

ASX : ENR

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

Commencement of Diamond Drilling at Lookout Rocks Copper

The directors of Encounter Resources Ltd ("**Encounter**") are pleased to announce the commencement of diamond drilling at the Lookout Rocks Copper Project at Yeneena in Western Australia.

Background

Lookout Rocks includes four tenements (~450km²) 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.

In September 2015, an initial reconnaissance aircore and RC drilling program was completed at Lookout Rocks to test a number of key structural targets. The aim of this program was to test cover thickness, refine the bedrock geological interpretation and test for copper regolith anomalism within the defined targets.

The program included seven reconnaissance holes at a structural target along a covered belt of conductive stratigraphy, situated at the western margin of a block of Coolbro Sandstone at the Lookout Rocks South Prospect (Figures 1 and 2). These drill holes confirmed the presence of deeply oxidised Broadhurst Formation.

The drill holes also intersected broad intervals of moderate copper and lead anomalism, with a strengthening geochemical vector to the east and towards the bottom of one hole. This drill hole, EPT 2256, intersected 116m @ 290ppm Cu and 457ppm Pb from 16m to end of hole (*refer ASX announcement 17 December 2015*). The end of hole sample returned 2 metres of 942ppm copper and importantly, iron oxide minerals (limonites) interpreted to be derived from the weathering of supergene copper sulphides.

The oxidised Broadhurst rocks in this area are heavily weathered and leached, indicating strongly acidic meteoric fluids were present, and that leaching may have significantly depleted primary copper mineralisation.

In addition, a surface gossan with boxwork textures after sulphide minerals was recently identified at Lookout Rocks South, where gossanous outcrop and float occurs over an area of

approximately 300m by 200m immediately to the east of EPT2220 (Figures 1 & 2). Samples taken from these gossan outcrops returned copper assays up to 0.2% copper (*refer ASX announcement 17 December 2015*) and exhibit similarities to the gossanous outcrops at the Nifty discovery site (*refer to WAMEX historical reports*).

These gossanous outcrops, together with strongly leached Broadhurst rocks intercepted in shallow drilling at Lookout Rocks South and Lookout Rocks East (see ASX announcement 9 December 2015), indicate the presence of sulphides within the Broadhurst Formation sequence. A surface mapping program along a 12km zone between the Lookout Rocks East and Lookout Rocks South prospects, with the objective of defining diamond drill targets, was completed in April 2016.

The planned two hole diamond program at Lookout Rocks South has commenced. The initial drilling is focused on testing the area at depth below the end of EPT2256.

The drilling at Lookout Rocks South will be 50% funded (up to \$150,000) under the WA Government Exploration Incentive Scheme.

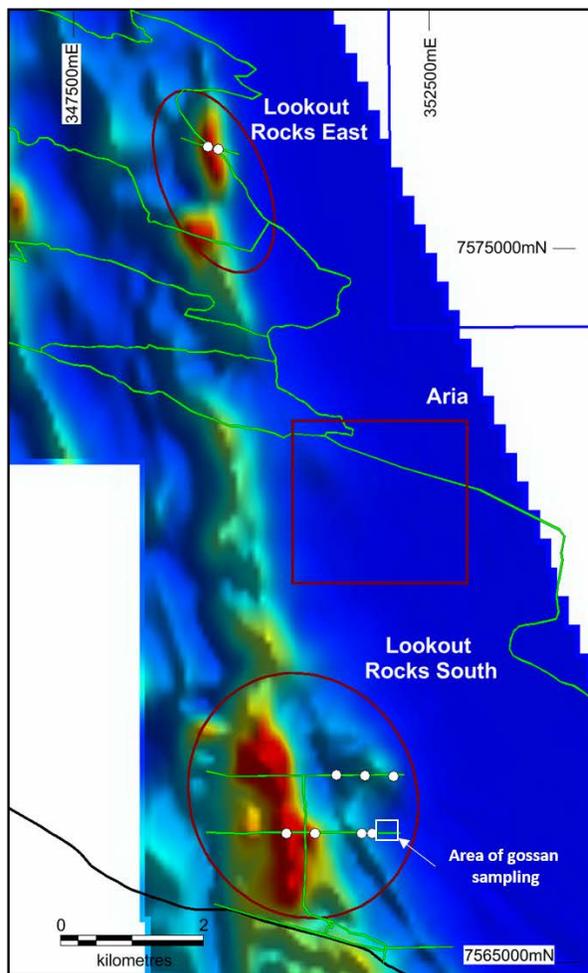


Figure 1: Lookout Rocks – Prospect locations (VTEM ch35 background)

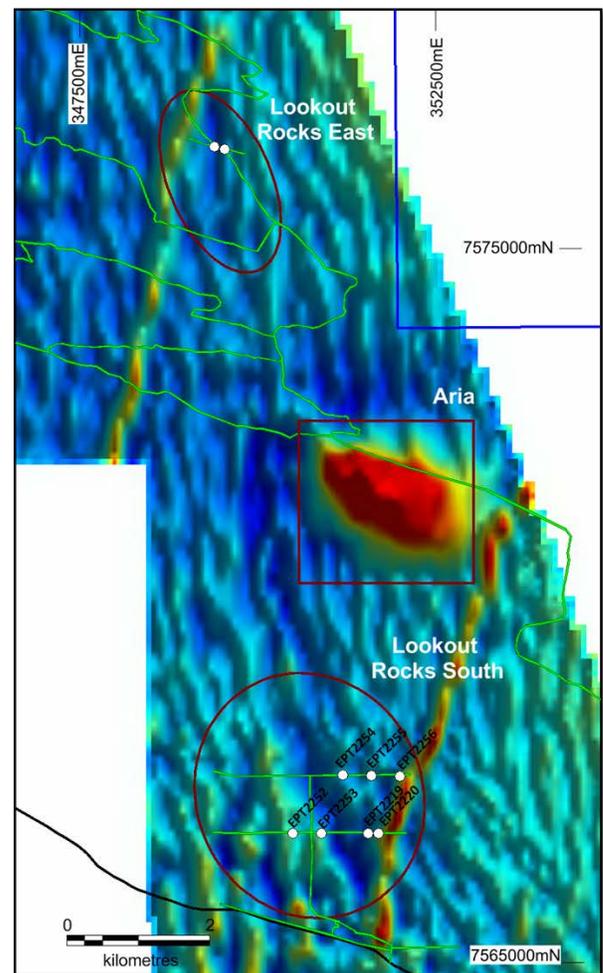


Figure 2: Lookout Rocks South – Collar locations and hole IDs (VTEM 1VDTRP magnetics background)

Diamond Drilling at BM1-BM7 Update

An initial three hole diamond program has now been completed testing discrete gravity targets at the BM1-BM7 prospect. Downhole density and petro-physical logging has been completed on the holes drilled at BM7 East and BM1. The results of the down hole logging indicate that the drilling has not intersected significant density features as modelled. Core will now be cut and samples transported to Perth for analysis. Following receipt of chemical assays and analysis of the downhole gravity data collected, future work programs will be designed.

Location Plan

The Yeneena Region covers 1,800km² 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 3). The targets identified are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting.

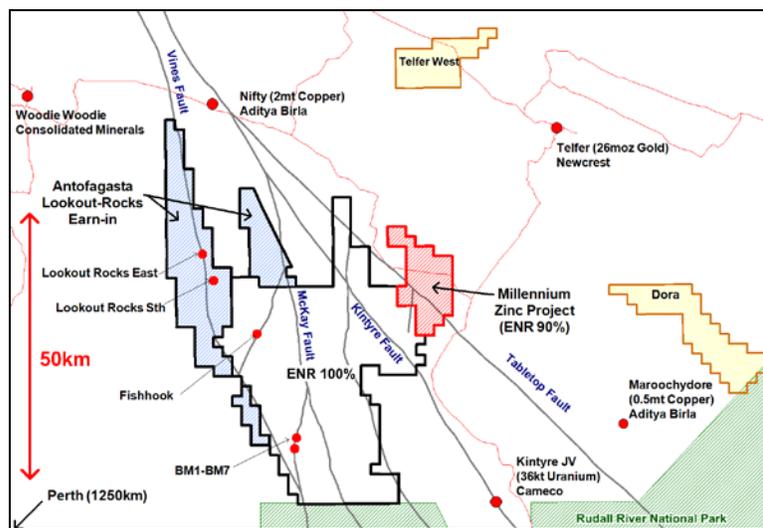


Figure 3: Yeneena Project leasing and targets areas

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.