



## **NOTICE OF GENERAL MEETING**

**&**

## **EXPLANATORY STATEMENT**

**To be held**

At 9.30am, Wednesday, 21 August 2019

**at**

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



Level 7, 600 Murray Street  
West Perth WA 6005

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16 July 2019

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 9.30am on Wednesday, 21 August 2019.

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 9.30am on Wednesday, 21 August 2019 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 – Placement Shares – 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 24,000,000 ordinary fully paid shares pursuant to the Placement announced on 12 November 2018 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 in favour of Agenda Item 1 by Independence Group NL or any of its associates.

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 – Placement Shares – 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 11,756,263 ordinary fully paid shares pursuant to the Placement announced on 8 July 2019 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 in favour of 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.

**ENCOUNTER RESOURCES LIMITED**

ABN 47 109 815 796

**NOTICE OF GENERAL MEETING**

**AGENDA (CONTINUED)**

**ORDINARY BUSINESS (CONTINUED)**

**3. Ratification of Prior Issue of Equity Securities – Placement Shares – 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 5,093,613 ordinary fully paid shares pursuant to the Placement announced on 8 July 2019 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 in favour of Agenda Item 3 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.

**4. Participation in Share Placement by Directors – Resolutions (a), (b) and (c)**

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 up to 1,600,000 shares to Directors of the Company (or their nominees) as set out in resolutions (a), (b) and (c), raising \$120,000 pursuant to a Share Placement, on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

<b>Director</b>	<b>Number of shares</b>
(a) Paul Chapman	800,000
(b) Will Robinson	400,000
(c) Peter Bewick	400,000

The issue to be made 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 in favour of Agenda Item 4 resolutions (a), (b) and (c) by Mr Paul Chapman, Mr Will Robinson and Mr Bewick 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.

**ENCOUNTER RESOURCES LIMITED**

ABN 47 109 815 796

**NOTICE OF GENERAL MEETING**

**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 Monday 19 August 2019.

**BY ORDER OF THE BOARD**



Kevin Hart  
COMPANY SECRETARY

Dated this 16<sup>th</sup> day of July 2019

## ENCOUNTER RESOURCES LIMITED

ABN 47 109 815 796

### 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 Item 1

On 13 November 2018 the Company issued 24,000,000 ordinary fully paid shares (Placement Shares) to Independence Group NL without prior shareholder approval out of the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

##### 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.

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

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 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 24,000,000 ordinary fully paid shares (Placement Shares) issued pursuant to ASX Listing Rule 7.1;
- (b) the Placement Shares were issued at a price of 7.5 cents each;
- (c) the Placement Shares issued ranked equally with existing ordinary fully paid shares on issue;
- (d) the Placement Shares were issued to Independence Group NL, which is not a related party of the Company;
- (e) funds raised from the issue are being used to advance 3D target definition and testing at the Yeneena copper project.

#### Information relating to Agenda Items 2, 3 and 4

On 8 July 2019, the Company announced to the Australian Securities Exchange a share placement (Placement) to professional and sophisticated investors to raise approximately \$1.4 million, before costs, by the issue of approximately 18.4 million ordinary fully paid shares (Placement Shares) at an issue price of 7.5 cents per share.

The Company issued a total of 11,756,263 Placement Shares without prior Shareholder approval out of its 15% annual placement capacity under ASX Listing Rule 7.1, and 5,093,613 Placement Shares out of its additional 10% placement capacity under ASX Listing Rule 7.1A which was approved by Shareholders on 30 November 2018.

The remainder of the Placement, being 1,600,000 Placement Shares, is to be issued to Directors of the Company, subject to shareholder approval being sought under the resolutions attaching to Agenda Item 4.

## ENCOUNTER RESOURCES LIMITED

ABN 47 109 815 796

### EXPLANATORY STATEMENT

#### Information relating to Agenda Items 2, 3 and 4 (Continued)

##### 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:

- is not included in the S&P/ASX 300 Index; and
- 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.

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

Agenda Item 2 seeks ratification of the issue of Placement shares made under the Company's 15% placement capacity (ASX Listing Rule 7.1) to non-related parties of the Company pursuant to ASX Listing Rule 7.4.

##### **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 11,756,263 ordinary fully paid shares (Shares) issued pursuant to ASX Listing Rule 7.1;
- (b) the Shares were issued at a placement price of 7.5 cents each;
- (c) the Shares issued ranked equally with existing ordinary fully paid shares 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 advance the recently identified Lamil copper-gold prospects in the Paterson Province of Western Australia, accelerate gold and base metal project generation activities and for working capital.

## ENCOUNTER RESOURCES LIMITED

ABN 47 109 815 796

### EXPLANATORY STATEMENT

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

Agenda Item 3 seeks ratification of the issue of Placement shares made under the Company's additional 10% placement capacity (ASX Listing Rule 7.1A) to non-related parties of the Company pursuant to ASX Listing Rule 7.4.

##### 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 5,093,613 ordinary fully paid shares (Shares) issued pursuant to ASX Listing Rule 7.1A;
- (b) the Shares were issued at a placement price of 7.5 cents each;
- (c) the Shares issued ranked equally with existing ordinary fully paid shares on issue;
- (d) the Shares were issued to professional and sophisticated investors, none of whom are related parties of the Company;
- (f) the funds raised from the Placement are to be used to advance the recently identified Lamil copper-gold prospects in the Paterson Province of Western Australia, accelerate gold and base metal project generation activities and for working capital.

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

Agenda Item 4 seeks shareholder approval for the proposed participation by Directors of the Company (or their nominees) in the Placement on exactly the same terms and conditions to the Placement made to the unrelated parties the subject of Agenda Items 2 and 3.

##### 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 4, and as such is not seeking Shareholder approval pursuant to Chapter 2E of the Corporations Act.



## ENCOUNTER RESOURCES LIMITED

ABN 47 109 815 796

### EXPLANATORY STATEMENT

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

Whist 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 and Mr Peter Bewick (or their respective nominees);
- (b) the number of shares proposed to be issued is 1,600,000 ordinary fully paid shares at 7.5 cents per share, which would represent 0.6% 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 4 are approved by Shareholders, is as follows:

Director	Number of shares	Subscription Funds (\$)
(a) Paul Chapman (or nominee)	800,000	\$60,000
(b) Will Robinson (or nominee)	400,000	\$30,000
(c) Peter Bewick (or nominee)	400,000	\$30,000

- (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 4 is 7.5 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 last occurred is equal to 6.7 cents per Share.

In the last 12 months, the highest price for ordinary fully paid shares in the company trading on ASX was 11.5 cents which occurred on 14 March 2019. The lowest price was 4.0 cents which occurred on 30 October 2018. On 5 July 2019, being the trading day prior to the announcement of the Placement the closing price was 7.1 cents.

- (d) Mr Chapman does not wish to make a recommendation to Shareholders in respect of resolution 4(a) to Agenda Item 4 because he has a material interest in the outcome of the resolution. However he recommends that Shareholders vote in favour of resolutions 4(b) and 4(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.

Mr Robinson does not wish to make a recommendation to Shareholders in respect of resolution 4(b) to Agenda Item 4 because he has a material interest in the outcome of the resolution. However he recommends that Shareholders vote in favour of resolutions 4(a) and 4(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.

Mr Bewick does not wish to make a recommendation to Shareholders in respect of resolution 4(c) to Agenda Item 4 because he has a material interest in the outcome of the resolution. However he recommends that Shareholders vote in favour of resolutions 4(a) and 4(b) 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 recommends that Shareholders vote in favour of resolutions 4(a), 4(b) and 4(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.

**ENCOUNTER RESOURCES LIMITED**

ABN 47 109 815 796

**EXPLANATORY STATEMENT****4. Participation in Placement by Directors – Resolutions (a), (b) and (c) (Continued)***Remuneration of the Directors*

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

<b>Year Ended 30 June 2019</b>	<b>Salaries and Fees</b>	<b>Superannuation</b>	<b>Value of options granted</b>	<b>Total</b>
Paul Chapman	60,000	5,700	-	65,700
Will Robinson	267,135	25,378	-	292,512
Peter Bewick	246,635	23,430	51,022	321,087

*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:

	<b>Shares</b>	<b>Options</b>
Paul Chapman	8,622,500	Nil
Will Robinson	24,769,098	Nil
Peter Bewick	6,800,000	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 1,500,000 unlisted options exercisable at \$0.09 each on or before 30 November 2022 1,500,000 unlisted options exercisable at \$0.12 each on or before 30 November 2023

**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) and (c) that are the subject of Agenda Item 4 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.

**ENCOUNTER RESOURCES LIMITED**

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**EXPLANATORY STATEMENT**

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

**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 4:

- (a) the number of shares to be issued to Related Parties (or their nominees) is as follows:
  - Paul Chapman      800,000 ordinary fully paid shares;
  - Will Robinson      400,000 ordinary fully paid shares; and
  - Peter Bewick      400,000 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;
- (c) ordinary shares will be issued at a price of 7.5 cents per share and will rank equally with existing issued ordinary shares from the date of issue;
- (g) the funds raised from the Placement are to be used to advance the recently identified Lamil copper-gold prospects in the Paterson Province of Western Australia, accelerate gold and base metal project generation activities and for 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 4.

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