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BM1 Copper Drilling Update

- **First primary copper sulphides intersected at BM1**
- **Initial assay results from reconnaissance aircore drilling 3.5km north of BM1 confirm copper mineralisation up to 1.4% copper (prospect named BM6)**
- **New zone of copper regolith mineralisation extending over 2.4km identified south of BM1 (prospect named BM7)**
- **Two diamond rigs currently operating at BM1**

The directors of Encounter Resources Ltd ("**Encounter**") are pleased to provide an update on recent progress made in the drill programs at the Yeneena project.

There are currently two diamond rigs operating at BM1. At this time one deep diamond hole has been completed on the western margin of BM1 and two further diamond drill holes are in progress.

In addition, the reconnaissance aircore program in the vicinity of BM1 has been successful in defining two new zones of copper mineralisation (prospects named BM6 and BM7). The aircore program was completed ahead of schedule.

First Primary Copper Sulphides Intersected at BM1
Diamond drillhole EPT881 was sited on the western margin of the near surface high grade copper zone at the BM1 Northern Area. The drillhole was designed to intersect a carbonate unit at depth proximal to the steep dipping fault breccia zone identified along the western margin of the BM1 Northern Area (see ASX announcement 8 September 2011).

The hole intersected the top of a carbonate unit at around 400m. Drilling identified occasional chalcopyrite blebs (copper sulphide) throughout the carbonate stratigraphy. The drillhole also intersected a 30cm chalcopyrite-rich quartz-carbonate vein at a depth of 609m (see photo 1). Even though not considered economic, the intersection of copper sulphides in the first deep diamond hole completed on the western side of BM1 is important as it confirms that the BM1 copper system is alive over a vertical depth of at least 500m.

Drillcore from EPT881 has been submitted for chemical analysis with results expected in November 2011. A second hole along the western breccia zone at BM1 is currently in progress (Figure 1).

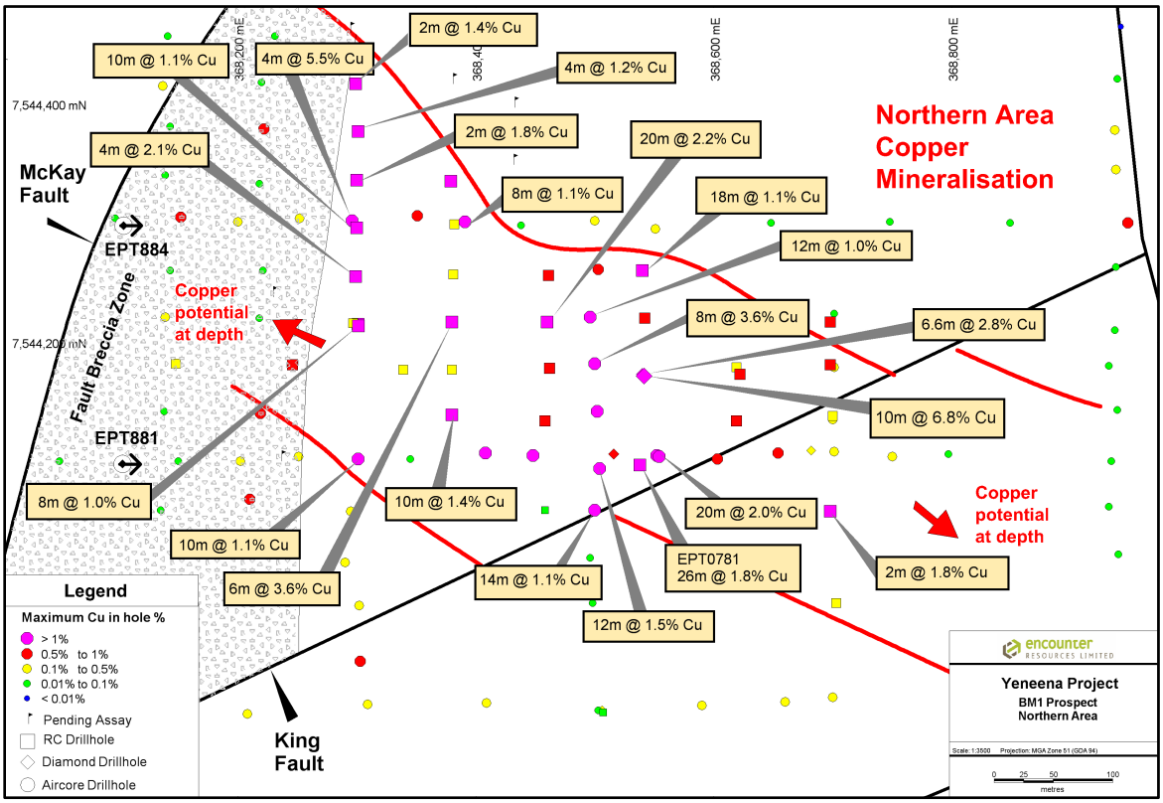

Figure 1: Drillhole location plan BM1 Northern Area

Photo 1 – EPT881 – Chalcopyrite/Pyrite quartz carbonate vein 609m

Assays confirm copper mineralisation 3.5km north of BM1 (Prospect BM6)

In an ASX announcement on 8 September 2011, the company reported that shallow reconnaissance aircore drilling north of BM1 had intersected a new zone of copper anomalism.

The first batch of assay results from this drilling have been received and confirm copper mineralisation grading up to 1.4% copper. See Table 1 for significant assay results received to date. Assays from a number of holes in this area remain pending. The prospect has been named BM6 (see Figure 2 & 3).

Once final assays have been received, the regolith profile and copper mineralisation trends in the area will be interpreted to define deeper drill targets at this prospect. The intersection of copper mineralisation on the McKay Fault 3.5km north of the BM1 Northern Area discovery further supports the potential of this region to host a series of primary copper positions along this section of the McKay Fault.

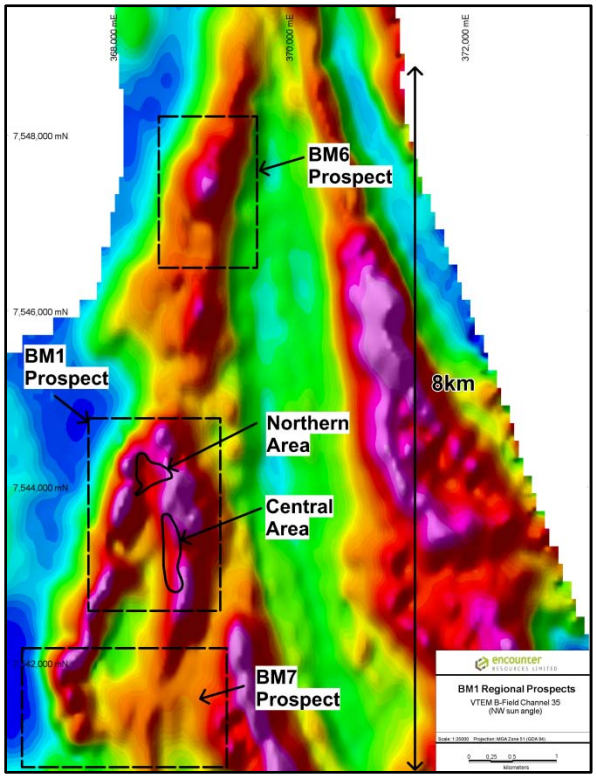

Figure 2: Prospect location plan BM1, BM6, BM7.

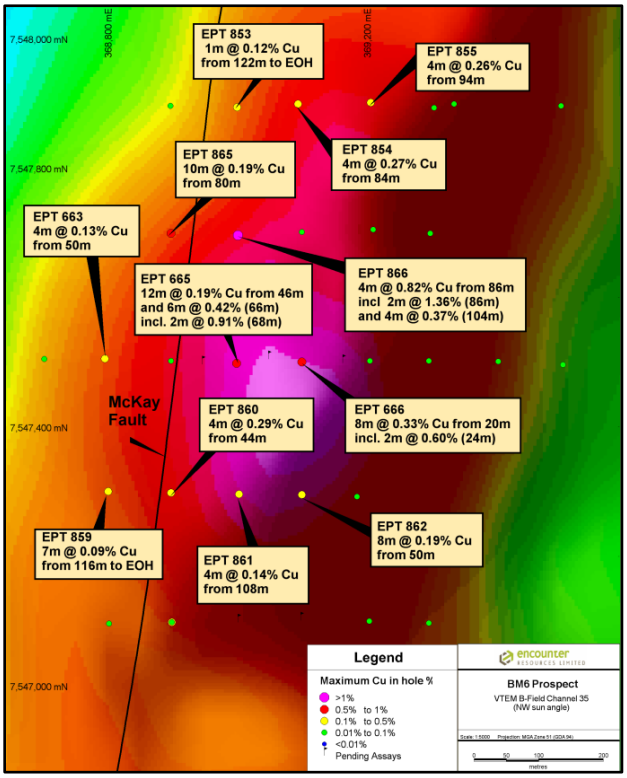

Figure 3: BM6 Prospect drill status plan

Aircore drilling identifies copper anomaly 2km south of BM1 (BM7 Prospect)
Recent shallow reconnaissance aircore drilling to the south of BM1 has identified a major new copper regolith anomaly (named BM7). The BM7 anomaly can be traced over 2.4km and remains open. The north-east trending zone of coherent copper regolith mineralisation (Niton XRF*) is located along a key regional north-east trending structure (the Queen Fault). This fault zone was identified in a VTEM survey completed over the BM1 region in June 2011 (see Figure 4).

The copper mineralisation at BM7 thickens and broadens at the intersection of the Queen and McKay faults. The regolith in this area is deeply weathered and heavily leached, with the extent and intensity of copper anomalism seen in the Niton XRF is considered significant. Importantly a number of the holes in this area were anomalous throughout the regolith profile to the end of hole.

The first chemical assay results from this area are expected to be received in November 2011.

** Results from a Handheld XRF are considered indicative and industry standard chemical analysis is required to confirm the extent and the grade of the copper anomalism.*

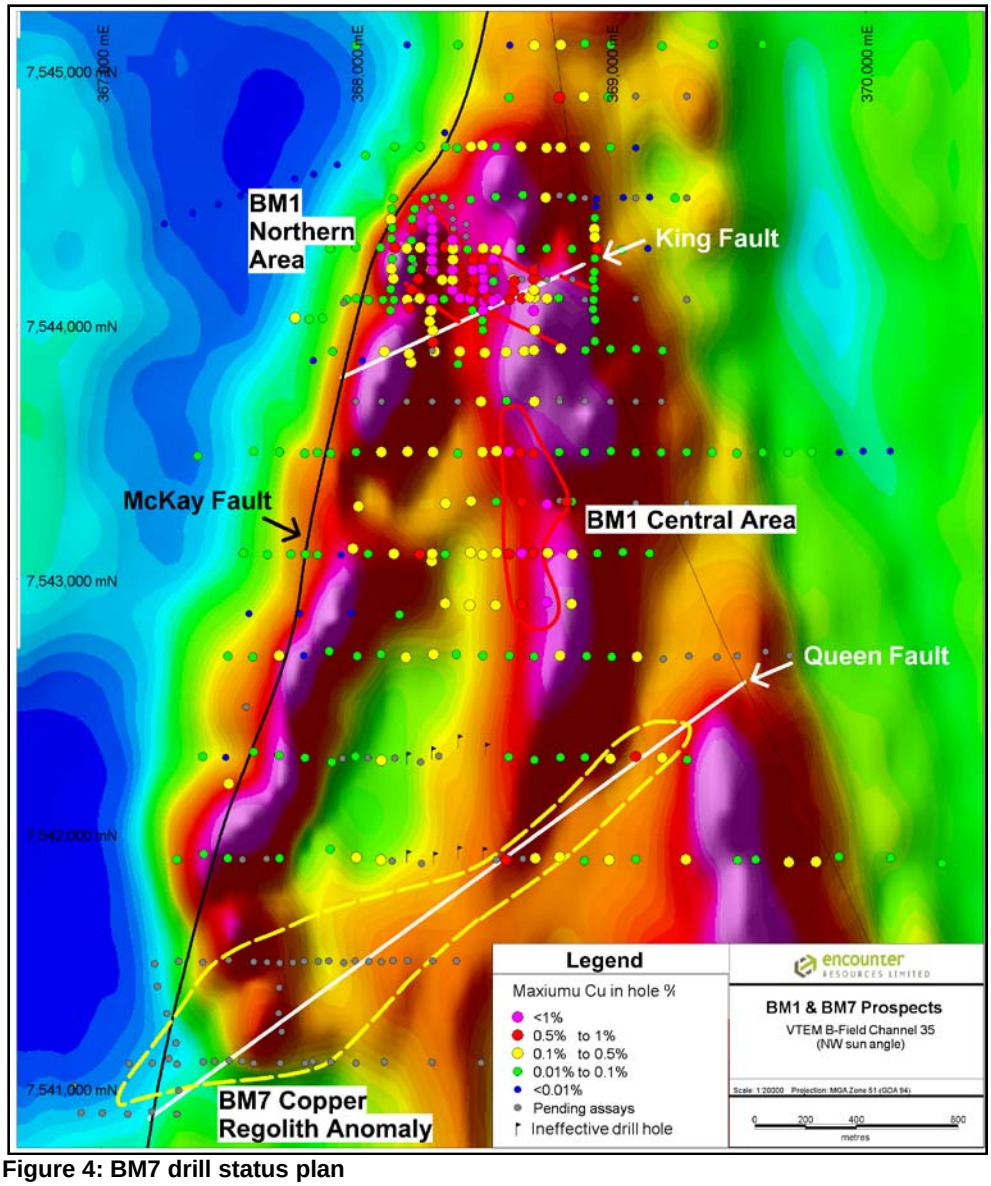

Figure 4: BM7 drill status plan

Summary
The identification of primary copper sulphides in the first deep diamond hole on the western fault breccia zone at BM1 is an important milestone. Significantly it confirms that that copper system at BM1 is alive to a vertical depth of at least 500m.

The identification of the BM7 prospect through EM and aircore drilling has added another large scale copper target. The overall footprint of copper in the regolith along this area of the McKay fault is now over 8km between BM6 in the north and BM7 in the south.

Currently there are two diamond drill rigs operating at the BM1 Prospect. One rig located on the western fault breccia zone of the BM1 Northern Area. The second diamond rig is in the process of testing a discrete modelled EM feature located in the south west of the BM1 Prospect on the McKay fault.

The company is awaiting assay results from over 3,500 samples from aircore and diamond drilling completed in the last two months. It is expected that these assays will be received in the next 6-8 weeks.

The company looks forward to providing further updates as drilling progresses and assay results become available.

Drill Hole ID	Northing (m)	Easting(m)	RL(m)	EOH (m)	From(m)	To(m)	Interval(m)	Copper (%)
EPT 663	7547500	368793	320	81	50	54	4	0.13
EPT 665	7547498	369000	320	81	46	58	12	0.19
				and	66	72	6	0.42
				incl.	*68*	*70*	*2*	*0.91*
EPT 666	7547500	369101	320	111	20	28	8	0.33
				incl.	*24*	*26*	*2*	*0.60*
EPT 853	7547894	369001	320	123	122	123*	1	0.12
EPT 854	7547899	369095	320	123	84	88	4	0.27
EPT 855	7547901	369207	320	111	94	98	4	0.26
EPT 859	7547300	368802	320	123	116	123*	7	0.09
EPT 860	7547298	368899	320	81	44	48	4	0.29
EPT 861	7547296	369004	320	123	108	112	4	0.14
EPT 862	7547295	369101	320	81	50	58	8	0.19
EPT 865	7547699	368899	320	123	80	90	10	0.19
EPT 866	7547696	369002	320	123	86	90	4	0.82
				incl.	*86*	*88*	*2*	*1.36*
				and	104	108	4	0.37

Table 1: BM6 - Drill hole information
Drill hole coordinates GDA94 zone 51 datum and determined via handheld GPS (+/-5m),
** denotes EOH interval, All holes are drilled vertical, All significant drill holes listed contain intervals >0.1%Cu*
EOH = End of hole depth; m=metre; All assay results are from 2m composite samples unless EOH is an odd number

Project Background & Location Plan

The BM1 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).

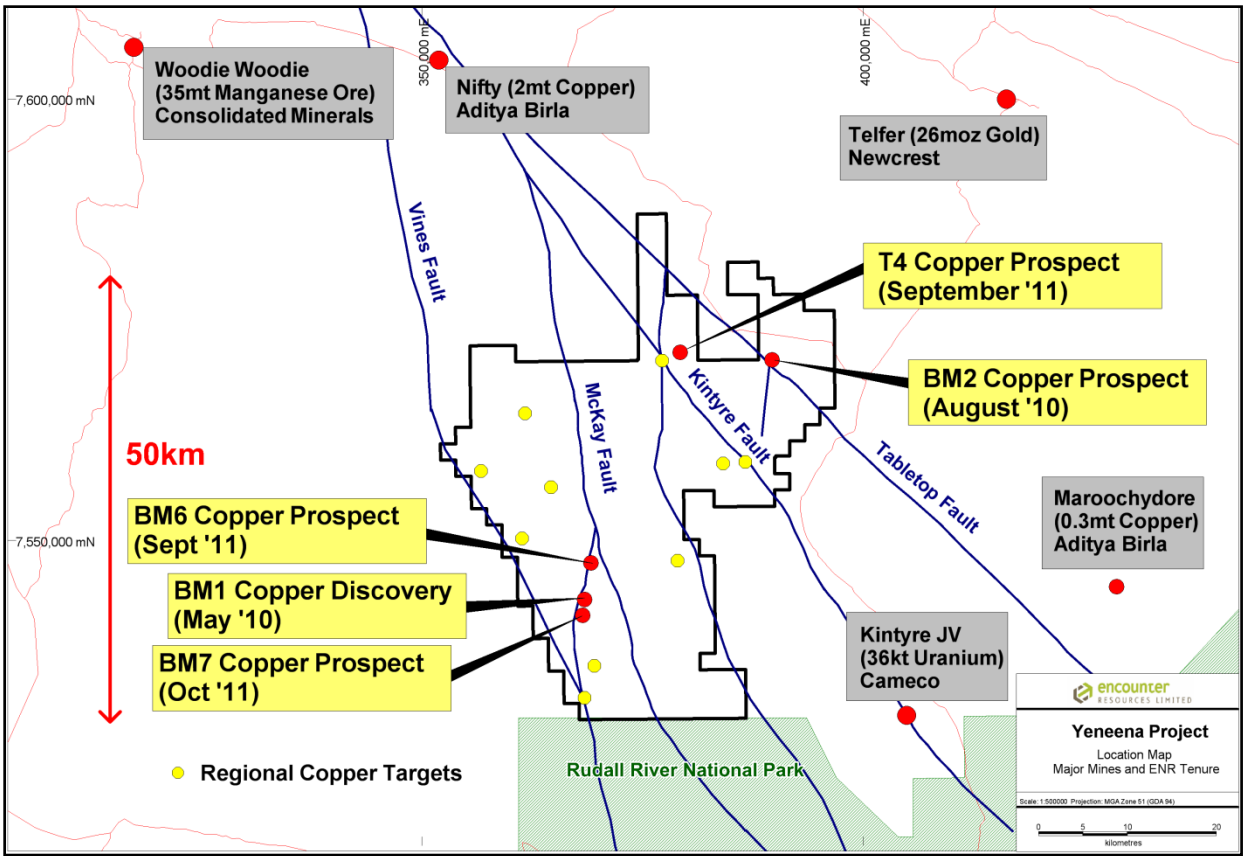

Figure 5: Yeneena Project leasing and target areas on regional TMI magnetics

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.