

A highly active, well-funded exploration company advancing a suite of greenfield discoveries in the Paterson Province of Western Australia

ASX Code

ENR

Market Cap (27/04/17)

~A\$15.6m (\$0.10/share)

Issued Capital (31/03/17)

155.9 million ordinary shares

12.9 million options

Listed investments (27/04/17)

~A\$0.6M

Cash (31/03/17)

~A\$1.0M

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 exploring for copper-cobalt and zinc-lead deposits at Yeneena and gold-copper deposits in the Telfer region.

Thick Gold/Copper Zones Discovered at Telfer West

An 11 hole, broad spaced (~400m x 200m) RC program completed at Telfer West successfully intersected high grade, near surface gold mineralisation:

- 20m @ 1.8g/t Au and 502ppm Cu from 94m including 10m @ 2.8g/t Au and 812ppm Cu from 94m in ETG0015
- 14m @ 1.2g/t Au and 1179ppm Cu from 66m including 4m @ 3.3g/t Au and 1400ppm Cu from 74m in ETG0016

ETG0015 and ETG0016 are drilled on section, 200m apart and are located over 400m south-east of ETG0003 completed in December 2016 that intersected 24.9m @ 0.7g/t Au from 127.1m and 4.0m @ 7.1g/t Au from 216m.

Reef Style Gold at East Thomson's Dome

Historical shallow exploration in the 1990s, 5km north of Telfer, discovered an area of near surface high grade gold including intersections:

- 4m @ 29 g/t Au from 31m in NTR 5
- 2m @ 33 g/t Au from 22m in NTR 12
- 10m @ 9.8 g/t from 16m in NTR 17
- 2m @ 76.2 g/t Au from 35m in NTR 57
- 7m @ 17.1 g/t Au from 16m in NTR 61

Cobalt-Copper Opportunities Identified at Yeneena

Several high grade cobalt intersections at BM1-BM7 for further follow up including:

- 14m @ 0.45% Co and 0.38% Cu from 14m
- 9m @ 1.0% Co and 1.5% Cu from 42m to EOH

Identified gossan at Lookout Rocks where surface rock chip sampling returned cobalt grades up to 0.19% Co and 0.22% Cu

Millennium Zinc

Upcoming drill program to target along strike of 0.7m @ 36.7% Zn from 430m in EPT1854.

Drilling at the Gold (Telfer West and East Thomson's), Copper-Cobalt (Lookout Rocks, Fishhook, BM7) and Millennium Zinc Targets will be completed in May-July 2017

CORPORATE

- ~A\$1.0 million cash balance as at 31 March 2017.
- Exploration Development Incentive credits totaling \$402,285 to be distributed to ENR shareholders on 22 May 2017

EXPLORATION

PATERSON PROVINCE

YENEENA & TELFER REGION PROJECTS

- Yeneena Copper-Cobalt Project: 100% Encounter - E45/2500, E45/2502, E45/2503, E45/2657, E45/2658, E45/2805, E45/2806, E45/3768, E45/4091, E45/4230 and E45/4408
- Millennium Zinc Project: 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: 100% Encounter - E45/4613, E45/3446, P45/2750 to P45/2752, E45/4564, E45/4757 and E45/4758

Encounter holds exploration tenure over 2,000km² 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. Encounter is actively exploring for copper-cobalt and zinc-lead deposits at Yeneena as well as gold-copper deposits in the Telfer region.

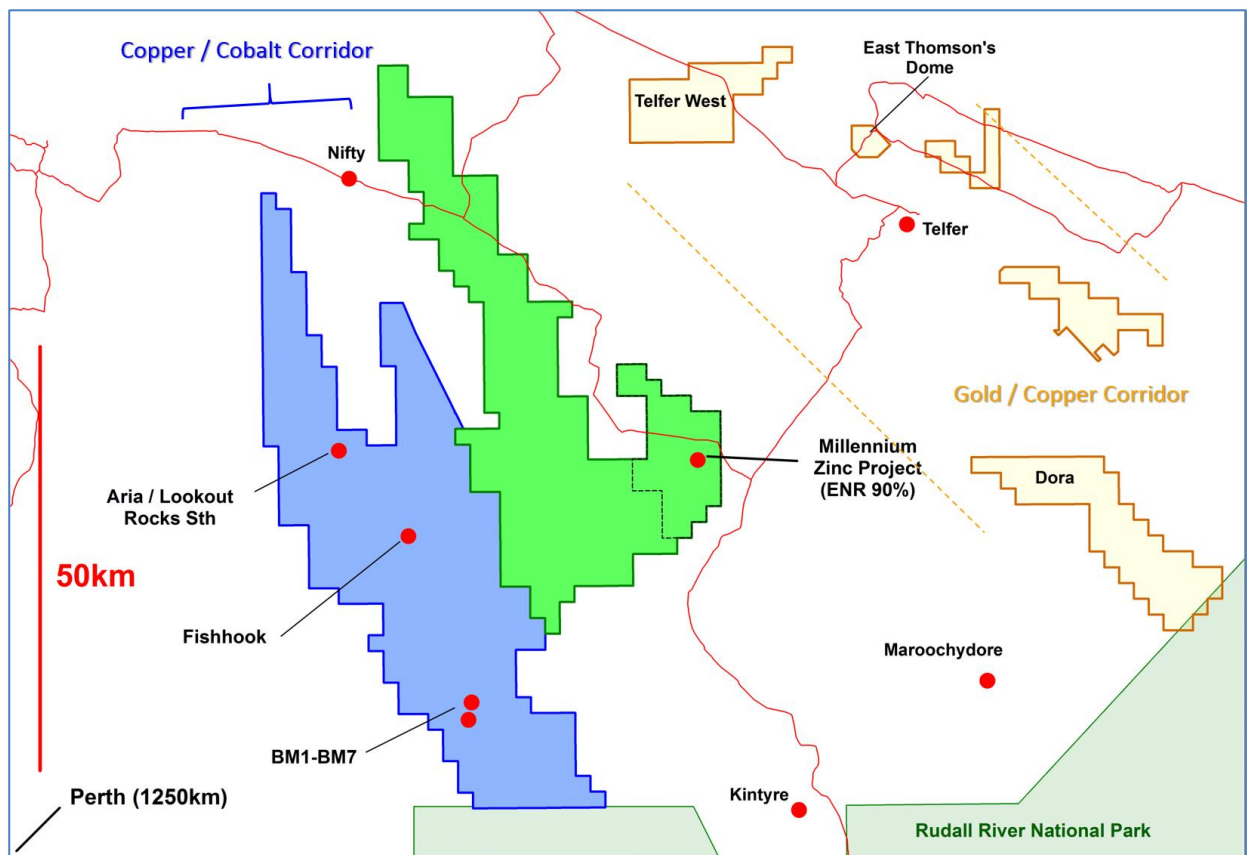


Figure 1: Yeneena and Telfer region tenements: Projects and Earn-In areas with major regional faults

PATERSON GOLD PROJECTS

Encounter holds a highly prospective and strategic ground holding in the Paterson Province that hosts Newcrest's major gold-copper operation at Telfer.

Telfer West (100% Encounter)

Background

Telfer West (E45/4613) covers an area of approximately 121km² and is located 25km north west of Newcrest's major gold-copper operation at Telfer (see Figure 1). Limited historical exploration at Telfer West was conducted by WMC and Newmont from 1983-1993 targeting gold mineralisation in a similar geological setting to Telfer.

Telfer West covers an 8km by 5km domal formation of Proterozoic sediments that is bounded to the northwest and southeast by late stage granitic intrusions. 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. A linear belt of subtle magnetic anomalism forms part of a broad structural corridor that defines the fold axis of the Telfer West dome (see Figure 2). The gold mineralisation intersected is contained within this structural corridor, with stronger accumulations likely in areas of greater structural complexity.

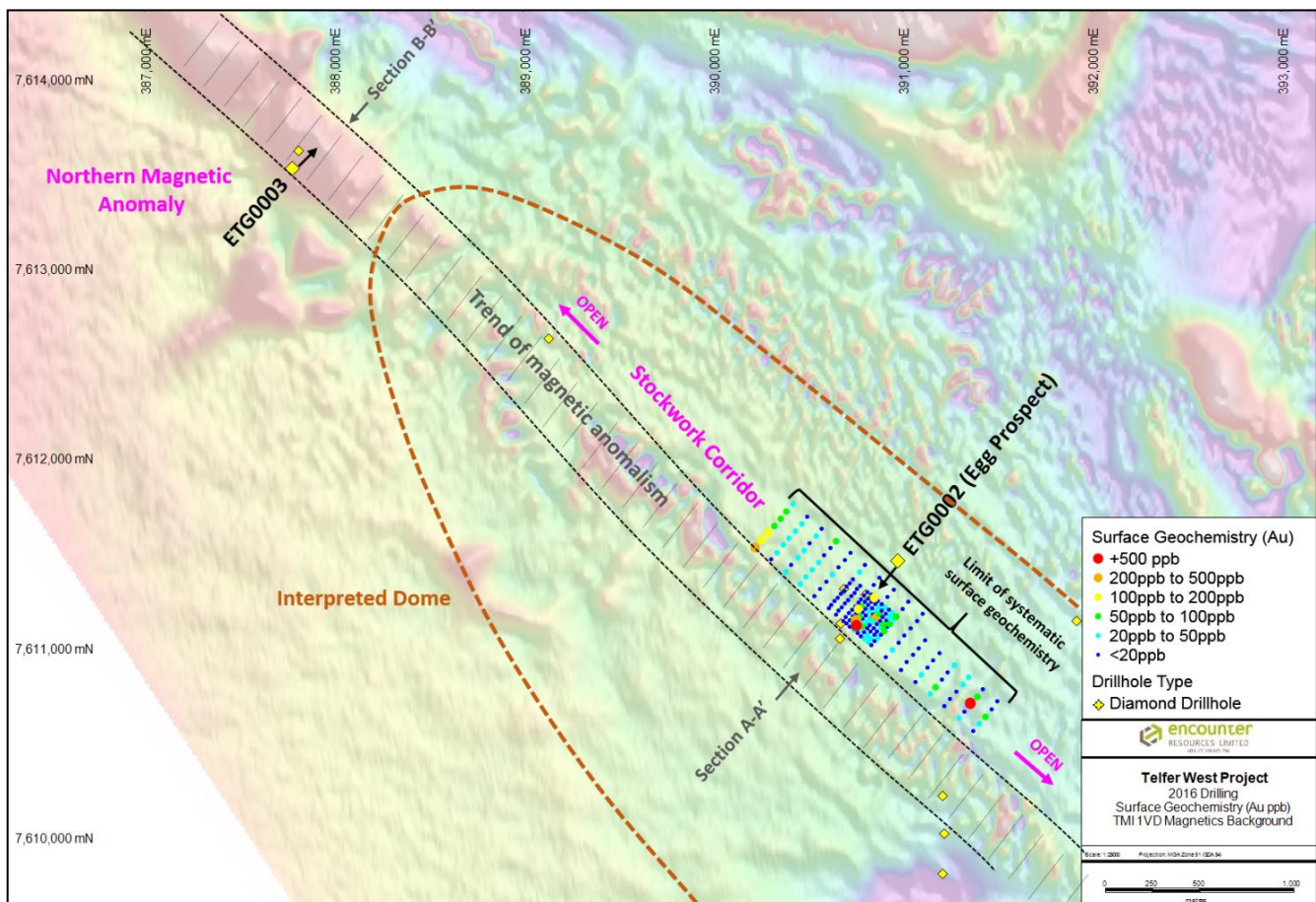


Figure 2: Telfer West diamond historical drilling, systematic surface geochemistry and interpreted dome. Historical diamond holes (yellow diamonds). Detailed aeromagnetic background (TMI 1VD pseudo colour image)

The first two holes (ETG0002 and ETG0003) drilled by Encounter 4km apart at Telfer West have both confirmed the presence of high grade gold mineralisation.

RC program - March 2017

An RC drill rig became available at short notice to complete a two week reconnaissance program at Telfer West in late March 2017. The rig completed 11 broad spaced (~400m x 200m) RC holes for a total of 2216m.

The objective of the program was to follow up the strong supergene gold mineralisation intersected in diamond drill hole ETG0003 completed in December 2016 that included 24.9m @ 0.7g/t Au from 127.1m and 4.0m @ 7.1g/t Au from 216m. (refer ASX release 19 January 2017)

A broad drill hole grid pattern was designed to determine the lateral extent of supergene gold mineralisation intersected in ETG0003 and to define vectors towards potential primary mineralisation along the fold axis in this northern part of the Telfer West dome.

The RC program successfully intersected under cover, high grade, near surface gold mineralization (refer ASX release 26 April 2017):

- **20m @ 1.8g/t Au and 502ppm Cu from 94m including 10m @ 2.8g/t Au and 812ppm Cu from 94m in ETG0015**
- **14m @ 1.2g/t Au and 1179ppm Cu from 66m including 4m @ 3.3g/t Au and 1400ppm Cu from 74m in ETG0016**
- **8m @ 1.0 g/t and 426ppm Cu from 197m in ETG0010**

The mineralization intersected in ETG0015 contains up to 1% sulphur and is interpreted to be transitional or primary mineralisation. ETG0015 is the most south western hole completed in the 11 hole RC program (see Figures 3 & 4). The orientation and strike direction of the gold discovered is not known yet and hence the mineralisation is potentially open in every direction.

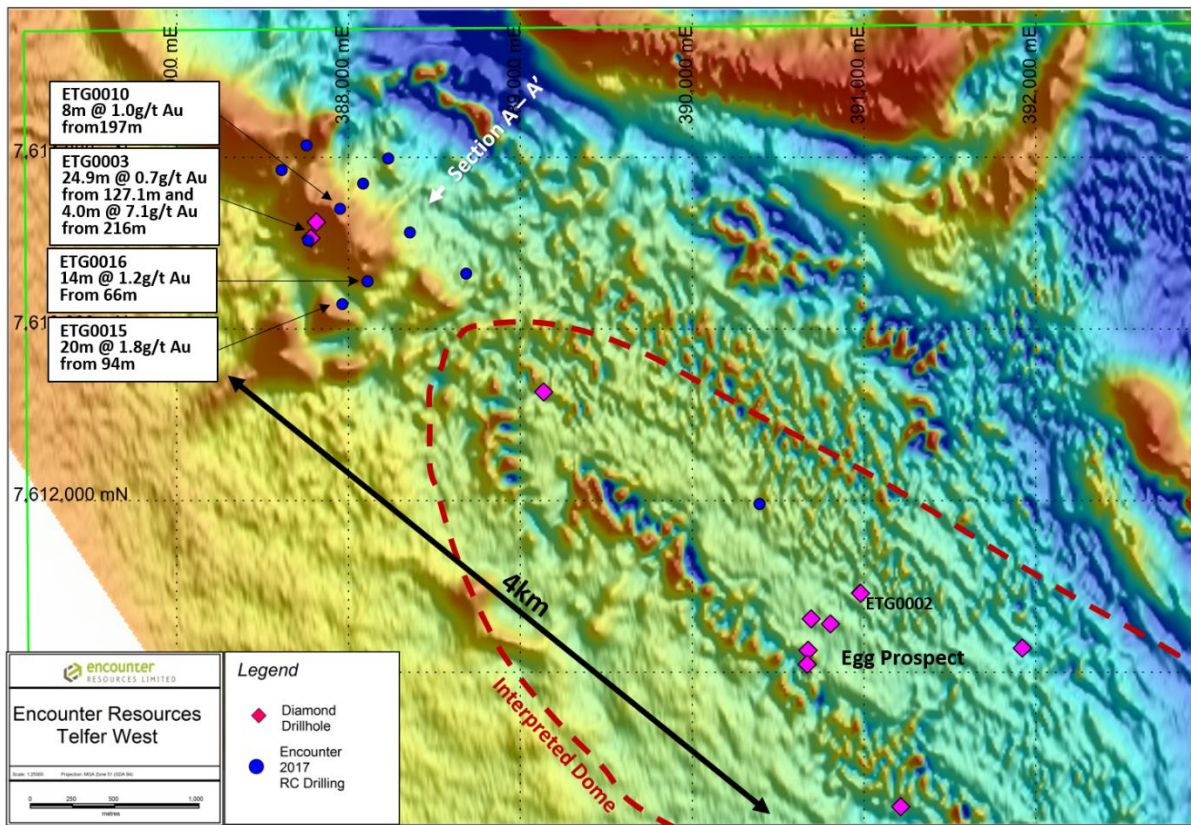


Figure 3: Telfer West RC and Diamond drill status plan and interpreted dome. Detailed aeromagnetic background (TMI 1VD pseudo colour image)

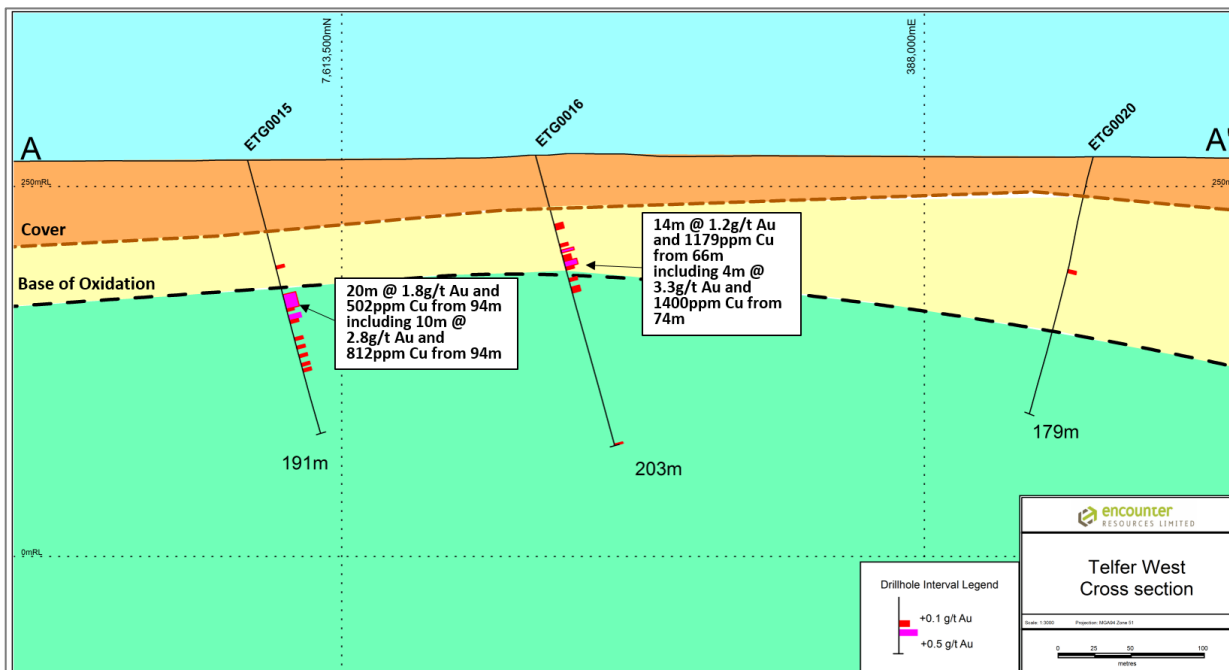


Figure 4: Telfer West RC drilling line 3, schematic cross section (A – A')

Next steps

A suitable RC rig is being sought to determine the magnitude of the shallow gold position discovered at Telfer West. The follow up program will include tighter drill spacing to determine the strike, orientation and scale of the gold intersected.

In addition, a multi-purpose drill rig is scheduled to be on site in mid May 2017 to commence testing the Egg prospect at Telfer West, located 3.5km south-east of the recent RC drilling.

Egg Prospect Stockwork Zone

At the Egg Prospect (ETG0002) a broad, steep dipping zone of stockwork style gold mineralisation was intersected within a strongly silicified massive quartzite unit. The stockwork zone contains multiple quartz veins containing pyrite and sporadic arsenopyrite over a downhole length of ~100m. Assay results from the broad zone of stockwork style gold mineralisation, included **38.6m @ 1.0g/t Au from 333m (including 4.2m @ 3.2g/t Au from 333.5m) and 36m @ 0.6g/t Au from 396m (including 3.2m @ 3.3g/t Au from 415.2m)** (see Figure 5). (refer ASX release 19 January 2017).

ETG0002 is the first hole to be drilled through the entire stockwork corridor from the hangingwall through to the interpreted footwall and has confirmed a significant, depth extensive stockwork system that is highly anomalous in gold. The hole has also provided a structural and geological framework that indicates the system may extend to surface and has the potential to contain zones of higher grade gold within the primary sulphide zone (see historical drill holes LHS 86-9 and LHS88-1 in Figure 5).

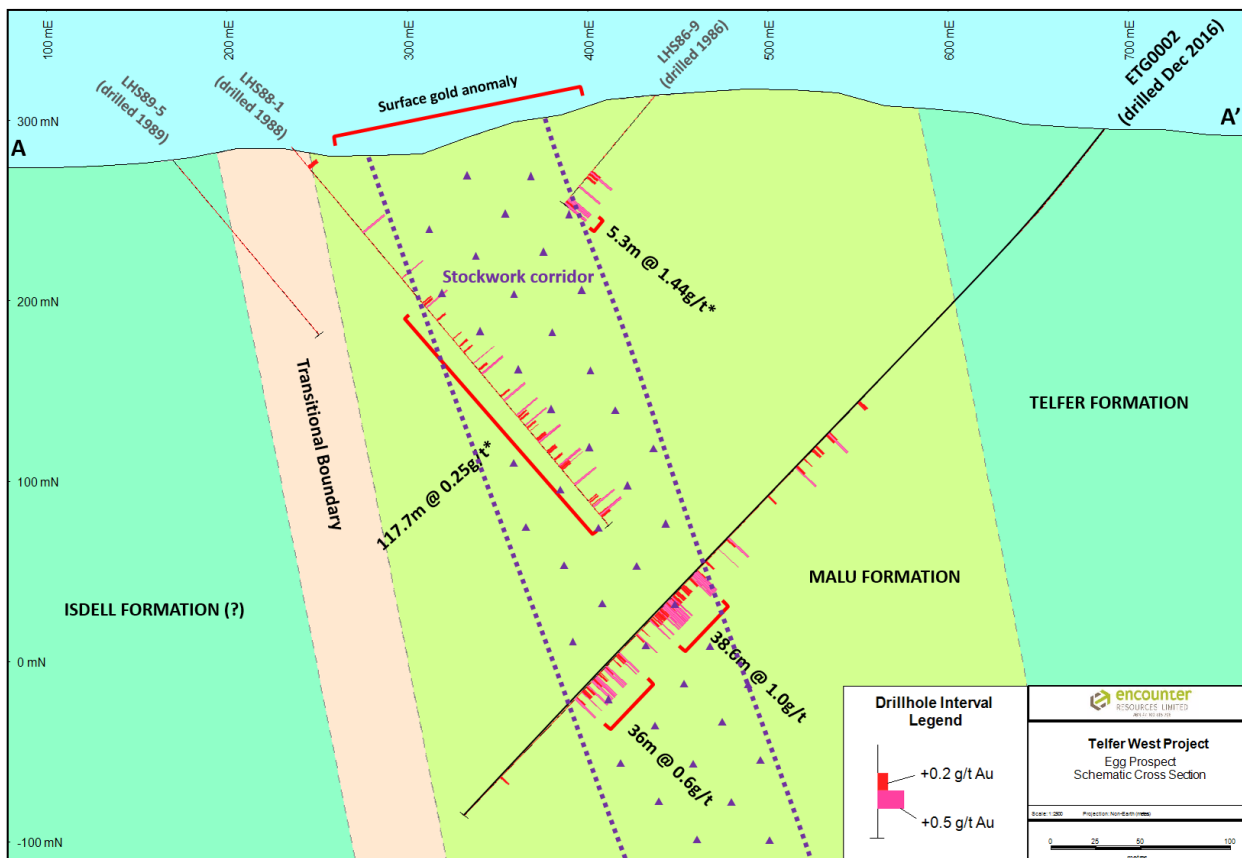


Figure 5: Telfer West, Egg Prospect schematic cross section (A – A')

The next phase of exploration at the Egg Prospect is to drill test the near surface position of the stockwork corridor on the existing drill section and to test along the corridor to the northwest and southeast. The stockwork corridor is interpreted to follow the trend of subtle magnetic anomalism which lies sub-parallel to a silicified quartzite ridge. This quartzite hosted stockwork corridor is essentially untested outside of the Egg Prospect with only one shallow diamond hole drilled along the interpreted 5kms of strike.

Next steps

The next phase of drilling at the Egg Prospect will focus on the near surface position of the stockwork mineralisation at the Egg Prospect, on both the existing section and to the northwest and southeast.

This next phase of drilling at Telfer West will be partially funded by a WA Government EIS grant (\$150,000).

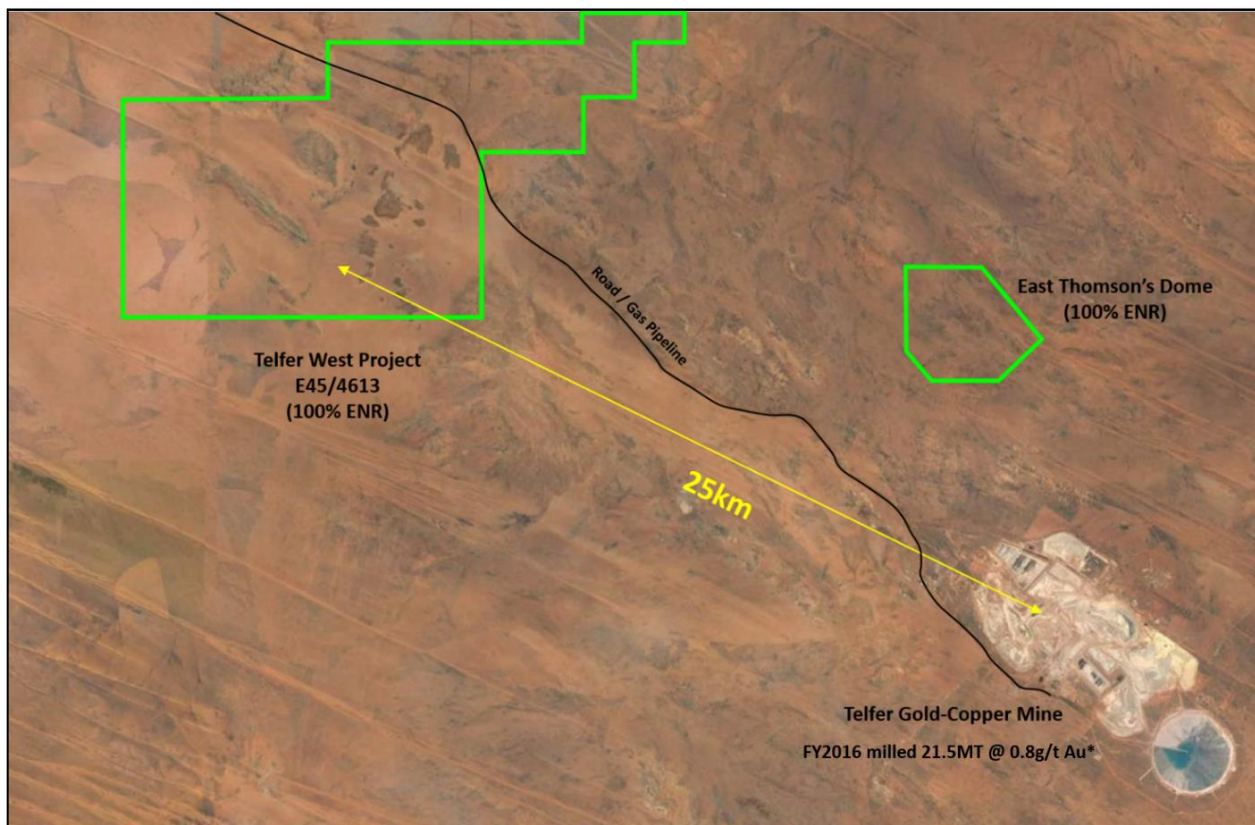


Figure 6: Telfer West location map – Google Earth background
(*source Newcrest Annual Report 2016)

East Thomson's Dome Project (100% Encounter)

Background

East Thomson's is a high quality exploration opportunity located just 5km from the major gold-copper mine at Telfer (Figure 7). The domal structure at East Thomson's has a core of Telfer Formation sediments with the fold axis trending WNW. This geological setting is similar to the setting of the high grade reefs at Telfer.

Historical exploration at East Thomson's was conducted by Newmont, Duval Mining and Mt Burgess Mining NL between 1985 and 2003. The most recent exploration was completed by Barrick Gold Corporation ("**Barrick**") in 2003-2006. Previous drilling completed at East Thomson's was mainly shallow RAB and RC programmes with only 3 diamond holes drilled across the 4km by 4km project. In total, 438 holes have been drilled at East Thomson's with only 10 of these holes exceeding 100m depth and the remainder of the holes averaging 28m depth.

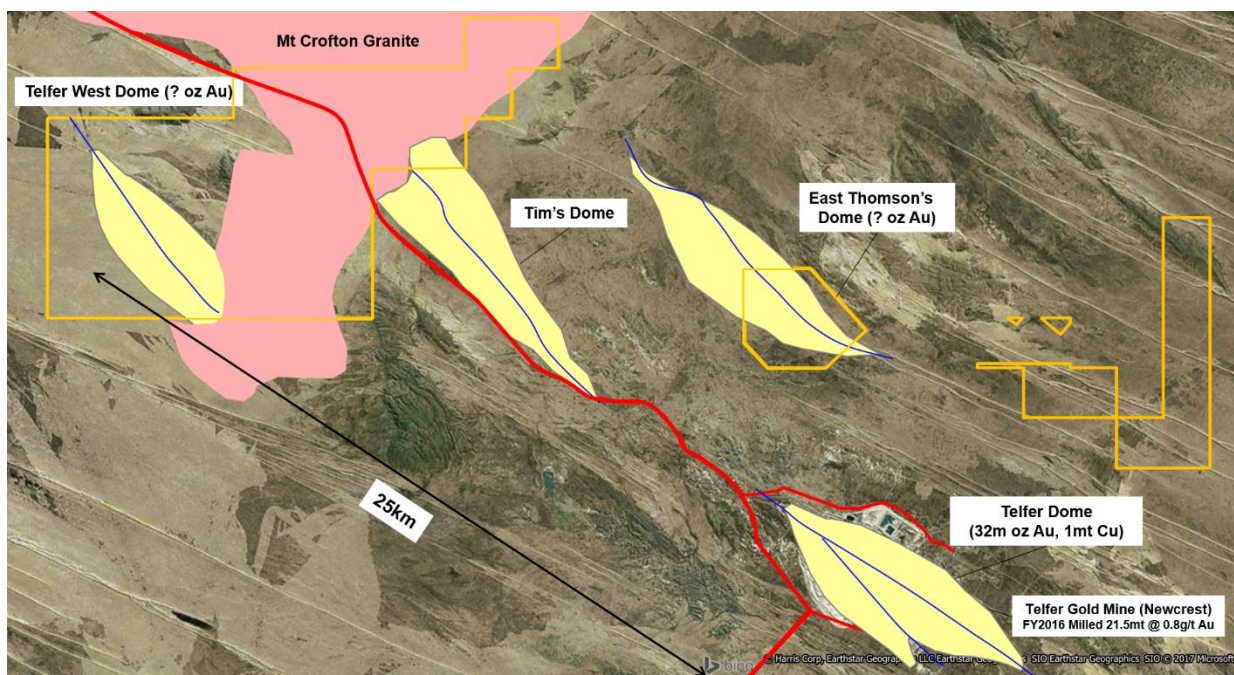


Figure 7: Telfer Region Gold Projects. Interpreted mineralised domes and location map – Bing background

Historical Exploration Results

The review of historical exploration data is continuing. Early results from this review have identified areas that warrant immediate follow up exploration. Historical shallow exploration in the 1990s at the Fold Closure prospect discovered an area of near surface high grade gold that outcrops on the fold axis of the East Thomson's Dome and includes the following intersection (refer ASX release 14 February 2017):

- 4m @ 29 g/t Au from 31m in NTR 5
- 2m @ 33 g/t Au from 22m in NTR 12
- 10m @ 9.8 g/t from 16m in NTR 17 incl. 2m @ 45.8 g/t Au from 20m
- 2m @ 76.2 g/t Au from 35m in NTR 57
- 7m @ 17.1 g/t Au from 16m in NTR 61 incl. 3m @ 37.6 g/t Au from 19m

This area of high grade reef style gold remains open down dip and along strike. The Fold Closure prospect is an area 600m by 500m located in the centre of the East Thomson's project (see Figures 8).

The Fold Closure prospect has high grade reef style gold mineralisation that has been drilled to a depth of approximately 50m and remains open down dip and along strike. A total of 107 holes have been drilled in and around the Fold Closure prospect with only 2 of these holes being diamond holes and only 6 holes in total exceeding 100m downhole depth (see Figure 10). The average depth of the drilling at the Fold Closure, excluding the 6 deepest holes, is 34m.

The most recent drilling at East Thomson's was conducted by Barrick in 2005 when two ~1000m deep diamond holes were completed with both holes returning encouraging intersections. Barrick's DDH at the Fold Closure returned **3m @ 8.2 g/t Au from 243m** in a quartz reef similar to the host of the gold mineralisation near surface. This intersection sits to the northwest of the high grade near surface gold and remains open in all directions (see Figure 8).

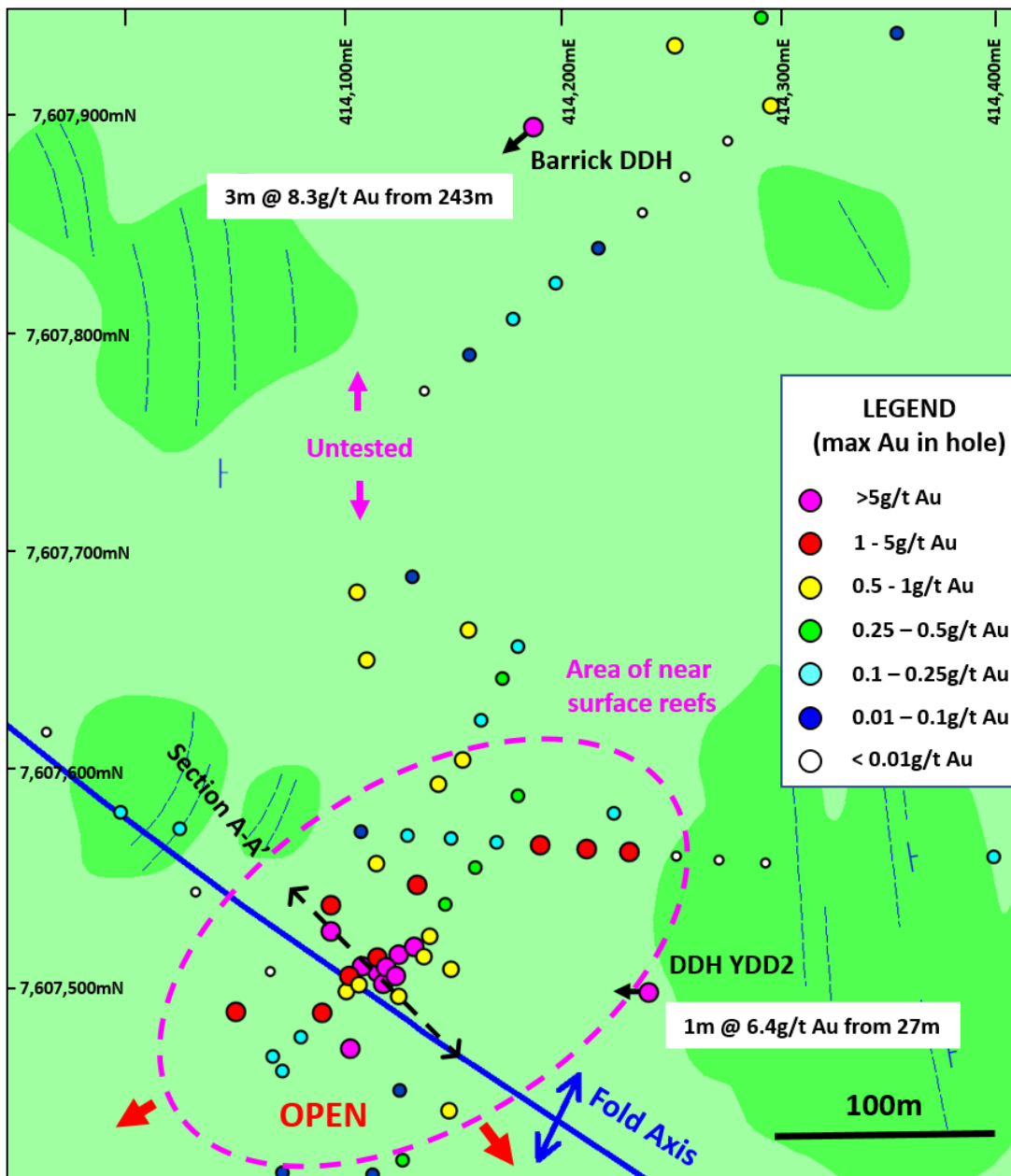


Figure 8: Fold Closure Prospect (East Thomson's Dome): Maximum gold in hole plot on surface geology (darker green = outcropping sediments, lighter green = sediment float)

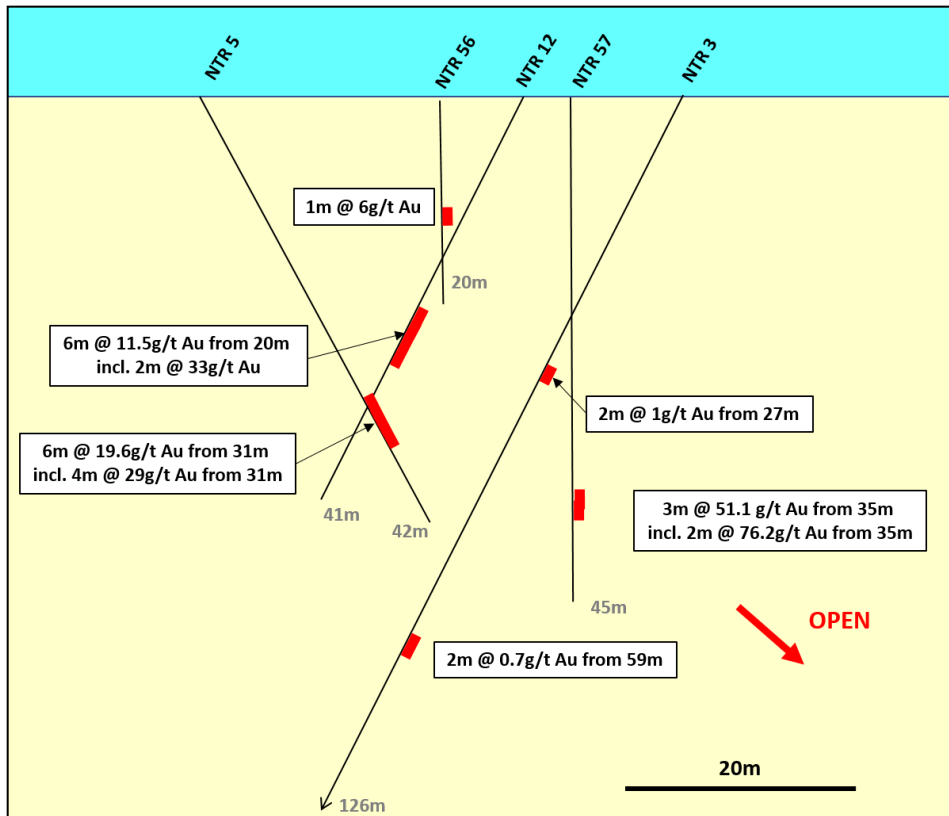


Figure 9: Cross section A-A' high grade area, Fold Closure Prospect (Horizontal: Vertical scale = 1:1)

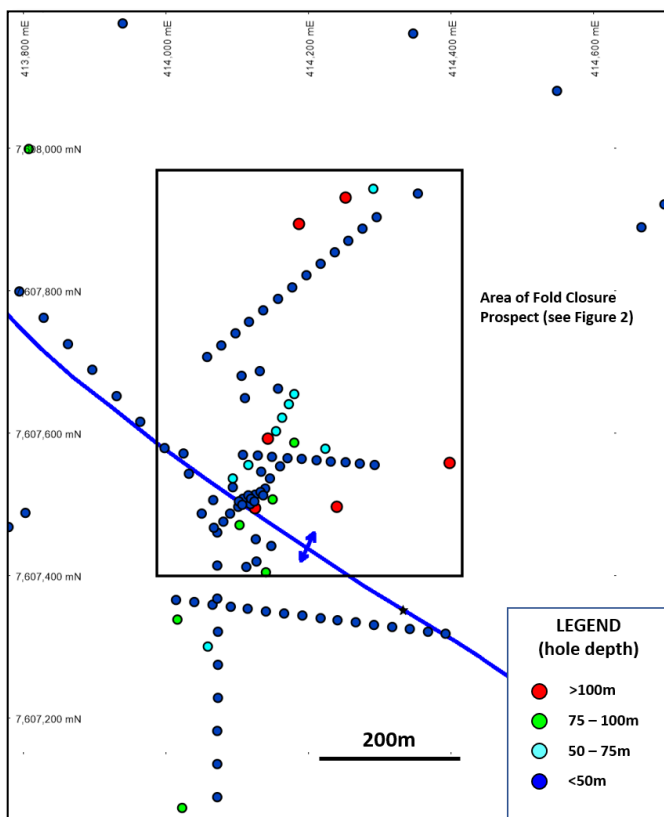


Figure 10: Drill collar file - Fold Closure region. Holes coloured by depth of hole

Upcoming Exploration

East Thomson's high grade, quartz reef mineralisation is similar to the upper reefs at Telfer. Given this context, the limited depth extend of previous exploration and location of the gold opportunity, follow up exploration is planned to commence as soon as possible.

Upcoming exploration will focus on finding extensions to the high grade reef style mineralisation at the Fold Closure and to assess how these near surface mineralised reefs fit into a potential larger mineral system. This program will involve a series of RC drill traverses and some diamond drilling from surface to orientate the mineralised reefs.

A second focus will be to follow up the diamond hole drilled by Barrick that contained an intersection of 3m @ 8.2g/t gold from 243m. Drilling will seek to establish continuity of this quartz lode and will endeavour to identify the relationship between the quartz reef intersected in this drill hole and the high grade near surface reefs.

Future exploration will also focus on the broader domal structure at East Thomson's where the fold nose of the dome of prospective stratigraphy extends under cover and is largely untested. Exploration at East Thomson's will also assess the potential for stockwork style mineralisation at depth.

Exploration at East Thomson's is planned to commence in May and will follow the planned drilling program at Telfer West.

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.

YENEENA COPPER-COBALT PROJECTS

BM1-BM7

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

Considering the improving market outlook for both copper and cobalt, Encounter is assessing the potential within the large mineral system at BM7 for near-term, high grade copper-cobalt development opportunities.

A two RC hole program was completed at BM7 in November 2016 to test for continuity of the copper-cobalt mineralisation intersected in aircore hole EPT1557 (**9m @ 1.5% Cu and 1.0% Co from 42m to EOH**) (refer ASX release 21 November 2012).

The two shallow RC scissor holes intersected additional high grade copper-cobalt down dip of EPT1557. EPT2292 included an intersection of **7m @ 1.4% Cu and 246ppm Co from 66m**. Also encouraging, is the bottom of hole intersection in EPT2293 that finished in **18m @ 0.5% Cu and 735ppm Co from 49m** including the final sample that graded **1m @ 0.2% Co** (see Figure 11). (refer ASX release 25 January 2017).

It is interpreted that a steeply dipping high grade copper-cobalt shoot has been discovered at BM7 that is open to the north and south. Shallow drilling along the interpreted strike of the shoot includes an intersection of **8m @**

2.0% Cu and 1076ppm Co from 58m in EPT 1689 located 200m south and strong copper-cobalt mineralisation intersected on the drill section 200m north (see Figure 11) (refer ASX release 10 January 2013).

A follow up drill program is planned in May-June 2017 to test down dip and along strike of the shoot and to test for additional near surface shoots in the BM7 region.

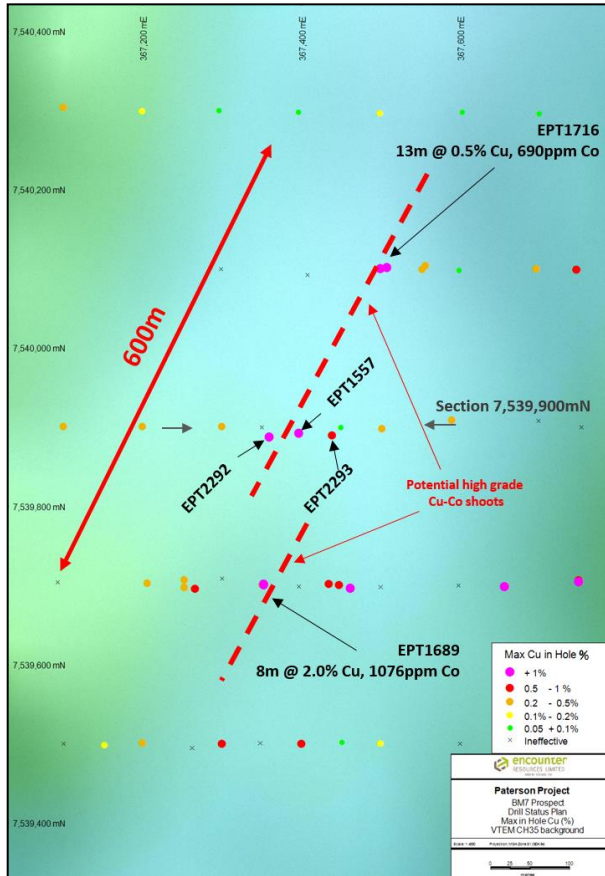


Figure 11: Drill Status plan and Max Cu in hole – BM7 Prospect (VTEM ch35 background)

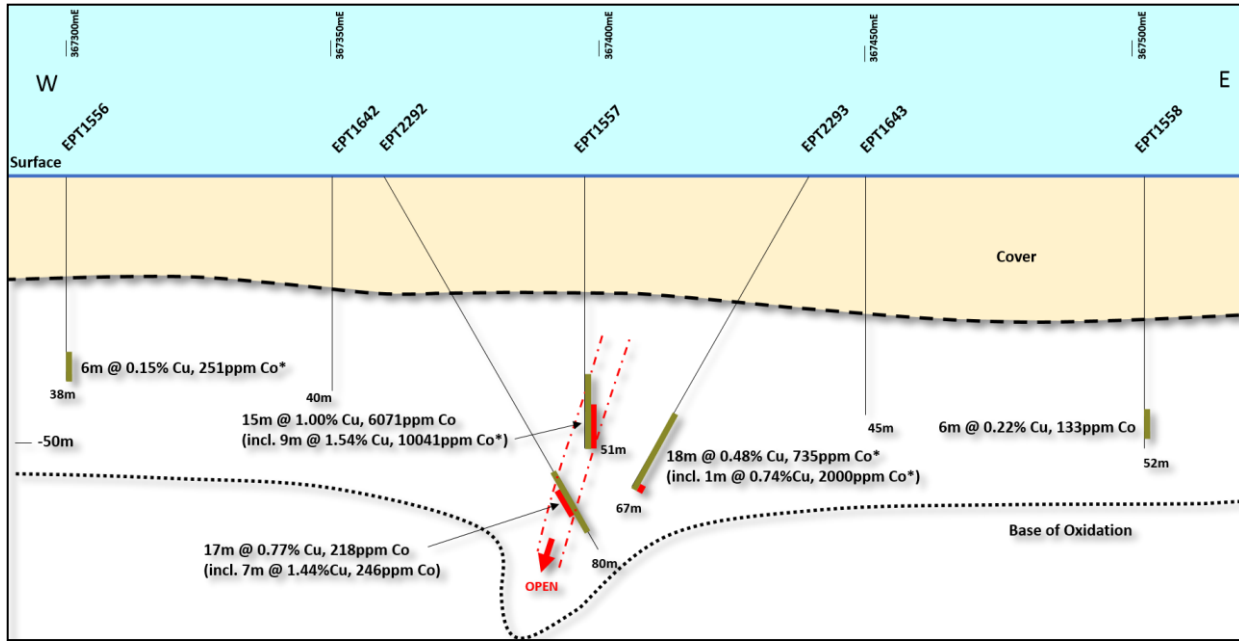


Figure 12: Cross Section 7539900mN – BM7 Prospect

Lookout Rocks/Fishhook Copper Project - (100% Encounter)

The Lookout Rocks/Fishhook Copper Project includes six tenements (~740km²) of highly prospective exploration ground located in the north-west of Yeneena.

The first diamond drill 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) 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. Lookout Rocks/Fishhook contain an interpreted 50km of strike of the stratigraphic contact position that hosts the “first reductant” copper sulphide mineralisation intersected at Lookout Rocks. (refer ASX release 28 July 2016).

In November 2016 a previously unidentified in-situ gossan (grading up to 0.19% cobalt and 0.22% copper) was discovered approximately 800m south-west of the EPT2282. This gossan is approximately 80m long and runs discordant to geology (Photo 3). The identification of a surface gossan has provided an immediate target for the next phase of drilling.

In December 2016, Encounter was awarded WA Govt. Exploration Incentive Scheme (“EIS”) co-funding (up to A\$150,000) for the Fishhook copper 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



Photo 3: Gossan identified at Lookout Rocks South

Upcoming Activity

The process of identifying a partner to advance the exploration at Lookout Rocks/Fishhook is progressing.

RC/diamond drill program to test the gossan discovered at Lookout Rocks is planned. Diamond drilling at the Fishhook prospect will test the first reductant position beneath two of the most conductive sections of the Broadhurst sediments. Completion of the first diamond drilling at the Fishhook prospect will be co-funded under the WA Govt. Exploration Incentive Scheme ("EIS") (up to A\$150,000). These programs are scheduled to commence in May-June 2017.

Cobalt Review

In light of the improving price outlook for cobalt, Encounter is also evaluating the near-term cobalt potential of the copper-cobalt prospects at Yeneena, Western Australia. Encounter controls 70 strike kilometres of Yeneena basin that is prospective for Proterozoic copper-cobalt deposits similar to the deposits of the Central African Copperbelt.

Results of the review of previous drilling and geochemical programs has highlighted the 14km long copper-cobalt system at BM1-BM7 and the Lookout Rocks area as priority cobalt opportunities. Three areas of interest have been targeted for future drilling:

1. **BM7 Cobalt Zone:** A +600m long zone of cobalt mineralisation discovered at BM7 that includes near surface intersections:
 - 9m @ 1.0% Co and 1.5% Cu from 42m to EOH in EPT1557*
 - 8m @ 0.11% Co and 2.0% Cu and from 58m in EPT 1689*
 - 14m @ 0.07% Co and 0.52% Cu from 108m in EPT1716*
 - 18m @ 0.07% Co and 0.5% Cu from 49m in EPT2293
 - including 1m @ 0.2% Co at EOH

(refer ASX releases 21 November 2012, 10 January 2013, 20 September 2013 and 25 January 2017)

2. **BM1 Cobalt Zone:** The cobalt potential of the BM1 high grade copper oxide area that includes several high grade, near surface cobalt intersections including:
 - 14m @ 0.45% Co and 0.38% Cu from 14m incl. 2m @ 1.54% Co in EPT418*
 - 8m @ 0.15% Co and 0.22% Cu from 22m incl. 2m @ 0.32% Co in EPT476*
 - 5m @ 0.18% Co and 2.24% Cu from 4m in EPT2075
 - 6m @ 0.13% Co and 0.72% Cu from 26m in EPT2078
 - 22m @ 0.07% Co and 0.12% Cu from 24m incl. 4m @ 0.12% Co in EPT419*
 - 21m @ 0.07% Co and 0.69% Cu from 13m in EPT2066

(refer ASX releases 15 October 2010 and 15 July 2014)

*Reported pursuant to JORC 2004.

3. **Lookout Rocks South Gossan:** The recently identified, 80m long gossan at Lookout Rocks where surface sampling returned grades up to 0.19% cobalt and 0.22% copper (see Photo 3) in sample EX208145

(refer ASX releases 17 December 2015 and 31 January 2017)

The Central African Copperbelt is the world's largest source of cobalt. These Proterozoic aged, sediment hosted deposits are of a similar age and geological setting to the Yeneena basin. The recent significant improvement in the outlook for the copper and cobalt prices has reaffirmed the Proterozoic Yeneena basin as a potential source of high value copper-cobalt discoveries.

Encounter's previous exploration programs at Yeneena focused on the delineation of large tonnage copper sulphide deposits. The previous broad spaced drilling in the BM7 area was design to test for thick, gentle easterly

dipping zones of copper mineralisation that would parallel stratigraphy. However, the recent review of this drilling has identified a potential steep westerly dip to the high grade copper-cobalt shoots.

A follow up drill program is planned in June 2017. This program will initially focus on testing the down dip position of the interpreted high grade, shallow copper-cobalt shoots at BM7 and below the Lookout Rocks copper-cobalt gossan.

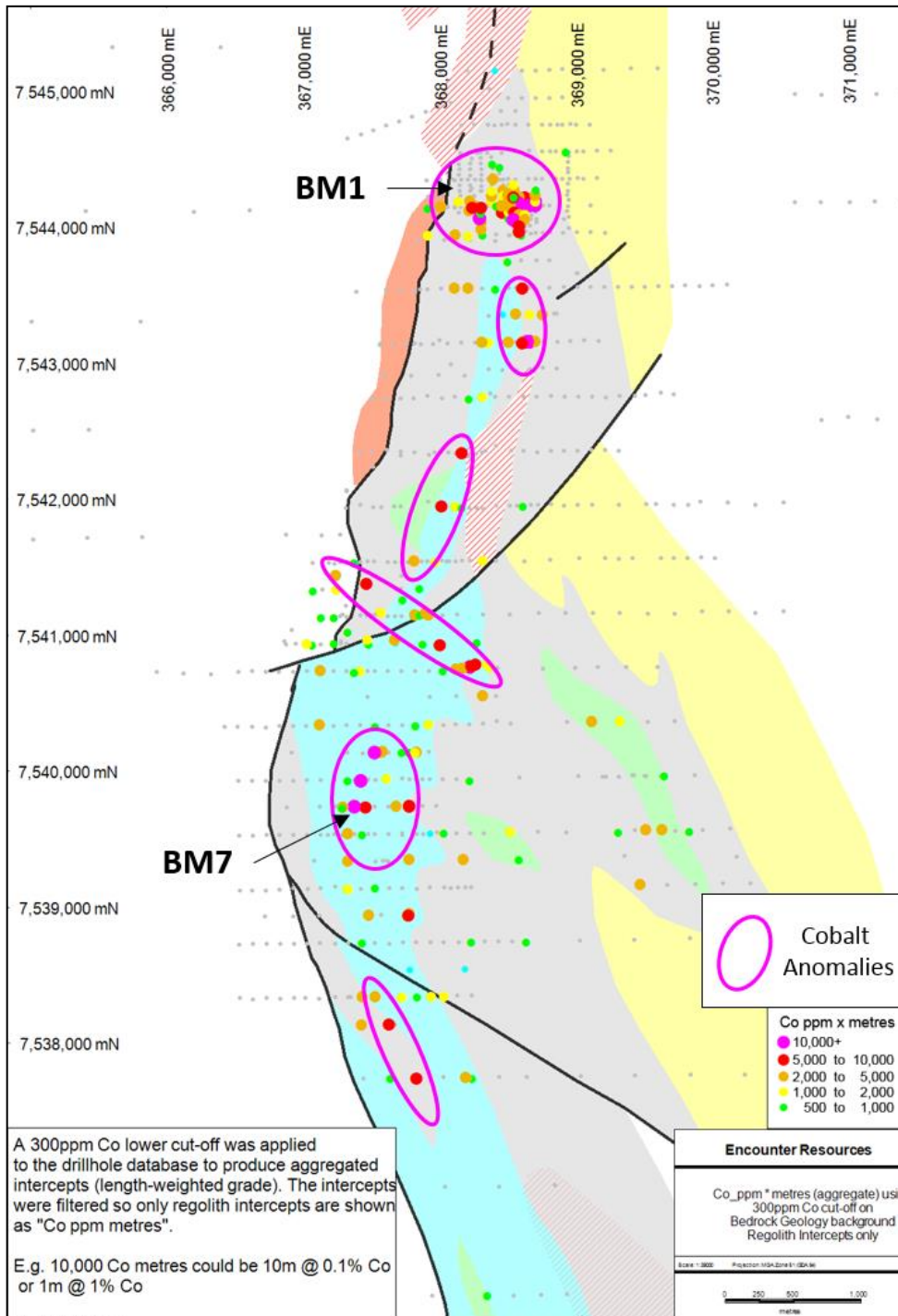


Figure 13: BM1-BM7 Prospect. Co_ppm x metres at 300ppm Co cutoff, regolith intercepts only. Background image of interpreted Proterozoic geology

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 release 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 release 9 July 2015*):

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

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

0.7m @ 36.7% Zn in EPT1854 from 430m; and
7m @ 4.8% Zn in 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.

Next Steps

The next phase of drilling at Millennium will target along strike of 0.7m @ 36.7% Zn from 430m in EPT1854, the most north-western drill hole at the project (see Figures 14 & 15). The area directly downdip and down plunge to the north-west remain open and potential exists in this area for additional high grade zinc sulphide mineralisation.

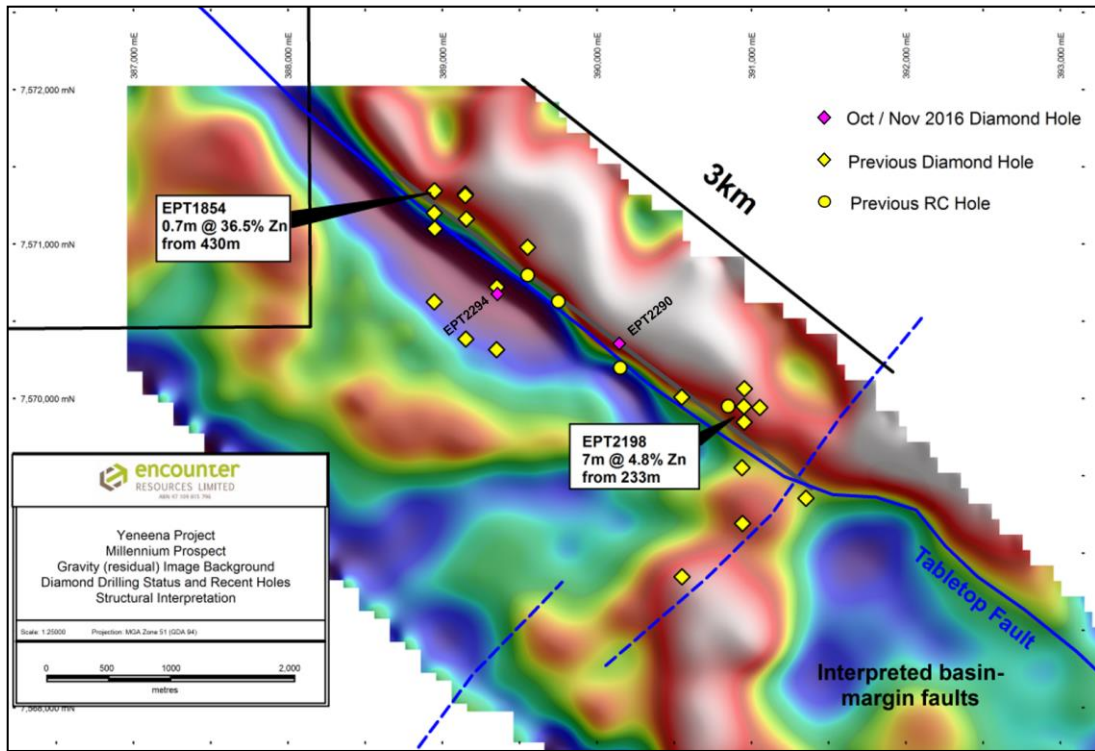


Figure 14: Drill hole collar location – Millennium

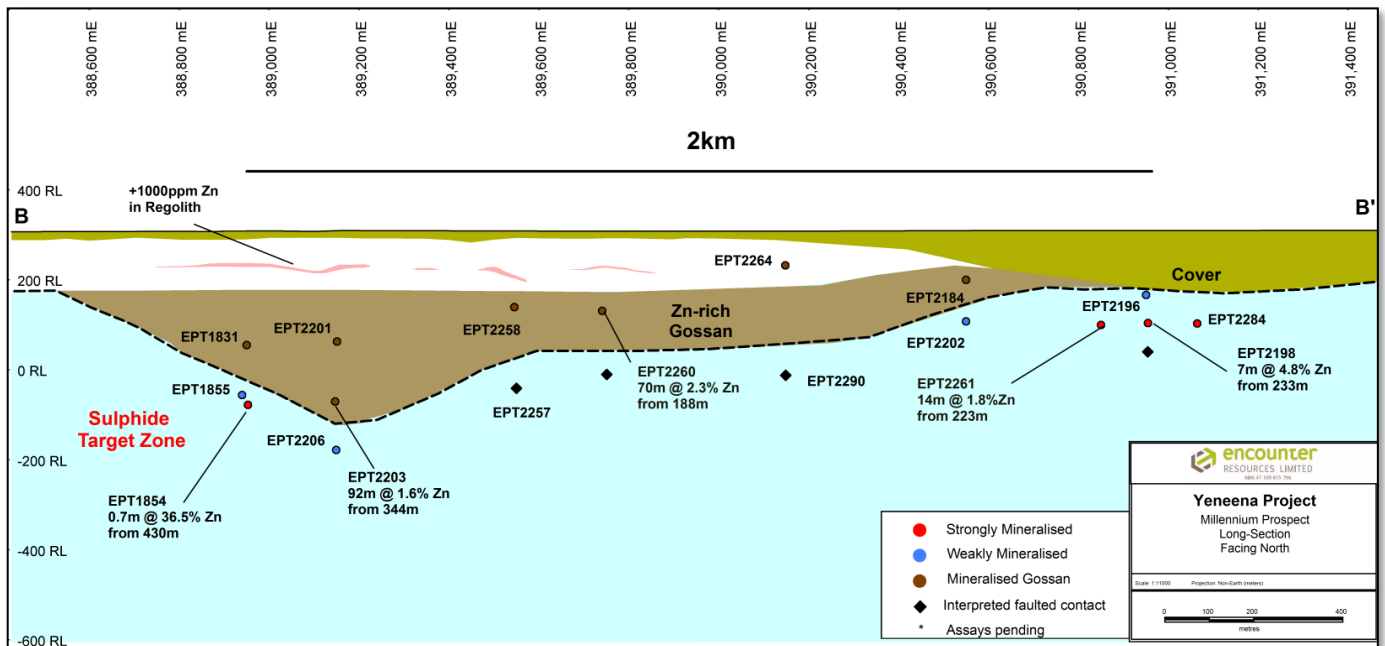


Figure 15: Drill hole long section (B – B') – Millennium Shale-Carbonate contact intersections only.

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 16). 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.

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.

Drill hole EPT2276 was extended by a further 380m to test for the source of the discrete gravity and magnetic anomalies. This hole intersected Proterozoic lithologies similar to what was seen in the upper part of the hole. Disseminated copper sulphide were observed to approximately 460m downhole with several occurrences of course blebby chalcopyrite noted within the matrix of the polymictic breccia.

The source of the magnetic and gravity anomalies remains unexplained with analysis of core samples not defining and significant variation in density or magnetic susceptibility that would account for the modelled anomalies.

Upcoming activity

The next drill program at Aria will focus on completion of a series of shallow drill sections to test the upper part of the copper bearing hematite altered, polymictic breccia for stronger concentrations of copper mineralisation.

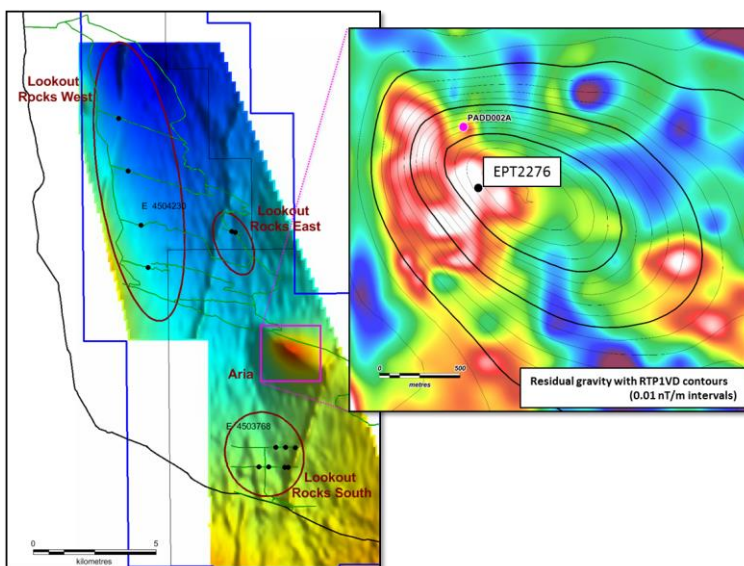


Figure 16: Lookout Rocks Project - Aria Prospect - Magnetics TMI

CORPORATE

Encounter held cash reserves of approximately \$1.0 million at 31 March 2017 and, in addition holds listed investments (HHM shares) currently valued at approximately \$600,000.

The planned drill programs to be completed between May-July 2017 will be partially funded (up to \$300,000) through the WA Government EIS program.

Exploration Development Incentive credits totaling \$402,285 to be distributed to ENR shareholders on 22 May 2017

NEXT QUARTER HIGHLIGHTS

Activities planned for the June 2017 quarter include:

Millennium Zinc (Hampton earning up to 25%)

- Design drill program to test along strike and down dip of 0.7m @ 36.7% Zn from 430m in EPT1854 for drilling scheduled to commence in July 2017

Lookout Rocks Fishhook Copper Project (including Aria)

- Completion of the first diamond drilling at the Fishhook copper prospect co-funded under the WA Govt. Exploration Incentive Scheme ("EIS") (up to A\$150,000) in May-June 2017.

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

- A follow up drill program is planned in May-June 2017 to test down dip and along strike of the copper-cobalt shoot and to test for additional near surface shoots in the BM7 region.

Paterson Gold Projects (100% ENR)

- Diamond drilling at the Egg prospect to commence May 2017 targeting the near surface position of the stockwork mineralisation, on both the existing section and to the northwest and southeast.
- Follow up RC drilling at the gold discovered in the March 2017 RC program that intersected 20m @ 1.8g/t Au and 502ppm Cu from 94m in ETG0015 and 14m @ 1.2g/t Au and 1179ppm Cu from 66m in ETG0016
- Complete interpretation of the historical exploration results at East Thomson's Dome
- Complete initial RC/diamond drill program at East Thomson's Dome in June 2017

TENEMENT INFORMATION

Lease	Location	Project Name	Area km ²	Interest at start of quarter (01/01/2017)	Interest at end of quarter (31/03/2017)
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	92.4	100%	100%
E45/3768	241km NE of Newman	Lookout Rocks / Throssell Range -	187.8	100%	100%
E45/4091	253km NE of Newman	Lookout Rocks	257.7	100%	100%
E45/4408	262km NE of Newman	Throssell Range	41.7	100%	100%
E45/4564	315km NE of Newman	Paterson Au/Cu - Dora	194.2	100%	100%
E45/4613	300km NE of Newman	Paterson Au/Cu – Telfer West	121.0	100%	100%
E45/3446	315km NE of Newman	East Thomson's Dome	6.0	100%	100%
P45/2750	315km NE of Newman	East Thomson's Dome	198ha	100%	100%
P45/2751	315km NE of Newman	East Thomson's Dome	171ha	100%	100%
P45/2752	315km NE of Newman	East Thomson's Dome	199ha	100%	100%
E45/4757	325km NE of Newman	Chicken Ranch	1.9	100%	100%
E45/4758	325km NE of Newman	Chicken Ranch	19.2	100%	100%

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

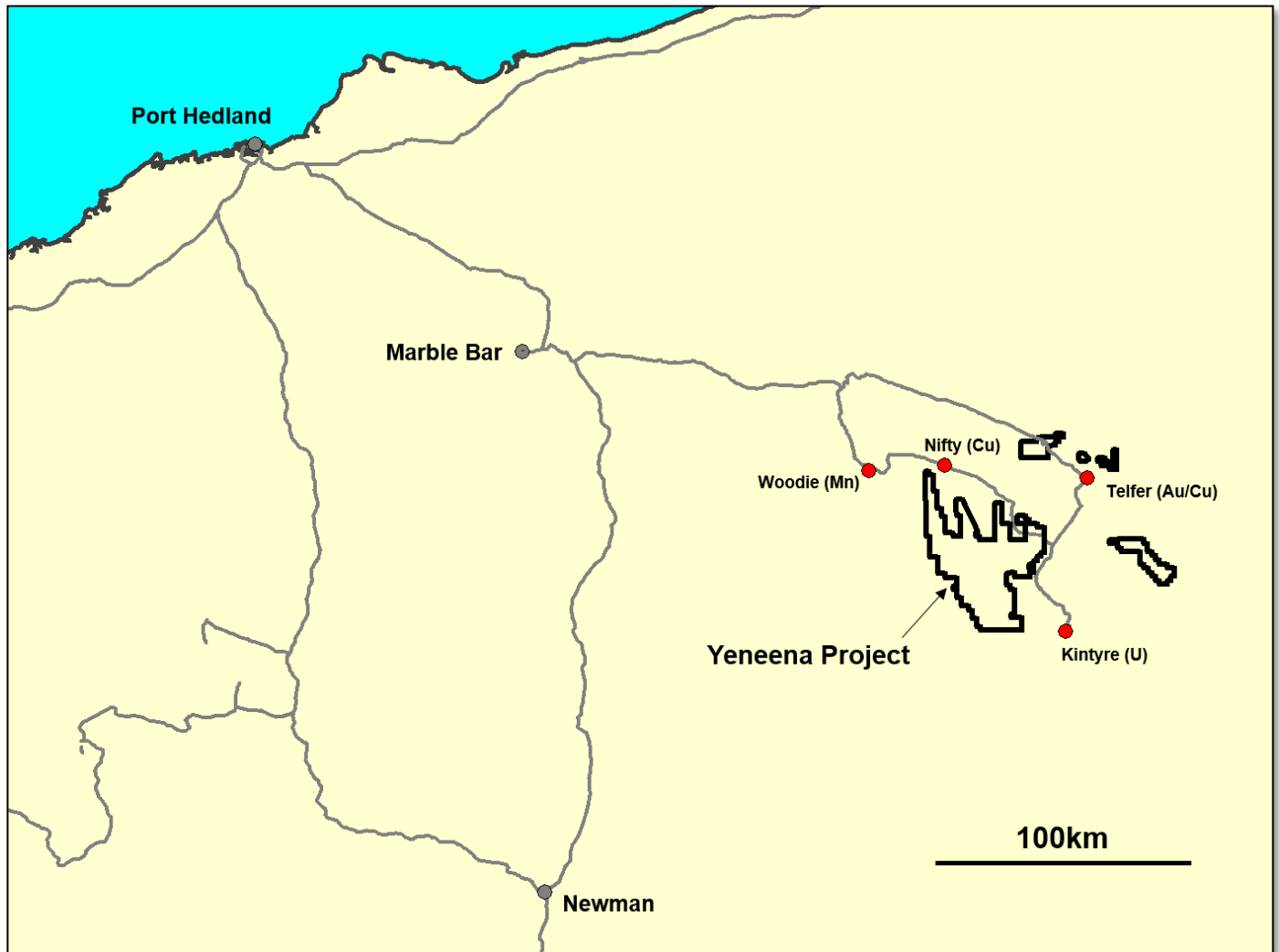


Figure 17: Paterson Province Location Plan

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.

+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

47 109 815 796

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(992)	(2,794)
(b) development	-	-
(c) production	-	-
(d) staff costs	(78)	(243)
(e) administration and corporate costs	(82)	(355)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	27
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	194
1.8 Other – EIS Co-funded drilling grant	-	202
1.9 Net cash from / (used in) operating activities	(1,148)	(2,969)

+ See chapter 19 for defined terms.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(2)
	(b) tenements (see item 10)	-	-
	(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	-	284
2.6	Net cash from / (used in) investing activities	-	282

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	-	(2)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-

+ See chapter 19 for defined terms.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	(2)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,143	3,684
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,148)	(2,969)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	282
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(2)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	995	995

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	919	2,067
5.2	Call deposits	76	76
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)	995	2,143

+ See chapter 19 for defined terms.

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	176
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

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	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

+ See chapter 19 for defined terms.

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	400
	(a) EIS Co-funded drilling grants	(200)
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	400

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				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

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:



Company secretary

Date: 28 April 2017

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.

+ See chapter 19 for defined terms.

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.