

## Quarterly Report

For period ended 30 June 2022

29 July 2022

### *Diamond drilling at three Encounter projects in Sept 2022 quarter*

#### 100% owned projects in Australia's most exciting new copper districts:

##### **Lamil Copper-Gold Project – Paterson Province WA (100% ENR)**

- Gravity survey completed in May 2022
- EIS co-funded diamond drilling to commence in August 2022

##### **Sandover Copper Project – NT (100% ENR)**

- Additional surface sampling confirmed further areas of surface copper oxide mineralisation
- Gravity survey commenced, co-funded by the Northern Territory Geological Survey (“NTGS”)
- Sandover expanded to cover lithium potential in the Northern Arunta Pegmatite Province

##### **Aileron Copper-Gold-REE Project– West Arunta WA (100% ENR)**

- Geochronology completed by the GSWA classifies the host sequence and mineralisation events at Aileron are a similar age to the events at Olympic Dam
- Heritage survey completed in May 2022 to clear access tracks and drill pads

#### Major copper exploration drive funded through farm-ins

##### **Yeneena Copper Project – Paterson Province WA (IGO \$15m farm-in)**

- Diamond drilling has commenced, operated and funded by IGO Limited (ASX:IGO)
- 2022 activities (~4,500m of diamond drilling) represent a significant program of high impact drilling targeting sediment hosted copper

##### **Elliott Copper Project - NT (BHP \$25m farm-in)**

- Diamond drilling is scheduled to commence in September 2022, operated and funded by BHP (ASX:BHP)
- 2022 exploration program (including ~3,000m of diamond drilling) to advance the understanding of basin architecture and prospective deposition locations for large, sediment-hosted copper deposits

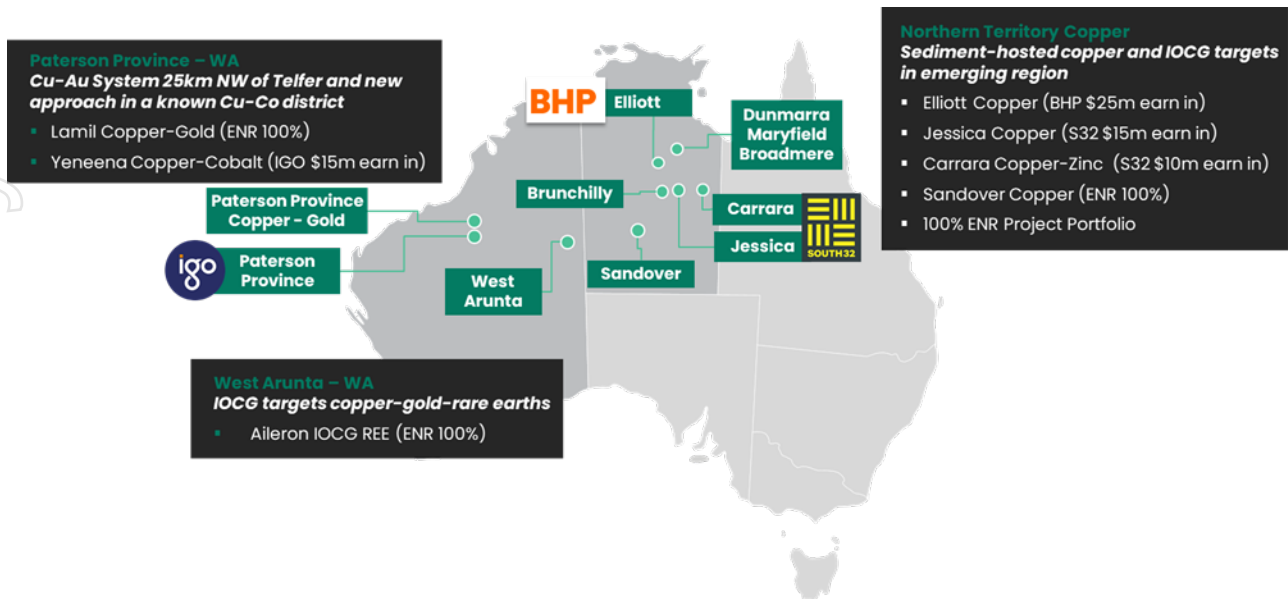
##### **Jessica and Carrara Copper-Zinc Projects - NT (South32 \$15m & \$10m farm-ins)**

- Two new Farm-in Agreements completed with South32 (ASX:S32) in June 2022 covering the Jessica Copper Project and the Carrara Copper-Zinc Project in the Northern Territory
- South32 to wholly fund initial exploration on each project and Encounter carried to the completion of a Scoping Study
- Exploration has commenced with reprocessing of seismic lines at Carrara, which is part of the first year budget of \$1.3 million exploration expenditure across both projects

#### Corporate

- Encounter was successful in its application for the Junior Mineral Exploration Incentive (“JMEI”) for up to \$1.25 million tax credits

ASX Code:	Cash (30/6/2022)	Market Cap. (28/7/2022)	Issued shares (30/6/2022)	Issued options (30/6/2022)
ENR	\$2.2m	\$41m	317m	17m



## Lamil Copper-Gold Project - Paterson Province – WA (100% ENR)

### Background

Lamil covers an area of ~61km<sup>2</sup> and is located 25km northwest of the major gold-copper mine at Telfer, owned by Newcrest Mining Ltd (ASX:NCM). Lamil is adjacent to a major regional gravity lineament which marks the location of an interpreted significant crustal scale structure that would have acted as a pathway for ore forming fluids during the formation of the Proterozoic aged deposits.

The Dune prospect is located in the northwest of Lamil and consists of a laterally-extensive gold-copper system, outlined by broad spaced RC drilling over 1km of strike (Figure 1). The mineralisation at Dune is hosted in metasedimentary rocks of the Proterozoic Lamil group which also host the Telfer, Havieron and Winu Au-Cu deposits. Dune is situated close to the interpreted fold axis in the northern part of the Lamil Dome.

Seven diamond holes were completed at Dune in September 2021. Copper-gold mineralisation was intersected in two diamond drill sections spaced 200m apart (Figure 1).

The intersection of multiple, stacked, narrow copper-gold reefs in ETG0243 within a thick prospective package analogous to Telfer's Upper Malu formation is an important step forward for the project.

The increased frequency of mineralised 'reef style' intervals containing strengthening copper grades and frequent +1g/t Au grades within ETG0243 infers a strengthening of the mineralised system to the north-west where the system remains open on section and down plunge.

The intersection of high-grade copper contained in chalcocite and additional copper-gold reefs in the Middle to Lower Malu quartzite package in ETG0226, ETG0227 and ETG0243 provides further evidence of a depth extensive mineral system at Dune.

A detailed gravity survey was completed at Lamil in May 2022. This survey has helped refine the targets for the upcoming drill program and identified a discrete density anomaly adjacent to the Elsa prospect in the south-east of the project.

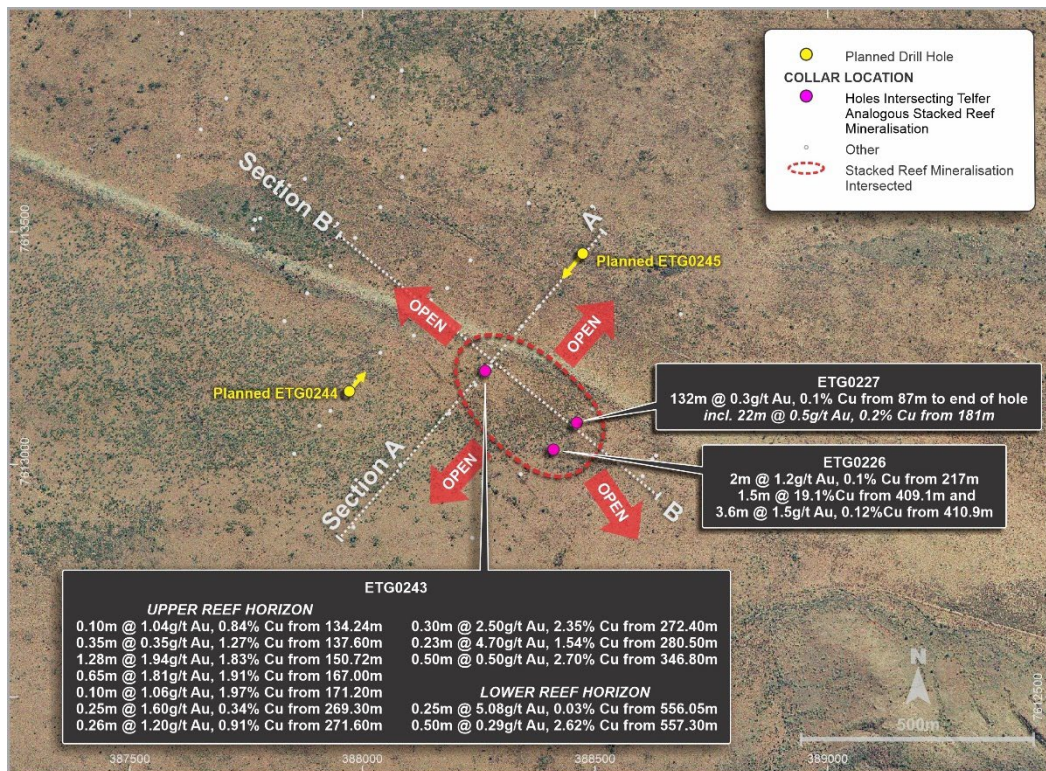


Figure 1 – Dune prospect plan showing only holes that have tested the Telfer analogous stratigraphic package and the outline of the stacked reef mineralisation intersected in drilling to date and the planned 2022 drill holes.<sup>1</sup>

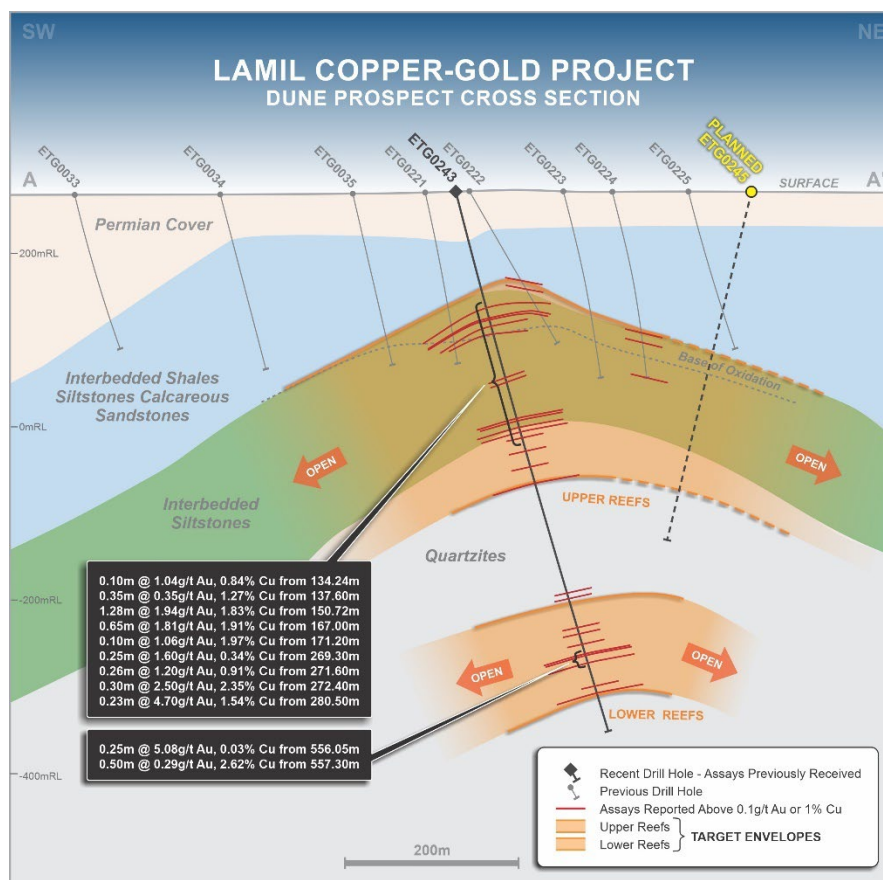
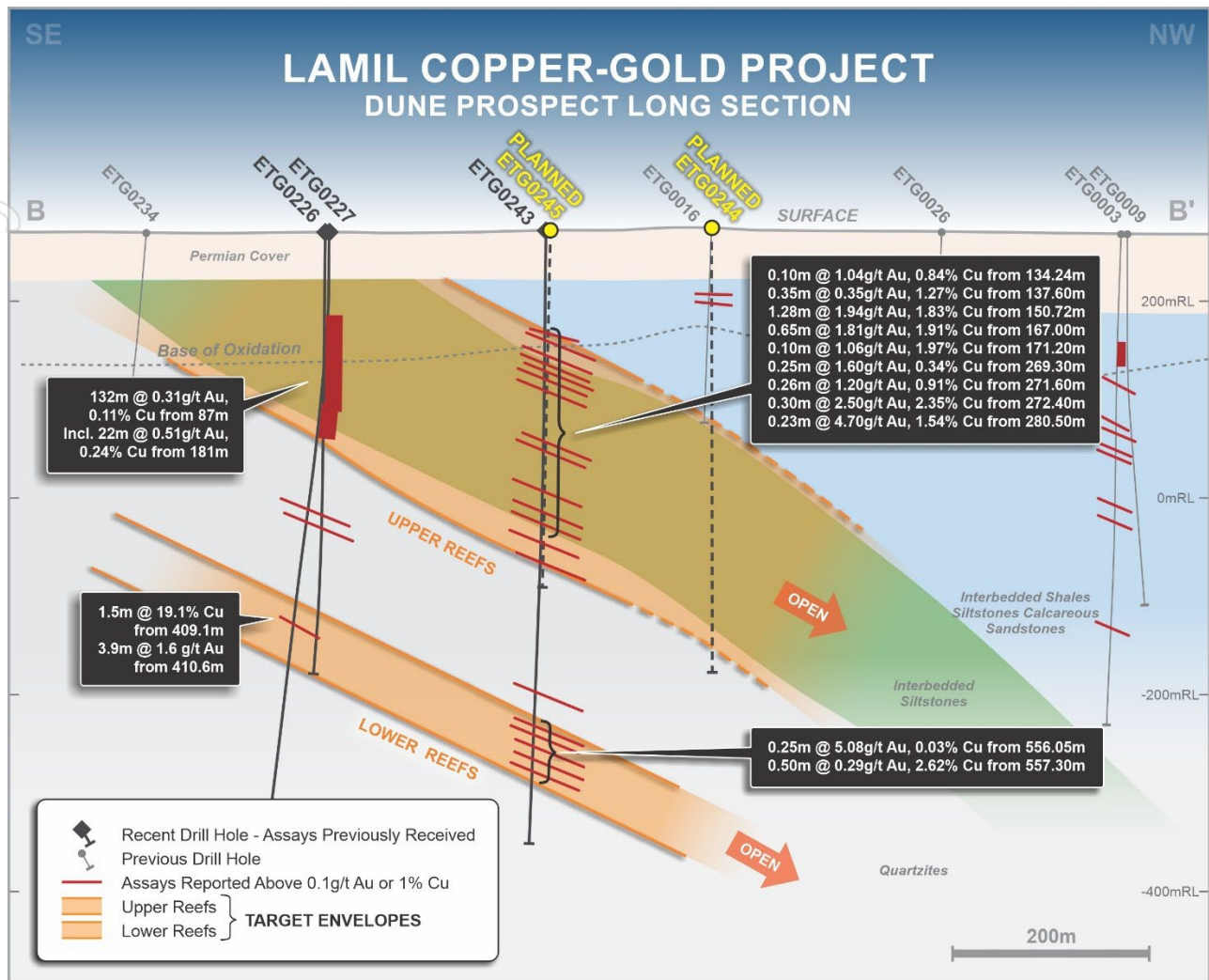


Figure 2- Schematic Dune cross section with planned drill hole. The Telfer analogous stratigraphy and Upper and Lower Reef horizons are shown with multiple narrow Cu-Au reefs which are generally sub parallel to stratigraphy.<sup>1</sup>





**Figure 3 - Schematic long section of Dune showing the interbedded siltstone unit dipping below previous drilling at Dune and planned drill holes. The prospective unit is untested down plunge of the Lamil Dome away from ETG0243 where drilling has intersected an increase in frequency of Cu-Au reefs.<sup>1</sup>**

## Next Steps

During the June 2022 quarter, Encounter was awarded a co-funded drilling grant of up to \$220,000 under the WA Government's Exploration Incentive Scheme ("EIS") for Lamil.

This EIS co-funded diamond drill program (1,500m) is scheduled to commence in August 2022. The program will test the mineralised units identified in drillholes ETG0226, ETG0227 and ETG0243, containing high-grade copper in chalcocite and copper-gold reefs, down plunge and along strike.

A gravity anomaly identified in the recent survey adjacent to the Elsa prospect at Lamil is also planned to be tested, either in the upcoming diamond drill program or when a suitable RC becomes available in the area.

<sup>1</sup> For further details regarding the exploration results at the Lamil Copper-Gold Project, please refer to the following ASX announcements:

ASX release 26 April 2017  
ASX release 19 January 2017  
ASX release 18 December 2020  
ASX release 21 April 2021  
ASX release 6 September 2021  
ASX release 16 November 2021

## Sandover Copper Project – NT (100% ENR)

### Background

Sandover is located 170km north of Alice Springs and covers a major structural corridor on the southern margin of the Georgina Basin. Access is excellent with the Stuart Highway and Ghan railway extending through the western margin of the project.

Sampling in October 2021 was conducted in four field areas located up to 6km apart (Figure 4). Each area confirmed the presence of an outcropping red-bed sandstone sequence with multiple narrow but strike extensive grey shale units containing copper oxide mineralisation (malachite). Sampling of copper mineralisation at surface returned assays up to 20.9% Cu and a suite of highly anomalous pathfinder elements (Zn, Ag, As, Bi, Mo and Pb) (refer ASX announcement 16 December 2021).

### Copper Exploration Activity

Additional surface sampling and field reconnaissance was completed in April 2022. This program confirmed additional mapped areas containing surface copper oxide mineralisation (see Figure 4, Area 5). The surface mapping also identified small bornite nodules, interpreted to be zones of increased fluid flow after replacement of anhydrite, within the grey shale unit (Photo 1).

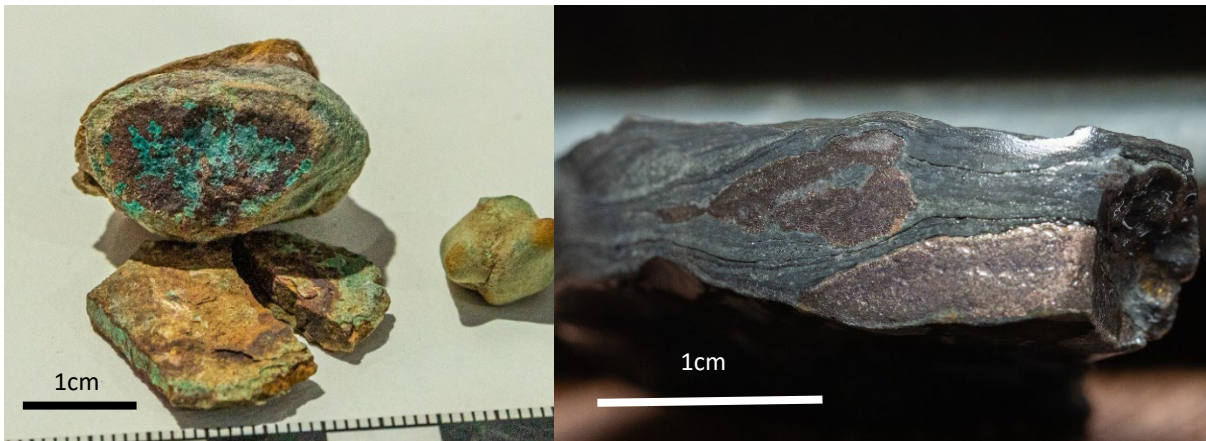


Photo 1 (left) – weathered copper rich nodules collected from surface at Area 1 (refer Figure 1) - containing malachite (interpreted after bornite-chalcopyrite), visual estimate 10% malachite in 2.5cm diameter nodule  
Photo 2 (right) – primary copper rich nodule from historical drillhole (Mt Skinner DDH3 203.3m) located adjacent to Area 4 (refer Figure 1) containing bornite-chalcopyrite, visual estimate 30% bornite-chalcopyrite over ~1cm width.

Surface samples were also collected from various outcropping stratigraphic horizons for chemical analysis and stratigraphic correlation.

Inspection of historical drill core from Sandover in the Alice Springs core library was completed in April 2022. A number of historical drill holes (drilled in 1968, 1971 and 1994) were reviewed and confirmed key geological units and processes to enable the formation of sediment hosted copper deposits are present. Significantly, narrow zones of copper sulphide minerals, including bornite, were identified in historical drill core (Photo 2).

It is interpreted that the copper rich nodules identified at the surface represent the weathered form of the bornite nodules observed in historical drill core. This provides encouraging evidence that processes capable of forming high grade copper mineralisation are present in the basin.

Furthermore, shale units containing the outcropping copper mineralisation at Sandover are considered moderate reductants yet have precipitated considerable copper. This suggests that a highly copper charged fluid has been active at the project.

Accordingly, exploration activities at Sandover are focused on identifying more reduced units within the basin. There will be a particular emphasis on where these units intersect long-lived basin forming structures which are areas with the potential to host major mineral deposits.

### **NTGS Funding**

All available geophysical datasets have been compiled, integrated and evaluated by Encounter's geophysical consultant Terra Resources. As a result of this exercise, 1x1km spaced gravity data has been identified as a key dataset to be collected. Encounter has been awarded a \$100,000 grant to complete this gravity survey at Sandover under the NTGS Geophysics and Drilling Collaborations Program.

### **Sandover Lithium and Critical Minerals Potential**

Sandover sits within the Northern Arunta Pegmatite Province. NTGS interpret that these pegmatites are Lithium-Caesium-Tantalum ("LCT") pegmatites similar to the host pegmatites of the lithium deposits at Greenbushes in Western Australia and the Finnis deposit in the NT\*. The presence of LCT type pegmatites is further supported at Sandover by two tin-tantalum occurrences in the south-east of the project area. The region's lithium prospectivity has also been recognised by a number of other companies including Core Lithium Ltd (ASX:CXO) who hold the Anningie and Barrow Creek Lithium Projects in the district.

Sandover has been expanded by 2,195km<sup>2</sup> to increase the portion of the Northern Arunta Pegmatite Province controlled by Encounter. The new tenure contains additional mapped pegmatites with lithium potential (Figure 6). The potential for lithium and other critical metals will be investigated in conjunction with copper exploration activities.

\* NTGS Report 16, Tin-tantalum pegmatite mineralisation of the Northern Territory (Frater, 2005)

### **Next Steps**

The development of a basin wide stratigraphic model is in progress and a NTGS co-funded gravity survey that has commenced.

Data compilation of historical tin-tantalum exploration will assess the potential for LCT pegmatites at Sandover.

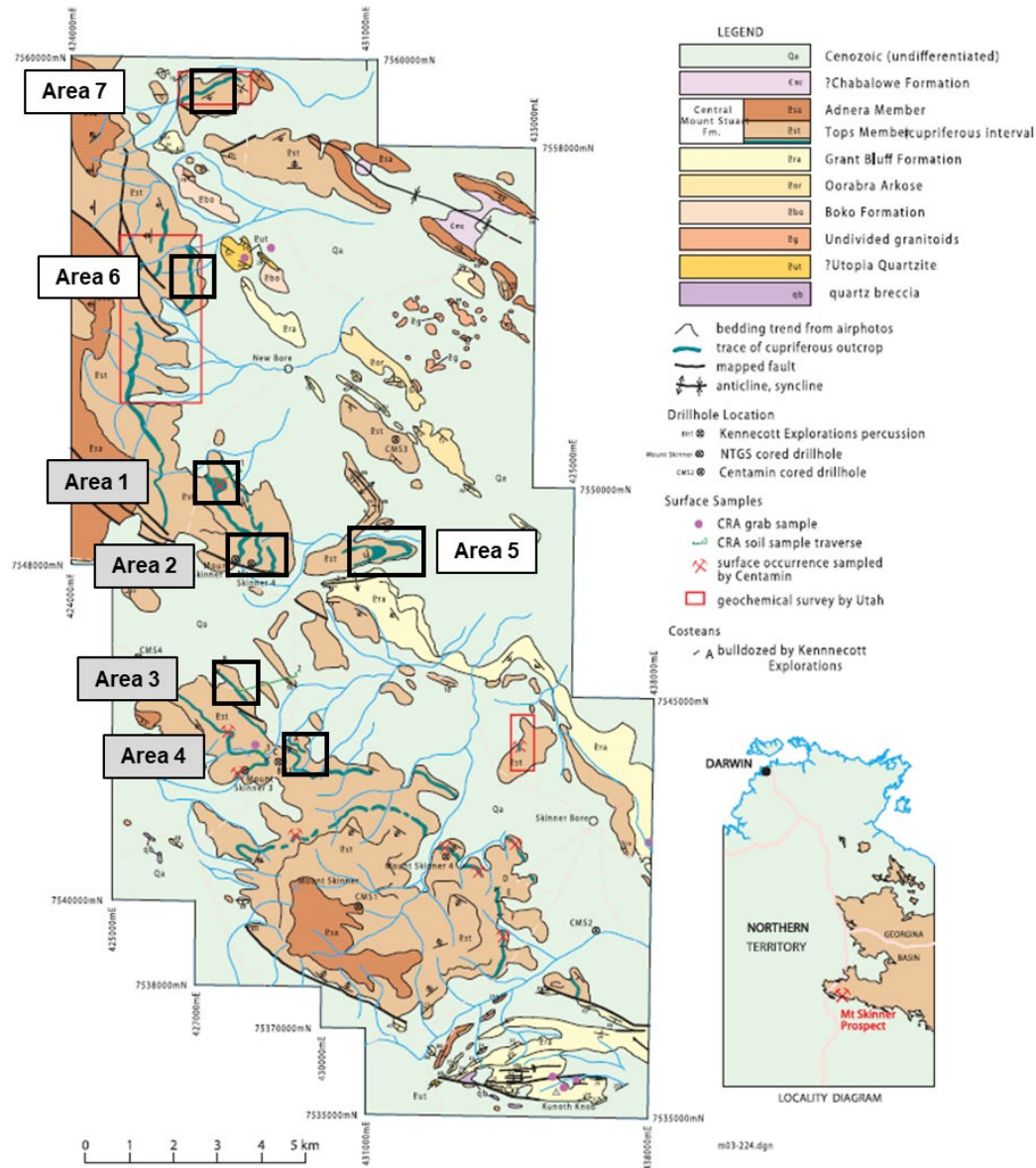
### **Cautionary statement on visual estimates of mineralisation**

*References in this announcement to visual results are from historical diamond drilling from Sandover stored at the Alice Springs Core Library. Photos 1 & 2 provide information supporting the geological context of observations of mineral processes reported in this announcement.*

*Visual estimates of mineral percentages are based on preliminary visual observations of the drill core surface as presented in the core trays and may not be representative of potential mineralisation at Sandover. Visual estimates of mineral abundance are not considered to be a proxy or substitute for laboratory analyses where metal concentrations or grades are the factor of principal economic interest.*

*The Company does not intend to complete laboratory assays of the samples in Photos 1 and 2.*





**Figure 4 – Geological map showing cupiferous outcrop, drillhole locations and surface sampling (compiled from company reports and Haines 2004) Source: NTGS Geology and Mineral Resources of the Northern Territory. Special Publication 5. Compiled by Ahmad, M. and Munson, T.J., June 2013.**  
**Areas 1-4 sampled by Encounter in October 2021, Area 5, 6, 7 sampled in April 2022.**

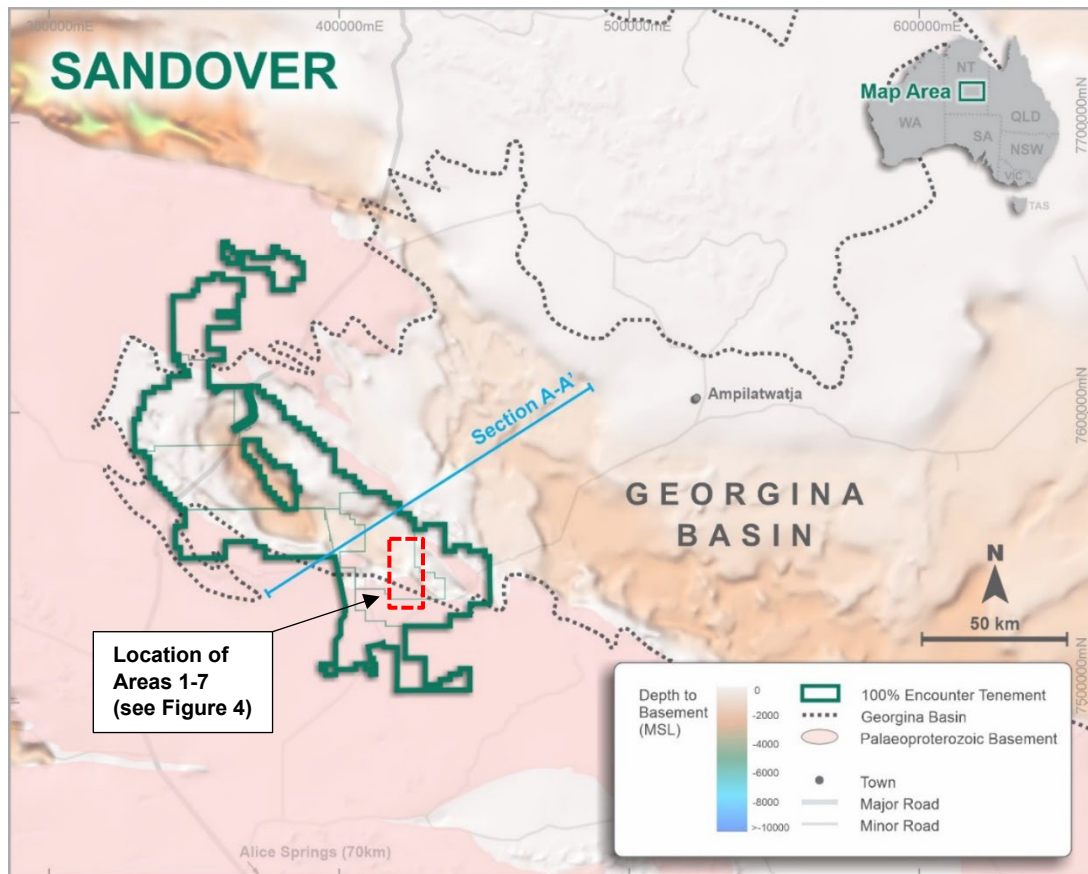


Figure 5 – Location of field mapping and sampling

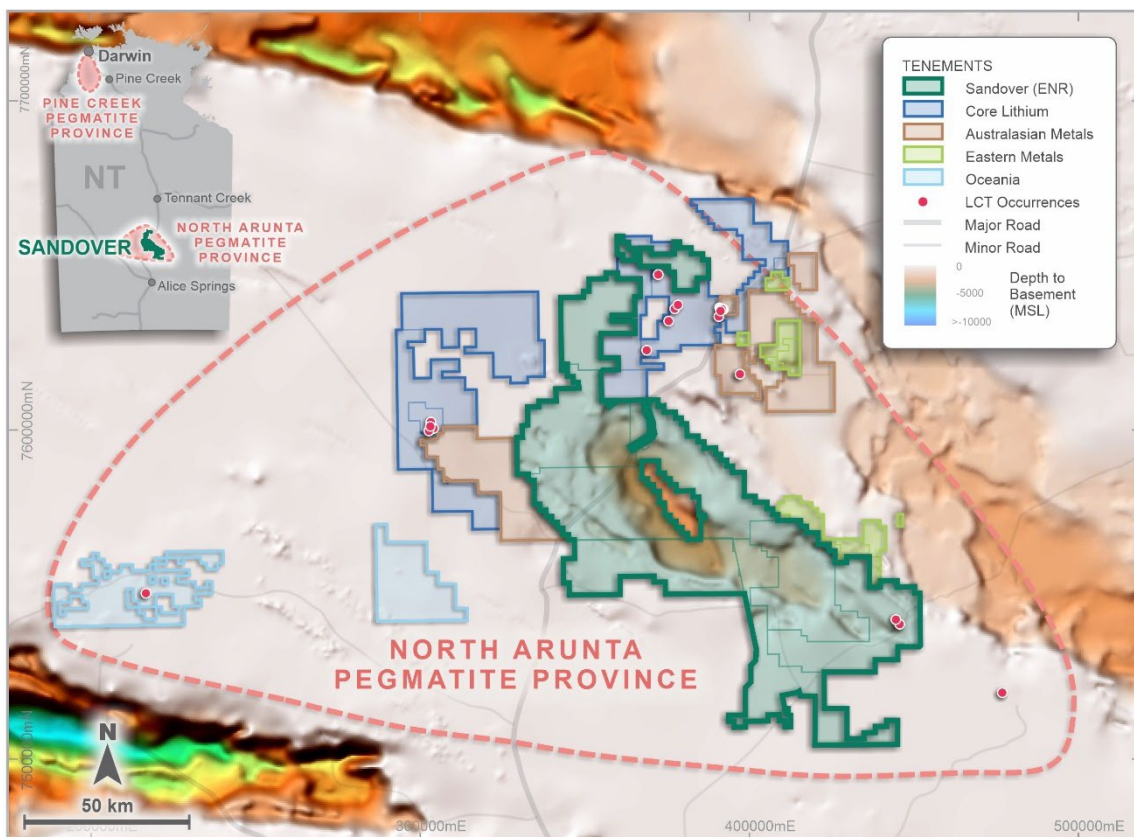


Figure 6 – Northern Arunta Pegmatite Province – LCT pegmatite occurrences sourced from NTGS Report 16 Tin-tantalum pegmatite mineralisation of the Northern Territory (Frater 2005).



## Aileron IOCG (Cu, Au, REE) Project – West Arunta – WA (100% ENR)

### Background

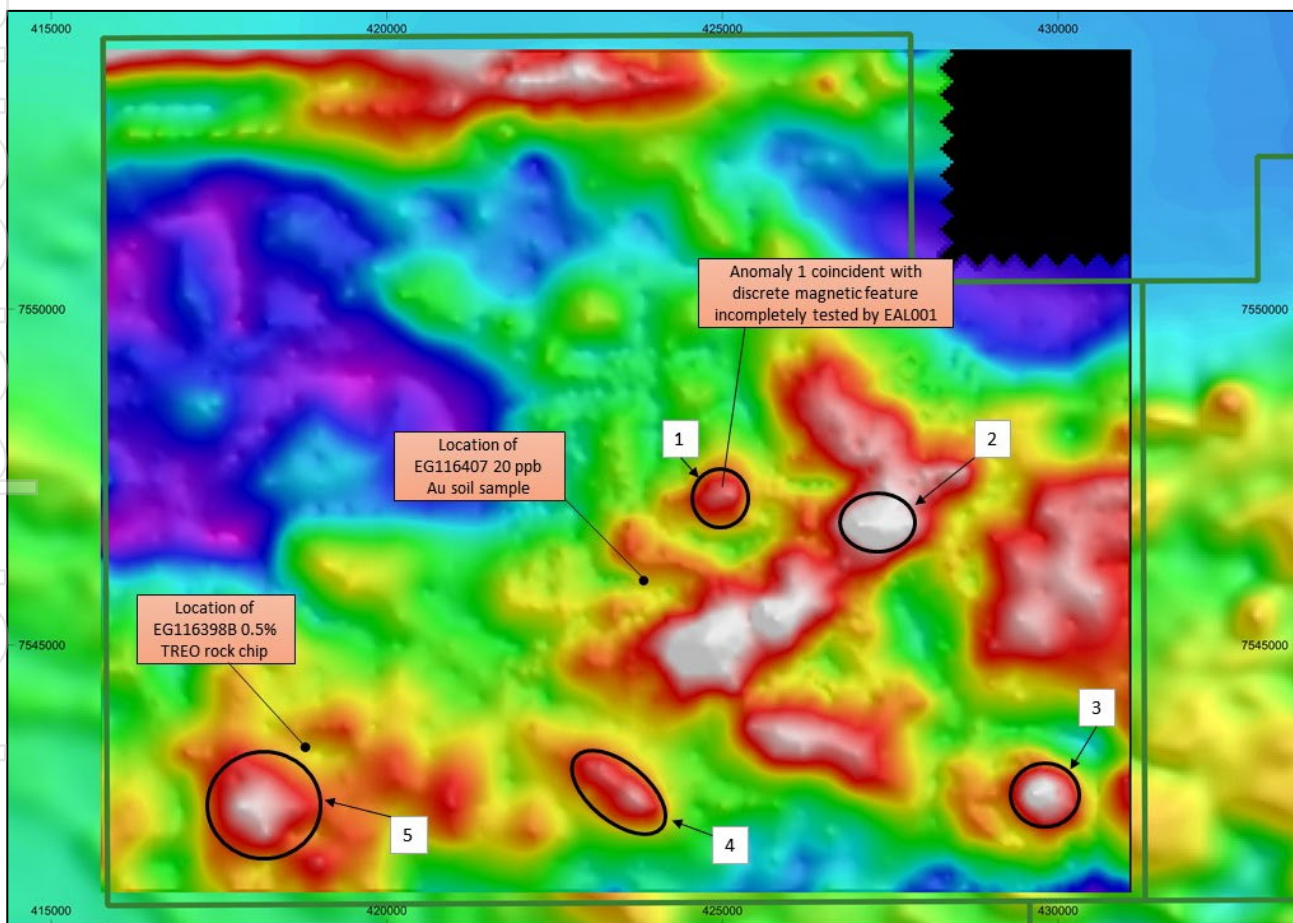
Aileron is located in the West Arunta region of WA ~600km west of Alice Springs. The project contains several structural and geophysical targets identified through aerial magnetic and gravity surveys.

To date, one diamond hole, EAL001, has been drilled targeting a discrete magnetic anomaly (this has been named the Worsley prospect). EAL001 was partially completed to a depth of 158m in October 2020 and drilled through 5m of shallow cover followed by a brecciated hydrothermal hematite-chlorite-altered granite with narrow mafic intrusions. Within these units zones of increased brecciation and alteration correlate with increased REE anomalism with a distinctive IOCG geochemical signature (elevated La, Ce and Fe). The hole ended prior to designed depth due to a mechanical failure.

Assays from EAL001 include zones of anomalism in copper (up to 0.1% Cu), gold (up to 48ppb Au), molybdenum (up to 155ppm Mo) and highly elevated rare earth elements (up to 0.8% TREO) consistent with the targeted IOCG deposit model (*refer ASX announcement 28 January 2021*).

The metal anomalism in the hole is associated with the most intensely brecciated and Chlorite-hematite altered zones (up to 15% Fe). IOCG mineralisation often has a strong density contrast to background and may be identifiable through the application of gravity surveys.

In November 2021, a helicopter-supported ground gravity survey and geological reconnaissance activities, including a surface sampling trial were completed at Aileron (Figure 7).



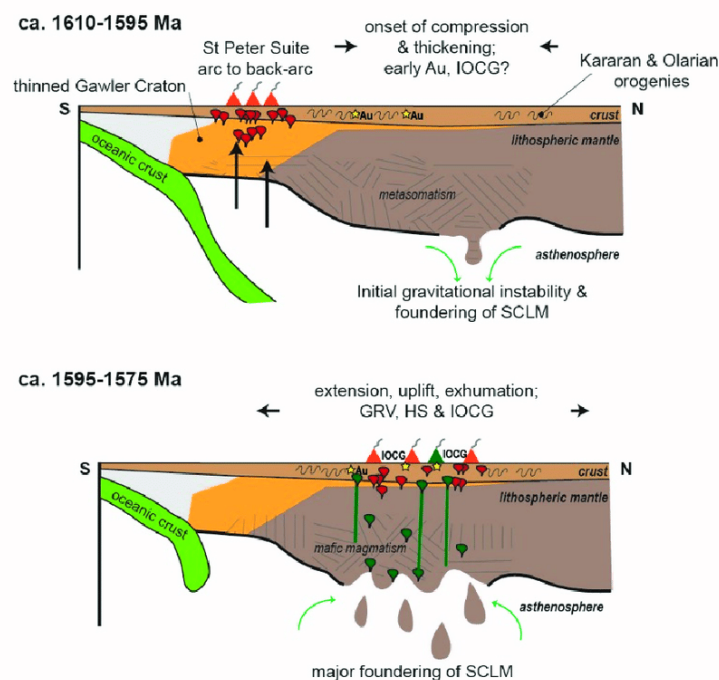
**Figure 7 – Aileron IOCG /REE project - residual gravity image with location of REE and IOCG anomalies visited during geological reconnaissance in November 2021**

## Geochronology

The North West Arunta inlier covered by Encounter's tenements has historically been mapped as Carrington suite granites (1805-1770 Ma). Recent zircon dating undertaken by the GSWA\* has shown that, while there are older rocks of the Carrington Suite and Lander Rock Formation in the district, EAL001 has intersected a new suite of intrusions, previously unknown in the region, with an age of c. 1608 Ma.

The GSWA has also found a population of zircons which suggest that brecciation and hydrothermal alteration of this younger intrusion occurred shortly after its emplacement at c. 1577 Ma\*. Importantly, this age is similar to the ages of known IOCG mineralisation events recorded in the Gawler craton at Olympic Dam\* and other deposits (Figure 8).

This new information as well as the established REE anomalism, the presence of cross-cutting mafic dykes and anomalous Cu and Au values in EAL001 are compelling evidence of the region's IOCG mineral system potential.



**Figure 8 – IOCG Gawler Craton Schematic Model - Skirrow et al 2018**

In summary, age dating by the GSWA completed on samples collected from drillhole EAL001 at Aileron has identified:

- a previously unknown granitic intrusion event at Aileron of similar age to the Hiltaba Suite granites in the Gawler Craton in South Australia
- an age of hydrothermal alteration similar to the published mineralising events at Olympic Dam

Confirmation of these important dates, coupled with the presence of REE, copper and gold anomalism associated with hematite and chlorite alteration support the IOGC target model.

Importantly, the prospective geology is under shallow cover (5m of cover in EAL001) in contrast to +500m of cover in much of the Gawler Craton. Accordingly, surface geochemical methods have high potential in this region and the trials completed by Encounter demonstrate this.

\*GSWA Geochronology Record 1897: 203749: altered granitic rock, Aileron prospect (Aileron Province, North Australian Craton)

\* Jagodzinski, 2014. Australian Earth Sciences Convention (AESC), Newcastle).

### **Heritage Survey**

With the assistance of WA One (ASX:WA1), a heritage survey was completed at Aileron in May 2022 to clear access tracks and drill pads.

### **Next Steps**

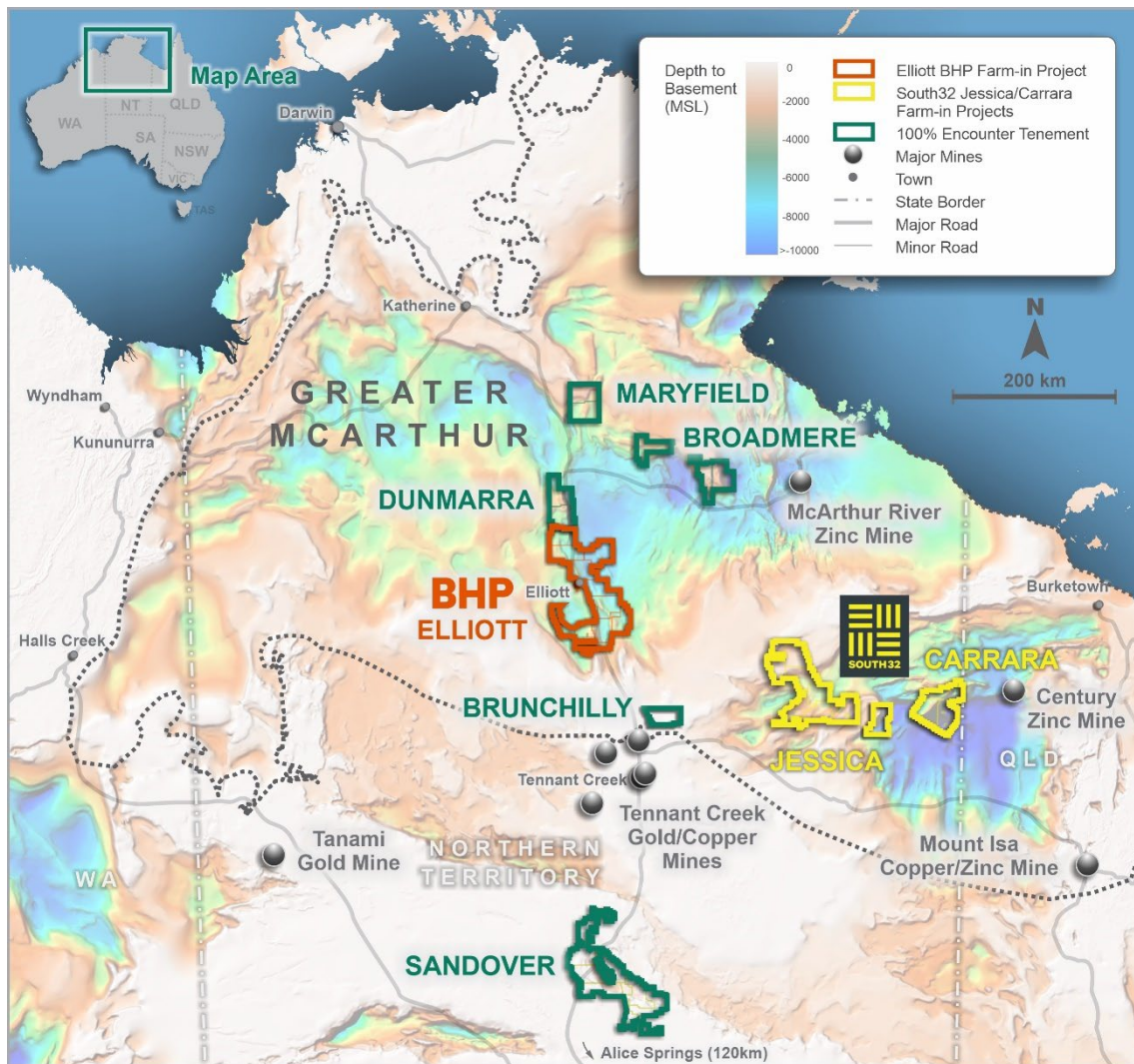
Preparations for a surface geochemical survey has commenced. Mapping and drone photography at the Shackleton prospect that contains outcropping REE is also planned following later in the 2022 field season.

TIMA mineral mapping and petrography is underway in conjunction with Curtin University and the John de Laeter Center to date alteration and the mafic units in EAL001.

Following completion of the current work programs, diamond drilling is planned at Aileron during the 2023 field season.

In addition, consistent with our project generation business model Encounter, is considering opportunities to advance this project through the next phase alone or in conjunction with an earn-in partner.





**Figure 9 – Encounter copper projects in the Northern Territory - Project Location Plan**

### **Elliott Copper Project – NT (BHP \$25m Farm-in)**

Elliott was the first project secured by Encounter in the NT and now comprises more than 7,200km<sup>2</sup>. The project is readily accessible being located 200km north of Tennant Creek on the Stuart Highway which runs along the western margin of Elliott.

The project is being explored together with BHP where BHP has the right to earn up to a 75% interest in Elliott by sole funding up to \$25 million of expenditure within 10 years.

Elliott is located at a major structural intersection on the southwestern margin of the Beetaloo Basin which is part of the Greater McArthur Superbasin that hosts the giant sediment-hosted base metal deposit at McArthur River.

The Superbasin contains thick, petroleum bearing, reduced sediments which are an ideal trap sequence and the major structures bounding the Superbasin are considered ideal structural fluid pathways for major sediment-hosted copper deposits. The project encompasses key conceptual criteria for the formation of sediment-hosted copper and the target sequence is undercover and untested.

New sampling datasets released in 2019 and 2020 have supported the conceptual and structural targeting model at Elliott. The standout, copper-in-groundwater anomaly (an order of magnitude above background) in the extensive dataset is located at Elliott.

During the June 2022 quarter, field mapping and sampling were completed to improve the geological model and to help define the diamond drilling plan for the project. In parallel, collaborative, early engagement with host Native Title holders, pastoralists and the NT Government is ongoing.

### Diamond Drill Program

The 2022 exploration program planned at Elliott includes diamond drilling designed to rapidly advance the understanding of basin architecture and prospective deposition locations for sediment-hosted copper deposits.

The drilling component of the program is scheduled to commence in September 2022 and includes an estimated 3,000m of diamond drilling. The drill program is scheduled to be completed before the end of the dry season in November 2022.

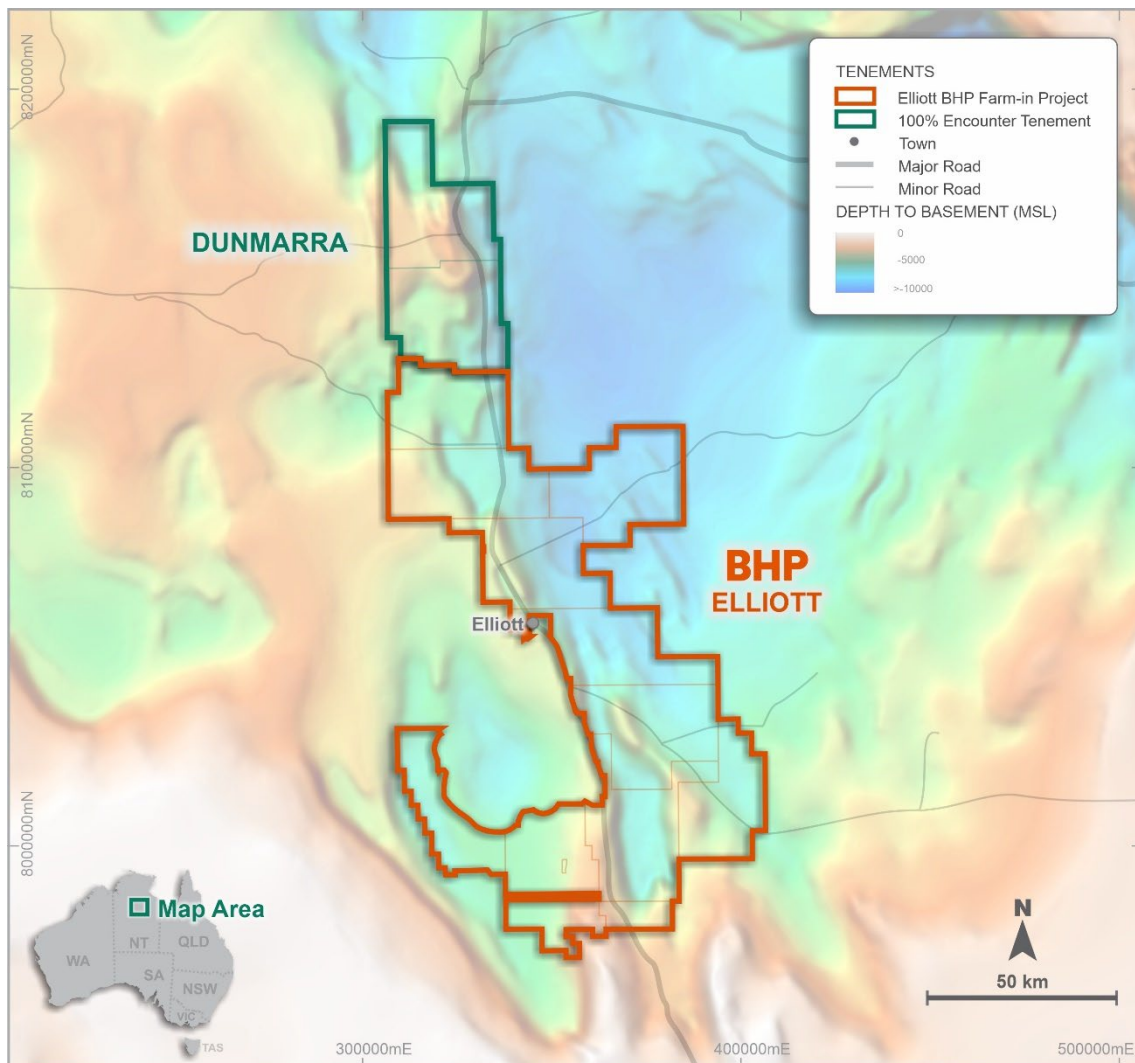


Figure 10 – Elliott Project location plan



## Jessica Copper Project – NT (South32 \$15m Farm-in)

In June 2022, South32 enter into a Farm-in Agreement covering the Jessica Copper Project in the Northern Territory. South32 may earn a 60% initial interest in a project by spending \$15 million in exploration expenditure over a period of 10 years. South32 may then earn an additional 15% interest in Jessica upon completion of a Scoping Study (refer ASX announcement 23 June 2022).

Jessica covers ~6,300km<sup>2</sup> along key structural corridors east of Tennant Creek and is prospective for sediment-hosted copper and IOCG style deposits. Access to the project is via the sealed Tablelands Highway that traverses the western side of Jessica.

Jessica captures compelling structural targets along the Brunette Downs Rift Corridor that was identified in the Geoscience Australia Exploring for the Future Program. Jessica was targeted along the northern flanks of the East Tennant gravity ridge and the intersection with a major NNW structural corridor. Jessica has potential for both basement IOCG style mineralisation and sediment-hosted copper deposits.

Systematic assessment of drill chips from water bores at Jessica has been conducted by Encounter and a previous explorer utilising handheld XRF machines. Areas of copper anomalism were selected for chemical analysis and for the sample interval 0-3m in RN28419 (No. 39 water bore) which returned 1.5% copper (refer ASX announcement 19 August 2020).

### Next steps

- Reprocessing of Geoscience Australia seismic lines that extend through Jessica to provide greater detail of the geology and structure in the upper 1,000m along the western margin of the sub-basin.
- Infill gravity surveys are in progress covering a series of high priority magnetic targets in conjunction with an extensive regional gravity survey being undertaken by the NTGS.

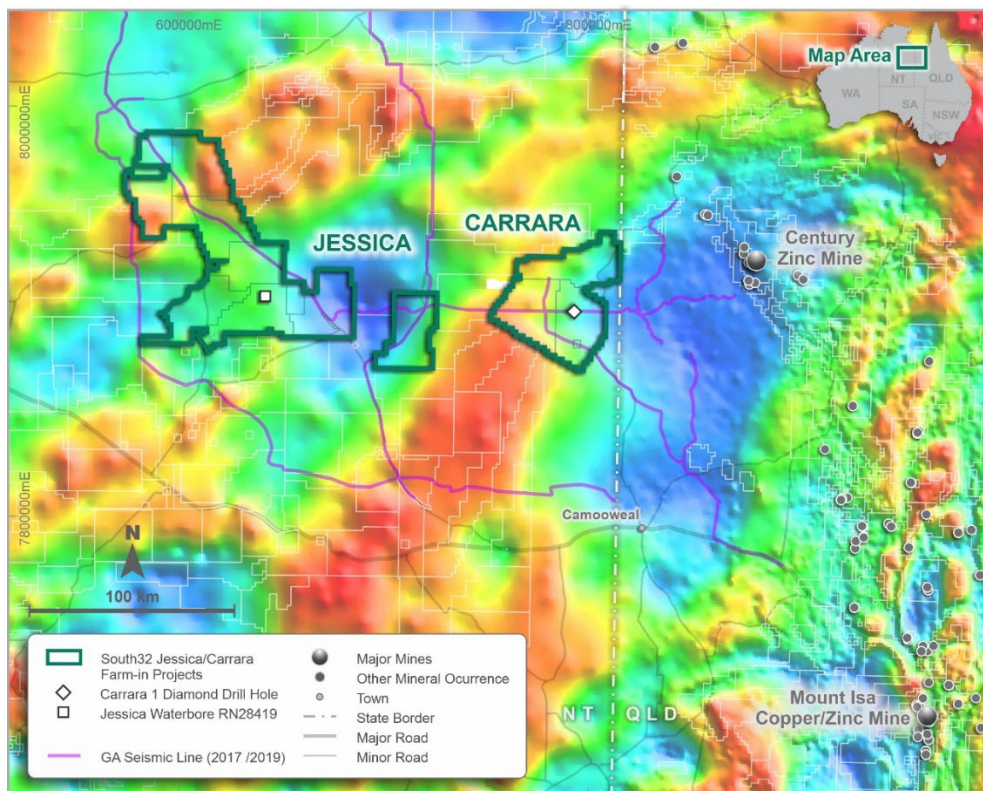


Figure 11 – Jessica and Carrara – Project location plan over gravity



## Carrara Copper-Zinc Project – NT (South32 \$10m Farm-in)

In June 2022, South32 also entered into a Farm-in Agreement covering the Carrara Copper-Zinc Project in the Northern Territory. South32 may earn a 60% initial interest in a project by spending \$10 million in exploration expenditure over a period of 10 years. South32 may then earn an additional 15% interest in Carrara upon completion of a Scoping Study.

Carrara was secured following the release of the South Nicholson Seismic Survey, a foundational dataset acquired as part of the Geoscience Australia Exploring for the Future Program. A key finding of this study is the correlation of prospective stratigraphic units from the Isa Superbasin into the Carrara Sub-basin that extend the Mount Isa Province to the west.

Carrara is located at an interpreted structural offset of the western margin of the Carrara Sub-basin where the prospective Isa Superbasin units are modelled closer to surface.

The giant Century Zinc Mine is located on the eastern margin of the Carrara Sub-basin, and there is a clear correlation of the Century mine stratigraphy across the basin in GA seismic data (Figures 11 and 12).

Late in 2020 a 1,751m deep stratigraphic drill hole (NDI Carrara-1) was completed as part of the National Drilling Initiative funded by the Minex CRC. This hole was designed to validate the interpretation of the South Nicholson Seismic Survey and was located within the Carrara tenement.

The results of the NDI Carrara-1 stratigraphic drill hole support the interpretation that the geology of the Isa Superbasin extends throughout the Carrara Sub-basin. The presence of copper and zinc sulphide mineralisation (Figure 2) demonstrates that sediment hosted copper and zinc mineralising processes occur within the prospective host unit (refer ASX announcement 28 April 2021).

### Next Steps

- Reprocessing of seismic lines that extend through Carrara to provide greater detail of the geology and structure in the upper 1,000m along the western margin of the sub-basin.
- A 2km x 2km gravity survey over Carrara by the NTGS is scheduled to be completed in the June 2022 quarter and will enable integration and interpretation in conjunction with other datasets.

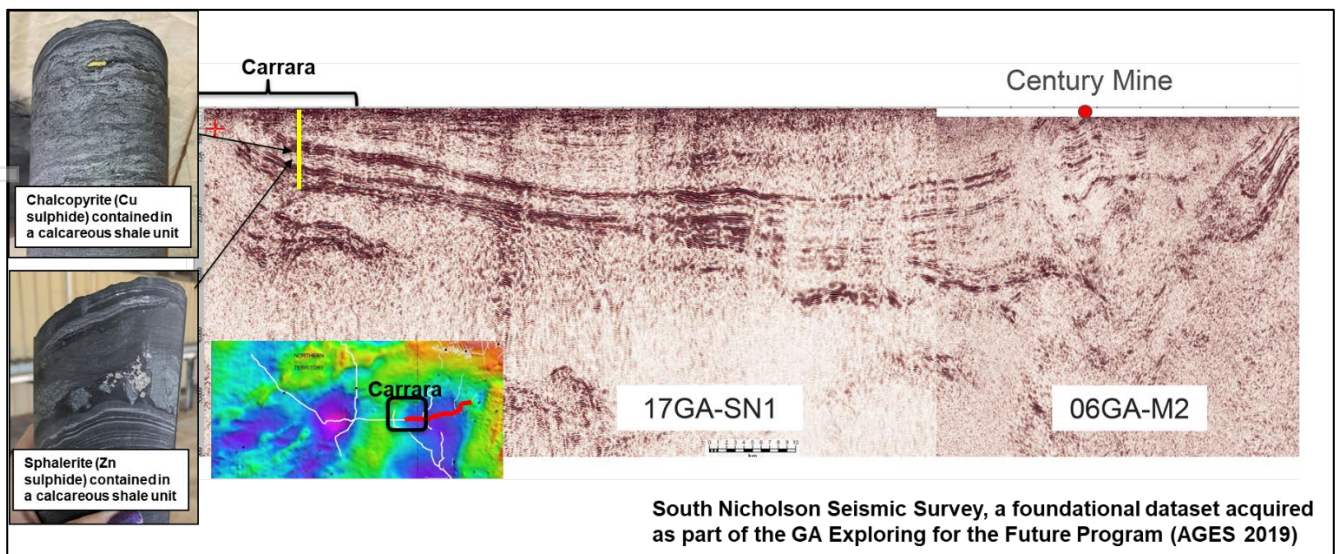


Figure 12 – Carrara Project - South Nicholson Seismic Survey and approx. location of NDI Carrara-1 stratigraphic hole (yellow)

## Yeneena Copper Project – Paterson Province WA (IGO \$15m Farm-in)

Yeneena comprises a major land position covering >1,450km<sup>2</sup> in the highly prospective Paterson Province, targeting copper-cobalt mineralisation. IGO can sole fund \$15 million in exploration expenditure over a maximum of seven years to earn a 70% interest in Yeneena.

Exploration at Yeneena is focused on discovering high-value sediment-hosted copper deposits. The strategy implemented by IGO involves the collection of belt-scale high-quality primary datasets, with cutting-edge techniques used to acquire geological, geochemical and geophysical data. In recent months, the 2021 aircore drilling assays were incorporated into a regional 3D model, which has been created through the integration of historical and modern datasets.

Regional target areas have been identified from the model, defining sub-basins that could contain similar rocks to those found at Nifty copper mine. Diamond drill testing of these targets will be completed during the 2022 field season.

### 2022 Exploration Program

The Yeneena 2022 exploration program, to be operated and funded by IGO, is currently planned to comprise the following activities:

- 1,900m aircore drill program to test high-priority targets
- 4,500m diamond core drill program to test high-priority targets
- 1,200 line km of Heli TEM surveying covering two target areas
- Detailed geological mapping of the Lookout Rocks and Aria prospects
- Hydro-geochemistry orientation program on cased 2021 aircore drillholes

### Diamond Drilling

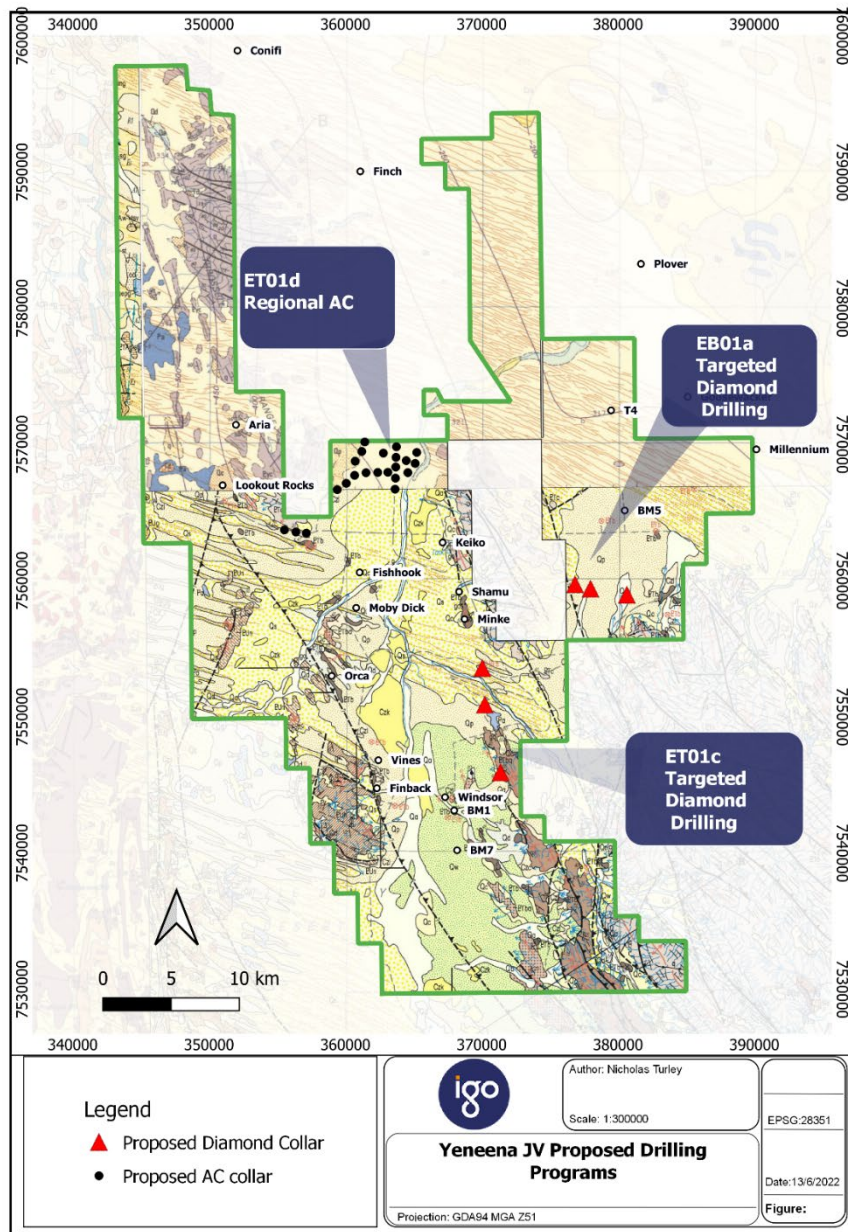
Diamond drilling has commenced and is focused on two high priority regional targets (see Figure 13):

- **EB01a:** Regional 3D modelling has identified an area of high prospectivity to focus copper bearing fluid. High permeability fluid pathways and their intersection with favourable stratigraphy forms the basis of the primary targets in this area. Three diamond drill holes are planned to test the targets.
- **ET01c:** A new regional 3D model, as well as field mapping, has led to a better understanding of the BM1-BM7 prospect and of the paleo-basin architecture. Several opportunities for favourable traps for copper bearing brines have been identified. These targets will be tested by three planned diamond drill holes.

### Aircore Drilling

ET01: Regional aircore drilling is being utilised to gain end of hole and litho-geochemical data in areas that are higher priority and will be used to facilitate the 3D model in data poor areas (see Figure 13). Collars will be cased with PVC to allow for hydrogeochemical testing.

Further aircore drilling may be added following the hydrogeochemical orientation program.



**Figure 13 – Yeneena 2022 proposed drilling programs**

### **Dunmarra, Maryfield and Broadmere Copper Projects - NT (100% ENR)**

The Dunmarra, Maryfield and Broadmere projects encompass key targets identified on the margin of the Beetaloo Basin that were generated through fluid flow modelling of previous oil and gas drilling and seismic surveys. The targets were generated utilising oil and gas developed methodology that was refined to target the sediment hosted copper model.

One of the two tenements covering Dunmarra, one of three tenements covering Broadmere and both Maryfield tenements were granted during the June 2022 quarter.

Exploration activity has commenced with compilation of historical exploration, additional sampling of oil and gas wells in the basin adjacent to the targets and field reconnaissance.



## Corporate

Encounter held cash reserves of ~\$2.2 million at 30 June 2022 and currently holds an investment in ordinary issued capital in Hampton Hill Mining NL valued at ~\$0.6 million, based on trading of shares in July 2022 on PrimaryMarkets.com.

During the quarter Encounter was successful in its application for the Federal Government Junior Mineral Exploration Incentive (JMEI) for up to \$1.25 million of tax credits for the tax year ending June 30, 2023.

During the quarter the Company issued 1,200,000 options to employees pursuant to the Company's Employee Share and Option Plan (Plan). A total of 400,000 options, previously issued to employees pursuant to the Plan, were cancelled on cessation of employment.

### Related party transactions

Payments to related parties of the entity and their associates (refer section 6 of Appendix 5B below):

Included at section 6.1 - Comprises: Remuneration of directors (\$42,000)

Included at section 6.2 - Comprises: Remuneration of directors (\$60,000)

In accordance with ASX Listing Rule 5.3.1, the Company confirms that there have been no material developments or changes to its exploration activities, and provides the following information:

- Approximately \$0.51 million was incurred by the Company in respect of exploration activity for the quarter ended 30 June 2022, primarily on:
  - Project generation and field validation activities in the Northern Territory; and
  - Exploration programs at the Lamil and Aileron Copper-Gold Project in Western Australia.
- A summary of the specific exploration activities undertaken in each project area (which included drilling and geochemical and geophysical programs), is provided in the relevant sections of this activity report.

In accordance with ASX Listing Rule 5.3.2, the Company advises that no Mining Development or Production activities were conducted during the quarter.

## Next Quarter Highlights

Activities planned for the September 2022 quarter include:

### **Lamil Copper-Gold Project - Paterson Province - WA(100% ENR)**

- Complete 1,500 metre diamond drill program (EIS co-funded)

### **Elliott Copper Project - NT (BHP \$25m farm-in)**

- Commence 3,000m diamond drill program operated and funded by BHP

### **Yeneena Copper-Cobalt Project - WA (IGO \$15m farm-in)**

- Commence 4,500 diamond drill program operated and funded by IGO

### **Sandover Copper Project – NT – (100% ENR)**

- Gravity survey at Sandover
- Assess lithium and other critical metal potential

### **Aileron IOCG Project - West Arunta - WA (100% ENR)**

- Completion of report on petrology and initial age dating
- Preparations for surface geochemical program

### **Jessica Copper and Carrara Copper-Zinc Projects – NT – (South32 farm-ins)**

- Integration of results from of the recently completed gravity survey and reprocessing of seismic lines

### **Ongoing potential project partnership discussions to accelerate exploration activities**

## Tenement Information (granted tenure)

Lease	Location	Project Name	Area km <sup>2</sup>	Interest at start of quarter (1/4/2022)	Interest at end of quarter (30/6/2022)
E45/2500	266km NE of Newman	Millennium – Hampton JV	107.3	75-100%	75-100%
E45/2501	277km NE of Newman	Millennium – Hampton JV	19.12	75%	75%
E45/2502	261km NE of Newman	Paterson IGO Earn-In	117.8	100%	100%
E45/2561	276km NE of Newman	Millennium – Hampton JV	50.95	75%	75%
E45/2657	246km NE of Newman	Paterson IGO Earn-In	156	100%	100%
E45/2658	245km NE of Newman	Paterson IGO Earn-In	95.4	100%	100%
E45/2805	242km NE of Newman	Paterson IGO Earn-In	85.8	100%	100%
E45/2806	251km NE of Newman	Paterson IGO Earn-In	35	100%	100%
E45/3768	241km NE of Newman	Paterson IGO Earn-In	149.7	100%	100%
E45/4861	260km NE of Newman	Paterson IGO Earn-In	140.4	100%	100%
E45/5333	239km NE of Newman	Paterson IGO Earn-In	127.2	100%	100%
E45/5334	242km NE of Newman	Paterson IGO Earn-In	102.1	100%	100%
E45/4613	300km NE of Newman	Lamil	60.7	100%	100%
E45/3446	315km NE of Newman	East Thomson's Dome	6.0	100%	100%
P45/2750	315km NE of Newman	East Thomson's Dome	198ha	100%	100%
P45/2751	315km NE of Newman	East Thomson's Dome	171ha	100%	100%
P45/2752	315km NE of Newman	East Thomson's Dome	199ha	100%	100%
P45/3032	315km NE of Newman	East Thomson's Dome	114ha	100%	100%
E80/5169	West Arunta	Aileron	187.6	100%	100%
E80/5469	West Arunta	Aileron	534.3	100%	100%
E80/5470	West Arunta	Aileron	613.9	100%	100%



E80/5522	West Arunta	Aileron	429.2	100%	100%
EL32156	Northern Territory	Elliott – BHP farm-in	807.3	100%	100%
EL32157	Northern Territory	Elliott – BHP farm-in	696.3	100%	100%
EL32158	Northern Territory	Elliott – BHP farm-in	793.9	100%	100%
EL32159	Northern Territory	Elliott – BHP farm-in	723.9	100%	100%
EL32226	Northern Territory	Elliott – BHP farm-in	813.56	100%	100%
EL32329	Northern Territory	Elliott – BHP farm-in	137.0	100%	100%
EL32437	Northern Territory	Elliott – BHP farm-in	601.1	100%	100%
EL32273	Northern Territory	Jessica – South32 farm-in	750.5	100%	100%
EL32317	Northern Territory	Jessica – South32 farm-in	738.6	100%	100%
EL32338	Northern Territory	Jessica – South32 farm-in	783.5	100%	100%
EL32339	Northern Territory	Jessica – South32 farm-in	791.4	100%	100%
EL32386	Northern Territory	Jessica – South32 farm-in	814.5	100%	100%
EL32387	Northern Territory	Jessica – South32 farm-in	814.9	100%	100%
EL32388	Northern Territory	Jessica – South32 farm-in	813.8	100%	100%
EL32493	Northern Territory	Jessica – South32 farm-in	811.6	100%	100%
EL32374	Northern Territory	Sandover	795.4	100%	100%
EL32421	Northern Territory	Sandover	792.7	100%	100%
EL32694	Northern Territory	Sandover	792.7	100%	100%
EL32695	Northern Territory	Sandover	787.4	100%	100%
EL32696	Northern Territory	Sandover	763.6	100%	100%
EL32476	Northern Territory	Carrara – South32 farm-in	805.4	100%	100%
EL32477	Northern Territory	Carrara – South32 farm-in	805.2	100%	100%

EL32701	Northern Territory	Carrara – South32 farm-in	801.7	100%	100%
EL32813	Northern Territory	Carrara – South32 farm-in	22.7	100%	100%
EL32478	Northern Territory	Brunchilly	798.5	100%	100%
EL32721	Northern Territory	Broadmere	816.7	0%	100%
EL32723	Northern Territory	Dunmarra	823.1	0%	100%
EL32727	Northern Territory	Maryfield	795.7	0%	100%
EL32728	Northern Territory	Maryfield	826.9	0%	100%

\* Hampton earning into the four eastern block of E45/2500 remaining area of the tenement is in IGO Earn-In.



Will Robinson

Managing Director

*The information in this report that relates to Exploration Results is based on information compiled by Mr. Mark Brodie who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Brodie 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 Brodie consents to the inclusion in the report of the matters based on the information compiled by they/them, 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. The Company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcements.*

*This announcement has been approved for release by the Board of Encounter Resources Limited.*

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Encounter Resources Limited

ABN

47 109 815 796

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(48)	(281)
	(e) administration and corporate costs	(49)	(496)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	10
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	14
1.8	Other (provide details if material)	15	51
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(80)</b>	<b>(702)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(2)
	(d) exploration & evaluation	(509)	(3,055)
	(e) investments	-	-
	(f) other non-current assets – bonds and security deposits	-	-



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – farm-in and joint venture contributions	-	170
	Other – exploration incentive grants	-	152
	Other – subsidiary IPO and demerger expenses incurred	-	(420)
	Other – repayments of IPO and demerger costs received	22	335
	Other – subsidiary IPO funds received	-	7,478
	Other – cash derecognised on demerger	-	(7,478)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(487)</b>	<b>(2,820)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	25	77
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2)	(4)
3.5	Proceeds from borrowings	-	33
3.6	Repayment of borrowings – lease payments	(18)	(72)
	- loan payments	-	(33)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – subsidiary IPO expenses	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>5</b>	<b>(1)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,728	5,687
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(80)	(702)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(487)	(2,820)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5	1
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,166</b>	<b>2,166</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	666	728
5.2	Call deposits	1,500	2,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,166</b>	<b>2,728</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	42
6.2	Aggregate amount of payments to related parties and their associates included in item 2	60

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	80
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	509
8.3 Total relevant outgoings (item 8.1 + item 8.2)	589
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,166
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,166
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	3.7
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
<p>A significant component of the Company's exploration activities are funded by the Company's joint venture and farm-in partners, for which cash in-flows are reported at 2.5 above.</p> <p>The exploration project cash flows incurred by the Company on behalf of the funding partners are reported at 2.1(d) and accordingly at 8.2 in the table above.</p>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/a	



8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/a

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/a

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2022

Authorised by: The Board of Encounter Resources Limited

(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.