

ASX : ENR

6 December 2012

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

BM7 copper system over 3.5km long and still growing

- **BM7 copper-cobalt mineral system grows to 3.5km in strike and remains open to the south and east**
- **Results from the remaining three lines of aircore drilling contain numerous end of hole ("EOH") copper results up to 1.2% copper**
- **Assay results from aircore drill lines 5, 6 and 7 include:**
 - **5m @ 0.62% copper and 821ppm cobalt from 36m to EOH
incl. 1m @ 1.2% copper and 0.18% cobalt from 40m to EOH**
 - **6m @ 0.43% copper and 55ppm cobalt from 36m to EOH**
 - **13m @ 0.36% copper and 38ppm cobalt from 34m to EOH**
 - **6m @ 0.37% copper and 364ppm cobalt from 50m to EOH**
 - **14m @ 0.41% copper and 74ppm cobalt from 38m to EOH**
 - **13m @ 0.47% copper and 32ppm cobalt from 36m to EOH**
- **First assay results from 2,400m RC drill program expected in late December 2012**
- **Successful WA Government EIS co-funding for deep drilling at BM7 (\$150,000)**

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

Background:

Seven lines of aircore drilling (5,000m) have been completed along the southern extension of BM7 following the grant of this tenement in August 2012. The purpose of the initial aircore program was to determine the 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 Lines 1 through to Line 4 with 'end of hole' copper grades up to 9m @ 1.54% copper and 1.0% cobalt on Line 3 (see ASX announcements 7 November 2012 and 21 November 2012).

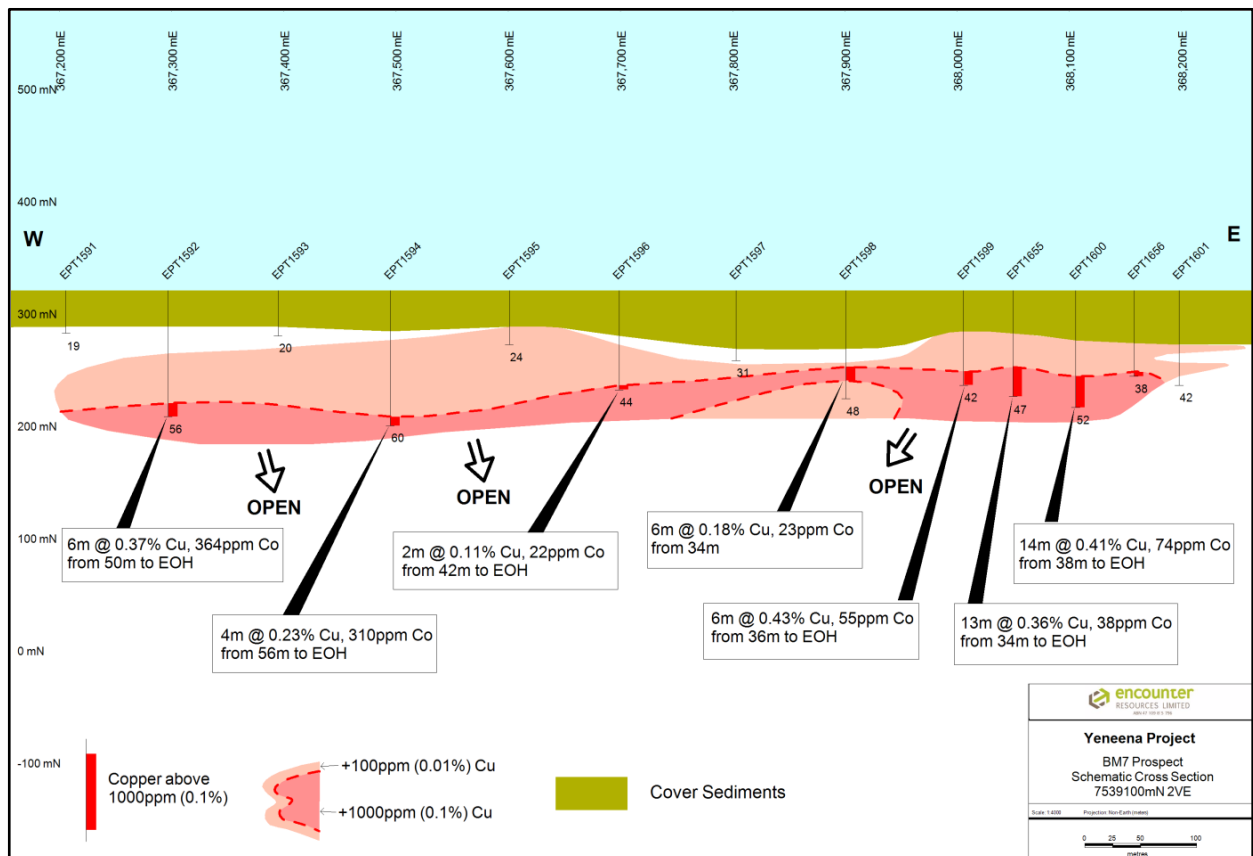
Assay Results from Aircore Lines 5, 6 and 7:

Assays have now been received for the remaining three lines of aircore drilling. The supergene copper-cobalt mineralisation at BM7 has been extended to over 3.5km in strike length and up to 1.4km wide. The mineralised system remains open to the east and the south with EOH intervals on the southern line of drilling up to 1.2% copper and 1,790ppm cobalt (see Figures 1, 2 and 3).

"The results from this first pass, broad spaced aircore drill program in a covered area with no previous exploration are highly encouraging. A significant number of the shallow holes in the program finished in copper mineralisation grading between 0.4% to 1.5% copper. The average hole depth in the program was just 40 metres. The copper system is over 3.5km long and this first program has provided immediate targets for follow up deeper drilling" said Managing Director, Will Robinson.

The drill lines were centered over a broad zone of resistive geology that is thought to represent a large-scale dolomite-silica alteration system. Many of the aircore holes terminate at shallow depths within a mineralised, ferruginous horizon with several end of hole samples exhibiting possible gossanous textures. The strongest end of hole copper-cobalt mineralisation has been intersected along the margins of interpreted dolomite-silica alteration zone and these areas are targets for follow up deeper drilling.

The aircore drilling across the BM7 target shows the depth of the cover sequence at BM7 varies between 10m and 25m.



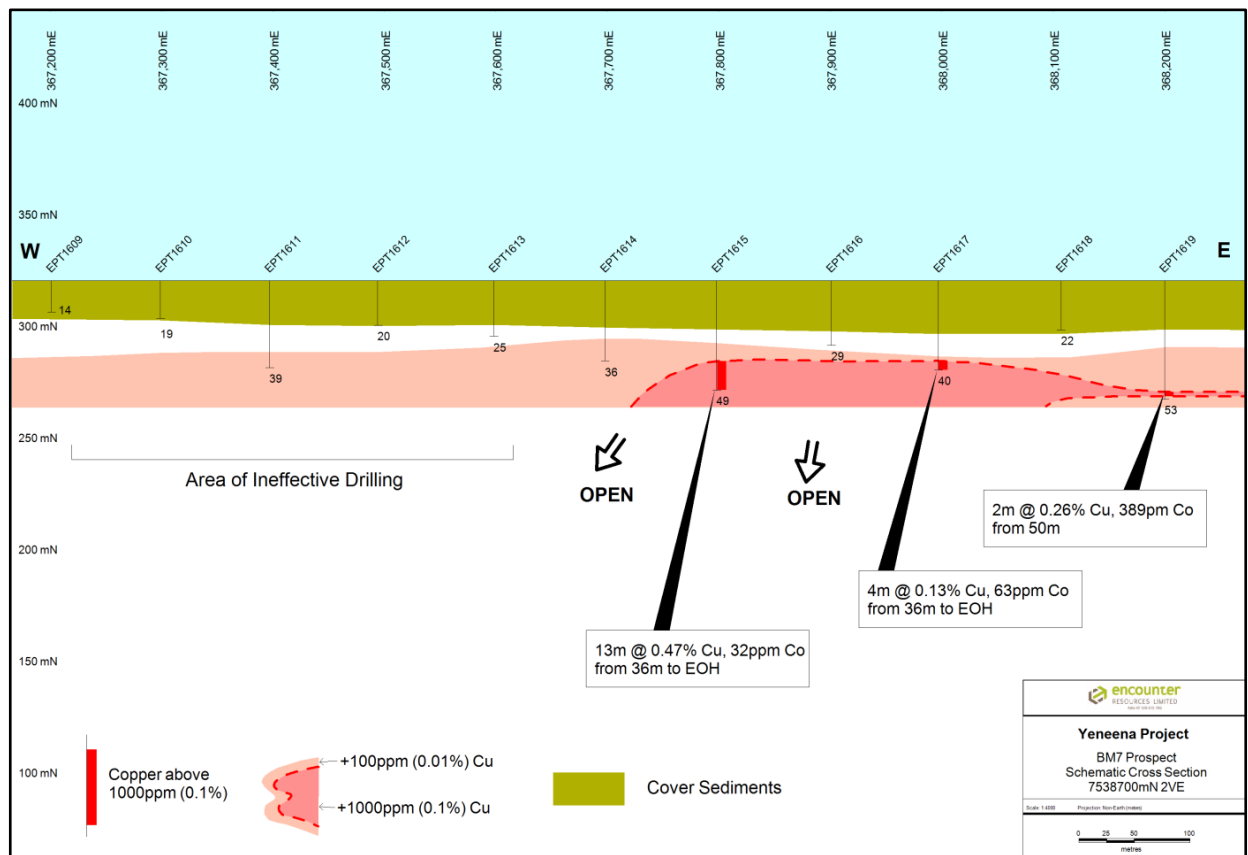


Figure 2: BM7 South Cross Section 7,538,700mN – Line 6 (2x vertical exaggeration)

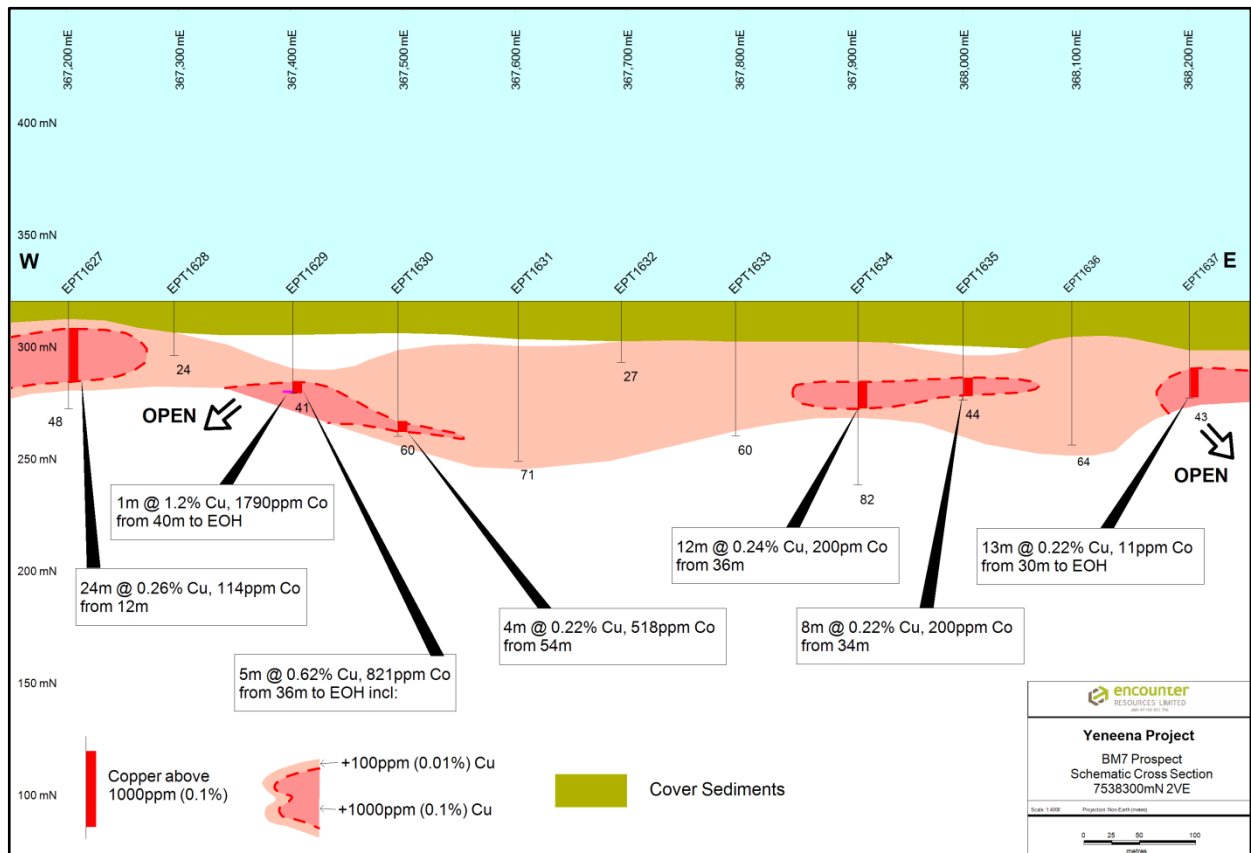


Figure 3: BM7 South Cross Section 7,538,300mN – Line 7 (2x vertical exaggeration)

RC Drill Program

First assays results from a 2,400m, 19 hole RC program at BM7 are expected in late December 2012. The RC drilling was designed to test an area of highly silicified cover sediments where a number of aircore holes failed to penetrate into the weathered Proterozoic sediments (see Figure 2). In addition, a number of RC holes were drilled in areas of higher grade end of hole copper-cobalt mineralisation intersected in the aircore drilling. Broad zones of copper mineralisation have been detected by handheld XRF in several RC holes.

IP Survey

A program of six lines of dipole-dipole IP was completed at BM7 in November 2012. The IP lines were collected over aircore Lines 1, 2, 3, 4 and 7 and were centered over the areas of strongest supergene copper mineralisation. The final line was completed 400m north of aircore Line 1 where diamond drilling on E45/2658 has intersected broad zones of disseminated copper sulphide mineralisation. Preliminary data from this survey was recently received with final data to be delivered in January 2013.

Successful EIS Application for Co-funded Drilling

The company was successful in applying for co-funded deep drilling at BM7. The funding from the WA Government EIS program will contribute up to \$150,000 towards the drilling costs of the planned RC and diamond drill program.

Project Background & Location Plan

The Yeneena project covers 1400km² 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).

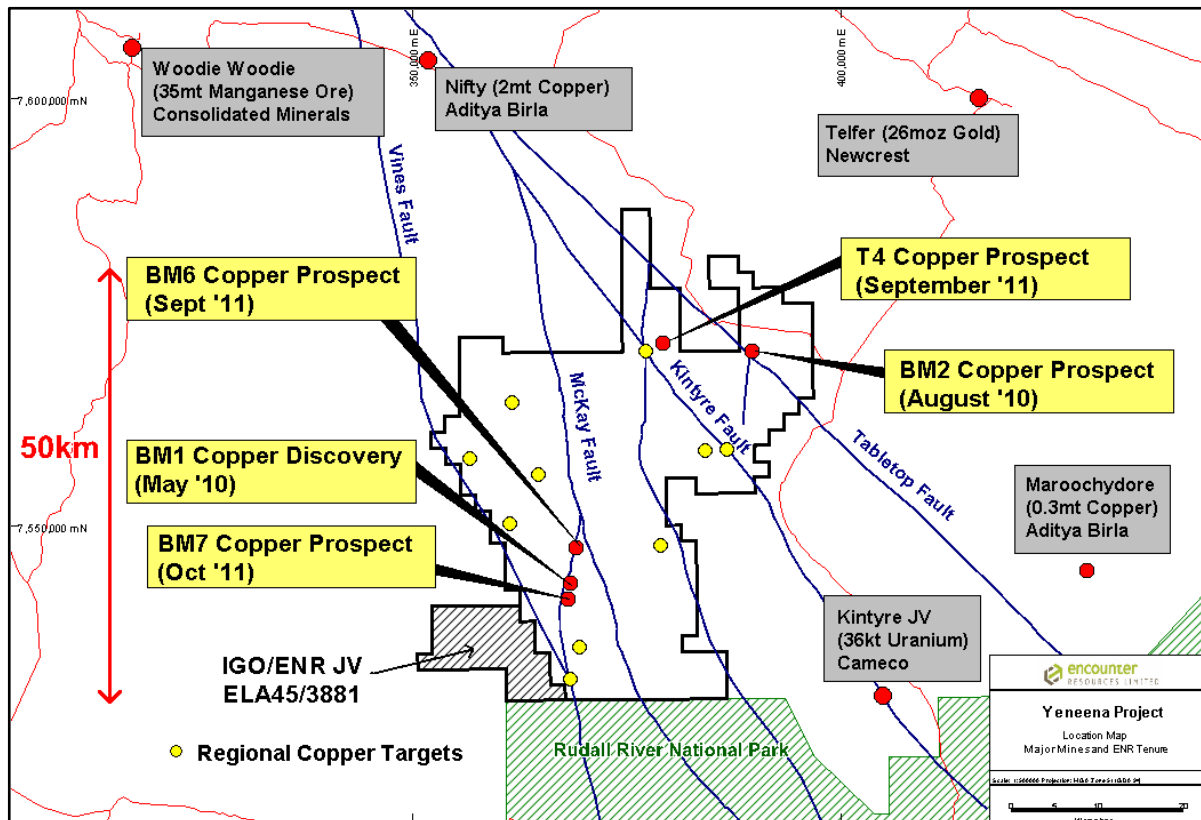


Figure 4: Yeneena Project leasing and target areas

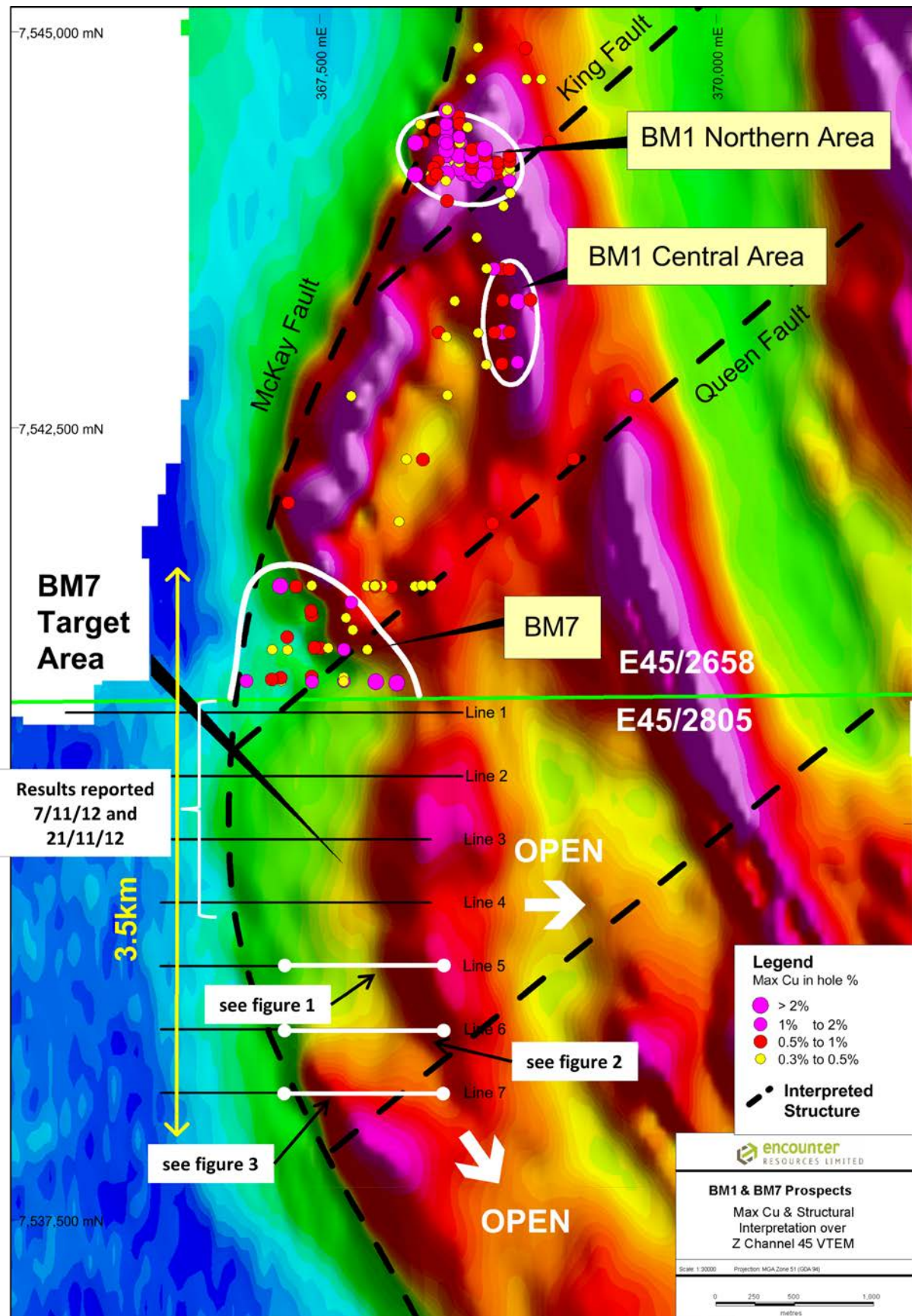


Figure 5: BM1 - BM7 prospects Maximum copper in hole (>0.3%) over VTEM Channel 45

Hole ID	Depth from (m)	Depth to (m)	Interval (m)	Copper (%)	Cobalt (ppm)
EPT 1592	50	56*	6	0.37	364
EPT 1594	56	60*	4	0.23	310
EPT 1596	42	44*	2	0.11	22
EPT 1598	34	40	6	0.18	23
EPT 1599	36	42*	6	0.43	55
EPT 1600	38	52*	14	0.41	74
EPT 1607	30	32*	2	0.13	284
EPT 1615	36	49*	13	0.47	32
EPT 1617	36	40*	4	0.13	63
EPT 1619	50	52	2	0.26	389
EPT 1626	20	44	24	0.13	31
EPT 1627	12	36	24	0.26	114
EPT 1629	36	41*	5	0.62	821
incl.	40	41*	1	1.20	1790
EPT 1630	54	58	4	0.22	518
EPT 1634	36	48	12	0.24	200
EPT 1635	34	42	8	0.22	200
EPT 1637	30	43*	13	0.22	11
EPT 1655	34	47*	13	0.36	38
EPT 1656	36	38*	2	0.11	16

Table 1: BM7 South Aircore Drill Hole Assay Summary – Lines 5, 6 and 7

*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
EPT1584	7539095	366508	320	16	-90	0
EPT1585	7539096	366597	320	34	-90	0
EPT1586	7539094	366695	320	48	-90	0
EPT1587	7539099	366798	320	13	-90	0
EPT1588	7539110	366897	320	13	-90	0
EPT1589	7539100	367006	320	14	-90	0
EPT1590	7539104	367097	320	13	-90	0
EPT1591	7539117	367206	320	19	-90	0
EPT1592	7539097	367297	320	56	-90	0
EPT1593	7539097	367395	320	20	-90	0
EPT1594	7539106	367495	320	60	-90	0
EPT1595	7539100	367601	320	24	-90	0
EPT1596	7539098	367699	320	44	-90	0
EPT1597	7539094	367803	320	31	-90	0
EPT1598	7539102	367901	320	48	-90	0
EPT1599	7539100	368006	320	42	-90	0
EPT1600	7539102	368106	320	52	-90	0
EPT1601	7539099	368198	320	42	-90	0
EPT1602	7538700	366500	320	39	-90	0
EPT1603	7538700	366600	320	10	-90	0
EPT1604	7538700	366700	320	14	-90	0
EPT1605	7538700	366800	320	11	-90	0
EPT1606	7538700	366900	320	37	-90	0
EPT1607	7538698	366996	320	32	-90	0

EPT1608	7538701	367093	320	15	-90	0
EPT1609	7538698	367201	320	14	-90	0
EPT1610	7538699	367299	320	19	-90	0
EPT1611	7538702	367397	320	39	-90	0
EPT1612	7538699	367494	320	20	-90	0
EPT1613	7538693	367598	320	25	-90	0
EPT1614	7538702	367698	320	36	-90	0
EPT1615	7538702	367798	320	49	-90	0
EPT1616	7538700	367901	320	29	-90	0
EPT1617	7538700	367997	320	40	-90	0
EPT1618	7538698	368107	320	22	-90	0
EPT1619	7538702	368200	320	53	-90	0
EPT1620	7538304	366499	320	18	-90	0
EPT1621	7538295	366598	320	7	-90	0
EPT1622	7538303	366695	320	19	-90	0
EPT1623	7538296	366798	320	12	-90	0
EPT1624	7538299	366901	320	22	-90	0
EPT1625	7538301	366980	320	16	-90	0
EPT1626	7538292	367082	320	49	-90	0
EPT1627	7538302	367202	320	48	-90	0
EPT1628	7538305	367296	320	24	-90	0
EPT1629	7538300	367402	320	41	-90	0
EPT1630	7538300	367496	320	60	-90	0
EPT1631	7538296	367603	320	71	-90	0
EPT1632	7538298	367695	320	27	-90	0
EPT1633	7538302	367797	320	60	-90	0
EPT1634	7538300	367906	320	82	-90	0
EPT1635	7538301	368000	320	44	-90	0
EPT1636	7538303	368097	320	64	-90	0
EPT1637	7538302	368202	320	44	-90	0
EPT1655	7539097	368050	320	49	-90	0
EPT1656	7539098	368158	320	38	-90	0

Table 2: BM7 South aircore hole information – Lines 5, 6 and 7

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