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# Yeneena Copper Exploration Highlights

## BM7 Prospect

- **RC pre-collar holes contain broad zones of copper mineralisation:**
  - **34m @ 0.5% Cu from 20m incl. 14m @ 0.8% Cu**
  - **22m @ 0.4% Cu from 140m incl. 2m @ 2.9% Cu**
  - **12m @ 0.4% Cu from 40m**
  - **38m @ 0.3% Cu from 94m**
- **Five of the six diamond holes completed at BM7 to date contain zones of visible copper sulphide mineralisation**
- **First assay results from the diamond drilling expected within 2-3 weeks**
- **Diamond drilling is continuing**

## T4 Prospect

- **Aircore drilling to commence mid July 2012**
- **Assay results from the two completed stratigraphic diamond holes expected in August 2012**

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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.

One diamond drill rig is currently operating on site on a continuous roster. In addition, a 10,000m aircore drill program utilising a track mounted rig will commence at the T4 prospect in mid July 2012.

"The assay results from the RC pre collar program continue to provide evidence of a significant mineral system at BM7 that remains open in all directions. As the deeper drilling is progressing we are seeing continuity along mineralised structures. These defined mineralised structures provide a compelling target for high grade copper/cobalt mineralisation." said Managing Director, Will Robinson.

**Results from BM7 RC pre-collar program:**
A total of 29 RC holes have been completed at BM7 in a broad 200m x 200m pattern. The results of two priority holes (EPT1112 and EPT1160) were received in June 2012. These included end of hole results of 10m @ 1.64% and 12m @ 0.35% copper (see ASX Announcement 1 June 2012). Assay results from a further 12 holes from the program have now been received.

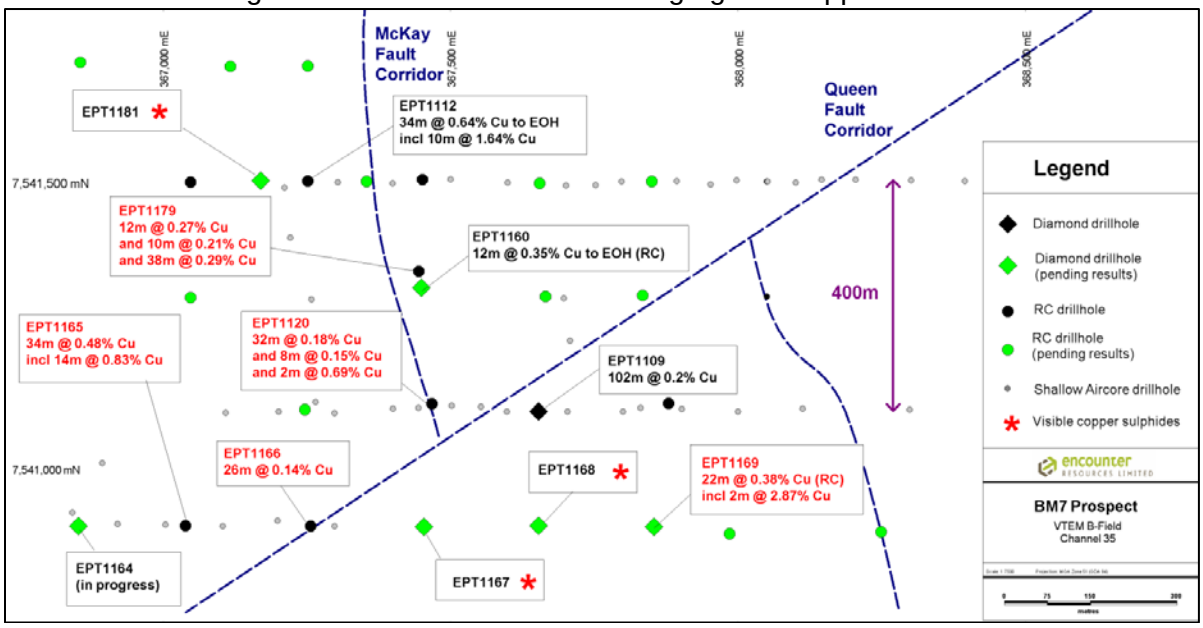
The assay results include several zones of oxide, transitional and sulphide copper mineralisation. EPT1165 is the most western hole on the most southern line of drilling completed to date at BM7. This hole included an oxide copper intersection of 34m @ 0.48% copper from 20m. The most eastern hole on that southern drill line EPT1169 intersected 22m @ 0.38% (see Figure 1).

The BM7 copper system is extensive and remains open in all directions and at depth. Mineralisation drilled on the southern most section is the strongest seen at the prospect. The assay results from the remaining holes from the RC pre-collar program are expected in July 2012.

**BM7 Diamond drilling update.**
The diamond drilling at BM7 has successfully intersected zones of disseminated and blebby copper sulphide mineralisation below the depth of the RC drilling. The first assay results from the diamond drill program are expected to be received later this month.

Initial interpretation from the diamond drilling indicates primary copper mineralisation at BM7 is hosted in and adjacent to steeply dipping structures. To date up to four individual copper bearing structures have been intersected within an area over 1km wide. The copper structures intersected vary from broad stockwork style vein arrays containing coarse blebby copper sulphide mineralisation to narrower, strongly brecciated and sheared zones containing pervasive disseminated copper sulphide mineralisation.

**BM7 Next steps:**
A series of steep dipping structures have been identified as the probable host of the primary copper mineralisation at the BM7 prospect. Drilling over the next two months will focus on intersecting these mineralised trends on multiple sections to determine the continuity of mineralisation along strike and to define zones of high grade copper mineralisation.




New drill hole assay results in red  Results reported previously in black

**Figure 1: BM7 prospect drill status plan**

**T4 Prospect:**
Previous stratigraphic diamond drilling at the T4 prospect, an area totally covered by sand dunes, has confirmed the presence of copper sulphides in association with magnetite alteration within Rudall Complex metamorphic rocks. Copper mineralisation is present in holes drilled approximately 1.6km apart.

A magnetic anomaly with a strike-length of about 4km is present at T4. It is interpreted that this large anomaly represents magnetite alteration associated with copper mineralisation.

A track mounted aircore has been contracted to complete a 10,000m drill program at the Yeneena project. The T4 prospect will see the bulk of the planned drilling. The program at T4 has been designed to identify zones of stronger mineralisation within the 4km long magnetic anomaly for deeper drilling and to test a series of regional geochemical targets.

**Project Background & Location Plan**
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).

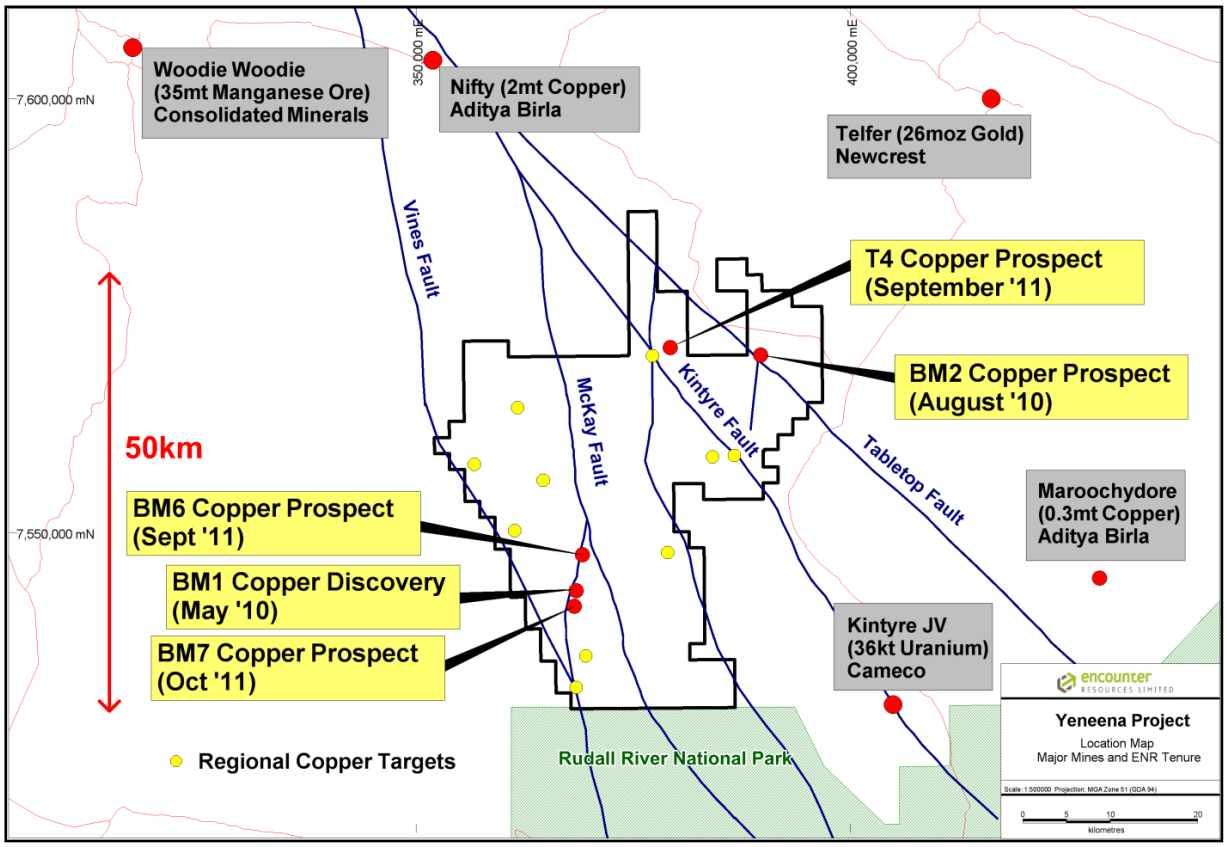



**Figure 2: Yeneena Project leasing and target areas**

*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.*

| Hole ID | Depth from (m) | Depth to (m) | Interval (m) | Copper (%) | Cobalt (ppm) |
|---|---|---|---|---|---|
| **EPT 1110** | | | assays pending | | |
| **EPT 1111** | 74 | 76 | 2 | 0.32 | 170 |
| **EPT 1112**[#] | 156 | 190* | 34 | 0.64 | 793 |
| **incl.** | **166** | **176** | **10** | **1.64** | **1616** |
| **EPT 1118** | 12 | 22 | 10 | 0.12 | 482 |
| **EPT 1120** | 40 | 72 | 32 | 0.18 | |
| **and** | 98 | 106 | 8 | 0.15 | 132 |
| **and** | 220 | 222 | 2 | 0.69 | |
| **EPT 1121** | | | assays pending | | |
| **EPT 1155** | | | assays pending | | |
| **EPT 1158** | | | assays pending | | |
| **EPT 1160** | 20 | 78 | 56 | 0.14 | 41 |
| **and** | 148 | 160* | 12 | 0.35 | 131 |
| **EPT 1161** | | | assays pending | | |
| **EPT 1162** | | | assays pending | | |
| **EPT 1165** | 20 | 54 | 34 | 0.48 | |
| **incl.** | **28** | **42** | **14** | **0.83** | |
| **EPT 1166** | 102 | 128 | 26 | 0.14 | |
| **EPT 1167** | 38 | 50 | 12 | 0.22 | 184 |
| **and** | 150 | 158 | 8 | 0.18 | |
| **and** | 224 | 226 | 2 | 0.33 | |
| **EPT 1168** | 112 | 118 | 6 | 0.25 | 140 |
| **and** | 136 | 142* | 6 | 0.22 | |
| **EPT 1169** | 94 | 120 | 26 | 0.23 | 169 |
| **incl.** | 112 | 116 | 4 | 0.89 | 150 |
| **and** | 140 | 162 | 22 | 0.38 | 185 |
| **incl.** | **156** | **158** | **2** | **2.87** | **518** |
| **and** | 190 | 194 | 4 | 0.23 | |
| **EPT 1175** | 116 | 130* | 14 | 0.25 | 340 |
| **EPT 1176** | 40 | 52 | 12 | 0.40 | 318 |
| **and** | 152 | 154 | 2 | 0.38 | |
| **EPT 1177** | 44 | 58 | 14 | 0.17 | |
| **EPT 1178** | | | assays pending | | |
| **EPT 1179** | 24 | 36 | 12 | 0.27 | 163 |
| **and** | 68 | 78 | 10 | 0.21 | |
| **and** | 94 | 132 | 38 | 0.29 | 234 |
| **EPT 1182** | | | assays pending | | |
| **EPT 1183** | | | assays pending | | |
| **EPT 1184** | | | assays pending | | |
| **EPT 1185** | | | assays pending | | |
| **EPT 1186** | | | assays pending | | |

**Table 1: BM7 RC drilling Assay Summary**

*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. Cobalt results are reported where copper > 0.1% and cobalt > 100ppm.*

** Anomalous copper results to EOH*

*[#] Assay results from 0-148m are pending*

| Hole ID | Northing (m) | Easting (m) | RL (m) | EOH (m) | Dip | Azi |
|---|---|---|---|---|---|---|
| EPT1181 | 7541496 | 367171 | 320 | 346.2 | 60 | 090 |
| EPT1160 | 7541315 | 367449 | 320 | 421.3 | 60 | 090 |
| EPT1164 | 7540900 | 366853 | 320 | In progress | 60 | 090 |
| EPT1167** | 7540899 | 367454 | 320 | 659.6 | 60 | 090 |
| EPT1168** | 7540898 | 367650 | 320 | 476.3 | 60 | 090 |
| EPT1169** | 7540895 | 367854 | 320 | 393.6 | 60 | 090 |

**Table 2: BM7 Diamond 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. ** = pre-collar failed, new hole drilled from surface*

| Hole ID | Northing (m) | Easting (m) | RL (m) | EOH (m) | Dip | Azi |
|---|---|---|---|---|---|---|
| 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 | 367350 | 320 | 178 | 60 | 090 |
| EPT1179 | 7541344 | 367445 | 320 | 202 | 60 | 270 |
| EPT1160 | 7541315 | 367449 | 320 | 160 | 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 3: BM7 RC Drill hole information**