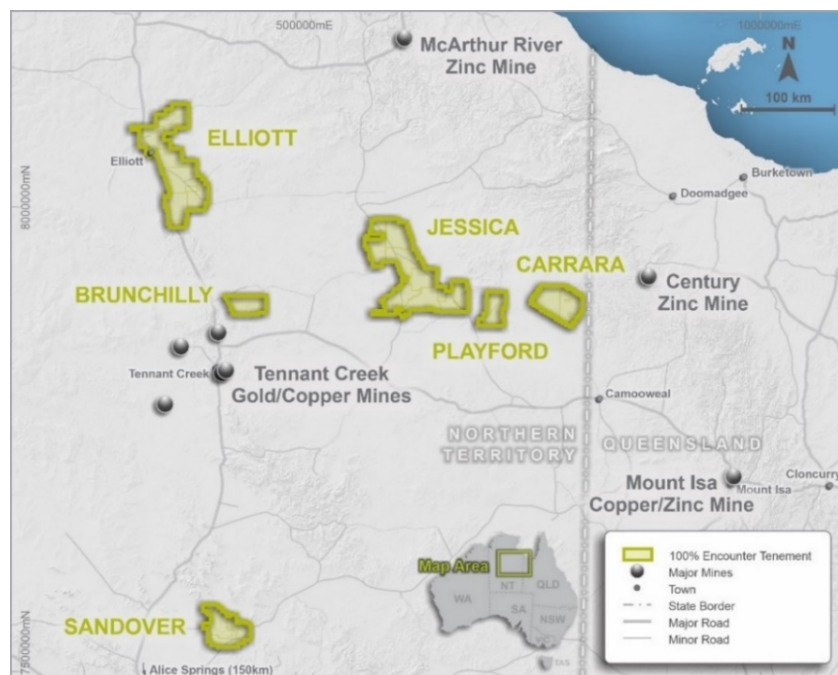


BHP teams up with Encounter in Northern Territory Copper Hunt

- BHP and Encounter have entered into an Option Agreement covering the 4,500km² Elliott Copper Project (“**Elliott**”) in the Northern Territory (“**NT**”)
- Option Agreement provides BHP with the right, following the completion of a jointly designed validation program, to enter an earn-in and joint venture agreement to earn up to 75% interest in Elliott by spending up to \$22 million over 10 years
- Elliott represents a compelling first mover copper opportunity in a high quality jurisdiction:
 - Located at a major structural intersection on the southwestern margin of the Beetaloo Basin
 - Contains the key conceptual criteria for the formation of sedimentary copper with the target sequence being undercover and untested
 - Standout copper-in-groundwater anomaly which is supported by surface geochemical sampling at Elliott
- Elliott was first identified by analysing new datasets generated by Geoscience Australia, as part of the Federal Government’s Exploring for the Future Program
- Encounter retains 100% control of five other copper projects in the NT covering a further 10,300km²



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

“New data has shone a light on the potential for copper to be found under shallow cover in the Northern Territory. Encounter moved early and aggressively to secure first mover opportunities in this new frontier. We are delighted to be teaming up with BHP in the search for Tier 1 copper deposits at Elliott. We look forward to working alongside the highly respected BHP exploration team to validate this compelling opportunity.”

The directors of Encounter Resources Ltd (“**Encounter**”) are pleased to announce that the company has entered into an Option Agreement in relation to Elliott. The Option Agreement provides BHP with the right to enter an earn-in and joint venture agreement covering Elliott following the completion a jointly designed and funded validation program.

Background

New datasets provided by Geoscience Australia (“GA”) as part of the Exploring for the Future Program provide crucial new data to open up and facilitate exploration in this covered, highly prospective and underexplored region of Australia (Photo 1).



Photo 1 – Barkly Tablelands – Northern Territory (Photo: Geoscience Australia)

Encounter has secured a large and highly prospective project portfolio in the NT focused on the discovery of new base metal deposits under shallow cover including the Elliott, Jessica, Brunchilly, Carrara, Playford and Sandover projects.

Elliott – EL32156, EL32157, EL32158, EL32159, ELA32226, ELA32329 and ELA32437 (100%)

Elliott was the first project secured by Encounter in the NT and comprises seven tenements covering more than 4,500km². Four of the tenements, covering over 3,000km², were granted in March 2020. The project is located 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 targeting sedimentary hosted copper. The Beetaloo Basin is part of the Greater McArthur Superbasin that hosts the giant sediment-hosted base metal deposit at McArthur River. The basin contains thick, petroleum bearing, reduced sediments which are an ideal trap sequence and structural setting for major sediment hosted base metal deposits.

Historical exploration within adjacent properties has confirmed the presence of red beds and evaporites within the sedimentary sequence which are important ingredients in sedimentary copper deposit models. The project encompasses key conceptual criteria for the formation of sedimentary copper and the target sequence is undercover and untested.

New Geoscience Australia 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 Geoscience Australia sampling program is located at Elliott. This copper-in-groundwater anomaly is supported by a copper-in-soil anomaly also collected by GA.

Earn-in and Joint Venture Agreement Principles

Following the completion of a validation program, BHP has the right, but not the obligation, to enter an earn-in and joint venture agreement in relation to Elliott where the key terms would be:

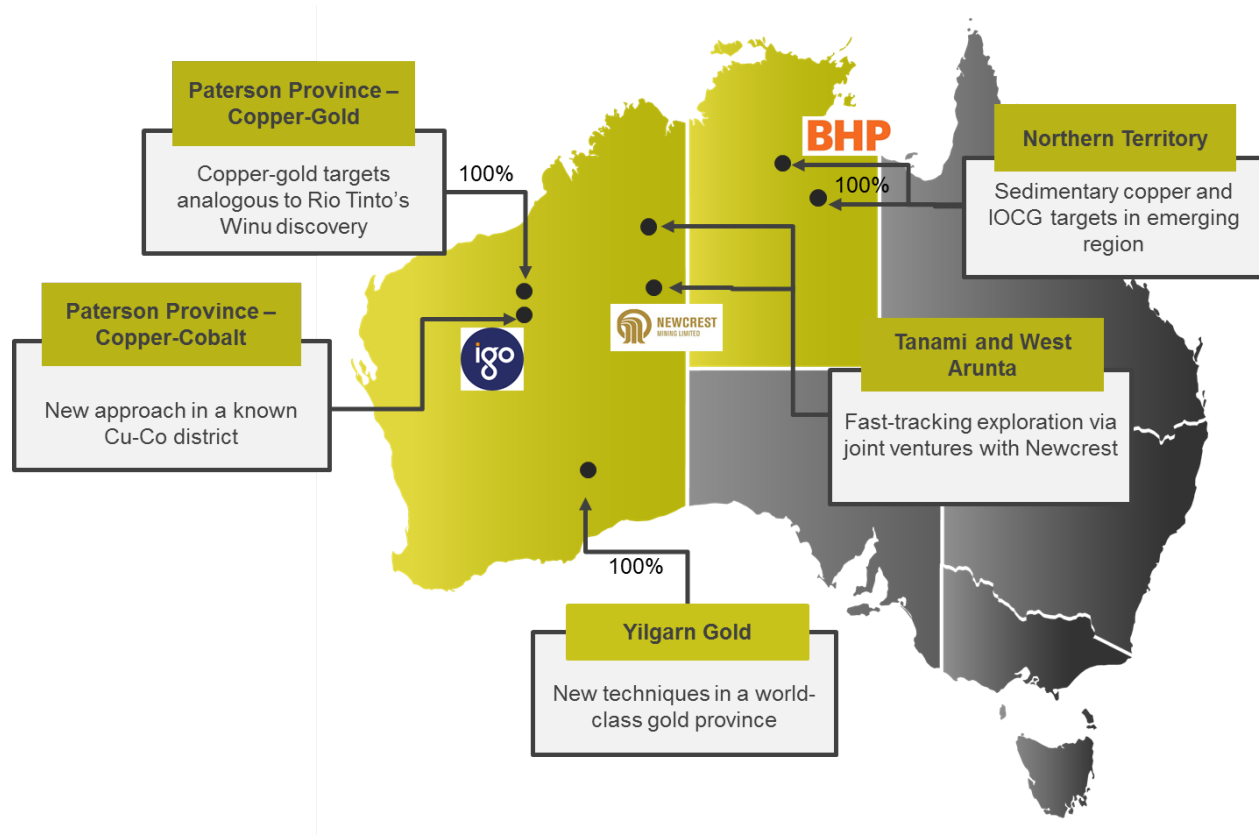
- Staged earn-in where BHP has the right to earn up to 75% interest in Elliott by sole funding up to A\$22 million of exploration expenditure within 10 years;
- Upon BHP completing the earn-in, a 75:25 joint venture will be formed and the parties must contribute funds based on their percentage interest to maintain their respective interests or dilute according to a standard dilution formula. Should a party's interest dilute to below 10% it shall automatically convert to a net smelter royalty.
- During the earn-in phase, BHP has the right to be the Manager of the project.

Next steps

A program of compilation, interpretation and modeling of the data packages at Elliott has been designed with BHP and will be completed by the parties before 31 December 2020.

Following completion of this program, BHP may elect to fund additional validation programs during 2021 prior to making a decision on whether to exercise its option and to enter into a earn-in and joint venture agreement.

Encounter will continue to progress access agreements and complete data validation at its 100% owned Jessica, Brunchilly, Carrara, Playford and Sandover projects. Consistent with our project generation business model Encounter will consider opportunities to advance these projects through the next phase alone or in conjunction with an earn-in partner.



About Encounter

Encounter Resources Limited is one of the most productive project generation and active mineral exploration companies listed on the Australian Securities Exchange. Encounter's primary focus is on discovering major gold deposits in Western Australia's most prospective gold districts: the Tanami, the Paterson Province and the Yilgarn.

The Company is advancing a highly prospective suite of projects in the Tanami and West Arunta regions via joint ventures with Australia's largest gold miner, Newcrest Mining Limited (ASX:NCM).

Complementing its expansive gold portfolio, Encounter controls a major ground position in the emerging Proterozoic Paterson Province where it is exploring for copper-cobalt deposits with highly successful mining and exploration company IGO Limited (ASX:IGO), and intrusive related copper-gold deposits at its 100% owned Lamil Project.

In addition, project generation activities in the Northern Territory utilising new Geoscience Australia datasets has resulted in Encounter securing the first mover Elliott and Jessica copper projects. Elliott is being advanced in partnership with BHP via an option agreement to enter an earn-in and joint venture.

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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.