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RC drilling to commence at Yeneena

The directors of Encounter Resources Ltd ("Encounter") are pleased to announce the commencement of field activities at the Yeneena project in Western Australia.

RC Drill Program
The Encounter field crew has mobilised to site and the planned 5,000m RC drill program is on schedule to commence next week. This program will test targets at the BM1, BM6 and BM7 copper-cobalt prospects.

The RC drill program will focus largely on the BM7 area where a significant zone of near surface copper was discovered late in the 2012 field season. A number of targets will be tested within the extensive BM7 oxide copper anomaly that is over 3.5km long and 1.5km wide and remains open to the south and east (Figure 1).

In late 2012, first pass, shallow drilling intersected strong end of hole ("EOH") copper-cobalt mineralisation within this new zone at BM7 including:

- 9m @ 1.54% Cu and 1.0% Co from 42m to EOH
- 8m @ 0.52% Cu and 364ppm Co from 76m to EOH
- 34m @ 0.43% Cu and 238ppm Co from 32m to EOH
- 15m @ 0.46% Cu and 412ppm Co from 28m to EOH
- 6m @ 0.41% Cu and 438ppm Co from 26m to EOH
- 5m @ 0.62% Cu and 821ppm Co from 36m to EOH including 1m @ 1.2% Cu and 0.18% Co to EOH
- 52m @ 0.55% Cu and 378ppm Co from 42m including 8m @ 2% Cu and 0.1% Co from 58m

The RC drill program will focus in on areas of potential primary copper sulphide mineralisation. The RC rig contracted to complete the program has capacity to drill to a depth of 350m. The program will be completed in approximately four weeks. The initial assay results from the program are expected to be available in May 2013.

The RC program is co-funded through the WA Government Exploration Incentive Scheme ("EIS") up to an amount of $150,000.

"BM7 is a very large oxide copper anomaly with geochemical indicators of a major hydrothermal system. At the end of the 2012 drill season, in the first RC drill program on the new BM7 tenement, we intersected 52m @ 0.55% copper. The upcoming RC program provides a real opportunity to improve on that success" said Managing Director, Will Robinson.

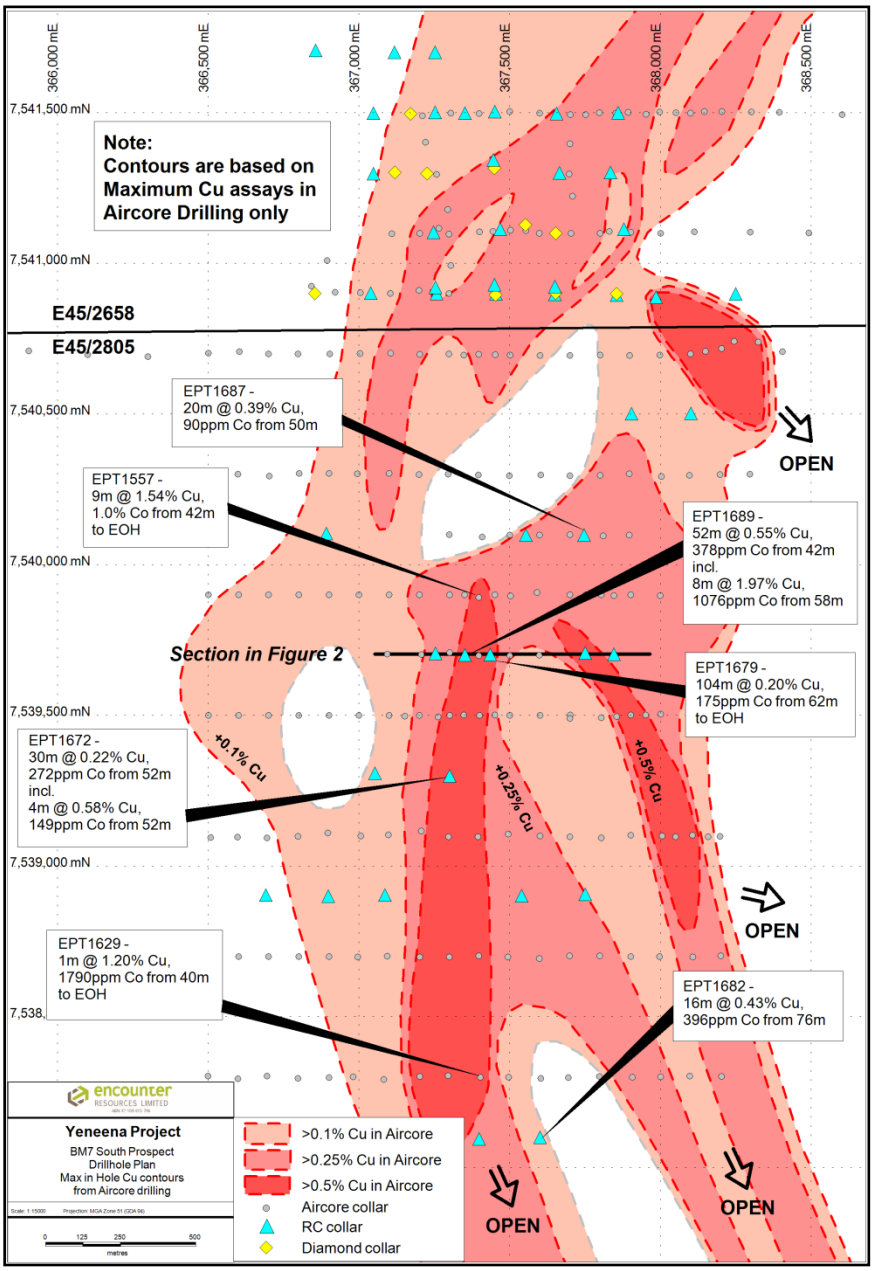

Figure 1. BM7 Drillhole plan with Max Cu in Hole contours from Aircore drilling

A number of targets will be tested within the extensive zone of copper mineralisation at BM7 including a discrete IP anomaly identified in December 2012. The IP anomaly broadly follows the orientation of the McKay fault and extends over 2.5km of strike. The IP anomaly is also semi-coincident with an EM anomaly located adjacent to an interpreted coherent zone of high grade supergene copper mineralisation. This zone was identified in in drill holes EPT1689 (8m @ 2% Cu and 0.1% Co from 58m) and EPT1557 (9m @ 1.5% Cu and 1.0% Co from 42m to EOH) located 200m north of EPT 1689. It is interpreted that the IP anomaly adjacent to this near surface copper zone could represent more intense disseminated copper sulphides (see Figure 2).

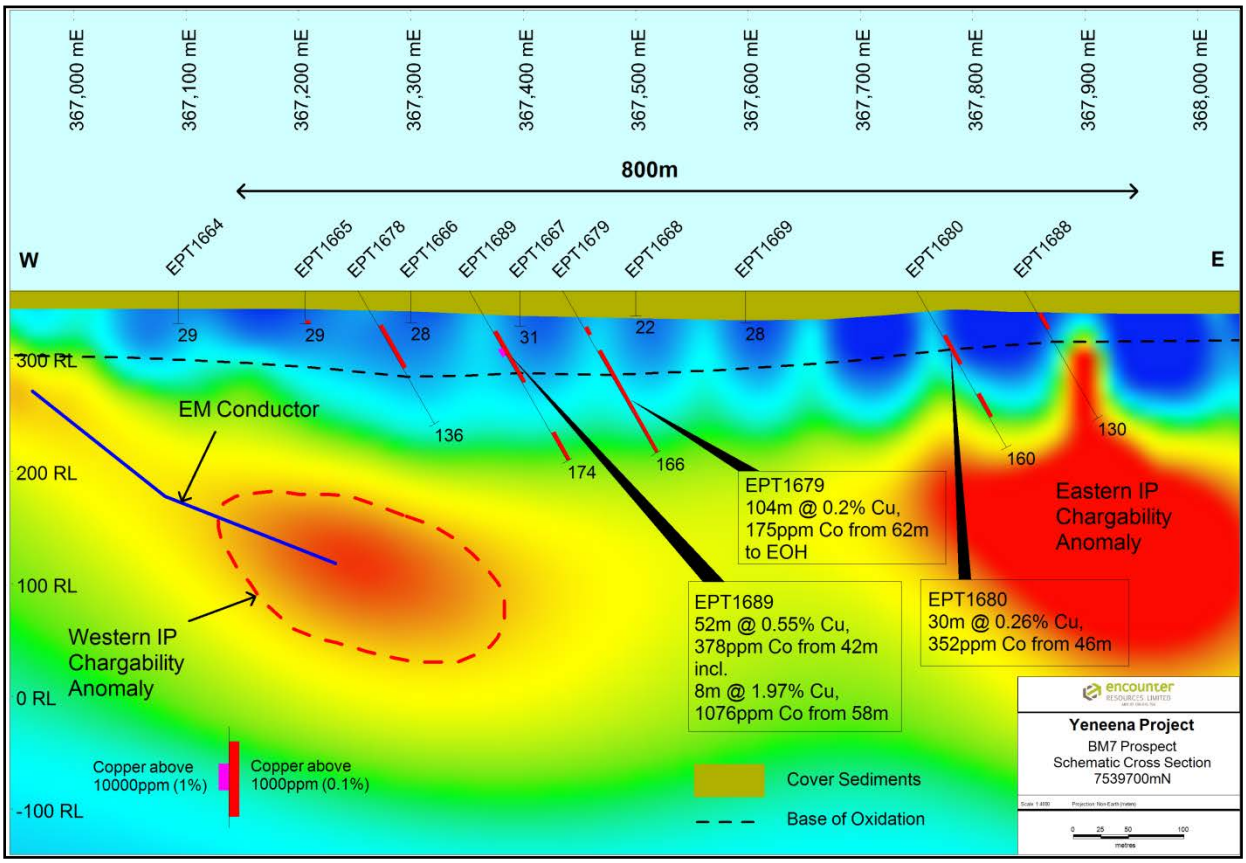

Figure 2. BM7 Cross Section with IP chargeability

Targets East and South of BM7

The copper-cobalt mineralisation discovered at BM7 in late 2012 remains open to the east and south. A heritage survey is scheduled to be completed in May 2013 to extend drilling into those prospective areas.

At the same time a heritage survey will be completed 5km south at the BM8 target (see Figures 3 & 4). The BM8 target has a number of similarities with the BM7 copper-cobalt discovery. The area of subdued EM response at BM8 is interpreted to relate to an alteration event that has reduced the conductivity of the host rock. This is akin to the dolomitisation event at BM7 that is associated with the copper-cobalt mineralisation. A discordant magnetic anomaly at BM8 located within the broad zone of low conductance is of particular interest. The testing of the targets east and south of BM7 and at BM8 will be completed following the May 2013 heritage survey.

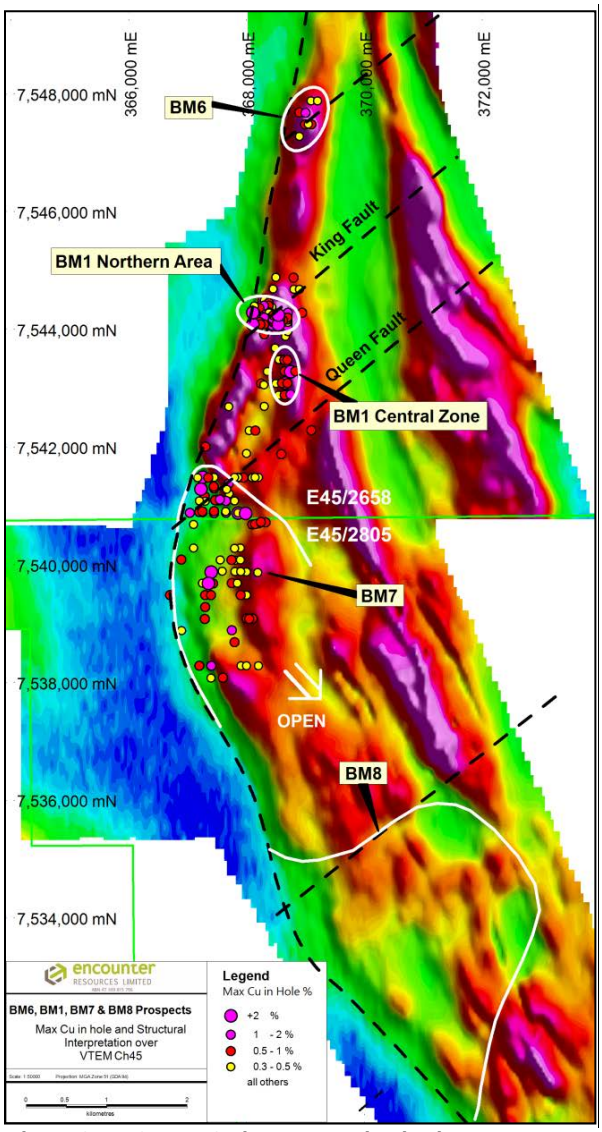

Figure 3. BM6 to BM8 Electomagnetics (EM)

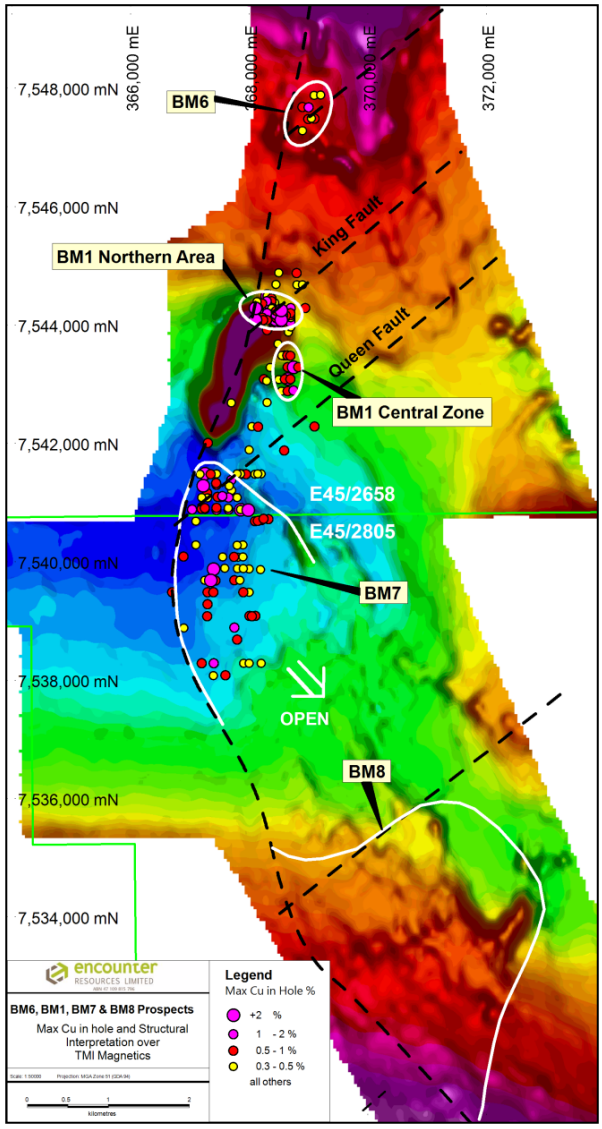

Figure 4. BM6 to BM8 TMI Magnetics

Project Background & Location Plan

The Yeneena project covers 1,400km2 of the Paterson Province in Western Australia and is located 40km SE of the Nifty copper mine and 30km SW of the Telfer gold/copper 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).

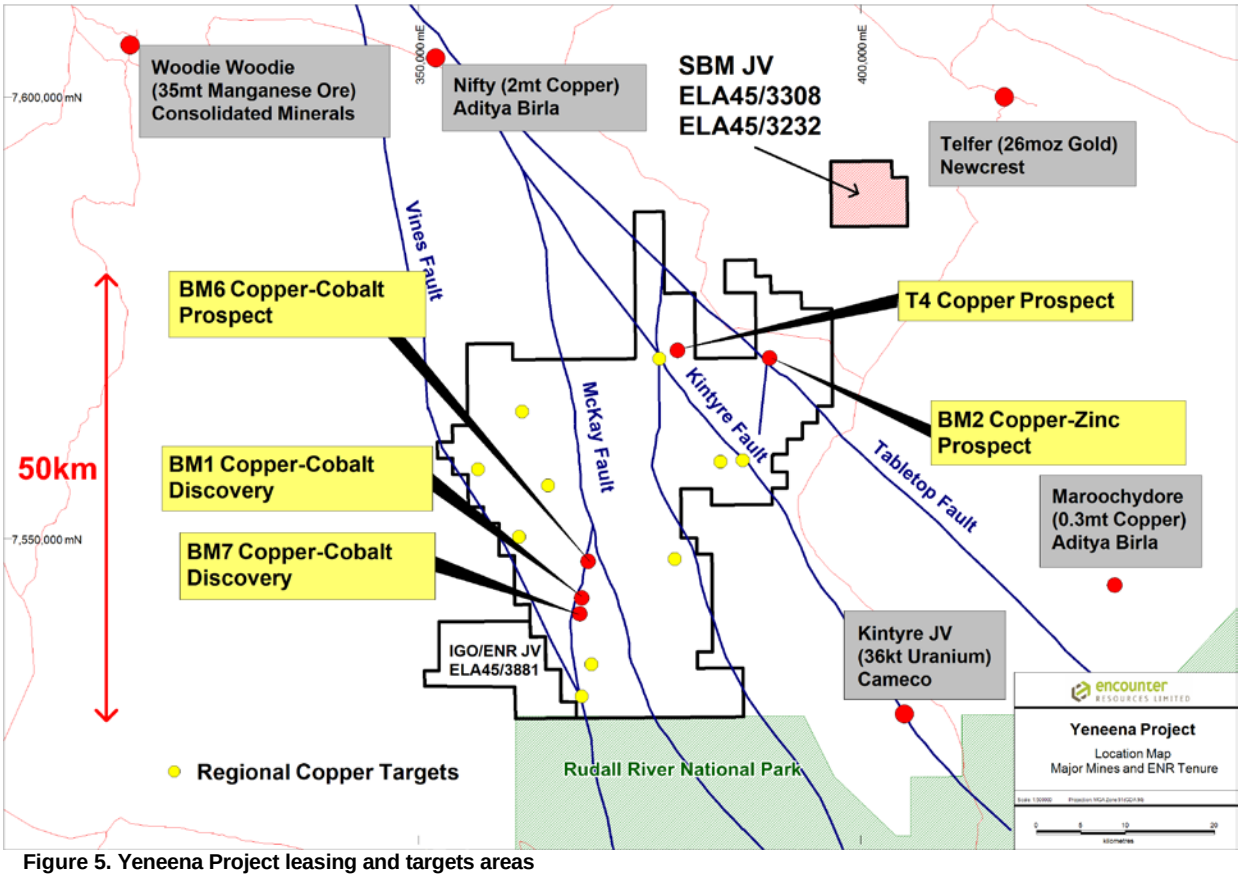

Figure 5. Yeneena Project leasing and targets areas

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.