

20 June 2016

ASX : ENR

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

Commencement of Diamond Drilling at Millennium Zinc

The directors of Encounter Resources Ltd ("Encounter" or "the Company") are pleased to announce the commencement of diamond drilling at the Millennium Zinc Project ("Millennium") at Yeneena in Western Australia.

The Company is also pleased to report the successful intersection of narrow zones of disseminated copper sulphide mineralisation at the Lookout Rocks Project ("Lookout Rocks"). This mineralisation appears to be focused in the first reduced shale units above red shale and sandstone units of the lower Broadhurst Formation, a stratigraphic position similar to that of many copper deposits in the Zambian Copperbelt. Exploration at Lookout Rocks is conducted as part of an earn-in agreement with a wholly-owned subsidiary of Antofagasta plc.

Millennium Zinc Project (HHM earn in)

The Millennium Project is located in the north-east of Yeneena (see Figure 1) and is subject to an earn-in agreement with Hampton Hill Mining ("HHM"). Exploration at Millennium is currently funded 50:50 by Encounter and HHM pursuant to the earn in agreement where HHM currently control a 10% interest and can earn up to 25% of Millennium (see ASX announcement 23 April 2015).

A +3km long zinc system containing high grade zinc sulphides has been discovered at Millennium. The initial drilling to be completed in the 2016 field season will be focused on a structurally compelling, shallow drill target located in the south-east of the Millennium Project. The planned two hole diamond drill program to be completed in June 2016 is targeting extensions to an interpreted zone of coherent zinc sulphide mineralisation including EPT 2198 (7m @ 4.8% Zn) (see ASX announcement 12 January 2015) that is open and potentially strengthening to the south-east.

The Company is also pleased to report that it was successful with its application for WA Government EIS co-funding (up to A\$150,000) for a future diamond drill program at Millennium Deeps targeting shale hosted zinc sulphide mineralisation. This EIS co funded program is scheduled to commence in August 2016.

Lookout Rocks Project (Antofagasta earn in)

The two hole diamond program at Lookout Rocks South has been completed (see ASX announcement 8 June 2016). The drilling successfully intersected narrow zones of disseminated copper sulphide mineralisation at the targeted first reductant position. This mineralisation is located directly above an oxidised "red bed" stratigraphic unit, a stratigraphic position similar to that of many major copper deposits of the Zambian Copperbelt.

Core will now be cut and samples transported to Perth for analysis. Following receipt of chemical assays, additional heritage surveys will be required at Lookout Rocks to facilitate future drill programs.

The drilling at Lookout Rocks South was 50% funded (up to \$150,000) under the WA Government Exploration Incentive Scheme.

Location Plan

The Yeneena Region covers 1,800km² of the Paterson Province in Western Australia, and is located 35km SE of the Nifty copper mine and 40km SW of the Telfer gold/copper deposit (Figure 1). The targets identified are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting.

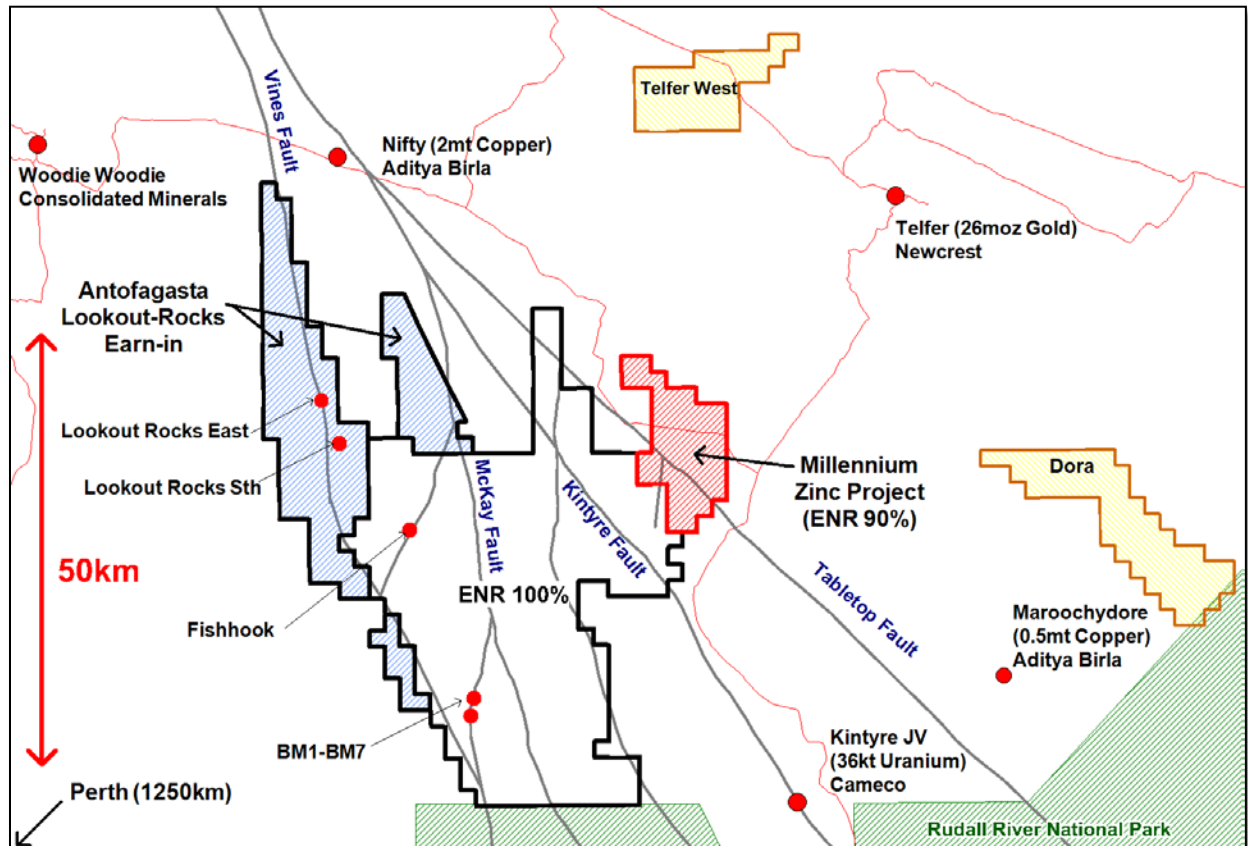


Figure 1: Yeneena Project leasing and targets areas

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.