

**ASX : ENR**

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

## **High Grade Copper-Cobalt Shoot Intersected at BM7**

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The directors of Encounter Resources Ltd (“**Encounter**”) are pleased to announce the intersection of a shoot of high grade copper-cobalt mineralisation at the BM7 prospect at Yeneena, Western Australia.

BM1-BM7 is a 14km long copper system, discovered and wholly owned by Encounter, that contains high grade copper-cobalt sulphide mineralisation and a coherent zone of near surface copper oxide mineralisation.

Considering the improving market outlook for both copper and cobalt, the Company is assessing the potential within the large mineral system at BM7 for near-term, high grade copper-cobalt development opportunities.

A two RC hole program was completed at BM7 in November 2016 to test for continuity of the copper-cobalt mineralisation intersected in aircore hole EPT1667 (**9m @ 1.5% Cu and 1.0% Co from 42m to EOH**) (refer ASX release 21 November 2012).

The two shallow RC scissor holes intersected additional high grade copper-cobalt down dip of EPT1667. EPT2292 included an intersection of **7m @ 1.4% Cu and 246ppm Co from 66m**. Also encouraging, is the bottom of hole intersection in EPT2293 that finished in **18m @ 0.5% Cu and 735ppm Co from 49m** including the final sample that graded **1m @ 0.2% Co** (see Figure 2).

It is interpreted that a steeply dipping high grade copper-cobalt shoot has been discovered at BM7 that is open to the north and south. Shallow drilling along the interpreted strike of the shoot includes an intersection of **8m @ 2.0% Cu and 1076ppm Co from 58m** in EPT 1689 located 200m south and strong copper-cobalt mineralisation intersected on the drill section 200m north (see Figure 1) (refer ASX release 10 January 2013).

A follow up drill program is planned in April-May 2017 to test down dip and along strike of the shoot and to test for additional near surface shoots in the BM7 region.

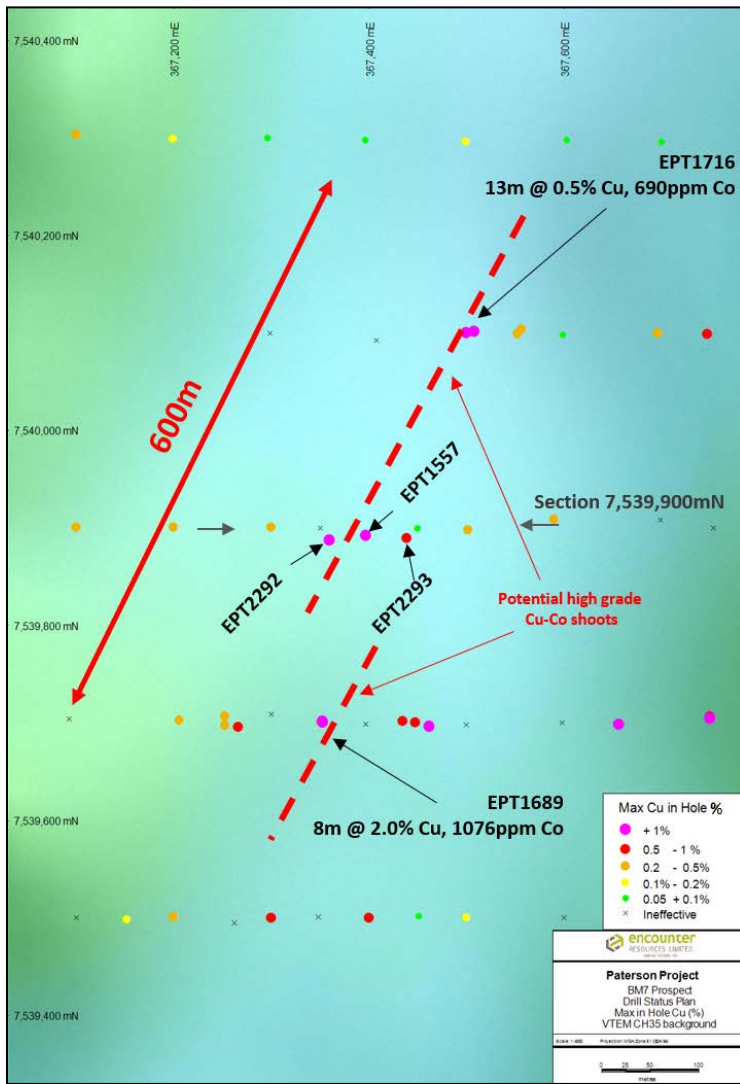


Figure 1: Drill Status plan and Max Cu in hole – BM7 Prospect (VTEM ch35 background)

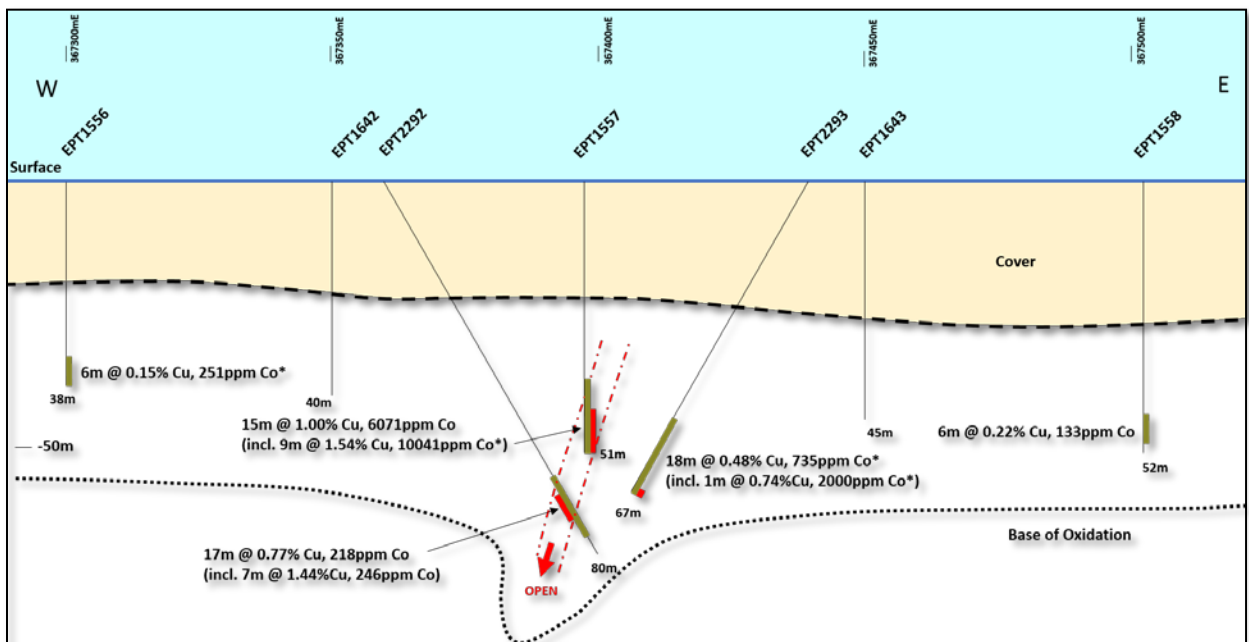


Figure 2: Cross Section 7539900mN – BM7 Prospect

Hole_ID	Northing (m)	Easting (m)	RL (m)	EOH(m)	Dip	Azi	Hole Type
EPT2292	7539887	367360	364.4	80	-60	090	RC
EPT2293	7539890	367439	364.5	67	-60	270	RC

**Table 1: RC drill hole collar locations – BM7**

Estimated drill hole coordinates GDA94 zone 51 datum. Collars positioned via handheld GPS (+/-5m), EOH = End of hole depth; m=metre; azi=azimuth. RC = Reverse Circulation Drilling

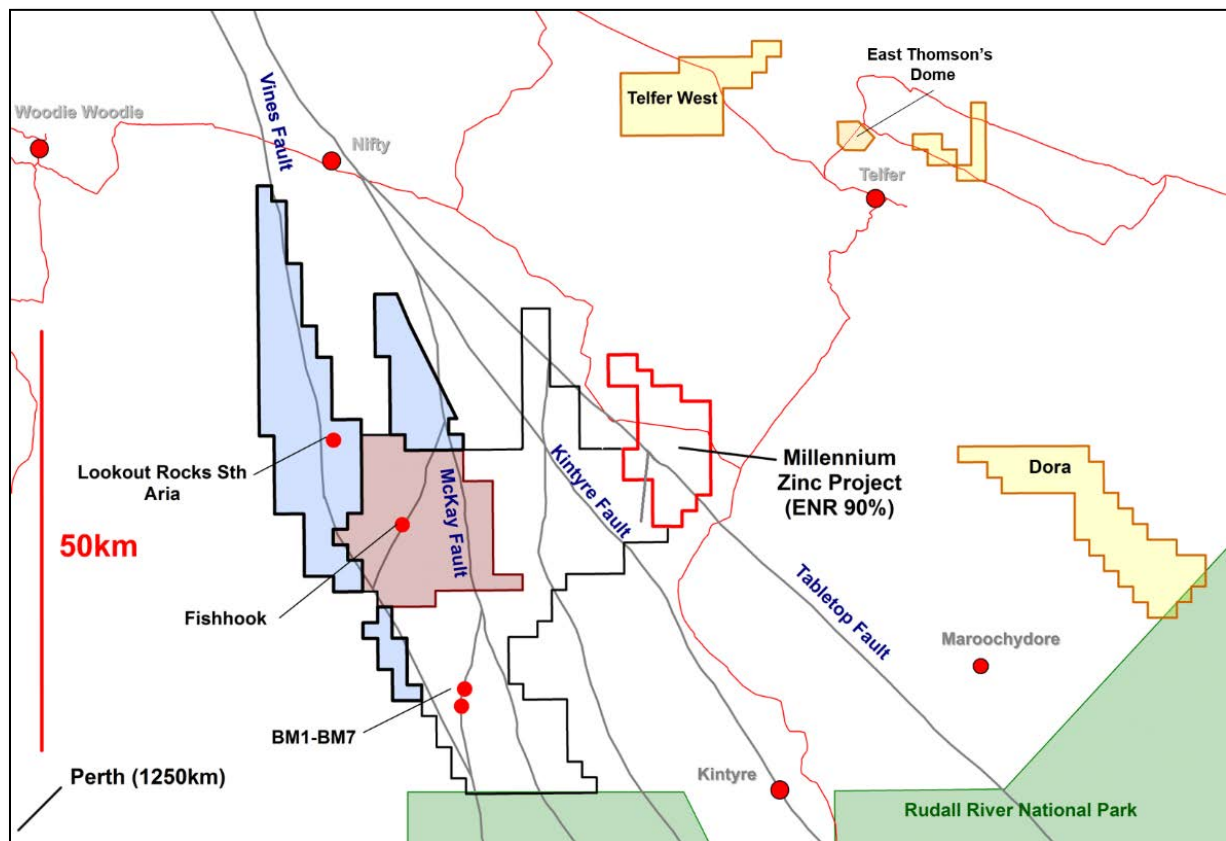
Hole ID	From (m)	To (m)	Length (m)	Copper %	Cobalt (ppm)
EPT2292	59	76	17	0.77	218
incl.	66	73	7	1.44	246
EPT2293	49	67*	18	0.48	734
incl.	66	67*	1	0.74	2000

**Table 2: RC drilling assay results – BM7**

Intervals are calculated with a lower cut-off of 0.1% copper with some narrow internal zones less than 0.1% copper included. Internal higher grade intervals calculated at a +1% copper or 1000ppm cobalt lower cut-off. \* End of hole intersection

### 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 3). 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 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.*

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

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## SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
<b>Sampling techniques</b>	<i>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.</i>	<p>BM7 was sampled by Encounter using RC drilling. Two holes were drilled for a total of 147m. The two exploration RC holes were drilled on the same east-west section.</p> <p>Onsite handheld Niton XRF instruments were used to systematically analyse RC samples, with a single reading taken for each 1m or 2m composite RC sample produced during drilling. These results are only used for onsite interpretation and the XRF results are not reported.</p>
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used</i>	Drill hole collar locations were recorded by handheld GPS, which has an estimated accuracy of +/- 5m.
	<i>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</i>	Reverse circulation drilling was used to obtain 3-4 kg samples every 1m downhole and composited into 2m samples. 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.
<b>Drilling techniques</b>	<i>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).</i>	All the results reported in this announcement refer to samples from the RCdrilling. RC holes were drilled using 5 1/4" face sampling hammer.
<b>Drill sample recovery</b>	<i>Method of recording and assessing core and chip sample recoveries and results assessed</i>	RC sample recoveries were estimated as a percentage and recorded by ENRL field staff.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples</i>	Driller's used appropriate measures to minimise down-hole and/or cross – hole contamination in RC drilling.
	<i>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.</i>	To date, no detailed analysis to determine the relationship between sample recovery and/or and grade has been undertaken for this drill program.

<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
<b>Logging</b>	<i>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.</i>	Geological logging is carried out on all drill holes, with lithology, alteration, mineralisation, structure and veining recorded.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Geological logging is qualitative in nature and records interpreted lithology, alteration, mineralisation, structure, veining and other features of the samples.
	<i>The total length and percentage of the relevant intersections logged</i>	All drill holes will be logged in full by Encounter geologists.
<b>Sub-sampling techniques and sample preparation</b>	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	NA
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	RC samples were collected on the rig using a splitter. Samples were recorded as being dry, moist or wet by Encounter field staff.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Sample preparation was completed at Bureau Veritas Minerals Pty Ltd Laboratories in Perth. Samples were dried, crushed, pulverised (90% passing at a $\leq 75\mu\text{M}$ size fraction) and split into a sub – sample that was analysed using a 4 acid digest with an ICP – OES and ICP – MS finish.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	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.
	<i>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.</i>	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.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The sample sizes are considered appropriate to give an accurate indication of base metal anomalism and mineralisation at BM7.
<b>Quality of assay data and laboratory tests</b>	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	The samples were 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).
	<i>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.</i>	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.
	<i>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.</i>	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.

<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
<b>Verification of sampling and assaying</b>	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	The intersections included in this report have been verified by Kristian Hendricksen (Senior Geologist)
	<i>The use of twinned holes.</i>	No twinned holes have been drilled.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Primary data is collected for BM7 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.
	<i>Discuss any adjustment to assay data.</i>	No adjustments or calibrations are made to any assay data collected at BM7.
<b>Location of data points</b>	<i>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.</i>	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.
	<i>Specification of the grid system used.</i>	The grid system used is MGA_GDA94, zone 51.
	<i>Quality and adequacy of topographic control.</i>	Estimated RLs were assigned during drilling and are to be corrected at a later stage using a DTM created during the VTEM AEM survey.
<b>Data spacing and distribution</b>	<i>Data spacing for reporting of Exploration Results.</i>	The two holes in this program were drilled on the same east-west section.
	<i>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.</i>	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.
	<i>Whether sample compositing has been applied.</i>	RC drill samples from this program were assayed from 1m sample piles or composited from 1m sample piles into 2m composite samples.
<b>Orientation of data in relation to geological structure</b>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	N/A – this is early stage drilling and the orientation of sampling to the mineralisation is not known.
	<i>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.</i>	This is early stage drilling and the orientation of sampling to the mineralisation is not known.
<b>Sample security</b>	<i>The measures taken to ensure sample security.</i>	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.
<b>Audits or reviews</b>	<i>The results of any audits or reviews of sampling techniques and data.</i>	Sampling techniques and procedures are regularly reviewed internally, as is data. To date, no external audits have been completed on the BM7 data.

## SECTION 2 REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
<b>Mineral tenement and land tenure status</b>	<i>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.</i>	<p>The BM7 prospect is located within the tenement E45/2805 which is 100% held by Encounter. This tenement is contained completely within land where the Martu People have been determined to hold native title rights.</p> <p>No historical or environmentally sensitive sites have been identified in the area of work.</p>
<b>Exploration done by other parties</b>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<p>Prior to activities undertaken by Encounter there was no prior drilling completed on E45/2805</p>
<b>Geology</b>	<i>Deposit type, geological setting and style of mineralisation</i>	<p>BM7 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 BM7. BM7 is considered prospective for sediment – hosted copper-cobalt mineralisation.</p>
<b>Drill hole information</b>	<p><i>A summary of all information material to the understanding of the exploration results including tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> <li>• <i>Easting and northing of the drill hole collar</i></li> <li>• <i>Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar</i></li> <li>• <i>Dip and azimuth of the hole</i></li> <li>• <i>Down hole length and interception depth</i></li> <li>• <i>Hole length</i></li> </ul>	<p>Refer to tabulations in the body of this announcement.</p>
<b>Data aggregation methods</b>	<p><i>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.</i></p> <hr/> <p><i>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.</i></p> <hr/> <p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></p>	<p>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 cut-offs have been applied.</p> <hr/> <p>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 or 1000ppm Co and no minimum width.</p> <hr/> <p>No metal equivalents have been reported in this announcement.</p>



<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
<b>Relationship between mineralisation widths and intercept lengths</b>	<i>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').</i>	The geometry of the mineralisation is not yet known due to insufficient drilling in the targeted area.
<b>Diagrams</b>	<i>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.</i>	Refer to body of this announcement.
<b>Balanced Reporting</b>	<i>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.</i>	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 1% Cu or 1000ppm Co lower cut-off).
<b>Other substantive exploration data</b>	<i>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.</i>	All meaningful and material information has been included in the body of the text. No metallurgical or mineralogical assessments have been completed.
<b>Further Work</b>	<i>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.</i>	A follow up drill program is planned to test down dip and along strike of the high grade Cu-Co shoot and to test for additional near surface shoots in the BM7 region