

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 (27/01/16)

~A\$12m (\$0.08/share)

Issued Capital (31/12/15)155.6 million ordinary shares
12.4 million options**Cash (31/12/15)**

~A\$4.8M

Board of Directors & ManagementMr. Paul Chapman
Non-Executive ChairmanMr. Will Robinson
Managing DirectorMr. Peter Bewick
Exploration DirectorDr. Jon Hronsky
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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.

Millennium Zinc (Hampton earning up to 25%)

- A total of 6 RC drill holes and 3 diamond holes were completed at Millennium in Sep/Nov 2015.
- The drilling completed in the quarter has resulted in the strongest gossan intersection to date (70m @ 2.3% Zn in EPT2260) and refined the geological interpretation leading to the definition of three high priority target zones for immediate follow up in 2016:
 1. Target Zone Central – large untested target area south-east of the strongly mineralised gossan intersection EPT2260 (70m @ 2.3% Zn)
 2. Target Zone South-East - interpreted zone of coherent zinc sulphide mineralisation including EPT2198 (7m @ 4.8% Zn) that is open and strengthening south-east
 3. Target Zone North-West - EPT1854 (0.7m @ 36.7% Zn) remains open downdip and along strike to the north and west.
- Drilling to re-commence following the summer/cyclone season.

BM1-BM7 Copper Project (100% ENR)

- Diamond hole EPT2271 completed at BM7 intersected 37m @ 0.3% Cu from 410m including 4m @ 1% Cu.

Lookout Rocks Copper Project (Antofagasta earning in)

- An initial reconnaissance aircore/RC drilling program was completed at Lookout Rocks in Sep 2015.
- Drilling intersected broad intervals of moderate copper and lead anomalism including an end of hole intersection in EPT2256 that returned 942ppm copper and importantly, iron oxide minerals, interpreted to be derived from sulphides, were noted in this interval.
- In addition, a surface gossan with boxwork textures after sulphide minerals, with copper assays up to 0.2% copper, has been identified to the east of the reconnaissance drilling at Lookout Rocks South.
- Accordingly, Encounter and Antofagasta are highly encouraged by these early results and Antofagasta has committed to further drilling at the start of the 2016 drill season.

CORPORATE

- ~A\$4.8 million cash balance as at 31 December 2015.
- Successful with two applications for WA Government EIS co-funding (totalling A\$300,000) for future drill programs at the Aria IOCG prospect and BM7 East copper target.

EXPLORATION

PATERSON PROVINCE

YENEENA COPPER / ZINC PROJECT

- 100% Encounter - E45/2500, E45/2502, E45/2503, E45/2657, E45/2658, E45/2805, E45/2806, E45/3768, E45/4091, E45/4230 and E45/4408
- 90% Encounter / 10% HHM - E45/2501, E45/2561 and the four eastern sub-blocks of E45/2500 with HHM earning up to 25%
- Antofagasta earning into E45/3768, E45/4091, E45/4230 and E45/4408

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).

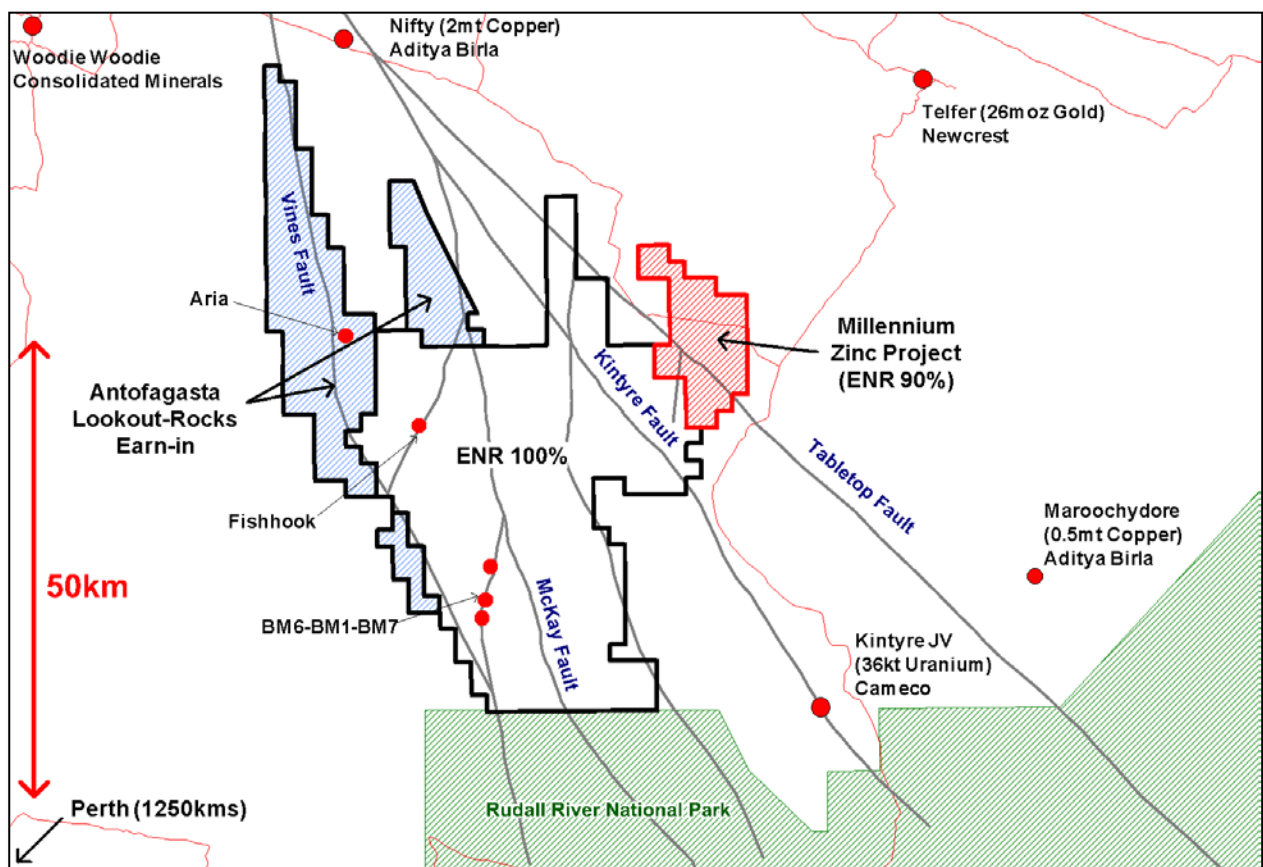


Figure 1: Yeneena project leasing, Prospects and Earn-In areas with major regional faults

Millennium Zinc Prospect – Encounter 90%/HHM 10% in E45/2501, E45/2561 and the four eastern sub-blocks of E45/2500. HHM may earn up to 25% interest.

Background

The Millennium Prospect is located in the north-east of the Yeneena project (see Figure 1) and is subject to an Earn In Agreement with Hampton Hill Mining (“HHM”) (see ASX announcement 23 April 2015).

The Millennium Prospect lies on the north eastern margin of the Yeneena project at the intersection of the NNW trending Tabletop Fault and the NE orientated Tangadee structural lineament. This intersection of two metallogenically important structural corridors is a first order structural target and typical of the style of structural setting that is associated with large scale metal deposits.

Previous aircore and RC drilling by Encounter has defined a +3km long zinc regolith anomaly that remains open to the south-east. Diamond drilling at Millennium has intersected a thick zinc gossan at the contact between a brecciated carbonate and a thick sequence of carbonaceous shales of the Broadhurst Formation. Previous assay results from the gossan include, (Refer ASX release 9 July 2015):

38.7m @ 0.9% Zn in EPT2201 from 255.8m and
91.8m @ 1.6% Zn in EPT2203 from 344.4m

Extremely high tenor zinc sulphide mineralisation, in the form of sphalerite, has been intersected below the gossanous unit and returned assays of, (Refer ASX releases 12 January 2015 and 13 December 2013):

0.7m @ 36.7% Zn in EPT1854 from 430m and
7m @ 4.8% Zn in EPT 2198 from 233m.

December 2015 Quarter Activity

A total of six reverse circulation (RC) drill holes were completed at Millennium in September/October 2015. During October/November 2015 two of the RC holes, EPT2257 and EPT2260, were extended with diamond tails. In addition, a single diamond drill hole, EPT2278, was completed to target approximately 150 metres down dip of the 70 metre intersection that assayed 2.3% zinc in EPT2260.

The drilling completed in the December quarter has refined the interpretation of the zinc gossan and, as a consequence, has defined three high priority target zones for immediate follow up in 2016 (see Figure 3):

1. Target Zone Central – large untested target area south-east of the strongly mineralised gossan intersection EPT2260
2. Target Zone South-East - interpreted zone of coherent zinc sulphide mineralisation including EPT 2198 (7 metres assaying 4.8% zinc) that is open and strengthening to the south-east
3. Target Zone North West – high-grade zinc sulphide mineralisation intersected in EPT1854 (0.7 metres assaying 36.7% zinc) that remains open downdip and along strike to the north and west.

Assay results:

Assays results from the RC program and diamond drill programs are shown in Table 2 below.

Target Zone Central - EPT2260 contained a broad interval of weathered zinc mineralisation that has extended the gossan zone at Millennium. This interval returned an assay of 70 metres assaying 2.3% zinc from 182 metres down hole to end of hole. This is the strongest mineralised gossan intersection to date. To follow up on this exciting result, a diamond drill hole EPT2278 was completed to test for a steep plunge targeting approximately 150 metres further down dip. This hole did not intersect significant zinc mineralization on the carbonate shale contact which indicates that any in depth extension to the strong zinc mineralization intersected in EPT2260 most likely has a relative flat plunge to the south-east.

Supporting this interpretation, EPT2264 located approximately 600 metres south-east of EPT2260 also intersected a strongly mineralised gossan which assayed 1.1% zinc over an 18 metre intersection from 148 metres down hole to end of hole. Accordingly, the large untested target area located south-east of the strongly mineralised intersection EPT2260 will be a key focus of exploration at Millennium in 2016.

Target Zone South-East - EPT2261 contained a sulphide intersection of 14 metres assaying 1.8% zinc from 223 metres down hole. This hole is located 100 metres north-west of an earlier drilled hole, EPT 2198, which recorded a 7 metre intersection assaying 4.8% zinc from 233 metres down hole (see ASX announcement 12 January 2015). EPT2261 thus has established the continuity of an interpreted zone of coherent zinc sulphide mineralisation located in the south-east of the Millennium prospect that requires further drill testing. EPT2262 drilled to test a steep plunge position below EPT2198, intersected the carbonate-shale contact but was not well mineralised. The contact area was heavily brecciated and altered in this hole and it is interpreted that this hole has intersected a position where later faulting has offset the mineralised contact.

A ground gravity survey was completed in October 2015 in this area to extend gravity coverage to the south-east of the known mineralised trend at Millennium and to assist in drill planning for this Target Zone. A follow up aircore or RC program is planned to provide initial subsurface information of this structurally compelling, shallow drill target.

Target Zone North West - EPT2257 was pre-collared with the RC rig and completed with diamond drilling during the December 2015 quarter. The hole was designed to test the hypothesis of a shallow south-east plunge of the zinc rich gossan intersected in EPT2201 and EPT2203. It did not intersect any significant zinc at the carbonate shale contact which was heavily brecciated and altered. It is interpreted that this diamond drill hole has either intersected a position where later faulting has offset the mineralised contact or that the mineralised unit intersected in EPT2201 and EPT2203 is plunging in a north-westerly direction. The potential remains to define additional mineralisation down dip and up dip of the postulated late fault as well as along strike to the north-west towards EPT1854 which had a 0.7metre intersection that assayed 36.7% zinc.

Next Steps

The review and interpretation of the RC and diamond drilling results at Millennium is progressing. At the south-east of the Millennium prospect, the gravity data collected in the December 2015 quarter is being interpreted in conjunction with other geophysical and geochemical datasets previously collected by Encounter.

In addition, samples from the seven zinc mineralised gossan intersections and several zinc sulphide intersections have been resubmitted for analysis for an extensive suite of trace elements. Following the receipt of these assay results a comprehensive geochemical review will be completed. This review will attempt to fingerprint the zinc sulphide mineralisation at Millennium using immobile, or less mobile, element geochemistry. It will then attempt to apply that information to differentiate the extensive zinc gossan intersections and classify zones into in-situ weathered former primary mineralisation and zinc-enriched gossanous zones that are more likely associated with secondary dispersion processes. It is intended that this review will be completed with the assistance of the CSIRO.

A comprehensive geochemical, structural and geophysical review of the prospect will be completed in the March 2016 quarter and the results of this will be used to design a program of systematic drill testing of the three high priority target zones identified at Millennium, following completion of the summer cyclone season.

Hole_ID	Northing (m)	Easting (m)	RL (m)	EOH(m)	Dip	Azi
EPT2206	7571324	389147	308	669.6	-80	180
EPT2257	7570983	389549	308	479.7	-75	180
EPT2258	7570805	389550	308	284	-60	180
EPT2260	7570621	389748	308	301.8	-60	180
EPT2261	7569948	390845	308	310	-60	180
EPT2262	7570055	390952	308	383.9	-60	180
EPT2264	7570203	390154	308	166	-60	180
EPT2277*	7570748	389745	308	144	-60	180
EPT2278	7570749	389751	308	425.9	-60	180

Table 1: Drill hole collar location – Millennium

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

*EPT2277 was abandoned at 144m due to poor drilling conditions. No samples were submitted for analysis

Hole ID	Prospect	From (m)	To (m)	Length (m)	Zinc %
EPT2206	Millennium	509.1	510.1	1	0.13%
and		610	610.5	0.5	0.33%
and		621.6	622.5	0.9	0.25%
and		626.9	628.1	1.2	0.27%
and		632	636	4	0.13%
and		654	654.25	0.25	0.68%
EPT2257	Millennium	422	424	2	0.36%
EPT2258	Millennium	70	72	2	0.10%
and		192	194	2	0.16%
and		242	252	10	0.15%
EPT2260	Millennium	70	72	2	0.12%
and		86	88	2	0.11%
and		94	128	34	0.10%
and		146	148	2	0.11%
and		152	154	2	0.11%
and		182	253.5	71.5	2.28%
and		266.15	266.3	0.15	0.47%
and		272.5	279	6.5	0.38%
and		294.6	296.8	2.2	0.49%
EPT2261	Millennium	116	157	41	0.26%
and		215	283	68	0.61%
incl.		223	237	14	1.79%
and		309	310*	1	0.12%
EPT2262	Millennium				nsa
EPT2264	Millennium	148	166*	18	1.12%
EPT2278	Millennium				nsa

Table 2: 2016 remaining assay results – Millennium

Intervals are calculated at a 0.1% Zn lower cut-off, with internal higher grade intervals calculated at a 1% Zn lower cut-off.

* Denotes end of hole interval;

nsa – No significant assays

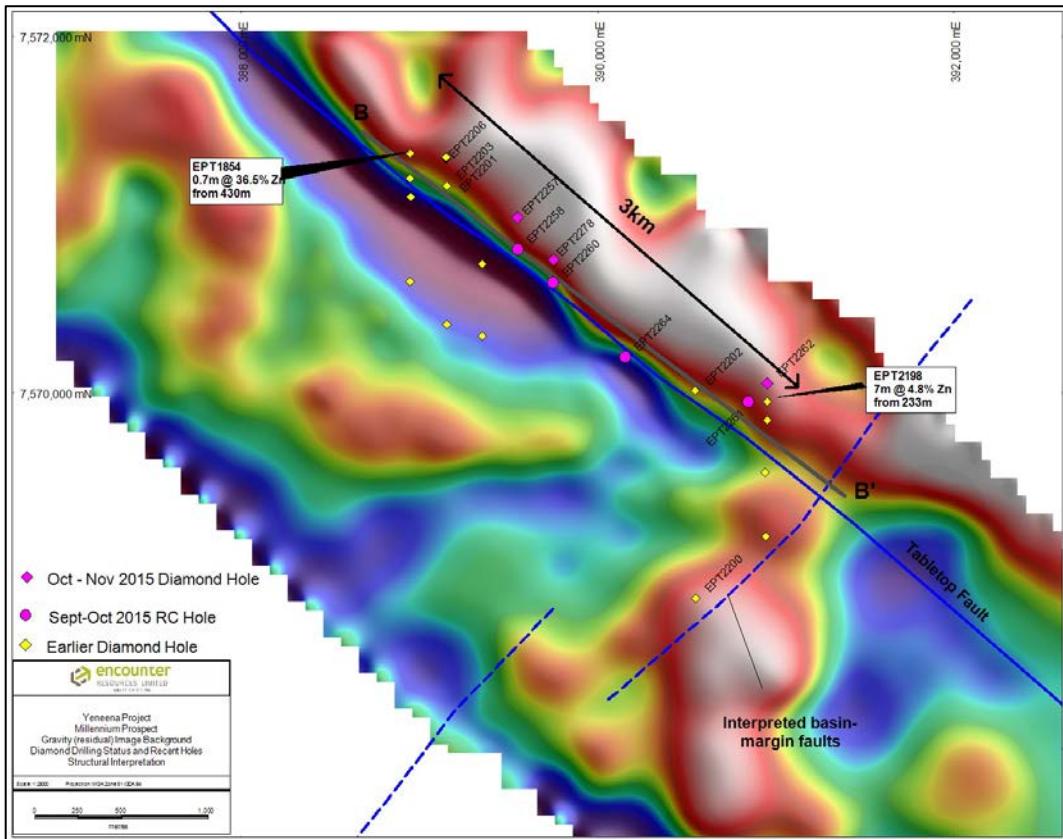


Figure 2: Drill hole collar location – Millennium

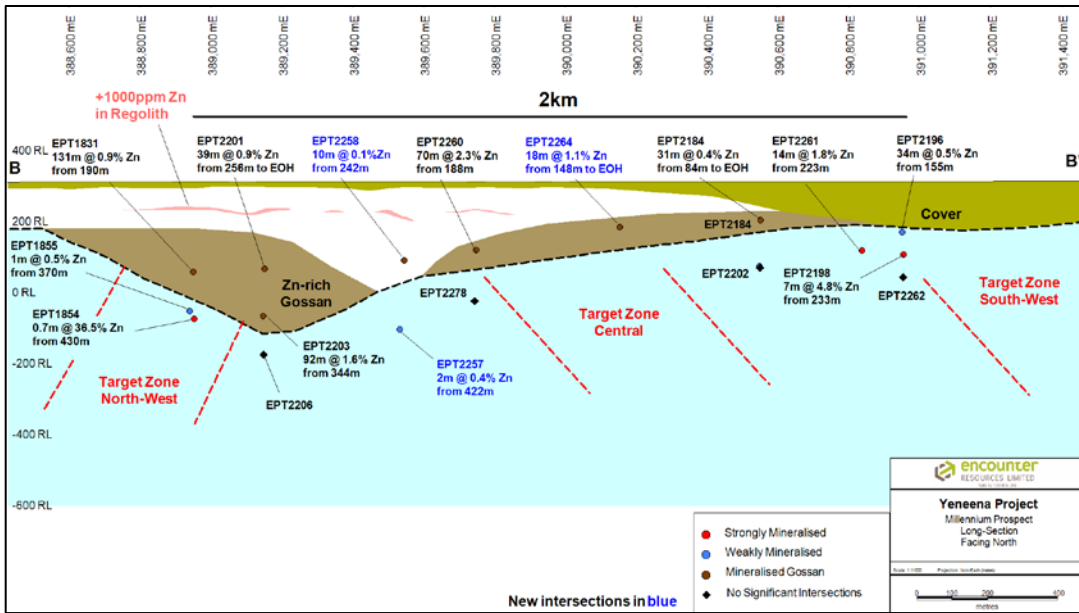


Figure 3: Drill hole long section (B – B') – Millennium showing diamond and recent RC holes only

BM1 – BM6 – BM7 – BM7 East Copper Prospects

Encounter completed five RC drill holes at the BM7 East, BM6 and BM1 prospects in October 2015 and one diamond hole at BM7.

Background

From April 2013 to the beginning of 2015, a total 11 diamond drill holes have been completed at BM7. These holes provide a broad spaced, 3D dataset covering an area that extends over 3km of strike.

A review late in 2014 of the Nifty copper sulphide deposit, located 65km to the north, identified siderite (Fe carbonate) and apatite (phosphorous mineral) alteration in association with trace copper sulphide mineralisation as the diagnostic halo that extends laterally from the Nifty sulphide deposit (see Figure 4). This provides a template of key mineralisation vectors to high grade copper mineralisation in the Paterson Province. An evaluation of the drill data from the Yeneena copper prospects highlighted that a number of the key features of the Nifty alteration signature are evident within the BM1 – BM7 area.

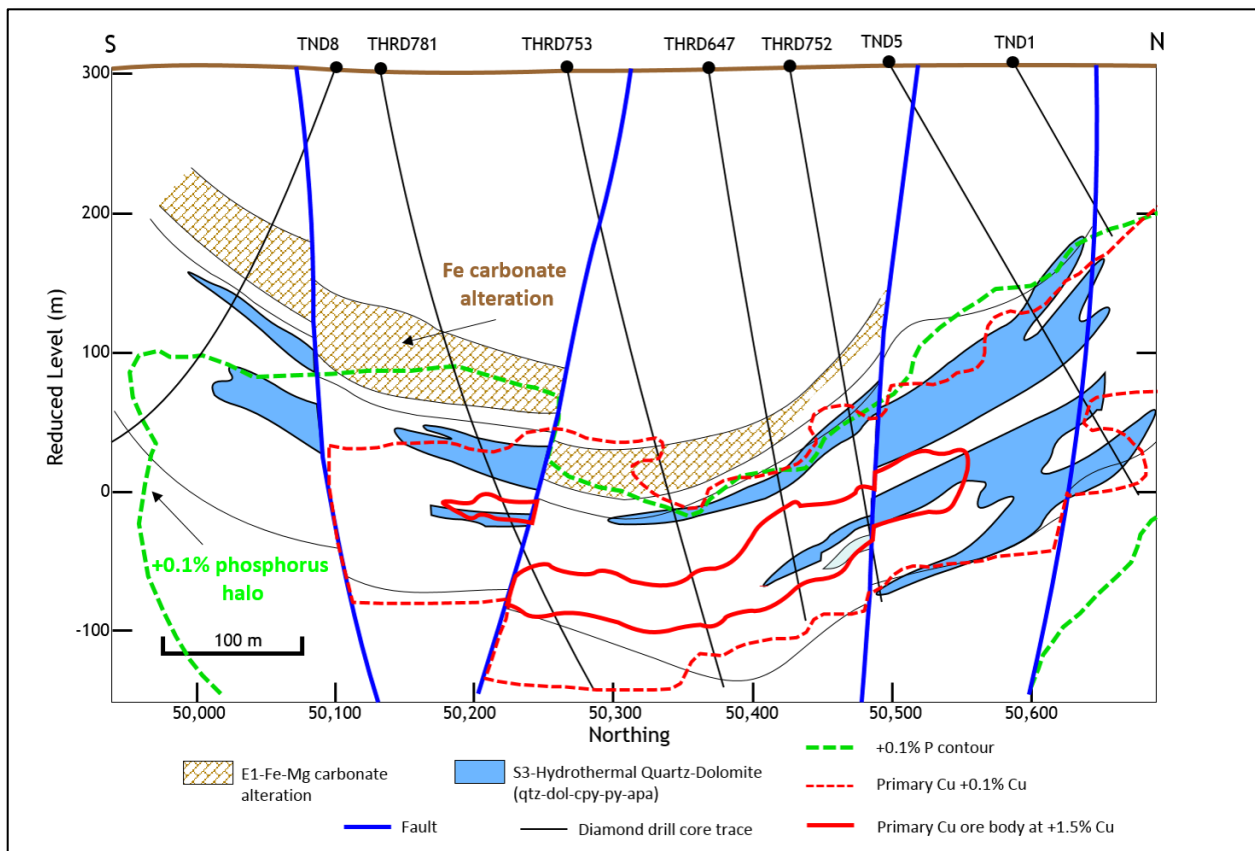


Figure 4: Cross section through Nifty copper deposit after Anderson (1999)

BM7 Prospect

A single diamond drill hole EPT2271 was completed in November 2015 to test 200m down dip to the east of previous hole EPT2158. This hole was drilled at the end of the 2014 campaign and intersected 140m @ 0.2% Cu, including 1.3m @ 3.2% Cu from 250.4m.

EPT2271 intersected the carbonate host member, which contained an intersection of 37m @ 0.3% Cu from 410m, including 4m at 1% Cu from 413m. This drill hole has confirmed the continuity of the copper mineralisation but has not provided a clear vector to a more focused, stronger-mineralised part of the large mineral system discovered at BM7. Additional gravity data has been collected at BM7 in the December 2015 quarter and is currently being interpreted to provide a refined structural interpretation of the BM7 area. A comprehensive technical review of this prospect area will be completed in the upcoming quarter and will assist with the plans for future drilling.

Hole_ID	Northing (m)	Easting (m)	RL (m)	EOH(m)	Dip	Azi
EPT2271	7539700	367950	315	492.8	-60	270

Table 3: Drill hole collar location – BM7

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

Hole ID	Prospect	From (m)	To (m)	Length (m)	Copper %
EPT2271	BM7	410	447	37	0.3%
and		413	417	4	1.0%

Table 4: DDH drilling assay results – BM7 (EPT2271)

Intervals are calculated at a 0.01% Cu lower cut-off, with internal higher grade intervals calculated at a 0.50% Cu lower cut-off. * Denotes end of hole interval.

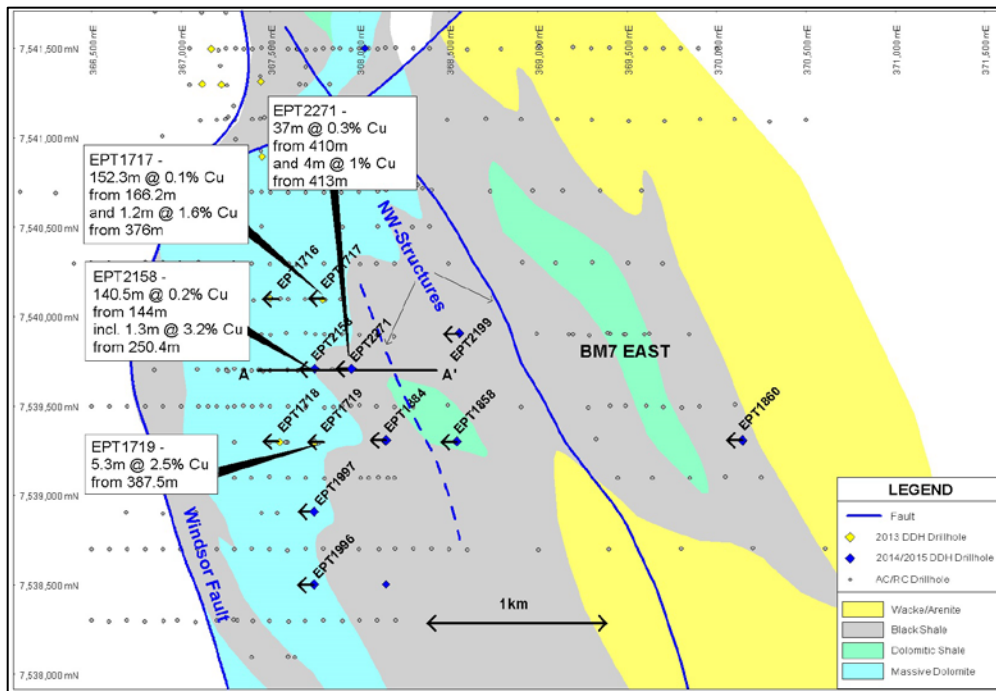


Figure 5: BM7 Diamond drilling status plan over interpreted geology

BM7 East Prospect

The BM7 East Prospect was identified in 2013 during wide-spaced aircore drilling with a short RC drill program completed in September 2014.

Fe-Mg carbonate (siderite) and phosphorus alteration haloes (associated with apatite), which have been shown to be proximal alteration signatures to the Nifty hypogene high grade mineralisation, are found in high concentrations at BM7 East. The alteration halo underlies the core of a laterally extensive copper oxide blanket found at BM7 East that extends over 2km in strike (see Figure 6).

Drilling at depth at BM7 East will identify the extent of the alteration halos and potentially provide vectors to high grade hypogene copper mineralisation. The alteration and mineralisation intersected in the shallow drilling completed at BM7 East is similar to what is seen in the immediate hangingwall of the Nifty copper deposit.

Two, 200m spaced, vertical RC holes (EPT2269 and EPT2270) were completed in October 2015 across the core of the regolith anomaly (see Figure 6). High water inflows resulted in the holes being terminated short of their planned depth. The eastern of the two holes, EPT2270, returned anomalous copper values below the base of oxidation, with associated very high phosphorous assays.

Encounter was successful in its application for WA Government EIS co-funded drilling at the BM7 East prospect and part of this funding will be used to extend EPT2270 with a diamond tail in the 2016 drill season.

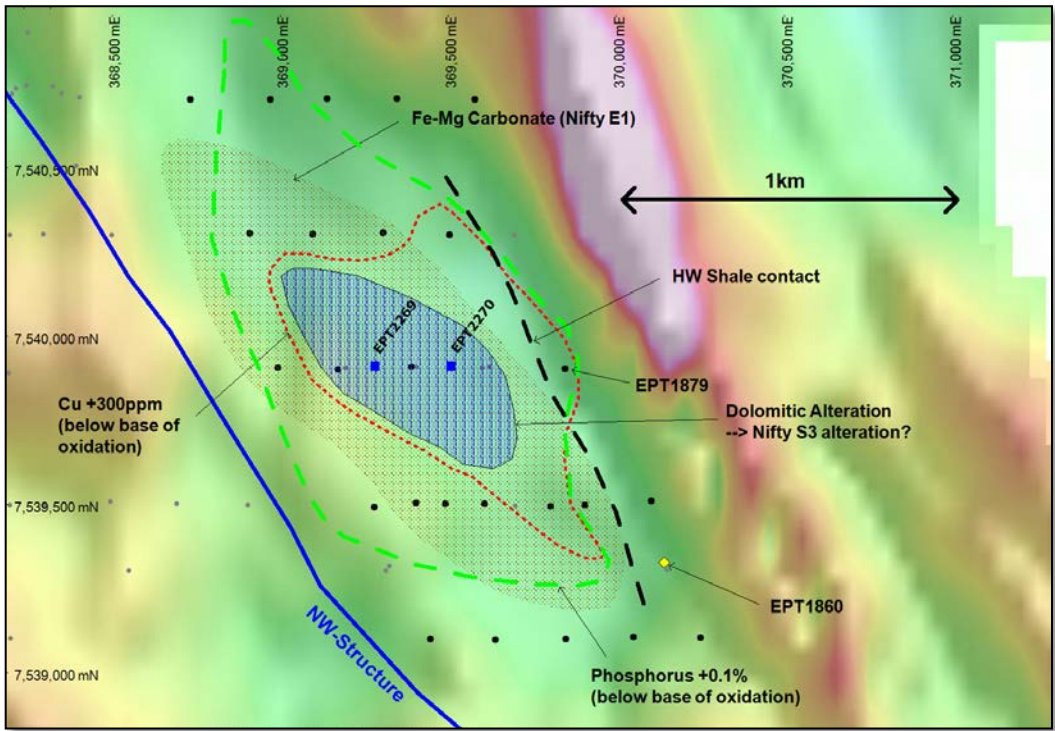
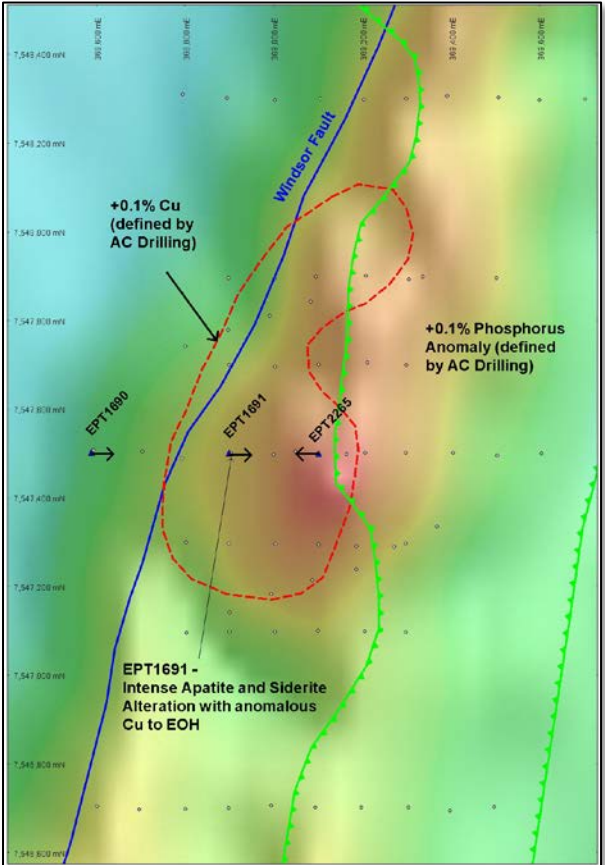


Figure 6: Plan view of alteration and mineralisation through BM7 East – background image Ch40 VTEM

BM6 Prospect

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

The regolith anomaly coincides with a VTEM conductor, which has been modelled to dip shallowly to the west (towards the Windsor Fault). Pathfinder elements commonly associated with sediment hosted copper mineralisation are elevated at BM6, with Bi assays up to 74 ppm and Mo assays up to 17 ppm (similar to levels seen at BM1 and BM7).



A two hole RC drill program (EPT1690 and 1691) drilled in 2013 defined a shallowing of the base of oxidation above a block of conductive shale (see Figure 7). It is interpreted that this block of shale is more resistant to weathering as a result of localised silica alteration. The RC holes also intersected elevated copper anomalism, phosphorous anomalism and siderite alteration below the base of oxidation, which is similar to the geochemical signature of the hangingwall shale at Nifty and considered significant.

A single RC hole, EPT 2265, was collared to the east of EPT1691 and targeted to test below the strong alteration anomaly at the bottom of that hole. Again high water flows resulted in the hole failing to reach the target depth however it did terminate in a strongly altered dolomitic unit similar to the Nifty host lithology. Encounter plans to extend this hole to the original target depth with a diamond tail in 2016.

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

Lookout Rocks Project - Encounter 100% in E45/3768, E45/4091, E45/4408 and E45/4230. Antofagasta may earn up to 70%.

Background

Exploration at Lookout Rocks is being conducted as part of the US\$6m earn-in agreement with Antofagasta Minerals Perth Pty Limited ("**Antofagasta**"), a wholly owned subsidiary of London Stock Exchange listed Antofagasta plc (see ASX announcement 30 July 2015).

The Lookout Rocks / Throssell Range projects extend north-west of the 100% owned Fishhook prospect and covers over 30 strike kms of interpreted Broadhurst Formation sediments (Figure 8). Interpretation of the detailed airborne electromagnetic data indicates the prospective structures and Broadhurst lithologies extend into the project in an area that has seen very little previous exploration activity.

In September 2015 an initial reconnaissance aircore and RC drilling program was completed at Lookout Rocks to test a number of key structural targets. The aim of this initial program was to test cover depth, refine the bedrock geological interpretation and test for any copper regolith anomalism within the defined targets.

Lookout Rocks South Prospect

This drilling program included seven reconnaissance holes at a structural target along a covered belt of conductive stratigraphy situated at the western margin of a block of Coolbro Sandstone at the Lookout Rocks South Prospect (Figure 9 and 10). Drilling confirmed the presence of deeply oxidised Broadhurst Formation, the geological unit that hosts the Nifty copper deposit, located 35km north (Figure 8).

The drilling also intersected broad intervals of moderate copper and lead anomalism with a strengthening geochemical vector to the east and towards the bottom of hole. This included drill hole EPT 2256 which intersected 116m @ 290ppm Cu and 457ppm Pb from 16m to 132m (end of hole) (refer ASX announcement 17 December 2015). The final sample at the end of aircore hole EPT2256 returned 942ppm copper and importantly, iron oxide minerals interpreted to be derived from sulphides were noted in this interval.

The oxidised Broadhurst sediments in this area are heavily weathered and leached, indicating strongly acidic meteoric fluids were present. Intense leaching of the regolith material indicates it may have been significantly depleted primary copper mineralisation.

In addition, a surface gossan with boxwork textures after sulphide minerals has recently been identified to the east of the reconnaissance drilling at Lookout Rocks South. Iron rich shallow outcrop and gossanous float occurs in an area approximately 300m by 200m immediately to the east of EPT2220 (Figure 9). Samples taken from this gossan returned copper assays up to 0.2% copper (refer ASX announcement 17 December 2015) and exhibit similarities to iron rich surface samples taken at Nifty (refer to WAMEX historical reports).

These initial reconnaissance drilling results are interpreted to be regionally significant. The prospect contains a number of clear similarities with the early exploration results at the Nifty copper discovery. Accordingly, Encounter and Antofagasta are highly encouraged by these early results and Antofagasta has committed to further drilling at the prospect at the commencement of the 2016 drill season to test for a primary mineralised position at depth.

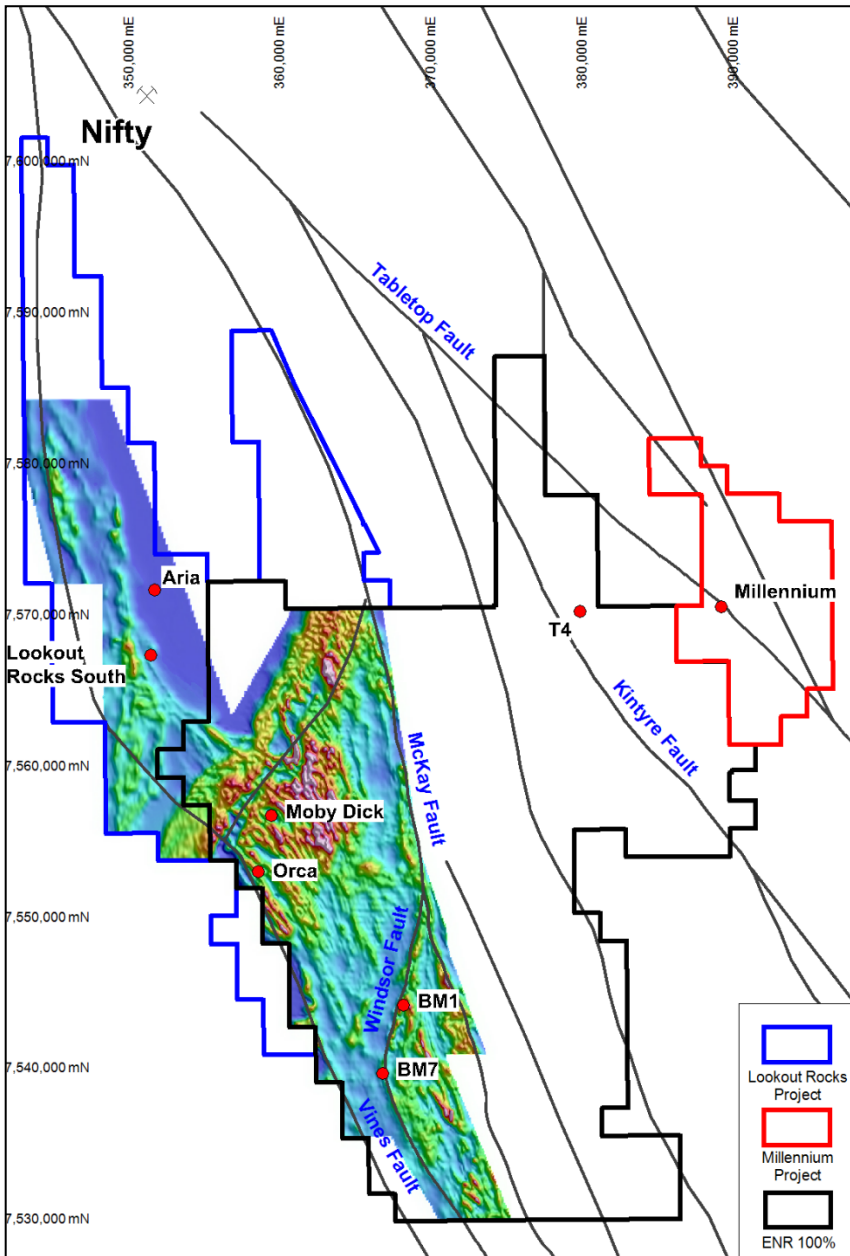


Figure 8: Yeneena Project – Leasing, major structures, major prospects and VTEM ch35

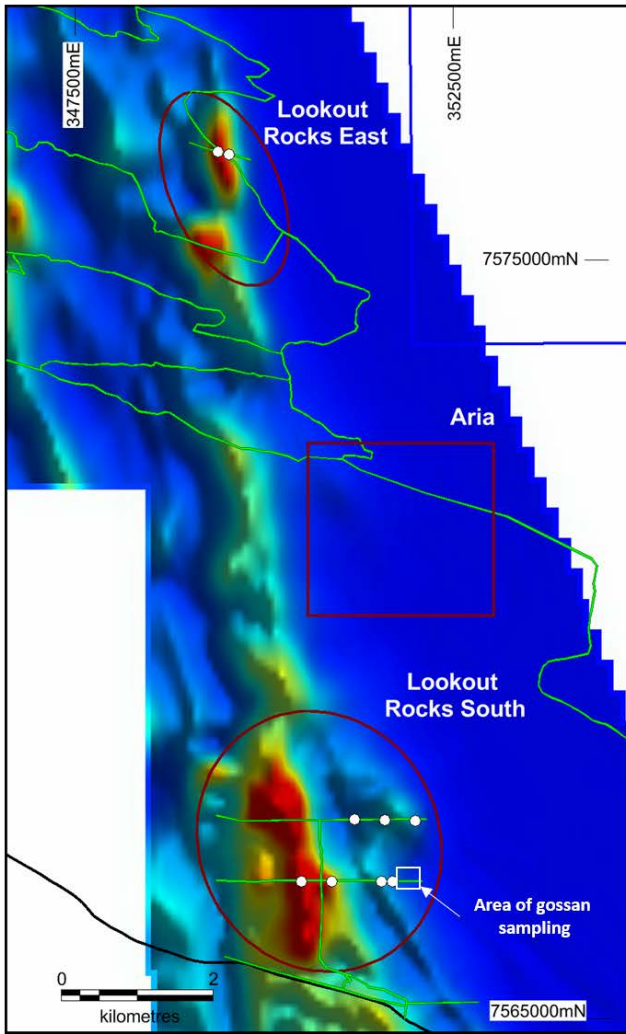


Figure 9: Lookout Rocks – Prospect locations (VTEM ch35 background)

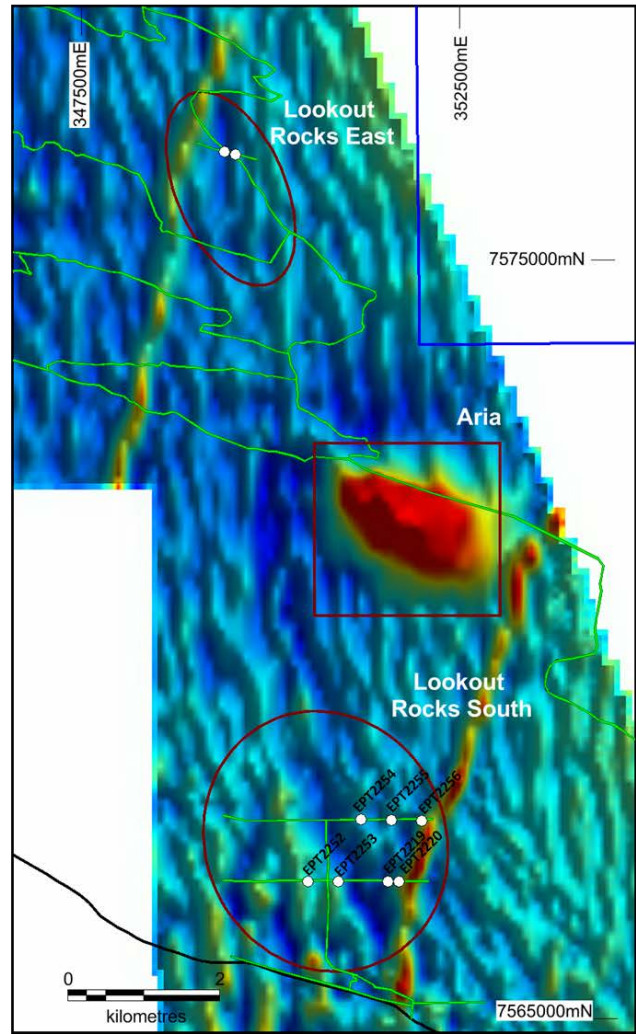


Figure 10: Lookout Rocks South – Collar locations and hole IDs (VTEM 1VDTRP magnetics background)

Aria
 A single diamond drill hole (PADD002A) was completed at the Aria Prospect by a previous explorer under the WA Government EIS program. This drill hole was located to test a discrete magnetic anomaly within the GSWA regional magnetic dataset (Figure 11). The drill hole intersected a hematite altered, polymictic breccia from the start of diamond core at 84.7m to the end of hole (650.1m).

Zones of weakly disseminated chalcopyrite and bornite (copper sulphide minerals) have been identified in the drill core from approximately 120m to the end of the hole.

A detailed ground gravity survey was completed at Aria in September 2015. The survey was designed to define any density anomalies adjacent to the hematite-altered breccia intercepted in PADD002A, with any resultant anomalies potentially outlining zones of more intense hematite alteration. It has been noted in IOCG deposits that more intense hematite alteration typically has a close spatial relationship to the strongest copper mineralisation.

The gravity survey outlined a discrete density anomaly located on the margin of the previously identified magnetic anomaly, with this anomaly also being located to the south of drill hole PADD002A (see Figure 11 inset).

Diamond drill hole EPT2276 was designed to test the discrete density anomaly located on the margin of the previously identified magnetic anomaly. EPT2276 was completed in October 2015 to a depth of 400.4m and intersected a hematite-altered, polymictic breccia (see Photo 1) similar to PADD002A with zones of weakly disseminated chalcopyrite. Chemical analysis identified zones of subtle copper anomalism consistent with the visual observations. EPT2276 was terminated at 400.4m in line with the budget allocated to Aria by Antofagasta. The hole has been left open to be extended in the future. Initial observations are that EPT2276 has not intersected a unit that would account for the discrete gravity anomaly identified at Aria.

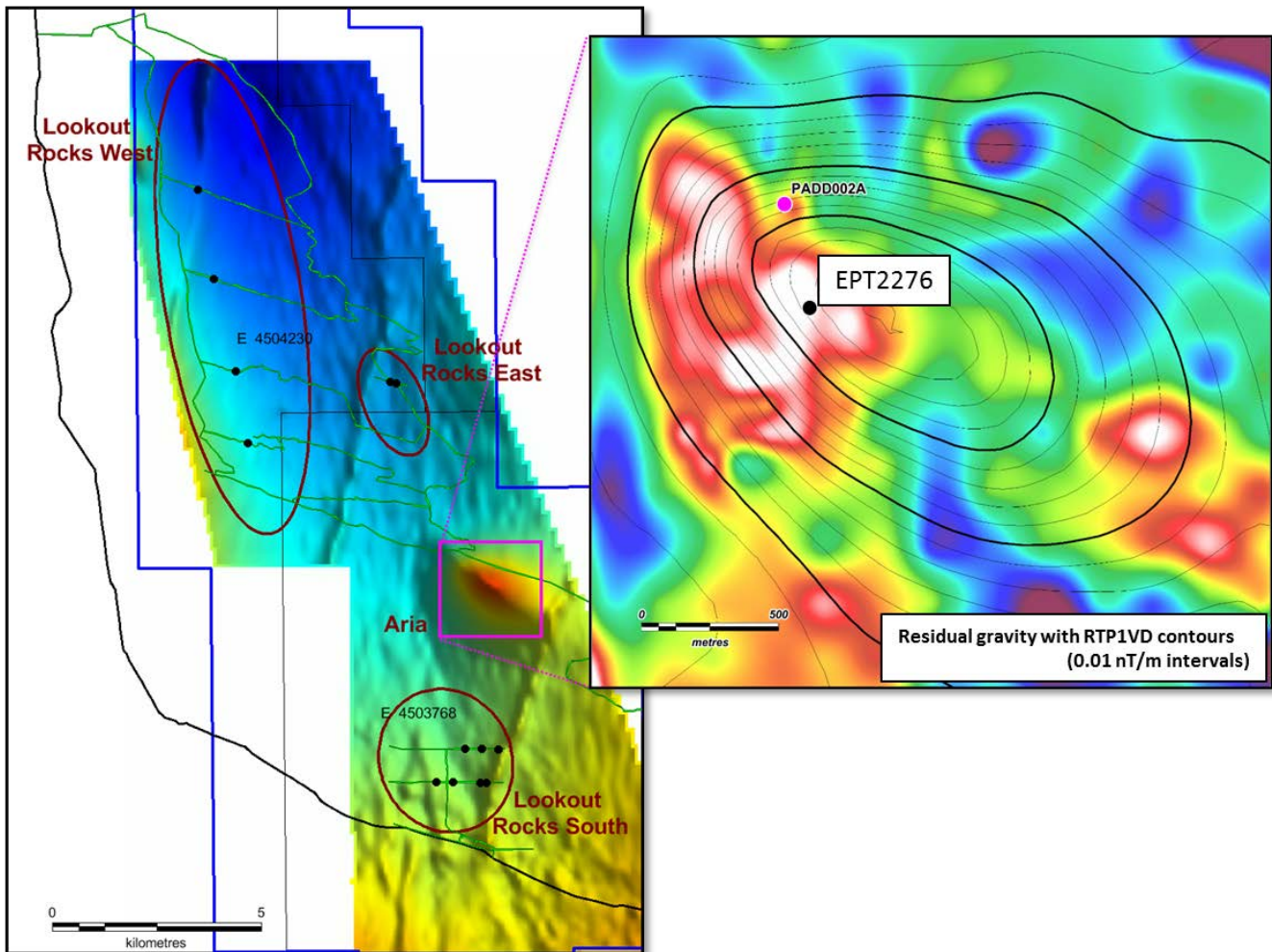


Figure 11: Lookout Rocks Project - Aria Prospect - Magnetics TMI



Photo 1: EPT2276 113.7m to 121.0m – Hematite-altered, polymictic breccia containing clasts of felsic porphyry, gneiss and mafic igneous rocks

CORPORATE

Encounter held cash reserves of approximately \$4.8 million at 31 December 2015.

During the December 2015 quarter, the Company announced that it had raised approximately A\$1.4 million through the Share Purchase Plan and a private placement made to private equity fund Resource Capital Funds (“RCF”) at A\$0.14 per share. The private placement was completed under ASX Listing Rule 7.1A.

In December 2015 Encounter was successful with two applications for WA Government EIS co-funding (totalling A\$300,000) for future drill programs at the Aria IOCG prospect and BM7 East copper target.

NEXT QUARTER HIGHLIGHTS

Activities planned for the March 2016 quarter include:

1. Millennium – A comprehensive geochemical, structural and geophysical review of the prospect will be completed in the March 2016 quarter and the results of this will be used to design a program of systematic drill testing of the three high priority target zones identified.
2. Lookout Rocks / Throssell Range – Preparations for diamond drilling of the Lookout Rocks South Prospect to commence following the end of the summer/cyclone season
3. BM7 – A technical review of this prospect area, integrating the new gravity data, will be completed in the upcoming quarter to assist with the plans for future drilling.

TENEMENT INFORMATION

Lease	Location	Project Name	Area km ²	Interest at start of quarter (01/10/2015)	Interest at end of quarter (31/12/2015)
E51/1570	50km SSE of Meekatharra	Hillview	89.0	100%	0%
E70/4667	45km E of Moora	Bindi Bindi	316.9	100%	100%
E45/2500	266km NE of Newman	Paterson – Hampton Earning-in*	163.4	90-100%	90-100%
E45/2501	277km NE of Newman	Paterson – Hampton Earning-in	41.4	90%	90%
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 – Hampton Earning-in	86.0	90%	90%
E45/2657	246km NE of Newman	Paterson	222.8	100%	100%
E45/2658	245km NE of Newman	Paterson	222.8	100%	100%
E45/2805	242km NE of Newman	Paterson	209.7	100%	100%
E45/2806	251km NE of Newman	Paterson	63.7	100%	100%
E45/4230	246km NE of Newman	Lookout Rocks - Antofagasta Earning-in	92.4	100%	100%
E45/3768	241km NE of Newman	Lookout Rocks / Throssell Range - Antofagasta Earning-in	187.8	100%	100%
E45/4091	253km NE of Newman	Lookout Rocks - Antofagasta Earning-in	257.7	100%	100%
E45/4408	262km NE of Newman	Throssell Range - Antofagasta Earning-in	41.7	100%	100%
E45/4564	315km NE of Newman	Paterson Au/Cu	194.2	0%	100%

* Hampton earning into the four eastern block of E45/2500



Figure 12: 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.

The Company confirms that it is not aware of any new information or data that materially affects the information in the relevant ASX releases and the form and context of the announcement has not materially changed. The Company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcements.

SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	<p>All prospects drilled by Encounter Resources (Millennium, Aria, BM7, BM6, BM7 East, and Lookout Rocks) were sampled by Encounter using RC and diamond drilling techniques.</p> <p>Onsite handheld Niton XRF instruments were used to systematically analyse diamond drill core, with a single reading taken at every metre mark, except in the case of core loss, and also RC samples (2m composites collected in calico bags). The host lithologies were targeted and veins and obvious signs of mineralisation avoided. These results are only used for onsite interpretation and the analyses are not reported.</p>
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used</i>	Drill hole collar locations were recorded by handheld GPS, which has an estimated accuracy of +/- 5m.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information</i>	<p>Diamond core was drilled as PQ, HQ3/HQ2 and NQ3/NQ2 size core. Competent drillcore was cut and sampled, and grab sampling was utilised where core was broken. Mineralised intervals were half-core sampled, whereas the unmineralised intervals were sampled by quarter-core, fillet-core or chip sampling.</p> <p>Diamond core samples were sent to Bureau Veritas Minerals Pty Ltd Laboratories in Perth for analysis.</p>
Drilling techniques	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	All diamond drilling utilised an RC precollar or rock rolling to varying depths. Various size core diameters were used including PQ, HQ3, HQ2, NQ3 and NQ2. All drill core was orientated where possible.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed</i>	Diamond core recoveries/core loss was recorded during drilling and noted during geological logging. The driller identified cavities or core loss directly in the core trays.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples</i>	Driller's used appropriate measures to maximise sample recovery, including the use of triple tube drilling. Core loss was recorded by Encounter geologists and sampling intervals are not carried through core loss.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	To date, no detailed analysis to determine the relationship between sample recovery and/or grade has been undertaken for this diamond drill program.

Criteria	JORC Code explanation	Commentary
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Geological logging is carried out on all drillholes, with lithology, alteration, mineralisation, structure and veining recorded. Where core was orientated, structural measurements are taken.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Geological logging is qualitative in nature and records interpreted lithology, alteration, mineralisation, structure, veining and other features of the samples.
	<i>The total length and percentage of the relevant intersections logged</i>	All drill holes were logged in full by Encounter geologists.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Competent drillcore is cut and sampled, and grab sampling was utilised where core is broken. Mineralised intervals are subjected to half-core sampling, and unmineralised intervals are subjected to quarter-core or fillet-core sampling.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	RC samples were collected on the rig using a splitter. Samples were recorded as being dry, moist or wet by Encounter field staff.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Sample preparation will be completed at Bureau Veritas Minerals Pty Ltd Laboratories in Perth. Samples will be dried, crushed, pulverised (90% passing at a $\leq 75\mu\text{m}$ size fraction) and split into a sub – sample that will be analysed using a 4 acid digest with an ICP – OES and ICP – MS finish.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Field QC procedures involve the use of commercial certified reference materials (CRMs) and in house blanks. The insertion rate of these will be at an average of 1:33.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	No duplicates were taken from diamond core. Field duplicates are collected during RC drilling every 50 th sample.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The sample sizes are considered appropriate to give an accurate indication of base metal anomalism and mineralisation at Millennium.
	Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>
<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>		Two handheld XRF instruments were used to systematically analyse RC samples and drill core onsite. The principal instrument used was a Thermo Scientific XL3t 950 GOLDD+. A Thermo Scientific XL3t 500 was also used infrequently. Reading times ranged from 20 – 25 seconds. Standards are analysed frequently to ensure accuracy.
<i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>		Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of in house procedures. Encounter also submitted an independent suite of CRMs, blanks and field duplicates (see above). A formal review of this data is completed on an annual basis.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	The intersections included in this report have been verified by Stephen Brown and Kristian Hendricksen – Senior Exploration Geologists at Encounter Resources
	<i>The use of twinned holes.</i>	No twinned holes have been drilled.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Primary data is collected for Millennium on hand held printed forms and on toughbook computers using Excel templates and Maxwell Geoservice's LogChief software. Data collected was sent offsite to Encounter's Database (Datashed software), which is backed up daily.
	<i>Discuss any adjustment to assay data.</i>	No adjustments or calibrations are made to any assay data collected at Millennium.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Drill hole collar locations are determined using a handheld GPS. Down hole surveys used single shot readings during diamond drilling and RC pre-collars. These were taken at approximately every 30m downhole
	<i>Specification of the grid system used.</i>	The grid system used is MGA_GDA94, zone 51.
	<i>Quality and adequacy of topographic control.</i>	Estimated RLs were assigned during drilling and are to be corrected at a later stage using a DTM created during the VTEM AEM survey.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Drilling at Millennium was completed on five north- south sections spaced from approximately 200m to 600m apart. Where two holes were drilled on a section the holes were spaced approximately 200m apart. The single hole drilled at BM7 was positioned 200m east from a previously drilled diamond hole (EPT2158).
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	Mineralisation has not yet demonstrated to be sufficient in both geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications to be applied.
	<i>Whether sample compositing has been applied.</i>	No compositing was applied to diamond core samples. Quoted intersections are the length-weighted average of grades from original sampling widths.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	N/A – this is framework diamond drilling
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	No sampling bias resulting from a structural orientation is known to occur.
Sample security	<i>The measures taken to ensure sample security.</i>	The chain of custody was managed by Encounter. Samples were delivered by Encounter personnel to Newcrest's Telfer Mine site and transported to the assay laboratory via McMahon's Haulage. Tracking protocols are in place to monitor the progress of all samples batches.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	Sampling techniques and procedures are regularly reviewed internally, as is data. To date, no external audits have been completed on the Millennium data.

SECTION 2 REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<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 Millennium prospect is located within the tenement E45/2561, E45/2500 and E45/2501 which are 100% held by Encounter. The prospect area is subject to an Earn In Agreement with HHM, whereby HHM may up to a 25% interest in the prospect area.</p> <p>The BM7 prospect is located within E45/2658 and E45/2805 tenements. Encounter holds 100% of these tenements.</p> <p>The tenements that host the Millennium and BM7 prospects are subject to a 1.5% Net Smelter Royalty to Barrick Gold of Australia.</p> <p>The Yeneena project tenements are contained completely within land where the Martu People have been determined to hold native title rights.</p> <p>No historical or environmentally sensitive sites have been identified in the area of work.</p>
Exploration done by other parties	<p><i>Acknowledgment and appraisal of exploration by other parties.</i></p>	<p>Prior to activities undertaken by Encounter, no exploration of the Millennium area had been completed.</p>
Geology	<p><i>Deposit type, geological setting and style of mineralisation</i></p>	<p>Both the Millennium and BM7 prospects 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 both the Millennium and BM7 prospects. Millennium is considered prospective for sediment – hosted zinc-lead mineralisation, with the McArthur River deposit in Queensland providing a basic conceptual model for exploration targeting. The BM7 prospect is considered prospective for sediment-hosted copper deposits similar to the Nifty copper deposit located 65km to the NNW.</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>All reported assays from the Millennium prospect have been length weighted, with a nominal 0.1% Zn lower cut-off reported as significant in the context of the geological setting. No upper cuts-offs have been applied and some narrow intervals of less than 0.1% Zn have been included in calculating down hole grade intervals.</p> <p>All reported assays from the BM7 prospect have been length weighted, with a nominal 0.01% Cu lower cut-off, and with internal higher grade intervals calculated at a 0.50% Cu lower cut-off.</p>

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.

Higher grade intervals that are internal to broader zones of mineralisation are reported as included intervals, using a lower cut-off of 1% for Zn and 0.5% Cu.

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

No metal equivalents have been reported in this announcement.

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	<i>These relationships are particularly important in the reporting of exploration results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i>	The geometry of the mineralisation is not yet known due to insufficient deep drilling in the targeted area.
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plane view of drill hole collar locations and appropriate sectional views.</i>	Refer to body of this announcement.
Balanced Reporting	<i>Where comprehensive reporting of all Exploration Results is not practical, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	All significant intervals are reported with a 0.1% Zn lower cut-off (with internal higher grade intervals quoted at a 1% Zn lower cut-off) while all significant Cu intervals are reported with a 0.01% lower cut-off (with internal higher grade intervals quoted at a 0.5% Cu lower cut-off)
Other substantive exploration data	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observation; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	All meaningful and material information has been included in the body of the text. No metallurgical or mineralogical assessments have been completed.
Further Work	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large – scale step – out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Further drilling at Millennium is required to test for lateral and vertical extensions of the high grade zinc sulphide mineralisation adjacent to the carbonate - shale contact. Follow up drilling along strike and down dip at BM7 is required to try to identify higher grade Cu associated with the broad low grade mineralisation intersected in EPT2158 and EPT2271.

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 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(1,083)	(2,330)
(b) development	-	-
(c) production	-	-
(d) administration	(251)	(371)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	19	24
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 - R&D tax concession refund	-	541
- Other (incl. EIS drilling grant)	227	227
Net Operating Cash Flows	(1,088)	(1,909)
Cash flows related to investing activities		
1.8 Payment for purchases: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
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	1,238	2,417
Net investing cash flows	1,238	2,417
1.13 Total operating and investing cash flows (carried forward)	150	508

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	150	508
Cash flows related to financing activities			
1.14	Proceeds/(refunds) from issues of shares, options, etc.	1,430	2,954
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	(24)	(24)
Net financing cash flows		1,406	2,930
Net increase (decrease) in cash held		1,556	3,438
1.20	Cash at beginning of quarter/year to date	3,254	1,372
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,810	4,810

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	160
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 \$899,412 (\$1,769,877 year to date) has been incurred by other entities Pursuant to farm-in agreements on projects held by the Company.

+ 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	600
4.2 Development	-
4.3 Production	-
4.4 Administration	225
Total	825

Estimated exploration costs of the proposed farm-in work programs for the next 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	4,736	3,180
5.2 Deposits at call	74	74
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,810	3,254

+ 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	E51/1570	Relinquished	100%	0%
6.2	Interests in mining tenements acquired or increased	E45/4564	Tenement granted	0	100%

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	-	-	
7.2	<i>(description)</i> Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	- - -	- - -	
7.3	+Ordinary securities	155,644,044	155,644,044	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Released from Escrow	10,217,836 - -	10,217,836 - -	
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 (description and conversion factor)			<u>Exercise price</u>	<u>Expiry date</u>
	450,000			\$0.40	31/5/2016
	1,450,000	-		\$0.30	30/11/2016
	600,000	-		\$0.39	30/11/2017
	750,000	-		\$0.21	31/5/2017
	200,000	-		\$0.31	31/1/2018
	670,000	-		\$0.22	31/5/2018
	1,250,000	-		\$0.23	27/11/2018
	750,000	-		\$0.31	27/11/2019
	800,000	-		\$0.16	31/1/2019
	5,441,429	-		\$0.21	30/9/2018
7.8	Issued during quarter	-	-		
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	-	-		
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

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: 28 January 2016

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.