ANNUAL REPORT 2019

ABN 47 109 815 796



encounter
RESOURCES LIMITED

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CORPORATE DIRECTORY

DIRECTORS

Paul Chapman	Non-Executive Chairman
Will Robinson	Managing Director
Peter Bewick	Exploration Director
Johnathan Hronsky OAM	Non-Executive Director
Philip Crutchfield	Non-Executive Director (appointed October 2019)

COMPANY SECRETARIES

Kevin Hart

Dan Travers

PRINCIPAL AND REGISTERED OFFICE

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STOCK EXCHANGE LISTING

The Company's shares are quoted on the Australian Securities Exchange. The home exchange is Perth, Western Australia.

ASX CODE

ENR – Ordinary shares

COMPANY INFORMATION

The Company was incorporated and registered under the Corporations Act 2001 in Western Australia on 30 June 2004 and became a public company on 26 May 2005. The Company is domiciled in Australia.



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LETTER FROM THE CHAIRMAN AND MANAGING DIRECTOR

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Dear Fellow Shareholder,

We are pleased to present the 2019 Annual Report for Encounter Resources Ltd ("Encounter"). Encounter is at the forefront of a major exploration revival taking place in the world class Paterson Province and Tanami regions in Western Australia. At the same time Encounter continues to add to it project pipeline assembling new exploration opportunities in highly prospective regions around Australia.

Encounter's project portfolio is focused on large gold and base metals discoveries in Australia. Area selection predominantly focuses on projects with shallow cover that has concealed highly prospective geological potential.

To advance our extensive exploration portfolio, we are collaborating with a number of major and mid-tier mining companies through our project generator model. This model allows us to engage in the exploration of large scale, first mover opportunities. Encounter's project generator model provides our shareholders with leverage to multiple, well-funded projects in world class mineral belts while minimising the funding demands on shareholders. This approach also provides access to multiple expert teams, technical specialists and the latest technological advances.

During the past year Encounter commenced field activities in conjunction with major gold producer Newcrest Mining Limited ("Newcrest") in the Tanami region of Western Australia. Newcrest-funded exploration drilling activity is in progress with first results expected in the December 2019 quarter.

There has been a resurgence in exploration activity in the Tanami region. This activity is driven by the region's inherent gold prospectivity and the success of Newmont-Goldcorp's operations where their current US$700-750 million expansion will make the Tanami one of Australia's largest gold mining areas.

In 2019, we also commenced field activities in conjunction with Independence Group NL at the Yeneena copper-cobalt project in the Paterson Province. Initial activities include the application of several advanced exploration technologies for the first time, including a large-scale magnetotelluric ("MT") survey and the use of new surface geochemistry techniques.

In addition to progressing these more advanced projects, Encounter continues to build its portfolio of high quality exploration projects. This includes:

- Intrusive related copper-gold opportunities at the 100% owned Lamil project in the Paterson Province of WA. Broad zones of copper-gold anomalism have been drilled by historical explorers and IP and AEM surveys have been recently completed by Encounter. Lamil is located on a regional scale gravity lineament in a structural setting analogous to Rio Tinto's Winu copper-gold discovery located 120km to the north.
- The application for over 3,000sqkm of tenements in the Northern Territory, leveraging new datasets provided by the Federal Government's $100m Exploring for the Future Program.



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During the past year, we also welcomed Independence Group NL (ASX:IGO) and Silver Lake Resources Ltd (ASX:SLR) as substantial shareholders of Encounter. Both companies are highly successful mining companies, which supports Encounter's project generator business model and the potential of upcoming exploration programs in the Tanami and Paterson Province.

Encounter remains one of the most dedicated and active mineral exploration companies in Australia. We are focused on generating value for our shareholders through leading edge exploration for major mineral deposits in Australia.

Encounter is disciplined in its approach to capital management and we are steadfast in our commitment to systematic exploration that can create enduring value for our shareholders. Our exploration plans remain well funded and, importantly, we have an extremely capable and experienced team that is dedicated to realising the potential of our portfolio.

In closing, we would like to thank our local communities, employees, joint venture and alliance partners, suppliers and other business partners. We also would take this opportunity to thank our fellow shareholders for your ongoing support.

Yours sincerely



Paul Chapman
Chairman



Will Robinson
Managing Director



EXPLORATION REVIEW

Highlights:

Tanami and West Arunta - Gold – 50:50 Joint Ventures with Newcrest Mining Ltd ("Newcrest", ASX:NCM)

- Multiple joint ventures with Australia's largest gold producer

Watts Joint Venture

- Hutch's Find – significant zone of gold/arsenic anomalism in colluvium over 6km of strike. Limited historical drilling has returned 19m @ 2.3g/t Au from 98m and 10m @ 5.4g/t Au from 123m

Selby Joint Venture

- Mohave Prospect – a +7km long gold/arsenic anomaly that includes thick mineralised drill intersections strengthening at bottom of hole
- Afghan Prospect – a +7.5km long gold anomaly in shallow RAB drilling
- Camel – 7.2m @ 3.1g/t Au from 95m in last drilling completed almost a decade ago
- Joint Venture recently expanded by ~300km^2 to cover new targets adjacent to the +7km long Mohave and Afghan gold trends

Lewis - first mover opportunity into a newly defined area on a major Tanami regional structure

Aileron Joint Venture expanded by ~1,100km^2 to include additional targets and now extends over 70km of the West Arunta

- Heritage surveys completed at the Watts, Selby, Lewis & Aileron joint ventures
- Newcrest-funded exploration drilling activity is in progress with first results expected in the December 2019 quarter.

Paterson Province – Copper/Cobalt – Independence Group NL ("IGO", ASX:IGO) Earn in Option

- Exploration with IGO advancing the Yeneena Copper/Cobalt Project in the Paterson Province of Western Australia
- Applying a number of rapidly advancing geochemical and geophysical exploration technologies for the first time in a highly fertile but extensively sand covered mineral belt to identify mineral deposit alteration footprints and define new drill targets
- IGO has the right to enter into a $15m earn-in agreement to secure a 70% interest in Yeneena (Earn-in Option) any time before 1 March 2020
- The Earn-in Option covers 1,250km^2 of tenure and includes the 14km long BM1-BM7 copper/cobalt trend, Lookout Rocks copper/cobalt prospect and Aria IOCG style target

Paterson Province – Copper/Gold - 100% Encounter

- High quality copper/gold opportunities identified at the Lamil Project in a structural setting analogous to Rio Tinto's Winu copper/gold discovery located 120km north
- Airborne Electromagnetic Survey completed to assist with geological interpretation and potentially provide direct detection of conductive mineralised bodies
- An Induced Polarisation survey completed covering a 2km long zone of intense alteration as a precursor to future RC/diamond drilling

Corporate

- In November 2018, IGO subscribed for a $1.8m share placement at a 60% premium to 20 trading day VWAP - to become a new major shareholder in Encounter
- In July 2019, a share placement, supported by Silver Lake Resources Ltd (ASX:SLR) and IGO, raised ~$1.4 million - strong endorsement of project generator model and potential of upcoming exploration programs in the Tanami and Paterson Province
- Two year Project Generation Alliance with Newcrest successfully concluded in July 2019 with multiple large joint ventures established

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Tanami and West Arunta

Fast-tracking exploration via multiple joint ventures with Newcrest

Paterson Province - Copper - Cobalt

New approach in a known Cu-Co district with Independence Group

Paterson Province - Copper - Gold

Copper-Gold targets analogous to Rio Tinto's Winu discovery

Laverton Tectonic Zone

Innovative generative program in a world class gold province



Figure 1 – Encounter Projects – Location Plan



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TANAMI AND WEST ARUNTA GOLD

50:50 JV Encounter/Newcrest – E80/5132, E80/5137, E80/5145, E80/5146, E80/5147, E80/5169 and E80/5186

Newcrest is sole funding exploration activities across a series of joint ventures in the Tanami and West Arunta Provinces. Three of these Encounter-Newcrest joint ventures (Watts, Selby and Lewis) cover over 100km of strike along the major structural corridor (Trans-Tanami Structure) that extends through the Tanami region in Western Australia. In addition, the Aileron joint venture in the West Arunta district of Western Australia contains a number of structural targets identified through aerial magnetic surveying, including a discrete magnetic anomaly consistent with the scale of an Ernest Henry or Carrapateena style system.

Newcrest-funded exploration activity, including the first phase of RC drilling, will be completed during the period from September to November 2019. These exploration programs are targeting major gold and copper/gold mineral deposits.

1. Watts Joint Venture (Tanami)

The Watts joint venture covers the central corridor of targets where a regional scale north-north-east structure intersects the Trans-Tanami Structure including the Hutch's Find and Sunset Ridge prospects.

- Hutch's Find – a significant zone of gold/arsenic anomalism over 5km of strike. The limited RC and diamond drilling that has occurred is well mineralised and contains multiple high grade gold intersections that remain open down plunge and along strike including:

  HFDD4 – hole depth 184m
  - 19m @ 2.3g/t Au from 98m;
  - 10m @ 5.4 g/t Au from 123m; and
  - 0.5m @ 17.2g/t Au from 164.3m.

  (source Tanami Gold NL Quarterly Report September 2010)

- Sunset Ridge – a 2.5km long arsenic anomaly defined in shallow drilling

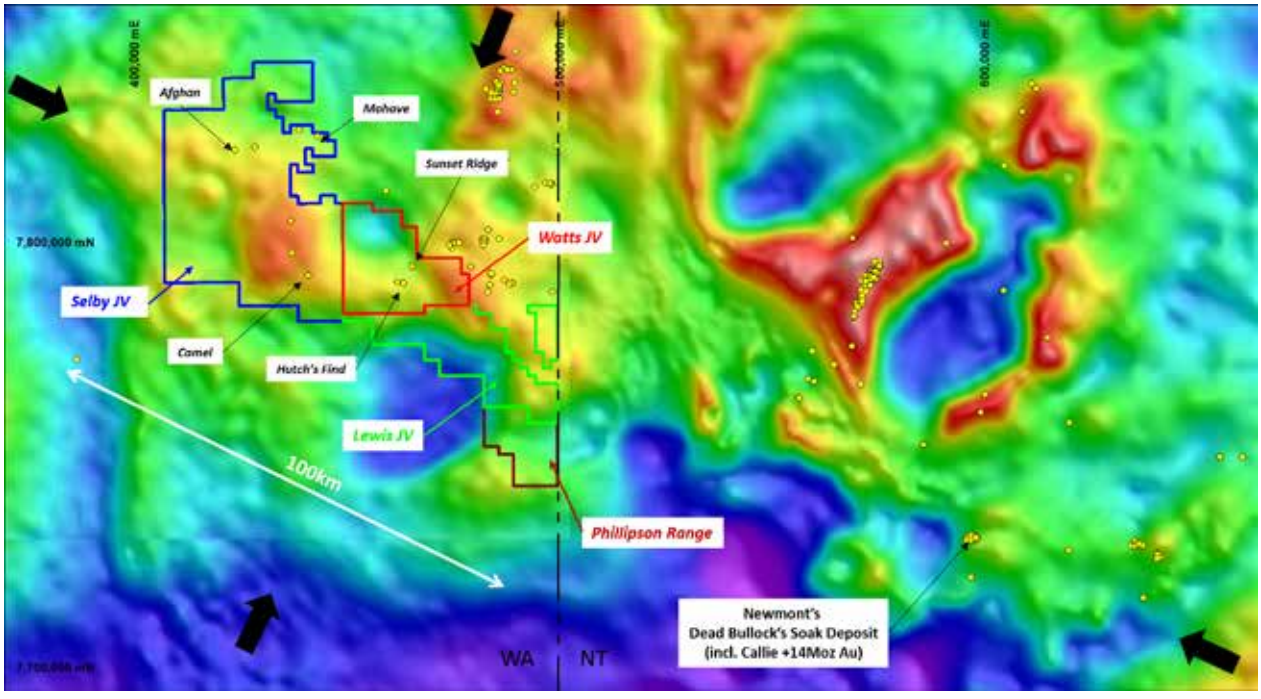

Figure 2 – Tanami Joint Venture areas with gold occurrences over regional gravity data

2. Selby Joint Venture (Tanami)

Selby includes a number of regional scale geochemical anomalies defined in shallow drilling, discrete geophysical targets and historical high grade gold intersections in limited deeper drilling. Current high priority prospects at Selby include the Mohave, Afghan and Camel prospects.

- Mohave Prospect – a +7km long gold/arsenic anomaly that includes thick mineralised drill intersections strengthening at bottom of hole at the east of the prospect
- Afghan Prospect – a +7.5km long gold anomaly in shallow RAB drilling
- Camel – 7.2m @ 3.1g/t Au from 95m in last drilling completed almost a decade ago
  (source Tanami Gold NL Quarterly Report September 2010)

During the year, the Selby joint venture expanded by ~300km^2 to cover new targets adjacent to the Mohave and Afghan gold trends.

3. Lewis Joint Venture (Tanami)

The Lewis joint venture covers over 20km of strike of untested Trans-Tanami Structure. Vast areas along this highly prospective structure have never seen a soil sample or a drill hole. This is a first mover opportunity into a newly defined area on a major regional structure.

4. Aileron Joint Venture (West Arunta)

The Aileron joint venture is located in the West Arunta district of Western Australia, ~600km west of Alice Springs. There has been no previous drilling within this undercover project, although gold/copper anomalism has been identified within the region. The project contains a number of structural targets identified through aerial magnetic surveying, including a discrete magnetic anomaly in the west of the project that is consistent with the scale of an Ernest Henry or Carrapateena style system (Figure 3).

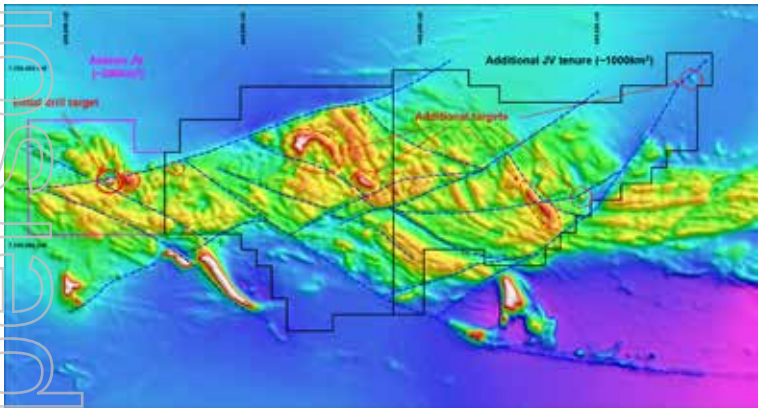

Figure 3 – Aileron joint venture interpreted structures and targets on TMI background

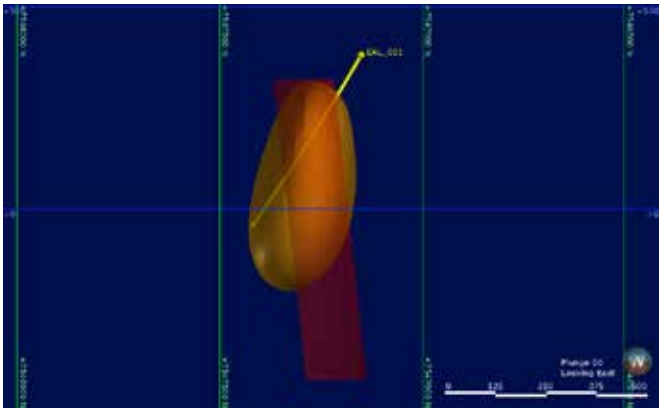

Figure 4 – Modelled magnetic feature at Aileron with planned first drill hole

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PATERSON PROVINCE – COPPER/COBALT

E45/2500, E45/2502, E45/2657, E45/2658, E45/2805, E45/2806, E45/3768, ELA45/4861, ELA45/5333 and ELA45/5334 – Independence Group NL (ASX:IGO) Earn in Option

The Yeneena Copper/Cobalt Project ("Yeneena") is a major strategic land holding (1,250km^2) in the emerging Proterozoic Paterson Province covering a 70km long corridor south of the Nifty Copper Mine. The Paterson Province is a proven mineral district that is experiencing a surge in exploration activity that includes a number of major mining companies.

BM1-BM7 - 14km long copper/cobalt system

BM1 - Coherent zone of near-surface copper oxide mineralization. Best intersections include:

- 10m @ 6.8% Cu from 32m*
- 20m @ 2.0% Cu from 22m*
- 8m @ 3.6% Cu from 18m*
- 16m @ 3.2% Cu from 26m
- 50m @ 1.1% Cu from 12m

BM7 - Large mineral system containing extensive copper sulphide mineralization. Best intersections include:

- 5m @ 2.5% Cu from 388m*
- 52m @ 0.6% Cu from 42m*
- 74m @ 0.4% Cu from 74m*
- 140m @ 0.2% Cu from 144m

BM1-BM7 also contains a number of high grade cobalt intersections including:

- 9m @ 1.0% Co & 1.5% Cu from 42m*
- 14m @ 0.45% Co and 0.38% Cu from 14m*

(refer ASX announcements 15 July 2014 & 30 January 2015)

(*Reported pursuant to the 2004 Edition of the JORC Code)

Lookout Rocks - Zambian copper-belt analogue

- First diamond drill hole intersected zones of disseminated copper mineralisation, up to 1% Cu and up to 0.1% Co
- Mineralisation is hosted by black, reduced carbonaceous sediments, located directly above an oxidised "red bed" stratigraphic unit
- An interpreted 50km of strike of the stratigraphic contact position prospective for "first reductant" copper sulphide mineralisation

Aria - IOCG style intrusion containing copper sulphides

- Regionally significant, 1.5km long oval shaped magnetic anomaly located on a major crustal scale structure
- Copper mineralisation (~1% Cu) intersected in both diamond holes drilled to-date, but the magnetic and gravity anomalies remain unexplained
- Geology confirmed as hematite-altered, polymictic breccia of probable IOCG style
- Possible setting for large tonnage copper deposit e.g. Carrapateena

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In April 2019, the latest phase of exploration at Yeneena commenced. This program has been designed together with IGO as part of a partnership to advance activities at Yeneena. IGO is also a significant shareholder in Encounter and may, at any time before 1 March 2020, elect to enter an earn-in agreement to spend up to $15 million to earn a 70% interest in Yeneena.

The 2019 program is designed to define the 3D geology and identify large scale copper targets. The initial on-ground activity included several advanced exploration technologies being used for the first time at the project, including:

- a large-scale magnetotelluric survey (~100 line-km) to advance 3D target definition, which was completed in July 2019;
- end-of-hole trace multi-element geochemistry of historical aircore drilling to define alteration footprints of copper deposits and the host rocks, which remains in progress; and
- application of new surface geochemistry techniques to detect base metal anomalies through shallow sand cover, the trial phase of which is complete with the results being evaluated.

The full integration and interpretation of these data will guide the follow-up geophysical and drilling programs

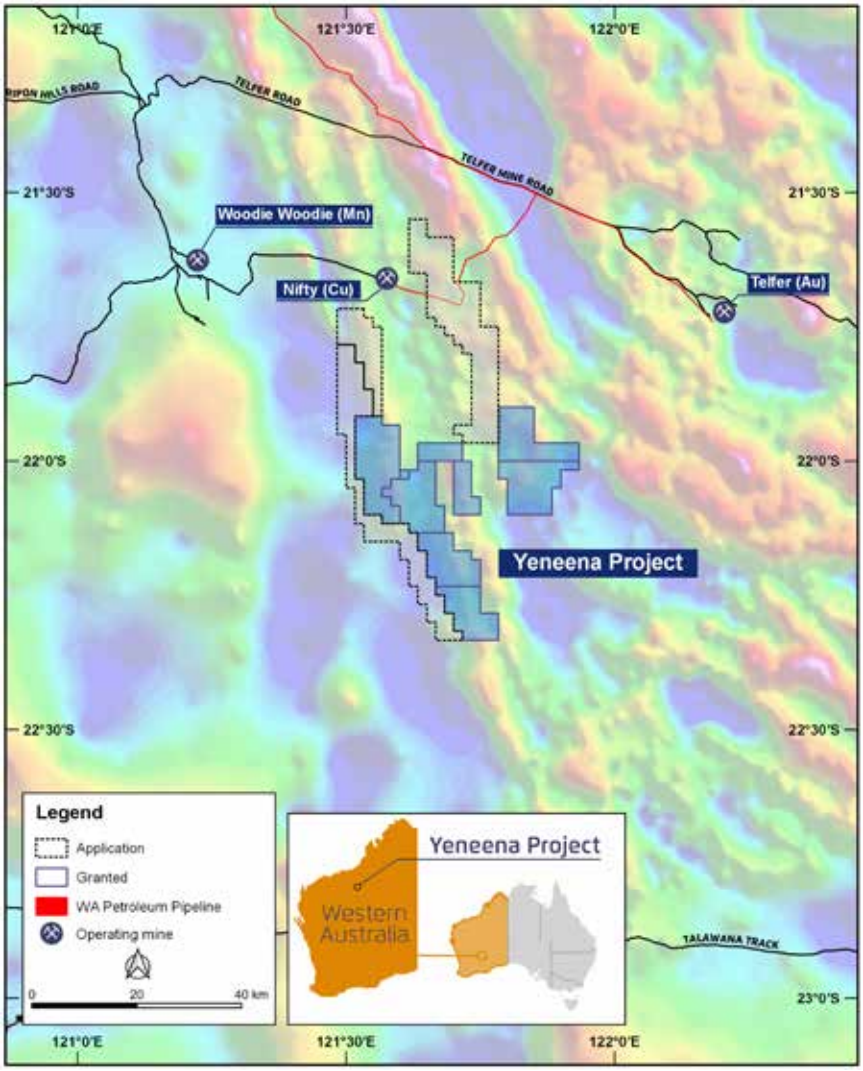

Figure 5 – Location of the Yeneena Project in the Paterson Province

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PATERSON PROVINCE COPPER/GOLD

100% Encounter – E45/4613, E45/3446, P45/2750 to P45/2752, P45/3032, E45/4757 and E45/4758

Encounter holds a highly prospective and strategic ground holding in the Paterson Province that hosts Newcrest's major gold/copper operation at Telfer.

1. Lamil Project

The Lamil Copper/Gold Project ("Lamil") covers an area of ~61km^2 and is located 25km northwest of the major gold/copper mine at Telfer, owned by Newcrest.

Historical gold exploration in the vicinity of the Lamil magnetic anomalies was conducted by Newmont from 1983-1993. There has been no exploration between that phase of exploration and the commencement of gold-focused exploration activities by Encounter in late 2016.

Lamil is adjacent to a major regional gravity lineament which marks the location of a significant structure and deformation zone that would have acted as a major pathway for ore forming fluids during the formation of the Proterozoic aged deposits (Figures 6 & 7).

Shallow drilling in the 1980s by Newmont intersected thick zones of strong copper/gold anomalism which may be significant given the recent learnings from the Winu copper/gold discovery made by Rio Tinto Ltd (ASX:RIO). Newmont's limited drilling specifically targeted a series of magnetic features at Lamil (Figure 8).

Drill core from five holes drilled at Lamil in the 1980s by Newmont has recently been located by Encounter. The core has been relogged and contains zones of pervasive alteration, extensive pyrrhotite development and copper bearing sulphides from within 50m of surface (Photos 1 and 2).

With the confirmation that strong copper anomalism is in sulphide form and within 50m from surface Induced Polarisation (IP) survey of the area was the logical next step. IP was selected as it is likely to highlight the areas with the strongest sulphide development within the larger zone of magnetic alteration at Lamil.

An Induced Polarisation (IP) survey was completed in August 2019 covering a 2km long zone of intense alteration as a precursor to future RC/diamond drilling (Figures 8 & 9). An Airborne Electromagnetic Survey was completed in September 2019 to assist with geological interpretation and potentially provide direct detection of conductive mineralised bodies.

Subject to the outcomes of the geophysical surveys, an RC/diamond drilling program is proposed to be undertaken. In addition, there is potential to introduce a suitable joint venture partner for Lamil in the future, consistent with Encounter's project generator model.



Photo 1 – LSPC-3 ~44m. Veins and disseminations of pyrrhotite and minor chalcopyrite within an altered calcareous sediment



Photo 2 – LHS 88-4 ~155m and 167m. Veined and brecciated siltstone with pyrite and iron carbonate alteration

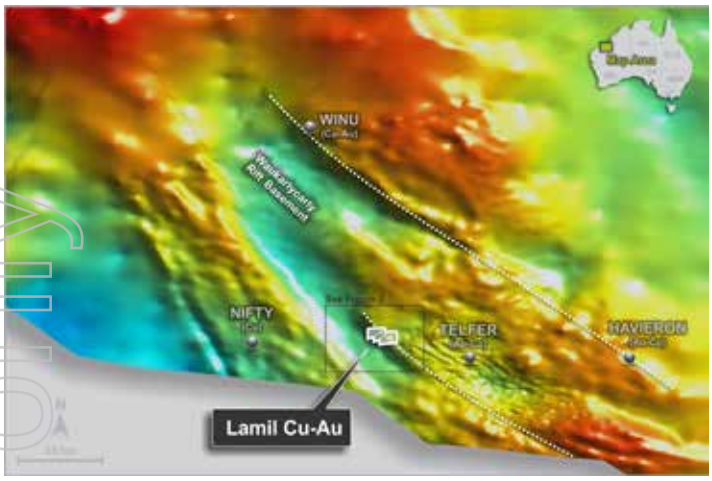

Figure 6 – Regional gravity over Seebase depth to Proterozoic basement image

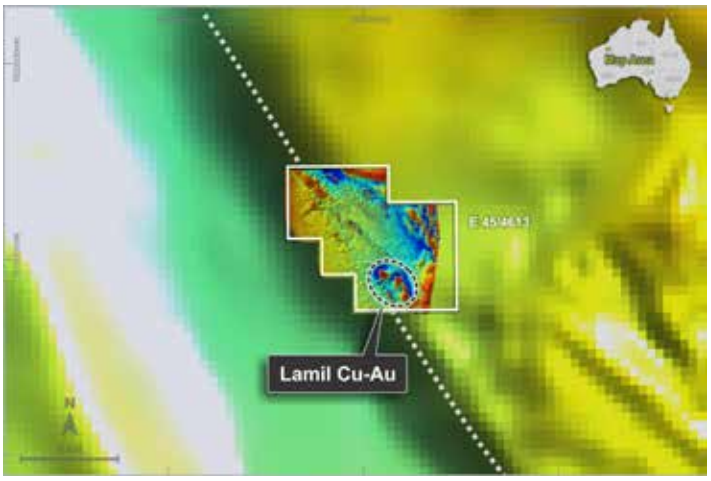

Figure 7 – Detailed aeromagnetics over regional gravity image showing the location of magnetic anomalies on the margin of the Waukarlycarly rift basin

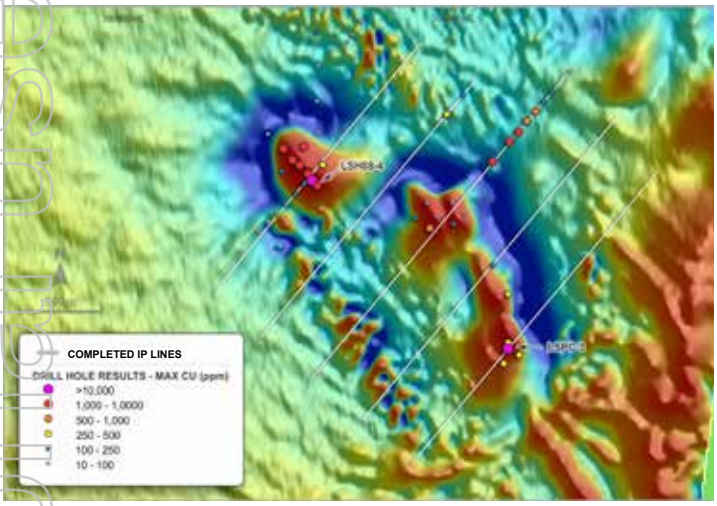

Figure 8 – Drill location plan max in hole Cu with aeromagnetic background (TMI 1VD pseudo colour image) and completed IP lines. Ineffective and unassayed holes have been omitted from this image

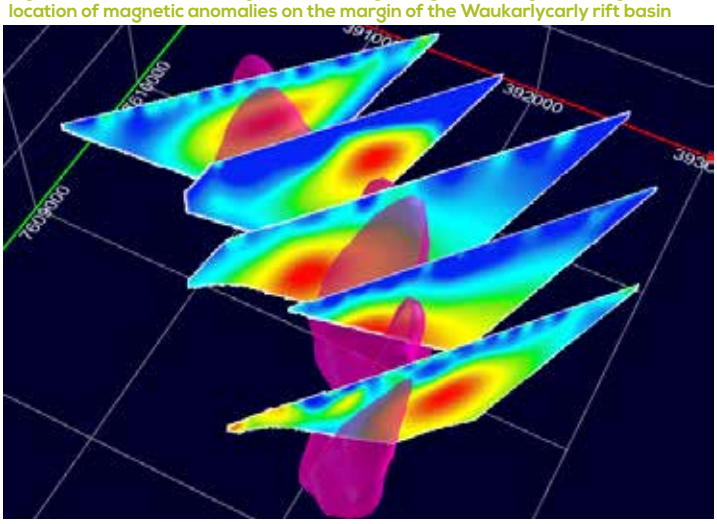

Figure 9 - Preliminary chargeability inversion model cross sections (anomalous chargeability values ranging from ~8 to 12 msec) and modelled magnetic anomalies (purple bodies)

2. East Thomson's Dome Project

East Thomson's Dome is located 5km from Telfer. The domal structure at East Thomson's Dome has a core of Malu Formation with the fold axis trending WNW. The majority of surface gold and reef style mineralisation at East Thomson's Dome has been discovered in the overlying Telfer Formation sediments. This geological setting is similar to that of the high grade reefs at Telfer.

Zones of reef-style mineralisation have been identified by Encounter across the 200m by 200m drill area at the Fold Closure prospect. Near surface intersections include (refer ASX release 21 December 2017):

- 6m @ 2.7g/t Au from 39m in ETG0125
- 4m @ 4.3g/t Au from surface in ETG0109
- 4m @ 3.5g/t Au from 17m in ETG0110
- 2m @ 5.4g/t Au from 46m in ETG0106

The reefs at the Fold Closure prospect remain open to the north-west and south-east. Future work programs at East Thomson's Dome are being considered and will be assessed against other opportunities in the project portfolio.

MT SEFTON – GOLD

100% Encounter – ELA38/3391, ELA38/3392 and ELA38/3393

The Company has applied for exploration tenements covering the southern and eastern portions of the Cosmo Newberry greenstone belt. The 1,130km^2 project is located midway between the Laverton and Yamarna greenstone belts. This under-explored greenstone belt is prospective for orogenic gold and VMS base metal deposits.

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LAVERTON TECTONIC ZONE – GOLD

100% Encounter – E28/2709, E28/2762, E28/2763 and E28/2878

The Laverton Tectonic Zone is one of Australia's most productive and prospective gold regions that hosts major gold mines at Laverton (>2Moz), Granny Smith (>2Moz), Wallaby (>8Moz) and Sunrise Dam (>10Moz). Southern extensions of this corridor under shallow cover have been a focus of Encounter's targeting and project generation activities. The Nazare Gold Project ("Nazare") now covers an area of >600km^2 that is predominantly undercover and has seen little to no previous exploration activity.

Nazare is at the southern extension of the Laverton Tectonic Zone (see Figure 10). The project is located ~150km east-north-east of Kalgoorlie.

Nazare was selected for an initial trial of an innovative new CSIRO-developed geochemical sampling technique, UltraFine+. This new geochemical sampling technique separates and analyses the -2 micron fraction of a surface soil sample and is being trialled in areas of thin cover where traditional soil geochemistry is largely ineffective.

Two 400m spaced lines of aircore drilling were completed to test a discrete ~1km long gold anomaly generated through the Ultrafine+ geochemical sampling technique.

The aircore drill program intersected subtle gold anomalism within the overlying cover sediments that was broadly coincident with the location of the Ultrafine+ geochemical anomaly. However, the drilling did not intersect material gold anomalism within the basement. The results of this trial and implications for the application of this technology in the region are being evaluated

Future work programs at Nazare are being considered and Encounter is seeking a potential partner to advance the project.

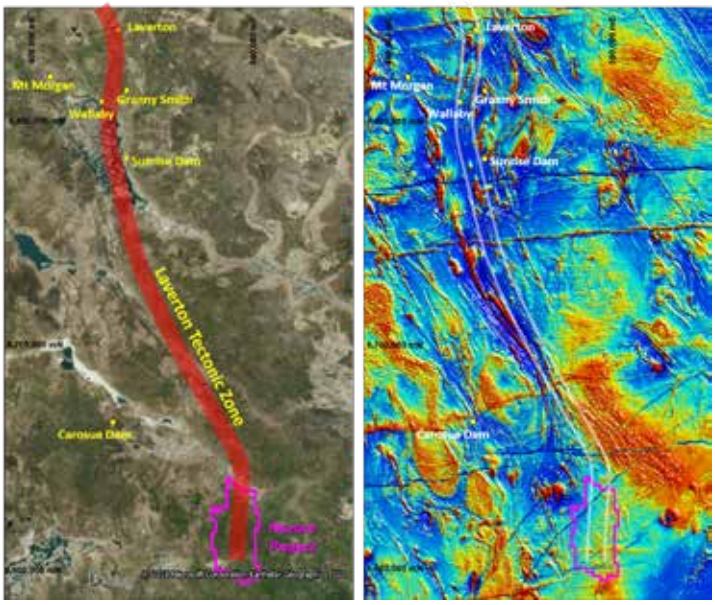

Figure 10 – Nazare regional location plan, regional TMI magnetics and major gold mines

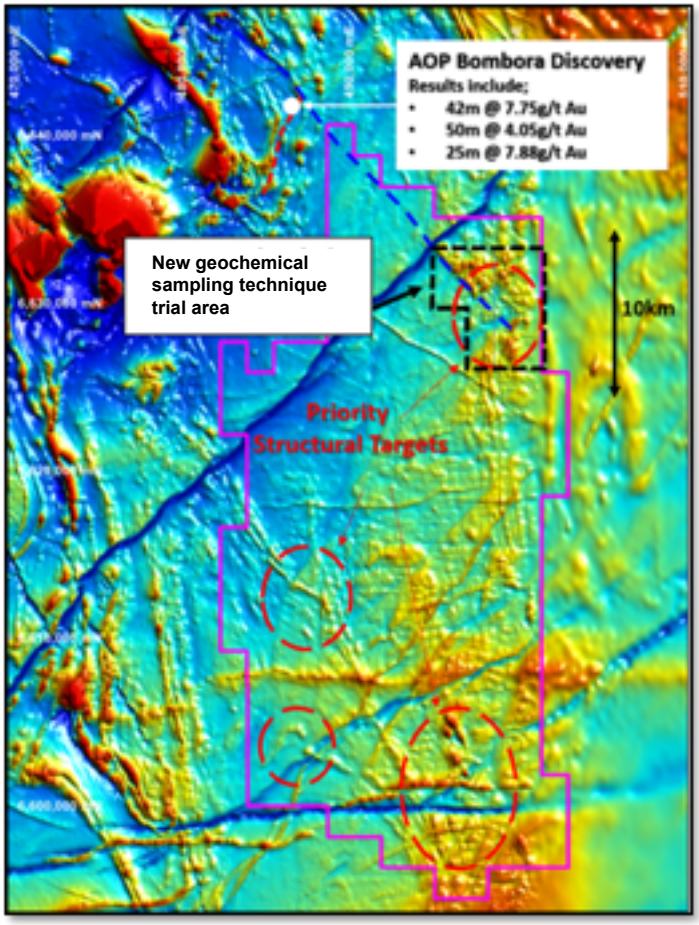

Figure 11 – Nazare target summary over airborne TMI (magnetics) image

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PATERSON PROVINCE – ZINC

Encounter 75% / Hampton Hill Mining ("HHM") 25% in E45/2501, E45/2561 and the four eastern sub-blocks of E45/2500

The Millennium Zinc Project ("Millennium") is located in the north-east of Yeneena where previous aircore and RC drilling by Encounter defined a +3km long zinc regolith anomaly that remains open to the SE. Diamond drilling at Millennium has intersected a thick zinc ironstone gossan at the contact between a brecciated carbonate and a thick sequence of carbonaceous shales of the Broadhurst Formation.

During the year, a Magnetotellurics (MT) geophysical survey line was completed at the Millennium zinc project to investigate the structure of the Tabletop Fault and the geological controls on previously identified mineralisation. Additional data was collected at the eastern end of the MT line at Millennium to try to explain a conductive response to the east of the Tabletop fault in the initial survey line. A more detailed follow up Magnetotellurics survey at Millennium is being assessed.

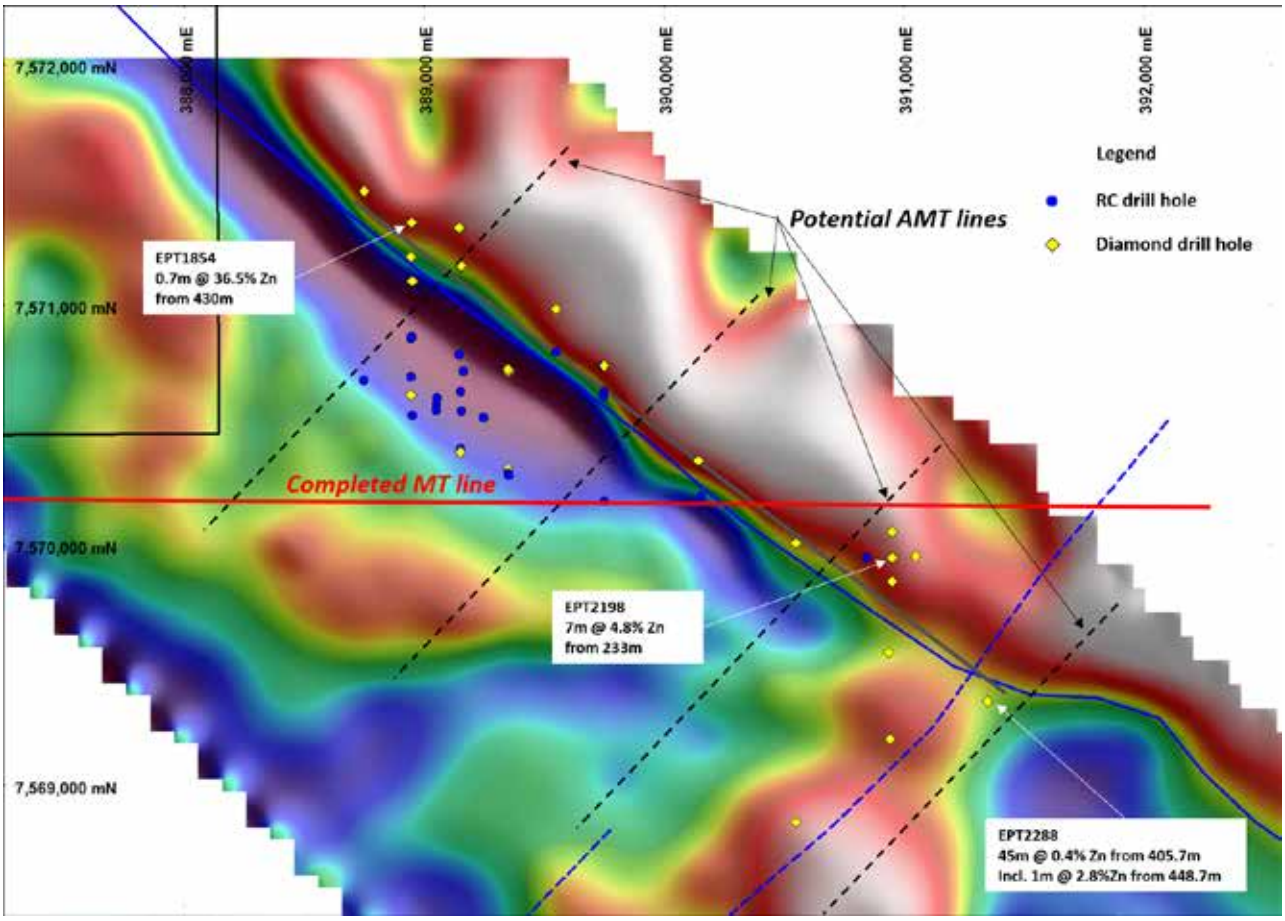

Figure 12 – Drill hole collar location over Bouguer Gravity and completed MT / AMT lines – Millennium

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SUMMARY OF TENEMENTS

Lease	Lease Name	Project Name	Area km²	Managing Company	Encounter Interest
E45/2500	Yeneena	Paterson	107.3	Encounter Operations Pty Ltd	75%*
E45/2501	Yeneena	Paterson	19.12	Encounter Operations Pty Ltd	75%*
E45/2502	Yeneena	Paterson	117.8	Encounter Operations Pty Ltd	100%
E45/2561	Yeneena	Paterson	50.95	Encounter Operations Pty Ltd	75%*
E45/2657	Yeneena	Paterson	156	Encounter Operations Pty Ltd	100%
E45/2658	Yeneena	Paterson	95.4	Encounter Operations Pty Ltd	100%
E45/2805	Yeneena	Paterson	85.8	Encounter Operations Pty Ltd	100%
E45/2806	Yeneena	Paterson	35	Encounter Operations Pty Ltd	100%
E45/4757	Sussex	Paterson Cu/Au	12.8	Encounter Operations Pty Ltd	100%
E45/4758	Sussex	Paterson Cu/Au	19.2	Encounter Operations Pty Ltd	100%
ELA45/4861	Yeneena	Paterson	328	Encounter Operations Pty Ltd	100%
ELA45/5333	Yeneena	Paterson	254.6	Encounter Operations Pty Ltd	100%
ELA45/5334	Yeneena	Paterson	102.1	Encounter Operations Pty Ltd	100%
E45/3768	Yeneena	Paterson	149.7	Encounter Yeneena Pty Ltd	100%
E45/4613	Telfer West	Paterson Cu/Au	60.7	Hamelin Resources Pty Ltd	100%
E45/3446	East Thomson's Dome	Paterson	6	Hamelin Resources Pty Ltd	100%
P45/2750	East Thomson's Dome	Paterson	198 HA	Hamelin Resources Pty Ltd	100%
P45/2751	East Thomson's Dome	Paterson	177 HA	Hamelin Resources Pty Ltd	100%
P45/2752	East Thomson's Dome	Paterson	199 HA	Hamelin Resources Pty Ltd	100%
P45/3032	East Thomson's Dome	Paterson	113.80 HA	Hamelin Resources Pty Ltd	100%
E28/2709	Nazare	Yilgarn	98	Hamelin Resources Pty Ltd	100%
E28/2762	Nazare	Yilgarn	206.8	Hamelin Resources Pty Ltd	100%
E28/2763	Nazare	Yilgarn	206.9	Hamelin Resources Pty Ltd	100%
E28/2878	Nazare	Yilgarn	100.7	Hamelin Resources Pty Ltd	100%
E80/5132	Selby JV	Tanami	646	Hamelin Resources Pty Ltd	50%
E80/5137	Selby JV	Tanami	613	Hamelin Resources Pty Ltd	50%
E80/5145	Watts JV	Tanami	552	Hamelin Resources Pty Ltd	50%
E80/5146	Lewis JV	Tanami	548	Hamelin Resources Pty Ltd	50%
E80/5147	Selby JV	Tanami	275	Hamelin Resources Pty Ltd	50%
E80/5152	Phillipson Range	Tanami	238.3	Hamelin Resources Pty Ltd	100%
E80/5169	Aileron JV	West Arunta	187.6	Hamelin Resources Pty Ltd	50%
E80/5186	Lewis JV	Tanami	70.96	Hamelin Resources Pty Ltd	50%
E80/5323	Selby JV	Tanami	330	Hamelin Resources Pty Ltd	50%
ELA80/5339	Hazlett	Tanami	462.2	Hamelin Resources Pty Ltd	100%
ELA80/5357	Aileron JV	West Arunta	534.3	Hamelin Resources Pty Ltd	50%
ELA80/5358	Aileron JV	West Arunta	575.7	Hamelin Resources Pty Ltd	50%
ELA38/3391	Mt Sefton	Yilgarn	498.8	Baudin Resources Pty Ltd	100%
ELA38/3392	Mt Sefton	Yilgarn	415.1	Baudin Resources Pty Ltd	100%
ELA38/3393	Mt Sefton	Yilgarn	212.4	Baudin Resources Pty Ltd	100%
ELA80/5360	Stansmore Range	Tanami	640.7	Baudin Resources Pty Ltd	100%
ELA32156	Elliot	Northern Territory	810.75	Baudin Resources Pty Ltd	100%
ELA32157	Elliot	Northern Territory	734.7	Baudin Resources Pty Ltd	100%
ELA32158	Elliot	Northern Territory	806.6	Baudin Resources Pty Ltd	100%
ELA32159	Elliot	Northern Territory	723.9	Baudin Resources Pty Ltd	100%
ELA32160	Elliot	Northern Territory	590.6	Baudin Resources Pty Ltd	100%
ELA32226	Elliot	Northern Territory	759.45	Baudin Resources Pty Ltd	100%

Summary of tenements as of 26th September 2019.

* Tenement subject to Hampton Hill JV (only includes 4 eastern blocks on E45/2500) see ASX announcement April 23, 2015

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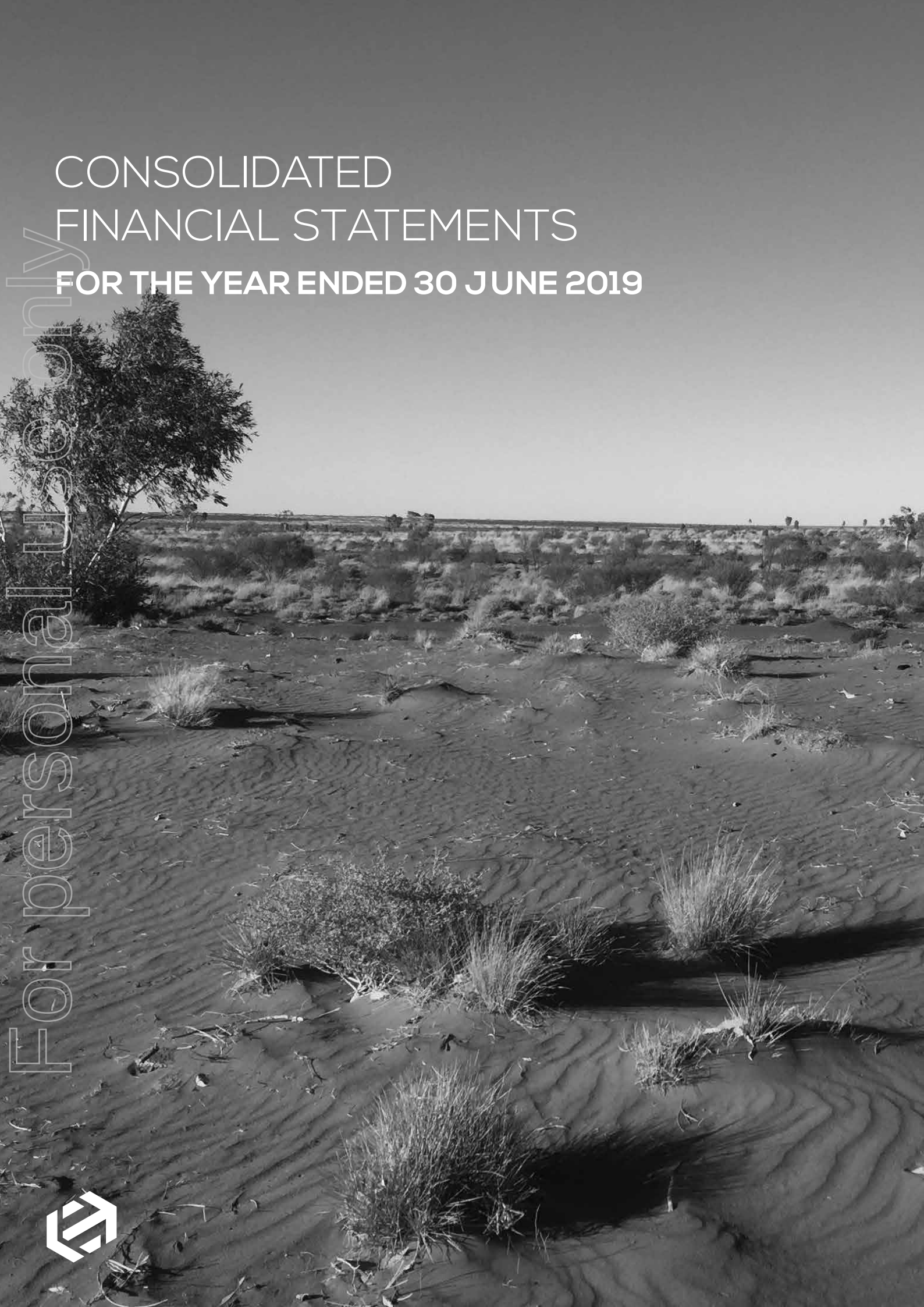
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019



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DIRECTORS REPORT

The Directors present their report on Encounter Resources Limited (the Company) and the entities it controlled (the Group) at the end of, and during the year ended 30 June 2019.

DIRECTORS

The names and details of the Directors of Encounter Resources Limited during the financial year and until the date of this report are:

Paul Chapman – B.Comm, ACA, Grad. Dip. Tax, MAICD, MAusIMM

Non-Executive Chairman appointed 7 October 2005

Mr Chapman is a chartered accountant with over 30 years' experience in the resources sector gained in Australia and the United States. Mr Chapman has experience across a range of commodity businesses including gold, nickel, uranium, manganese, bauxite/alumina and oil/gas and has held managing director and other senior management roles in public companies. Mr Chapman was a founding shareholder/director of the following ASX listed companies: Reliance Mining; Encounter Resources; Rex Minerals; Paringa Resources; Silver Lake Resources and Black Cat Syndicate.

Mr Chapman is currently a director of Western Australia based explorers, Black Cat Syndicate Limited (ASX:BC8) and Dreadnought Resources Limited (ASX:DRE) and resigned as non-executive director of Brazilian copper/gold producer Avanco Resources Limited (ASX:AVB) on 10 August 2018 following a successful takeover by OZ Minerals Limited.

Will Robinson – B.Comm, MAusIMM

Managing Director (Executive) appointed 30 June 2004

Mr Robinson has worked in the resources industry in Australia and Canada for over twenty years. Mr Robinson's experience includes senior management roles at a large international resources company and executive roles in the junior mining and exploration sector. Mr Robinson is former president of the resources industry advocacy body, the Association of Mining and Exploration Companies (AMEC) and was a member of the Australian Government's Resources 2030 Taskforce

Peter Bewick – B.Eng (Hons), MAusIMM

Exploration Director (Executive) appointed 7 October 2005

Mr Bewick is an experienced geologist and has held a number of senior mine and exploration geological roles during a fourteen year career with WMC. These roles include Exploration Manager and Geology Manager of the Kambalda Nickel Operations, Exploration Manager for St Ives Gold Operation, Exploration Manager for WMC's Nickel Business Unit and Exploration Manager for North America based in Denver, Colorado. Whilst at WMC, Mr Bewick gained extensive experience in project generation for a range of commodities including nickel, gold and bauxite. Mr Bewick has been associated with a number of brownfields exploration successes at Kambalda and with the greenfield Collurabbie Ni-Cu-PGE discovery.

Johnathan Hronsky OAM - BAppSci, PhD, MAusIMM, FSEG

Non-executive director appointed 10 May 2007

Dr. Hronsky has more than thirty five years of experience in the mineral exploration industry, primarily focused on project generation, technical innovation and exploration strategy development. Dr. Hronsky has particular expertise in targeting for nickel sulfide deposits, but has worked across a diverse range of commodities. His work led to the discovery of the West Musgrave nickel sulfide province in Western Australia. Dr. Hronsky was most recently Manager-Strategy & Generative Services for BHP Billiton Mineral Exploration. Prior to that, he was Global Geoscience Leader for WMC Resources Ltd. He is currently a Director of exploration consulting group Western Mining Services and former Chairman of the board of management of the Centre for Exploration Targeting at the University of Western Australia.

During the last 3 years Dr Hronsky has been a director of Cassini Resources Limited (appointed 3 April 2014).

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COMPANY SECRETARIES

Kevin Hart – B.Comm, FCA

Mr Hart is a Chartered Accountant and was appointed to the position of Company Secretary on 4 November 2005. Mr Hart has over 30 years experience in accounting and the management and administration of public listed entities in the mining and exploration industry.

Mr Hart is currently a partner in an advisory firm, Endeavour Corporate, which specialises in the provision of company secretarial and accounting services to ASX listed entities.

Dan Travers – BSc (Hons), FCCA

Mr Travers is a Fellow of the Association of Chartered Certified Accountants and was appointed to the position of Joint Company Secretary on 20 November 2008. Mr Travers is an employee of Endeavour Corporate, which specialises in the provision of company secretarial and accounting services to ASX listed entities in the mining and exploration industry.

DIRECTORS' INTERESTS

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

Director	Directors' Interests in Ordinary Shares	Directors' Interests in Unlisted Options	Options vested at the reporting date
P Chapman	9,422,500	-	-
W Robinson	25,169,098	-	-
P Bewick	7,200,000	5,250,000	5,250,000
J Hronsky	200,000	1,500,000	1,500,000

Included in the Directors' Interests in Unlisted Options are 6,750,000 options that are vested and exercisable as at the date of signing this report.

DIRECTORS' MEETINGS

The number of meetings of the Company's Directors held during the year ended 30 June 2019, and the number of meetings attended by each Director are as follows:

Director	Board of Directors' Meetings	
	Held	Attended
P Chapman	9	9
W Robinson	9	9
P Bewick	9	9
J Hronsky	9	9

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PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was mineral exploration in Western Australia.

There were no significant changes in these activities during the financial year.

RESULTS OF OPERATIONS

The consolidated net loss after income tax for the financial year was $1,064,491 (2018: $10,136,263).

Included in the consolidated loss for the current year is a write-off of deferred and uncapitalised exploration and joint venture expenditure totalling $294,359 (2018: $9,975,754).

REVIEW OF ACTIVITIES

Exploration

Exploration activities during the financial year have been primarily focussed on the Company's wholly owned copper-cobalt and copper-gold projects in the Paterson Province of Western Australia, joint ventures in the Tanami and West Arunta regions and new project generation activities.

To advance the extensive exploration portfolio we are collaborating with a number of major and mid-tier mining companies.

In November 2018 the Company welcomed Independence Group NL as a new major shareholder and partner in advancing the Yeneena Copper-Cobalt Project in the Paterson Province of WA. Exploration activity at Yeneena included several advanced exploration technologies being used for the first time at the project, including a large-scale magnetotelluric ("MT") survey and the application of new surface geochemistry techniques.

During the year the company commenced exploration activities in joint venture with major gold producer Newcrest Mining Limited ("Newcrest") in the Tanami region and West Arunta regions of Western Australia.

The Company also continued to carry out exploration pursuant to the farm-in agreement with Hampton Hill NL (HHM) during the year at the Millennium zinc project.

Financial Position

At the end of the financial year the Group had $2,480,280 (2018: $2,860,071) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is $13,008,555 (2018: $11,638,428).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the below, there have been no significant changes in the state of affairs of the Company and Group during or since the end of the financial year.

- During the year the Company issued 24,000,000 ordinary fully paid shares to Independence Group NL pursuant to a share placement.

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OPTIONS OVER UNISSUED CAPITAL

Unlisted Options

As at the date of this report 9,725,000 unissued ordinary shares of the Company are under option as follows:

Number of Options Granted	Exercise Price	Expiry Date
750,000	31 cents	27 November 2019
325,000	14 cents	28 February 2020
1,850,000	13 cents	24 November 2020
750,000	17.5 cents	24 November 2021
675,000	10.5 cents	1 November 2021
725,000	10 cents	31 May 2022
3,150,000	9 cents	30 November 2022
1,500,000	12 cents	30 November 2022

All options on issue at the date of this report are vested and exercisable. No options on issue are listed.
During the financial year:

- 4,650,000 options (2018: 1,625,000) were granted over unissued shares to employees, directors and consultants of the Company;
- 475,000 options (2018: nil) were cancelled on the cessation of employment;
- 7,191,429 options (2018: 1,245,000) were cancelled on expiry of the exercise period; and
- no (2018: Nil) ordinary shares were issued on the exercise of options.

Since the end of the financial year:

- no options have been issued by the Company;
- no options have been exercised; and
- no options have been cancelled due to the lapse of the exercise period.

Options do not entitle the holder to participate in any share issue of the Company or any other body corporate. The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

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ISSUED CAPITAL

Number of Shares on Issue		
	2019	2018
Ordinary fully paid shares	**262,375,092**	238,375,092

Subsequent to 30 June 2019, the Company issued 18,449,876 shares at 7.5 cents per share pursuant to a share placement.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to the end of the reporting period the Company issued 18,449,876 ordinary fully paid shares pursuant to a share placement at 7.5 cents per share, raising $1,383,741, before costs. ASX listed mid-tier gold producer Silver Lake Resources Ltd ("Silver Lake") participated in the raising and became as a new substantial shareholder in the Company.

The Company's two year Project Generation Alliance with Newcrest successfully concluded in July 2019 with multiple large joint ventures established.

Other than as already stated in this report, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company expects to maintain exploration programs at its Paterson copper-gold and Yeneena copper-cobalt-zinc projects (Yeneena) and undertake exploration in joint venture with Newcrest Mining Limited in the Tanami and West Arunta regions of Western Australia.

At any time before 1 March 2020, IGO may elect to enter an earn-in agreement to spend up to $15 million to earn a 70% interest in Yeneena.

Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors to do so would be likely to prejudice the business activities of the Group and is dependent upon the results of the future exploration and evaluation.

DIVIDENDS

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities. So far as the Directors are aware, all exploration activities have been undertaken in compliance with all relevant environmental regulations.

REMUNERATION REPORT (AUDITED)

Remuneration paid to Directors and Officers of the Company is set by reference to such payments made by other ASX listed companies of a similar size and operating in the mineral exploration industry. In addition, reference is made to the financial position of the Company and the specific skills and experience of the Directors and Officers.

Details of the nature and amount of remuneration of each Director, and other Key Management Personnel if applicable, are disclosed annually in the Company's Annual Report.

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Remuneration Committee

The Board has adopted a formal Remuneration Committee Charter which provides a framework for the consideration of remuneration matters.

The Company does not have a separate remuneration committee and as such all remuneration matters are considered by the Board as a whole, with no Member deliberating or considering such matter in respect of their own remuneration.

In the absence of a separate Remuneration Committee, the Board is responsible for:

1. Setting remuneration packages for Executive Directors, Non-Executive Directors and other Key Management Personnel; and
2. Implementing employee incentive and equity based plans and making awards pursuant to those plans.

Non-Executive Remuneration

The Company's policy is to remunerate Non-Executive Directors, at rates comparable to other ASX listed companies in the same industry, for their time, commitment and responsibilities.

Non-Executive Remuneration is not linked to the performance of the Company, however to align Directors' interests with shareholders' interests, remuneration may be provided to Non-Executive Directors in the form of equity based long term incentives.

1. Fees payable to Non-Executive Directors are set within the aggregate amount approved by shareholders at the Company's Annual General Meeting;
2. Non-Executive Directors' fees are payable in the form of cash and superannuation benefits;
3. Non-Executive superannuation benefits are limited to statutory superannuation entitlements; and
4. Participation in equity based remuneration schemes by Non-Executive Directors is subject to consideration and approval by the Company's shareholders.

The maximum Non-Executive Directors fees, payable in aggregate are currently set at $200,000 per annum.

Executive Director and Other Key Management Personnel Remuneration

Executive remuneration consists of base salary, plus other performance incentives to ensure that:

1. Remuneration packages incorporate a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives; and
2. A proportion of remuneration is structured in a manner to link reward to corporate and individual performances.

Executives are offered a competitive level of base salary at market rates (based on comparable ASX listed companies) and are reviewed regularly to ensure market competitiveness. To date, the Company has not engaged external remuneration consultants to advise the Board on remuneration matters.

Incentive Plans

The Company provides long term incentives to Directors and Employees pursuant to the Encounter Resources Employee Share Option Plan, which was last approved by shareholders at the Annual General Meeting held on 30 November 2018.

The Board, acting in remuneration matters:

1. Ensures that incentive plans are designed around appropriate and realistic performance targets and provide rewards when those targets are achieved;

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2. Reviews and approves existing incentive plans established for employees; and
3. Approves the administration of the incentive plans, including receiving recommendations for, and the consideration and approval of grants pursuant to such incentive plans.

Engagement of Non-Executive Directors

Non-Executive Directors conduct their duties under the following terms:

1. A Non-Executive Director may resign from their position and thus terminate their contract on written notice to the Company; and
2. A Non-Executive Director may, following resolution of the Company's shareholders, be removed before the expiration of their period of office (if applicable). Payment is made in lieu of any notice period if termination is initiated by the Company, except where termination is initiated for serious misconduct.

In consideration of the services provided by Dr Jon Hronsky as a Non-Executive Director, the Company will pay him $50,000 plus statutory superannuation per annum.

In consideration of the services provided by Mr Paul Chapman as Non-Executive Chairman, the Company will pay him $60,000 plus statutory superannuation per annum. During the previous financial year ended 30 June 2018, $20,000 in fees were voluntarily and permanently foregone by Mr Chapman.

Mr Chapman and Dr Hronsky are also entitled to fees for other amounts as the Board determines where they perform special duties or otherwise perform extra services or make special exertions on behalf of the Company. There were no such fees paid during the financial year ended 30 June 2019.

Engagement of Executive Directors

The Company has entered into executive service agreements with Mr Will Robinson and Mr Peter Bewick on the following material terms and conditions:

Mr Robinson's current service agreement with the Company, in respect of his engagement as Managing Director, is effective from 23 January 2013. Mr Robinson will receive a base salary of $290,000 per annum plus statutory superannuation.

Mr Bewick's current service agreement with the Company, in respect of his engagement as Exploration Director, is effective from 23 January 2013. Mr Bewick will receive a base salary of $270,000 per annum plus statutory superannuation.

Messrs Robinson and Bewick may also receive an annual short term performance based bonus which may be calculated as a percentage of their current base salary, the performance criteria, assessment and timing of which is negotiated annually with the Non-Executive Directors.

Messrs Robinson and Bewick may, subject to shareholder approval, participate in the Encounter Resources Employee Share Option Plan and other long term incentive plans adopted by the Board.

Short Term Incentive Payments

Each year, the Non-Executive Directors set the Key Performance Indicators (KPI's) for the Executive Directors. The KPI's are chosen to align the reward of the individual Executives to the strategy and performance of the Company.

Performance objectives, which may be financial or non-financial, or a combination of both, are weighted when calculating the maximum short term incentives payable to Executives. At the end of the year, the Non-Executive Directors will assess the actual performance of the Executives against the set Performance Objectives. The maximum amount of the short term incentive, or a lesser amount depending on actual performance achieved is paid to the Executives as a cash payment.

No short term incentives are payable to Executives where it is considered that the actual performance has fallen below the minimum requirement.

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Shareholding Qualifications

The Directors are not required to hold any shares in Encounter Resources under the terms of the Company's constitution. However, Directors have made their own investment decisions to hold shares in Encounter Resources which are shown in this report.

Group Performance

In considering the Company's performance, the Board provides the following indices in respect of the current financial year and previous financial years:

	2019	2018	2017	2016	2015
Profit/(Loss) for the year attributable to shareholders	**$(1,064,491)**	$(10,129,591)	$(1,313,269)	$(5,803,036)	$523,915
Closing share price at 30 June	**$0.07**	$0.053	$0.115	$0.13	$0.19

As an exploration company, the Board does not consider the profit/(loss) attributable to shareholders as one of the performance indicators when implementing Short Term Incentive Payments. In addition to economic and technical exploration success, the Board considers more appropriate indicators of management performance for the 2019 financial period to include:

- corporate management and business development (including the acquisition of high quality projects);
- project and operational performance (including safety and environmental management);
- management of the Company's farm-in and alliance arrangements;
- cash flow and funding management; and
- share price performance.

Remuneration Disclosures

The Key Management Personnel of the Company have been identified as:

Mr Paul Chapman	Non-Executive Chairman
Mr Will Robinson	Managing Director
Mr Peter Bewick	Exploration Director
Dr Jon Hronsky	Non-Executive Director

The details of the remuneration of each Director and member of Key Management Personnel of the Company is as follows:

30 June 2019	**Short Term**		**Post Employment**	**Other Long Term**		
	Base Salary $	**Short Term Incentive $**	**Superannuation Contributions $**	**Value of Options $**	**Total $**	**Value of Options as Proportion of Remuneration %**
Paul Chapman	**60,000**	**-**	**5,700**	**-**	**65,700**	**-**
Will Robinson	**267,135**	**-**	**25,380**	**-**	**292,515**	**-**
Peter Bewick	**246,635**	**-**	**23,430**	**51,022**	**321,087**	**-**
Jon Hronsky	**50,000**	**-**	**4,750**	**17,579**	**72,329**	**-**
Total	**623,770**	**-**	**59,260**	**68,601**	**751,631**	

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30 June 2018	Short Term		Post Employment	Other Long Term		
	Base Salary $	Short Term Incentive $	Superannuation Contributions $	Value of Options $	Total $	Value of Options as Proportion of Remuneration %
Paul Chapman[1]	40,000	-	3,800	-	43,800	-
Will Robinson	266,019	29,000	28,117	-	323,136	-
Peter Bewick	259,096	27,000	27,179	-	313,275	-
Jon Hronsky	50,000	-	4,750	-	54,750	-
Total	615,115	56,000	63,846	-	734,961	

[1] During the year ended 30 June 2018, $20,000 in fees were voluntarily and permanently foregone by Mr Chapman.

Details of Performance Related Remuneration

During the period, short term incentive payments were paid to the executive directors as follows:

Short term incentive payments - cash bonuses paid		
	2018/19 financial year	2017/18 financial year
Will Robinson	**$nil**	$29,000
Peter Bewick	**$nil**	$27,000

In addition to economic and technical exploration success, the Board considers more appropriate indicators of management performance for the 2019 financial period to include:

- corporate management and business development (including the acquisition of high quality projects);
- project and operational performance (including safety and environmental management);
- management of the Company's farm-in and alliance arrangements;
- cash flow and funding management; and
- share price performance.

Options Granted as Remuneration

During the financial year ended 30 June 2019 4,000,000 (2018: nil) were granted to Directors or Key Management Personnel of the Company.

The fair value of options issued as remuneration is allocated to the relevant vesting period of the options. Options are provided at no cost to the recipients.

Exercise of Options Granted as Remuneration

During the year, no ordinary shares were issued in respect of the exercise of options previously granted as remuneration to Directors or Key Management Personnel of the Company.

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Equity instrument disclosures relating to key management personnel

Option holdings

Key Management Personnel have the following interests in unlisted options over unissued shares of the Company.

2019 Name	Balance at start of the year	Received during the year as remuneration	Other changes during the year[1]	Balance at the end of the year	Vested and exercisable at the end of the year
DIRECTORS					
Paul Chapman[1]	**-**	**-**	**-**	**-**	**-**
Will Robinson	**-**	**-**	**-**	**-**	**-**
Peter Bewick	**3,000,000**	**3,000,000**	**(750,000)**	**5,250,000**	**5,250,000**
Jon Hronsky	**1,000,000**	**1,000,000**	**(550,000)**	**1,500,00**	**1,500,00**

2018 Name	Balance at start of the year	Received during the year as remuneration	Other changes during the year[1]	Balance at the end of the year	Vested and exercisable at the end of the year
DIRECTORS					
Paul Chapman[1]	-	-	-	-	-
Will Robinson	-	-	-	-	-
Peter Bewick	3,750,000	-	(750,000)	3,000,000	3,000,000
Jon Hronsky	1,000,000	-	-	1,000,000	1,000,000

[1] Options lapsing unexercised at the end of the exercise period.

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Share holdings

The number of shares in the Company held during the financial year by key management personnel of the Company, including their related parties are set out below. There were no shares granted during the reporting period as compensation.

2019 Name	Balance at start of the year	Received during the year as remuneration	Other changes during the year	Balance at the end of the year
DIRECTORS				
P. Chapman	**8,622,500**	**-**	**-**	**8,622,500**
W. Robinson	**24,769,098**	**-**	**-**	**24,769,098**
P. Bewick	**6,800,000**	**-**	**-**	**6,800,000**
J. Hronsky	**200,000**	**-**	**-**	**200,000**

2018 Name	Balance at start of the year	Received during the year as remuneration	Other changes during the year	Balance at the end of the year
DIRECTORS				
P. Chapman	5,707,142	-	2,915,358	8,622,500
W. Robinson	22,275,470	-	2,493,628	24,769,098
P. Bewick	5,209,142	-	1,590,858	6,800,000
J. Hronsky	-	-	200,000	200,000

Loans made to key management personnel

No loans were made to key personnel, including personally related entities during the reporting period.

Other transactions with key management personnel

There were no other transactions with key management personnel.

End of Remuneration Report

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PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or Group, or to intervene in any proceedings to which the Company or Group is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company or Group with leave of the Court under section 237 of the Corporations Act 2001.

OFFICERS' INDEMNITIES AND INSURANCE

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance for an auditor of the Company.

NON-AUDIT SERVICES

During the year Crowe Horwath the Company's auditor, has not performed any other services in addition to their statutory duties.

Total remuneration paid to auditors during the financial year:	2019 $	2018 $
Audit and review of the Company's financial statements	**31,250**	29,100

The board considers any non-audit services provided during the year by the auditor and satisfies itself that the provision of any non-audit services during the year by the auditor is compatible with, and does not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services are reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

This report is made in accordance with a resolution of the Directors.

Dated at Perth this 26th day of September 2019.

W Robinson
Managing Director

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AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Encounter Resources Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Crowe Perth

Cyrus Patell
Partner

Signed at Perth dated this 26th day of September 2019

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Notes	Consolidated	
		2019 $	2018 $
Interest income		**54,446**	20,275
Other income	5	**467,601**	123,243
Total income		**522,047**	143,518
Employee expenses		**(1,115,069)**	(1,280,225)
Employee expenses recharged to exploration		**908,337**	1,001,607
Equity based remuneration expense	19	**(86,528)**	(37,922)
Non-executive Directors' fees		**(110,000)**	(90,000)
Gain/(loss) in fair value of financial assets	6,11	**(461,234)**	522,731
Profit/(loss) on disposal of assets		**-**	296
Depreciation expense	6	**(593)**	(288)
Corporate expenses		**(65,807)**	(67,034)
Administration and other expenses		**(361,285)**	(353,192)
Exploration costs written off and expensed	6	**(294,359)**	(9,975,754)
Profit/(Loss) before income tax		**(1,064,491)**	(10,136,263)
Income tax benefit	7	**-**	-
Profit/(Loss) after tax	19	**(1,064,491)**	(10,136,263)
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**(1,064,491)**	(10,136,263)
Earnings per share for loss attributable to the ordinary equity holders of the Company			
Basic earnings/(loss) per share	29	**(0.4)**	(5.2)
Diluted earnings/(loss) per share	29	**(0.4)**	(5.2)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	Consolidated	
		2019 $	2018 $
Current assets			
Cash and cash equivalents	8	**2,480,280**	2,860,071
Trade and other receivables	9(a)	**70,692**	80,844
Other current assets	9(b)	**149,216**	242,614
Total current assets		**2,700,188**	3,183,529
Non-current assets			
Financial assets	11	**491,982**	953,216
Property, plant and equipment	12	**37,009**	55,515
Capitalised mineral exploration and evaluation expenditure	13	**13,008,555**	11,638,248
Total non-current assets		**13,537,546**	12,646,979
Total assets		**16,237,734**	15,830,508
Current liabilities			
Trade and other payables	15	**199,282**	629,889
Employee benefits	16	**315,096**	288,568
Total current liabilities		**514,378**	918,457
Total liabilities		**514,378**	918,457
Net assets		**15,723,356**	14,912,051
Equity			
Issued capital	17	**42,465,654**	40,676,386
Accumulated losses	19	**(27,011,196)**	(26,075,127)
Equity remuneration reserve	19	**268,898**	310,792
Total equity		**15,723,356**	14,912,051

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2018	Consolidated			
	Issued capital $	Accumulated losses $	Equity remuneration reserve $	Total $
Balance at the start of the financial year	37,678,887	(16,052,305)	386,311	22,012,893
Comprehensive income for the financial year	-	(10,136,263)	-	(10,136,263)
Movement in equity remuneration reserve in respect of options vested	-	-	37,922	37,922
Transfer to accumulated losses on cancellation of vested options	-	113,441	(113,441)	-
Transactions with equity holders in their capacity as equity holders: Shares issued (net of costs)	2,997,499	-	-	2,997,499
Balance at the end of the financial year	40,676,386	(26,075,127)	310,792	14,912,051

2019	Consolidated			
	Issued capital $	Accumulated losses $	Equity remuneration reserve $	Total $
Balance at the start of the financial year	**40,676,386**	**(26,075,127)**	**310,792**	**14,912,051**
Comprehensive income for the financial year	**-**	**(1,064,491)**	**-**	**(1,064,491)**
Movement in equity remuneration reserve in respect of options vested	**-**	**-**	**86,528**	**86,528**
Transfer to accumulated losses on cancellation of vested options	**-**	**128,422**	**(128,422)**	**-**
Transactions with equity holders in their capacity as equity holders: **Shares issued (net of costs)**	**1,789,268**	**-**	**-**	**1,789,268**
Balance at the end of the financial year	**42,465,654**	**(27,011,196)**	**268,898**	**15,723,356**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Notes	Consolidated	
		2019 $	2018 $
Cash flows from operating activities			
Other income		**2,903**	-
Project generation fee received		**400,000**	100,000
State Government funded drilling rebate		**112,674**	384,878
R&D tax concession tax refund		**127,686**	127,640
Interest received		**54,446**	20,275
Payments to suppliers and employees		**(783,237)**	(681,812)
Net cash from/(used in) operating activities	28	**(85,528)**	(49,019)
Cash flows from investing activities			
Contributions received from project generation alliance and farm-in partners		**417,286**	491,423
Payments for exploration and evaluation		**(2,501,617)**	(4,089,333)
Proceeds from sale of plant and equipment		**-**	6,364
Payments for plant and equipment		**-**	(5,119)
Net cash used in investing activities		**(2,084,331)**	(3,596,665)
Cash flows from financing activities			
Proceeds from the issue of shares		**1,800,800**	2,960,326
Payments for share issue costs		**(10,732)**	(85,662)
Net cash from/(used in) financing activities		**1,790,068**	2,874,664
Net increase/(decrease) in cash held		**(379,791)**	(771,020)
Cash at the beginning of the financial year		**2,860,071**	3,631,091
Cash at the end of the financial year	8(a)	**2,480,280**	2,860,071

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements for the consolidated entity consisting of Encounter Resources Limited and its subsidiaries ("Group").

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards ("AIFRS"), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

The separate financial statements of the parent entity have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial report of the Group was authorised for issue in accordance with a resolution of Directors on 24th September 2019.

Statement of Compliance

The consolidated financial report of Encounter Resources Limited complies with Australian Accounting Standards, which include AIFRS, in their entirety. Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards ("IFRS") in their entirety.

Adoption of new and revised Accounting Standards

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 July 2018 which have resulted in changes to accounting policies and the analysis for possible adjustments to amounts recognised in the financial statements. In accordance with the transitional provisions in AASB 9, the reclassifications and adjustments are not reflected in the statement of financial position as at 30 June 2018. The Company has not recognised a loss allowance on trade and other receivables following assessment of the impact of the expected credit loss model introduced by AASB 9.Classification and Measurement.

On 1 July 2018, the Company has assessed which business models apply to the financial instruments held by the Company and have classified them into the appropriate AASB 9 categories. The main effects resulting from this reclassification are shown in the table below.

On adoption of AASB 9, the Company classified financial assets and liabilities as measured at either amortised cost or fair value, depending on the business model for those assets and on the asset's contractual cash flow characteristics. There were no changes in the measurement of the Company's financial instruments.

There was no impact on the statement of comprehensive income or the statement of changes in equity on adoption of AASB 9 in relation to classification and measurement of financial assets and liabilities.

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The following table summarises the impact on the classification and measurement of the Company's financial instruments at 1 July 2018:

Presented in statement of financial position	Financial Asset / Liability	AASB 139	AASB 9	Reported $	Restated $
Trade and other receivables	Loans and receivables	Loans and receivables	Amortised Cost	No change	No change
Other financial assets	Equity investment	Fair value through profit or loss	Fair value through profit or loss	No change	No change
Trade and other payables	Loans and payables	Amortised Cost	Amortised Cost	No change	No change

The Group does not currently enter into any hedge accounting and therefore there is no impact to the Group's financial statements.

Impairment

AASB 9 introduces a new expected credit loss ("ECL") model that requires the Company to adopt an ECL position across the Company's financial assets from 1 July 2018. The Company's receivables balance consists of GST refunds from the Australian Taxation Office and interest receivables from recognised Australian banking institutions.

The loss allowances for financial assets are based on the assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Given the Company's receivables are from the Australian Taxation Office and recognised Australian banking institutions, the Company has assessed that the risk of default is minimal and as such, no ECL has been recognised against these receivables as at 30 June 2019.

AASB15 Revenue from Contracts with Customers

The impact of this standard on the Group's financial statements is not material as the Group is not party to such contracts.



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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

New standards and interpretations not yet adopted

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application date or future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

AASB 16 Leases

AASB 16 Leases will replace existing accounting requirements for leases under AASB 117 Leases. Under current requirements, leases are classified based on their nature as either finance leases which are recognised on the statement of financial position, or operating leases, which are not recognised on the statement of financial position.

Under AASB 16, the Group's accounting for operating leases as a lessee will result in the recognition of a right-of-use (ROU) asset and an associated lease liability on the statement of financial position. The lease liability represents the present value of future lease payments, with the exception of short term and low value leases. An interest expense will be recognised on the lease liabilities and a depreciation charge will be recognised for the ROU assets. There will also be additional disclosure requirements under the new standard.

Although the Group has yet to complete its formal assessment, the adoption of AASB 16 is expected to have an immaterial impact on the financial statements of the Company due to the minimal number, if any, of non-cancellable leases currently entered into by the Company which would not fall under a short term or low value exception.

Transition

The Group will initially apply AASB 16 on 1 July 2019 using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019 with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under AASB 117, the Group can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

Although the Group has yet to complete its formal assessment, it is expected that the adoption of AASB 16 will have minimal impact if any on the financial statements of the Group. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend however on future economic conditions, including the Group's borrowing rate, the composition of the Group's lease portfolio, the extent to which the Group elects to use practical expedients and recognition exemptions, and the new accounting policies, which are subject to change until the Group presents its first financial statements that include the date of initial application.

Reporting basis and conventions

These financial statements have been prepared under the historical cost convention, and on an accrual basis.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

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Principles of consolidation

The financial statements of subsidiary companies are included in the consolidated financial statements from the date control commences until the date control ceases. The financial statements of subsidiary companies are prepared for the same reporting period as the parent company, using consistent accounting policies.

Inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation. Investments in subsidiary companies are accounted for at cost in the individual financial statements of the Company.

(a) Segment reporting

Operating segments are identified and segment information disclosed, where appropriate, on the basis of internal reports reviewed by the Company's board of directors, being the Group's Chief Operating Decision Maker, as defined by AASB 8.

(b) Other income

Interest income

Interest income is recognised on a time proportion basis and is recognised as it accrues.

Option fee income

Recognised for option fee income at such time that the option fee becoming receivable by the Company occurs.

Management fee income

Recognised for management fees from farm-in and alliance partners during the period in which the Company provided the relevant service.

(c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary timing differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to those timing differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(d) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 25). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

(e) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Government grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are deducted from the carrying value of the relevant asset.

Amounts receivable from the Australian Tax Office in respect of research and development tax concession claims are recognised in the year in which the claim is lodged with the Australian Tax Office. Amounts receivable are allocated in the financial statements against the corresponding expense or asset in respect of which the research and development concession claim has arisen.

(h) Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(i) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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Depreciation of property, plant and equipment is calculated using the straight line and diminishing value methods to allocate their cost, net of residual values, over their estimated useful lives, as follows:

Asset Class	Depreciation Rate
Field equipment and vehicles	33%
Office equipment	33%
Leasehold improvements	Over the term of the lease

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)). Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(j) Mineral exploration and evaluation expenditure

Mineral exploration and evaluation expenditure is written off as incurred or accumulated in respect of each identifiable area of interest and capitalised. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Immediate restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure. Exploration activities resulting in future obligations in respect of restoration costs result in a provision to be made by capitalising the estimated costs, on a discounted cash basis, of restoration and depreciating over the useful life of the asset. The unwinding of the effect of the discounting on the provision is recorded as a finance cost in the income statement.

Farm-in arrangements (in the exploration and evaluation phase)

For exploration and evaluation asset acquisitions (farm-in arrangements) in which the Group has made arrangements to fund a portion of the selling partner's (farmor's) exploration and/or future development expenditures (carried interests), these expenditures are reflected in the financial statements as and when the exploration and development work progresses.

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but designates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained.

Monies received pursuant to farm-in agreements are treated as a liability on receipt and until such time as the relevant expenditure is incurred.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(k) Joint ventures and joint operations

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduces the carrying amount of the investment.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Details of these interests are shown in Note 14.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

(m) Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future salaries, experience of employee departures and periods of service. Expected future payments are discounted at the corporate bond rate with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share based payments

Share based compensation payments are made available to Directors and employees.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

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The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option. A discount is applied, where appropriate, to reflect the non-marketability and non-transferability of unlisted options, as the Black-Scholes option pricing model does not incorporate these factors into its valuation.

The fair value of the options granted is adjusted to reflect market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

Upon the cancellation of options on expiry of the exercise period, or lapsing of vesting conditions, the balance of the share based payments reserve relating to those options is transferred to accumulated losses.

(n) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(p) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as a part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flow.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(q) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification.

Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

(i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or

(ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(s) Fair value estimation

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

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Investments in equity securities

The fair value of financial assets at fair value through profit or loss, is determined by reference to their quoted bid price at the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(t) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on a current or non-current classification.

An asset is current when it is:

- Expected to be realized, or intended to be sold or consumed in the Group's normal operating cycle;
- Expected to be realized within twelve months after the reporting period; or
- Cash or a cash equivalents (unless restricted for at least twelve months after the reporting period.

A liability is current when it is:

- Expected to be settled in the Group's normal operating cycle;
- It is due to be settled within twelve months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classed as non-current.

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NOTE 2 FINANCIAL RISK MANAGEMENT

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Company's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

Trade and other receivables

The nature of the business activity of the Group does not result in trading receivables. The receivables that the Group does experience through its normal course of business are short term and the most significant recurring by quantity is receivable from the Australian Taxation Office, the risk of non-recovery of receivables from this source is considered to be negligible.

Cash deposits

The Directors believe any risk associated with the use of predominantly only one bank is addressed through the use of at least an A-rated bank as a primary banker and by the holding of a portion of funds on deposit with alternative A-rated institutions. Except for this matter the Group currently has no significant concentrations of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

Interest rate risk

The Group has significant cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Group requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements; the Group does mitigate potential interest rate risk by entering into short to medium term fixed interest investments.

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Equity risk

The Group has exposure to price risk in respect of its holding of ordinary securities in Hampton Hill NL (ASX: HHM), which has a carrying value at 30 June 2019 of $491,982 (2018: $953,216). The investment is classified at fair value through profit or loss and as such any movement in the market value of HHM shares will be recognised as a benefit of expense in profit or loss. No specific hedging activities are undertaken into this investment.

Foreign exchange risk

The Group enters into earn-in arrangements that may be denominated in currencies other than Australian Dollars.

Whilst the Group does not recognise assets or liabilities in respect of these earn-in arrangements and accordingly fluctuations in foreign exchange rates will have no direct impact on the Group's net assets, movements in foreign exchange may favourably or adversely affect future amounts to be incurred by the Group or its earn-in partners pursuant to such agreements.

Other than the above, the Group does not have any direct contact with foreign exchange fluctuations other than their effect on the general economy.

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Accounting for capitalised exploration and evaluation expenditure

The Group's accounting policy is stated at 1(j). There is some subjectivity involved in the carrying forward as capitalised or writing off to the income statement exploration and evaluation expenditure. Key judgements applied include determining which expenditures relate directly to exploration and evaluation activities and allocating overheads between those that are expensed and capitalised. Management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure reflect fairly the prevailing situation.

Accounting for share based payments

The values of amounts recognised in respect of share based payments have been estimated based on the fair value of the equity instruments granted. Fair values of options issued are estimated by using an appropriate option pricing model. There are many variables and assumptions used as inputs into the models. If any of these assumptions or estimates were to change this could have a significant effect on the amounts recognised. See note 18 for details of inputs into option pricing models in respect of options issued during the reporting period.

NOTE 4 SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Group's sole activity is mineral exploration and resource development wholly within Australia, therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

The reportable segment is represented by the primary statements forming these financial statements.

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NOTE 5 OTHER INCOME

	Consolidated	
	2019 $	2018 $
Operating activities	**400,000**	100,000
Project generation fees	**63,647**	19,183
Management fees from farm-in and project generation alliance partners	**3,954**	4,060
Other income	**467,601**	123,243

NOTE 6 LOSS FOR THE YEAR

	Consolidated	
	2019 $	2018 $
Loss before income tax includes the following specific benefits/(expenses):		
Depreciation: Office equipment	**(593)**	(288)
Total exploration and joint venture costs not capitalised and written off	**(294,359)**	(9,975,754)
(Loss)/Gain in fair value of financial assets[1]	**(461,234)**	522,731

[1] Adjustment to carrying value of investment in Hampton Hill NL, based on ASX closing price as at 30 June 2019. The gain/(loss) on investment has been recognised in the Statement of Profit or Loss. Refer note 11.

NOTE 7 INCOME TAX

	Consolidated	
	2019 $	2018 $

a) Income tax expense

Current income tax:		
Current income tax charge (benefit)	**(516,515)**	(1,033,689)
Current income tax not recognised	**516,515**	1,033,689
Deffered income tax:		
Relating to origination and reversal of timing differences	**1,019,703**	(1,447,464)
Deferred income tax benefit/(liability) not recognised	**(1,019,703)**	1,447,464
Income tax expense/(benefit) reported in the income statement	**-**	-

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	Consolidated	
	2019 $	2018 $
b) Reconciliation of income tax expense to prima facie tax payable		
Profit/(Loss) from continuing operations before income tax expense	**(1,064,491)**	(10,136,263)
Tax at the Australian rate of 27.5% (2018 – 27.5%)	**(292,735)**	(2,787,472)
Tax effect of permanent differences:		
Non-deductible share based payment	**23,795**	10,429
Unrealised movement in fair value of financial assets	**126,839**	(143,751)
Exploration costs written off	**-**	2,684,744
Capital raising costs claimed	**(9,597)**	(9,006)
Net deferred tax asset benefit not brought to account	**151,698**	245,056
Tax (benefit)/expense	**-**	-
c) Deferred tax – Balance Sheet		
Liabilities		
Prepaid expenses	**(41,034)**	(66,719)
Capitalised exploration expenditure	**(3,577,353)**	(3,200,518)
	(3,618,387)	(3,267,237)
Assets		
Revenue losses available to offset against future taxable income	**7,675,789**	8,324,029
Employee provisions	**86,651**	79,356
Accrued expenses	**1,089**	22,052
Deductible equity raising costs	**23,319**	29,965
	7,786,849	8,455,402
Net deferred tax asset not recognised	**4,168,462**	5,188,165
d) Deferred tax – Income Statement		
Liabilities		
Prepaid expenses	**25,685**	(57,581)
Capitalised exploration expenditure	**(376,834)**	2,386,882
Assets		
Deductible equity raising costs	**(6,646)**	13,149
Accruals	**(20,963)**	21,616
Increase/(decrease) in tax losses carried forward	**(648,240)**	(921,973)
Employee provisions	**7,295**	5,371
Deferred tax benefit/(expense) movement for the period not recognised	**(1,019,703)**	1,447,464

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NOTE 7 INCOME TAX (CONT.)

The deferred tax benefit of tax losses not brought to account will only be obtained if:

(i) The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the tax losses to be realised;
(ii) The Company continues to comply with the conditions for deductibility imposed by tax legislation; and
(iii) No changes in tax legislation adversely affect the Company realising the benefit from the deduction of the losses.

All unused tax losses of $27,911,961 (2018: $27,746,763) were incurred by Australian entities.

The Company will issue Junior Mineral Exploration Incentive (JMEI) credits to eligible shareholders in respect of the 2019 financial year amounting to $495,000 (2018: $750,000), a total of $1,800,000 (2018: $2,727,273) in tax losses has been cancelled as at 30 June 2019 in the above notes in respect of this issue.

NOTE 8 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated	
	2019 $	2018 $
Cash at bank and on hand	**907,780**	2,785,821
Deposits at call	**1,573,000**	74,250
	2,480,280	2,860,071

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Cash and cash equivalents per statement of cash flows	**2,480,280**	2,860,071

(b) Deposits at call

Amounts classified as deposits at call are short term deposits depending upon the immediate cash requirements of the Group, and earn interest at the respective short term interest rates.

(c) Cash balances not available for use

Included in cash and cash equivalents above are amounts pledged as guarantees for the following:

Office lease bond guarantee (Note 24)	**23,000**	23,000

The Company recognises liabilities in the financial statements for unspent farm-in contributions (Note 15).

NOTE 9 CURRENT ASSETS – RECEIVABLES

	Consolidated	
	2019 $	2018 $

a) Trade and other receivables

Funds due from project generation alliance partner	**34,522**	-
Funds due from farm-in partner	**13,461**	7,677
Other receivables	**11,207**	31,912
GST recoverable	**11,502**	41,255
	70,692	80,844

b) Other current assets

Prepaid tenement costs	**149,216**	242,614

Details of fair value and exposure to interest risk are included at note 20.

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NOTE 10 NON-CURRENT ASSETS – INVESTMENT IN CONTROLLED ENTITIES

The following amounts represent the respective investments in the share capital of Encounter Resources Limited's wholly owned subsidiary companies:

	Consolidated	
	2019 $	2018 $
a) Investment in controlled entities		
Encounter Operations Pty Ltd	**2**	2
Hamelin Resources Pty Ltd	**1**	1
Encounter Yeneena Pty Ltd	**2**	2
Baudin Resources Pty Ltd	**10**	10

Subsidiary Company	Country of Incorporation	Ownership Interest	
		2019	2018
Encounter Operations Pty Ltd	Australia	**100%**	100%
Hamelin Resources Pty Ltd	Australia	**100%**	100%
Encounter Yeneena Pty Ltd	Australia	**100%**	100%
Baudin Resources Pty Ltd	Australia	**100%**	100%

- Encounter Operations Pty Ltd was incorporated in Western Australia on 27 November 2006.
- Hamelin Resources Pty Ltd was incorporated in Western Australia on 24 November 2009.
- Encounter Yeneena Pty Ltd was incorporated in Western Australia on 23 May 2013.
- Baudin Resources Pty Ltd was incorporated in Western Australia on 7 April 2017.

The ultimate controlling party of the group is Encounter Resources Limited.

b) Loans to controlled entities

The following amounts are payable to the parent company, Encounter Resources Limited at the reporting date:

	2019 $	2018 $
Encounter Operations Pty Ltd	**21,783,786**	21,170,709
Hamelin Resources Pty Ltd	**4,280,398**	3,684,164
Encounter Yeneena Pty Ltd	**803,052**	662,128

The loans to Encounter Operations Pty Ltd, Hamelin Resources Pty Ltd and Encounter Yeneena Pty Ltd, to fund exploration activity are non-interest bearing. The Directors of Encounter Resources Limited do not intend to call for repayment within 12 months.

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NOTE 11 FINANCIAL ASSETS – INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Consolidated	
	2019 $	2018 $
Balance at the start of the financial year[1]	**953,216**	430,485
Gain on investments recognised through profit & loss[2]	**(461,234)**	522,731
Balance at the end of the financial year	**491,982**	953,216

[1] The investment relates to the shares received from Hampton Hill NL in relation to an option fee pursuant to an election made under an earn-in agreement in respect of the Company's Millennium project.

[2] Adjustment to carrying value of investment in Hampton Hill NL, based on ASX closing price as at 30 June. The gain on investment has been recognised in the Statement of Profit or Loss. Refer note 6.

Investments designated at fair value through profit or loss have been measured at level 1 in the fair value measurement hierarchy, refer accounting policy 1(s).

NOTE 12 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2019 $	2018 $
Field equipment		
At cost	**844,631**	844,631
Accumulated depreciation	**(808,813)**	(790,900)
	35,818	53,731
Office equipment		
At cost	**111,107**	111,107
Accumulated depreciation	**(109,916)**	(109,323)
	1,191	1,784
Leasehold improvements		
At cost	**22,137**	22,137
Accumulated depreciation	**(22,137)**	(22,137)
Total	**37,009**	55,515

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	Consolidated	
	2019 $	2018 $
Reconciliation		
Field equipment		
Net book value at start of the year	**53,731**	82,855
Cost of additions	**-**	3,046
Net book value of disposals	**-**	(6,068)
Depreciation charged	**(17,913)**	(26,102)
Net book value at end of the year	**35,818**	53,731
Office equipment		
Net book value at start of the year	**1,784**	-
Cost of additions	**-**	2,072
Depreciation charged	**(593)**	(288)
Net book value at end of the year	**1,191**	1,784

No items of property, plant and equipment have been pledged as security by the Group.

NOTE 13 NON-CURRENT ASSETS – CAPITALISED MINERAL EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2019 $	2018 $
In the exploration and evaluation phase		
Capitalised exploration costs at the start of the period	**11,638,248**	18,624,668
Total acquisition and exploration costs for the period (i)	**1,899,443**	3,317,996
Exploration costs funded by EIS grant	**(107,090)**	(204,052)
Research and development tax credits (ii)	**(126,687)**	(127,640)
Total exploration and joint venture costs written off and expensed for the period	**(294,359)**	(9,972,724)
Capitalised exploration costs at the end of the period	**13,008,555**	11,638,248

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The capitalised exploration expenditure written off includes expenditure written off on surrender of or intended surrender of tenements for both the group entities and the Group's proportionate share of the exploration written off by the joint venture entities.

(i) Does not include costs incurred by farm-in partners in respect of spend incurred on assets the subject of farm-in arrangements.

During the financial period, the Company's joint venture partner Hampton Hill NL (see Note 14b) incurred costs of $24,751 (2018: $112,021) in respect of exploration and evaluation costs on the Company's assets in addition to the amounts stated above.

(ii) Amounts receivable pursuant to research and development tax credit (R&D) claims lodged during the period. The activities the subject of the R&D claims are subject to review by AusIndustry prior to being submitted. R&D submissions may or may not be subject to future review or audit by AusIndustry or the Australian Taxation Office.

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NOTE 14 INTEREST IN JOINT VENTURES AND FARM-IN ARRANGEMENTS

a) Joint Venture Agreements – Joint Operations

Joint venture agreements may be entered into with third parties.

Assets employed by these joint ventures and the Group's expenditure in respect of them is brought to account initially as capitalised exploration and evaluation expenditure until a formal joint venture agreement is entered into. Thereafter, investment in joint ventures is recorded distinctly from capitalised exploration costs incurred on the company's 100% owned projects.

The Company was party to the following farm-in, option and joint venture arrangements during the financial year ended 30 June 2019:

b) Farm-in Arrangements

Millennium Zinc Project – Hampton Hill NL (HHM) Joint Venture

Encounter Resources Limited has a 75:25 contributing joint venture with HHM covering the Company's Millennium zinc project, comprising exploration licences EL45/2501, EL45/2561 and four blocks of EL45/2500 in the Paterson Province of Western Australia.

- HHM hold a 25% and Encounter holds a 75% interest in the joint venture.
- Industry standard expenditure contribution or dilution formulas would apply. If a party's interest is diluted to less than 10%, that interest would convert to a 1% Net Profit Royalty.
- Encounter is the Operator.

Earn-in and Joint Venture Agreement Option - Yeneena Copper-Cobalt Project ("Yeneena") – Independence Group NL (IGO)

At any time before 1 March 2020, IGO may elect to enter an earn-in agreement in Yeneena.

The key terms of the earn-in and joint venture agreement (should IGO exercise its right to form a joint venture under the earn-in agreement) are as follows:

- IGO may earn a 70% interest in the project by sole funding $15 million of expenditure over 7 years;
- During the earn-in, IGO shall have the right to be the Manager of the project;
- Upon IGO completing the earn-in a 70:30 joint venture will be formed, and the parties must contribute funds based on their percentage interest to maintain their respective interests; and
- Standard dilution clauses will apply to the parties' interests. Should a party's interest dilute to below 10% it shall automatically convert to a Net Smelter Royalty.

NOTE 15 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated	
	2019 $	2018 $
Unspent project generation alliance contributions (includes prepaid tenement rents)	**-**	223,741
Trade payables and accruals	**151,051**	344,847
Other payables	**48,231**	61,301
Net book value at end of the year	**199,282**	629,889

Liabilities are not secured over the assets of the Group. Details of fair value and exposure to interest risk are included at note 20.

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NOTE 16 CURRENT LIABILITIES - EMPLOYEE BENEFITS

	Consolidated	
	2019 $	2018 $
Liability for annual leave	**125,575**	147,007
Liability for long service leave	**189,521**	141,561
	315,096	288,568

NOTE 17 ISSUED CAPITAL

a) Ordinary shares

The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

	Issue price	2019 No.	2018 No.	2019 No.	2018 No.
b) Share capital					
Issued share capital		**262,375,092**	238,375,092	**42,465,654**	40,676,386
c) Share movements during the year					
Balance at the start of the financial year		**238,375,092**	2,806,216	**40,676,386**	280,622
Share placement	$0.10	**-**	2,806,216	**-**	280,622
Shares issued to acquire exploration assets	$0.082	**-**	250,000	**-**	20,500
Share placement	$0.06	**-**	46,367,332	**-**	2,782,040
Share placement	$0.075	**24,000,000**	-	**1,800,000**	-
Less share issue costs		**-**	-	**(10,732)**	(85,662)
Balance at the end of the financial year		**262,375,092**	238,375,092	**42,465,654**	40,676,386

NOTE 18 OPTIONS AND SHARE BASED PAYMENTS

The establishment of the Encounter Resources Limited Employee Share Option Plan ("the Plan") was last approved by a resolution at the Annual General Meeting of shareholders of the Company on 30 November 2018. All eligible Directors, executive officers and employees of Encounter Resources Limited who have been continuously employed by the Company are eligible to participate in the Plan.

The Plan allows the Company to issue free options to eligible persons. The options can be granted free of charge and are exercisable at a fixed price in accordance with the Plan.

a) Options issued during the year

During the financial year the Company granted 4,650,000 options (2018: 1,625,000) over unissued shares.

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NOTE 18 OPTIONS AND SHARE BASED PAYMENTS (CONT.)

b) Options exercised during the year

During the financial year the Company issued no shares (2018: Nil) on the exercise of unlisted employee options.

c) Options cancelled during the year

During the year: 475,000 options (2018: nil) were cancelled upon termination of employment; and 7,191,429 options (2018: 1,245,000) were cancelled on expiry of exercise period.

d) Options on issue at the balance date

The number of options outstanding over unissued ordinary shares at 30 June 2019 is 9,725,000 (2018: 12,741,429). The terms of these options are as follows:

Number of options outstanding	Exercise price	Expiry date
750,000	31 cents	27 November 2019
325,000	14 cents	28 February 2020
1,850,000	13 cents	24 November 2020
750,000	17.5 cents	24 November 2021
675,000	10.5 cents	1 November 2021
725,000	10 cents	31 May 2022
3,150,000	9 cents	30 November 2022
1,500,000	12 cents	30 November 2023
9,725,000		

e) Subsequent to the balance date

No options have been granted subsequent to the balance date and to the date of signing this report.

No options have been exercised subsequent to the balance date to the date of signing this report.

Subsequent to the balance date no options have been cancelled on expiry of the exercise period.

Reconciliation of movement of options over unissued shares during the period including weighted average exercise price (WAEP)

	2019		2018	
	No.	WAEP (cents)	No.	WAEP (cents)
Options outstanding at the start of the year	**12,741,429**	**18.5**	12,361,429	20.3
Options granted during the year	**4,650,000**	**10.0**	1,625,000	10.3
Options exercised during the year			-	-
Options cancelled and expired unexercised during the year	**(7,666,429)**	**20.4**	(1,245,000)	32.2
Options outstanding at the end of the year	**9,725,000**	**12.9**	12,741,429	18.5

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Weighted average contractual life

The weighted average contractual life for un-exercised options is 31.7 months (2018: 25.3 months).

Basis and assumptions used in the valuation of options.

The remuneration related options issued during the year were valued using the Black-Scholes option valuation methodology.

Date granted	Number of options granted	Exercise price (cents)	Expiry date	Risk free interest rate used	Volatility applied	Value of Options
3 Dec 2018	2,500,000	9	30 Nov 2022	2.27%	53.0%	$43,948
3 Dec 2018	1,500,000	12	30 Nov 2023	2.27%	53.0%	$24,653
5 Feb 2019	650,000	9	30 Nov 2022	1.85%	82.3%	$17,927

Historical volatility has been used as the basis for determining expected share price volatility.

NOTE 19 RESERVES AND ACCUMULATED LOSSES

	Consolidated			
	2019		2018	
	Accumulated losses $	Equity remuneration reserve (i) $	Accumulated losses $	Equity remuneration reserve (i) $
Balance at the beginning of the year	**(26,075,127)**	**310,792**	(16,052,305)	386,311
Profit/(Loss) for the period	**(1,064,491)**	**-**	(10,136,263)	-
Movement in equity remuneration reserve in respect of options issued	**-**	**86,528**	-	37,922
Transfer to accumulated losses on cancellation of options	**128,422**	**(128,422)**	113,441	(113,441)
Balance at the end of the year	**(27,011,196)**	**268,898**	(26,075,127)	310,792

(i) The equity remuneration reserve is used to recognise the fair value of options issued and vested but not exercised.

NOTE 20 FINANCIAL INSTRUMENTS

Credit risk

The Directors do not consider that the Group's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made, note 2(a).

Impairment losses

The Directors do not consider that any of the Group's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the reporting period, other than the write off of deferred exploration assets at note 13.

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NOTE 20 FINANCIAL INSTRUMENTS (CONT.)

Interest rate risk

At the reporting date the interest profile of the Group's interest-bearing financial instruments was:

	Carrying amount ($)	
	2019	2018
Fixed rate instruments		
Financial assets	-	-
Variable rate instruments		
Financial assets	**2,480,280**	2,860,071

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2019				
Variable rate instruments	**24,803**	**(24,803)**	**24,803**	**(24,803)**
2018				
Variable rate instruments	28,601	(28,601)	28,601	(28,601)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, note 2(b):

Consolidated	Carrying amount	Contractual cash flows	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
	$	$	$	$	$	$	$
2019							
Trade and other payables	**151,051**	**151,051**	**151,051**	-	-	-	-
	151,051	**151,051**	**151,051**	-	-	-	-
2018							
Trade and other payables	344,847	344,847	344,847	-	-	-	-
	344,847	344,847	344,847	-	-	-	-

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Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	Consolidated			
	2019		2018	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Cash and cash equivalents	**2,480,280**	**2,480,280**	2,860,071	2,860,071
Financial assets	**491,982**	**491,982**	953,216	953,215
Trade and other payables	**(151,051)**	**(151,051)**	(344,847)	(344,847)
	2,821,211	**2,821,211**	3,468,440	3,468,440

The Group's policy for recognition of fair values is disclosed at note 1(s).

NOTE 21 DIVIDENDS

No dividends were paid or proposed during the financial year ended 30 June 2018 or 30 June 2019.

The Company has no franking credits available as at 30 June 2018 or 30 June 2019.

NOTE 22 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors and key management personnel

The following persons were directors of Encounter Resources Limited during the financial year:

(i) **Chairman – non-executive**

Paul Chapman

(ii) **Executive directors**

Will Robinson, Managing Director

Peter Bewick, Exploration Director

(iii) **Non-executive director**

Jonathan Hronsky, Director

There were no other persons employed by or contracted to the Company during the financial year, having responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

(b) Key management personnel compensation

A summary of total compensation paid to key management personnel during the year is as follows:

	2019 $	2018 $
Total short-term employment benefits	**623,770**	671,115
Total share based payments	**68,601**	-
Total post-employment benefits	**59,260**	63,846
	751,631	734,961

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NOTE 23 REMUNERATION OF AUDITORS

	2019 $	2018 $
Audit and review of the Company's financial statements	**31,250**	29,100

NOTE 24 CONTINGENCIES

(i) Contingent liabilities

There were no material contingent liabilities not provided for in the financial statements of the Group as at 30 June 2018 or 30 June 2019 other than:

Yeneena Project Gold Claw-back

Included in the agreement for the Group's acquisition of the remaining 25% interest of certain licences in the Yeneena Project is a gold claw-back right in the event of a major discovery of a deposit of minerals dominant in gold, with gold revenue measured in a mining study equal to or exceeding 65% of total revenue and where a JORC compliant mineral resources exceeds 4,000,000 ounces of gold or gold equivalent, or is capable of producing at least 200,000 ounces of gold or gold equivalent per year for 10 years. Under the agreement Barrick (Australia Pacific) Limited retains the right to regain an interest of between 70 and 100% in the gold discovery at a price of between US$40-100 per ounce, with a 1.5% net smelter royalty to Encounter Resources.

The Yeneena Project Gold Claw-back relates to the following exploration licences: E45/2500, E45/2501, E45/2502, E45/2561, E45/2657, E45/2658, E45/2805 and E45/2806.

Yeneena Copper-Cobalt Project ("Yeneena") - Earn-in Option

In November 2018, Independence Group NL ("IGO") subscribed for a placement of 24 million ordinary shares to raise a total of $1.8 million. Encounter shall apply a minimum of 80% of the funds raised towards advancing Yeneena. At any time before 1 March 2020, IGO may elect to enter an earn-in agreement to spend up to $15 million to earn a 70% interest in Yeneena.

Telfer West Production Royalty

The Group is subject to a production unit royalty of $1 per dry metric tonne of ore mined and sold from licence E45/4613 at its Telfer West Gold Project.

Native Title and Aboriginal Heritage

The Group has Land Access and Mineral Exploration Agreements with Western Desert Lands Aboriginal Corporation in relation to the tenements comprising the Yeneena Base Metals Project and the Paterson Gold Projects. Western Desert Lands Aboriginal Corporation (Jamukurnu-Yapalikunu/WDLAC) is the Prescribed Body Corporate for the Martu People of the Central Western Desert region in Western Australia.

Native title claims have been made with respect to areas which include tenements in which the Group has an interest. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Group or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Group has an interest.

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Bank guarantees

ANZ Bank has provided unconditional bank guarantees (refer Note 8) as follows:

- $23,000 in relation to the lease over the Company's office premises at Level 7, 600 Murray Street, West Perth.

(ii) Contingent assets

There were no material contingent assets as at 30 June 2018 or 30 June 2019.

NOTE 25 COMMITMENTS

(a) Exploration

The Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may be varied as a result of renegotiations of the terms of the exploration licences or their relinquishment. The minimum exploration obligations are less than the normal level of exploration expected to be undertaken by the Group.

As at balance date, total exploration expenditure commitments on tenements held by the Group have not been provided for in the financial statements and which cover the following twelve month period amount to $1,214,770 (2018: $1,231,520).

The exploration expenditure obligations stated above include amounts that are funded by third parties pursuant to various farm-in agreements (Note 14).

(b) Operating Lease Commitments

There are no material operating lease commitments as at 30 June 2018 or 30 June 2019 not otherwise disclosed in the Financial Statements.

(c) Contractual Commitment

There are no material contractual commitments as at 30 June 2018 or 30 June 2019 not otherwise disclosed in the Financial Statements.

NOTE 26 RELATED PARTY TRANSACTIONS

Transactions with Directors during the year are disclosed at Note 22 – Key Management Personnel.

There are no other related party transactions, other than those already disclosed elsewhere in this financial report.

NOTE 27 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Subsequent to the end of the reporting period the Company issued 18,449,876 ordinary fully paid shares pursuant to a share placement at 7.5 cents per share, raising $1,383,741, before costs. ASX listed mid-tier gold producer Silver Lake Resources Ltd ("Silver Lake") participated in the raising and became as a new substantial shareholder in the Company.

Other than as already stated in this report , there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

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NOTE 28 RECONCILIATION OF LOSS AFTER TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2019 $	2018 $
Profit/(Loss) from ordinary activities after income tax	**(1,064,491)**	(10,136,263)
Research and development tax credit	**127,686**	127,640
Depreciation	**593**	288
Exploration cost written off and expensed	**294,359**	9,975,754
Share based payments expense	**86,528**	37,922
Unrealised gain/(loss) on investments	**461,234**	(522,731)
Contribution to overheads from farm-in and project alliance partners	**(63,647)**	(19,183)
EIS grant funding offset against capitalised exploration	**112,674**	219,053
Movement in assets and liabilities:		
(Increase)/decrease in receivables	**5,690**	178,041
Increase/(decrease) in payables	**(46,154)**	90,460
Net cash outflow from operating activities	**(85,528)**	(49,019)

NOTE 29 EARNINGS PER SHARE

	Consolidated	
	2019	2018
	Cents	Cents
a) Basic earnings per share		
Profit/(Loss) attributable to ordinary equity holders of the Company	**(0.4)**	(5.2)
b) Diluted earnings per share		
Profit/(Loss) attributable to ordinary equity holders of the Company	**(0.4)**	(5.2)
	$	$
c) Loss used in calculation of basic and diluted loss per share		
Consolidated profit/(loss) after tax from continuing operations	**(1,064,491)**	(10,136,236)
	No.	No.
d) Weighted average number of shares used as the denominator		
Weighted average number of shares used as the denominator in calculating basic earnings per share	**253,498,380**	195,825,899
Weighted average number of shares used as the denominator in calculating diluted earnings per share	**253,498,380**	195,825,899

At 30 June 2019, the Company has on issue 9,725,000 options (2018: 12,741,429) over ordinary shares that are not considered to be dilutive.

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NOTE 30 PARENT ENTITY INFORMATION

	Consolidated	
	2019 $	2018 $
Financial position	**2,680,979**	3,134,397
Assets		
Current assets	**2,680,979**	3,134,397
Non-current assets	**13,556,755**	12,700,711
Total Assets	**16,237,734**	15,835,108
Liabilities		
Current liabilities	**514,378**	923,057
Non-current liabilities	**-**	-
Total Liabilities	**514,378**	923,057
NET ASSETS	**15,723,356**	14,912,051
Equity		
Issued capital	**42,465,654**	40,676,386
Equity remuneration reserve	**268,898**	310,792
Accumulated losses	**(27,011,196)**	(26,075,127)
TOTAL EQUITY	**15,723,356**	**14,912,051**
Financial performance		
Profit/(Loss) for the year	**(1,064,391)**	(10,136,263)
Other comprehensive income	**-**	-
TOTAL COMPREHENSIVE INCOME	**(1,064,391)**	**(10,136,263)**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

No guarantees have been entered into by the parent entity in relation to the debts of its subsidiary companies.

Contingent liabilities

For full details of contingencies see Note 24.

Commitments

For full details of commitments see Note 25.

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DIRECTORS' DECLARATION

In the opinion of the Directors of Encounter Resources Limited ("the Company")

(a) the financial statements and notes set out on pages 30 to 61 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Group.

(b) the remuneration disclosures that are contained in the Remuneration Report in the Directors Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, The Corporations Act 2001 and the Corporations Regulations 2001.

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

(d) the financial statements comply with International Financial Reporting Standards as set out in Note 1.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2019.

This declaration is made in accordance with a resolution of the Directors.

Signed at Perth this 26th day of September 2019.

W Robinson
Managing Director



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INDEPENDENT AUDITORS REPORT
TO THE MEMBERS OF ENCOUNTER RESOURCES LIMITED

Report on the Audit of the Financial Report

Opinion
We have audited the financial report of Encounter Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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Key Audit Matter	How we addressed the Key Audit Matter
Consideration of impairment of capitalised mineral exploration and evaluation expenditure	
The consideration of impairment of the carrying value of the Group's Capitalised Mineral Exploration and Evaluation Expenditure assets was material to our audit and represented an area of significant estimate and judgement within the financial report. This matter is considered a key audit matter due to the high degree of judgement required by the directors to assess whether impairment indicators are present for specified tenements held and due to the significance of the capitalised amount of $13.09m at 30 June 2019. The conditions and assessment undertaken in relation to impairment are disclosed in the Group's accounting policy in Notes 1 and 13 of the financial report.	Our procedures included, but were not limited to: • Evaluating management's documented assessment of the existence or otherwise of impairment indicators from both internal and external sources; • Corroborating representations made by management with available external data and evidence obtained by us during the course of our audit; and • Considering the appropriateness of relevant disclosures in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, International Financial Reporting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and

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other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included in pages 21 to 27 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Encounter Resources Limited for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities
The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Crowe Perth



Cyrus Patell
Partner

Dated at Perth this 26th day of September 2019

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Pursuant to the Listing Requirements of the Australian Securities Exchange, the shareholder information set out below was applicable as at 27 September 2019.

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of shareholders by size of holding:

Ordinary Fully Paid Shares

Distribution	Number of shareholders	Securities held
1 – 1,000	106	40,622
1,001 – 5,000	182	561,019
5,001 – 10,000	146	1,211,822
10,001 – 100,000	489	20,018,793
More than 100,000	241	258,992,712
Totals	**1,164**	**280,824,968**

There are 220 shareholders holding less than a marketable parcel of ordinary shares.

B. SUBSTANTIAL SHAREHOLDERS

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Shareholder Name	Issued Ordinary Shares	
	Number of shares	% of shares
Zero Nom PL	25,700,000	9.15%
William Michael Robinson	25,169,098	8.96%
Deutsche Balaton Aktiengesellschaft	15,833,334	5.64%
Silver Lake Resources Limited	15,000,000	5.34%

C. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of quoted shares are listed below:

Shareholder Name	Ordinary Shares - Quoted	
	Number of shares	% of shares
Zero Nom PL	25,700,000	9.15%
William Michael Robinson	17,866,900	6.36%
Deutsche Balaton Aktiengesellschaft	15,833,334	5.64%
Silver Lake Resources Limited	15,000,000	5.34%
UBS Nominees Pty Ltd	13,440,527	4.79%
HSBC Custody Nominees Australia Limited	13,000,000	4.63%
HSBC Custody Nominees Australia Ltd	11,421,070	4.07%
Stone Poneys Nominees Pty Ltd <Chapman Super Fund>	9,400,000	3.35%
Merrill Lynch Australia Nominees Pty Ltd	9,191,404	3.27%
Sundin Pty Ltd	7,302,198	2.60%

Shareholder Name	Ordinary Shares - Quoted	
	Number of shares	% of shares
Solvista Pty Ltd	5,000,000	1.78%
Precision Opportunities Funds <Inv A/C>	4,500,000	1.60%
Fifty Second Celebration <McBain Family A/C>	4,343,063	1.55%
Kiki Super Fund	3,277,216	1.17%
Domain Investment Holdings PL <Peter Los Family A/C>	3,057,500	1.09%
J C O'Sullivan Pty Ltd	3,000,000	1.07%
Thirty Fifth Celebration Pty Ltd <JC McBain Super Fund>	2,600,604	0.93%
Jorge Bernhard	2,490,000	0.89%
P&S Bewick <Bewick Super Fund>	2,200,000	0.78%
Total	**174,623,816**	**62.18%**

D. UNQUOTED SECURITIES

Options over Unissued Shares

Number of Options	Exercise Price	Expiry Date	Number of Holders
750,000	31 cents	27 November 2019	1
325,000	14 cents	28 February 2020	3
1,850,000	13 cents	24 November 2020	8
750,000	17.5 cents	24 November 2021	1
675,000	10.5 cents	1 November 2021	5
725,000	10 cents	31 May 2022	5
3,150,000	9 cents	30 November 2022	6
1,500,000	12 cents	30 November 2023	1
9,725,000			

E. VOTING RIGHTS

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

There are no voting rights in respect of options over unissued shares.

F. RESTRICTED SECURITIES

There are no restricted securities.

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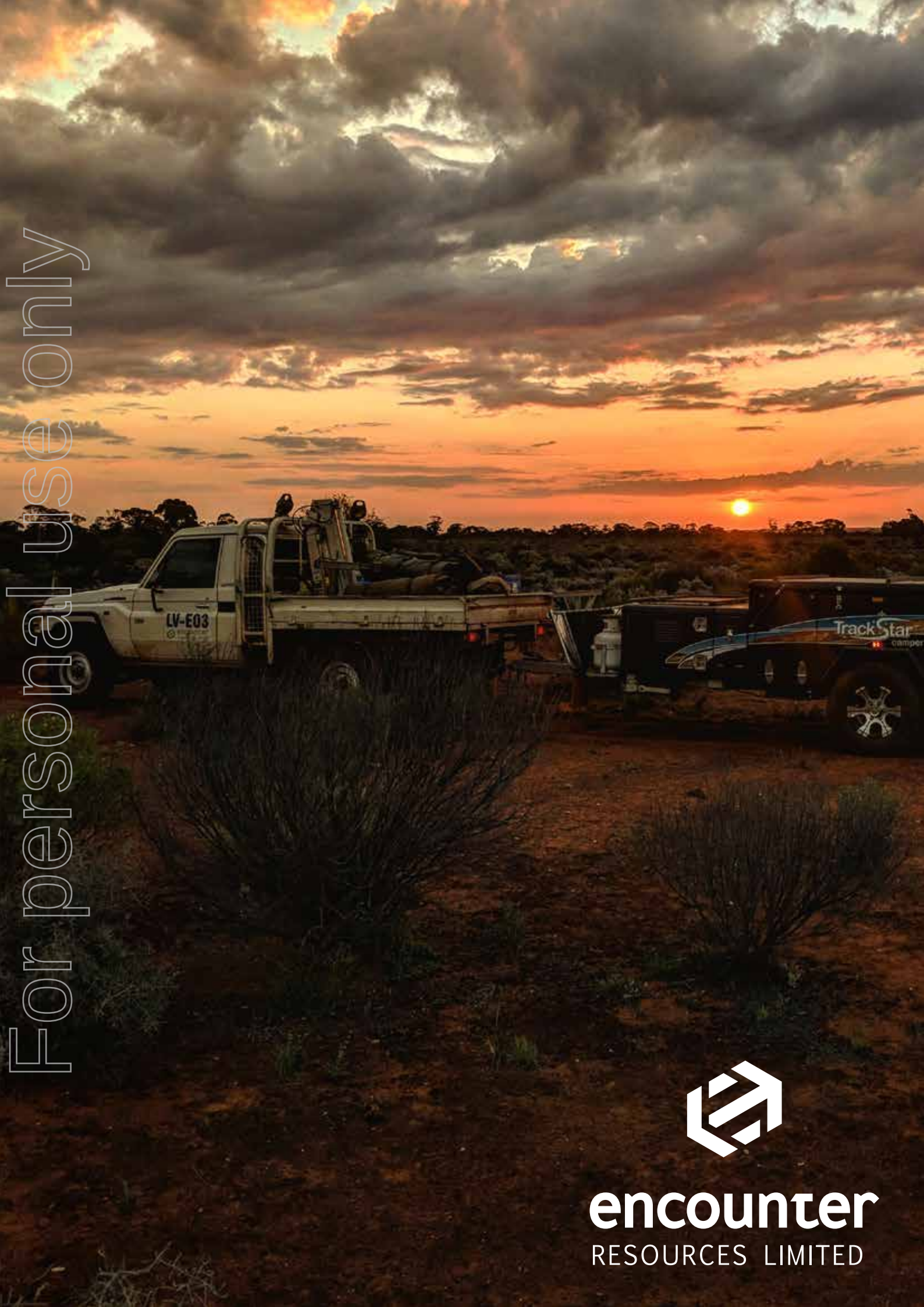

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