

ASX : ENR

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Company Announcements Office
Australian Securities Exchange
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Sydney NSW 2000

Commencement of Diamond Drilling at BM7

- **Assay results from the RC drill program at BM7 have confirmed:**
 - **Depth extensive copper sulphide mineralisation associated with large dolomite alteration zone**
 - **+800m long zone of copper sulphide with end of hole (EOH) primary copper intersections:**
 - **6m @ 0.7% Cu from 150m to EOH**
 - **30m @ 0.4% Cu from 118m to EOH**
- **Copper sulphide zone remains open along strike and at depth**
- **Diamond drilling to test below the zone of copper sulphides identified at BM7 to commence next week**

The directors of Encounter Resources Ltd (“Encounter” or “the Company”) are pleased to announce the commencement of diamond drilling at BM7 at the Yeneena project in Western Australia. Exploration at the BM7 prospect being conducted as part of the Antofagasta earn-in agreement (see ASX announcement 23 April 2013)

RC Drill Program

A 15 hole, 3,200m RC drill program at BM1-BM6-BM7 was completed in May 2013. The BM7 RC drill program was designed to test for primary copper sulphide mineralisation below the existing aircore regolith anomalism and to provide geological information to target follow up diamond drilling.

Assay results have been received for the RC program and confirmed that the zone of intensely dolomite altered shale at BM7 is anomalous in primary copper sulphide mineralisation over at least 800m in strike and remains open north and south and at depth (Figure 1). Within this dolomite alteration zone a number of the RC drill holes ended in sulphide copper mineralisation including:

- EPT1709 - 6m @ 0.7% Cu from 150m to EOH
- EPT1712 - 30m @ 0.4% Cu from 118m to EOH

Diamond Drilling

A follow up diamond drill program will commence next week. This initial four hole program has been designed in conjunction with Antofagasta to target below the 800m long zone of copper sulphide mineralisation identified in the RC program. This program will provide the first drill core into the new sulphide zone at the BM7 discovery.

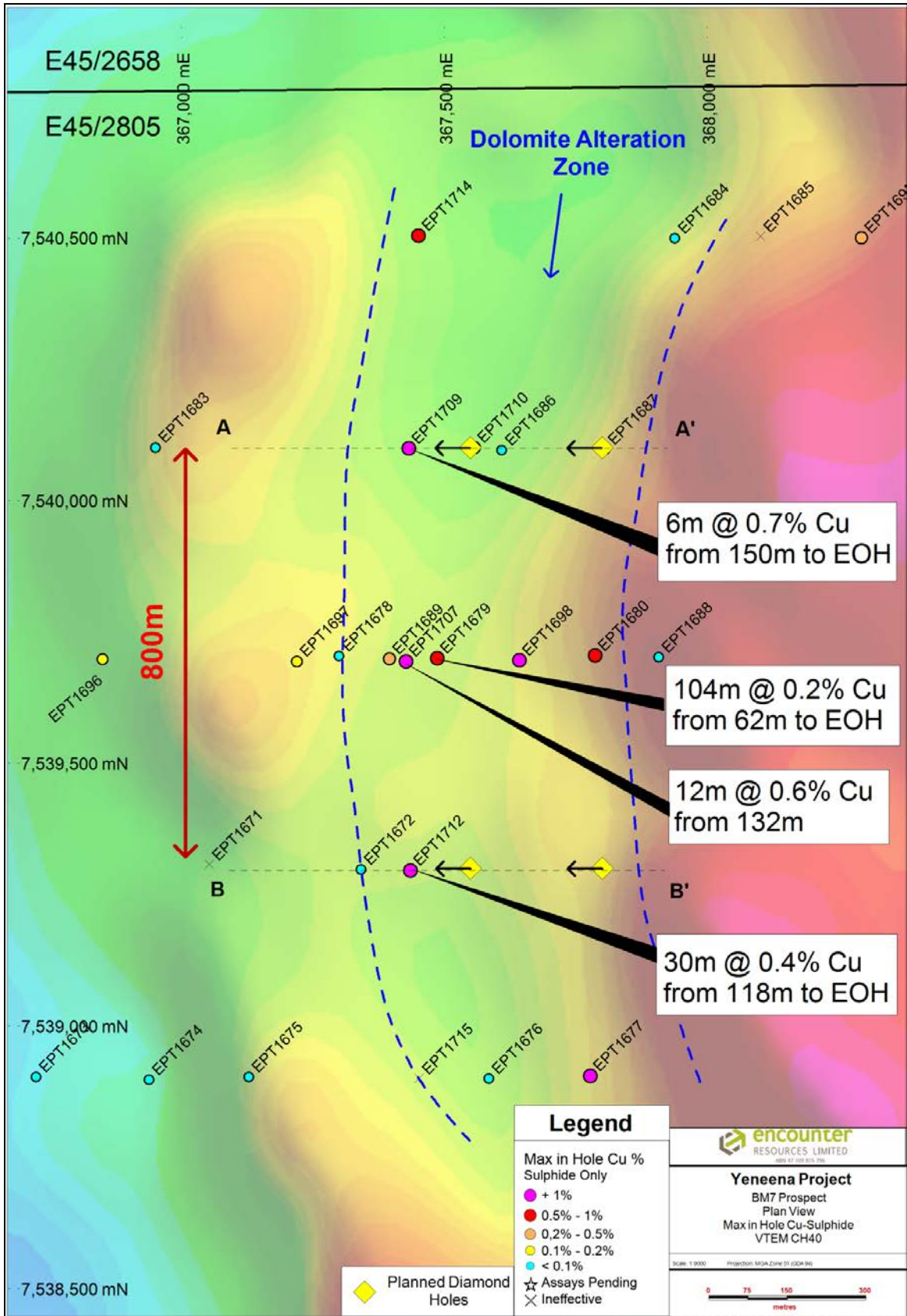


Figure 1 – BM7 Prospect Plan

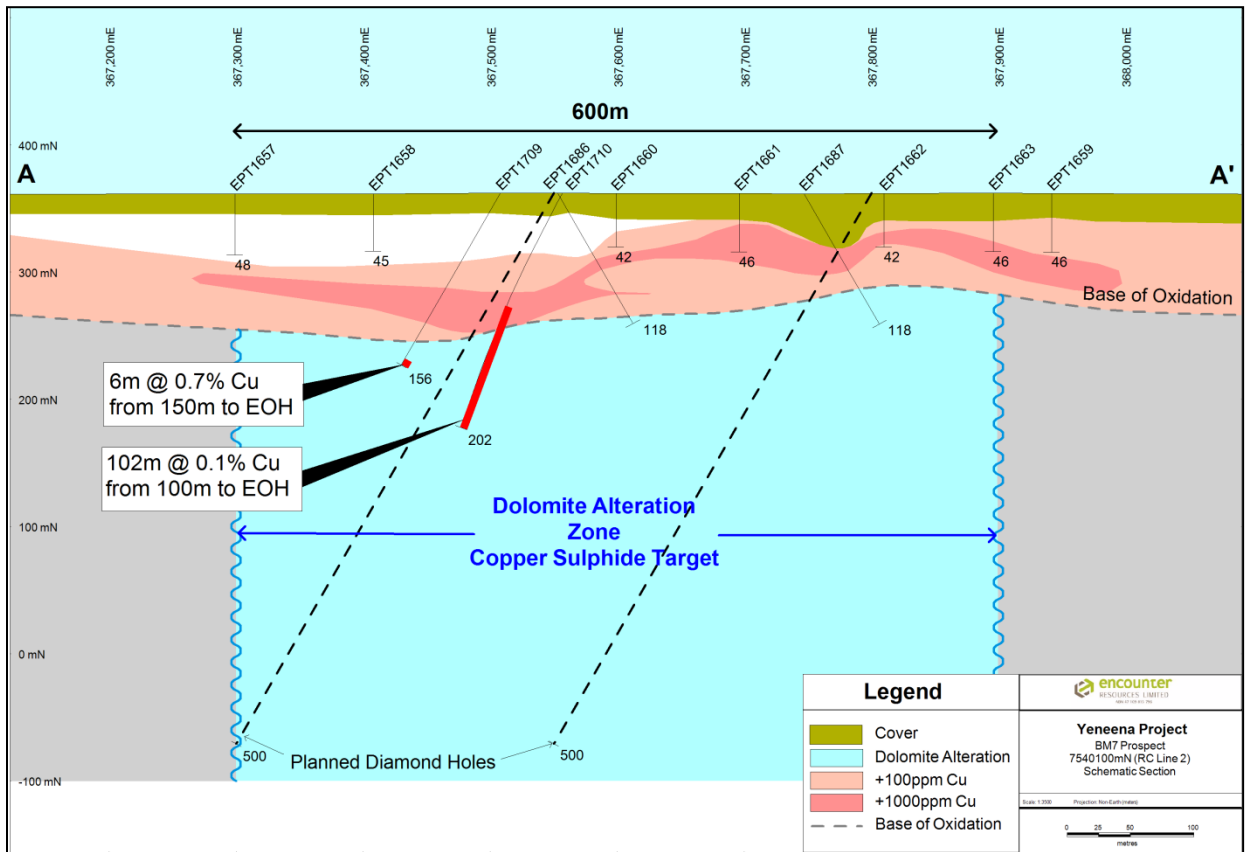


Figure 2 – Schematic cross-section of A – A' (RC Line 2)

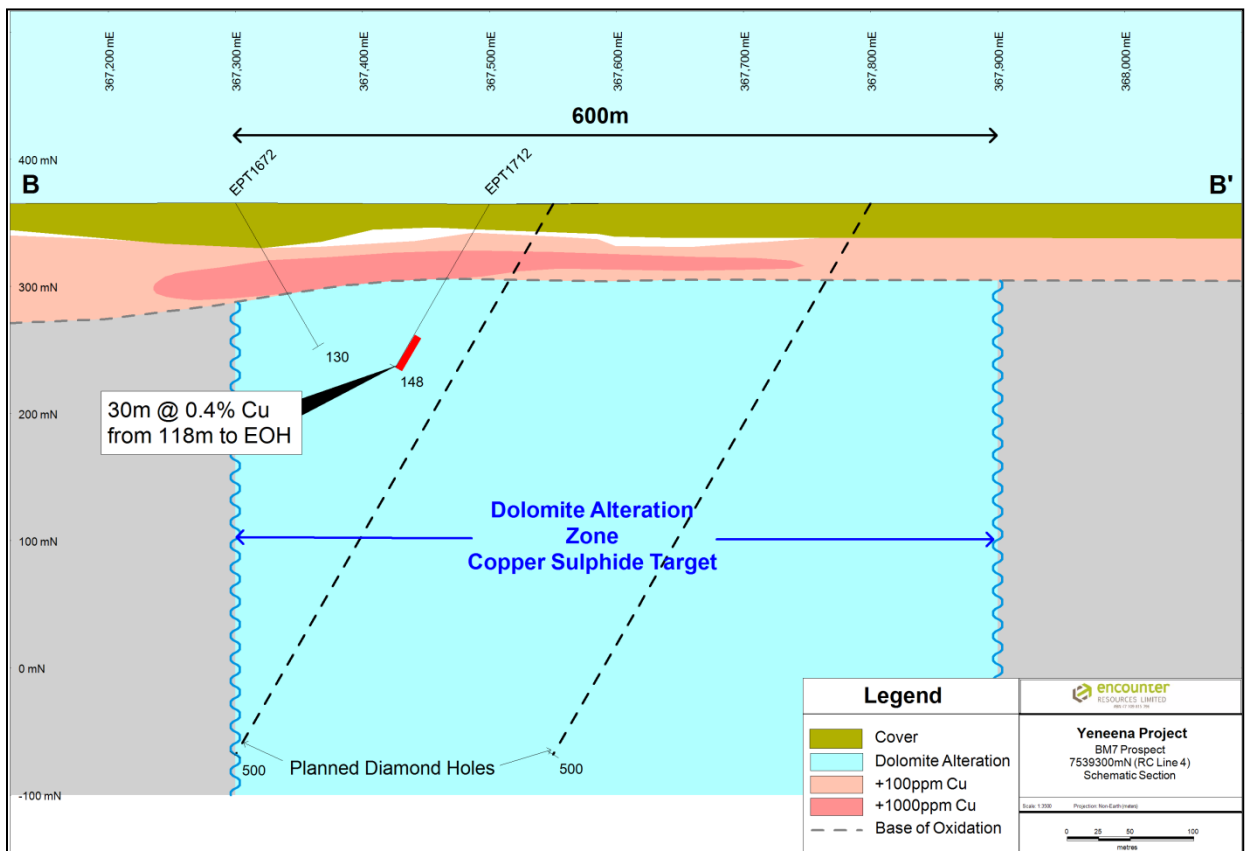


Figure 3 – Schematic cross-section of B – B' (RC Line 4)

Hole ID	Prospect	Depth from (m)	Depth to (m)	Interval (m)	Copper (%)	Cobalt (ppm)
EPT1694	BM7	24	40	16	0.13	130
EPT1695	BM7	42	100	58	0.20	129
incl.		50	56	6	0.58	413
EPT1696	BM7	110	112	2	0.11	92
EPT 1697	BM7	30	66	36	0.22	215
incl.		32	44	12	0.46	335
and		144	148	4	0.12	44
and		172	182	10	0.10	82
and		202	208	6	0.16	105
EPT 1698	BM7	24	42	18	0.36	333
and		94	108	14	0.16	131
and		120	124	4	0.16	66
and		142	176	34	0.13	56
EPT1707	BM7	42	92	50	0.16	76
and		132	144	12	0.60	63
incl.		134	136	2	2.81	166
EPT1709	BM7	62	64	2	0.18	51
and		74	76	2	0.13	57
and		86	118	32	0.21	196
and		142	156*	14	0.40	299
incl.		150	156*	6	0.71	488
EPT1710	BM7	88	122	34	0.16	245
and		130	132	2	0.13	72
and		142	164	22	0.15	124
and		178	180	2	0.10	47
EPT1712	BM7	42	68	26	0.12	140
and		118	148*	30	0.38	88
incl.		118	134	16	0.49	89
EPT1714	BM7	112	130	18	0.14	48
EPT1715	BM7	52	122*	70	0.14	101

Table 1: RC 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. *=End of Hole intersection.*

RC Drill hole information - Please see ASX announcement 31 May 2013

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 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).

During 2012-13 Encounter strategically added to its ground position along the prospective corridor adjacent to the Yeneena project by completing earn-in agreements with St Barbara Limited and Independence Group NL.

In April 2013, the Company completed an earn-in agreement with Antofagasta Minerals Perth Pty Ltd, a wholly owned subsidiary of Antofagasta PLC, one of the world's largest copper producers, where they may earn a 51% interest in two tenements within Encounter's Yeneena project (~30% of Yeneena) by incurring expenditures of US\$20 million over a five year period.

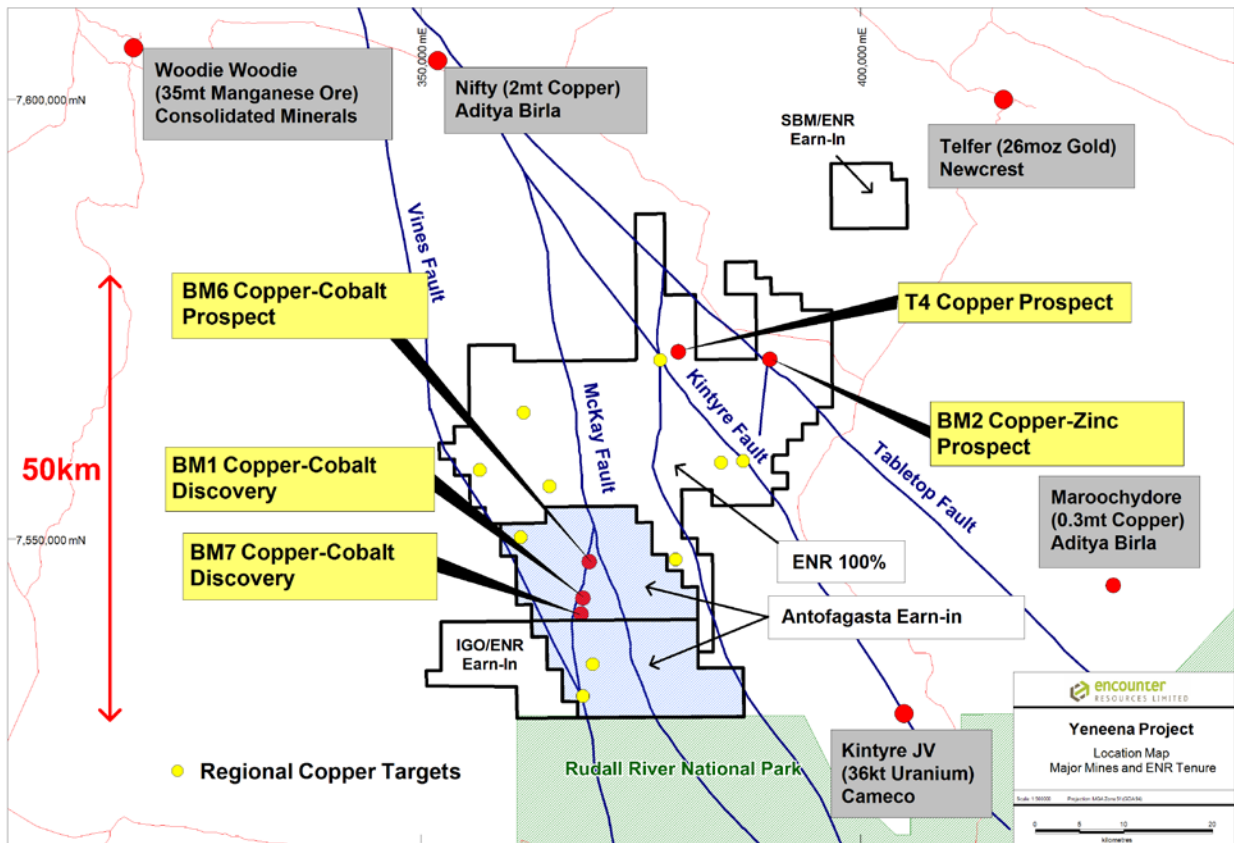


Figure 4. Yeneena Project leasing and targets areas

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 appears.