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ASX : ENR

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

Drilling Commenced - BM7 Copper & Millennium Zinc

The directors of Encounter Resources Ltd (“Encounter”) are pleased to announce that diamond drilling has commenced at the Yeneena project in Western Australia (“Yeneena”). This first diamond drilling of 2015 commenced at BM7 and will then move to Millennium to complete an initial three hole program over the next 6-8 weeks.

BM7 Prospect (Antofagasta earning in)

BM7 diamond drilling will test a strong geochemical and structural vector identified north-east of the final hole of 2014, EPT2158, that intersected 140m @ 0.2% Cu, including 1.3m @ 3.2% Cu from 250.4m.

Encounter believes the intersection in EPT 2158 forms part of a halo to a potential large scale copper sulphide system. Reviewing all litho-geochemical data from BM7 has defined a strong alteration vector in the data highlighting the area to the north east of this hole as a high quality target for drill testing (Figure 1). The defined drill target area contains a NW trending structure that is interpreted to represent a possible steep feeder to the BM7 copper mineralisation.

The 2015 drill campaign intends to target the area to the east and north of EPT2158 testing for a flat lying body of high grade copper mineralisation, adjacent to the interpreted NW trending structure. An approximate outline of a cross section through a Nifty sized copper deposit (+1mt Cu) has been projected onto section to illustrate the conceptual target at BM7 (see Figure 2).

Exploration at the BM7 prospect is being conducted as part of the Antofagasta earn-in agreement (see ASX announcement 23 April 2013).

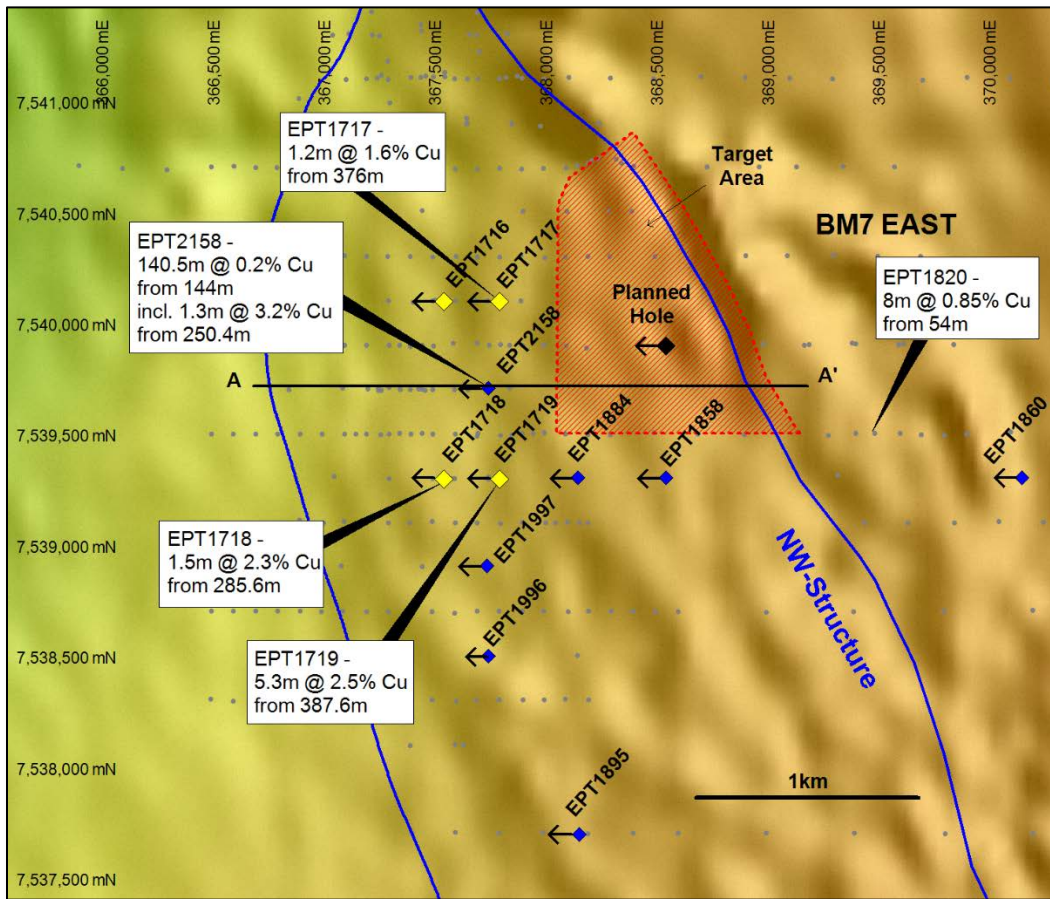


Figure 1: BM7 Diamond drilling status plan over magnetics

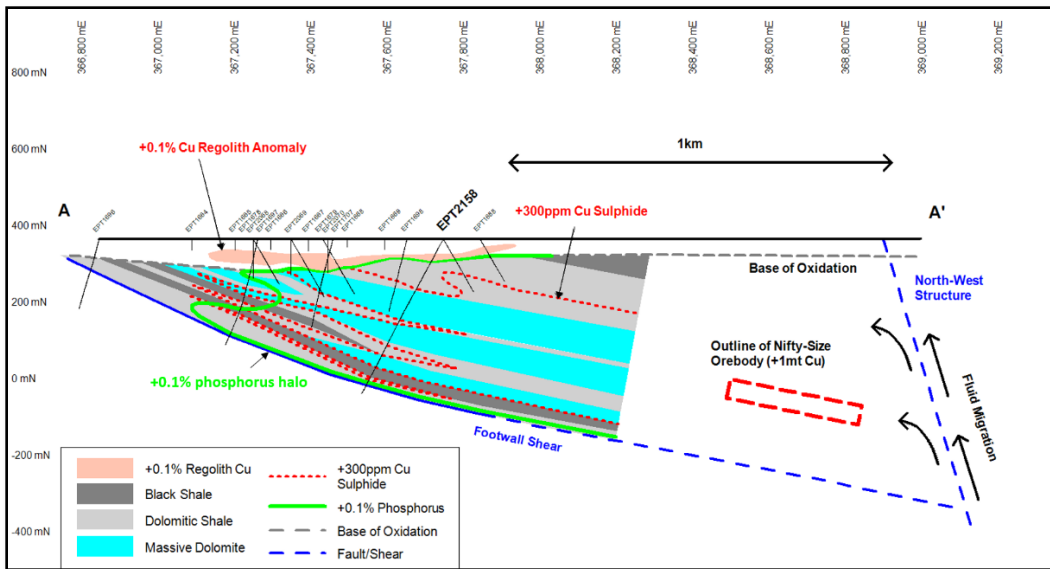


Figure 2: Interpreted cross section 7539700mN through BM7

Millennium Prospect (Hampton earning in)

In 2014, Encounter discovered high grade zinc sulphide mineralisation in the first diamond drilling program at Millennium. Millennium covers an area of approximately 140km² and is located 35km north east of the BM1-BM7 copper discoveries in the Yeneena project of Western Australia (Figure 6).

The company recently completed an earn-in and joint venture agreement with Hampton Hill Mining NL ("Hampton") at Millennium whereby Hampton have committed to sole fund the next \$500,000 of exploration expenditure for a 10% interest and may elect to earn a 25% interest in the project by funding a total of \$2M of the next \$3M of exploration expenditure (see ASX announcement with 23 April 2015)

Millennium is situated at a key structural intersection on the regionally significant Tabletop Fault on the margin of an interpreted sedimentary sub-basin. Encounter completed a program of shallow RC drilling across Millennium in September 2014 that confirmed extensive low grade zinc-lead sulphide mineralisation at the target with many holes ending in mineralisation (see ASX announcement 15 October 2014). The September 2014 RC drill program was the first drilling completed at Millennium.

Subsequently, four diamond holes were completed in November 2014 to test for mineralisation at depth and along key geological contacts. These holes were drilled on a single north-south section across the target (see Figures 4 and 5). The hole collars extend across 750m of the drill section. All four holes intersected visible zinc sulphide mineralisation in the form of sphalerite.

Diamond drilling at Millennium has identified two distinct styles of zinc sulphide mineralisation, 'contact related' and 'shale hosted'. The presence of multiple styles of zinc mineralisation and the large mineralisation footprint indicates a significant zinc mineralising event at Millennium.

Encounter recently engaged Professor Ross Large from the University of Tasmania to review the geological and geochemical information from Millennium. Professor Large has published over 120 scientific papers and is internationally recognised for his research on the genesis of ore deposits in sedimentary and volcanic terrains, including Volcanic Hosted Massive Sulfides (VHMS), Statiform and Sediment Hosted Orogenic Gold Deposits (SHOGS).

A number of papers published by Professor Large on Sediment-Hosted Zn-Pb-Ag (SEDEX) deposits detail the nature and style of the alteration haloes that surround these deposits. It has been through the study of these deposits that Prof. Large has generated a series of alteration indices that can be used when interrogating geochemical datasets to assist in vectoring into a SEDEX zinc ore position. A schematic diagram outlining the primary alteration haloes around SEDEX deposits is shown in Figure 3.

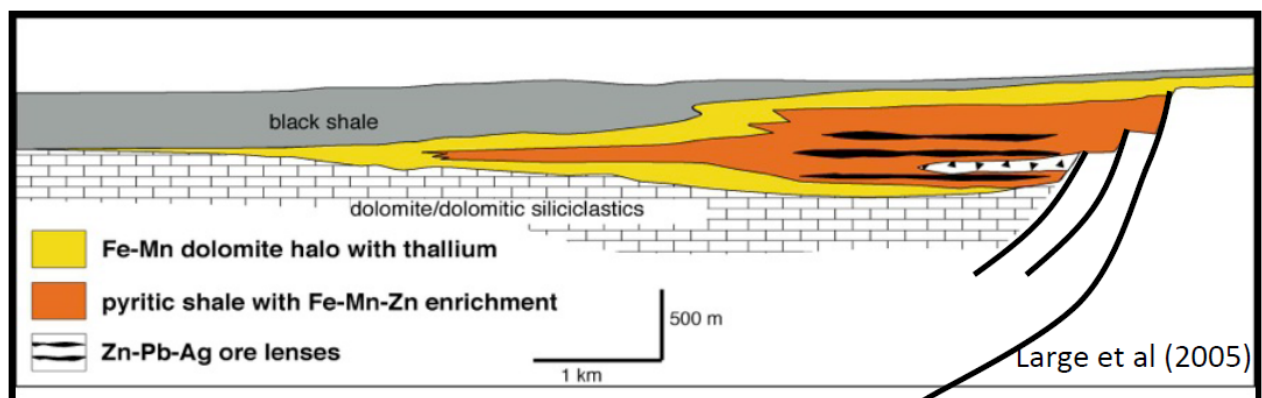


Figure 3: Cross section illustrating the halo around a typical SEDEX Zinc deposit

Professor Large's review of the Millennium data also focused on the assessment of the geology of the area and the nature of mineralisation intersected to date. The work had highlighted a number of area of interest and where additional data collection is required. In summary, Professor Large's assessment supports Encounter's belief that Millennium forms

part of a large scale zinc sulphide mineralised system and represents “an excellent SEDEX target”.

The initial 2015 diamond drill program at Millennium will be sole funded by Hampton to test:

- A. a discrete, 800m by 550m, 0.5mgal ground gravity anomaly
- B. along strike of zinc sulphide intersection (7m @ 4.8% Zn) on the shale / carbonate contact
- C. along strike of high grade intersection at BM2 (0.7m @ 36.5% Zn) (see Figure 4)

The diamond drilling program at Millennium is scheduled to commence in mid May 2015.

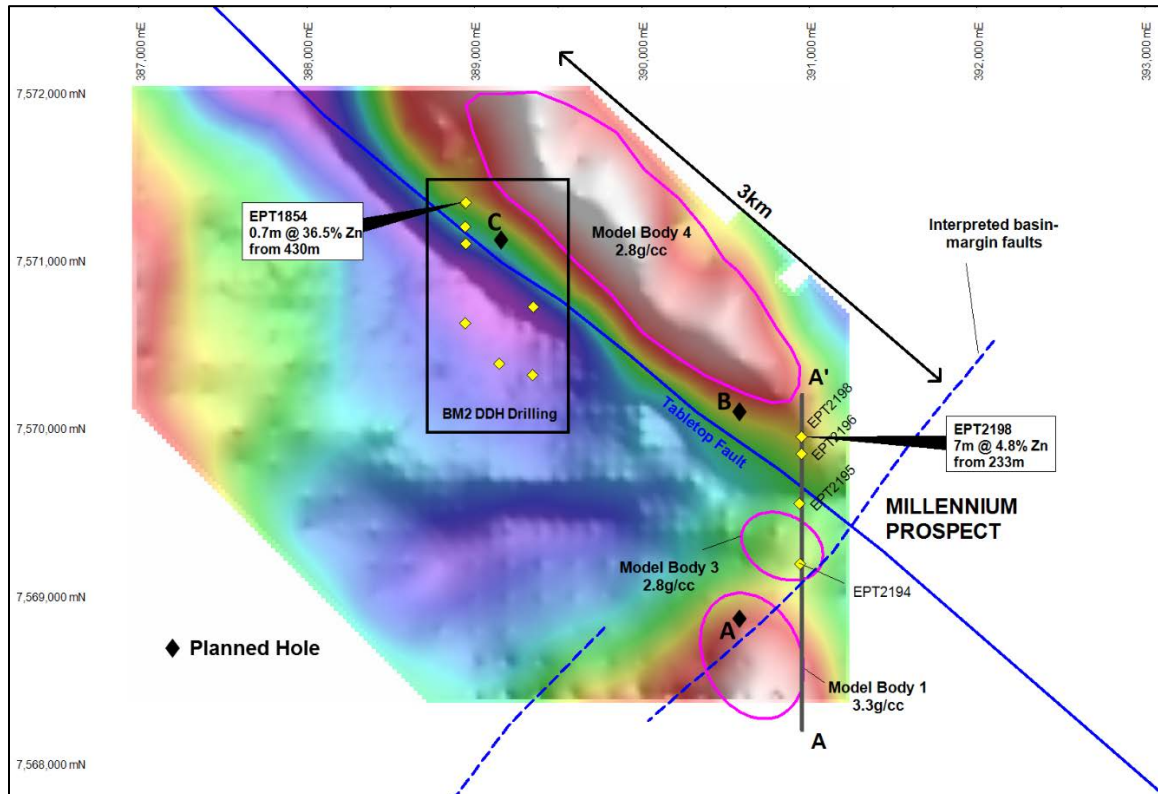


Figure 4: Millennium prospect – Diamond drilling status plan over residual gravity in plan view

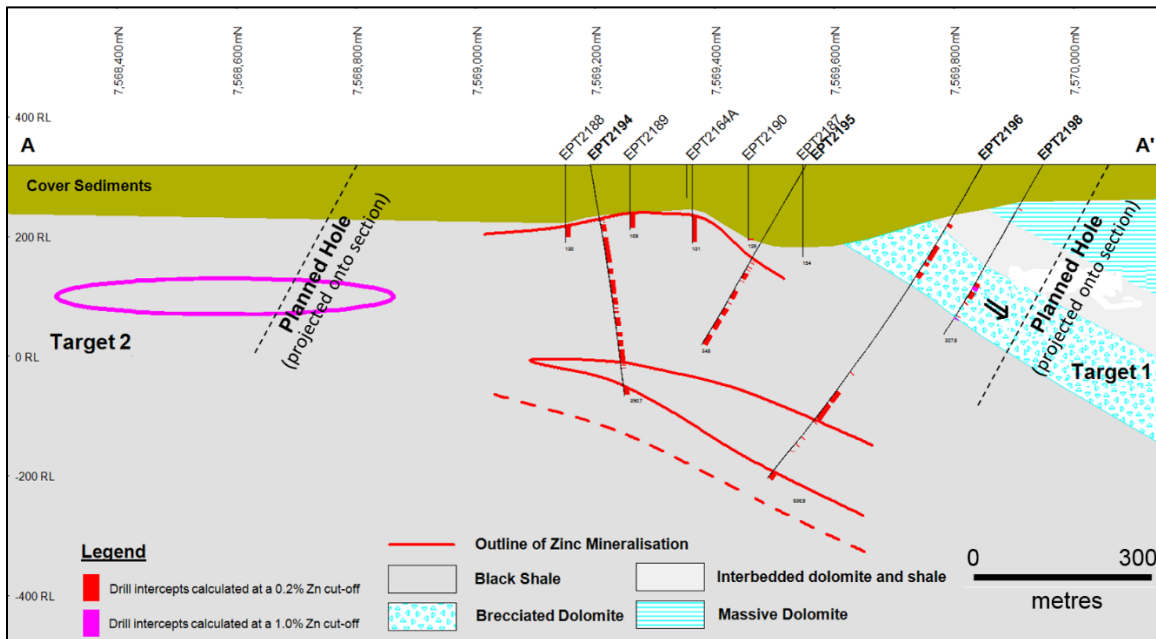


Figure 5: Millennium prospect – Section A-A' 390950mE

Company Background

Encounter is one of the most active greenfield exploration companies in Australia. The company is committed to large scale, frontier exploration in highly prospective under cover terrains in Australia where we believe substantial value can be unlocked for our shareholders. In recent times, Encounter has made new zinc and copper discoveries at our flagship Yeneena project located in the Paterson Province of Western Australia.

Project Background & Location Plan

The Yeneena Project covers 1,850km² of the Paterson Province in Western Australia and is located 40km SE of the Nifty copper mine and 30km SW of the Telfer gold/copper deposit (Figure 6). The targets identified are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting. The copper targets are hosted within sediments of the Broadhurst Formation in a similar geological setting to the Nifty copper deposit (total resource of 148.3mt @ 1.3% Cu – Straits Resources Ltd, 2001).

In April 2013, Encounter completed an earn-in agreement with a wholly owned subsidiary of Antofagasta plc, one of the world's largest copper producers, whereby it may earn a 51% interest in two tenements within the Yeneena Project by incurring expenditures of US\$20 million over a five year period.

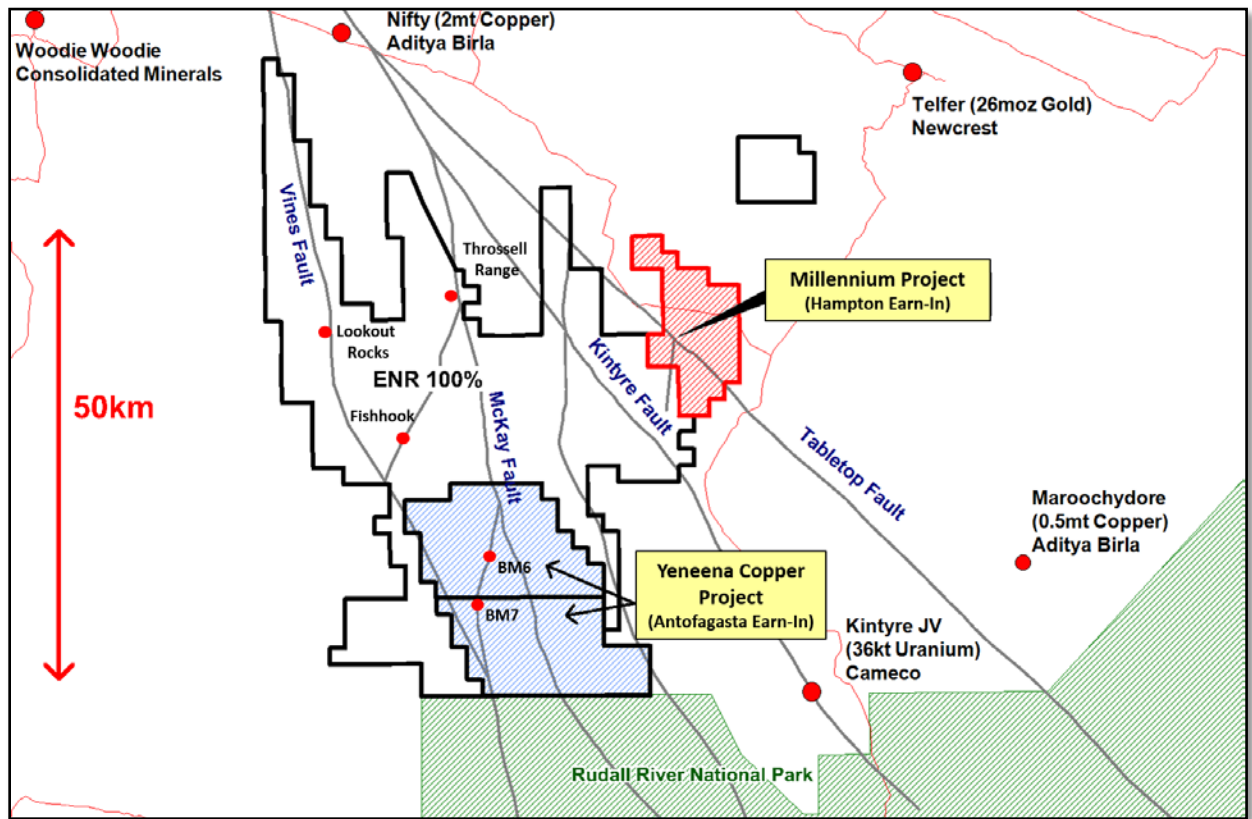


Figure 6: Yeneena Project leasing and targets areas

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.