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Broad Gold Stockwork System at Telfer West

- **The first diamond drill hole (ETG0002) completed by Encounter at Telfer West has intersected a broad zone of stockwork style gold mineralisation at the Egg Prospect**
- **The 90m (downhole) stockwork zone of silicified and fractured quartzite contains multiple quartz veins containing pyrite and arsenopyrite**
- **The 25m interval across the eastern margin of the stockwork was selected for priority analysis**
- **Assays confirmed high grade gold associated with semi massive pyrite that graded 4.2m @ 3.2g/t gold within the selected interval of the stockwork that graded 20.4m @ 0.9g/t gold**
- **Assays from the remainder of the hole are expected in 3-4 weeks**
- **The second drill hole (ETG0003) targeting the Northern Magnetic Anomaly, located 4km north-west of the Egg Prospect, is in progress**

The directors of Encounter Resources Ltd ("**Encounter**" or "**the Company**") are pleased to provide an update on the progress of the diamond drilling program at the Telfer West project ("**Telfer West**") including first assay results from the first diamond hole drilled by the Company at the Egg Prospect.

Background

The Telfer West Exploration licence, E45/4613, covers an area of approximately 121km^2 and is located 25km north-west of Newcrest's major gold-copper operation at Telfer (Figure 1). Historical exploration at Telfer West was conducted by WMC and Newmont from 1983-1993 targeting gold mineralisation in a similar geological setting to Telfer.

The tenement covers an 8km by 5km domal formation of Proterozoic sediments that is bounded to the northwest and southeast by late stage granitic intrusions (Figures 2 & 3). The domal structure has a core of Isdell Formation overlain by the Malu Formation, Telfer Formation and sediments of the Puntapunta Formation. These geological units are the main hosts of gold-copper mineralisation at Telfer. The north-eastern limb of the dome is outcropping and was the focus of historical exploration in the 1980s. Importantly, the south-western limb of the dome and the northern fold nose extends under cover and are largely untested.

Diamond Drilling – First Assay Results

The first diamond drill hole drilled by Encounter at Telfer West has been completed at the Egg Prospect. This drill hole has confirmed the presence of a broad, steep dipping zone of stockwork style gold mineralisation within a strongly silicified massive quartzite unit (Figure 4). The stockwork zone contains multiple quartz veins containing pyrite and sporadic arsenopyrite

over a downhole length of 90m. The eastern margin of the stockwork system was selected for priority analysis. This 20 metre section of the stockwork contained the highest concentration of sulphide over a 4 metre interval within a broad zone of fractured and silicified quartzite (Photo1).

Assay results from this zone have been received and have established the presence of high grade primary gold at Telfer West as well as strong gold anomalism throughout the stockwork zone.

Hole_ID	Northing (m)	Easting (m)	RL (m)	EOH(m)	Dip	Azi	Hole Type
ETG0002	7611460	390980	296	521	-45	220	DDH
ETG0003	7613530	387780	270	In progress	-60	040	DDH

Table 1: Diamond drill hole collar locations – Telfer West
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 drill hole

Hole ID	From (m)	To (m)	Length (m)	Gold g/t
ETG0002	333.52	353.95	20.43	0.88
incl.	333.52	337.7	4.18	3.23

Table 2: Diamond drilling assay results – Telfer West (interval 329-353.95m)
Intervals are calculated with no lower cut-off with some internal zones less than 0.1g/t. Internal higher grade intervals calculated at a 1g/t Au lower cut-off.

This first hole at the Egg Prospect has confirmed a significant, depth extensive stockwork system that is highly anomalous in gold. The hole also confirms the system has the potential to contain zones of higher grade gold within the primary sulphide zone.

The next phase of exploration at the Egg Prospect is to drill test the near surface position of the stockwork corridor on the existing drill section at Egg and to test along the corridor to the northwest and southeast. The stockwork corridor is interpreted to follow the trend of the silicified quartzite ridge and then continue undercover to the northwest along a distinct zone of magnetic anomalism (Figure 2). This corridor is essentially untested along strike from the Egg Prospect drill section with only three other shallow diamond holes drilled on this 8km long trend.

An orientation surface IP program completed at the Egg Prospect is currently being assessed to determine if IP can successfully map the stronger zones of sulphide mineralisation along the length of the stockwork corridor.

Assays from the remainder of ETG0002 are expected to be received in 3-4 weeks. Results from ETG0003 (currently in progress), located 4km north-west of ETG0002, are expected in January 2017. Following receipt of assay results from this initial program and interpretation of the orientation IP survey, Encounter will determine the optimal path forward to define the full potential at Telfer West.

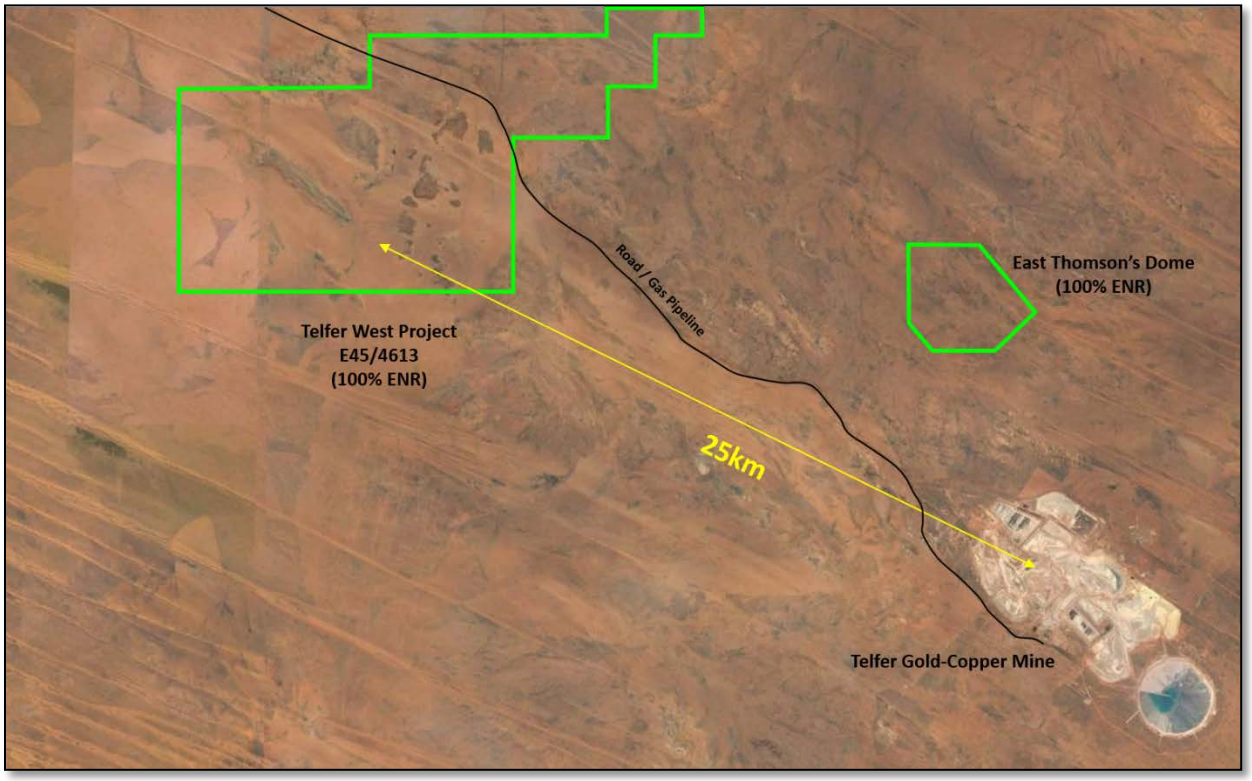

Figure 1: Telfer West location map – Google Earth background

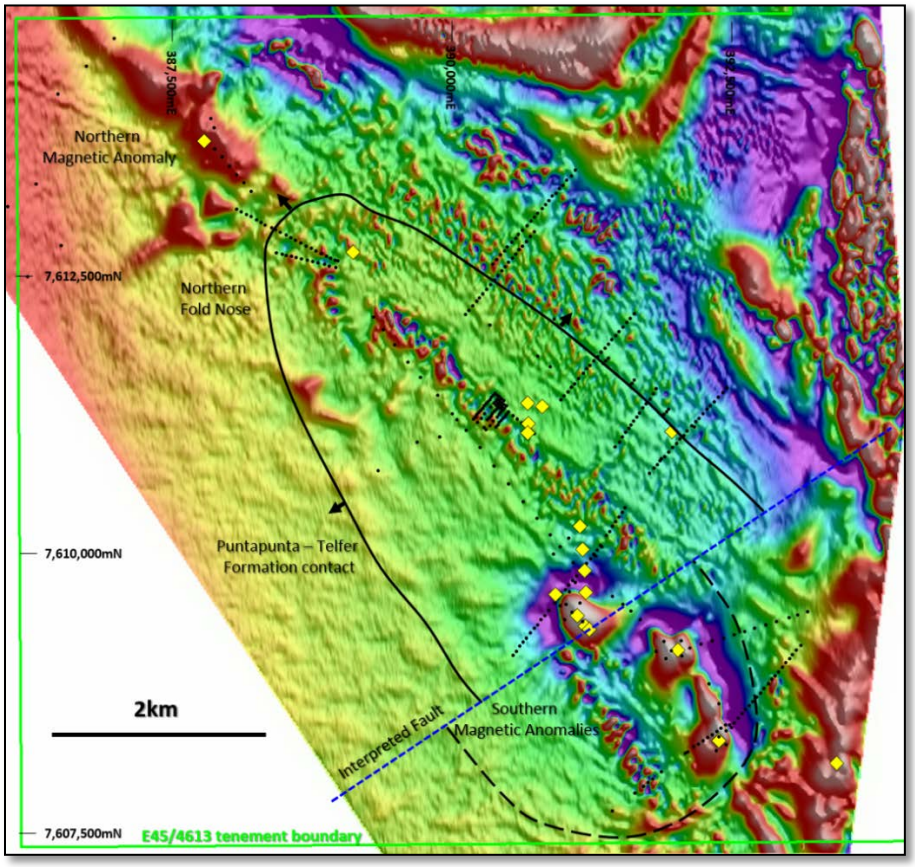

Figure 2: Telfer West historical drilling and interpreted geology. Historical diamond holes (yellow diamonds), all other holes (black dots). Detailed aeromagnetic background (TMI 1VD pseudo colour image)

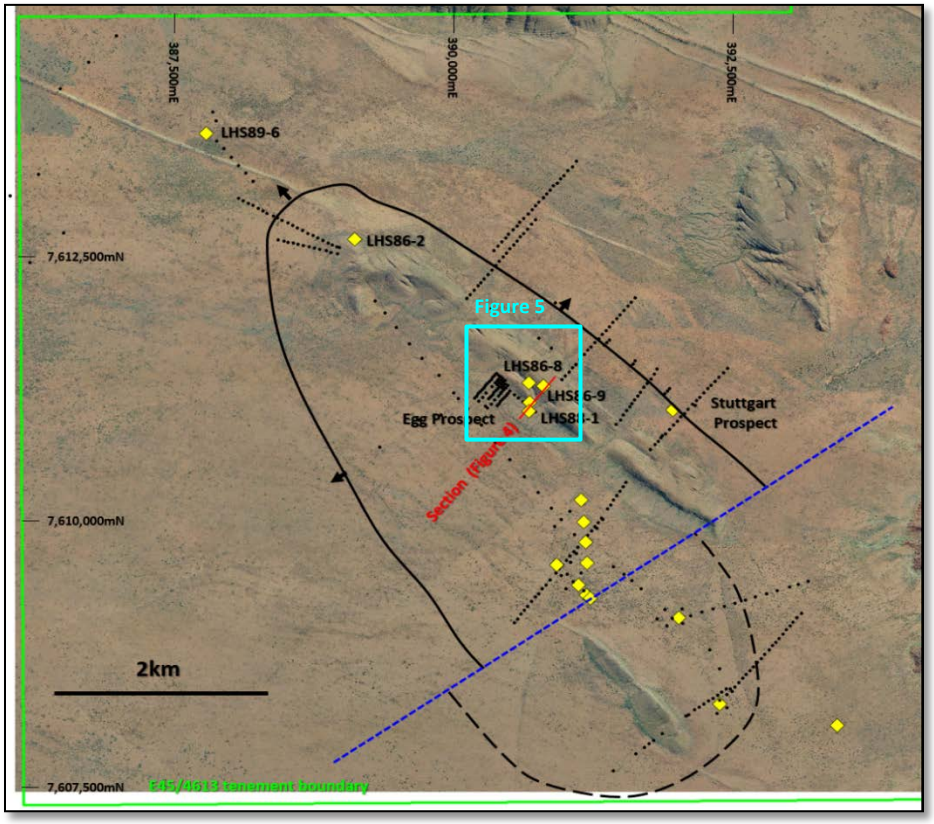

Figure 3: Telfer West airphoto – Historical diamond holes (yellow diamonds), all other holes (black dots)

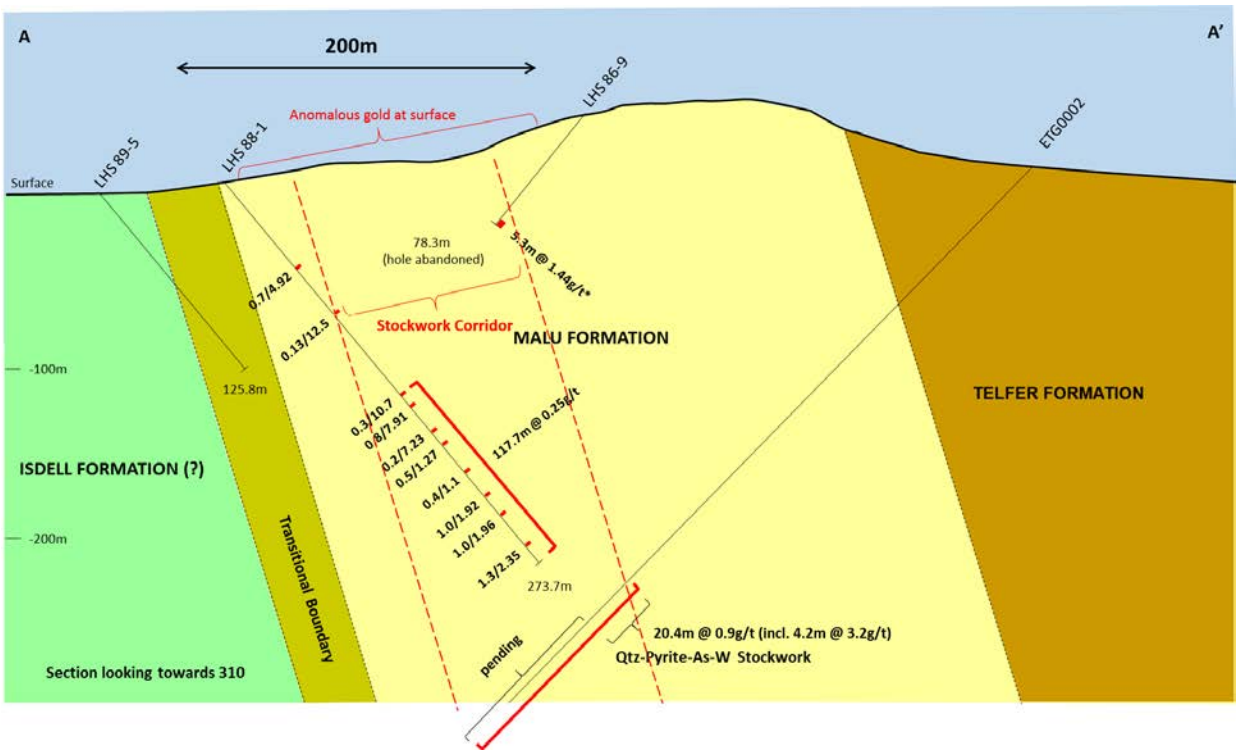

Figure 4: Telfer West, Egg Prospect schematic cross section (A – A')

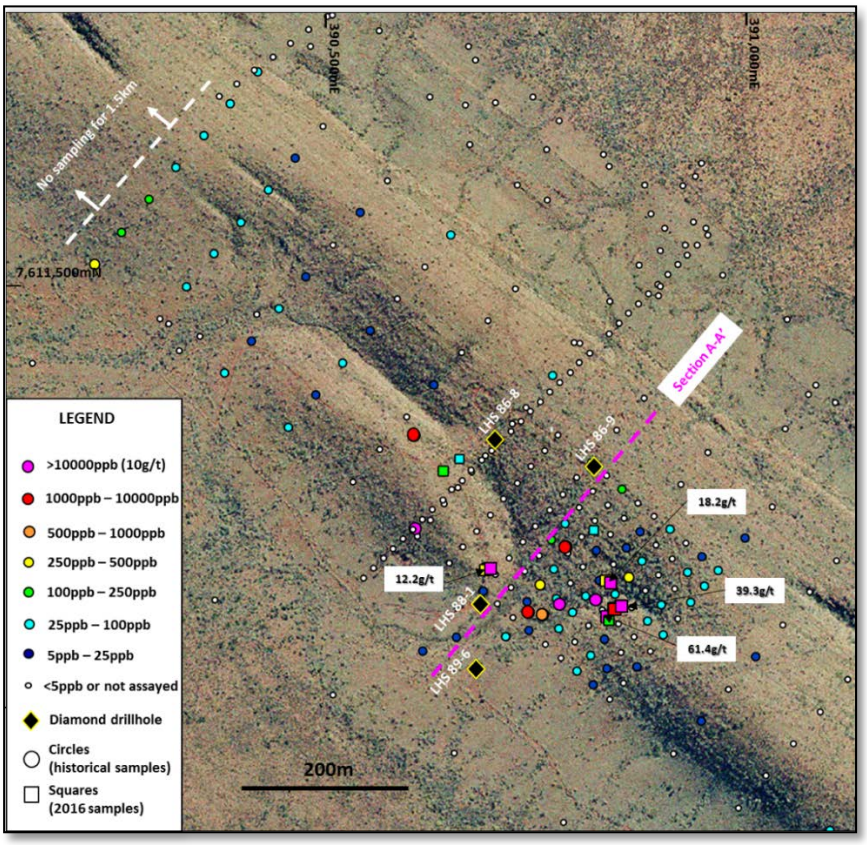

Figure 5: Telfer West, Egg Prospect surface geochemistry

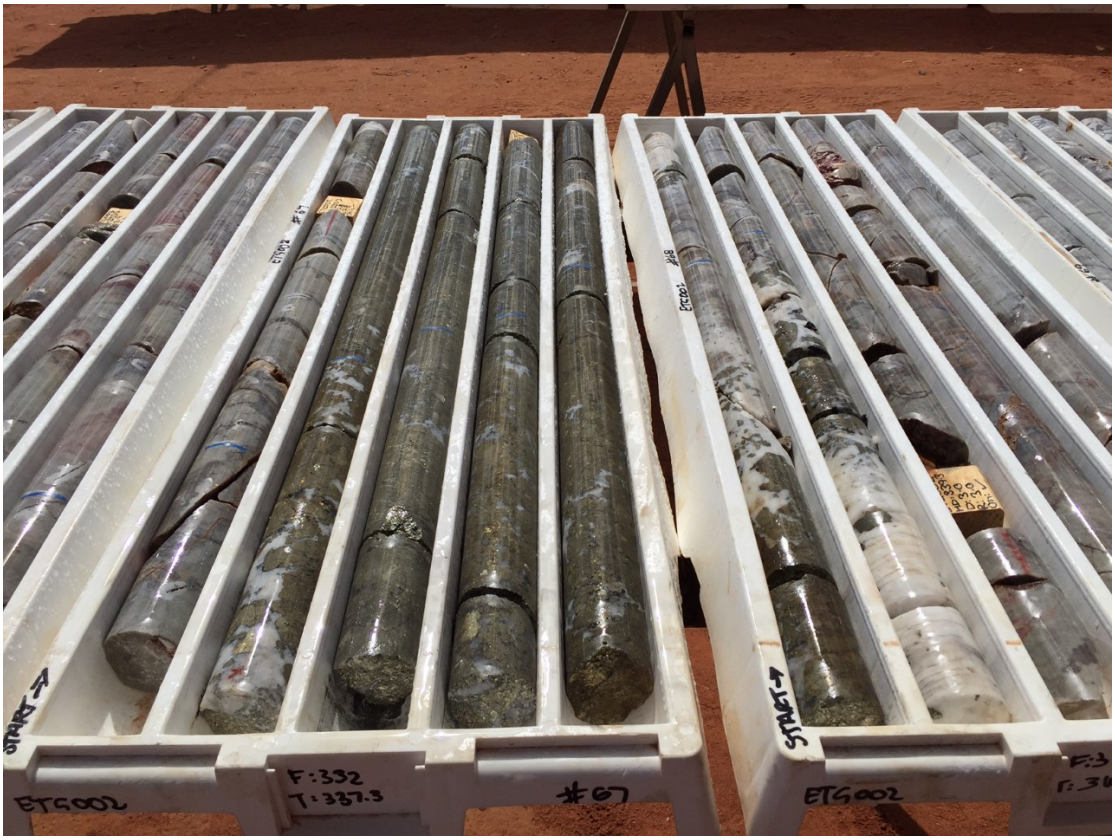

Photo 1: Eastern margin of stockwork corridor mineralisation at the Egg Prospect, Telfer West ETG0002 ~330m to 342m downhole
core width ~50mm

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 6). The targets identified are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting.

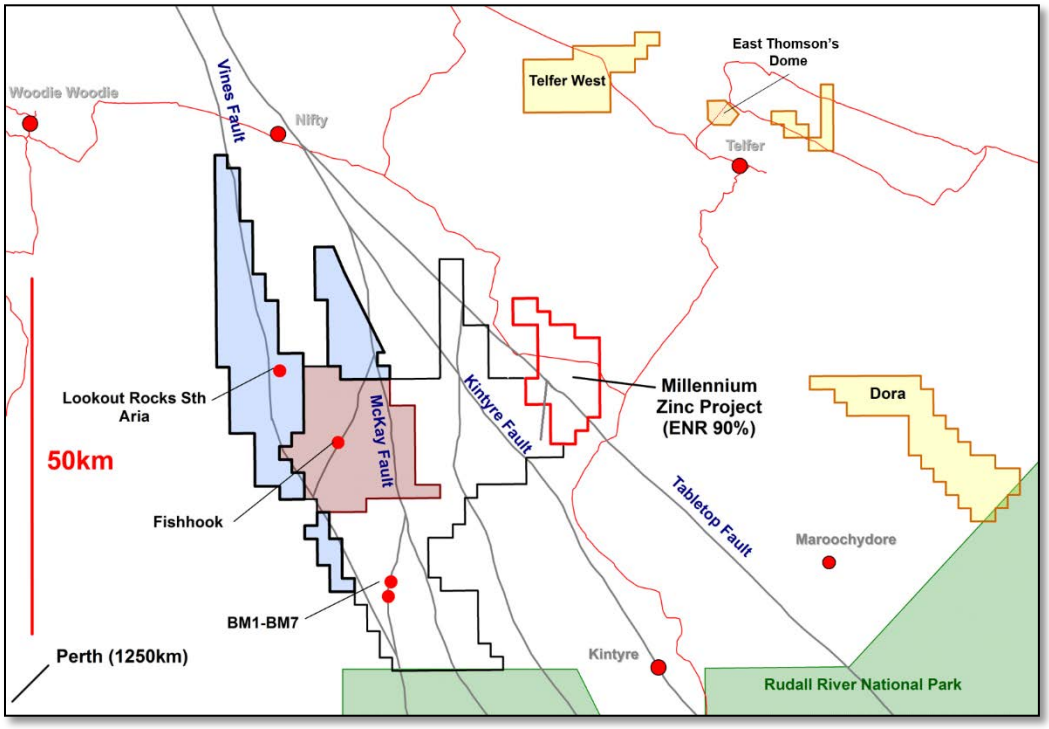

Figure 6: Yeneena Project leasing and targets areas

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.

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.*	Telfer West is being sampled by Encounter using RC and diamond drilling. A two diamond hole program is currently in progress with the first of the two holes drilled to a downhole depth of 521m. The diamond holes are RC pre-collared and RC drilling method is also used for the drilling of water bores at Telfer West. In total three water bores a one failed pre-collar have been drilling in this program in addition to the two diamond drill holes.The two exploration diamond holes are drilled on separate section approximately 3.6km apart. 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 HQ3 or NQ 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 Fire Assay, 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 are RC pre-collared to hard rock then HQ3 and NQ 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.*	NQ core samples reported in this announcement were half cut core samples.
	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 fire assay and 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 the mineralisation at Telfer West although check analysis using large sample sizes will be completed following completion of the 2 hole 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 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 Will Robinson (Managing Director)
	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 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.
	Discuss any adjustment to assay data.	Samples above 1g/t were repeated and the average assay grade for the sample was reported.
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 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 aeromagnetic survey.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	The two holes in this program are being drilled on two separate sections located approximately 3.6km apart.
	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 Telfer West 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 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. 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.*	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. In 1983 Newmont Holdings Pty Ltd (later Newmont Australia Ltd) entered into a joint venture with WMC over the Telfer West area. 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. 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. 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 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. 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. 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.

		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.
Geology	*Deposit type, geological setting and style of mineralisation*	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.
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 0.1g/t Au lower cut-off over a minimum of 1m 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 1g/t Au 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 0.1g/t Au lower cut-off over a minimum of 1m (with internal higher grade intervals quoted at a 1g/t Au 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 will be designed following completion of the initial two hole program.