



NOTICE OF GENERAL MEETING

&

EXPLANATORY STATEMENT

To be held

At 10.00am, Tuesday, 11 July 2017

at

The Offices of Encounter Resources Limited
Level 7, 600 Murray Street
West Perth WA 6005

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2nd June 2017

Dear Fellow Encounter Shareholder,

Please find enclosed the Notice of General Meeting for the Shareholders' Meeting to be held at the offices of Encounter Resources Limited, Level 7, 600 Murray Street, West Perth, WA 6005 at 10.00am on Tuesday, 11 July 2017.

The purpose of the meeting is to seek shareholder approval in accordance with the Corporations Act 2001 and the Listing Rules of the ASX to a number of resolutions, which are set out in the attached Notice of Meeting paper.

Your Directors seek your support and look forward to your attendance at the meeting.

Yours sincerely

Paul Chapman
Chairman

ENCOUNTER RESOURCES LIMITED

ABN 47 109 815 796

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Encounter Resources Limited will be convened at 10.00am on Tuesday, 11 July 2017 at the offices of Encounter Resources Limited, Level 7, 600 Murray Street, Western Australia.

AGENDA

ORDINARY BUSINESS

1. Ratification of Prior Issue of Equity Securities – Share Placement – Listing Rule 7.1

To consider, and if thought fit, to pass, with or without modification, the following ordinary resolution:

“That, for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue of 10,665,596 ordinary fully paid shares pursuant to the Placement announced on 22 May 2017 on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

The issue was in accordance with the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.

Voting Exclusion Statement

The Company will disregard any votes cast on Agenda Item 1 by any person who participated in the issue, and any associate of that person (or those persons).

Before a voting exclusion applies, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Ratification of Prior Issue of Equity Securities – Share Placement – Listing Rule 7.1A

To consider, and if thought fit, to pass, with or without modification, the following ordinary resolution:

“That, for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue of 15,564,404 ordinary fully paid shares pursuant to the Placement announced on 22 May 2017 on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

The issue was in accordance with the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.

Voting Exclusion Statement

The Company will disregard any votes cast on Agenda Item 2 by any person who participated in the issue, and any associate of that person (or those persons).

Before a voting exclusion applies, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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3. Participation in the Placement by Directors – Resolutions (a), (b), (c) and (d)

To consider, and if thought fit, to pass, with or without modification, the following ordinary resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue of 2,806,216 shares to Directors of the Company (or their nominees) as set out in resolutions (a), (b), (c) and (d), raising \$280,622 under the Placement, on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Director	Number of shares
(a) Paul Chapman	1,015,358
(b) Will Robinson	800,000
(c) Peter Bewick	790,858
(d) Jon Hronsky	200,000

Voting Exclusion Statement

The Company will disregard any votes cast on Agenda Item 3 resolutions (a), (b), (c) and (d), by Mr Paul Chapman, Mr Will Robinson, Mr Bewick and Dr Jon Hronsky respectively, and any associate of that person (or those persons).

Before a voting exclusion applies, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

GENERAL NOTES

1. **Voting by Proxy:** Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. Shareholders and their proxies should be aware of these Sections of the Corporations Act, as they will apply to this General Meeting, specifically:

- if proxy holders vote, they must cast all directed proxies as directed; and
- if a poll is demanded for a particular resolution, any directed proxies which are not voted (where the appointed proxy is not the chair of the meeting) will automatically default to the Chair, who must vote the proxies as directed.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and

- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

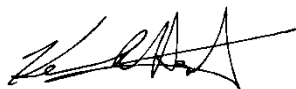
Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

2. The Explanatory Statement to Shareholders attached to this Notice of General Meeting is hereby incorporated into and forms part of this Notice of General Meeting.
3. The Directors have determined in accordance with Regulation 7.11.37 of the Corporations Regulations that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holders at 5.00pm on Sunday 9 July 2017.

BY ORDER OF THE BOARD



Kevin Hart
COMPANY SECRETARY

Dated this 2nd day of June 2017

ENCOUNTER RESOURCES LIMITED

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EXPLANATORY STATEMENT

The purpose of the Explanatory Statement is to provide shareholders with information concerning the Agenda Items in the Notice of General Meeting.

Information relating to Agenda Items 1, 2 and 3

On 22 May 2017 the Company announced the placement of approximately 29 million ordinary fully paid shares to raise approximately \$2.9 million, before costs. The placement is to be completed in two parts, the first tranche of 26,230,000 shares to unrelated parties, (being 24,050,000 shares issued on 26 May 2017 and 2,180,000 shares issued on 2 June 2017), and is the subject of shareholder ratification in Agenda Items 1 and 2.

The Company issued a total of 10,665,596 shares without prior Shareholder approval out of its 15% annual placement capacity under ASX Listing Rule 7.1, and 15,564,404 shares out of its additional 10% placement capacity under ASX Listing Rule 7.1A which was approved by Shareholders on 25 November 2016.

The remainder of the placement, being 2,806,216 shares, is to be issued to Directors of the Company, subject to shareholder approval being sought under the resolutions attaching to Agenda Item 3.

Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.1A

ASX Listing Rule 7.1A provides that a company may seek Shareholder approval at its annual general meeting to allow it to issue Securities up to 10% of its issued capital, provided that it is an eligible entity (**Eligible Entity**).

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- o is not included in the S&P/ASX 300 Index; and
- o has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

At the time approval was obtained, the Company was an Eligible Entity as it was not included in the S&P/ASX 300 Index and had a market capitalisation of less than \$300 million.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1 and 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 or 7.1A (and provided that the previous issue did not breach ASX Listing Rule 7.1 or 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1 and 7.1A.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and up to the 10% annual placement capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

1. Ratification of Prior Issue of Equity Securities – Share Placement – Listing Rule 7.1

Technical information required by ASX Listing Rule 7.4

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) the total number of equity securities issued was 10,665,596 ordinary fully paid shares (Shares) issued pursuant to ASX Listing Rule 7.1;
- (b) the Shares were issued at a placement price of 10 cents each;
- (c) the Shares issued rank equally with an existing class of securities on issue;
- (d) the Shares were issued to professional and sophisticated investors, none of whom are related parties of the Company;
- (e) the funds raised from the Placement are to be used to fund exploration at Encounter's Telfer West and East Thomson's Dome gold projects and provide working capital.

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EXPLANATORY STATEMENT

2. Ratification of Prior Issue of Equity Securities – Share Placement – Listing Rule 7.1A

Technical information required by ASX Listing Rule 7.4

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) the total number of equity securities issued was 15,564,404 ordinary fully paid shares (Shares) issued pursuant to ASX Listing Rule 7.1A;
- (b) the Shares were issued at a placement price of 10 cents each;
- (c) the Shares issued rank equally with an existing class of securities on issue;
- (d) the Shares were issued to professional and sophisticated investors, none of whom are related parties of the Company;
- (e) the funds raised from the Placement are to be used to fund exploration at Encounter's Telfer West and East Thomson's Dome gold projects and provide working capital.

3. Participation in the Placement by Directors – Resolutions (a), (b), (c) and (d)

Agenda Item 3 relates to the proposed participation by Directors of the Company (or their nominees) in a Placement of shares on exactly the same terms and conditions to the placement made to the unrelated parties the subject of Agenda Items 1 and 2.

Chapter 2E of the Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions to Section 208 apply or Shareholders have in general meeting approved the giving of that financial benefit to the related party. A "financial benefit" is defined in the Corporations Act in broad terms and includes a public company issuing securities. For the purposes of this meeting, a "related party" includes a director of the Company. Accordingly, the proposed issue of shares to a Director involves the provision of a financial benefit to a related party of the Company.

Section 210 of the Corporations Act provides that an entity does not need to obtain Shareholder approval to give a financial benefit to a related party if the giving of the financial benefit would be reasonable in the circumstances if the related party and the entity are dealing at arm's length (or terms less favourable than arm's length).

Given that the Related Parties will be subscribing for shares under the Placement on the same terms as all other placement investors, the Board is of the view that the proposed issue is determined to be at arm's length and therefore that the exception in Section 210 of the Corporations Act is relevant to the Resolutions attaching to Agenda Item 2, and as such is not seeking Shareholder approval pursuant to Chapter 2E of the Corporations Act.

Whilst Shareholder approval is not being sought pursuant to Chapter 2E of the Corporations Act, the following information is provided to allow Shareholders to assess the proposed issue of shares to the Related Parties:

- (a) the related parties to whom the financial benefit will be given are Mr Paul Chapman, Mr Will Robinson, Mr Peter Bewick and Dr Jon Hronsky (or their respective nominees);
- (b) the number of shares proposed to be issued is 2,806,216 ordinary fully paid shares at 10 cents per share, which would represent 1.5% of the expanded issued capital on an undiluted basis after the Placement.

The number of shares to be issued to, and the total subscription funds payable by the Directors, if the resolutions the subject of Agenda Item 3 are approved by Shareholders, is as follows:

Director	Number of shares	Subscription Funds (\$)
(a) Paul Chapman (or nominee)	1,015,358	\$101,536
(b) Will Robinson (or nominee)	800,000	\$80,000
(c) Peter Bewick (or nominee)	790,858	\$79,086
(d) Jon Hronsky (or nominee)	200,000	\$20,000

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EXPLANATORY STATEMENT**3. Participation in Placement by Directors – Resolutions (a), (b), (c) and (d) (Continued)**

- (c) it may be perceived that a financial benefit is being given to the Directors referred to above due to the fact that the issue price of the shares are less than the prevailing market price (based on the price of shares at the date of this Notice), although the proposed issue to Directors is on identical terms to those made to other independent third parties;

The issue price per Share to be issued under Agenda 3 is 10 cents per Share. The value of the Shares, based on the market price of Shares prior to the date of the placement announcement to the ASX, calculated according to the 5 day volume weighted average price of shares on days on which trades actually occurred is equal to 11.8 cents per Share.

In the last 12 months, the highest price for ordinary fully paid shares in the company trading on ASX was 17.0 cents which occurred on 15 July 2016. The lowest price was 6.3 cents which occurred on 8 December 2016. On 2 June 2017 the closing price was 10.0 cents.

- (d) Mr Chapman does not wish to make a recommendation to Shareholders in respect of resolution 3(a) to Agenda Item 3 because he has a material interest in the outcome of the resolution. However he recommends that Shareholders vote in favour of resolutions 3(b), 3(c) and 3(d) as he believes the increased shareholding of the Directors will provide further incentive to enhance the future value of the Company for all Shareholders.

Mr Robinson does not wish to make a recommendation to Shareholders in respect of resolution 3(b) to Agenda Item 3 because he has a material interest in the outcome of the resolution. However he recommends that Shareholders vote in favour of resolutions 3(a), 3(c) and 3(d) as he believes the increased shareholding of the Directors will provide further incentive to enhance the future value of the Company for all Shareholders.

Mr Bewick does not wish to make a recommendation to Shareholders in respect of resolution 3(c) to Agenda Item 3 because he has a material interest in the outcome of the resolution. However he recommends that Shareholders vote in favour of resolutions 3(a), 3(b) and 3(d) as he believes the increased shareholding of the Directors will provide further incentive to enhance the future value of the Company for all Shareholders.

Dr Hronsky does not wish to make a recommendation to Shareholders in respect of resolution 3(d) to Agenda Item 3 because he has a material interest in the outcome of the resolution. However he recommends that Shareholders vote in favour of resolutions 3(a), 3(b) and 3(c) as he believes the increased shareholding of the Directors will provide further incentive to enhance the future value of the Company for all Shareholders.

Remuneration of the Directors

The total annual remuneration paid to the Directors for the last audited financial year is as follows:

Year Ended 30 June 2016	Salaries and Fees	Superannuation	Value of options granted	Total
Paul Chapman	\$60,000	\$5,700	Nil	\$65,700
Will Robinson	\$267,227	\$25,387	Nil	\$292,614
Peter Bewick	\$264,375	\$25,116	Nil	\$289,491
Jon Hronsky	\$50,000	\$4,750	Nil	\$54,750

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EXPLANATORY STATEMENT**3. Participation in Placement by Directors – Resolutions (a), (b), (c) and (d) (Continued)***Securities held by the Directors*

As at the date of this Notice, the Directors have interests in the securities of the Company as set out below:

	Shares	Options
Paul Chapman	5,707,142	Nil
Will Robinson	22,275,470	Nil
Peter Bewick	5,209,142	750,000 unlisted options exercisable at \$0.39 each on or before 30 November 2017 750,000 unlisted options exercisable at \$0.23 each on or before 27 November 2018 750,000 unlisted options exercisable at \$0.31 each on or before 27 November 2019 750,000 unlisted options exercisable at \$0.13 each on or before 24 November 2020 750,000 unlisted options exercisable at \$0.175 each on or before 24 November 2021
Jon Hronsky	Nil	750,000 unlisted options exercisable at \$0.23 each on or before 27 November 2018 750,000 unlisted options exercisable at \$0.13 each on or before 24 November 2020

ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the Company (which includes a Director).

If the resolutions (a), (b), (c) and (d) that are the subject of Agenda Item 3 are passed, the Related Parties may be issued shares under the Placement. Accordingly, approval for the issue of securities to the Related Parties of the Company is required pursuant to ASX Listing Rule 10.11.

Separate approval pursuant to ASX Listing Rule 7.1 is not required in order to issue shares to the Directors as approval is being obtained under ASX Listing Rule 10.11.

Technical information required by ASX Listing Rule 10.11

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Agenda Item 3:

(a) the number of shares to be issued to Related Parties (or their nominees) is as follows:

Paul Chapman	1,015,358 ordinary fully paid shares
Will Robinson	800,000 ordinary fully paid shares
Peter Bewick	790,858 ordinary fully paid shares
Jon Hronsky	200,000 ordinary fully paid shares;

(b) the shares will be issued no later than one (1) month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on the same date;

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EXPLANATORY STATEMENT

3. Participation in Placement by Directors – Resolutions (a), (b), (c) and (d) (Continued)

Technical information required by ASX Listing Rule 10.11 (Continued)

- (c) ordinary shares will be issued at a price of 10 cents per share and will rank equally with existing issued ordinary shares from the date of issue;
- (d) the funds raised from the Placement are to be used to fund exploration at Encounter's Telfer West and East Thomson's Dome gold projects and provide working capital.

There is no other information known to the Directors that is reasonably required by Shareholders to make a decision whether or not it is in the Company's interest to pass the resolutions the subject of Agenda Item 3.

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