

18 May 2018

ASX: ENR

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

Drilling underway at East Thomson's Dome and Telfer West

- **A 4,000m RC/aircore drill program at East Thomson's Dome ("ETD"), Telfer West and Lookout Rocks has commenced**
 - **Drilling at ETD will target four key areas including the first drill testing of new potential reef positions identified through drone mapping and geochemistry along the West Dome Gravity Corridor**
 - **Telfer West program will target areas to the north, south and west of the new supergene gold position identified in late 2017**
 - **Two RC holes to test an 80m copper-cobalt gossan identified 800m south of previous drilling at the Lookout Rocks prospect within the Yeneena Project**
-

The directors of Encounter Resources Ltd ("Encounter / the Company") are pleased to announce the commencement of a 4,000m RC/aircore drill program at the East Thomson's Dome, Telfer West Gold Projects and the Lookout Rocks Copper/Cobalt Project. The program will be completed over the next four weeks.

Commenting on the upcoming program, Encounter Managing Director Will Robinson said:

"We are excited to commence the RC/aircore drill program to test a suite of high quality gold targets in the Telfer region. This program will include testing of the first targets generated through the use of high resolution drone photography at East Thomson's Dome that has identified extensions to known gold-bearing reefs and new sub-cropping reef potential in areas of thin sand cover".

East Thomson's Dome (100% Encounter)

East Thomson's Dome is a high quality opportunity located just 5km from the major gold-copper mine at Telfer (Figure 1A). The domal structure at East Thomson's Dome has a core of Malu Formation with the fold axis trending WNW. The majority of surface gold and reef style mineralisation has been discovered in the overlying Telfer Formation sediments. This geological setting is similar to the setting of the high grade reefs at Telfer.

Fold Closure Prospect

A 15 hole program of RC drilling was completed at the Fold Closure prospect in November 2017. New zones of reef-style mineralisation were identified across the 200m by 200m drill area. Near surface intersections include (refer ASX release 21 December 2017):

- 6m @ 2.7g/t Au from 39m in ETG0125
- 4m @ 4.3g/t Au from surface in ETG0109
- 4m @ 3.5g/t Au from 17m in ETG0110
- 2m @ 5.4g/t Au from 46m in ETG0106

The reefs at the Fold Closure prospect remain open to the north-west and further drilling will be completed north of the prospect in the current drill program.

NE Soil Anomaly

A three hole aircore program was completed in an area ~250m north-east of the Fold Closure prospect to provide an initial drill test of an area of gold soil geochemical anomalism in late 2017. Aircore hole ETG114 contained a 38m intersection grading 0.3g/t Au from 44m (refer ASX release 30 November 2017). The thick and shallow intersection in this drill hole opens up the north-eastern area and an initial systematic drill test of this area will be completed in the current drill program.

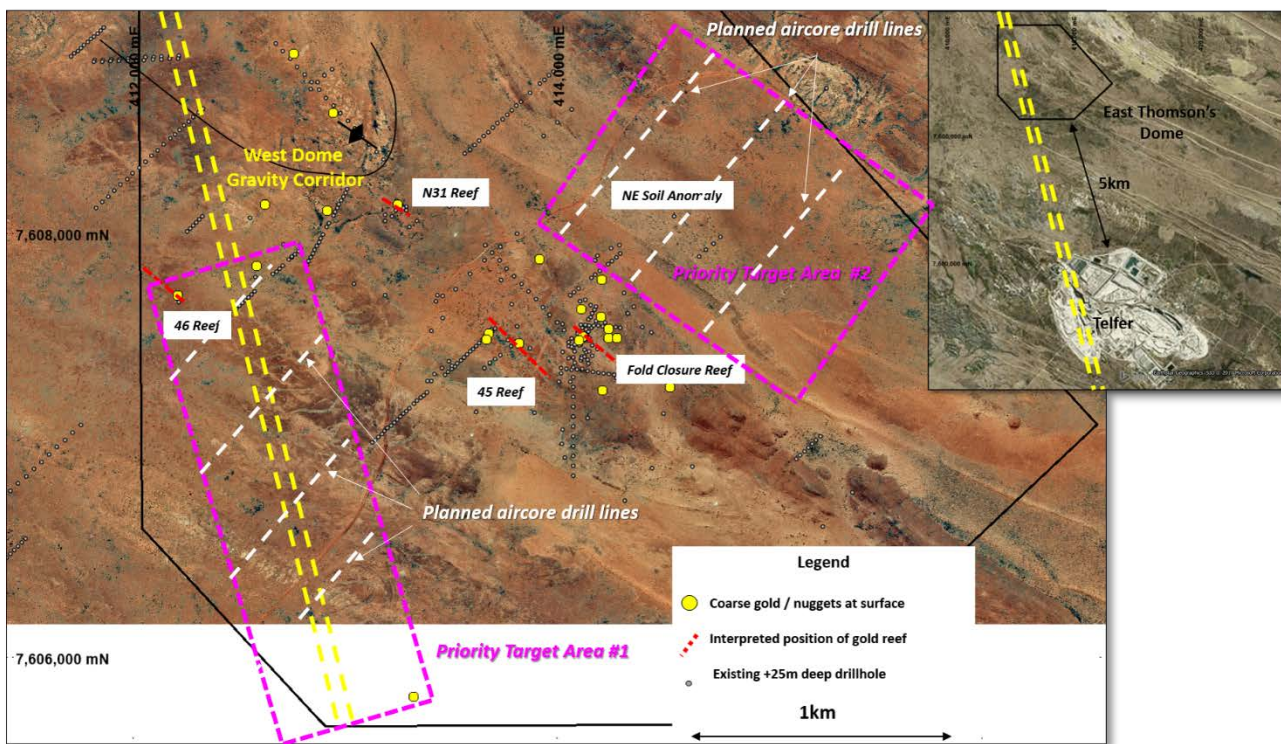


Figure 1– East Thomson's Dome coarse gold locations on airphoto background (Inset) Figure 1A – Location Map

West Dome Gravity Corridor including the 46 Reef

A trial of drone technology to assist in the identification of extensions to known gold-bearing reefs and new sub-cropping reefs under thin sand cover was completed at East Thomson's Dome in recent months.

The resolution of the drone photography is a step change from the prior aerial photography of East Thomson's Dome and several new reef positions have been identified. The photography has also allowed the interpretation of potential reef positions in areas of thin cover by defining linear quartz float trends.

An example of this is a strata-parallel, but strike extensive, linear quartz float position that has been identified adjacent to the 46 Reef area. This potential reef position is located adjacent to a major north-north-west gravity lineament that transects the project and has been untested by drilling. This lineament, which also extends south through the West Dome pit at the Telfer mine, has been named the West Dome Gravity Corridor and it is interpreted to be an important structural feature controlling the gold mineralisation event in this region (see Figures 1 and 1A).

A 3oz nugget was recovered in late 2017 along this structural corridor (refer ASX release 30 November 2017) and additional coarse gold was previously recovered by prospectors 2km further

to the south-south-east on the same structural trend. This corridor has had little or no prior exploration (see Figure 1).

This untested structural position that contains significant coarse gold has been the focus of two phases of surface geochemical sampling in the past two months. The first phase of drilling along the West Dome Gravity Corridor will target coincident geochemical anomalies and new reef positioned identified through the drone photography program.

N31 Reef

The N31 Reef is located 1.5km north-west of the Fold Closure prospect. Previous explorers drilled nine RC drill holes to an average depth of 61m and one deep stratigraphic diamond hole was drilled by Barrick Gold to a depth of 1,011m. Results from these drill holes include:

- 1m @ 10.4g/t Au from 59m in BTDD0004
- 2m @ 6.9g/t Au from 6m in NTR32
- 4m @ 3.5g/t Au from 8m in NTR31
(refer ASX release 30 November 2017)

A surface outcrop of rubbly, oxidised ironstone was identified in October 2017 in the N31 Reef area (see Photo 1). This outcropping reef position was subsequently sampled in two locations and returned high-grade assays of 8g/t Au and 27g/t Au. This subtle outcrop/subcrop position further highlights the potential to identify additional gold reefs across the dome and projecting them under shallow sand cover.



Photo 1 – Surface samples collected on the N31 Reef in October 2017

Drilling at the N31 Reef will target directly down dip of the high grade surface samples and along strike of the high grade gold mineralisation intersected by previous explorers.

Telfer West (100% Encounter)

Telfer West (E45/4613) covers an area of approximately 121km² and is located 25km north west of Newcrest's Telfer operation (see Figure 4). Telfer West covers an 8km by 5km domal formation of Proterozoic sediments bounded to the north-west and south-east by late stage granitic intrusions. The domal structure has a core of Isdell Formation overlain by the Malu Formation, Telfer Formation

and sediments of the Puntapunta Formation. These geological units are the main hosts of gold-copper mineralisation at Telfer.

Southern Stockwork Extension

Two lines of aircore drilling were completed at Telfer West to test an interpreted structural offset of the main stockwork corridor during the December 2017 quarter (see Figure 2).

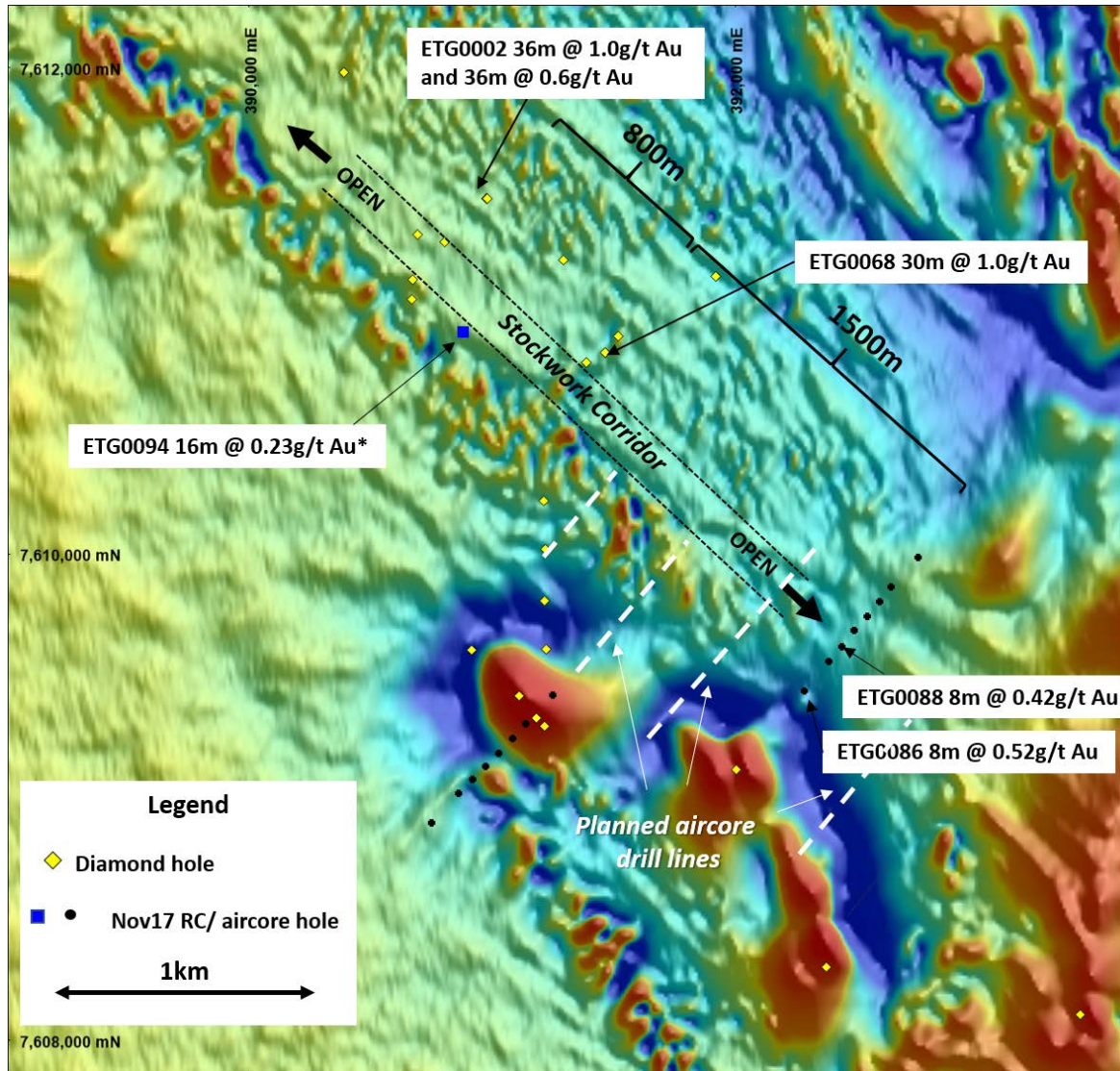


Figure 2 – Telfer West Stockwork Corridor.

The southern section of eight aircore holes (ETG0086-ETG0093) successfully outlined a zone of significant supergene gold anomalism that has extended the stockwork gold corridor by 1.5km to the southeast (see Figure 2). Aircore results from this single line of drilling highlight a broad zone of gold anomalism and include (refer ASX release 21 December 2017):

- 8m @ 0.52g/t Au from 78m and 13m @ 0.09g/t Au from 98m to EOH in ETG0086
- 8m @ 0.42g/t Au from 108m and 2m @ 0.31g/t Au from 124m in ETG0088

Further aircore drilling will be completed at this newly identified southern supergene gold anomaly to provide a primary target for deeper drilling. This drilling will be designed to test to the north, south and west of section 7700N.

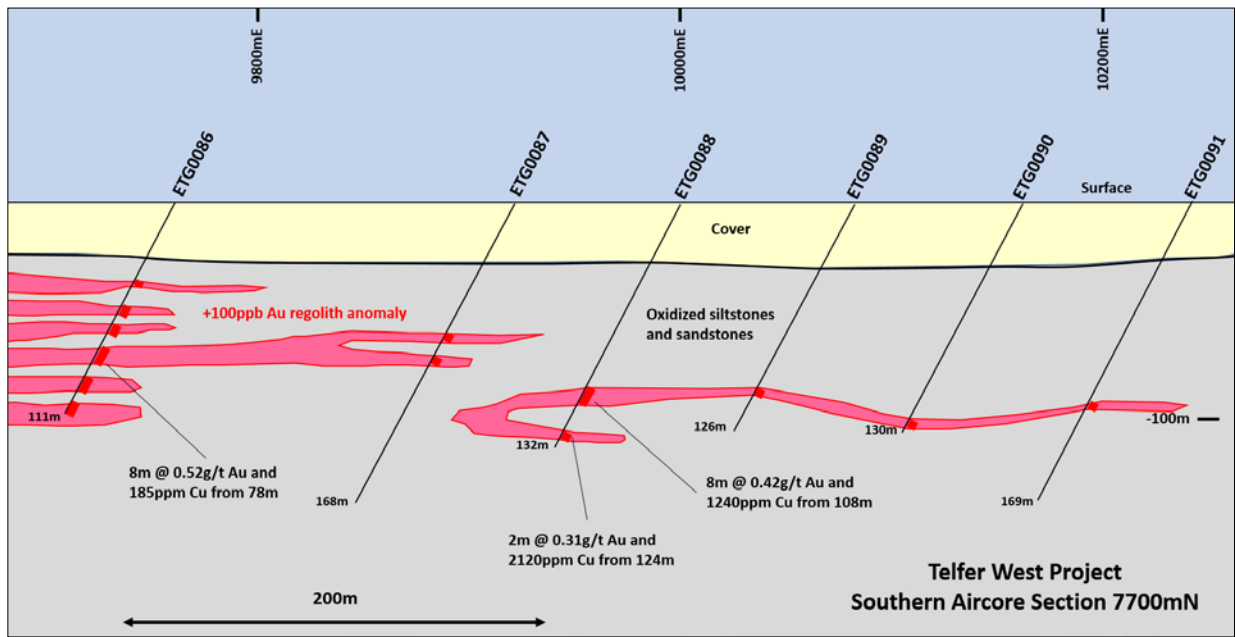


Figure 3 – Telfer West Stockwork Corridor - Southern Aircore Section 7700mN

Lookout Rocks Copper-Cobalt Prospect (Encounter 100%)

The first drill hole at Lookout Rocks (diamond hole EPT2282) within the Yeneena Project successfully intersected narrow zones of disseminated copper sulphide mineralisation, up to 1% Cu, at the targeted “first reductant” position. This copper-cobalt mineralisation in EPT2282 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 (refer ASX release 28 July 2016).

An ironstone/gossan (grading up to 0.19% cobalt and 0.22% copper) identified approximately 800m south-west of EPT2282 has provided an immediate target for the next phase of drilling at Lookout Rocks. This ironstone/gossan is approximately 80m long and runs discordant to geology.

A heritage survey was completed at Lookout Rocks in May 2018 and a two RC hole drill test is scheduled to be completed in the current drill program.

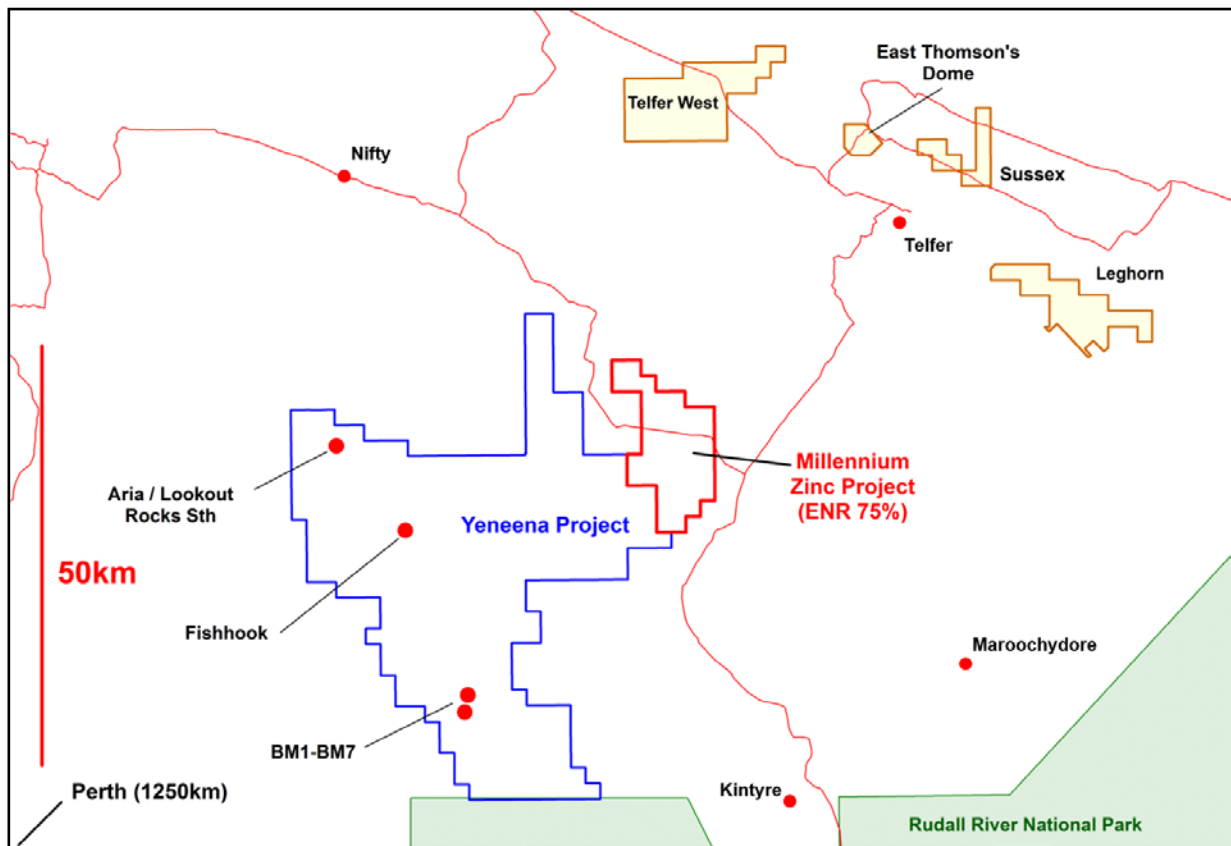


Figure 4: Yeneena and Telfer region tenements

For further information, please contact:

Will Robinson
 Managing Director
 +61 8 9486 9455
contact@enr.com.au

Michael Vaughan
 Fivemark Partners
 +61 422 602 720
michael.vaughan@fivemark.com.au

About Encounter

Encounter Resources Limited is a Western Australian (“WA”) based project generation, exploration and resource development company listed on the Australian Stock Exchange.

Encounter controls a major ground position in the Paterson Province in WA exploring for gold-copper deposits in the Telfer region and a highly prospective land package in the Tanami region to be explored via five Joint Ventures with Newcrest Mining Limited (ASX:NCM).

Encounter is one of the most active greenfield exploration companies in Australia.

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.