

ASX : ENR

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Company Announcements Office
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Millennium Zinc Update

- **Four diamond drill holes have been completed at the Millennium Prospect (“Millennium”) under the Hampton Hill Mining (“HMM”) Earn In Agreement (see ASX announcement 23 April 2015).**
- **Two diamond drill holes have intersected a depth extensive zone containing broad intervals of iron rich gossan containing anomalous zinc grading approximately 0.5-2% Zn, identified by handheld XRF. The XRF results are indicative only with chemical analysis required to confirm this analysis. This gossan unit may transition at depth into a body of zinc sulphide mineralisation.**
- **HMM has completed the Initial Earn In Phase by expending \$500,000 and has acquired a 10% interest in Millennium.**
- **HMM has elected to sole fund an additional \$500,000 (“Second Earn-in Phase”) to preserve its initial 10% interest and to maintain the right to earn a further 15% interest in Millennium.**
- **Additional diamond drilling targeting the area down dip of the gossanous zone at Millennium has commenced.**
- **HMM has issued to Encounter 30,748,903 ordinary shares in HMM**

The directors of Encounter Resources Ltd (“**Encounter**”) are pleased to provide an update from the diamond drill program in progress 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 HMM (see Figure 3).

Diamond Drill Program

An initial four hole diamond drill program under the HMM Earn In Agreement has been completed at Millennium. The last two holes (EPT2201 and EPT2203) have intersected broad zones of weathered gossan with highly elevated zinc anomalism grading approximately 0.5-2% zinc in handheld XRF. The XRF results are indicative only with chemical analysis required to confirm this analysis. This weathered material has undergone extensive leaching resulting in a number of voids and core loss through the gossan zones.

EPT2201 was designed to target the carbonate-shale contact, parallel to the regionally significant Tabletop Fault, approximately 200 metres south-east of EPT1854. Drill hole EPT1854 intersected narrow zones of brecciated and laminated massive zinc sulphide mineralisation which returned assays of 0.7m @ 36.5% Zn and 37g/t silver (see ASX 13 December 2013). EPT2201 intersected several zones of weathered gossan with highly

elevated zinc anomalism from 255m to 300m downhole before the hole failed at a depth of 334.2m above the shale-carbonate contact. The depth and continuity of this gossan zone is indicative of preferential weathering of a primary sulphidic unit that was in contact with the regolith (see Photo 1). The gossan zones are heavily leached and their level of zinc anomalism, as indicated by the XRF, is potentially depleted by oxidation processes.

Following up on the EPT2201 intersection, EPT 2203 was drilled to target the continuation of the mineralised zone 150m down dip of EPT2201. This was successful as EPT2203 intersected a thicker and more competent zone of gossan material from 344m to 432m downhole, again with highly elevated zinc anomalism as indicated by the XRF (see Photo 2).

HMM Earn- In Agreement

HMM has completed the Initial Earn In Phase by expending \$500,000 and has acquired a 10% interest in Millennium. Based on the results of the diamond drill program, HMM has elected to sole fund the Second Earn-in Phase for an additional \$500,000 to preserve its initial 10% interest and to maintain the right to earn a further 15% interest in Millennium. HMM has issued to Encounter 30,748,903 ordinary shares in HMM.

Next Steps

Assay results from the gossan zones in EPT2201 & EPT2203 are expected to be received in early July 2015. An additional diamond drill hole has commenced targeting the gossan zone a further 150m down dip of EPT2203. This hole will be completed in the coming weeks with assays expected to be received in July 2015.

In addition, the Company is assessing the use of various surface exploration technologies that may assist in the delineation of weathering and orientation of a mineralised shoot. It is possible in this environment that 3D seismic imaging could map the mineralised unit to depth and along strike.

Hole_ID	Northing (m)	Easting (m)	RL (m)	EOH(m)	Dip	Azi
EPT2200	7568850	390550	320	414.7	-60	180
EPT2201	7571150	389150	320	334.2	-55	180
EPT2202	7570000	390550	320	308.5	-60	180
EPT2203	7571150	389150	320	515.3	-78	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.

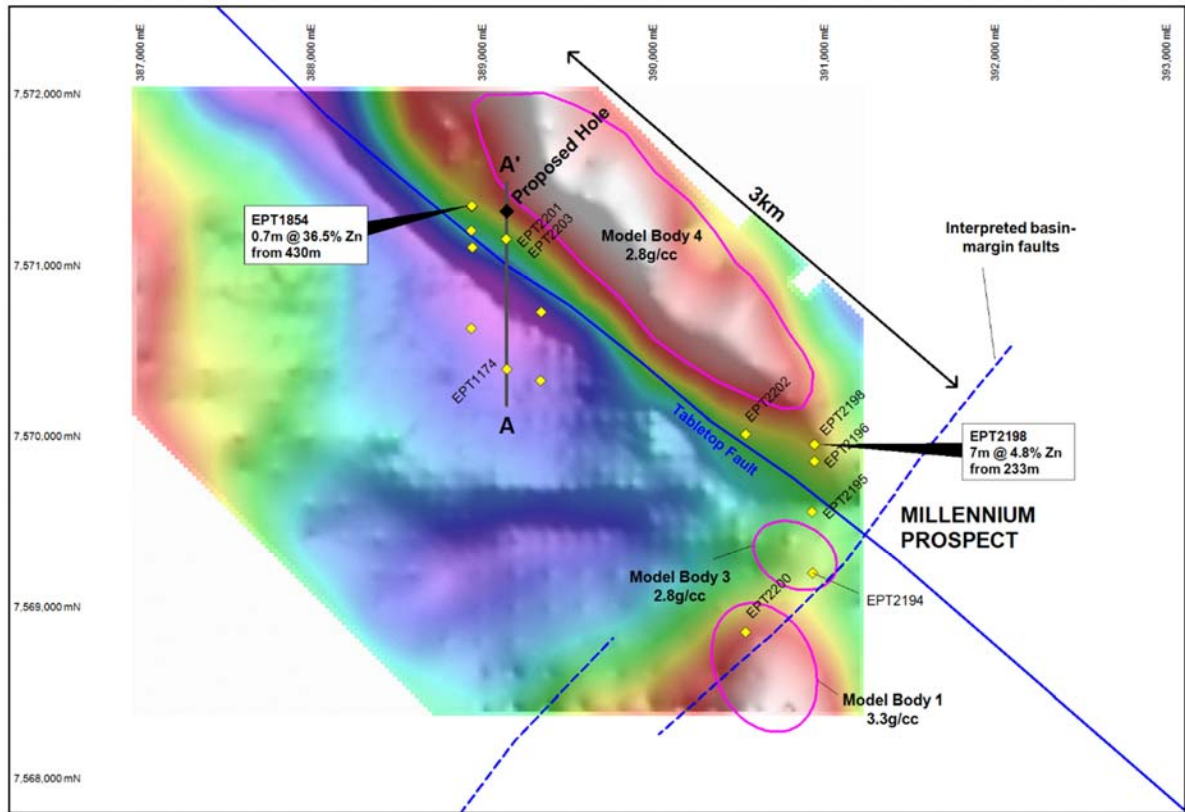


Figure 1: Diamond drilling collar location – Millennium

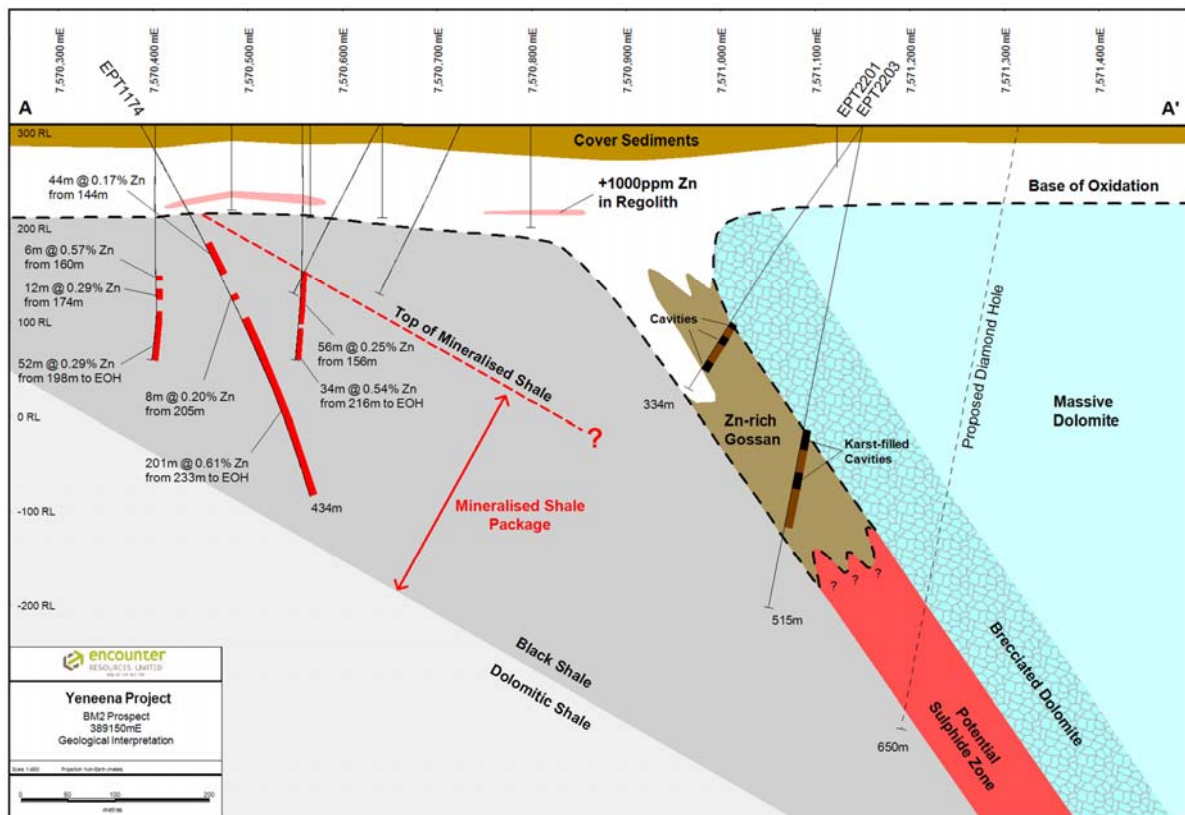


Figure 2: Cross Section 389150mE – Millennium



Photo 1: Gossan zone from 280.6m to 312m in EPT 2201



Photo 2: Gossan zone from 408.9m to 419.2m in EPT2203

SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>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.</i>	<p>Millennium was sampled by Encounter using diamond drilling. Four holes were drilled for a total of 1572.7m. The four holes were drilled on two north-south sections.</p> <p>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.</p>
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used</i>	Drill hole collar locations were recorded by handheld GPS, which has an estimated accuracy of +/- 5m.
	<i>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</i>	<p>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.</p> <p>Diamond core samples will be sent to Bureau Veritas Minerals Pty Ltd Laboratories in Perth for analysis.</p>
Drilling techniques	<i>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).</i>	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	<i>Method of recording and assessing core and chip sample recoveries and results assessed</i>	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.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples</i>	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.
	<i>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.</i>	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	<i>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.</i>	Geological logging is carried out on all drillholes, with lithology, alteration, mineralisation, structure and veining recorded. Where core was orientated, structural measurements are taken.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Geological logging is qualitative in nature and records interpreted lithology, alteration, mineralisation, structure, veining and other features of the samples.
	<i>The total length and percentage of the relevant intersections logged</i>	All drill holes will be logged in full by Encounter geologists.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	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.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	RC samples were collected on the rig using a splitter. Samples were recorded as being dry, moist or wet by Encounter field staff.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Sample preparation will be completed at Bureau Veritas Minerals Pty Ltd Laboratories in Perth. Samples will be dried, crushed, pulverised (90% passing at a $\leq 75\mu\text{m}$ 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.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	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.
	<i>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.</i>	No duplicates were taken from diamond core.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	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	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	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, Co, Mo, Pb, U, Sr and Tl).
	<i>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.</i>	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.
	<i>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.</i>	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	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	NA – no new chemical analysis reported in this announcement.
	<i>The use of twinned holes.</i>	No twinned holes have been drilled.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	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.
	<i>Discuss any adjustment to assay data.</i>	No adjustments or calibrations are made to any assay data collected at Millennium.
Location of data points	<i>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.</i>	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
	<i>Specification of the grid system used.</i>	The grid system used is MGA_GDA94, zone 51.
	<i>Quality and adequacy of topographic control.</i>	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	<i>Data spacing for reporting of Exploration Results.</i>	The four diamond holes in this program were drilled on two separate north-south section. The two sections are approximately 2km apart.
	<i>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.</i>	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.
	<i>Whether sample compositing has been applied.</i>	No new chemical analysis has been reported in this announcement.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	N/A – this is framework diamond drilling
	<i>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.</i>	No sampling bias resulting from a structural orientation is known to occur.
Sample security	<i>The measures taken to ensure sample security.</i>	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 McMahan's Haulage. Tracking protocols have been emplaced to monitor the progress of all samples batches.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	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	<i>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.</i>	<p>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.</p> <p>The tenements that host the Millennium prospect are subject to a 1.5% Net Smelter Royalty to Barrick Gold of Australia.</p> <p>This tenements are contained completely within land where the Martu People have been determined to hold native title rights.</p> <p>No historical or environmentally sensitive sites have been identified in the area of work.</p>
Exploration done by other parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	Prior to activities undertaken by Encounter, no exploration of the Millennium area had been completed.
Geology	<i>Deposit type, geological setting and style of mineralisation</i>	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	<p><i>A summary of all information material to the understanding of the exploration results including tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> • <i>Easting and northing of the drill hole collar</i> • <i>Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar</i> • <i>Dip and azimuth of the hole</i> • <i>Down hole length and interception depth</i> • <i>Hole length</i> 	Refer to tabulations in the body of this announcement.
Data aggregation methods	<i>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.</i>	No new chemical analysis has been reported in this announcement.
	<i>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.</i>	No new chemical analysis has been reported in this announcement.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No new chemical analysis has been reported in this announcement.

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	<i>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').</i>	The geometry of the mineralisation is not yet known due to insufficient deep drilling in the targeted area.
Diagrams	<i>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.</i>	Refer to body of this announcement.
Balanced Reporting	<i>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.</i>	No new chemical analysis has been reported in this announcement.
Other substantive exploration data	<i>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.</i>	All meaningful and material information has been included in the body of the text. No metallurgical or mineralogical assessments have been completed.
Further Work	<i>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.</i>	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 1,850km² 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.

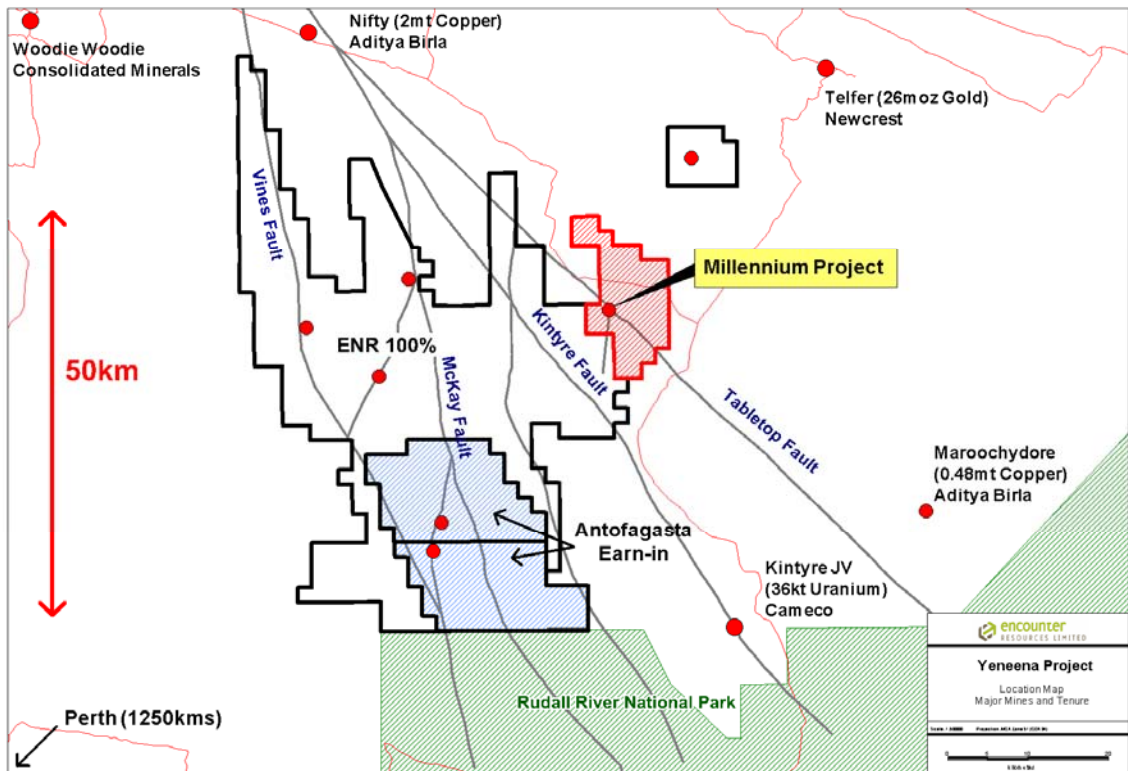


Figure 3: Yeneena Project leasing and targets areas

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.