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Copper sulphides confirmed in first diamond hole at Lookout Rocks

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The directors of Encounter Resources Ltd ("Encounter" or "the Company") are pleased to confirm copper sulphide mineralisation in the first diamond hole drilled at the Lookout Rocks Project ("Lookout Rocks").

Background

Lookout Rocks includes four tenements (~450km^2) of highly prospective exploration ground located in the north-west of Yeneena. Exploration at Lookout Rocks is being conducted as part of the US$6m earn-in agreement with a wholly-owned subsidiary of Antofagasta plc ("Antofagasta") *(refer ASX announcement 30 July 2015).*

The Lookout Rocks project is in the north-west of Yeneena and covers over 30 strike kms of interpreted Broadhurst Formation sedimentary rocks, the geological unit that hosts the Nifty copper deposit. Interpretation of the detailed airborne electromagnetic data indicates the prospective structures and Broadhurst lithologies extend into the project in an area that has seen minimal exploration activity.

Diamond Drilling - Assay Results

Chemical assays have confirmed that the first diamond drill hole successfully intersected narrow zones of disseminated copper sulphide mineralisation, up to 1% Cu, at the targeted "first reductant" position (see Table 1 and 2). 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 Project. 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.

A second steeper diamond drill hole was drilled approximately 60m east of the first hole however this hole drilled down a Proterozoic dyke and was terminated above the first reductant position and is classified ineffective.

Future work programs are currently being designed in collaboration with Antofagasta personnel.

The diamond drill program at Lookout Rocks was 50% funded under the WA Government Exploration Incentive Scheme.

Hole_ID	Northing (m)	Easting (m)	RL (m)	EOH(m)	Dip	Azi	Hole Type
EPT2282	7567599	352075	360	326.1	-72	270	DDH
EPT2283	7567595	352136	360	222.9	-87	090	RC / DDH

Table 1: Drill hole collar location – Lookout Rocks South
Estimated drill hole coordinates GDA94 zone 51 datum. Collars positioned via handheld GPS (+/-5m), EOH = End of hole depth; m=metre; azi=azimuth. DDH = diamond, RC = Reverse Circulation

Hole ID	From (m)	To (m)	Length (m)	Copper %	Cobalt ppm
EPT2282	185	194.5	9.5	0.14	183
and	199.5	204	4.5	0.17	126
and	259.05	260.7	1.65	0.42	120
incl.	259.4	259.7	0.3	1.0	326
and	275.6	275.93	0.33	1.0	41
EPT2283	nsa				

Table 2: Diamond drilling assay results – Lookout Rocks South
Intervals are calculated at a 0.1% Cu lower cut-off and a minimum width of 2m downhole. Internal higher grade intervals calculated at a 1% Cu lower cut-off. nsa = no significant results

Location Plan

The Yeneena Region covers 1,800km^2 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.

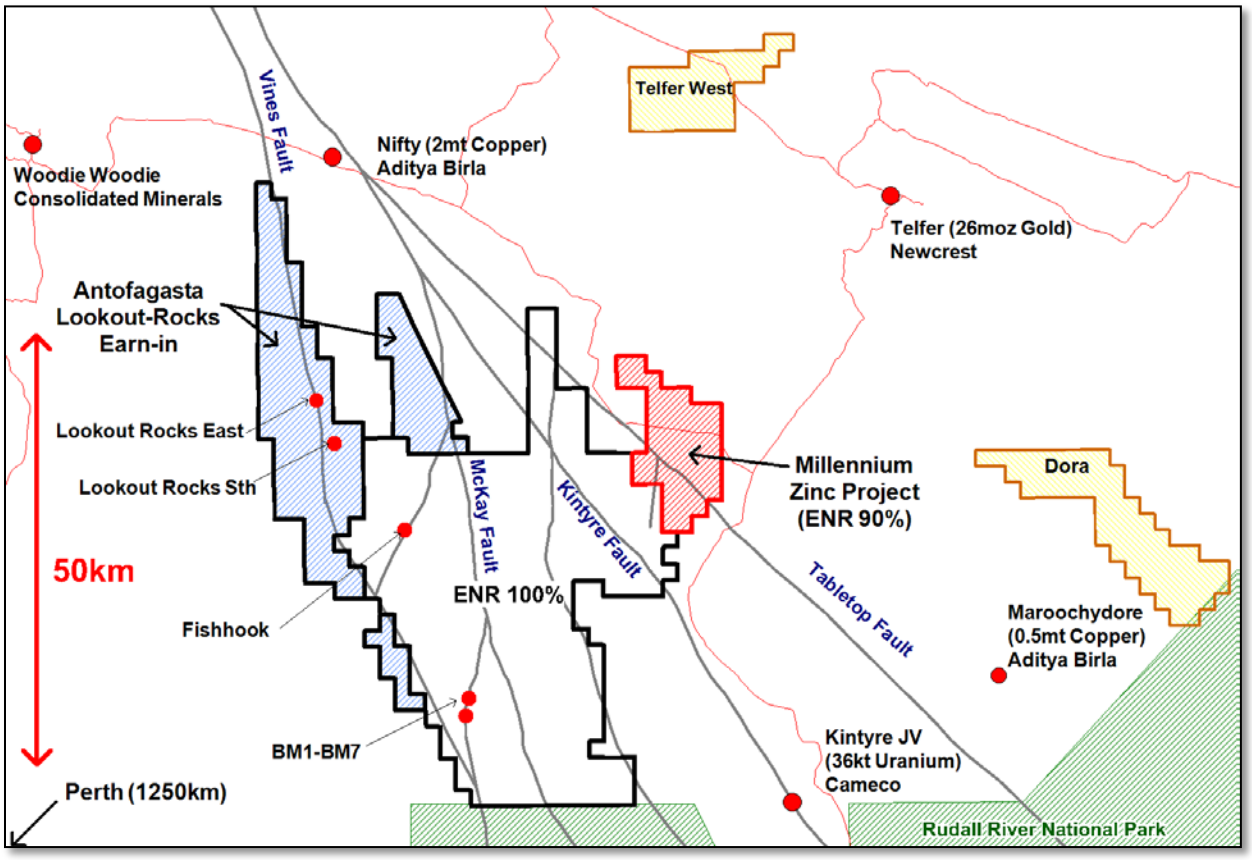

Figure 1: Yeneena Project leasing and targets areas

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.

SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling techniques	*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.*	Lookout Rocks South was sampled by Encounter using RC and diamond drilling. Two holes were drilled for a total of 549m. The two exploration diamond holes were drilled on the same east-west section. Onsite handheld Niton XRF instruments were used to systematically analyse diamond core and RC samples, with a single reading taken for each 1m core interval or 2m composite RC sample produced during drilling. These results are only used for onsite interpretation and the XRF results are not reported.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used	Drill hole collar locations were recorded by handheld GPS, which has an estimated accuracy of +/- 5m.
	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	Reverse circulation drilling was used to obtain 3-4 kg samples every 1m downhole and composited into 2m samples. The diamond core was drilled at either PQ or HQ3 diameter. 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 ICP – OES and ICP – MS analysis.
Drilling techniques	*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).*	All the results reported in this announcement refer to samples from the diamond drilling. RC holes were drilled using 4 1/2" face sampling hammer. Diamond holes were either PQ triple tube drilled from surface or RC pre-collared to hard rock then HQ3 drilled to EOH.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed*	RC Sample recoveries were estimated as a percentage and recorded by ENRL field staff. All zones of core loss were logged as individual units.
	Measures taken to maximise sample recovery and ensure representative nature of the samples	Driller's used appropriate measures to maximise core recovery and minimise down-hole and/or cross – hole contamination in RC drilling.
	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.	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	*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.*	Geological logging is carried out on all drill holes, with lithology, alteration, mineralisation, structure and veining recorded. Where core was orientated, structural measurements are taken.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Geological logging is qualitative in nature and records interpreted lithology, alteration, mineralisation, structure, veining and other features of the samples.
	The total length and percentage of the relevant intersections logged	All drill holes will be logged in full by Encounter geologists.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	PQ core samples reported in this announcement were quarter cut core samples and HQ sized core was half cut core.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	RC samples were collected on the rig using a splitter. Samples were recorded as being dry, moist or wet by Encounter field staff.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Sample preparation was completed at Bureau Veritas Minerals Pty Ltd Laboratories in Perth. Samples were dried, crushed, pulverised (90% passing at a ≤75µM size fraction) and split into a sub – sample that was analysed using a 4 acid digest with an ICP – OES and ICP – MS finish.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	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.
	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.	Field duplicates were taken during RC drilling and were collected on the rig via a splitter at a rate of 1:50. The results from these duplicates are assessed on a periodical basis.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample sizes are considered appropriate to give an accurate indication of base metal anomalism and mineralisation at Lookout Rocks South.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	The samples will be digested and refluxed with hydrofluoric, nitric, hydrochloric and perchloric acids (four acid digest). This digest is considered to approach a total digest for many elements, although some refractory minerals are not completely attacked. Analytical methods used will be ICP – OES (Al, Ca, Cu, Fe, Mg, Mn, Ni, P, S and Zn) and ICP – MS (Ag, As, Bi, Cd, Co, In, Mo, Pb, U and Ti).
	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.	Two handheld XRF instruments were used to systematically analyse RC samples and drill core onsite. The principal instrument used was a Thermo Scientific XL3t 950 GOLDD+. A Thermo Scientific XL3t 500 was also used infrequently. Reading times ranged from 20 – 25 seconds. Standards are analysed frequently to ensure accuracy.
	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.	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	*The verification of significant intersections by either independent or alternative company personnel.*	The intersections included in this report have been verified by Kristian Hendricksen (Senior Geologist)
	The use of twinned holes.	No twinned holes have been drilled.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Primary data is collected for Lookout Rocks South 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.
	Discuss any adjustment to assay data.	No adjustments or calibrations are made to any assay data collected at Lookout Rocks South.
Location of data points	*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.*	Drill hole collar and rock chip locations are determined using a handheld GPS. Down hole surveys were collected during this drilling program at approx.. 30m intervals downhole.
	Specification of the grid system used.	The grid system used is MGA_GDA94, zone 51.
	Quality and adequacy of topographic control.	Estimated RLs were assigned during drilling and are to be corrected at a later stage using a DTM created during the VTEM AEM survey.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	The two holes in this program were drilled on the same east-west section.
	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.	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.
	Whether sample compositing has been applied.	RC Drill samples from this program were composited from 1m sample piles into 2m composite samples.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	N/A – this is early stage drilling and the orientation of sampling to the mineralisation is not known.
	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.	This is early stage drilling and the orientation of sampling to the mineralisation is not known.
Sample security	*The measures taken to ensure sample security.*	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	*The results of any audits or reviews of sampling techniques and data.*	Sampling techniques and procedures are regularly reviewed internally, as is data. To date, no external audits have been completed on the Lookout Rocks South data.

SECTION 2 REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*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.*	The Lookout Rocks South prospect is located within the tenement E45/3768 which is 100% held by Encounter. The prospect area is subject to an Earn In Agreement with a subsidiary of Antofagasta PLC, whereby Antofagasta may up to a 70% interest in the prospect area. This tenements are contained completely within land where the Martu People have been determined to hold native title rights. No historical or environmentally sensitive sites have been identified in the area of work.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Prior to activities undertaken by Encounter, only two lines of shallow RAB drilling had been completed in the Lookout Rocks South area by ESSO in the mid 1980s. Results from the ESSO drilling could not be verified.
Geology	*Deposit type, geological setting and style of mineralisation*	Lookout Rocks South is situated in the Proterozoic Paterson Province of Western Australia. A simplified regional stratigraphy of the area comprises the Palaeo-Proterozoic Rudall Complex, unconformably overlain by the Neo-Proterozoic Coolbro Sandstone. On top of this is the Broadhurst Formation, which hosts Lookout Rocks South. Lookout Rocks South is considered prospective for sediment – hosted copper mineralisation.
Drill hole information	*A summary of all information material to the understanding of the exploration results including tabulation of the following information for all Material drill holes:* • *Easting and northing of the drill hole collar* • *Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar* • *Dip and azimuth of the hole* • *Down hole length and interception depth* • *Hole length*	Refer to tabulations in the body of this announcement.
Data aggregation methods	*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.*	All reported assays have been length weighted, with a nominal 0.1% Cu lower cut-off over a minimum of 2m reported as significant in the context of the geological setting. No upper cuts-offs have been applied.
	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.	Higher grade intervals that are internal to broader zones of copper mineralisation are reported as included intervals, using a lower cut-off of 1% Cu and no minimum width.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalents have been reported in this announcement.

Criteria	*JORC Code explanation*	**Commentary**
Relationship between mineralisation widths and intercept lengths	*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').*	The geometry of the mineralisation is not yet known due to insufficient drilling in the targeted area.
Diagrams	*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.*	Refer to body of this announcement.
Balanced Reporting	*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.*	All significant intervals are reported with a 0.1% Cu lower cut-off over a minimum of 2m (with internal higher grade intervals quoted at a 0.1% Cu lower cut-off).
Other substantive exploration data	*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.*	All meaningful and material information has been included in the body of the text. No metallurgical or mineralogical assessments have been completed.
Further Work	*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.*	Future work programs are currently being designed in collaboration with Antofagasta personnel.