encounter
RESOURCES LIMITED
ABN 47 109 815 796

Level 7, 600 Murray Street
West Perth WA 6005

PO Box 273
West Perth WA 6872

P 08 9486 9455
F 08 6210 1578

www.enrl.com.au

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Company Announcements Office
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4th Floor, 20 Bridge Street
Sydney NSW 2000

Assays Confirm Extensive Zinc Gossan at Millennium

- **Assays results from drill holes EPT2201 and EPT2203 that intersected a depth extensive iron rich gossan zone at the Millennium Prospect ("Millennium") have confirmed broad intervals of weathered zinc mineralisation:**
  - **EPT2203 - 91.8m @ 1.6% Zn from 344.4m incl.**
    - **26.3m @ 2.1% Zn from 345.1m**
  - **EPT2201 - 38.7m @ 0.9% Zn from 255.8m incl.**
    - **8.6m @ 2.2% Zn from 285.9m**
- **This gossan unit has now been intersected in three drill holes, across two sections and is interpreted to be over 250m in strike extent and plunging to the south-east.**
- **This gossan unit may transition at depth into a body of zinc sulphide mineralisation.**
- **High tenor zinc sulphide mineralisation has previously been intersected in EPT1854 (0.7m @ 36.5% zinc and 37g/t silver) at a similar depth approximately 250m north-west of the gossan zone identified in EPT2201 and EPT2203.**
- **Further drilling south-east of the gossan is planned following receipt of all assays from the initial program.**

The directors of Encounter Resources Ltd ("**Encounter**") are pleased to provide the first assay results from the recently completed diamond drill program at Millennium (90% Encounter). Millennium is located in the north-east of the Yeneena project of Western Australia and is subject to an Earn In Agreement with Hampton Hill Mining ("**HHM"**) (see ASX announcement 23 April 2015).

The initial three hole diamond drill program at Millennium which was expanded to five holes has now been completed. The program has demonstrated that the targeted zone has a significant thickness with continuous and consistent geometry (see Figure 3).Drill holes EPT2201 and EPT2203 (Figure 1) intersected broad zones of gossan with highly elevated zinc anomalism (see ASX Announcement 17 June 2015). These intersections included a number of voids and significant core loss. Assays have confirmed that highly anomalous zinc mineralisation is contained within these zones which supports the interpretation that they are likely to have formed by the oxidation of primary zinc sulphide mineralisation and that the targeted zone may transition at depth into a significant body of zinc sulphide mineralisation.

The gossan zone intersected at Millennium has been preferentially oxidised down to a depth of approximately 400m from surface. EPT1854, located approximately 250 north-west and along strike of EPT2201 and EPT2203, intersected narrow zones of brecciated and laminated massive zinc sulphide mineralisation at a similar depth which returned assays of 0.7m @ 36.5% Zn and 37g/t silver (see ASX 13 December 2013). The sulphide intersection in EPT1854 may be representative of the primary precursor zone to the gossan intersected in EPT2201 and 2203. Its occurrence at similar depths to that of the gossan in EPT 2203 indicates the potential for accumulations of high-grade zinc sulphide within 500m of the surface at Millennium.

This interpretation is supported by the occurrence of transitional sulphides near the base of the gossan intersected in EPT2203, interpreted to be close to the sulphide interface. The boundary between oxide and sulphide mineralization is expected to vary along strike at Millennium. This variation ranges from significant sulphide mineralisation intersected within 200m from surface in the south-east of the prospect in EPT2198, to preferential weathering up to 400m from surface in EPT2203 in the north-west.

The final hole of the current program, EPT2206, was drilled 200m directly down dip of EPT2203 (Figure 3) to target a possible steep plunging continuation of the mineralised zone. This hole intersected a deformation zone / fluid conduit with alteration similar to that in EPT1854 but intersected only traces of disseminated zinc sulphides. Accordingly, it is interpreted that the mineralised shoot intersected in EPT2201 and EPT2203 has a shallow south-east plunge, and EPT2206 has drilled beneath the plunging shoot (see Figure 2 long section).

Next Steps

Following the receipt of the remaining chemical assays, completion of petrology reports and rock property testing from the five completed holes at Millennium, a follow up drill program will be designed.

Consideration is being given to various surface exploration technologies that may assist in the delineation of the depth of weathering and orientation of a mineralised shoot. It is possible in this environment that seismic imaging could map the mineralised unit to depth and along strike. In addition, we are assessing the use of a large capacity RC drill rig to complete a systematic drill test of the +3km long zinc system to define the extent of the mineralised shoots identified at Millennium.

Hole_ID	Northing (m)	Easting (m)	RL (m)	EOH(m)	Dip	Azi
EPT2200	7568847	390550	315	414.7	-60	180
EPT2201	7571150	389150	315	334.2	-55	180
EPT2202	7570010	390549	315	308.5	-60	180
EPT2203	7571163	389154	315	515.3	-78	180
EPT2204*	7571315	389147	315	183.4	-80	180
EPT2205*	7571318	389147	315	65	-80	180
EPT2206	7571324	389147	315	669.6	-80	180

Table 1: Diamond drilling collar location – Millennium

Estimated drill hole coordinates GDA94 zone 51 datum. Collars positioned via handheld GPS (+/-5m),
*EOH = End of hole depth; m=metre; azi=azimuth. * Hole terminated following significant deflection of the RC pre-collar*

Hole ID	Prospect	From (m)	To (m)	Length (m)	Core Loss %	Cavities (m)	Zinc %
EPT2201	Millennium	255.8	294.5	38.7	54%	5.4	0.9%
Incl.		285.9	294.5	8.6	51%	-	2.2%
EPT2203	Millennium	344.4	436.2	91.8	38%	6.2	1.6%
Incl.		345.1	371.4	26.3	33%	-	2.1%
and		393.3	399.9	6.6	50%	-	1.2%
and		404.1	434.7	30.6	25%	1.1	1.7%
and		436.8	439	2.2	9%	-	0.1%

Table 2: Diamond drilling assay results – Millennium

Intervals are calculated at a 0.1% Zn lower cut-off, with internal higher grade intervals calculated at a 1% Zn lower cut-off.
Core loss definition – percentage of drill core unrecovered/destroyed during the drilling process (excluding cavities). Significant cavities and core loss were encountered in EPT2201 and EPT2203. Where present, core loss was attributed to the end of the drill run, and sampling intervals do not span across core loss. All quoted intersections in this announcement are length-weighted amalgamations of sampling intervals (thus include core loss and cavities) quoted as broad intersections.

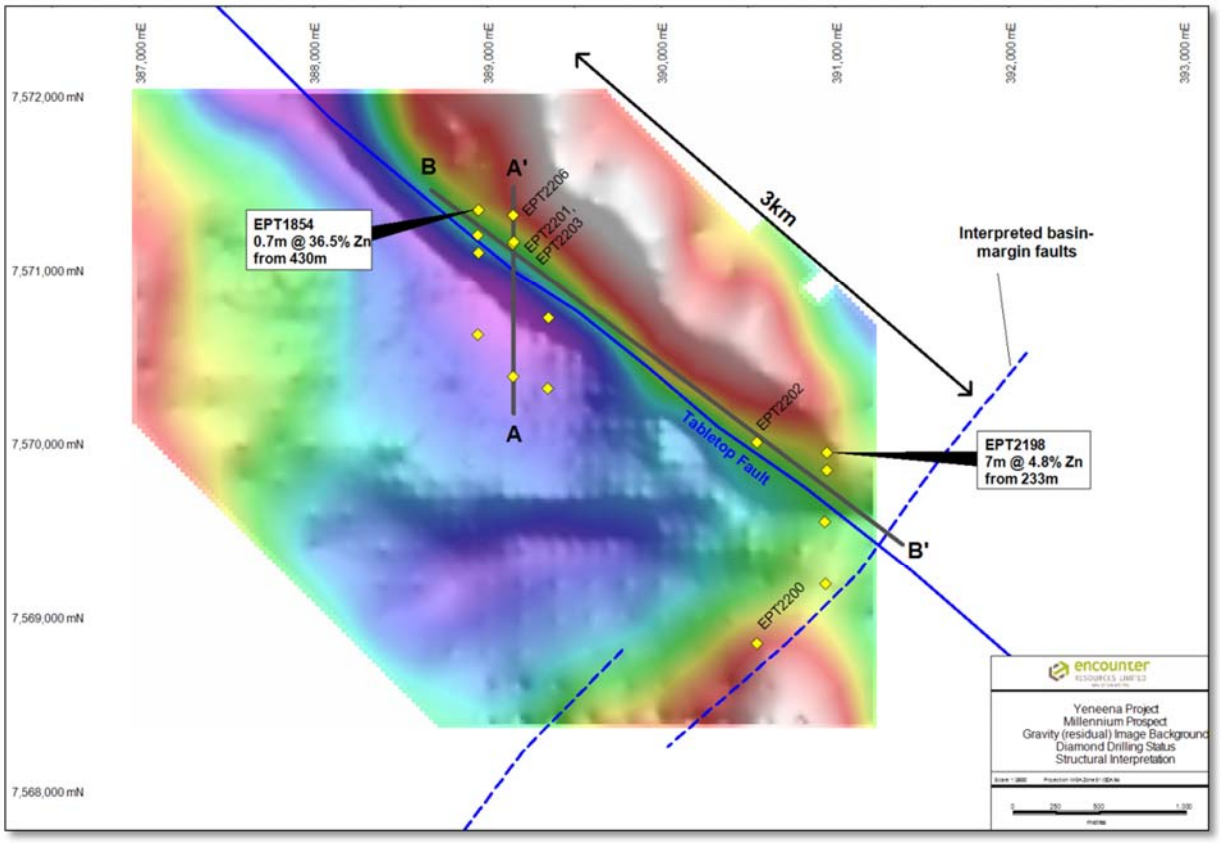

Figure 1: Diamond drilling collar location – Millennium

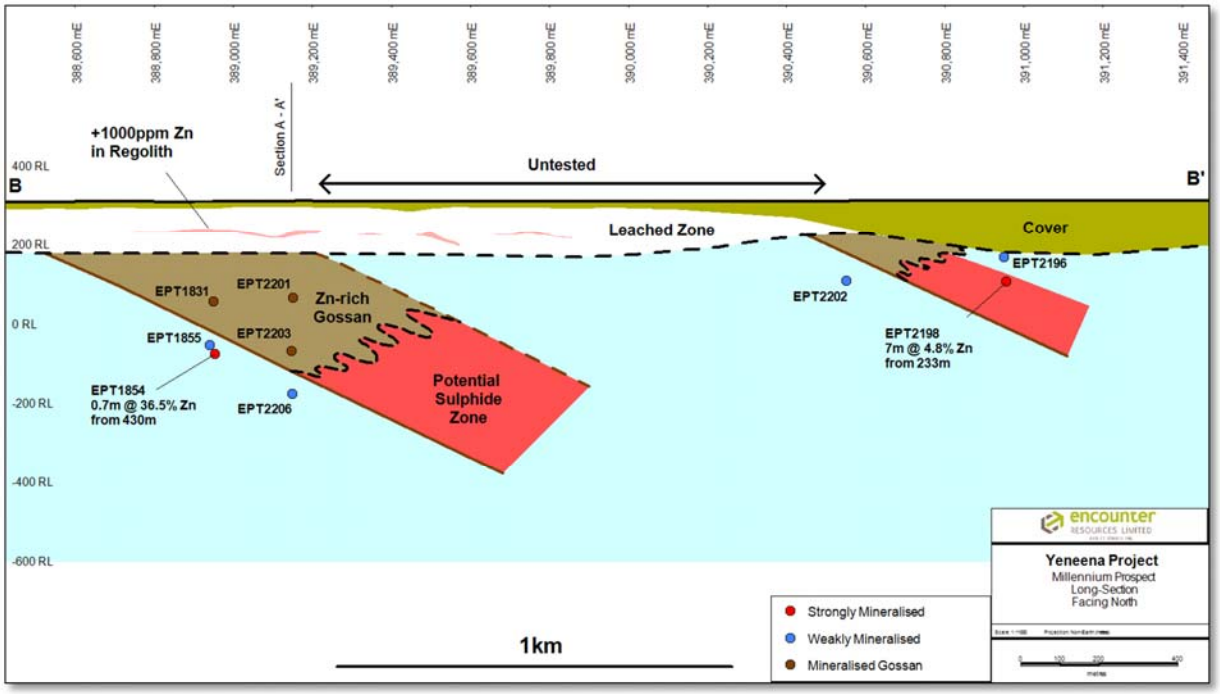

Figure 2: Diamond drilling long section (B – B') – Millennium

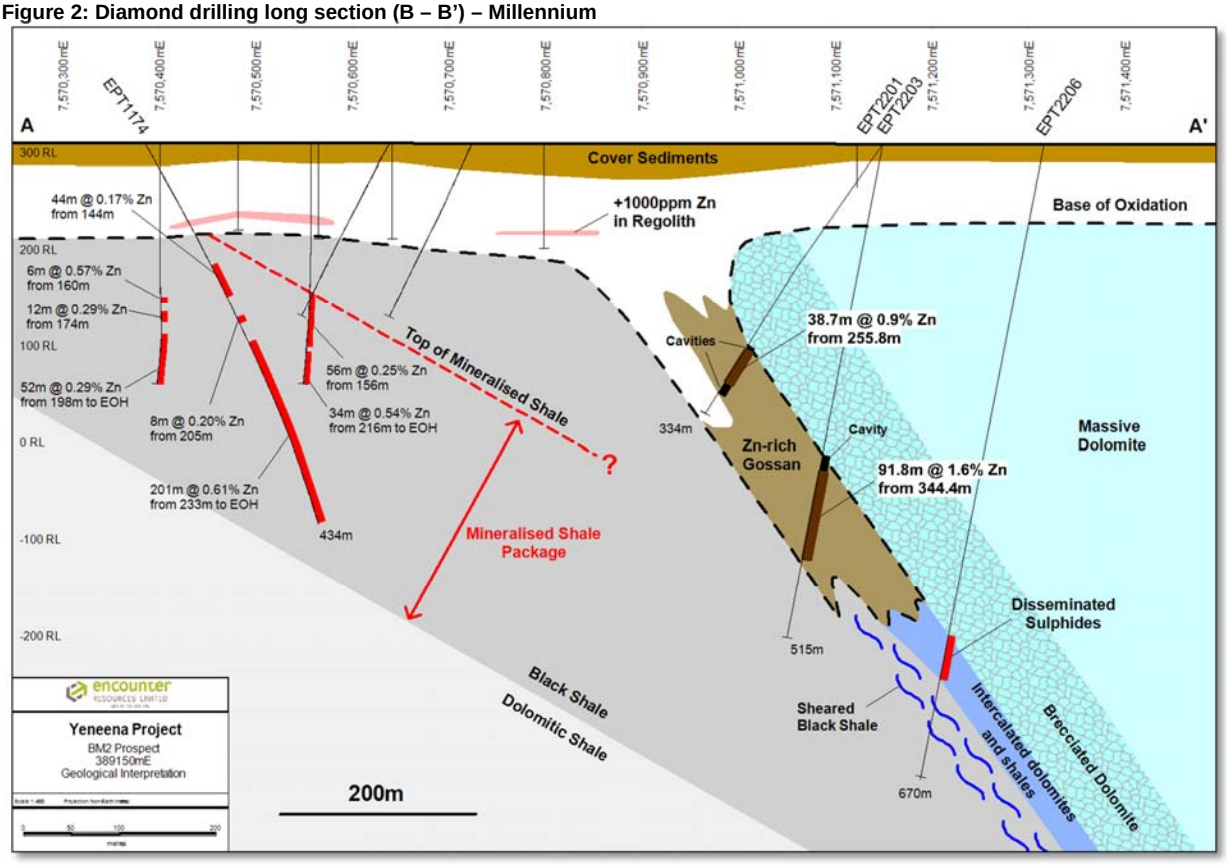

Figure 3: Cross Section 389150mE (A-A') – Millennium

Photo 1: Gossan zone from ~ 281m in EPT 2201

SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	Millennium was sampled by Encounter using diamond drilling. Seven holes were drilled for a total of 2490.7m. The seven holes were drilled on two north-south sections, Two holes were terminated early (EPT2204, EPT2205) due to downhole deviation away from target. Onsite handheld Niton XRF instruments were used to systematically analyse diamond drill core, with a single reading taken at every metre mark, except in the case of core loss. The host lithologies were targeted and veins and obvious signs of mineralisation avoided. These results are only used for onsite interpretation and the analyses are not reported.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used	Drill hole collar locations were recorded by handheld GPS, which has an estimated accuracy of +/- 5m.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information	Diamond core was drilled as HQ3/HQ2 and NQ3/NQ2 size core. Competent drillcore will be cut and sampled, and grab sampling will be utilised where core is broken. Mineralised intervals will be subjected to half-core sampling, where unmineralised intervals will be subjected to quarter-core, fillet-core or chip sampling. Diamond core samples will be sent to Bureau Veritas Minerals Pty Ltd Laboratories in Perth for analysis.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	All diamond drilling utilised an RC precollar or rock rolling to varying depths. Various size core diameters were used including HQ3, HQ2, NQ3 and NQ2. All drill core was orientated where possible.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed*	Diamond core recoveries/core loss was recorded during drilling and noted during geological logging. The driller identified cavities or core loss directly in the core trays.
	Measures taken to maximise sample recovery and ensure representative nature of the samples	Driller's used appropriate measures to maximise sample recovery, including the use of triple tube drilling. Core loss was recorded by Encounter geologists and sampling intervals are not carried through core loss.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	To date, no detailed analysis to determine the relationship between sample recovery and/or and grade has been undertaken for this diamond drill program.

Criteria	JORC Code explanation	Commentary
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Geological logging is carried out on all drillholes, with lithology, alteration, mineralisation, structure and veining recorded. Where core was orientated, structural measurements are taken.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Geological logging is qualitative in nature and records interpreted lithology, alteration, mineralisation, structure, veining and other features of the samples.
	The total length and percentage of the relevant intersections logged	All drill holes will be logged in full by Encounter geologists.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Competent drillcore is cut and sampled, and grab sampling was utilised where core is broken. Mineralised intervals are subjected to half-core sampling, and unmineralised intervals are subjected to quarter-core or fillet-core sampling.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	RC samples were collected on the rig using a splitter. Samples were recorded as being dry, moist or wet by Encounter field staff.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Sample preparation will be completed at Bureau Veritas Minerals Pty Ltd Laboratories in Perth. Samples will be dried, crushed, pulverised (90% passing at a ≤75µM size fraction) and split into a sub – sample that will be analysed using a 4 acid digest with an ICP – OES and ICP – MS finish.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Field QC procedures involve the use of commercial certified reference materials (CRMs) and in house blanks. The insertion rate of these will be at an average of 1:33.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	No duplicates were taken from diamond core.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample sizes are considered appropriate to give an accurate indication of base metal anomalism and mineralisation at Millennium.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	The samples will be digested and refluxed with hydrofluoric, nitric, hydrochloric and perchloric acids (four acid digest). This digest is considered to approach a total digest for many elements, although some refractory minerals are not completely attacked. Analytical methods used will be ICP – OES (Al, Ca, Cu, Fe, Mg, Mn, Ni, P, S and Zn) and ICP – MS (Ag, As, Bi, Cd, Co, In, Mo, Pb, U, Sr and Tl).
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	Two handheld XRF instruments were used to systematically analyse RC samples and drill core onsite. The principal instrument used was a Thermo Scientific XL3t 950 GOLDD+. A Thermo Scientific XL3t 500 was also used infrequently. Reading times ranged from 20 – 25 seconds. Standards are analysed frequently to ensure accuracy.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of in house procedures. Encounter also submitted an independent suite of CRMs, blanks and field duplicates (see above). A formal review of this data is completed on an annual basis.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	The intersections included in this report have been verified by James Purchase – Senior Exploration Geologist at Encounter Resources
	The use of twinned holes.	No twinned holes have been drilled.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Primary data is collected for Millennium on hand held printed forms and on toughbook computers using Excel templates and Maxwell Geoservice's LogChief software. Data collected was sent offsite to Encounter's Database (Datashed software), which is backed up daily.
	Discuss any adjustment to assay data.	No adjustments or calibrations are made to any assay data collected at Millennium.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Drill hole collar locations are determined using a handheld GPS. Down hole surveys used single shot readings during diamond drilling and precollars. These were taken at approximately every 30m downhole
	Specification of the grid system used.	The grid system used is MGA_GDA94, zone 51.
	Quality and adequacy of topographic control.	Estimated RLs were assigned during drilling and are to be corrected at a later stage using a DTM created during the VTEM AEM survey.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	The seven diamond holes in this program were drilled on two separate north-south section. The two sections are approximately 2km apart.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	Mineralisation has not yet demonstrated to be sufficient in both geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications to be applied.
	Whether sample compositing has been applied.	No compositing was applied to diamond core samples. Quoted intersections are the length-weighted average of grades from original sampling widths.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	N/A – this is framework diamond drilling
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No sampling bias resulting from a structural orientation is known to occur.
Sample security	*The measures taken to ensure sample security.*	The chain of custody is managed by Encounter. Samples will be delivered by Encounter personnel to Newcrest's Telfer Mine site and transported to the assay laboratory via McMahon's Haulage. Tracking protocols have been emplaced to monitor the progress of all samples batches.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	Sampling techniques and procedures are regularly reviewed internally, as is data. To date, no external audits have been completed on the Millennium data.

SECTION 2 REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties including joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	The Millennium prospect is located within the tenement E45/2561, E45/2500 and E45/2501 which are 100% held by Encounter. The prospect area is subject to an Earn In Agreement with HHM, whereby HHM may up to a 25% interest in the prospect area. The tenements that host the Millennium prospect are subject to a 1.5% Net Smelter Royalty to Barrick Gold of Australia. This tenements are contained completely within land where the Martu People have been determined to hold native title rights. No historical or environmentally sensitive sites have been identified in the area of work.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Prior to activities undertaken by Encounter, no exploration of the Millennium area had been completed.
Geology	*Deposit type, geological setting and style of mineralisation*	Millennium is situated in the Proterozoic Paterson Province of Western Australia. A simplified regional stratigraphy of the area comprises the Palaeo-Proterozoic Rudall Complex, unconformably overlain by the Neo-Proterozoic Coolbro Sandstone. On top of this is the Broadhurst Formation, which hosts Millennium. Millennium is considered prospective for sediment – hosted zinc-lead mineralisation, with the McArthur River deposit in Queensland providing a basic conceptual model for exploration targeting.
Drill hole information	*A summary of all information material to the understanding of the exploration results including tabulation of the following information for all Material drill holes:* • *Easting and northing of the drill hole collar* • *Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar* • *Dip and azimuth of the hole* • *Down hole length and interception depth* • *Hole length*	Refer to tabulations in the body of this announcement.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	All reported assays have been length weighted, with a nominal 0.1% Zn lower cut-off reported as significant in the context of the geological setting. No upper cuts-offs have been applied and some narrow intervals of less than 0.1% Zn have been included in calculating down hole grade intervals.
	Where aggregated intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Higher grade intervals that are internal to broader zones of zinc mineralisation are reported as included intervals, using a lower cut-off of 1% Zn
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalents have been reported in this announcement.

Criteria	*JORC Code explanation*	**Commentary**
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of exploration results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	The geometry of the mineralisation is not yet known due to insufficient deep drilling in the targeted area.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plane view of drill hole collar locations and appropriate sectional views.*	Refer to body of this announcement.
Balanced Reporting	*Where comprehensive reporting of all Exploration Results is not practical, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	All significant intervals are reported with a 0.1% Zn lower cut-off (with internal higher grade intervals quoted at a 1% Zn lower cut-off).
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observation; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	All meaningful and material information has been included in the body of the text. No metallurgical or mineralogical assessments have been completed.
Further Work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large – scale step – out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Further drilling at Millennium is required to test for lateral and vertical extensions of the high grade zinc sulphide mineralisation adjacent to the carbonate - shale contact. Diamond drilling is continuing.

Location Plan

The Yeneena Project covers 1,850km^2 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 3). The targets identified are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting.

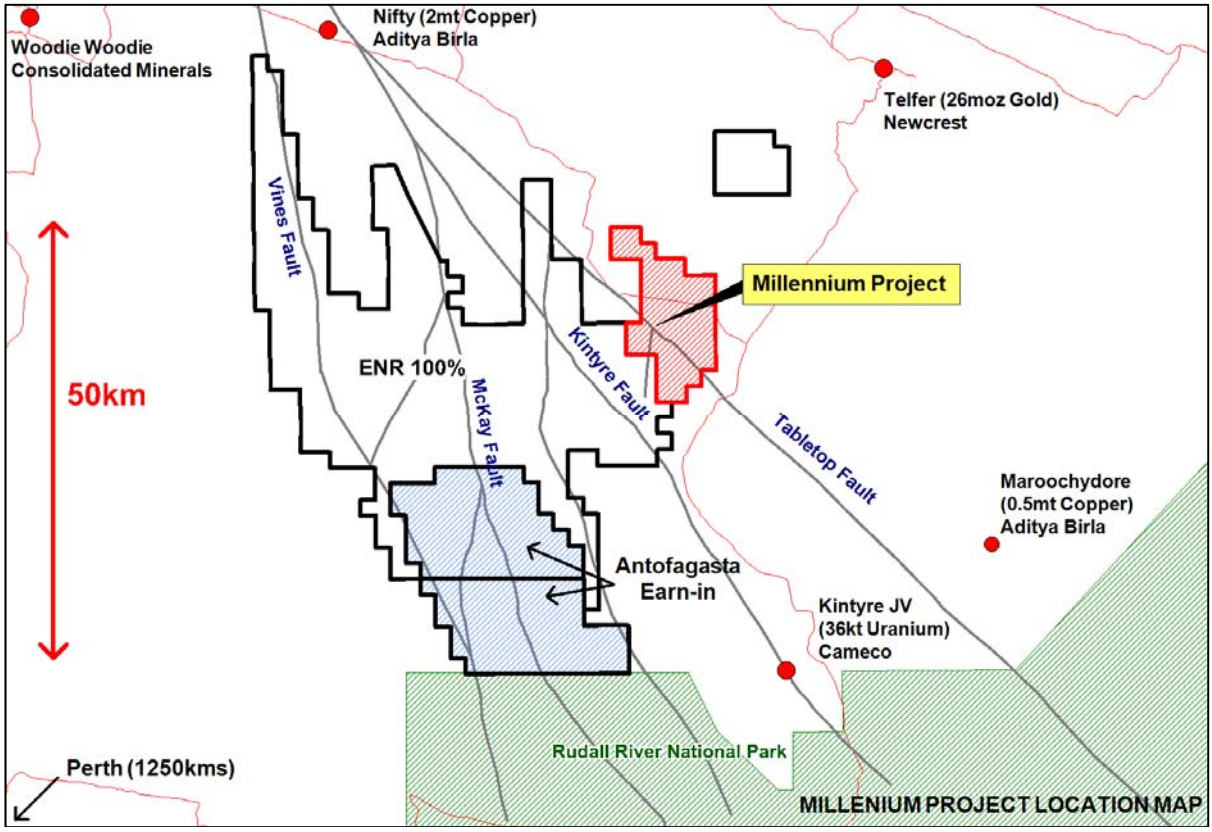

Figure 4: Yeneena Project leasing and targets areas

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 holds shares and options in and 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 2012 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.

The Company confirms that it is not aware of any new information or data that materially affects the information in the relevant ASX releases and the form and context of the announcement has not materially changed.