

2 September 2016

ASX : ENR

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

New Partner Sought at Lookout Rocks Copper Project

The directors of Encounter Resources Ltd ("Encounter" or "the Company") report that Antofagasta plc ("Antofagasta") has elected not to continue to sole fund exploration at the Lookout Rocks Copper Project. As such the earn-in agreement has been terminated and the Lookout Rocks copper project reverts back 100%, unencumbered to Encounter. Encounter will be seeking a new partner for this large scale, copper opportunity in the highly prospective Proterozoic Paterson Province in WA. The Company will be continuing with the planned exploration program at Lookout Rocks with diamond drilling to commence in September/October 2016.

Antofagasta has been an excellent partner advancing Lookout Rocks from an early stage, grassroots concept through to the successful intersection of narrow zones of disseminated copper sulphide mineralisation, up to 1% Cu, in the first diamond drill hole at the prospect in June 2016. Importantly, 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. Given scale of the opportunity, the early exploration success and proof of concept at Lookout Rocks there may be a number of parties interested in advancing the project with us.

The Company is encouraged by the recent increased focus on the Paterson Province in WA. There is renewed exploration activity in the region that appears to be driven by improving performance of the Telfer gold/copper mine, the recent acquisition of the Nifty copper mine by Metals X and the expanded exploration efforts by Antipa Minerals, Rio Tinto and Sipa Resources. Accordingly, the combined exploration effort in the Paterson Province is expanding and exploration opportunities in this region are becoming increasingly sought after.

The company will take this opportunity to amalgamate the Lookout Rocks and Fishhook Copper prospects. These two prospects combined contain an interpreted 50km of strike of the stratigraphic contact position that hosts the "first reductant" copper sulphide mineralisation intersected at Lookout Rocks.

The Company will actively pursue a new partner to advance the combined Lookout Rocks/Fishhook prospect. Companies interested in the opportunity to gain a foothold in the emerging Proterozoic Paterson copper district are encouraged to contact Encounter.

The Company will continue with the planned and prepared drill programs at Lookout Rocks. As such drilling will recommence at Lookout Rocks South and the Aria IOCG target during September/October 2016.

Background

Lookout Rocks includes four tenements (~450km²) of highly prospective exploration ground located in the north-west of Yeneena in an area that has seen minimal exploration activity.

The first diamond drill hole at Lookout Rocks successfully intersected narrow zones of disseminated copper sulphide mineralisation, up to 1% Cu, at the targeted “first reductant” position (see ASX release 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 has confirmed the targeted mineralisation model at Lookout Rocks, focused at a stratigraphic contact “first reductant” interface (see photos 1 and 2). Surface mapping indicates that this stratigraphic contact, which is the focus of the copper-cobalt mineralisation, is relatively flat and extends laterally over a large part of the Lookout Rocks and Fishhook Projects (Figures 1 and 2). Accordingly, this result has potentially enhanced the scale and near surface explorability of the opportunity. Importantly, this is the first time that this style of mineralisation has been identified within the project and, as such, has promising regional exploration implications.

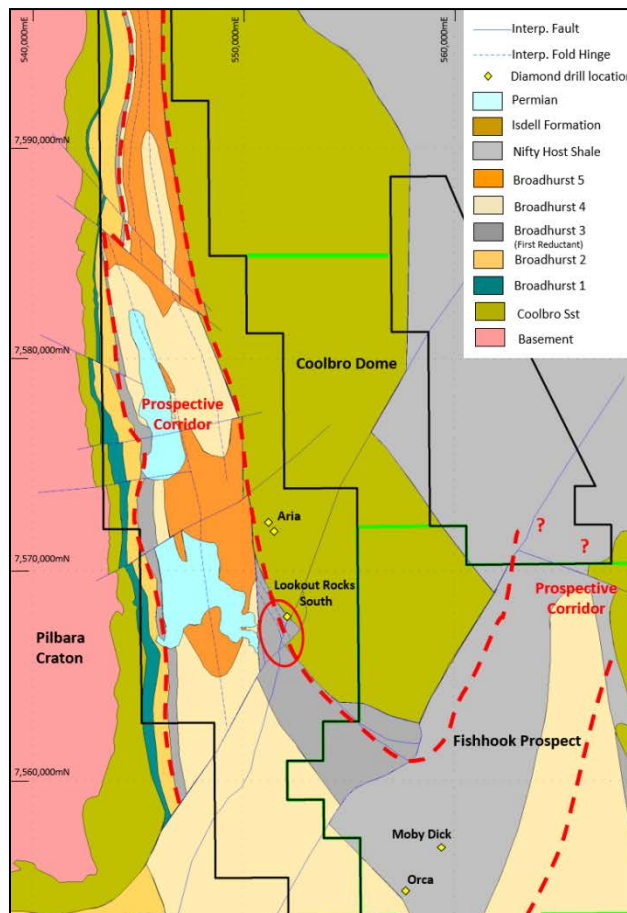


Figure 1 : Lookout Rocks Interpreted Geology

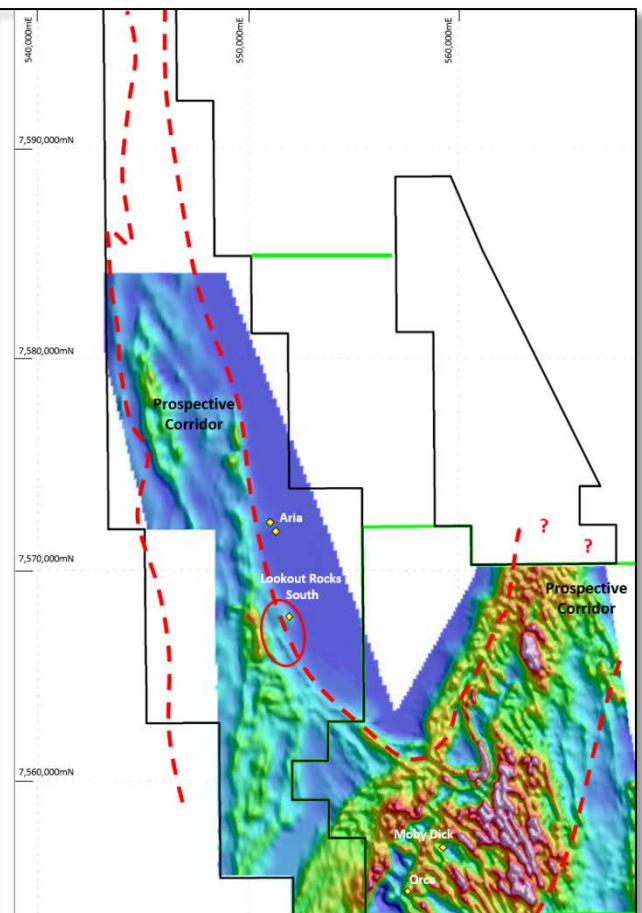


Figure 2 : Lookout Rocks VTEM Channel 35

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 3). The targets identified are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting.

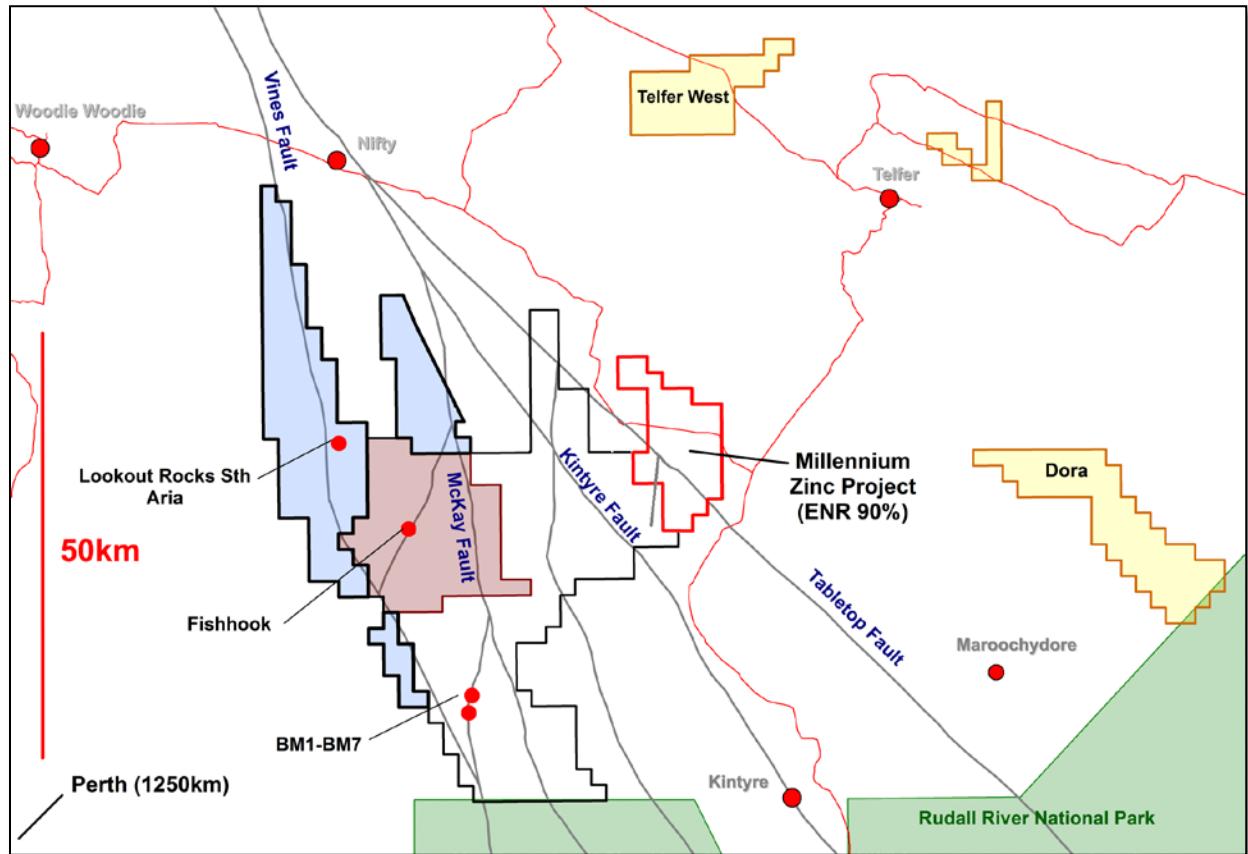


Figure 3: Yeneena Project leasing and targets areas



Photo 1: Disseminated chalcopyrite in carbonaceous shale
EPT 2282 ~259.2m downhole (1.0%Cu)
 core width ~60mm



Photo 2: Example of "Red Bed" oxidized sediments
EPT2282 ~320m downhole
 core width ~60mm

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.