

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 (31/07/17)

~A\$23m (\$0.12/share)

Issued Capital (31/07/17)

192 million ordinary shares

12.4 million options

Listed investments (30/06/17)

~A\$0.4M

Cash (30/06/17)

~A\$3.6M

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

www.enrl.com.au

Level 7, 600 Murray Street
West Perth WA 6005

P: 08 9486 9455
F: 08 6210 1578

contact@enrl.com.au

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

- RC program at the Northern Magnetic Anomaly 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
 - 14m @ 1.2g/t Au and 1179ppm Cu from 66m including 4m @ 3.3g/t Au and 1400ppm Cu from 74m
- The gold stock-work system at the Egg prospect has been extended by at least 800m south-east and remains open
- Further assay results from recent RC and diamond drilling at Telfer West will be received in August 2017

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
- Regional soil geochemistry identified a large scale (+2km) gold - copper anomaly adjacent to historical gold occurrences adding scale potential to the project.
- RC/Diamond drill programs completed in July 2017. Assay results due Aug/Sep 2017

Cobalt-Copper Opportunities Identified at Yeneena

- Follow up drilling in progress at BM7 targeting high grade shoots down dip of 9m @ 1.0% Co and 1.5% Cu from 42m to EOH
- EIS co-funded drilling completed at Fishhook in July 2017

Millennium Zinc

Drilling to commence in August 2017 to target along strike of 0.7m @ 36.7% Zn from 430m in EPT1854

CORPORATE

- ~A\$3.6 million cash balance as at 30 June 2017.
- In July 2017 Encounter entered into a project generation alliance with Newcrest Mining Limited (ASX: NCM).
- Exploration Development Incentive credits totalling \$402,285 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 (WA), that hosts the Telfer gold-copper mine and the Nifty copper mine. Encounter is actively exploring for gold-copper deposits in the Telfer region as well as copper-cobalt and zinc-lead deposits at Yeneena (Figure 1).

The Company's gold portfolio includes Telfer West, a recent shallow, high grade gold discovery and East Thomson's Dome that includes a large scale gold soil anomaly identified adjacent to high grade outcropping gold reefs.

The copper-cobalt and zinc-lead prospects identified at Yeneena are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting.

Separate to the projects in the Paterson Province, Encounter has a project generation alliance covering northern WA with Australia's largest gold mining company, Newcrest Mining Limited (ASX:NCM).

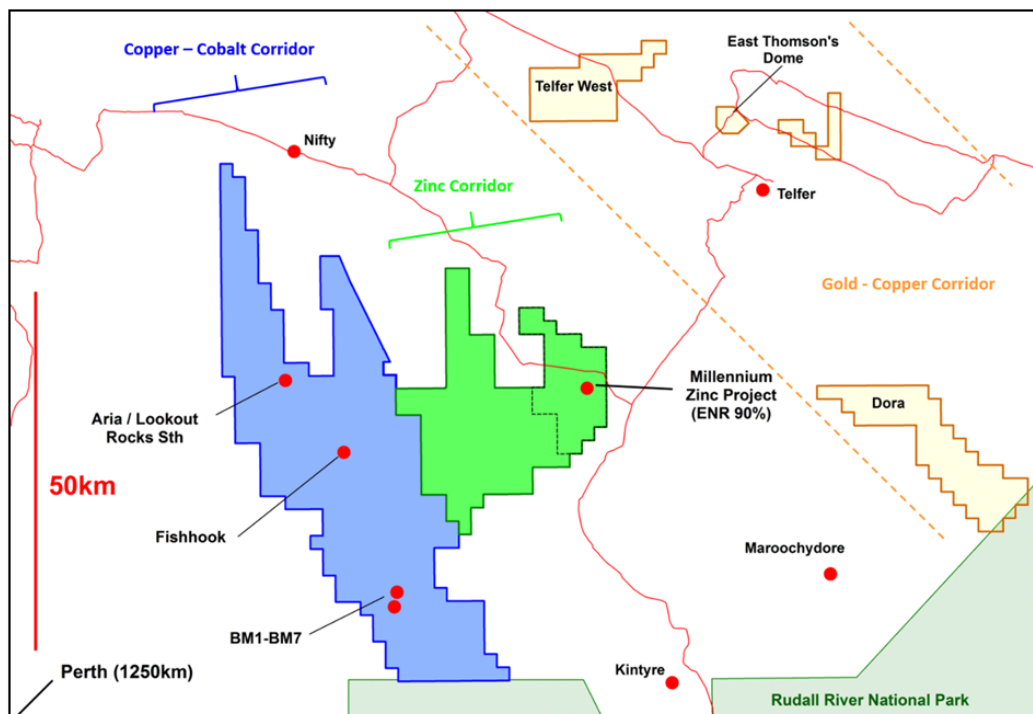


Figure 1: Yeneena and Telfer region tenements

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 Telfer operation (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 north-west and south-east 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 in areas of greater structural complexity.

The first two holes (ETG0002 and ETG0003) drilled by Encounter in December 2016, 4km apart, at Telfer West both confirmed the presence of high grade gold mineralisation.

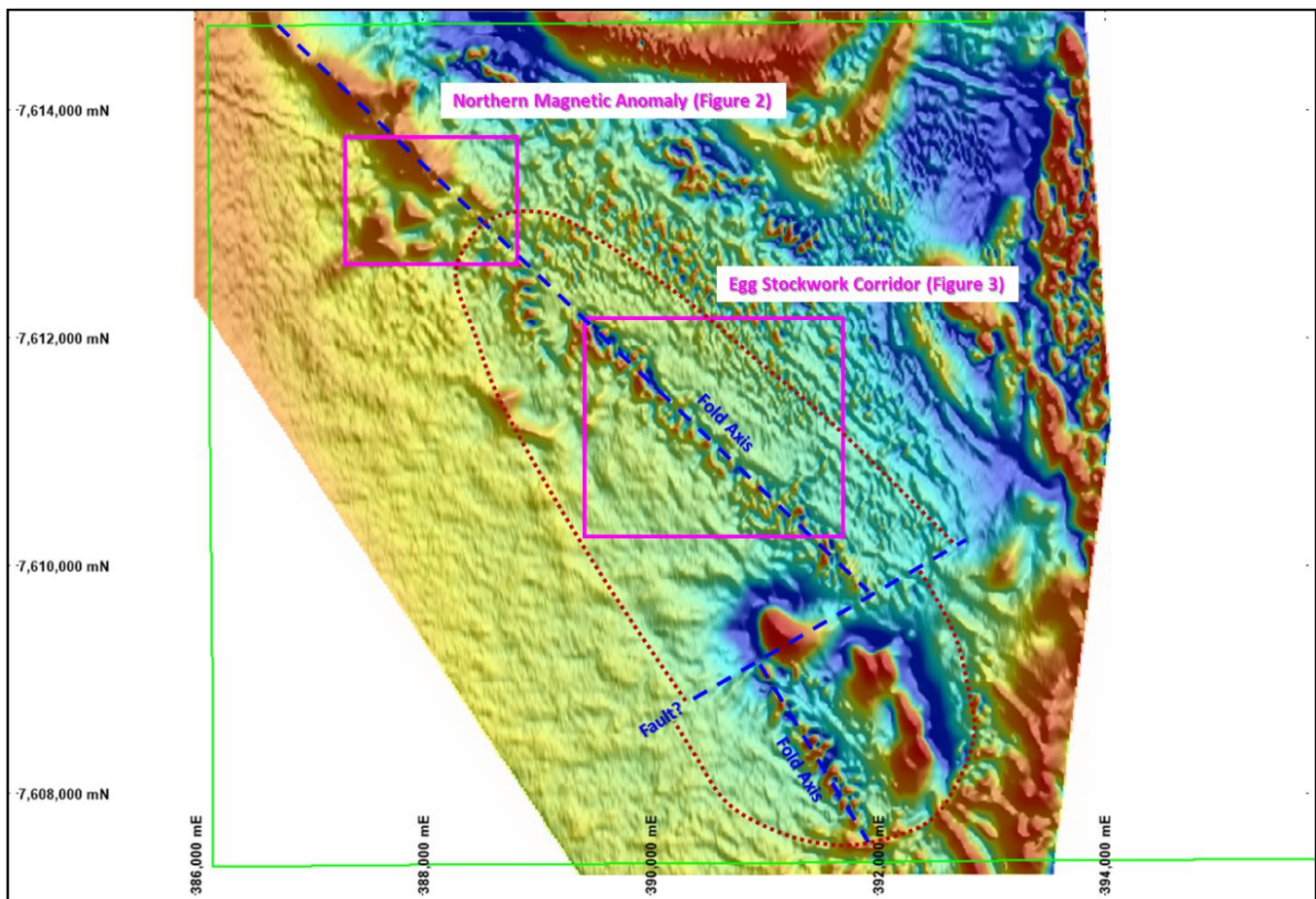


Figure 2: Telfer West prospects with interpreted dome and interpreted structure. Detailed aeromagnetic background (TMI 1VD pseudo colour image)

Egg Stockwork Corridor

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) (refer ASX release 19 January 2017).

Northern Magnetic Anomaly

An 11 hole (2,216 metre) RC program was completed at Telfer West in March-April 2017. The objective of the first RC 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 mineralisation (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

Exploration in the June 2017 Quarter

A 3,400m RC drill program was completed at Telfer West in July 2017. This program was designed to follow up the gold intersections made to the Northern Magnetic Anomaly in April 2017 and to test for extensions along strike at the Egg prospect.

The program included two RC drill holes (ETG0067 and ETG0068) at the Egg prospect. These holes were drilled 800m south-east and along strike of ETG0002 that intersected an 80m wide, depth extensive zone of stock-work style gold mineralisation that 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 ASX release 19 January 2017).

Assay results from ETG0067 returned 122m @ 0.2g/t Au with gold mineralisation strengthening towards the bottom of hole (36m @ 0.4g/t Au from 124m to EOH). This hole will be extended with a diamond tail in August 2017. Assay results from ETG0068 are expected in August 2017.

The assay results from diamond hole ETG0007, drilled 800m north-west and along strike of ETG0002, are also expected in August 2017.

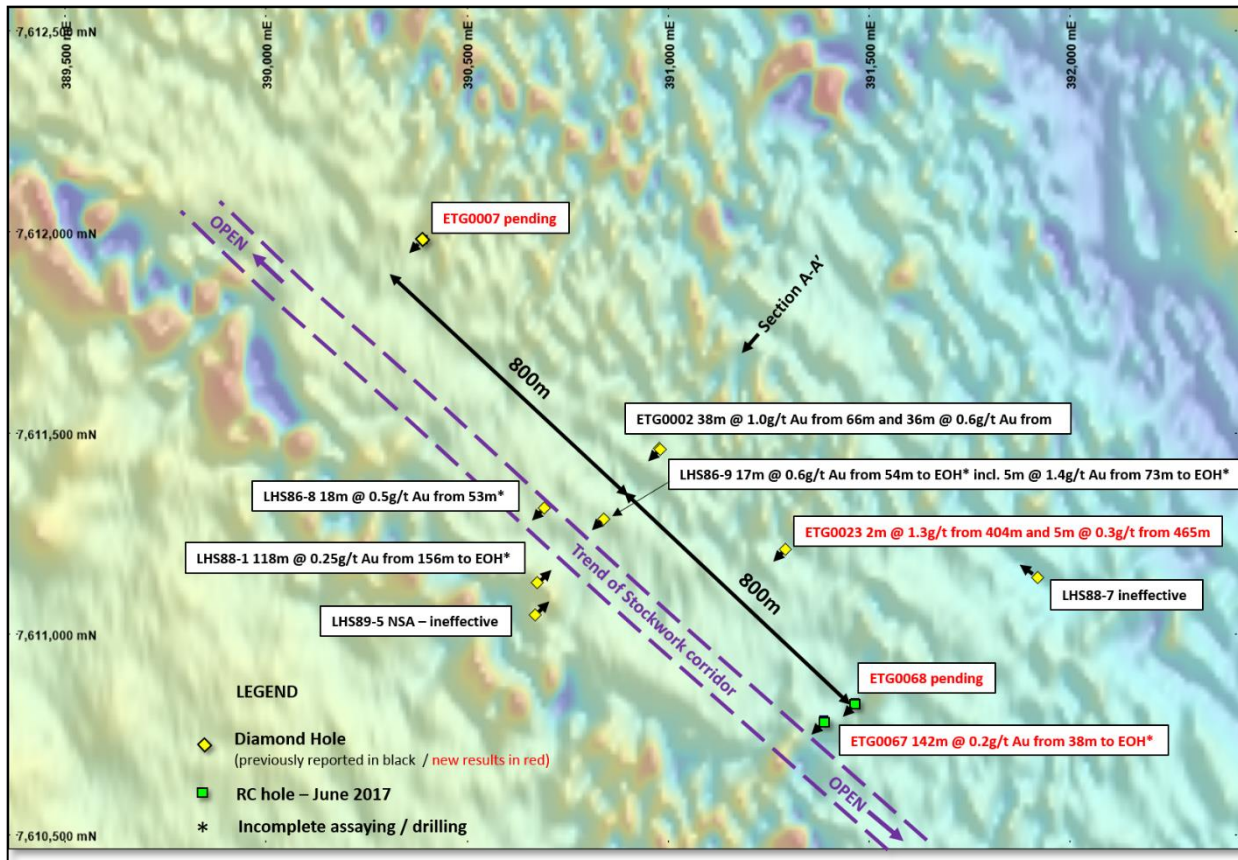


Figure 3: Telfer West Egg prospect drill status plan and drill results summary. Detailed aeromagnetic background (TMI 1VD pseudo colour image)

The RC program also included drilling at the Northern Magnetic Anomaly where drilling in April 2017 intersected high grade, near surface gold mineralisation including:

- 20m @ 1.8g/t Au from 94m including 10m @ 2.8g/t Au from 94m in ETG0015
- 14m @ 1.2g/t Au from 66m including 4m @ 3.3g/t Au from 74m in ETG0016 (refer ASX release 26 April 2017).

This drilling was designed to test for continuity of gold mineralisation and for additional gold mineralisation to the south-east. The drilling intersected additional supergene gold mineralisation but of lower tenor than ETG0015 and ETG0016. Intersections received to date include:

- 14m @ 0.4g/t Au from 62m including 2m @ 2.1g/t Au from 62m in ETG0026
- 6m @ 1.4g/t Au from 88m in ETG0030
- 6m @ 0.4g/t Au from 196m to EOH including 2m @ 1.1g/t Au from 200m to EOH in ETG0031

These results are currently being interpreted with assays from two further RC holes and diamond hole ETG0009 yet to be received. Based on an initial review of results, the supergene position remains open to the east, south and north. Additional drilling will be required to determine the orientation and extent of the higher grade corridors within this broad anomaly.

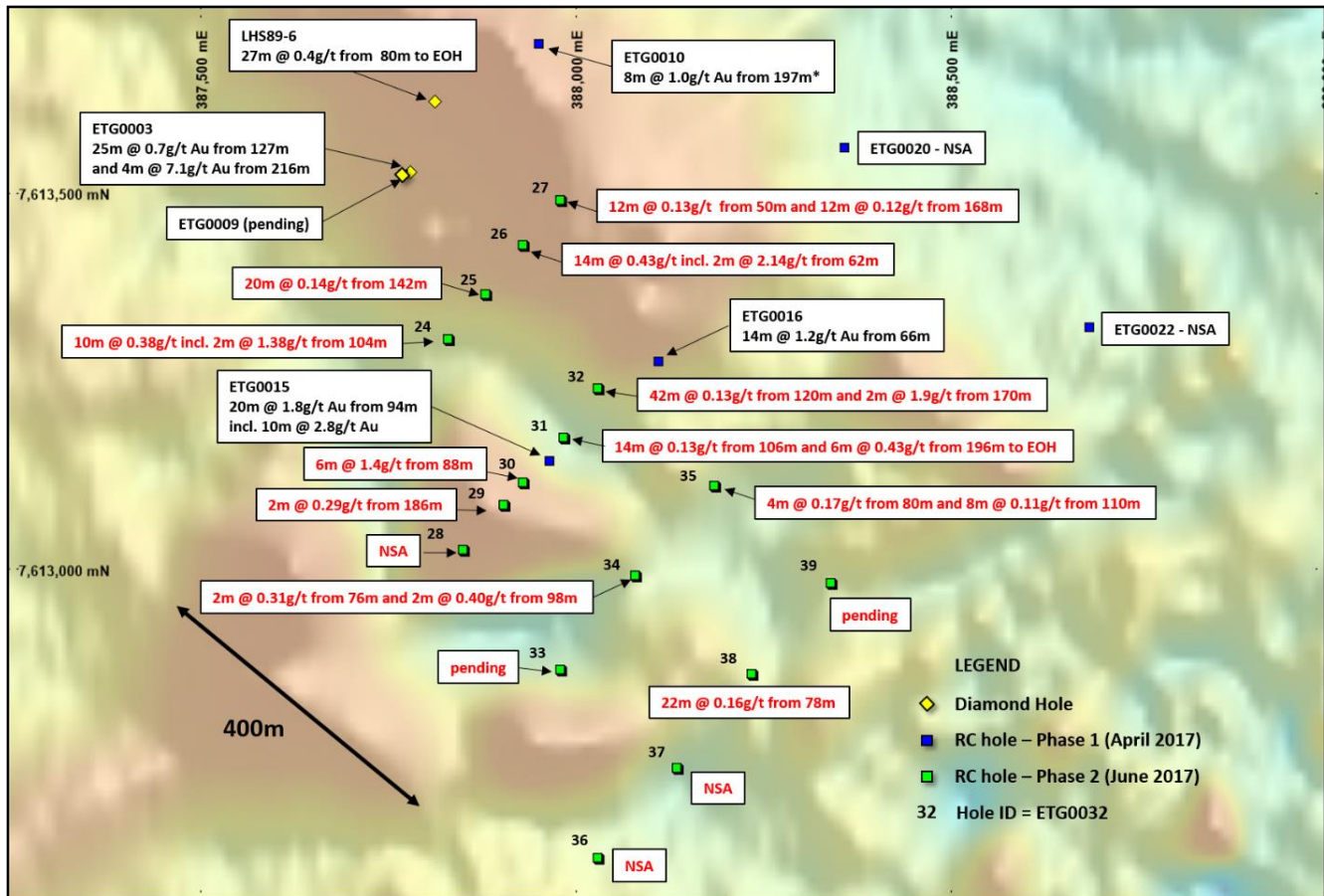


Figure 4: Telfer West Northern Magnetic Anomaly drill status plan and drill results summary. Detailed aeromagnetic background (TMI 1VD pseudo colour image)

East Thomson's Dome Project (100% Encounter)

Background

East Thomson's is a high quality opportunity located just 5km from the major gold-copper mine at Telfer (Figure 5). 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.

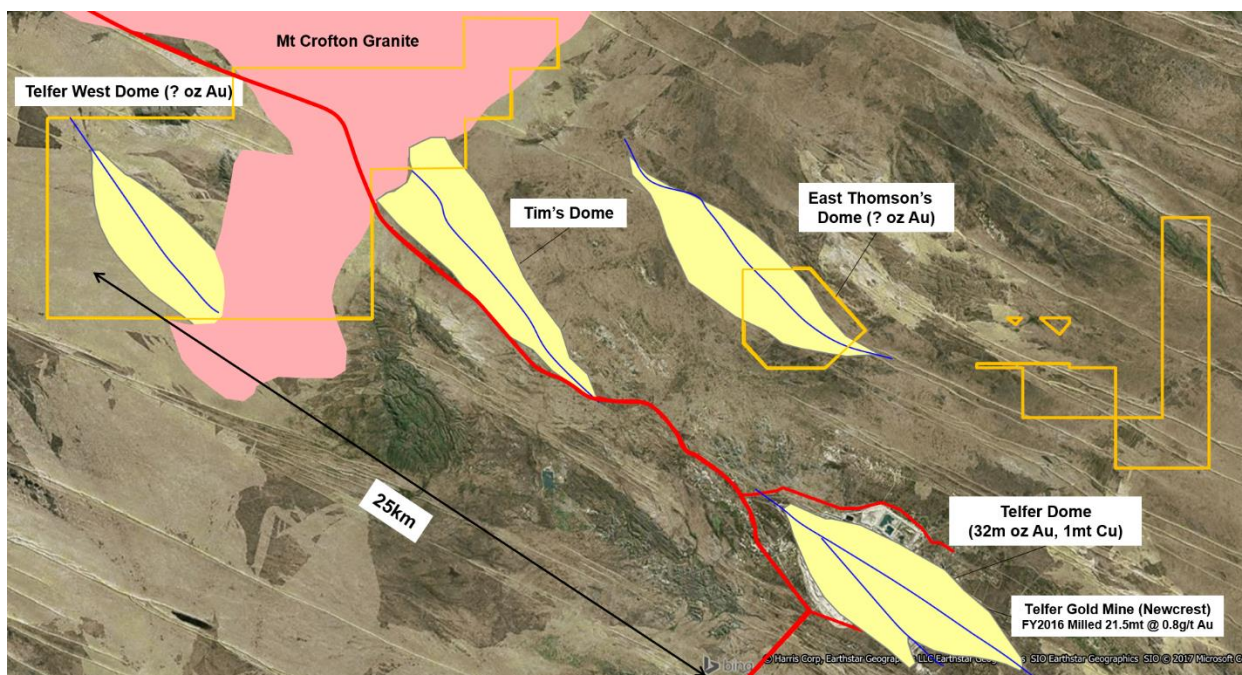


Figure 5: Telfer Region Gold Projects. Interpreted mineralised domes and location map – Bing background

Historical Exploration Results

Historical shallow exploration in the 1990s at the Fold Closure Prospect focused on a high grade reef orientated perpendicular to the axis of the East Thomson's Dome. The reef has been drilled to a depth of approximately 50m and remains open down dip and along strike. Previous results include (refer ASX release 14 February 2017):

- 4m @ 29.0 g/t Au from 31m in NTR 5
- 2m @ 33.0 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

A total of 107 holes were drilled by previous explorers 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. 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. Barrick's DDH at the Fold Closure returned 3m @ 8.3 g/t Au from 243m in a quartz reef that is interpreted to strike parallel to the fold axis and remains open in all directions (see Figure 6). A prospecting program completed in March 2017 by Encounter focused on an outcropping quartz vein located 300m south-east of the Barrick DDH. This surface quartz vein is interpreted to be the outcropping position of the gold bearing quartz reef drilled by Barrick. The identification of gold nuggets in the vicinity of the outcropping vein indicates the potential for a significant strike length of this high grade vein.

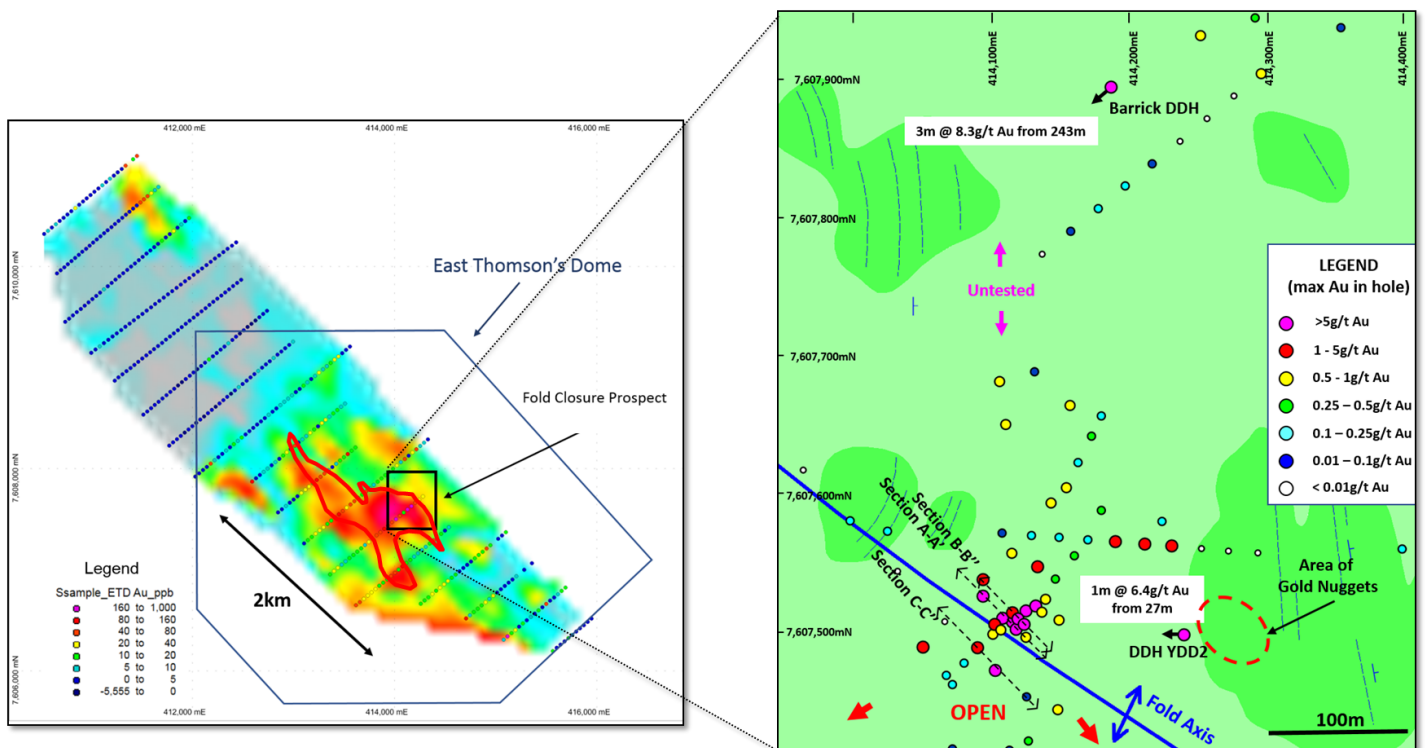


Figure 6: Fold Closure Prospect (East Thomson's Dome): Maximum gold in hole plot on surface geology (darker green = outcropping sediments, lighter green = sediment float)

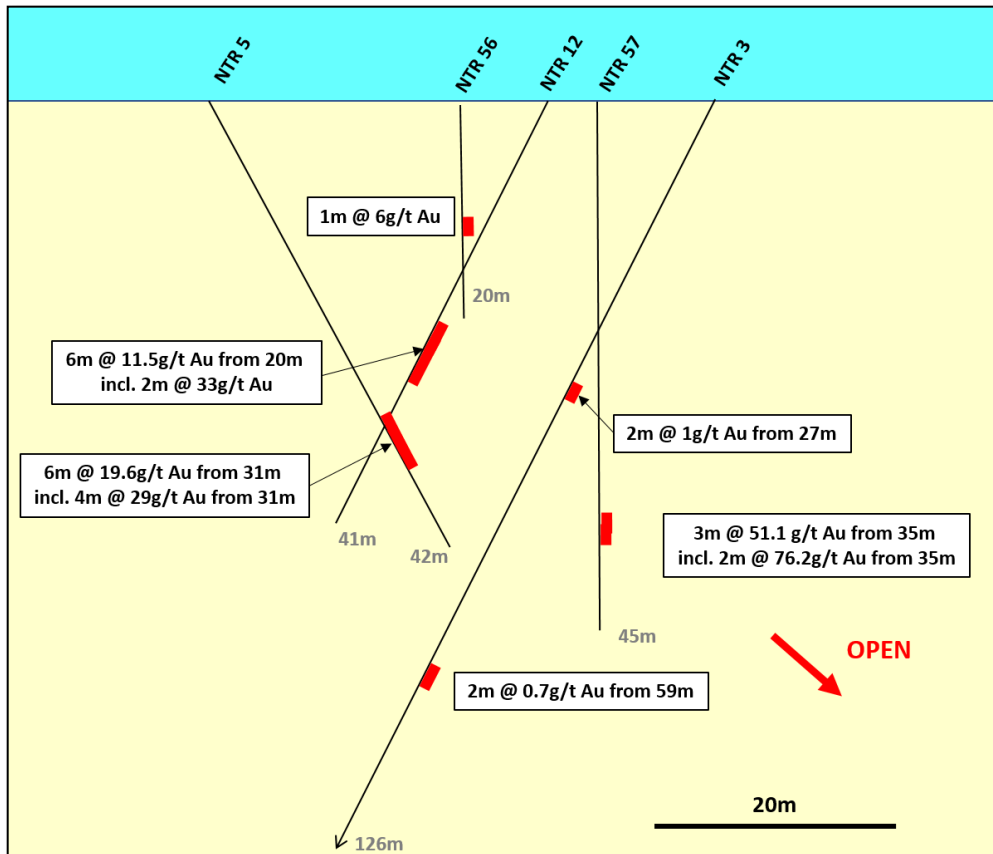


Figure 7: Schematic cross section A-A' high grade area, Fold Closure Prospect (Horizontal: Vertical scale = 1:1)

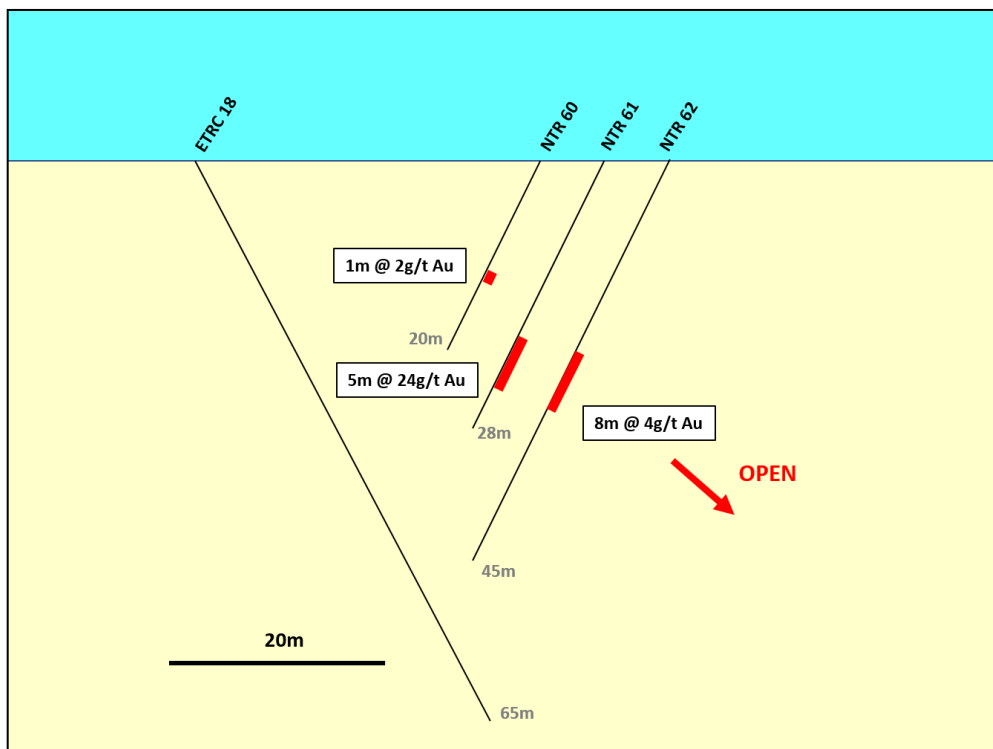


Figure 8: Schematic cross section B-B' high grade area, Fold Closure Prospect (Horizontal: Vertical scale = 1:1)

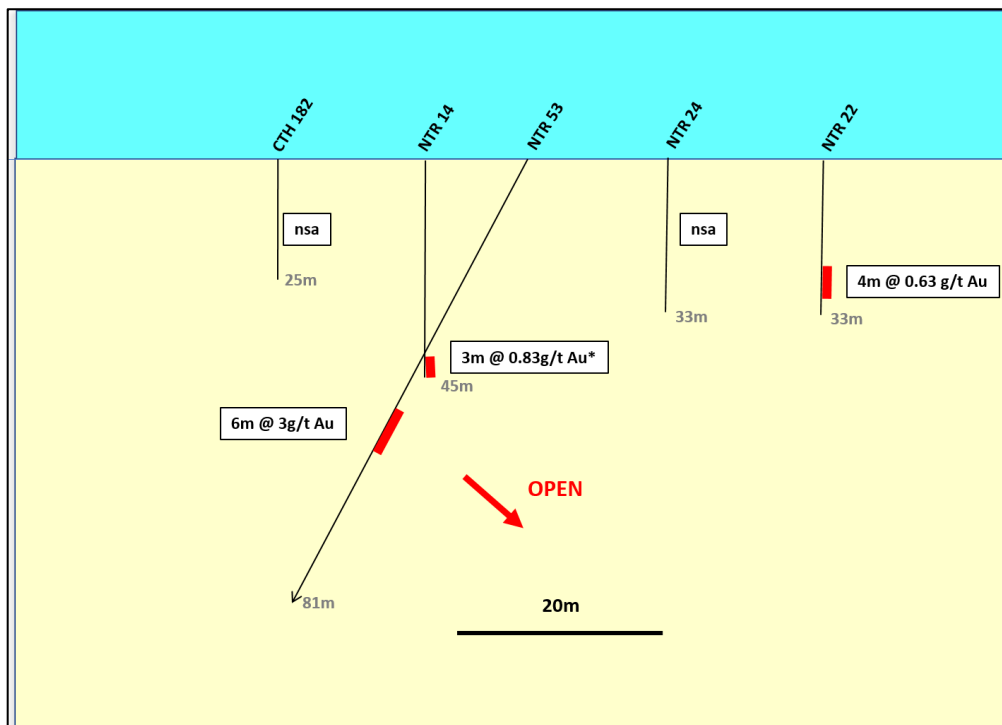


Figure 9: Schematic cross section C-C'' high grade area, Fold Closure Prospect (Horizontal: Vertical scale = 1:1)

Exploration in the June 2017 Quarter

Exploration completed in June-July 2017 focused 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. A series of RC drill traverses and diamond drilling to confirm the orientation the mineralised reef have been completed.

A diamond drill hole has been completed up dip of the Barrick DDH that contained an intersection of 3m @ 8.3g/t gold from 243m. This hole will seek to establish continuity of this quartz lode and will endeavour to confirm the relationship between the quartz reef intersected in this drill hole and the high grade reef to the south-east.

RC drilling has been completed on the broader domal structure and coincident gold-copper soil geochemical anomaly at East Thomson's Dome.

First Assays results are expected to be received in August 2017

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. Exploration at Dora has been deferred to allow for drilling at Telfer West and East Thomson's Dome.

YENEENA COPPER-COBALT PROJECTS

BM1–BM7 (100% Encounter)

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. Encounter's previous exploration programs at BM7 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, a recent review of this drilling has identified a potential steep westerly dip to the high grade copper-cobalt shoots.

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 10) (refer ASX release 10 January 2013).

A follow up drill program is currently in progress to test down dip of the steeply dipping high grade copper-cobalt shoot at BM7.

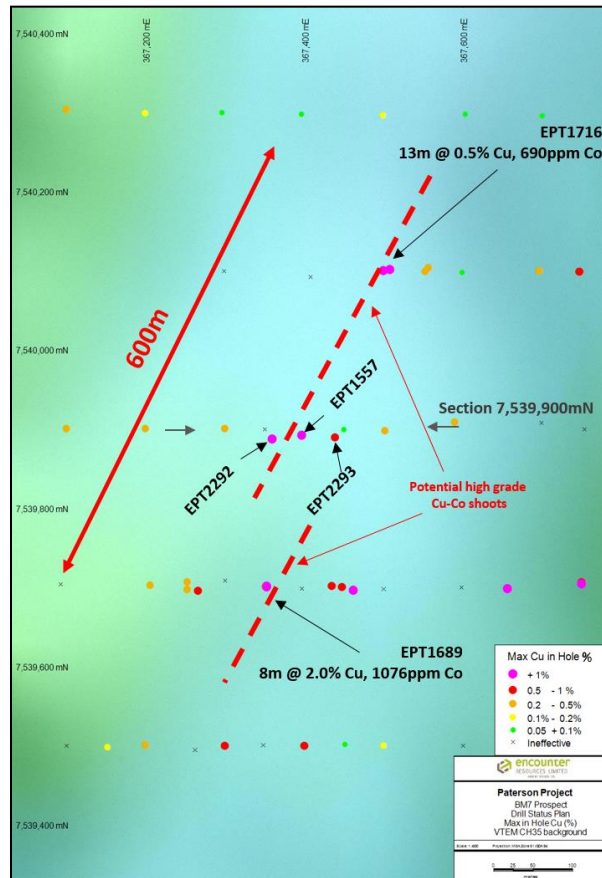


Figure 10: Drill Status plan and Max Cu in hole – BM7 Prospect (VTEM ch35 background)

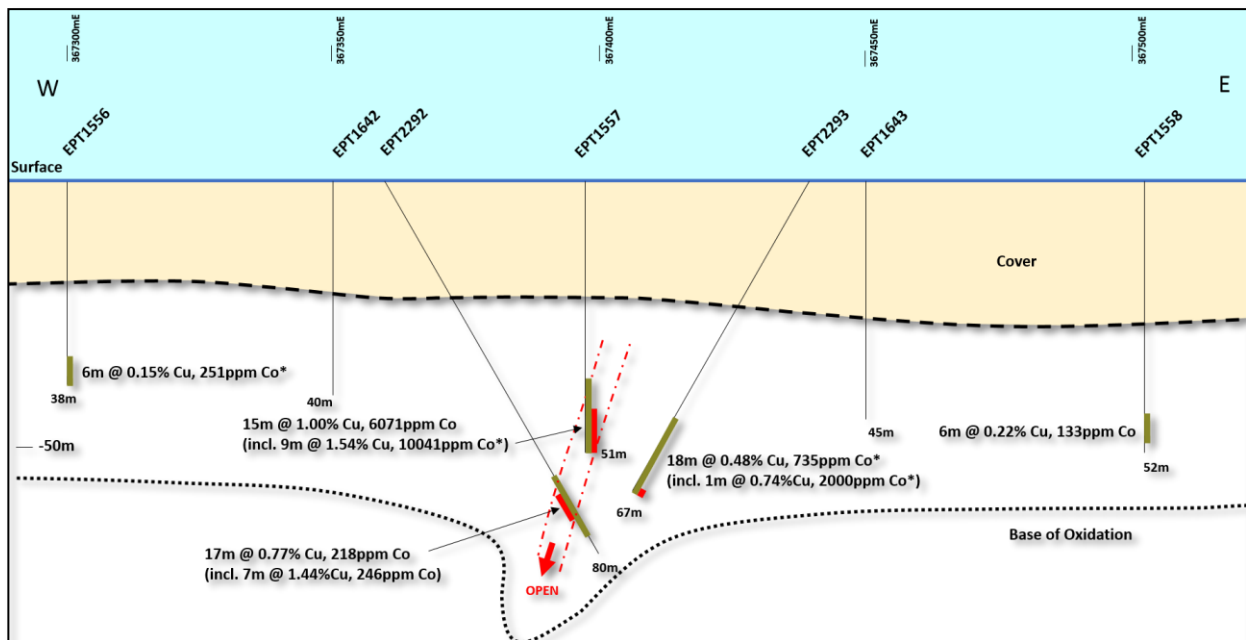


Figure 11: Cross Section 7539900mN – BM7 Prospect

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 Central African Copperbelt is the world's largest source of cobalt and one of the world's largest sources of copper. 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.

The first drill hole at Lookout Rocks South (diamond hole EPT2282) was completed in June 2016. EPT2282 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.

EPT2282 also 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 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 at Lookout Rocks.



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

Exploration in the June 2017 Quarter

Diamond drilling at Fishhook was completed in July 2017 to test the first reductant position beneath two of the most conductive sections of the Broadhurst sediments. Completion of the diamond drilling at Fishhook was co-funded under the WA Govt. Exploration Incentive Scheme ("EIS") (up to A\$150,000). Results from this drilling will be reported in the coming quarter.

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

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 of 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 high grade zinc intersection in drill hole EPT1854 (0.7m @ 36.7% Zn from 430m) is the most north-western drill hole at the project (see Figures 12 & 13). The areas directly down dip and down plunge to the north-west remain open and potential exists for additional high grade zinc sulphide mineralisation.

A diamond drill hole will be completed at Millennium in August 2017 targeting along strike of EPT1854. In addition and if possible, EPT1854 will be re-entered and a wedge hole will be completed to intersect the interpreted high grade mineralized position approximately 40m down dip of EPT1854.

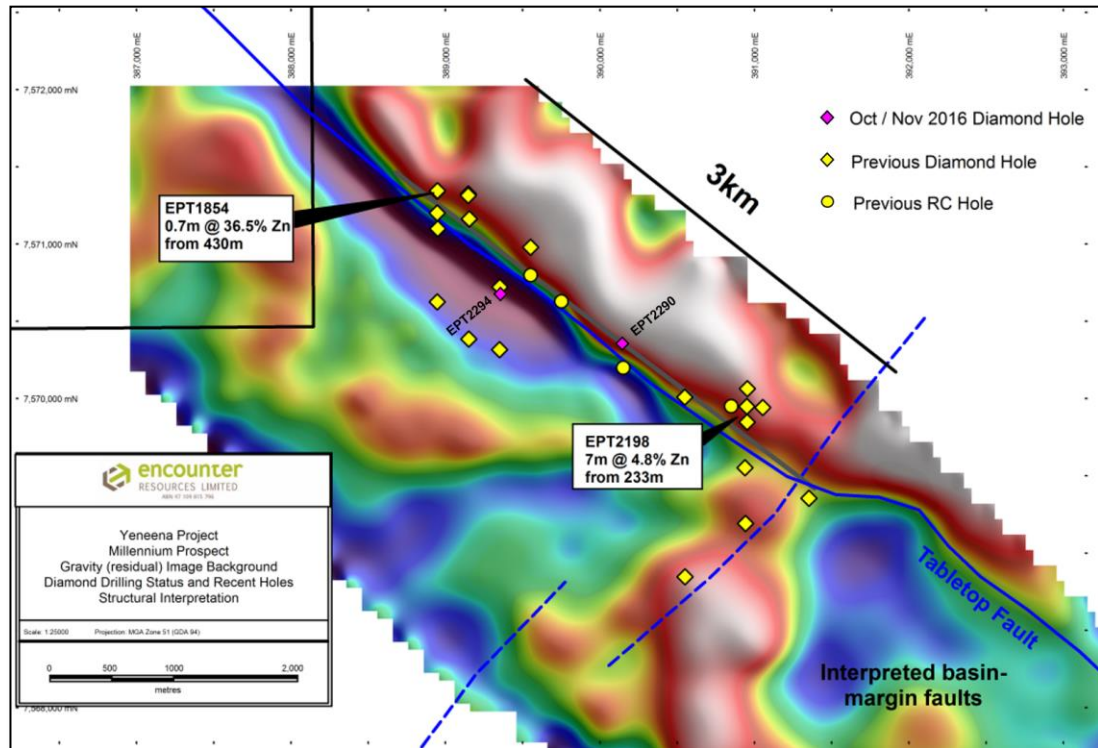


Figure 12: Drill hole collar location – Millennium

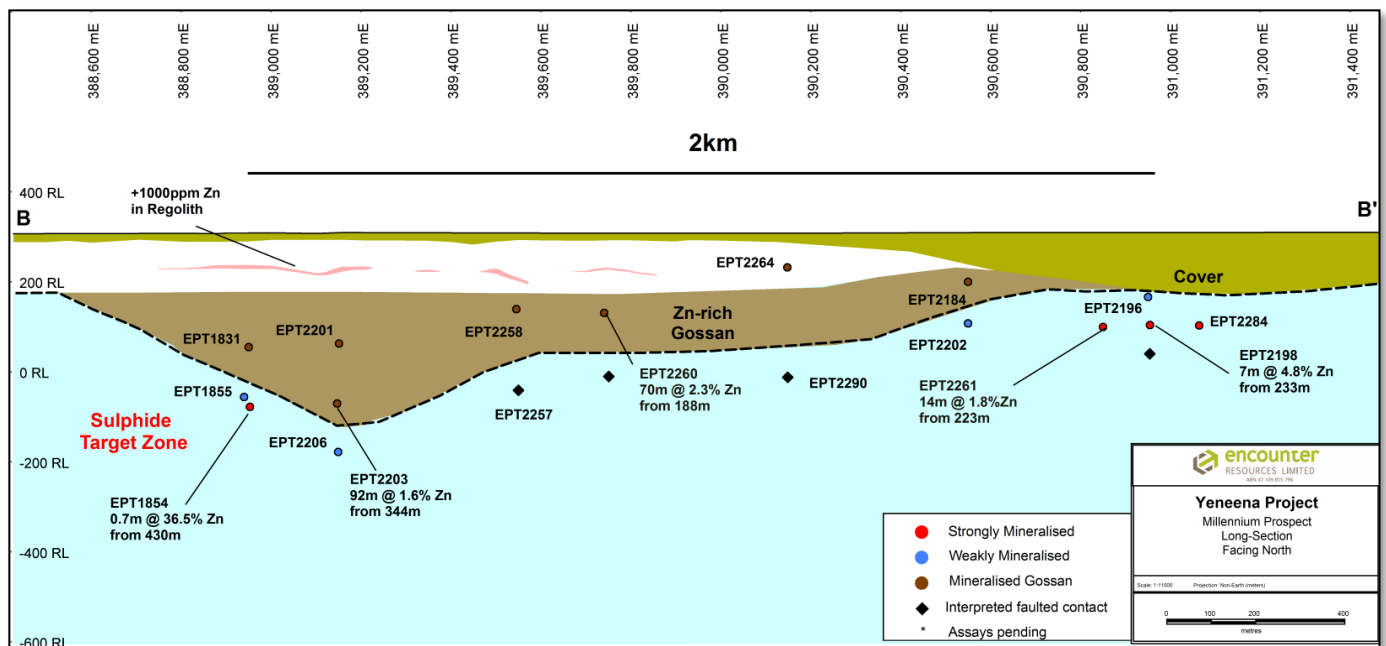


Figure 13: Drill hole long section (B – B') – Millennium Shale-Carbonate contact intersections only.

Aria (100% Encounter)

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 14). 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 any 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.

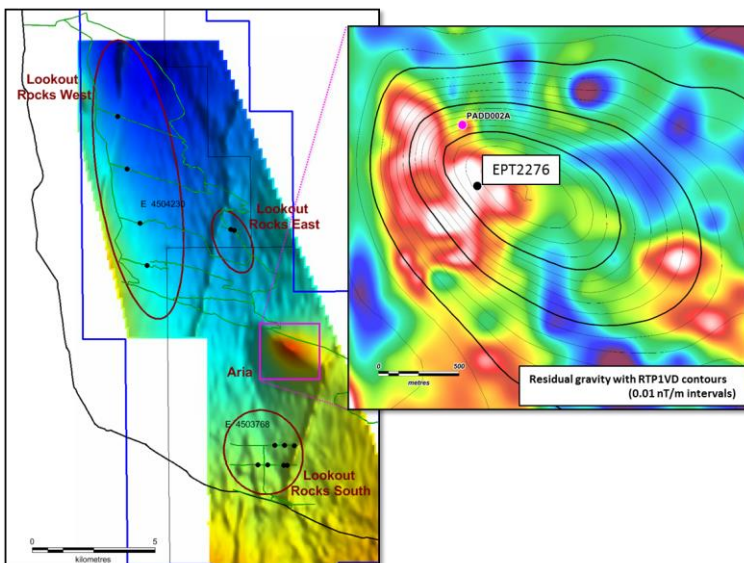


Figure 14: Lookout Rocks Project - Aria Prospect - Magnetics TMI

CORPORATE

During the June 2017 quarter the Company successfully undertook a share placement of approximately 29 million ordinary fully paid shares at \$0.10 each to raise approximately A\$2.9 million before costs. The placement was strongly supported by the Company's existing institutional shareholders and Acorn Capital a leading global resources fund.

Approval by shareholders to allow Directors to participate in the placement was received at the general meeting held on 12 July 2017. In conjunction with the placement the Company completed a Share Purchase Plan (SPP) to raise a further \$680,000 from the issue of approximately 6.8 million ordinary fully paid shares at \$0.10 each.

Encounter held cash reserves of approximately \$3.6 million at 30 June 2017 and, in addition holds listed investments (HHM shares) currently valued at approximately \$400,000.

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

Newcrest/Encounter - Project Generation Alliance

In July 2017, the Company entered into a project generation alliance with Newcrest Mining Limited (ASX: NCM).

Newcrest will fund Encounter up to A\$500,000 over the next 12 months to generate project opportunities within an agreed alliance area in Western Australia ("Alliance Area"). The alliance will utilise Encounter's highly credentialed project generation team to identify new camp scale exploration and potential future production opportunities in northern Western Australia.

Encounter will be the manager of project generation in the Alliance Area. Projects submitted for potential joint venture will be subject to approval prior to any joint venture formation.

The Alliance Area excludes any ground that Newcrest or Encounter currently have a direct or indirect interest in or is under application by Newcrest or Encounter. The Alliance Area also contains an exclusion zone and specifically excludes projects around the Telfer mine in the Paterson Province of WA.

Key terms of the alliance include:

- The companies will enter into a 50:50 joint venture over any project(s) approved for further exploration by both parties to the alliance.
- Encounter will have the option to maintain its 50% contributing interest in approved projects by co-funding its attributable share of exploration expenditure.
- Should Encounter elect not to contribute on a 50:50 basis, Newcrest may increase its interest to 80% by sole funding further exploration activities and delivering a JORC compliant resource of greater than one million ounces of gold or gold equivalent.
- If Newcrest does not elect to increase and maintain its interest to 80% on the terms outlined above then the joint venture over the identified project will terminate and Newcrest's interest will revert back to Encounter, such that Encounter will hold a 100% interest in the project.
- Should the alliance elect not to proceed with a proposed project then that project will revert back to Encounter on a 100% basis.

NEXT QUARTER HIGHLIGHTS

Activities planned for the September 2017 quarter include:

Paterson Gold Projects (100% Encounter)

- Assay results from RC and diamond drill programs completed in June-July 2017 at Telfer West
- Assay results from RC and diamond drill programs completed in July 2017 at East Thomson's Dome
- Commence follow up RC/diamond drill programs at East Thomson's Dome and Telfer West

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

- Assay results from drill program completed to test down dip of the high grade copper-cobalt shoot at BM7.

Lookout Rocks Fishhook Copper Project, including Aria (100% Encounter)

- Assay results from diamond drilling completed at the Fishhook copper prospect co-funded under the WA Govt. Exploration Incentive Scheme ("EIS") (up to A\$150,000).

Millennium Zinc (HHM earning up to 25%)

- Complete drill program to test along strike and down dip of 0.7m @ 36.7% Zn from 430m in EPT1854

Newcrest/Encounter - Project Generation Alliance

- Commencement of target generation activities

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	Millennium – Hampton Earning-in*	163.4	90-100%	90-100%
E45/2501	277km NE of Newman	Millennium – Hampton Earning-in	41.4	90%	90%
E45/2502	261km NE of Newman	Paterson	200.5	100%	100%
E45/2561	276km NE of Newman	Millennium – 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 / Fishhook	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	Dora	194.2	100%	100%
E45/4613	300km NE of Newman	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 15: Yeneena 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	Quarter ended ("current quarter")
47 109 815 796	30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(888)	(3,749)
(b) development	-	-
(c) production	-	-
(d) staff costs	(71)	(314)
(e) administration and corporate costs	(140)	(495)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	33
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	250	444
1.8 Other – EIS Co-funded drilling grant	-	269
1.9 Net cash from / (used in) operating activities	(843)	(3,812)

+ See chapter 19 for defined terms.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	120	404
2.6	Net cash from / (used in) investing activities	120	402

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	3,407	3,407
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	(48)	(50)
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 (12 months) \$A'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,359	3,357

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	995	3,684
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(843)	(3,812)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	120	402
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,359	3,357
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,631	3,631

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	3,557	919
5.2	Call deposits	74	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)	3,631	995

+ 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	163
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	800
9.2	Development	-
9.3	Production	-
9.4	Staff costs	75
9.5	Administration and corporate costs	200
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	1,075

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	E45/2503	Relinquished	100%	0%
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: 31 July 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.