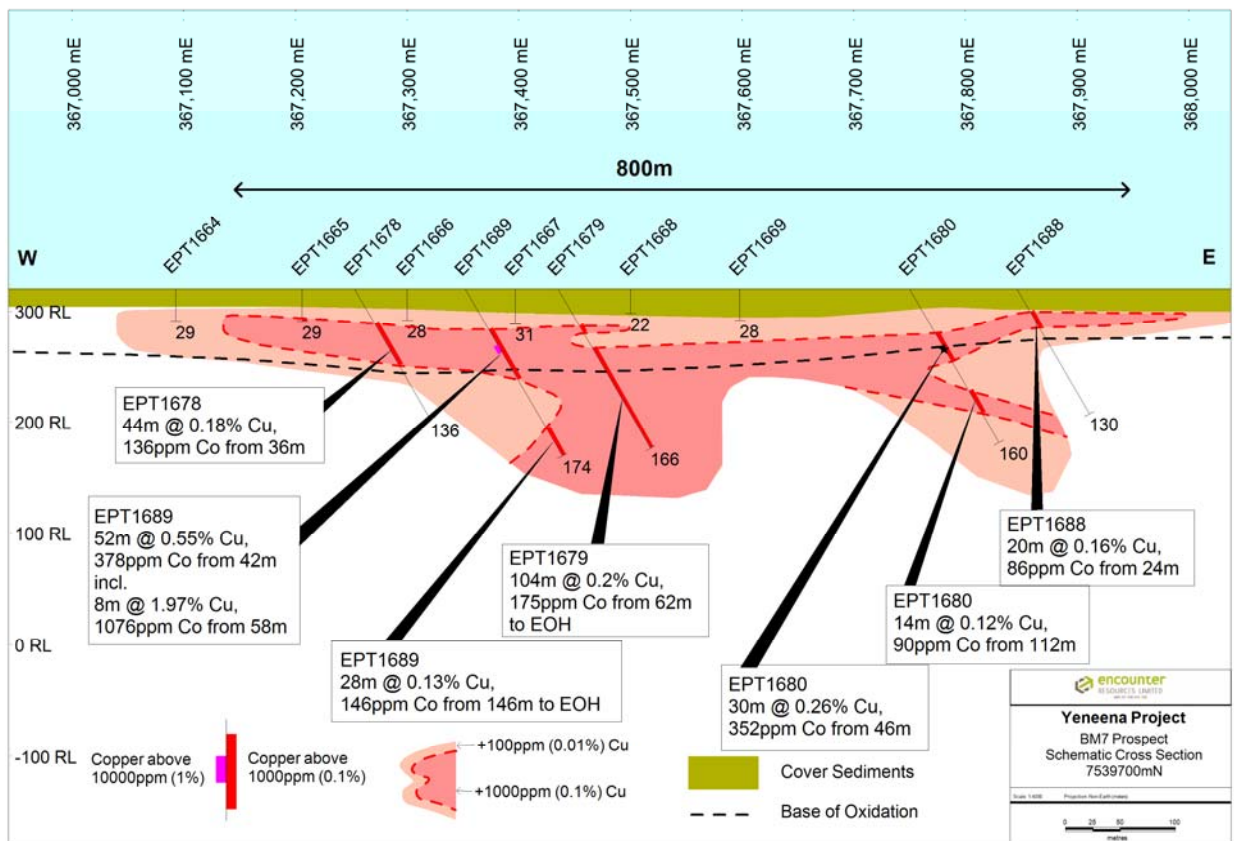


Figure 2 – Schematic cross-section of RC drilling on 7539700mN

RC drilling within areas weak aircore regolith anomalism also returned strong supergene anomalism including 20m @ 0.39% Cu and 16m @ 0.43% Cu. It considered likely that further RC drilling within the broad regolith anomaly will extend the higher grade supergene copper blanket.

**Next Steps**

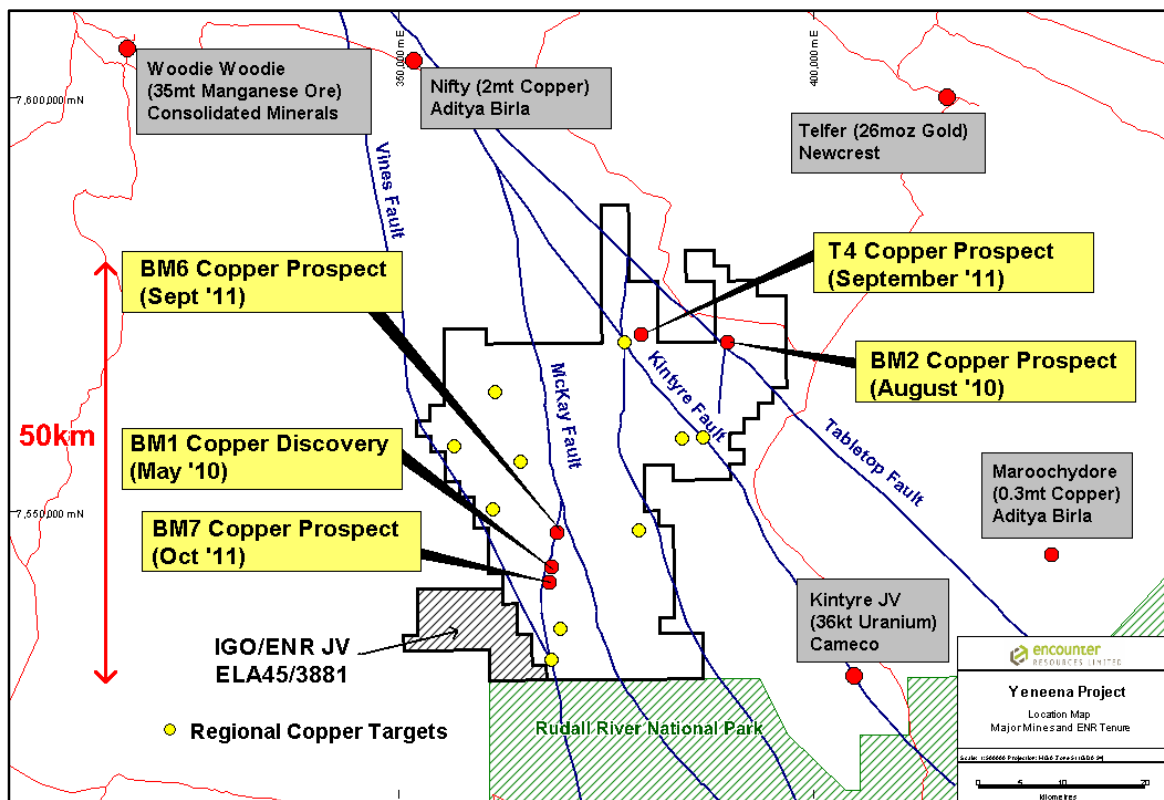
The primary goal of the 19 hole RC drill program was to provide information in areas where previous aircore drilling was only partially effective. The four broad spaced RC drill holes that targeted the higher grade cores of the regolith anomaly were successful in defining strong supergene copper mineralisation and a broad section of disseminated copper sulphide mineralisation.

The BM7 RC program has delivered encouraging results and provided a series of targets that will be tested early in the 2013 drill season. The areas of higher grade supergene copper mineralisation with coincident IP or EM geophysical targets will be the priority targets for this planned deeper drill program.

The recent RC drill results also indicate the 11km long copper system that parallels the McKay Fault zone is strengthening to the south and remains open. Encounter holds the next 8 strike kms of the McKay Fault with additional large scale drill targets already defined to the south of BM7. This area is also a high priority for drilling in 2013.

**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 3: Yeneena Project leasing and target areas**

Hole ID	Depth from (m)	Depth to (m)	Interval (m)	Copper (%)	Cobalt (ppm)
EPT1672	52	82	30	0.22	272
EPT1674	30	32	2	0.10	238
EPT1674	40	42	2	0.12	60
EPT1674	46	58	12	0.19	106
EPT1676	46	52	6	0.18	23
EPT1677	50	62	12	0.31	422
EPT1678	36	80	44	0.18	136
EPT1679	38	46	8	0.12	70
EPT1679	62	166*	104	0.20	175
EPT1680	28	34	6	0.11	90
EPT1680	46	76	30	0.26	352
EPT1680	112	126	14	0.12	90
EPT1681	20	42	22	0.25	332
EPT1681	62	70	8	0.16	52
EPT1682	34	38	4	0.12	61
EPT1682	76	92	16	0.43	396
EPT1683	26	36	10	0.21	63
EPT1685	86	90	4	0.20	90
EPT1685	114	118*	4	0.20	82
EPT1686	60	70	10	0.16	394
EPT1686	90	92	2	0.10	235
EPT1687	50	70	20	0.39	90
EPT1688	24	44	20	0.16	86
EPT1689	42	94	52	0.55	378
incl	58	66	8	1.97	1076
EPT1689	146	174*	28	0.13	146

**Table 1: BM7 South RC Drill Hole Assay Summary**

Intervals listed are composited from individual assays using a nominal cut off of 0.1% copper. \* Anomalous copper results to EOH

Hole ID	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT1671	7539308	367053	320	130	-60	90
EPT1672	7539300	367300	320	130	-60	90
EPT1673	7538905	366691	320	88	-60	90
EPT1674	7538900	366898	320	112	-60	90
EPT1675	7538905	367086	320	112	-60	90
EPT1676	7538902	367540	320	112	-60	90
EPT1677	7538907	367750	320	118	-60	90
EPT1678	7539706	367253	320	136	-60	90
EPT1679	7539702	367435	320	166	-60	90
EPT1680	7539707	367750	320	160	-60	90
EPT1681	7538095	367398	320	124	-60	90
EPT1682	7538100	367600	320	130	-60	90
EPT1683	7540103	366892	320	120	-60	90
EPT1684	7540501	367904	320	142	-60	90
EPT1685	7540503	368101	320	118	-60	90
EPT1686	7540098	367553	320	118	-60	90
EPT1687	7540099	367747	320	118	-60	90
EPT1688	7539704	367846	320	130	-60	90
EPT1689	7539701	367352	320	174	-60	90

**Table 2: BM7 South RC hole information**

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