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Yeneena Copper Exploration Update

BM7 Prospect

- **Additional RC pre-collar assays results returned including:**
  - **18m @ 0.4% copper and 298ppm cobalt incl. 2m @ 2.2% copper**
  - **40m @ 0.2% copper and 143ppm cobalt incl. 12m @ 0.4% copper**
- **Assay results from the first three diamond holes have been received confirming copper-cobalt sulphide mineralisation at depth:**
  - **19m @ 0.5% copper and 220ppm cobalt**
  - **7m @ 0.7% copper and 320ppm cobalt**
  - **59m @ 0.2% copper and 95ppm cobalt**
- **VTEM survey indicates BM7 target extends a further 2.5km south**
- **Ninth diamond drill hole in progress**

T4 Prospect

- **10,000m aircore drilling program has commenced**

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.

Results from BM7 RC pre-collar program:
The final batch of assay results from the 29 RC pre-collar holes completed at BM7 have now been received. Results received and announced previously include zones of oxide, transitional and sulphide copper mineralisation including:

- 34m @ 0.64% copper and 793ppm cobalt incl. 10m @ 1.64% copper and 1616ppm cobalt
- 22m @ 0.38% copper and 185ppm cobalt incl. 2m @ 2.87% copper and 518ppm cobalt
- 34m @ 0.48% copper incl. 14m @ 0.83% copper

Recent results received have extended the area of near surface copper mineralisation to the south east and north east (Figure 1) with intersections including:

- 18m @ 0.38% copper and 298ppm cobalt from 46m incl. 2m @ 2.24% copper from 50m

- 40m @ 0.21% copper and 143ppm cobalt from 100m incl. 12m @ 0.40% copper from 100m
- 12m @ 0.40% copper and 318ppm cobalt from 40m and
- 12m @ 0.24% copper and 116ppm cobalt from 18m

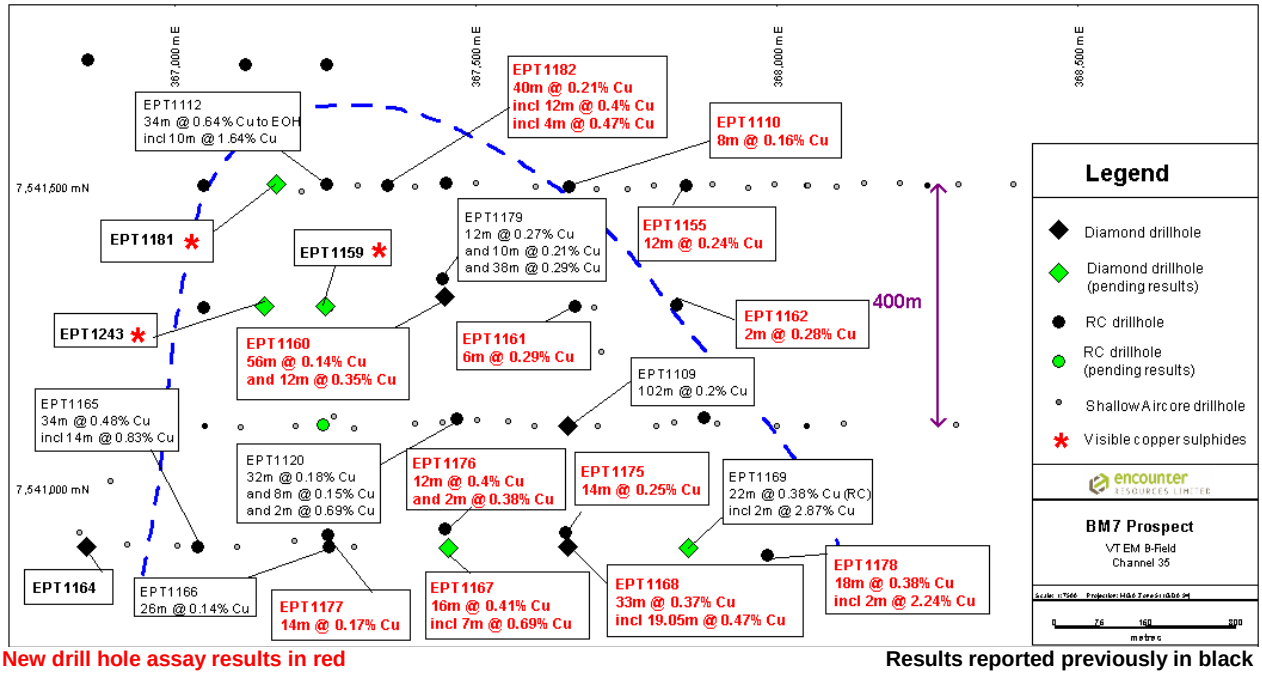
BM7 Diamond Drilling update

Eight holes have been completed in the 2012 diamond drilling program at BM7. The program has successfully intersected zones of copper sulphide mineralisation below the depth of the RC drilling. The copper sulphide mineralisation intersected varies from coarse blebby copper sulphide mineralisation in stockwork style vein arrays to narrower, strongly brecciated and sheared zones containing pervasive disseminated copper sulphide mineralisation.

Assays results have been received from the first two diamond holes drilled and from a narrow zone sampled in a third hole. Results include:

- 33m @ 0.37% copper and 221ppm cobalt from 410m incl. 19m @ 0.47% copper and 220ppm cobalt from 423m
- 46m @ 0.21% copper from 148m* in EPT1160
- 16m @ 0.41% copper and 324ppm cobalt from 498m incl. 7m @ 0.69% copper and 319ppm cobalt from 506m in EPT 1167#

*includes pre-collar intersection #samples from a 22m interval reported, remaining assays from EPT1167 are pending



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

Figure 1: BM7 prospect drill status plan

The RC and diamond drilling programs at BM7 have confirmed a new copper discovery at the Yeneena project. The drilling extends over an area 800m in strike extent that remains open to the south. The system appears to widen and strengthen to the south where copper mineralisation has been intersected in drill holes across an area over 1km wide.

The shales at BM7 are highly dolomite and silica altered and this alteration process appears to have subdued the conductance of the host rocks. The recently flown VTEM survey indicates that BM7 drilling to date is situated at the northern end of a substantial target area of low conductance (Figure 2).

It is interpreted that the dolomite-silica alteration process is intimately associated with the copper mineralisation event. It is therefore interpreted that the BM7 copper system may extend a further 2.5km south of the current area of drilling.

The 3km long target zone of low conductivity at BM7 coincides with a major flexure in the McKay Fault where it changes from a SSW to a SSE orientation. Conceptually such flexure zones are considered highly prospective positions as mineralising fluids are commonly focused at these locations in major ore systems.

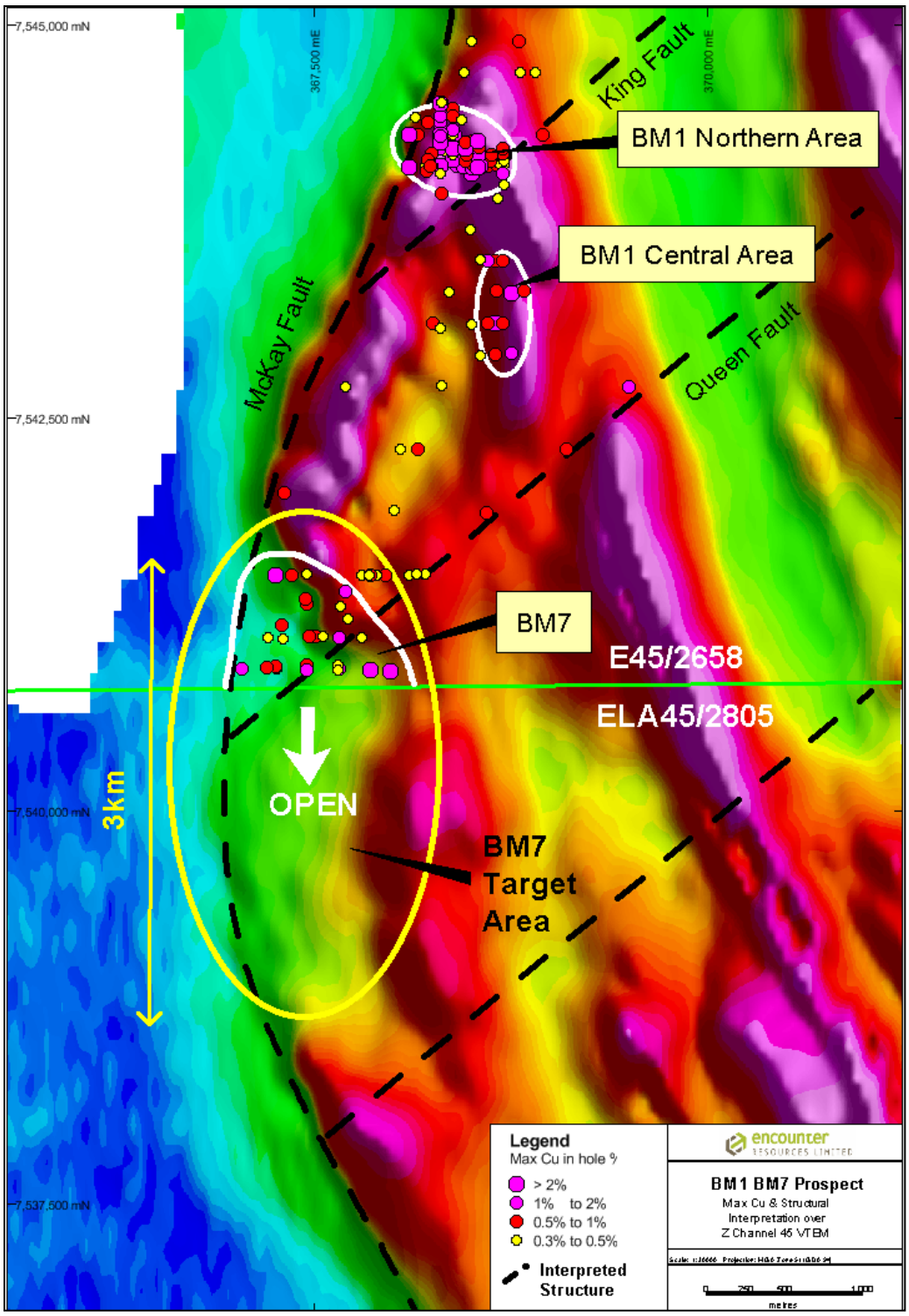


Figure 2: BM1 - BM7 prospects Maximum copper in hole (>0.3%) over VTEM Channel 45

BM7 Next Steps
The cutting, sampling and assaying of drill core from BM7 continues. The next batch of analysis is expected in August 2012.

Diamond drilling program continues with the current hole being drilled 100m west of EPT1109.

The tenement to the south of the BM7 drilling, E45/2805, is an application owned 100% by Encounter. It is anticipated that the tenement will be granted in August 2012 following the finalisation of a Land Access and Heritage Agreement. A heritage survey is planned once the tenement is granted with drilling to commence shortly thereafter in areas cleared by the survey.

T4 Prospect Update
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. 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.

All cutting and sampling from the T4 core from the two diamond holes drilled in April 2012 has now been completed with assays results expected in August 2012.

A track mounted aircore rig has commenced a 10,000m drill program at the Yeneena project. The program at T4 has been designed to identify zones of stronger mineralisation within the 4km long magnetic anomaly and to test a series of geochemical targets around the margin of the Rudall Complex Inlier identified at T4.

Project Background & Location Plan
The Yeneena project covers 1450km^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).

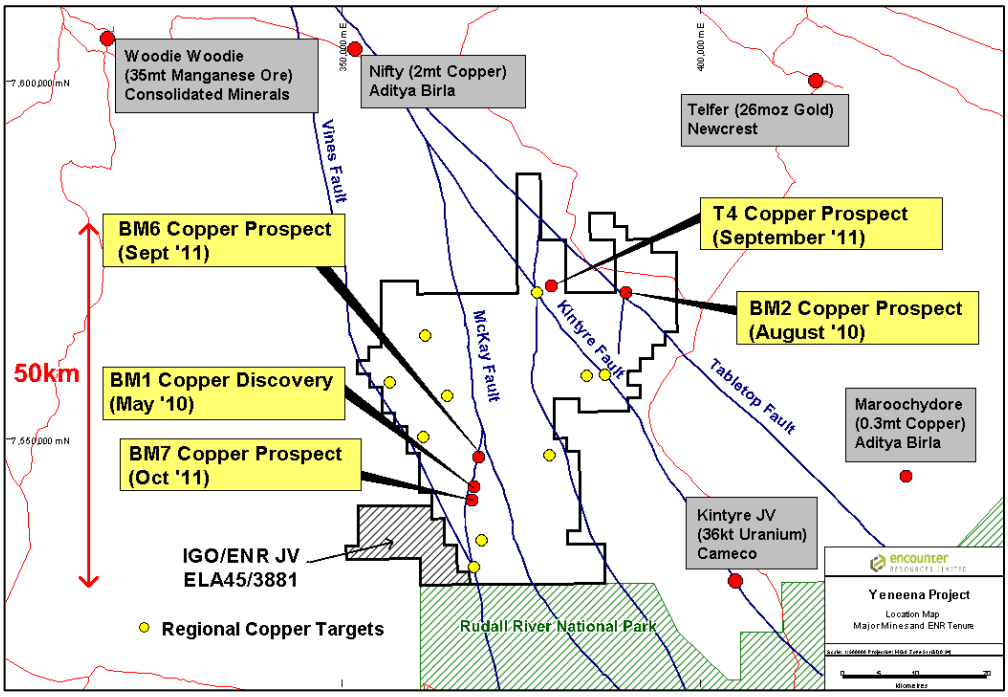


Figure 3: Yeneena Project leasing and target areas

Hole ID	Depth from (m)	Depth to (m)	Interval (m)	Copper (%)	Cobalt (ppm)
EPT 1110	20	28	8	0.16	
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 1155	18	30	12	0.24	116
EPT 1160	20	78	56	0.14	41
and	148	194	46	0.21	
EPT 1161	82	88	6	0.29	
EPT 1162	74	76	2	0.28	
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	
and	498	514	16	0.41	324
incl.	506	513	7	0.69	319
EPT 1168	112	118	6	0.25	140
and	136	142	6	0.22	
and	197	232.6	35.6	0.16	
and	410	443	33	0.37	221
incl	422.95	442	19.05	0.47	220
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	14	36	22	0.11	
and	46	64	18	0.38	298
incl	**50**	**52**	**2**	**2.24**	**191**
and	110	154	44	0.15	162
EPT 1179	24	36	12	0.27	163
and	68	78	10	0.21	
and	94	132	38	0.29	234
EPT 1182	100	140	40	0.21	143
incl	100	112	12	0.40	179
incl	136	140	4	0.47	230

Table 1: BM7 Drill Hole 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 [#]assays received for interval from 496.8 to 518m (remaining assays are pending)*

Hole ID	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT1181	7541496	367171	320	346.2	60	090
EPT1159	7541300	367250	320	301	60	090
EPT1160	7541315	367449	320	421.3	60	090
EPT1243	7541300	367150	320	338.4	60	090
EPT1244	7540900	366853	320	In progress	60	090
EPT1164	7540900	366853	320	502.9	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

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