

ASX : ENR

26 October 2016

Company Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
Sydney NSW 2000

Second drill rig on site – Commencing at Lookout Rocks

The directors of Encounter Resources Ltd (“Encounter”) are pleased to advise that a second diamond drill rig has arrived on site at Yeneena to commence diamond drilling at the Lookout Rocks South Copper and Aria IOCG prospects:

Lookout Rocks Copper Project

Background

Lookout Rocks includes four tenements of highly prospective exploration ground located in the north-west of Yeneena. The first diamond drill hole (EPT2282) at Lookout Rocks, completed in June 2016, successfully intersected narrow zones of disseminated copper sulphide mineralisation, up to 1% Cu, at the targeted “first reductant” position (refer ASX announcement 28 July 2016). This copper-cobalt mineralisation is hosted by black, reduced carbonaceous sediments, located directly above an oxidised “red bed” stratigraphic unit, a stratigraphic position similar to that of many major copper deposits of the Zambian Copperbelt.

This first diamond hole confirmed the targeted mineralisation model at Lookout Rocks, focused at a stratigraphic contact “first reductant” interface. Surface mapping indicates that this stratigraphic contact, which is the focus of the copper-cobalt mineralisation, is relatively flat and extends laterally over a large part of Lookout Rocks.

Upcoming Activity

A single diamond drill hole is planned to test an airborne electromagnetic anomaly (“AEM”) 1.8km west of EPT2282. The AEM anomaly is interpreted to represent a more carbonaceous / graphitic zone of the reduced Broadhurst sediments. This zone may provide a more efficient trap site for the copper-cobalt rich oxidised fluids that are the source of the mineralisation at the “first reductant” stratigraphic contact. (Figure 1)

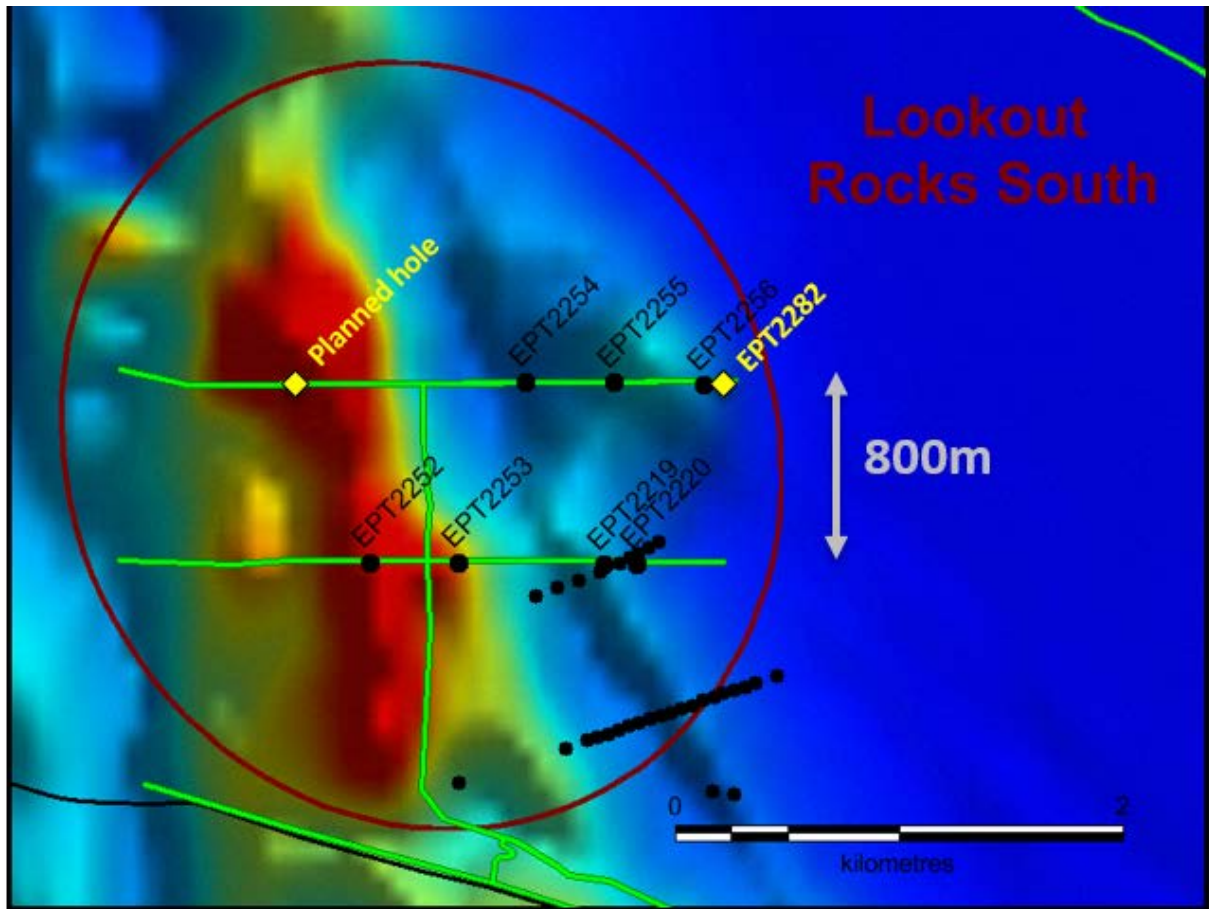


Figure 1: Lookout Rocks South Project – Drill status plan with background image of VTEM Ch35

Aria IOCG Prospect

Background

A single diamond drill hole (PADD002A) was completed at the Aria Prospect by a previous explorer. This drill hole was located to test a discrete magnetic anomaly within the GSWA regional magnetic dataset (Figure 2). The drill hole intersected a hematite altered, polymictic breccia from the start of diamond core at 84.7m to the end of hole (650.1m).

Zones of weakly disseminated chalcopyrite and bornite (copper sulphide minerals) were identified in the drill core from approximately 120m to the end of the hole.

A detailed ground gravity survey was completed at Aria in September 2015. The survey was designed to define any density anomalies adjacent to the hematite-altered breccia intercepted in PADD002A, with any resultant anomalies potentially outlining zones of more intense hematite alteration. It has been noted in IOCG deposits that more intense hematite alteration typically has a close spatial relationship to the strongest copper mineralisation.

The gravity survey outlined a discrete density anomaly located on the margin of the previously identified magnetic anomaly, with this anomaly also being located to the south of drill hole PADD002A (see Figure 2 inset).

Diamond drill hole EPT2276 was designed to test the discrete density anomaly located on the margin of the previously identified magnetic anomaly. EPT2276 was completed in October 2015 to a depth of 400.4m and intersected a hematite-altered, polymictic breccia similar to PADD002A with zones of weakly disseminated chalcopyrite. EPT2276 was terminated at 400.4m but did not intersect lithologies that explain either the magnetic or gravity anomalies.

The hole was left open to be extended to explain the gravity or magnetic anomalies identified at Aria.

Upcoming activity

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

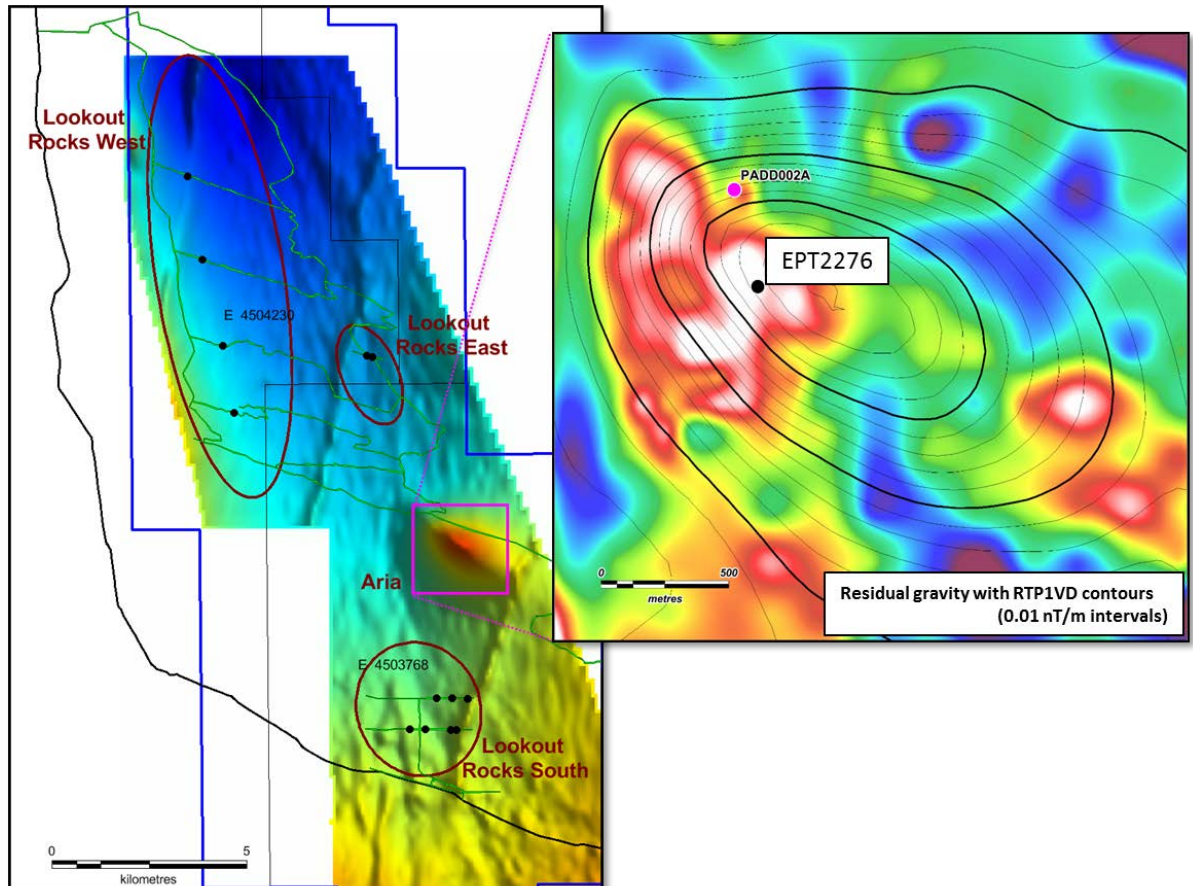


Figure 2: Lookout Rocks Project - Aria Prospect - Magnetics TMI

The diamond drill programs at Lookout Rocks and Aria will be co-funded under the WA Government Exploration Incentive Scheme.

Millennium Zinc Drilling Update

The diamond drill program at the Millennium zinc project is ongoing with the first hole of the program expected to be completed later this week.

Location Plan

Encounter holds exploration tenure over 2,000km² of the Paterson Province in Western Australia, with the main Yeneena project located 35km SE of the Nifty copper mine and 40km SW of the Telfer gold/copper deposit (Figure 3). The targets identified in the Paterson are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting. The company is actively exploring for copper – cobalt and zinc-lead deposits at Yeneena as well as gold-copper deposits in the Telfer region.

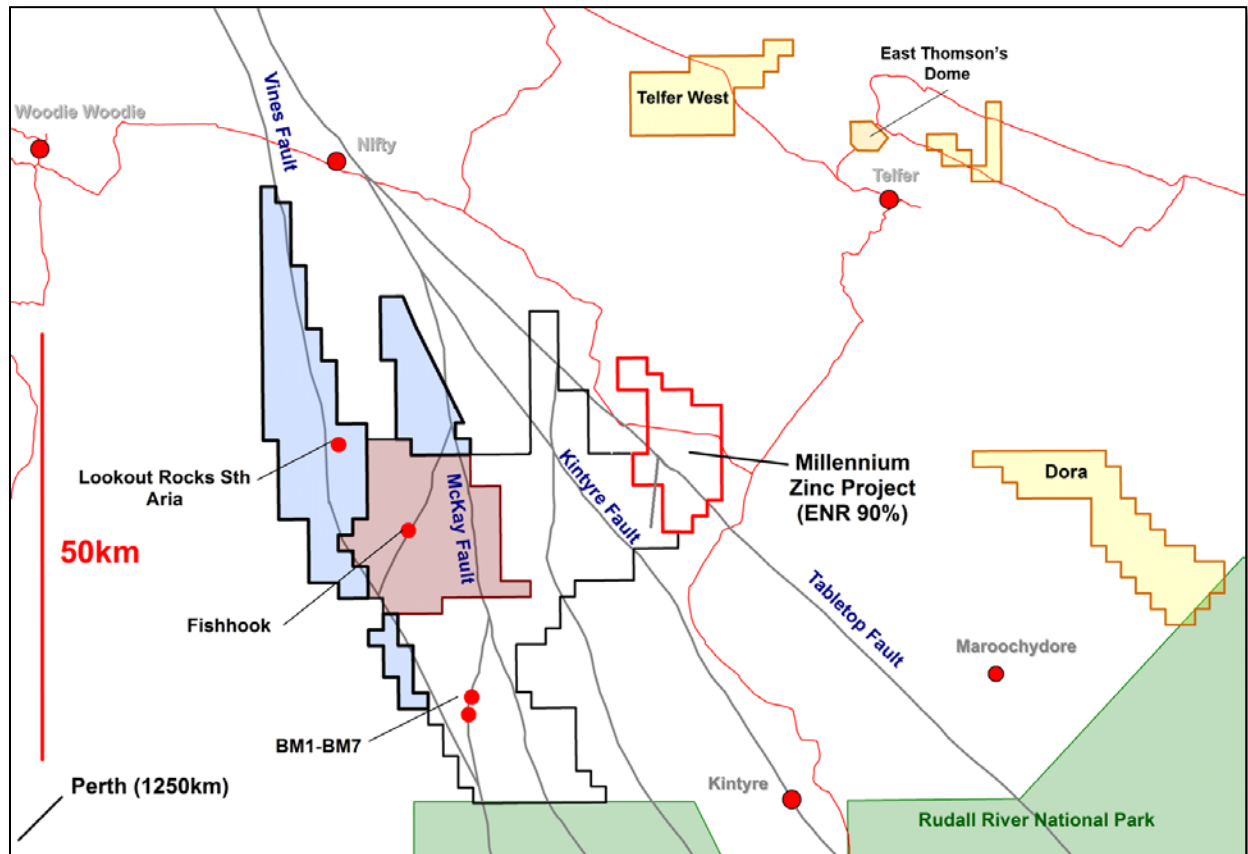


Figure 3: Yeneena Project leasing and targets areas

The information in this report that relates to Exploration Results is based on information compiled by Mr. Peter Bewick who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Bewick holds shares and options in and is a full time employee of Encounter Resources Ltd and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bewick consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information in the relevant ASX releases and the form and context of the announcement has not materially changed.