

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 (30/01/14)

A\$25m (\$0.19/share)

Issued Capital (31/12/13)132.5 million ordinary shares
9.5 million employee options**Cash (31/12/13)**

A\$3.9M

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

The Yeneena Copper 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 discoveries that demonstrate the potential of the area for large tonnage, high quality deposits.

BM7 Copper/ Cobalt Discovery (Antofagasta earning in)

- **BM7 footprint grows by ~300%** - RC drilling completed in 2013 has tripled the size of the BM7 Prospect footprint which is now 6km x 3km and is still growing. RC drilling has extended BM7 by a further 3km to the south with 4m @ 1.18% Cu on southern-most line and remains open to the south. A new zone of copper mineralisation was also intersected in RC drilling over 1-2km east of previous drilling.
- **Highest grade primary copper intersection to date** - Diamond drilling has confirmed copper sulphide mineralisation extends to depth and has established the high grade potential of the BM7 system (5.3m @ 2.5% Cu including 0.7m @ 10.7% Cu) which appears to be strengthening down dip to the east.

BM2 Copper / Zinc (Encounter 100%)

- **Massive zinc sulphide intersected** - Diamond drilling has intersected 0.7m @ 36.5% zinc and 37g/t silver in brecciated and laminated massive sulphide mineralisation in EPT1854
- **140m thick zinc gossan identified** - A 140m thick zone of highly oxidized, iron rich material containing elevated zinc (grading approximately 1% zinc) was intersected 200m up-dip of the massive sulphide mineralisation in EPT1854. This may represent the weathered remnants of a thick body of zinc sulphide mineralisation .

Cash / Funding

- **Sound cash position** - The Company is well funded with a cash balance of \$3.9M.
- **Antofagasta earn-in funding to continue** - Antofagasta has confirmed the continued funding of the Yeneena earn-in exploration into 2014. Antofagasta is required to spend a minimum of US\$4M in the second year to maintain the earn-in.
- **Two EIS funding grants awarded for 2014** - EIS co-funded diamond drilling grants amounting to \$275,000 awarded for two Yeneena regional targets, Fishhook and Stirling

EXPLORATION

PATERSON PROVINCE

YENEENA COPPER - COBALT PROJECT

- 100% Encounter - E45/2500, E45/2501, E45/2502, E45/2503, E45/2561, E45/2657, E45/2806
- Antofagasta earning into E45/2658 and E45/2805
- Encounter 70%, Independence Group NL (IGO) 30% ELA45/4215
- Encounter earning into E45/3232 and E45/3308 from St Barbara Ltd (SBM)
- Encounter earning into E45/3768 and E45/4091 from Midas Resources Ltd (MDS)

Yeneena covers a 1,900km² 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).

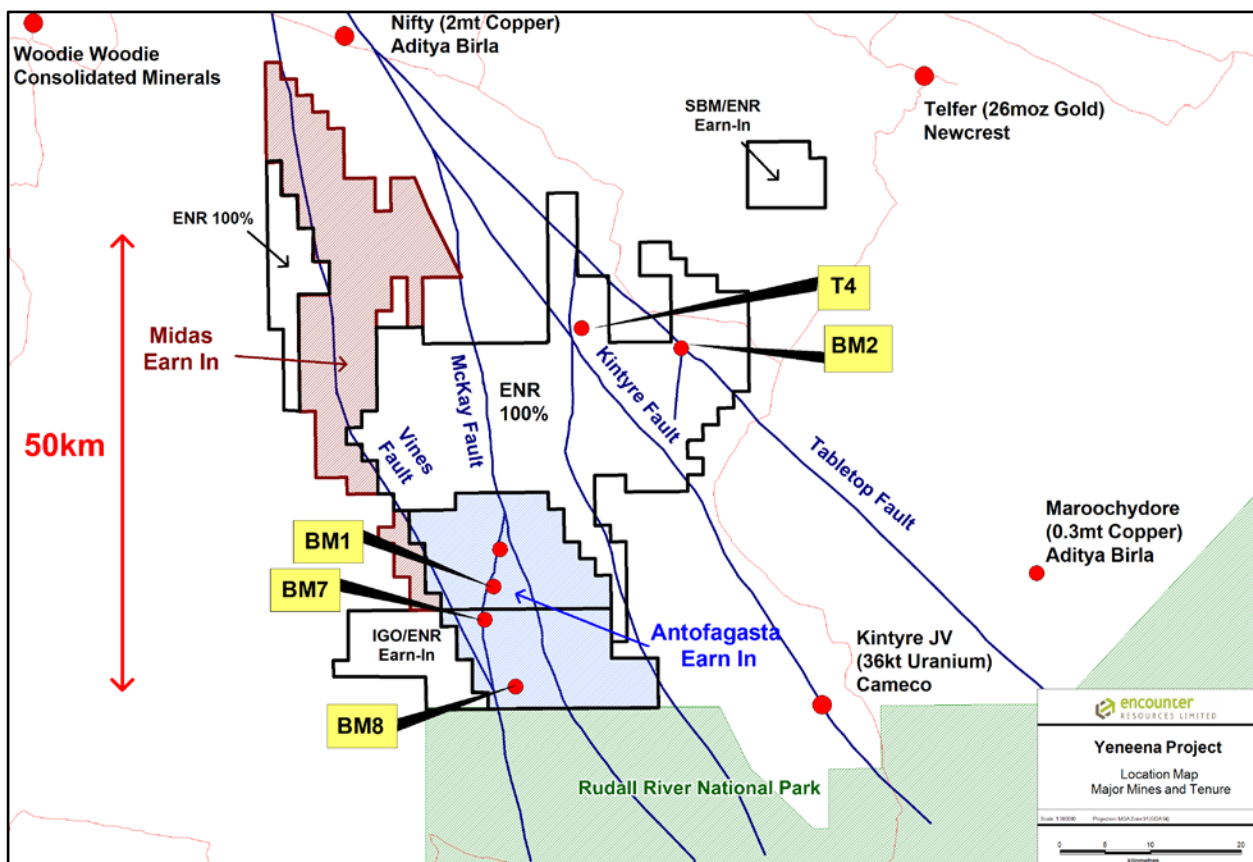


Figure 1: Yeneena project leasing and target areas with major regional faults

Exploration activities conducted in the quarter include:

- Completion of the third phase of RC drilling at BM7 for a total of 54 RC holes for 5,146m drilled since August 2013.
- Completion of the three hole (2000m), EIS co funded, diamond drill program at BM2.

As a result of activities in 2013 the BM7 regolith copper anomaly is now approximately three times larger than at the start of 2013. Also in 2013, the first deep diamond drill program at the expanding BM7 target confirmed that copper sulphide mineralisation extends to depth and contains high grade primary copper.

In addition at the BM2 Prospect (Encounter 100%) zones of zinc gossan were intersected over a downhole length of 140m. A follow up diamond dill hole approximately 200m downdip intersected massive zinc sulphide mineralisation up to 36% zinc.

**BM1-BM6-BM7-BM8
(Antofagasta Earning In)**

The two earn-in tenements, E45/2658 and E45/2805, host the BM1, BM6, BM7 and BM8 prospects.

The BM7 tenement, E45/2805, was granted in August 2012. Since then Encounter has outlined a 6km x 3km copper system that is still growing. The Company has attracted a quality partner in Antofagasta plc and subsequent joint drill programs have produced high grade copper sulphide mineralisation and tripled the size of the copper mineralised footprint in 2013.

RC drilling completed during the December 2013 quarter demonstrated both the high grade potential and significant scale of the system giving additional confidence in the potential for a major mineral system at BM7.

The mineralisation seen at BM7 shows geological similarities to the Nifty deposit located 65km to our north which contained a pre-mined resource of 2 million tonnes of copper metal.

The exploration activity completed within the Antofagasta earn-in tenements during the December 2013 quarter included completing the third of three phases of RC drilling totaling 5,146m.

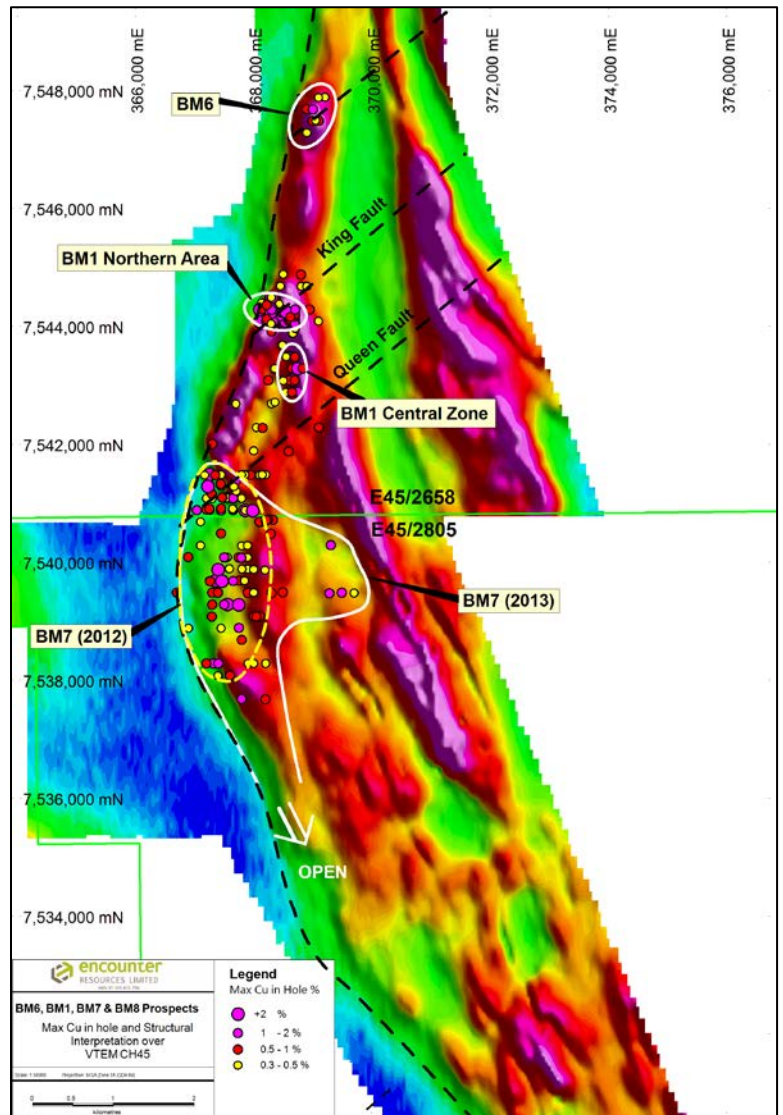


Figure 2: BM6 - BM1 - BM7 – BM8 prospects maximum copper in hole (>0.3%) over VTEM Channel 45

BM7 Prospect

(Refer ASX announcement 27 November 2013). The Company 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 situated at the intersection of the north-east trending Queen fault and the regionally-extensive McKay fault (Figure 2).

During the December 2013 quarter a multi phased RC drilling program was completed at the BM7 prospect. In total 54 holes were drilled over the three phases of RC drilling at BM7 to the east and south of previous drilling for a total of 5,146m. Drilling successfully extended the BM7 system 1-2km to the east and by at least 3km south and remains open to the south (See figure 3). These extensions are considered significant given the broad spacing of the 2013 RC drill programs.

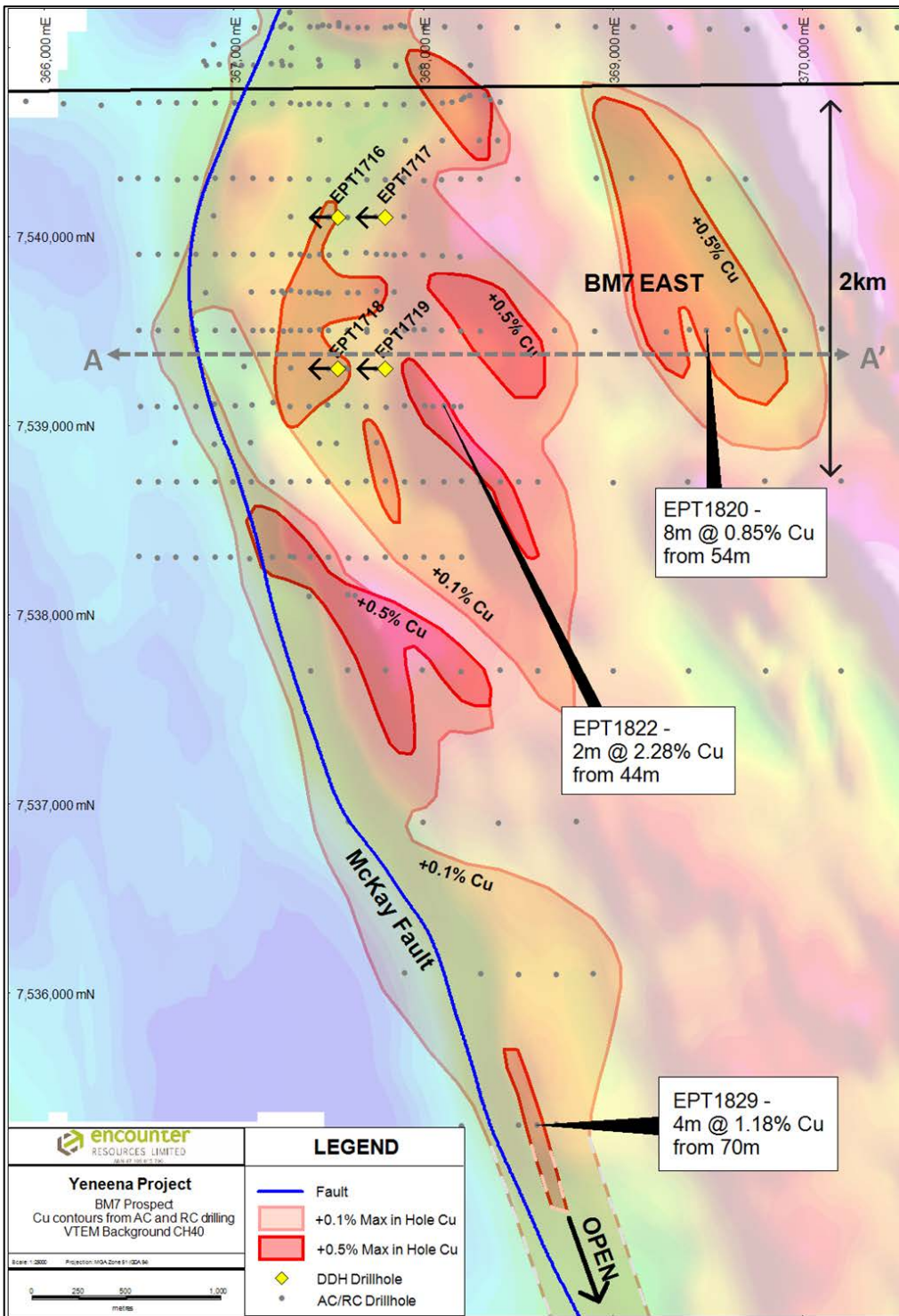


Figure 3 – BM7 Prospect – Diamond and RC Drill Plan (Background image - VTEM CH40)

BM7 East

Drilling to the east of the previous known mineralisation at BM7 resulted in the discovery of the BM7 East regolith anomaly. The copper oxide blanket discovered contains zones of high grade copper oxide mineralisation and the laterally extensive 0.5% copper regolith anomaly extends over 2km in strike. Intersections from the BM7 East area include:

- EPT1820 - 34m @ 0.4% Cu from 52m incl. 8m @ 0.9% Cu from 54m
- EPT1844 - 18m @ 0.4% Cu from 46m incl. 6m @ 0.7% Cu from 54m
- EPT1726 - 18m @ 0.4% Cu from 38m incl. 2m @ 1.2% Cu from 46m
- EPT1734 - 22m @ 0.2% Cu from 42m incl. 2m @ 1.2% Cu from 58m

The BM7 East copper anomalism sits at the base of the weathered zone and is potentially more significant than the initial copper oxide discovery to the west along the McKay Fault (see figure 4). The tenor and scale of the metal anomalism at BM7 East is significant and it is interpreted to have resulted from the direct weathering of a body, or bodies of copper sulphide mineralisation.

Further drilling is planned for the BM7 East area to locate the depth extensions of the defined mineralisation and high grade mineralisation along strike.

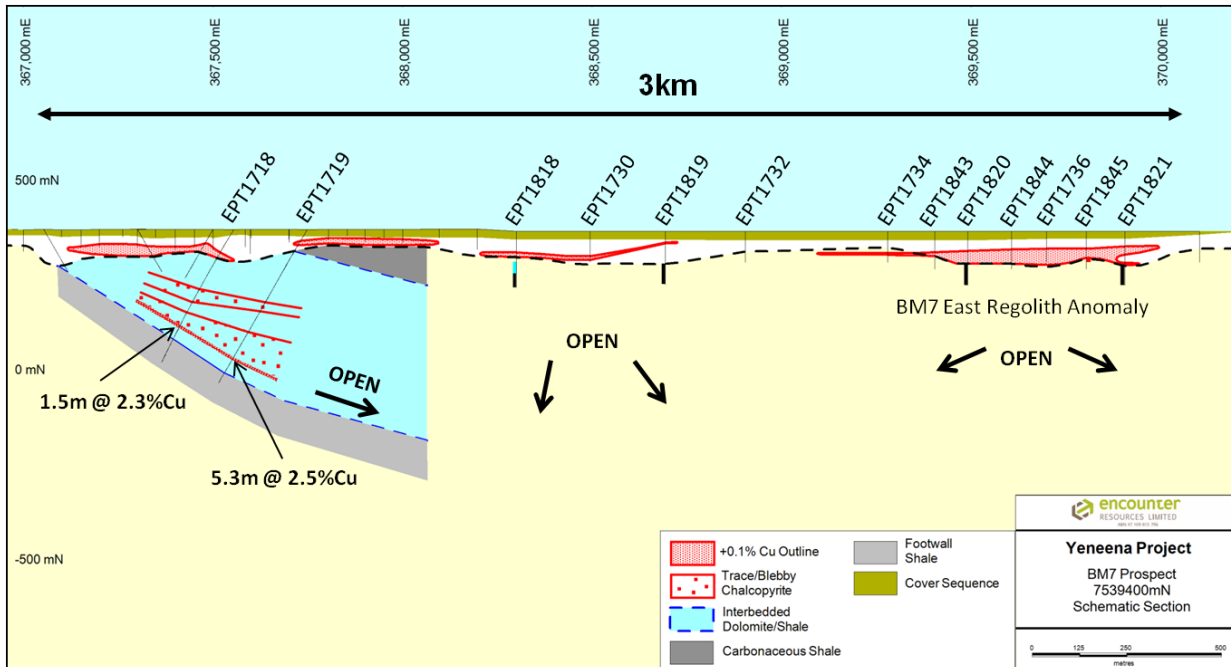


Figure 4– Schematic Section BM7 Prospect (7539400mN) A-A' (refer Figure 3)

BM7 Central

Additional 0.5% copper regolith anomalism was defined in the central part of the 3km wide system in RC drilling. The mineralisation within this area is closely associated with north-west trending conductive units that appear strongly fault controlled.

Results from this area include:

- EPT1730 – 10m @ 0.4% Cu from 66m
- EPT1822 - 22m @ 0.4% Cu from 36m incl. 2m @ 2.3% Cu from 46m (see Photo 1)



Photo 1 - EPT1822 - 46m – Azurite (Copper Carbonate) from EPT 1822

BM7 South

Drilling to the south of the BM7 mineralisation has resulted in a 3km extension to the mineral system that still remains open to the south. Results include:

- EPT1753 - 22m @ 0.3% Cu from 18m incl. 2m @ 1.6% Cu from 18m
- EPT1755 - 50m @ 0.1% Cu from 32m to EOH incl. 2m @ 1.2% Cu from 58m
- EPT1829 – 4m @ 1.2% Cu from 70m

EPT1829 was drilled on the southernmost section, a further 1.6km south of drill holes EPT1753 and EPT1755, and returned a significant intersection of primary copper sulphide mineralisation, hosted in carbonaceous shale. The intersection is located at the northern boundary of a broad area of resistive geology interpreted to represent a zone of intense dolomite veining and alteration which may define an area of more intense and focused fluid flow.

Further drilling is planned to test the BM7 mineralised trend that remains open to the south.

BM7 Diamond Drilling

(Reported pursuant to the 2004 Edition of the JORC Code – refer ASX announcement 22 October 2013)

The four hole diamond drill program at BM7, completed in September 2013, was designed to target below an 800m long zone of copper sulphide mineralisation identified in the April 2013 RC program. All four diamond holes contain zones of primary copper sulphide mineralisation, hosted within, and often at the margins of, dolomite veined and brecciated carbonate units.

The strongest copper sulphide mineralisation at the project to date was intersected in EPT1719, which intersected a 5.3 metre zone, with locally massive copper sulphides forming as breccia cement near the upper boundary of a narrow carbonate unit (Photo 2). This zone returned an assay of 5.3m @ 2.5% Cu from 387.6m including 0.7m @ 10.7% Cu from 388.6m.



Photo 2. EPT1719 ~387.6m to 392.9m. Veined and brecciated carbonate with local massive copper sulphide breccia cement

This high grade primary mineralisation is a validation of our model that the target mineralisation style is similar to the Nifty copper deposit located 65 km north of BM7. The Nifty copper sulphide mineralisation is a shallow plunging body with the strongest mineralisation located at the keel of a synform (Figure 5). It is interpreted that the BM7 mineralisation is stratabound within a package of shallow easterly dipping carbonate units separated by calcareous shales. The mineralisation appears to become stronger as drilling progresses down dip to the east with the sulphide assemblage becoming more chalcopyrite dominant. It is interpreted that EPT1719 is vectoring towards the centre of the mineral system at BM7. This observation, together with the copper oxides intersected 1-2km to the east of BM7, support an interpretation of a potential synformal structure.

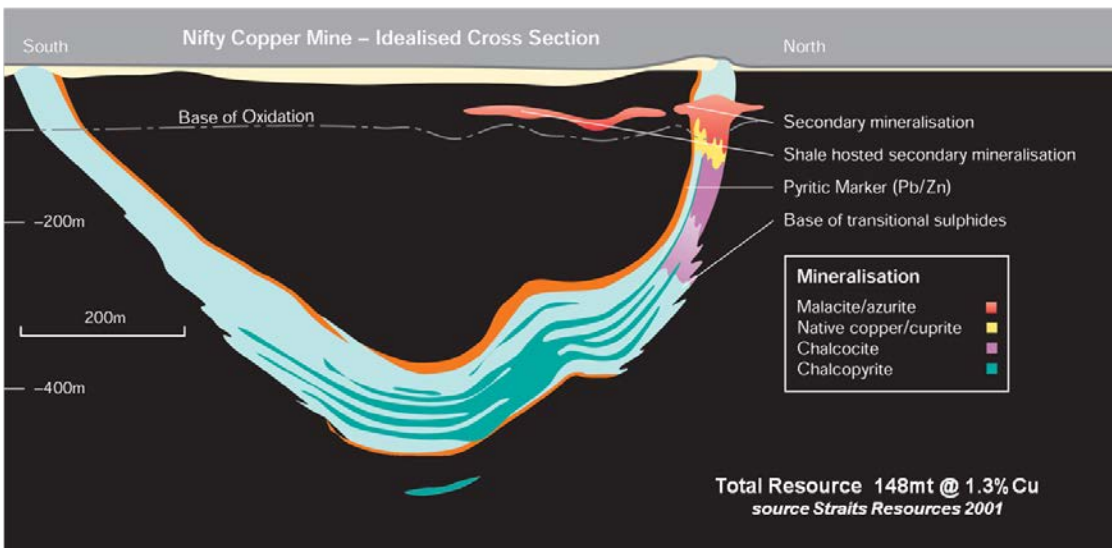


Figure 5 – Nifty Copper Deposit – Idealised Cross Section

BM7 Prospect Summary

The 2013 December quarter RC drill program at BM7 has expanded the surface footprint of the copper mineral system by approximately 300% and has generated a number of high priority follow up drill targets. The size of the regolith footprint of copper is exceptional and is potentially the product of the near surface weathering of multiple mineralised copper sulphide bodies.

The system has been sparsely drilled to date and it contains high grade copper oxide intersections in drill lines spaced 800 metres apart. Infill drilling between drill lines in 2014 is likely to generate further high grade copper intersections and has the potential to intersect the top of the primary source, or sources, of the laterally dispersed copper oxide blanket at BM7. In addition, the system continues to expand south and further drilling will be completed in 2014 to assess the potential for other mineralised zones.

The structural interpretation of the four diamond holes completed in 2013 indicates that the copper mineralisation occurs within multiple horizons due to the early thrusting of the shale / dolomite sequence. In addition, more regional fold hinge zones may act as significant structural traps for mineralising fluids including both antiform and synform (Nifty-style) hinge zones.

BM8 Prospect

(Reported pursuant to the 2004 Edition of the JORC Code)

Recent RC drilling at BM7 indicates the 14km long copper system that parallels the McKay Fault zone is strengthening to the south and remains open.

During the September 2013 quarter, a total of 18 shallow RC holes were drilled at the BM8 prospect for a total of 1,478m. These holes returned copper anomalism that was strengthening towards the western end of the drill lines. In addition, the drill lines stepping south from BM7 extended its footprint by a further 3km south towards BM8.

A review of the regional gravity data suggests that the McKay Fault may be located further to the west than the interpreted location from the electro magnetic data. This interpretation implies that the BM8 drill lines should be extended to the west. A review of the initial BM8 RC drilling will be completed with Antofagasta and plans for the 2014 program developed.

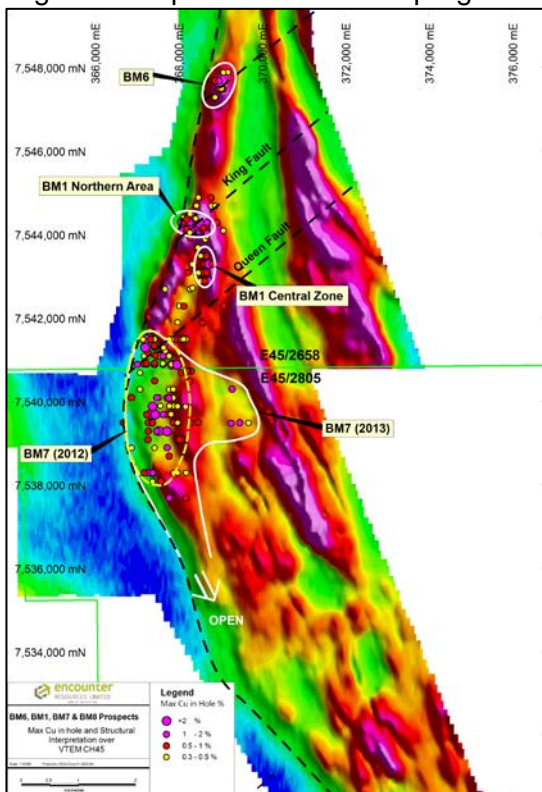


Figure 6. BM6 to BM8 Electromagnetics (EM)

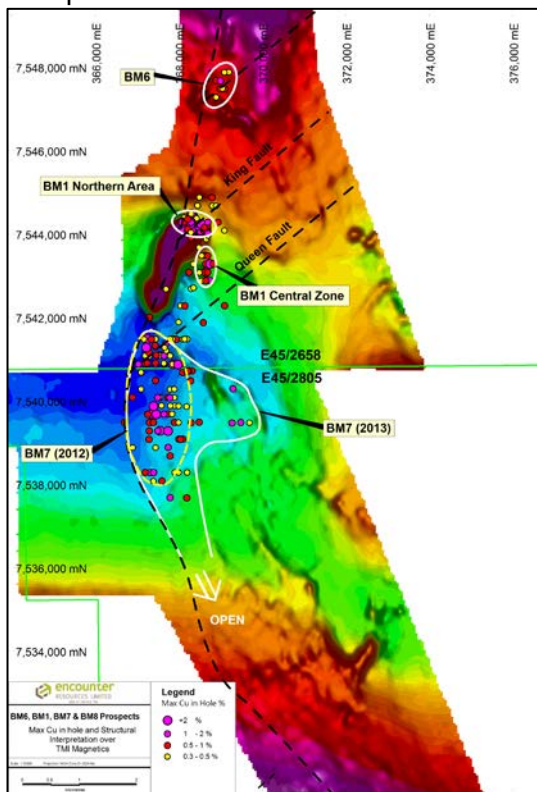


Figure 7. BM6 to BM8 TMI Magnetics

BM1 Prospect

(Reported pursuant to the 2004 Edition of the JORC Code)

Two deep RC holes totaling 656m were drilled at BM1 during the June 2013 quarter. The holes tested a target approximately 500m north of the BM1 Northern Zone (high grade copper oxide zone) at the intersection of an interpreted NNE trending structure and the northerly plunging fold hinge of the BM1 anticline.

The holes intersected broad zones of primary copper anomalism (100-500ppm Cu) within weakly altered black shales. This level of copper sulphide anomalism is encouraging with the last 2m sample in EPT1693 returning 0.12% copper. The drilling has confirmed the merits of the conceptual target and further work is required to determine the potential of the area.

BM6 Prospect

(Reported pursuant to the 2004 Edition of the JORC Code)

Located 3km NNE of BM1 Northern Area, BM6 was discovered during reconnaissance aircore drilling in 2011, which delineated an 800m long, 400m wide +0.1% copper regolith anomaly adjacent to the McKay Fault (with grades up to 1.4% Cu). The regolith anomaly coincides with a VTEM conductor, which has been modeled to dip shallowly to the west (towards the McKay Fault).

The two hole, RC drill program drilled in the June 2013 quarter confirmed the modeled conductor appeared to map out a block of shallower conductive shale. The holes intersected elevated copper anomalism below the base of oxidation which are considered highly anomalous and confirm the copper system remains open to the north of BM6. A detailed review of the downhole geochemistry will be completed to define vectors to potential higher grade mineralisation.

BM2 Prospect (Encounter 100%)

(Refer ASX announcement 13 December 2013). The Company 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 BM2 prospect is located on the regionally-extensive Tabletop Fault. This structure is known to be metallogenically important and is closely associated with the position of the Nifty copper deposit, 50km along strike to the north-west (Figure 1). Previous aircore drilling defined a broad zone of copper anomalism (+0.25% Cu) over a strike extent of 800m (Figure 7). The identification of this significant base metal anomaly was made in an area of no outcrop, with up to 20m of transported overburden.

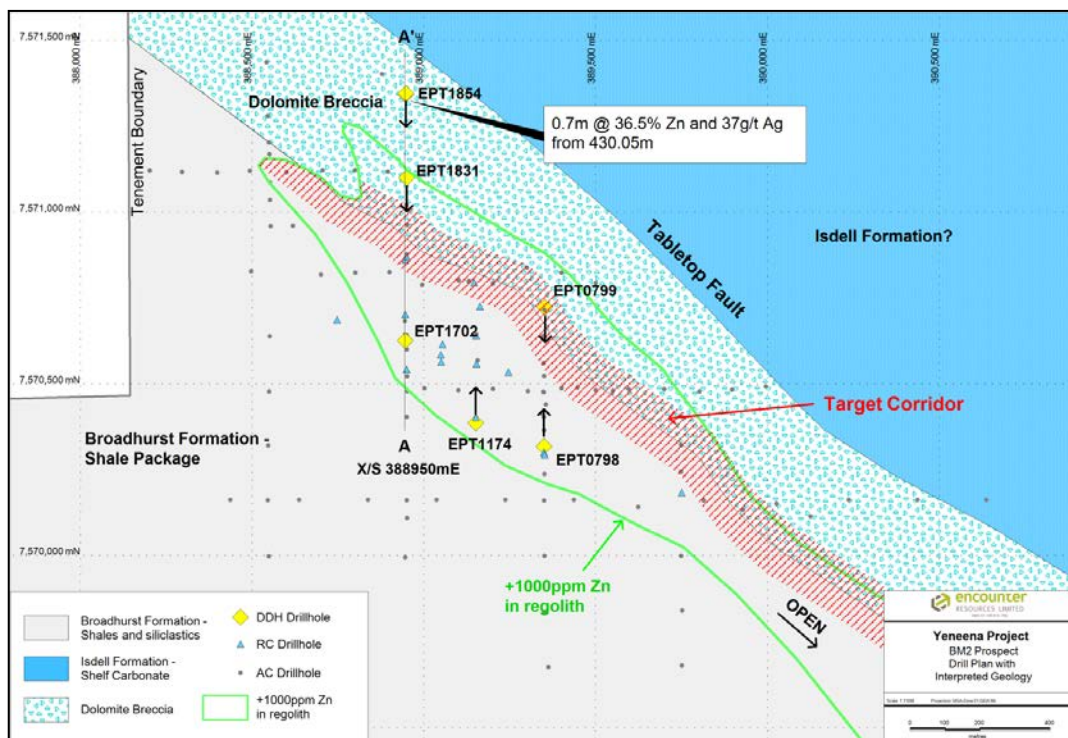


Figure 7 – BM2 Prospect – Drill status plan and geochemical summary.

RC and diamond drilling in June 2012 confirmed a heavily leached oxide profile with many holes showing a strengthening of zinc mineralisation at depth. RC holes EPT1136A through to EPT1141 all ended in anomalous zinc and lead sulphides and have mapped out what is interpreted as the upper contact of a stratabound base metal horizon that extends over 1km in strike.

Drill hole EPT1140, collared in the core of the regolith copper anomaly (April 2012), returned the first sulphide copper intersection at BM2 of 26m @ 0.60% Cu from 100m incl. 10m @ 0.92% Cu from 100m

Diamond drill hole EPT1174 (May 2012) was designed to test for copper sulphide mineralisation at depth below EPT1140. EPT1174 intersected a broad zone of carbonate alteration and veining in a shale unit that contained visible zinc and lead sulphides. Assay results include 201m @ 0.6% Zn from 233m to end of hole including 13m @ 1.3% Zn from 295m; 8m @ 1.5% Zn from 349m; and 29m @ 1.0% Zn from 400m. *(The above exploration results from BM2 are reported pursuant to the 2004 Edition of the JORC Code)*

Diamond drilling during the September and December 2013 quarters (co-funded under the WA Government Exploration Incentive Scheme) significantly advanced the BM2 prospect with the discovery of high grade zinc and silver at the prospect. During this period three holes were drilled at BM2 for a total of 1,824m. These holes were drilled on the north-south cross section 388,950mE (see Figure 7).

Diamond drill hole EPT1831 (October 2013) intersected highly oxidized, iron rich material containing elevated zinc over a downhole length of 140m (grading approximately 1% zinc in XRF, supported by representative spot chemical analyses). This zone may be a gossan representing the weathered remnants of a body of zinc sulphide mineralisation (see photo 3).

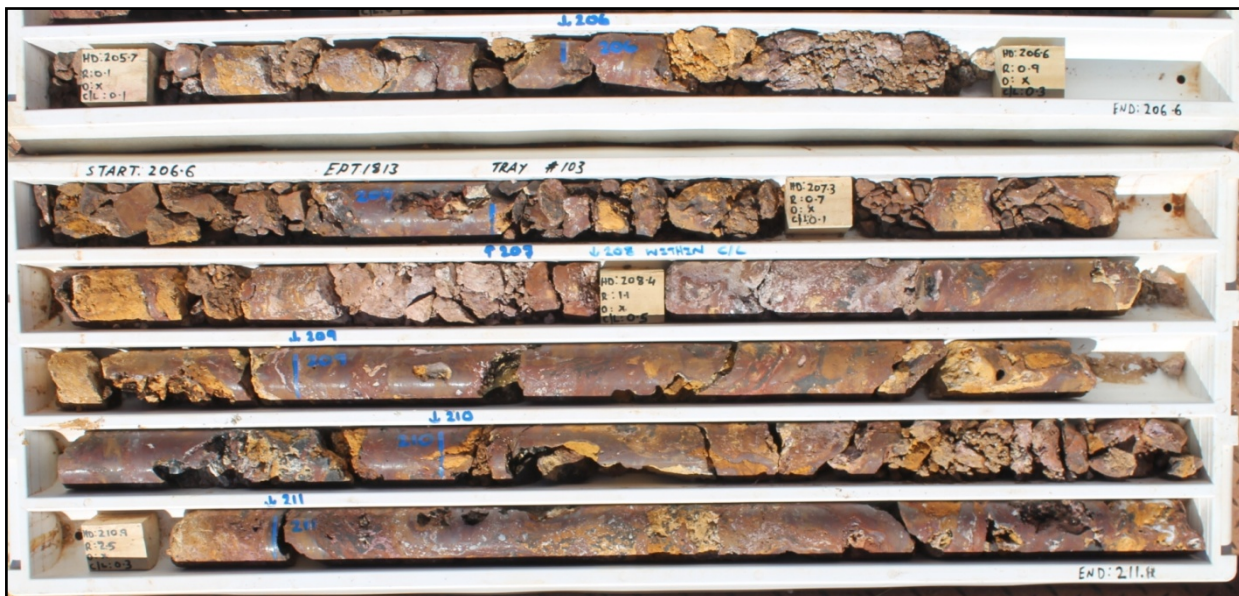


Photo 3– EPT1831 ~205.7 to 211.8m – Highly oxidized, iron rich material containing elevated zinc (~1% Zn)

Diamond drill hole EPT1854 (November 2013) targeted this body below the base of weathering in order to assist with determining the orientation of this thick, potentially gossanous horizon. EPT1854 intersected two zones of brecciated and laminated massive zinc sulphide (dominantly sphalerite) mineralisation (Photo 4), 200m down-dip of the gossanous zone in EPT1831.

Chemical assays from these zones combined have returned 0.7m @ 36.5% Zn and 37g/t Ag and have confirmed the high grade zinc/silver potential of the mineral system at BM2. The massive zinc/silver sulphide mineralisation discovered at BM2 remains open in all directions providing obvious follow up drill targets.



Photo 4 - EPT1854 – ~428.3 to 431.6m – 0.3m and 0.1m wide zones of brecciated and laminated massive zinc sulphide mineralisation

The zinc sulphide mineralisation sits within a wide shear zone at the contact between carbonaceous shale and a brecciated dolomite adjacent and parallel to the Tabletop Fault (Figure 8). Drillhole EPT1854 is the first hole to test the shale/dolomite mineralised contact below the base of oxidation. Previous shallow aircore and RC drilling along the mineralised contact has intersected a zone of zinc oxide anomalism over a strike length of 2km which remains open to the south-east (Figure 7).

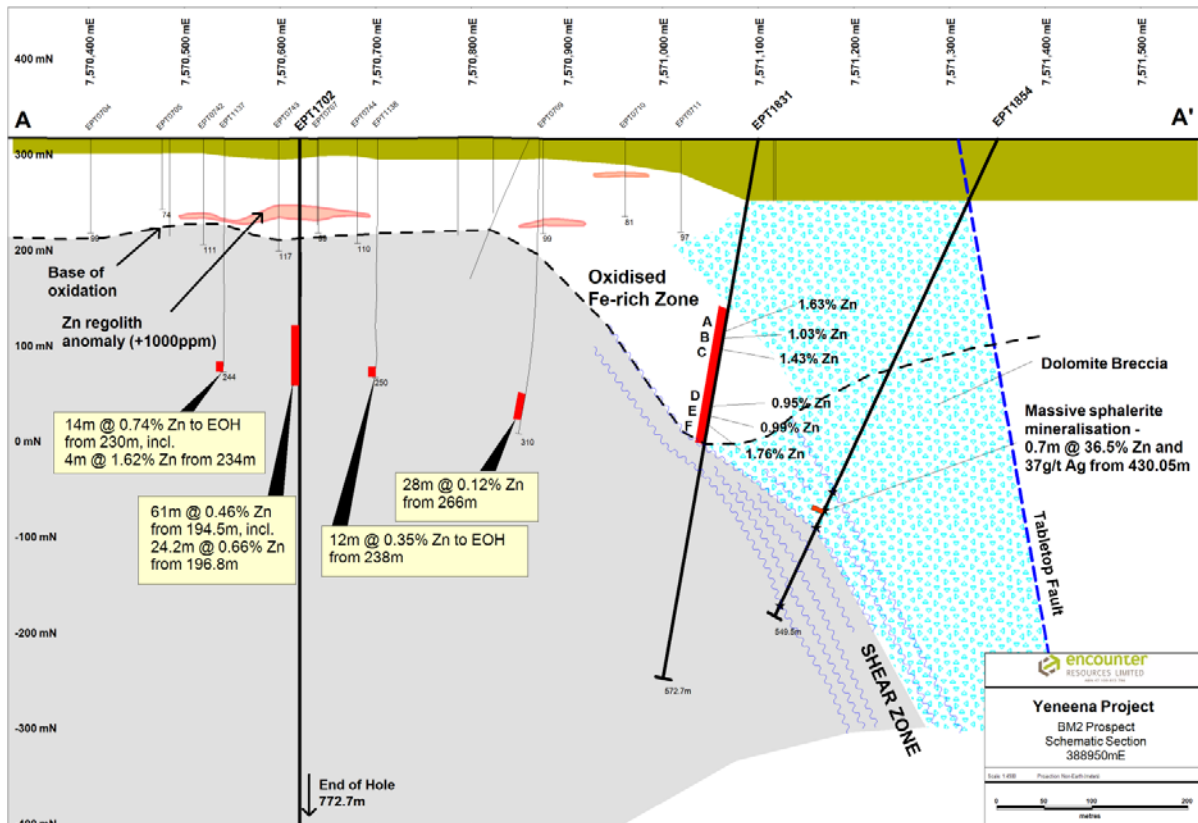


Figure 8– BM2 Prospect – Schematic Section.
(NB Letters A to F on EPT1831 refer to the location of spot samples submitted for chemical analysis)

Limited drilling to date at BM2 supports the potential for a large zinc mineral system:

- The zinc regolith anomaly along the target contact, and above this latest massive sulphide zinc intersection, is over 2km in strike length (see Figure 7):
- The weathered gossan zone (grading approximately 1% zinc) intersected in EPT 1831, up dip of this high grade intersection, was drilled over a 140m downhole length;
- Drill hole EPT1174, located approximately 1km to south-east intersected 201m at 0.6% zinc to end of hole in laminated shale. This mineralisation is now interpreted to be the distal halo to a more proximal position that has been intersected in the most recent drilling, closer to the major Tabletop Fault.
- The zone of massive sphalerite mineralisation in EPT1854 is laminated with brecciated margins. The mineralisation has the typical appearance of a replacement style sedimentary hosted zinc deposit. Geochemical analysis of this zone confirms the sphalerite is low in iron and lead (see Table 2).

Hole ID	Prospect	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT1702*	BM2	7570625	388946	315	772.7	vert	000
EPT1831	BM2	7571100	389950	315	572.4	-80	180
EPT1853**	BM2	7571342	389947	315	105.1	-60	180
EPT1854	BM2	7571345	389948	315	549.5	-60	180

Table 1: BM2 Diamond Drill hole information

*Planned hole locations. Drill hole coordinates GDA94 zone 51 datum to be finalised via handheld GPS (+/-5m), EOH = End of hole depth; m=metre; azi=azimuth. EPT1853 failed at 105.1m following a break in the rod string. *EPT1702 commenced diamond drilling at 176m after successful re-entering an existing RC drill hole **EPT1854 was a re-drilled of EPT1853 and was rock rolled down to 105m.*

Hole ID	Prospect	Depth from (m)	Depth to (m)	Interval (m)	Zinc (%)	Silver(ppm)	Lead(ppm)	Iron (%)
EPT1854	BM2	430.05	430.75	0.7	36.5	37	101	1.28
	incl.	430.15	430.45	0.3	62.9	63	104	1.15
	incl.	430.65	430.75	0.1	53.1	58	127	2.78

Table 2: EPT1854 Assay Summary (Assays from interval 366.4m to 458.1m)

Intervals listed are composited from individual assays using a nominal cut off of 1% zinc.

High grade zinc/silver opportunities with size potential are prized mineral exploration assets. The 100% owned BM2 zinc/silver project neatly complements the BM1-BM7 copper discovery being separately progressed together with Antofagasta plc located 35km south-west. Once assay results from all three diamond drill holes completed at BM2 have been received, the Company will be assessing technical, drilling and commercial options that are available to advance this exciting, large scale zinc opportunity.

Regional Exploration

(Reported pursuant to the 2004 Edition of the JORC Code)

The success of the copper exploration program at the Yeneena project and the discovery of a large copper-cobalt mineral system at BM1-BM6-BM7 has encouraged Encounter to expand the early stage assessment activities over the untested regional copper targets.

A 1,250 line km airborne VTEM survey was completed over the regional targets located in the northwest of the Yeneena project during the June 2013 quarter. Approximately 500 line km of the survey was completed over the Antofagasta plc earn in tenements and the remaining 750 line km over ground held 100% by Encounter. Final data and images from the VTEM survey were delivered in September 2013 and highlighted a number of targets along the NE structural corridors (Figure 9).

The first reconnaissance drilling along the NE structural corridor was completed during the September 2013 quarter with the objective of identifying evidence of copper mineralising fluids. Eight shallow RC drill holes were completed to provide initial sub-surface geochemical and geological information along this NE structural corridor. Chemical analysis of this drilling has confirmed low level but significant copper anomalism is present along this splay structure between the McKay and Vines Faults, which includes the Fishhook target. Encouragingly, initial results indicate that this NE structural corridor may have seen similar copper mineralising fluids to the BM1-BM6-BM7 trend located 20km south.

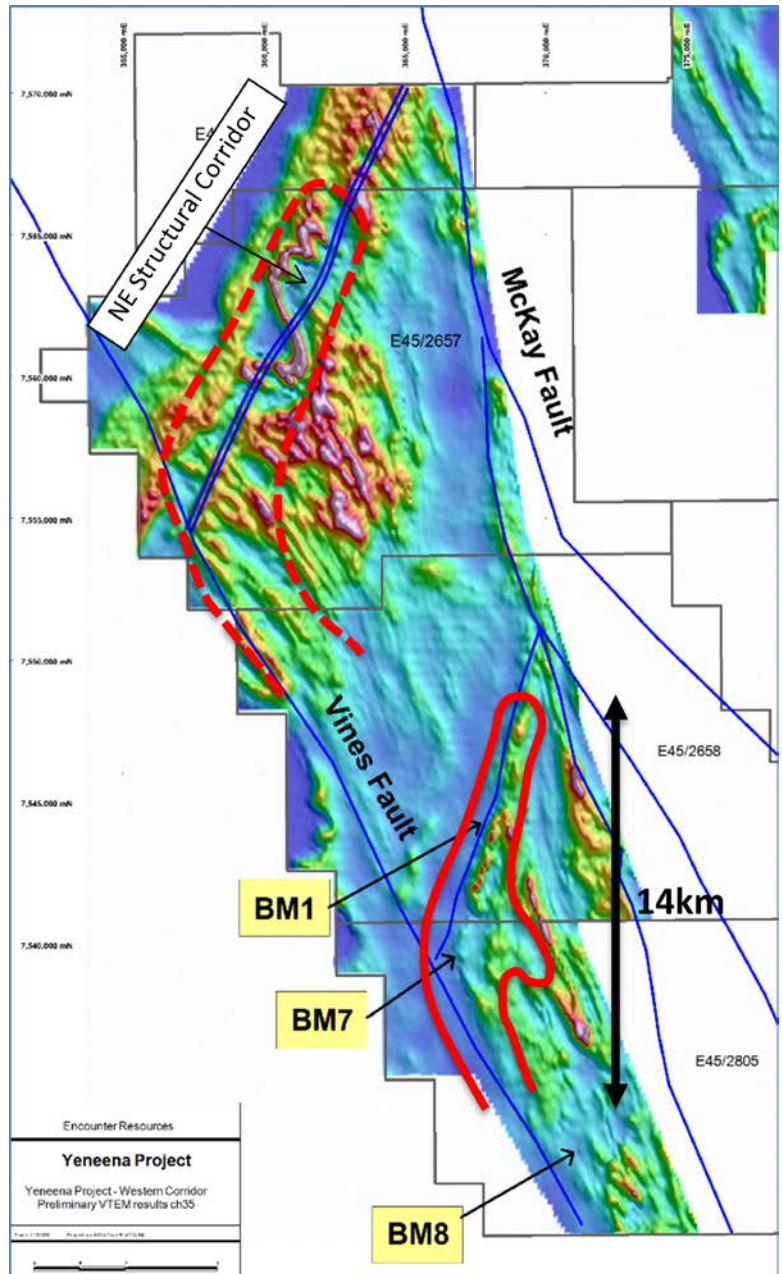


Figure 9: Preliminary VTEM – NE Structural Corridor

During the December 2013 quarter Encounter was awarded a WA Government EIS co-funded drilling grant for \$150,000 to complete initial deeper drilling of the Fishhook target on the NE structural corridor. The first systematic exploration along the highly prospective NE structural corridor will commence in 2014.

Stirling Copper/Gold Prospect – ENR earning in from St Barbara Ltd (E45/3232 and E45/3308)

(Reported pursuant to the 2004 Edition of the JORC Code)

The Stirling earn-in tenements are located within a prospective north-east structural corridor between the Yeneena project and Telfer. The earn-in tenements cover an area of 60km² located 10km north-east of the Company's Yeneena project and 15kms south-west of Newcrest's giant Telfer gold-copper mine. The tenements include a subtle but discrete magnetic anomaly located along this north-east prospective trend. A VTEM survey was completed in June 2013. During the December 2013 quarter the Company was awarded an EIS co-funded drilling grant for \$125,000 to complete initial drilling of the Stirling target. This drilling will be completed in 2014.

CORPORATE

Antofagasta to continuing the earn-in agreement into 2014

In January 2014, Antofagasta has advised that it will be continuing the earn-in agreement at the Yeneena project into the second year. Antofagasta is required to spend a minimum of US\$4M in the second year to maintain the earn-in. The second year of the earn-in commences in April 2014 and the majority of the year 2 expenditure will be completed in the upcoming field season (April – November 2014).

The continuation of the Antofagasta earn-in ensures a highly active and fully funded exploration program of diamond, RC and aircore drilling in 2014. Exploration at Yeneena will recommence following the completion of the summer cyclone season in March/April 2014.

WA Government EIS Grants

Encounter was successful with its two WA Government Exploration Incentive Scheme (EIS) applications during the December 2013 quarter. The applications were for the Fishhook target located on the NE Structural Corridor and the Stirling target. These two grants will contribute \$275,000 towards the initial testing of these high quality regional targets at Yeneena.

The Company held cash reserves at \$3.9m at the end of December 2013.

NEXT QUARTER HIGHLIGHTS

Activities planned for the March 2014 quarter include:

1. Plan and prepare for commencement of 2014 drill season
2. Core cutting and assays from outstanding BM2 diamond drilling
3. Petrological assessment of BM2 gossan
4. Mobilise drill crews and commence diamond drilling at BM2 and BM7
5. Plan and prepare for heritage survey for targets south and east of BM7
6. Finalise planning for airborne VTEM survey over Midas earn-in tenements

TENEMENT INFORMATION

Lease	Location	Project Name	Area km ²	Interest at start of quarter (30/9/2013)	Interest at end of quarter (31/12/2013)
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%
E37/1148	77km E of Leinster	Darlot	212.4	100%	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 Earn-in	222.8	100%	100%
E45/2805	242km NE of Newman	Paterson - Antofagasta Earn-in	209.7	100%	100%
E45/2806	251km NE of Newman	Paterson	63.7	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 - Midas Earn-in	187.8	0%, ENR earning 70%	0%, ENR earning 70%
E45/4091	253km NE of Newman	Paterson - Midas Earn-in	257.7	0%, ENR earning 70%	0%, ENR earning 70%

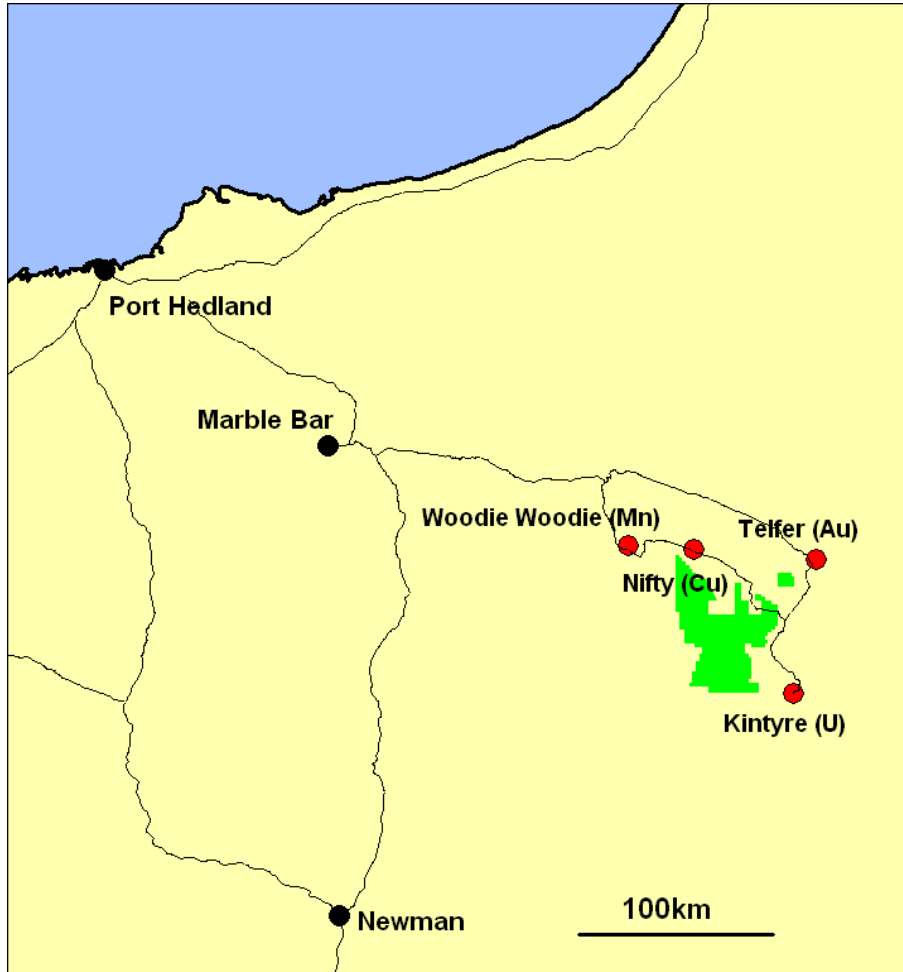


Figure 10: Yeneena Project Location Plan

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 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.

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")

31 December 2013

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	(882)	(2,514)
(b) development	-	-
(c) production	-	-
(d) administration	(223)	(494)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	24	65
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 - R&D tax concession refund	-	237
- Other	120	146
Net Operating Cash Flows	(961)	(2,560)
Cash flows related to investing activities		
1.8 Payment for purchases: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(7)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Farm-in cash calls received	320	1,651
Net investing cash flows	320	1,644
1.13 Total operating and investing cash flows (carried forward)	(641)	(916)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(641)	(916)
	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	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(641)	(916)
1.20	Cash at beginning of quarter/year to date	4,532	4,807
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,891	3,891

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

-

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 \$538,493 (\$1,757,104 year to date) incurred by other entities pursuant to a farm-in agreement on projects held by the Company have been 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	500
4.2 Development	-
4.3 Production	-
4.4 Administration	225
Total	725

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	842	112
5.2 Deposits at call	3,049	4,420
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,891	4,532

+ See chapter 19 for defined terms.

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	-	-	-

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	-		
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues	-	-	
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	
7.3	+Ordinary securities	132,543,350	132,543,350	
7.4	Changes during quarter			
	(a) Increases through issues	-	-	
	(b) Decreases through returns of capital, buy-backs	-	-	
	(c) Released from Escrow	-	-	
7.5	+Convertible debt securities	-	-	
	<i>(description)</i>			

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-		
7.7	Options <i>(description and conversion factor)</i>			<u>Exercise price</u>	<u>Expiry date</u>
		5,425,000	-	\$1.35	22/11/2014
		550,000	-	\$0.80	30/9/2015
		550,000	-	\$0.40	31/5/2016
		1,450,000	-	\$0.30	30/11/2016
		750,000	-	\$0.39	30/11/2017
		750,000	-	\$0.21	31/5/2017
7.8	Issued during quarter	-	-		
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	-	-		
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:

(Company secretary)

Date: 30 January 2014

Print name: Kevin Hart

+ See chapter 19 for defined terms.

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.