

ASX : ENR

15 October 2014

Company Announcements Office
Australian Securities Exchange
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Sydney NSW 2000

Millennium Zinc EIS Diamond Drilling Commences

The directors of Encounter Resources Ltd ("Encounter") are pleased to announce that RC drilling has confirmed the presence of highly elevated, end of hole zinc mineralisation at the Millennium prospect ("Millennium"). Millennium is located 2.5km south-east, and along strike, of the BM2 prospect where Encounter discovered massive zinc sulphide mineralization in late 2013. A follow up EIS co-funded diamond drilling program at Millennium has commenced this week.

The BM2/Millennium prospects are held 100% by Encounter and are located approximately 35km north-east of the BM1-BM7 copper discoveries in the Yeneena project of Western Australia (Figure 4).

Background

At BM2, diamond drill hole EPT1854 intersected two zones of brecciated and laminated massive zinc sulphide (dominantly sphalerite) mineralisation, 200m down-dip of a 140m thick zone containing intervals of zinc rich gossanous material.

Chemical assays from the sulphide zones combined returned **0.7m @ 36.5% Zn and 37g/t Ag** and confirmed the high grade zinc/silver potential of the mineral system at BM2 (see ASX announcement 13 December 2013).

The zinc sulphide mineralisation at BM2 sits within a wide shear zone at the contact between carbonaceous shale and a brecciated dolomite adjacent and parallel to the Tabletop Fault. Drillhole EPT1854 was the first hole to test the shale/dolomite mineralised contact below the base of oxidation. Previous shallow aircore and RC drilling at BM2 along the mineralised contact intersected a zinc oxide anomaly over a strike length of 2km which remained open to the south-east.

Millennium is located at the south-eastern end of the zinc oxide anomaly at the intersection of the Tabletop Fault and the margin of a sub-basin within the Broadhurst sediments (Figure 1).

In June 2014, Encounter was successful in its EIS application to receive co-funding (up to \$150,000) from the WA Government to complete the first RC and diamond drilling at Millennium.

RC Drill Program Completed (EIS co-funded)

Encounter completed the first ever RC drilling program at Millennium in September 2014, in an area of limited previous exploration and extensive sand cover.

The primary aim of the initial RC drilling program was to test for near surface zinc anomalism at Millennium. The RC drilling was designed to test the top 150m from surface.

Results from the RC drilling were highly encouraging and defined strong zinc-lead anomalism over a broad area, often extending to the bottom of hole (Figure 3). The results at Millennium are significantly higher than results from drill holes of similar depth at BM2 where the company reported the intersection of high grade zinc sulphides (0.7m @ 36.5% Zn) below a broad zone of iron rich gossanous material (Figure 2). This strengthening of near surface zinc mineralisation supports the interpretation of the sub-basin margin being more proximal to the core of the system.

The RC drilling has also extended the overall near surface footprint of the zinc system at BM2/Millennium to over 3km long, paralleling the Tabletop Fault.

Results from the RC drilling at Millennium include:

- 113m @ 0.15% Zn and 0.15% Pb from 32m to EOH including 6m @ 0.81% Zn and 0.16% Pb from 102m (EPT 2162)
- 49m @ 0.35% Zn and 0.08% Pb from 82m to EOH (EPT 2164A)
- 31m @ 0.40% Zn from 84m to EOH including 6m @ 1.26% Zn from 98m (EPT 2184).

Diamond Drilling in Progress (EIS co funded)

Following the encouraging RC results, a 1,000m diamond drilling program has commenced at Millennium. The two hole program will test for stratiform zinc-lead sulphide mineralisation adjacent to the interpreted shale-carbonate contact and for mineralisation hosted along this key mineralised contact. Assay results from the diamond drilling are expected in December 2014.

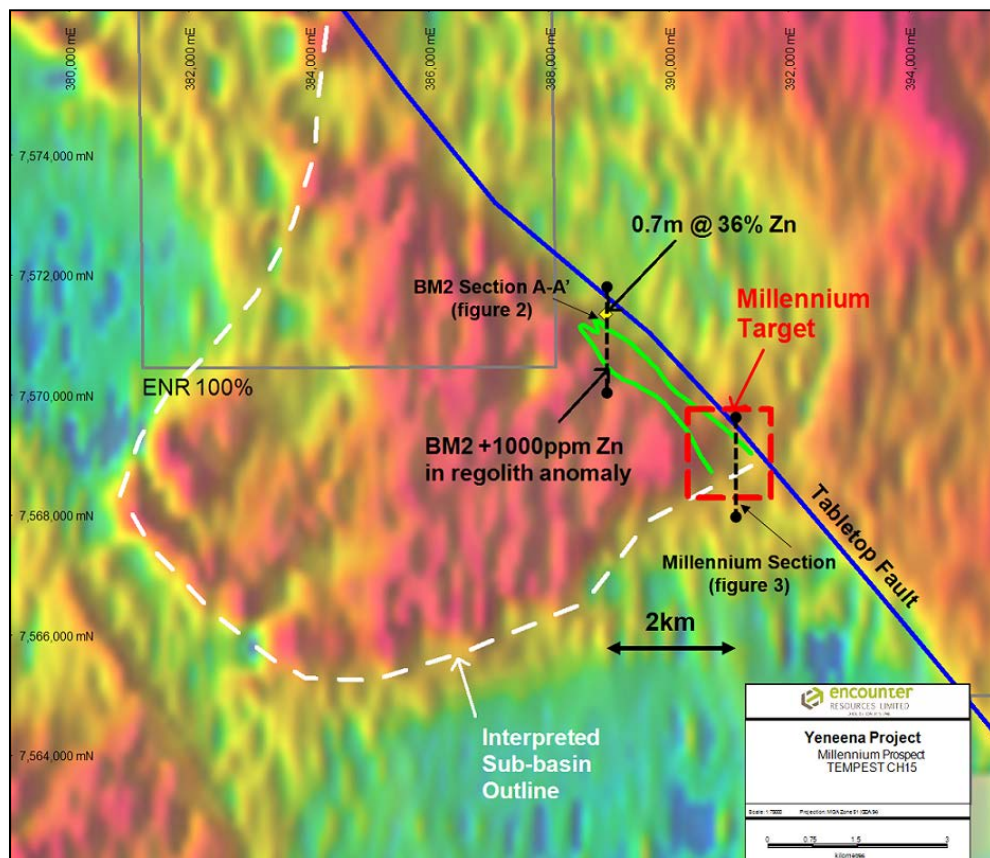


Figure 1: Millennium / BM2 prospects – EM and location plan

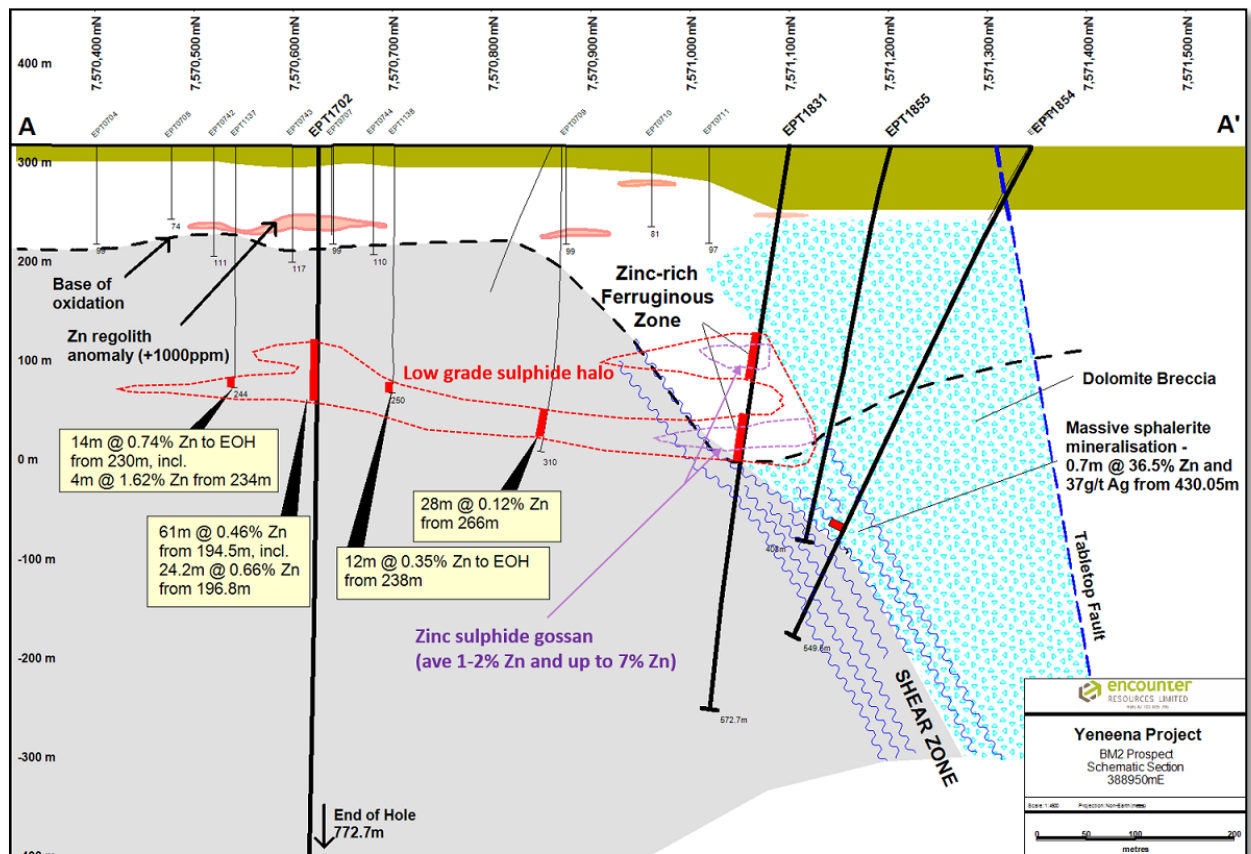


Figure 2: Drill cross section 388950mE – BM2 prospect

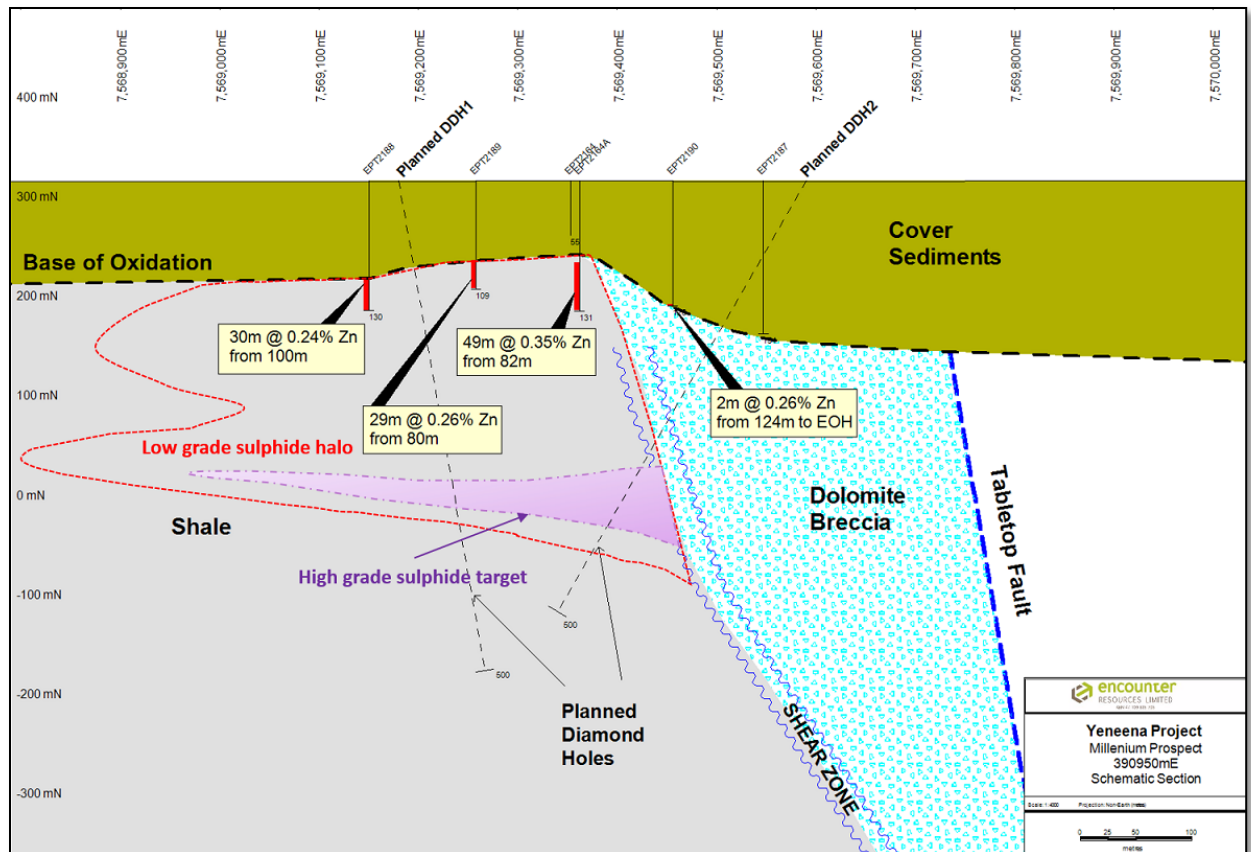


Figure 3: Interpreted drill cross section 390950mE - Millennium prospect

Hole_ID	Northing (m)	Easting (m)	RL (m)	EOH(m)	Dip	Azi
EPT2159	7569748	390156	320	150	-90	000
EPT2160	7569351	390146	320	150	-90	000
EPT2161	7568947	390147	320	151	-90	000
EPT2162	7569355	390545	320	145	-90	000
EPT2164	7569353	390954	320	55	-90	000
EPT2164A	7569362	390943	320	131	-90	000
EPT2183	7569950	390150	320	151	-90	000
EPT2184	7569744	390551	320	115	-90	000
EPT2185	7569542	390556	320	151	-90	000
EPT2186	7569660	390558	320	157	-90	000
EPT2187	7569547	390957	320	154	-90	000
EPT2188	7569150	390947	320	130	-90	000
EPT2189	7569258	390949	320	109	-90	000
EPT2190	7569456	390945	320	126	-90	000
EPT2191	7569142	391346	320	116	-90	000

Table 1: RC collar location – Millennium prospect

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

Hole ID	From (m)	To (m)	Length (m)	Zinc (ppm)	Lead (ppm)
EPT2159	20	150*	130	276	874
EPT2160	20	150*	130	158	327
EPT2161	74	110	36	82	142
EPT2162	32	145*	113	1518	1520
incl.	102	108	6	8060	1577
EPT2164	Not sampled –hole failed				
EPT2164A	82	131*	49	3511	762
EPT2183	132	151*	19	1264	484
EPT2184	84	115*	31	3953	39
incl.	98	104	6	12603	121
EPT2185	38	151*	113	1249	498
EPT2186	68	104	36	1896	50
and	124	157*	33	1453	115
EPT2187	nsa – deep cover				
EPT2188	100	130*	30	2421	903
EPT2189	80	109*	29	2671	739
EPT2190	124	126*	2	2600	372
EPT2191	Not sampled – deep cover				

Table 2: RC assay results >0.1%Zn or >0.01%Pb – Millennium prospect

*ppm = parts per million, * End of Hole Intersection, nsa = no significant assays*

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>The Millennium prospect was sampled by Encounter Resources (ENRL) using reverse circulation (RC) drilling. A total of 15 RC holes were drilled for a total of 1991m, with all holes drilled vertically. The drilling program was drilled on nominal 400m spaced north-south sections with 200m spacing between drill holes with minor infill drilling to 100m spacing on selected sections.</p> <p>Onsite handheld Niton XRF instruments were used to systematically analyse drill samples, with a single reading taken for each 2m composite sample produced during drilling. These results are only used for onsite interpretation and the XRF results 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>	Reverse circulation drilling was used to obtain 3-4 kg samples every 1m downhole. These samples were sent to Bureau Veritas Minerals Pty Ltd Laboratories in Perth, where they were dried, crushed, pulverised and split to produce a sub – sample for ICP – OES and ICP – MS analysis.
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>	RC drilling was used during the program the program. Holes were drilled using 3 1/2" diameter face sampling hammer.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed</i>	RC sample recoveries were estimated as a percentage and recorded by ENRL field staff.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples</i>	Driller's used appropriate measures to maximise sample recovery and minimise down-hole and/or cross-hole contamination.
	<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 and grade has been undertaken for this RC 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 currently being completed on chip samples from the 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, veining and other features of the samples.
	<i>The total length and percentage of the relevant intersections logged</i>	All drill holes will be logged in full by ENRL geologists.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	No core samples
	<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 ENRL field staff.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Sample preparation was completed at Bureau Veritas Minerals Pty Ltd 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 materials (CRMs) 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 during RC drilling and were collected on the rig via a splitter at a rate of 1:50. The results from these duplicates are assessed on a periodical basis.
	<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 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>	The samples were 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 attacked. Analytical methods used were ICP – OES (Al, Ca, Cu, Fe, Mg, Mn, Ni, P, S, Zn and Ti) and ICP – MS (Ag, As, Bi, Mo, Pb, Ti, 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 RC samples 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.
	<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. ENRL 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>	Both the Exploration Director and Senior Exploration Geologist have verified significant intersections from this program of RC drilling.
	<i>The use of twinned holes.</i>	No twinned holes were drilled at Millennium during this RC program.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Primary data was collected for the Millennium prospect on hand held printed forms and on toughbook computers using Excel templates and Maxwell Geoservice's LogChief software. Data collected was sent offsite to ENRL's Database (Datashed software), which is backed up daily.
	<i>Discuss any adjustment to assay data.</i>	No adjustments or calibrations were 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. No down hole surveys were completed during the RC program.
	<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>	The drilling program was initially drilled on nominal 400m spaced north – south sections with 200m spacing between drill holes with minor infill drilling to 100m spacing on selected sections
	<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>	N/A – this is broad spaced reconnaissance RC drilling
	<i>Whether sample compositing has been applied.</i>	Samples from this program were composited to 2m.
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 broad spaced reconnaissance RC 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>	N/A – this is broad spaced reconnaissance RC drilling
Sample security	<i>The measures taken to ensure sample security.</i>	The chain of custody is managed by ENRL. Samples are delivered by ENRL personnel to Newcrest's Telfer Mine site and transported to the assay laboratory via McMahon's Haulage. Tracking protocols have been emplaced 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	<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>The Millennium prospect is located within the tenement E45/2561, which is 100% held by Encounter.</p> <p>The tenement that hosts the Millennium prospect, E45/2561, is subject to a 1.5% Net Smelter Royalty to Barrick Gold of Australia.</p> <p>This tenement is 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	<i>Acknowledgment and appraisal of exploration by other parties.</i>	Prior to activities undertaken by Encounter, no systematic exploration of the Millennium area had been completed.
Geology	<i>Deposit type, geological setting and style of mineralisation</i>	Millennium is 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 ENRL's Millennium prospect. The Millennium prospect is considered prospective for sediment – hosted, zinc-lead mineralisation.
Drill hole information	<p>A summary of all information material to the understanding of the exploration results including tabulation of the following information for all Material drill holes:</p> <ul style="list-style-type: none"> • Easting and northing of the drill hole collar • Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar • Dip and azimuth of the hole • Down hole length and interception depth • Hole length 	Refer to tabulations in the body of this announcement.
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> <hr/> <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> <hr/> <p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></p>	<p>All reported assays have been length weighted, with a nominal 0.1% Zn or 100ppm Pb 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 or 100ppm Pb have been included in calculating down hole grade intervals.</p> <hr/> <p>High grade intervals that are internal to broader zones of copper mineralisation are reported as included intervals.</p> <hr/> <p>No metal equivalent values are used for the reporting of exploration results.</p>

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>	N/A – this is broad spaced reconnaissance RC drilling
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>	N/A – this is broad spaced reconnaissance RC drilling
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 or 100ppm Pb 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>	Two diamond drill holes are planned for the Millennium prospect. These holes will test for zinc sulphide mineralisation below the depth of the RC drilling. The hole will test the prospect for shallow dipping stratiform mineralisation within the shales and for structurally controlled mineralisation at the shale-carbonate contact. The drilling will also provide a greater understanding of the geology and structure in the region.

Project Background & Location Plan

The Yeneena Project covers 1,850km² of the Paterson Province in Western Australia and is located 40km SE of the Nifty copper mine and 30km SW of the Telfer gold/copper deposit (Figure 2). The targets identified are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting. The targets are hosted within sediments of the Broadhurst Formation in a similar geological setting to the Nifty copper deposit (total resource of 148.3mt @ 1.3% Cu – Straits Resources Ltd, 2001).

During 2012 and 2013 Encounter strategically added to its ground position along the prospective corridor adjacent to the Yeneena Project by completing earn-in agreements with St Barbara Limited, Independence Group NL and Hammer Metals Limited.

In April 2013, the Company completed an earn-in agreement with a wholly owned subsidiary of Antofagasta plc, one of the world's largest copper producers, whereby it may earn a 51% interest in two tenements within the Yeneena Project by incurring expenditures of US\$20 million over a five year period.

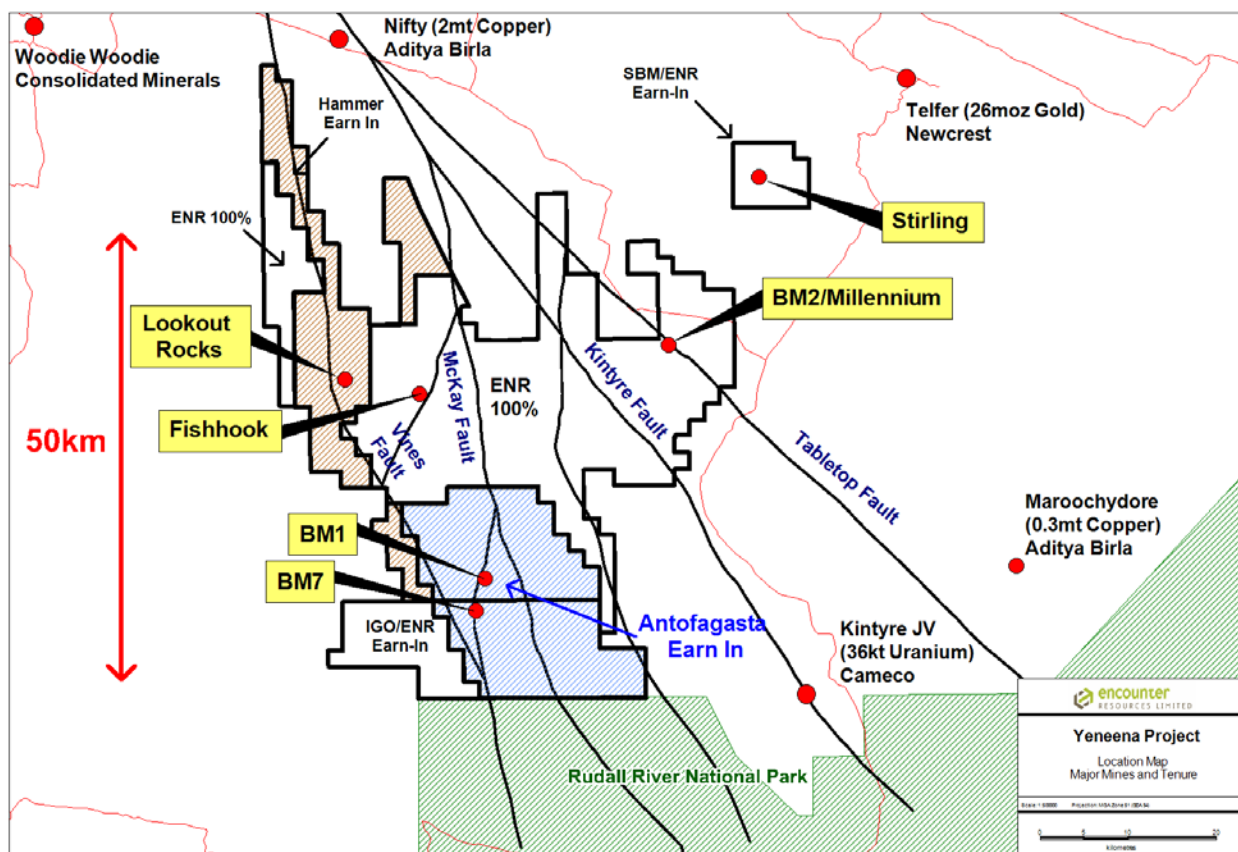


Figure 4. Yeneena Project leasing and targets areas

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.