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Drilling underway to target gold reefs at East Thomson's

A 5,000m RC/aircore drill program at East Thomson's Dome and Telfer West has commenced and will include:

1. **RC drilling of the near surface, high grade gold reefs discovered at the Fold Closure prospect at East Thomson's Dome including:**
   - **2.9m @ 7.7g/t Au from 127.1m incl. 0.45m @ 25.4g/t Au from 129.55m to end of hole ("EOH") in ETG0053**
   - **2.5m @ 7.3g/t Au from 11.4m, part of 26.6m @ 1.0g/t Au from 4.2m in ETG0055 (see ASX announcement 14 September 2017)**
2. **RC drilling up dip and along strike of the newly discovered gold reef 500m north-west of the Fold Closure prospect at ETD:**
   - **2m @ 26g/t Au from 178m, part of 6m @ 9g/t Au from 178m to EOH in ETG0045 (see ASX announcement 16 August 2017)**
3. **RC drilling of the gold stockwork corridor at Telfer West to test a recently identified surface geochemical anomaly**
4. **Aircore drilling of new targets identified at ETD and Telfer West**

The directors of Encounter Resources Ltd ("Encounter / the Company") are pleased to announce the commencement of a 5,000m RC/aircore drill program at the East Thomson's Dome ("ETD") and Telfer West Gold Projects. The program will be completed within the next six weeks.

Commenting on the upcoming program, Encounter Managing Director Will Robinson said:

"We are excited to commence the RC drill program on the back of last month's discovery of multiple new high grade gold reefs at East Thomson's Dome project, located 5km north-west of the Telfer gold-copper mine. The program will include detailed drilling at the Fold Closure prospect to determine continuity of mineralisation and as a prelude to potential resource drilling. We will also complete additional drilling adjacent to the new reef discovered in ETG0045 (6m @ 9g/t Au from 178m to end of hole)."

ETD - Fold Closure prospect – High grade reef system

Four diamond drill holes were completed by Encounter at the Fold Closure prospect in August 2017. Three of the four holes were drilled immediately south-east of a series of outcropping high grade gold reefs where drilling in the 1990s defined high grade near surface reef mineralisation including (see ASX release 14 February 2017):

- 4m @ 29 g/t Au from 31m in NTR 5
- 2m @ 33 g/t Au from 22m in NTR 12
- 10m @ 9.8 g/t Au from 16m in NTR 17 incl. 2m @ 45.8 g/t Au from 20m
- 2m @ 76.2 g/t Au from 35m in NTR 57
- 7m @ 17.1 g/t Au from 16m in NTR 61 incl. 3m @ 37.6 g/t Au from 19m

Diamond holes ETG0053, ETG0054 and ETG0055 drilled by Encounter all intersected oxidised, reef-style gold mineralisation and returned high grade gold intersections including:

- 2.9m @ 7.7g/t Au from 127.1m incl. 0.45m @ 25.4g/t Au from 129.55m to EOH in ETG0053
- 1m @ 3.2g/t Au from 80m in ETG0054
- 2.5m @ 7.3g/t Au from 11.4m, part of 26.6m @ 1.0g/t Au from 4.2m in ETG0055

It appears the reef mineralisation at ETD is stacked, with more than one mineralised horizon intersected in the diamond drill holes. These high grade reefs at the Fold Closure prospect remain open down dip and along strike.

The current RC program will be drilled on a notional 40x40m spacing to test for continuity and test along strike and down dip for further extensions of the high grade mineralisation.

If successful, this drilling will be followed by resource drilling at ETD.

Follow up drilling of the gold reef discovered in ETG0045 at ETD

Encounter completed a program of 18 broad spaced RC holes for 3,816m over six 200m to 800m spaced traverses. This drilling was completed in July 2017 and was focused on the eastern half of a 2km long surface geochemical anomaly. Holes were planned to a nominal depth of 200m which was thought to be sufficient to test the important geochemical horizon at the base of oxidation. Anomalously deep oxidation at ETD resulted in many of the RC holes finishing above the target horizon.

Although many holes did not test the base of oxidation, the results received were highly encouraging with a well mineralised (+1g/t Au) trend defined over a strike length of +500m. In particular, RC drill hole ETG0045 finished in 6m @ 9.0g/t Au from 178m to EOH including 2m @ 26g/t Au from 178m. In September 2017, ETG0045 was extended with diamond drilling to 396m and assays from the diamond extension are expected later in October 2017.

The current RC drill program will close up drill spacing around the high grade gold intersection in ETG0045 as well as extending the RC drill pattern west over an untested portion of the surface geochemical anomaly.

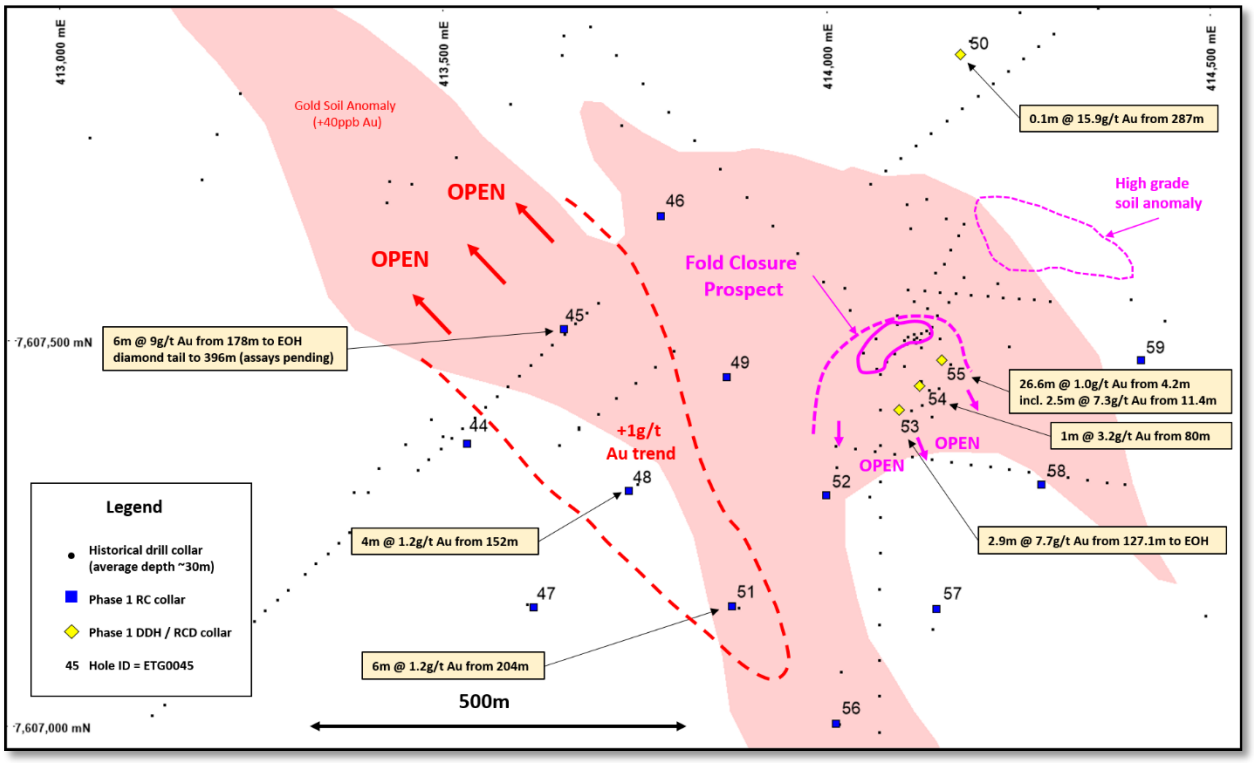

Figure 1: East Thomson's Dome drilling and geochemical summary.

Gold Stockwork Zone at Telfer West

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 (see ASX release 31 July 2017). The RC pre-collar of ETG0068 contained 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 (see ASX release 31 July 2017).

ETG0067 and ETG0068 were extended with diamond tails in August 2017. Assay results from the diamond tails included sporadic gold mineralisation down hole but did not include significant extensions to the gold mineralisation drilled in the pre-collars. Assay results from the additional RC/diamond drill hole (ETG0070) that was completed 80m north-east of ETG0068 remain pending and will be received later in October 2017.

In addition, a surface geochemical program has been completed along the interpreted surface expression of the gold stockwork system at Telfer West. The program was successful in highlighting the stockwork zone surface position with assays up to 100 times background collected.

Soil samples collected over the 800m gap between the two competed drill lines has identified a coherent gold anomaly that has not been tested by previous drilling (Figure 2). The current drill program will test the centre of the new anomaly, 400m north-west of ETG0067, ETG0068 and ETG0070 and 400m south-east of the drill line containing ETG0002.

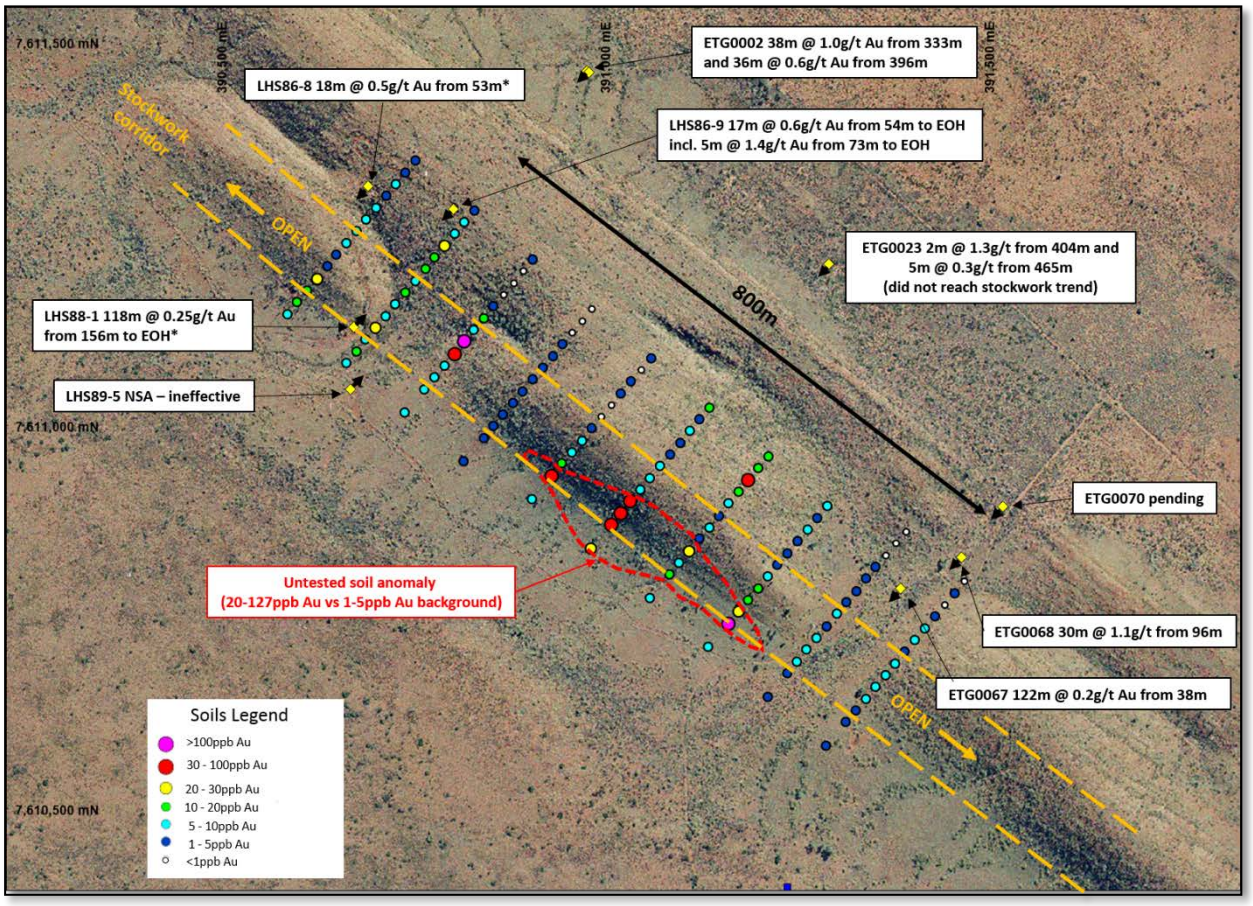

Figure 2: Telfer West Stockwork Corridor drilling and geochemical summary.

Aircore Drilling at Telfer West and ETD

The current drill program will include initial aircore drilling of three structural targets identified at Telfer West. These targets are located to the north-east and south of the main stockwork corridor (see Figure 3).

Detailed surface geochemical sampling at a 40x40m spacing was recently completed over a 600m section of the 2km regional anomaly at ETD. This program was designed to locate additional sub-cropping high grade reefs within the broader regional anomaly. A zone of elevated soil anomalism has been identified to the north-east of the Fold Closure prospect (Figure 1). A program of aircore drilling will be completed in this area to determine the significance of these anomalous results.

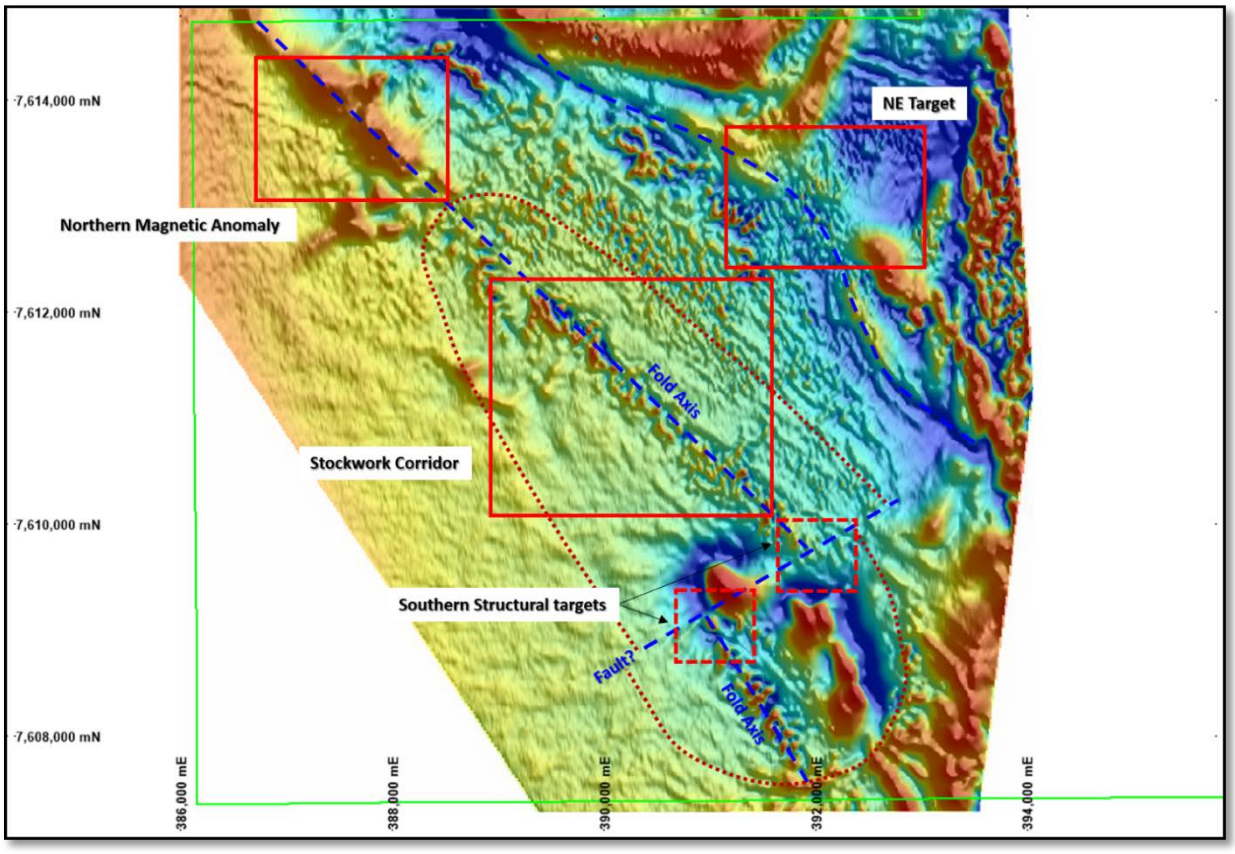

Figure 3: Telfer West summary plan (background magnetic image).

Background

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).

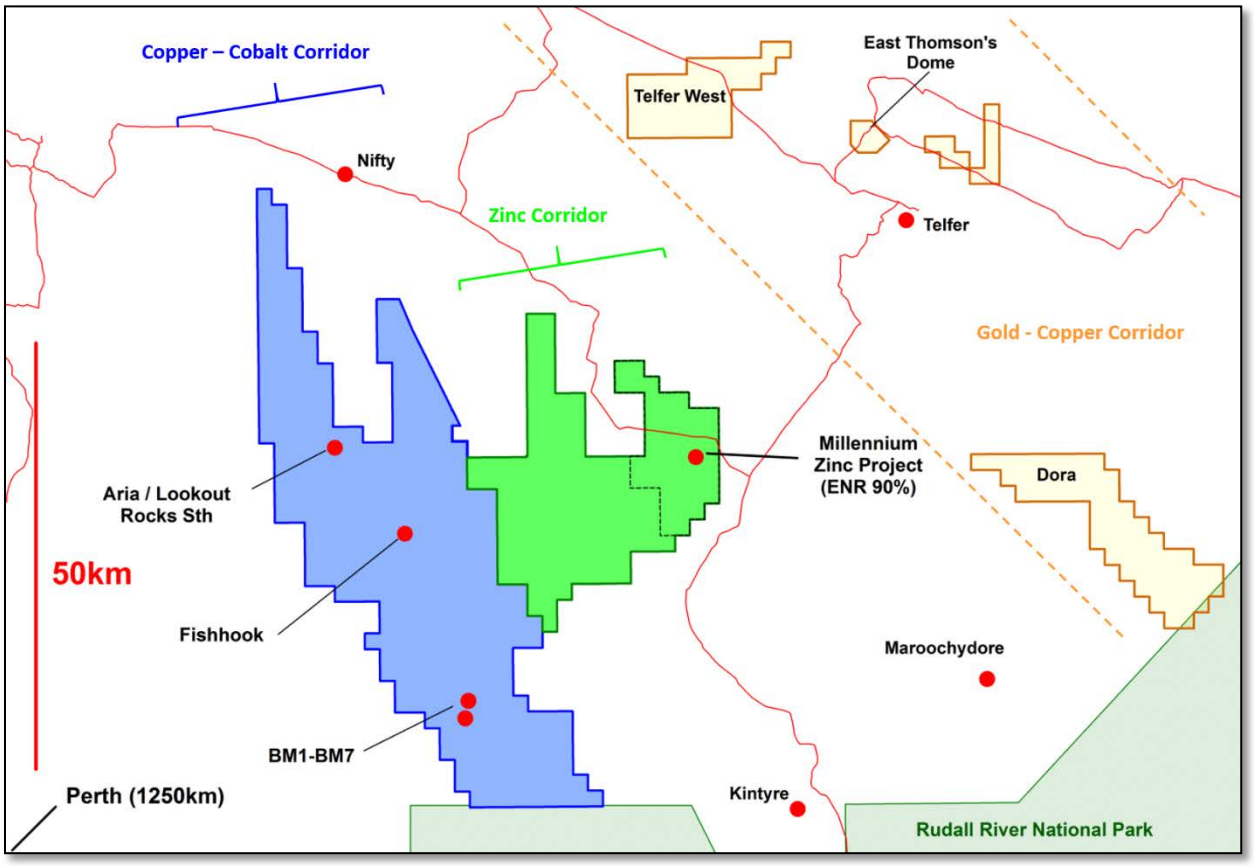

Figure 4: Yeneena region leasing and targets areas.

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	*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.*	New information reported in this announcement relates to a soil sampling program at East Thomson's Dome and Telfer West. A total of 132 samples were collected at Telfer West in this program with sample spacing of 100m spaced lines and 20m spaced samples. A 359 sample program was completed at East Thomson's Dome on a 40m by 40m grid.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used	Soil sample 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	Soil samples collected by Encounter at designated sample locations and sieved in the field to -250 micron. Approximately 300g of sieved material was then bagged in pre-number geochemical bags. The samples from the soil sampling were sent to Bureau Veritas Minerals Pty Ltd Laboratories in Perth, where they were dried, pulverised and split to produce a 40g sub-sample for Aqua Regia digest and ICP 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).*	No drilling was conducted to collect these samples.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed*	Not applicable as no drilling was completed in this program.
	Measures taken to maximise sample recovery and ensure representative nature of the samples	Not applicable as no drilling was completed in this program.
	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.	Not applicable as no drilling was completed in this 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.*	Soil sample locations were logged by field staff as either colluvium, residual or alluvium.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Geological logging is qualitative in nature.
	The total length and percentage of the relevant intersections logged	Not applicable as no drilling was completed in this program.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Not applicable as no drilling was completed in this program
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	Not applicable as no drilling was completed in this program
	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, pulverised (90% passing at a ≤75µM size fraction) and split into a 40g sub – sample that was analysed using Aqua Regia digest with an ICP 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.	No duplicates were taken during this program.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample sizes are considered appropriate for this geochemical program.
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 sample(s) for ICP analysis have been digested using an Aqua Regia digest. This digest is appropriate for soil samples however some minerals are not completely attacked. Analytical methods used will be ICP – MS for Au and ICP (Al, As, Bi, Cu, Fe, Mn, Zr).
	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.	N/A – no geophysical or handheld XRF instruments were used to determine information reported in this announcement
	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 Will Robinson (Managing Director)
	The use of twinned holes.	Not applicable as no drilling was completed in this program.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Primary data is collected for East Thomson's Dome on paper logs and transferred onto Excel templates. Data collected was sent offsite to Encounter's Database (Datashed software), which is backed up daily.
	Discuss any adjustment to assay data.	na.
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.*	Soil Sample locations are determined using a handheld GPS.
	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 the best available DTM.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	The soil sampling program at Telfer West was collected at a 100m line spacing and 20m sample spacing. Soil Sampling at East Thomson's Dome was collected on a 40m by 40m grid.
	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.	No applicable for soil sampling results.
	Whether sample compositing has been applied.	No assay results from this program have been averaged or composited.
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.*	The regular gridded nature of the soil sampling was designed to ensure no sampling bias.
	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.	Not applicable as no drilling was completed in this program.
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 Goldstar Transport. 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 soil sampling 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 Telfer West project sits within E45/4613 and the East Thomson's Dome project is located within the tenements E45/3446, P45/2750-2 and P45/3032 which are all 100% held by Hamelin Resources Pty Ltd, a 100% owned subsidiary of Encounter. The Telfer West project area is subject to a production royalty of A$1 per dry metric tonne of ore mined. These 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.*	The Telfer West and East Thomson's Dome Areas have been exposed to more than 30 years of gold and base metal exploration since the early 1970's. Companies that have previously held the ground or been involved in joint ventures include Newmont Australia Ltd, Newcrest Mining Ltd, Duval Mining Australia Ltd, Geopeko Ltd, Marathon Petroleum Pty Ltd, Western Mining Corporation, MIM Exploration Pty Ltd, Mount Burgess Mining NL, BHP Minerals Pty Ltd, Cove Mining NL and various other smaller companies and individuals. Previous exploration activities have included, geochemical lag and soil sampling, geological mapping, photo-lithological interpretations, rock chip sampling, RAB drilling, RC drilling, diamond core drilling, PIMA studies, and geophysical surveys (IP surveys, EM surveys and aeromagnetic surveys).
Geology	*Deposit type, geological setting and style of mineralisation*	The Telfer West and East Thomson's Dome project is situated in the Proterozoic Paterson Province of Western Australia. A simplified geological interpretation shows a domal feature with Malu Formation in the core of the fold being overlain by the Telfer Formation forming the uppermost unit. The Telfer West and East Thomson's Dome projects are considered prospective for sediment – hosted 'Telfer style' gold-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*	Soil sampling results and locations from Telfer West that are reported in the announcement are shown within this announcement in Figure 2.
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 results discussed in this announcement from Telfer West are shown in Figure 2 and have been colour coded bases on the legend provided.
	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.	All results reported have not been modified or aggregated.
	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').*	Not applicable as no drilling was completed in this program.
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 results discussed in this announcement from Telfer West are shown in Figure 2 and have been colour coded bases on the legend provided.
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.*	RC drilling of the Telfer West gold anomaly will be completed in the coming two weeks. Aircore drilling of anomalous soil geochemical results from East Thomson's Dome will be completed in November 2017.