

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 (31/07/14)

A\$34m (\$0.26/share)

Issued Capital (31/07/14)

132.5 million ordinary shares
10.2 million employee options

Cash (30/06/14)

A\$3.8M

Board of Directors & Management

Mr. Paul Chapman
Non-Executive Chairman

Mr. Will Robinson
Managing Director

Mr. Peter Bewick
Exploration Director

Dr. Jon Hronsky
Non-Executive Director

Mr. Kevin Hart / Mr. Dan Travers
Joint Company Secretary

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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.

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

- Significant copper intersected from in-fill and extensional drilling at the BM1 Prospect. RC drilling extended mineralisation south-east across the interpreted King Fault previously thought of as a bounding structure.
- Assay results include:
 - 45m @ 1.4% Cu from 12m incl. 16m @ 3.2% Cu from 26m
 - 18m @ 3.2% Cu from 32m incl. 9m @ 6.0% Cu from 37m
 - 50m @ 1.1% Cu from 12m incl. 19m @ 2.3% Cu from 31m
- Supergene copper mineralisation provides potential south-east vector towards primary copper mineralisation.
- Diamond drilling at BM1 to commence immediately following the completion of the current drill hole.
- Initial leach testing to be completed on BM1 copper oxide mineralisation in September 2014 quarter.
- Planned exploration under the Antofagasta earn-in agreement during the September 2014 quarter to include 2,500m of diamond drilling and 8,300m of aircore/RC drilling.

Fishhook (Encounter 100%)

- The first systematic regional RC/AC drilling has commenced at the Fishhook Prospect.

Millennium Zinc (Encounter 100%)

- EIS co-funded RC drilling to commence in August 2014, with diamond drilling to follow.

Stirling Earn-in (Encounter earning in from St Barbara)

- EIS co-funded drilling of a magnetic target prospective for Telfer style Cu-Au mineralisation to commence Sept 2014.

CORPORATE

- The Company is well funded with a cash balance of \$3.8M at 30 June 2014 and a further \$1.5M contribution received in July 2014 under the Antofagasta earn-in to cover the September 2014 quarter exploration expenditure.

EXPLORATION

PATERSON PROVINCE

YENEENA COPPER - COBALT PROJECT

- 100% Encounter - E45/2500, E45/2501, E45/2502, E45/2503, E45/2561, E45/2657, E45/2806 and ELA45/4408
- Antofagasta earning into E45/2658 and E45/2805
- Encounter 100%, Independence Group NL (IGO) Option ELA45/4316
- Encounter earning into E45/3232 and E45/3308 from St Barbara Ltd (SBM)
- Encounter earning into E45/3768 and E45/4091 from Hammer Metals Ltd (HMX) formerly Midas Resources Ltd

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).

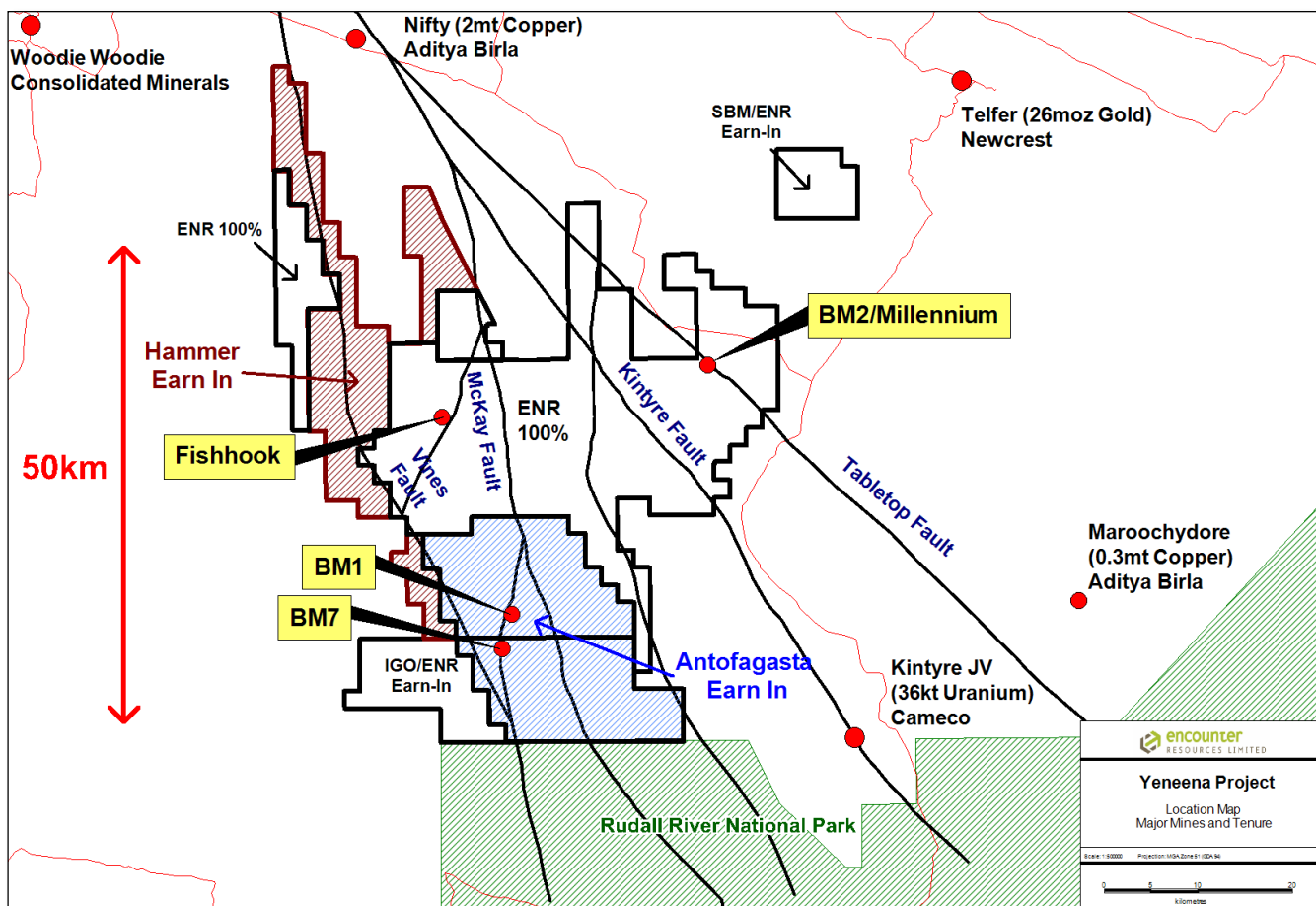


Figure 1: Yeneena project leasing and target areas with major regional faults

Diamond drilling operations commenced in April 2014 at the BM2 Prospect before moving to the BM1/BM7 prospect area to undertake drilling as part of the Antofagasta earn-in. A second drill rig with Aircore (AC) and Reverse Circulation (RC) capability arrived on-site in June 2014 and completed extensional/metallurgical RC drilling at the BM1 prospect during the quarter (see ASX announcement dated 15th July 2014). Both Diamond and AC/RC drilling activities remain on-going with diamond drilling of the BM7 and BM1 prospects and an AC/RC drill program commencing on regional targets at BM8, BM9, BM10 and Fishhook prospect areas.

Exploration activities conducted in the June 2014 quarter included:

- Heritage survey at the BM7, BM7 East and BM8 prospects
- Heritage survey at the Stirling Prospect - St Barbara Mining earn-in tenements (Encounter earning in).
- VTEM survey over prospective Broadhurst Formation as part of the Hammer Metals Ltd earn-in (Encounter earning in).
- Diamond drilling at BM7
- Extensional and metallurgical RC drilling at the BM1 Prospect
- RC/AC drilling at BM8 Prospect

**BM1-BM6-BM7-BM8-BM9-BM10
(Antofagasta Earning In)**

The two earn-in tenements, E45/2658 and E45/2805, host the BM1, BM6, BM7, BM8, BM9 and BM10 prospects (see Figure 2).

A significant diamond and RC drilling program is currently underway as part of the Antofagasta earn-in. In the June 2014 quarter six broad-spaced, framework diamond drill holes were completed at BM7 with hole spacings from between 400m to 1.6km. This drilling is following up on results received late in 2013 where the final diamond hole of 2013, EPT1719, intersected 5.3m @ 2.5% Cu from 387.6m including 0.7m @ 10.7% Cu from 388.6m (ASX announcement 22 October 2013).

Further work completed in the quarter included extensional and metallurgical RC drilling at the BM1 Prospect and the commencement of a large regional RC/aircore campaign over new targets (BM8, BM9 and BM10) and the extensions of existing prospects.

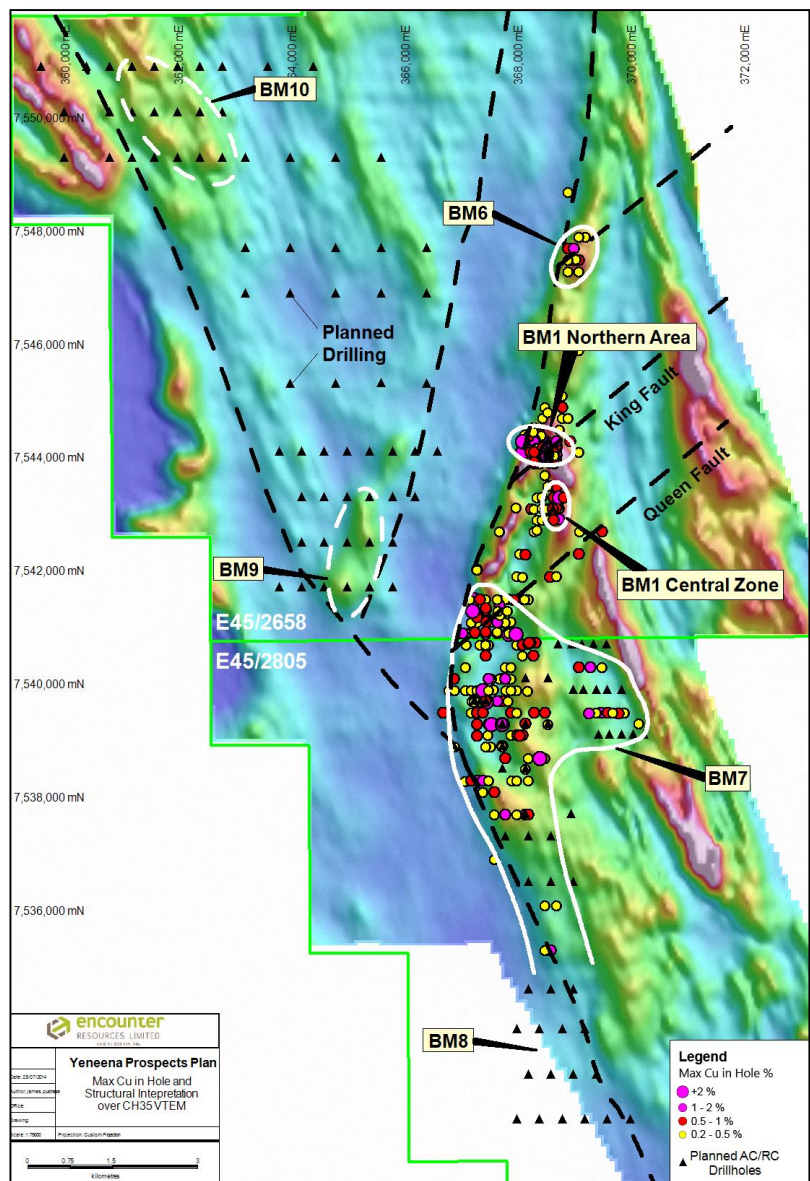


Figure 2: Antofagasta JV area - targets with major regional structures

BM1 Prospect - RC/Aircore Metallurgical/Extensional Drill Program

The BM1 prospect is associated with an interpreted NE trending splay or linking structure referred to as the King Fault, which splays from the regionally significant McKay Fault. In the June 2014 quarter the first phase of aircore/RC drillholes was completed within and outside areas of known copper oxide mineralisation at BM1 and BM7. This program was designed to collect representative samples of the various species of oxide mineralisation for sequential copper analysis (an assaying method designed to test copper recoveries utilising various acids).

The program was extended to include a second phase of RC drilling at BM1 following the discovery of high grade copper mineralisation south-east of the previously interpreted boundary along the north-east trending King Fault (see Figure 3). This second phase of RC drilling was completed subsequent to the June 2014 quarter with results recently received.

Highlights from the first phase of RC drilling **within** the area of previously defined mineralisation include: (see ASX release 15th July 2014)

- 18m @ 3.2% Cu from 32m including 9m @ 6.0% Cu from 37m (EPT 2060)
- 25m @ 1.4% Cu from 31m including 6m @ 2.8% Cu from 47m (EPT 2061)
- 34m @ 1.1% Cu from 28m including 8m @ 2.0% Cu from 46m (EPT 2062)

Highlights from the first phase of RC drilling **outside** the area of previously defined mineralisation include: (see ASX release 15th July 2014)

- 45m @ 1.4% Cu from 12m including 16m @ 3.2% Cu from 26m (EPT 2063)
- 47m @ 1.0% Cu from 11m including 15m @ 1.5% Cu from 42m (EPT 2066)
- 50m @ 1.1% Cu from 12m including 19m @ 2.3% Cu from 31m (EPT 2072)
- 40m @ 0.9% Cu from 10m including 11m @ 2.0% Cu from 23m (EPT 2073)
- 13m @ 0.6% Cu from 12m including 2m @ 2.5% Cu from 21m (EPT 2074)
- 26m @ 1.1% Cu from 0m including 7m @ 2.0% Cu from 2m (EPT 2075)

New assay results received from the second phase of the extensional RC drilling program have further expanded the near surface copper zone and intersected supergene copper below the base of oxidation (see Figures 3 & 4) . Results include:

- 12m @ 1.2% Cu from 50m including 4m @ 2.6% Cu from 56m (EPT 2080)
- 42m @ 0.4% Cu from 18m including 4m @ 1.7% Cu from 48m (EPT 2078)
- 18m @ 0.5% Cu from 16m including 2m @ 1.2% Cu from 22m (EPT 2083)

Of particular interest is the identification of shale hosted supergene copper mineralisation at the end of holes EPT 2079 and EPT 2081.

- 12m @ 0.4% Cu from 68m to EOH (EPT 2079)
- 10m @ 0.3% Cu from 70m to EOH (EPT 2081)

These holes are located in the south-east of the prospect adjacent to the interpreted King Fault and are interpreted to provide a vector to primary copper sulphide mineralisation below the high grade oxide and supergene mineralisation. Previous diamond drilling in the vicinity of this position intersected an interval of intense hematite alteration over a downhole length of 30m. It is possible this hematite zone is the product of the complete leaching of chalcocite mineralisation that may be the source of the BM1 oxide mineralisation. A review of the previous BM1 drilling was completed in light of these latest results and with regard to the learnings from the diamond drill program at BM7. A follow up diamond drilling program has been designed together with Antofagasta with drilling to commence in August 2014. The initial two hole diamond drilling program will test for copper sulphide

mineralisation down dip of the hematite zone and within the interpreted King Fault position at depth, directly below the high grade copper mineralisation discovered at BM1. Diamond hole collar locations are shown in Figures 3 and 4.

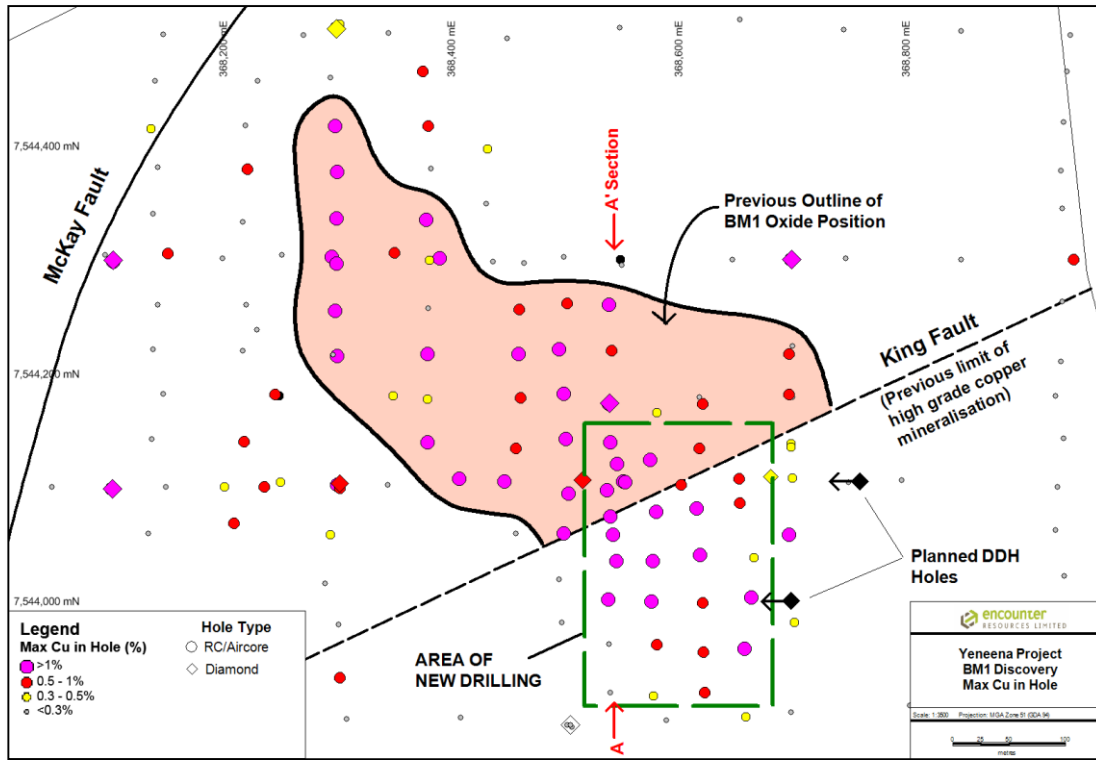


Figure 3 – BM1 Drill Hole Location Map with Max Copper in Hole (Section A-A' see Figure 5)

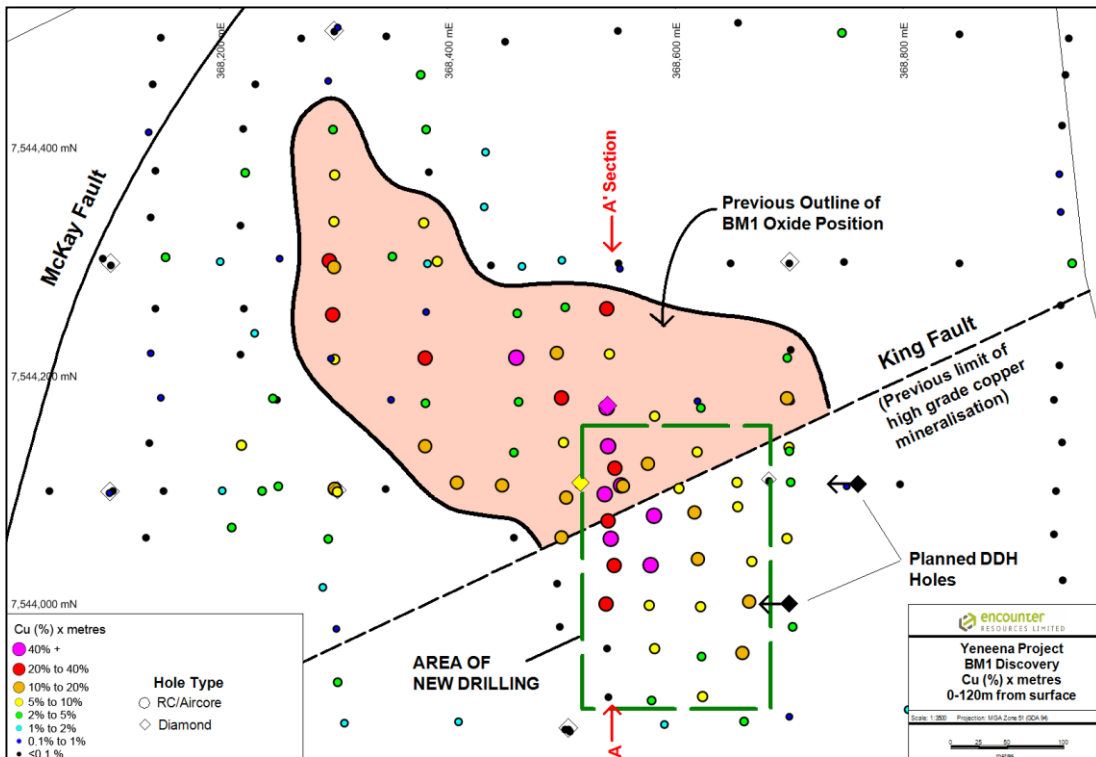


Figure 4 – BM1 Drill Hole Grade thickness map (Copper grade% x metres)

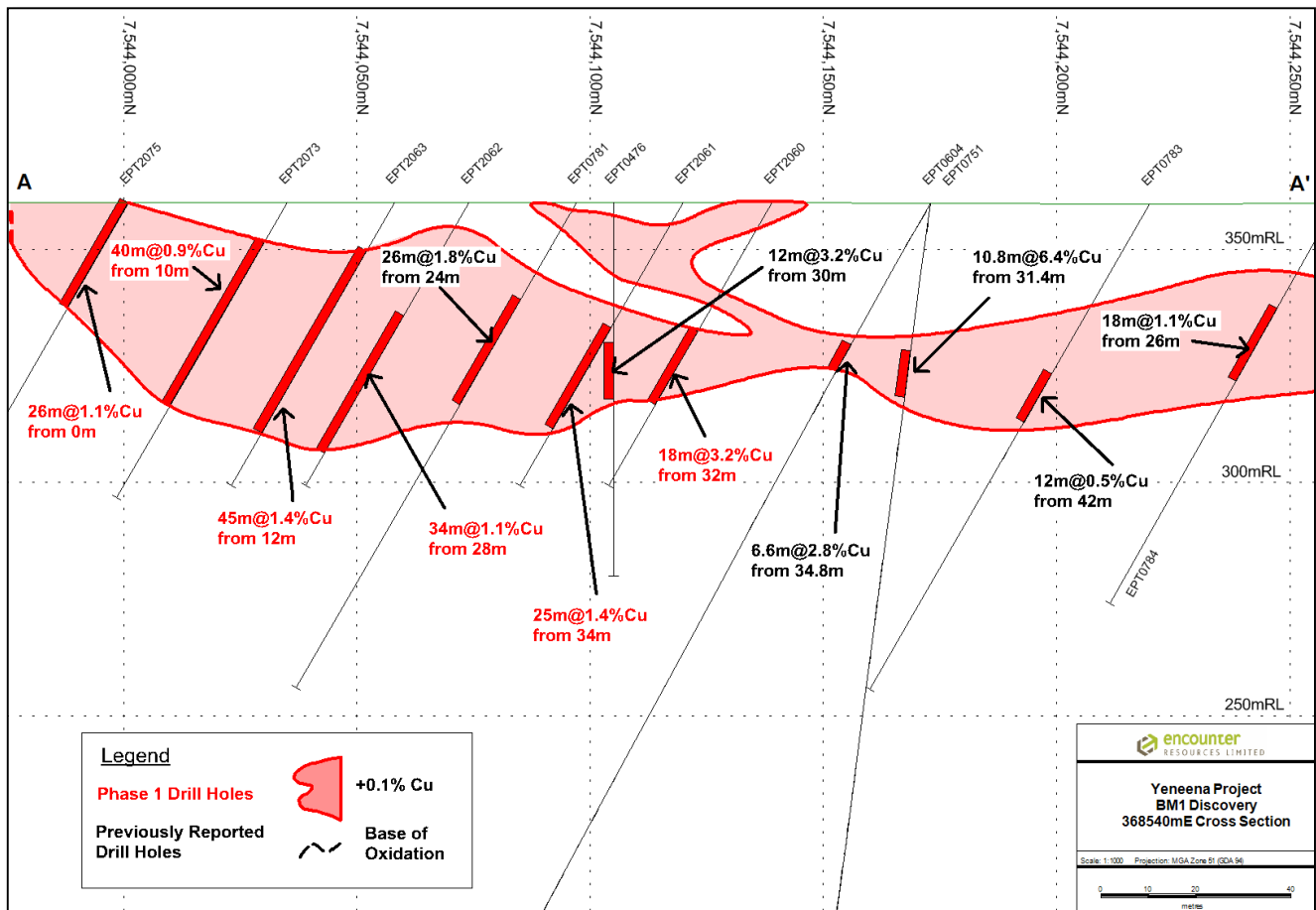


Figure 5 – BM1 Cross Section A-A' 368540mE (see Figure 3 for location)

Details of Phase 1 and Phase 2 RC results from BM1 can be found in Tables 1 and 2.

Hole ID	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT2060	7544139	368541	360	70	-60	180
EPT2061	7544120	368547	360	70	-60	180
EPT2062	7544074	368541	360	70	-60	180
EPT2063	7544058	368543	360	70	-60	180
EPT2064	7544165	368582	360	73	-60	180
EPT2065	7544124	368576	360	70	-60	180
EPT2066	7544078	368581	360	85	-60	180
EPT2072	7544035	368578	360	74	-60	180
EPT2073	7544035	368546	360	73	-60	180
EPT2074	7543999	368577	360	73	-60	180
EPT2075	7544001	368539	360	73	-60	180
EPT2078	7544081	368617	360	79	-60	180
EPT2079	7544086	368655	360	80	-60	180
EPT2080	7544040	368620	360	93	-60	180
EPT2081	7544038	368667	360	80	-60	180
EPT2082	7543998	368622	360	85	-60	180
EPT2083	7544003	368665	360	85	-60	180

Hole ID	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT2084	7543962	368540	360	78	-60	180
EPT2085	7543961	368582	360	80	-60	180
EPT2086	7543955	368623	360	80	-60	180
EPT2087	7543958	368659	360	73	-60	180
EPT2088	7543919	368541	360	73	-60	180
EPT2089	7543916	368579	360	61	-60	180
EPT2090	7543919	368624	360	80	-60	180

Table 1: BM1 Phase 1 and 2 RC Drill hole information

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

Hole ID	Depth from (m)	Depth to (m)	Interval (m)	Copper (%)
EPT2060	0	7	7	0.15
and	16	18	2	0.1
and	22	25	3	0.14
and	32	50	18	3.17
incl.	37	46	9	5.95
EPT2061	3	20	17	0.18
and	31	56	25	1.38
incl.	31	39	8	1.62
and	47	55	8	2.44
incl.	48	50	2	5.26
EPT2062	6	22	16	0.21
and	28	62	34	1.05
incl.	31	36	5	1.83
and	46	54	8	1.99
EPT2063	12	57	45	1.38
incl.	28	42	14	3.55
and	35	36	1	17.0
EPT2064	7	27	20	0.12
and	50	68	18	0.22
EPT2065	19	55	36	0.29
incl.	42	44	2	1.88
EPT2066	30	77	47	0.96
incl.	42	57	15	1.54
EPT2072	12	62	50	1.08
incl.	31	50	19	2.30
EPT2073	10	50	40	0.86
incl.	23	34	11	2.02
and	26	29	3	3.07
EPT2074	12	25	13	0.57
incl.	21	23	2	2.52
incl.	22	23	1	3.42
and	29	31	2	0.13
and	45	54	9	0.17
and	57	59	2	0.18
and	62	64	2	0.12
EPT2075	0	26	26	1.14
incl.	2	9	7	1.96
and	13	18	5	2.12
incl.	17	18	1	5.30

Hole ID	Depth from (m)	Depth to (m)	Interval (m)	Copper (%)
EPT2078	18	60	42	0.42
incl.	48	52	4	1.69
EPT2079	42	52	10	0.33
and.	68	80*	12	0.44
EPT2080	2	4	2	0.18
and.	28	38	10	0.29
and.	50	62	12	1.21
Incl.	56	60	4	2.64
EPT2081	44	58	14	0.24
and.	70	80*	10	0.29
EPT2082	22	56	34	0.29
EPT2083	28	46	18	0.35
incl.	32	34	2	1.01
and.	56	70	14	0.47
and.	72	74	2	0.11
EPT2084	-	-	-	NSA
EPT2085	8	18	10	0.25
and.	30	54	24	0.16
and.	66	68	2	0.11
EPT2086	18	22	4	0.18
and.	40	46	6	0.57
and.	48	50	2	0.11
EPT2087	16	34	18	0.47
incl.	22	24	2	1.22
and.	46	56	10	0.25
EPT2088	-	-	-	NSA
EPT2089	20	40	20	0.17
EPT2090	24	38	14	0.52
and.	58	60	2	0.10

Table 2: BM1 Phase 1 and 2 RC Drill Hole Assay Summary

*Intervals listed are composited from individual assays using a nominal cut off of 0.1% copper. Zones of below 0.1% copper have been included in some composite calculations. * denotes end of hole intersection.*

BM7 Prospect

(Refer ASX announcement 27 November 2013 for BM7 JORC 2012 disclosures, unless otherwise referenced). 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). Exploration in 2013 outlined a 6km x 3km copper system and intersected high grade copper sulphide mineralisation in the first diamond drill program at the prospect.

A heritage survey was completed in April 2014 to facilitate the drilling for the 2014 field season. During the June 2014 quarter six diamond drill holes were drilled at hole spacings from between 400m to 1.6km. The aim of this initial program was to refine the understanding of the 3D geology at BM7 and to provide geochemical and structural vectors to high grade copper sulphide mineralisation as seen in EPT1719 (5.3m @ 2.5% Cu from 387.6m including 0.7m @ 10.7% Cu from 388.6m, Photo 1) (Reported pursuant to the 2004 Edition of the JORC Code – refer ASX announcement 22 October 2013)



Photo 1. EPT1719 ~387.6m to 392.9m. Veined and brecciated carbonate with local massive copper sulphide breccia cement

Observations from the initial framework diamond holes indicate a flat lying, large-scale thrust forms a footwall to the copper system (termed the “Footwall Shear”). The strongest copper sulphide mineralisation occurs just above the Footwall Shear in the west of BM7 where the sedimentary sequence is dominated by sulphidic black shales and carbonate interbeds. The chalcopyrite mineralisation hosted in the units directly above the Footwall Shear appears to be zoned from a pyrite association in the south to a carbonate hosted, vein controlled assemblage and finally to pervasive, shale hosted chalcopyrite in the north of BM7. This sulphide zonation indicates a prospectivity vector to the north of the BM7 system.

The current phase of diamond drilling is focused on testing the region between the BM7 and BM1 prospects on 800m spaced sections to test the mineralisation vector defined in the early framework drilling.

The initial three drillholes at BM7 in 2014 were drilled to complete a broad, 3km wide section across the copper system on the section that contains the best primary copper mineralisation intersected to date (see Figure 6). A single diamond drill hole has also been completed on each of the sections 400m, 800m and 1600m south of EPT1719. Although assay results received from these holes are not complete, the findings from the initial drilling are considered significant in directing our future drilling. Visual inspection of the drill core indicates that most holes intersected visible copper mineralisation, however, the drilling did not intersect additional zones of high grade copper sulphide mineralisation similar to EPT1719. A tabulation of assays from the first four holes of the program are provided in Tables 3 and 4 below. Refer to Figure 6 for a plan view of drillhole locations.

A program of 2500m of diamond drilling has been planned for the September 2014 quarter under the Antofagasta earn-in. This drilling will primarily focus on testing for shale hosted copper mineralisation directly above the Footwall Shear between the BM7 and BM1 prospects, as mineralisation vectors appear to strengthen as we extend north.

Hole ID	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT1858	7539300	368550	360	816.9	-60	270
EPT1860	7539302	370149	360	647.7	-60	270
EPT1884	7539302	368147	360	634.7	-60	270
EPT1895	7537698	368156	360	384.7	-60	270
EPT1996	7538498	367748	360	380.6	-60	270
EPT1997	7538900	367750	360	498.7	-60	270

Table 3: BM7 Diamond Drill hole information

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

Hole ID	Depth from (m)	Depth to (m)	Interval (m)	Copper (%)
EPT1858	60	70	10	0.17
and	82	90	8	0.14
and	573.8	574.5	0.7	0.32
and	577.85	578.5	0.65	0.13
and	592.9	593.1	0.2	0.14
and	604.4	605	0.6	0.13
EPT1860	203.6	203.7	0.1	0.37
EPT1884	52	74	22	0.28
and	265	267.8	2.8	0.15
and	272.6	273.1	0.5	0.15
and	277	278	1	0.15
and	282.5	283	0.5	0.11
and	370.2	423.5	53.2	0.12
and	510	511	1	0.10
and	526	527	1	0.17
and	540	542	2	0.25
EPT1895	48	70	22	0.14
and	227	228	1	0.12
and	244	246	2	0.15
and	268	278	10	0.29
incl.	276	277	1	1.34
and	288.65	289	0.35	0.13
and	309	310	1	0.12

Table 4: BM7 DD Drill Hole Assay Summary

Intervals listed are composited from individual assays using a nominal cut off of 0.1% copper. Zones of below 0.1% copper have been included in some composite calculations

BM7 East Prospect

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

Shallow RC drilling on two 800m spaced sections to the east of the previous known mineralisation at BM7 resulted in the discovery of the BM7 East regolith anomaly (Figure 6) during the second half of 2013. 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 6). The tenor and scale of the metal anomalism at BM7 East is considered very significant given the broad spacing of the initial drilling. It is interpreted that this anomalism results from the direct weathering of a body, or bodies of copper sulphide mineralisation.

Further RC drilling is planned for the BM7 East area in the second half of 2014 to infill the current section spacing in search of near surface high grade copper oxide mineralisation. This program is scheduled to commence in August 2014.

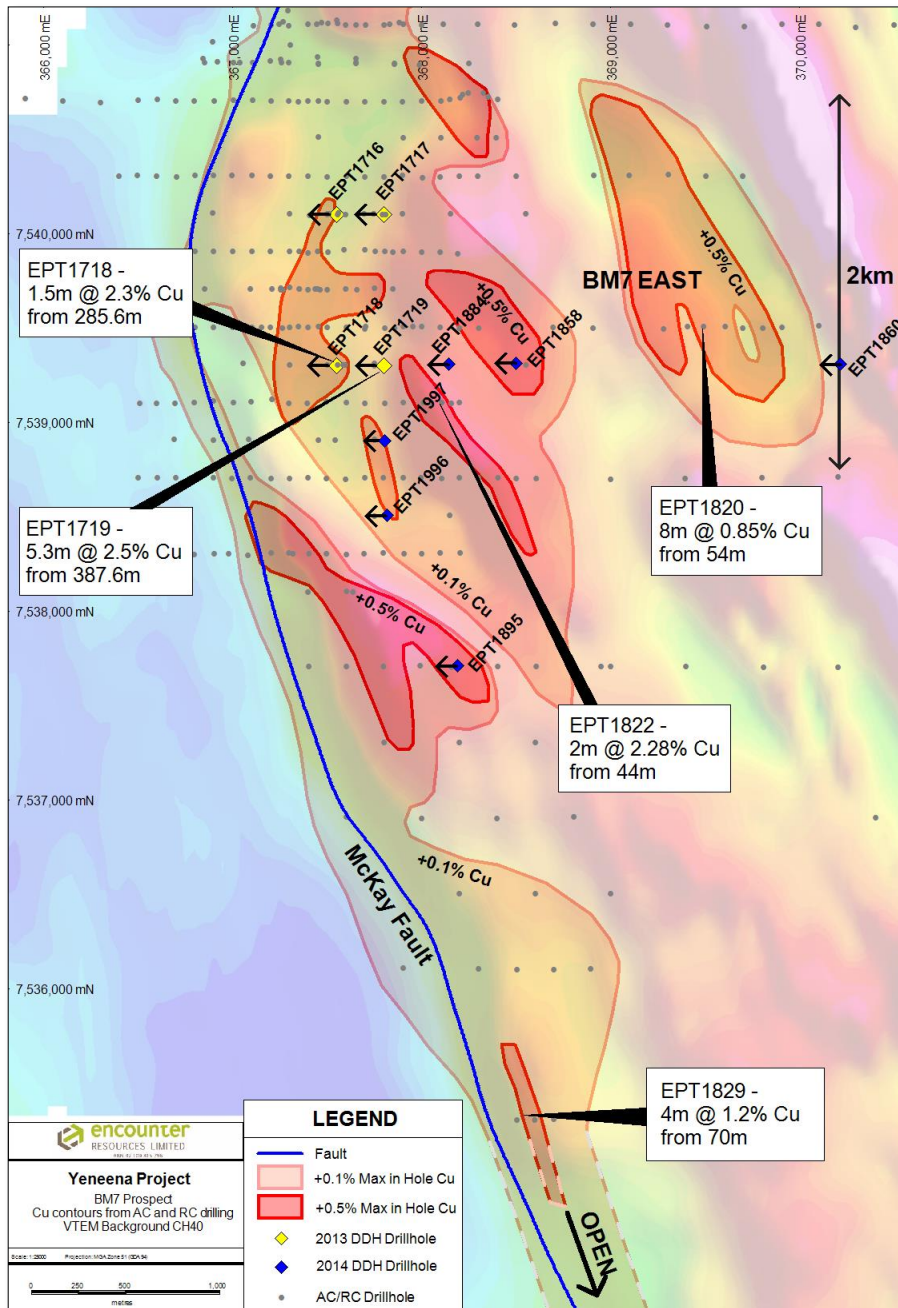


Figure 6 – BM7/BM7 East Prospect – Diamond Drill Plan (Background image - VTEM CH40)

BM8 Prospect

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

Drilling in the September 2013 quarter at the BM8 prospect indicated copper anomalism was strengthening towards the western end of the drill lines.

A review of the regional gravity data suggested that the McKay Fault may be located further to the west than the interpreted location from the electromagnetic data. This interpretation implied that the BM8 drill lines should be extended to the west.

In April 2014, a heritage survey was completed which extended the drill lines at BM8 further to the west to enable RC/aircore drilling to test this interpretation. The drilling which consisted of 17 holes for 820 metres was completed in June 2014. The holes were drilled on four lines on a 400m x 800m grid (Figure 2). Assay results from this drilling were recently received and indicated no significant copper oxide anomalism was detected in this program. Results will be reviewed in the September 2014 quarter to determine further evaluation required.

BM2 / Millennium Prospect (Encounter 100%)

(Refer ASX announcement 13 December 2013 for BM2 JORC 2012 disclosures, unless otherwise referenced). 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).

Diamond drilling during the second half of 2013 (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 Figures 7 & 8).

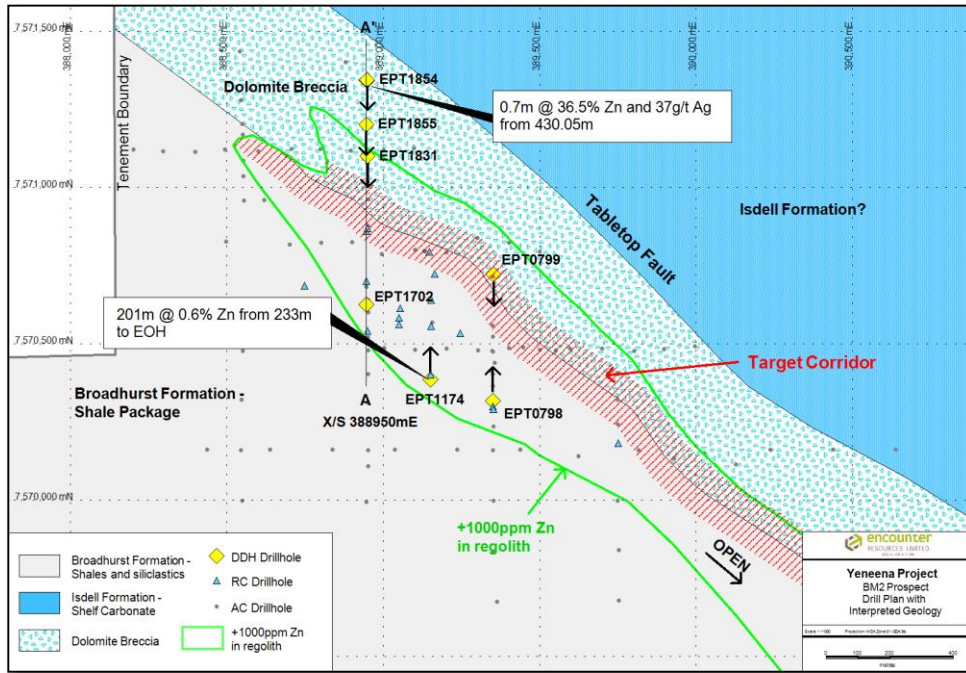


Figure 7 – BM2 Prospect – Drill status plan and geochemical summary.

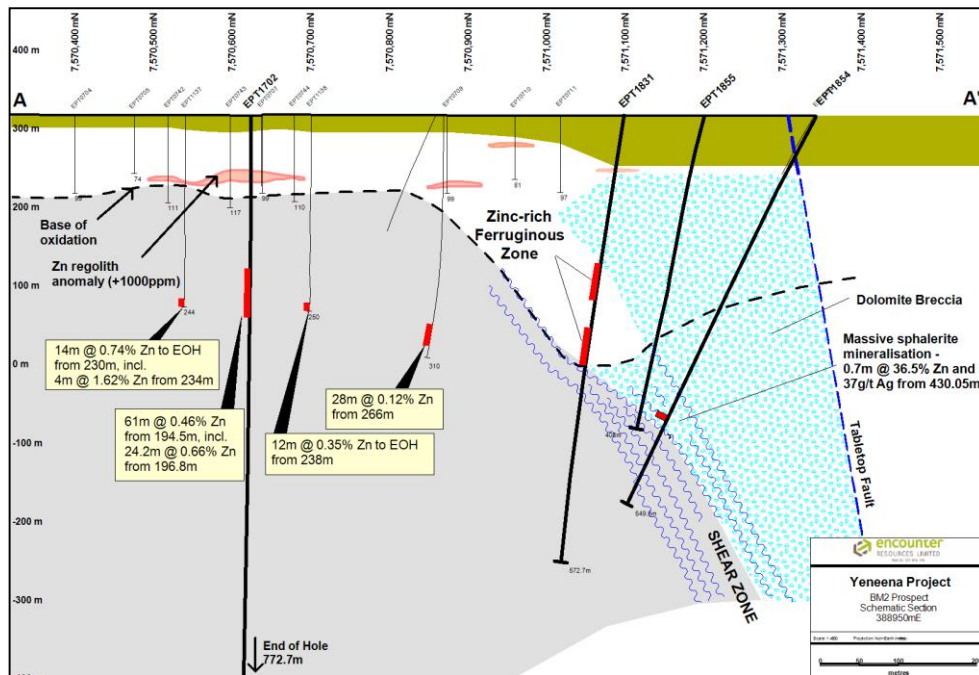


Figure 8– BM2 Prospect – Schematic Section.

Diamond drill hole EPT1831 (October 2013) intersected a number of zones of highly oxidized, iron rich material containing elevated zinc within an overall downhole length of 140m (Photo 2). These zones graded approximately 1.2% zinc (Refer to March Quarterly ASX announcement on 24th April 2014) and sit at the contact between a brecciated carbonate and a sulphidic black shale. The ironstone, which starts from a depth of 175m, is interpreted to represent the weathered remnants of a body of zinc sulphide mineralisation.

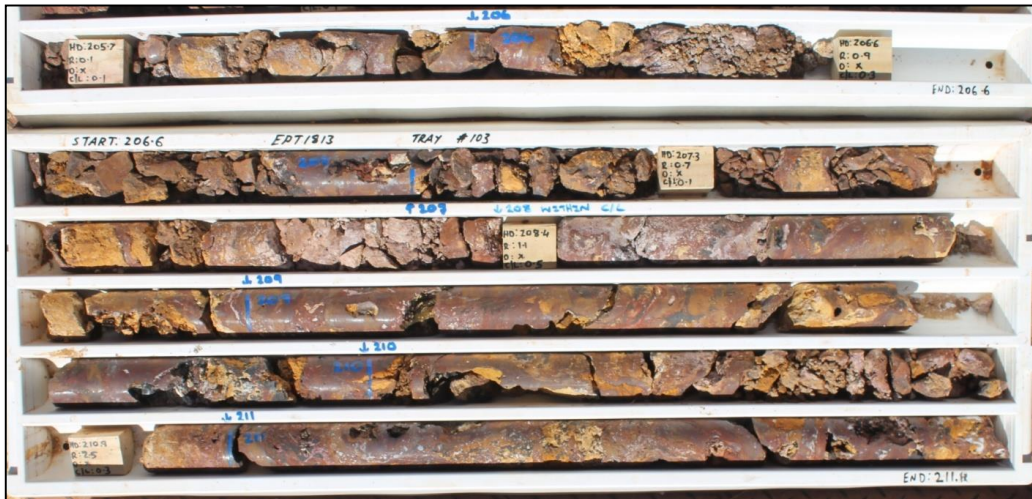


Photo 2– EPT1831 ~205.7 to 211.8m – Highly oxidized, iron rich material containing elevated zinc (~1% Zn)

EPT1854 tested the down-dip extent of the ironstone in EPT1831, and intersected two narrow zones of massive Zn-sulphide mineralisation (Photo 3). This zinc sulphide mineralisation (sphalerite) is located 200m down-dip from the top of the iron rich gossanous material in EPT1831. 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 was 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 Zn anomalism over a strike length of 2km which remains open to the south-east (Figure 7).

Chemical assays from these zones combined 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 (Refer to March Quarterly ASX announcement on 24th April 2014).



Photo 3 - EPT1854 – ~428.3 to 431.6m – 0.3m and 0.1m wide zones of brecciated and laminated massive zinc sulphide mineralisation.

The diamond drilling program at BM2 re-commenced in April 2014. The initial hole in the program, EPT1855, was drilled to a depth of 408m and was designed to test the up dip position of high grade zinc sulphide mineralisation intersected in EPT1854 (see Figure 8). The hole intersected a similar alteration zone and low grade zinc mineralisation was noted at the carbonate/shale contact but no massive zinc sulphide mineralization was intersected. Drill hole information and assay results for this hole are shown in Tables 5 and 6.

Additional drilling at BM2 is planned for the September 2014 quarter and will test the shale / carbonate contact at the interpreted intersection with an anomalously thick package of shale sediments (the Millennium Target, Figure 9). It is interpreted this position represents the intersection of the key mineralising structure and margin of a sub basin within the Broadhurst sediments. This drilling will be co-funded under the WA Government Exploration Incentive Scheme and will consist of orientation traverses of shallow RC drilling, with follow-up diamond drilling.

Hole ID	Prospect	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT1855	BM2	7571202	388946	315	408	-76	180

Table 5: BM2 Diamond Drill hole information

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

Hole ID	From (m)	To (m)	Interval (m)	Zinc (%)	Lead (ppm)	Copper (ppm)
EPT1855	367.45	371	3.55	0.17	-	-

Table 6: EPT 1855 Assay Summary

Intervals listed are composited from individual assays using a nominal cut off of 0.1% zinc.

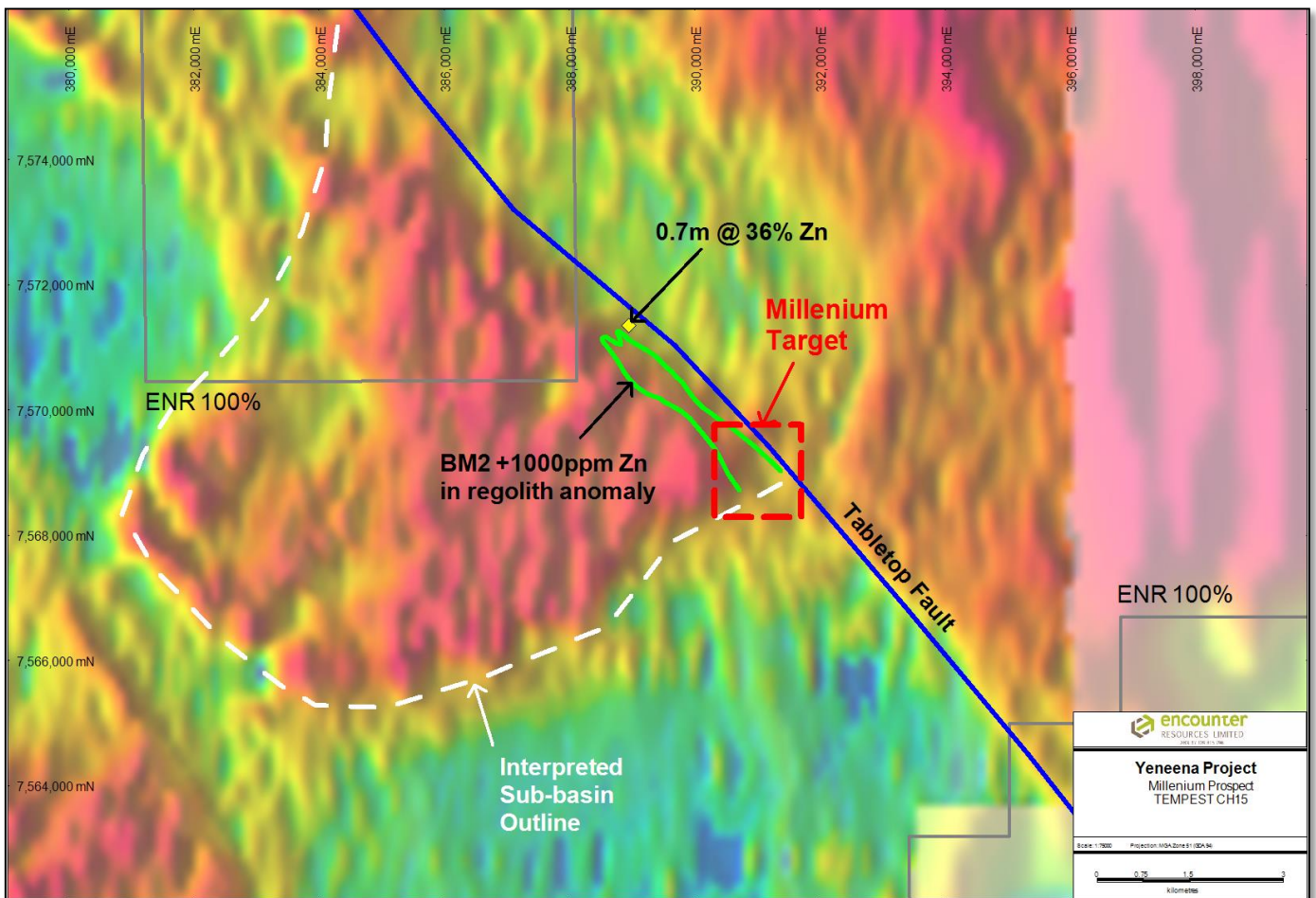


Figure 9: VTEM – BM2 / Millennium Prospect

Fishhook Copper Prospect

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 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 north-west of the Yeneena project during June 2013. Approximately 500 line km of the survey was completed over the Antofagasta 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 10).

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 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-BM7 trend located 20km south.

During the December 2013 quarter Encounter was awarded a WA Government Exploration Incentive Scheme (EIS) 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 prospective NE structural corridor commenced in July 2014. The hole locations for the initial systematic aircore drill program at Fishhook are shown on Figure 10.

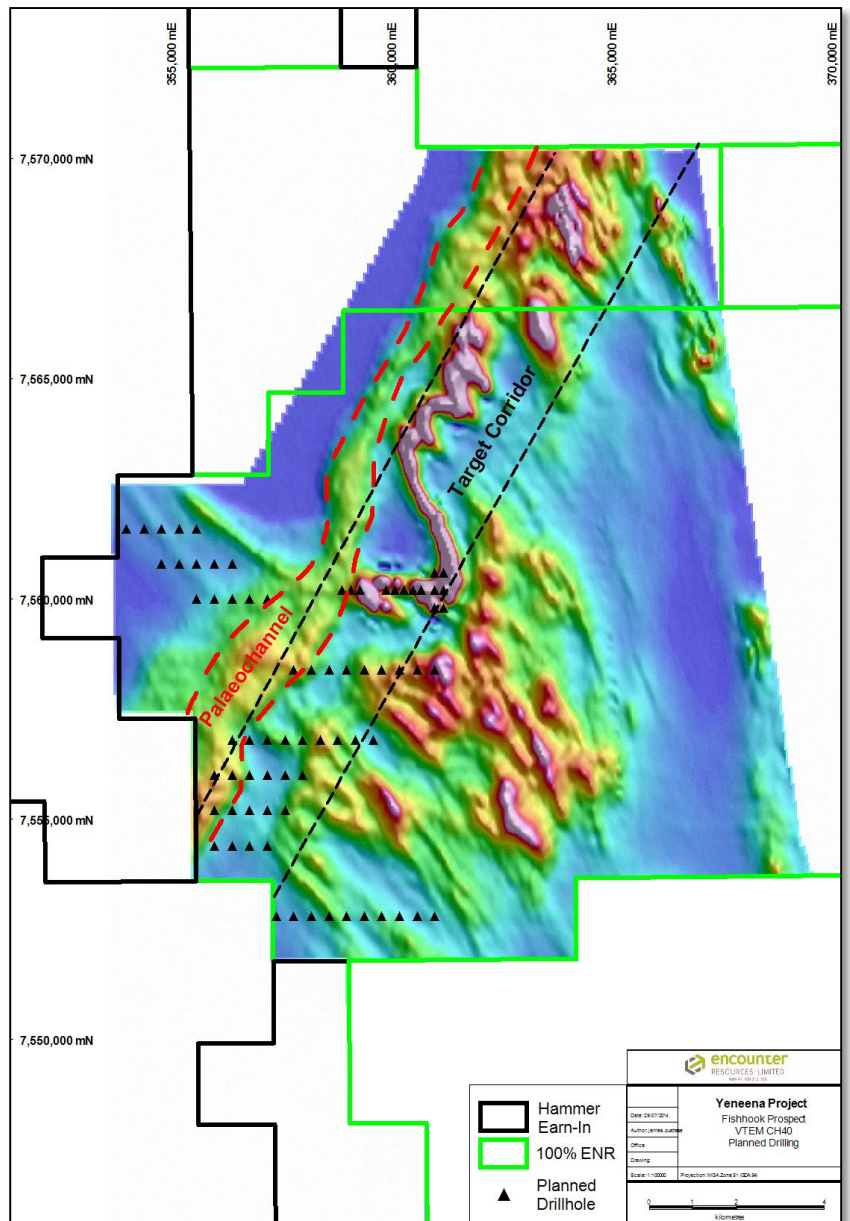


Figure 10: VTEM Fishhook target – NE Structural Corridor

Lookout Rocks Project – ENR earning in from Hammer Metals Ltd (formerly Midas Resources Ltd) (E45/3768 and E45/4091) and E45/4230 (100% Encounter)

A 560 line km airborne VTEM survey covering the area of the Hammer earn-in tenements was completed in April 2014. Final data from the survey has not been received yet, however preliminary images are shown in Figures 11a and 11b. The survey will provide information about the conductivity and magnetic variability of the basement rocks in this area of extensive sand cover. Once the final data set has been received an interpretation and targeting exercise will be conducted utilising the new information as well as the historic data over the area.

An initial interpretation of existing broad-spaced airborne geophysical data indicates the prospective structures and Broadhurst lithologies extend northwest from the Fishhook Prospect into the Hammer earn-in tenements. Historical exploration along the prospective trend is limited to a shallow RAB drilling program completed in the 1980s that intersected anomalous copper oxide mineralisation at the Lookout Rocks Prospect.

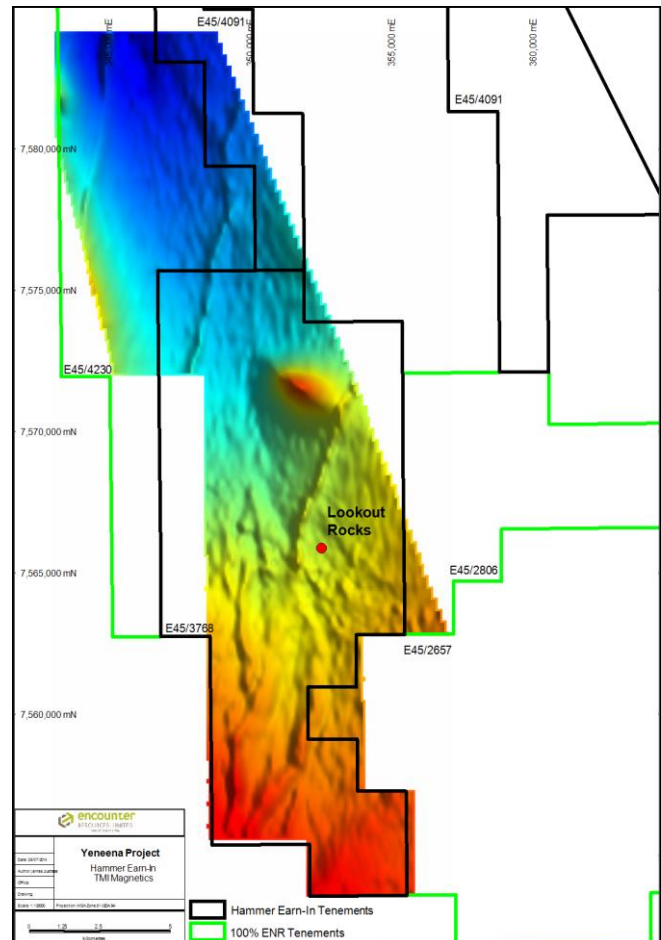
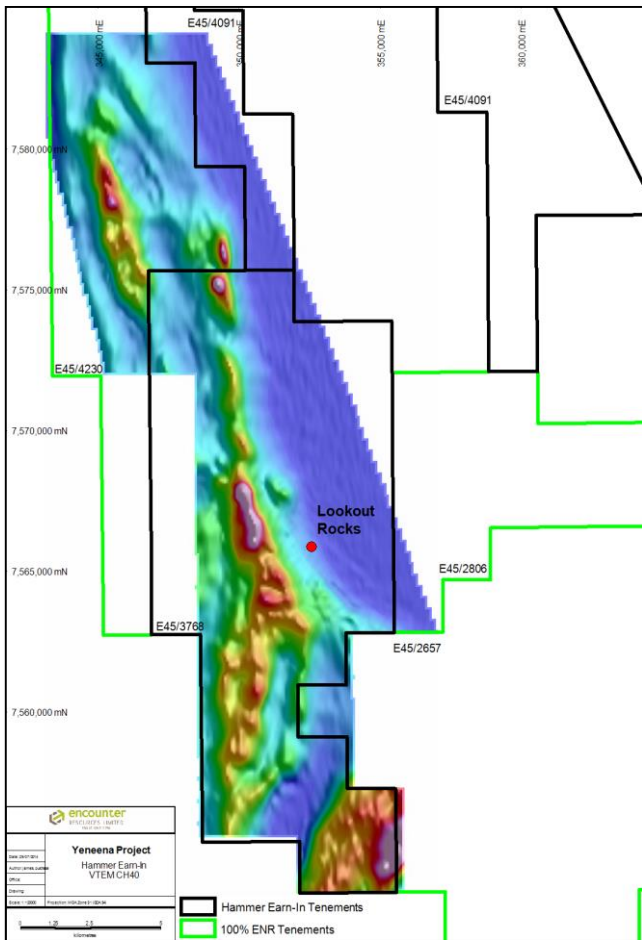


Figure 11a: VTEM Channel 40 – Lookout Rocks project

Figure 11b: Magnetic Image - Lookout Rocks project

Stirling Prospect - ENR earning in from St Barbara (E45/3308 and E45/3232)

An airborne VTEM survey was conducted at the Stirling Prospect in September 2013, centering on a magnetic target generated through the interpretation of broad-spaced aeromagnetic data. Modelling of the magnetic data from this survey highlighted a north-north easterly plunging magnetic anomaly hosted within Lamil Group sediments. It is interpreted that this anomaly may represent pyrrhotite or magnetite alteration associated with the Telfer-style Cu-Au mineralisation event (see Figure 12b).

A heritage survey was completed in June 2014 to facilitate initial RC drilling that will test the target at a depth of approximately 75m from surface. If successful a second phase of diamond drilling will test the anomaly at depth. This drilling is co-funded under the WA Government Exploration Incentive Scheme up to the value of \$150,000. Drilling is scheduled to commence in August 2014. No previous exploration has been conducted on this target.

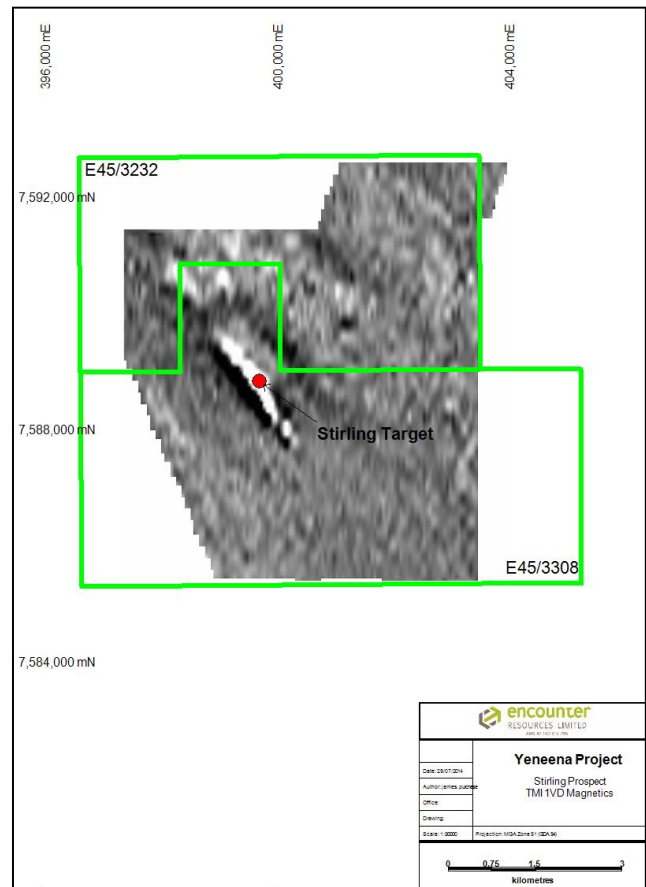
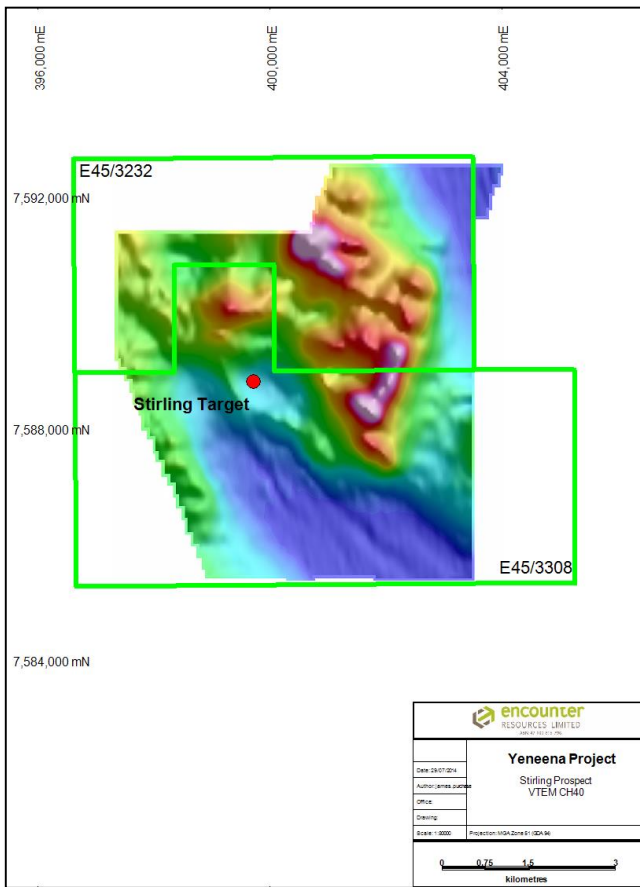


Figure 12a: VTEM Channel 40 - Stirling project

Figure 12b: Magnetic TMI 1VD – Stirling project

CORPORATE

Antofagasta to continuing the earn-in agreement into 2014

In January 2014, Antofagasta 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 Company held cash reserves at \$3.8m at 30 June 2014 and received a further \$1.5m contribution in July 2014 under the Antofagasta earn-in.

NEXT QUARTER HIGHLIGHTS

Activities planned for the September 2014 quarter include:

1. Ongoing diamond drilling program at BM1/BM7 (Antofagasta earn in)
2. Reconnaissance aircore programs over BM9 and BM10 regional targets (Antofagasta earn in)
3. RC drilling at BM7 East targeting high grade copper oxide mineralisation (Antofagasta earn in)
4. RC/diamond drilling at the Millennium Zinc Prospect (EIS co-funded drilling program)
5. Interpretation and target generation utilising the recently completed VTEM survey over the Hammer earn-In
6. Completion of the first systematic, reconnaissance aircore program at the Fishhook Prospect (EIS co-funded drilling program)
7. RC drilling at the Stirling Prospect (EIS co-funded drilling program, ENR Earning in from St Barbara)

TENEMENT INFORMATION

Lease	Location	Project Name	Area km ²	Interest at start of quarter (31/12/2013)	Interest at end of quarter (31/03/2014)
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%
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%
E45/4230	246km NE of Newman	Paterson	92.4	0%	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%	0%, ENR earning 70%
E45/4091	253km NE of Newman	Paterson - Hammer Earn-in	257.7	0%, ENR earning 70%	0%, ENR earning 70%

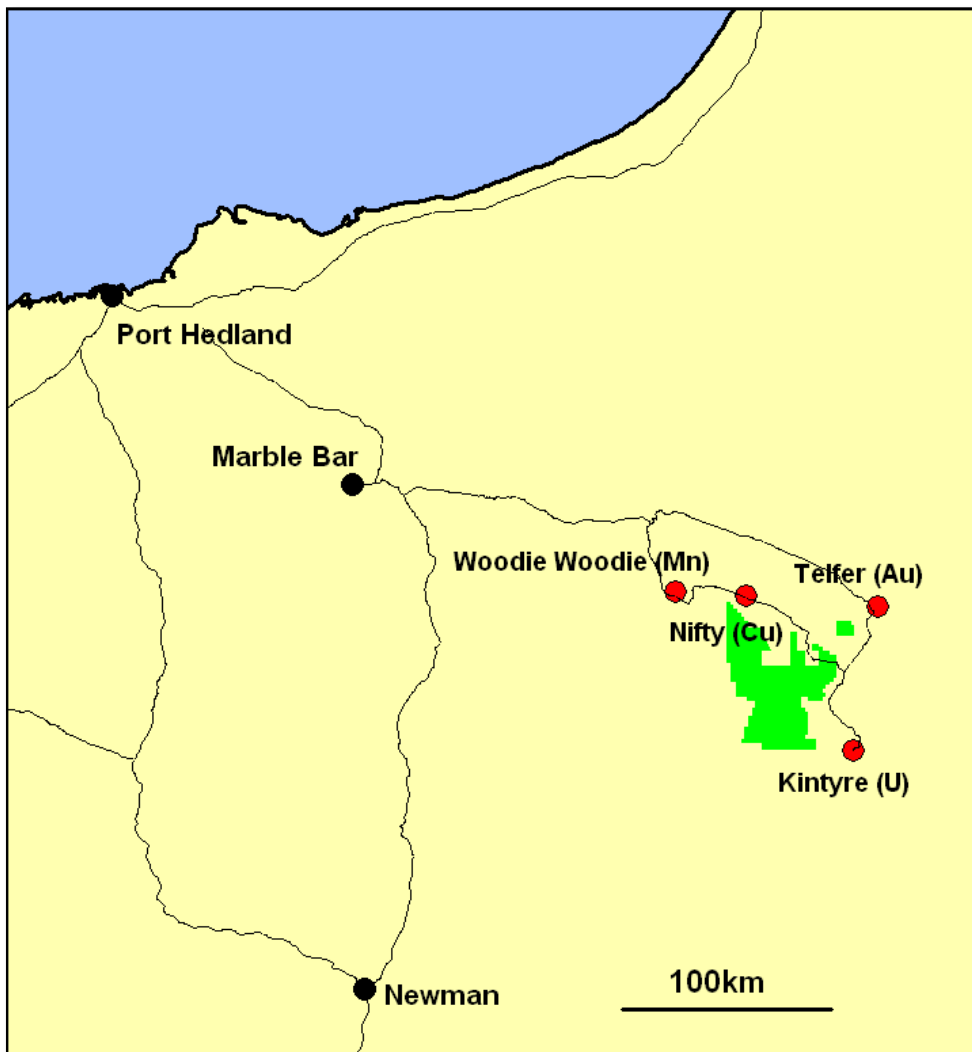


Figure 13: Yeneena Project Location Plan

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
<p>Sampling techniques</p>	<p><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> <hr/> <p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used</i></p> <hr/> <p><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>	<p>The BM2 project was sampled using Diamond Drilling (DD), with one hole drilled for 408m.</p> <p>The BM7 project was sampled using RC pre-collars and Diamond Drilling (DD), with six holes drilled for a total of 3363.3m The diamond drill program was drilled on east – west sections at spacings of 400 – 800m.</p> <p>The BM1 project was using Reverse Circulation (RC) drilling. A total of 24 RC holes were drilled in the two phases of drilling for a total of 1828m, with all holes drilled at -60 dip towards 180 azimuth. The RC program was drilled on nominal 40m spaced north-south sections with 20m to 40m spacing between drill holes. Onsite handheld Niton XRF instruments were used to systematically analyse diamond drill core and RC samples. These results are only used for onsite interpretation and the analyses are not reported.</p> <hr/> <p>Drill hole collar locations were recorded by handheld GPS, which has an estimated accuracy of +/- 5m.</p> <hr/> <p>Diamond core was drilled with PQ, HQ and NQ2 size and sampled as half core or fillet to produce a bulk sample for analysis. Intervals varied from 0.1 – 4m 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.</p> <p>Reverse circulation drilling was used to obtain 3-4 kg samples every 1m downhole via the onboard splitter. Pre-collars and Phase 2 RC holes were composited into 2m samples.</p> <p>These 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>
<p>Drilling techniques</p>	<p><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 orientated and if so, by what method, etc).</i></p>	<p>Diamond drill holes were completed using PQ and HQ triple tube and conventional NQ2 sized core. HQ and NQ core was orientated where possible.</p> <p>RC pre-collars were drilled using a 5 ¼” diameter face sampling hammer while RC holes at BM1 were drilled using 3 ½” diameter face sampling hammer.</p>
<p>Drill sample recovery</p>	<p><i>Method of recording and assessing core and chip sample recoveries and results assessed</i></p> <hr/> <p><i>Measures taken to maximise sample recovery and ensure representative nature of the samples</i></p> <hr/> <p><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></p>	<p>Diamond core recoveries/core loss was recorded during drilling and noted during geological logging. RC sample recoveries were estimated as a percentage and recorded by ENRL field staff.</p> <hr/> <p>Diamond driller's used appropriate measures to maximise diamond sample recovery, including the use of triple tube drilling. RC Drillers used appropriate measures to maximise RC sample recovery and minimise down-hole and/or cross – hole contamination.</p> <hr/> <p>To date, no detailed analysis to determine the relationship between sample recovery and/or and grade has been undertaken for these drill programs.</p>

Criteria	JORC Code explanation	Commentary
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Geological logging was carried out on all diamond drillholes, with lithology, alteration, mineralisation, structure and veining recorded. Where core was orientated, structural measurements were taken. Geological logging is currently being completed on chip samples from RC drilling, with lithology, alteration, mineralisation and veining recorded.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Geological logging is qualitative in nature and records interpreted lithology, alteration, mineralisation, structure, veining and other features of the samples.
	<i>The total length and percentage of the relevant intersections logged</i>	All drillholes are 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>	Diamond core was cut on site by Encounter Resources Ltd using automatic core saws. Diamond core was either half-cored or filleted depending on the degree of mineralisation identified during geological logging and systematic handheld Niton XRF sampling. Samples are collected from the same side of the core.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	RC samples were collected on the rig using a cone splitter. Samples were recorded as being dry, moist or wet by ENRL field staff.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Sample preparation will be completed at Ultratrace 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>	Field duplicates were taken for the BM1 RC drilling, at the rate of two in every 100 samples. No duplicates were taken for 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 BM1, BM2 and BM7.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	The samples will be digested and refluxed with hydrofluoric, nitric, hydrochloric and perchloric acids (four acid digest). This digest is considered to approach a total digest for many elements, although some refractory minerals are not completely digested. Analytical methods used were ICP – OES (Al, Ca, Cu, Fe, Mg, Mn, Ni, P, S, Zn, Tl and Ti) and ICP – MS (Ag, As, Bi, Mo, Pb, 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. The Company also submitted an independent suite of CRMs, blanks and field duplicates (see above).

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Results contained within this announcement have been verified by James Purchase – Senior Exploration Geologist.
	<i>The use of twinned holes.</i>	No twinned holes were drilled at BM1, BM2 or BM7 during these drill programs.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Primary data was collected from this drilling by hand on printed forms and on toughbook computers using Excel templates and Maxwell Geoservice's LogChief software. Data collected was sent offsite to the Company'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 at BM2 or BM7.
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 drilling. 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 using VTEM DTM data at a later stage.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	The single diamond drill at BM2 was drilled on a north – south section while holes at BM7 were drilled on east-west sections at hole spacing between 400m – 1.6km. The RC program at BM1 was initially drilled on nominal 40m spaced north – south sections with 20m to 40m spacing between drill holes.
	<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 at BM1, BM2 and BM7 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>	Compositing of intervals of up to 4m was applied to the BM2 and BM7 diamond core samples. Phase 2 RC drilling at BM1 was composited into 2m samples.
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>	The orientation of key structures and any relationship to mineralisation at BM1, BM2 and BM7 has yet to be identified.
	<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 at BM1, BM2 or BM7 at this stage.
Sample security	<i>The measures taken to ensure sample security.</i>	The chain of custody is managed by the Company. Samples are delivered by Encounter personnel to the Ultratrace assay laboratory in Perth.
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 BM1, BM2 or BM7.

SECTION 2 REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<p><i>Type, reference name/number, location and ownership including agreements or material issues with third parties including joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></p>	<p>The BM2 prospect is located within Exploration Licenses E45/2500 and E45/2501. Encounter has a 100% interest in the tenements.</p> <p>The BM1 and BM7 projects is located within tenements E45/2658 and E45/2805, which are subject of a Joint Venture between Encounter and a subsidiary of Antofagasta plc. Under the agreement, Antofagasta may earn a 51% interest in tenements E45/2658 and E45/2805 (433km²) by incurring expenditures of US\$20 million over a five year period.</p> <p>These tenements are subject to 1.5% Net Smelter Royalty to Barrick Gold of Australia. All tenements are contained completely within land where the Martu People have been determined to hold native title rights. No historical or environmentally sensitive sites have been identified in the area of work.</p>
Exploration done by other parties	<p><i>Acknowledgment and appraisal of exploration by other parties.</i></p>	<p>Exploration prior to Encounter in the region was minimal and limited to shallow RAB and some percussion drilling completed in the mid – 2000s, much of which had been incompletely sampled, assayed, and logged.</p>
Geology	<p><i>Deposit type, geological setting and style of mineralisation</i></p>	<p>BM1, BM2 and BM7 are 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 the BM2 and Bm7 prospects. The BM2 project is considered prospective for SEDEX – style Zn, Pb and Cu mineralisation. The BM1 and BM7 projects are considered prospective for sediment – hosted copper mineralisation, with the Nifty copper mine (~ 65km north of BM7) providing a basic conceptual model for exploration targeting.</p>
Drill hole information	<p><i>A summary of all information material to the understanding of the exploration results including tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> • <i>Easting and northing of the drill hole collar</i> • <i>Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar</i> • <i>Dip and azimuth of the hole</i> • <i>Down hole length and interception depth</i> • <i>Hole length</i> 	<p>Refer to tabulations in the body of this announcement.</p>
Data aggregation methods	<p><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i></p>	<p>Assays reported within this announcement have a lower cut-off of 0.1% zinc and 0.1% copper.</p>
	<p><i>Where aggregated intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></p>	<p>The aggregated interval reported from the diamond drilling are calculated using a length weighting method.</p>

Criteria	JORC Code explanation	Commentary
Data aggregation methods continued.	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalents are reported in this announcement.
Relationship between mineralisation widths and intercept lengths	<i>These relationships are particularly important in the reporting of exploration results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i>	The geometry of the mineralisation is not yet known due to insufficient deep drilling in the targeted area.
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plane view of drill hole collar locations and appropriate sectional views.</i>	Refer to body of this announcement.
Balanced Reporting	<i>Where comprehensive reporting of all Exploration Results is not practical, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	Zinc, Lead and Copper results for all samples grading above 0.1% were reported from this drilling program.
Other substantive exploration data	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observation; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	All meaningful and material information has been included in the body of the text. No metallurgical or mineralogical assessments have been completed.
Further Work	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large – scale step – out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	At this stage mineralisation identified during the drill programs is indicative and requires further work to test for coherency, as well as for lateral and vertical extensions. The next phase of work at BM1 will be a program of diamond drilling to test for copper sulphide mineralisation beneath the copper oxide and supergene mineralisation intersected in the Phase 1 and 2 RC drilling.

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 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(1,335)	(4,564)
(b) development	-	-
(c) production	-	-
(d) administration	(177)	(810)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	51	135
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 - R&D tax concession refund	263	500
- Other (including co-funded drilling grant)	30	176
Net Operating Cash Flows	(1,168)	(4,563)
Cash flows related to investing activities		
1.8 Payment for purchases: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(19)	(133)
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	1,928	3,726
Net investing cash flows	1,909	3,593
1.13 Total operating and investing cash flows (carried forward)	741	(970)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	741	(970)
	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	741	(970)
1.20	Cash at beginning of quarter/year to date	3,096	4,807
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,837	3,837

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 \$1,335,819 (\$3,327,315 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).

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	1,900
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	2,100

Note – On 23 July 2014 the Company received \$1,525,147 from Antofagasta in respect of the proposed work program for the period 1 July 2014 to 30 September 2014, pursuant to the farm-in agreement announced to ASX on 23 April 2013. Estimated exploration costs of the proposed farm-in work program for the June 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	1,837	1,096
5.2 Deposits at call	2,000	2,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,837	3,096

Changes in interests in mining tenements

+ See chapter 19 for defined terms.

	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	E37/1148 relinquished	100%	0%
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 Escow	- - -	- - -	- - -
7.5	+Convertible debt securities <i>(description)</i>	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -

+ See chapter 19 for defined terms.

7.7	Options <i>(description and conversion factor)</i>			<u>Exercise price</u>	<u>Expiry date</u>
		5,375,000	-	\$1.35	22/11/2014
		500,000	-	\$0.80	30/9/2015
		500,000	-	\$0.40	31/5/2016
		1,450,000	-	\$0.30	30/11/2016
		650,000	-	\$0.39	30/11/2017
		750,000	-	\$0.21	31/5/2017
		200,000	-	\$0.31	31/1/2018
		745,000	-	\$0.22	31/5/2018
7.8	Issued during quarter	745,000	-	\$0.22	31/5/2018
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	50,000	-	\$1.35	22/11/2014
		50,000	-	\$0.80	30/9/2015
		50,000	-	\$0.40	31/5/2016
		100,000	-	\$0.21	31/5/2017
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: 31 July 2014

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.

+ See chapter 19 for defined terms.

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.