

23 March 2017

ASX : ENR

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

RC drilling commences at Telfer West gold discovery

The directors of Encounter Resources Ltd (“Encounter” or “the Company”) are pleased to announce that a planned ~3000 metre RC drill program has commenced at the Telfer West gold project (“Telfer West”).

Background:

Telfer West (E45/4613) covers an area of approximately 121km² and is located 25km north west of Newcrest’s major gold-copper operation at Telfer (see Figure 4). The gold mineralisation discovered at Telfer West is coincident with the interpreted fold axis of a major 8km by 5km dome. The interpreted fold axis corridor has been partially tested in only three locations along its 8km strike. In late 2016, the first two diamond holes drilled 4km apart by Encounter at Telfer West, both intersected significant gold mineralisation:

- **Egg Prospect:** Diamond drill hole (ETG0002), intersected a broad, depth extensive, zone of stockwork style gold mineralisation at the Egg Prospect including **38.6m @ 1.0g/t Au from 333m (including 4.2m @ 3.2g/t Au from 333.5m) and 36m @ 0.6g/t Au from 396m (including 3.2m @ 3.3g/t Au from 415.2m)** (see ASX release 19 January 2017).
- **Northern Magnetic Anomaly:** Diamond drill hole (ETG0003), drilled 4km north-west of the Egg Prospect, targeted a magnetic corridor and intersected strong supergene gold mineralisation that included **24.9m @ 0.7g/t Au from 127.1m and 4.0m @ 7.1g/t Au from 216m** (see ASX release 19 January 2017).

RC Drill Program

Activities at Telfer West have commenced with a ~3000 metre RC program.

Drilling at the Egg Prospect will target the near surface position of the stockwork mineralisation discovered in ETG0002 and test for extensions northwest and southeast (see Figures 1 & 2).

RC drilling adjacent to ETG0003 will aim to identify the extent of the supergene gold mineralisation discovered along the northern section of the fold axis and define vectors to the primary mineralisation (see Figures 1 & 3).

Following completion of this initial RC drill program at Telfer West, a multi-purpose diamond drill rig is scheduled to arrive on site in April 2017. This rig will complete additional drilling at Telfer West, initial drilling at the East Thomson’s Dome gold project (see ASX release 14 February 2017), drill test the copper-cobalt gossan identified at Lookout Rocks and the Cobalt Zone at BM7 (see ASX release 2 March 2017).

The drilling at Telfer West will be partially funded by a WA Government EIS grant (\$150,000).

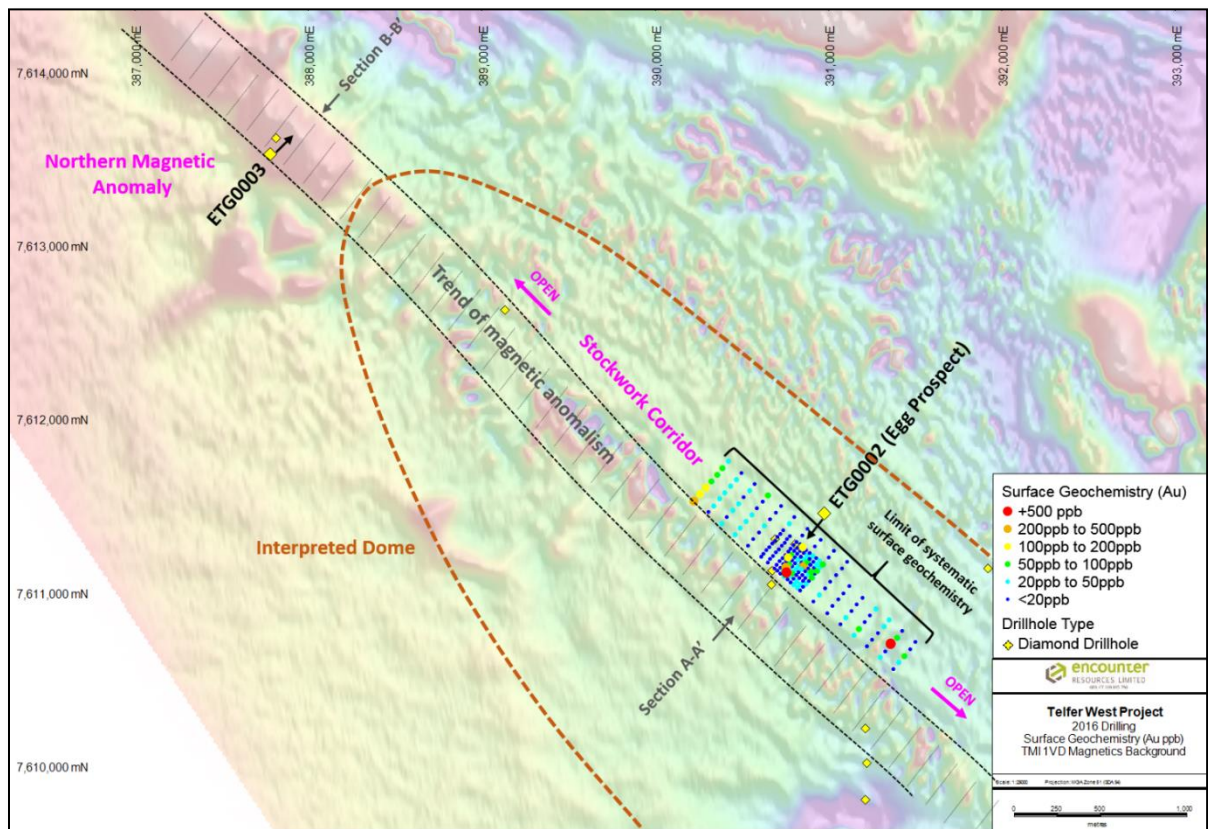


Figure 1: Telfer West diamond historical drilling, systematic surface geochemistry and interpreted dome. Historical diamond holes (yellow diamonds). Detailed aeromagnetic background (TMI 1VD pseudo colour image)

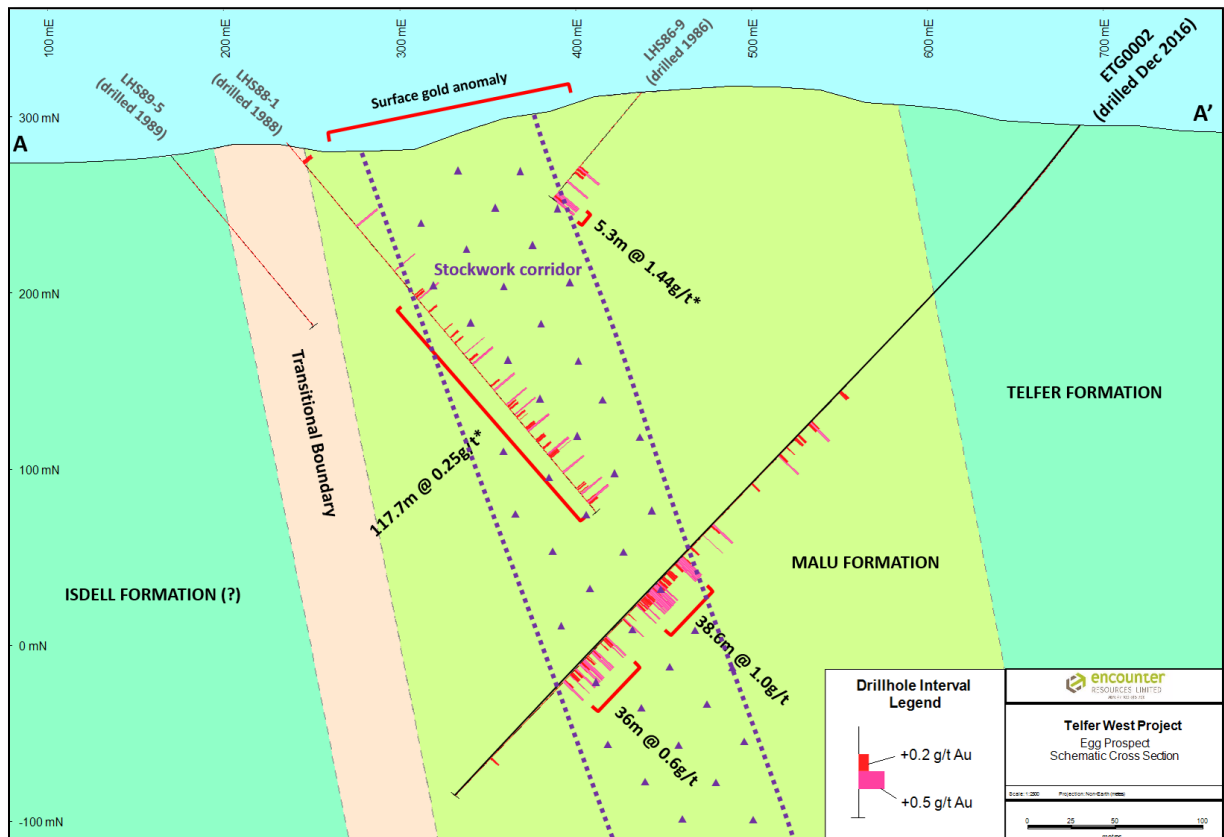


Figure 2: Telfer West, Egg Prospect schematic cross section (A – A')

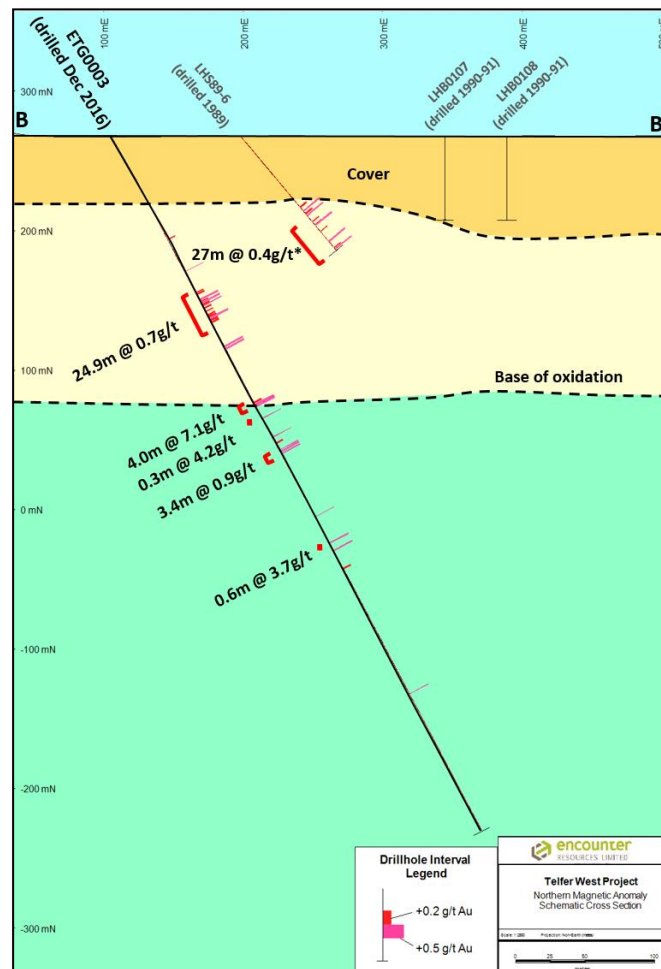


Figure 3: Telfer West, Northern Magnetic Anomaly schematic cross section (B – B')

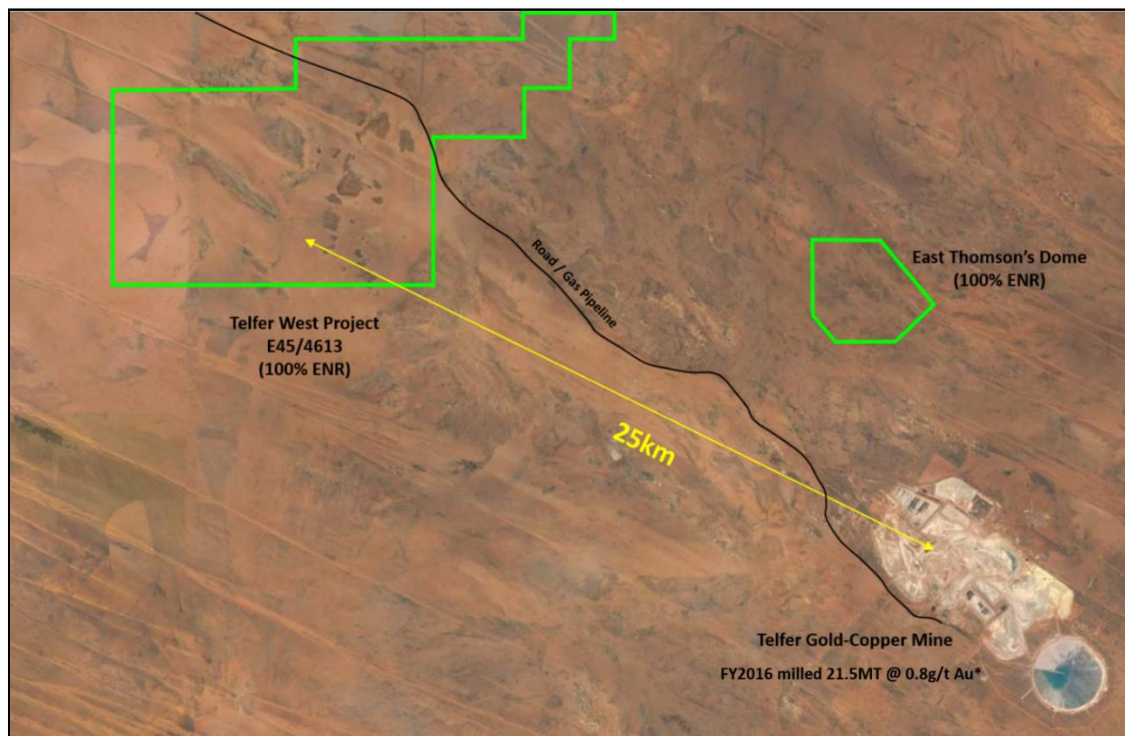


Figure 4: Telfer West location map – Google Earth background
(*source Newcrest Annual Report 2016)

Location Plan

Encounter holds exploration tenure over 2,000km² of the Paterson Province in Western Australia, with the Yeneena project located 35km SE of the Nifty copper mine and 40km SW of the Telfer gold-copper mine (Figure 5). The copper-cobalt and zinc-lead targets identified in the Paterson are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting.

Encounter's exploration tenure also includes a number of high quality gold-copper targets close to the Telfer gold-copper mine.

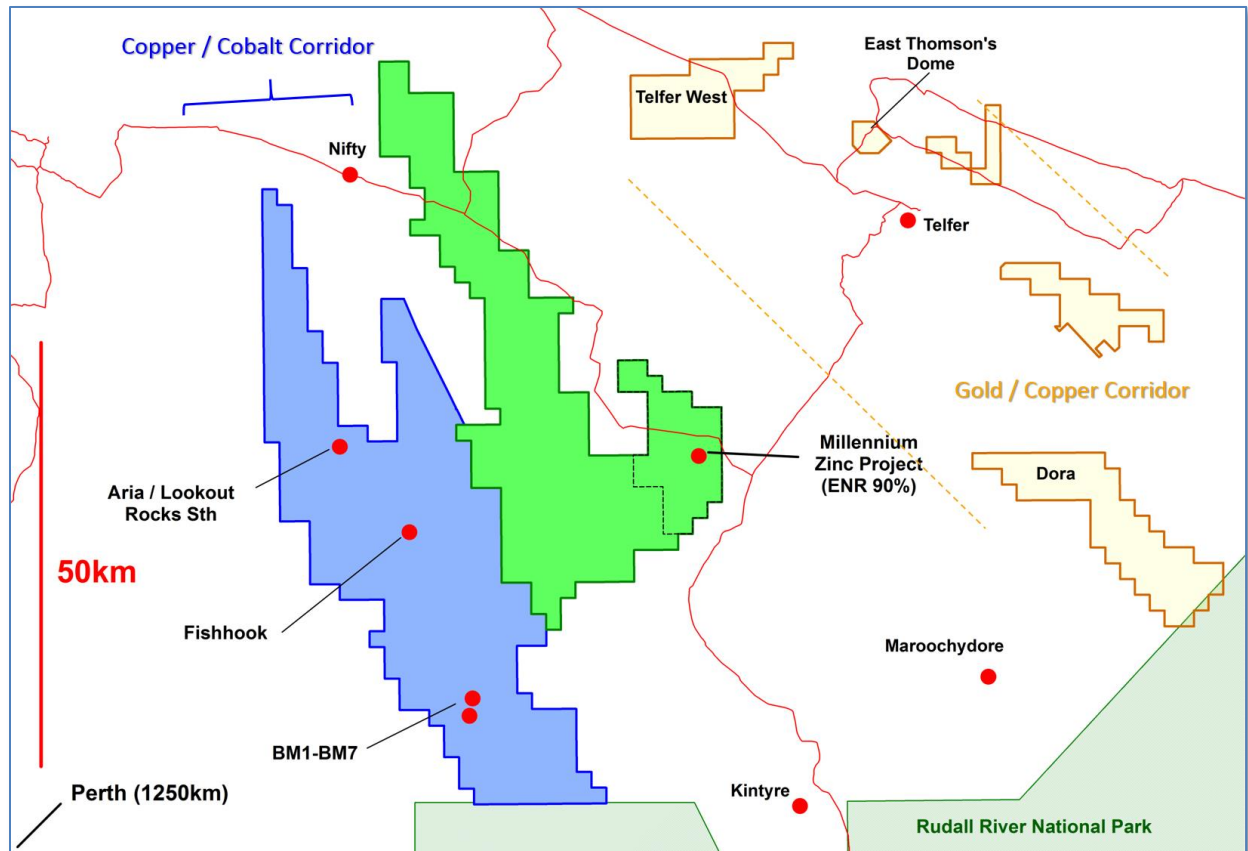


Figure 5: Yeneena Project leasing and targets areas

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.