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Company Announcements Office
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Copper Sulphide Discovery at BM7

- **Expanded RC pre-collar drill program completed at BM7 (5,500m, 29 holes)**
- **Strong copper-cobalt mineralisation results from first two priority holes:**
 - **EPT1112 34m @ 0.64% copper and 793ppm cobalt from 156m to end of hole including 10m @ 1.64% copper and 1,616ppm cobalt from 166m; and**
 - **EPT1160 12m @ 0.35% copper from 148m to end of hole**
- **Two diamond tails completed to date have both intersected broad zones of disseminated and blebby copper sulphide mineralisation at depth**
- **Copper sulphide system is continuous over 800m of strike and remains open**
- **2,750 samples in the laboratory and diamond drilling is ongoing**

The directors of Encounter Resources Ltd (“**Encounter**” or “**the Company**”) are pleased to provide the results from the initial two holes from the RC pre-collar drill program recently completed at the BM7 prospect in the Yeneena project (Western Australia).

“We are pleased to see the strengthening copper grades at the bottom of a number of these early pre-collar holes at BM7. It is highly encouraging to have intersected multiple zones of copper sulphides in all three diamond drill holes completed to date at BM7. At this stage the BM7 prospect has a number of the hallmarks of a major copper sulphide mineral system” said Managing Director, Will Robinson.

Background:

The BM7 prospect is located 3km south of the BM1 discovery and situated at the intersection of the north-east trending Queen fault and the regionally extensive McKay fault. Previous shallow aircore drilling has defined over 3.5km of copper oxide mineralisation along the Queen fault. This mineralisation remains open both along strike and to the south and is best developed at the intersection of the Queen and McKay faults.

The first diamond hole beneath this copper oxide anomaly, EPT 1109, was completed in December 2011 at the end of the 2011 drill season. The hole intersected an extensive hydrothermal stockwork system containing broad zones of finely disseminated, locally blebby

and stringer copper sulphide mineralisation. Assay results included a zone of 102m @ 0.2% Cu and 243ppm Co from 274m (see ASX announcement 17 January 2012). These results indicated the presence of a large-scale, depth-extensive, primary copper-mineralisation system at BM7.

Results from RC pre-collar program:

A total of 29 RC holes have been completed at BM7 in a broad 200m x 200m pattern. This drill program was expanded from the original 2,500m program following the identification of a significant extension to the copper oxide mineralisation. The assay results from two RC holes that were selected for priority analysis have been received.

Drill hole EPT1160 is located approximately 280m directly north-west of diamond hole, EPT 1109. A broad zone of copper oxide mineralisation was intersected that returned 56m @ 0.14% copper from 20m. The final 12m of the hole from 148m to 160m intersected a zone of visible copper sulphide mineralisation that has assayed 0.35% copper.

Drill hole EPT 1112 was drilled a further 280m north-west of EPT 1160. This hole intersected 34m at 0.64% Cu and 793ppm cobalt from 160m to end of hole and included a 10m interval grading 1.64% Cu and 1,616ppm cobalt. A diamond drill hole targeting the zone beneath this intersection will commence in early June 2012.

Diamond drilling update:

Drillhole EPT1160 has been extended with a diamond rig and visible copper mineralisation continues for a further 48m down hole. The presence of anomalous copper mineralisation in the diamond core was confirmed with handheld XRF*. Chemical analysis of the diamond core will be required before the level of the copper anomalism can be confirmed. This core will be cut and sampled with assay results expected within 4-6 weeks.

The third diamond drill hole at the BM7 prospect was completed last week (the second diamond hole for 2012). This hole, EPT 1168A, is located 200m south of EPT 1109 and contains three discrete zones of coarse grained copper sulphide mineralisation hosted within late quartz carbonate veining. This hole appears to have extended the mineral system at BM7 to over 800m in strike length and it remains open. This hole will be cut, sampled and assayed with results expected in 4-6 weeks.

The mineralisation at BM7 is being found in multiple layers down hole and appears to be strengthening at depth. Importantly, the RC drill program has identified transitional and sulphide copper mineralisation in areas outside of the copper oxide mineralisation. The mineralisation at BM7 appears to be stratabound in nature and contained within flat laying geological units which enhances the potential for significant tonnages of mineralisation close to, but blind to surface.

The higher grade copper mineralisation discovered at BM7 is associated with more extensive alteration and silicification of the host rock which appears to have reduced the conductivity of the host lithologies (Figure 1). This reduction in conductivity opens the potential for the use of IP to locate the better parts of the large scale mineral system identified at BM7.

Next steps:

A number of drill holes in the RC pre-collar program terminated in significant copper anomalism at the end of hole. The diamond rig, currently on site, will continue to extend those holes to determine the depth extent of the mineralised zones. Priorities for this program will be to test to the east of EPT 1168 and the interpreted downdip extension of the mineralisation (10m @ 1.64%Cu) intersected in EPT 1112.

Hole ID	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT1173	7542024	367303	320	196	60	090
EPT1186	7541707	366856	320	208	60	090
EPT1183	7541701	367252	320	172	60	090
EPT1184	7541700	367117	320	226	60	090
EPT1111	7541503	367451	320	94	60	090
EPT1112	7541501	367252	320	190	60	090
EPT1155	7541500	367859	320	244	60	090
EPT1180	7541499	367048	320	226	60	090
EPT1110	7541497	367655	320	238	60	090
EPT1181	7541496	367171	320	214	60	090
EPT1182	7541496	367171	320	178	60	090
EPT1179	7541344	367445	320	202	60	270
EPT1160	7541315	367449	320	421.3	60	090
EPT1162	7541302	367834	320	202	60	090
EPT1161	7541300	367665	320	136	60	090
EPT1158	7541298	367048	320	160	60	090
EPT1118	7541114	367879	320	166	60	090
EPT1120	7541113	367468	320	238	60	090
EPT1121	7541103	367247	320	190	60	090
EPT1176	7540929	367449	320	226	60	270
EPT1175	7540923	367650	320	130	60	270
EPT1177	7540920	367254	320	160	60	270
EPT1165	7540901	367039	320	148	60	090
EPT1164	7540900	366853	320	124	60	090
EPT1166	7540900	367257	320	202	60	090
EPT1167	7540899	367454	320	244	60	090
EPT1168	7540898	367650	320	142	60	090
EPT1169	7540895	367854	320	196	60	090
EPT1178	7540887	367985	320	172	60	090
EPT1185	7540890	368249	320	166	60	090

Table 1: BM7 Pre-collars - Drill hole information

Drill hole coordinates GDA94 zone 51 datum and determined via handheld GPS (+/-5m), EOH = End of hole depth; m=metre; azi=azimuth.

Hole ID	Depth from (m)	Depth to (m)	Interval (m)	Copper (%)	Cobalt (ppm)
EPT 1160	20	78	56	0.14	41
	148	160**	12	0.35	131
EPT 1112[#]	156	190**	34	0.64	793
	Incl.	166	176	1.64	1616

Table 2: BM7 Assay Summary for EPT1160 and EPT1112 pre-collars

Intervals listed are composited from individual assays using a nominal cut off of 0.1% copper. Narrow zones of below 0.1% copper have been included in some composite calculations.

* The company routinely uses a Niton handheld XRF on all drill samples and drill core. The results from the XRF are considered preliminary in nature and chemical analysis is required before assay results are reported.

**Anomalous copper results to EOH
 #Assay results from 0-148m are pending

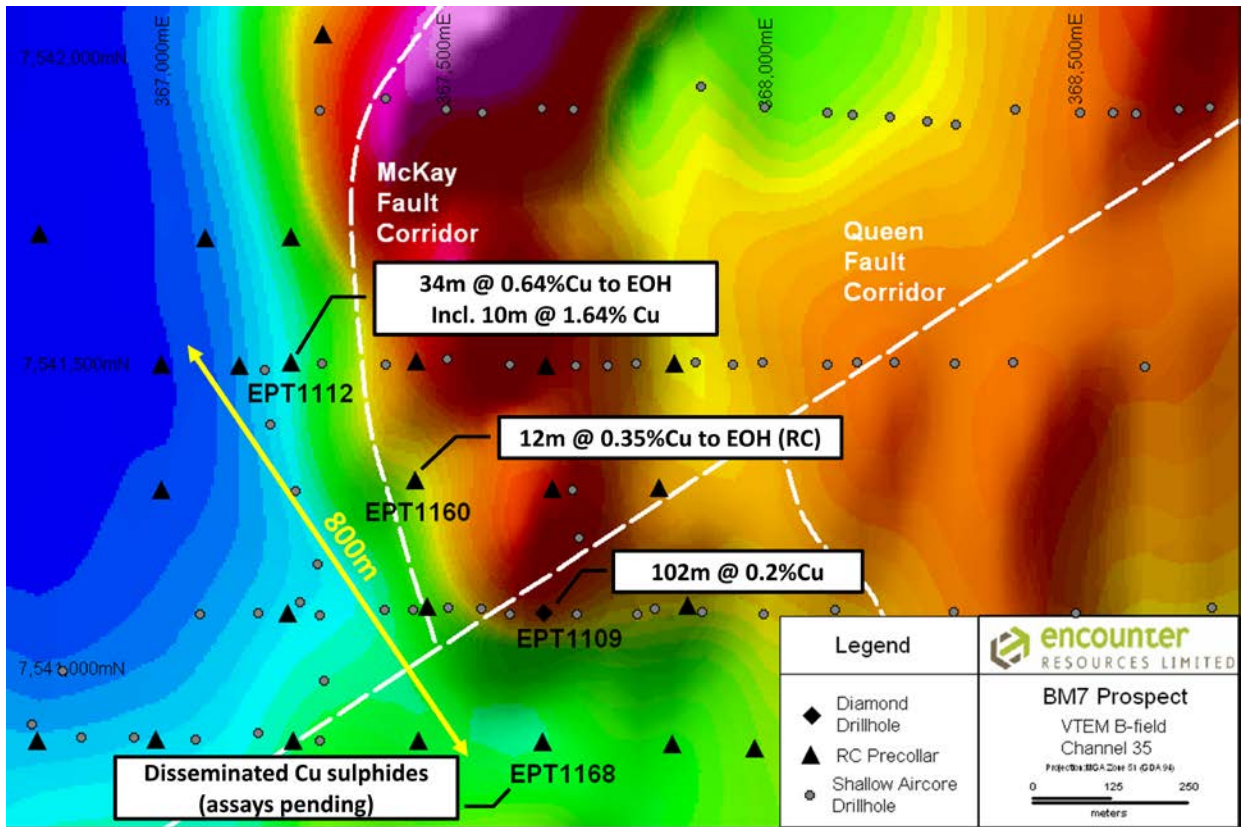


Figure 1: BM7 prospect drill status plan over EM

Project Background & Location Plan

The BM7 prospect is one of several high quality prospects within the 100% owned Yeneena project. The Yeneena project covers 1300km² 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).

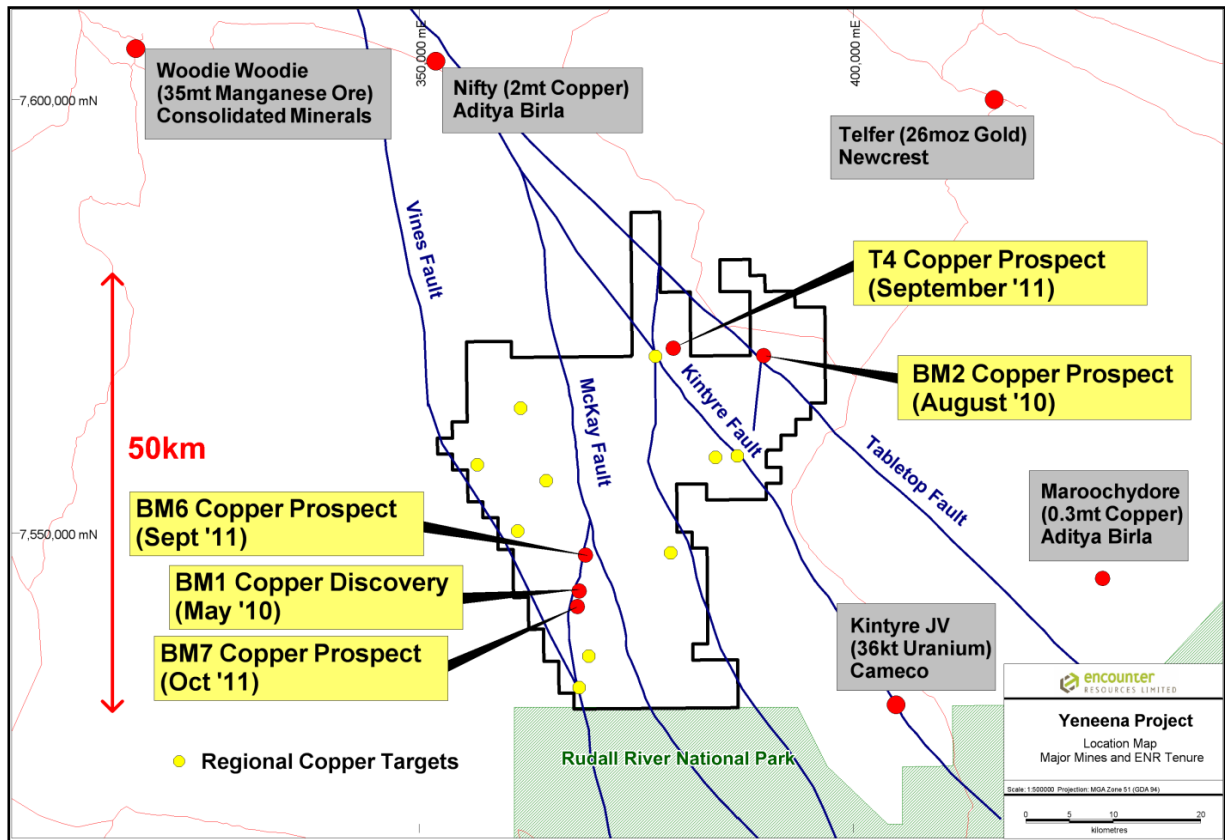


Figure 2: Yeneena Project leasing and target areas

For further information please contact:

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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.