

BHP and Encounter Expand Copper Partnership in the NT

- Copper exploration partnership with BHP covering the Elliott Copper Project (“**Elliott**”) in the Northern Territory (“**NT**”) has been significantly expanded
- The tenure covered by Elliott has been expanded by 60% to 7,200km² and the earn-in amount for BHP to earn a 75% interest has been increased to A\$25 million
- Elliott represents a compelling exploration opportunity in the under-explored Greater McArthur Superbasin that contains the key ingredients for the formation of large sediment-hosted copper deposits
- An exploration program, including seismic surveys and diamond drilling, is planned to rapidly advance the understanding of the basin architecture and to define prospective deposition sites for sediment-hosted copper mineralisation
- In addition, Encounter continues to progress its commanding 100% owned copper exploration portfolio in the NT covering a further 19,000km²

Commenting on the expanded BHP partnership, Encounter Managing Director Will Robinson said:

“Irrespective of the pace of global energy transition, new sources of copper supply are required in the medium term. Greenfields exploration success of globally significant, new resources at projects like Elliott is vital to meet burgeoning copper demand projections.”

Encounter identified the Greater McArthur Superbasin in the NT as having significant untested potential for the discovery of large sediment-hosted copper deposits under shallow cover and we now control an extensive portfolio in the region.

Through our portfolio of 100% owned copper projects, and an expanded partnership with BHP, Encounter provides exceptional leverage to the premium front end of the copper value chain.

We are delighted to be working with BHP at Elliott and we look forward to providing shareholders with further updates on the groundbreaking search for Tier-1 copper deposits in the NT.”

The directors of Encounter Resources Ltd (“**Encounter**” / “**the Company**”) are pleased to announce an expanded, formal Farm-in and Joint Venture Agreement covering Elliott has been agreed with BHP. This will increase the size of the Elliott farm in from 4,500km² to 7,200km² and the earn-in amount for BHP to earn a 75% interest has been increased from A\$22 million to A\$25 million.

Elliott Copper Project (EL32156 / EL32157 / EL32158 / EL32159 / EL32226 / EL32329 / EL32437, EL32581, EL32703, EL32729, EL32730)

Background

Recent datasets provided by the Northern Territory Geological Survey (“**NTGS**”) and Geoscience Australia (“**GA**”) as part of the Exploring for the Future Program, have provided crucial new data to facilitate exploration in a covered, highly prospective and underexplored region of Australia.

Elliott was the first project secured by Encounter in the NT and now comprises eleven tenements covering more than 7,200km². The project is located 200km north of Tennant Creek on the Stuart Highway which runs along the western margin of the project.

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

A joint BHP / Encounter designed validation program at Elliott was completed earlier in 2021. This work program involved the compilation, interpretation, modeling and integration of new and existing data packages at Elliott including seismic, airborne EM, magnetics, gravity, geochemistry and hydro-geochemistry.

The validation program provided further support for the potential of Elliott. As a result, BHP exercised its option to negotiate and enter into a formal Farm-in and Joint Venture Agreement (see ASX release 21 May 2021). As part of these discussions, four additional tenements (EL32581, EL32703, EL32729, EL32730) were added into the formal Farm-in and Joint Venture Agreement. This increased the area of the earn-in from 4,500km² to 7,200km² and the earn-in amount for BHP to earn a 75% interest has been increased from A\$22 million to A\$25 million.

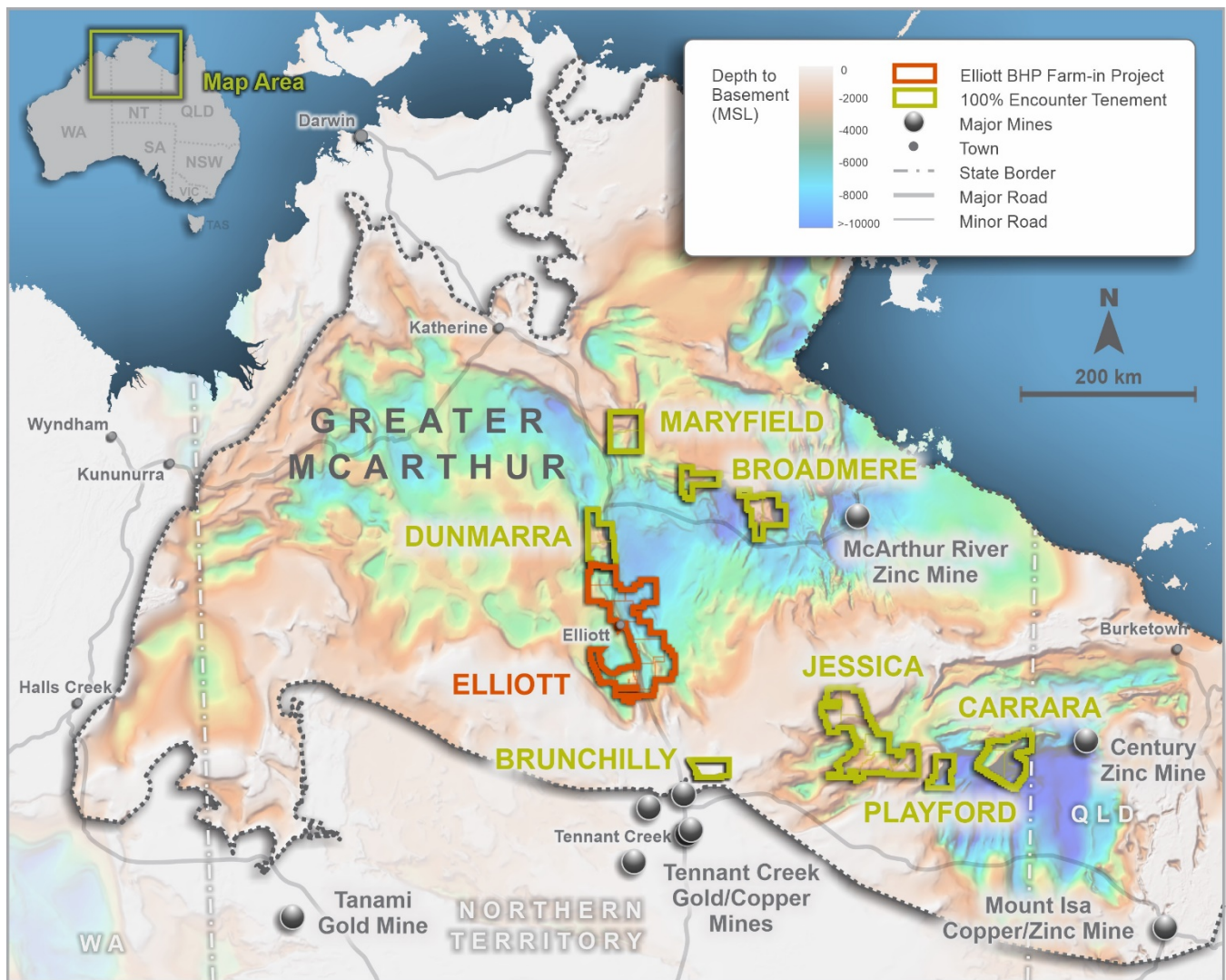


Figure 1 – NT Copper Projects - Project Location Plan

Farm-in and Joint Venture Agreement Key Terms

The key terms for the Farm-in and Joint Venture Agreement include:

- Staged farm-in where BHP has the right to earn up to a 75% interest in Elliott by sole funding up to A\$25 million of exploration expenditure within 10 years.
- Upon BHP completing the earn-in, a 75:25 joint venture will be formed and the parties must contribute funds based on their percentage interest to maintain their respective interests or dilute according to a standard dilution formula. Should a party's interest dilute to below 10%, that party's interest shall automatically convert to a net smelter royalty.
- During the farm-in phase, BHP will be the Manager of the project.

Next steps

The upcoming exploration program at Elliott will be focused on the deployment of leading edge technologies, initially applying the expertise and knowledge developed during oil and gas exploration of similar basins. On-ground exploration is expected to commence at the start of the 2022 field season in April/May 2022. Work with key stakeholders will be commenced, recognizing the various interests in the region.

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

In addition, Encounter will continue to progress exploration activities at its 100% owned copper projects in the NT covering a further 19,000km². Exploration programs to be completed during 2021 at these 100% owned projects include:

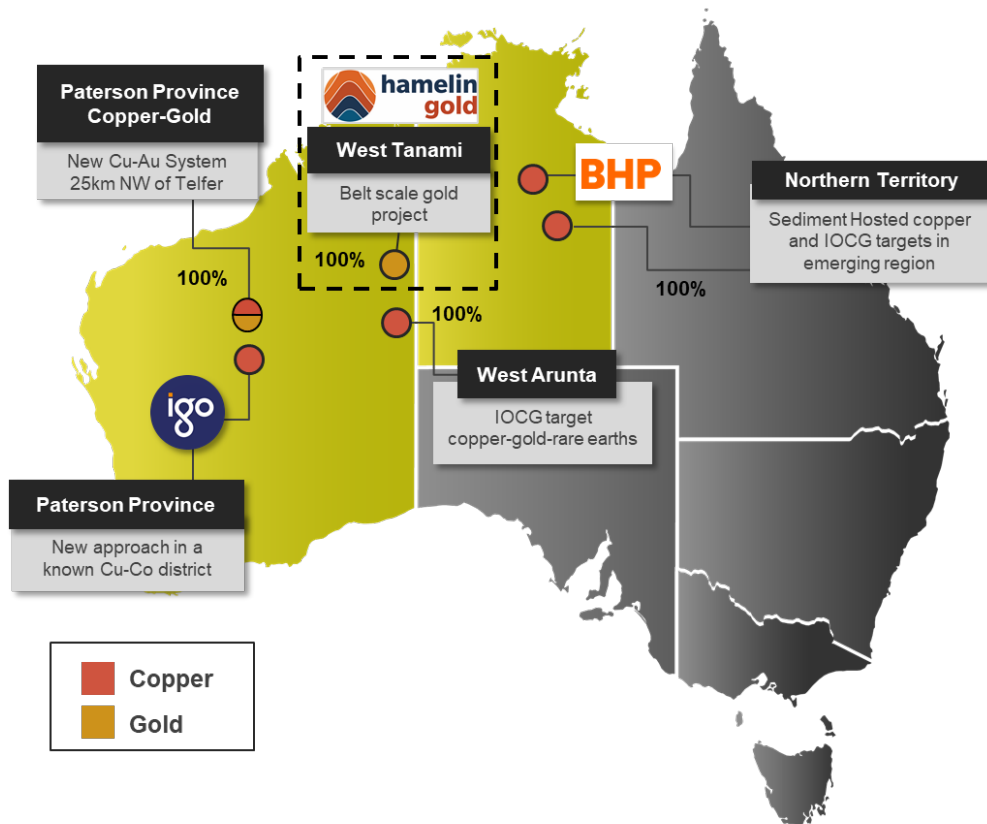
- **Jessica**
 - Infill gravity surveys over a series of high priority magnetic targets in conjunction with an extensive regional gravity survey being completed by the NTGS.
 - Aircore drilling to confirm and determine the lateral extent of the near surface copper mineralisation identified in water bore cuttings, subject to availability of a suitable drill rig before the wet season commences.
- **Carrara**
 - Sampling and logging of the 1.7km deep Carrara1 stratigraphic diamond drill hole, drilled as part of the National Drilling Initiative funded by the Minex CRC. Carrara1 demonstrated that sediment-hosted copper and zinc mineralising processes occur within the Isa Superbasin host units which extend across the Carrara sub-basin.
 - Reprocessing of the GA seismic lines that extends through Carrara to provide greater detail of the geology and structure in the upper 1,000m along the western margin of the sub-basin.
 - NTGS will complete an additional gravity survey over Carrara in 2021 to reduce the station spacing to 2km x 2km.
- **Sandover**
 - Surface mapping and sampling of cupriferous outcrops identified by previous explorers.

Consistent with our project generation business model, Encounter will also consider opportunities to advance the above projects through the next phase alone or in conjunction with an earn-in partner.

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. 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 authorised for release by the Board of Encounter Resources Limited.



About Encounter

Encounter is one of Australia’s leading mineral exploration companies listed on the Australian Securities Exchange. Encounter’s primary focus is on discovering major gold and copper deposits in Australia. Encounter’s assets include:

- A series of camp scale, first mover copper opportunities in the Northern Territory. This includes the Elliott copper project which is being advanced in partnership with BHP via a A\$25m earn-in and joint venture;
- A large project portfolio in the Paterson Province of WA where it is exploring for copper-gold deposits at its 100% owned Lamil Project and for copper-cobalt deposits at the Yeneena project with IGO Limited (ASX:IGO);
- The Aileron IOCG project in the West Arunta in WA; and
- An extensive land position in the West Tanami region covering over 100km of strike along a major prospective structural corridor in WA which Encounter intends to demerge into a new company, “Hamelin Gold Limited” and post demerger, Hamelin will seek to list on ASX.

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