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BM7 Copper Exploration Update

- **First diamond hole beneath BM7 copper regolith anomaly intersects copper sulphides**
- **Broad 270m zone containing copper sulphides from trace levels to pervasive disseminations, with local intervals of blebby and stringer copper sulphides intersected in EPT1109**
- **Samples to be submitted this week with assay results expected in January 2012**

The directors of Encounter Resources Ltd ("**Encounter**" or "**the Company**") are pleased to provide an update on diamond drilling activities at the BM7 prospect at the Yeneena project.

Background:
The Company recently announced the identification of a large scale copper oxide anomaly at BM7, located 2.5km to the south of the high grade BM1 oxide discovery (see ASX announcement 24 November 2011). The location of copper mineralisation in the region is coincident with the intersection of north-east trending structures with the regionally extensive McKay fault. The north-east trending structure at BM7, the Queen fault, is mineralised over 3.5km and remains open along strike.

Copper oxide mineralisation at BM7 is best developed at the intersection of the Queen and McKay faults. At this location, near surface copper oxide anomalism in excess of 0.1% copper extends over an area approximately 1km by 750m (Figure 1).

Diamond Drilling Update:
Diamond hole EPT1109 is the first hole drilled beneath the large scale regolith anomaly at BM7. The hole was positioned on the south eastern boundary of the anomaly beneath an interpreted disseminated sulphide gossan at the bottom of EPT1029 (Figure 2). This hole was completed on the weekend and drilled to a depth of 422m. The hole intersected an extensive hydrothermal stockwork system containing broad zones of finely disseminated and locally blebby and stringer copper sulphide mineralisation (Photos 1, 2, 3 & 4).

Copper sulphides were visually identified from a depth of 110m downhole and extended through to 380m downhole. Throughout this zone the intensity of copper sulphide mineralisation is variable from trace levels to pervasive disseminated sulphides as well as narrower zones of blebby and stringer copper sulphides. Routine handheld XRF analysis of the drill core has confirmed the presence of copper mineralisation within the sulphide assemblages. Due to the fine grain size of the disseminated sulphide it is not possible to

accurately estimate the copper sulphide abundance of the drilled interval and chemical assays will be required to confirm the significance of the intersection.

The core will be cut and transported to the assay laboratory in Perth later this week and it is expected that assay results will be received in January 2012.

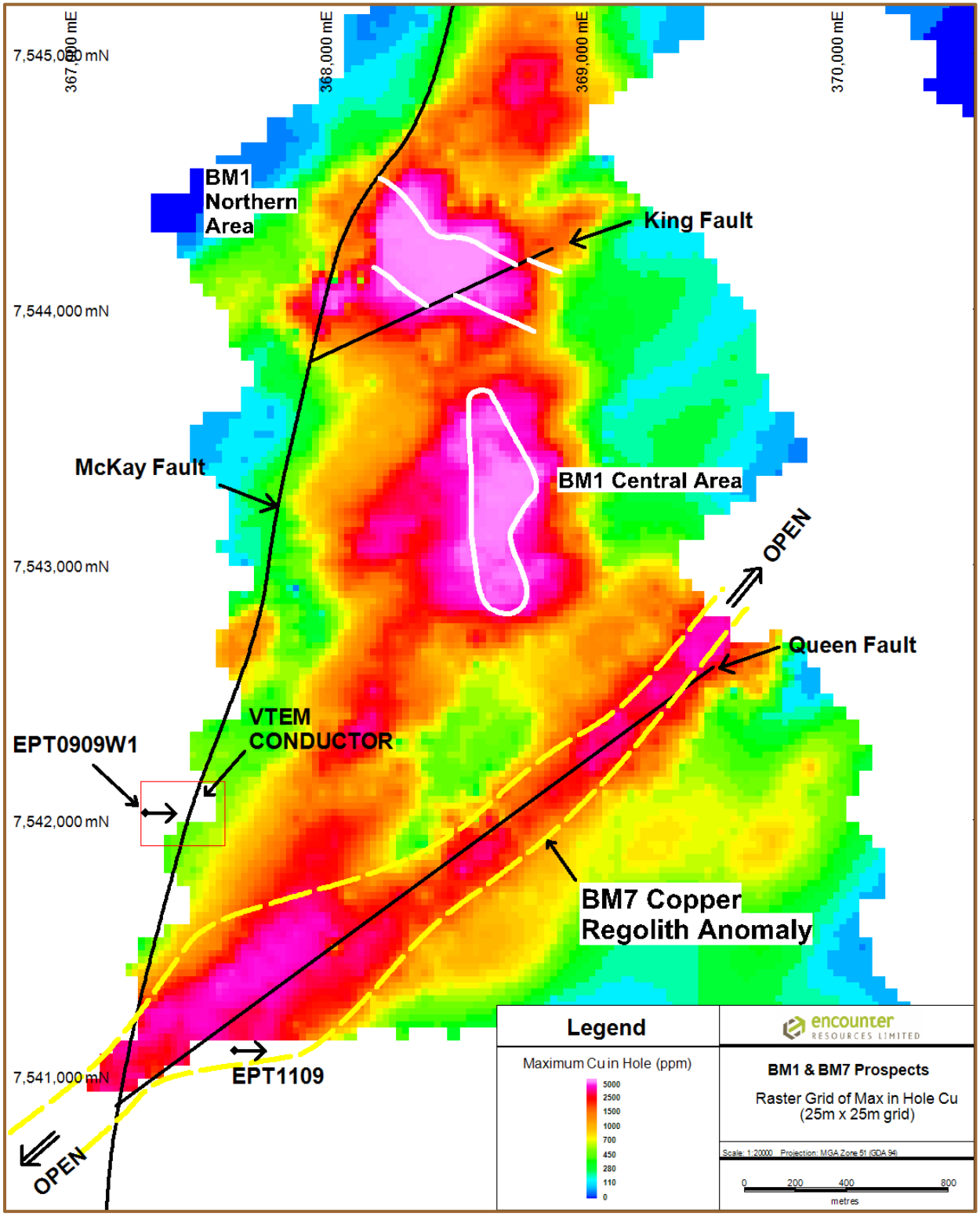

Figure 1: BM1 and BM7 prospects shown with a gridded image of maximum copper in hole

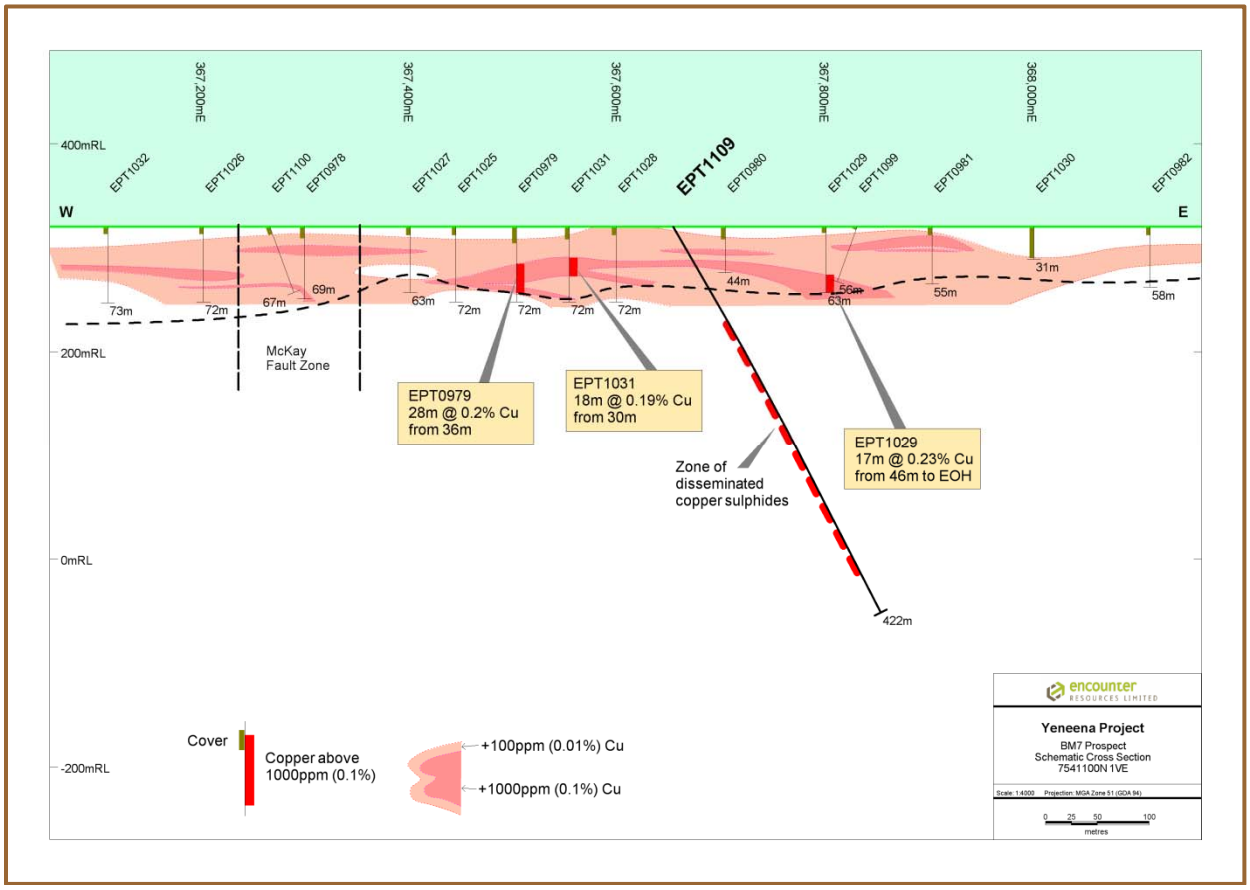

Figure 2: BM7 prospect Cross Section 7541100mN

Photo 1: EPT1109 Fine disseminated chalcopyrite and pyrite (244m)
Core diameter approx. 60mm

Photo 2: EPT1109 Stringer and disseminated chalcopyrite (288m)
Core diameter approx. 60mm

Photo 3: EPT1109 Stringer and disseminated chalcopyrite (305m)
Core diameter approx. 50mm

Photo 4: EPT1109 Disseminated chalcopyrite and pyrite (354m)
Core diameter approx. 50m

Hole ID	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT1109	7541100	367650	320	422	-60	090

Table 1: EPT1109 - 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.

Project Background & Location Plan

The BM7 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).

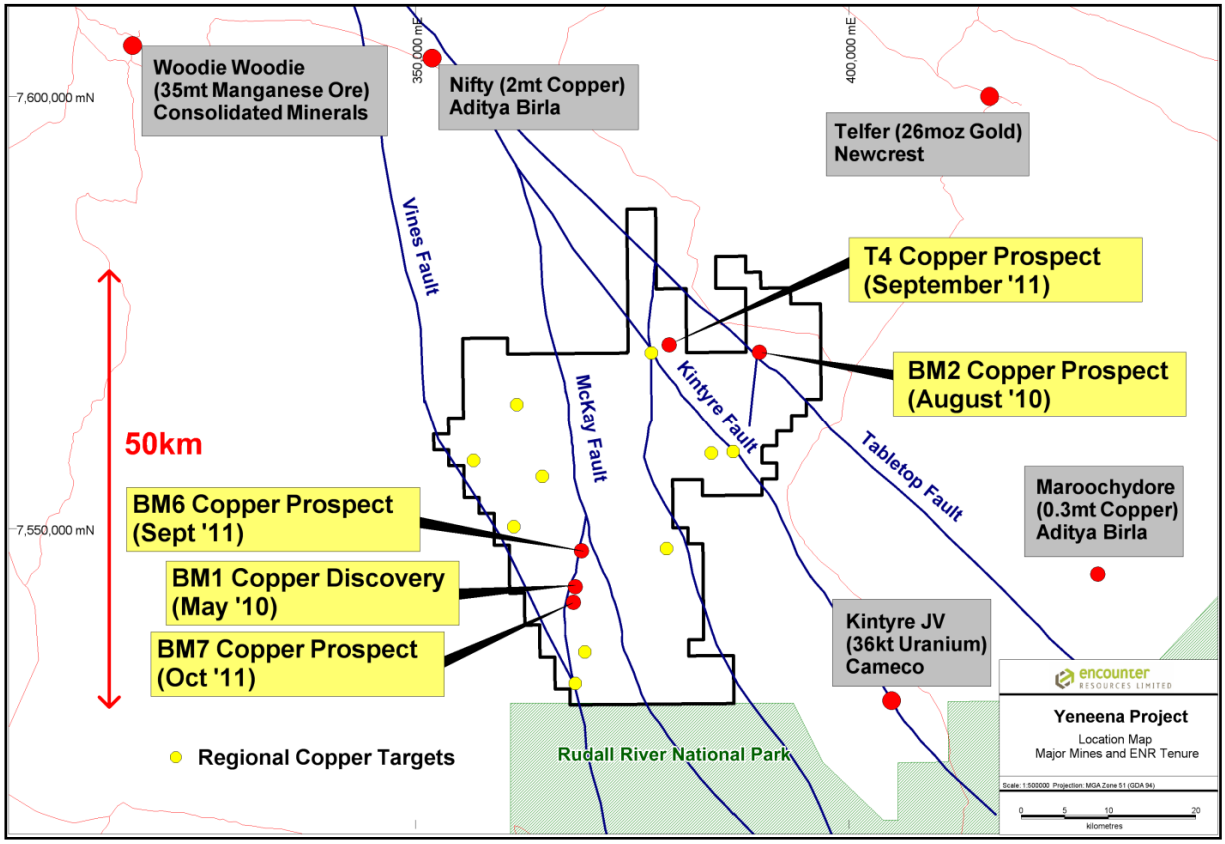

Figure 3: Yeneena Project leasing and target areas

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.