

13 April 2017

ASX : ENR

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

Exploration Development Incentive Scheme

- **Encounter to distribute exploration credits (EDI Credits) to Eligible Shareholders pursuant to participation in the Federal Government's Exploration and Development Incentive Scheme (EDI Scheme) for the 2016 Financial Year**
 - **EDI Credits in respect of the year ended 30 June 2016 (2015-16 Financial Year) will be applied by the ATO to income tax assessed for the year ended 30 June 2017 (2016-17 Financial Year)**
 - **EDI Credits to be issued to Eligible Shareholders by Encounter on Monday 22 May 2017.**
 - **Eligible Shareholders are those shareholders included on the Company's share register as at 5pm (WST) on Friday, 21 April 2017 (Record Date).**
-

Encounter Resources Limited (ASX: ENR) (the Company or Encounter) has been advised by the Australian Taxation Office (ATO) that its application to participate in the EDI in respect of the financial year ended 30 June 2016 has been accepted.

The EDI Scheme enables eligible exploration companies, that are active greenfield explorers, to create exploration credits to pass on to shareholders by foregoing a portion of the corresponding carried forward taxation losses. The tax losses must have arisen from the undertaking of allowable expenditure on greenfield exploration.

Australian resident shareholders that are issued with EDI Credits will generally be entitled to refundable tax offsets (for individual shareholders or superannuation funds) or franking credits (for companies). Non-residents receiving EDI credits will not be able to use them.

Encounter provides the following information regarding its participation in the EDI Scheme for the 2016 Financial Year:

Financial Year in which qualifying expenditure incurred	2015-16
Financial Year in which EDI Credits applied to assessable income	2016-17
Date of determination of Eligible Shareholders (Record Date)	Friday, 21 April 2017
Greenfield Expenditure Eligible for Calculation of EDI Credits	\$1,340,949
Total EDI Credits (based on 30% tax rate)	\$402,285
Current Shares on Issue*	155,894,044
Indicative EDI Credit per Share	0.25 cents
Date of distribution of EDI Credits to Shareholders	Monday, 22 May 2017

*Encounter has on issue 12,911,429 options that are not expected to be exercised prior to the Record Date

General Information

- o EDI Credits will apply to the 2016-17 financial year and must be issued by Encounter by 30 June 2017.
- o Eligible Shareholders are those shareholders recorded on Encounter's share register at 5.00pm (WST) on 21 April 2017, being 30 days before the EDI Credits are issued.
- o EDI Credits may only be utilised by Australian resident shareholders.
- o EDI Credits are distributable to shareholders based on the number of shares held by each Eligible Shareholder as a proportion of the total number of Encounter shares on issue at the Record Date (pro rata distribution).
- o Eligible Shareholders will be despatched their EDI credit entitlements in the approved form on Monday, 22 May 2017.
- o Participation in the EDI Scheme and the resultant distribution of EDI credits to Eligible Shareholders is undertaken at the discretion of the Board.

For information about the EDI please refer to the ATO website at <https://www.ato.gov.au/Business/Exploration-Development-Incentive/> or contact the Company Secretary on (08) 9486 9455.

Eligible Shareholders are recommended to seek professional advice specific to their own personal circumstances in respect of their participation in the Exploration Development Incentive Scheme.

Encounter Resources Limited

Kevin Hart
Company Secretary