

ASX : ENR

2 March 2017

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

Cobalt Opportunities Identified at Yeneena

- **The Central African Copperbelt is the world's largest source of cobalt. These Proterozoic aged, sediment hosted deposits are of a similar age and geological setting to the Yeneena basin where Encounter holds a 70km long corridor with copper-cobalt potential.**
 - **In light of the improving price outlook for cobalt Encounter has conducted an evaluation of the cobalt potential at Yeneena. This review of historical exploration results has highlighted 3 initial areas of interest:**
 - **A +600 long zone of near surface cobalt mineralisation has been defined at BM7 and is untested at depth. This zone includes intersections:**
 - **9m @ 1.0% Co and 1.5% Cu from 42m to EOH**
 - **8m @ 0.11% Co and 2.0% Cu and from 58m**
 - **14m @ 0.07% Co and 0.52% Cu from 108m**
 - **18m @ 0.07% Co and 0.5% Cu from 49m**
 - **including 1m @ 0.2% Co at EOH**
 - **The BM1 coherent zone of copper oxide mineralisation includes several high grade cobalt intersections including:**
 - **14m @ 0.45% Co and 0.38% Cu from 14m incl. 2m @ 1.54% Co from 24m**
 - **8m @ 0.15% Co and 0.22% Cu from 22m incl. 2m @ 0.32% Co from 22m**
 - **5m @ 0.18% Co and 2.24% Cu from 4m incl. 2m @ 0.33% Co from 4m**
 - **6m @ 0.13% Co and 0.72% Cu from 26m**
 - **The recently identified gossan at Lookout Rocks where surface rock chip sampling returned cobalt grades up to 0.19% Co and 0.22% Cu**
 - **RC drill program initially targeting downdip of the high grade copper-cobalt shoots at BM7 and the gossan area at Lookout Rocks is scheduled to commence in May 2017**
-

The directors of Encounter Resources Ltd (“**Encounter**”) are pleased to announce that, in light of the improving price outlook for cobalt, Encounter is evaluating the near-term cobalt potential of the copper-cobalt prospects at Yeneena, Western Australia. Encounter controls 70 strike kilometres of Yeneena basin that is prospective for Proterozoic copper-cobalt deposits similar to the deposits of the Central African Copperbelt.

Results of the review of previous drilling and geochemical programs has highlighted the 14km long copper-cobalt system at BM1-BM7 and the Lookout Rocks area as priority cobalt opportunities. Three areas of interest have been targeted for future drilling:

1. **BM7 Cobalt Zone:** A +600m long zone of cobalt mineralisation discovered at BM7 that includes near surface intersections:
 - 9m @ 1.0% Co and 1.5% Cu from 42m to EOH in EPT1557*
 - 8m @ 0.11% Co and 2.0% Cu and from 58m in EPT 1689*
 - 14m @ 0.07% Co and 0.52% Cu from 108m in EPT1716*
 - 18m @ 0.07% Co and 0.5% Cu from 49m in EPT2293
 - including 1m @ 0.2% Co at EOH

(refer ASX releases 21 November 2012, 10 January 2013, 20 September 2013 and 25 January 2017)

2. **BM1 Cobalt Zone:** The cobalt potential of the BM1 high grade copper oxide area that includes several high grade, near surface cobalt intersections including:
 - 14m @ 0.45% Co and 0.38% Cu from 14m incl. 2m @ 1.54% Co in EPT418*
 - 8m @ 0.15% Co and 0.22% Cu from 22m incl. 2m @ 0.32% Co in EPT476*
 - 5m @ 0.18% Co and 2.24% Cu from 4m in EPT2075
 - 6m @ 0.13% Co and 0.72% Cu from 26m in EPT2078
 - 22m @ 0.07% Co and 0.12% Cu from 24m incl. 4m @ 0.12% Co in EPT419*
 - 21m @ 0.07% Co and 0.69% Cu from 13m in EPT2066

(refer ASX releases 15 October 2010 and 15 July 2014)

*Reported pursuant to JORC 2004.

3. **Lookout Rocks South Gossan:** The recently identified, 80m long gossan at Lookout Rocks where surface sampling returned grades up to 0.19% cobalt and 0.22% copper (see Photo 1) in sample EX208145

(refer ASX releases 17 December 2015 and 31 January 2017)

The Central African Copperbelt is the world’s largest source of cobalt. These Proterozoic aged, sediment hosted deposits are of a similar age and geological setting to the Yeneena basin. The recent significant improvement in the outlook for the copper and cobalt prices has reaffirmed the Proterozoic Yeneena basin as a potential source of high value copper-cobalt discoveries.

Encounter’s previous exploration programs at Yeneena focused on the delineation of large tonnage copper sulphide deposits. The previous broad spaced drilling in the BM7 area was design to test for thick, gentle easterly dipping zones of copper mineralisation that would parallel stratigraphy. However, the recent review of this drilling has identified a potential steep westerly dip to the high grade copper-cobalt shoots.

A follow up drill program is planned in May 2017. This program will initially focus on testing the down dip position of the interpreted high grade, shallow copper-cobalt shoots at BM7 and below the Lookout Rocks copper-cobalt gossan.

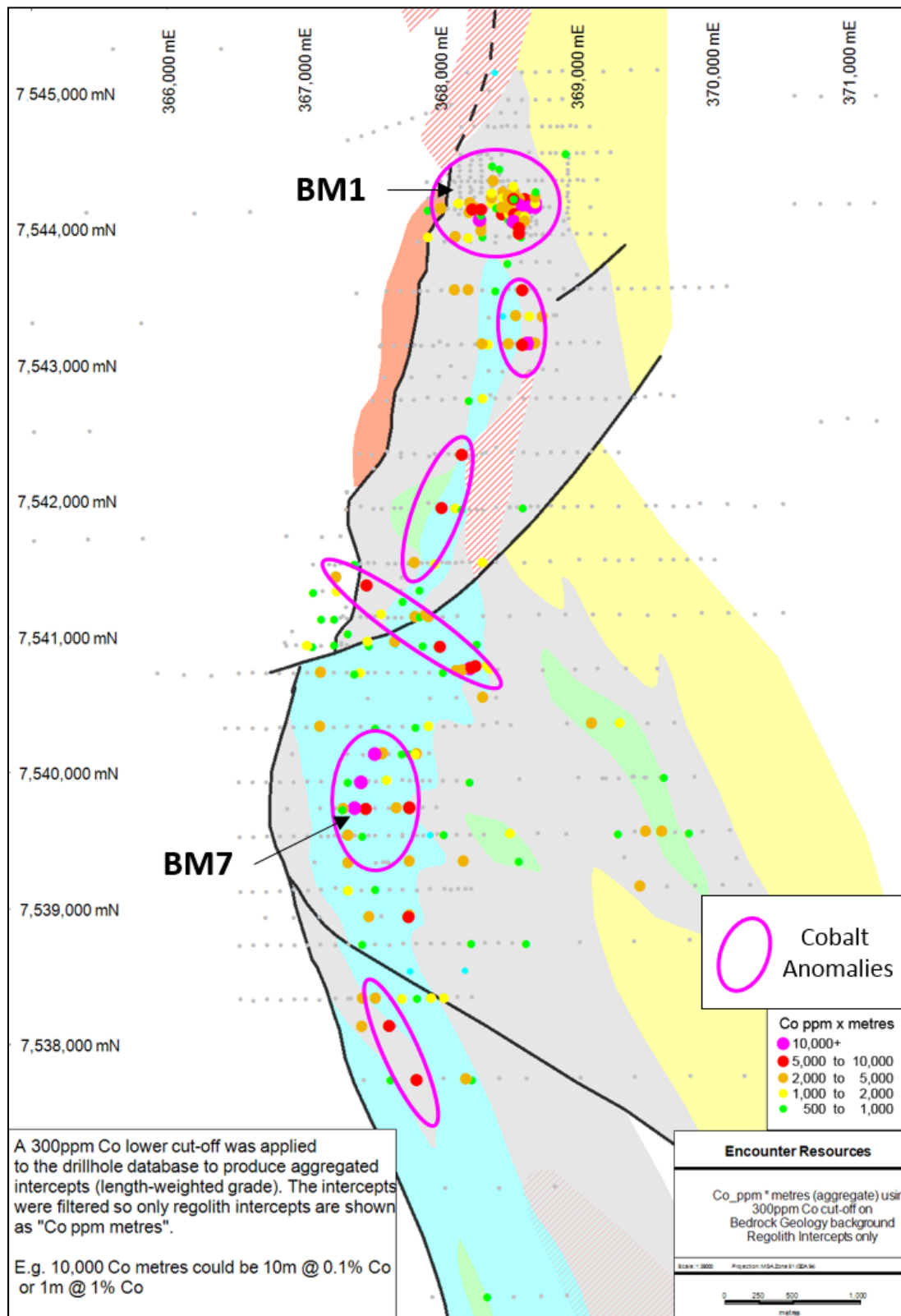


Figure 1: BM1-BM7 Prospect. Co_ppm x metres at 300ppm Co cutoff, regolith intercepts only. Background image of interpreted Proterozoic geology



Photo 1: Copper-Cobalt Gossan identified at Lookout Rocks South

Location Plan

Encounter holds exploration tenure over 2,000km² of the Paterson Province in Western Australia, with the Yeneena project located 35km SE of the Nifty copper mine and 40km SW of the Telfer gold-copper mine (Figure 2). The copper-cobalt and zinc-lead targets identified in the Paterson are located adjacent to major regional faults and have been identified through electromagnetics, geochemistry and structural targeting.

Encounter's exploration tenure also includes a number of high quality gold-copper targets close to the Telfer gold-copper mine.

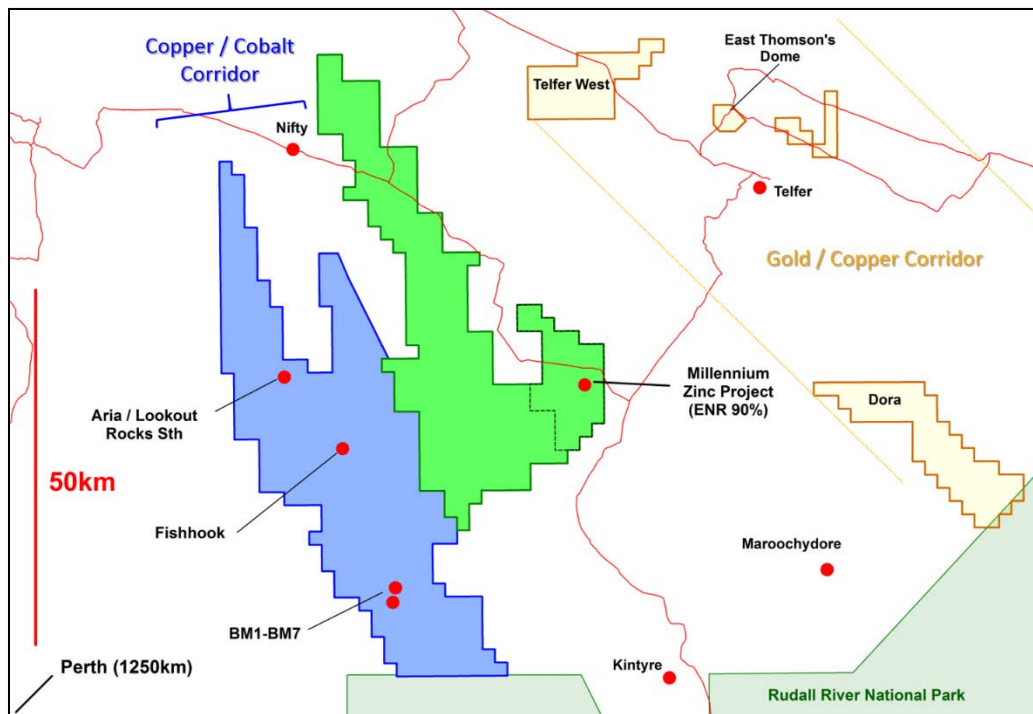


Figure 2: Yeneena Project leasing and targets areas

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.

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 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.