

A highly active, well funded exploration company advancing a suite of greenfield discoveries in the Paterson Province of Western Australia

ASX Code

ENR

Market Cap (29/1/15)

A\$18m (\$0.135/share)

Issued Capital (29/1/15)134.5 million ordinary shares
8.6 million employee options**Cash (31/12/14)**

A\$2.1M

Board of Directors & ManagementMr. Paul Chapman
Non-Executive ChairmanMr. Will Robinson
Managing DirectorMr. Peter Bewick
Exploration DirectorDr. Jon Hronsky
Non-Executive DirectorMr. Kevin Hart / Mr. Dan Travers
Joint Company Secretarywww.enrl.com.auLevel 7, 600 Murray Street
West Perth WA 6005P: 08 9486 9455
F: 08 6210 1578

contact@enrl.com.au

HIGHLIGHTS**YENEENA PROJECT - Paterson Province, WA**

The Yeneena Project ("Yeneena") consists of a major ground position between the Nifty copper mine, the Telfer gold-copper mine and the Kintyre uranium deposit where Encounter has made a series of greenfield base metal discoveries that demonstrate the potential of the area for large tonnage, high quality deposits.

Millennium Zinc (Encounter 100%)

- Maiden diamond drilling program intersected zinc sulphide mineralisation in all four holes, confirming new discovery.
- Intersection of 7m @ 4.8% zinc remains open along strike and at depth.
- Untested large scale geophysical anomaly located south of broad, low grade zinc sulphide intersections.

BM1-BM7 Copper/Cobalt Discovery (Antofagasta earning in)

- Final hole in 2014 program at BM7 intersected 140m @ 0.2% Cu, including 1.3m @ 3.2% Cu from 250.4m.
- Strong geochemical and structural vectors to direct follow up drilling at BM7.
- BM6 and BM7 East alteration and copper mineralisation are similar to hangingwall position at Nifty – deeper drilling required.

Lookout Rocks (Encounter 100%)

- Encounter purchases 100% interest in Lookout Rocks tenements from Hammer Metals.
- Structural and geological interpretation defines high priority targets.
- Successful EIS co-funded drilling grant received for up to \$150,000

CORPORATE

- \$2.1M cash balance as at 31 December 2014.
- Placement of 1,250,000 shares at 20c per share was completed to facilitate an escalation in drilling activities at the Millennium zinc prospect.

EXPLORATION

PATERSON PROVINCE

YENEENA COPPER / ZINC PROJECT

- 100% Encounter - E45/2500, E45/2501, E45/2502, E45/2503, E45/2561, E45/2657, E45/2806, E45/4230, E45/3768, E45/4091 and ELA45/4408
- Antofagasta earning into E45/2658 and E45/2805
- Encounter earning into E45/3232 and E45/3308 from St Barbara Ltd (SBM)

Yeneena covers a 1,850km² tenement package in the Paterson Province of WA located between the Nifty copper mine, the Woodie Woodie manganese mine, the Telfer gold-copper mine and the Kintyre uranium deposit (Figure 1).

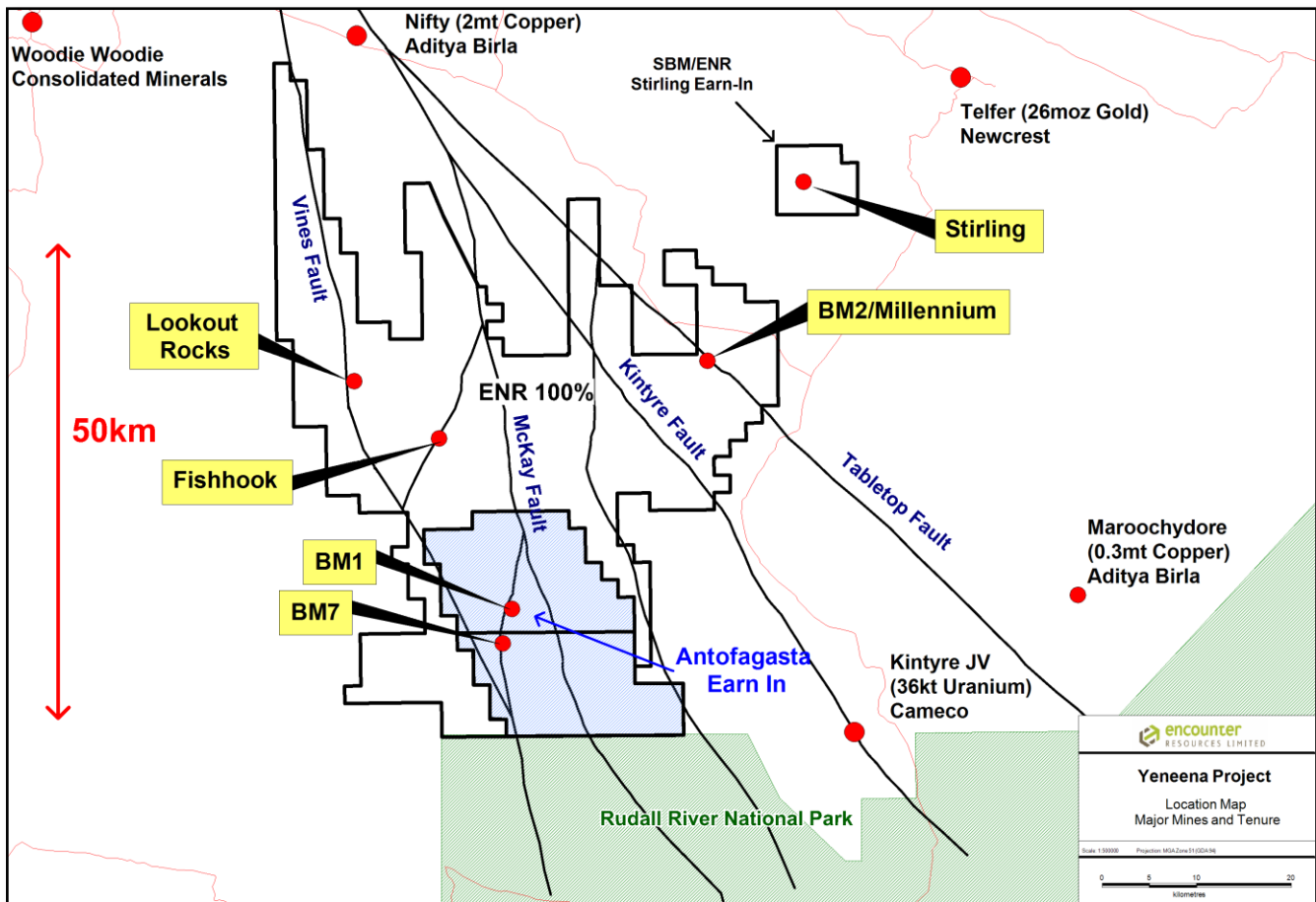


Figure 1: Yeneena project leasing and target areas with major regional faults

Diamond drilling continued in the December 2014 quarter with four diamond drillholes completed at Millennium for a total of 1,703m. All four holes at Millennium intersected zones of zinc sulphide mineralisation with assays confirming a large scale zinc system has been discovered. Final assay results have been received from the two hole diamond drilling program at the Fishhook project. The Millennium and Fishhook drill programs were both partly funded through the WA Government EIS co-funded drilling program.

A review of public data over the Nifty copper deposit has defined a distinct geochemical halo to the deposit. Geochemical anomalism and geological features as seen at Nifty have been identified within the BM1-BM7 region and are being used to generate vectors to high grade copper mineralisation.

Antofagasta Earn-In (E45/2658 and E45/2805)

Summary

In April 2013, the Company completed an earn-in agreement with a wholly owned subsidiary of Antofagasta plc, one of the world's largest copper producers, whereby it may earn a 51% interest in two tenements within the Yeneena Project by incurring expenditures of US\$20 million over a five year period.

A total 16 diamond drill holes have now been completed on the Earn-In tenements since the commencement of the Antofagasta funded program in April 2013. These holes provide a broad spaced, 3D dataset over an area that hosts the BM1 and BM7 copper prospects and has a strike extent of over 7km.

The diamond drill program was designed to provide geological, geochemical and structural data to assist in the identification of vectors to high grade copper sulphide mineralisation. During the current quarter a review was conducted of the 3D structure, alteration signatures and trace element geochemistry of the Nifty copper deposit, located 65km to the north. The review summarised all known literature pertaining to the Nifty deposit including the PhD thesis written by Anderson (1999) as well as historical company, GA and GSWA reports.

The review of the Nifty copper sulphide deposit has identified siderite and apatite alteration associated with trace copper sulphide mineralisation as the diagnostic halo that extends laterally from the Nifty sulphide deposit (see Figure 2). This provides a template of key mineralisation vectors to high grade copper mineralisation in the Paterson Province. The evaluation of the drill data from the BM1 to BM7 region has highlighted that a number of the key features of the Nifty alteration signature are evident at Encounter's Yeneena copper prospects. These geochemical vectors will provide a new important tool in the definition of high quality drill targets for the 2015 drilling campaign.

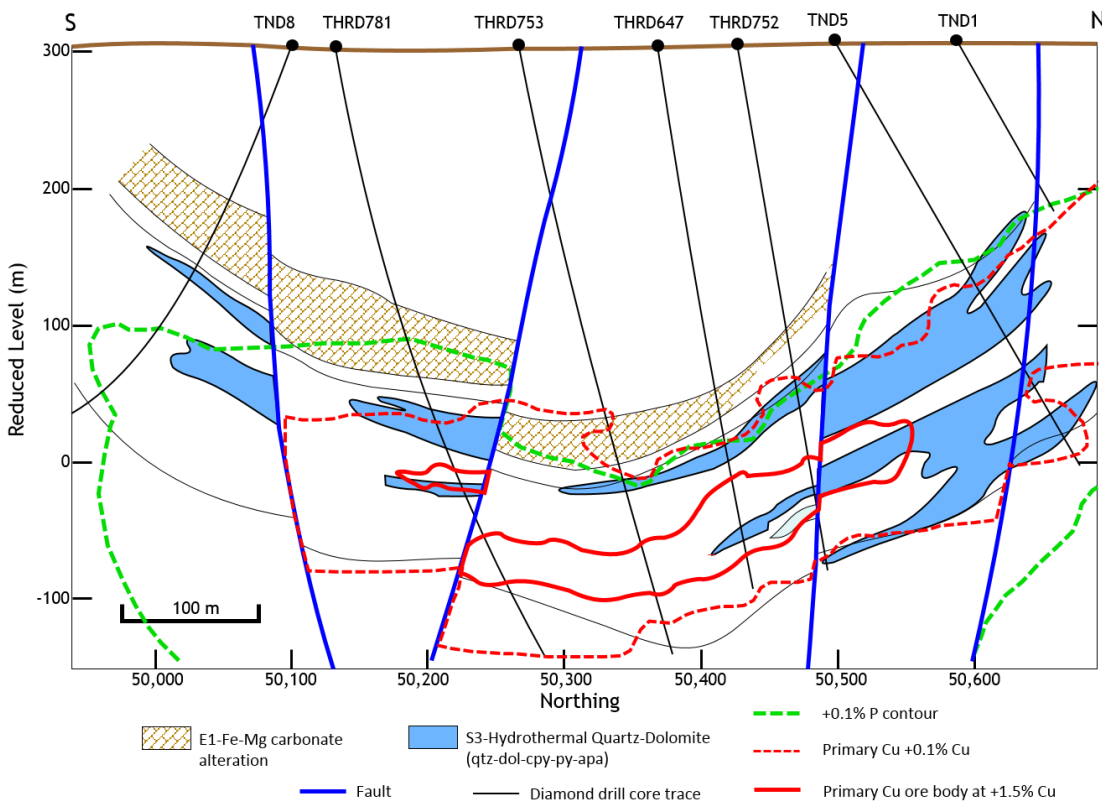


Figure 2: Cross section through Nifty copper deposit after Anderson (1999)

BM7 Prospect

Encounter confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and the form and context of the announcement have not been materially modified.

The BM7 prospect is located at the intersection of the north-east trending Queen Fault and a NNW to NNE trending Windsor fault that splays off the regionally-extensive McKay Fault (Figure 1). A 6km long and up to 3km wide copper regolith anomaly outlines the BM7 system that is also coincident with a broad area of electrically resistive geology.

Diamond drilling at BM7 has been primarily focused on the western side of the regolith anomaly in the zone of most resistive geology. The broad spaced diamond drilling has defined a gently east-dipping sequence of interbedded carbonates and carbonaceous to calcareous shales.

All diamond holes drilled along this western margin have intersected zones of disseminated copper sulphide mineralisation. The strongest mineralisation to date has been intersected in the northern half of the BM7 system in EPT1719 (5.3m @ 2.5% Cu from 387.6m including 0.7m @ 10.7% Cu from 388.6m). (Reported pursuant to the 2004 Edition of the JORC Code – refer ASX announcement 22 October 2013)

During the September quarter a single diamond hole was drilled at BM7, collared 400m north of EPT1719 (Figure 3). This hole, EPT2158, intersected an anomalously thick package of carbonate stratigraphy containing bands of carbonaceous shale. Copper sulphide mineralisation was noted over a broad interval downhole, with stronger mineralised zones occurring at the margins of the carbonate bodies, including a narrow vein of massive chalcopyrite mineralisation at ~250m (Photo 1 – refer ASX release 31 October 2014).

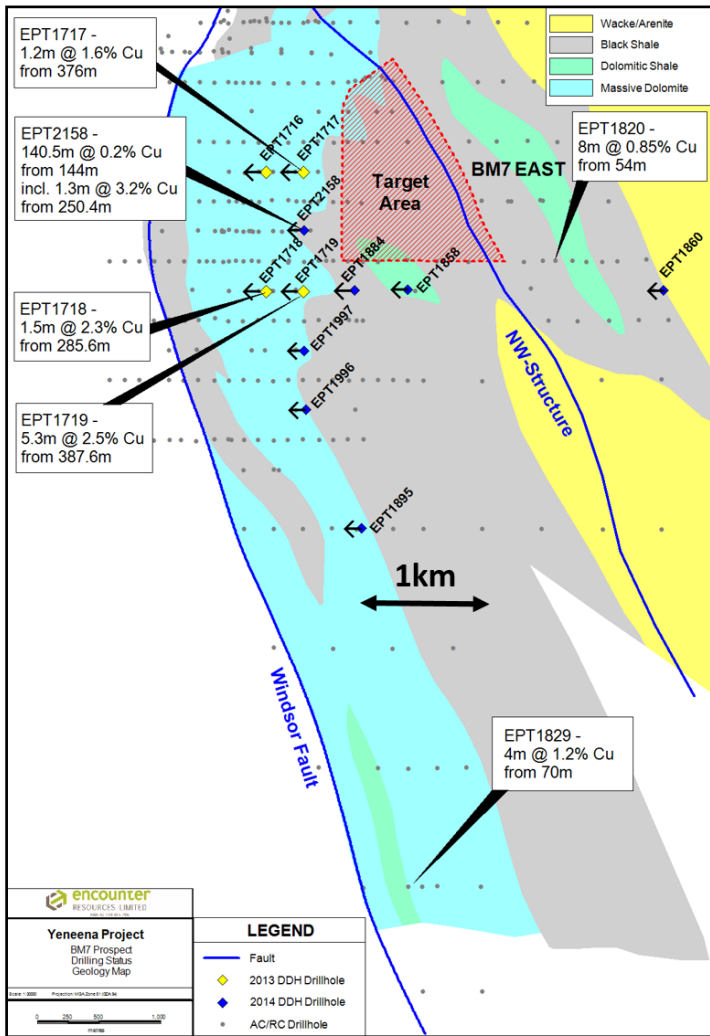


Figure 3: BM7 Diamond drilling status plan over interpreted geology

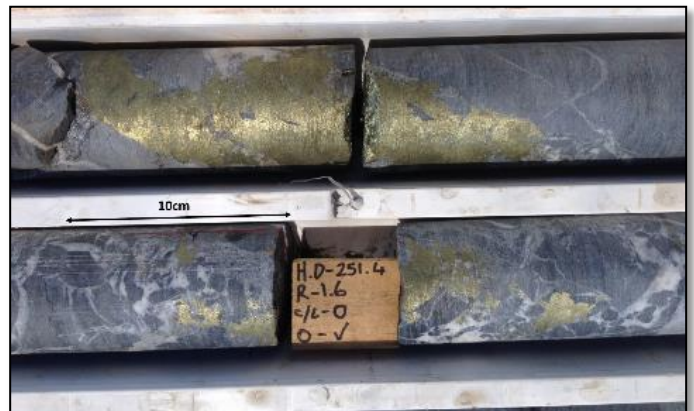


Photo 1: EPT 2158 - 250.4m to 250.7m assays 8.9% copper

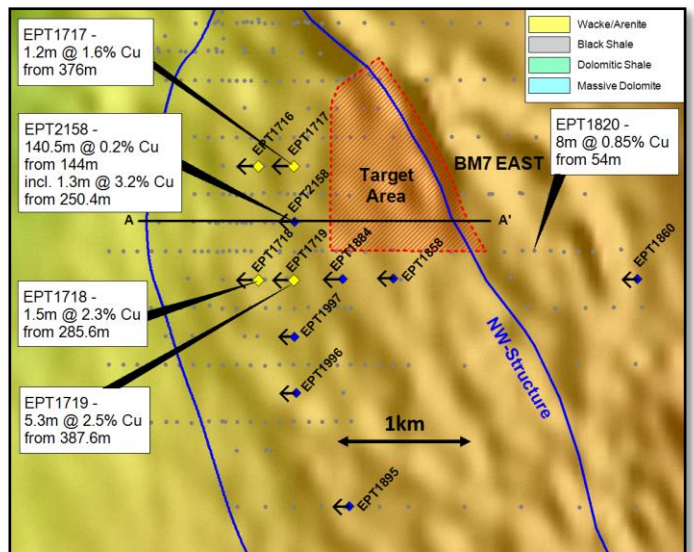


Figure 3a: BM7 Diamond drilling status plan over magnetics

The low grade copper sulphide mineralisation and phosphorous anomalism (proxy for apatite alteration) appear to strengthen from west to east in the northern half of BM7, in the area around drill holes EPT1717 and EPT2158. This alteration within the host carbonate stratigraphy provides a vector to the east towards an interpreted steep NW trending structure. It is interpreted that this NW trending structure is the primary fluid conduit to the BM7 system and is therefore likely to be more proximal to the high grade mineralisation.

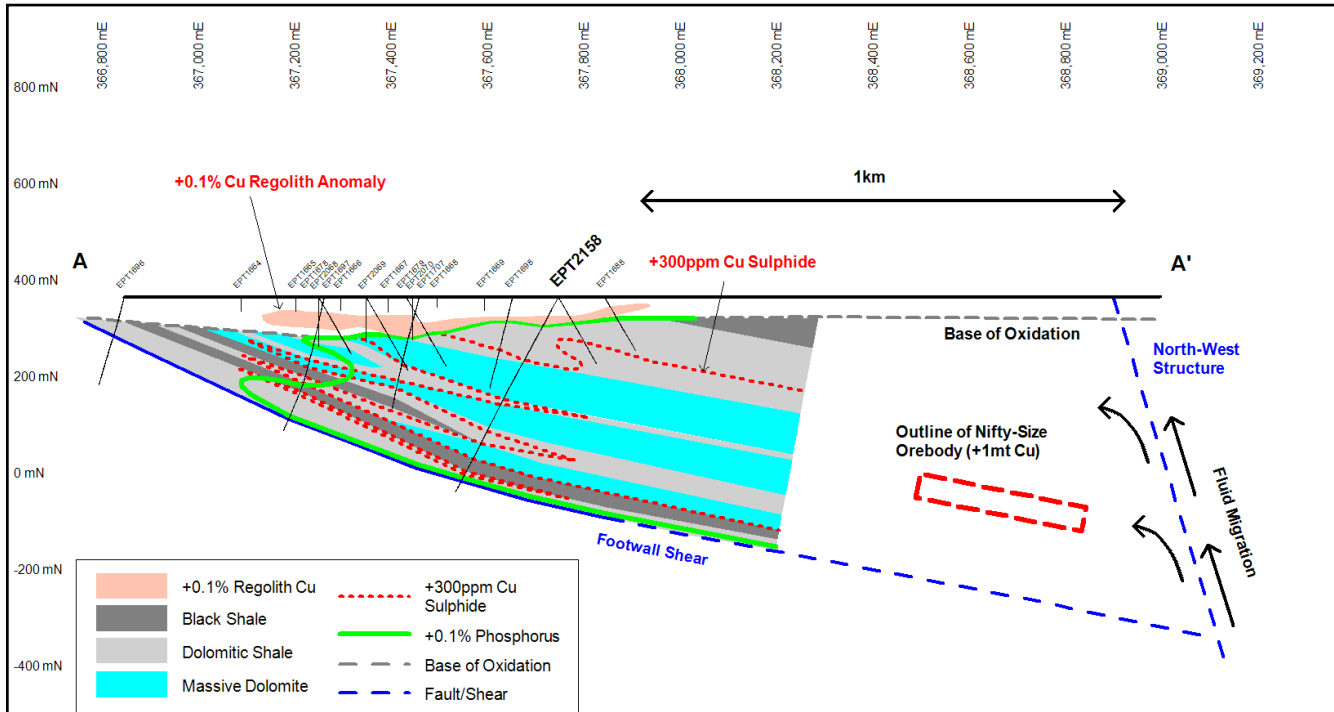


Figure 4: Interpreted cross section 7539700mN through BM7

The 2015 drill campaign intends to target the area to the east and north of EPT2158 testing for a flat lying body of high grade copper mineralisation, adjacent to the interpreted NW trending structure (see Figure 3 and 3a). An approximate outline of a cross section through a Nifty sized copper deposit (+1mt Cu) has been projected onto section to illustrate the conceptual target at BM7 (see Figure 4). Drilling of the BM7 target is expected to commence at the conclusion of the summer cyclone season.

BM7 East Prospect

The BM7 East Prospect was identified in 2013 during wide-spaced aircore drilling east of the BM7 Prospect. An RC drill program over BM7 East was completed in September 2014 with results reported in the previous quarterly report.

Fe-Mg carbonate (siderite) and phosphorus alteration halos (apatite), that are proximal alteration signatures to the Nifty hypogene high grade mineralisation, are found in high concentrations at BM7 East. The alteration halos underlie the core of a laterally extensive copper oxide blanket found at BM7 East that extends over 2km in strike (see Figure 5).

RC drilling in the September 2014 quarter also identified primary copper sulphide (chalcopyrite) in one of the eastern RC holes (EPT1879) adding further support to the interpretation that the extensive regolith copper anomalism results from the direct weathering/oxidation of a body, or bodies of copper sulphide mineralisation.

Drilling at depth at BM7 East will identify the extent of the alteration halos and potentially provide vectors to high grade hypogene copper mineralisation.

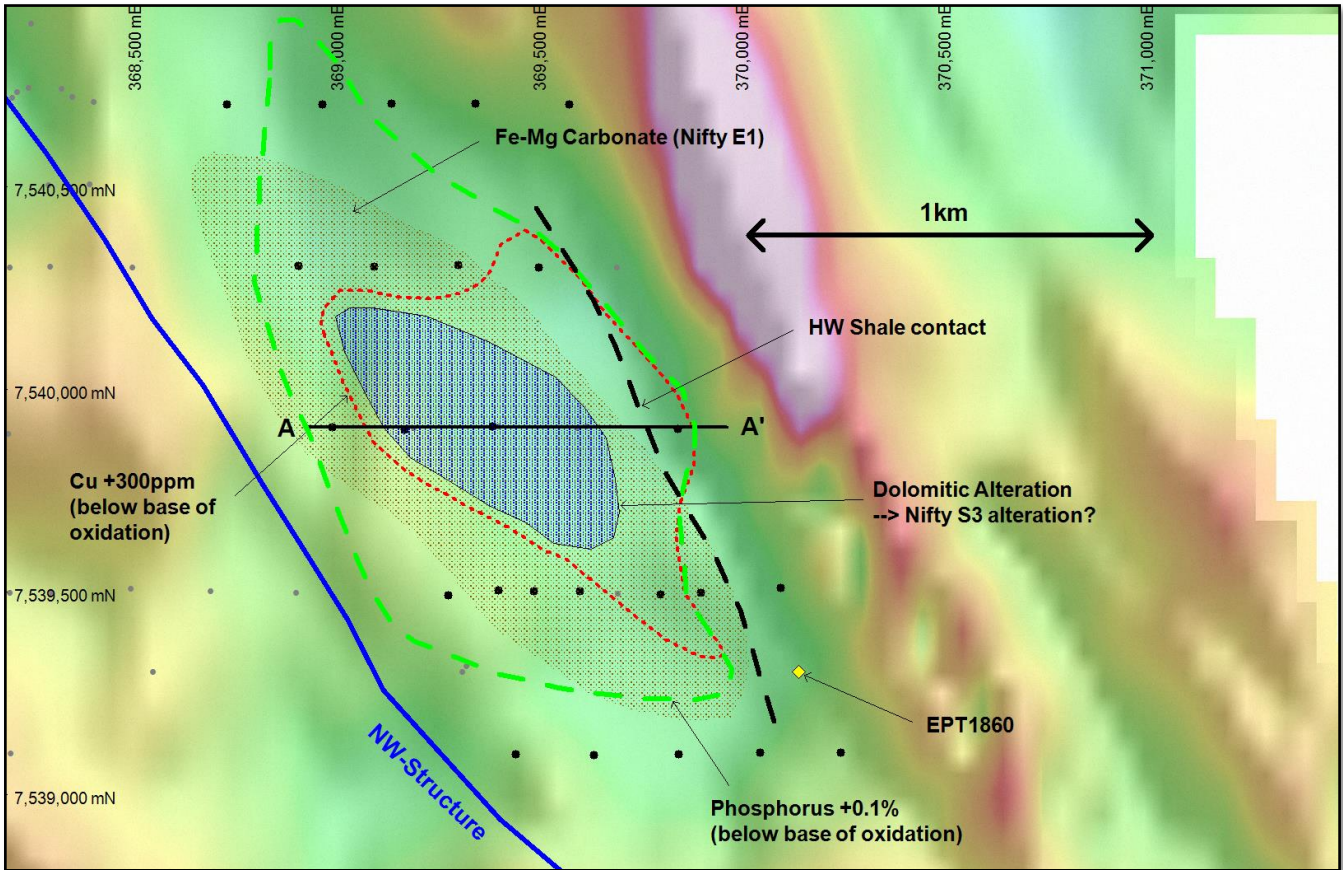


Figure 5: Plan view of alteration and mineralisation through BM7 East – background image Ch40 VTEM

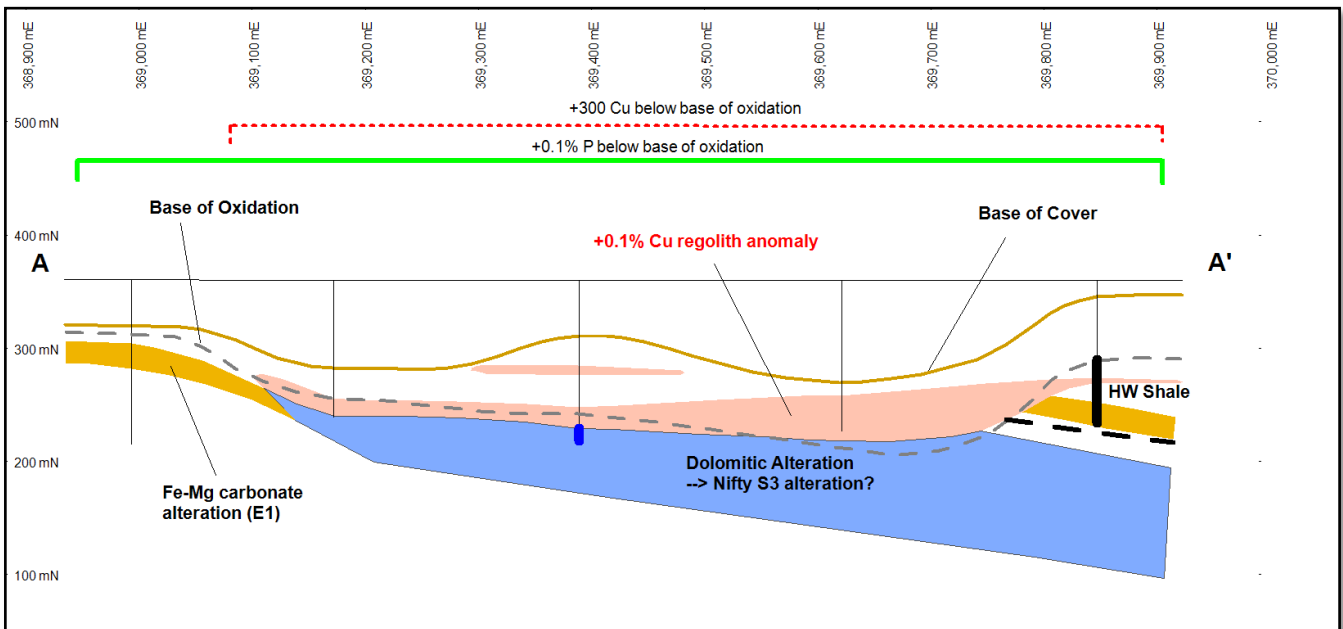


Figure 6: Interpreted section through BM7 East

The alteration and mineralisation intersected in the shallow drilling completed at BM7 East is similar to what is seen in the immediate hangingwall of the Nifty copper deposit. Drilling in the 2015 campaign will test for strengthening mineralisation at depth at BM7 East.

BM6

BM6, located 3km NNE of BM1 Northern Area, was discovered during reconnaissance aircore drilling in 2011 which delineated an 800m long, 400m wide +0.1% copper regolith anomaly, adjacent to the Windsor fault (with grades up to 1.4% Cu). The regolith anomaly coincides with a VTEM conductor, which has been modelled to dip shallowly to the west (towards the Windsor Fault). Common pathfinder elements to sediment hosted copper mineralisation are elevated at BM6, with Bi assays up to 74 ppm and Mo assays up to 17 ppm (similar to levels seen at BM1 and BM7).

A two hole RC drill program drilled in 2013 defined a shallowing of the base of oxidation above a block of conductive shale. It is interpreted that this block of shale is more resistant to weathering as a result of localised silica alteration of the shale. The RC holes also intersected elevated copper anomalism and siderite alteration below the base of oxidation, which is considered highly anomalous.

The siderite alteration and phosphorous anomalism at BM6 sits below the base of oxidation within carbonaceous and dolomitic shales and can be traced over 2km of strike. The alteration halo is coincident with a broad and extensive hypogene Cu anomaly that was intersected in drill hole EPT1691 (178m @ 400ppm from 72m). This association is similar to the geochemical signature of the hangingwall shale at Nifty.

Additional RC drilling is required at BM6 to test the volume from 150m to 250m depth from the surface in order to delineate the extents of the copper and siderite alteration halos. The successful delineation of a strengthening alteration halo at BM6 will provide a vector toward primary high grade copper sulphides.

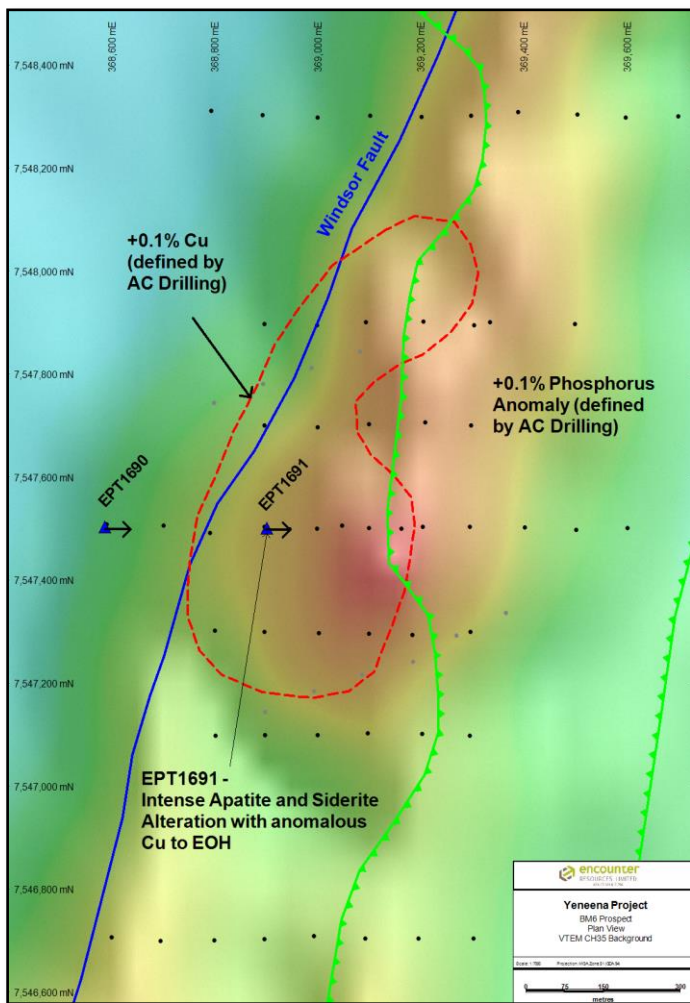


Figure 7: BM6 Prospect drill status plan over Ch35 VTEM image

Millennium Prospect

The Millennium prospect is situated on the margin of an interpreted sedimentary sub-basin at the intersection with the regionally significant Tabletop Fault (see Figure 8). Encounter completed a program of shallow RC drilling across Millennium in September 2014 that confirmed extensive low grade zinc-lead sulphide mineralisation at the target, with many holes ending in mineralisation (see ASX announcement 15 October 2014). The September 2014 RC drill program was the first drilling completed at the Millennium prospect.

Subsequently, four diamond holes (EPT2194, EPT2195, EPT2196 and EPT2198) were completed at Millennium during the quarter to test for mineralisation at depth and along key geological contacts. These holes were drilled on a single north-south section across the target (see Figures 9 and 10). The hole collars extend across 750m of the drill section. All four holes drilled intersected visible zinc sulphide mineralisation in the form of sphalerite.

Diamond drilling at Millennium has identified two distinct styles of zinc sulphide mineralisation and has defined compelling follow up drill targets. The presence of multiple styles of zinc mineralisation and the large mineralisation footprint indicates a significant zinc mineralising event at Millennium.

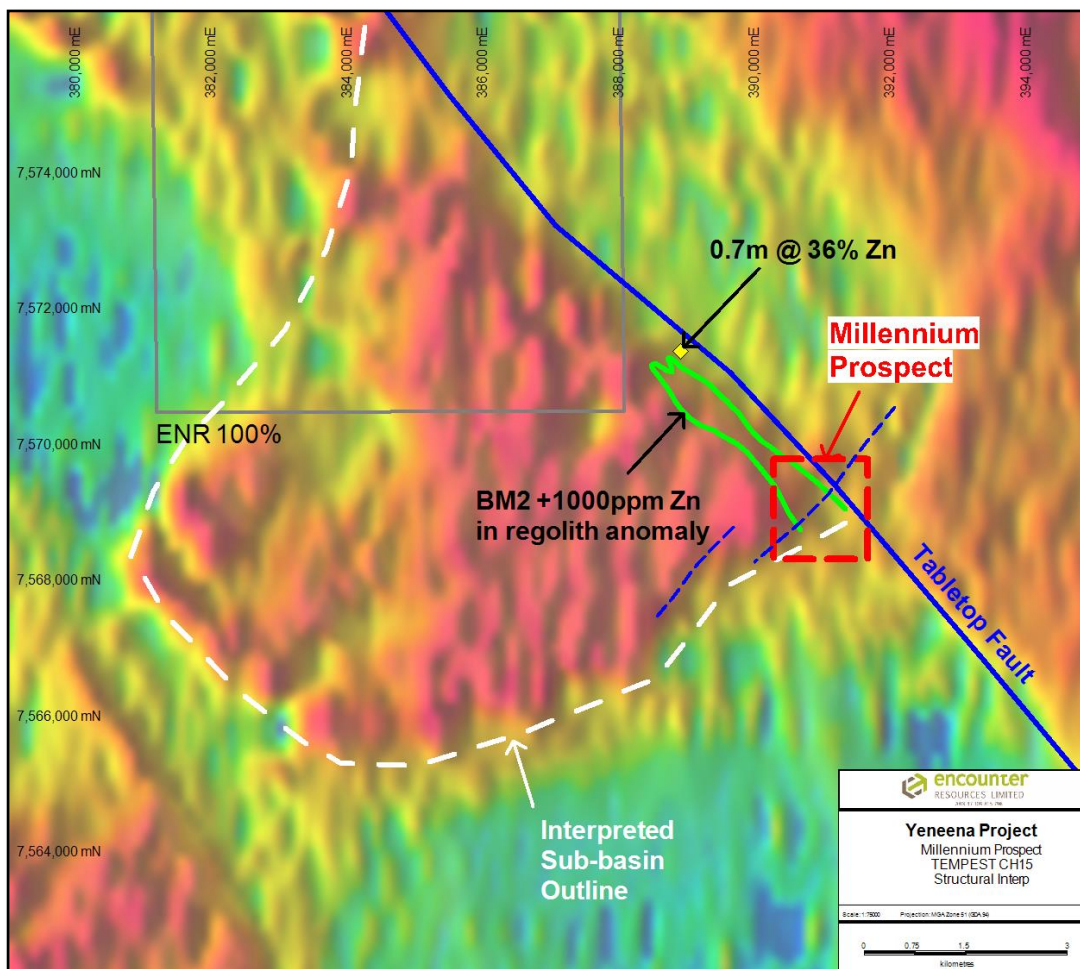


Figure 8: Millennium prospect – Location, Interpreted structures and EM Plan

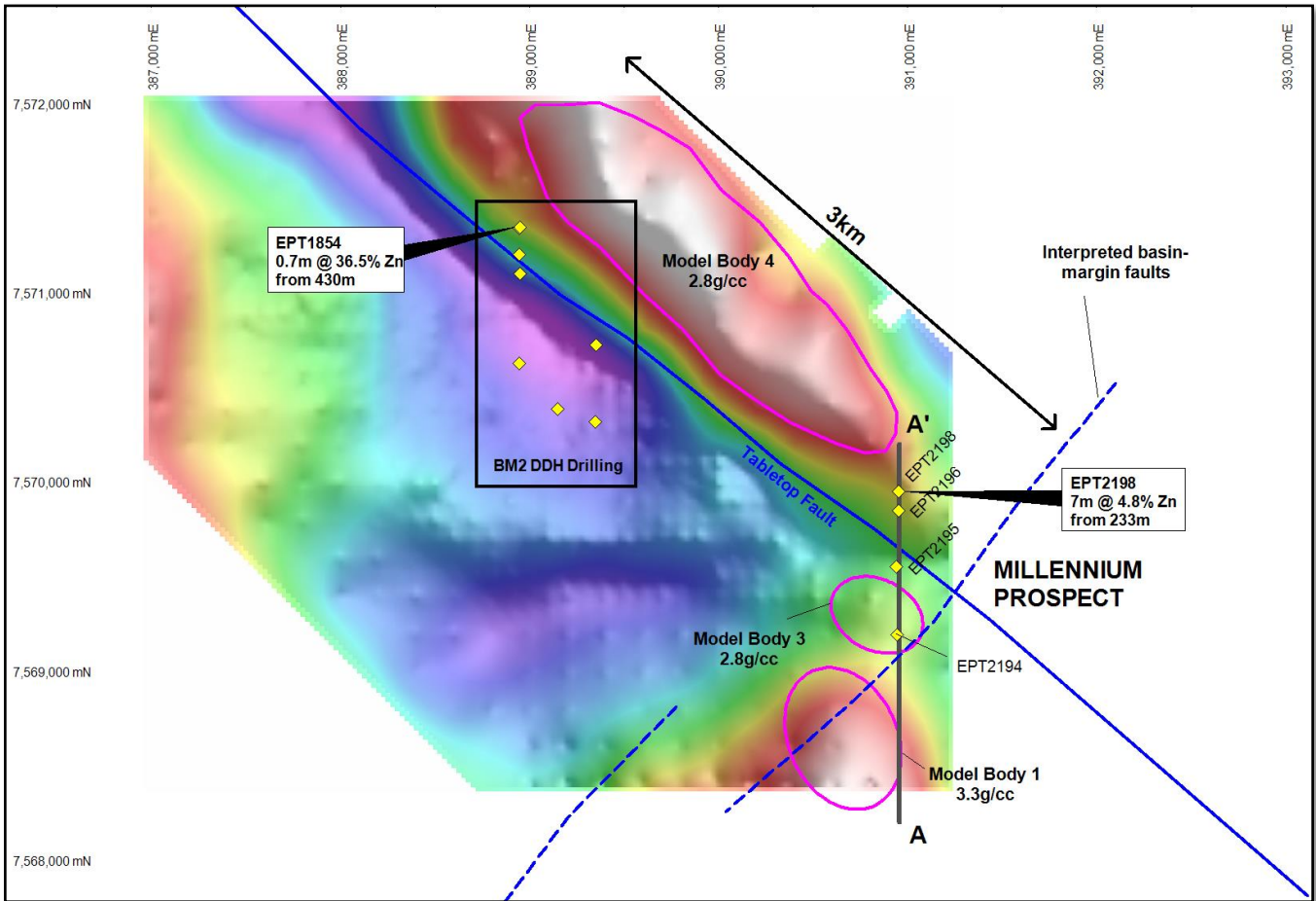


Figure 9: Millennium prospect – Diamond drilling status plan over residual gravity in plan view

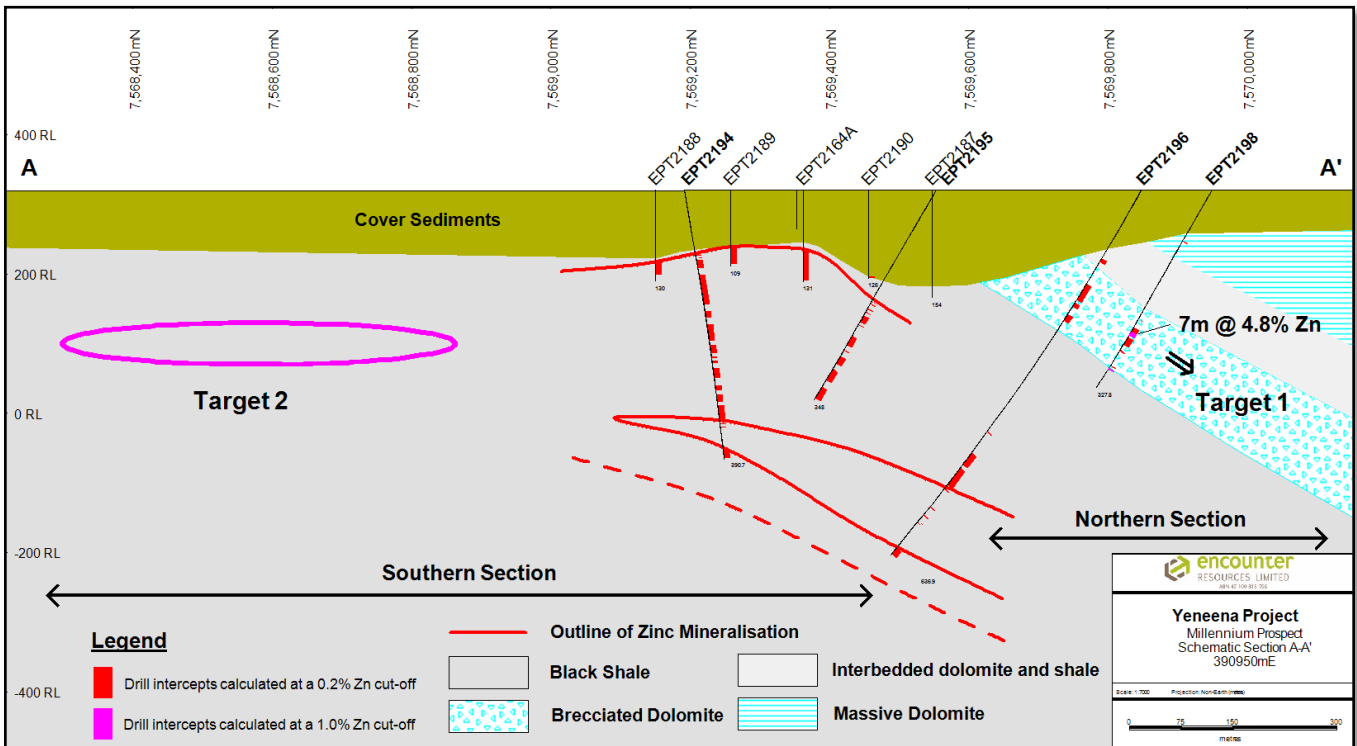


Figure 10: Millennium prospect – Section A-A' 390950mE

Target 1 - Contact Related Zinc Mineralisation

High grade zinc mineralisation adjacent to the carbonate – shale contact was intersected in EPT2198. Mineralisation occurs at the carbonate – shale contact and some 50m inboard of this contact (see Figure 11).

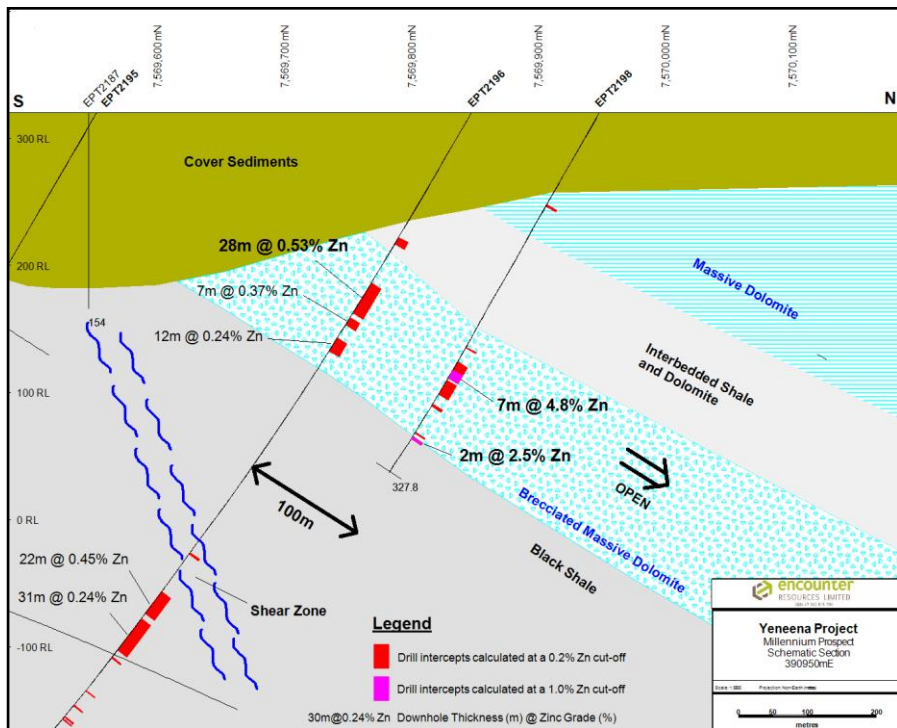


Figure 11: Millennium prospect – Cross-section through contact related mineralisation (northern section)
Assay intervals reported on this section are rounded to the metre

The zinc mineralisation intersected is very high tenor, sphalerite dominant mineralisation that is typically brown to pale cream coloured and contains only traces of lead (see Photo 1 and 2 – refer ASX release 12 January 2015). Intersections from the contact related mineralisation include;

- 7m* @ 4.76% Zn from 233m including 1.4m @ 10% Zn from 234.55m and
- 1.7m @ 2.45% Zn from 294.5m in EPT2198
- 27.8m @ 0.53% Zn from 155.2m in EPT2196

**Interval contains a 1.9m of void / cavity. The average grade of sampled material from the entire interval has been assigned to the void in calculating the reported interval.*

The mineralisation adjacent to the carbonate – shale contact is strengthening with depth and remains open at depth and along strike. This key mineralised contact was also intersected at the BM2 prospect located 3km north-west of Millennium. Diamond drilling at BM2 intersected high grade zinc mineralisation adjacent to the carbonate - shale contact in EPT1854 that returned 0.7m @ 36.5% Zn (see ASX announcement 13 December 2013)

The area between the BM2 and Millennium prospects is effectively untested with drilling limited to a small number of shallow aircore and RC holes.

Target 2 – Shale hosted Zinc-Lead Mineralisation

Broad zones of shale-hosted disseminated zinc-lead sulphide mineralisation were intersected in the three southern diamond holes EPT2194, EPT2195 and at depth in EPT2196 (see Figure 12).

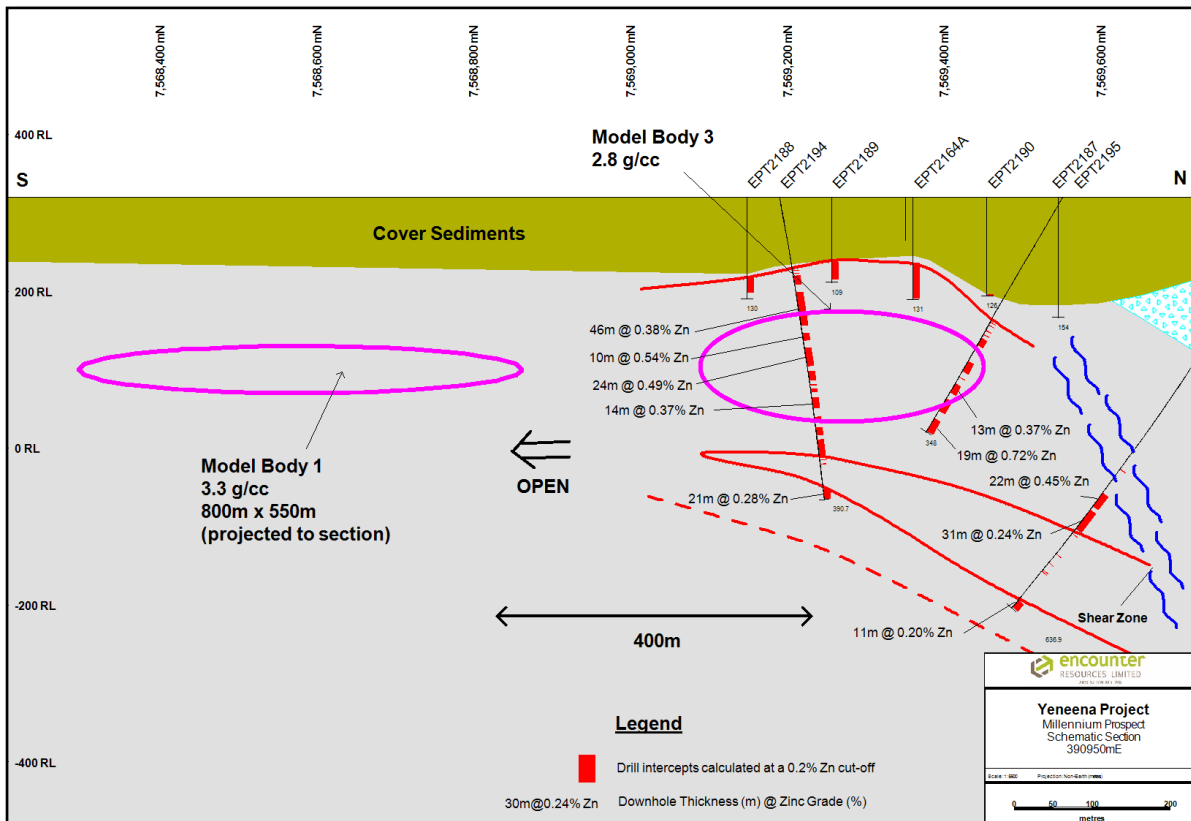


Figure 12: Millennium prospect – Cross-section through shale-hosted mineralisation (southern section)
 Assay intervals reported on this section are rounded to the metre

Intersections from these holes include;

- 45.8m @ 0.38% Zn and 0.10% Pb from 123.2m;
- 9.8m @ 0.54% Zn and 0.15% Pb from 176.2m; and
- 24m @ 0.49% Zn and 0.16% Pb from 195m in EPT2194

- 13.2m @ 0.37% Zn and 0.08% Pb from 274m; and
- 18.95m @ 0.72% Zn and 0.24% Pb from 325.85m in EPT2195

- 21.7m @ 0.45% Zn and 0.14% Pb from 449m; and
- 31.2m @ 0.24% Zn and 0.06% Pb from 475.7m in EPT 2196

This mineralisation is interpreted to represent the halo to a potential SEDEX style zinc deposit. It is common for this style of deposit to have a large scale, low grade halo that can extend laterally from a high grade deposit. The identification of this large scale mineralised halo is a key step forward for the project. Exploration within this mineralised halo can utilise both geophysical and geochemical vectors to focus follow up drilling.

In this regard, modelling of the ground gravity data collected over the BM2 / Millennium area has highlighted a significant 0.5mgal density anomaly to the south of the mineralised halo intersected in the diamond drilling at Millennium. The gravity feature, labelled 'Model Body 1' on Figures 13 and 14, has been modelled to be 80m thick and commencing from a depth of approximately 140m to 200m from surface. The anomaly extends over an area 800m by 550m and has been untested by previous drilling.

The results of the geophysical modelling also show good correlation with the location of the low grade zinc-lead sulphide mineralisation drilled in EPT2194 and EPT2195, labelled 'Model Body 3' (Figure 9), as well as the carbonate unit located to the north-east of the Tabletop fault, labelled 'Model Body 4', (Figure 9). The strong correlation of modelled bodies 3 and 4 with known geology intersected in

drilling gives confidence that the ground gravity survey is effectively mapping the density of subsurface geology. As such, there is also confidence as to the presence of a significant density anomaly at the position of Model Body 1. It is interpreted that this untested gravity anomaly is responding to the accumulation of more intense sulphide mineralisation.

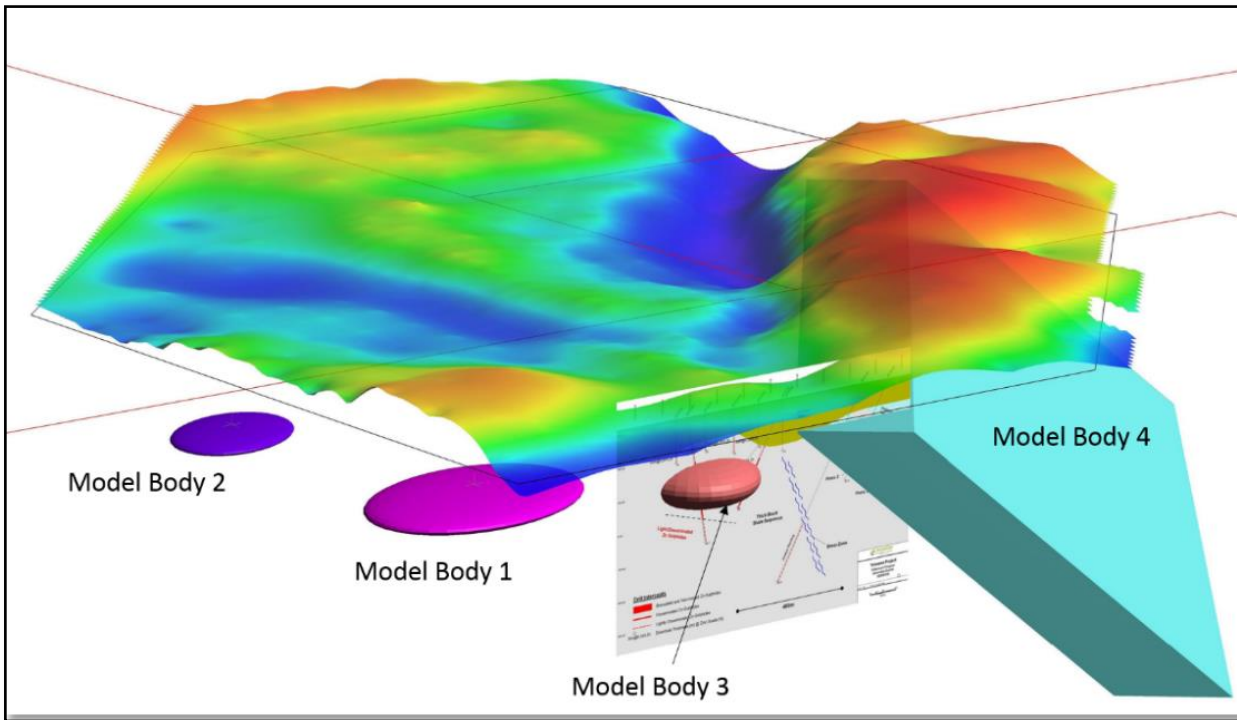


Figure 13: Millennium prospect – Isometric view of residual gravity and modelled density bodies

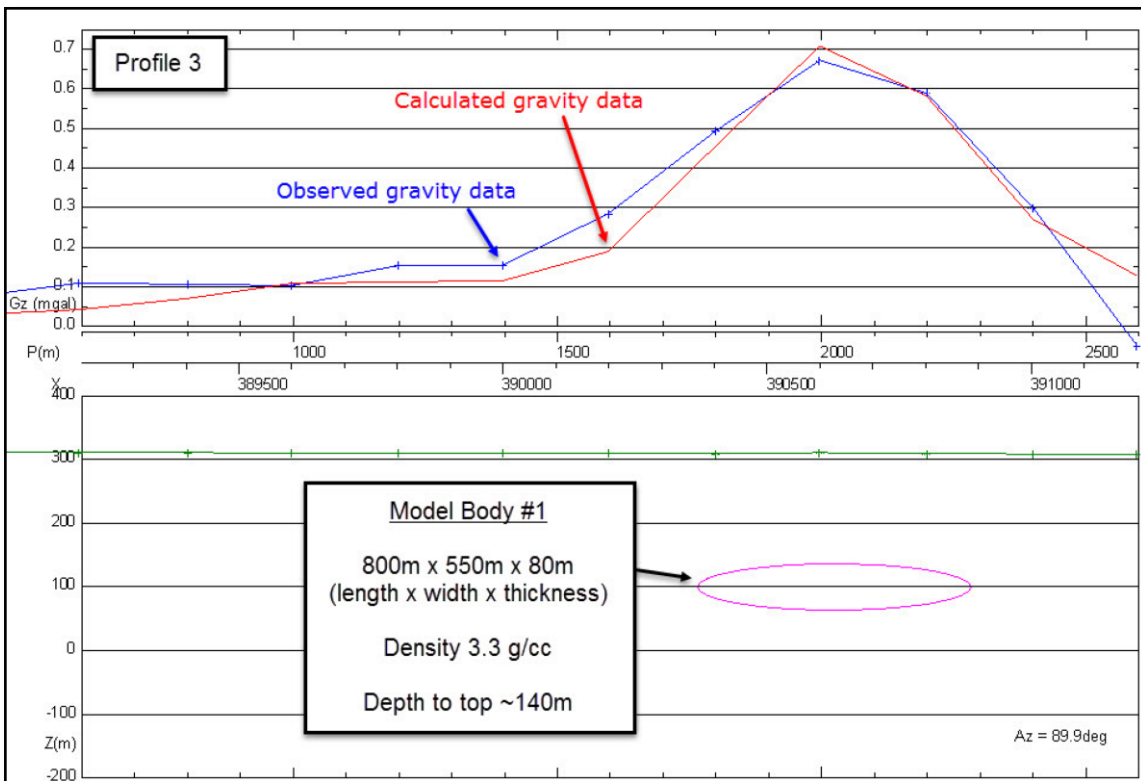


Figure 14: Millennium prospect – Modelled gravity profile across Model Body 1

The Millennium RC and diamond drilling programs in 2014 were co-funded under the WA Government Exploration Incentive Scheme.

The Next Steps

A review of the geological and geochemical data along the BM2 – Millennium corridor will be completed in the current quarter. An RC drilling program is scheduled to commence in April 2015 following completion of the summer cyclone season. This program will be directed by the results of the project review and will test for additional high grade zinc mineralisation. Initial areas to be tested include down dip and along strike of EPT2198 (Target 1) as well as the large modelled gravity anomaly to the south of the Millennium diamond drilling (Target 2).



Photo 2: Millennium prospect – EPT2198 (~235.6m) Sphalerite (brown) and pyrite in brecciated carbonate. Assaying of this interval returned a grade of 6.7% zinc. Core sample width approx. 50mm



Photo 3: Millennium prospect – EPT2198 (~295m) Sphalerite (light brown) and minor pyrite in brecciated shale. Assaying of this interval returned a grade of 6.6% zinc. Core sample width approx. 50mm

Fishhook Copper Project (E45/2657 and E45/2806 - Encounter 100%)

The success of the copper exploration program at the Yeneena project and the discovery of a large copper-cobalt mineral system at BM1-BM7 has encouraged Encounter to expand its activities over untested regional copper targets.

The Fishhook project covers an area of over 100km² and located approximately 20km north of BM1-BM7 (see Figure 1). The project is predominantly sand covered (typically 2-10m) with limited outcrop. Beneath this sand cover lies the prospective Broadhurst Formation, the host to mineralisation at the BM1-BM7 prospects and the Nifty Copper Deposit, which is located 45km to the north of Fishhook.

In the previous quarter, Encounter conducted a systematic, broad spaced 7,500m regional AC drilling program over the Fishhook project. The AC program highlighted a number of areas of interest and two follow up diamond drill holes were subsequently completed for a total of 865m at the **Moby Dick** and **Orca** targets. Both drill holes intersected copper sulphides hosted within a sequence of highly-oxidised “red rock altered” sandstones and shales and zones of sericite altered shales/dolomites (see Table 2)

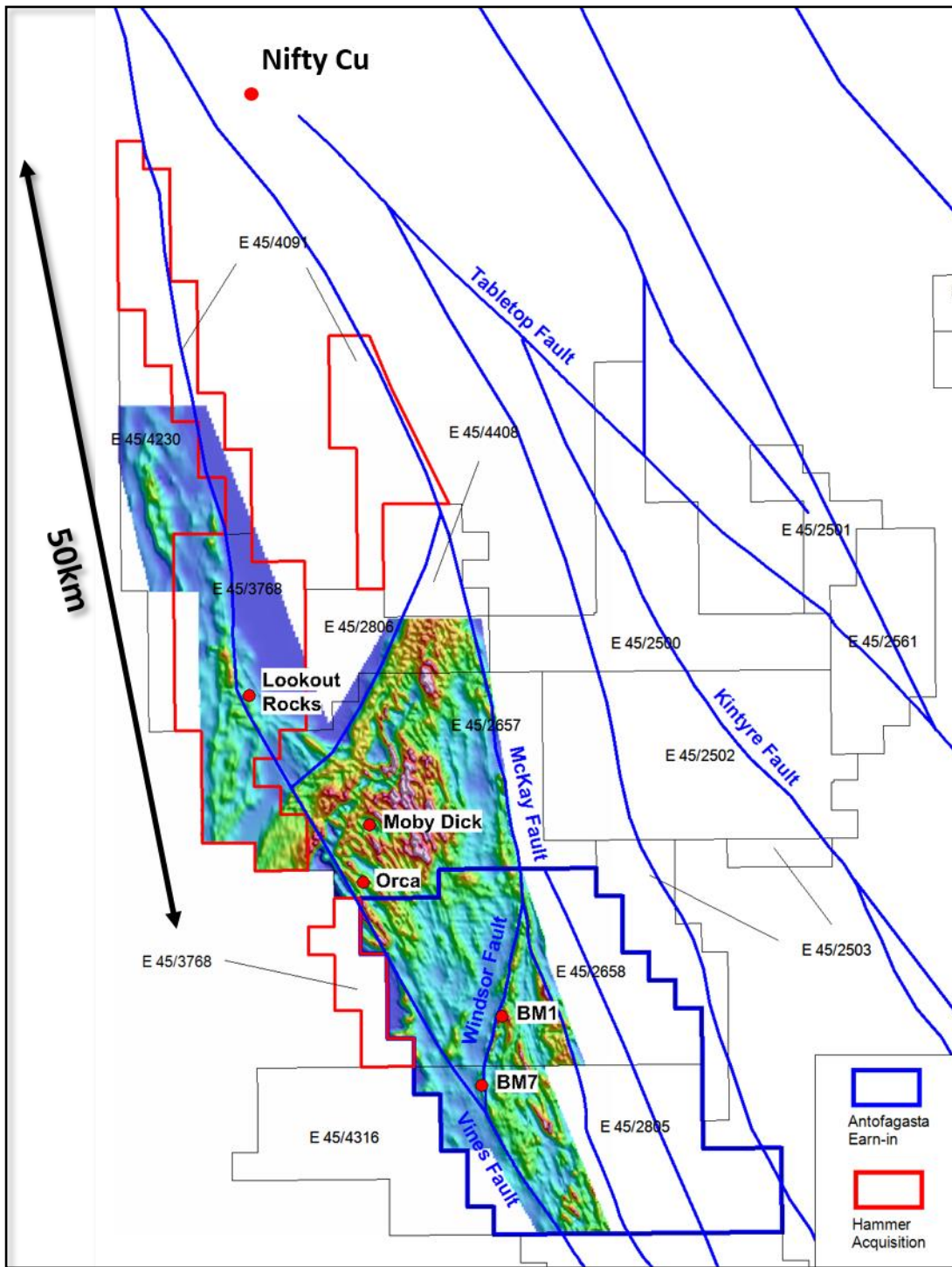


Figure 15 – Yeneena project leasing over Ch35 VTEM image

The objective of the program was to obtain the first stratigraphic information in the Fishhook area and to determine if similar mineralisation indicators occur in this area that we see at the BM1-BM7 copper discovery. The results have positive implications for the Fishhook project and opens up the potential for further sediment hosted copper occurrences along the northern corridor.

This initial diamond drilling program has been successful with the 2 diamond holes, spaced 5km apart, both exhibiting key elements of the sediment hosted copper model in a traditional Central-African copper belt setting. At Fishhook, the Broadhurst sediments are in close proximity to the underlying thickened sandstone sequence and have undergone extensive red-rock alteration.

Mineralisation appears to be concentrated along more reduced horizons within the sequence which provides a focus for the copper mineralisation.

The RC and diamond drilling at Fishhook was co-funded to \$150,000 under the WA government EIS.

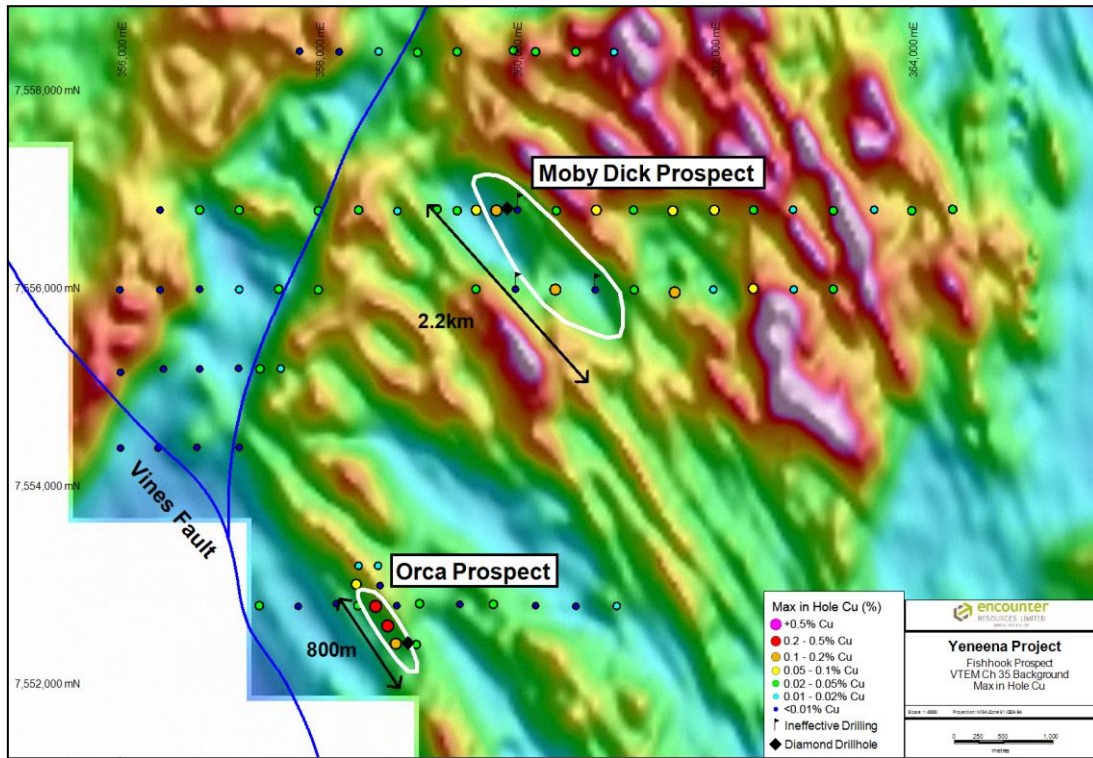
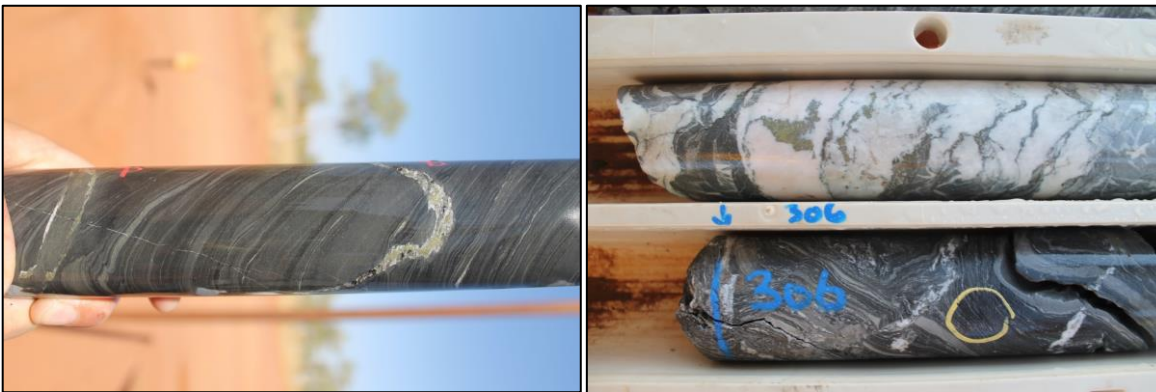


Figure 16: Fishhook Project – Moby Dick and Orca prospects



Photos 4 & 5 – Chalcopyrite mineralisation from the Orca Prospect at Fishhook ~240m & 305m



Photo 6 – Chalcopyrite mineralisation from the Moby Dick Prospect at Fishhook ~209m

Photo 7 – Strong 'red-rock' altered sediments from the Moby Dick Prospect at Fishhook 242-248m

Hole_ID	Prospect	Northing (m)	Easting (m)	RL (m)	EOH(m)	Dip	Azi
EPT2192	Moby Dick	7556800	359900	320	473.91	-60	270
EPT2193	Orca	7552400	358850	320	391	-60	270

Table 1: Diamond drilling collar location – Fishhook Project

Drill hole coordinates GDA94 zone 51 datum. Collars located via handheld GPS (+/-5m), EOH = End of hole depth; m=metre; azi=azimuth.

Hole ID	Prospect	From (m)	To (m)	Length (m)	Copper (ppm)
EPT2192	Moby Dick	186.2	187.6	1.4	1257
		194.6	194.9	0.3	1606
		209	209.1	0.1	4270
		235.3	235.4	0.1	1100
		241.4	241.5	0.1	2050
		289.5	291.1	1.6	1213
		310.7	310.8	0.1	1030
EPT2193	Orca	160.4	161.7	1.3	1431
		185	186.4	1.4	1033
		199	200	1	1060
		240	241.15	1.15	1160
		306.4	306.7	0.3	1020

Table 2: Diamond drilling assay results >0.1%Cu – Fishhook Project

ppm = parts per million

Lookout Rocks Project (E45/3768, E45/4091 and E45/4230 – 100% Encounter)

A 560 line km airborne VTEM survey covering the area NW of Fishhook was completed in April 2014. Final geophysical images were received in the quarter and a bedrock interpretation has been undertaken by Encounter staff. The interpretation indicates the prospective structures and Broadhurst lithologies extend a further 30km northwest from the Fishhook Project into ground that is now held 100% by Encounter.

Historical exploration along the project is limited to a shallow RAB drilling program completed in the 1980s that intersected anomalous copper oxide mineralisation at the Lookout Rocks prospect (see Figure 18). This virtually unexplored region has many characteristics of a region that could host a significant Central-African style Cu deposit. The proximity to both the Coolbro Sandstone (underlying the Broadhurst Formation) to the east, and the Pilbara Craton to the west indicates there are significant basin-forming structures and potential pathways for fluid migration. Importantly, NE-trending structures that extend SW from the Nifty copper deposit cross-cut the major basin-forming faults within the project (see Figure 17).

Encounter has been successful in an EIS (Exploration Incentive Scheme) co-funded drilling grant of up to \$150,000 to fund exploration in this virtually unexplored region. The program includes both aircore, RC and diamond drilling and will be completed as part of the 2015 drilling campaign.

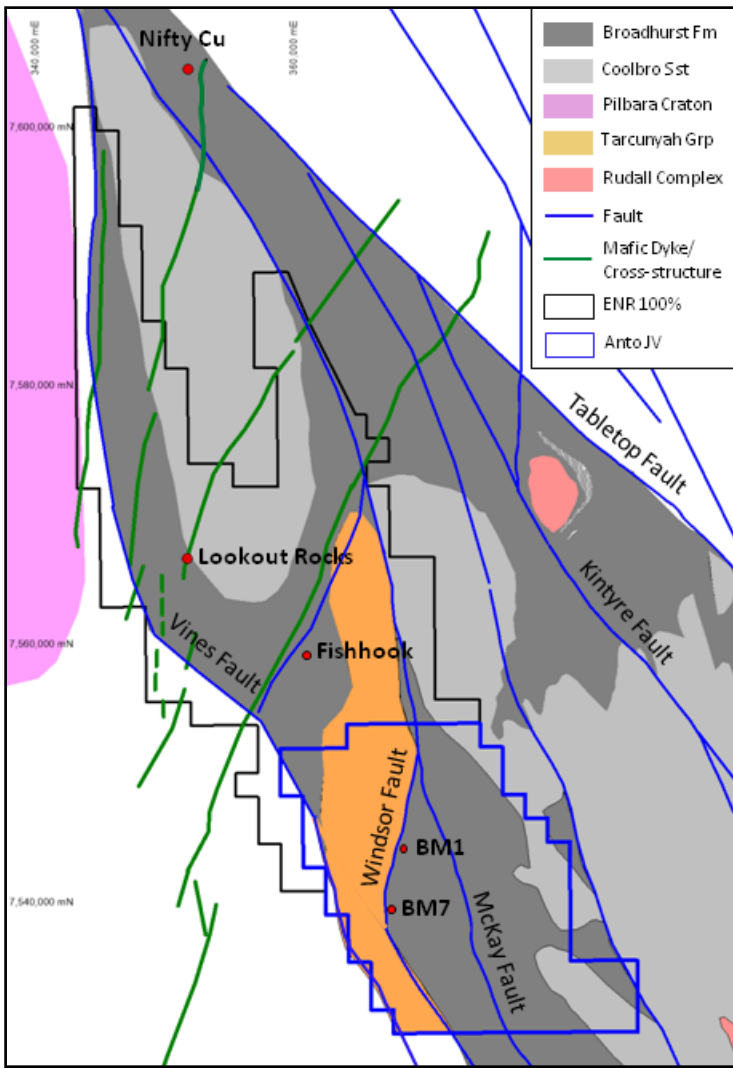


Figure 17: Lookout Rock Project – Geological and structural interpretation with leasing

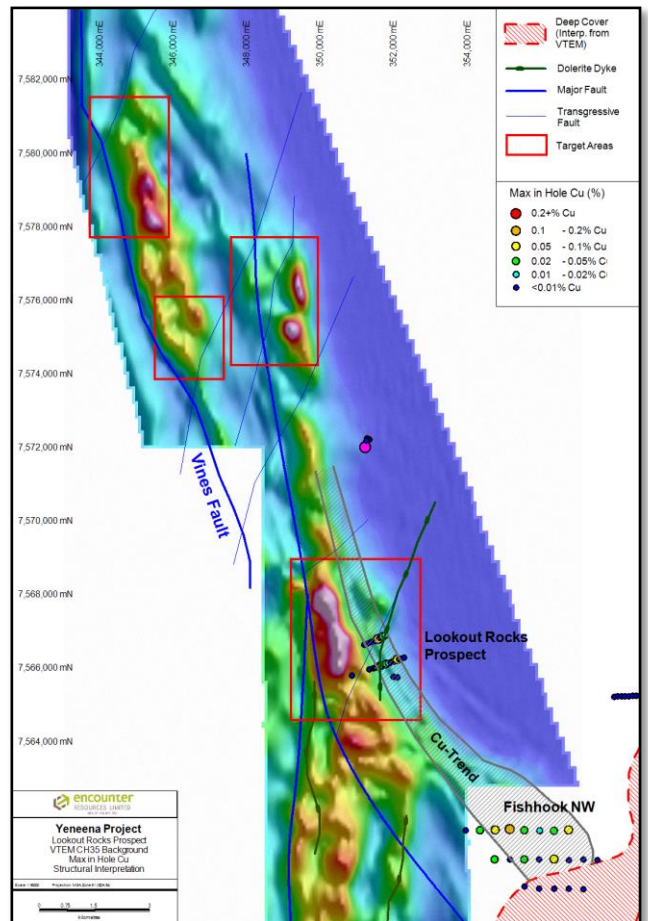


Figure 18: Lookout Rocks Project – Structural Geology, VTEM background with Max in Hole Cu

CORPORATE

Encounter held cash reserves at \$2.1m at 31 December 2014.

During the quarter a placement for 1,250,000 shares at 20c per share was completed to facilitate an escalation in drilling activities at Millennium and 750,000 shares were issued to Hammer Metals Ltd as payment for a 100% interest in E45/3768 and E45/4091 (Lookout Rocks).

NEXT QUARTER HIGHLIGHTS

Activities planned for the March 2015 quarter include:

1. Interpretation and review of BM1/BM7 diamond and RC drilling programs (Antofagasta earn in)
2. Finalise drill targets and drill program along BM6/BM1/BM7 trend (Antofagasta earn in)
3. Geochemical and geological review of Millennium zinc prospect and finalisation of 2015 drill program
4. Interpretation and assessment of diamond drilling at the Fishhook project (EIS co-funded drilling program 2014) and planning of follow up program
5. Define final drill targets for Lookout Rocks and complete preparation for proposed EIS co-funded drill program.

TENEMENT INFORMATION

Lease	Location	Project Name	Area km ²	Interest at start of quarter (01/10/2014)	Interest at end of quarter (31/12/2014)
E53/1232	26km SE of Wiluna	Wiluna South	30.2	60% of uranium rights	60% of uranium rights
E36/769	78km S of Wiluna	Yeelirrie South	48.8	100%	100%
E53/1685	50km SW of Wiluna	Bellah Bore East	46.0	100%	100%
E51/1570	50km SSE of Meekatharra	Hillview	89.0	0%	100%
E45/2500	266km NE of Newman	Paterson	163.4	100%	100%
E45/2501	277km NE of Newman	Paterson	41.4	100%	100%
E45/2502	261km NE of Newman	Paterson	216.3	100%	100%
E45/2503	253km NE of Newman	Paterson	76.3	100%	100%
E45/2561	276km NE of Newman	Paterson	86.0	100%	100%
E45/2657	246km NE of Newman	Paterson	222.8	100%	100%
E45/2658	245km NE of Newman	Paterson - Antofagasta Earning-in	222.8	100%	100%
E45/2805	242km NE of Newman	Paterson - Antofagasta Earning-in	209.7	100%	100%
E45/2806	251km NE of Newman	Paterson	63.7	100%	100%
E45/4230	246km NE of Newman	Paterson	92.4	100%	100%
E45/3232	295km NE of Newman	Paterson - St Barbara Earn-in	22.3	0%, ENR earning 70%	0%, ENR earning 70%
E45/3308	293km NE of Newman	Paterson - St Barbara Earn-in	38.3	0%, ENR earning 70%	0%, ENR earning 70%
E45/3768	241km NE of Newman	Paterson - Hammer Earn-in	187.8	0%, ENR earning 70%	100%
E45/4091	253km NE of Newman	Paterson - Hammer Earn-in	257.7	0%, ENR earning 70%	100%

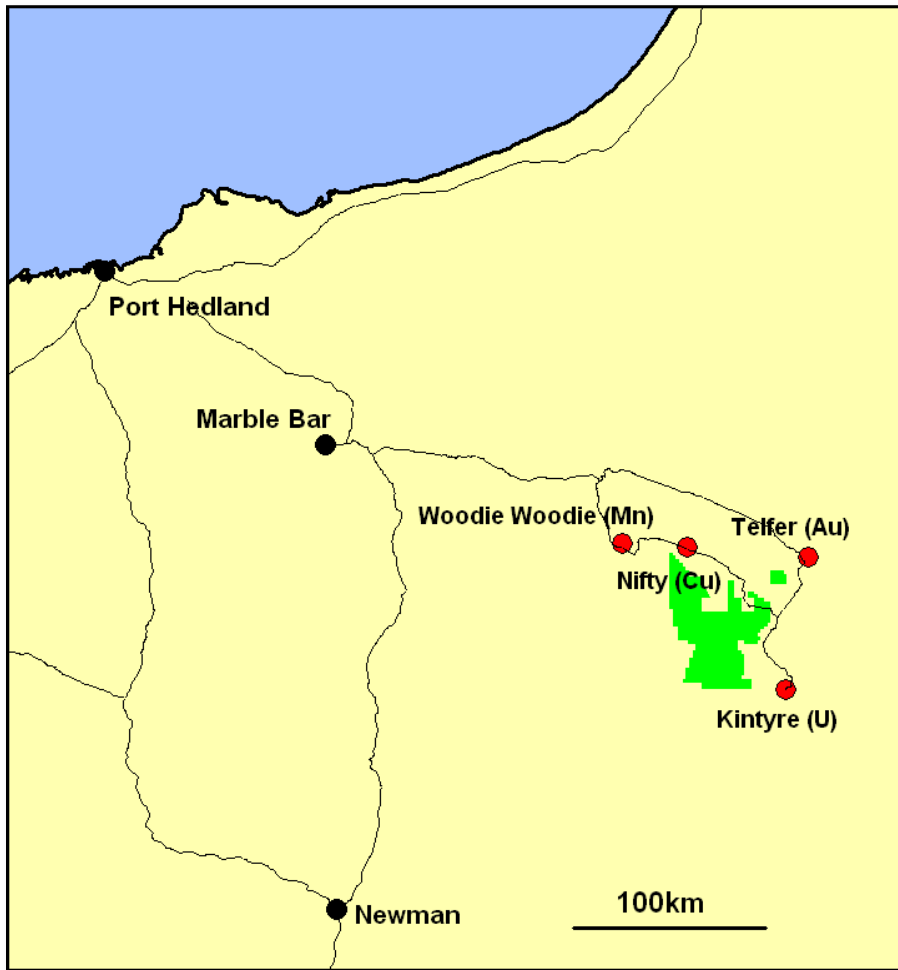


Figure 19: Yeneena Project Location Plan

Will Robinson
Managing Director

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.

Competent Person's Statement for Exploration Results included in this report that were previously reported pursuant to JORC 2004: This information has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

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 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 his information in the form and context in which it appears.

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>The Fishhook project was sampled by Encounter Resources (ENRL) using diamond drilling. Two holes were drilled for a total of 864.91m, with holes drilled at -60 to 270. The two holes drilled are single holes on two separate section and are approximately 5km apart.</p> <p>Onsite handheld Niton XRF instruments were used to systematically analyse diamond drill core, with a single reading taken at every meter 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. XRF instruments are serviced and calibrated at least once a year
	<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 NQ2 size core. Competent drillcore was cut and sampled, and grab sampling was utilised where core was broken. Mineralised intervals were subjected to half-core sampling, where unmineralised intervals were subjected to quarter-core or fillet-core sampling. Intervals varied from 0.1 – 2.3m and were selected on the basis of interpreted geological boundaries, degree of mineralisation during geological logging, core loss and the results of systematic handheld Niton XRF sampling. Sample weights vary from 200g to 3kg.</p> <p>Diamond core samples were sent to Ultratrace Laboratories in Perth, where they were dried, crushed, pulverised and split to produce a sub – sample for ICP – OES and ICP – MS 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 to varying depths. Various size core diameters were used including HQ3, HQ2, and NQ2. All drill core was orientated where possible and triple-tubed in broken ground.
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>	Diamond driller's used appropriate measures to maximise sample recovery, including the use of triple tube drilling. Core loss was recorded by ENRL geologists and sampling intervals were 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 grade has been undertaken for diamond and RC drilling.
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 was carried out on all diamond drillholes, with lithology, alteration, mineralisation, structure and veining recorded. Where core was orientated, structural measurements were 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. All drillcore is photographed.

Logging (cont.)	<i>The total length and percentage of the relevant intersections logged</i>	All drillholes were logged in full.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Competent drillcore was cut and sampled, and grab sampling was utilised where core was broken. Mineralised intervals were subjected to half-core sampling, and unmineralised intervals were 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 grab sampled from spoil piles, as the rotary splitter was non-operational. The majority of samples were dry, with occasional wet samples near the base of the drillhole. Degree of moisture was recorded for each sample.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Sample preparation was completed at Bureau Veritas Minerals Pty Ltd Laboratories in Perth. Samples were dried, crushed, pulverised (90% passing at a $\leq 75\mu\text{m}$ size fraction) and split into a sub – sample that was 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 material (CRMs) for assay standards and in house blanks. The insertion rate of these averaged 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 were considered appropriate to give an accurate indication of base metal anomalism and mineralisation at Fishhook.
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 were 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 were ICP – OES (Al, Ca, Cu, Fe, Mg, Mn, Ni, P, S, Zn and Ti) and ICP – MS (Ag, As, Bi, Mo, Pb, Sr, U and Co).
	<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 onsite. The principal instrument used was a Thermo Scientific XL3t 950 GOLDD+. A Thermo Scientific XL3t 500 GOLDD+ was also used infrequently. Reading times ranged from 20 – 25 seconds. The instruments are serviced and calibrated at least once a year.
Quality of assay data and laboratory tests continued	<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 involved the use of internal lab standards using certified reference material, blanks, splits and replicates as part of in house procedures. ENRL 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
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Both the Exploration Director and Senior Exploration Geologist have verified significant intersections from this drilling program.
	<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 was collected for the Fishhook project on hand held printed forms and on toughbook computers using Excel templates and Maxwell Geoservice's LogChief software. Data collected was sent offsite to ENRL's Database (Datashed software), which is backed up daily.
	<i>Discuss any adjustment to assay data.</i>	No adjustments or calibrations will be made to any assay data collected.

Location of data points	<i>Accuracy and quality of surveys used to locate drillholes (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 two diamond holes drilled in this program were drilled on separate sections and spaced approximately 5km 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 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	<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 broad spaced 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 ENRL. Samples are delivered by ENRL personnel to Newcrest's Telfer Mine site and transported to the assay laboratory via McMahon's Haulage. Tracking protocols have been enacted 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 Fishhook 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>	The Fishhook project is located within the tenement E45/2657, which is 100% held by Encounter. The tenements that host the Fishhook prospect, E45/2657, is subject to a 1.5% Net Smelter Royalty to Barrick Gold of Australia. This tenement is 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	<i>Acknowledgment and appraisal of exploration by other parties.</i>	Prior to activities undertaken by Encounter, no systematic exploration of any prospects had been undertaken.

Geology

Deposit type, geological setting and style of mineralisation

Fishhook 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 ENRL's Fishhook projects. The Fishhook project is considered prospective for sediment-hosted copper mineralisation, with the Nifty copper mine (~ 45km north of Fishhook) 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% Cu 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%Cu 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.

Length weighting has been utilised in reporting intersections.

Data aggregation methods continued.

The assumptions used for any reporting of metal equivalent values should be clearly stated.

Not applicable for this announcement.

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 samples > 0.1% Cu have been reported from the drillholes.

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. Preliminary metallurgical work has been conducted, and is mentioned in the body of the text.

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.

At this stage mineralisation identified during the diamond drill program is indicative and requires further work to test for coherency, as well as for lateral and vertical extensions. A work program is currently in the planning phase and will be reported when completed.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10, 17/12/10

Name of entity

Encounter Resources Limited

ABN

47 109 815 796

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(1,342)	(3,566)
(b) development	-	-
(c) production	-	-
(d) administration	(243)	(467)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	13	27
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 - R&D tax concession refund	-	-
- Other (incl. EIS drilling grant)	103	111
Net Operating Cash Flows	(1,469)	(3,895)
Cash flows related to investing activities		
1.8 Payment for purchases: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(6)	(34)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	48	48
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Farm-in cash calls received	253	2,167
Net investing cash flows	295	2,181
1.13 Total operating and investing cash flows (carried forward)	(1,174)	(1,714)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,174)	(1,714)
	Cash flows related to financing activities		
1.14	Proceeds/(refunds) from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	(4)	(4)
	Net financing cash flows	(4)	(4)
	Net increase (decrease) in cash held	(1,178)	(1,718)
1.20	Cash at beginning of quarter/year to date	3,297	3,837
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,119	2,119

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	183
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 - Remuneration of Directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the December quarter the Company issued ordinary fully paid shares as follows for the acquisitions of assets and services:

- 750,000 shares at 15 cents per share, issued to acquire interests in exploration licences; and
- 1,250,000 shares at 20 cents per share, issued in consideration for the provision of drilling contractor services.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Expenditure for the quarter of \$407,142 (\$2,149,646 year to date) incurred by other entities Pursuant to a farm-in agreement on projects held by the Company included at 1.2(a).

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	450

Estimated exploration costs of the proposed Antofagasta farm-in work program for the March quarter have been included in 4.1.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	769	1,297
5.2 Deposits at call	1,350	2,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,119	3,297

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	E51/1570 E45/3768 E45/4091	Tenement Granted Purchased Purchased	0% Earning 70% Earning 70%	100% 100% 100%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)	-	-		
7.2 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 +Ordinary securities	134,543,350	134,543,350		
7.4 Changes during quarter				
(a) Increases through issues	2,000,000	2,000,000		
(b) Decreases through returns of capital, buy-backs	-	-		
(c) Released from Escrow	-	-		
7.5 +Convertible debt securities (description)	-	-		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
7.7 Options (description and conversion factor)			<u>Exercise price</u>	<u>Expiry date</u>
	450,000	-	\$0.80	30/9/2015
	450,000	-	\$0.40	31/5/2016
	1,450,000	-	\$0.30	30/11/2016
	600,000	-	\$0.39	30/11/2017
	750,000	-	\$0.21	31/5/2017
	200,000	-	\$0.31	31/1/2018
	670,000	-	\$0.22	31/5/2018
	1,250,000	-	\$0.23	27/11/2018
	750,000	-	\$0.31	27/11/2019
7.8 Issued during quarter	1,250,000	-	\$0.23	27/11/2018
	750,000	-	\$0.31	27/11/2019
7.9 Exercised during quarter	-	-		

+ See chapter 19 for defined terms.

7.10	Expired during quarter	5,375,000	-	\$1.35	22/11/2014
		50,000	-	\$0.80	30/9/2015
		50,000	-	\$0.40	31/5/2016
		50,000	-	\$0.21	31/5/2017
		75,000	-	\$0.22	31/5/2018
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>	-	-		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 30 January 2015

(Company secretary)

Print name: Kevin Hart

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Cash Flow Statements* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.