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Company Announcements Office
Australian Securities Exchange
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Sydney NSW 2000

Second Gold Stock-Work Zone at Telfer West

- **Second zone of gold stock-work mineralisation has been confirmed 800m south-west of the Egg prospect**
 - **Diamond drill extensions completed for ETG0067 and ETG0068 intersected stock-work zones of silicified and fractured quartzite containing pyrite**
 - **Assay received from the ETG0068 pre-collar intersected a wide zone of gold mineralisation to the north-east of the interpreted stock-work zone:**
 - **30m at 1.1g/t Au from 96m incl. 2m @ 5.0g/t Au from 108m**
 - **An additional RC/diamond drill hole (ETG0070) has been completed 80m north-east of ETG0068 to test for potential shallower supergene or hangingwall mineralisation**
 - **Diamond core from ETG0067, ETG0068 and ETG0070 is currently being processed with assay results expected in October 2017**
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The directors of Encounter Resources Ltd ("Encounter") are pleased to announce that a second zone of gold stock-work mineralisation has been identified at the Telfer West gold project ("Telfer West"). This new zone is located 800m south-east of the Egg prospect where two RC holes drilled contain potentially significant gold mineralisation.

Background

In July 2017, a program of RC drilling was completed at Telfer West which included two RC drill holes (ETG0067 and ETG0068). These holes were drilled 800m south-east and along strike of the Egg prospect where hole ETG0002 was drilled in December 2016. ETG0002 intersected an 80m wide, depth extensive zone of stock-work style gold mineralisation that included:

- **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)**

The first RC hole in the new area, ETG0067, returned 122m @ 0.2g/t Au with gold mineralisation strengthening towards the bottom of hole (36m @ 0.4g/t gold from 124m to EOH) (see ASX release 31 July 2017).

Additional Drilling

ETG0067 and ETG0068 have both been extended with diamond tails. Visual inspection of the drill core shows that these holes contain stock-work zones of silicified and fractured quartzite containing pyrite (see Figure 2 and Photo 1). Diamond core from these two holes is currently being processed and assay results are expected to be received in October 2017.

In addition, assay results have now been received for the RC pre-collar of ETG0068. This hole contains a thick zone of oxidised gold mineralisation of 30m @ 1.1g/t Au from 96m which is located

to the north-east of the new stock-work zone. This intersection may represent a lateral supergene dispersion or a hangingwall position to the stock-work.

Based on this new area of gold mineralisation, an additional RC/diamond drill hole (ETG0070) was completed 80m north-east of ETG0068 to test the down dip of the 30m @ 1.1g/t Au intersection. Assay results from ETG0070 are also expected in October 2017.

ETG0070 has been left open and may be extended to test the new stock-work zone below ETG0068.

Commenting on the results, Encounter Managing Director Will Robinson said: “These two RC holes are the southernmost extent of our drilling along the mineralised, quartzite corridor at Telfer West. The latest drilling has identified a new gold stock-work zone that remains open down dip and along strike. This mineralised corridor can be traced over 5km of strike and we have only started testing its potential.”

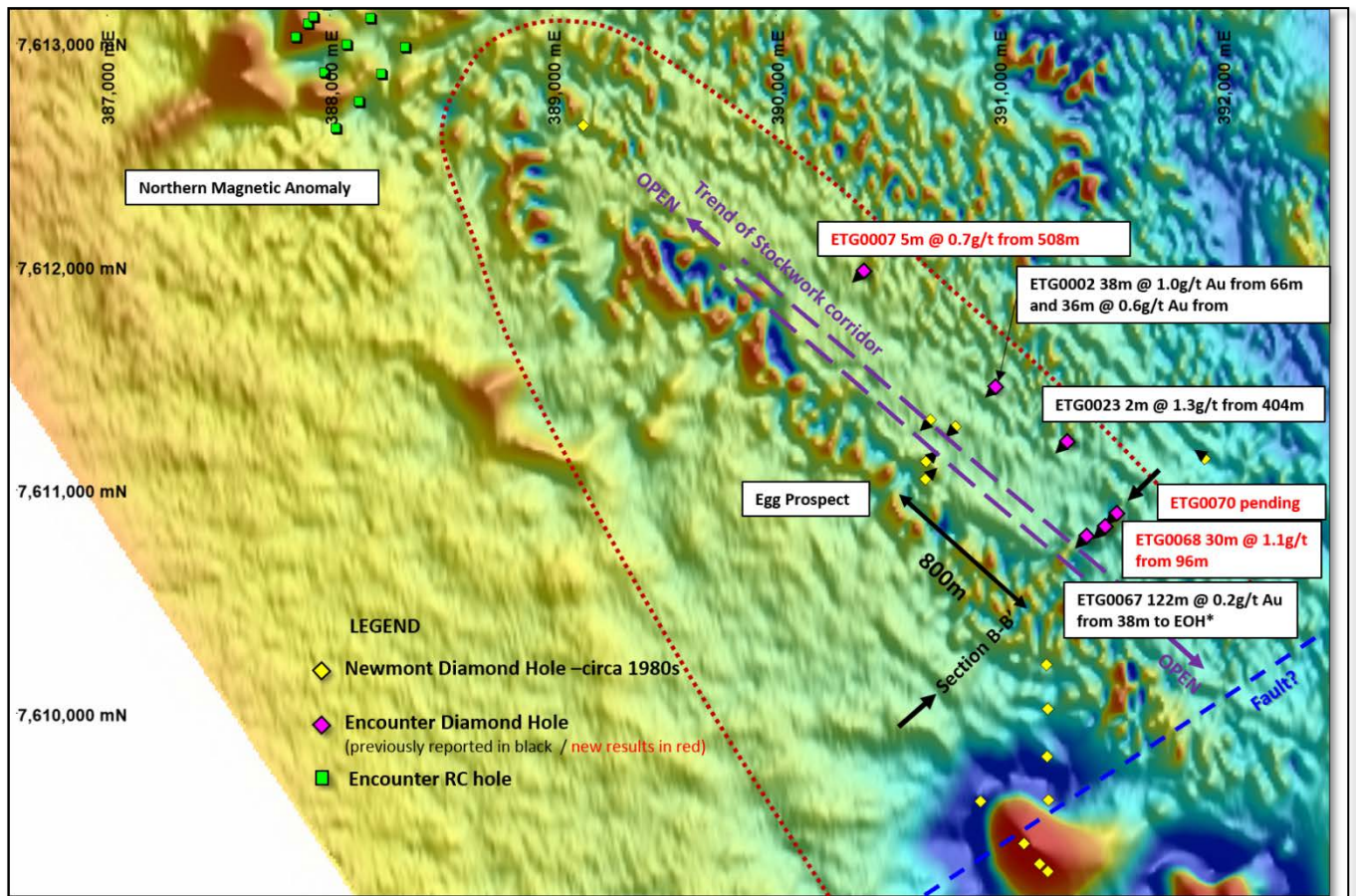


Figure 1: Telfer West prospects with interpreted dome and interpreted structure. Detailed aeromagnetic background (TMI 1VD pseudo colour image)

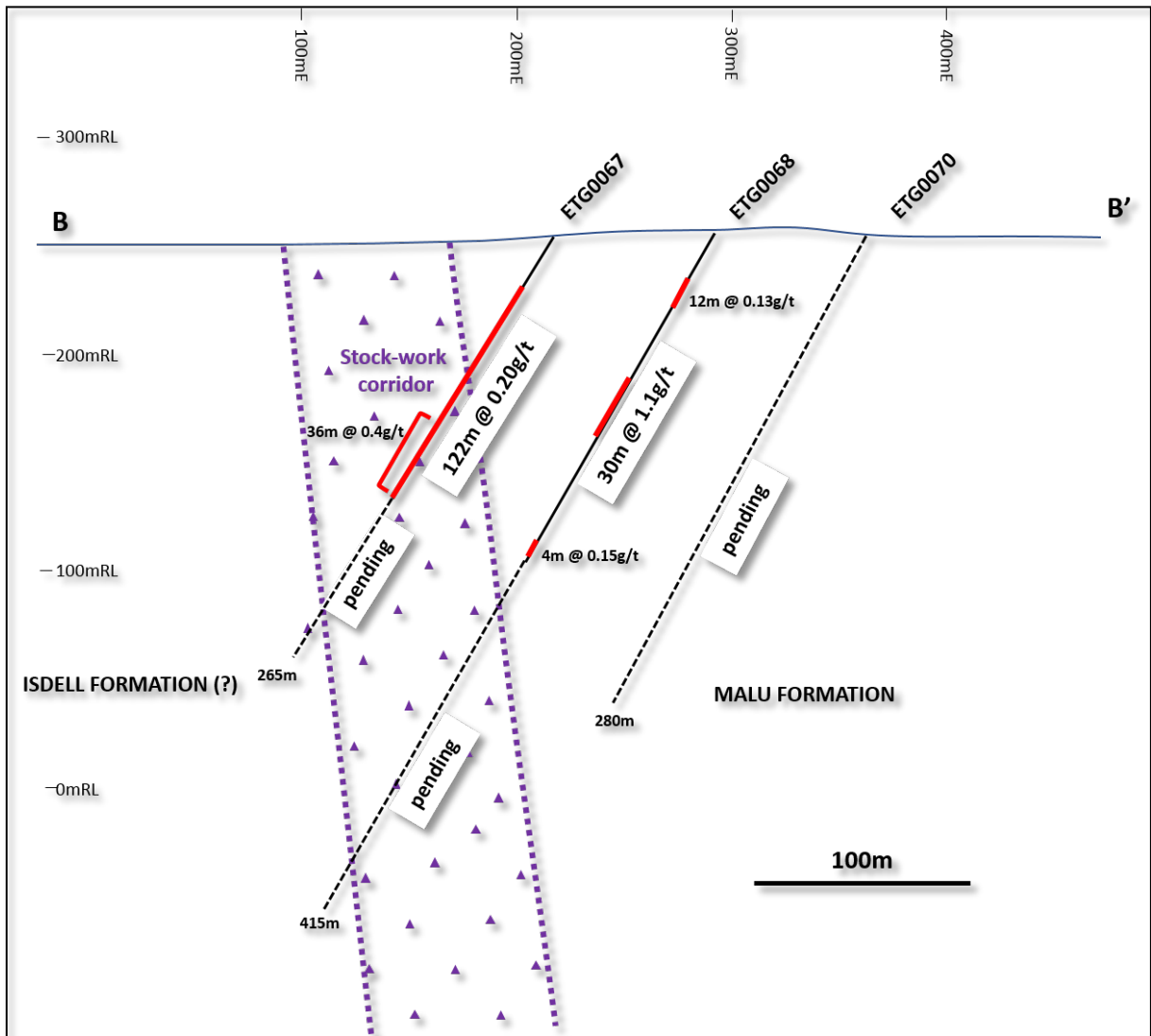


Figure 2: Telfer West Southern Stock-work Zone. Interpreted section B-B'



Photo 1: Example of the Telfer West Southern Stock-work Zone. ETG0067 169.4m to 172.6m

Hole_ID	Northing (m)	Easting (m)	RL (m)	EOH(m)	Dip	Azi
ETG0067	7610787	391386	267	265.6	-60	220
ETG0068	7610828	391466	267	415.6	-60	220
ETG0070	7610885	391520	267	280.4	-60	220

Table 1: RC and Diamond drill hole collar locations – Telfer West (Southern Stock-work zone)

Estimated drill hole coordinates GDA94 zone 51 datum. Collars positioned via handheld GPS (+/-5m), EOH = End of hole depth; m=metre; azi=azimuth.

Hole ID	From (m)	To (m)	Length (m)	Gold g/t	As (ppm)	Bi (ppm)	Cu (ppm)
ETG0007	437	438.58	1.58	0.32	888	1	22
and	444	445.6	1.6	0.75	4603	6	66
incl.	445	445.6	0.6	1.8			
and	461	462	1	0.1	31	4	28
and	482	483	1	0.32	186	5	30
and	508	513	5	0.72	125	2	13
ETG0067	38	160*	122	0.2	152	30	173
incl	124	126	2	1.36	254	142	182
incl	148	150	2	1.27	485	57	2010
	160	265.6		pending			
ETG0068	30	42	12	0.13	18	3	7
and	96	126	30	1.09	16	22	14
incl	108	110	2	5.04	62	31	20
and	196	200	4	0.15	356	16	187
	202	415.6		pending			
ETG0070				pending			

Table 2: RC and Diamond drilling assay results – Telfer West Stockwork Corridor

*Intervals are calculated with a lower cut-off of 0.1g/t with some narrow internal zones less than 0.1g/t included. Internal higher grade intervals calculated at a 5g/t Au lower cut-off. * Denotes End of Hole intersection*

Location Plan

Encounter holds exploration tenure over 2,000km² of the Paterson Province in Western Australia (WA), that hosts the Telfer gold-copper mine and the Nifty copper mine. Encounter is actively exploring for gold-copper deposits in the Telfer region as well as copper-cobalt and zinc-lead deposits at Yeneena.

The Company's gold portfolio includes Telfer West, a recent shallow, high grade gold discovery and East Thomson's Dome that includes a large scale gold soil anomaly identified adjacent to high grade outcropping gold reefs.

The copper-cobalt and zinc-lead prospects identified at Yeneena are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting.

Separate to the projects in the Paterson Province, Encounter has an project generation alliance covering northern WA with Australia's largest gold mining company, Newcrest Mining Limited (ASX:NCM).

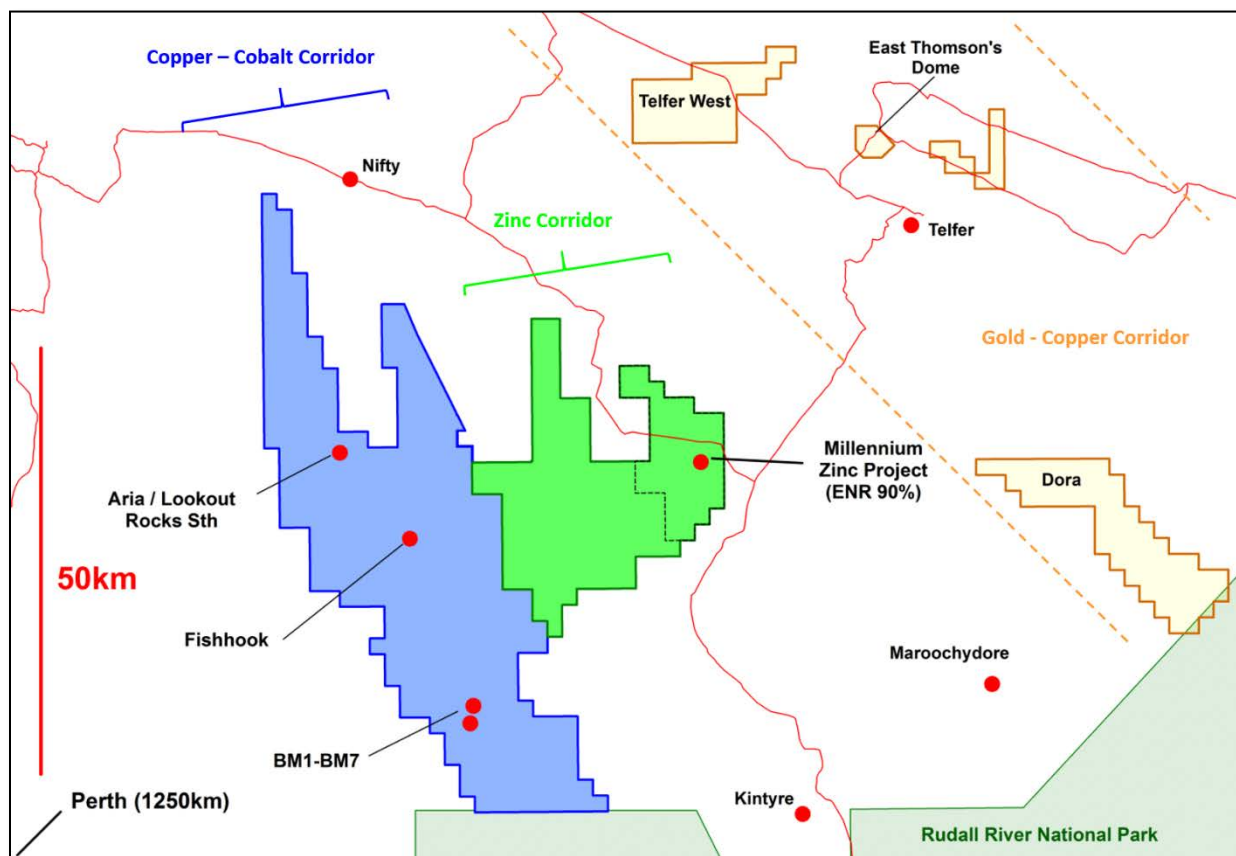


Figure 3: Yeneena region leasing and targets areas

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.

SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	Telfer West stockwork corridor was sampled by Encounter using diamond drilling. A 5 hole program has been completed in 2017 for a total of 2,040m. ETG0007 was drill 800m north of ETG0002 at the Egg prospect whilst ETG0023 was drilled 400m south and ETG0067, ETG0068 and ETG0070 were drilled 800m south of ETG0002. All holes were RC pre-collared.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used</i>	Drill hole collar locations were recorded by handheld GPS, which has an estimated accuracy of +/- 5m.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information</i>	Reverse circulation drilling was used to obtain 3-4 kg samples every 1m downhole and composited into 2m samples. Diamond drill core samples were half core samples of HQ and NQ sized core. The samples from the drilling were sent to Bureau Veritas Minerals Pty Ltd Laboratories in Perth, where they were dried, crushed, pulverised and split to produce a sub – sample for Fire Assay, ICP – OES and ICP – MS analysis.
Drilling techniques	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	Results reported in this announcement refer to samples from RC and diamond drilling. The RC holes were drilled using 5 1/4" face sampling hammer and the diamond drilling was either HQ or NQ in size. Diamond drill core is orientated using a Reflex ACT3 tool.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed</i>	RC Sample recoveries were estimated as a percentage and recorded by Encounter field staff and sections of lost core were noted by the diamond drillers.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples</i>	Driller's used appropriate measures to minimise down-hole and/or cross – hole contamination in RC drilling.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	To date, no detailed analysis to determine the relationship between sample recovery and/or and grade has been undertaken for this drill program.

Criteria	JORC Code explanation	Commentary
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Geological logging is currently being completed on all drill holes, with lithology, alteration, mineralisation, structure and veining recorded.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Geological logging is qualitative in nature and records interpreted lithology, alteration, mineralisation, structure, veining and other features of the samples and core.
	<i>The total length and percentage of the relevant intersections logged</i>	All drill holes will be logged in full by Encounter geologists.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Samples submitted from the diamond drill holes were half core
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	RC samples were collected on the rig using a cone splitter. Samples were recorded as being dry, moist or wet by Encounter field staff.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Sample preparation was completed at Bureau Veritas Minerals Pty Ltd Laboratories in Perth. Samples were dried, crushed, pulverised (90% passing at a $\leq 75\mu\text{m}$ size fraction) and split into a sub – sample that was analysed using fire assay and a 4 acid digest with an ICP – OES and ICP – MS finish.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Field QC procedures involve the use of commercial certified reference materials (CRMs) and in house blanks. The insertion rate of these will be at an average of 1:33.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	Field duplicates were taken during RC drilling and were collected on the rig via a cone splitter at a rate of 1:50. The results from these duplicates are assessed on a periodical basis.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The sample sizes are considered appropriate to give an accurate indication of the mineralisation at Telfer West.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	The sample(s) for ICP analysis have been digested and refluxed with a mixture of acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric Acids. This extended digest approaches a Total digest for many elements however some refractory minerals are not completely attacked. Analytical methods used will be ICP – OES (Cu, Fe, K, Mg, Mn, Ni, P, S, Sc, Ti and Zn) and ICP – MS (Ag, As, Bi, Co, Mo, Pb, Sb, Sn, Te, W and Zr). Au, Pt and Pd were determined via Fire Assay.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	Not applicable – no such equipment utilised for analysis purposes.
	<i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of in house procedures. Encounter also submitted an independent suite of CRMs, blanks and field duplicates (see above). A formal review of this data is completed on an annual basis.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	The intersections included in this report have been verified by Sarah James (Senior Exploration Geologist)
	<i>The use of twinned holes.</i>	No twinned holes have been drilled.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Primary data is collected for Telfer West on toughbook computers using Excel templates and Maxwell Geoservice's LogChief software. Data collected was sent offsite to Encounter's Database (Datashed software), which is backed up daily.
	<i>Discuss any adjustment to assay data.</i>	A number of samples above 1g/t were repeated and only the first assay result was reported.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Drill hole collar locations are determined using a handheld GPS. Down hole surveys were collected during this drilling program at approx. 30m intervals downhole.
	<i>Specification of the grid system used.</i>	The grid system used is MGA_GDA94, zone 51.
	<i>Quality and adequacy of topographic control.</i>	Estimated RLs were assigned during drilling and are to be corrected at a later stage using a DTM created during the aeromagnetic survey.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	ETG0007 was drill 800m north of ETG0002 at the Egg prospect whilst ETG0023 was drilled 400m south and ETG0067, ETG0068 and ETG0070 were drilled on the same section 800m south of ETG0002
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	Mineralisation has not yet demonstrated to be sufficient in both geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications to be applied.
	<i>Whether sample compositing has been applied.</i>	RC Drill samples from this program were composited from 1m sample piles into 2m composite samples.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	N/A – this is early stage drilling and the orientation of sampling to the mineralisation is not known.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	This is early stage drilling and the orientation of sampling to the mineralisation is not known.
Sample security	<i>The measures taken to ensure sample security.</i>	The chain of custody is managed by Encounter. Samples were delivered by Encounter personnel to Newcrest's Telfer Mine site and transported to the assay laboratory via McMahon's Haulage. Tracking protocols have been emplaced to monitor the progress of all samples batches.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	Sampling techniques and procedures are regularly reviewed internally, as is data. To date, no external audits have been completed on Telfer West data.

SECTION 2 REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<p><i>Type, reference name/number, location and ownership including agreements or material issues with third parties including joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></p>	<p>The Telfer West project is located within the tenement E45/4613 which is 100% held by Encounter. The prospect area is subject to a production royalty of A\$1 per dry metric tonne of ore mined.</p> <p>This tenements are contained completely within land where the Martu People have been determined to hold native title rights.</p> <p>No historical or environmentally sensitive sites have been identified in the area of work.</p>
Exploration done by other parties	<p><i>Acknowledgment and appraisal of exploration by other parties.</i></p>	<p>A regional LAG sampling program in the early 1980s conducted by WMC Resources identified a copper / arsenic anomaly over the area of the Telfer West project. Detailed mapping and ~2km spaced, shallow bedrock drilling by WMC was completed to produce a interpreted geology map of the area. Anomalous values of 150-520ppm As with no gold and low tenor copper values were recorded.</p> <p>In 1983 Newmont Holdings Pty Ltd (later Newmont Australia Ltd) entered into a joint venture with WMC over the Telfer West area.</p> <p>In 1984 Newmont and BHP entered an agreement with WMC to continue the joint venture with Newmont as operator. Newmont completed a regional aeromagnetic and radiometric survey in 1984 and colour photography survey. 144 rock chip samples and a bulk stream sediment sampling was also completed prior to a 15 hole RC drill program (total of 756m, LSR series) targeting the Upper Malu/ Puntapunta contact. RC Holes were drilled on four 400m spaced sections at ~40m spacing on the north-east side of the interpreted dome. No mineralized reef positions were identified in this program.</p> <p>In 1985, Newmont completed 4 diamond holes (LSPC 1-4) for a total of 391m in the south of the dome testing separate magnetic anomalies. Drilling returned encouraging results with Au-Cu-W 'skarn style' mineralization hosted in the Isdell Formation.</p> <p>In 1986, RAB drilling at the Egg prospect totaled 63 holes for 1175m over an area approx. 400m by 400m (ERG series). Sampling was limited to two samples per hole, one at the base of cover and one at the bottom of the hole. Four diamond holes (LHS86 series) for 677m were drilled across the project testing the Egg, Southern Magnetic anomaly and the northern Malu fold nose</p> <p>In 1987, the JV partners completed 13 (LSR 1-13) RAB holes for 379m along a single 1200m long east-west line in the south of the project. RC drilling (LSR 87 series) of 16 holes for 1383 were drilled in the vicinity of the southern magnetic anomalies. It is unclear at this stage if this drilling effectively tested the magnetic features.</p> <p>In 1988, Newmont completed 4 diamond holes (LHS 88-1, 4, 4a and 7) with drilling completed at the Egg, Stuttgart and Magnetic anomaly 1.</p> <p>In the following year, 1989, Newmont drilled a further 6 diamond holes (LHS 89 1-6) for a total of 563m targeting the Northern Magnetic anomaly, the Egg prospect and the Central Shear Zone.</p>

	<p>In 1990/91, 30 RAB holes (LHB series) were drilled on the Northern and Southern Magnetic anomalies and along the interpreted fold axis for a total of 1734m. Drilling was hampered by ground water resulting in the program being largely ineffective. No additional drilling was completed at the project and most recent on ground activities occurred in 1993. The final tenement surrenders occurred in 1997 and it is assumed the joint venture terminated at the same time. No exploration work has been conducted over the Telfer West project since the termination of the WMC / Newmont / BHP joint venture.</p>
<p>Geology</p> <p><i>Deposit type, geological setting and style of mineralisation</i></p>	<p>The Telfer West project is situated in the Proterozoic Paterson Province of Western Australia. A simplified geological interpretation shows a domal feature with Isdell Formation in the core of the fold being overlain by Malu Formation and the Puntapunta Formation forming the uppermost unit. The Telfer West project is considered prospective for sediment – hosted ‘Telfer style’ gold-copper mineralisation and skarn style mineralisation.</p>
<p>Drill hole information</p> <p><i>A summary of all information material to the understanding of the exploration results including tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> • <i>Easting and northing of the drill hole collar</i> • <i>Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar</i> • <i>Dip and azimuth of the hole</i> • <i>Down hole length and interception depth</i> • <i>Hole length</i> 	<p>Refer to tabulations in the body of this announcement.</p>
<p>Data aggregation methods</p> <p><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i></p> <p><i>Where aggregated intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></p> <p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></p>	<p>All reported assays have been length weighted, with a nominal 0.1g/t Au lower cut-off. No upper cuts-offs have been applied.</p> <p>Higher grade intervals that are internal to broader zones of gold mineralisation are reported as included intervals, using a lower cut-off of 1g/t Au or 5g/t Au</p> <p>No metal equivalents have been reported in this announcement.</p>

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	<i>These relationships are particularly important in the reporting of exploration results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i>	The geometry of the mineralisation is not yet known due to insufficient drilling in the targeted area.
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plane view of drill hole collar locations and appropriate sectional views.</i>	Refer to body of this announcement.
Balanced Reporting	<i>Where comprehensive reporting of all Exploration Results is not practical, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	All significant intervals are reported with a 0.1g/t Au lower cut-off with no minimum width (with internal higher grade intervals quoted using a lower cut-off of 1g/t Au or 5g/t Au)
Other substantive exploration data	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observation; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	All meaningful and material information has been included in the body of the text. No metallurgical or mineralogical assessments have been completed.
Further Work	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large – scale step – out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Once final assay results have been received from the recently completed diamond drilling a follow up RC drill program will be designed to test of southern extensions of the Stock-work corridor.