

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 (28/07/16)

~A\$19m (\$0.125/share)

Issued Capital (30/06/16)

155.6 million ordinary shares

12.3 million options

Cash (30/06/16)

~A\$3.7M

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 - Paterson Province, WA**

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

Lookout Rocks Copper Project (Antofagasta earning in)

- The first diamond drill hole successfully intersected narrow zones of disseminated copper sulphide mineralisation, up to 1% Cu, at the targeted first reductant position. This copper-cobalt mineralisation is located directly above an oxidised "red bed" stratigraphic unit, a stratigraphic position similar to that of many major copper deposits of the Zambian Copperbelt.
- This stratigraphic position is interpreted to extend laterally and, as such, has important implications for the prospectivity of the Lookout Rocks project.

Millennium Zinc Project (Hampton earning up to 25%)

- A two hole diamond drill program was completed in July 2016. Drilling has confirmed that the area of shale hosted zinc-lead mineralisation extends at least 400m further south-east than previously known and the system remains open. Assay results are expected in August 2016.
- Successful application for WA Government Exploration Incentive Scheme ("EIS") co-funding (up to A\$150,000) with drilling expected to commence in September 2016.

BM1-BM7 Copper Project (100% ENR)

- A three hole diamond drill program was completed testing discrete gravity targets at the BM1-BM7 prospect. The drilling intersected additional low grade copper mineralisation but does not appear to have intersected significant density features as modelled. A review of the drilling and geophysical models is in progress.

Paterson Gold Projects (100% ENR)

- Successful application for WA Government Exploration Incentive Scheme ("EIS") co-funding (up to A\$150,000) for future drilling at the Dora gold project located ~40km SE of the Telfer gold operation.
- A detailed airborne magnetic survey was completed at the Telfer West project (located 25km north-west of Telfer). The last on-ground exploration at Telfer West was completed over two decades ago, where limited shallow drilling intersected gold mineralisation over a 4km long trend.

CORPORATE

- ~A\$3.7 million cash balance as at 30 June 2016.

EXPLORATION

PATERSON PROVINCE

YENEENA 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
- Paterson Gold projects: ELA45/4613, E45/4564

Yeneena covers a 1,900km² of granted exploration licenses 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).

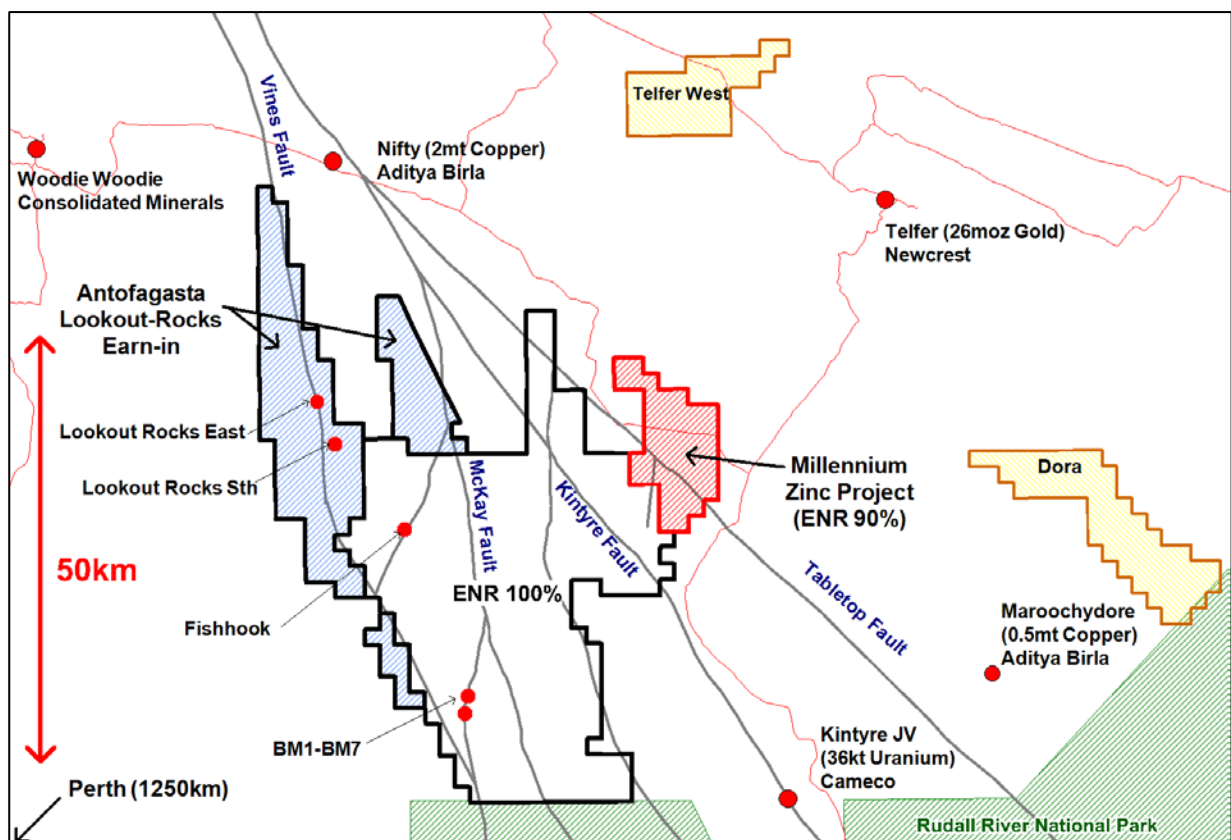


Figure 1: Yeneena tenements: Projects and Earn-In areas with major regional faults

Millennium Zinc Project – 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 Project is located in the north-east Yeneena (see Figure 1) and is subject to an Earn In Agreement with Hampton Hill Mining (“**HHM**”) (refer ASX announcement 23 April 2015).

The Millennium Project lies on the north eastern margin of Yeneena 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 target and typical of the style of 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 SE. 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 announcement 9 July 2015):

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

High tenor zinc sulphide mineralisation, in the form of sphalerite, has been intersected below the gossanous unit and returned assays of, (refer ASX announcements 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.

Three high priority target zones have been identified for 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 (7m @ 4.8% Zn) that is open to the south-east
3. Target Zone North West – high-grade zinc sulphide mineralisation intersected in EPT1854 (0.7m @ 36.7% Zn) that remains open downdip and along strike to the north and west.

Exploration activity during the quarter focused primarily on Target Zone South-East:

Target Zone South-East – Previous drilling has intersected a coherent zone of zinc sulphide mineralisation at the contact between carbonaceous black shale and a brecciated carbonate unit. Intersections in the South-East target zone include, (refer ASX announcement 12 January 2015):

14m @ 1.8% Zn in EPT2261 from 223m; and
7m @ 4.8% Zn in EPT 2198 from 233m.

A ground gravity survey was completed in October 2015 and a passive seismic trial was completed in April 2016 to the south east of Millennium to map cover depth and potentially provide additional structural information to assist with drill planning. A two hole diamond drill program was completed at Millennium in July 2016 following up targets defined from the geophysical surveys.

The first hole, EPT2284, was targeting the carbonate-shale contact along strike 100m east of EPT2198. The hole intersected the same alteration assemblage including narrow zones of disseminated zinc sulphide mineralisation. Assay results from this hole are expected in August 2016.

A second hole, EPT 2288, targeted shale hosted zinc-lead mineralisation 400m east of the easternmost drill section (see Figure 2). The 534m hole drilled through a major shear zone from the bottom of the Permian cover at 252m downhole to a depth of ~510m downhole. The hole intersected what is interpreted to be the mineralised shale package in the final ~20m of the hole. The final 20m of the hole contained a series of

carbonate veins containing blebs of sphalerite (zinc sulphide), galena (lead sulphide) and minor chalcopyrite (copper sulphide). The hole terminated at 534m due to bogged rods and a broken rod string. This drill hole successfully confirmed that the shale hosted zinc-lead mineralisation extends further south-east than previously known and the system remains open. Assay results from this hole are also expected in August 2016.

Important geological information was obtained in this phase of drilling including the location of a major structure/shear zone and confirmation that the mineralised shale package extends laterally in this area. This zinc-lead mineralised carbonate veining in the shale is considered an important proximal diagnostic indicator of the clastic dominant or SEDEX deposit model.

During the quarter the Company was successful with its application for WA Government EIS co-funding (up to A\$150,000) for a future diamond drill program at Millennium Deeps targeting shale hosted zinc sulphide mineralisation. This EIS co funded program is scheduled to commence in September 2016.

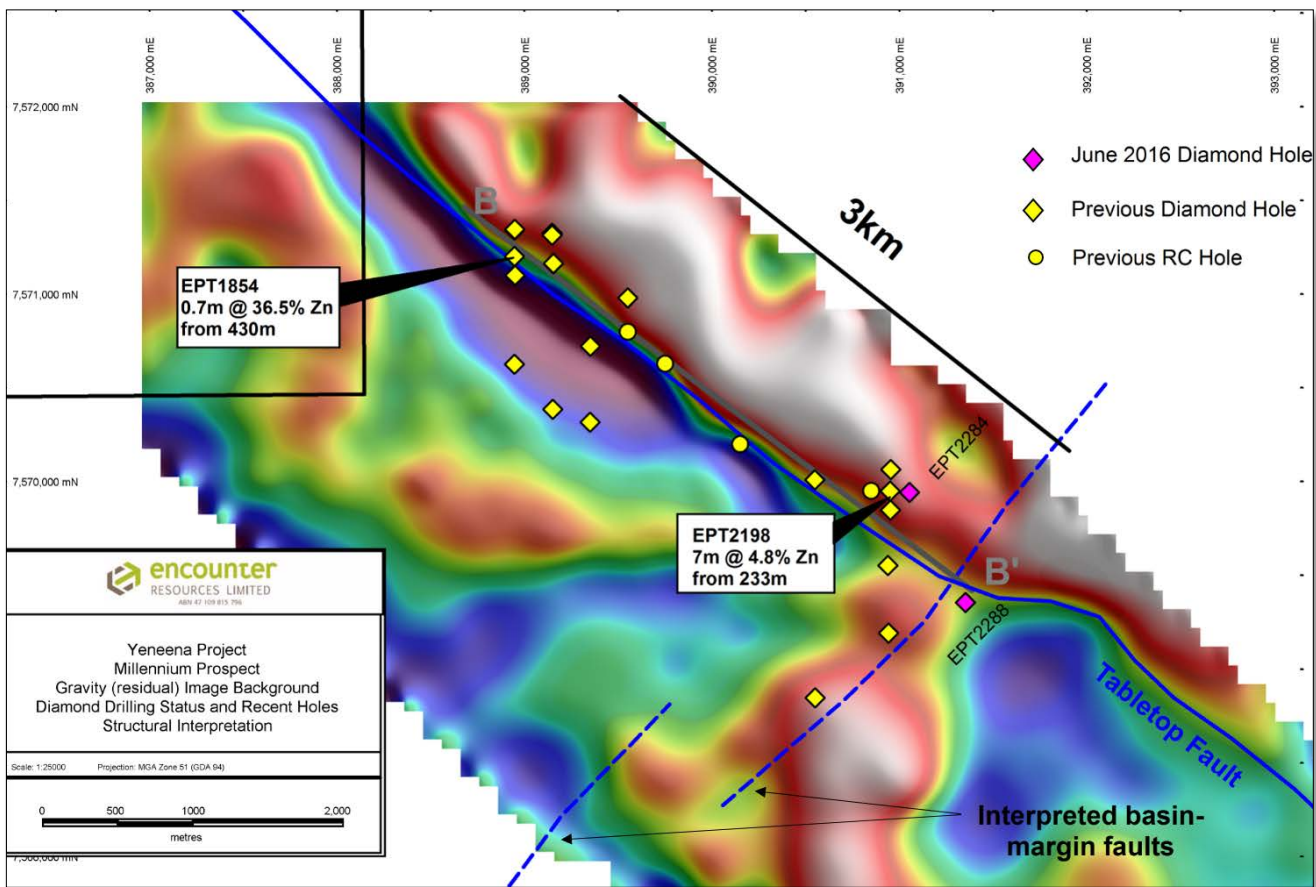


Figure 2: Drill hole collar location – Millennium

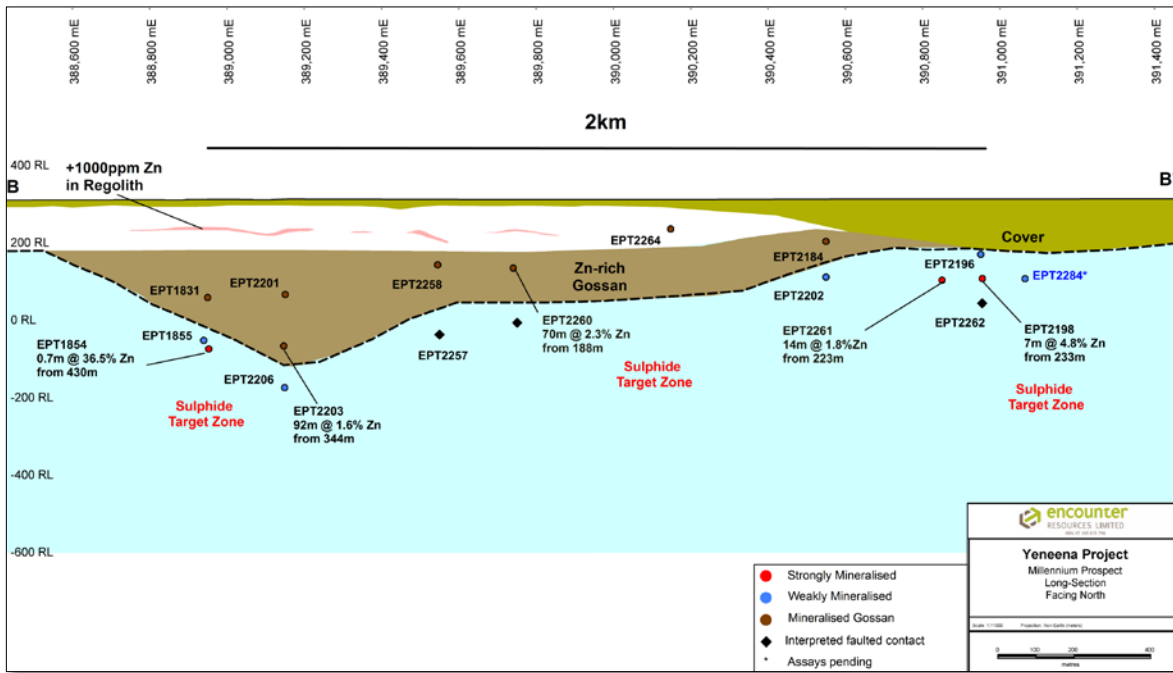


Figure 3: Drill hole long section (B – B') – Millennium Shale-Carbonate contact intersections only. June 2016 diamond hole in blue

Hole_ID	Northing (m)	Easting (m)	RL (m)	EOH(m)	Dip	Azi	Hole Type
EPT2284	7569953	391050	308	303.9	-60	180	RC / DDH
EPT2288	7569348	391349	308	534.6	-80	180	RC / DDH

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. DDH = diamond, RC = Reverse Circulation

BM1–BM7 Copper Project

A 14km long copper system, discovered and wholly owned by Encounter, that contains high grade Cu sulphide mineralisation at BM7 and a coherent zone of near surface Cu oxide mineralisation at BM1.

Background

Between 2013 to 2015, a total of 13 diamond drill holes were completed at BM7. These holes provide a broad spaced, 3D dataset covering an area that extends over 3km of strike.

A study 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. This provides a template of key mineralisation vectors to high grade copper mineralisation in the Paterson Province. An evaluation of the drill data from Yeneena highlighted that a number of the key features of the Nifty alteration signature are evident within the BM1–BM7 project.

A cover corrected gravity model has been produced over 6km of the BM1-BM7 copper trend in the March 2016 quarter. The model highlighted three new, previously untested density anomalies (see Figure 5). The gravity anomalies at BM7, BM7 East and BM1 are situated along strike of bedrock geochemical alteration anomalies and copper mineralisation that is consistent with a halo to a potential high grade copper system (see Figure 4).

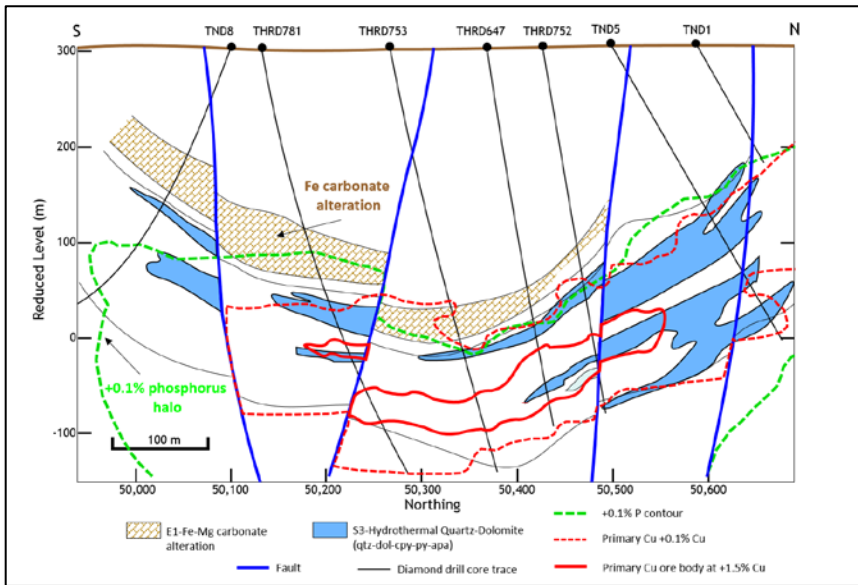


Figure 4: Cross section through Nifty copper deposit after Anderson (1999)

A three hole diamond program was completed during the quarter testing these discrete gravity targets. The drilling intersected additional low grade copper sulphide mineralisation at BM7, however, the results of the down hole logging of the holes at BM1 and BM7 East indicate that the drilling has not intersected significant density features as modelled. A review of the drilling and geophysical modelling is in progress.

This drilling was 50% funded (up to \$150,000) under the WA Government Exploration Incentive Scheme.

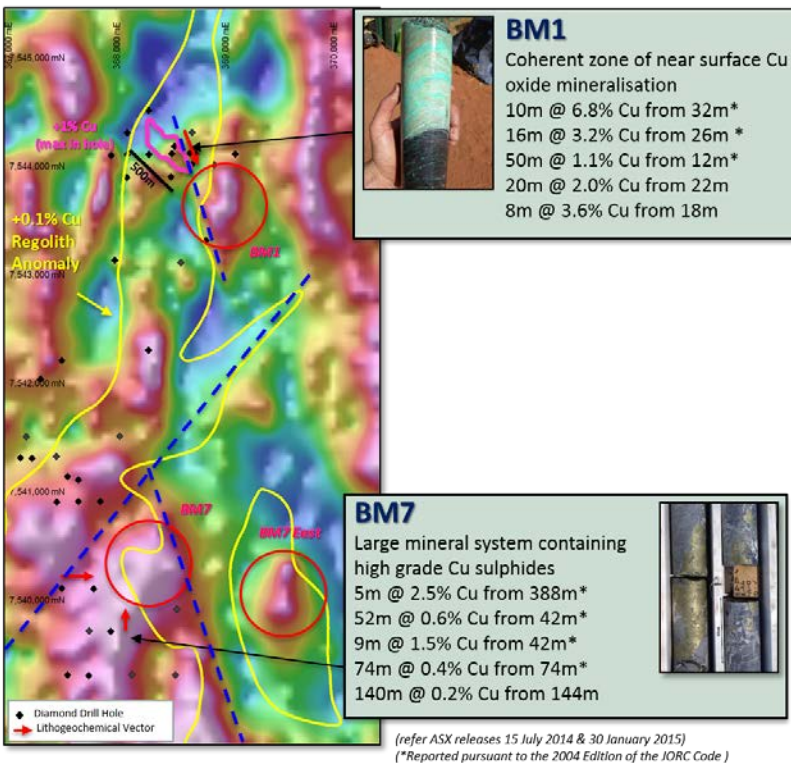


Figure 5: BM1-BM7 cover corrected gravity image (residual filter applied)

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

Background

Lookout Rocks includes four tenements (~450km²) of highly prospective exploration ground located in the north-west of Yeneena. Exploration at Lookout Rocks is being conducted as part of the US\$6m earn-in agreement with a wholly-owned subsidiary of Antofagasta plc ("**Antofagasta**") (refer ASX announcement 30 July 2015).

The Lookout Rocks project covers over 30 strike kms of interpreted Broadhurst Formation sedimentary rocks, the geological unit that hosts the Nifty copper deposit. Interpretation of the detailed airborne electromagnetic data indicates the prospective structures and Broadhurst lithologies extend into the project in an area that has seen minimal 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 program was to test cover thickness, refine the bedrock geological interpretation and test for copper regolith anomalism within the defined targets.

The program included seven reconnaissance aircore 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. The seven aircore drill holes intersected broad intervals of moderate copper and lead anomalism, with a strengthening geochemical vector to the east and towards the bottom of one hole. This drill hole, EPT 2256, intersected 116m @ 290ppm Cu and 457ppm Pb from 16m to end of hole (refer ASX announcement 17 December 2015). The end of hole sample returned 2 metres of 942ppm copper and importantly, iron oxide minerals (limonite) interpreted to be derived from the weathering of supergene copper sulphides.

The Broadhurst rocks in this area were heavy weathered and leached indicating strongly acidic meteoric fluids were present, and that leaching may have significantly depleted primary copper mineralisation.

In addition, a surface gossan with boxwork textures after sulphide minerals was identified in late 2015 at Lookout Rocks South, where gossanous outcrop and float occurs over an area of approximately 300m by 200m. Samples taken from these gossan outcrops returned copper assays up to 0.2% copper (refer ASX announcement 17 December 2015) and exhibit similarities to the gossanous outcrops at the Nifty discovery site (refer to WAMEX historical reports).

These gossanous outcrops, together with strongly leached Broadhurst rocks intercepted in shallow drilling at Lookout Rocks South and Lookout Rocks East (refer ASX announcement 9 December 2015), indicate the presence of sulphides within the Broadhurst Formation sequence. A surface mapping program along a 12km zone between the Lookout Rocks East and Lookout Rocks South prospects, with the objective of defining diamond drill targets, was completed in April 2016.

Diamond Drilling

The two hole diamond program at Lookout Rocks South was completed in June 2016. The drilling successfully intersected narrow zones of disseminated copper sulphide mineralization, up to 1% Cu, at the targeted "first reductant" position (see Table 2 and 3). This copper-cobalt mineralisation is hosted by black, reduced carbonaceous sediments, located directly above an oxidised "red bed" stratigraphic unit, a stratigraphic position similar to that of many major copper deposits of the Zambian Copperbelt.

This first diamond hole has confirmed the targeted mineralisation model at Lookout Rocks, focused at a stratigraphic contact "first reductant" interface (see photos 1 and 2). Surface mapping indicates that this stratigraphic contact, which is the focus of the copper-cobalt mineralisation, is relatively flat and extends laterally over a large part of the Lookout Rocks Project. Accordingly, this result has potentially enhanced the scale and near surface explorability of the opportunity and, as such, has promising regional exploration implications (refer ASX announcement 28 July 2016).

A second steeper diamond drill hole was drilled approximately 60m east of the first hole however this hole drilled down a Proterozoic dyke and was terminated above the first reductant position and is classified ineffective.

Future work programs are currently being designed in collaboration with Antofagasta personnel.

The diamond drill program at Lookout Rocks was 50% funded under the WA Government Exploration Incentive Scheme.

Hole_ID	Northing (m)	Easting (m)	RL (m)	EOH(m)	Dip	Azi	Hole Type
EPT2282	7567599	352075	360	326.1	-72	270	DDH
EPT2283	7567595	352136	360	222.9	-87	090	RC / DDH

Table 2: Drill hole collar location – Lookout Rocks South

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

Hole ID	From (m)	To (m)	Length (m)	Copper %	Cobalt ppm
EPT2282	185	194.5	9.5	0.14	183
and	199.5	204	4.5	0.17	126
and	259.05	260.7	1.65	0.42	120
incl.	259.4	259.7	0.3	1.0	326
and	275.6	275.93	0.33	1.0	41
EPT2283	nsa				

Table 3: Diamond drilling assay results – Lookout Rocks South

Intervals are calculated at a 0.1% Cu lower cut-off and a minimum width of 2m downhole. Internal higher grade intervals calculated at a 1% Cu lower cut-off. nsa = no significant results



Photo 1: Disseminated chalcopyrite in carbonaceous shale
EPT 2282 ~259.5m downhole (1.0%Cu)
Core width ~60mm



Photo 2: Example of "Red Bed" oxidized sediments
EPT2282 ~320m downhole
Core width ~60mm

PATERSON GOLD PROJECTS

Over recent years Encounter has continued to add to its strategic ground holding in the Yeneena region including the acquisition of the Dora and Telfer West gold-copper projects.

Telfer West ELA45/4613 (100% Encounter): In 2014 Encounter secured a project located 25km north-west of Newcrest's Telfer gold-copper operation. The project covers an area of approximately 121km². Historical exploration was completed by WMC and Newmont from 1983-1993 targeting Telfer style gold-copper mineralisation. The last on-ground exploration was completed in 1993 where limited shallow drilling intersected gold mineralisation over a 4km long trend. A detailed airborne magnetic survey was completed at the Telfer West project in July 2016. The results are currently being interpreted in conjunction with the historical geochemical results to design upcoming exploration programs. The first drilling is scheduled to commence in October 2016.

Dora E45/4564 (100% Encounter): The Dora gold-copper tenement, was granted in December 2015 (see Figure 1). The project covers a series of discrete magnetic anomalies along strike from historical gold occurrences and is located approximately 40km south-east of the Telfer gold-copper operation. During the quarter the Company was successful with its application for WA Government Exploration Incentive Scheme ("EIS") co-funding (up to A\$150,000) for future drilling at the Dora gold project.

CORPORATE

Encounter held cash reserves of approximately \$3.7 million at 30 June 2016.

In June 2016 Encounter was successful with two applications for WA Government EIS co-funding (totalling A\$300,000) for future drill programs at the Millennium Deeps prospect and the Dora gold-copper target.

NEXT QUARTER HIGHLIGHTS

Activities planned for the September 2016 quarter include:

Millennium Zinc (Hampton earning up to 25%)

- Assay results received from the two hole diamond drill program completed in July 2016
- Remodeling of the gravity to incorporate the recent drilling and the passive seismic data collected during the June 2016 quarter.
- Commencement of EIS co-funded 1500m diamond drilling program.

Lookout Rocks Copper Project (Antofagasta earning in)

- Future work programs are currently being designed in collaboration with Antofagasta personnel.

BM1-BM7 Copper Project (100% ENR)

- Complete the review of the May 2016 drilling and geophysical modelling.

Paterson Gold Projects (100% ENR)

- Initial field reconnaissance of Dora and Telfer West gold projects.
- Surface geochemical sampling program along the historical 4km long mineralised trend.
- Complete interpretation of detailed airborne magnetic survey completed in July 2016.
- The first drilling at Telfer West is scheduled to commence in October 2016.

TENEMENT INFORMATION

Lease	Location	Project Name	Area km ²	Interest at start of quarter (01/04/2016)	Interest at end of quarter (30/06/2016)
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	200.5	100%	100%
E45/2503	253km NE of Newman	Paterson	19.1	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	171.1	100%	100%
E45/2805	242km NE of Newman	Paterson	171.6	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 - Dora	194.2	100%	100%

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

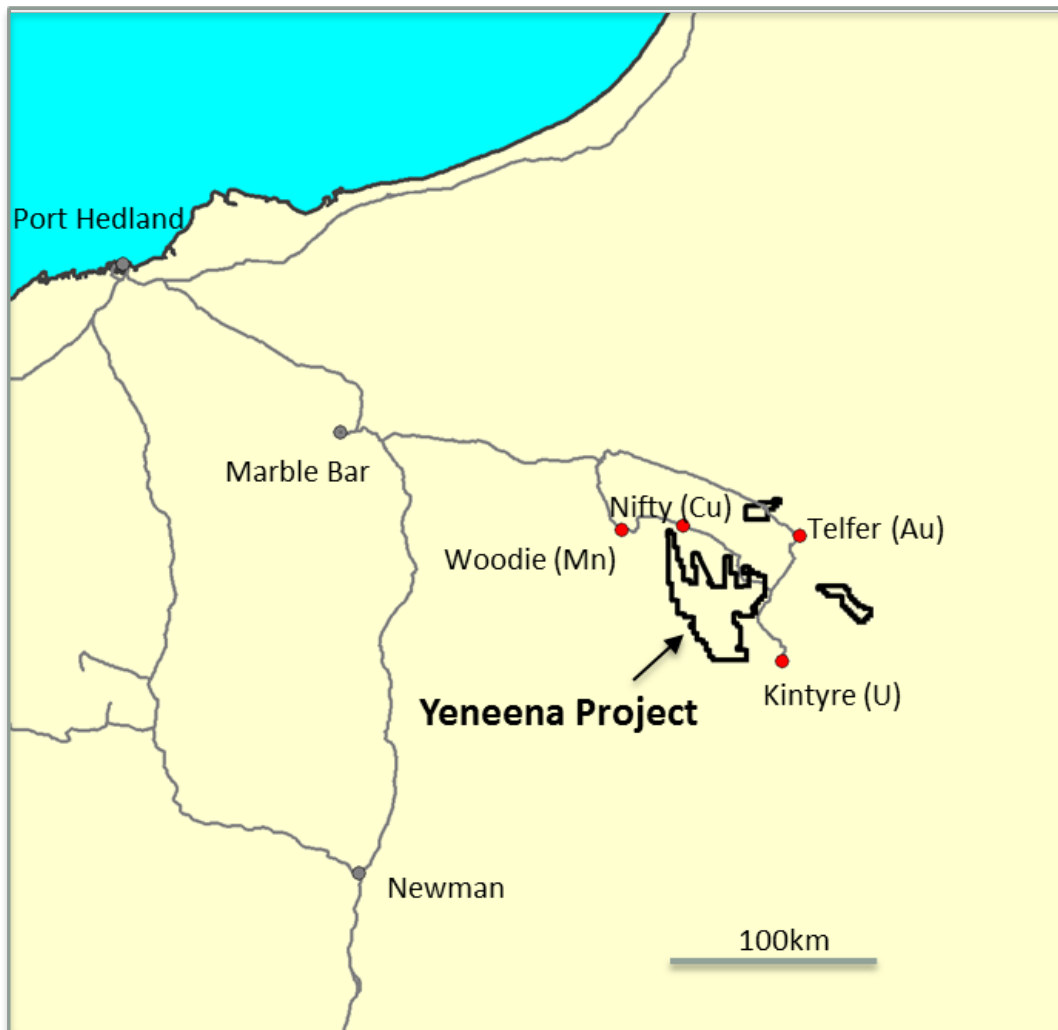


Figure 6: Yeneena Project Location Plan



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.

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 2016

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(580)	(3,618)
(b) development	-	-
(c) production	-	-
(d) administration	(151)	(646)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	21	72
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 - R&D tax concession refund	-	537
- Other (incl. EIS drilling grant)	172	399
Net Operating Cash Flows	(538)	(3,256)
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	221	2,638
Net investing cash flows	221	2,638
1.13 Total operating and investing cash flows (carried forward)	(317)	(618)

+ See chapter 19 for defined terms.

Cash flows related to financing activities			
1.14	Proceeds/(refunds) from issues of shares, options, etc.	-	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)
Net financing cash flows		-	2,930
Net increase (decrease) in cash held		(317)	2,312
1.20	Cash at beginning of quarter/year to date	4,001	1,372
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,684	3,684

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	204
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

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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 \$461,838 (\$2,384,783 year to date) has been incurred by other entities pursuant to farm-in agreements on projects held by the Company.

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	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	900
4.2	Development	-
4.3	Production	-
4.4	Administration	225
Total		1,125

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	3,609	3,926
5.2 Deposits at call	75	75
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,684	4,001

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <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	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	-	-		
7.5 +Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
7.7 Options <i>(description and conversion factor)</i>			<u>Exercise price</u>	<u>Expiry date</u>
	1,450,000	-	\$0.30	30/11/2016
	550,000	-	\$0.39	30/11/2017
	750,000	-	\$0.21	31/5/2017
	200,000	-	\$0.31	31/1/2018
	595,000	-	\$0.22	31/5/2018
	1,250,000	-	\$0.23	27/11/2018
	750,000	-	\$0.31	27/11/2019
	700,000	-	\$0.16	31/1/2019
	5,441,429	-	\$0.21	30/9/2018
	600,000	-	\$0.14	28/2/2020
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		

+ See chapter 19 for defined terms.

7.10	Expired during quarter	400,000	-	\$0.40	31/5/2016
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: 28 July 2016

Print name: Kevin Hart

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Cash Flow Statements* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.