

23 April 2015

ASX : ENR

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

Funding Secured to Advance Millennium Zinc Discovery

- **Earn-in agreement with Hampton Hill Mining NL (“Hampton”) to provide up to \$2 million exploration funding at the exciting Millennium zinc discovery (“Millennium”).**
- **Key terms of the innovatively designed earn-in agreement are as follows:**
 - **Hampton may earn a minority interest of 10% in Millennium upon meeting a minimum expenditure commitment of \$500,000 and up to a 25% interest through funding \$2 million of the next \$3 million of exploration activities.**
 - **If Hampton elects to progress with a joint venture, then Hampton will also issue a strategic stake in Hampton to Encounter at no cost which, dependant on certain elections, will equal either 5% or 15% of its then issued capital . Encounter will have the right to appoint a director to the board of Hampton should it obtain a 15% shareholding.**
 - **Hampton’s minority interest at Millennium is subject to drag along rights for Hampton to accept the same terms as Encounter in the event of a future sale or joint venture in relation to Millennium.**
 - **Other key terms are included below.**
- **Messrs Joshua Pitt and Neil Tomkinson, directors of Hampton, have a well-established track record identifying and exploring successful projects including the discovery of the Golden Grove copper/lead/zinc mine and the Thunderbox gold mine.**
- **The initial 2015 Millennium drill program will be sole funded by Hampton to test:**
 - **a large scale, untested gravity anomaly identified adjacent to zinc mineralisation at Millennium**
 - **down dip of the final hole of 2014, EPT2198 (7m @ 4.8% Zn)**
 - **along strike of EPT1854 (0.7m @ 36.5% Zn)**
- **Diamond drilling to commence at Millennium in mid May 2015**

The directors of Encounter Resources Ltd (“**Encounter**”) are pleased to announce that an innovative earn-in agreement has been completed with Hampton Hill Mining NL (“**Hampton**”) covering the large scale Millennium zinc discovery (“**Millennium**”). In 2014, Encounter discovered high grade zinc sulphide mineralisation in the first diamond drilling program at Millennium. Millennium covers an area of (140km²) and is located approximately 35km north east of the BM1-BM7 copper discoveries in the Yeneena project of Western Australia (Figure 8).

“We are pleased to be teaming up with Hampton to explore and uncover the recognised potential of the exciting Millennium zinc discovery. Messrs Pitt and Tomkinson have a long track record of identifying opportunities that have successfully turned into profitable mines. The initial 2015 drill test at Millennium will be sole funded by Hampton with drilling scheduled to commence in mid May 2015” said Managing Director, Will Robinson.

Earn-in and joint venture agreement with Hampton

Key terms of the earn-in and joint venture agreement include:

- Hampton must spend a minimum of \$500,000 on exploration before withdrawal. Upon meeting this minimum commitment, Hampton will acquire a 10% interest in Millennium (“**Initial Earn-in Phase**”). At that point, Hampton (10%) and Encounter (90%) will form a joint venture.
- To preserve its initial 10% interest and maintain the right to earn a further 15% interest, Hampton may then elect to sole fund an additional \$500,000 (“**Second Earn-in Phase**”). At completion, Hampton will have contributed \$1,000,000 and retained its 10% interest in Millennium. The timing of this additional expenditure will be as determined by Encounter.
- Hampton may then elect to contribute a further \$1,000,000 out of the next \$2,000,000 of exploration expenditure to earn a further 15% interest in Millennium (“**Additional Earn-in Phase**”). The timing of this expenditure will be determined by Encounter.
- At that point, after contribution of a total of \$2,000,000 of exploration expenditure, Hampton would hold a 25% and Encounter would hold a 75% interest in the joint venture.
- Industry standard expenditure contribution or dilution formulas would apply. If a party’s interest is diluted to less than 10%, that interest would convert to a 1% Net Profit Royalty.
- Encounter will be the Operator
- If, after the Initial Earn-in Phase, Hampton elects to maintain its 10% interest, but forfeit their right to further earn-in, then at that point, Hampton will issue 5% of the issued capital of Hampton to Encounter.
- If, after the Initial Earn in Phase, Hampton elects to proceed with the Second Earn-in Phase, then at that point, Hampton will issue 15% of the issued capital of Hampton to Encounter. If this election is made then Encounter will have the right to appoint a member to the board of Hampton.
- The earn-in and joint venture agreement is conditional upon Encounter obtaining all necessary consents and approvals to the grant of the earn-in rights to Hampton.

Millennium - Background

Millennium is situated at a key structural intersection on the regionally significant Tabletop Fault on the margin of an interpreted sedimentary sub-basin. 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 Millennium.

Subsequently, four diamond holes (EPT2194, EPT2195, EPT2196 and EPT2198) were completed in November 2014 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 2 and 3). The hole collars extend across 750m of the drill section. All four holes 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.

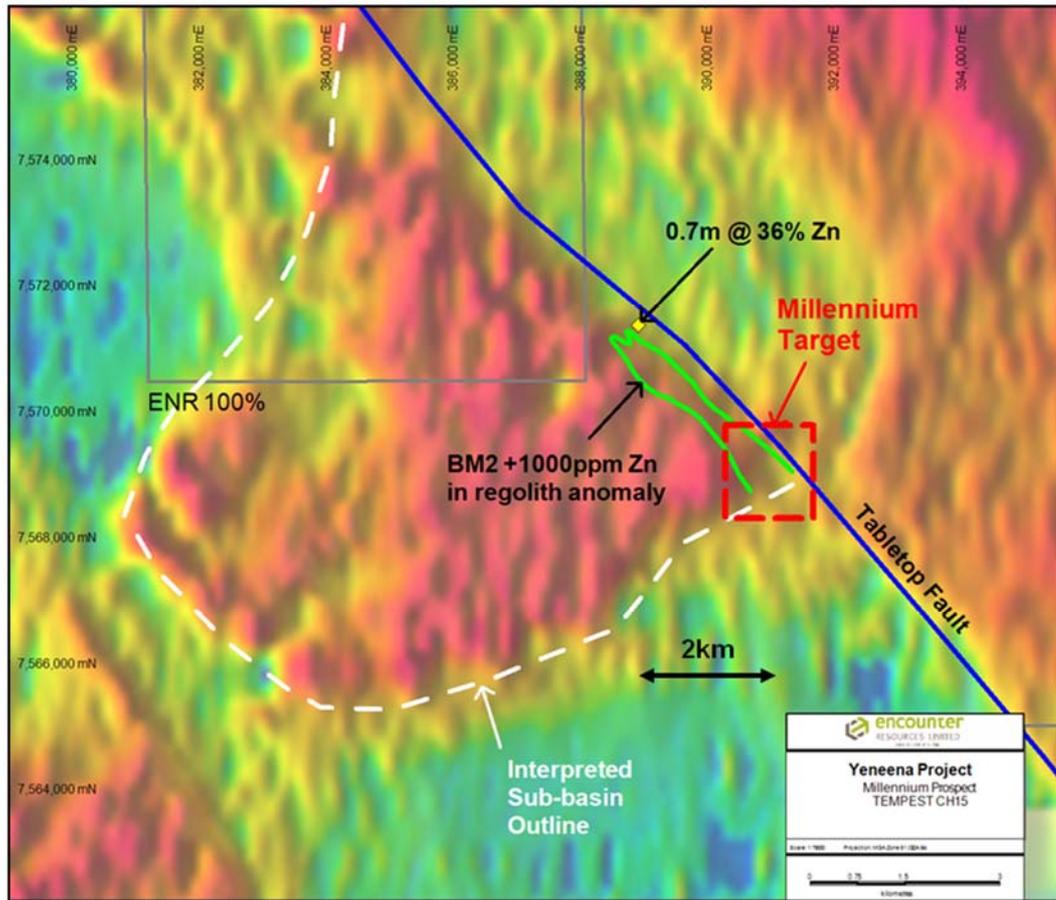


Figure 1: Millennium prospect – Location, interpreted structures and EM plan

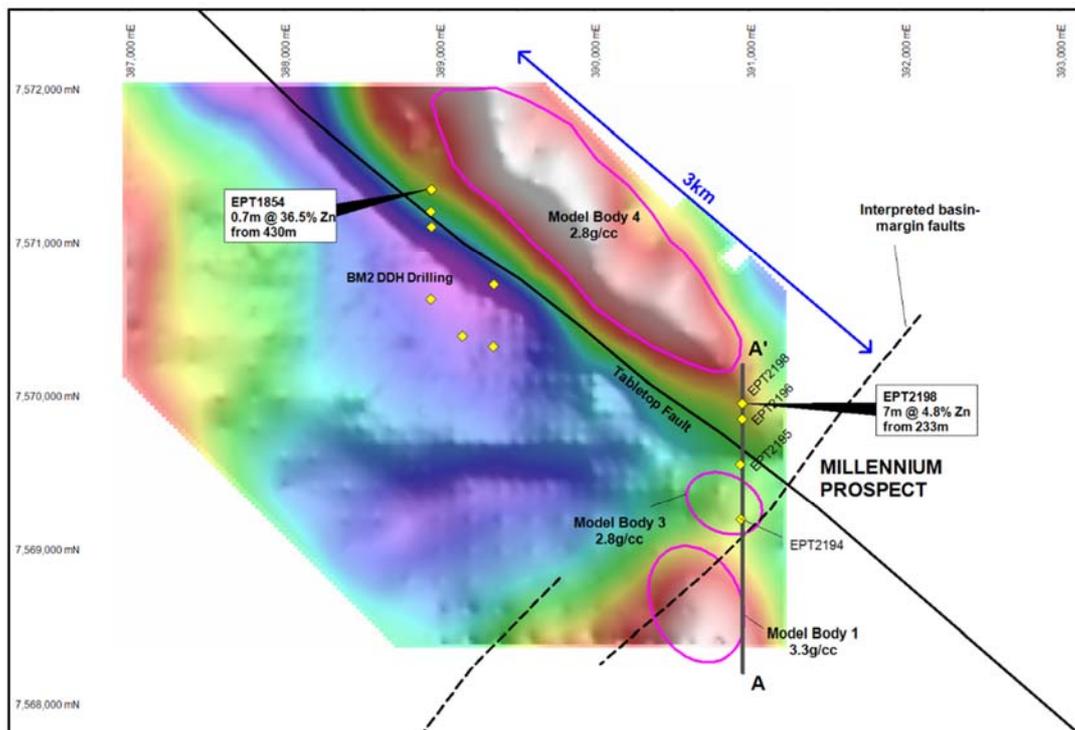


Figure 2: Millennium prospect – Diamond drilling status plan over residual gravity in plan view

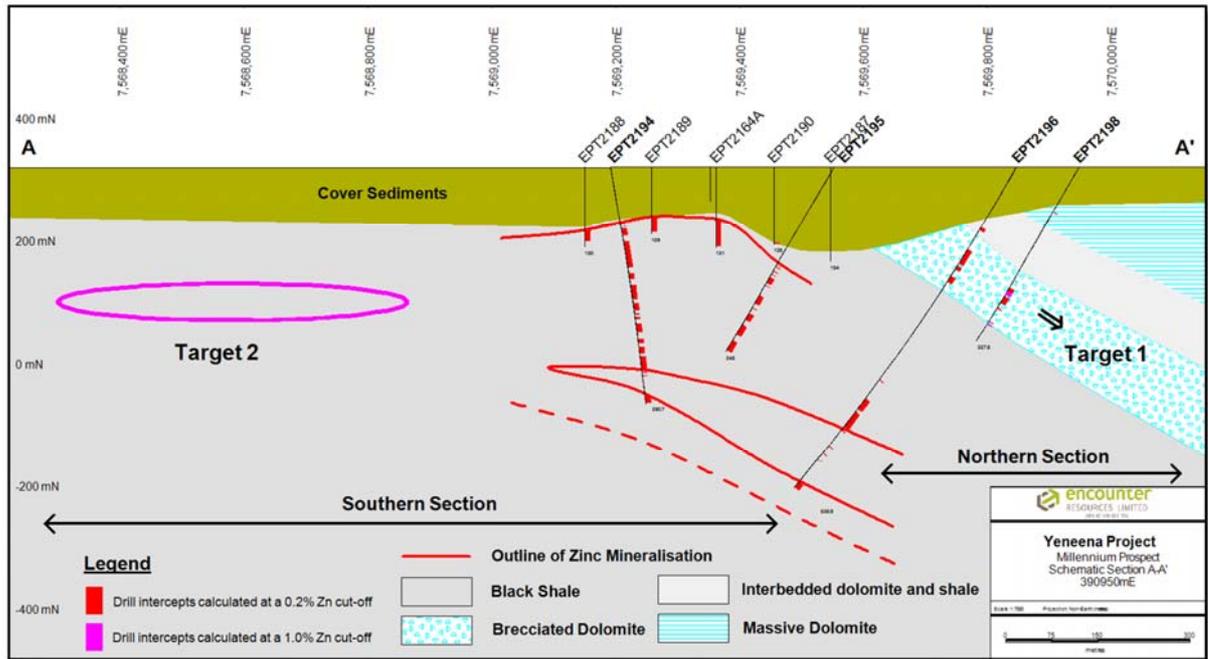


Figure 3: Millennium prospect – Section A-A' 390950mE

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 4).

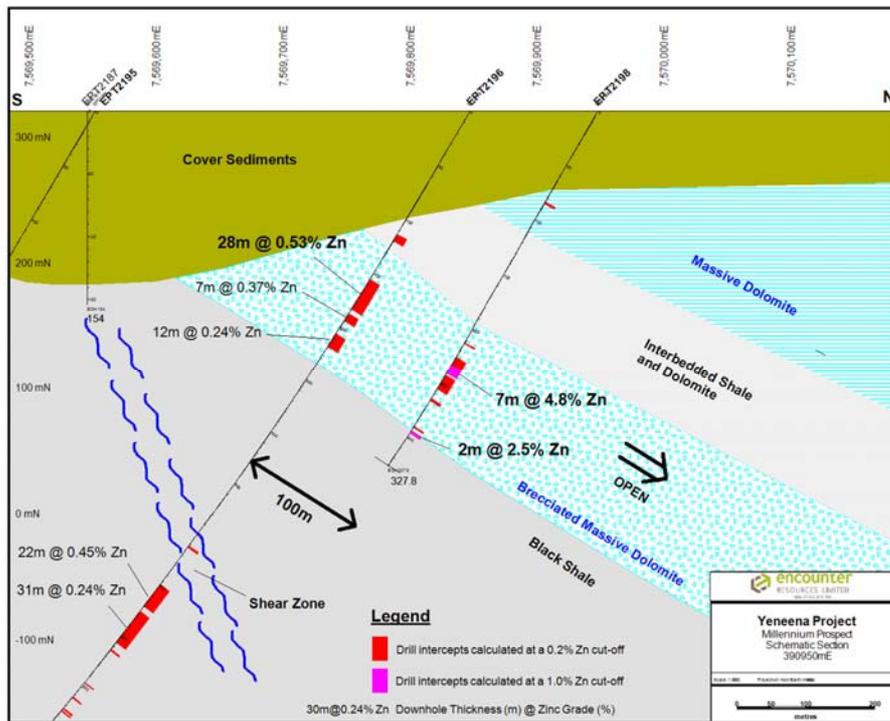


Figure 4: Millennium prospect – Cross-section through contact related mineralisation (northern section)

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 Photos 1 and 2). Intersections from the contact related mineralisation include:

- 7.0m @ 4.76% Zn from 233.0m including 1.4m @ 10% Zn from 234.6m;
 - 1.7m @ 2.45% Zn from 294.5m in EPT2198; and
 - 27.8m @ 0.53% Zn from 155.2m in EPT2196.
- (see ASX announcement 12 January 2015)

The mineralisation adjacent to the carbonate – shale contact is strengthening with depth and remains open at depth and along strike (see Figure 4). This key mineralised contact was also intersected at the BM2 prospect (“BM2”) 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)

Drilling in the area between BM2 and Millennium is limited to a small number of shallow aircore and RC holes and is effectively untested.

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 5).

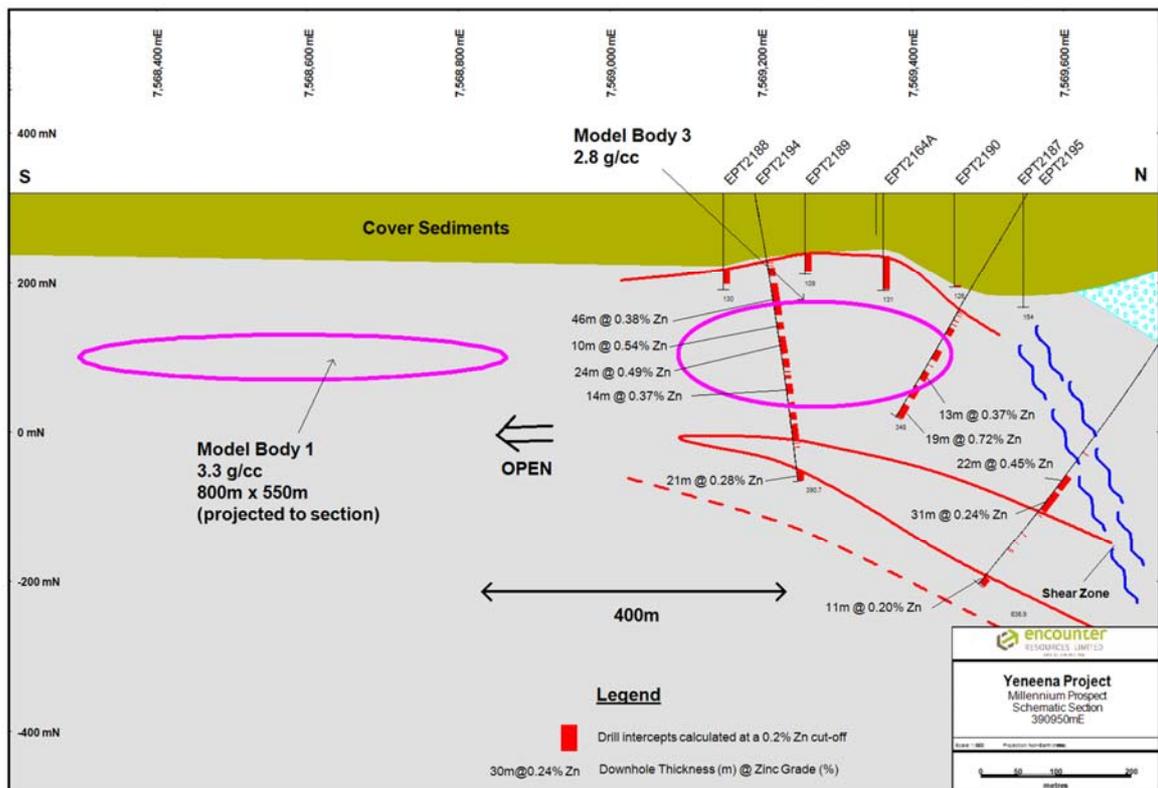


Figure 5: Millennium prospect – Cross-section through shale-hosted mineralisation (southern section)
Assay intervals reported on this section are rounded to the metre

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
- 24.0m @ 0.49% Zn and 0.16% Pb from 195.0m in EPT2194.

- 13.2m @ 0.37% Zn and 0.08% Pb from 274.0m; and
 - 18.9m @ 0.72% Zn and 0.24% Pb from 325.8m in EPT2195
 - 21.7m @ 0.45% Zn and 0.14% Pb from 449.0m; and
 - 31.2m @ 0.24% Zn and 0.06% Pb from 475.7m in EPT 2196
- (see ASX announcement 12 January 2015)

This mineralisation is interpreted to represent a potential halo to a SEDEX 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 (see Figures 6 and 7). The gravity feature, labelled 'Model Body 1' on Figures 5 and 6, 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' on Figure 5, as well as the carbonate unit located to the north-east of the Tabletop fault, labelled 'Model Body 4', shown on Figure 2. 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.

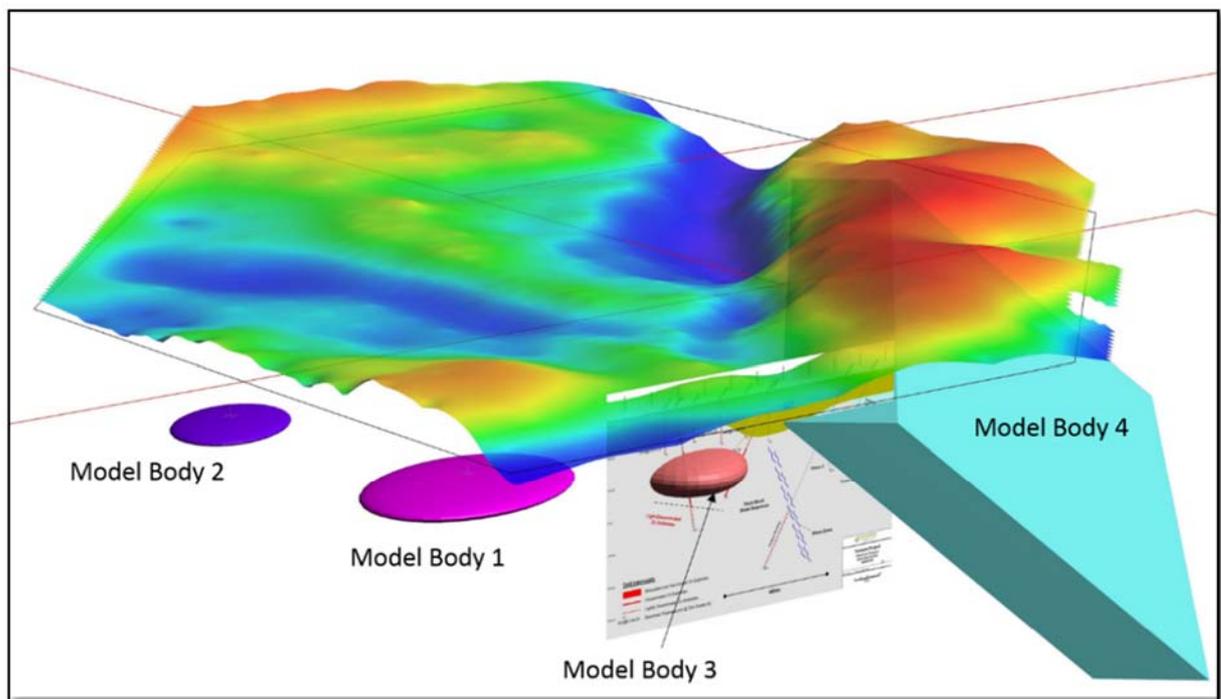


Figure 6: Millennium prospect – Isometric view of residual gravity and modelled density bodies

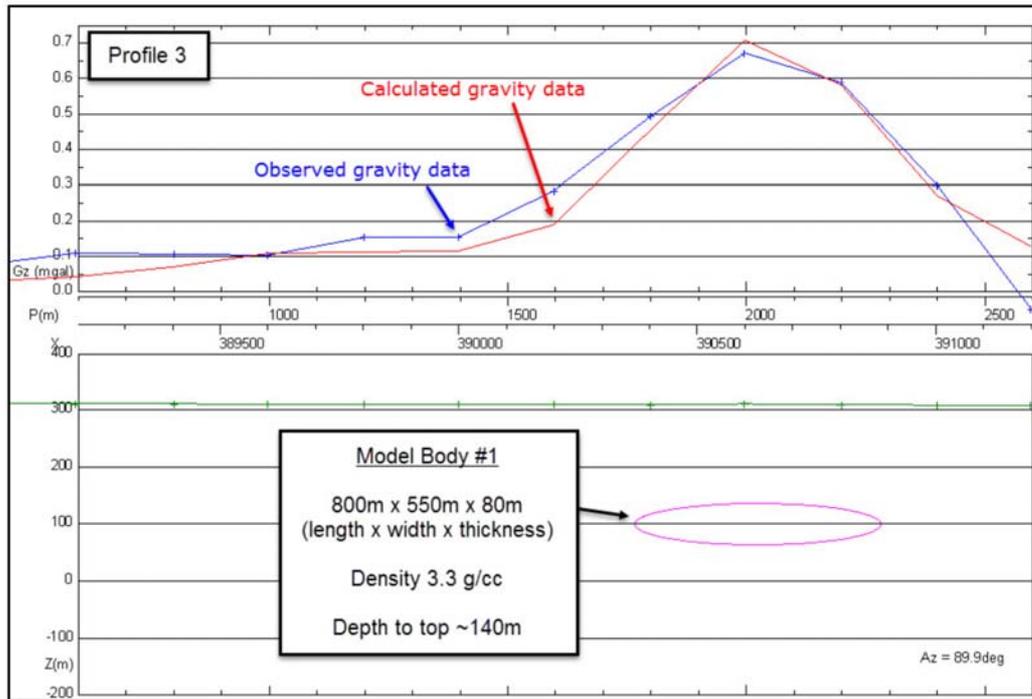


Figure 7: Millennium prospect – Modelled gravity profile across Model Body 1

The Next Steps

An RC/diamond drilling program at Millennium is scheduled to commence mid May 2015. This program will test for additional high grade zinc mineralisation down dip and along strike of EPT2198 (Target 1) and will test the large modelled gravity anomaly to the south of the Millennium diamond drilling for accumulations of higher grade shale hosted mineralisation (Target 2). In addition, diamond drilling will also be completed along strike of the 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).



Photo 1: 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 2: 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

Company Background

Encounter is one of the most active greenfield exploration companies in Australia. The company is committed to large scale, frontier exploration in highly prospective under cover terrains in Australia where we believe substantial value can be unlocked for our shareholders. In recent times, Encounter has made new zinc and copper discoveries at our flagship Yeneena project located in the Paterson Province of Western Australia.

Project Background & 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 8). The targets identified are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting. The copper targets are hosted within sediments of the Broadhurst Formation in a similar geological setting to the Nifty copper deposit (total resource of 148.3mt @ 1.3% Cu – Straits Resources Ltd, 2001).

In April 2013, Encounter 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.

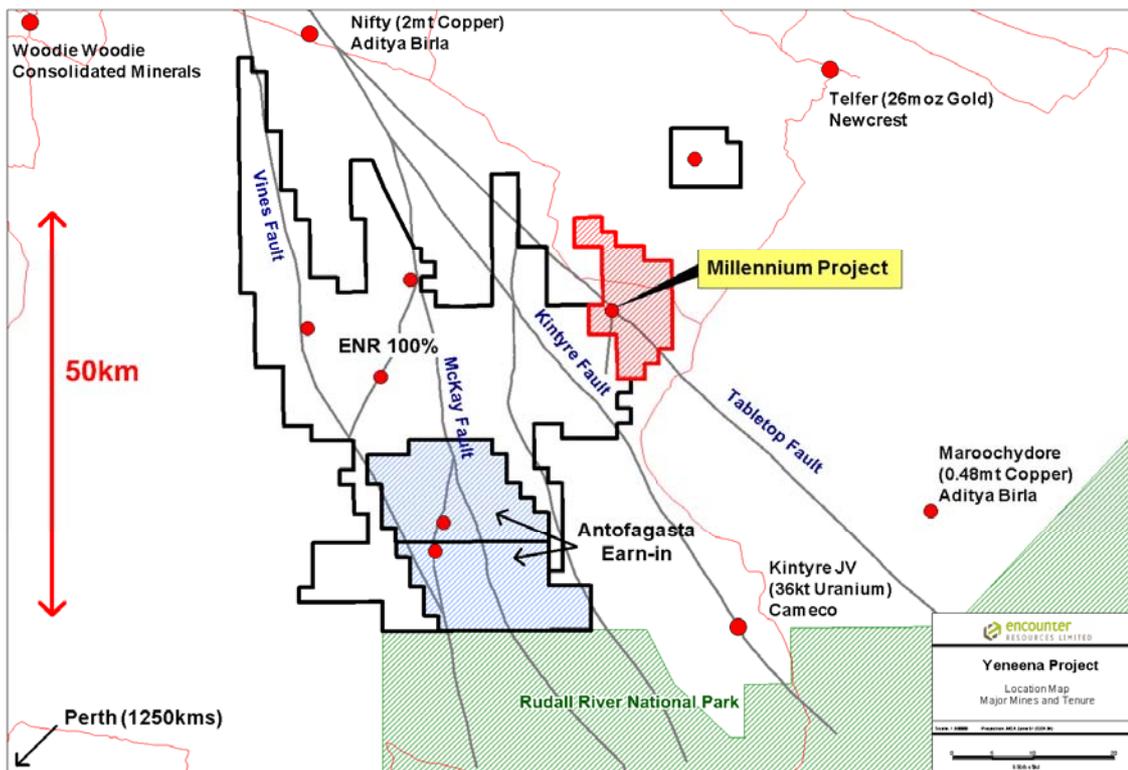


Figure 8: Yeneena Project leasing and targets areas

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.