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Company Announcements Office
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Yeneena Copper Exploration Update

- **Copper oxide and copper sulphide mineralisation intersected at BM7**
- **Copper sulphide mineralisation intersected at T4**
- **VTEM survey completed**
- **Diamond drilling at the BM7 prospect has commenced, RC drilling continuing.**

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.

BM7 Prospect

A total of 10 RC drill holes have been completed to date at BM7 with drilling ongoing. The drilling was designed on a 200m by 200m grid to provide pre-collars for a diamond drill program. All holes have been drilled at -60° to the east and vary in depth between 136m and 244m. The holes are centered on diamond hole EPT1109 which was drilled at the end of the 2011 field season and returned an intersection of 274m @ 0.12%Cu and 174ppmCo from 110m (Figure 1). EPT1109 was the first deep hole drilled at BM7 with all other holes being shallow aircore drill holes.

Visible oxide and sulphide copper mineralisation has been intersected in the recent RC drilling at BM7 with routine handheld XRF* screening of the drill samples indicating broad zones of copper anomalism. Anomalism appears to be strengthening as drilling progresses west towards the interpreted intersection of the Queen and McKay faults (Figure 1). Chemical analysis will be required before the level of the copper anomalism can be confirmed. First assay results from this drilling are expected to be received in the next 2-3 weeks.

Diamond drilling at BM7 has now commenced.

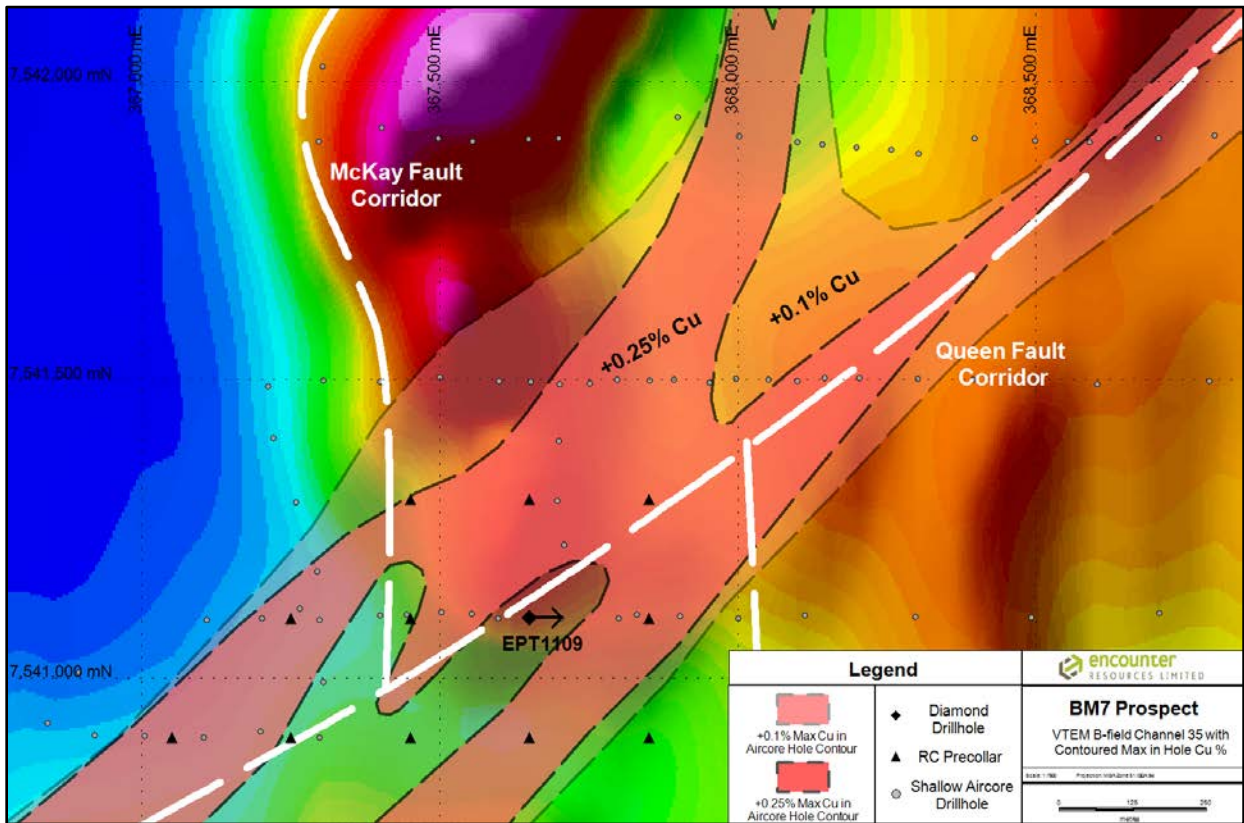


Figure 1: BM7 prospect drill status plan over copper regolith anomaly and AEM data.

BM2 Prospect

The EIS co-funded RC and diamond drill program at BM2 has now been completed. A total of 1930m of RC drilling and 431m of diamond drilling were drilled in this campaign. Samples from the RC drilling have now been dispatched for analysis with results expected in the next 2-3 weeks. The diamond core is currently being logged and cut for analysis.

Visible zinc sulphide mineralisation was noted in the logging of the diamond hole at BM2 and anomalous copper and zinc readings were returned from the handheld XRF* analysis of the RC drill samples.

T4 Prospect

Two diamond drill holes have been completed at T4 for a total of 841.2m. The holes were drilled 1.6km north of EPT801 where disseminated chalcopyrite and bornite was intersected in stratigraphic drilling completed in 2011 (Figure 2). The two hole, follow up diamond drilling was planned to test a 4km long, semi co-incident gravity, magnetic and surface geochemical anomaly located to the north of EPT801. The anomaly sits within an 8km by 5km block of Rudall Complex metamorphics.

Visible disseminated and blebby copper sulphide mineralisation has been intersected in the recent drilling within areas of magnetite development and intense silica alteration. The identification of copper mineralisation in association with the magnetite alteration provides a clear exploration target at T4. Copper anomalism was also intersected in the first 20m from surface and this could provide an efficient sampling medium to assess the magnetic anomaly at T4 where the mineralisation projects near surface.

It is interpreted that the copper mineralised system at T4 extends at least 1.6km in strike and potentially over the entire length of the +4km long magnetic anomaly. Shallow geochemical drilling along the magnetic anomaly will now be completed to provide a vector into areas of strongest copper mineralisation. The systematic drilling of the magnetic anomaly will be completed in conjunction with the testing of regional copper targets around the margin of the T4 basement block. This drill program will commence as soon as a suitable track or tractor mounted aircore rig can be sourced.

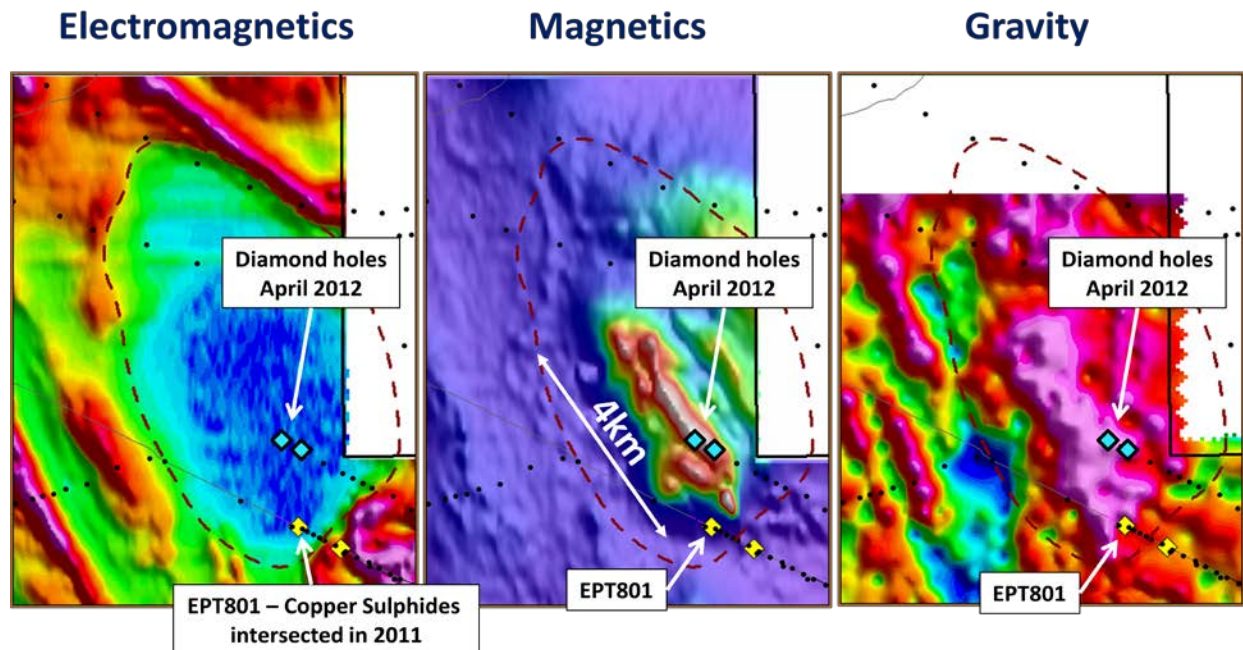


Figure 2: T4 prospect drill status plan AEM, magnetics and gravity data.

VTEM Survey

Following the success of the helicopter based VTEM survey completed in 2011 a second program of VTEM has now been completed. A total of 691 line kms were flown in April and covered three target areas; BM2, MN1 and the southern extension of the BM7 system. Data from this survey is currently being processed and checked before a final dataset is delivered to our contract geophysical consultants for interpretation and modeling.

Drill Samples

A total of 1807 samples from the RC drilling programs have been submitted for analysis. It is anticipated that the first of these results will be returned in 2-3 weeks.

The company looks forward to providing further updates on the progress of the copper exploration at the Yeneena project and providing analytical results from the continuing drilling programs.

**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.*

Project Background & Location Plan

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).

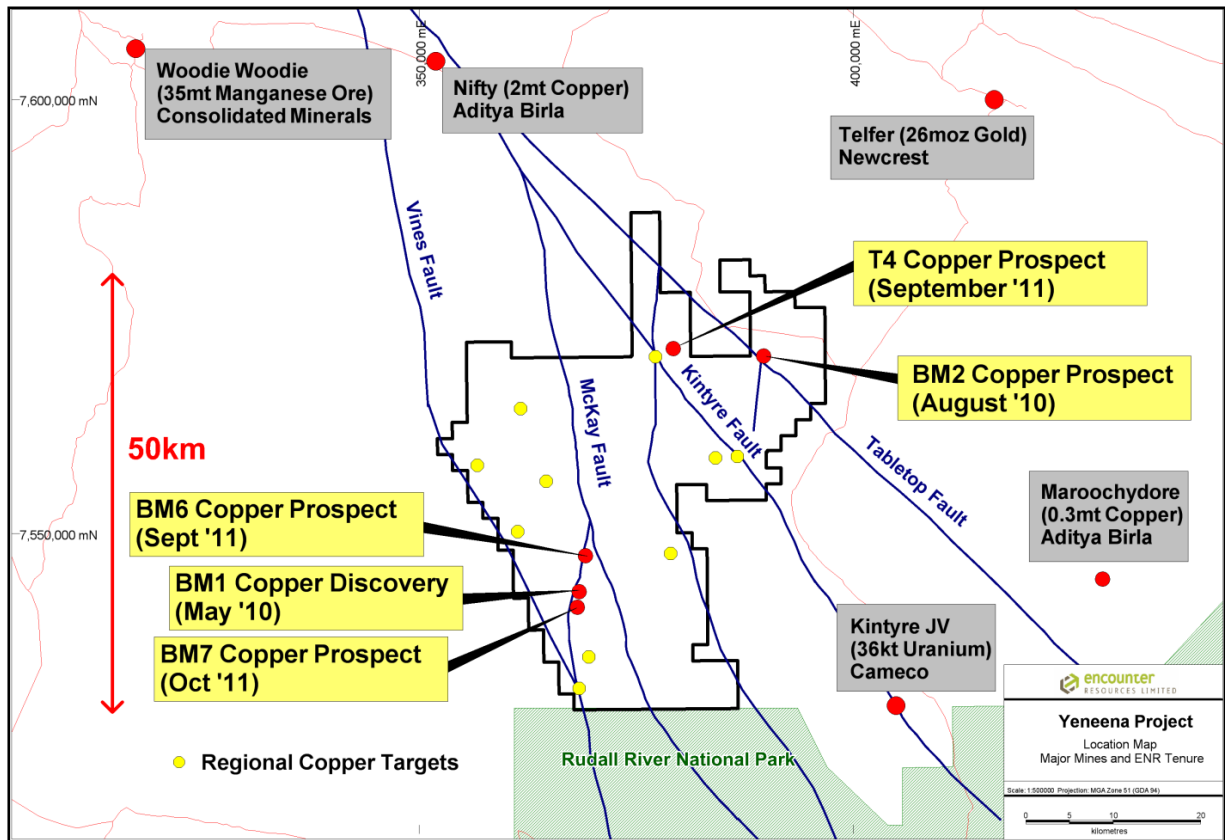


Figure 2: Yeneena Project leasing and target areas

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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.