

ASX : ENR

25 August 2014

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

Diamond Drilling Commences at BM1

The directors of Encounter Resources Ltd (“Encounter”) are pleased to announce that diamond drilling has commenced at the BM1 prospect at the Yeneena project in Western Australia (“Yeneena”). The diamond drill program is targeting copper sulphide mineralisation to the south east of the high grade copper oxide and supergene copper zone that was significantly expanded by the recent RC drilling program (see ASX release 15th July 2014). Exploration at the BM1 prospect is being conducted as part of the Antofagasta earn-in agreement (see ASX announcement 23 April 2013).

RC drilling completed during June and July 2014 intersected copper mineralisation outside the area of previously defined mineralisation at BM1. (see ASX release 15 July 2014, Quarterly Report released 31 July 2014 & Figures 1 & 2). Results included:

- 45m @ 1.4% Cu from 12m including 16m @ 3.2% Cu from 26m (EPT 2063)
- 47m @ 1.0% Cu from 11m including 15m @ 1.5% Cu from 42m (EPT 2066)
- 50m @ 1.1% Cu from 12m including 19m @ 2.3% Cu from 31m (EPT 2072)
- 40m @ 0.9% Cu from 10m including 11m @ 2.0% Cu from 23m (EPT 2073)
- 13m @ 0.6% Cu from 12m including 2m @ 2.5% Cu from 21m (EPT 2074)
- 26m @ 1.1% Cu from 0m including 7m @ 2.0% Cu from 2m (EPT 2075)
- 12m @ 1.2% Cu from 50m including 4m @ 2.6% Cu from 56m (EPT 2080)
- 42m @ 0.4% Cu from 18m including 4m @ 1.7% Cu from 48m (EPT 2078)
- 18m @ 0.5% Cu from 16m including 2m @ 1.2% Cu from 22m (EPT 2083)

Of particular interest is the identification of shale hosted supergene copper mineralisation at the end of holes EPT 2079 and EPT 2081.

- 12m @ 0.4% Cu from 68m to EOH (EPT 2079)
- 10m @ 0.3% Cu from 70m to EOH (EPT 2081)

EPT 2079 and 2081 are located in the south-east of the prospect adjacent to the interpreted King Fault and are interpreted to provide a vector to primary copper sulphide mineralisation below the high grade oxide and supergene mineralisation.

The initial two hole diamond drilling program will test for copper sulphide mineralisation down dip to the south east of the high grade copper oxide mineralisation discovered at BM1. A second target that will be tested in this program is for potential high grade structurally controlled copper sulphides directly below the near surface copper mineralisation discovered at BM1. Diamond hole collar locations are shown in Figures 1 and 2.

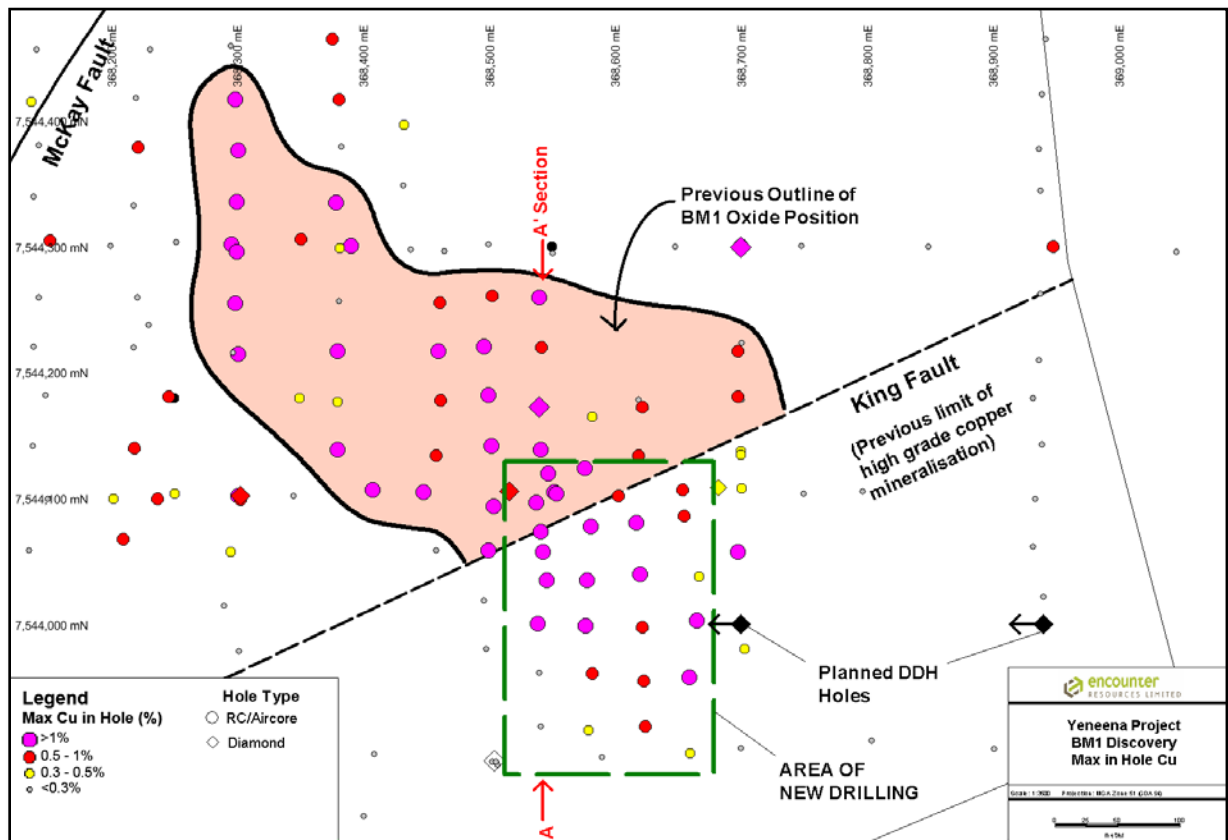


Figure 1 – BM1 Drill Hole Location Map with Max Copper in Hole (Section A-A' see Figure 3)

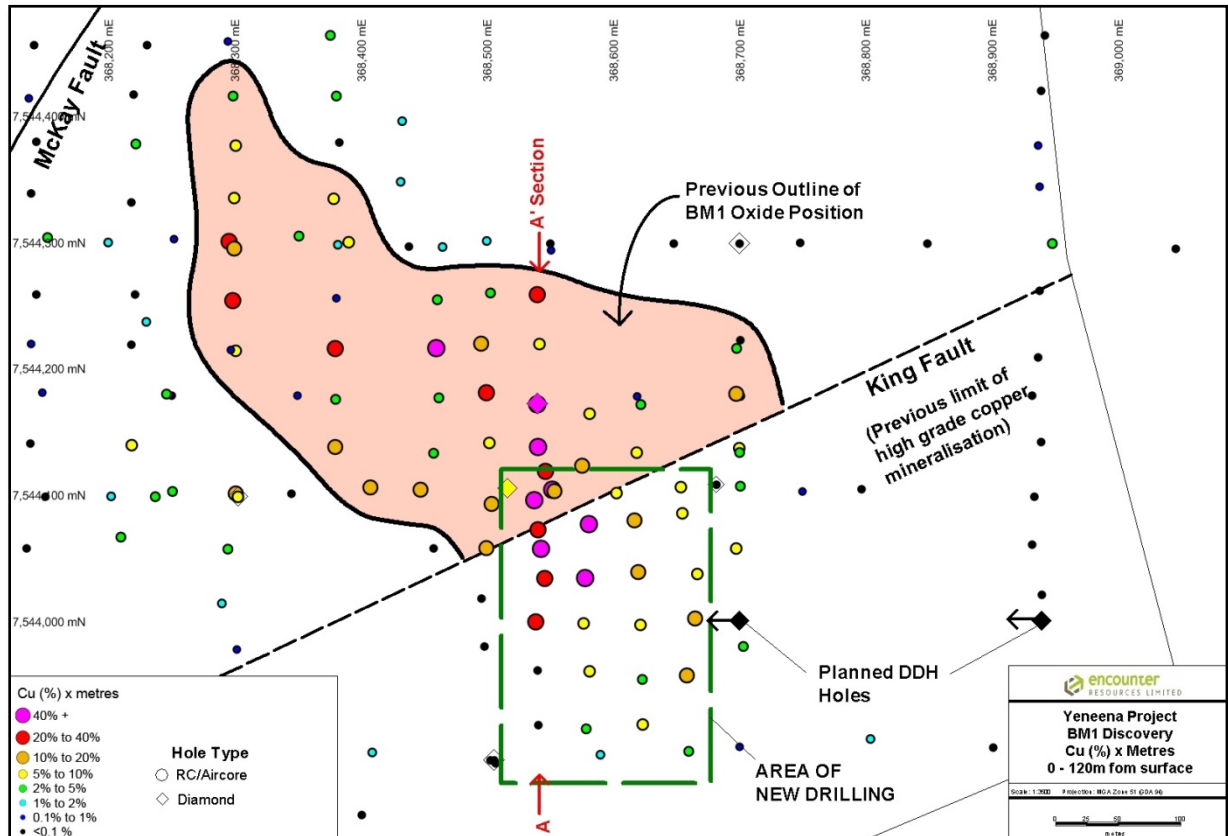


Figure 2 – BM1 Drill Hole Grade thickness map (Copper grade% x metres)

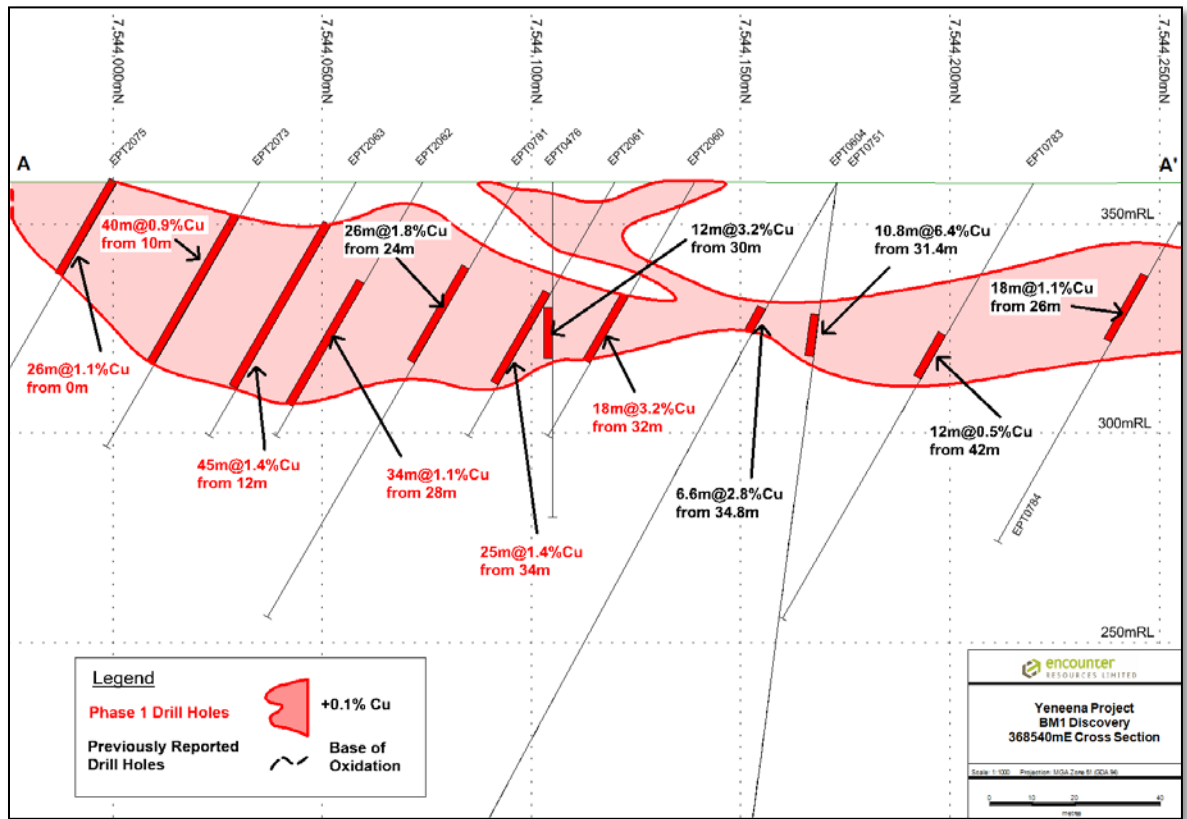


Figure 3 – BM1 Cross Section A-A' 368540mE (see Figure 1 for location)

Project Background & Location Plan

The Yeneena Project covers 1,850km² 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 and 2013 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, Independence Group NL and Hammer Metals Limited.

In April 2013, the Company completed an earn-in agreement with a wholly owned subsidiary of Antofagasta plc, one of the world's largest copper producers, whereby it may earn a 51% interest in two tenements within the Yeneena Project by incurring expenditures of US\$20 million over a five year period.

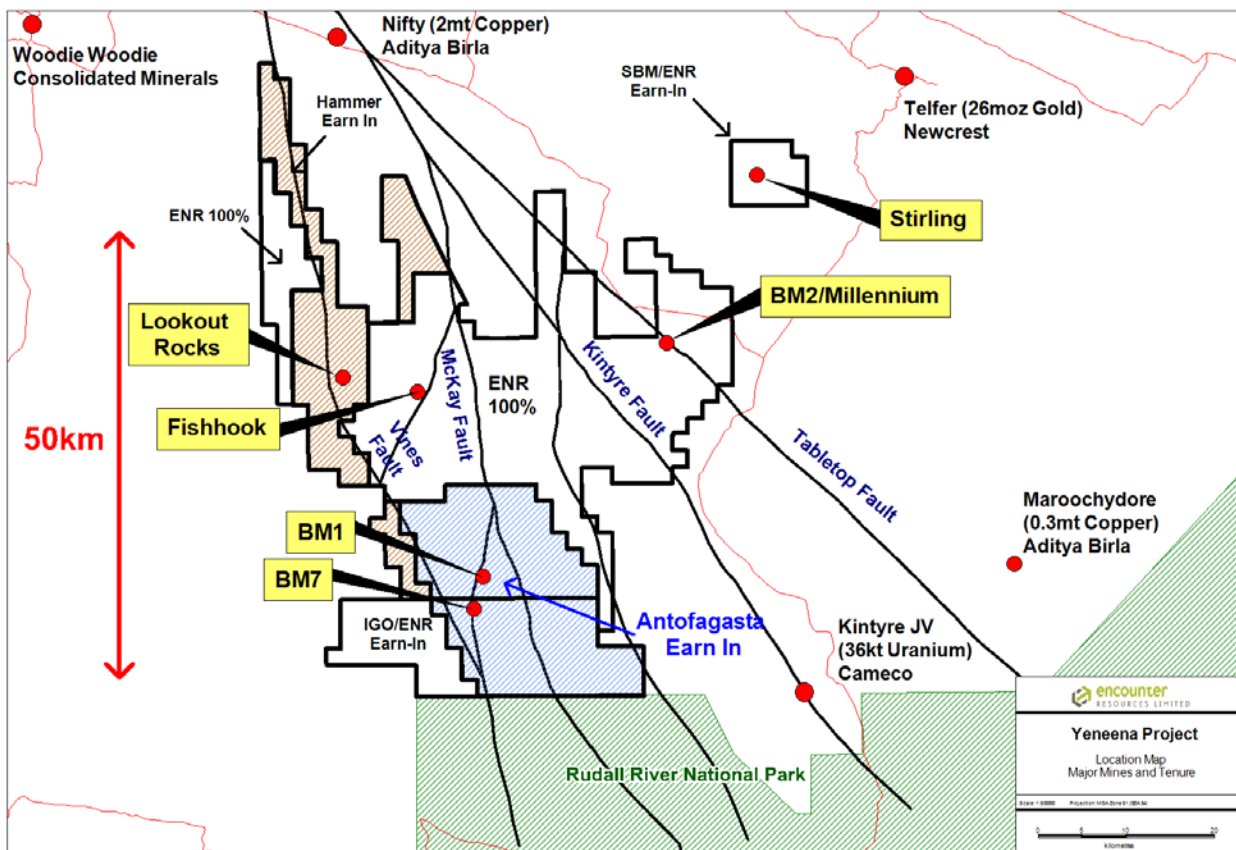


Figure 4. Yeneena Project leasing and targets areas

Certain exploration drilling results for BM1 was first disclosed under JORC code 2004. It has not been updated since to comply with the JORC code 2012 on the basis that the information has not materially changed.

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 presentation of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information in the relevant ASX releases and the form and context of the announcement has not materially changed.