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 (28/10/16)

~A$14.8m ($0.095/share)

Issued Capital (30/09/16)

155.6 million ordinary shares
12.3 million options

Cash (30/09/16)

~A$2.7M

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

Paterson Province, WA

A major ground position in the Paterson Province where Encounter is actively exploring for copper–cobalt and zinc-lead deposits at Yeneena as well as gold-copper deposits in the Telfer region. In this highly prospective region Encounter has made a series of greenfield discoveries that demonstrate the potential of the area for large tonnage, high quality deposits.

Two diamond drill rigs currently operating at Yeneena to drill five high quality targets over the next 6 weeks:

- **Millennium Zinc Project** - 1,500-2,000m diamond drill program primarily designed to test for high grade zinc mineralisation at the base of a thickened mineralised shale package, proximal to the shale-carbonate contact and an intersection of 201m @ 0.6% Zn from 233m to end of hole including 29m @ 1.0% Zn from 400m
- **Telfer West Gold Project** - Diamond drilling is scheduled to commence at Telfer West during November 2016. This is the first diamond drilling at the project since 1991. Drilling will focus on the Egg Prospect which contains several areas of high grade gold within a substantial volume of stockwork style gold mineralisation and where a recent surface rock chip program returned up to 61.4g/t gold.
- **Lookout Rocks South Copper** - The first follow up drilling since the successful intersection of narrow zones of disseminated copper sulphide mineralisation, up to 1% Cu, at the targeted first reductant position in June 2016. 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.
- **Aria IOCG Copper Target** - Drill hole EPT2276 will be extended to test for the source of the discrete gravity and magnetic anomalies and for potentially stronger concentrations of copper mineralisation.
- **BM7 Copper-Cobalt Target** - RC program to test for continuity of the copper-cobalt mineralisation intersected in aircore hole EPT1667 (9m @ 1.54% Cu and 1.0% Co from 42m to EOH).

CORPORATE

- **East Thomson’s Dome Gold Project** acquired containing historical near surface gold occurrences in a favourable geological setting located 10km from the Telfer gold-copper mine.
- ~A$2.7 million cash balance as at 30 September 2016.

EXPLORATION

PATERSON PROVINCE

YENEENA & TELFER REGION PROJECTS

- **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% Hampton Hill Mining ("HHM") - E45/2501, E45/2561 and the four eastern sub-blocks of E45/2500 with HHM earning up to 25%**
- **Paterson Gold projects: E45/4613, E45/3446, P45/2750 to P45/2752, E45/4564**

Encounter holds exploration tenure over 2,000km^2 of the Paterson Province in Western Australia, located between the Nifty copper mine, the Woodie Woodie manganese mine, the Telfer gold-copper mine and the Kintyre uranium deposit (Figure 1). The targets identified in the Paterson are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting. The company is actively exploring for copper–cobalt and zinc-lead deposits at Yeneena as well as gold-copper deposits in the Telfer region.

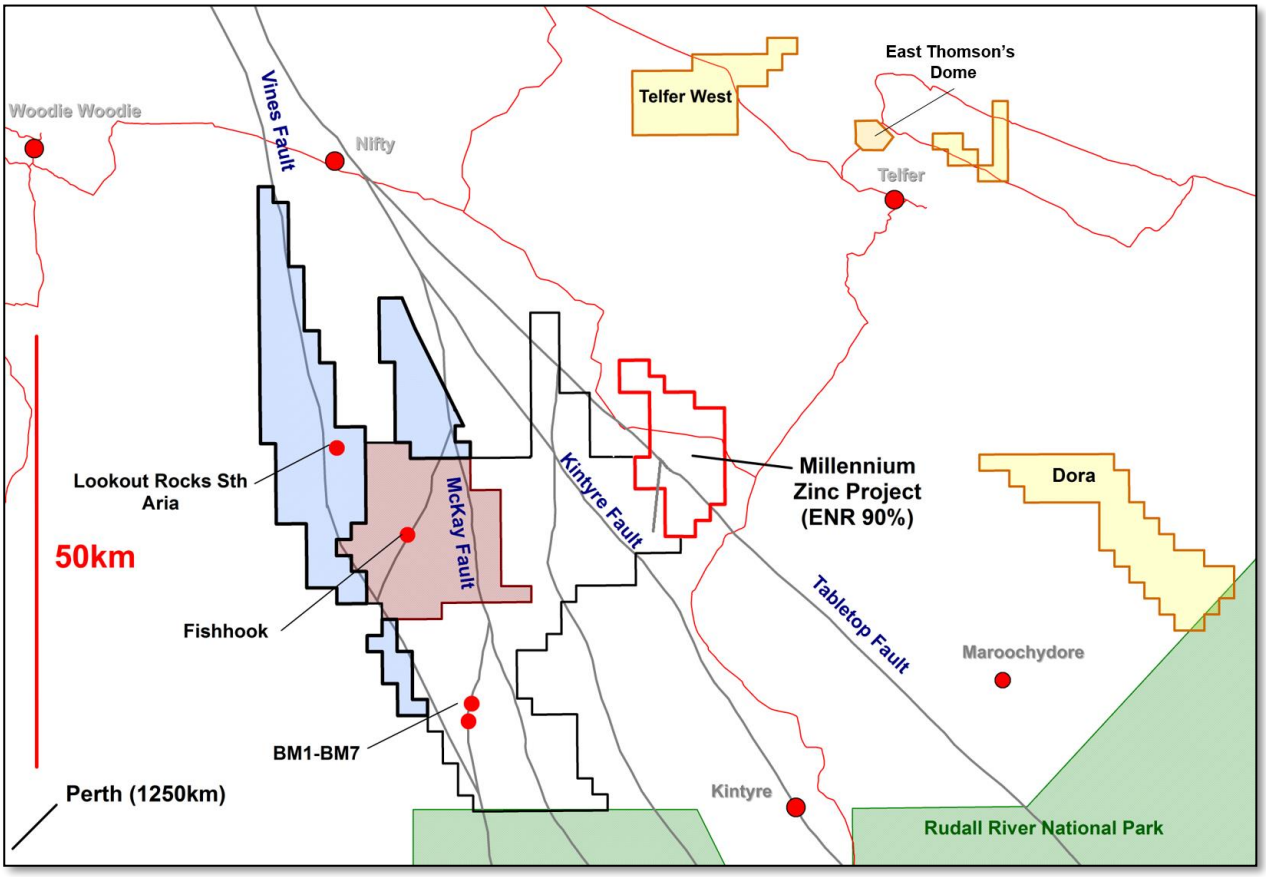


Figure 1: Yeneena and Telfer region tenements: Projects and Earn-In areas with major regional faults

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.

The Millennium Project is located in the north-east Yeneena (see Figure 1) and is subject to an earn-in Agreement with 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 EPT2198 from 233m.

Diamond drilling at Millennium has identified two distinct styles of zinc sulphide mineralisation, 'contact related' and 'shale hosted'. The presence of multiple styles of zinc mineralisation and the +3km long zinc footprint indicate a significant mineralising event at Millennium.

A two hole diamond drill program was completed at Millennium 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 with EPT2288 intersecting **46.8m @ 0.38% Zn from 405.7m**.

The current diamond drill program at Millennium has been primarily designed to test for high grade zinc mineralization at the base of a thickened mineralized shale package, proximal to the shale-carbonate contact. This is a strong conceptual target for accumulation high grade, shale hosted zinc mineralisation.

Current Activity

The first hole will target an area down dip of RC hole EPT2264 which ended in a weathered gossanous ironstone grading 18m @ 1.1% Zn from 148m to end of hole (refer ASX announcement 28 January 2016). This drill hole has been collared approximately 150m north of EPT2264 and drilled to the south through the carbonate-shale contact and will continue to the base of the shale unit south of the contact.

The second hole planned will target the base of the shale unit approximately 1km north-west of the first hole. This hole has been designed to test the base of the mineralised shale unit proximal to drill hole EPT1174 (refer ASX announcement 31 July 2012). EPT1174 intersected a broad zone of carbonate alteration and veining in a shale unit that contained visible zinc and lead sulphides. This drill holed graded 201m @ 0.6% Zn from 233m to end of hole including 29m @ 1.0% Zn from 400m.

The 1,500-2,000 metre diamond drill program at Millennium will be co-funded under the WA Government Exploration Incentive Scheme (up to A$150,000)

Hole_ID	From (m)	To (m)	Length (m)	Zn (%)
EPT2284	65.7	67	1.3	0.18
	67.5	68	0.5	0.13
	69.4	70.45	1.05	0.17
	228.1	230	1.9	0.16
	300	301	1	0.13
EPT2288	306.7	308.2	1.5	0.39
	326.4	326.9	0.5	0.11
	348.6	349.6	1	0.13
	350.7	351.2	0.5	0.09
	405.7	452.5	46.8	0.38
incl.	**439**	**442**	**3**	**1.05**
incl.	**448.7**	**449.75**	**1.05**	**2.82**
	501.4	501.5	0.1	0.26
	501.9	502.2	0.3	0.02
	502.6	502.7	0.1	0.31
	512	513	1	0.12
	517	518	1	0.12
	522.5	**523**	**0.5**	**2.14**

Table 1: Assay results EPT2284 and EPT2288 – Millennium
m=metre; azi=azimuth. All intervals >0.1%Zn are reported with sub interval >1%Zn shown in bold

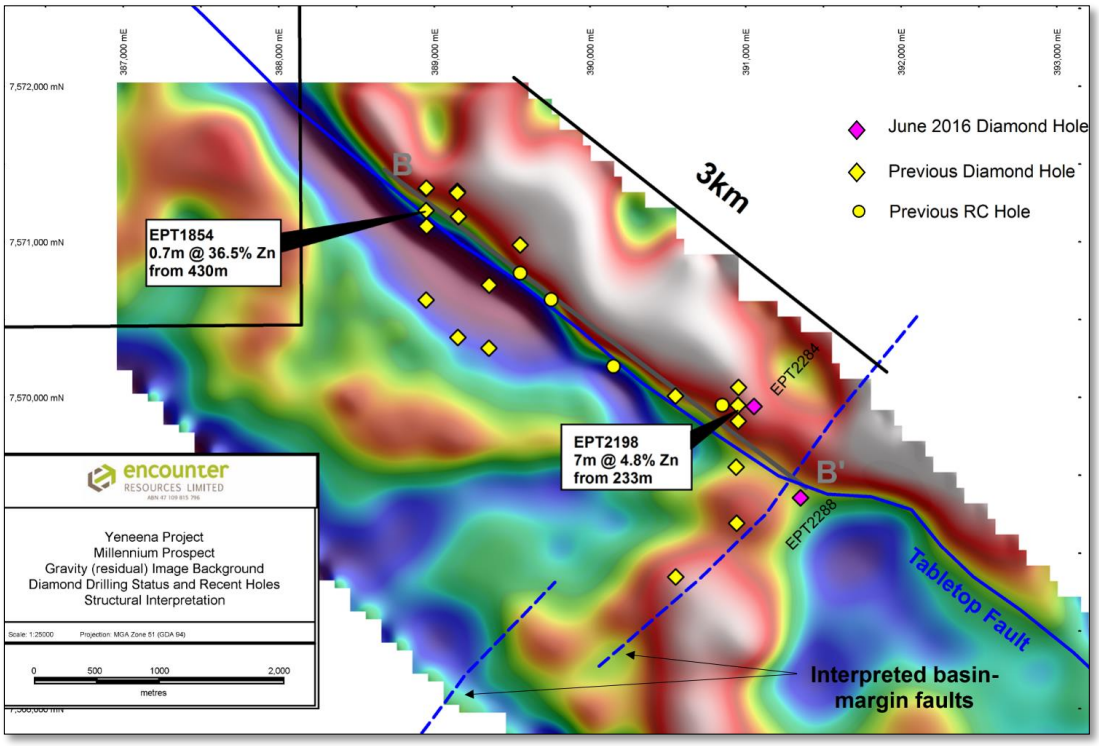


Figure 2: Drill hole collar location – Millennium

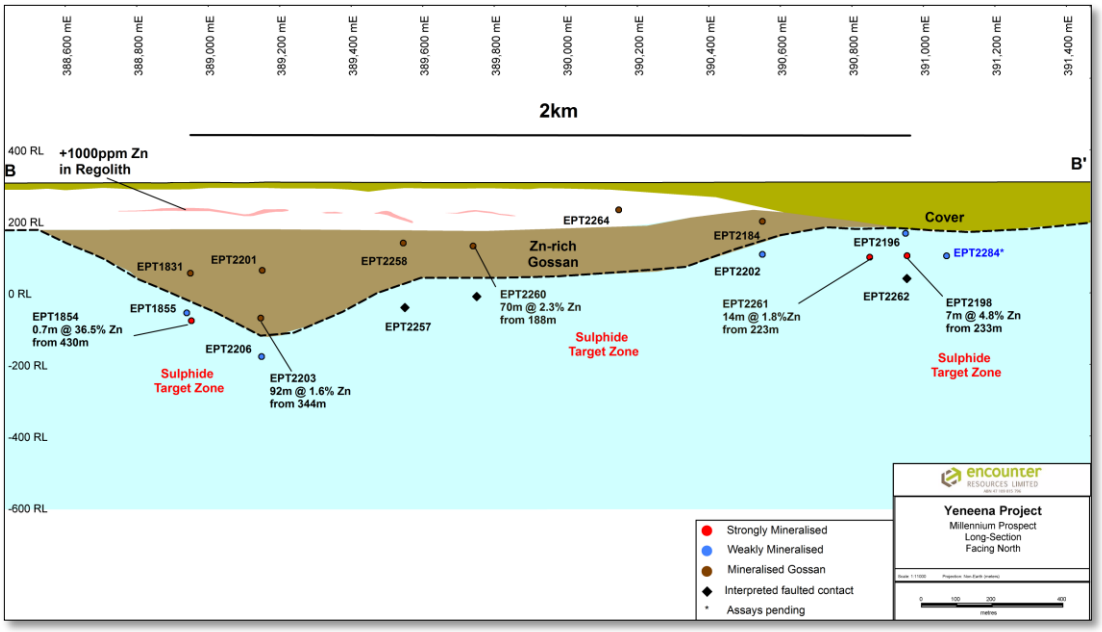


Figure 3: Drill hole long section (B – B') – Millennium Shale-Carbonate contact intersections only. June 2016 diamond hole in blue

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 2: 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

Lookout Rocks Project - (100% Encounter)

Lookout Rocks includes four tenements (~450km^2) of highly prospective exploration ground located in the north-west of Yeneena. Exploration completed at Lookout Rocks during 2015/16 was fully funded pursuant to an earn-in agreement with a wholly-owned subsidiary of Antofagasta plc *(refer ASX announcement 30 July 2015).*

A 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. 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 (EPT2282), completed in June 2016, 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 Lookout Rocks. 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)*.

During the quarter, Antofagasta elected not to continue to sole fund exploration at Lookout Rocks. As such the earn-in agreement has been terminated and Lookout Rocks reverts back 100% to Encounter. Encounter will be continuing with the planned exploration program at Lookout Rocks with diamond drilling commencing in October 2016.

Encounter has also taken this opportunity to amalgamate the Lookout Rocks and Fishhook Copper prospects. These two prospects combined contain an interpreted 50km of strike of the stratigraphic contact position that hosts the “first reductant” copper sulphide mineralisation intersected at Lookout Rocks.

Encounter is actively pursuing a new partner to advance the combined project.

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 ~60m

Upcoming Activity

A single diamond drill hole is planned to test an airborne electromagnetic anomaly (“AEM”) 1.8km west of EPT2282. The AEM anomaly is interpreted to represent a more carbonaceous / graphitic zone of the reduced Broadhurst sediments. This zone may provide a more efficient trap site for the copper rich oxidised fluid that are the source of the mineralisation at the “first reductant” stratigraphic contact. (Figure 4).

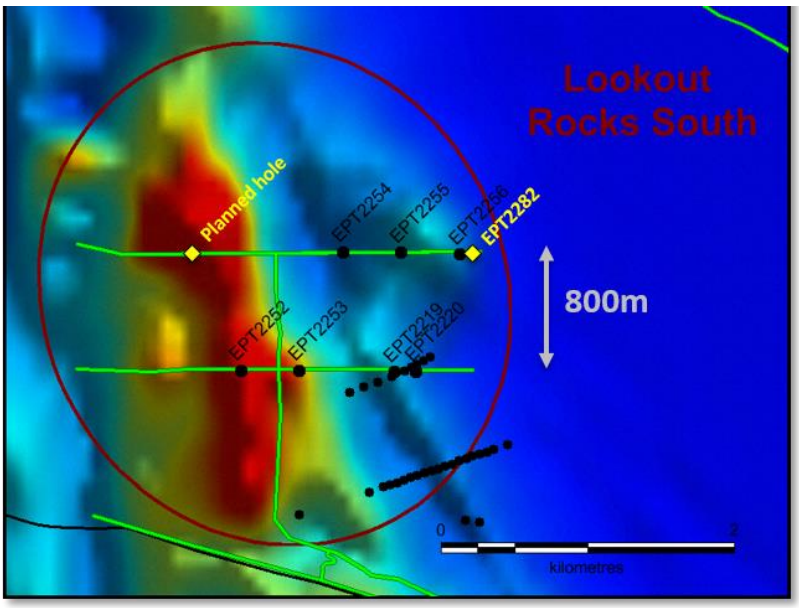


Figure 4: Lookout Rocks South Project – Drill status plan with background image of VTEM Ch35

Aria

A single diamond drill hole (PADD002A) was completed at the Aria Prospect by a previous explorer. This drill hole was located to test a discrete magnetic anomaly within the GSWA regional magnetic dataset (Figure 5). 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 density anomalies adjacent to the hematite-altered breccia intercepted in PADD002A, with 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 5 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 similar to PADD002A with zones of weakly disseminated chalcopyrite. EPT2276 was terminated at 400.4m but did not intersect lithologies that explain either the magnetic or gravity anomalies. The hole was left open to be extended to explain the gravity or magnetic anomalies identified at Aria.

Upcoming activity

Drill hole EPT2276 will now be extended with a 200m to 400m deep diamond tail to test for the source of the discrete gravity and magnetic anomalies and for potentially stronger concentrations of copper mineralisation.

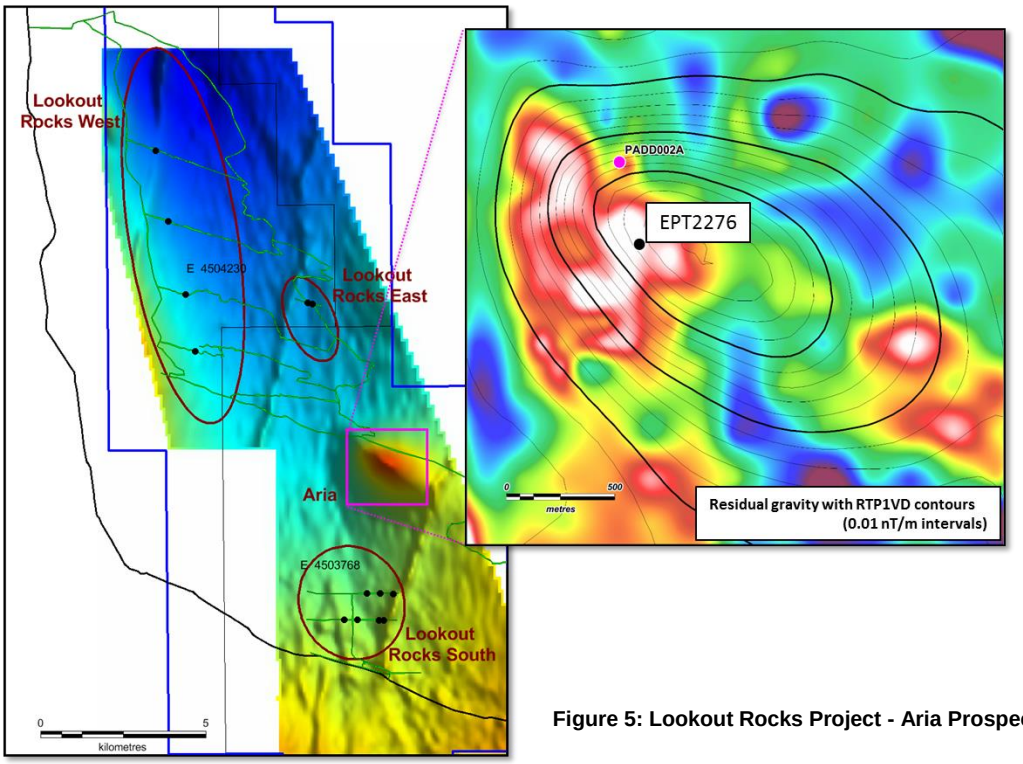
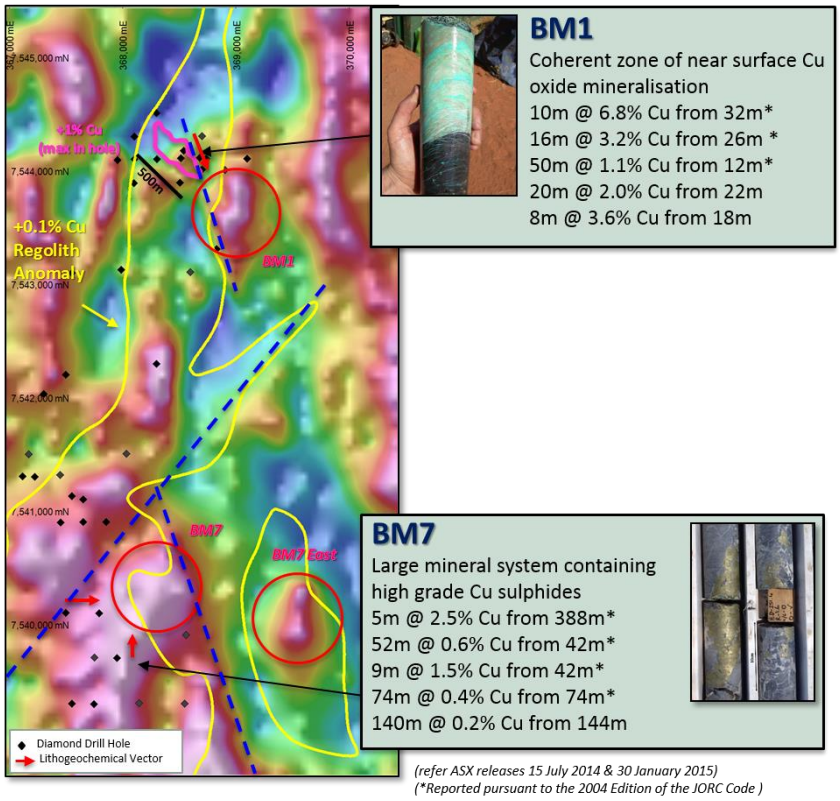


Figure 5: Lookout Rocks Project - Aria Prospect - Magnetics TMI

BM1–BM7 Copper-Cobalt Project

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

A two RC hole program is planned to be completed in November 2016 to test for continuity of the copper-cobalt mineralisation intersected in aircore hole EPT1667 (9m @ 1.54% Cu and 1.0% Co from 42m to EOH) (refer ASX release 21 November 2012).



(refer ASX releases 15 July 2014 & 30 January 2015)
*(*Reported pursuant to the 2004 Edition of the JORC Code)*

Figure 6: BM1-BM7 cover corrected gravity image (residual filter applied)

PATERSON GOLD PROJECTS

Encounter has continued to add to its strategic ground holding in the Paterson Province through the acquisition of the Dora, Telfer West and East Thomson's Dome gold-copper projects in the Telfer region.

Telfer West (100% Encounter)

Background

Telfer West is located 25km north-west of Newcrest's major gold-copper operation at Telfer (Figure 7). Historical exploration at Telfer West was conducted by WMC and Newmont from 1983-1993 targeting gold mineralisation in a similar geological setting to that of Telfer.

Telfer West Exploration licence E45/4613 covers an area of approximately 121km^2. Encounter has recently flown a detailed airborne magnetic survey over the project. This survey, together with the high resolution aerial photography and historic mapping has confirmed an 8km by 5km domal formation (Figures 8 & 9) at Telfer West. The domal structure has a core of Isdell Formation overlain by the Malu Formation, Telfer Formation and sediments of the Puntapunta Formation. These geological units are the main hosts of gold-copper mineralisation

at Telfer. The north-eastern limb of the dome is outcropping and was the focus of historical exploration in the 1980s. Importantly, the south-western limb of the dome and the northern fold nose extends under cover and are largely untested.

Historical Gold Mineralisation at Telfer West.
Historical exploration completed by WMC and Newmont focused mostly on the outcropping, north-eastern limb of Malu Formation that forms a north-west trending ridge within the project area (Figure 9). This drilling was predominantly shallow surface geochemical drilling and only 18 diamond drill holes have been drilled over the 8 km long trend of the dome. Only 5 of the 18 diamond holes were drilled deeper than 150m and several holes ended in gold anomalism.

The majority of the 18 diamond drill holes tested magnetic anomalies in the southern part of the dome where strong copper anomalism was identified (Figure 8). The limited remaining diamond drilling tested areas of surface geochemical and geophysical anomalism in the northern part of the project area (Figure 8 and 9). The latter holes intersected gold mineralisation including zones of broad, low grade gold-copper-arsenic anomalism and also narrow bands of high grade gold mineralisation.

Shallow RAB and RC drilling totalled 351 holes with only 3 of these holes exceeding 100m depth, 26 holes drilled to a depth between 65 and 100m, 68 holes drilled between depths of 25 and 65m and the remaining 254 holes drilled to less than 25m depth.

The review of historical exploration data is continuing. However, an area of immediate focus that warrants near term follow up is the Egg Prospect, located on the north-eastern limb of the dome at Telfer West. Four diamond holes were drilled at the Egg Prospect in the period 1986 to 1989 with three of these diamond holes drilled on a single section (Figure 10). Two of these holes are of particular interest:

- LHS86-9: was drilled in a south-west direction, perpendicular to interpreted stratigraphy. This hole was abandoned at 78.3m due to mechanical failure but ended in **5.3m at 1.44g/t** Au from 73m to EOH.
- LHS88-1: was drilled in a north-east direction and as such is interpreted to be drilled down the stratigraphy. However, this hole intersected a broad zone of low grade stockwork mineralisation of 117.7m @ 0.25g/t Au from 156m to EOH and included several narrow zones of high grade gold mineralisation:
    - 0.7m @ 4.92g/t Au from 61.5m
    - 0.13m @ 12.5g/t Au from 95.07m
    - 0.3m @ 10.7g/t Au from 156.6m
    - 0.8m @ 7.91g/t Au from 163.7m incl. 0.2m @ 21.7g/t Au from 163.7m and
    - 0.2m @ 7.23g/t Au from 183.8m

The fourth hole at Egg (LHS86-8) was drilled approximately 100m to the north-west and parallel to LHS 86-9. This 140m deep hole was not extensively sampled but did return an intersection of **5m @ 1.57g/t Au from 81m** including 1m @ 5.63g/t Au from 81m.

It is interpreted that this historical drilling at the Egg Prospect has identified a substantial volume of stockwork style gold mineralisation within the Malu Formation (see Photo 3). This mineralisation remains open and untested in all directions and at depth.

In addition, there are only 2 diamond drill holes that have been drilled north-west of the Egg Prospect. Drill hole LHS86-2 was drilled following up an anomalous surface rock chip sample, collected on the edge of the outcropping Malu Formation, approximately 2km north-west of the Egg Prospect. This drill hole was drilled to a depth of 152.2m and ended in a broad zone of elevated gold anomalism (0.1–0.2 g/t Au).

A further 1.6km to the north-west, a single diamond drill hole, LHS89-6, was drilled to test a magnetic anomaly located under approximately 60m of cover, along the interpreted fold axis of the dome. This hole was drilled to a depth of 107 metres. While not explaining the magnetic anomaly, this hole intersected a broad zone of gold anomalism with zones of higher grade gold including:

- 8.7m @ 0.41g/t Au from 66m
- 0.8m @ 6.49g/t Au from 98.2m.
- 3.0m @ 0.23g/t Au from 104m to EOH

The review of the historical exploration at Telfer West has identified a large, high quality gold exploration project. The context of the opportunity is important:

- Telfer West contains a mostly untested dome of prospective stratigraphy similar to the host units at Telfer.
- The Egg Prospect within the Malu Formation contains several areas of high grade gold mineralisation with anomalism extending for at least 4km to the north-west.
- Telfer West is sparsely drill tested, particularly at depths below 100 metres, with the most recent diamond drill program completed by Newmont in 1989.

Recent Activity

A rock chipping program has been completed in the area adjacent to historical drilling at the Egg Prospect. A total of 11 samples were collected (see Table 3 and Figure 11) *(refer ASX announcement 20 October 2016).*

Sample ID	Northing	Easting	As (ppm)	Au (g/t)	Bi (ppm)	Cu (ppm)	Fe (%)	Sn (ppm)	Sb (ppm)	Te (ppm)	W (ppm)
EX212823	7611151	390833	1440	0.383	2.78	21	1.14	0.6	1.26	0.12	3.2
EX212824	7611148	390839	560	**18.2**	84.8	18	0.87	2.3	2.08	0.2	10.5
EX212825	7611210	390819	12.2	0.068	0.98	3	0.97	0.7	0.18	0.02	0.5
EX212826	7611164	390693	1400	**12.2**	30.5	23	3.93	7.3	2.5	0.6	5
EX212827	7611163	390690	1680	0.321	0.96	8	2.87	0.5	0.56	0.08	0.2
EX212851	7610447	391592	6.6	0.003	0.54	2	0.4	0.4	0.08	-0.02	0.3
EX212852	7610481	391503	43.8	0.009	11.3	4	0.63	0.5	0.36	0.08	7.8
EX212853	7611108	390835	864	**61.4**	99.9	49	2.68	41.3	4.78	0.56	10.5
EX212854	7611103	390837	46.4	0.109	4	1	1.95	1.2	0.6	0.02	3.6
EX212855	7611117	390843	6750	6.82	43.8	10	4.41	3.4	2.62	0.38	6.9
EX212856	7611120	390851	31200	**39.3**	386	24	4.06	12.5	10.5	3.28	4.6

Table 3: Rock chip assay results from the Egg Prospect, Telfer West

These surface rock chip samples confirm historical geochemical results that focused the prior drilling at the Egg Prospect. Importantly, the surface which was sampled appears to be heavily weathered and potentially leached of mineralisation. The variability of the results also indicates that the potential for multiple lenses of high grade gold quartz veining within a broader stockwork system.

A heritage survey was recently completed to facilitate upcoming on-ground activity. An IP (induced polarisation) survey is scheduled to commence in November 2016. Diamond drilling is also scheduled to commence at Telfer West during November 2016 which will be the first diamond drilling program at the project since 1991. This diamond drilling will initially focus on the Egg Prospect and the north-west magnetic anomaly adjacent to LHS89-6 (see Figures 8 & 9).

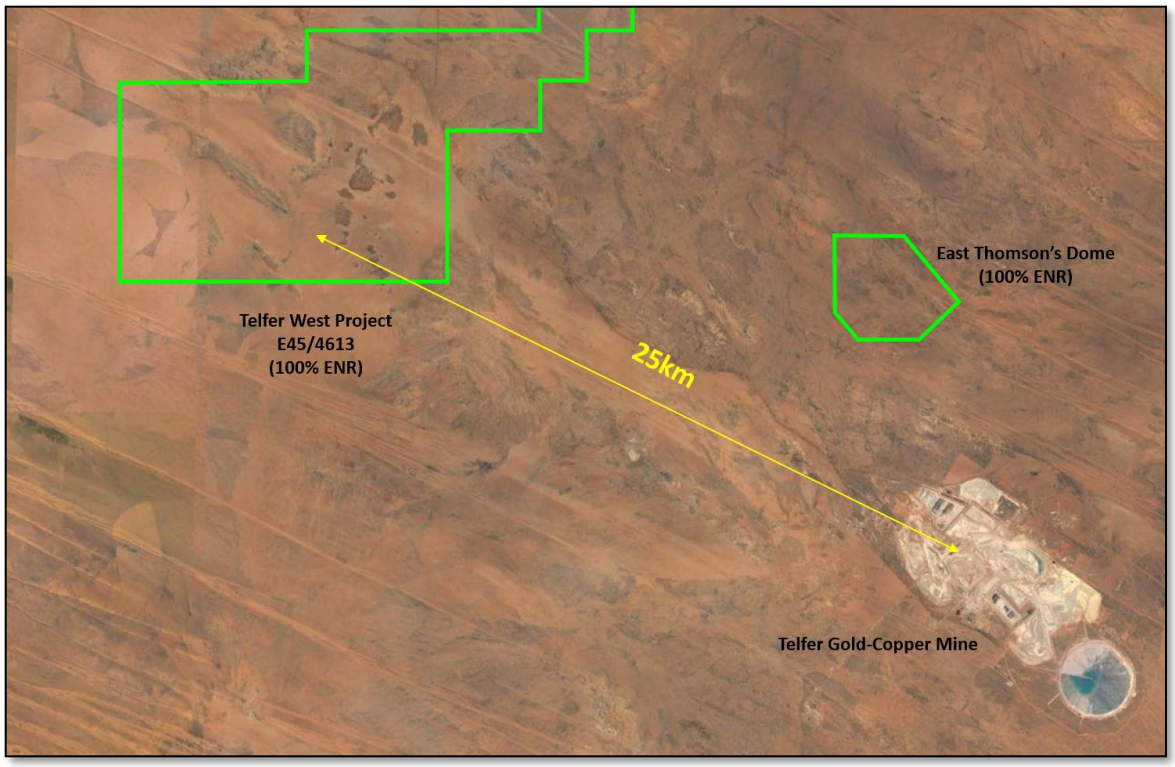


Figure 7: Telfer West location map – Google Earth background

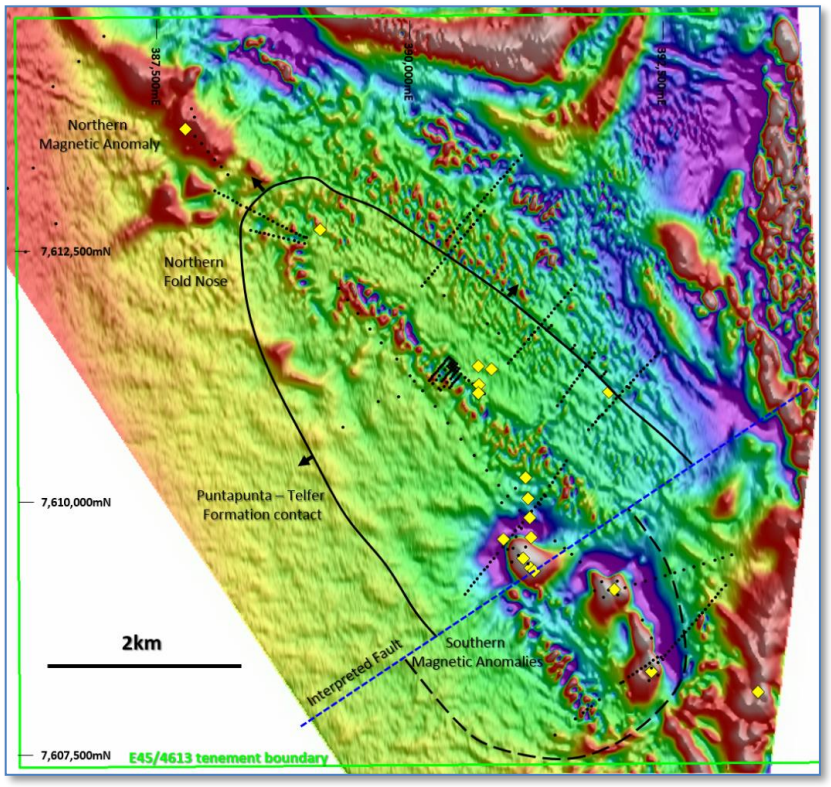


Figure 8: Telfer West historical drilling and interpreted geology. Historical diamond holes (yellow diamonds), all other holes (black dots). Detailed aeromagnetic background (TMI 1VD pseudo colour image)

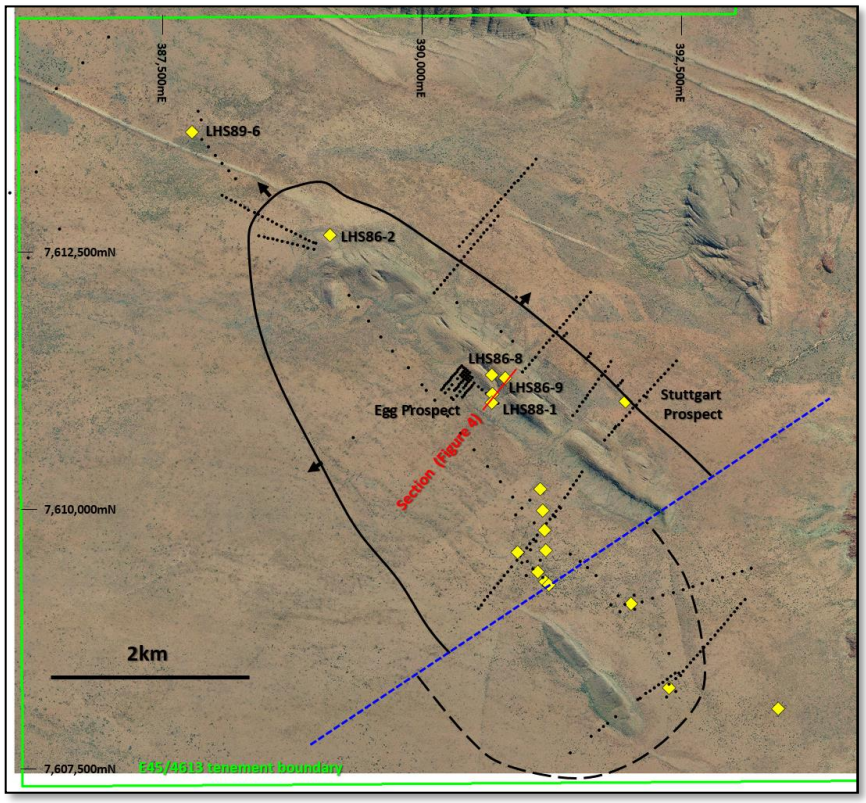


Figure 9: Telfer West airphoto – Historical diamond holes (yellow diamonds), all other holes (black dots)

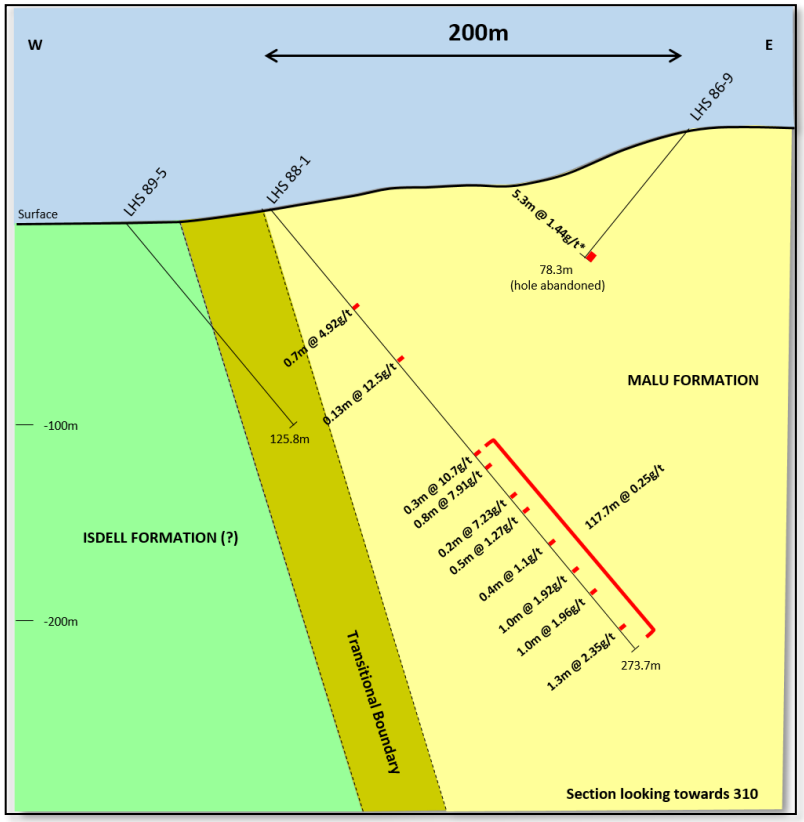


Figure 10: Egg Prospect cross section from historical report

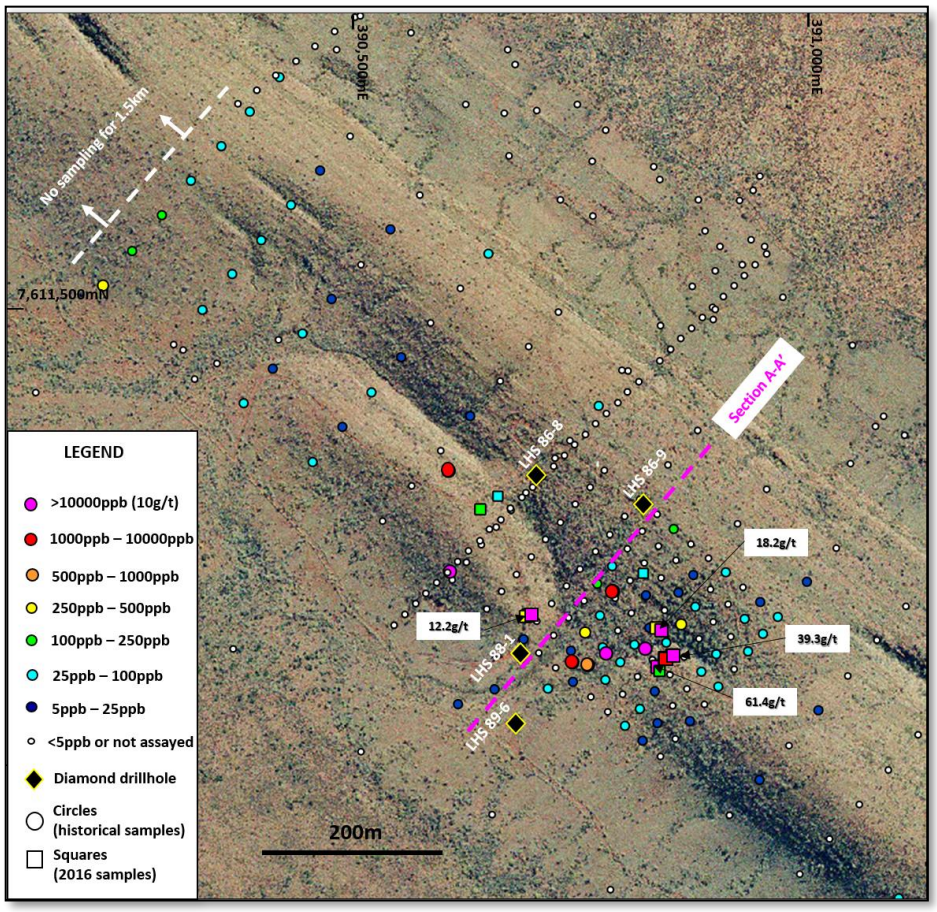


Figure 11: Telfer West, Egg Prospect surface geochemistry

Photo 3: Egg Prospect LHS 86-9 from ~65m to EOH (note incomplete sampling)

Dora E45/4564 (100% Encounter):
The Dora gold-copper tenement 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 mine.

In June 2016, Encounter was successful with its application for WA Government Exploration Incentive Scheme ("EIS") co-funding (up to A$150,000) for future drilling at Dora.

East Thomson's Dome Project (100% Encounter)
Subsequent to the end of the quarter, Encounter acquired an additional gold project in the Telfer region at East Thompson's Dome. East Thomson's Dome is located approximately 10km north west of the Telfer gold-copper mine and contains historical, near surface gold occurrences identified in shallow drilling at the fold closure of the dome.

The most recent substantive exploration at East Thomson's Dome was completed by Barrick Gold of Australia during 2004-2005. Historical exploration results from the project are currently being compiled, verified and interpreted.

On ground exploration activity at East Thomson's Dome, that may include IP surveying, aircore/RC/diamond drilling, is scheduled to commence in early 2017.

CORPORATE

Encounter held cash reserves of approximately $2.7 million at 30 September 2016.

NEXT QUARTER HIGHLIGHTS

Activities planned for the December 2016 quarter include:

Millennium Zinc (Hampton earning up to 25%)

- Completion of 1,500-2,000m diamond drill program to be co-funded under the WA Government Exploration Incentive Scheme (up to A$150,000)

Lookout Rocks Copper Project (including Aria)

- A diamond drill hole is planned to test for continuity of the mineralised stratigraphic contact intersected in the first diamond drill hole at Lookout Rocks South. The drill hole will be located approximately 1.8km west of EPT2282 and will also drill test a discrete electromagnetic conductor.
- Drill hole EPT2276 at Aria will be extended to test the gravity and magnetic anomalies for stronger concentrations of copper mineralisation.

BM1-BM7 Copper-Cobalt Project (100% ENR)

- A two RC hole program to test for continuity of the copper-cobalt mineralisation intersected in aircore hole EPT1667 (9m @ 1.54% Cu and 1.0% Co from 42m to EOH)

Paterson Gold Projects (100% ENR)

- An IP (induced polarisation) survey at Telfer West is scheduled to commence in November 2016.
- Diamond drilling is scheduled to commence at Telfer West during November 2016. This diamond drilling will initially focus on the Egg Prospect and the north-west magnetic anomaly adjacent to LHS89-6.

- Historical exploration results from East Thomson's Dome to be being compiled, verified and interpreted. On ground exploration activity, that may include IP surveying, aircore/RC/diamond drilling, is scheduled to commence in early 2017.

TENEMENT INFORMATION

Lease	Location	Project Name	Area km^2	Interest at start of quarter (01/07/2016)	Interest at end of quarter (30/09/2016)
E70/4667	45km E of Moora	Bindi Bindi	316.9	100%	0%
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%
E45/4613	320km NE of Newman	Paterson Au/Cu – Telfer West	121.0	0%	100%

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

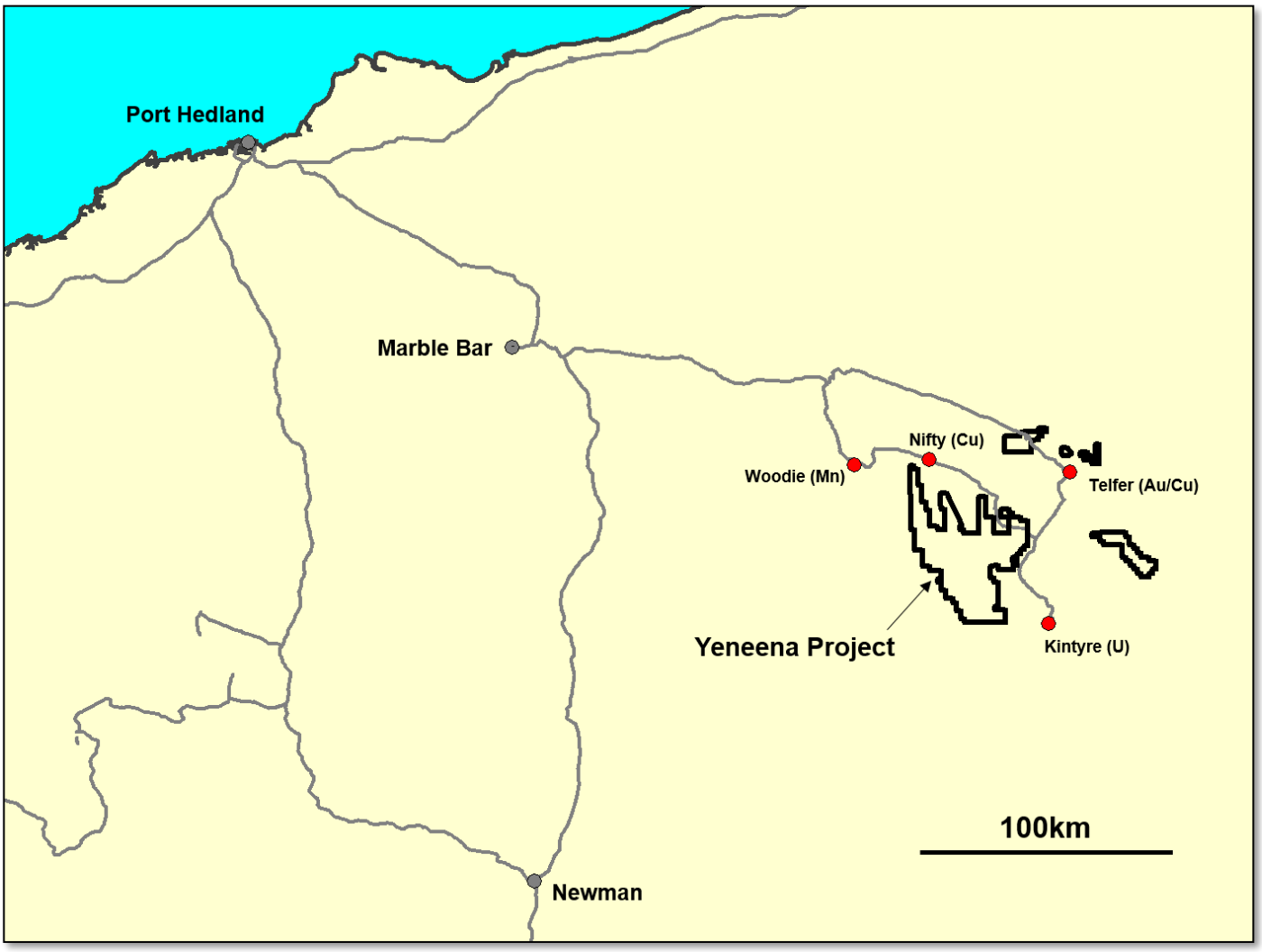


Figure 12: Paterson Province Location Plan

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	*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.*	Millennium was sampled by Encounter using diamond drilling. Two holes were drilled for a total of 838.5m. The two holes were drilled on two separate north-south sections, 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. 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.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used	Drill hole collar locations were recorded by handheld GPS, which has an estimated accuracy of +/- 5m.
	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	Diamond core was drilled as HQ3/HQ2 and NQ3/NQ2 size core. Competent drillcore was cut and sampled, and grab sampling was utilised where core is broken. Mineralised intervals were subjected to half-core sampling, where unmineralised intervals were subjected to quarter-core, fillet-core or chip sampling. Diamond core samples will be sent to Bureau Veritas Minerals Pty Ltd Laboratories in Perth for analysis.
Drilling techniques	*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).*	All diamond drilling utilised an RC pre-collar or rock rolling to varying depths. Various size core diameters were used including HQ3, HQ2, NQ3 and NQ2. All drill core was orientated where possible.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed*	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.
	Measures taken to maximise sample recovery and ensure representative nature of the samples	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.
	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.	To date, no detailed analysis to determine the relationship between sample recovery and/or and grade has been undertaken for this diamond drill program.

Criteria	JORC Code explanation	Commentary
Logging	*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.*	Geological logging is carried out on all drill holes, with lithology, alteration, mineralisation, structure and veining recorded. Where core was orientated, structural measurements are taken.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Geological logging is qualitative in nature and records interpreted lithology, alteration, mineralisation, structure, veining and other features of the samples.
	The total length and percentage of the relevant intersections logged	All drill holes will be logged in full by Encounter geologists.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Competent drill core 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.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	RC samples were collected on the rig using a splitter. Samples were recorded as being dry, moist or wet by Encounter field staff.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Sample preparation was completed at Bureau Veritas Minerals Pty Ltd Laboratories in Perth. Samples were dried, crushed, pulverised (90% passing at a ≤75µM 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.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Field QC procedures involve the use of commercial certified reference materials (CRMs) and in house blanks. The insertion rate of these was at an average of 1:33.
	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.	No duplicates were taken from diamond core.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	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	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	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 and Zn) and ICP – MS (Ag, As, Bi, Cd, Co, In, Mo, Pb, U, Sr and Tl).
	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.	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.
	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.	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	*The verification of significant intersections by either independent or alternative company personnel.*	The intersections included in this report have been verified by Sarah James – Senior Exploration Geologist at Encounter Resources
	The use of twinned holes.	No twinned holes have been drilled.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	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.
	Discuss any adjustment to assay data.	No adjustments or calibrations are made to any assay data collected at Millennium.
Location of data points	*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.*	Drill hole collar locations are determined using a handheld GPS. Down hole surveys used single shot readings during diamond drilling and precollars. These were taken at approximately every 30m downhole
	Specification of the grid system used.	The grid system used is MGA_GDA94, zone 51.
	Quality and adequacy of topographic control.	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	*Data spacing for reporting of Exploration Results.*	The two diamond holes in this program were drilled on two separate north-south section. The two sections are approximately 300m apart.
	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.	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.
	Whether sample compositing has been applied.	Quoted intersections are the length-weighted average of grades from original sampling widths.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	N/A – this is framework diamond drilling
	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.	No sampling bias resulting from a structural orientation is known to occur.
Sample security	*The measures taken to ensure sample security.*	The chain of custody is managed by Encounter. Samples will be delivered by Encounter 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	*The results of any audits or reviews of sampling techniques and data.*	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	*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.*	The Millennium prospect is located within the tenement E45/2561, E45/2500 and E45/2501 which are 90 - 100% held by Encounter with the remainder held by HHM. The prospect area is subject to an Earn In Agreement with HHM, whereby HHM may up to a 25% interest in the prospect area. The tenements that host the Millennium prospect are subject to a 1.5% Net Smelter Royalty to Barrick Gold of Australia. This tenements are contained completely within land where the Martu People have been determined to hold native title rights. No historical or environmentally sensitive sites have been identified in the area of work.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Prior to activities undertaken by Encounter, no exploration of the Millennium area had been completed.
Geology	*Deposit type, geological setting and style of mineralisation*	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 Millennium. 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.
Drill hole information	*A summary of all information material to the understanding of the exploration results including tabulation of the following information for all Material drill holes:* • *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	*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.*	All reported assays 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.

	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 zinc mineralisation are reported as included intervals, using a lower cut-off of 1% Zn
	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	*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').*	The geometry of the mineralisation is not yet known due to insufficient deep drilling in the targeted area.
Diagrams	*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.*	Refer to body of this announcement.
Balanced Reporting	*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.*	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).
Other substantive exploration data	*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.*	All meaningful and material information has been included in the body of the text. No metallurgical or mineralogical assessments have been completed.
Further Work	*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.*	Diamond drilling at Millennium is ongoing and is designed to test for high grade zinc sulphide mineralisation at the base of the host shale package.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity	
Encounter Resources Limited	
ABN	**Quarter ended ("current quarter")**
47 109 815 796	30 September 2016

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(1,119)	(1,119)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(101)	(101)
	(e) administration and corporate costs	(131)	(131)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	14	14
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	194	194
1.8	Other – EIS Co-funded drilling grant	45	45
1.9	**Net cash from / (used in) operating activities**	**(1,098)**	**(1,098)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-

+ See chapter 19 for defined terms.

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Farm-in contributions received	134	134
2.6	**Net cash from / (used in) investing activities**	**134**	**134**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,684	3,684
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,098)	(1,098)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	134	134
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

+ See chapter 19 for defined terms.

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,720**	**2,720**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	2,644	3,609
5.2	Call deposits	76	75
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,720**	**3,684**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	227
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Remuneration of Directors.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/a

+ See chapter 19 for defined terms.

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

N/a

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	800
9.2	Development	-
9.3	Production	-
9.4	Staff costs	75
9.5	Administration and corporate costs	125
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**1,000**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	E45/4613	Granted	0%	100%

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 31 October 2016

Company secretary

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

+ See chapter 19 for defined terms.