

17 November 2016

Company Announcements Office  
Australian Securities Exchange  
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Sydney NSW 2000

## **Drilling Commences at Telfer West Gold Project**

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The directors of Encounter Resources Ltd (“**Encounter**” or “**the Company**”) are pleased to report that diamond drilling has commenced at the Telfer West gold project (“**Telfer West**”).

This is the first drilling at Telfer West since 1991. Drilling will focus on the Egg Prospect which contains several areas of high grade gold within a substantial volume of stockwork style gold mineralisation and where a recent surface rock chip program returned up to 61.4g/t gold (*refer ASX announcement 20 October 2016*).

### **Background - Telfer West**

Telfer West is located 25km north-west of Newcrest’s major gold-copper operation at Telfer (Figure 1). Historical drilling completed by WMC and Newmont in the 1980s to early 1990s focused mostly on the outcropping, north-eastern limb of the Telfer West dome. This limb of upper Malu Formation forms a predominant north-west trending ridge within the project area (Figure 3). This historical drilling was primarily shallow surface geochemical drilling with only 4 holes drilled deeper than 150m over the 8 km long trend of the dome.

At the Egg Prospect, located on the north-eastern limb of the dome at Telfer West, four diamond holes were drilled in the period 1986 to 1989 with three of these diamond holes drilled on a single section (Figure 4). Two of the three drill holes are of particular interest:

- Drill hole LHS86-9 was drilled in a south-west direction, perpendicular to interpreted stratigraphy. This hole was abandoned at 78.3m due to mechanical failure but ended in **5.3m at 1.44g/t** gold from 73m to EOH.
- A follow up hole (LHS88-1) was drilled in a north-east direction and as such is interpreted to be drilled down the stratigraphy. However, this hole intersected a broad zone of low grade stockwork mineralisation of **117.7m @ 0.25g/t** gold from 156m to EOH and included several narrow zones of high grade gold mineralisation:
  - 0.7m @ 4.92g/t gold from 61.5m
  - 0.13m @ 12.5g/t gold from 95.07m
  - 0.3m @ 10.7g/t gold from 156.6m
  - 0.8m @ 7.91g/t gold from 163.7m incl. 0.2m @ 21.7g/t gold from 163.7m and
  - 0.2m @ 7.23g/t gold from 183.8m

The fourth hole (LHS86-8) was drilled approximately 100m to the north-west and parallel to LHS 86-9. This 140m deep hole was not extensively sampled but did return an intersection of **5m @ 1.57g/t gold** from 81m including 1m @ 5.63g/t from 81m (*refer ASX announcement 25 August 2016*).

It is interpreted that the historical drilling at the Egg Prospect identified a substantial volume of stockwork style gold mineralisation within the Malu Formation. This mineralisation remains open and untested in all directions and at depth.

Diamond drilling has commenced at Telfer West and will initially focus on continuing the prior drill testing at the Egg Prospect and the north-west magnetic anomaly adjacent to LHS89-6 (see Figure 3).

In addition, an IP (induced polarisation) survey is currently in progress at Telfer West. This IP survey has been designed to provide an initial assessment of the applicability of IP to find stronger concentrations of mineralisation along the 8km Telfer West gold trend.

**Drilling Update** *(Refer ASX Announcements 5 October 2016 and 26 October 2016)*

The diamond drill program at the Millennium zinc project is ongoing. The first hole of the program has been completed with first assay results expected in December 2016. A second hole has commenced and is expected to be completed before the end of November 2016.

A single diamond drill hole was drilled to test an airborne electromagnetic (“**AEM**”) anomaly located south of Aria and west of the Lookout Rocks South prospect. This drill hole intersected an anomalously thick sequence of Permian sediments that may account for the AEM anomaly. The hole was terminated at 342m in Permian cover.

Diamond drill hole EPT2276 at Aria was re-entered and extended from 400.4m to 741m. The drill hole continued to intersect the hematite-altered, polymictic breccia which contained several zones of weak disseminated chalcopyrite and chalcocite mineralisation. Mineralisation in this hematite-altered, polymictic breccia is difficult to visually assess due to the fine nature of the copper minerals and accordingly the entire hole will be cut and submitted for chemical analysis. First assay results are expected in December 2016.

Two RC holes have been completed at BM7 to test for continuity of the copper-cobalt mineralisation intersected in aircore hole EPT1557 (9m @ 1.54% Cu and 1.0% Co from 42m to EOH) *(refer ASX announcement 21 November 2012)*. These holes have been submitted for analysis and are expected to be reported in December 2016.

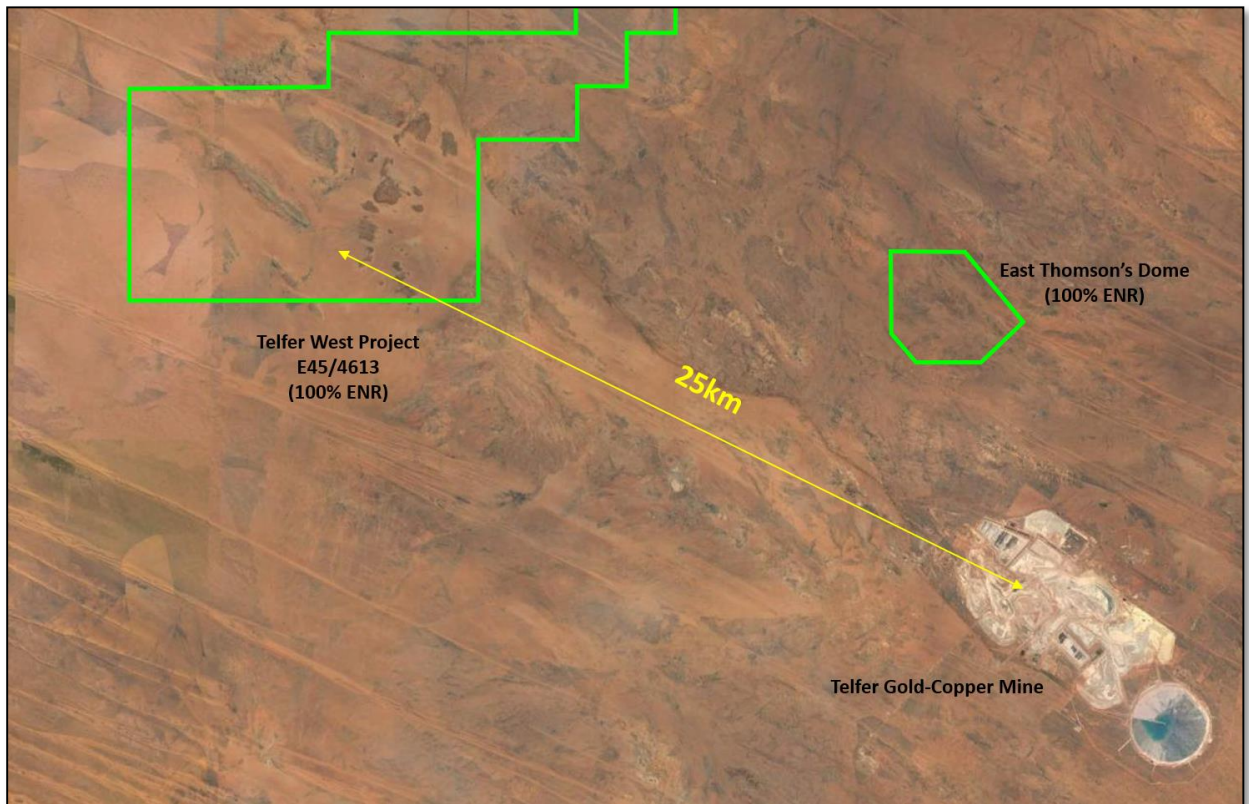


Figure 1: Telfer West location map – Google Earth background

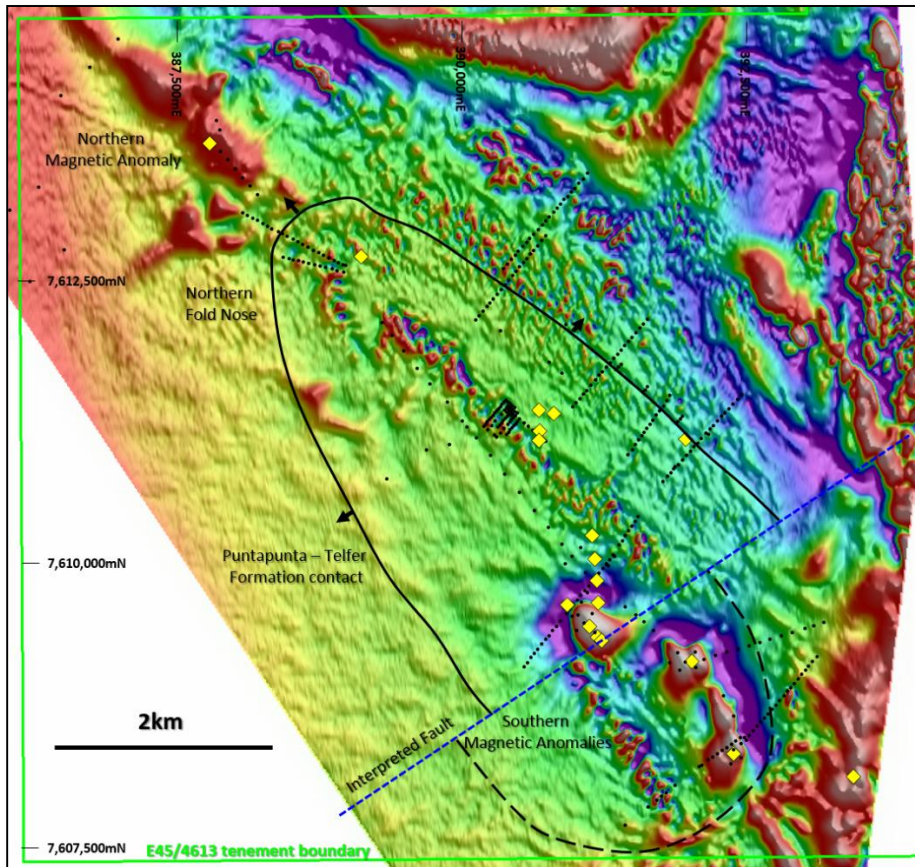


Figure 2: Telfer West historical drilling and interpreted geology. Historical diamond holes (yellow diamonds), all other holes (black dots). Detailed aeromagnetic background (TMI 1VD pseudo colour image)

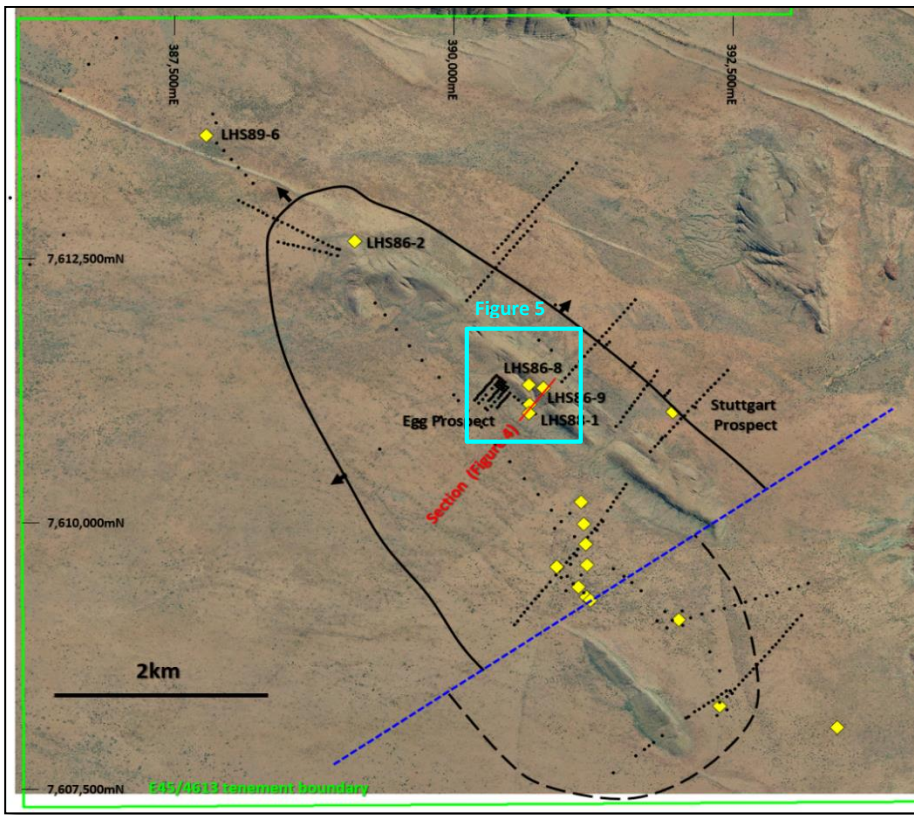


Figure 3: Telfer West airphoto – Historical diamond holes (yellow diamonds), all other holes (black dots)

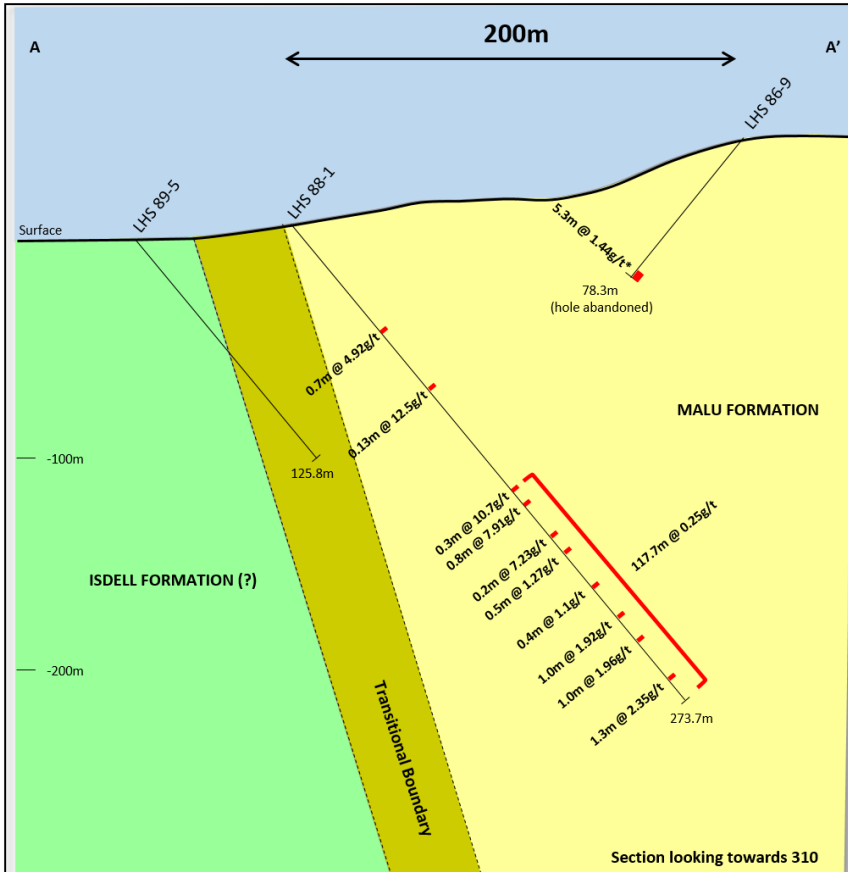


Figure 4: Telfer West, Egg Prospect cross section from historical report

## Location Plan

Encounter holds exploration tenure over 2,000km<sup>2</sup> of the Paterson Province in Western Australia, with the main Yeneena project located 35km SE of the Nifty copper mine and 40km SW of the Telfer gold/copper deposit (Figure 5). The targets identified in the Paterson are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting. The company is actively exploring for copper-cobalt and zinc-lead deposits at the Yeneena as well as gold-copper deposits in the Telfer region.

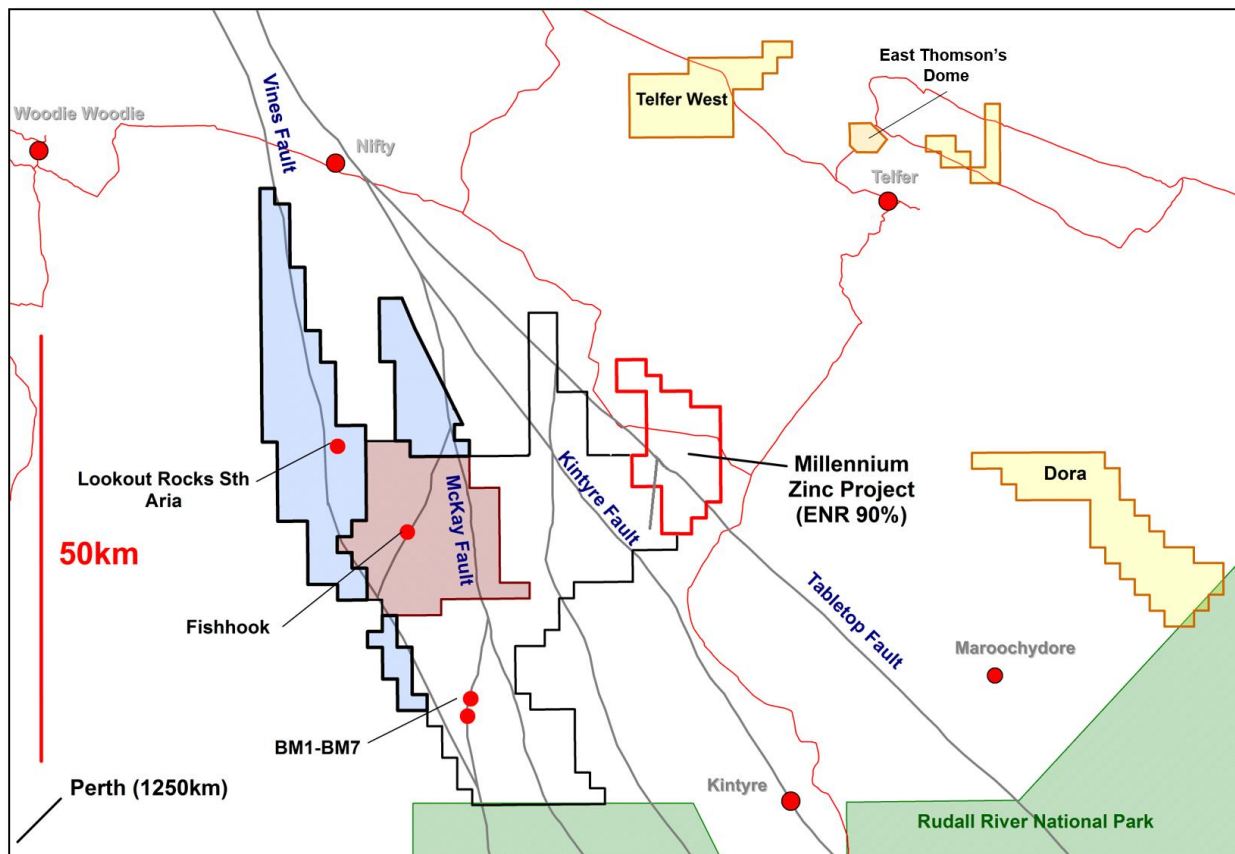


Figure 5: Yeneena region leasing and targets areas

Certain exploration drilling results for BM7 are first disclosed under JORC code 2004, and has not been updated since to comply with the JORC code 2012 on the basis that the information has not materially changed.

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 2004 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.