

A highly active exploration company advancing a suite of greenfields copper discoveries in the Paterson Province of Western Australia

ASX Code

ENR

Market Cap (29/10/13)

A\$29m (\$0.22/share)

Issued Capital (30/09/13)

132.5 million ordinary shares
9.5 million employee options

Cash (30/09/13)

A\$4.5M

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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contact@enrl.com.au**HIGHLIGHTS****YENEENA COPPER PROJECT****Paterson Province, WA**

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

BM7 Copper - Cobalt Discovery (Antofagasta earning in)

- The diamond drill program completed in the quarter has confirmed copper sulphide mineralisation extends to depth and has established the high grade potential of the BM7 system
- All four diamond holes drilled intersected zones of copper sulphide mineralisation that appears to be strengthening down dip to the east
- The strongest copper sulphide mineralisation at the project to date was intersected in EPT1719, which was the last of the four hole program, returned an assay of 5.3m @ 2.5% Cu including 0.7m @ 10.7% Cu
- RC drilling has significantly increased the scale of the BM7 prospect with a new zone of copper mineralisation intersected over 1-2km east of previous drilling
- RC drilling has also extended BM7 by a further 3km south and the copper mineralisation remains open
- Ten of the fifteen holes in the second phase RC program contained visible copper mineralisation or elevated copper anomalism confirmed by handheld XRF (assays pending)

Yeneena Regional Targets

The Company strategically added to its ground position along the prospective corridor adjacent to the Yeneena project by completing an earn-in agreement with Midas Resources Limited.

BM2 Copper/Zinc

EIS co-funded diamond drilling at the BM2 zinc-copper prospect intersected a 140m thick zone of highly oxidized, iron rich material containing elevated zinc (grading approximately 1% zinc) which may represent the weathered remnants of a body of zinc sulphide mineralisation. A third hole is being drilled targeting this body below the base of weathering to assist with determining the orientation of this thick, potentially gossanous horizon.

Cash

The company is well funded with a sound cash balance of \$4.5M.

EXPLORATION

PATERSON PROVINCE

YENEENA COPPER - COBALT PROJECT

- 100% Encounter - E45/2500, E45/2501, E45/2502, E45/2503, E45/2561, E45/2657, E45/2806
- Antofagasta earning into E45/2658 and E45/2805
- Encounter 70%, Independence Group NL (IGO) 30% ELA45/4215
- Encounter earning into ELA45/3232 and ELA45/3308 from St Barbara Ltd (SBM)
- Encounter earning into E45/3768 and E45/4091 from Midas Resources Ltd (MDS)

Yeneena covers a 1,900km² tenement package in the Paterson Province of WA located between the Nifty copper mine, the Woodie Woodie manganese mine, the Telfer gold-copper mine and the Kintyre uranium deposit (Figure 1).

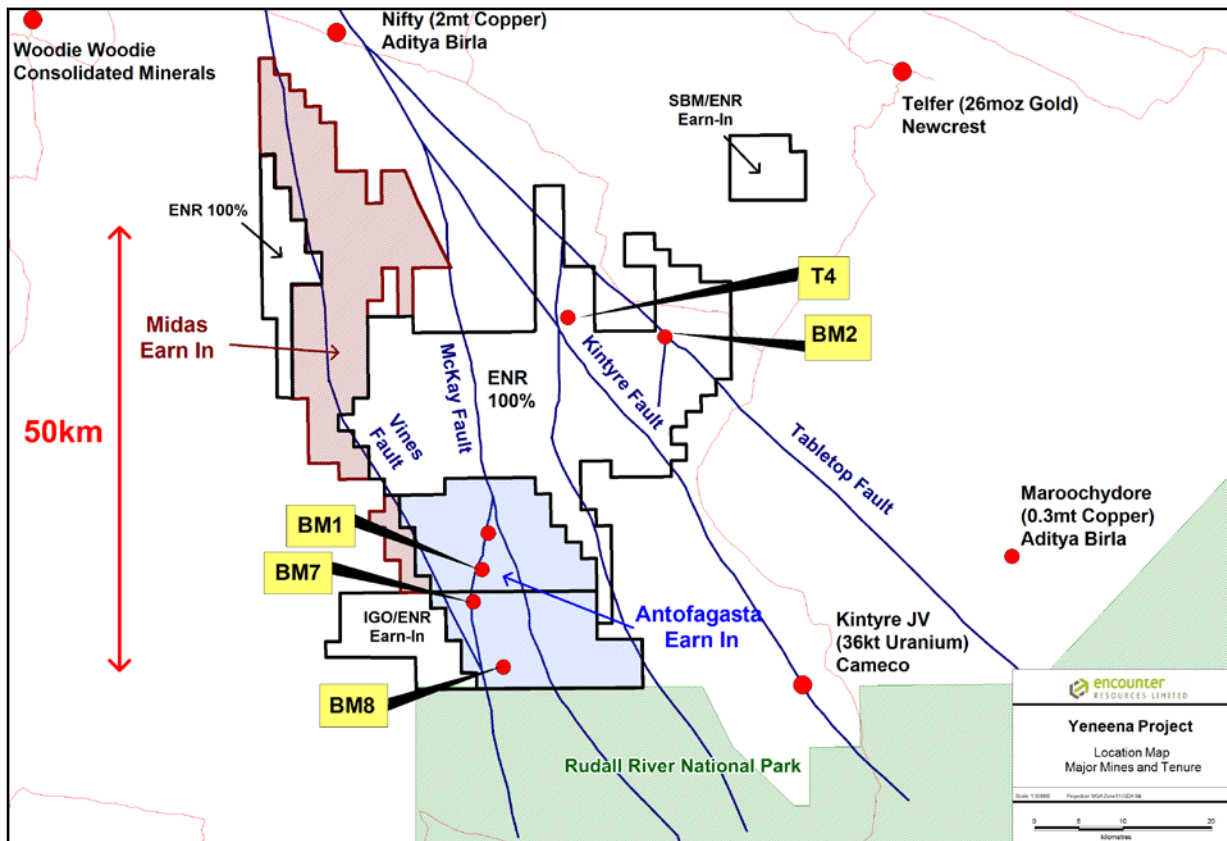


Figure 1: Yeneena project leasing and target areas with major regional faults

Exploration activities conducted in the last quarter include:

- A 4 hole, 1,876m diamond drilling program was completed to test for primary copper sulphides at BM7
- Three phases of RC drilling totaling 6,706m, completed to the east and south of BM7
- A two hole EIS co funded diamond program at BM2 with a third hole in progress
- A heritage survey completed at the BM7 and BM8 prospects
- A 10 hole initial reconnaissance RC program along the NE structural corridor target

As a result of activities in the September 2013 quarter the BM7 regolith copper anomaly is now approximately three times bigger and the first deep diamond program at this expanding target has confirmed that copper sulphide mineralisation extends to depth.

BM1-BM6-BM7-BM8 (Antofagasta Earning In)

The two earn-in tenements, E45/2658 and E45/2805, host the BM1, BM6, BM7 and BM8 prospects.

The BM7 tenement, E45/2805, was granted in August 2012. Since then the Company has outlined a 6km x 3km copper system that is still growing. The Company has attracted a quality partner in Antofagasta plc and our first joint diamond drill program together has produced high grade copper sulphide mineralisation.

The mineral system at BM7 has significant scale and diamond drilling completed during the quarter has demonstrated the high grade potential of the system.

This diamond program in the quarter has provided the first look at drill core from E45/2805.

The mineralisation seen at BM7 shows geological similarities to the Nifty deposit located 65km to our north that contained a pre-mined resource of 2 million tonnes of copper metal.

The exploration activity completed within the Antofagasta earn-in tenements during the September 2013 quarter included a four hole diamond drill program, a heritage survey and three phases of RC drilling totaling 6,700m.

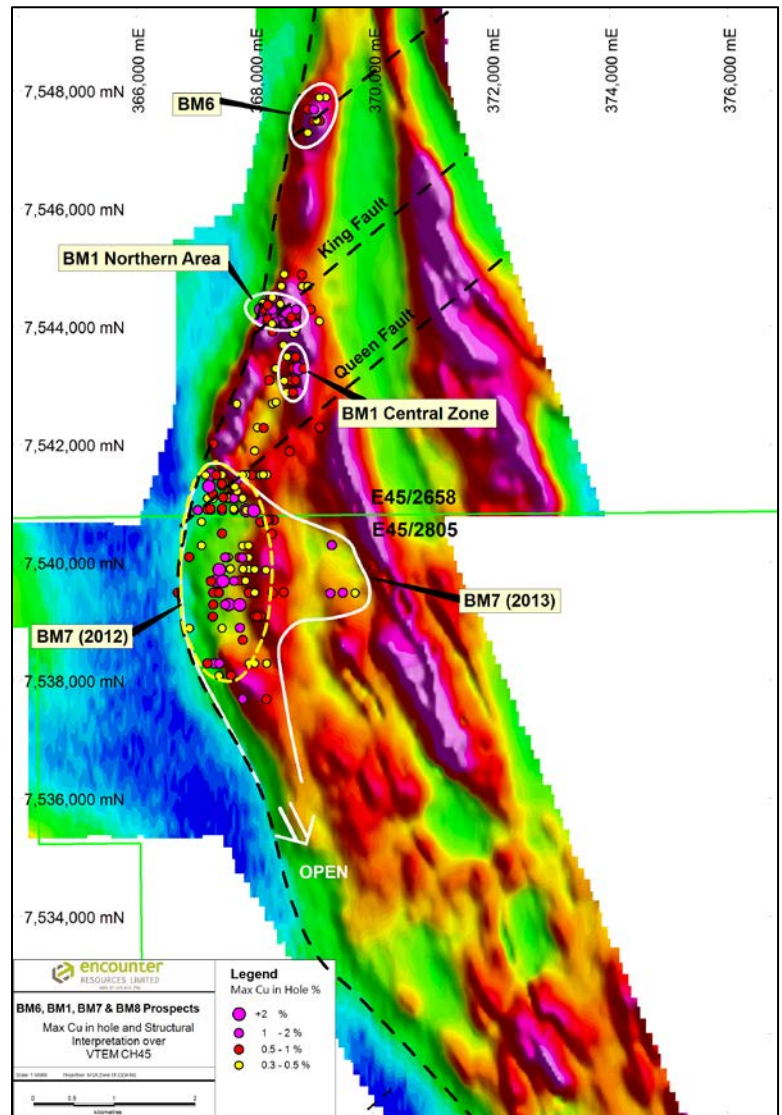


Figure 2: BM6 - BM1 - BM7 - BM8 prospects maximum copper in hole (>0.3%) over VTEM Channel 45

BM7 Prospect

The BM7 prospect is situated at the intersection of the north-east trending Queen fault and the regionally-extensive McKay fault (Figure 2).

The four hole diamond drill program at BM7 was completed in September 2013. This initial program was designed in conjunction with Antofagasta to target below the 800m long zone of copper sulphide mineralisation identified in the April 2013 RC program.

All four diamond holes completed contain zones of primary copper sulphide mineralisation. The copper sulphides are hosted within, and often at the margins of, dolomite veined and brecciated carbonate units.

The strongest copper sulphide mineralisation at the project to date was intersected in EPT1719, which was the last of the four hole program. EPT1719 intersected a 5.3 metre zone, with locally massive copper sulphides forming as breccia cement near the upper boundary of a narrow carbonate unit (Photo 1). This zone returned an assay of 5.3m @ 2.5% Cu from 387.6m including 0.7m @ 10.7% Cu from 388.6m.



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

This high grade primary mineralisation is a validation of the target mineralisation style similar to the Nifty copper deposit located 65 km north of BM7. The Nifty copper sulphide mineralisation is a shallow plunging body with the strongest mineralisation located at the keel of a synform (Figure 3).

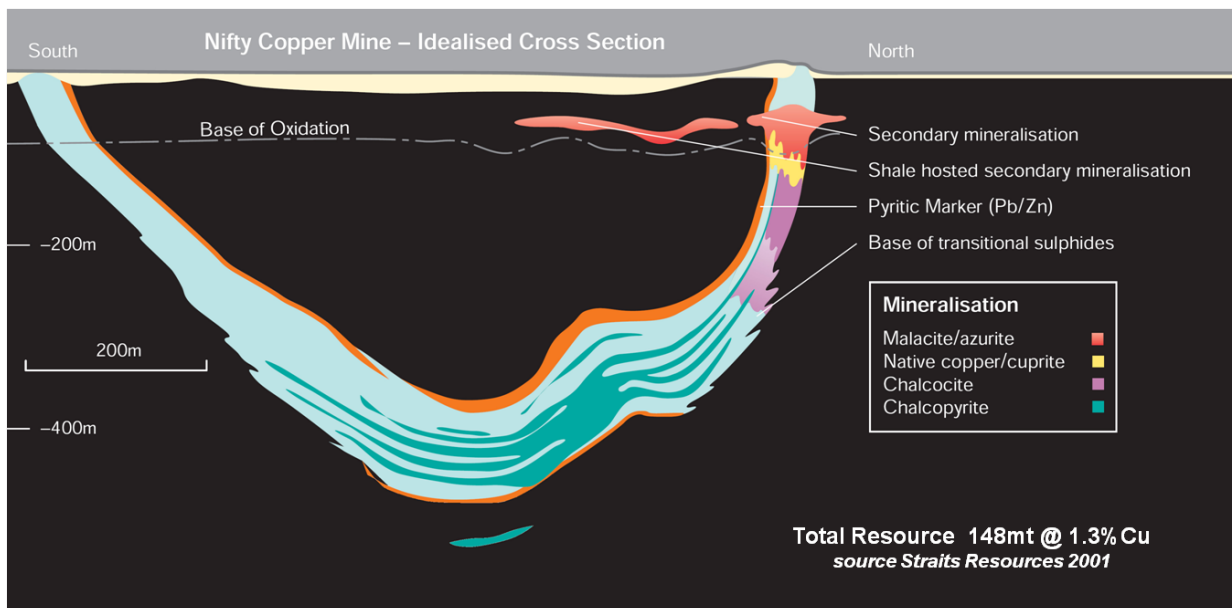


Figure 3- Nifty Copper Deposit – Idealised Cross Section

It is interpreted that the BM7 mineralisation is stratabound within a package of shallow easterly dipping carbonate units separated by calcareous shales (Figure 4). The mineralisation appears to be stronger as drilling progresses down dip to the east with the sulphide assemblage becoming more chalcopyrite dominant. It is interpreted that EPT1719 is vectoring towards the centre of the mineral system at BM7. This observation, together with the copper oxides intersected 1-2km to the east of BM7, support an interpretation of a potential synformal structure.

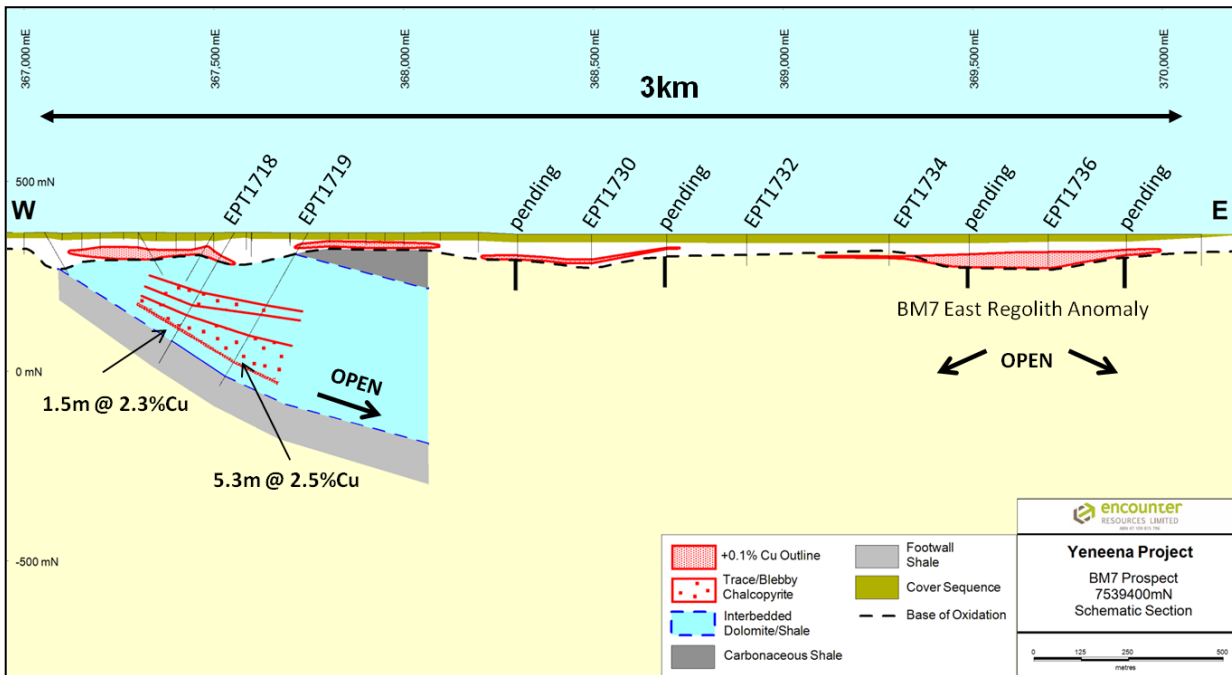


Figure 4 – Schematic Section BM7 Prospect (7539400mN) A-A' (refer Figure 5)

In August 2013, a first pass RC drill program (60 vertical holes, average hole depth 80m) commenced to provide an initial test of the area to the east of the previous drilling at BM7 and also to complete the first drilling of the new BM8 prospect located 5km south of BM7 to help to define the full extent of the copper system at the project.

The program was successful and has extended the BM7 system 1-2km to the east and by at least 1.6km south and remains open to the south. Assay results from the first phase of RC drilling have now been received. Assays have confirmed a new zone of near surface copper oxide and copper sulphide mineralisation to the south and east of BM7 (Figure 5).

Assays received from first phase drilling within this zone include:

- EPT1726 - 18m @ 0.4% Cu from 38m including 2m @ 1.2% Cu from 46m
- EPT1734 - 22m @ 0.2% Cu from 42m including 2m @ 1.2% Cu from 58m
- EPT1753 - 22m @ 0.3% Cu from 18m including 2m @ 1.6% Cu from 18m
- EPT1755 - 50m @ 0.1% Cu from 32m to end of hole including 2m @ 1.2% Cu from 58m

A second phase of RC drilling was also completed in September 2013. The objective of this 1,700 metre, follow up program was to complete a number of deeper infill holes within the initial 800m x 400m drill pattern and to expand the drilling further south of BM7. The second phase program has been successful with visual copper mineralisation intersected in a number of additional drill holes. Ten of the fifteen holes drilled contained visible copper mineralisation or elevated copper anomalism confirmed by handheld XRF (shown as white dots on Figure 5).

These results are considered important given the broad spacing of the two RC drill programs. The copper oxide blanket discovered at the east of BM7 contains zones of high grade copper oxide mineralisation and is laterally extensive. It is interpreted that this level of anomalism is potentially the product of dispersion from a body of primary copper sulphide that is in direct contact with the regolith profile. This regolith copper blanket provides a helpful medium to zone towards the primary source of this secondary copper oxide blanket. Accordingly, a third phase of infill RC drilling has recently commenced at BM7 (10 holes, 1,200 metres).

Remaining assays from the second phase RC program are expected to be received in October/November 2013 followed by the third phase of assays later in November 2013.

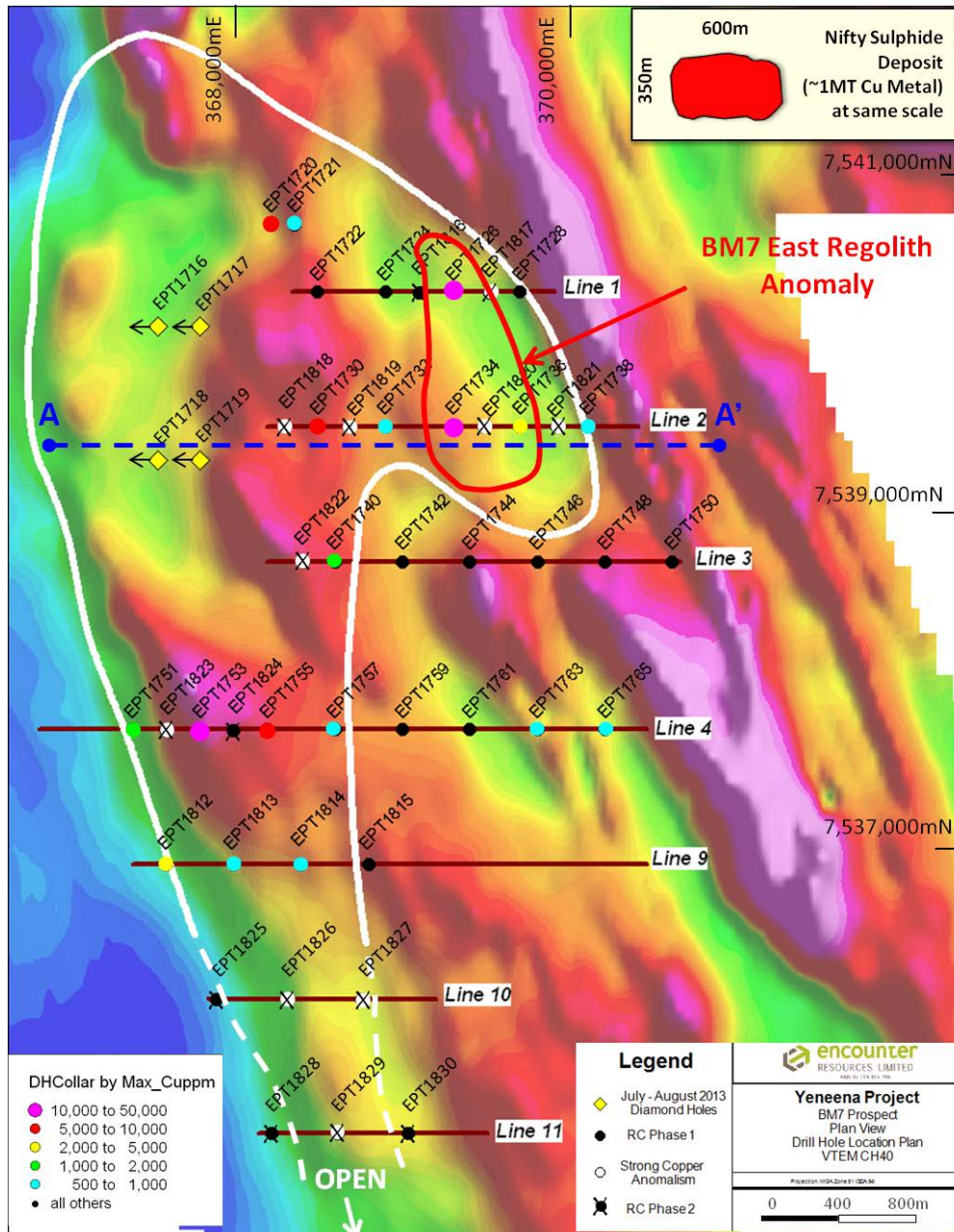


Figure 5 – BM7 Prospect – Diamond and RC Drill Plan (Background image - VTEM CH40)

BM8 Prospect

Recent aircore and RC drilling at BM7 indicates the 14km long copper system (previously 11km long) that parallels the McKay Fault zone is strengthening to the south and remains open.

During the September 2013 quarter a total of 18 shallow RC holes were drilled at the BM8 prospect for a total of 1,478m. These holes returned low level copper anomalism that was strengthening towards the western end of the drill lines. In addition, the drill lines stepping south from BM7 extended its footprint by a further 3km south towards BM8.

A review of the regional gravity data suggests that the McKay Fault may be located further to the west than the interpreted location from the EM data. This interpretation implies that the BM8 drill lines should be extended to the west. A review of the initial BM8 RC drilling will be completed with Antofagasta and plans for the 2014 program developed.

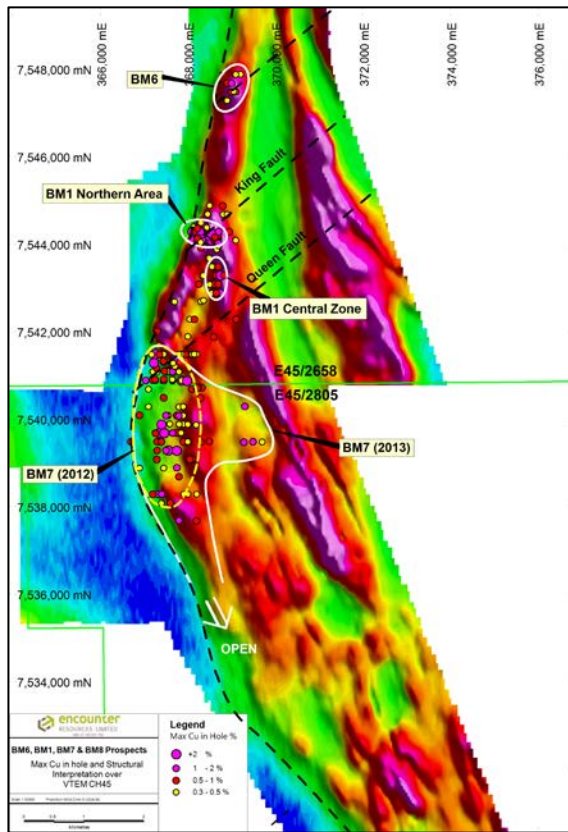


Figure 6. BM6 to BM8 Electromagnetics (EM)

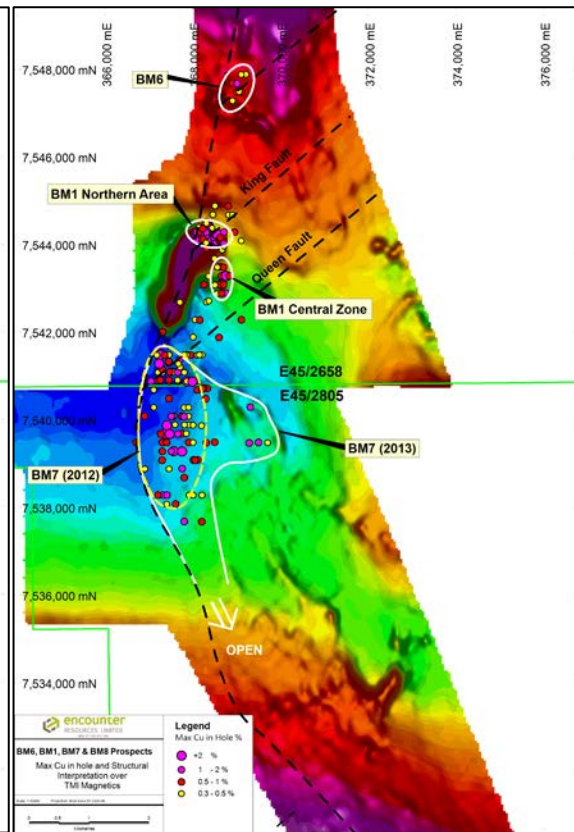


Figure 7. BM6 to BM8 TMI Magnetics

BM1 Prospect

Two deep RC holes totaling 656m were drilled at BM1 during the June 2013 quarter. The holes were drilled to test a target approximately 500m north of the BM1 Northern Zone (high grade copper oxide zone) at the intersection of an interpreted NNE trending structure and the northerly plunging fold hinge of the BM1 anticline.

The holes intersected broad zones of low level (100-500ppm Cu) primary copper anomalism within weakly altered black shales. This level of copper sulphide anomalism is encouraging with the last 2m sample in EPT1693 returning 0.12% copper. The drilling has confirmed the merits of the conceptual target and further work is required to determine the potential of the area.

BM6 Prospect

Located 3km NNE of BM1 Northern Area, BM6 was discovered during reconnaissance aircore drilling in 2011, which delineated an 800m long, 400m wide +0.1% copper regolith anomaly adjacent to the McKay Fault (with grades up to 1.4% Cu). The regolith anomaly coincides with a VTEM conductor, which has been modeled to dip shallowly to the west (towards the McKay Fault).

The two hole, RC drill program drilled in the June 2013 quarter confirmed the modeled conductor appeared to map out a block of shallower conductive shale. The holes intersected elevated copper anomalism below the base of oxidation which are considered highly anomalous and confirms the copper system remains open to the north of BM6. A detailed review of the downhole geochemistry will be completed to define vectors to potential higher grade mineralisation.

BM2 Prospect (Encounter 100%)

The BM2 prospect is located on the regionally-extensive Tabletop Fault. This structure is known to be metallogenically important and is closely associated with the position of the Nifty Copper deposit, 50km along strike to the north-west (Figure 1). Previous aircore drilling defined a broad zone of copper anomalism (+0.25% Cu) over a strike extent of 800m (Figure 8). The identification of this significant base metal anomaly was made in an area of no outcrop, with up to 20m of transported overburden.

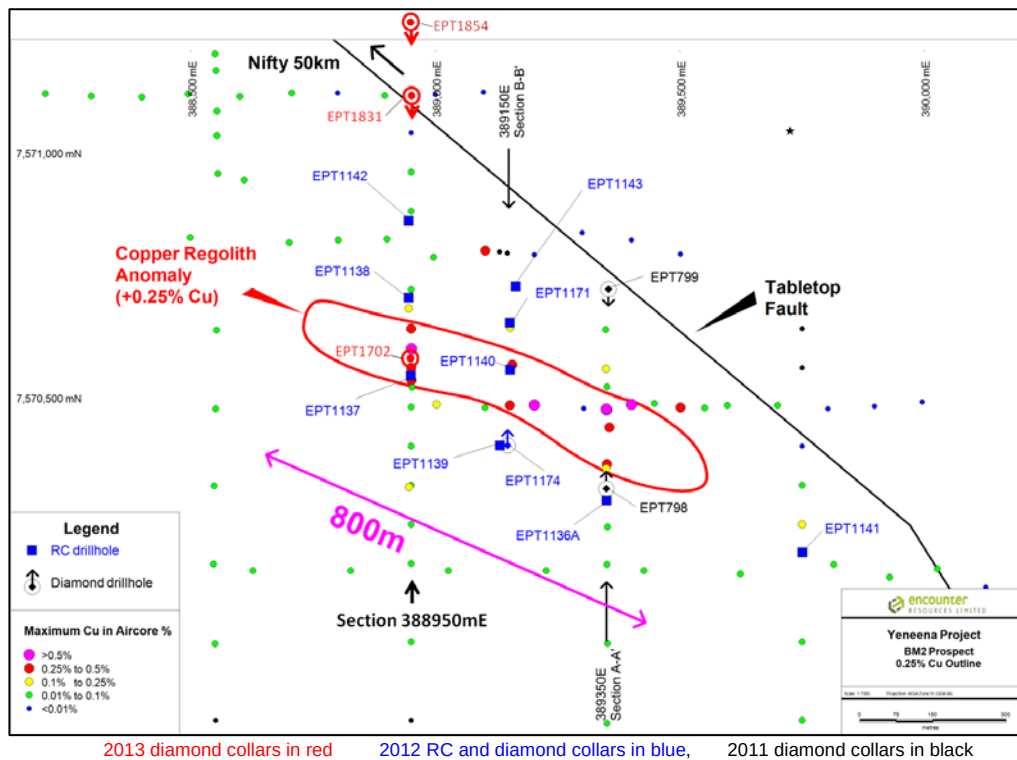


Figure 8: BM2 maximum copper in aircore drilling and drill status plan

RC and diamond drilling in June 2012 confirmed a heavily leached oxide profile with many holes showing a strengthening of zinc mineralisation at depth. RC holes EPT1136A through to EPT1141 all ended in anomalous zinc and lead sulphides and have mapped out what is interpreted as the upper contact of a stratabound base metal horizon that extends over 1km in strike.

Drill hole EPT1140, collared in the core of the regolith copper anomaly, returned the first sulphide copper intersection at BM2:

26m @ 0.60% Cu from 100m incl. 10m @ 0.92% Cu from 100m

Diamond drill hole EPT1174 (Figure 9) was collared from surface and drilled to the north at -60° . The hole was designed to test for copper sulphide mineralisation at depth below EPT1140. The hole intersected a broad zone of carbonate alteration and veining in a shale unit that contained visible zinc and lead sulphides. Assay results include:

201m @ 0.6% Zn from 233m to end of hole including:

- 13m @ 1.3% Zn from 295m;
- 8m @ 1.5% Zn from 349m; and
- 29m @ 1.0% Zn from 400m.

During the quarter, two co-funded diamond drill holes at the BM2 Zinc-Copper prospect were completed under the WA Government Exploration Incentive Scheme. EPT1831 has intersected a 140m thick zone of highly oxidized, iron rich material containing elevated zinc (grading approximately 1% zinc in XRF, supported by representative spot chemical analysis). The heavily preferentially weathered zone, which starts from a depth of 175m, may represent the weathered remnants of a body of zinc sulphide mineralisation. A third hole will be drilled targeting this body below the base of weathering to assist with determining the orientation of this thick, potentially gossanous horizon. This hole will be completed in November 2013.

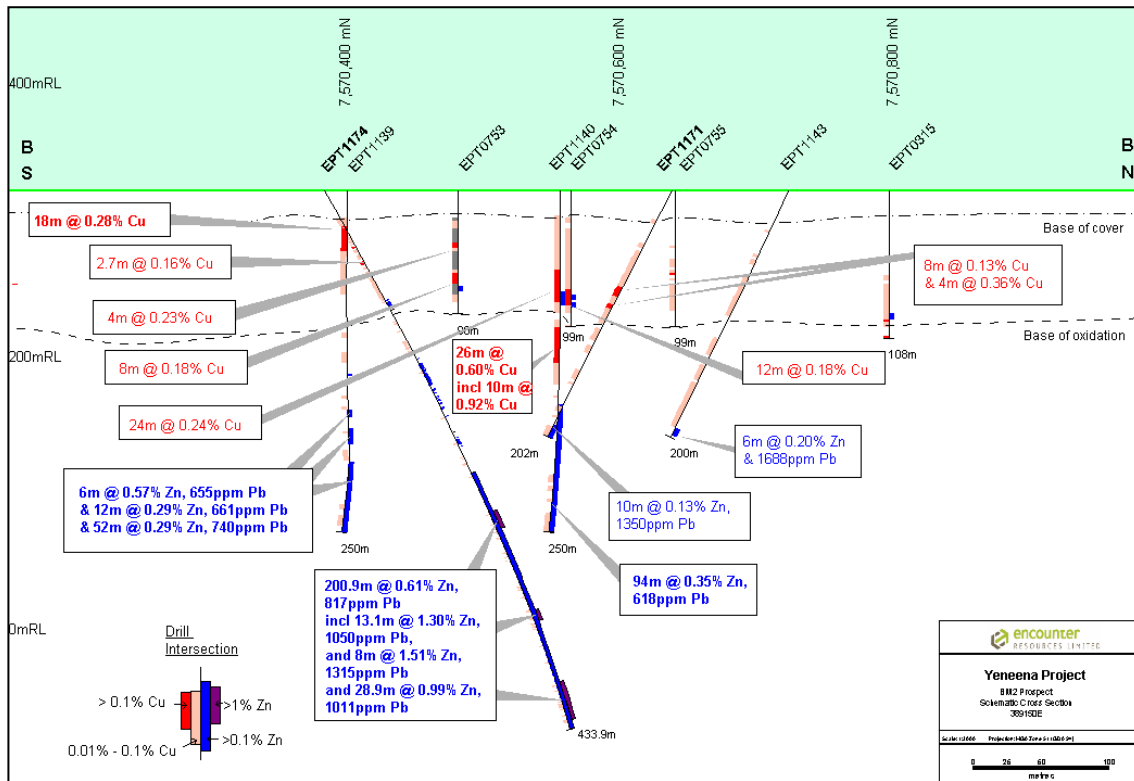


Figure 9: BM2 Cross Section B-B' (389150mE)

Hole ID	Prospect	Northing (m)	Easting (m)	RL (m)	EOH (m)	Dip	Azi
EPT1702	BM2	7570625	388946	360	772.7	vert	000
EPT1831	BM2	7571100	389950	360	572.4	-80	180
EPT1854	BM2	7571350	389950	360	In progress	-60	180

Table 1: BM2 Diamond Drill hole information

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

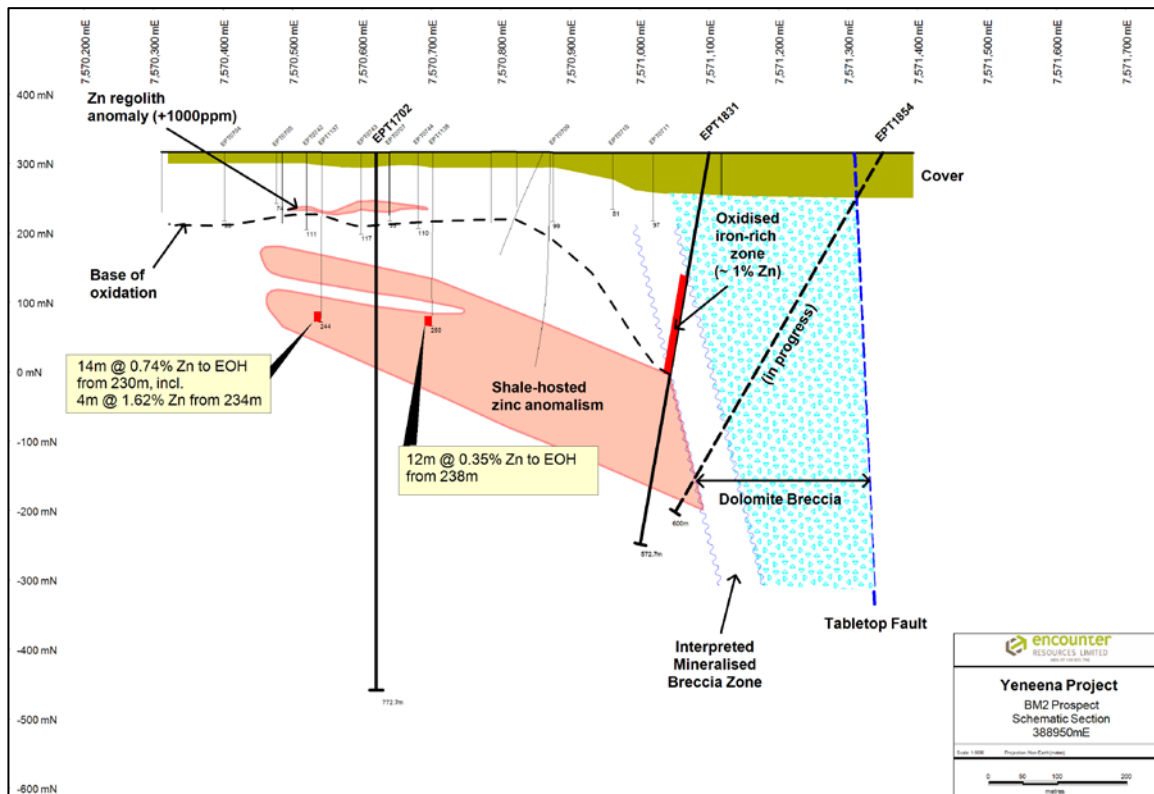


Figure 10: BM2 EIS Diamond Drill holes - Cross Section 388950mE

Yeneena Regional Targets (Encounter 100%)

The success of the copper exploration program at the Yeneena project and the discovery of a large copper-cobalt mineral system at BM1-BM6-BM7 has encouraged Encounter to expand the early stage assessment activities over the untested regional copper targets.

A 1,250 line km airborne VTEM survey was completed over the regional targets located in the northwest of the Yeneena project during the June 2013 quarter. Approximately 500 line km of the survey was completed over the Antofagasta earn in tenements and the remaining 750 line km over ground held 100% by Encounter. Final data and images from the VTEM survey were delivered in September 2013 and has highlighted a number of targets along the NE structural corridors (Figure 11).

The first reconnaissance drilling along the NE structural corridor was completed during the quarter. Eight shallow RC drill holes were completed to provide initial sub-surface geochemical and geological information along this NE structural corridor and the objective of the program was to identify evidence of copper mineralising fluids. Initial handheld XRF analysis of this drilling has confirmed low level but significant copper anomalism is present along this splay structure between the McKay and Vines Faults. It is encouraging to see initial indications that this NE structural corridor may have seen similar copper mineralising fluids to the BM1-BM6-BM7 trend located 20km south.

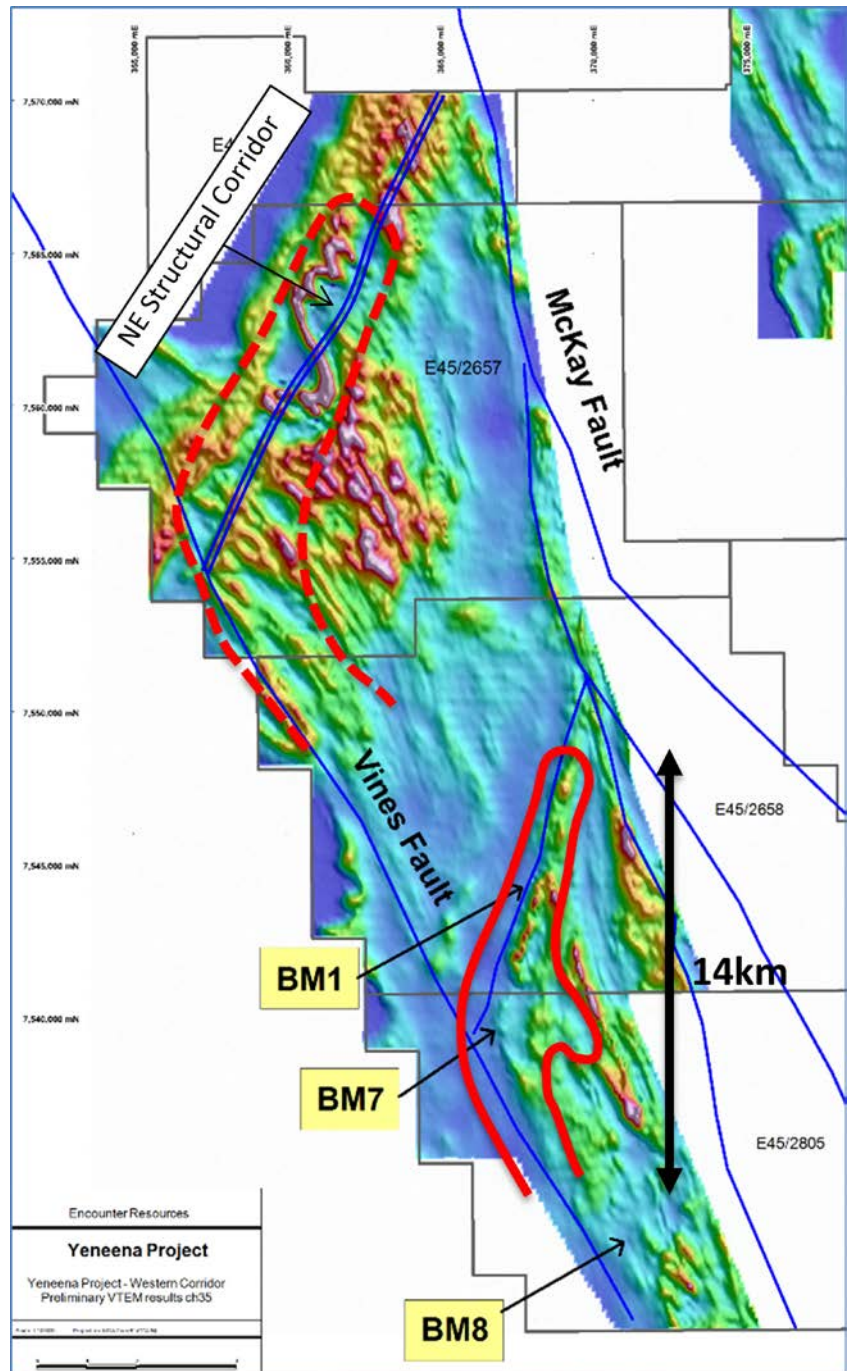


Figure 11: Preliminary VTEM – NE Structural Corridor

A detailed targeting exercise will be completed in the coming months. The first systematic exploration along the highly prospective NE structural corridor will commence in 2014.

CORPORATE

The Company held cash reserves at \$4.5m at the end of September 2013.

NEXT QUARTER HIGHLIGHTS

Activities planned for the December 2013 quarter include:

1. Assays from the second and third phase of BM7 RC drilling
2. Antofagasta site visits for 2013 drilling review
3. Completion of diamond drilling at BM2
4. Assay results from BM2 diamond drilling
5. Target generation on NE structural corridor

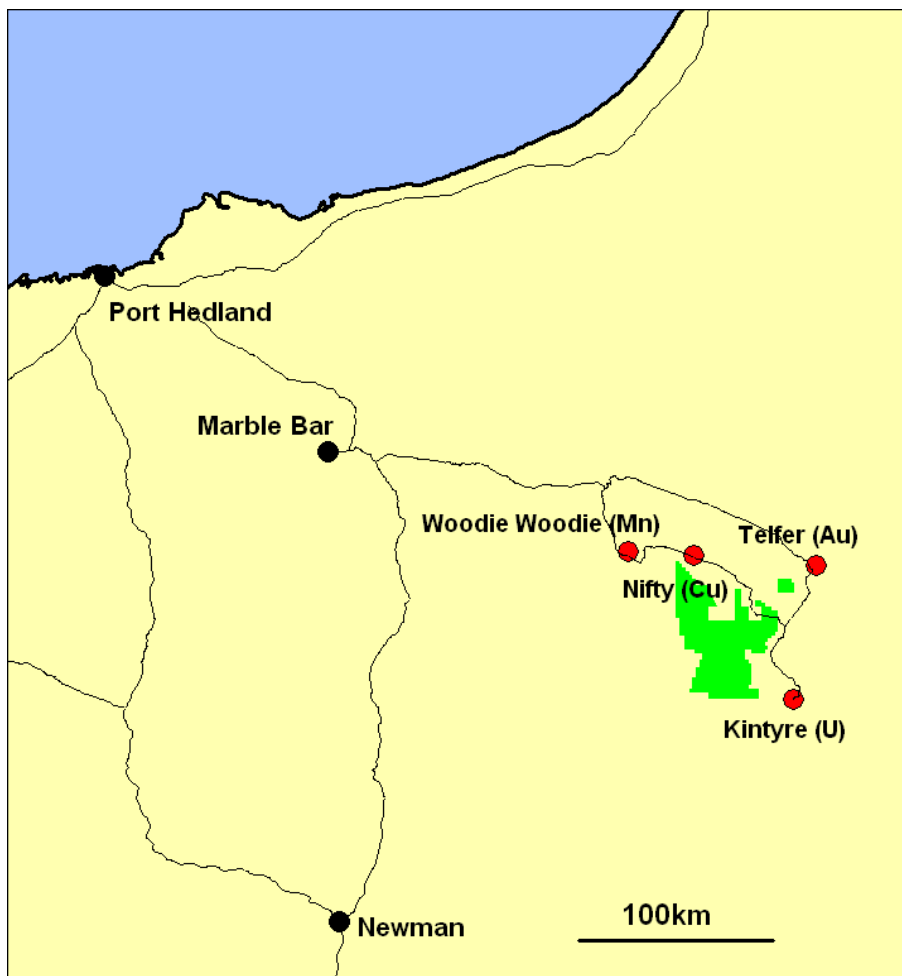


Figure 12: Yeneena Project Location Plan

Will Robinson
Managing Director

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Peter Bewick who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Bewick is a full time employee of Encounter Resources Ltd and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bewick consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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 September 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(1,632)	(1,632)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(271)	(271)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	41	41
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	- R&D tax concession refund	237	237
	- Other	26	26
Net Operating Cash Flows		(1,599)	(1,599)
Cash flows related to investing activities			
1.8	Payment for purchases: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(7)	(7)
1.9	Proceeds from sale of: (a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – Farm-in cash calls received	1,331	1,331
Net investing cash flows		1,324	1,324
1.13	Total operating and investing cash flows (carried forward)	(275)	(275)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(275)	(275)
	Cash flows related to financing activities		
1.14	Proceeds/(refunds) from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(275)	(275)
1.20	Cash at beginning of quarter/year to date	4,807	4,807
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,532	4,532

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	214
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 - Remuneration of Directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Expenditure for the quarter of \$1,218,611 (\$1,218,611 year to date) incurred by other entities pursuant to a farm-in agreement on projects held by the Company have been included at 1.2(a).

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	550
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	750

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	112	1,307
5.2 Deposits at call	4,420	3,500
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,532	4,807

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 (description)	-	-		
7.2 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 +Ordinary securities	132,543,350	132,543,350		
7.4 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs	-	-		
(c) Released from Escrow	-	-		
7.5 +Convertible debt securities (description)	-	-		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
7.7 Options (description and conversion factor)			<u>Exercise price</u>	<u>Expiry date</u>
	5,425,000	-	\$1.35	22/11/2014
	550,000	-	\$0.80	30/9/2015
	550,000	-	\$0.40	31/5/2016
	1,450,000	-	\$0.30	30/11/2016
	750,000	-	\$0.39	30/11/2017
	750,000	-	\$0.21	31/5/2017
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		

+ See chapter 19 for defined terms.

7.10	Expired during quarter	-	-		
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 4\)](#).

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



Sign here:

(Company secretary)

Date: 30 October 2013

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.