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Copper Exploration Update

- **Additional high grade copper intersections from RC drilling at BM1 include:**
  - **26m @ 1.8% Cu from 24m (oxide)**
  - **8m @ 1.0% Cu from 106m (oxide / supergene)**
  - **4m @ 1.2% Cu from 66m (supergene)**
  - **16m @ 0.4% Cu from 56m incl. 2m @ 1.8% Cu (supergene)**
- **Diamond drilling at BM1 Northern Area returned high grade intersection**
  - **6.6m @ 2.8% Cu from 34.8m incl. 0.8m @ 9.6% Cu (oxide)**
- **Diamond drilling intersected extensive copper anomalism within a steeply dipping fault breccia along western margin of the BM1 Northern Area.**
- **Copper mineralisation intersected 2.5km north of the BM1 prospect in reconnaissance aircore drilling (assays pending).**
- **Zones of disseminated copper sulphide minerals (bornite and chalcopyrite) identified in a stratigraphic diamond drill hole at the T4 prospect, located 30km to the north-east of BM1 (assays pending).**
- **Second diamond rig sourced to commence drilling in September 2011.**

Introduction

The directors of Encounter Resources Ltd ("**Encounter**") are pleased to provide an update on a number of significant recent advances made at the BM1 and T4 prospects at the Yeneena project.

The RC drill program completed in July 2011 at the BM1 Northern Area has extended the area of near surface, high grade copper to over 500m in strike. In addition, aircore drilling has intersected copper mineralisation 2.5km north of the previous drilling at BM1. The BM1 mineralised system now remains anomalous for over 6km which is a world class copper regolith footprint. Additionally, diamond drilling at BM1 has intersected extensive copper anomalism within a steeply dipping fault breccia along western margin of the BM1 Northern Area which is an important ingredient in the formation sedimentary hosted copper deposits.

As a result of these developments at BM1, as well as the intersection of primary copper sulphide minerals in a stratigraphic drill hole at the T4 prospect, a second diamond drill rig has been secured to accelerate exploration at Yeneena in September 2011.

BM1 Northern Area copper mineralisation extended and remains open

All assay results have now been received from the 33 hole RC program completed at the BM1 Northern Area in July 2011. The mineralised zone has been extended to the north-west and south-east and remains open in both directions (Figure 1). The copper mineralisation at the western and eastern ends of the Northern Area extends below the base of oxidation and a number of drill holes end in copper anomalism. Assay results from all of the RC drilling and EPT604 diamond hole at the Northern Area are shown in Table 1.

The copper mineralisation on the western-most drill line, below the base of oxidation, has been extended further north. The total strike length of the copper mineralised zone at the Northern Area has been extended to over 500 metres and remains open.

The RC drill program, completed at a nominal 80m by 40m spacing over the Northern Area, has been highly successful at clarifying the nature of the near surface copper mineralisation. It has provided vectors to a possible primary copper position and has confirmed the continuity of the oxide copper. High grade copper intersections from the RC drill program completed in July 2011 include:

- 26m @ 1.8% Cu from 24m (oxide)
- 8m @ 1.0% Cu from 106m (oxide / supergene)
- 4m @ 1.2% Cu from 66m (supergene)
- 16m @ 0.4% Cu from 56m incl. 2m @ 1.8% Cu (supergene)
- 6m @ 3.6% Cu from 16m incl. 2m @ 5.6% Cu (oxide)*
- 20m @ 2.2% Cu from 16m incl. 2m @ 3.6% Cu (oxide)*
- 10m @ 1.4% Cu from 20m incl. 4m @ 2.4% Cu (oxide)*
- 18m @ 1.1% Cu from 26m (oxide)*
- 10m @ 1.1% Cu from 68m (supergene)*
- 4m @ 2.1% Cu from 110m incl. 2m @ 3.4% Cu (supergene and native copper)*

  * previously reported

The drilling also included several highly anomalous cobalt intersections including:

- 22m @ 489ppm Co from 20m incl. 6m @ 1050ppm Co
- 18m @ 1016ppm Co from 16m
- 34m @ 489ppm Co from 26m
- 18m @ 450ppm Co from 26m

Copper anomalous fault breccia zone on western margin of the BM1 Northern Area

The diamond drilling has recommenced at BM1 Northern Area with drilling focusing on the western end of the near surface copper mineralisation as it approaches the McKay Fault. Initial diamond drilling has intersected extensive copper anomalism within a steeply dipping fault breccia at the western margin. The brecciated zone is extensively leached with copper oxide minerals identified down to a depth of 160m. Drilling this weathered, brecciated fault zone has been difficult and has resulted in slow drilling rates. However the understanding and recognition of the orientation of this potential feeder zone to the copper mineralisation is an important step towards the identification of a primary copper position at BM1.

This breccia fault zone is interpreted to represent a sub vertical feeder system to the near surface, shale-hosted copper identified at the Northern Area. Such feeder breccia systems are an important ingredient in the formation sedimentary hosted copper deposits. Following this breccia feeder zone to the position where it intersects the flat lying silicified carbonate stratigraphic unit, interpreted to be present at depth in this location, is a priority drill target as this is considered a favourable location for the deposition of a significant body of copper sulphide mineralisation. Diamond drilling is set to accelerate with the arrival of a second diamond rig later this month.

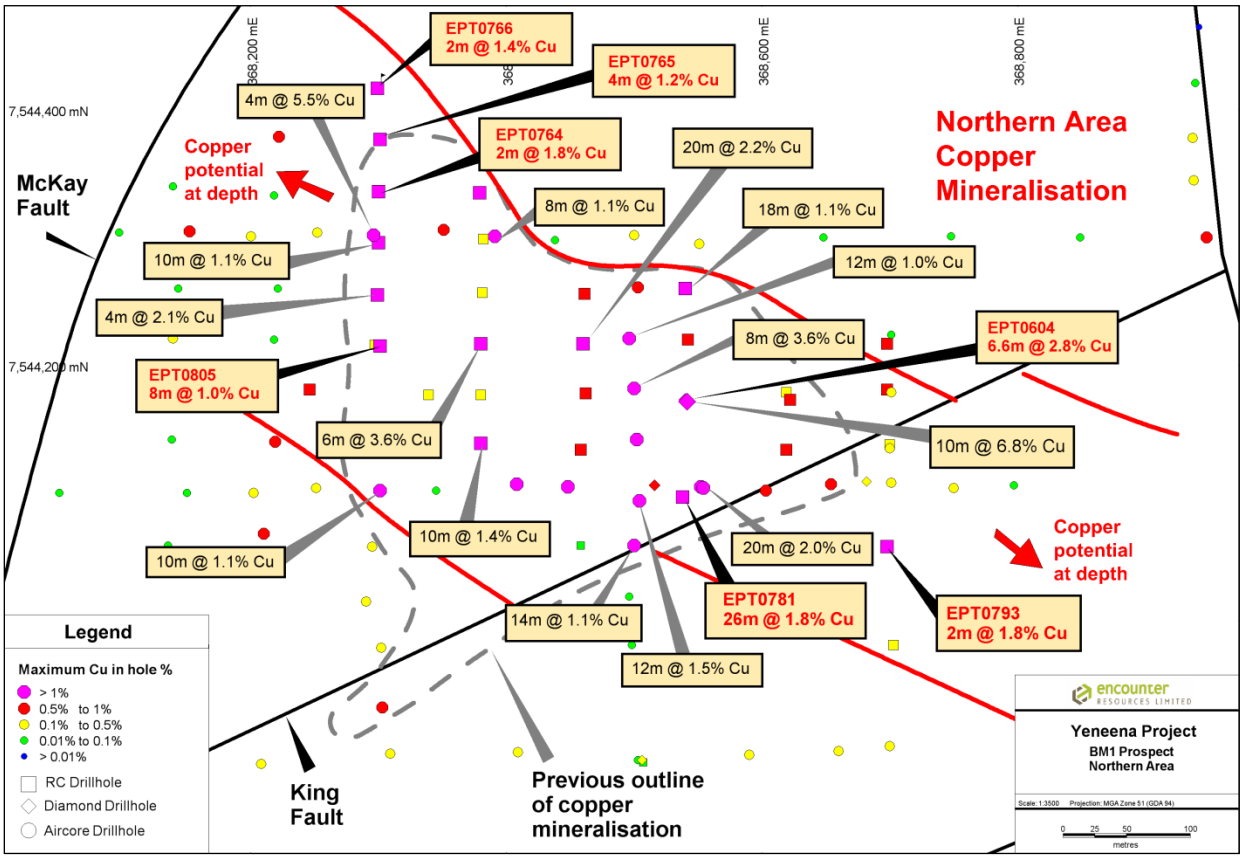

Figure 1: BM1 Northern Area – Maximum Copper in Hole, Red labels = New drill results

Copper mineralisation identified 2.4km north of BM1.

Reconnaissance aircore drilling north of BM1 has extended the area of copper anomalism a further 2.4km north of the previous limit of aircore drilling. This copper anomalism is hosted within a black shale unit and has been identified through the use of a field portable hand held XRF unit. The identification of copper in this area indicates that the BM1 mineralised system remains anomalous for over 6km of strike along the McKay Fault. This is a highly significant copper regolith footprint and is of a scale similar to some of the major copper deposits of the world. Further drilling is planned in this area following confirmation of the copper mineralisation by chemical assay.

Copper sulphide minerals identified in T4 stratigraphic diamond drill hole

During August 2011, two stratigraphic diamond drill holes were completed at the T4 prospect which is located in the north of the Yeneena project, about 30km NE of BM1 (Figure 2). Drill hole EPT801 was collared within a geological block interpreted from geophysics to represent uplifted Rudall Complex metamorphics. This uplifted block was targeted by the company because such structural settings are conceptually highly prospective for the formation of large mineral systems.

EPT 801 intersected gneissic rocks and therefore confirmed the geological interpretation of the presence of Rudall Complex rocks. However, importantly, these gneisses were overprinted by later, extensive and locally very intense alteration. Several narrow zones of disseminated chalcopyrite and bornite (see Photo 1) were visually identified within the more intense alteration zones (the presence of copper was confirmed by hand-held XRF). These intersections of copper sulphide minerals in the first stratigraphic diamond drill program within a large, covered and almost unexplored area is a significant development that provides an additional major copper target in the Yeneena Project.

The stratigraphic holes at T4 are located at the southern end of a 4km long coincident magnetic/gravity anomaly. Assays are pending from this hole and are expected to be received within the next three weeks. A surface geochemical sampling program in the sand dune swales at T4 has commenced, following on from a successful partial leach geochemical orientation program completed at BM2 in July 2011. The results of this survey will assist in the planning of the next phase of diamond drilling at T4 scheduled to commence in October 2011.

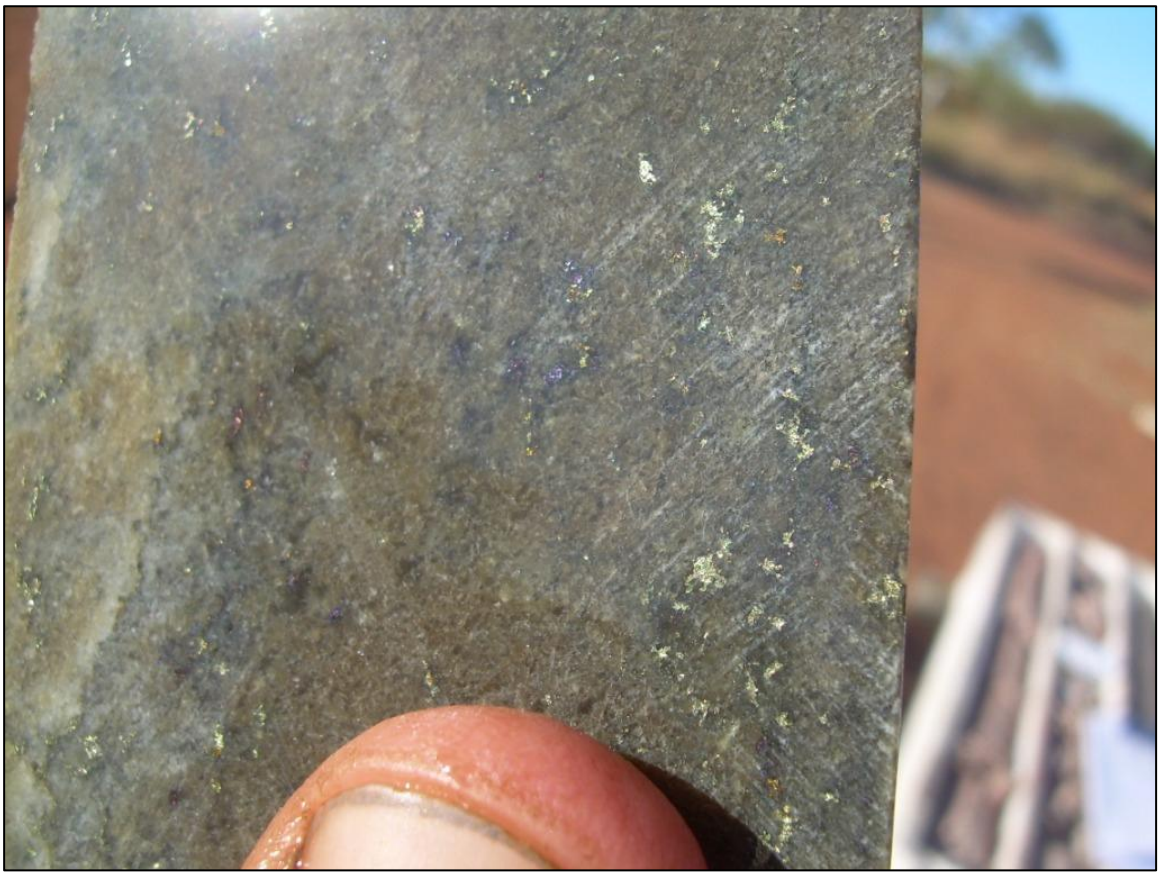

Photo 1: **EPT801 (T4) 194.4m. Disseminated chalcopyrite and bornite in altered metamorphics**

Drill Hole ID	*Northing (m)*	*Easting(m)*	*RL(m)*	*Dip*	*Azi*	*EOH (m)*	*From(m)*	*To(m)*	*Interval(m)*	*Copper (%)*
EPT600	7544182	368148	320	-60	270	105	16	20	4	0.11
EPT601a	**7544182**	**368148**	**320**	**-90**	**0**	**141**	**28**	**34**	**6**	**0.21**
EPT602	**7544177**	**368339**	**320**	**-75**	**270**	**150**	**16**	**20**	**4**	**0.11**
EPT761	7544216	368297	320	-60	180	104	94	96	2	0.12
						and	102	104	2	0.24*
EPT762	7544255	368299	320	-60	180	141	56	70	14	0.7
						and	88	90	2	1.19
						and	110	114	4	2.12
						and	128	138	10	0.53
						incl.	*128*	*130*	*2*	*1.41*
EPT763	7544296	368300	320	-60	180	120	68	78	10	1.09
						and	88	94	6	0.4
EPT764	**7544336**	**368300**	**320**	**-60**	**180**	**108**	**70**	**82**	**12**	**0.62**
						incl.	***78***	***80***	***2***	***1.8***

EPT765	**7544377**	**368301**	**320**	**-60**	**180**	**120**	**66**	**70**	**4**	**1.19**
						incl.	***66***	***68***	***2***	***1.72***
EPT766	**7544417**	**368299**	**320**	**-60**	**180**	**99**	**66**	**68**	**2**	**1.42**
EPT767	7544139	368380	320	-60	180	93	16	44	28	0.59
						incl.	*20*	*30*	*10*	*1.36*
						and	64	70	6	0.19
EPT768	7544177	368380	320	-60	180	120	18	26	8	0.25
EPT769	7544217	368380	320	-60	180	120	16	22	6	3.58
						incl.	*18*	*20*	*2*	*5.60*
EPT770	7544257	368381	320	-60	180	120	32	38	6	0.14
EPT771	7544299	368382	320	-60	180	105	22	28	6	0.31
EPT772	7544335	368379	320	-60	180	105	28	34	6	0.83
EPT773	**7544059**	**368458**	**320**	**-60**	**180**	**82**	**nsa**			
EPT775	**7544134**	**368458**	**320**	**-60**	**180**	**60**	**12**	**30**	**18**	**0.20**
EPT776	7544178	368462	320	-60	180	120	28	36	8	0.35
EPT777	7544217	368460	320	-60	180	120	16	36	20	2.24
						incl.	*18*	*20*	*2*	*3.56*
EPT778	7544256	368461	320	-60	180	112	42	48	6	0.40
EPT779	**7544115**	**366231**	**320**	**-60**	**180**	**97**	**4**	**16**	**12**	**0.14**
EPT781	**7544097**	**368538**	**320**	**-60**	**180**	**120**	**24**	**50**	**26**	**1.76**
EPT783	**7544220**	**368540**	**320**	**-60**	**180**	**120**	**40**	**56**	**16**	**0.42**
EPT784	7544260	368540	320	-60	180	99	22	52	30	0.76
						incl.	*26*	*44*	*18*	*1.09*
EPT788	**7544134**	**368619**	**320**	**-60**	**180**	**120**	**18**	**32**	**14**	**0.22**
						and	**42**	**58**	**16**	**0.27**
EPT789	**7544179**	**368619**	**320**	**-90**	**0**	**114**	**36**	**48**	**12**	**0.12**
EPT791	**7543981**	**368703**	**320**	**-60**	**180**	**120**	**54**	**66**	**12**	**0.22**
EPT793	**7544058**	**368698**	**320**	**-60**	**180**	**103**	**56**	**72**	**16**	**0.35**
						incl.	***68***	***70***	***2***	***1.8***
						and	**84**	**92**	**8**	**0.24**
EPT795	**7544138**	**368700**	**320**	**-60**	**180**	**102**	**40**	**60**	**20**	**0.17**
						and	**82**	**96**	**14**	**0.18**
EPT796	**7544181**	**368698**	**320**	**-60**	**180**	**102**	**14**	**42**	**28**	**0.21**
						and	**56**	**68**	**12**	**0.42**
						and	**84**	**92**	**8**	**0.29**
EPT797	**7544217**	**368698**	**320**	**-60**	**180**	**141**	**44**	**48**	**4**	**0.84**
						and	**74**	**78**	**4**	**0.23**
EPT805	**7544215**	**368301**	**320**	**-75**	**180**	**150**	**106**	**114**	**8**	**1.00**
EPT806	**7544173**	**368622**	**320**	**-60**	**180**	**120**	**28**	**34**	**6**	**0.17**
						and	**44**	**52**	**8**	**0.37**
EPT604#	**7544173**	**368540**	**320**	**-60**	**180**	**327.2**	**34.8**	**41.4**	**6.6**	**2.84**

Table 1: BM1 Northern Area- Drill hole information
Drill hole coordinates GDA94 zone 51 datum and determined via handheld GPS (+/-5m),
** denotes EOH interval, # denotes diamond drill hole*
EOH = End of hole depth; m=metre; Azi = Azimuth at the collar; All RC assay results are from 2m composite samples

Project Background & Location Plan

The BM1 prospect is one of several high quality prospects within the 100% owned Yeneena project. The Yeneena project covers 1300km^2 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 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).

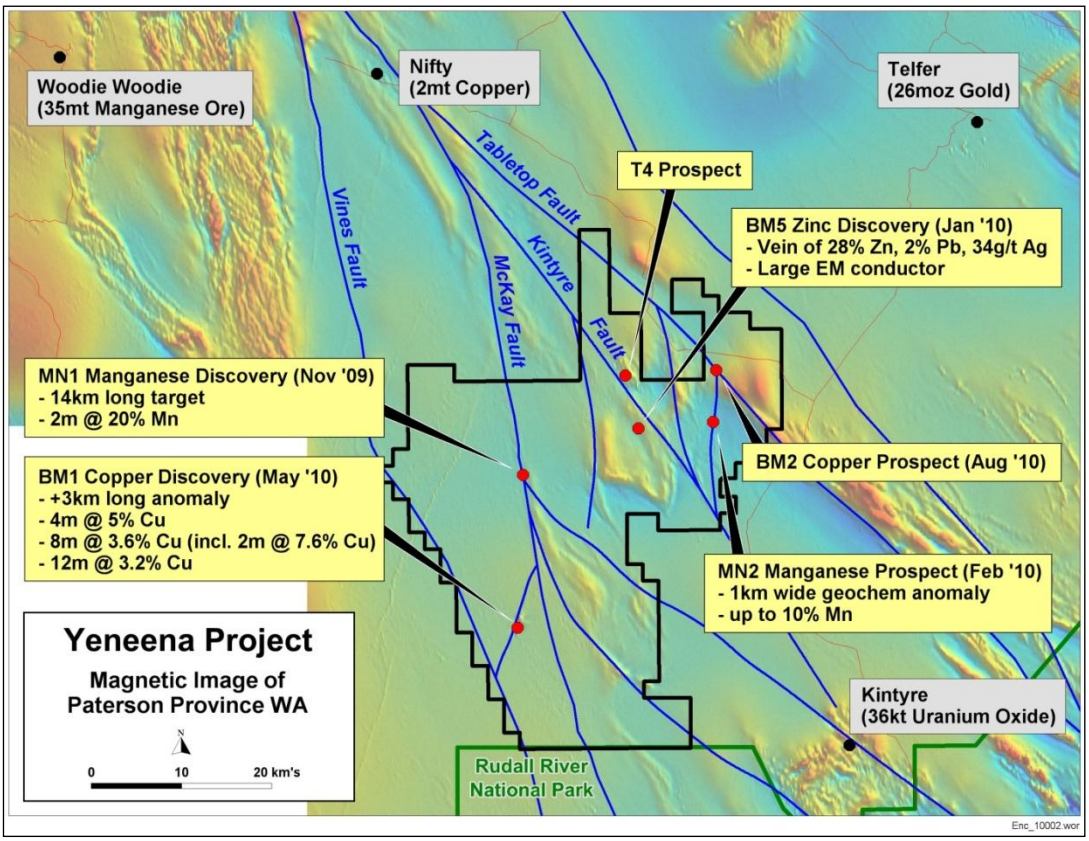

Figure 2: Yeneena Project leasing and target areas on regional TMI magnetics

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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.