encounter
RESOURCES LIMITED
ABN 47 109 815 796

2011

ANNUAL REPORT

encounter RESOURCES LIMITED
ABN 47 109 815 796

Corporate Directory

Directors

Paul Chapman	Non-Executive Chairman
Will Robinson	Managing Director
Peter Bewick	Exploration Director
Jonathan Hronsky	Non-Executive Director

Company Secretary

Kevin Hart
Dan Travers (Joint Company Secretary)

Principal and Registered Office

Level 7, 600 Murray Street
West Perth, Western Australia 6005
Telephone (08) 9486 9455
Facsimilie (08) 6210 1578
Web *www.enrl.com.au*

Auditor

Crowe Horwath Perth
Level 6, 256 St Georges Terrace
Perth, Western Australia 6000

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, Western Australia 6153
Telephone (08) 9315 2333
Facsimilie (08) 9315 2233

Stock Exchange Listing

The Company's shares are quoted on the Australian Securities Exchange. The home exchange is Perth, Western Australia.

ASX Code

ENR – Ordinary shares

Company Information

The Company was incorporated and registered under the Corporations Act 2001 in Western Australia on 30 June 2004 and became a public company on 26 May 2005. The Company is domiciled in Australia.

Encounter Resources Ltd is a mineral exploration company based in Perth, Western Australia (WA). The company's shares are listed on the Australian Stock Exchange (ASX : ENR). The company's strategy is to grow shareholder value through focused, methodological exploration and the development of base metals, manganese and uranium resources in Australia. To drive its growth strategy the company has assembled a dedicated and experienced team of geoscientists who are leaders in their field of expertise.

Yeneena Exploration Camp

Contents

Competent Persons Statement: 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 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 the information compiled by him, in the form and context in which it appears.

Letter from the Chairman & Managing Director

Dear Fellow Shareholder,

In 2010 Encounter Resources announced the discovery of high grade copper oxide mineralisation at the Yeneena project. This new greenfields copper discovery in the Proterozoic Paterson Province in Western Australia ("WA") has been the company's primary focus over the last year.

The Yeneena project is located 450km south east of Port Headland. This region has demonstrated the capacity to produce world class deposits including:

- Newcrest's giant gold/copper mine at Telfer (60km to our north east);
- Consolidated Minerals' high grade Woodie Woodie manganese mine (70km to our north west);
- Aditya Birla's Nifty copper mine, with a pre-mined resource of over 2 million tonnes of copper (35kms to our north west); and
- Cameco's Kintyre uranium deposit to our south.

Importantly, all of these deposits were discovered in areas with outcropping mineralisation. There remains minimal systematic exploration across the vast sand cover in the region which we believe is masking other large mineral deposits. Accordingly, we are applying modern exploration techniques and models to the sand covered terrain in this fertile mineral field.

The discovery of shallow, high grade copper in multiple intersections over an extensive area at the BM1 prospect within the Yeneena project has been a significant development. We have just scratched the surface at BM1 with copper mineralisation already defined over a large area.

The mineralised system at BM1 has demonstrated the capacity to generate high grade, near surface copper mineralisation. An intersection in diamond hole EPT751 announced in June 2011 contained the highest grade copper assay achieved to date at BM1 with 10m @ 6.8% copper from 32m. The main objective of our upcoming drilling programs is to identify high grade, primary copper sulphide mineralisation at BM1.

The discovery of shallow, high grade copper in multiple intersections over an extensive area at the BM1 prospect within the Yeneena project has been a significant development.

Letter from the Chairman & Managing Director continued

Aircore drilling at the BM2 target has defined a copper anomaly in the regolith extending over 1.2km long grading over 0.1% copper. The first diamond drilling program completed in July 2011 at BM2 identified a 100m thick zone containing base metal-bearing sulphide veins.

At the T4 prospect, the intersection of copper sulphide minerals (chalcopyrite and bornite) in the first stratigraphic diamond drill hole, within a large, covered and almost unexplored area, is a significant development that provides an additional major copper target.

In the 2011 calendar year the company will complete approximately 30,000 metres of drilling at Yeneena. This investment in 20,000m of aircore/RC and 10,000 metres of diamond drilling is a considerable escalation in exploration activities demanded by the ongoing exploration success at the project.

A number of significant advances have already been made in the 2011 exploration program:

- The BM1 Northern Area of near surface, high grade copper has been extended to over 500m in strike;
- Copper mineralisation, up to 1.4% copper has been intersected in reconnaissance aircore drilling 2.5km north of the previous drilling at BM1. The BM1 mineralised system now remains anomalous for over 6km which is a world class copper regolith footprint;
- Diamond drilling at BM1 has identified the steeply dipping fault breccia feeder system along western margin of the BM1 Northern Area which is an important ingredient in the formation of sedimentary hosted copper deposits; and
- Primary copper sulphide minerals have been intersected in a stratigraphic drill hole at the T4 prospect

As a result of these developments, a second diamond drill rig has been recently secured to further accelerate exploration at Yeneena.

… our exploration success has generated considerable interest across the copper industry.

The under-cover discovery at BM1 when viewed in the context of the earlier discoveries made in the 1980s in this region Nifty (1981) and Maroochydore (1984) support the potential of the Yeneena project to host a number of new copper discoveries. We believe that what we have seen so far in our exploration has the hallmarks of the early stages of a potential new copper province in WA. We have secured a huge foothold in this region with the 1,300km^2 land holding which is 100% owned by the company. In December 2010 the company raised an additional $6m to provide additional funding to expand and accelerate exploration at the Yeneena project.

While global financial markets have been turbulent in recent times the outlook for copper demand remains positive. It remains a good time to make a new copper discovery. There has been a dearth of new quality discoveries around the world over a number of years and global copper production growth is dependent on expansions of existing, mature, large scale mines, lower cut off grades and developments of copper projects at significant depth. Against this backdrop, it is understandable that our exploration success has generated considerable interest across the copper industry.

In closing we would like to thank our committed team for their professionalism and dedication. We have an exceptional exploration team in place, an exciting suite of large scale exploration targets and we are well funded to complete our exploration plans. We would also take this opportunity to thank our fellow shareholders for their ongoing support.

Yours sincerely

Paul Chapman
Chairman

Will Robinson
Managing Director

Exploration Review

Encounter Resources Limited (Encounter) is a Western Australian (WA) based exploration and resource development company with projects in three geological regions of WA. Encounter's portfolio covers approximately 4,000km² of strategically located and highly prospective exploration projects (Figure 1). The portfolio includes:

- A major ground position in the Paterson mineral province between the Nifty copper mine, Woodie Woodie manganese operation and the Kintyre uranium deposit, considered highly prospective for Proterozoic copper and silver-lead-zinc mineralisation, unconformity related uranium and carbonate hosted manganese deposits;
- Inferred Resources of 11 million pounds of near surface, calcrete style uranium in the Yilgarn Province; and
- Three projects targeting base metals deposits in the Bangemall Basin.

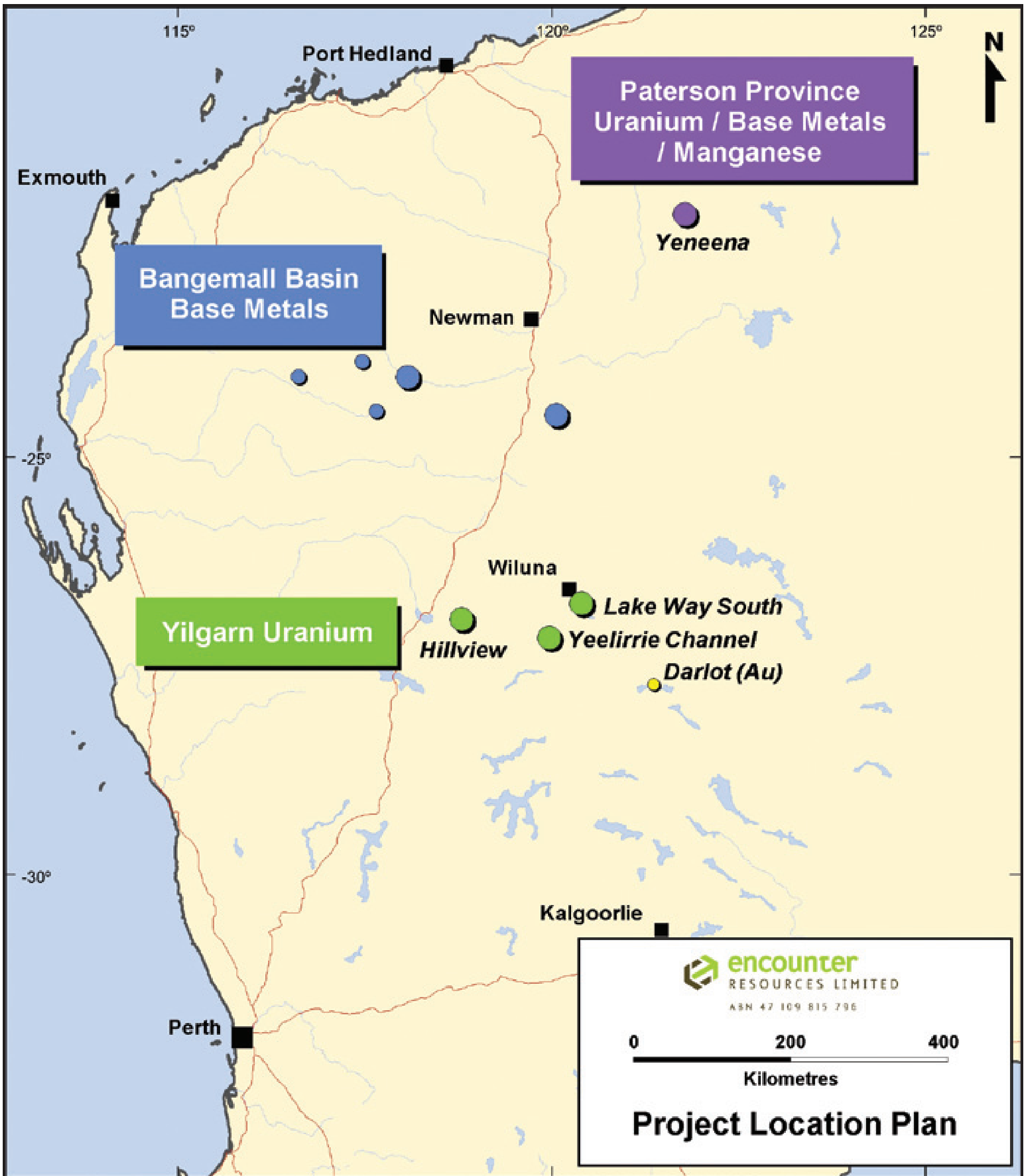

Figure 1: Project location plan

Paterson Province

YENEENA PROJECT

(E45/2500, E45/2501, E45/2502, E45/2503, E45/2561, E45/2657, E45/2658, ELA45/2805 and ELA45/2806 – 100% Encounter)

The Yeneena project covers a 1,300km^2 tenement package in the Paterson Province of WA located between the Nifty copper mine, the Woodie Woodie manganese mine and the Kintyre uranium deposit (Figure 2). The project is considered highly prospective for Nifty/Isa style copper mineralisation, silver-lead-zinc mineralisation, Woodie Woodie style manganese mineralisation and unconformity related uranium mineralisation.

Outside of the known discoveries at Nifty (copper) and Kintyre (uranium), found in areas of outcrop, the greenfields Yeneena Basin in the Paterson Province is significantly under-explored due to extensive sand cover and the remoteness of the location.

Simplified geological stratigraphy for the Yeneena Basin comprises the Palaeo-Proterozoic Rudall Complex as the lowermost unit, overlain by the Neo-Proterozoic Coolbro Sandstone. The Broadhurst Formation sits stratigraphically above the Coolbro Sandstone and is the host to the base metals targets and the Nifty copper mine. The Kintyre uranium deposit sits directly below the unconformity between the Coolbro Sandstone and the Rudall Complex.

Two new and significant geological domains have been identified by Encounter at the project, neither of which had been documented in previous regional geological mapping. Palaeo-Proterozoic Rudall Complex metamorphic basement

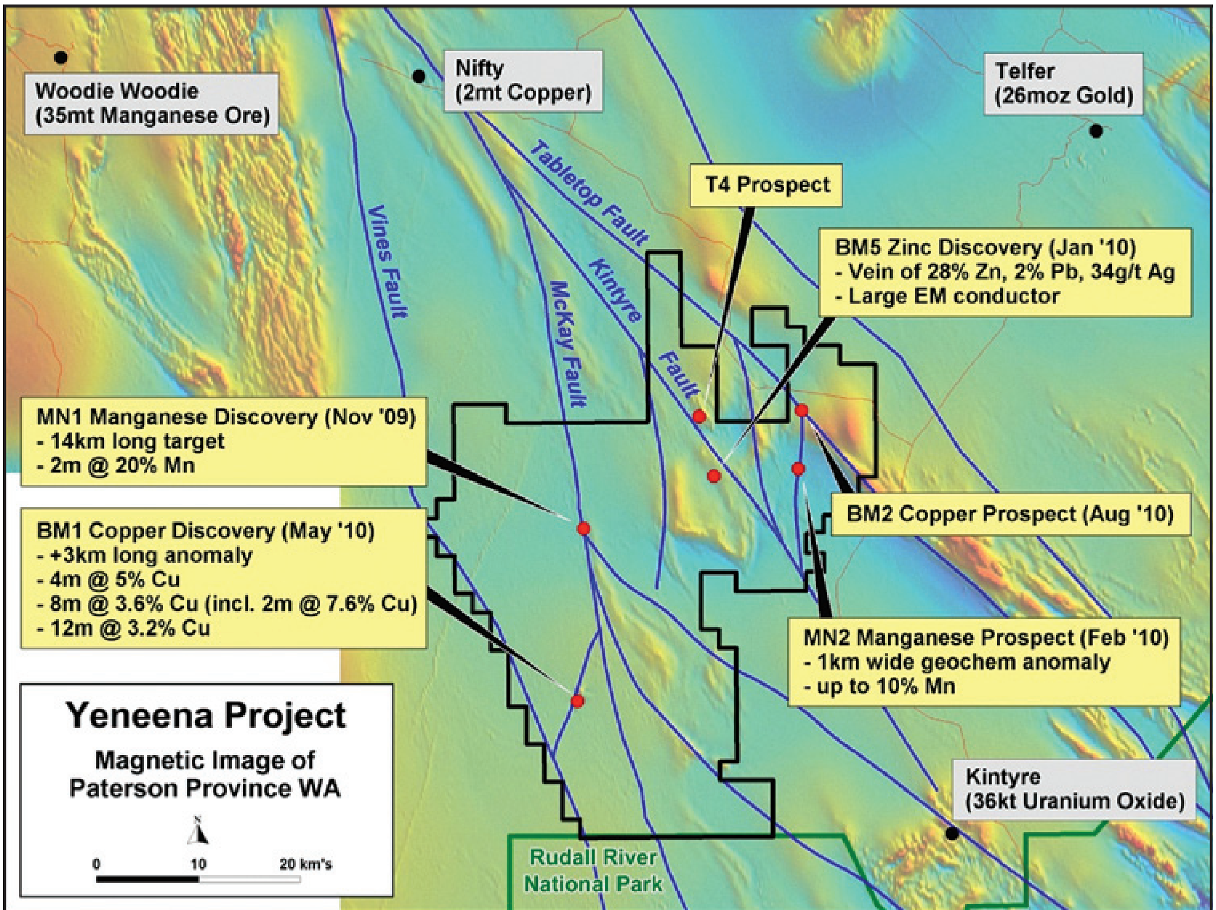

Figure 2: Yeneena project regional aeromagnetics, leasing and target plan.

rocks have been identified at the T4 prospect, on the north eastern side of the Kintyre Fault. In addition, a shallow water, stromatolitic, carbonate shelf depositional environment has been recognised to the west of the McKay Fault. These domains were recognised through a review of independent geophysical datasets, the Encounter diamond drill core and re-logging of historical aircore drilling.

BM1 Copper Discovery

The BM1 Copper Discovery is located approximately 60km south of the Nifty copper mine (Figure 2) and consists of a coincident magnetic and AEM anomaly located along the McKay Fault.

The BM1 copper mineralisation is hosted within the Broadhurst Formation and is almost entirely overlain by 2-10 metres of transported cover. The exploration target at this prospect is for a Zambian Copper Belt style, sediment-hosted copper deposit. The copper regolith anomaly at BM1 extends over 6km and remains open to the north and south.

High grade copper mineralisation was first discovered in aircore drilling at BM1 in June 2010. Intersections included 4m @ 5.45% Cu from 66m, 8m @ 1.09% Cu from 24m and 6m @ 1.41% Cu from 54m to end of hole. Further drilling confirmed a coherent zone of high grade, near surface copper mineralisation defined over a large area in the northern section of BM1 ("Northern Area") (Figures 3 and 4).

In the 2010 drill campaign numerous thick intersections grading over 1% copper were intersected within 50 metres of the surface at the Northern Area including:

- 20m @ 2.0% Cu from 22m (incl. 12m @ 3.2% Cu)
- 12m @ 1.5% Cu from 16m (incl. 2m @ 2.7% Cu)
- 10m @ 1.1% Cu from 36m (incl. 2m @ 2.5% Cu)
- 16m @ 0.7% Cu from 8m (incl. 2m @ 3.0% Cu)
- 34m @ 0.4% Cu from 18m (incl. 4m @ 1.6% Cu)
- 8m @ 3.6% Cu from 18m (incl. 2m at 7.6% Cu)
- 14m @ 1.1% Cu from 16m
- 12m @ 1.0% Cu from 24m

A second coherent zone of near surface copper mineralisation over 0.5% copper, ("Central Area") 500m south of the Northern Area discovery at BM1 was also identified in 2010 (Figure 3).

Assays results from the Central Area include:

- 14m @ 1.2% Cu from 42m
- 2m @ 3.0% Cu from 40m
- 6m @ 0.8% Cu from 68m (incl. 2m @ 1.7% Cu)
- 6m @ 1.4% Cu from 54m
- 4m @ 1.1% Cu from 26m
- 2m @ 0.8% Cu from 74m

Aircore drilling BM1

Following the initial discovery of high grade copper oxide mineralisation, a detailed ground gravity survey was completed at BM1 in July 2010. This survey was designed to provide additional structural and stratigraphic information at the prospect. Results from the survey together with the regional Tempest Airborne EM ("AEM") were utilised to define a series of primary copper sulphide targets beneath the extensive regolith copper anomaly.

A coincident gravity and conductivity anomaly at BM1 trends East-North-East in the Northern Area, corresponding with the location and orientation of the newly recognised and named ENE trending "King Fault". A second major coincident gravity and conductivity anomaly trends North-South within the Central Area (see Figure 3).

Exploration Review continued

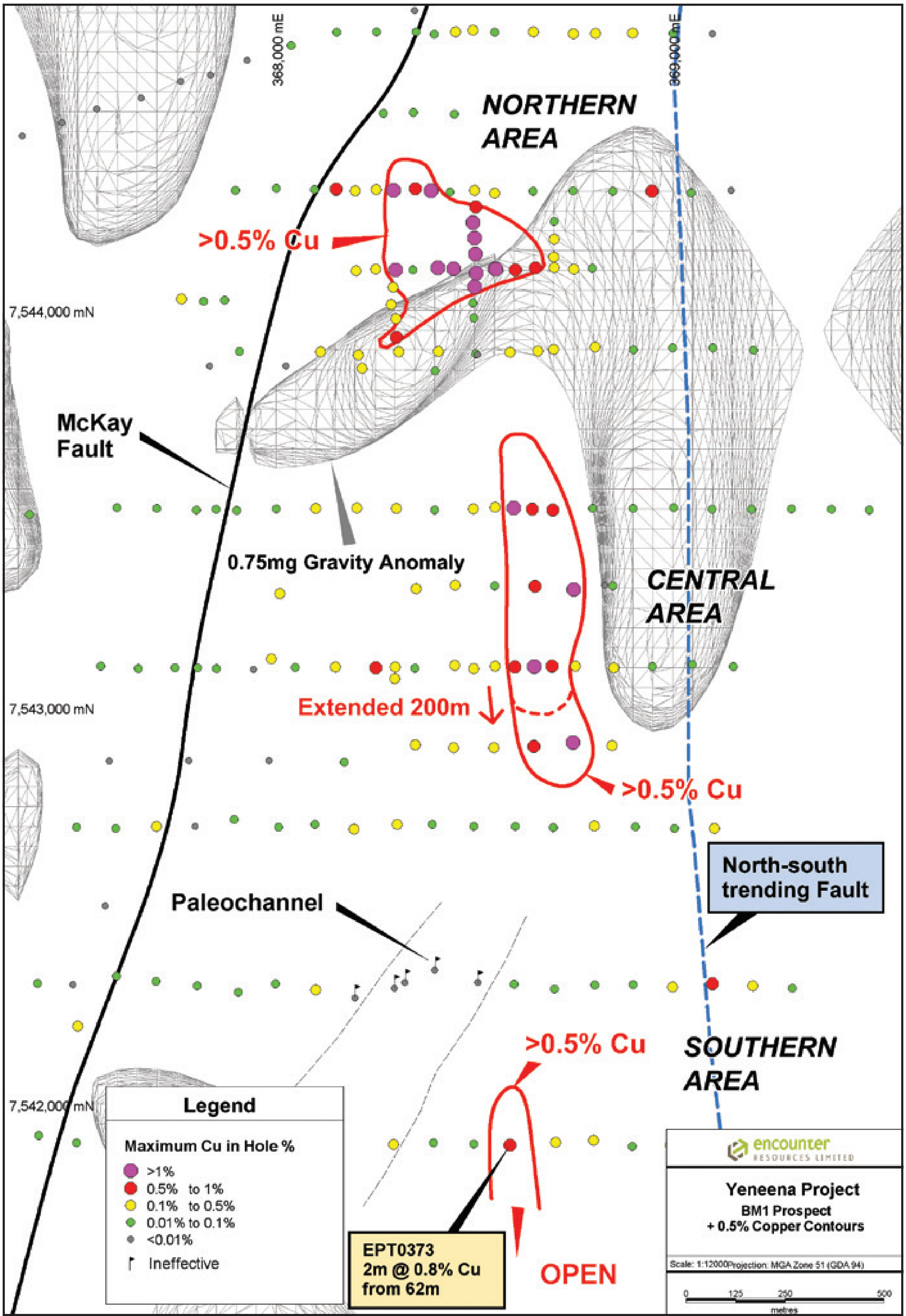

Figure 3: BM1 Discovery – Maximum Copper in Hole over 0.75mg Gravity Shell.

Three diamond holes were completed during November 2010 at BM1 designed to help define the geological units at depth and to identify vectors towards the primary source of the near surface copper mineralisation. Two holes were drilled at the Northern Area and one hole was drilled at the Central Area.

Zones of very intense haematite 'red rock' alteration, as well as extensive zones of pyrite within the shale packages were intersected in the Northern Area drilling. This intense alteration provides further indication of the potential for a major mineralised system beneath the near surface secondary copper mineralisation discovered at BM1 in 2010. Importantly, these diamond holes did not intersect any units that would account for the gravity anomaly.

Petrographic thin section analyses completed from this diamond drilling has identified fine sulphide inclusions of primary copper sulphide minerals (chalcopyrite/bornite) within narrow bands of low grade copper mineralisation at depths of 150-200m below surface. These inclusions may represent a halo to a primary copper sulphide position at BM1.

During the June 2011 quarter five diamond drill holes were completed around the Northern Area. These holes were designed with multiple objectives: to test for primary copper sulphides below the oxide position; identify key stratigraphic and structure controls to the mineralisation and to confirm the nature and possible origin of the copper oxide mineralisation.

Initial assay results from this program have confirmed the mineralisation within the Northern Area is primarily strataform in nature and the footprint of alteration from the mineralisation event is extensive across the mineralised horizon and at depth. Extensive zones of silica and pyrite replacement and occasional disseminations of chalcopyrite mineralisation within the fresh rock are consistent with alteration expected proximal to primary copper mineralisation.

Diamond drill hole EPT751 was collared within the Northern Area oxide position and drilled south to intersect the King Fault at depth. The hole intersected 10.1m @ 6.8% copper from 31.9m, including an interval of 2.8m @ 12.3% copper and 156 g/t silver. The intersection in EPT751 represents the highest grade copper assay achieved to date at BM1.

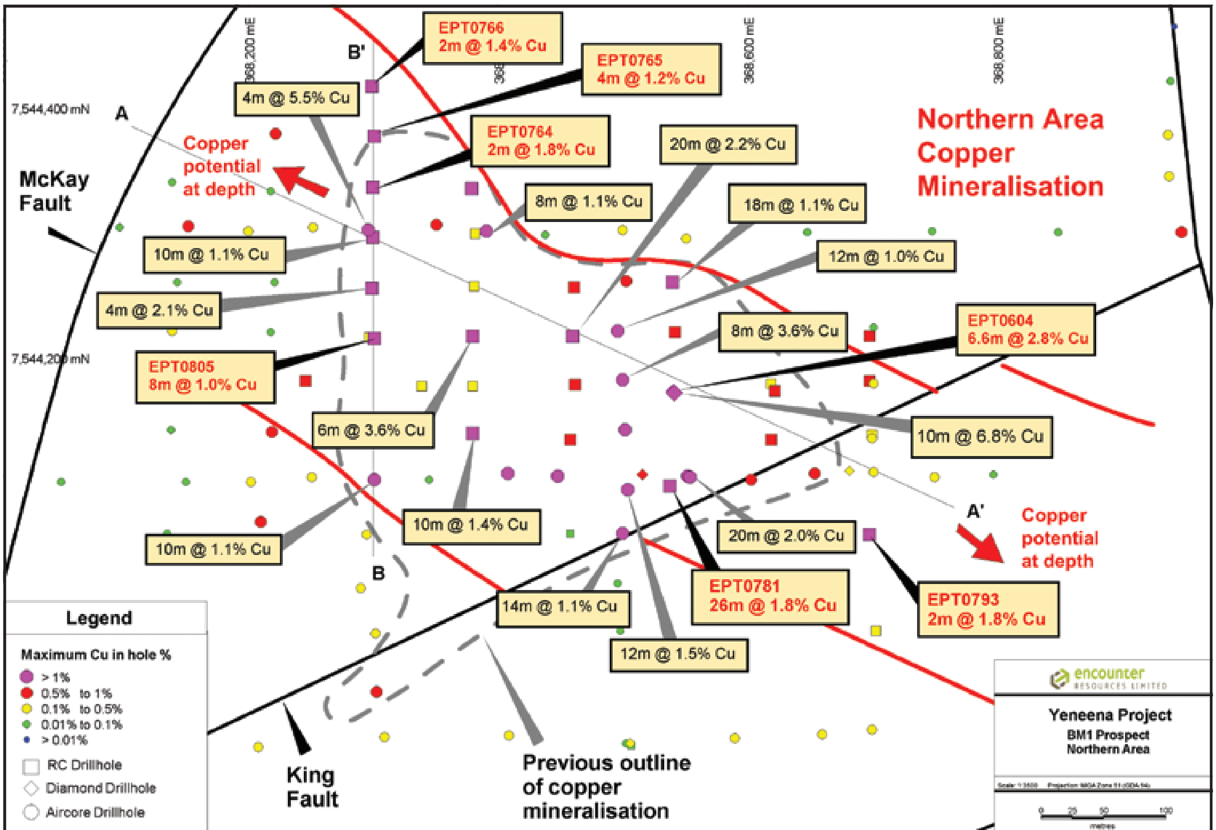

Figure 4: BM1 – Northern Area – Maximum Copper in Hole.

Exploration Review continued

A 70cm zone of black shale from 34m returned an assay result of 28.8% copper and 178 g/t silver (see Photo 1). XRD analysis from the 70cm zone confirmed the dominant copper mineral is chalcocite.

A systematic program of north-south RC drill traverses to a depth of 120m was completed in July 2011 to determine the orientation and extent of the mineralised horizon intersected in EPT751.

The RC drilling program intersected significant copper oxide mineralisation in a number of drill holes and has defined a north-west orientation to the copper mineralisation. This trend is similar to the orientation of the steep structural fabric observed within the diamond drill core from EPT 751.

It appears from the early assessment of this drilling that the mineralised horizon is flat lying in the centre of the Northern Area and then dips off to the west and to the east. This observation confirms an earlier interpretation that the overall geology of the BM1 area is dominated by an open antiform that appears to plunge gently to the north.

The western line of RC drilling has intersected significant copper mineralisation below the carbon oxidation front at depths between 50-95m from surface (Figure 5). This indicates the western limb of the antiform is dipping steeply to the west. The mineralisation along this section is dominated by chalcocite and native copper (Photo 2).

The progression from malachite dominated mineralisation in the oxide zone to chalcocite and native copper in the supergene zone has provided a vector to a possible primary copper sulphide zone further west and at depth.

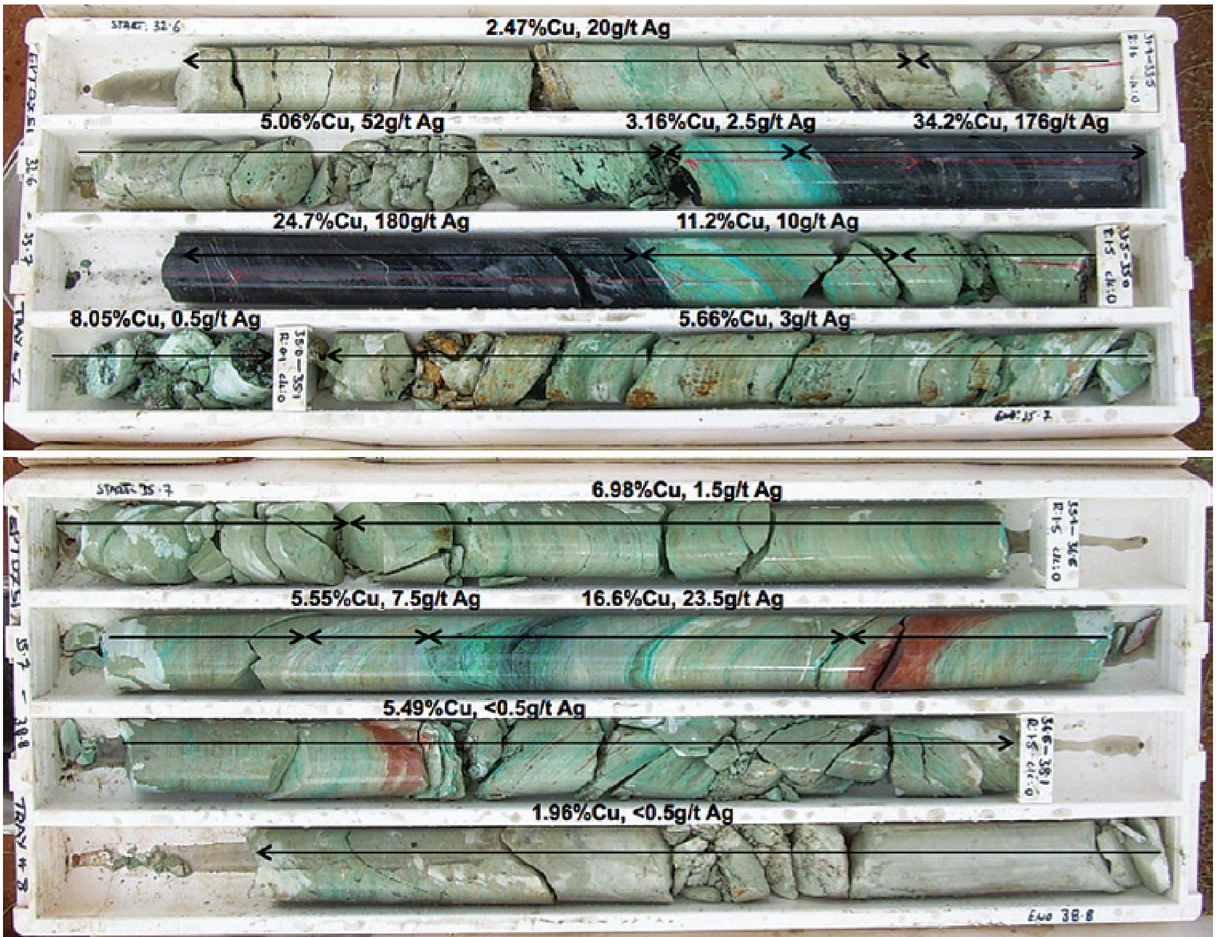

Photo 1: EPT 751 32.6m to 38.8m (Copper and Silver assay results shown along sampled intervals).

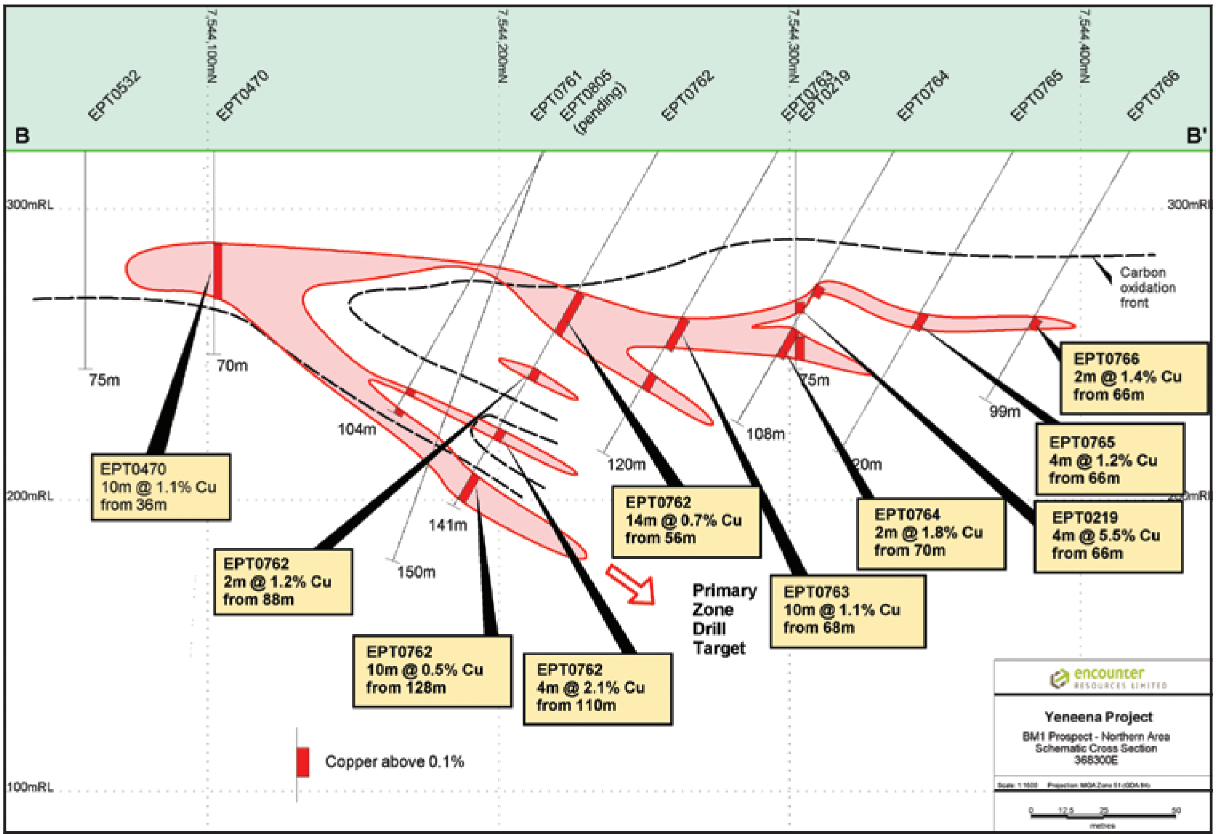

Figure 5: BM1 368300E Section – Northern Area.

Drilling along the easternmost RC section has also intersected copper anomalism below the carbon oxidation front at depths from 35-80m and indicates a gentle easterly dip to the eastern limb.

This area is also associated with highly anomalous cobalt mineralisation with several intersections of over 0.1% cobalt and anomalous silver in aircore drilling. These elements are considered less mobile than copper and the anomalism along this section has provided a second possible vector to a primary copper sulphide mineralisation as this limb dips further east.

Photo 2: Native copper EPT 762 112m to 113m

Exploration Review continued

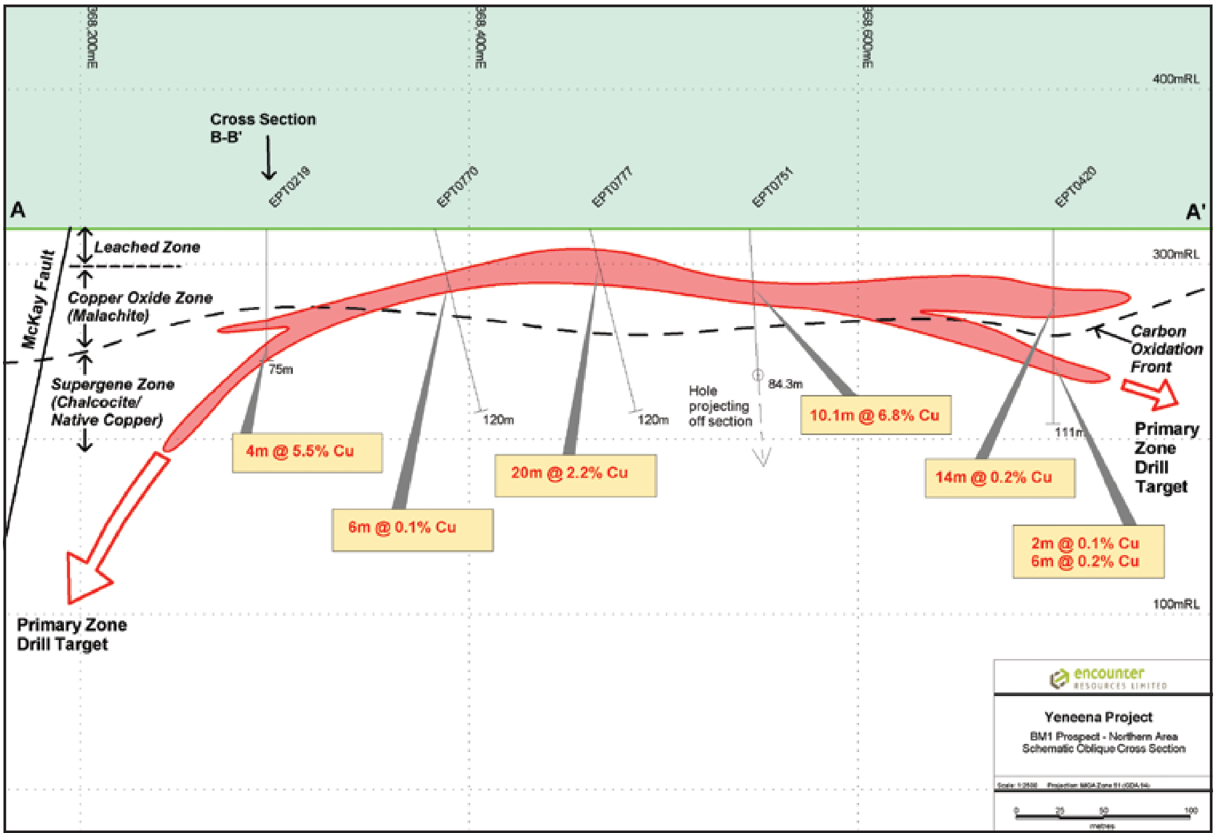

Figure 6: BM1 Schematic Oblique Section – Northern Area.

EPT 604 Drill Core

A schematic cross section has been drafted to illustrate the overall geology across the Northern Area mineralisation (Figure 6).

A detailed helicopter EM survey ("VTEM") was completed at BM1 in June 2011. The final data from this survey is currently being reviewed and modelled. Early interpretation of this data has highlighted a series of potentially important structural controls to the copper mineralisation as well as providing greater detail on bedrock conductors. Bedrock conductors located down dip of the western and eastern mineralised limbs will be modelled and are considered high priority drill targets.

The VTEM survey has also identified a regional scale target north of BM1 (Figure 7). Initial reconnaissance aircore drilling over the BM1 North copper target was completed in the September 2011 quarter.

The significant area of copper anomalism at the BM1 Copper Discovery indicates that the primary source of the regolith hosted copper at BM1 is possibly very large or a series of multiple sources. The BM1 prospect already has a world class copper regolith footprint. The observed geological, geochemical and geophysical features at BM1 show strong similarities to that of the 2 million metal tonne Nifty copper deposit (Figure 8).

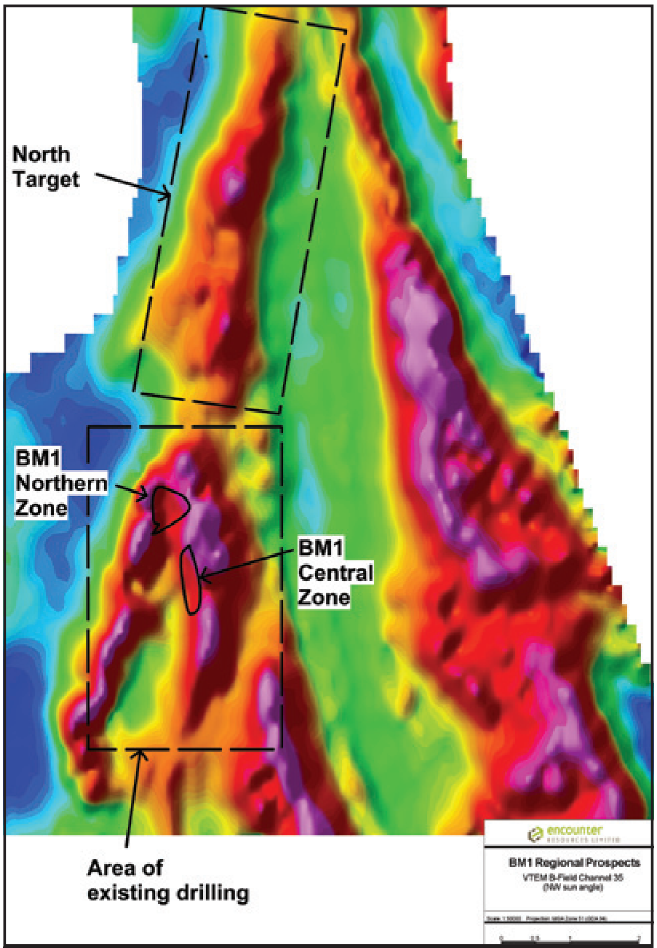

Figure 7: BM1 Regional Prospects – VTEM B-Field Channel 35 (NW sun angle).

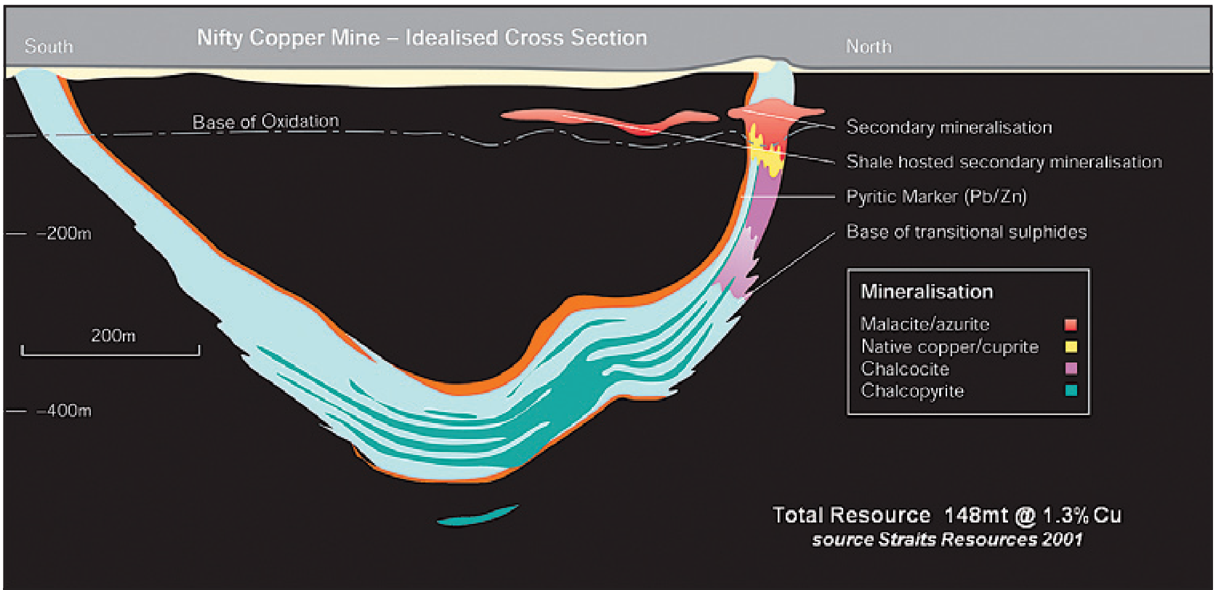

Figure 8: Nifty copper mine idealised cross section.

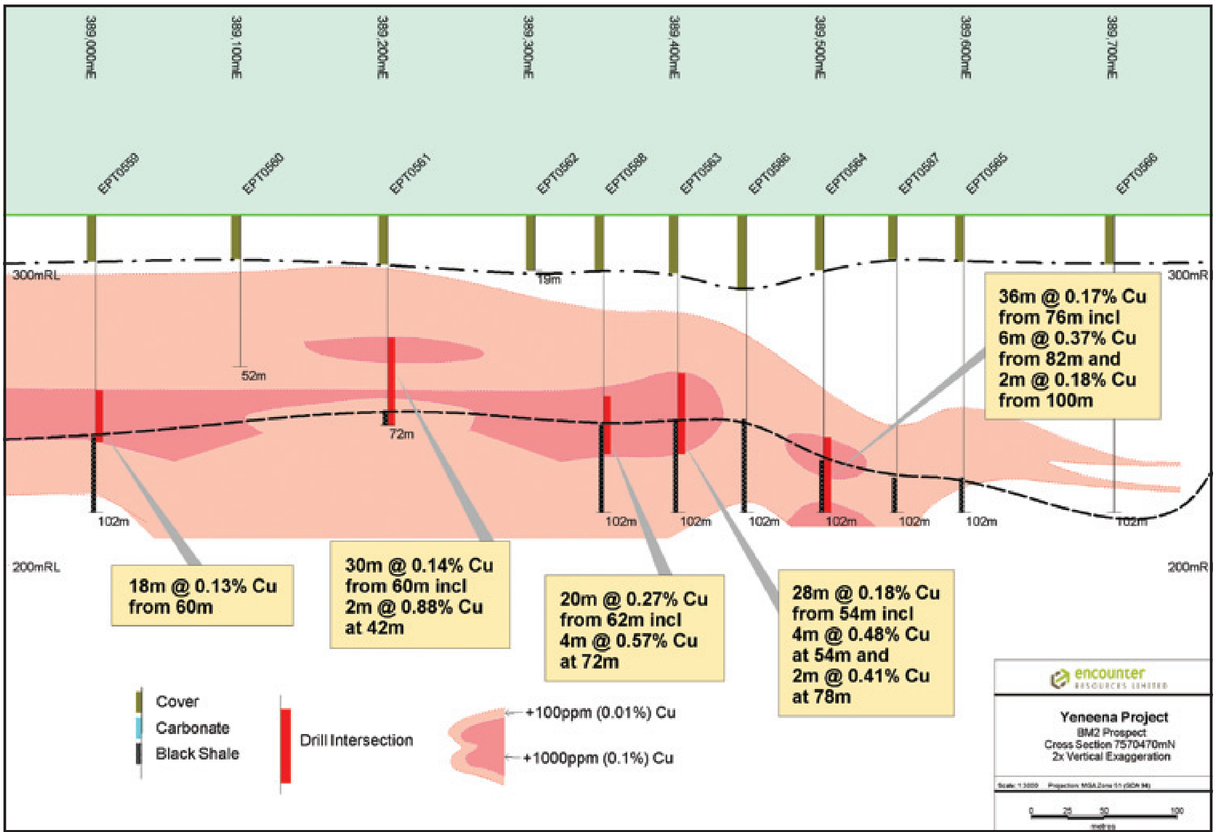

Figure 9: BM2 – Cross Section 7570470N.

BM2 Prospect

The BM2 prospect is located 50km south-east of the Nifty copper deposit and 34km north-east of the BM1 copper discovery at the intersection of a north-south trending, westerly dipping fault and the regionally extensive Tabletop Fault (Figure 2).

Three east-west aircore drill traverses were completed at BM2 in September 2010. These traverses outlined a broad area of regolith copper anomalism. The central line (Figure 9) included multiple thick, highly anomalous copper intersections including:

- EPT561 30m @ 0.14% Cu from 42m to end of hole incl. 2m @ 0.88% Cu
- EPT563 28m @ 0.18% Cu from 54m incl. 4m @ 0.48% Cu & 2m @ 0.41% Cu
- EPT564 36m @ 0.17% Cu from 76m to end of hole incl. 6m @ 0.37% Cu
- EPT588 20m @ 0.27% Cu from 62m incl. 4m @ 0.57% Cu

A program of north-south aircore traverses was completed at BM2 during the June 2011 quarter. This program was designed to confirm the orientation of the mineralised trend and define any higher grade zones within the extensive area of regolith anomalism. The program confirmed copper regolith anomalism trends towards 290^0 and extends over a strike length of 1.2kms.

The aircore drill program was followed up with a two hole diamond drill program in July 2011. The diamond drilling will provide the first geological and structural information at BM2 at depth. The first of the two diamond drill holes was co-funded through the WA Government EIS program.

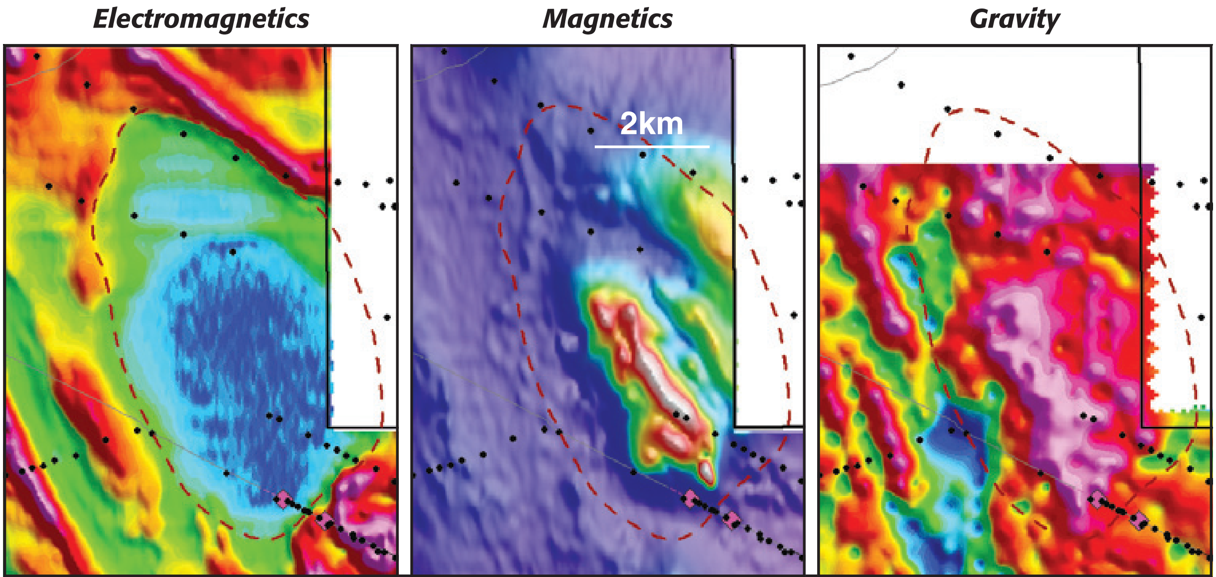

Figure 10: T4 Palaeo-Proterozoic basement block interpretation over AEM, TMI magnetics and Gravity data.

T4 Prospect

Encounter has confirmed the presence of a horst block of Palaeo-Proterozoic basement rocks (8.5km x 4.5km) at the T4 prospect which is located approximately 5km west of the BM2 prospect. The block was observed in three independent datatsets (AEM, magnetics and gravity) (Figure 10).

Re-logging of isolated historical drill chips confirmed the presence of metamorphic schists similar to Rudall Complex rocks known in the area. Sedimentary units on the margins of the horst block are considered highly prospective for SEDEX Cu and Pb-Zn mineralisation. The T4 target represents a compelling structural, geological and geophysical target at the Yeneena project.

A gravity survey at a spacing of 200m x 400m was completed over the T4 prospect in April 2010. A VTEM survey was completed over the prospect region in June 2011 to assist in the definition of drill targets along the margin of the Rudall Complex metamorphics.

Two diamond drill holes were drilled at T4 in August 2011. The first hole targeted the margin of the interpreted block of Rudall Complex and the second was drilled within the boundary of the block. These holes confirmed the geological interpretation of the T4 block and intersected disseminated copper sulphide minerals .

Track to Yeneena Camp

Exploration Review continued

BM5 Target

The BM5 target is located along the regionally extensive Kintyre Fault (Figure 2). The area was initially drilled by WMC in the early 1990s at the end of their exploration program in this area. A series of 800m spaced RC traverses were drilled across the NW trending Kintyre Fault where it separates two large zones of conductive Broadhurst Formation. These RC traverses were followed up by one deeper diamond drill hole.

This early WMC drilling program intersected a thick body of iron-manganese rich material below Permian and recent cover over 1km in strike which is associated with strong copper, silver, lead and zinc anomalism. The anomalous body appears to be controlled by the intersection of the underlying dolomitic unit with the Kintyre Fault. It is interpreted that this iron-manganese rich body represents a potentially significant base metal gossan.

RC drill holes completed by Encounter in June 2009 defined a strong geochemical gradient within the gossanous horizon indicating increased prospectivity towards the interpreted fault-bounded western margin of the dolomite unit, coincident with an interpreted NW to NNW structural jog along this western dolomite contact. Diamond drill hole EPT062 was drilled to test beneath a gossanous iron manganese horizon associated with copper-lead-zinc-silver geochemical anomalism. Drilling confirmed the gossanous horizon sits at the upper stratigraphic contact of a carbonate unit which is the host to the base metal deposits in this region. The primary target for base metals mineralisation is the lower contact of this carbonate unit. Drilling conditions were difficult resulting in the hole not reaching target depth and being abandoned at 306m. A vein of massive sulphide containing sphalerite and galena was intersected between 301.6m and 301.7m within 5m of the end of hole in brecciated dolomite (Figure 11). Assay results for the interval returned **0.1m @ 28.5% zinc, 2.3% lead and 33.9g/t silver**.

A downhole electromagnetic survey from drill hole EPT062 identified a significant, greater than 500m long, offhole conductor approximately 60m below the bottom of the hole. A detailed ground gravity survey was completed in April 2010 over an extensive area surrounding the BM5 prospect to help resolve structure, geology and drill targets. Results indicated that an excess mass feature occurs in close proximity to the identified offhole EM conductor at BM5.

Diamond drilling during May 2010 successfully tested the modelled EM conductor and excess mass feature identified in the ground gravity survey at the prospect. Geological logging indicates the modelled EM conductor represents an apparent westerly dipping contact between the upper carbonate unit and carbonaceous shales below (Figure 11). Geological observations suggest that this contact is structurally controlled and includes zones of strong faulting and veining. Primary stratigraphic layering in the carbonate unit is observed to apparently dip shallowly to the east. A thick sequence of brecciated carbonate including pervasive disseminated pyrite is present at the modelled position of the excess mass anomaly on the drill section.

Additional RC drilling is planned towards the north of BM5 where it is interpreted that the prospective geological contact is trending closer to surface. A VTEM survey was completed over the north of BM5 (together with the adjoining T4 region) in June 2011. The results of the airborne EM survey have been received and are currently being modelled. The interpretation of results of the survey will assist in the targeting of additional base metals mineralisation at BM5.

MN1 Target

The MN1 prospect is located 70kms south east of the Woodie Woodie manganese mine (Figure 2) on the regionally extensive McKay Fault. In November 2009, Encounter announced the discovery of high grade manganese at the MN1 prospect. Two high grade, near surface manganese intersections were reported, 200m apart in adjacent vertical aircore holes at the southern end of a 14km long regional gravity anomaly. The regional gravity anomaly sits to the west of, and parallel to, the McKay Fault. Intersections were identified in the re-analysis of samples from the drilling program completed by Barrick Gold of Australia in 2006. Intersections include 2m @ 20% Mn from 25 metres in YNAC 168 (including 1m @ 28% Mn from 26m) and 3m @ 16% Mn from 21 metres in YNAC 169.

Aircore drilling completed in 2010 at MN1 intersected extensions to the manganese mineralisation intersected in YNAC 168 and YNAC 169. These included 1m @ 17.7% Mn from 26m and 1m @ 15.4% Mn from 27m. The most northern drill traverse at the MN1 prospect intersected near surface high grade manganese (1m @ 21.2% Mn from 9m depth) over a residual gravity feature. The hole terminated in hard, massive silicified carbonate at a depth of 15m.

The geology in the MN1 area is masked by sand cover with only isolated surface outcrops. Manganese anomalism occurs within the newly recognised geological domain of shallow marine carbonates bounded to the east by the McKay Fault. The discovery of high grade manganese over a length of 2.5km along the regionally significant McKay Fault is encouraging. High grade manganese also exists up to 1km west of the fault. This initial drill program has only focused on the southern 3km of the 14km long target zone. This new geological interpretation significantly increases the potential for manganese discoveries within this extensive area of prospective stratigraphy.

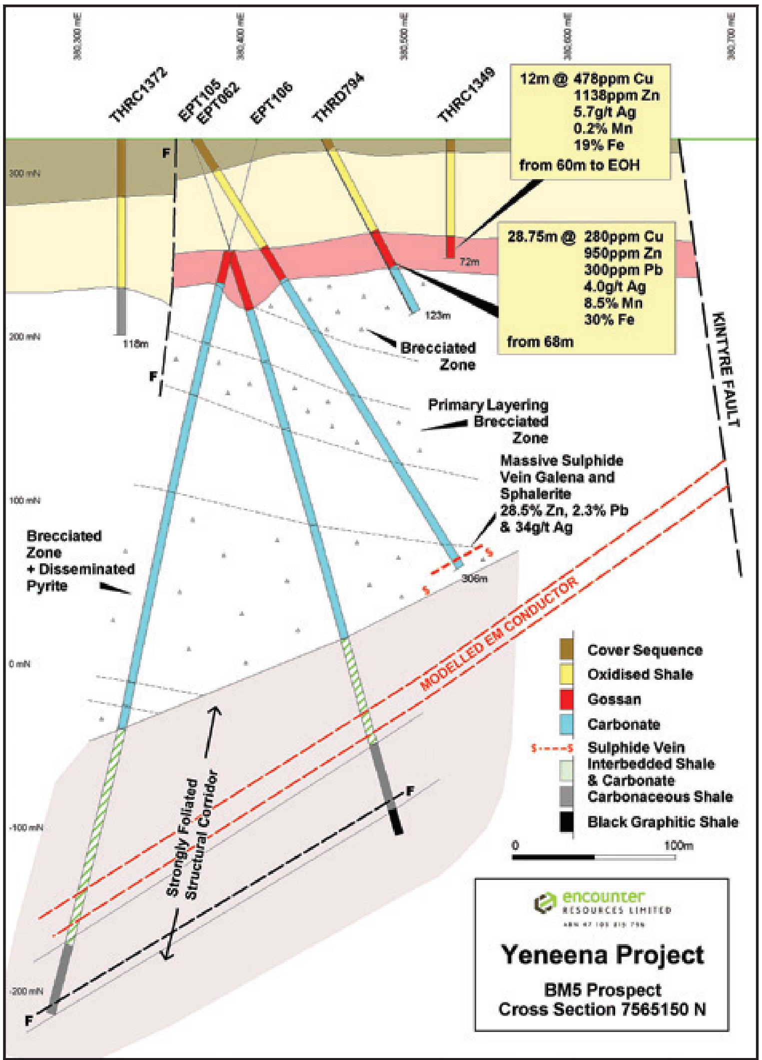

Figure 11: BM5 Cross Section 7565150mN.

MN2 Target

The MN2 Prospect ("MN2") is a 1km wide zone of manganese oxide and is located in an area of extensive sand cover and no surface outcrop. The highly anomalous manganese starts 30m below the surface, is 2-9m thick and located at the boundary between the overlying Tertiary and the underlying Permian sediments. The mineralised horizon also has low-level base metal anomalism. It is considered that this anomalous zone might represent dispersion from a primary Mn and/or base-metal deposit.


Helicopter EM survey ("VTEM")

Exploration Review continued

Yilgarn District

CALCRETE URANIUM RESOURCES

A strategic review of the calcrete uranium resource has been initiated by the company to consider the potential development and commercial alternatives to advance the projects. The area of interest is shown on Figure 12.

HILLVIEW (E51/1127 – 82% Encounter, 18% Avoca)

The Hillview uranium project is located 50kms south east of Meekatharra and contains an Inferred Resource of 27.6 million tonnes, averaging 174ppm U_3O_8 for a contained 10.6 million pounds of U_3O_8. The Inferred Resource is reported in accordance with the JORC code (2004) and guidelines.

The main mineralised zone at Hillview is 7km long by 1.4km wide with an average thickness of 3.15m. The resource is a flat lying, consistent body of near surface uranium mineralisation with minimal internal dilution.

LAKE WAY SOUTH (E53/1232 – 60% Encounter, 40% Avoca Uranium rights only)

The Lake Way South project is located approximately 10kms south of Wiluna, between Toro Energy's Lake Way and Centipede uranium deposits. An Inferred Resource for the area of the Centipede Extension resource within the JV tenement has been calculated. This resource contains 220,000t @ 244ppm U_3O_8 for 120,000lbs of U_3O_8. The Inferred Resource is reported in accordance with the JORC code (2004) and guidelines.

BELLAH BORE EAST (E53/1158 – 83% Encounter, 17% Avoca)

The Bellah Bore East project is situated in the upper reaches of the Yeelirrie Channel. An Inferred Resource of 350,000t averaging 210ppm U_3O_8 for 160,000lb of U_3O_8 has been calculated for the Bellah Bore East prospect. The Inferred Resource is reported in accordance with the JORC code (2004) and guidelines.

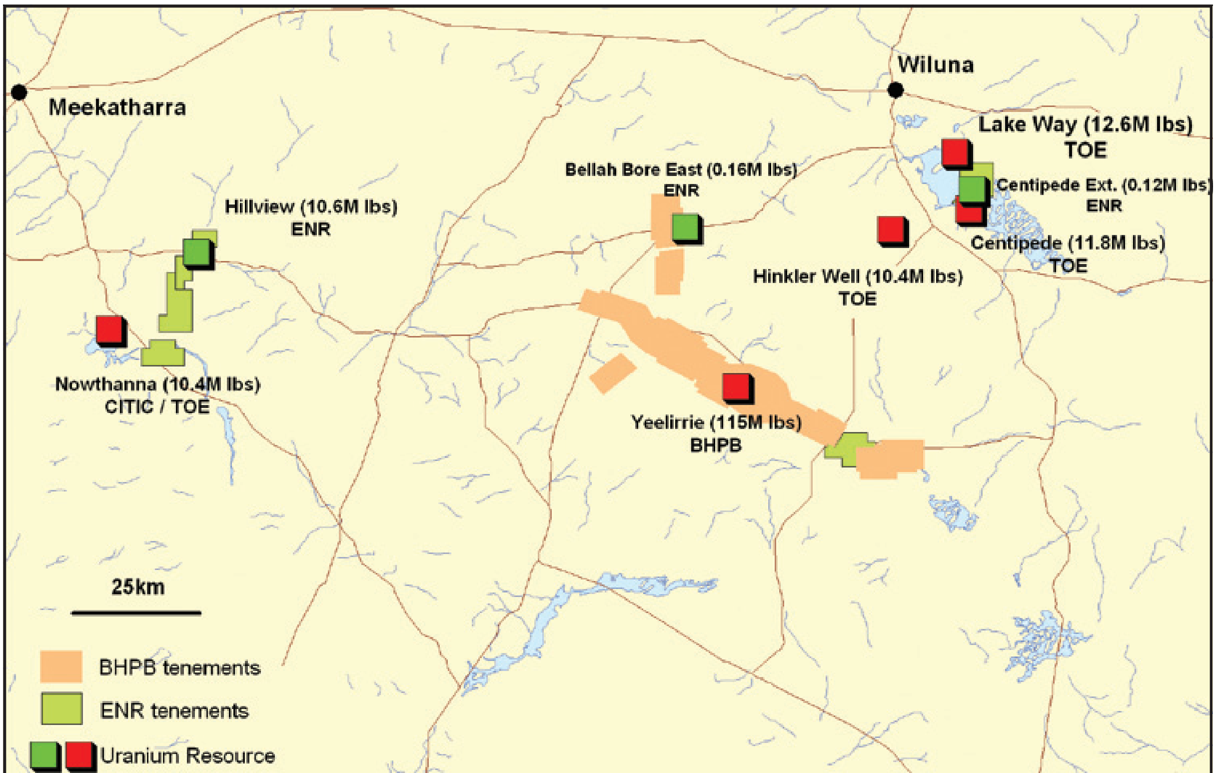

Figure 12: Location of uranium resources in the north east Yilgarn Province.

DARLOT EAST PROJECT – Gold (E37/978 and E37/1062 – 100% Encounter)

The Darlot East project covers 285km^2 and is located approximately 6kms east of the Darlot Gold mine, 70kms east of the township of Leinster. The project is situated within an area of interpreted granite gneiss between the Yandal Greenstone Belt to the west and the Duketon Greenstone Belt to the east. Interpretation of the regional aeromagnetics has identified an extensive NNW trending structural corridor that 'horsetails' as it flexes along the margin of a major granite intrusion located in the east of the project. Drilling to the north of the project by Encounter has identified a +1km wide zone of greenstone lithologies that is interpreted to extend south into the Darlot East project.

Regional geochemical datasets collect by CSIRO have highlighted minor gold anomalism within the project area in association with lithological indicators similar to other mapped greenstone terrains. Drilling is planned at the project to determine if any significant regolith gold anomalism occurs within the area of interpreted greenstone lithologies.

Bangemall Basin

BEYONDIE (Encounter 100%)

A regional targeting exercise was initiated during late 2009 incorporating key learnings from the work completed at the Yeneena project and building on our understanding of the formation of large scale base metal systems.

The targeting program highlighted an area on the eastern margin of the Bangemall Basin that demonstrates a number of key structural ingredients. Applications have been lodged over an area of 1500km^2 located approximately 150kms south south east of Newman. The tenements capture the intersection of the Tangadee Lineament with the margin of the Bangemall Basin and northern Yilgarn block (Figure 13). A series of field visits to the project are planned prior to the grant of the tenements.

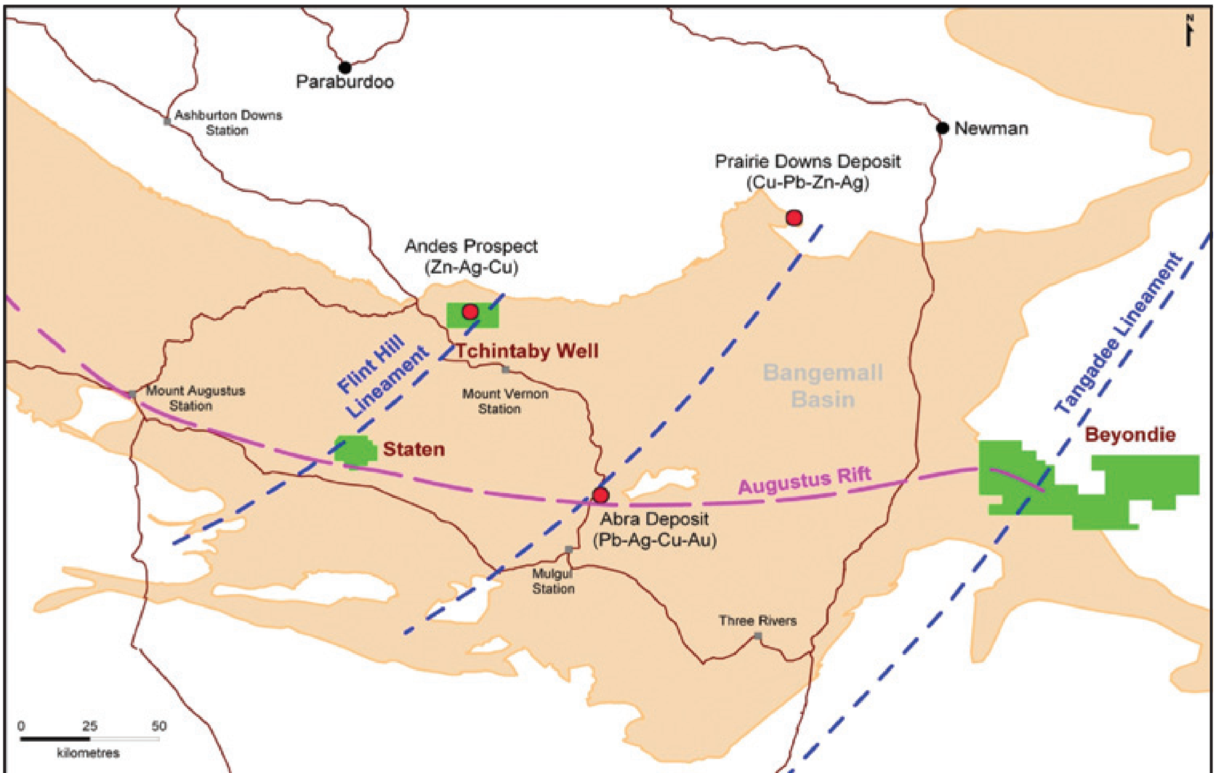

Figure 13: Location of Encounter Tenements in the Bangemall Basin.

Exploration Review continued

Hillview Qualifying Statement

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 is a full time employee of Encounter Resources Ltd (Encounter) 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'.

The Mineral Resource is based on information compiled by Mr Neil Inwood who is employed by Coffey Mining Ltd. Mr Peter Bewick from Encounter has consented to a joint sign off for the Resource, Mr Bewick taking responsibility for the quality and reliability of the drillhole database and Mr Inwood is responsible for the grade estimate and classification of the resource. Messrs Inwood and Bewick have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves".

The information in this report that relates to gamma uranium grades is based on information compiled by David Wilson BSc MSc MAusIMM from 3D Exploration Ltd based in Western Australia.

Holes were logged with an Auslog A75 total count gamma tool. The gamma tool was calibrated in Adelaide at the Department of Water, Land and Biodiversity Conservation in calibration pits constructed under the supervision of the CSIRO. These calibration pits have been shown to provide calibration standards for drill hole logging tools that are comparable to those at the DOE facility in Grand Junction, Colorado USA. The gamma tool measures the total gamma ray flux in the drill hole. Readings were averaged over 2 centimetre intervals and the reading and depth recorded on a portable computer. The gamma ray readings were then converted to equivalent U_3O_8 readings by using the calibration factors derived in the Adelaide calibration pits. These factors also take into account differences in hole size and water content.

The gamma radiation used to calculate the equivalent U_3O_8 is predominately from the daughter products in the uranium decay chain. When a deposit is in equilibrium, the measurement of the gamma radiation from the daughter products is representative of the uranium present. It takes approximately 2.4M years for the uranium decay series to reach equilibrium. Thus, it is possible that these daughter products, such as radium, may have moved away from the uranium or not yet have achieved equilibrium if the deposit is younger than 2.4M years. In these cases the measured gamma radiation will over or under estimate the amount of uranium present. At Hillview, the calculated U_3O_8 from the measured gamma radiation appears to be under reporting, by 20%, the true grades when compared to the ICP assays from 42 holes. Further studies on this apparent disequilibrium are being conducted.

Mr Wilson is a full-time employee of 3D Exploration Pty Ltd, a consultant to Encounter Resources Limited. Mr Wilson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Messrs Wilson, Inwood and Bewick consent to the inclusion in the report of the matters based on the information compiled by them, in the form and context in which it appears.

Bellah Bore East Qualifying Statement

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 is a full time employee of Encounter Resources Ltd (Encounter) 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'.

Resource numbers are rounded to reflect the accuracy of the estimation process and as a consequence exhibit rounding errors. Both Contained U_3O_8 tonnes and Contained U_3O_8 pounds are based on contained metal content and at this stage do not consider any mining, metallurgical or economic parameters.

The estimate is based on a cut off of 100ppm U_3O_8 over a minimum downhole distance of 1m. Shallow aircore drilling has been completed on a nominal 150m by 150m grid. All grade values used in the calculation are based on chemical analysis of representative drill samples. A specific gravity of 2.1 was used in the calculation which is an assumed figure based on a literature search of similar deposits found in Western Australia and Namibia.

The mineralised zone varies in vertical thickness from 1m to 6m. The main uranium mineral identified in drilling is carnotite which is a common mineral found in Surficial style deposit in Western Australia. All mineralised intervals in the modelled area are within 10m of surface and, therefore, are potentially easily mined.

Additional drilling is required determine the extent of the higher grade core of the mineralisation centred on EYN064 (3m@781ppm U_3O_8 including 1m@2111ppm U_3O_8). The assay interval of 1m@2111ppm U_3O_8 in EYN064 was treated as an outlier in the resource model and cut to 500ppm U_3O_8. If further drilling can extend the high grade area it is anticipated that the resource grade will increase.

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.

Lake Way Qualifying Statement

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 is a full time employee of Encounter Resources Ltd (Encounter) 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'.

The figures are rounded to reflect the accuracy of the estimation process and as a consequence exhibit rounding errors. Both Contained U_3O_8 tonnes and Contained U_3O_8 pounds are based on contained metal content and at this stage do not consider any mining, metallurgical or economic parameters.

The estimate is based on a cut off of 70ppm U_3O_8 over a minimum downhole distance of 1m. Shallow aircore drilling has been completed on a nominal 200m by 200m grid. All grade values used in the calculation are based on chemical analysis of representative drill samples.

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.

Summary of Tenements

Lease	Lease Name	Project Name	Area km²	Managing Company	Encounter Interest
E52/2648	Staten	Bangemall Basin	109.4	Encounter Resources Limited	100%
E52/2654	Tchintaby	Bangemall Basin	106.6	Encounter Resources Limited	100%
ELA69/2966	Beyondie	Bangemall Basin	359.1	Hamelin Resources Pty Ltd	100%
ELA69/2967	Beyondie	Bangemall Basin	499.8	Hamelin Resources Pty Ltd	100%
ELA69/2968	Beyondie	Bangemall Basin	568.1	Hamelin Resources Pty Ltd	100%
E53/1232	Wiluna South	Lake Way South JV	66.8	Avoca Resources Limited	60% of Uranium Rights
E36/769	Yeelirrie South	Yilgarn	48.83	Encounter Resources Limited	100%
E51/1127	Hillview	Yilgarn	52.02	Encounter Resources Limited	82%
ELA51/1465	Meekatharra	Yilgarn	39.7	Encounter Resources Limited	100%
ELA51/1486	Meekatharra	Yilgarn	58.1	Encounter Resources Limited	100%
E37/978	Darlot East	Yilgarn	212.4	Encounter Resources Limited	100%
E37/1062	Darlot East	Yilgarn	72.8	Encounter Resources Limited	100%
ELA38/2622	Melrose	Yilgarn	87.84	Encounter Resources Limited	100%
ELA57/832	Nesbitt Soak	Yilgarn	200	Encounter Resources Limited	100%
ELA57/833	Nesbitt Soak	Yilgarn	193.8	Encounter Resources Limited	100%
E45/2500	Yeneena	Paterson	163.4	Encounter Operations Pty Ltd	100%
E45/2501	Yeneena	Paterson	41.4	Encounter Operations Pty Ltd	100%
E45/2502	Yeneena	Paterson	216.3	Encounter Operations Pty Ltd	100%
E45/2503	Yeneena	Paterson	76.3	Encounter Operations Pty Ltd	100%
E45/2561	Yeneena	Paterson	86	Encounter Operations Pty Ltd	100%
E45/2657	Yeneena	Paterson	222.8	Encounter Operations Pty Ltd	100%
E45/2658	Yeneena	Paterson	222.8	Encounter Operations Pty Ltd	100%
ELA45/2805	Yeneena	Paterson	209.7	Encounter Operations Pty Ltd	100%
ELA45/2806	Yeneena	Paterson	63.7	Encounter Operations Pty Ltd	100%
E53/1158	Bellah Bore East	Yilgarn	10.5	Encounter Resources Limited	83%

Corporate Governance Statement

Introduction

Since the introduction of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines" or "the Recommendations"), Encounter Resources Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Guidelines, the Company has followed each Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company, the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

Further information about the Company's corporate governance practices is set out on the Company's website at *www.enrl.com.au*. In accordance with the recommendations of the ASX, information published on the Company's website includes:

- Board Charter
- Nomination Committee Charter
- Remuneration Committee Charter
- Code of Conduct
- Policy and Procedure for Selection and Appointment of New Directors
- Summary of Policy for Trading in Company Securities
- Summary of Compliance Procedures
- Procedure for the Selection, Appointment and Rotation of External Auditor
- Shareholder Communication Strategy
- Summary of Company's Risk Management Policy

Explanation for Departures from Best Practice Recommendations

During the Company's 2010/2011 financial year the Company has complied with the Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("Corporate Governance Principles and Recommendations"), other than as stated below. Significant policies and details of any significant deviations from the principles are specified below.

Corporate Governance Council Recommendation 1

Lay Solid Foundations for Management and Oversight

Role of the Board of Directors

The role of the Board is to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and ensure the Company is properly managed.

In order to fulfil this role, the Board is responsible for the overall corporate governance of the Company including formulating its strategic direction, setting remuneration and monitoring the performance of Directors and executives. The Board relies on senior executives to assist it in approving and monitoring expenditure, ensuring the integrity of internal controls and management information systems and monitoring and approving financial and other reporting.

In complying with Recommendation 1.1 of the Corporate Governance Council, the Company has adopted a Board Charter which clarifies the respective roles of the Board and senior management and assists in decision making processes. A copy of the Board Charter is available on the Company's website.

Board Processes
An agenda for the meetings has been determined to ensure certain standing information is addressed and other items which are relevant to reporting deadlines and or regular review are scheduled when appropriate. The agenda is regularly reviewed by the Chairman, the Managing Director and the Company Secretary.

Evaluation of Senior Executive Performance
The Company has not complied with Recommendation 1.2 of the Corporate Governance Council. Due to the early stage of development of the Company it is difficult for quantitative measures of performance to be established. As the Company progresses its projects, the board intends to establish appropriate evaluation procedures. The Chairman assesses the performance of the Executive Directors on an informal basis.

Corporate Governance Council Recommendation 2

Structure the Board to Add Value

Board Composition
The Constitution of the Company provides that the number of Directors shall not be less than three. There is no requirement for any share holding qualification.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the scope of activities of the Company, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the Board and are subject to re election by shareholders at the next general meeting. In any event one third of the Directors are subject to re election by shareholders at each general meeting.

The Board is comprised of four members, two Non-Executive and two Executive. The Non-Executive Directors are Mr Paul Chapman (Chairman) and Dr Jonathan Hronsky. The skills, experience and expertise of all Directors is set out in the Directors' Report section of this Annual Report.

The Board has assessed the independence of its non executive directors according to the definition contained within the ASX Corporate Governance Guidelines and has concluded that one of the current Non-Executive Directors, Mr Chapman does not meet the recommended independence criteria, by virtue of his substantial shareholding in the Company. As a result the Company does not comply with Recommendation 2.1 of the Corporate Governance Council. However, the Board considers that both its structure and composition are appropriate given the size of the Company and that the interests of the Company and its shareholders are well met.

Independent Chairman
The Chairman is not considered to be an independent director and as such Recommendation 2.2 of the Corporate Governance Council has not been complied with. However, the Board believes that Mr Chapman is the most appropriate person for the position as Chairman because of his industry experience and proven track record as a public company director.

Roles of Chairman and Chief Executive Officer
The roles of Chairman and Chief Executive Officer are exercised by different individuals, and as such the Company complies with Recommendation 2.3 of the Corporate Governance Council.

Nomination Committee
The Board does not have a separate Nomination Committee comprising of a majority of independent Directors and as such does not comply with Recommendation 2.4 of the Corporate Governance Council. The selection and appointment process for Directors is carried out by the full Board. The Board considers that given the importance of Board composition it is appropriate that all members of the Board partake in such decision making. The Company adopted the Nomination Committee Charter on 8 February 2006.

Corporate Governance Statement continued

Evaluation of Board Performance

The Company does not have a formal process for the evaluation of the performance of the Board and as such does not comply with Recommendation 2.5 of the Corporate Governance Council. The Board is of the opinion that the competitive environment in which the Company operates will effectively provide a measure of the performance of the Directors, in addition the Chairman assesses the performance of the Board, individual directors and key executives on an informal basis.

Education

All Directors are encouraged to attend professional education courses relevant to their roles.

Independent Professional Advice and Access to Information

Each Director has the right to access all relevant information in respect of the Company and to make appropriate enquiries of senior management. Each Director has the right to seek independent professional advice at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

Corporate Governance Council Recommendation 3

Promote Ethical and Responsible Decision Making

The Board actively promotes ethical and responsible decision making.

Code of Conduct

The Board has adopted a Code of Conduct that applies to all employees, executives and Directors of the Company, and as such complies with Recommendation 3.1 of the Corporate Governance Council. This Code addresses expectations for conduct in accordance with legal requirements and agreed ethical standards. A copy of the Code is available on the Company's website.

Guidelines for Trading in Company Securities

The Board has committed to ensuring that the Company, its Directors and executives comply with their legal obligations as well as conducting their business in a transparent and ethical manner. The Board has adopted a procedure on dealing in the Company's securities by directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information.

The guidelines also provide that the acknowledgement of the Chairman or the Board should be obtained prior to trading. A summary of the Guidelines are available on the Company's website.

The Company's policy restricts, notwithstanding exceptional circumstances, the trading in Company's securities by those individuals covered by the policy to trading windows that are open for 10 days following the hosting of General Meetings of the Company, the release of annual, half yearly results and quarterly reports and after any other public announcement on ASX.

Diversity

The Board has adopted a diversity policy that details the purpose of the policy and the employee selection and appointment guidelines, consistent with the recommendations of the Corporate Governance Council. The Board believes that the adoption of an efficient diversity policy has the effect of broadening the employee recruitment pool, supporting employee retention, including different perspectives and is socially and economically responsible governance practice.

The recommendations of the Corporate Governance Council relating to reporting are effective from 1 July 2011 and require a Board to set measurable objectives for achieving gender diversity and to report against them on an annual basis. The Board is currently reviewing its practices with a focus on ensuring that the selection process at all levels within the organisation is formal and transparent and that the workplace environment is open, fair and tolerant.

The Company employs new employees and promotes current employees on the basis of performance, ability and attitude.

The Company, in keeping with the recommendations of the Corporate Governance Council provides the following information regarding the proportion of gender diversity in the organisation as at 30 June 2011:

	Proportion of female / total number of persons employed
Females employed in the Company as a whole	5 / 12
Females employed in the Company in senior positions	1 / 1
Females appointed as a Director of the Company	0 / 4

Corporate Governance Council Recommendation 4

Safeguarding Integrity in Financial Reporting

Audit Committee

The Board does not have a separate Audit Committee with a composition as suggested by Recommendations 4.1, 4.2 and 4.3 of the Corporate Governance Council. The full Board carries out the function of an audit committee. The Board believes that the Company is not of a sufficient size to warrant a separate committee and that the full Board is able to meet objectives of the best practice recommendations and discharge its duties in this area. The relevant experience of Board members is detailed in the Directors' section of the Directors' Report.

Financial reporting

The Board relies on senior executives to monitor the internal controls within the Company. Financial performance is monitored on a regular basis by the Managing Director who reports to the Board at the scheduled Board meetings.

The Board reviews the performance of the external auditors on an annual basis and meets with them during the year to review findings and assist with Board recommendations.

In the absence of a formal audit committee the Non-executive Directors of the Company are available for correspondence with the auditors of the Company.

Corporate Governance Council Recommendation 5

Make Timely and balanced disclosure

Continuous Disclosure

The Board is committed to the promotion of investor confidence by providing full and timely information to all security holders and market participants about the Company's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the Australian Securities Exchange's Listing Rules. The Company has established written policies and procedures, designed to ensure compliance with the ASX Listing Rule Requirements, in accordance with Recommendation 5.1 of the Corporate Governance Council.

Continuous disclosure is discussed at all regular Board meetings and on an ongoing basis the Board ensures that all activities are reviewed with a view to the necessity for disclosure to security holders.

In accordance with ASX Listing Rules the Company Secretary is appointed as the Company's disclosure officer.

Corporate Governance Council Recommendation 6

Respect the Rights of Shareholders

Communications

The Board fully supports security holder participation at general meetings as well as ensuring that communications with security holders are effective and clear. This has been incorporated into a formal shareholder communication strategy, in accordance with Recommendation 6.1 of the Corporate Governance Council. A copy of the policy is available on the Company's website.

In addition to electronic communication via the ASX web site, the Company publishes all significant announcements together with all quarterly reports. These documents are available in both hardcopy on request and on the Company web site at *www.enrl.com.au*

Shareholders are able to pose questions on the audit process and the financial statements directly to the independent auditor who attends the Company Annual General Meeting for that purpose.

Corporate Governance Council Recommendation 7

Recognise and Manage Risk

Risk management policy

The Board has adopted a risk management policy that sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to the Managing Director, therefore complying with Recommendation 7.1 of the Corporate Governance Council. The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed.

Risk management and the internal control system

The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

In order to implement the Company's Risk Management Policy, it was considered important that the Company establish an internal control regime in order to:

- Assist the Company to achieve it's strategic objectives;
- Safeguard the assets and interests of the Company and its stakeholders; and
- Ensure the accuracy and integrity of external reporting.

Key identified risks to the business are monitored on an ongoing basis as follows:

- **Business risk management**
  The Company manages its activities within budgets and operational and strategic plans.
- **Internal controls**
  The Board has implemented internal control processes typical for the Company's size and stage of development. It requires the senior executives to ensure the proper functioning of internal controls and in addition it obtains advice from the external auditors as considered necessary.
- **Financial reporting**
  Directors approve an annual budget for the Company and regularly review performance against budget at Board Meetings.
- **Operations review**
  Members of the Board regularly visit the Company's exploration project areas, reviewing both geological practices, and environmental and safety aspects of operations.

- **Environment and safety**
  The Company is committed to ensuring that sound environmental management and safety practices are maintained on its exploration activities.

The Company's risk management strategy is evolving and will be an ongoing process and it is recognised that the level and extent of the strategy will develop with the growth and change in the Company's activities.

Risk Reporting
As the Board has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively therefore not complying with Recommendation 7.2 of the Corporate Governance Council. The Board believes that the Company is currently effectively communicating its significant and material risks to the Board and its affairs are not of sufficient complexity to justify the implementation of a more formal system for identifying, assessing monitoring and managing risk in the Company.

The Company does not have an internal audit function.

Managing Director and Chief Financial Officer Written Statement
The Board requires the Managing Director and the Company Secretary provide a written statement that the financial statements of company present a true and fair view, in all material aspects, of the financial position and operational results and have been prepared in accordance with Australian Accounting Standards and the Corporation Act. The Board also requires that the Managing Director and Company Secretary provide sufficient assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is working effectively.

The declarations have been received by the Board, in accordance with Recommendation 7.3 of the Corporate Governance Council.

Corporate Governance Council Recommendation 8

Remunerate Fairly and Responsibly

Remuneration Committee
The Board does not have a separate Remuneration Committee and as such does not comply with Recommendation 8.1 of the Corporate Governance Council. Remuneration arrangements for Directors are determined by the full Board. The Board is also responsible for setting performance criteria, performance monitors, share option schemes, superannuation, termination and retirement entitlements, and professional indemnity and liability insurance cover.

The Board considers that the Company is effectively served by the full Board acting as a whole in remuneration matters, and ensures that all matters of remuneration continue to be decided upon in accordance with Corporations Act requirements, by ensuring that no Director participates in any deliberations regarding their own remuneration or related issues.

Distinguish Between Executive and Non-Executive Remuneration
The Company does distinguish between the remuneration policies of its Executive and Non-Executive Directors in accordance with Recommendation 8.2 of the Corporate Governance Council.

Executive Directors receive salary packages which may include performance based components, designed to reward and motivate, including the granting of share options, subject to shareholder approval and vesting conditions relating to continuity of engagement.

Non-Executive Directors receive fees agreed on an annual basis by the Board, within total Non-Executive remuneration limits voted upon by shareholders at Annual General Meetings. Share options which were issued to a Non-Executive Director, were subject to shareholder approval and a vesting condition based upon continuity of engagement. The grant of options was deemed appropriate by the Board to provide an incentive and to reward the Director.

Directors' Report

The Directors present their report on Encounter Resources Limited (the Company) and the entities it controlled at the end of, and during the year ended 30 June 2011 (the Group).

Directors

The names and details of the Directors of Encounter Resources Limited during the financial year and until the date of this report are:

Paul Chapman – B.Comm, ACA, Grad. Dip. Tax, CFTP(Snr), MAICD, MAusIMM

Non-Executive Chairman appointed 7 October 2005

Mr Paul Chapman is a chartered accountant with over twenty years experience in the resources sector gained in Australia and the United States. Mr Chapman has experience across a range of commodity businesses including gold, nickel, uranium, manganese, bauxite/alumina and oil/gas. Mr Chapman has held managing director and other senior management roles in public companies of various sizes. Mr Chapman was a director of Albidon Limited until 22 April 2009 and is the chairman of ASX listed gold producer Sliver Lake Resources Ltd and minerals explorer Rex Minerals Ltd.

Will Robinson – B.Comm, MAusIMM

Managing Director (Executive) appointed 30 June 2004

Mr Robinson is a resources industry commercial and finance specialist with over sixteen years experience in commercial management, transaction structuring and negotiation, business strategy development and London Metals Exchange metals trading. Mr Robinson held various senior commercial positions with WMC in Australia and North America from 1994 to 2003. Mr Robinson has extensive experience in the sale and distribution of commodities and was Vice President – Marketing for WMC's nickel business from 2001 to 2003. Mr Robinson founded Encounter Resources Limited in 2004 and has overseen the development of the Company as its Managing Director. Mr Robinson is the President of the Association of Mining and Exploration Companies (AMEC).

Peter Bewick – B.Eng (Hons), MAusIMM

Exploration Director (Executive) appointed 7 October 2005

Mr Bewick is an experienced geologist and has held a number of senior mine and exploration geological roles during a fourteen year career with WMC. These roles include Exploration Manager and Geology Manager of the Kambalda Nickel Operations, Exploration Manager for St Ives Gold Operation, Exploration Manager for WMC's Nickel Business Unit and Exploration Manager for North America based in Denver, Colorado. Whilst at WMC, Mr Bewick gained extensive experience in project generation for a range of commodities including nickel, gold and bauxite. Mr Bewick has been associated with a number of brownfields exploration successes at Kambalda and with the greenfield Collurabbie Ni-Cu-PGE discovery.

Jonathan Hronsky – BAppSci, PhD, MAusIMM, FSEG

Non-executive director appointed 10 May 2007

Dr Jon Hronsky has more than twenty five years of experience in the mineral exploration industry, primarily focused on project generation, technical innovation and exploration strategy development. Dr Hronsky has particular expertise in targeting for nickel sulfide deposits, but has worked across a diverse range of commodities. His work led to the discovery of the West Musgrave nickel sulfide province in Western Australia. Dr Hronsky was most recently Manager-Strategy & Generative Services for BHP Billiton Mineral Exploration. Prior to that, he was Global Geoscience Leader for WMC Resources Ltd. He is currently a Director of exploration consulting group Western Mining Services and Chairman of the board of management of the Centre for Exploration Targeting at the University of Western Australia.

Company Secretary

Kevin Hart – B.Comm, FCA

Mr Hart is a Chartered Accountant and was appointed to the position of Company Secretary on 4 November 2005. He has over 20 years experience in accounting and the management and administration of public listed entities in the mining and exploration industry.

He is currently a partner in an advisory firm, Endeavour Corporate, which specialises in the provision of company secretarial and accounting services to ASX listed entities.

Dan Travers – B.Sc (Hons), FCCA

Mr Travers is a Fellow of the Association of Chartered Certified Accountants and was appointed to the position of Joint Company Secretary on 20 November 2008. He is an employee of Endeavour Corporate, which specialises in the provision of company secretarial and accounting services to ASX listed entities in the mining and exploration industry.

Directors' Interests

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

Director	*Directors' Interests in Ordinary Shares*	*Directors' Interests in Unlisted Options*	*Options vested at the reporting date*
P Chapman	4,747,400	–	–
W Robinson	21,846,900	–	–
P Bewick	4,725,000	4,300,000	4,300,000
J Hronsky	–	1,300,000	1,300,000

Included in the Directors' interests in Unlisted Options, there are 5,600,000 options that are vested and exercisable as at the date of signing this report.

Directors' Meetings

The number of meetings of the Company's Directors held during the year ended 30 June 2011, and the number of meetings attended by each Director are as follows:

Director	*Board of Directors' Meetings Held*	*Attended*
P Chapman	7	7
W Robinson	7	7
P Bewick	7	7
J Hronsky	7	7

Principal Activities

The principal activity of the Company during the financial year was mineral exploration in Western Australia.

There were no significant changes in these activities during the financial year.

Results of Operations

The consolidated net loss after income tax for the financial year was $4,933,106 (2010: $918,288).

Included in the consolidated loss for the current year is a write-off of deferred exploration expenditure totalling $2,097,750 (2010: $666,519).

Dividends

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

Review of Activities

Exploration

Exploration activities for the financial year have been focussed on the Company's Yeneena Project in the Paterson Province, principally at the BM1 copper discovery and the BM2 copper prospect. The Yeneena Project covers a 1,300km^2 area of the Paterson Province in Western Australia.

Drilling during the year at BM1 has been successful in defining a coherent zone of high grade, near surface, copper oxide mineralisation. Planned follow up work will test for primary copper sulphides below the oxide position, identify key stratigraphic and structural controls, and to identify the possible source of the copper oxide mineralisation.

At BM2 the Company has identified a broad area of regolith copper anomalism. Follow up diamond drilling to provide structural information identified a 100m thick zone containing metal bearing sulphide veins.

In addition to its activity at BM1 and BM2 the Company has continued to advance other prospects at the Yeneena Project.

Full details of the Company's exploration activities are available in the Exploration Review in the Annual Report.

Financial Position

At the end of the financial year the Group had $7,241,296 (2010: $2,374,645) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is $7,535,748 (2010: $6,052,602).

Expenditure was principally focused on the exploration for base metals at the Company's Yeneena Project in the Paterson Province of Western Australia.

Directors' Report continued

Significant Changes in the State of Affairs

During the year the Company completed placements of 11,482,925 shares at $0.27 each, raising $3,100,390 before costs, and 7,500,000 shares at $0.80 cents each, raising $6,000,000 before costs.

Other than the above, there have been no significant changes in the state of affairs of the Company and Group during or since the end of the financial year.

Options over Unissued Capital

Unlisted Options

During the financial year the Company granted 5,500,000 unlisted options (2010: nil) over unissued shares to employees, directors and consultants of the Company.

During the year 175,000 options were cancelled expired (2010: Nil) on the cessation of employment.

During the financial year 1,200,000 (2010: 275,000) ordinary shares were issued on the exercise of options. The shares were issued at various prices and were exercisable by various dates.

Since the end of the financial year 150,000 options, exercisable at $1.35 each on or before 22 November 2014 have been issued by the Company. No options have been exercised since the end of the financial year.

As at the date of this report 7,025,000 unissued ordinary shares of the Company are under option as follows:

Number of Options Granted	*Exercise Price*	*Grant Date*	*Expiry Date*
50,000	50 cents	9 August 2007	9 August 2012
500,000	53.5 cents	11 December 2007	30 November 2012
400,000	55 cents	11 December 2007	30 November 2012
400,000	70 cents	11 December 2007	30 November 2012
200,000	30 cents	1 July 2008	30 June 2013
5,475,000	$1.35	Various	22 November 2014

All options on issue at the date of this report are vested and exercisable.

These unlisted options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

Matters Subsequent to the End of the Financial Year

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Likely Developments and Expected Results of Operations

Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors to do so would be likely to prejudice the business activities of the Group and is dependent upon the results of the future exploration and evaluation.

Environmental Regulation and Performance

The Group holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities.

So far as the Directors are aware, all exploration activities have been undertaken in compliance with all relevant environmental regulations.

Remuneration Report (Audited)

Remuneration Policy

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. Remuneration packages include fixed remuneration with bonuses or equity based remuneration entirely at the discretion of the Board based on the performance of the Company.

Total remuneration for all Non-Executive Directors was last voted on by shareholders on 26 November 2007, whereby it is not to exceed $200,000 per annum. Non-Executive Directors do not receive bonuses. Directors' fees cover all main Board activities.

At the date of this report the Company has not entered into any agreements with Directors or senior executives which include performance based components.

Details of Remuneration for Directors and Executive Officers

During the year there were no senior executives which were employed by the Company for whom disclosure is required.

Details of the remuneration of each Director of the Company are as follows:

2011 *Directors*	*Base Emolument $*	*Superannuation Contributions $*	*Other Benefits $*	*Value of Options Granted $*	*Total $*	*Share based payments as % of remuneration*
P Chapman	52,000	4,608	–	–	56,608	–
W Robinson	250,275	22,525	–	–	272,800	–
P Bewick	231,000	20,790	–	1,509,449	1,761,239	85.7%
J Hronsky	46,200	4,158	–	345,017	395,375	87.3%
Total	**579,475**	**52,081**	**–**	**1,854,466**	**2,486,022**	**74.6%**

2010 *Directors*	*Base Emolument $*	*Superannuation Contributions $*	*Other Benefits $*	*Value of Options Granted $*	*Total $*	*Share based payments as % of remuneration*
P Chapman	39,267	3,534	–	–	42,801	–
W Robinson	213,513	19,216	–	–	232,729	–
P Bewick	196,333	17,670	–	–	214,003	–
J Hronsky	40,600	3,654	–	–	44,254	–
Total	**489,713**	**44,074**	**–**	**–**	**533,787**	**–**

Executive Employment Agreements

Remuneration and other terms of employment for the Managing Director and Exploration Director are set out in their respective Executive Employment Agreements. Both employment contracts are for a two year term commencing 23 January 2011 and are subject to a three month notice of termination of contract.

The contractual arrangements contain certain provisions typically found in contracts of this nature.

Payment of termination benefits by the employer, other than amongst other things for gross misconduct is equal to the payment limit set by Sub-section 200G of the Corporations Act 2001.

Directors' Report continued

Unlisted Options

4,300,000 (2010: Nil) options over unissued shares were issued to Directors of the Company as follows:

Director	*Number of Options*	*Exercise price*	*Expiry date*
Peter Bewick	3,500,000	$1.35	22 November 2014
Jon Hronsky	800,000	$1.35	22 November 2014

No options have been issued to other Key Management Personnel of the Company (2010: Nil).

No options have been issued to Directors or Key Management Personnel since the end of the financial year.

No options were exercised by Key Management Personnel during or since the end of the financial year.

End of Remuneration Report

Officer's Indemnities and Insurance

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance for an auditor of the Company.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or Group, or to intervene in any proceedings to which the Company or Group is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company or Group with leave of the Court under section 237 of the Corporations Act 2001.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the Annual Report.

Non-audit Services

During the year Crowe Horwath the Company's auditor, has not performed any other services in addition to their statutory duties:

	2011 $	2010 $
Total remuneration paid to auditors during the financial year:		
Audit and review of the Company's financial statements	**32,000**	30,500
Other services	**–**	–
Total	**32,000**	30,500

The board considers any non-audit services provided during the year by the auditor and satisfies itself that the provision of any non-audit services during the year by the auditor is compatible with, and does not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services are reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on page 32.

This report is made in accordance with a resolution of the Directors.

Dated at Perth this 16th day of September 2011.

W Robinson
Managing Director

Crowe Horwath.

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Encounter Resources Ltd for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Horwath Perth

CROWE HORWATH PERTH

SEAN MCGURK
Partner

Signed at Perth, 16 September 2011

Crowe Horwath Perth is a WHK Group Firm and a member of Crowe Horwath International, a Swiss verein. Each member firm of Crowe Horwath is a separate and independent legal entity.

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2011

	Note	Consolidated 2011 $	2010 $
Revenue	5	337,741	305,373
Total revenue		337,741	305,373
Employee expenses		(1,038,130)	(896,280)
Employee expenses recharged to exploration		838,006	716,688
Equity based remuneration expense	17	(2,351,643)	(44,762)
Non-executive Director's fees		(97,400)	(79,867)
Depreciation expense	6	(16,158)	(16,629)
Corporate expenses		(125,078)	(105,536)
Joint venture administration costs recharged		34	383
Other expenses from ordinary activities		(382,728)	(303,227)
Exploration costs written off and expensed	6	(2,097,750)	(666,519)
Loss before income tax		(4,933,106)	(1,090,376)
Income tax benefit/(expense)	7	–	172,088
Loss after tax	17	(4,933,106)	(918,288)
Other comprehensive income		–	–
Total comprehensive income for the year		(4,933,106)	(918,288)

		Cents	Cents
Earnings per share for loss attributable to the ordinary equity holders of the Company			
Basic earnings/(loss) per share	27	(5.2)	(1.2)
Diluted earnings/(loss) per share	27	(5.2)	(1.2)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2011

	Note	Consolidated 2011 $	2010 $
Current assets			
Cash and cash equivalents	8	**7,241,296**	2,374,645
Trade and other receivables	9(a)	**121,144**	320,961
Other current assets	9(b)	**98,584**	96,079
Total current assets		**7,461,024**	2,791,685
Non-current assets			
Property, plant and equipment	11	**337,195**	152,274
Capitalised mineral exploration and evaluation expenditure	12	**7,535,748**	6,052,602
Total non-current assets		**7,872,943**	6,204,876
Total assets		**15,333,967**	8,996,561
Current liabilities			
Trade and other payables	14(a)	**482,966**	454,483
Employee benefits	14(b)	**37,879**	62,973
Total current liabilities		**520,845**	517,456
Total liabilities		**520,845**	517,456
Net assets		**14,813,122**	8,479,105
Equity			
Issued capital	15	**21,660,547**	12,745,067
Accumulated losses	17	**(9,448,420)**	(4,742,176)
Equity remuneration reserve	17	**2,600,995**	476,214
Total equity		**14,813,122**	8,479,105

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2011

	Consolidated			
	Issued capital $	Accumulated losses $	Equity remuneration reserve $	Total $
2010				
Balance at the start of the financial year	9,443,330	(3,823,888)	431,452	6,050,894
Comprehensive income for the financial year	–	(918,288)	–	(918,288)
Movement in equity remuneration reserve	–	–	44,762	44,762
Transactions with equity holders in their capacity as equity holders:				
Shares issued	3,301,737	–	–	3,301,737
Balance at the end of the financial year	12,745,067	(4,742,176)	476,214	8,479,105
2011				
Balance at the start of the financial year	**12,745,067**	**(4,742,176)**	**476,214**	**8,479,105**
Comprehensive income for the financial year	**–**	**(4,933,106)**	**–**	**(4,933,106)**
Movement in equity remuneration reserve	**–**	**226,862**	**2,124,781**	**2,351,643**
Transactions with equity holders in their capacity as equity holders:				
Shares issued	**8,915,480**	**–**	**–**	**8,915,480**
Balance at the end of the financial year	**21,660,547**	**(9,448,420)**	**2,600,995**	**14,813,122**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2011

	Note	Consolidated 2011 $	2010 $
Cash flows from operating activities			
State Government funded drilling rebate		–	150,000
R&D tax concession tax refund		171,542	113,732
Interest received		295,885	157,352
Payments to suppliers and employees		(754,242)	(629,858)
Net cash used in operating activities	26	(286,815)	(208,774)
Cash flows from investing activities			
Payments for project acquisition costs		–	(400,000)
Payments for exploration and evaluation		(3,504,287)	(2,568,314)
Payments for plant and equipment		(257,726)	(7,333)
Net cash used in investing activities		(3,762,013)	(2,975,647)
Cash flows from financing activities			
Proceeds from the issue of shares		9,446,640	3,291,745
Payments for share issue costs		(531,161)	(10,997)
Net cash used in financing activities		8,915,479	3,280,748
Net increase/(decrease) in cash held		4,866,651	96,327
Cash at the beginning of the financial year		2,374,645	2,278,318
Cash at the end of the financial year	8(a)	7,241,296	2,374, 645

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the financial year ended 30 June 2011

Note 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements for the consolidated entity consisting of Encounter Resources Limited and its subsidiaries ("Group").

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

The financial report of the Group was authorised for issue in accordance with a resolution of Directors on 16th September 2011.

Statement of Compliance

The consolidated financial report of Encounter Resources Limited complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AIFRS), in their entirety. Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards (IFRS) in their entirety.

Changes in accounting policies on initial application of Accounting Standards

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2010:

- AASB 2009-5 Further *Amendments to Australian Accounting Standards arising from the Annual Improvements Project;*
- AASB 2009-8 *Amendments to Australian Accounting Standards – Group cash-settled Share-based Payment Transactions;*
- AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues;*
- AASB Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments;*
- AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19*; and
- AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project.*

The adoption of these standards did not have any impact on the amounts for the current period or prior periods.

Reporting basis and conventions

These financial statements have been prepared under the historical cost convention, and on an accrual basis.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of consolidation

The financial statements of subsidiary companies are included in the consolidated financial statements from the date control commences until the date control ceases. The financial statements of subsidiary companies are prepared for the same reporting period as the parent company, using consistent accounting policies.

Inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation. Investments in subsidiary companies are accounted for at cost in the individual financial statements of the Company.

Notes to the Financial Statements continued

For the financial year ended 30 June 2011

Note 1 Summary of significant accounting policies continued

(b) Segment reporting

Operating segments are identified and segment information disclosed, where appropriate, on the basis of internal reports reviewed by the Company's board of directors, being the Group's Chief Operating Decision Maker, as defined by AASB 8. Adoption of AASB 8 by the Group has not resulted in a redefinition of previously reported operating segments.

(c) Revenue recognition and receivables

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances and amounts collectable on behalf of third parties.

Interest income

Interest income is recognised on a time proportion basis and is recognised as it accrues.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary timing differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to those timing differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Amounts receivable from the Australian Tax Office in respect of research and development tax concession claims are recognised in the year in which the expenditure on which the claim was incurred.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 23). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Note 1 Summary of significant accounting policies continued

(f) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(i) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight line and written down value methods to allocate their cost, net of residual values, over their estimated useful lives, as follows:

Field equipment	33.3%
Office equipment	33.3%
Leasehold improvements	Over the term of the lease

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)). Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(j) Mineral exploration and evaluation expenditure

Mineral exploration and evaluation expenditure is written off as incurred or accumulated in respect of each identifiable area of interest and capitalised. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

Notes to the Financial Statements continued

For the financial year ended 30 June 2011

Note 1 Summary of significant accounting policies continued

(j) Mineral exploration and evaluation expenditure continued

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Immediate restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure. Exploration activities resulting in future obligations in respect of restoration costs result in a provision to be made by capitalising the estimated costs, on a discounted cash basis, of restoration and depreciating over the useful life of the asset. The unwinding of the effect of the discounting on the provision is recorded as a finance cost in the income statement.

(k) Joint ventures

Interests in joint ventures have been brought to account by including the appropriate share of the relevant assets, liabilities and costs of the joint ventures in their relevant categories in the financial statements. Details of these interests are shown in Note 13.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

(m) Employee benefits

Wages, salaries and annual leave.

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future salaries, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share based payments.

Share based compensation payments are made available to Directors and employees.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option. A discount is applied, where appropriate, to reflect the non-marketability and non-transferability of unlisted options, as the Black-Scholes option pricing model does not incorporate these factors into its valuation.

Note 1 Summary of significant accounting policies continued

(m) Employee benefits continued

The fair value of the options granted is adjusted to reflect market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

(n) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(p) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as a part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flow.

(q) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the Financial Statements continued

For the financial year ended 30 June 2011

Note 1 Summary of significant accounting policies continued

(r) Investments and other financial assets

Recognition

When financial assets are recognised initially, they are measured at fair value, plus in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments included to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

(iv) Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(s) Fair value estimation

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held to maturity investments and available for sale financial assets is determined by reference to their quoted bid price at the reporting date. The fair value of held to maturity investments is determined for disclosure purposes only. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Note 2 Financial risk management

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Company's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

Trade and other receivables

The Group has no investments and the nature of the business activity of the Group does not result in trading receivables. The receivables that the Group does experience through it's normal course of business are short term and the most significant recurring by quantity is the receivable from the Australian Taxation Office, the risk of non-recovery of receivables from this source is considered to be negligible.

Cash deposits

The Group's primary banker is St George Bank Limited, at balance date significantly all operating accounts and funds held on deposit are with this bank other than cash at call deposits with Rabobank Australia and Bankwest Limited. The Directors believe any risk associated with the use of predominantly only one bank is addressed through the use of at least an A-rated bank as a primary banker and by the holding of a portion of funds on deposit with alternative A-rated institutions. Except for this matter the Group currently has no significant concentrations of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

Interest rate risk

The Group has significant cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Group requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements; the Group does mitigate potential interest rate risk by entering into short to medium term fixed interest investments.

The Group does not have any direct contact with foreign exchange or equity risks other than their effect on the general economy.

Notes to the Financial Statements continued

For the financial year ended 30 June 2011

Note 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Accounting for capitalised exploration and evaluation expenditure

The Group's accounting policy is stated at 1(j). There is some subjectivity involved in the carrying forward as capitalised or writing off to the income statement exploration and evaluation expenditure, however management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure reflect fairly the prevailing situation.

Note 4 Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Group's sole activity is mineral exploration and resource development wholly within Australia, therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

The reportable segment is represented by the primary statements forming these financial statements.

Note 5 Revenue

	Consolidated 2011 $	2010 $
State Government funded drilling rebate	**42,208**	150,000
Interest receivable	**295,297**	155,123
Other income	**236**	250
	337,741	305,373

Note 6 Loss for the year

	Consolidated 2011 $	2010 $
Loss before income tax includes the following specific expenses:		
Depreciation:		
Office equipment	**8,779**	9,250
Leasehold improvements	**7,379**	7,379
	16,158	16,629
Rental expenses on operating leases – minimum lease payments	**51,674**	28,142
Exploration expenditure written off	**1,766,977**	535,233
Exploration costs not capitalised	**330,773**	131,286
Total exploration costs expensed	**2,097,750**	666,519

	Consolidated 2011 $	2010 $
Note 7 Income tax		
(a) Income tax expense		
Current income tax:		
Current income tax charge (benefit)	(1,266,734)	(993,401)
Current income tax not recognised	1,266,734	993,401
R&D tax refund receivable	–	(172,088)
Deferred income tax:		
Relating to origination and reversal of timing differences	(788,283)	(21,865)
Deferred income tax benefit not recognised	788,283	21,865
Income tax expense/(benefit) reported in the income statement	–	(172,088)

The Group submitted a claim to the Australian Taxation Office for a Research and Development tax concession in respect of qualifying transactions which occurred during the year ended 30 June 2010. An application has been lodged in respect of qualifying expenditure for the year ended 30 June 2011, due to the immaterial monetary value of the claim no provision has been made in these financial statements.

	2011 $	2010 $
(b) Reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(4,933,106)	(1,090,376)
Tax at the Australian rate of 30% (2010 – 30%)	(1,479,932)	(327,113)
Tax effect of permanent differences:		
Non-deductible share based payment	705,493	13,429
R&D tax refund receivable	–	(172,088)
Exploration costs written off	629,325	199,956
Capital raising costs claimed	(39,071)	(46,902)
Net deferred tax asset benefit not brought to account	184,185	160,630
Tax (benefit)/expense	–	(172,088)
(c) Deferred tax – Balance Sheet		
Liabilities		
Prepaid expenses	(29,576)	(28,823)
Capitalised exploration expenditure	(2,260,724)	(1,815,781)
	(2,290,300)	(1,844,604)
Assets		
Revenue losses available to offset against future taxable income	4,359,507	3,118,000
Employee provisions	11,364	18,892
Accrued expenses	6,000	6,000
Deductible equity raising costs	129,458	60,550
	4,506,329	3,203,442
Net deferred tax asset/(liability)	2,216,029	1,358,838

	Consolidated 2011 $	Consolidated 2010 $
Note 7 Income tax continued		
(d) Deferred tax – Income Statement		
Liabilities		
Prepaid expenses	**(753)**	(12,257)
Capitalised exploration expenditure	**(444,943)**	(700,766)
Assets		
Accruals	**–**	(1,685)
Increase in tax losses carried forward	**1,241,507**	731,657
Employee provisions	**(7,528)**	4,916
Deferred tax benefit/(expense) not recognised	**788,283**	21,865

The deferred tax assets of tax losses not brought to account will only be obtained if:

(i) The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the tax losses to be realised;

(ii) The Company continues to comply with the conditions for deductibility imposed by tax legislation; and

(iii) No changes in tax legislation adversely affect the Company realising the benefit from the deduction of the losses.

All unused tax losses of $14,531,690 (2010: $10,393,333) were incurred by Australian entities.

	Consolidated 2011 $	Consolidated 2010 $
Note 8 Current assets – Cash and cash equivalents		
Cash at bank and on hand	**126,321**	61,863
Deposits at call	**7,114,975**	2,312,782
	7,241,296	2,374,645
(a) Reconciliation to cash at the end of the year		
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:		
Cash and cash equivalents per statement of cash flows	**7,241,296**	2,374,645

(b) Deposits at call

The deposits are bearing fixed interest rates of 6.0% (2010: 5.4%). These deposits have an average maturity of 87 days.

	Consolidated 2011 $	2010 $

Note 9 Current assets – Receivables

	2011 $	2010 $
(a) Trade and other receivables		
Other receivables	61,782	185,327
Recoverable joint venture expenses	4,938	4,808
GST recoverable	54,424	130,826
	121,144	320,961
(b) Other current assets		
Prepaid tenement costs	85,618	84,444
Prepaid insurance	12,966	11,635
	98,584	96,079

Details of fair value and exposure to interest risk are included at note 18.

Note 10 Non-current assets – Investment in controlled entities

(a) Investment in controlled entities

The following amounts represent the respective investments in the share capital of Encounter Resources Limited's wholly owned subsidiary companies:

	Company 2011 $	2010 $
Encounter Operations Pty Ltd	2	2
Hamelin Resources Pty Ltd	1	1

Subsidiary Company	Country of Incorporation	Ownership Interest 2011 %	2010 %
Encounter Operations Pty Ltd	Australia	100%	100%
Hamelin Resources Pty Ltd	Australia	100%	100%

- Encounter Operations Pty Ltd was incorporated in Western Australia on 27 November 2006.
- Hamelin Resources Pty Ltd was incorporated in Western Australia on 24 November 2009.

The ultimate controlling party of the group is Encounter Resources Limited.

	Company 2011 $	2010 $
(b) Loans to controlled entities		
The following amounts are payable to the parent company, Encounter Resources Limited at the reporting date:		
Encounter Operations Pty Ltd	6,986,449	3,878,589
Hamelin Resources Pty Ltd	–	–

The loan to Encounter Operations Pty Ltd, to fund exploration activity is non interest bearing. The Directors of Encounter Resources Limited do not intend to call for repayment within 12 months.

Notes to the Financial Statements continued

For the financial year ended 30 June 2011

Note 11 Non-current assets – Property, plant and equipment

	Consolidated 2011 $	Consolidated 2010 $
Field equipment		
At cost	592,309	339,457
Accumulated depreciation	(275,851)	(219,206)
	316,458	120,251
Office equipment		
At cost	73,441	68,569
Accumulated depreciation	(52,704)	(43,925)
	20,737	24,644
Leasehold improvements		
At cost	22,137	22,137
Accumulated depreciation	(22,137)	(14,758)
	–	7,379
	337,195	152,274
Reconciliation		
Field equipment		
Net book value at start of the year	120,251	177,725
Additions	252,852	1,863
Depreciation	(56,645)	(59,337)
Net book value at end of the year	316,458	120,251
Office equipment		
Net book value at start of the year	24,644	28,424
Additions	4,872	5,470
Depreciation	(8,779)	(9,250)
Net book value at end of the year	20,737	24,644
Leasehold improvements		
Net book value at the start of the year	7,379	14,758
Additions	–	–
Depreciation	(7,379)	(7,379)
Net book value at the end of the year	–	7,379

No items of property, plant and equipment have been pledged as security by the Group.

	Consolidated 2011 $	2010 $

Note 12 Non-current assets – Capitalised mineral exploration and evaluation expenditure

In the exploration and evaluation phase

	2011 $	2010 $
Cost carried forward in respect of:		
Incurred at cost by Encounter Resources Limited on assets not governed by joint venture agreements (i)	**291,285**	455,301
Costs capitalised by Encounter Operations Pty Ltd in respect of the Yeneena Project (ii)	**6,874,888**	3,725,243
Capitalised share of exploration assets under JV Agreements (iii)	**369,575**	1,872,058
Cost carried forward	**7,535,748**	6,052,602

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(i) Exploration and evaluation expenditure recognised on exploration assets held solely by Encounter Resources Limited.

(ii) Exploration and evaluation expenditure recognised incurred by Encounter Operations Pty Ltd on tenements at the Yeneena Project.

(iii) Exploration and evaluation expenditure recognised on tenements under joint venture agreements with Avoca Resources Limited. This amount includes Encounter Resources Limited's proportionate share of exploration assets held by the respective joint venture entities.

The capitalised exploration expenditure written off includes expenditure written off on surrender of, or intended surrender of tenements for both the group entities and the Group's proportionate share of the exploration written off by the joint venture entities.

	Consolidated 2011 $	2010 $
Capitalised exploration costs at the start of the period	**6,052,602**	3,716,716
Capitalised costs in respect of the acquisition of the remaining 25% interest in the Yeneena Project from Barrick (Australia Pacific) Limited	**–**	400,000
Total exploration costs for the period	**3,580,896**	2,602,405
Total exploration costs written off and expensed for the period	**(2,097,750)**	(666,519)
Capitalised exploration costs at the end of the period	**7,535,748**	6,052,602

Note 13 Interest in joint ventures

Joint venture agreements have been entered into with third parties. Details of joint venture agreements are disclosed below.

Assets employed by these joint ventures and the Group's expenditure in respect of them is brought to account initially as capitalised exploration and evaluation expenditure (Refer Note 12) until a formal joint venture agreement is entered into. Thereafter, investment in joint ventures is recorded distinctly from capitalised exploration costs incurred on the company's 100% owned projects.

Regional Uranium Joint Venture Agreement

Under a Joint Venture and Exploration Agreement dated 1 April 2005 the Company and Avoca Resources Limited ("Avoca") have agreed to establish an unincorporated joint venture for the purposes of identifying, acquiring, evaluating and developing or selling mining tenements with potential uranium deposits within Western Australia. Encounter is the manager of the joint venture.

Avoca Resources held a 20% free carried interest in Encounter's exploration projects for the two year period which ended on 1st April 2007. In accordance with the Agreement, Avoca had elected to contribute to the exploration expenditure program commencing 1st April 2007 to maintain their 20% interest the projects. Under the terms of the agreement either party may elect to dilute their interest to a 1% net smelter royalty. On 30 September 2008, Avoca Resources elected to cease contributing to the Joint Venture and is diluting its interest in the projects in accordance with the terms of the Joint Venture agreement.

Lake Way Uranium Joint Venture Agreement

Under the Lake Way Uranium Joint Venture dated 1 July 2007 between Avoca Resources Limited and the Company, the Company has a 60% joint venture interest in the Uranium at the Lake Way South tenement. The parties are contributing to expenditure in accordance with their equity interest. Encounter is the manager of the joint venture. The company's interest in the joint venture may increase to 75% if Avoca elects to dilute its interest in the tenement and be free carried though to decision to mine.

Included in the assets and liabilities of the Group were the items below which represented the Group's interest in the assets and liabilities employed in joint ventures.

The total amount of the Group's capitalised exploration and evaluation expenditure capitalised and employed under joint venture agreements at the reporting date is $369,575 (2010: $1,872,058).

During the reporting period the Group recognised an expense of $1,544,098 (2010: $289,495) being its share of the exploration expenditure written off by the joint venture entities during the period.

	Consolidated	
	2011	2010
	$	$
(i) Lake Way Joint Venture		
Cash and cash equivalents	**6,914**	5,680
Trade and other receivables	**107**	1,146
Capitalised mineral exploration and evaluation expenditure	**175,101**	174,711
Total Assets	**182,122**	181,537
Trade and other payables	**(7,407)**	(7,213)
Total Liabilities	**(7,407)**	(7,213)
Net Assets	**174,715**	174,324
Revenue	**1**	1
Administration expenses	**–**	–
Result before tax	**1**	1

Note 13 Interest in joint ventures continued

	Consolidated 2011 $	2010 $
(ii) Regional Uranium Joint Venture		
Cash and cash equivalents	13,818	9,053
Trade and other receivables	241	381
Capitalised mineral exploration and evaluation expenditure	644,044	2,140,673
Total Assets	658,103	2,150,107
Trade and other payables	(8,440)	(3,693)
Total Liabilities	(8,440)	(3,693)
Net Assets	649,663	2,146,414
Revenue	1	2
Exploration costs written off	(1,544,098)	(289,495)
Administration expenses	(122)	(123)
Result before tax	(1,544,219)	(289,616)

Note 14 Current liabilities – Trade and other payables

	Consolidated 2011 $	2010 $
(a) Trade and other payables		
Trade payables and accruals	444,133	396,406
Other payables	38,833	58,077
	482,966	454,483
(b) Employee benefits		
Liability for annual leave	37,879	62,973

Liabilities are not secured over the assets of the Group. Details of fair value and exposure to interest risk are included at note 18.

Note 15 Issued capital

(a) Ordinary shares

The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia.

The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

Notes to the Financial Statements continued

For the financial year ended 30 June 2011

Note 15 Issued capital continued

		2011 No.	2010 No.	2011 $	2010 $
(b) Share capital					
Issued share capital		**99,344,360**	79,161,435	**21,660,547**	12,745,067
(c) Share movements during the year					
Balance at the start of the financial year		**79,161,435**	68,596,900	**12,745,067**	9,443,330
Share placement	$0.34	**–**	10,289,535	**–**	3,489,442
Issued on exercise of options	$0.10	**500,000**	275,000	**50,000**	27,500
Issued on exercise of options	$0.20	**100,000**	–	**20,000**	–
Issued on exercise of options	$0.30	**125,000**	–	**37,500**	–
Issued on exercise of options	$0.45	**100,000**	–	**45,000**	–
Issued on exercise of options	$0.50	**125,000**	–	**62,500**	–
Issued on exercise of options	$0.525	**250,000**	–	**131,250**	–
Share placement	$0.27	**11,482,925**	–	**3,100,390**	–
Share placement	$0.80	**7,500,000**	–	**6,000,000**	–
Less share issue costs		**–**	–	**(531,160)**	(215,205)
Balance at the end of the financial year		**99,344,360**	79,161,435	**21,660,547**	12,745,067

(d) Option plan

Information relating to the Encounter Resources Limited Directors, Officers and Employees Option Plan is set out in note 16.

Note 16 Options and share based payments

The establishment of the Encounter Resources Limited Directors, Officers and Employees Option Plan ('the Plan") was last approved by a resolution at the Annual General Meeting of shareholders of the Company on 30 November 2009. All eligible Directors, executive officers and employees of Encounter Resources Limited who have been continuously employed by the Company are eligible to participate in the Plan.

The Plan allows the Company to issue free options to eligible persons. The options can be granted free of charge and are exercisable at a fixed price in accordance with the Plan.

Options issued under the Plan have a 12 month vesting period prior to exercise, except under certain circumstances whereby options may be capable of exercise prior to the expiry of the vesting period.

(a) Options issued during the year

During the financial year the Company granted 5,500,000 options over unissued shares, exercisable at $1.35 each on or before 22 November 2014 (2010: nil).

Note 16 Options and share based payments continued

(b) Options exercised during the year

During the financial year the Company issued shares on the exercise of 1,200,000 unlisted employee options (2010: 275,000). The options were exercised at various prices as follows:

Number of options exercised	Exercise price	Expiry date
100,000	$0.20	23 March 2011
100,000	$0.45	15 May 2011
250,000	$0.525	7 December 2011
125,000	$0.50	30 November 2012
125,000	$0.30	30 June 2013
500,000	$0.10	28 February 2014
1,200,000		

(c) Options cancelled during the year

During the year 175,000 options (2010: nil) were cancelled upon termination of employment.

(d) Options on issue at the balance date

The number of options outstanding over unissued ordinary shares at 30 June 2010 is 6,875,000 (2010: 2,750,000). The terms of these options are as follows:

Number of options outstanding	Exercise price	Expiry date
50,000	50 cents	9 August 2012
500,000	53.5 cents	30 November 2012
400,000	55 cents	30 November 2012
400,000	70 cents	30 November 2012
200,000	30 cents	30 June 2013
5,325,000	$1.35	22 November 2014
6,875,000		

(e) Subsequent to the balance date

150,000 unlisted employee options, exercisable at $1.35 each on or before 22 November 2014 have been granted subsequent to the balance date and to the date of signing this report.

No options have been exercised subsequent to the balance date to the date of signing this report.

Reconciliation of movement of options over unissued shares during the period including weighted average exercise price (WAEP)

	2011		2010	
	No.	**WAEP (cents)**	No.	WAEP (cents)
Options outstanding at the start of the year	**2,750,000**	**43.6**	3,025,000	40.5
Options granted during the year	**5,500,000**	**135.0**	–	–
Options exercised during the year	**(1,200,000)**	**28.9**	(275,000)	10.0
Options expiring unexercised during the year	**(175,000)**	**135.0**	–	
Options outstanding at the end of the year	**6,875,000**	**117.0**	2,750,000	43.6

Notes to the Financial Statements continued

For the financial year ended 30 June 2011

Note 16 Options and share based payments continued

(e) Subsequent to the balance date continued

Basis and assumptions used in the valuation of options.

The options issued during the year were valued using the Black-Scholes option valuation methodology.

Date granted	Number of options granted	Exercise price (cents)	Expiry date	Risk free interest rate used	Volatility applied	Option valuation (cents)
26 November 2010	5,000,000	$1.35	22 November 2014	5.27%	103%	43.13
4 March 2011	500,000	$1.35	22 November 2014	5.16%	98%	39.06

Historical volatility has been used as the basis for determining expected share price volatility, as it is assumed that this is an indicator of future tender, which may not eventuate. A discount of 30% in respect of a lack of marketability has been applied to the Black-Scholes option valuation to reflect the non-negotiability and non-transferability of the unlisted options granted.

Note 17 Reserves and accumulated losses

	Consolidated			
	2011		2010	
Consolidated	**Accumulated losses $**	**Equity remuneraton reserve (i) $**	Accumulated losses $	Equity remuneration reserve (i) $
Balance at the beginning of the year	**(4,742,176)**	**476,214**	(3,823,888)	431,452
Loss for the period	**(4,933,106)**	**–**	(918,288)	–
Movement in equity remuneration reserve in respect of options issued	**–**	**2,351,643**	–	44,762
Transfer to accumulated losses on exercise of options	**151,390**	**(151,390)**	–	–
Transfer to accumulated losses on cancellation of options	**75,472**	**(75,472)**	–	–
Balance at the end of the year	**(9,448,420)**	**2,600,995**	(4,742,176)	476,214

(i) The equity remuneration reserve is used to recognise the fair value of options issued but not exercised.

Note 18 Financial instruments

Credit risk

The Directors do not consider that the Group's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made, note 2(a).

Impairment losses

The Directors do not consider that any of the Group's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the reporting period, other than the write off of deferred exploration assets at note 12.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, note 2(b):

Consolidated	Carrying amount $	Contractual cash flows $	6 months or less $	6-12 months $	1-2 years $	2-5 years $	More than 5 years $
2011							
Trade and other payables	**424,133**	**424,133**	**424,133**	**–**	**–**	**–**	**–**
	424,133	**424,133**	**424,133**	**–**	**–**	**–**	**–**
2010							
Trade and other payables	376,406	376,406	376,406	–	–	–	–
	376,406	376,406	376,406	–	–	–	–

Interest rate risk

At the reporting date the interest profile of the Group's interest-bearing financial instruments was:

	Carrying amount ($) 2011	2010
Fixed rate instruments		
Financial assets	**–**	–
Variable rate instruments		
Financial assets	**7,241,296**	2,374,645

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	1% increase $	1% decrease $	1% increase $	1% decrease $
2011				
Variable rate instruments	**72,413**	**(72,413)**	**72,413**	**(72,413)**
2010				
Variable rate instruments	23,746	(23,746)	23,746	(23,746)

Notes to the Financial Statements continued

For the financial year ended 30 June 2011

Note 18 Financial instruments continued

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	Consolidated 2011		2010	
	Carrying amount $	**Fair value $**	Carrying amount $	Fair value $
Cash and cash equivalents	**7,241,296**	**7,241,296**	2,374,645	2,374,645
Trade and other payables	**(424,133)**	**(424,133)**	(376,406)	(376,406)
	6,817,163	**6,817,163**	1,998,239	1,998,239

The Group's policy for recognition of fair values is disclosed at note 1(s).

Note 19 Dividends

No dividends were paid or proposed during the financial year ended 30 June 2011 or 30 June 2010.

The Company has no franking credits available as at 30 June 2011 or 30 June 2010.

Note 20 Key management personnel disclosures

(a) Directors and key management personnel

The following persons were directors of Encounter Resources Limited during the financial year:

(i) *Chairman – non-executive*
Paul Chapman

(ii) *Executive directors*
Will Robinson, Managing Director
Peter Bewick, Exploration Director

(iii) *Non-executive directors*
Jonathan Hronsky, Director

There were no other persons employed by or contracted to the Company during the financial year, having responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

(b) Key management personnel compensation

Details of key management personnel remuneration are contained in the Audited Remuneration Report in the Directors' Report. A summary of total compensation paid to key management personnel during the year is as follows:

	2011 $	2010 $
Total short-term employment benefits	**579,475**	489,713
Total share based payments	**1,854,466**	–
Total post-employment benefits	**52,081**	44,074
	2,486,022	533,787

Note 20 Key management personnel disclosures continued

(c) Equity instrument disclosures relating to key management personnel

Unlisted Options provided as remuneration and shares issued on exercise of such options
No options over unissued shares have been issued to key management personnel of the Company during the current or prior financial year.

The fair value of options issued as remuneration is allocated to the relevant vesting period of the options.

The options were provided at no cost to the recipients. No options were exercised by Key Management Personnel during the financial year.

Option holdings
Key Management Personnel have the following interests in unlisted options over unissued shares of the Company.

Name – Directors	Balance at start of the year	Received during the year as remuneration	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
2011					
P Chapman	**–**	**–**	**–**	**–**	**–**
W Robinson	**–**	**–**	**–**	**–**	**–**
P Bewick	**800,000**	**3,500,000**	**–**	**4,300,000**	**4,300,000**
J Hronsky	**500,000**	**800,000**	**–**	**1,300,000**	**1,300,000**
2010					
P Chapman	–	–	–	–	–
W Robinson	–	–	–	–	–
P Bewick	800,000	–	–	800,000	400,000
J Hronsky	500,000	–	–	500,000	500,000

Share holdings
The number of shares in the Company held during the financial year by key management personnel of the Company, including their related parties are set out below. There were no shares granted during the reporting period as compensation.

Name – Directors	Balance at start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
2011				
P Chapman	**4,747,400**	**–**	**–**	**4,747,400**
W Robinson	**21,846,900**	**–**	**–**	**21,846,900**
P Bewick	**4,725,000**	**–**	**–**	**4,725,000**
J Hronsky	**–**	**–**	**–**	**–**
2010				
P Chapman	4,747,400	–	–	4,747,400
W Robinson	21,846,900	–	–	21,846,900
P Bewick	4,725,000	–	–	4,725,000
J Hronsky	–	–	–	–

(d) Loans made to key management personnel
No loans were made to key personnel, including personally related entities during the reporting period.

(e) Other transactions with key management personnel
There were no other transactions with key management personnel.

Note 21 Remuneration of auditors

	Consolidated 2011 $	2010 $
Audit and review of the Company's financial statements	**32,000**	30,500
Other services	**–**	–
Total	**32,000**	30,500

Note 22 Contingencies

(i) Contingent liabilities

There were no material contingent liabilities not provided for in the financial statements of the Group as at 30 June 2011 or 30 June 2010 other than:

Yeneena Project Gold Claw-back

Included in the agreement for the Group's acquisition of the remaining 25% interest in the Yeneena Project is a gold claw-back right in the event of a major discovery of a deposit of minerals dominant in gold, with gold revenue measured in a mining study equal to or exceeding 65% of total revenue and where a JORC compliant mineral resources exceeds 4,000,000 ounces of gold or gold equivalent, or is capable of producing at least 200,000 ounces of gold or gold equivalent per year for 10 years. Under the agreement Barrick (Australia Pacific) Limited retains the right to regain an interest of between 70 and 100% in the gold discovery at a price of between US$40-100 per ounce, with a 1.5% net smelter royalty to Encounter Resources.

Native Title and Aboriginal Heritage

Native title claims have been made with respect to areas which include tenements in which the Group has an interest. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Group or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Group has an interest.

(ii) Contingent assets

There were no material contingent assets as at 30 June 2011 or 30 June 2010.

Note 23 Commitments

(a) Exploration

The Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Group's exploration programmes and priorities. As at balance date, total exploration expenditure commitments on tenements held by the Group have not been provided for in the financial statements and which cover the following twelve month period amount to $939,000 (2010: $1,144,500). These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements. This commitment does not include the expenditure commitments which are the responsibility of the joint venture partners.

	Consolidated	
	2011	2010
	$	$
(b) Operating Lease Commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases are as follows:		
Due within one year	**41,250**	73,431
Due later than one year but not later than five years	**–**	–
Total	**41,250**	73,431

The operating lease commitment relates to the lease of the Group's Perth office plus car park. The initial lease period was for three years commencing from 1 July 2008, and has been extended for 6 months to 31 December 2011. At the reporting date there are no other operating lease commitments.

(c) Contractual Commitment

There are no material contractual commitments as at 30 June 2011 other than those disclosed above and not otherwise disclosed in the Financial Statements.

Note 24 Related party transactions

Transactions with Directors during the year are disclosed at note 20 – Key Management Personnel.

The Company incurred the following amounts during the year in respect of exploration activities on under joint venture agreements, for which it acts as manager:

	2011	2010
	$	$
Regional Uranium JV	**41,277**	165,963
Lake Way Uranium JV	**564**	6,391
Details of the Company's interests under the joint venture agreements are provided at Note 13.		
As at the end of the financial year the Company had the following amounts owing to it by the joint ventures:		
Regional Uranium JV	**8,440**	35,693
Lake Way Uranium JV	**12,345**	12,021

Notes to the Financial Statements continued

For the financial year ended 30 June 2010

Note 25 Events occurring after the balance sheet date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Note 26 Reconciliation of loss after tax to net cash inflow from operating activities

	Consolidated 2011 $	Consolidated 2010 $
Loss from ordinary activities after income tax	**(4,933,106)**	(918,288)
Share of management fee to JV not capitalised	**6,243**	25,470
Depreciation	**16,158**	16,629
Exploration cost written off	**2,097,750**	666,519
Share based payments expense	**2,351,643**	44,762
Movement in assets and liabilities:		
(Increase)/decrease in R&D tax refundable	**171,542**	(58,356)
(Increase)/decrease in prepaid expenses	**(1,358)**	1,273
(Increase)/decrease in receivables	**(11,885)**	2,229
Increase/(decrease) in payables	**16,198**	10,988
Net cash outflow from operating activities	**(286,815)**	(208,774)

Note 27 Earnings per share

	Consolidated 2011 Cents	Consolidated 2010 Cents
(a) Basic earnings per share		
Loss attributable to ordinary equity holders of the Company	**(5.2)**	(1.2)
(b) Diluted earnings per share		
Loss attributable to ordinary equity holders of the Company	**(5.2)**	(1.2)
	$	$
(c) Loss used in calculation of basic and diluted loss per share		
Consolidated loss after tax from continuing operations	**(4,933,106)**	(918,288)
	No.	No.
(d) Weighted average number of shares used as the denominator		
Weighted average number of shares used as the denominator in calculating basic and dilutive loss per share	**93,776,980**	76,317,458

At 30 June 2011 the Company has on issue 6,875,000 (2010: 2,750,000) unlisted options over ordinary shares that are not considered to be dilutive.

Note 28 Parent Entity Information

	Company 2011 $	Company 2010 $
Financial position		
Assets		
Current assets	7,349,463	2,791,685
Non-current assets	7,984,504	6,204,876
Total Assets	15,333,967	8,996,561
Liabilities		
Current liabilities	520,845	517,456
Total Liabilities	520,845	517,456
NET ASSETS	14,813,122	8,479,105
Equity		
Issued Capital	21,660,547	12,745,067
Equity remuneration reserve	2,600,995	476,214
Accumulated losses	(9,448,420)	(4,742,176)
TOTAL EQUITY	14,813,122	8,479,105
Financial performance		
Loss for the year	(4,933,106)	(918,288)
Other comprehensive income	–	–
Total comprehensive income	(4,933,106)	(918,288)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

No guarantees have been entered into by the parent entity in relation to the debts of its subsidiary companies.

Contingent liabilities

For full details of contingencies see Note 22.

Commitments

For full details of commitments see Note 23.

Directors' Declaration

In the opinion of the Directors of Encounter Resources Limited ("the Company")

(a) the financial statements and notes set out on pages 33 to 61 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Group.

(b) the remuneration disclosures that are contained in the Remuneration Report in the Directors Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, The Corporations Act 2001 and the Corporations Regulations 2001.

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

(d) the financial statements comply with International Financial Reporting Standards as set out in Note 1.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2011.

This declaration is made in accordance with a resolution of the Directors.

Signed at Perth this 16th day of September 2011.

W Robinson
Managing Director

Crowe Horwath™

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Report

We have audited the accompanying financial report of Encounter Resources Ltd, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Encounter Resources Ltd., would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion
In our opinion:

(a) the financial report of Encounter Resources Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report
We have audited the Remuneration Report included in pages 29 to 30 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion
In our opinion, the Remuneration Report of Encounter Resources Ltd. for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001.*

Crowe Horwath Perth

CROWE HORWATH PERTH

SEAN MCGURK
Partner

Signed at Perth, 16 September 2011

ASX Additional Information

Pursuant to the Listing Requirements of the Australian Securities Exchange, the shareholder information set out below was applicable as at 3 October 2011

A. Distribution of Equity Securities

Analysis of numbers of shareholders by size of holding:

Distribution	Number of shareholders	Securities held
1 – 1,000	116	65,693
1,001 – 5,000	314	983,555
5,001 – 10,000	233	1,957,110
10,001 – 100,000	521	16,812,488
More than 100,000	106	79,525,514
Totals	**1,290**	**99,344,360**

There were 77 shareholders holding less than a marketable parcel of ordinary shares.

B. Substantial Shareholders

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

	Issued Ordinary Shares	
Shareholder Name	Number of shares	Percentage of shares
William Michael Robinson	21,846,900	21.99%
Eye Investment Fund Limited	10,971,980	11.08%

ASX Additional Information continued

C. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are listed below:

	Listed Ordinary Shares	
Shareholder Name	Number	Percentage Quoted
William Michael Robinson	16,216,900	16.32%
HSBC Custody Nominees Australia Limited	11,024,852	11.10%
Jacmew Pty Ltd	5,580,000	5.62%
Stone Poneys Nominees Pty Ltd	4,650,000	4.68%
Solvista Pty Ltd	4,650,000	4.68%
UBS Nominees Pty Ltd	2,600,000	2.62%
Jorge Bernhard	2,107,375	2.12%
HSBC Custody Nominees Australia Limited	1,710,808	1.72%
Willstreet Pty Ltd	1,700,000	1,71%
Pieter Los	1,500,000	1.51%
UBS Wealth Management Australia Nominees	1,260,551	1.27%
Charles Robinson	1,200,000	1.21%
National Nominees Limited	1,074,650	1.08%
Gee Nominees Pty Ltd	1,020,000	1.03%
Samantha Hogg	910,000	0.92%
HSBC Custody Nominees Australia Limited	719,400	0.72%
Ropat Nominees Pty Ltd	710,000	0.71%
Thirty-fifth Celebrations Pty Ltd	685,000	0.69%
HSBC Custody Nominees Australia Limited	585,609	0.59%
Andrew Bewick	558,270	0.56%
Total	**60,463,415**	**60.86%**

D. Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

E. Restricted Securities

There are no restricted securities.

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Morning at the Yeneena Camp

encounter
RESOURCES LIMITED

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