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Company Announcements Office
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T4 diamond drilling commences

- Four copper-silver geochemical anomalies defined at T4 (Anomaly A to D)
- Anomaly A coincident with +4km long magnetic and gravity anomaly
- Stratigraphic diamond drill hole EPT801 to the south of Anomaly A intersected copper and silver sulphide mineralisation up to 0.8% copper and 16g/t silver
- Diamond drilling at the T4 prospect has commenced

The directors of Encounter Resources Ltd (“**Encounter**” or “**the Company**”) are pleased to provide an update on exploration activities at the T4 prospect at the Yeneena project.

Background:

The T4 prospect is located in the north of the Yeneena project, about 30km NE of the BM1 copper discovery (Figure 4). The geology of the T4 area is dominated by an 8km by 5km dome-shaped uplifted block of Palaeo-Proterozoic Rudall Complex metamorphics. Base metal mineralisation is being targeted along structures internal to the basement block and along the margins of the dome. This area has a significant size potential and is totally sand-covered. There has been very little prior exploration in the T4 region.

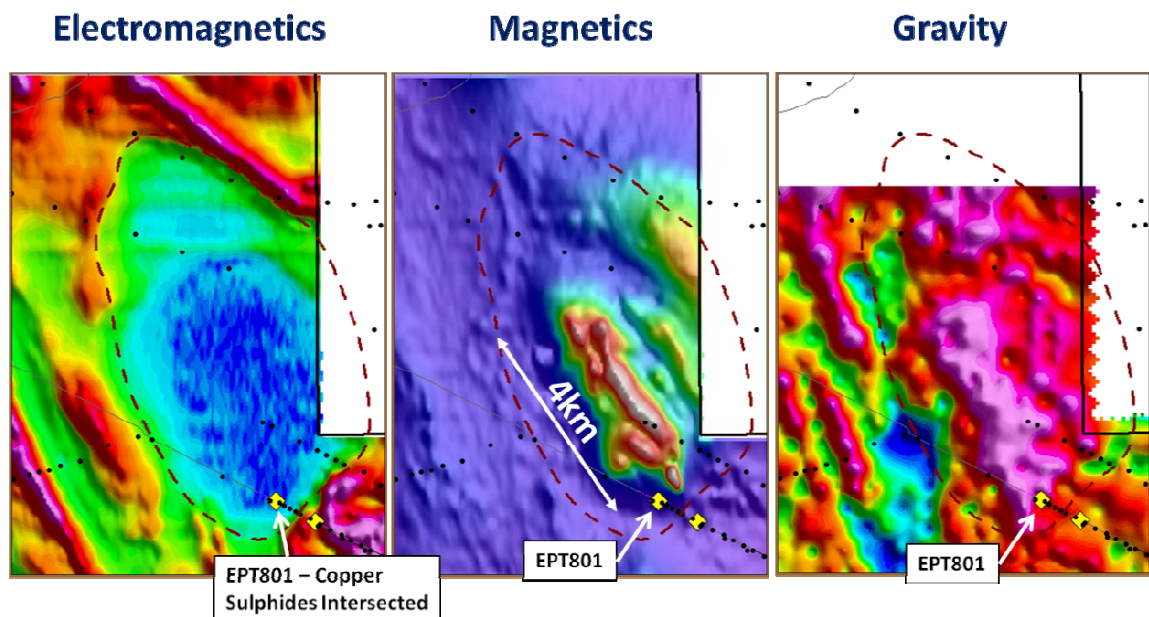


Figure 1: T4 area showing Electro-Magnetics (ch45), TMI Magnetics and Bouguer Gravity overlain by interpreted outline of Palaeoproterozoic block (dashed line). Diamond drill holes shown as yellow diamonds.

2011 Exploration Results:

During 2011 two stratigraphic diamond drill holes were drilled into the southeast corner of this interpreted basement block to provide a sample for age dating and for structural and stratigraphic information. EPT801 was collared on an existing track within the interpreted Rudall Complex geology and drilled to the west-northwest.

Core samples from EPT801 were submitted to the GEMOC research facility at Macquarie University for U-Pb age analysis. The results confirmed that the age of the peak metamorphic event in these rocks is $1780 \pm 9\text{Ma}$ and the age of the igneous protolith is at least 1980Ma. These results confirmed the company's interpretation that the copper target at T4 is hosted within Rudall Complex metamorphic basement rocks.

Importantly, EPT801 also intersected narrow zones of disseminated sulphide mineralisation grading up to 0.9m @ 0.84% copper and 8g/t silver, within a broader zone of copper-silver anomalism. These results confirmed the presence of a copper mineralising event in the T4 region. This is considered to be a highly significant result as EPT801 was a stratigraphic hole that was not specifically targeted to intersect mineralisation but drilled on an existing track to confirm our geological model.

Partial Leach Geochemical Survey results:

In April 2011 an orientation partial leach geochemical survey completed over the BM2 region and successfully outlined copper mineralisation below 10-15m of sand cover. Following the successful application of this technique at the Yeneena project, a partial leach geochemical survey was completed at the T4 prospect in October 2011.

Results from the T4 partial leach survey were highly encouraging and a second phase of sampling was completed in December 2011. Final results from the survey have now been received and have highlighted four significant anomalies (Figure 2 & 3; Anomalies A to D).

Significantly a copper-silver geochemical anomaly has been defined across two sample lines to the north of EPT801 (Anomaly A). Anomaly A lies coincident with a +4km long magnetic and gravity geophysical anomaly that have both now been modeled (Figure 1). The magnetic anomaly dips steeply to the east-northeast and the gravity anomaly has been modelled as a broad flat lying, near surface +0.5 Mgal density anomaly. It is interpreted that the magnetic anomaly may represent magnetite alteration along a steep dipping structure and the gravity anomaly represents disseminated sulphide mineralisation produced through the alteration of the basement rocks. If the interpretation is proven correct and the sulphide alteration is associated with the copper-silver mineralisation event, it implies significant scale potential for this prospect.

Diamond drilling commences

Diamond drilling at T4 has now commenced and will focus on confirming the source of the magnetic and gravity anomaly at the centre of the T4 block and will determine their association with the copper-silver mineralisation intersected in EPT801. Further geochemical sampling will be completed at Anomaly D and aircore drilling of Anomalies B and C will be completed in 2012.

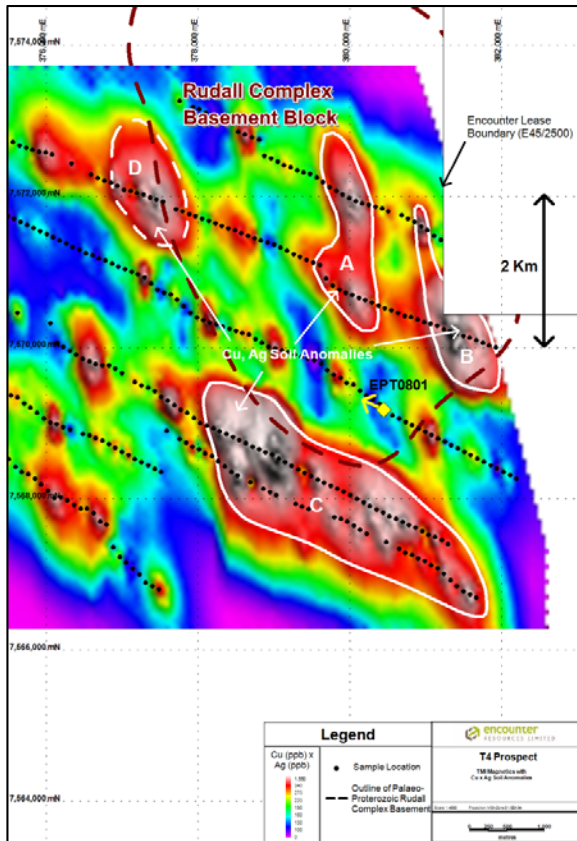


Figure 2: Copper – Silver partial leach geochemical anomalies at T4.

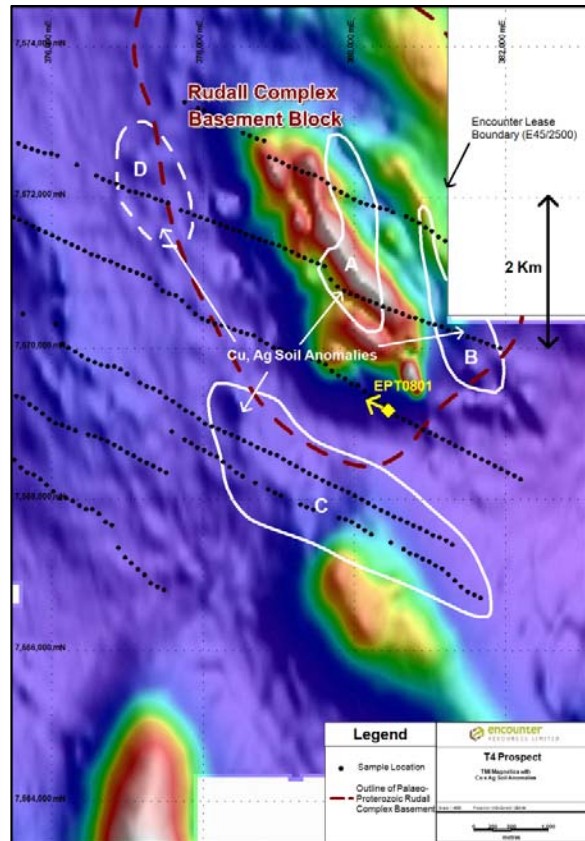


Figure 3: Copper – Silver anomalies on TMI magnetics

Project Background & Location Plan

The T4 prospect is one of several high quality prospects within the 100% owned Yeneena project. 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).

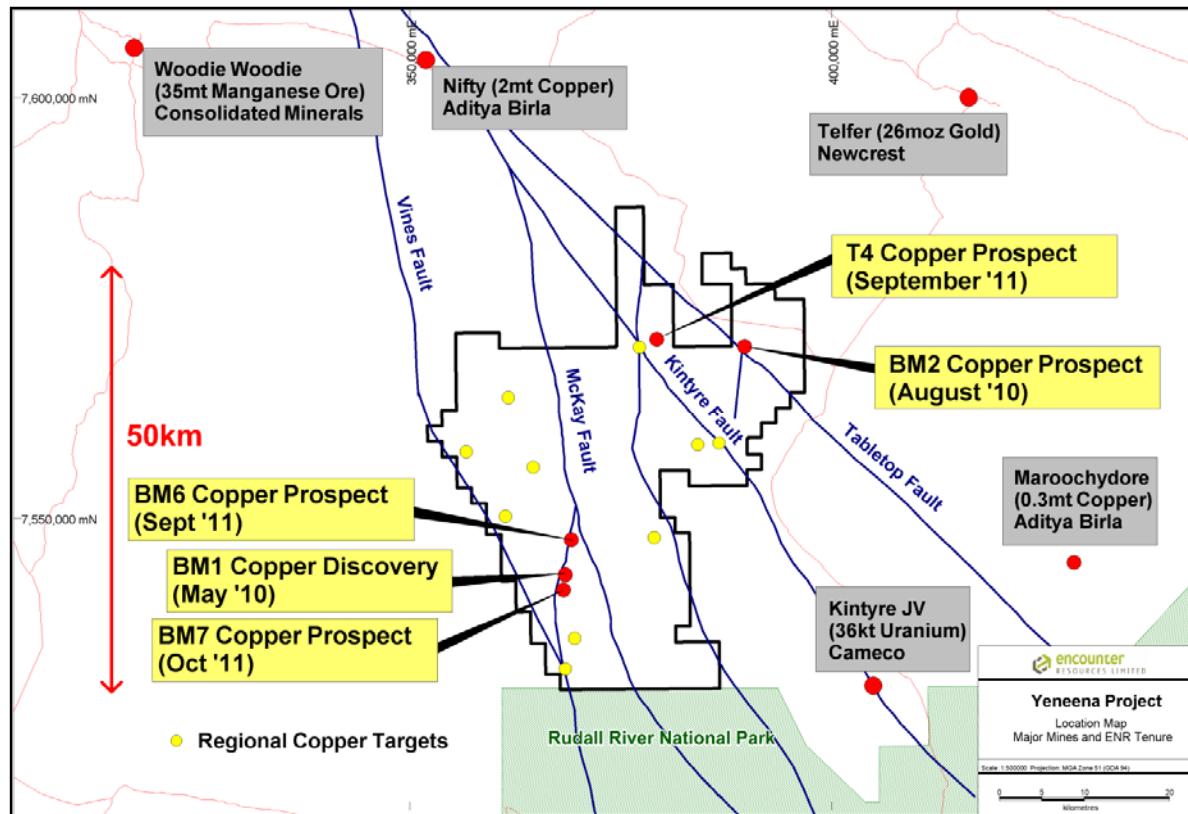


Figure 4: Yeneena Project leasing and target areas

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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.