# ANNUAL REPORT 2020

ABN 47 109 815 796

encounter
RESOURCES LIMITED



For personal use only



For personal use only

# CORPORATE DIRECTORY

## DIRECTORS

**Paul Chapman**
Non-Executive Chairman

**Will Robinson**
Managing Director

**Peter Bewick**
Exploration Director

**Jon Hronsky OAM**
Non-Executive Director

**Philip Crutchfield**
Non-Executive Director
(appointed October 2019)

## COMPANY SECRETARIES

**Kevin Hart**
**Dan Travers**

## PRINCIPAL AND REGISTERED OFFICE

Level 7, 600 Murray Street
West Perth Western Australia 6005
Telephone (08) 9486 9455
Facsimilie (08) 9486 8366
Web www.enrl.com.au

## AUDITOR

**Crowe Perth**
Level 5, 45 St Georges Terrace
Perth Western Australia 6000

## SHARE REGISTRY

**Automic Group Pty Ltd**
Level 2, 267 St Georges Terrace
Perth Western Australia 6000
Telephone 1300 288 664

## 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.



For personal use only

encounter
RESOURCES LIMITED

# CONTENTS


| | |
|---|---|
| Letter from the Chairman & Managing Director | 3 |
| Exploration Review | 4-22 |
| Summary of Tenements | 23-24 |
| Directors' Report | 26-37 |
| Auditor's Independence Declaration | 38 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 39 |
| Consolidated Statement of Financial Position | 40 |
| Consolidated Statement of Changes in Equity | 41 |
| Consolidated Statement of Cash Flows | 42 |
| Notes to the Financial Statements | 43-70 |
| Directors' Declaration | 71 |
| Independent Audit Report | 73-76 |
| ASX Additional Information | 78-80 |


For personal use only

For personal use only

**Dear Fellow Shareholder,**

We are pleased to present the 2020 Annual Report for Encounter Resources Ltd ("Encounter"). Encounter remains one of the most productive project generation and active mineral exploration companies listed on the Australian Securities Exchange.

Our project generator business model facilitates exploration of an expansive project pipeline through a mix of alliances, earn-ins and joint ventures as well as sole funded exploration.

Our business model allows Encounter to pursue large scale gold and base metal opportunities. This provide shareholders with leverage to multiple, well-funded projects in world class mineral belts while minimising the funding demands on shareholders.

Encounter is a fast mover and early adopter of new technologies and new datasets which has provided us with key insights into new exploration frontiers.

In recent years, Encounter has teamed up with leading mid-tier and major producers which have talented and highly resourced exploration teams.

In March 2020, IGO Limited (ASX:IGO) entered an earn-in and joint venture agreement to sole fund up to $15 million in exploration expenditure over a maximum seven year period at the Yeneena copper-cobalt project ("Yeneena") in the Paterson Province of Western Australia to earn a 70% interest in Yeneena.

Sole funded, project generation activities continued in the Northern Territory, utilising new Geoscience Australia datasets. This has resulted in Encounter securing six new projects covering 14,800km$^2$ with potential for large, sedimentary-hosted and IOCG style copper deposits. All in a time of increasing optimism for copper. The projects lie in a highly prospective and vastly underexplored region under shallow cover located between the major mineral districts of Mt Isa and Tennant Creek.

In September 2020, BHP (ASX:BHP) and Encounter entered into an Option Agreement covering the Elliott Copper Project ("Elliott") in the Northern Territory.

The Option Agreement provides BHP with the right, following the completion of a jointly designed validation program, to enter an earn-in and joint venture agreement to earn up to 75% interest in Elliott by spending up to $22 million over ten years.

Encounter continues to advance a highly prospective suite of projects in the Tanami and West Arunta regions via four joint ventures with Australia's largest gold miner, Newcrest Mining Limited (ASX:NCM).

In October 2020, diamond drilling commenced at the Aileron joint venture in the West Arunta region of Western Australia. This Newcrest-funded drill program is targeting a discrete magnetic anomaly consistent with the scale of an Ernest Henry or Carrapateena style IOCG gold-copper system.

Encounter continues to advance the 100% owned Lamil Copper-Gold Project ("Lamil") located in the Paterson Province of Western Australia. High-grade gold has been intersected in broad spaced drilling over 5km of the Lamil dome. A follow up RC drill program is due to commence in October 2020.

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

## 2020 HIGHLIGHTS

» In January 2020 the Company announced that first pass RC drilling at the Afghan and Mojave prospects by joint venture partner Newcrest Mining Limited (ASX:NCM) in the Tanami Province of Western Australia ("WA") had identified bedrock gold mineralisation at both prospects. Mineralisation is hosted by structures developed within folded dolerite units, which are a favourable host for orogenic gold mineralisation.

» In March 2020, IGO Limited (ASX:IGO) elected to enter an earn-in and joint venture agreement to sole fund up to $15 million in exploration expenditure over a maximum seven year period at the Yeneena copper-cobalt project ("Yeneena") in the Paterson Province of WA to earn a 70% interest in the project.

» In April 2020 a four hole diamond drill hole program (1,807m) was completed at the 100% owned Lamil Copper-Gold Project ("Lamil") located in the Paterson Province of Western Australia. The program intersected zones of strongly altered brecciated sediments containing sulphides interpreted to be a major structure and fluid pathway and is a potential feeder for a system similar in style to the large Havieron gold discovery located 80km to the east.

» In June 2020 exploration commenced at Yeneena under the earn-in and joint venture agreement with IGO Limited. The program included fine-fraction soil surveys covering targets identified in the successful 2019 orientation program and moving loop electromagnetic ("EM") surveys to refine conductors identified in the 100 line km magnetotelluric ("MT") survey completed in 2019.

» Six new project areas covering 14,800km$^2$ have been pegged in the Northern Territory ("NT") based on their potential to contain large, sedimentary-hosted and IOCG style copper deposits. The areas lie in a highly prospective but vastly underexplored region under shallow cover located between the major mineral districts of Mt Isa and Tennant Creek.

» In August 2020, the Company announced that systematic investigation of rock chips from water bore holes at the Jessica Copper Project in the NT, identified the existence of near surface copper oxide (malachite) mineralisation.

» In September 2020 BHP (ASX:BHP) and Encounter entered into an Option Agreement covering the Elliott Copper Project ("Elliott") in the NT. The Option Agreement provides BHP with the right, following the completion of a jointly designed validation program, to enter an earn-in and joint venture agreement to earn up to 75% interest in Elliott by spending up to $22 million over 10 years. Elliott represents a compelling first mover copper opportunity in a high quality jurisdiction:

- Located at a major structural intersection on the southwestern margin of the Beetaloo Basin
- Contains the key conceptual criteria for the formation of sedimentary copper with the target sequence being undercover and untested
- Standout copper-in-groundwater anomaly which is supported by surface geochemical sampling at Elliott

» In October 2020 diamond drilling commenced at the Aileron joint venture with Newcrest Mining located in the West Arunta region of WA. The Newcrest-funded drill program is targeting a discrete magnetic anomaly consistent with the scale of an Ernest Henry or Carrapateena style IOCG gold-copper system.

» An RC drill program is to commence at the Lamil Copper/Gold Project in October 2020 and will include:

- Testing the discrete IP chargeability Elsa anomaly modelled adjacent to the altered breccia intersected in April 2020 for potential Havieron-style gold mineralisation
- Extensional drilling of the Gap, including reorientating the drill rig to test whether recent drilling has intersected a zone of supergene anomalism lying parallel to primary mineralisation
- Testing for extensions to the high-grade supergene gold mineralisation at Dune and to provide potential vectors to the primary gold source

» In November 2020 a diamond drill program is scheduled to commence at Yeneena under the earn-in and joint venture agreement with IGO Limited.



For personal use only

For personal use only

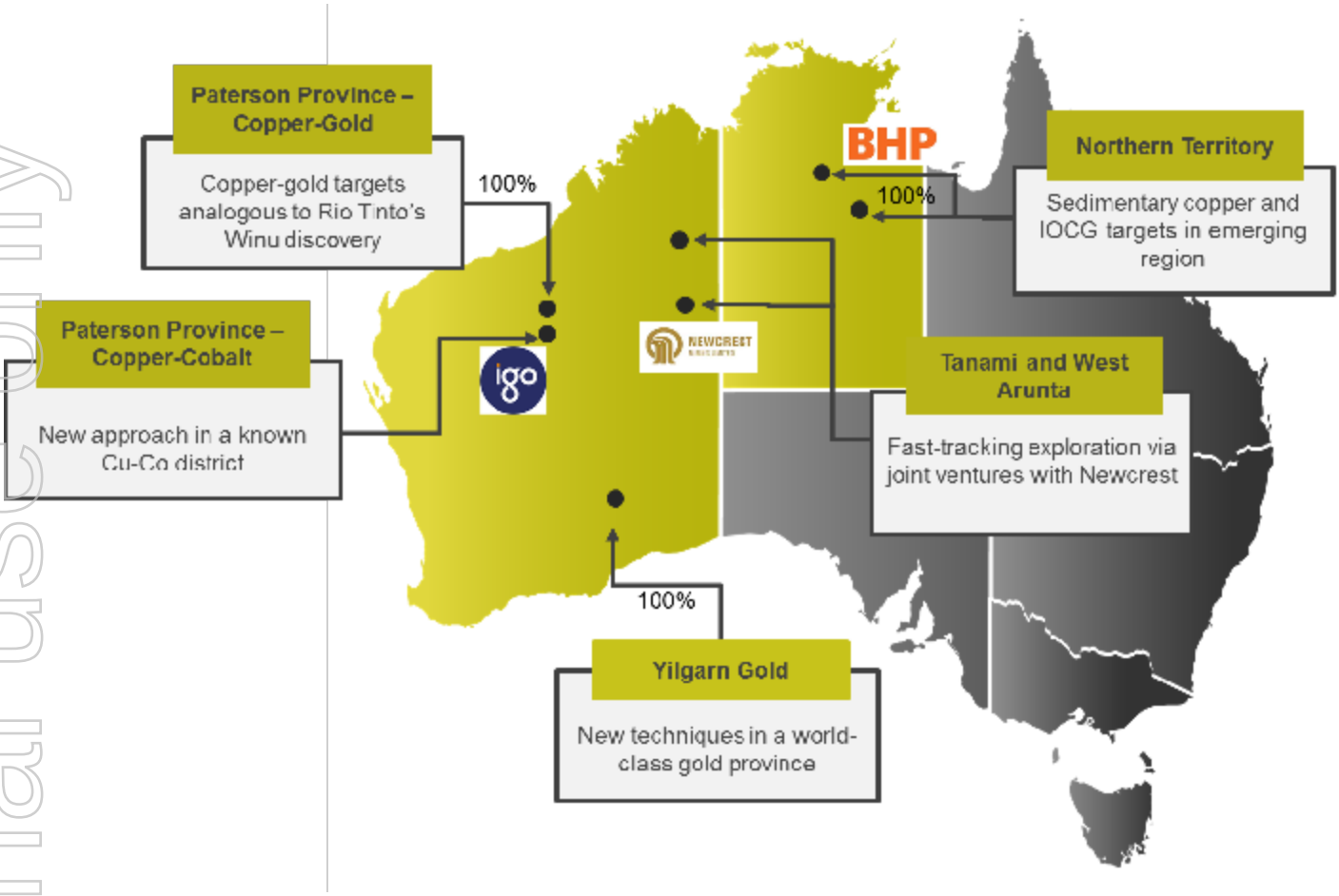


*Figure 1 – Encounter Projects – Location Plan*

## PATERSON PROVINCE COPPER-GOLD
### 100% Encounter – E45/4613

### Lamil Project

Lamil covers an area of ~61km² and is located 25km northwest of the major gold-copper mine at Telfer, owned by Newcrest Mining Ltd (ASX:NCM). Lamil is adjacent to a major regional gravity lineament which marks the location of 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. This is a regionally similar structural context to the setting of Rio Tinto Ltd's (ASX:RIO) Winu copper-gold deposit (Figure 6).

Over the past 18 months, new magnetic, airborne electromagnetic and ground IP surveys have been completed at Lamil. In July 2020, Encounter engaged Barry Bourne of Terra Petrophysics to complete full integration and inversion modelling of these recent geophysical surveys completed at Lamil. Mr Bourne is a highly respected geophysicist and was formally Chief Geoscientist Global Exploration for Barrick Gold Corporation.

This process involved a detailed review of the recently acquired IP data and the construction of 3D magnetic susceptibility, chargeability and resistivity models using the Pawsey supercomputer. The 3D IP model and the inversion of the detailed magnetics and airborne electromagnetic data has been integrated with geological observation from our recent diamond drilling program. Encouragingly this has delivered a number of high quality gold drill targets at Lamil.

For personal use only

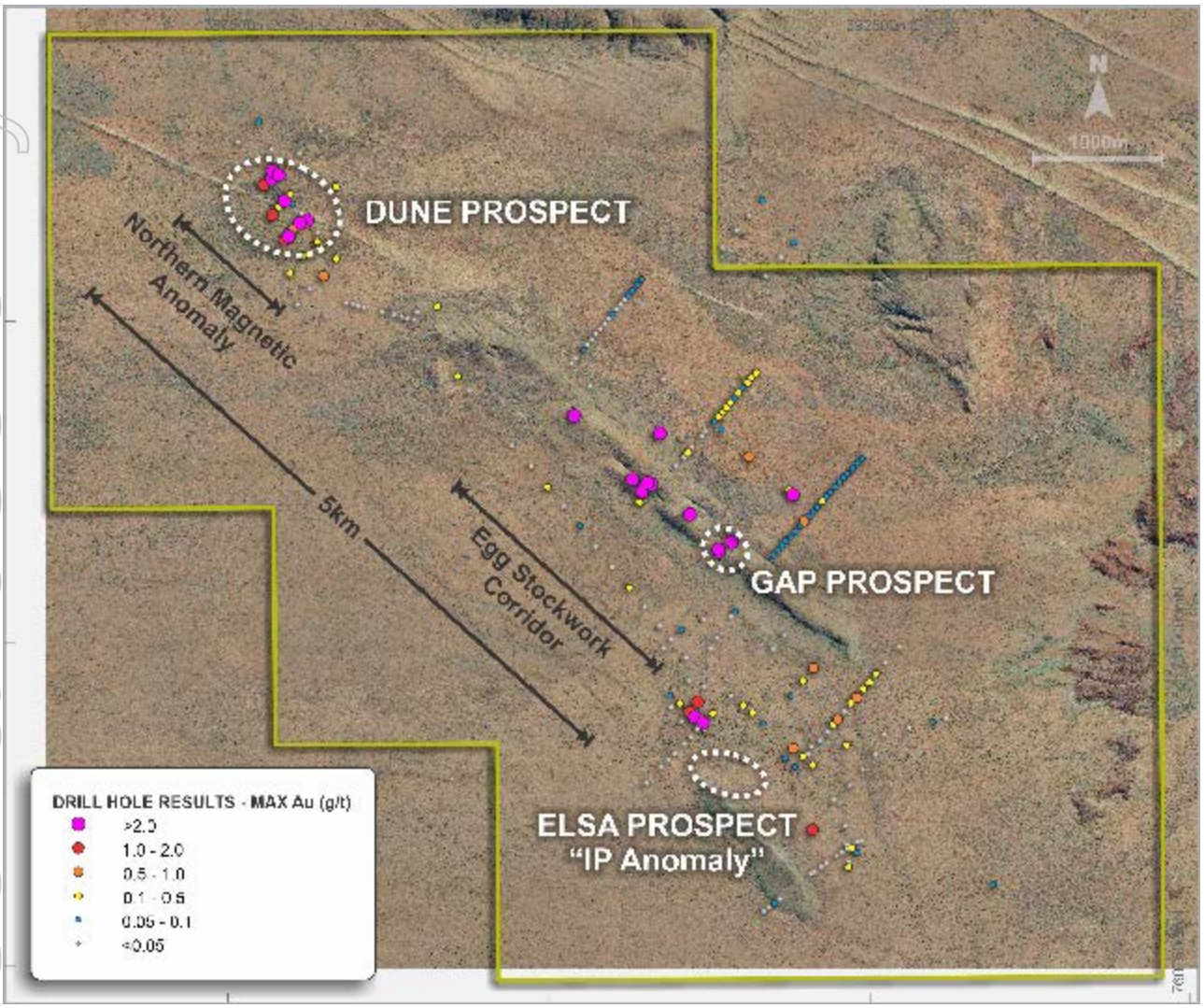


*Figure 2 – Airphoto and Max Au*

## Elsa Prospect – IP Chargeability Anomaly

In March 2020, two diamond drill holes (ETG0203 and ETG0204) intersected wide zones of brecciated, fractured and veined intercalated metasediments with associated intense alteration (see Photos 1 & 2).

The breccia intersected in ETG0203 and ETG0204 is interpreted to be a major structure and fluid pathway and is a potential feeder for a system similar in style to the large Havieron gold discovery, located 80km to the east.

The geophysical inversion modelling and integration of the IP, magnetics and airborne electromagnetic data has highlighted a distinct, untested chargeability anomaly located 400m north of ETG0203 and at the interpreted intersection of the breccia zone and a second order structure (Figure 3). The top of this anomaly has been modelled at ~200m from surface. RC drilling will be completed at Elsa to the depth capacity of the rig (~300m) with a diamond tail possible to test the full extent of this discrete anomaly.

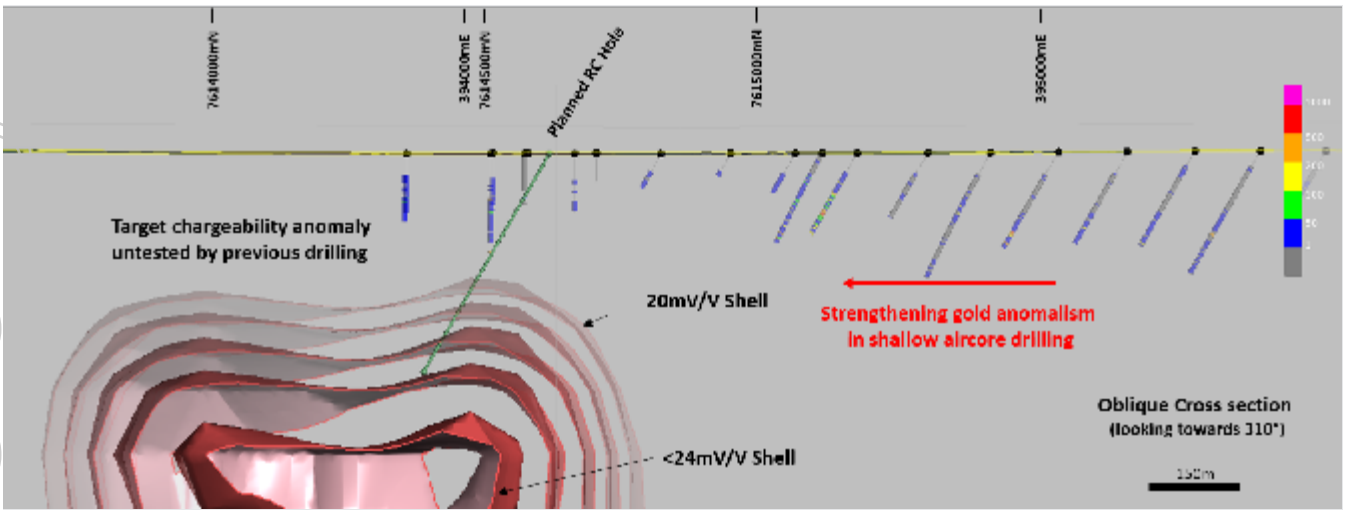


*Figure 3 – Elsa Prospect – Chargeability Anomaly Section*

## Gap Prospect – Open broad zone of gold-copper mineralisation

A section of four 80m spaced RC/diamond drill holes has been completed at the Gap. The three holes on the south-western end of the section contain thick zones of near surface supergene gold mineralisation (Figures 2 and 4).

Gold mineralisation on this single section of drilling is over 180m wide (see ASX release 11 June 2020):

- 30m @ 1.1g/t Au from 96m in ETG0068
- 36m @ 0.4g/t Au from 124m in ETG0067
- 36m @ 0.5g/t Au from 28m in ETG0201

Mineralisation is open in all directions with no other bedrock drilling within 400m. Recent interpretation suggests the single line of drilling may be parallel to the strike of the primary mineralisation. Accordingly, the RC rig will be turned 90 degrees and the upcoming program will be drilled in a south-east orientation.

For personal use only

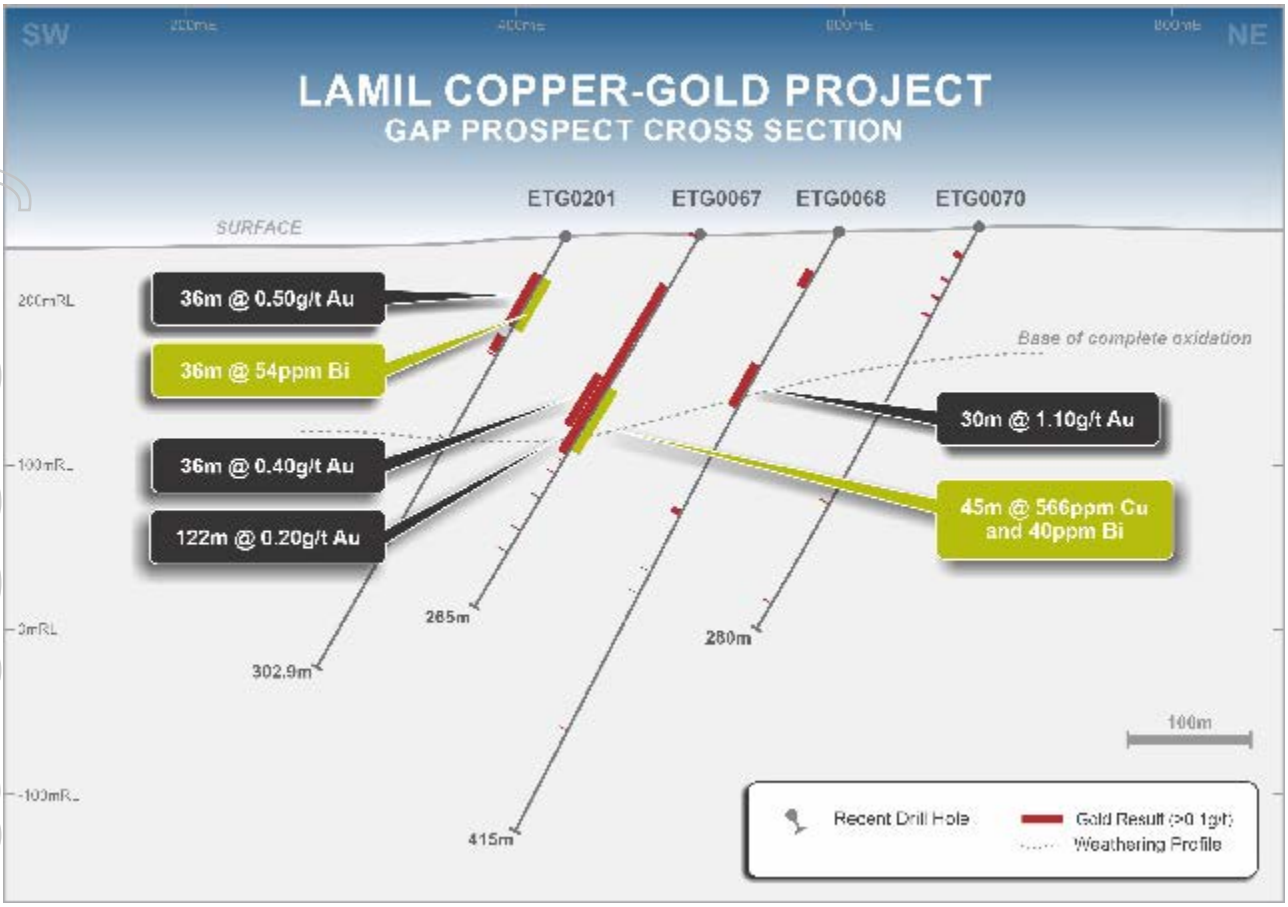


*Figure 4 – Gap Prospect Section*

## Dune Prospect

Diamond drill hole ETG0003 intersected strong supergene gold mineralisation at Dune located on the fold axis in the northern part of the Lamil dome:

- 24.9m @ 0.7g/t Au from 127.1m and 4.0m @ 7.1g/t Au from 216m (see ASX release 19 January 2017)

Follow up RC drill programs primarily focused on the area southeast of ETG0003. These programs successfully intersected high grade, near surface gold mineralisation. Intersections included (see ASX release 26 April 2017):

- 20m @ 1.8g/t Au and 502ppm Cu from 94m including 10m @ 2.8g/t Au and 812ppm Cu from 94m in ETG0015
- 14m @ 1.2g/t Au and 1,179ppm Cu from 66m including 4m @ 3.3g/t Au and 1,400ppm Cu from 74m in ETG0016
- 8m @ 1.0 g/t Au and 426ppm Cu from 197m in ETG0010

Prior exploration at Dune has outlined a laterally extensive +1g/t Au supergene anomaly in broad spaced drilling. The primary areas of focus for the upcoming RC drill program, will be northeast and northwest of the prior drilling to test for lateral extension of the supergene mineralisation and to define vectors to primary mineralisation (Figure 5).

In the northwest, the focus will be extending the high grade gold mineralisation intersected in ETG0003 and ETG0010. In addition, the existing RC drill lines will be extended to the northeast where the supergene gold anomaly remains open.

For personal use only

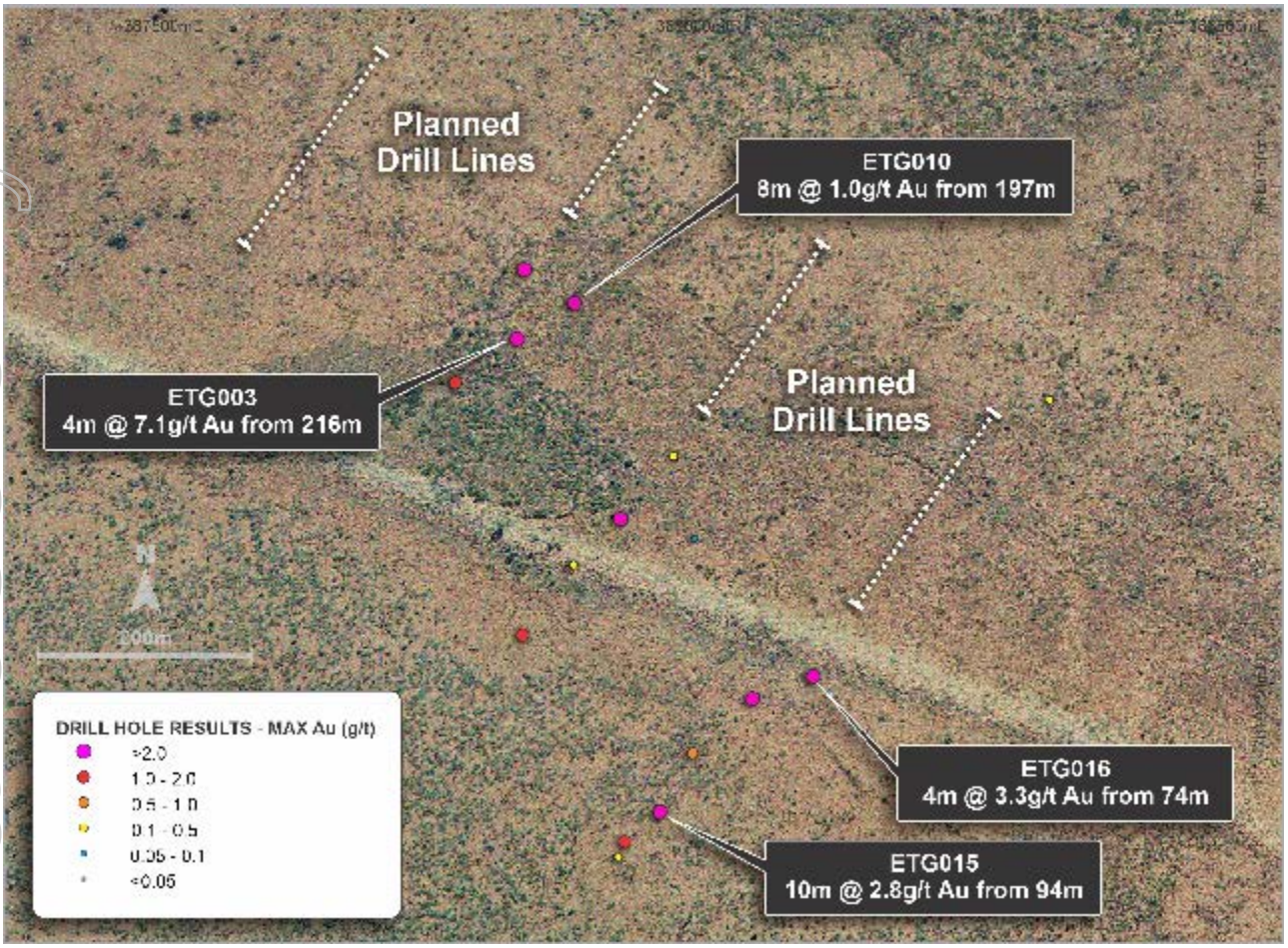


*Figure 5 – Dune Prospect (Max in hole Au) planned drilling*

## Upcoming Activity

The RC drill program to commence in October 2020 will include:

- Testing the discrete IP chargeability Elsa anomaly modelled along strike of the altered breccia intersected in ETG0203 & ETG0204 for potential Havieron-style gold mineralisation
- Extensional drilling of the Gap, including reorientating the drill rig to test whether recent drilling has intersected a zone of supergene anomalism lying parallel to primary mineralisation
- Testing for extensions to the high-grade supergene gold mineralisation at Dune to provide potential vectors to the primary gold source

For personal use only

For personal use only

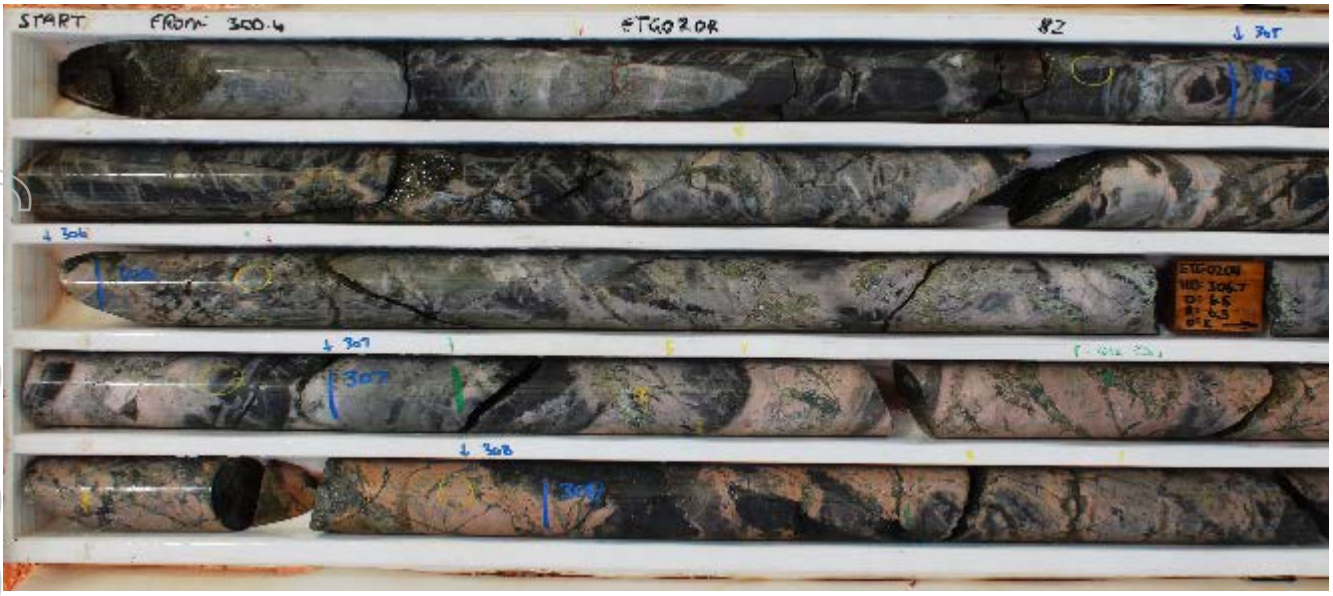


*Photo 1 – ETG0204 (~305-309m) Brecciated and altered sediments containing disseminated and blebby sulphides.*



*Photo 2 – ETG0204 (~315m) Coarse sulphides within brecciated and altered sediments – the silver coloured sulphide mineral is arsenopyrite*

For personal use only

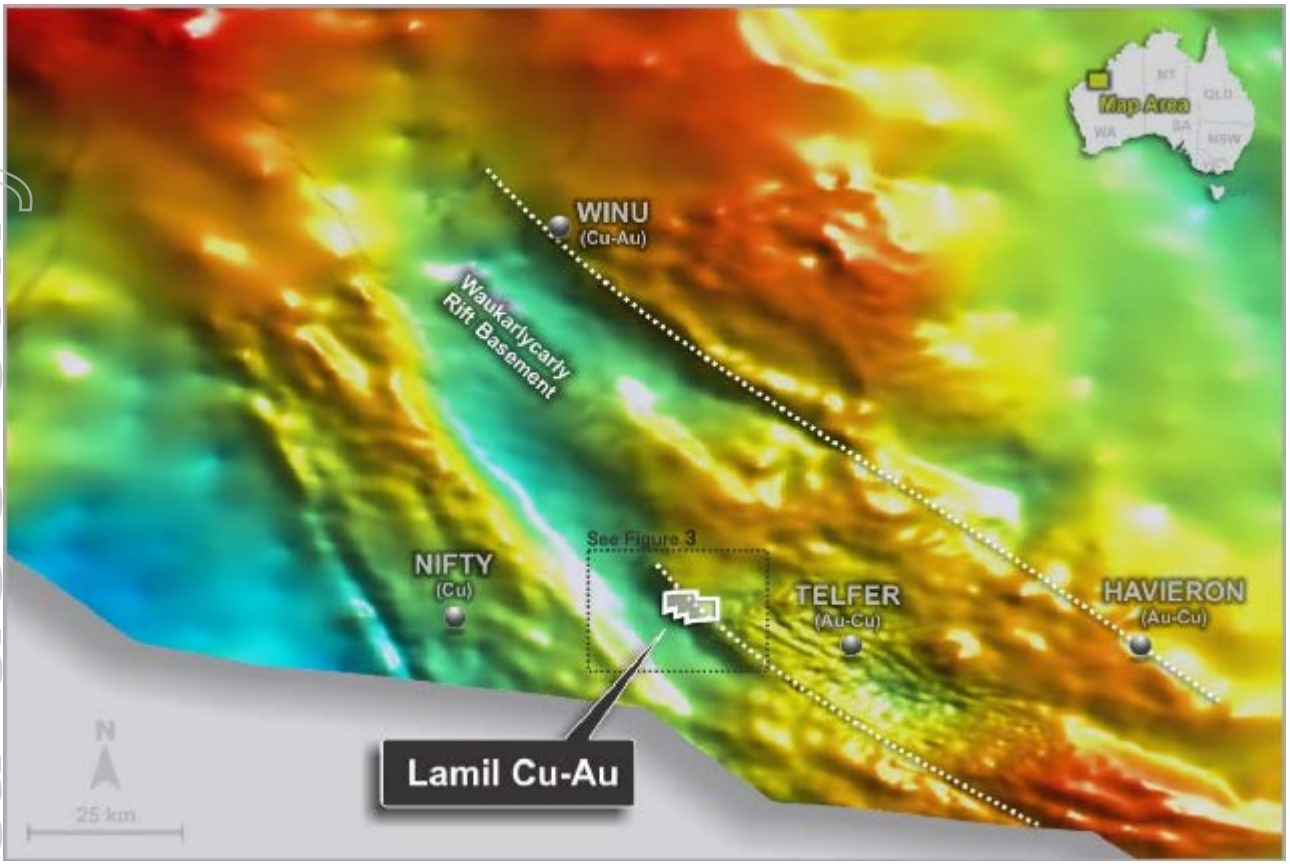


*Figure 6 – Regional gravity over Seebase depth to Proterozoic basement image (red = shallow, blue = deep)*

## TANAMI AND WEST ARUNTA – GOLD

### 50:50 JV Encounter/Newcrest – E80/5132, E80/5137, E80/5145, E80/5146, E80/5147, E80/5169, E80/5186, E80/5323, E80/5469, E80/5470

Newcrest is sole funding exploration activities across four joint ventures in the Tanami and West Arunta Provinces. Three of these 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 of WA. In addition, the Aileron joint venture in the West Arunta district of WA contains a number of structural targets identified through aerial magnetic surveying, including a large, discrete magnetic anomaly consistent with the scale of an Ernest Henry or Carrapateena style system.

### 1. Aileron JV (West Arunta)

The Aileron joint venture is located in the West Arunta region of WA, approximately 600km west of Alice Springs. There has been no previous mineral exploration on the project, although gold/copper anomalism has been identified within the region. The project contains a number of existing structural targets identified through aerial magnetic surveys, including a discrete magnetic anomaly consistent with the scale of an Ernest Henry or Carrapateena style gold-copper system (Figures 7 and 8).

For personal use only

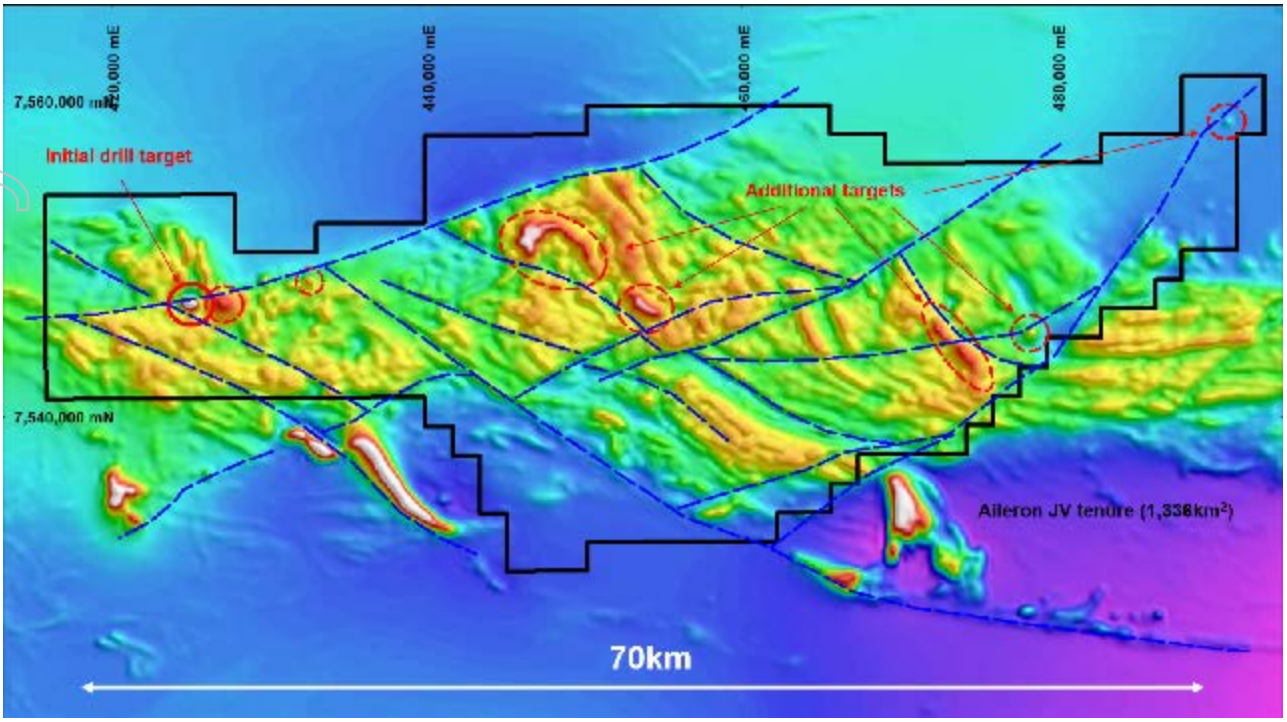


*Figure 7 – Aileron joint venture tenure, interpreted structures and targets on TMI background*

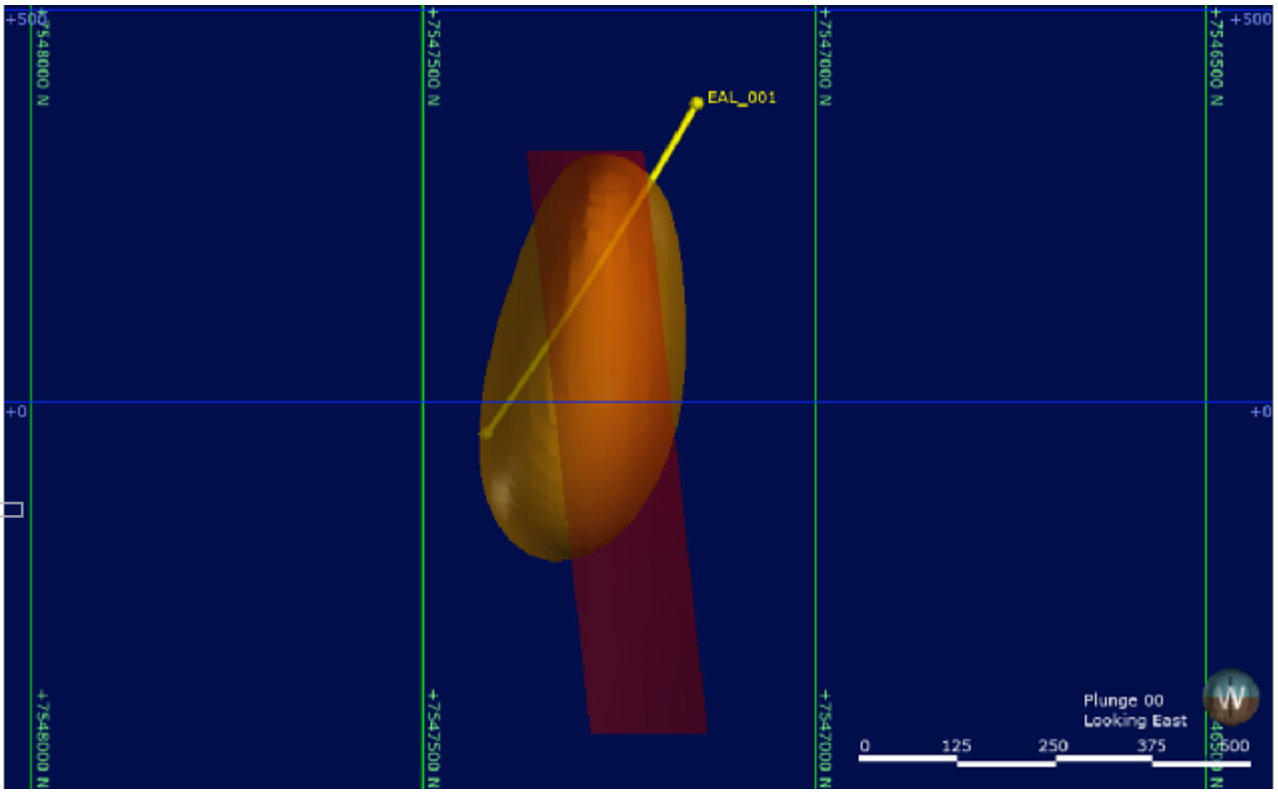


*Figure 8 – Modelled magnetic feature at Aileron with planned first drill hole EAL_001*

The initial anomaly to be drilled tested has been modelled utilising close spaced aeromagnetic data, as a steeply dipping 500 x 200m magnetic body starting from ~50m below surface. The strongly magnetic body is modelled to a depth of 1km. The first drill hole (EAL_001) has been planned to a depth of 500m with further drilling dependent on observations in the initial drill hole.

Diamond drilling commenced in October 2020. The Aileron drilling is co-funded through a WA Government drilling grant of up to $150,000 under the Exploration Incentive Scheme.

## 2. Watts JV (Tanami)

The Watts joint venture covers the central corridor of targets where a regional scale north-northeast trending structure intersects the Trans-Tanami Structure including the Hutch's Find and Sunset Ridge prospects (Figure 9).

## 3. Selby JV (Tanami)

The Selby joint venture 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. High priority prospects include the Afghan, Mojave and the Bandicoot to Camel corridor prospects.

## 4. Lewis JV (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. Lewis represents a first mover opportunity into a newly defined area.

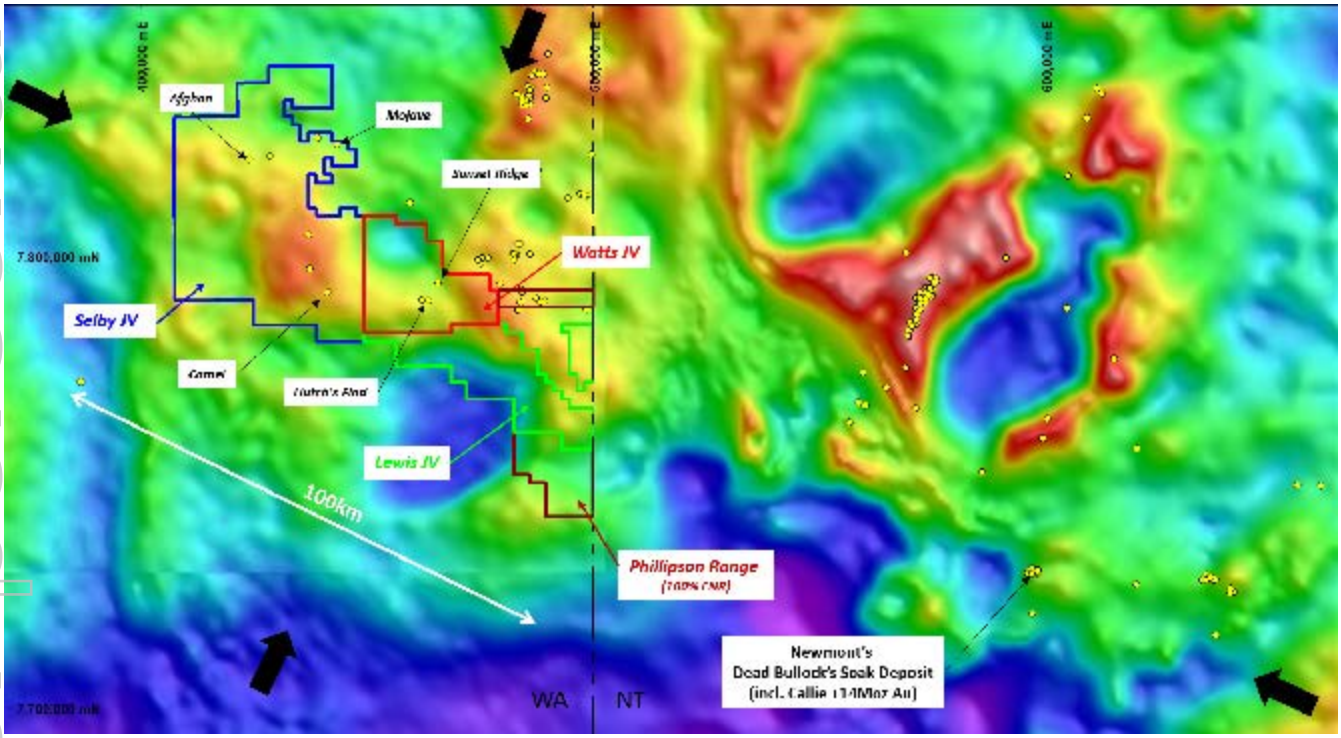


*Figure 9 – Tanami Joint Venture areas with gold occurrences over regional gravity data*

## Phillipson Range (Tanami) (100% ENR)

The Phillipson Range project covers untested Trans-Tanami Structure south-west of the Lewis JV. The future work program at Philipson Range will focus on the eastern end of the project along the Trans-Tanami Structure with field reconnaissance and soil geochemistry.

For personal use only

For personal use only

## PATERSON PROVINCE – COPPER-COBALT

### E45/2500, E45/2502, E45/2657, E45/2658, E45/2805, E45/2806, E45/3768, E45/4861, E45/5333, E45/5334, E45/5379, ELA45/5686 and ELA45/5630 – IGO Limited (ASX:IGO) Earn-in and JV Agreement

In March 2020, IGO Limited elected to enter an earn-in and joint venture agreement to sole fund up to $15 million in exploration expenditure over a maximum seven year period at the Yeneena copper-cobalt project to earn a 70% interest in the project. This decision follows the collaborative deployment of a suite of new exploration technologies at Yeneena during 2019 which successfully defined new, large scale copper-cobalt targets.

### Background

Yeneena comprises a major land position covering more than 1,600km$^2$ in the highly prospective Paterson Province, targeting copper-cobalt mineralisation (Figure 10).

During 2019, the exploration program conducted at Yeneena effectively deployed several new technologies, including a large-scale magnetotelluric ("MT") survey (~100 line-km) to better define the basin architecture and to further advance 3D targets as follows (refer ASX release 28 November 2019).

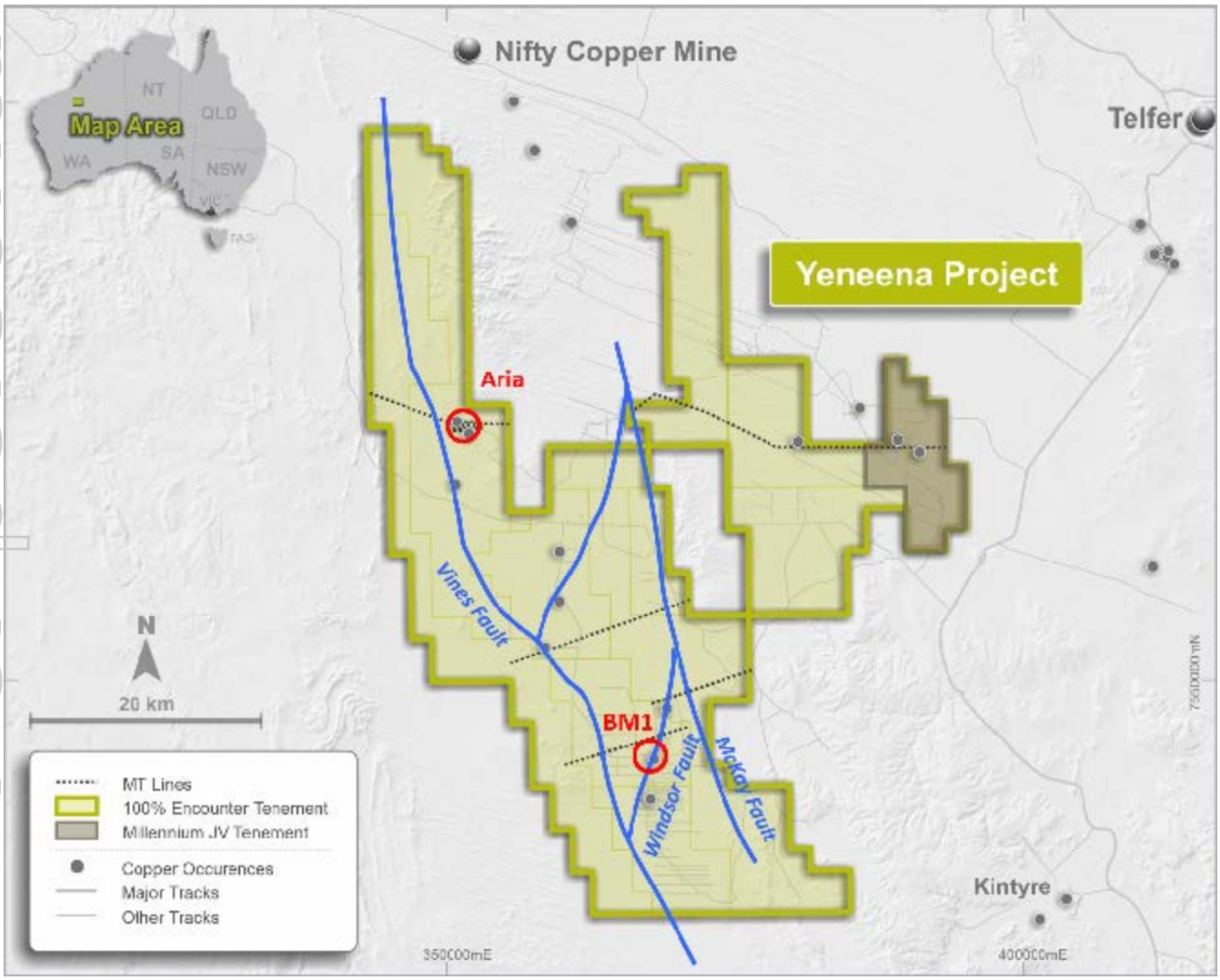


*Figure 10 – Yeneena – MT lines, key structures and leasing summary*

For personal use only

## Fine Fraction Soil Surveys

Several broad, orientation surface sampling programs were completed in 2019 at Yeneena in areas where traditional geochemistry was considered ineffective. The innovative interpretation of this data has provided a potential breakthrough that may be applied to vast areas of prospective geology under shallow cover.

As a result of the learnings in the 2019 orientation surveys, an extensive fine fraction soil sampling program has been completed at Yeneena. This included the collection of more than 3,700 surface fine fraction samples during June-July 2020 over the McKay, Vines, Windsor, T4 and Lookout Rocks prospects.

Fine fraction soil surveys have defined new copper in soil anomalies which are supported in multi element geochemistry. Infill soil sampling commenced in September 2020 to further define the anomalies.

## Moving Loop Ground EM Geophysical Program

A regional MT line was completed in the southwest of the project in 2019, crossing the Vines Fault in the west through to the Windsor Fault to the east, 2km north of the BM1 Prospect. BM1 is a zone of near surface copper oxide and cobalt mineralisation. The mineralisation is hosted within conductive sediments of the Broadhurst Formation and is interpreted to be the weathered product of an in-situ sulphide system adjacent to the Windsor Fault.

The MT has mapped conductivity anomalies to the west and east of the Windsor Fault that are interpreted to be Broadhurst Formation.

A high-powered ground moving loop EM survey was deployed to further define the two conceptually compelling targets ("Windsor Targets") (Figure 11).

A ground EM survey was also completed at the Aria IOCG Prospect located in the northwest of Yeneena. A 3D audio-magnetotelluric ("AMT") survey completed in 2019 highlighted a conductive feature within the interpreted breccia pipe which is untested by prior drilling.

In June 2020, the Company was successful in its application for a WA Government Exploration Incentive Scheme ("EIS") co-funded drilling grant of up to $150,000 to test the Windsor and Vines targets at Yeneena.

The EIS co-funded diamond drill program is scheduled to commence in November 2020.



For personal use only

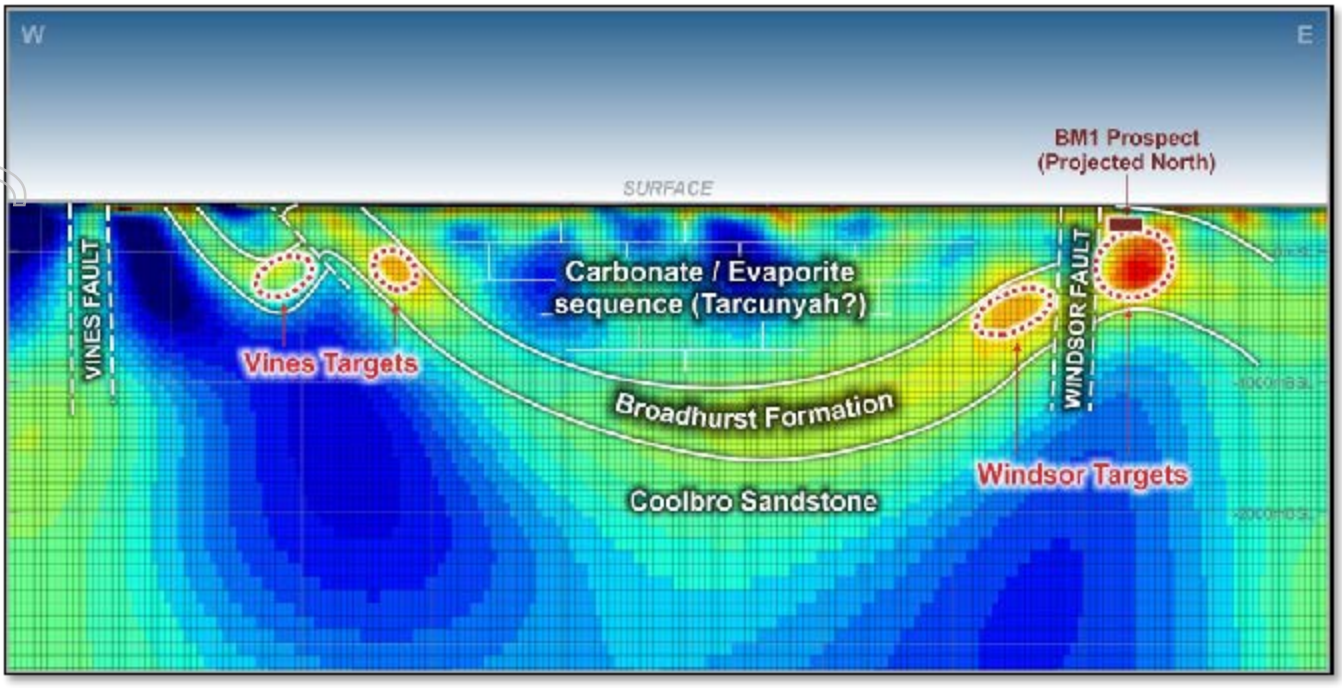


*Figure 11 – MT section – Vines Fault to BM1 showing interpreted geology and the Vines and Windsor Targets*

## PATERSON PROVINCE – GOLD

### 100% Encounter – E45/3446, P45/2750 to P45/2752 and P45/3032

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

### 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.

A new surface gold occurrence that may represent a bedding parallel reef position has been identified by prospecting activities in an area of thin sand cover. Two costeans are planned along the defined trend to map this potential reef position and to assess potential drill sites.

## YILGARN PROVINCE – GOLD

### 100% Encounter – E30/517, ELA30/527 and ELA38/3471-73

Encounter holds two exploration projects in the Yilgarn region of WA prospective for gold mineralisation.

### Rani Project

The Rani gold project is located 40km west of Menzies. The 220km$^2$ project is situated adjacent to Ora Banda Mining's (ASX:OBM) Riverina gold deposits. The tenure covers 30 strike kilometres of folded and highly metamorphosed greenstone stratigraphy on the eastern side of the Ida Fault Zone (Figure 12). The area is predominantly under cover and has been subject to minimal historical exploration.

Encounter is currently assessing the use of fine fraction soil sampling in the region to identify gold anomalism in areas of shallow sand cover. If successful further soil sampling will be conducted in the area as a precursor to regolith drilling of the high priority structural targets defined at Rani.

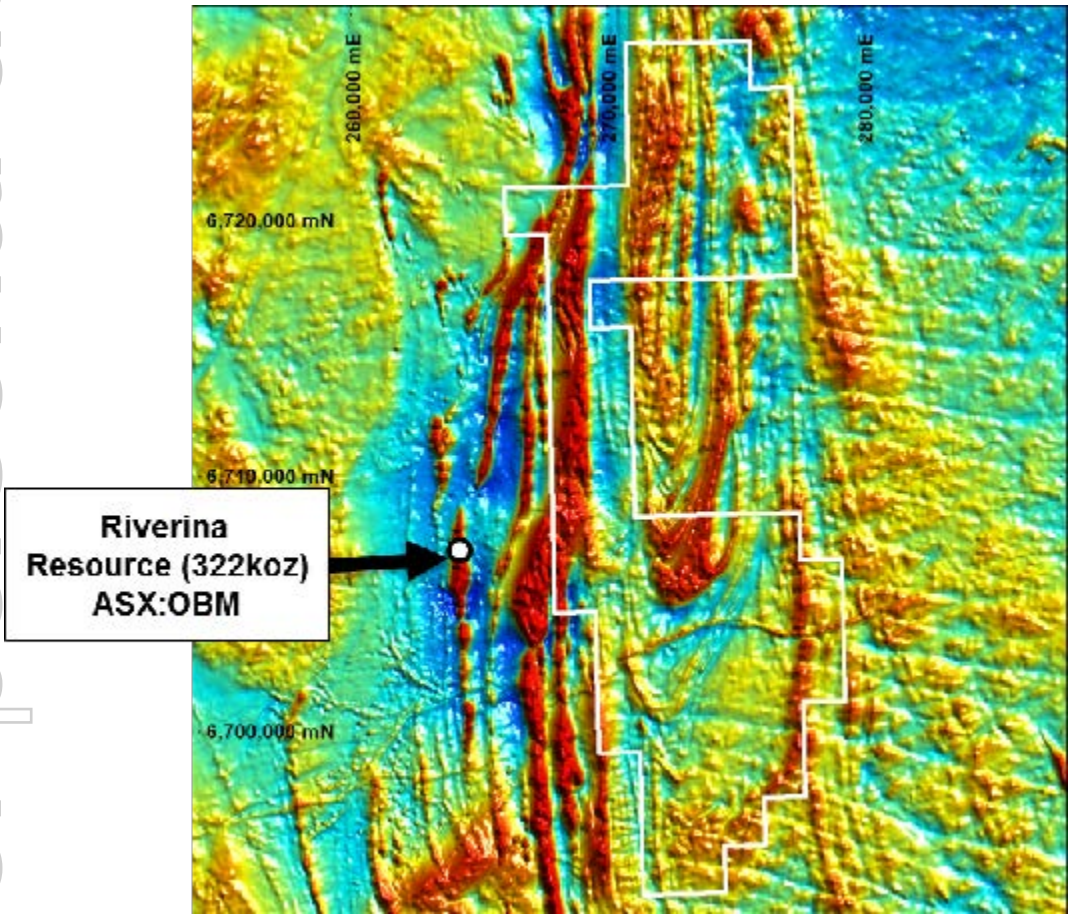


*Figure 12 – Rani Gold Project Location Plan (TMI background)*

### Mt Sefton Project

The Mt Sefton gold project covers the southern half of the Cosmo Newbury Greenstone belt that is located between the Laverton and the Yamarna greenstone belts. This 1,150km$^2$ project area is situated 80km east of Laverton. Previous exploration in this area has been limited to surface rock chip sampling and shallow auger geochemical drilling.

The tenure is currently under application. The Company intends to progress a Land Access Agreement prior to the grant of tenure.

For personal use only

## PATERSON PROVINCE – MILLENNIUM PROJECT

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

The Millennium 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.

The primary focus of exploration at Millennium in recent years has been on zinc. The copper exploration potential of the Millennium project is being reviewed taking into account the recent learnings in the Paterson Province.

Millennium is located on the regionally-extensive Tabletop Fault in an area of no outcrop, with up to 20m of transported overburden. This structure is known to be metallogenically important and is closely associated with the position of the Nifty Copper deposit, 50km along strike to the north-west. Aircore drilling completed during 2010-2011 defined a broad zone of copper anomalism (+0.25% Cu) over a strike extent of 800m.

RC drill hole EPT1140 collared in the core of the regolith copper anomaly defined in aircore drilling, returned a copper sulphide intersection:

- 26m @ 0.60% copper from 100m incl. 10m @ 0.92% copper from 100m (refer ASX release 19 July 2012)

Additional drilling is planned at Millennium in 2021 to test for potential extensions to open zones of copper and zinc mineralisation intersected in prior drilling.



For personal use only

For personal use only

## NORTHERN TERRITORY - COPPER

### Background

New datasets provided by Geoscience Australia ("GA"), as part of the Federal Government's Exploring for the Future Program, resulted in the application for new exploration licences comprising six copper projects in the Northern Territory (Figure 13).

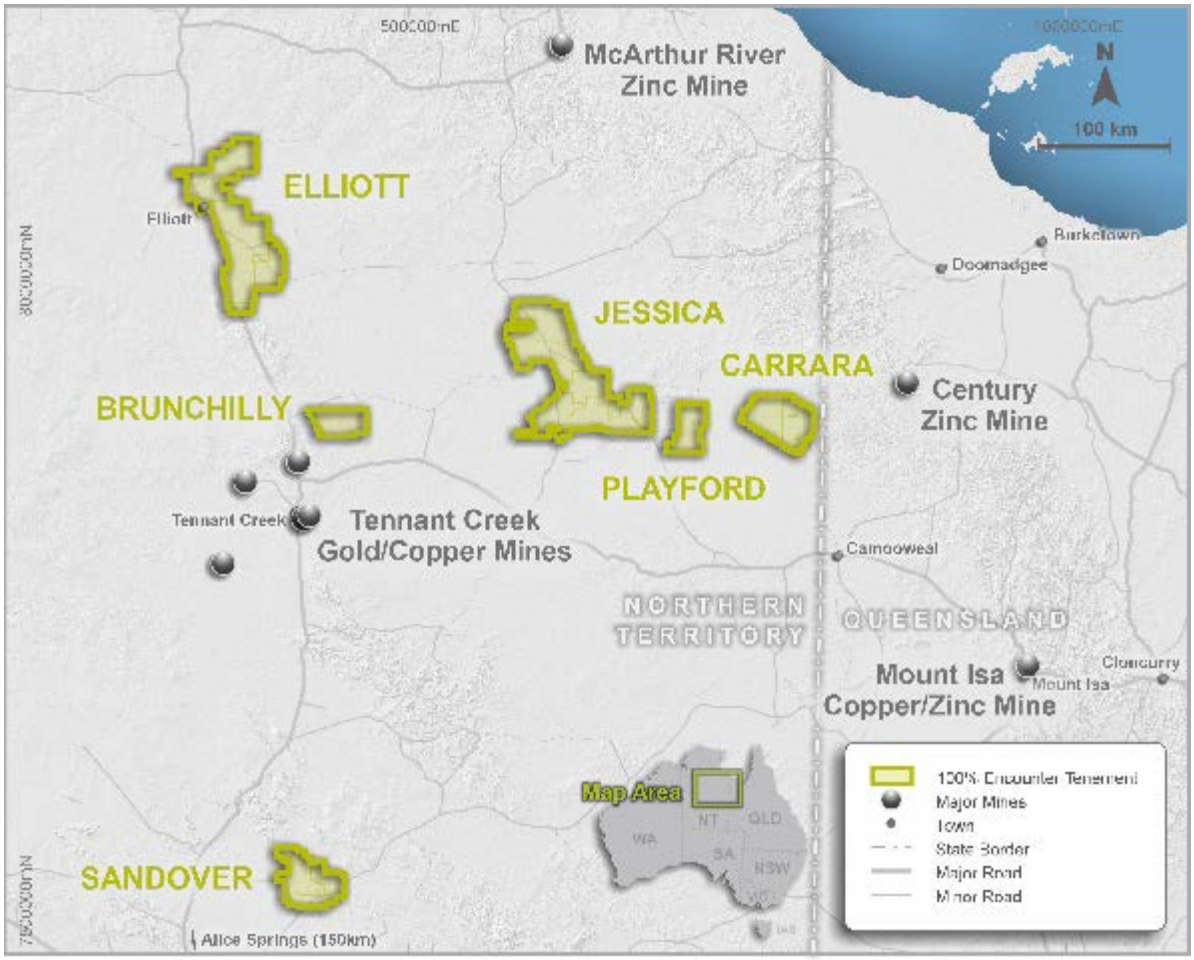


*Figure 13 – NT Copper Project Location Plan*

### Elliott Copper Project ("Elliott") – EL32156, EL32157, EL32158, EL32159, ELA32226, ELA32329 and ELA32437 – BHP Option Agreement

Elliott was the first project secured by Encounter in the Northern Territory. The project comprises seven tenements covering more than 4,500km$^2$. Four of the tenements covering over 3,000km$^2$ were granted in March 2020. The project is located on the Stuart Highway which runs along the western margin of the project.

Elliott is located at a major structural intersection on the southwestern margin of the Beetaloo Basin targeting sedimentary hosted copper. The Beetaloo Basin is part of the Greater McArthur Superbasin that hosts the giant sediment hosted base metal deposit at McArthur River. The basin contains thick, petroleum bearing, reduced sediments which is an ideal trap sequence and structural setting for major sediment hosted base metal deposits.

Historical exploration within adjacent properties has confirmed the presence of red beds and evaporites within the sedimentary sequence which is an important ingredient in sedimentary copper deposit models.

The project encompasses key conceptual criteria for the formation of sedimentary copper and the target sequence is undercover and untested.

New GA datasets released in 2019 and 2020 have supported the conceptual and structural targeting model at Elliott. The standout, copper in groundwater anomaly (order of magnitude above background) in the extensive GA sampling program is located at Elliott. This copper in groundwater anomaly is supported by a copper soil anomaly also collected by GA.

Elliott represents a compelling first mover copper opportunity in a high quality jurisdiction. Data compilation and a validation program is progressing and is scheduled to be completed in 2020 to allow for on ground exploration to commence in 2021.

In September 2020, Encounter entered into an Option Agreement in relation to Elliott. The Option Agreement provides BHP with the right to enter an earn-in and joint venture agreement covering Elliott.

### Earn-in and Joint Venture Agreement Principles

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

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

### Jessica Copper Project ("Jessica") – EL32273, ELA32317, ELA32338, ELA32339, ELA32386, ELA32387 and ELA32388 – 100% Encounter

Jessica was the second project secured by Encounter in the NT. Jessica covers approximately 5,500km$^2$ along key structural corridors east of Tennant Creek and is prospective for sedimentary-hosted copper and IOCG style deposits. Access to the project is via the sealed Tablelands Highway that traverses the western side of Jessica.

Systematic assessment of drill chips from water bores at Jessica has been conducted by Encounter and previous explorer Natural Resources Australia ("NRE") utilising handheld XRF machines. Areas of copper anomalism were selected by NRE for chemical analysis. Assay results from the interval 0-3m sample in RN28419 (No. 39 water bore) returned 1.5% copper (refer ASX release 19 August 2020). Visual inspection of this interval by Encounter geologists confirmed the presence of abundant copper carbonate in the form of malachite (Photo 3).

The first tenement at Jessica, which covers the RN28419 (No. 39 water bore), was granted in August 2020. Preparations have commenced for an aircore drill program to confirm the copper mineralisation identified in the water bore cuttings and determine the lateral extent of the near surface copper mineralisation

For personal use only



*Photo 3 – Copper Carbonate (Malachite) mineralisation at Jessica: 0-3m from RN28419 – chemical assay 1.5% Cu*



*Photo 4 – Barkly Tablelands – Northern Territory (Photo: Geoscience Australia)*

For personal use only

## Sandover Copper Project ("Sandover") – ELA32374 and ELA32421 – 100% Encounter

Sandover covers an intersection of major structural corridors on the southern margin of the Georgina basin, 200km north of Alice Springs. Historical exploration at Sandover has mapped copper oxides at surface in a stratiform position extending over 20km of strike. Exploration will focus on the down dip continuation of this horizon and identifying where this mineralised horizon extends under cover.

## Carrara Copper/Zinc Project ("Carrara") – ELA32476 and ELA32477 – 100% Encounter

Carrara was secured following the release of the South Nicholson Seismic Survey, a foundational dataset acquired as part of the GA Exploring for the Future Program. A key finding of this study is the correlation of prospective stratigraphic units from the Isa Super basin into the Carrara Sub-basin that extended the Mount Isa Province to the west. Carrara is located at an interpreted structural offset of the western margin of the Carrara Sub-basin where the prospective Isa Super basin has been modelled closer to surface.

## Brunchilly Copper/Zinc Project ("Brunchilly") – ELA32478 – 100% Encounter

Brunchilly contains a zinc in groundwater anomaly (top 1% of results) in the GA sampling program and is located on a major north-east trending regional structure north of Tennant Creek. This anomalous sample is supported by elevated anomalism in pathfinder elements that are considered prospective for sedimentary-hosted base metals deposits.

## Playford Copper Project ("Playford") – ELA32493 – 100% Encounter

Playford is located in a region of copper regolith anomalism identified through handheld XRF analysis of water bore drill chips. The bore is located on the margin of an interpreted felsic intrusion identified in a seismic survey completed by GA in the Exploring for the Future Program.

## Next steps

A program of compilation, interpretation and modelling of the data packages at Elliott has been designed with BHP and will be completed by the parties before 31 December 2020. Following completion of this program, BHP may elect to fund additional validation programs during 2021 prior to making a decision on whether to exercise its option and to enter into a earn-in and joint venture agreement.

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

*The information in this report that relates to Exploration Results is based on information compiled by Mr. Peter Bewick who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Bewick holds shares and options in and is a full time employee of Encounter Resources Ltd and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Bewick consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears.*

*The Company confirms that it is not aware of any new information or data that materially affects the information in the relevant ASX releases and the form and context of the announcement has not materially changed. The Company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcements.*

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

For personal use only

| Lease | Lease Name | Project Name | Area km² | Managing Company | Encounter Interest |
|---|---|---|---|---|---|
| E45/2500 | Yeneena | Paterson | 107.3 | Encounter Operations Pty Ltd | 100%* IGO earning up to 70% |
| E45/2501 | Yeneena | Paterson | 19.12 | Encounter Operations Pty Ltd | 75%* |
| E45/2502 | Yeneena | Paterson | 117.8 | Encounter Operations Pty Ltd | 100% IGO earning up to 70% |
| E45/2561 | Yeneena | Paterson | 50.95 | Encounter Operations Pty Ltd | 75%* |
| E45/2657 | Yeneena | Paterson | 156 | Encounter Operations Pty Ltd | 100% IGO earning up to 70% |
| E45/2658 | Yeneena | Paterson | 95.4 | Encounter Operations Pty Ltd | 100% IGO earning up to 70% |
| E45/2805 | Yeneena | Paterson | 85.8 | Encounter Operations Pty Ltd | 100% IGO earning up to 70% |
| E45/2806 | Yeneena | Paterson | 35 | Encounter Operations Pty Ltd | 100% IGO earning up to 70% |
| E45/4861 | Yeneena | Paterson | 328 | Encounter Operations Pty Ltd | 100% IGO earning up to 70% |
| E45/5333 | Yeneena | Paterson | 127.2 | Encounter Operations Pty Ltd | 100% IGO earning up to 70% |
| E45/5334 | Yeneena | Paterson | 102.1 | Encounter Operations Pty Ltd | 100% IGO earning up to 70% |
| ELA45/5686 | Yeneena | Paterson | 108.4 | Encounter Operations Pty Ltd | 100% |
| E45/3768 | Yeneena | Paterson | 149.7 | Encounter Yeneena Pty Ltd | 100% IGO earning up to 70% |
| E45/5379 | Yeneena | Paterson | 235.3 | Shumwari Pty Ltd | 0% ** Option to Purchase |
| ELA45/5630 | Yeneena | Paterson | 86.6 | Hamelin Resources 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% |
| E80/5132 | Selby JV | Tanami | 646 | Hamelin Resources Pty Ltd | 50% NCM earning up to 80% |
| E80/5137 | Selby JV | Tanami | 613 | Hamelin Resources Pty Ltd | 50% NCM earning up to 80% |
| E80/5145 | Watts JV | Tanami | 552 | Hamelin Resources Pty Ltd | 50% NCM earning up to 80% |
| E80/5146 | Lewis JV | Tanami | 548 | Hamelin Resources Pty Ltd | 50% NCM earning up to 80% |
| E80/5147 | Selby JV | Tanami | 275 | Hamelin Resources Pty Ltd | 50% NCM earning up to 80% |
| 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% NCM earning up to 80% |
| E80/5186 | Lewis JV | Tanami | 70.96 | Hamelin Resources Pty Ltd | 50% NCM earning up to 80% |
| E80/5323 | Selby JV | Tanami | 330 | Hamelin Resources Pty Ltd | 50% NCM earning up to 80% |
| E80/5469 | Aileron JV | West Arunta | 534.3 | Hamelin Resources Pty Ltd | 50% NCM earning up to 80% |
| E80/5470 | Aileron JV | West Arunta | 613.9 | Hamelin Resources Pty Ltd | 50% NCM earning up to 80% |
| ELA80/5500 | Ginger | Tanami | 151.7 | Hamelin Resources Pty Ltd | 100% |
| ELA80/5522 | Aileron West | West Arunta | 429.2 | Hamelin Resources Pty Ltd | 100% |
| ELA38/3471 | Mt Sefton | Yilgarn | 212.4 | Baudin Resources Pty Ltd | 100% |
| ELA38/3472 | Mt Sefton | Yilgarn | 530.1 | Baudin Resources Pty Ltd | 100% |
| ELA38/3473 | Mt Sefton | Yilgarn | 411.1 | Baudin Resources Pty Ltd | 100% |
| E30/517 | Rani | Yilgarn | 208.8 | Baudin Resources Pty Ltd | 100% |

For personal use only

# SUMMARY OF TENEMENTS (CONTINUED)

| Lease | Lease Name | Project Name | Area km² | Managing Company | Encounter Interest |
|---|---|---|---|---|---|
| ELA30/527 | Rani | Yilgarn | 6 | Baudin Resources Pty Ltd | 100% |
| EL32156 | Elliott | Northern Territory | 807.26 | Baudin Resources Pty Ltd | 100% BHP earning up to 75% |
| EL32157 | Elliott | Northern Territory | 696.31 | Baudin Resources Pty Ltd | 100% BHP earning up to 75% |
| EL32158 | Elliott | Northern Territory | 793.71 | Baudin Resources Pty Ltd | 100% BHP earning up to 75% |
| EL32159 | Elliott | Northern Territory | 723.9 | Baudin Resources Pty Ltd | 100% BHP earning up to 75% |
| EL32273 | Jessica | Northern Territory | 750.46 | Baudin Resources Pty Ltd | 100% |
| ELA32226 | Elliott | Northern Territory | 813.56 | Baudin Resources Pty Ltd | 100% BHP earning up to 75% |
| ELA32329 | Elliott | Northern Territory | 136.99 | Baudin Resources Pty Ltd | 100% BHP earning up to 75% |
| ELA32437 | Elliott | Northern Territory | 601.11 | Baudin Resources Pty Ltd | 100% BHP earning up to 75% |
| ELA32317 | Jessica | Northern Territory | 738.6 | Baudin Resources Pty Ltd | 100% |
| ELA32338 | Jessica | Northern Territory | 783.5 | Baudin Resources Pty Ltd | 100% |
| ELA32339 | Jessica | Northern Territory | 791.42 | Baudin Resources Pty Ltd | 100% |
| ELA32374 | Sandover | Northern Territory | 795.4 | Baudin Resources Pty Ltd | 100% |
| ELA32421 | Sandover | Northern Territory | 792.67 | Baudin Resources Pty Ltd | 100% |
| ELA32386 | Zeta | Northern Territory | 814.55 | Baudin Resources Pty Ltd | 100% |
| ELA32387 | Zeta | Northern Territory | 814.94 | Baudin Resources Pty Ltd | 100% |
| ELA32388 | Zeta | Northern Territory | 813.76 | Baudin Resources Pty Ltd | 100% |
| ELA32476 | Carrara | Northern Territory | 805.42 | Baudin Resources Pty Ltd | 100% |
| ELA32477 | Carrara | Northern Territory | 805.21 | Baudin Resources Pty Ltd | 100% |
| ELA32478 | Brunchilly | Northern Territory | 798.52 | Baudin Resources Pty Ltd | 100% |
| ELA32493 | Playford | Northern Territory | 811.55 | Baudin Resources Pty Ltd | 100% |

Summary of tenements as of 1st October 2020.

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

** Shumwari Option IGO JV

For personal use only



For personal use only

# CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

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 2020.

## 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) a member of the Strategic Advisory Board at the Centre for Exploration Targeting University of Western Australia 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. Mr Bewick is currently a non-executive director of Mincor Resources Limited (ASX:MCR) (appointed 2 December 2019).

### Jonathan 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) and a director of Azumah Resources Limited (ASX:AZM) between 7 November 2019 to its delisting on 19 February 2020.

For personal use only

For personal use only

## DIRECTORS (CONTINUED)

### Philip Crutchfield – B. Comm, LL.B (Hons), LL.M LSE

*Non-executive director appointed 9 October 2019*

Mr Crutchfield is a prominent and highly respected barrister specialising in commercial law. Since 2015, Philip has been Non-Executive Chairman of highly successful financial services company Zip Co Limited (ASX:Z1P) and a director of NVOI Limited (ASX:NVI) since 17 October 2019.

Mr Crutchfield is a board member of the Geelong Grammar School Council, Bell Shakespeare Theatre Company and the Victorian Bar Foundation Limited. Philip is also a former partner of Mallesons Stephen Jaques (now King & Wood Mallesons). Philip is a senior barrister practising in commercial law and was admitted to practice in 1988.

## 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 | 1,000,000 | 1,000,000 |
| W Robinson | 25,169,098 | 700,000 | 700,000 |
| P Bewick | 7,200,000 | 5,200,000 | 5,200,000 |
| J Hronsky | 200,000 | 1,800,000 | 1,800,000 |
| P Crutchfield | 2,514,241 | 1,700,000 | 1,700,000 |

Included in the Directors' Interests in Unlisted Options are 10,400,000 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 2020, and the number of meetings attended by each Director are as follows:

| Director | Board of Directors' Meetings | |
|---|---|---|
| | Held | Attended |
| P Chapman | 7 | 7 |
| W Robinson | 7 | 7 |
| P Bewick | 7 | 7 |
| J Hronsky | 7 | 7 |
| P Crutchfield | 4 | 4 |

For personal use only

## PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was project generation, mineral exploration and project development in Western Australia and the Northern Territory.

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 $1,126,275 (2019: $1,064,491).

Included in the consolidated loss for the current year is a write-off of deferred and uncapitalised exploration and joint venture expenditure totalling $284,403 (2019: $294,359).

## REVIEW OF ACTIVITIES

### Exploration

Encounter's primary focus is on discovering major gold deposits in Western Australia's most prospective gold districts: the Tanami, the Paterson Province and the Yilgarn.

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

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

In addition, project generation activities in the Northern Territory utilising new Geoscience Australia datasets has resulted in Encounter securing the first mover Elliott and Jessica copper projects.

### Financial Position

At the end of the financial year the Group had $1,865,502 (2019: $2,480,280) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is $13,963,789 (2019: $13,008,555).

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than stated 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 entered into a farm-in and joint venture arrangement with IGO Limited in respect of certain exploration licences comprising the Yeneena project in the Paterson Province.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has delayed the commencement of certain exploration programs, is has not materially financially impacted the Group up to 30 June 2020. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.

On 1 July 2020 the Company issued 900,000 options pursuant to its Employee Share Option Plan.

On 24 September 2020 the Company advised that it had entered into an option agreement which provides BHP Group Limited the right to earn up to a 75% interest in the Company's Elliott Copper Project in the Northern Territory by spending up to $22 million over 10 years.

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.

For personal use only

## OPTIONS OVER UNISSUED CAPITAL

### Unlisted Options

As at the date of this report 14,850,000 unissued ordinary shares of the Company are under option as follows:

| Number of Options Granted | Exercise Price | Expiry Date |
|---|---|---|
| 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 |
| 5,300,000 | 20 cents | 31 October 2023 |
| 900,000 | 22 cents | 30 June 2024 |

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

During the financial year:

- 5,300,000 options (2019: 4,650,000) were granted over unissued shares to employees, directors and consultants of the Company;
- no options (2019: 475,000) were cancelled on the cessation of employment;
- 1,075,000 options (2019: 7,191,429) 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:

- 900,000 options have been issued by the Company to employees pursuant to the Company's Employee Option Plan;
- 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.

## ISSUED CAPITAL

| Number of Shares on Issue | | |
|---|---|---|
| | **2020** | 2019 |
| Ordinary fully paid shares | **280,824,968** | 262,375,092 |

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

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.

### 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.

For personal use only

## 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. Non-executive directors are offered an annual election to receive cash remuneration or an equivalent amount in unlisted options. The annual election relates to the remuneration period from 1 December to 30 November of the relevant year and is subject to approval by the Company's shareholders.

5. 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 $300,000 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;

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.

For personal use only

# REMUNERATION REPORT (CONTINUED)

## 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 Mr Paul Chapman as Non-Executive Chairman and Dr Jon Hronsky and Mr Philip Crutchfield as Non-Executive Directors, the Company pay them $50,000 plus statutory superannuation per annum.

Non-Executive Directors 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 or 30 June 2020.

For the period 1 December 2019 to 30 November 2020, Non-Executive Directors Mr Paul Chapman and Mr Philip Crutchfield elected to receive options in lieu of directors' fees paid in cash. A total of 1,400,000 options were issued in respect of this election following shareholder approval at the Company's 2019 annual general meeting (for further details refer to the notice of meeting lodged with ASX on 22 October 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 1 October 2019. Mr Robinson will receive a base salary of $270,000 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 1 October 2019. 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.

For personal use only

For personal use only

## 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:

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Profit/(Loss) for the year attributable to shareholders | **$(1,126,275)** | $(1,064,491) | $(10,129,591) | $(1,313,269) | $(5,803,036) |
| Closing share price at 30 June | **$0.15** | $0.07 | $0.053 | $0.115 | $0.13 |

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 2020 financial period to include:

» corporate management and business development (including the identification and acquisition of high quality projects);

» project and operational performance (including safety and environmental management);

» management of the Company's farm-in and alliance arrangements; and

» cash flow and funding management.

## 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 |
| Mr Philip Crutchfield | Non-Executive Director |

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

# REMUNERATION REPORT (CONTINUED)

## Remuneration Disclosures (Continued)

| 30 June 2020 | 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 | 23,333 | - | 2,217 | 70,800 | 96,350 | 73.5% |
| Will Robinson | 264,442 | 13,500 | 25,122 | 49,560 | 352,624 | 14.0% |
| Peter Bewick | 267,314 | 13,500 | 25,395 | 49,560 | 355,769 | 13.9% |
| Jon Hronsky | 50,000 | - | 4,750 | 21,240 | 75,990 | 28.0% |
| Philip Crutchfield | 4,167 | - | 396 | 120,360 | 124,923 | 96.3% |
| TOTAL | 609,256 | 27,000 | 57,880 | 311,520 | 1,005,656 | |

| 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 | 15,9% |
| Jon Hronsky | 50,000 | - | 4,750 | 17,579 | 72,329 | 24.3% |
| TOTAL | 623,770 | - | 59,260 | 68,601 | 751,631 | |

## 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 | |
|---|---|---|
| | 2019/20 financial year | 2018/19 financial year |
| Will Robinson | **$13,500** | $nil |
| Peter Bewick | **$13,500** | $nil |



For personal use only

For personal use only

## Equity instrument disclosures relating to key management personnel

### Options Granted as Remuneration

During the financial year ended 30 June 2020 4,400,000 (2019: 4,000,000) were granted to Directors or Key Management Personnel of the Company, as follows:

Options issued in lieu of payment of director fees:

- Paul Chapman 700,000
- Philip Crutchfield 700,000

Incentive options:

- Paul Chapman 300,000
- Will Robinson 700,000
- Peter Bewick 700,000
- Jon Hronsky 300,000
- Philip Crutchfield 1,000,000

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.

### Option holdings

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

| 2020<br>Directors | 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 |
|---|---|---|---|---|---|
| P. Chapman | - | 1,000,000 | - | 1,000,000 | 1,000,000 |
| W. Robinson | - | 700,000 | - | 700,000 | 700,000 |
| P. Bewick | 5,250,000 | 700,000 | (750,000) | 5,200,000 | 5,200,000 |
| J. Hronsky | 1,500,000 | 300,000 | - | 1,800,000 | 1,800,000 |
| P. Crutchfield | - | 1,700,000 | - | 1,700,000 | 1,700,000 |

| 2019<br>Directors | 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 |
|---|---|---|---|---|---|
| P. Chapman | - | - | - | - | - |
| W. Robinson | - | - | - | - | - |
| P. Bewick | 3,000,000 | 3,000,000 | (750,000) | 5,200,000 | 5,200,000 |
| J. Hronsky | 1,000,000 | 1,000,000 | (500,000) | 1,500,000 | 1,500,000 |

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

# REMUNERATION REPORT (CONTINUED)

## 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.

| 2020<br>Directors | Balance at start of the year | Received during the year as remuneration | Other changes during the year | Balance at the end of the year |
|---|---|---|---|---|
| P. Chapman | 8,622,500 | - | 800,000 | 9,422,500 |
| W. Robinson | 24,769,098 | - | 400,000 | 25,169,098 |
| P. Bewick | 6,800,000 | - | 400,000 | 7,200,000 |
| J. Hronsky | 200,000 | - | - | 200,000 |
| P. Crutchfield | - | - | 2,514,241[1] | 2,514,241 |

[1] Shares held as at the date of appointment as a director.

| 2019<br>Directors | Balance at start of the year | Received during the year as remuneration | Other changes during the year | Balance at the end of the year |
|---|---|---|---|---|
| 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 |

## 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 -**

For personal use only

For personal use only

## 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: | 2020 $ | 2019 $ |
|---|---|---|
| Audit and review of the Company's financial statements | **32,000** | 31,250 |

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 30th day of September 2020.



**W Robinson**
Managing Director

For personal use only

Crowe

**DECLARATION OF INDEPENDENCE BY SUWARTI ASMONO TO THE DIRECTORS OF ENCOUNTER RESOURCES LIMITED**

As lead auditor for the audit of Encounter Resources Limited for the year ended 30 June 2020, 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.

This declaration is in respect of Encounter Resources Limited and the entities it controlled during the year.



**Crowe Perth**



**Suwarti Asmono**
Partner

Dated at Perth this 30th day of September 2020

*Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Perth, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for acts or omissions of financial services licensees.*
*© 2020 Findex (Aust) Pty Ltd*

**For the financial year ended 30 June 2020**

For personal use only

| | Note | Consolidated | |
|---|---|---|---|
| | | 2020 $ | 2019 $ |
| Interest income | | **38,930** | 54,446 |
| Other income | 5 | **96,529** | 467,601 |
| **Total income** | | **135,459** | 522,047 |
| Employee expenses | | **(1,146,709)** | (1,115,069) |
| Employee expenses recharged to exploration | | **933,396** | 908,337 |
| Equity based remuneration expense | 19 | **(375,240)** | (86,528) |
| Non-executive Directors' fees | | **(77,500)** | (110,000) |
| Gain/(loss) in fair value of financial assets | 6,11 | **276,740** | (461,234) |
| Profit/(loss) on disposal of fixed assets | | **19,545** | - |
| Profit/(loss) on disposal of exploration assets | | **(130,430)** | - |
| Depreciation expense | 6 | **(633)** | (593) |
| Corporate expenses | | **(71,613)** | (65,807) |
| Administration and other expenses | | **(404,887)** | (361,285) |
| Exploration costs written off and expensed | 6,13 | **(284,403)** | (294,359) |
| **Profit/(Loss) before income tax** | | **(1,126,275)** | (1,064,491) |
| Income tax benefit | 7 | **-** | - |
| **Profit/(Loss) after tax** | 19 | **(1,126,275)** | (1,064,491) |
| Other comprehensive income | | **-** | - |
| Total comprehensive income/(loss) for the year | | **(1,126,275)** | (1,064,491) |
| Earnings per share for loss attributable to the ordinary equity holders of the Company | | | |
| Basic earnings/(loss) per share | 29 | **(0.4)** | (0.4) |
| Diluted earnings/(loss) per share | 29 | **(0.4)** | (0.4) |

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**As at 30 June 2020**

| | Note | Consolidated | |
|---|---|---|---|
| | | 2020 $ | 2019 $ |
| **Current assets** | | | |
| Cash and cash equivalents | 8 | **1,865,502** | 2,480,280 |
| Trade and other receivables | 9(a) | **57,888** | 70,692 |
| Other current assets | 9(b) | **147,994** | 149,216 |
| **Total current assets** | | **2,071,384** | 2,700,188 |
| **Non-current assets** | | | |
| Financial assets | 11 | **768,723** | 491,982 |
| Property, plant and equipment | 12 | **85,195** | 37,009 |
| Capitalised mineral exploration and evaluation expenditure | 13 | **13,963,789** | 13,008,555 |
| **Total non-current assets** | | **14,817,707** | 13,537,546 |
| **Total assets** | | **16,889,091** | 16,237,734 |
| **Current liabilities** | | | |
| Trade and other payables | 15 | **241,014** | 199,282 |
| Employee benefits | 16 | **313,175** | 315,096 |
| **Total current liabilities** | | **554,189** | 514,378 |
| **Total liabilities** | | **554,189** | 514,378 |
| **Net assets** | | **16,334,902** | 15,723,356 |
| **Equity** | | | |
| Issued capital | 17 | **43,828,235** | 42,465,654 |
| Accumulated losses | 19 | **(28,069,977)** | (27,011,196) |
| Equity remuneration reserve | 19 | **576,644** | 268,898 |
| **Total equity** | | **16,334,902** | 15,723,356 |

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

For personal use only

## For the financial year ended 30 June 2020

For personal use only

| | Consolidated | | | |
|---|---|---|---|---|
| | Issued capital $ | Accumulated losses $ | Equity remuneration reserve $ | Total $ |
| 2019 | | | | |
| 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 |
| **2020** | | | | |
| **Balance at the start of the financial year** | **42,465,654** | **(27,011,196)** | **268,898** | **15,723,356** |
| **Comprehensive income for the financial year** | **-** | **(1,126,275)** | **-** | **(1,126,275)** |
| **Movement in equity remuneration reserve in respect of options vested** | **-** | **-** | **375,240** | **375,240** |
| **Transfer to accumulated losses on cancellation of vested options** | **-** | **67,494** | **(67,494)** | **-** |
| **Transactions with equity holders in their capacity as equity holders: Shares issued (net of costs)** | **1,362,581** | **-** | **-** | **1,362,581** |
| **Balance at the end of the financial year** | **43,828,235** | **(28,069,977)** | **576,644** | **16,334,902** |

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

## For the financial year ended 30 June 2020

For personal use only

| | Note | Consolidated | |
|---|---|---|---|
| | | 2020 $ | 2019 $ |
| **Cash flows from operating activities** | | | |
| Other income | | **55,578** | 2,903 |
| Project generation fee received | | **-** | 400,000 |
| State Government funded drilling rebate | | **120,000** | 112,674 |
| Interest received | | **38,930** | 54,446 |
| Payments to suppliers and employees | | **(742,316)** | (783,237) |
| **Net cash used in operating activities** | 28 | **(527,808)** | (213,214) |
| **Cash flows from investing activities** | | | |
| Contributions received from project generation alliance and farm-in partners | | **663,223** | 417,286 |
| Payments for exploration and evaluation | | **(2,360,289)** | (2,501,617) |
| R&D tax concession for exploration activities | | **253,168** | 127,686 |
| Proceeds from sale of fixed assets | | **19,545** | - |
| Proceeds from sale of exploration assets | | **60,000** | - |
| Payments for plant and equipment | | **(85,197)** | - |
| **Net cash used in investing activities** | | **(1,449,550)** | (1,956,645) |
| **Cash flows from financing activities** | | | |
| Proceeds from the issue of shares | | **1,383,740** | 1,800,800 |
| Payments for share issue costs | | **(21,160)** | (10,732) |
| **Net cash from financing activities** | | **1,362,580** | 1,790,068 |
| **Net decrease in cash held** | | **(614,778)** | (379,791) |
| **Cash at the beginning of the financial year** | | **2,480,280** | 2,860,071 |
| **Cash at the end of the financial year** | 8(a) | **1,865,502** | 2,480,280 |

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

For personal use only

# 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 29th September 2020.

## 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 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and fin ance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

## Impact of adoption

At inception of a contract the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

**For the financial year ended 30 June 2020**

For personal use only

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

There are no material new or amended Accounting Standards which will materially affect the Group.

### 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.

### 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.

For personal use only

## (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.

## (d) Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**For the financial year ended 30 June 2020**

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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.

For personal use only

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.

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

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.

For personal use only

**For the financial year ended 30 June 2020**

# NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (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.

For personal use only

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.

## (q) Comparative figures

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

For personal use only

**For the financial year ended 30 June 2020**

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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:

***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.

For personal use only

For personal use only

***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.

For personal use only

## 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.

For personal use only

***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 2020 of $768,723 (2019: $491,982). 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.

***Coronavirus (COVID-19) pandemic***

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the Group's activities, staffing and geographic regions in which the Group operates. Whilst there has been delay to the commencement of certain exploration activities, there does not currently appear to be direct material impact upon the financial statements as at the reporting date as a result of the Coronavirus (COVID-19) pandemic.

For personal use only

## 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.

## NOTE 5 OTHER INCOME

| | Consolidated | |
|---|---|---|
| | 2020 $ | 2019 $ |
| **Operating activities** | | |
| Project generation fees | **-** | 400,000 |
| Cash flow assistance grant | **50,000** | - |
| Management fees from farm-in and project generation alliance partners | **42,001** | 63,647 |
| Other income | **4,528** | 3,954 |
| | **96,529** | 467,601 |

## NOTE 6 LOSS FOR THE YEAR

| | Consolidated | |
|---|---|---|
| | 2020 $ | 2019 $ |
| **Loss before income tax includes the following specific benefits/(expenses):** | | |
| Depreciation: Office equipment | **(633)** | (593) |
| Total exploration and joint venture costs not capitalised and written off | **(284,403)** | (294,359) |
| (Loss)/Gain in fair value of financial assets[1] | **276,740** | (461,234) |

[1] Adjustment to carrying value of investment in Hampton Hill NL, based on ASX closing price as at 30 June 2020. The gain/(loss) on investment has been recognised in the Statement of Profit or Loss. Refer note 11.

## NOTE 7 INCOME TAX

| | Consolidated | |
|---|---|---|
| | 2020 $ | 2019 $ |
| **a) Income tax expense** | | |
| **Current income tax:** | | |
| Current income tax charge (benefit) | **(649,960)** | (516,515) |
| Current income tax not recognised | **649,960** | 516,515 |
| **Deferred income tax:** | | |
| Relating to origination and reversal of timing differences | **1,172,779** | 1,019,703 |
| Deferred income tax benefit/(liability) not recognised | **(1,172,779)** | (1,019,703) |
| Income tax expense/(benefit) reported in the income statement | **-** | - |

For personal use only

## NOTE 7 INCOME TAX (CONTINUED)

| | Consolidated | |
|---|---|---|
| | 2020 $ | 2019 $ |
| **b) Reconciliation of income tax expense to prima facie tax payable** | | |
| Profit/(Loss) from continuing operations before income tax expense | **(1,126,275)** | (1,064,491) |
| Tax at the Australian rate of 27.5% (2019 – 27.5%) | **(309,726)** | (292,735) |
| **Tax effect of permanent differences:** | | |
| Non-deductible share based payment | **103,191** | 23,795 |
| Unrealised movement in fair value of financial assets | **(76,103)** | 126,839 |
| Exploration costs written off | **13,036** | - |
| Capital raising costs claimed | **(10,452)** | (9,597) |
| Net deferred tax asset benefit not brought to account | **280,054** | 151,698 |
| Tax (benefit)/expense | **-** | - |
| **c) Deferred tax – Balance Sheet** | | |
| **Liabilities** | | |
| Prepaid expenses | **(40,698)** | (41,034) |
| Capitalised exploration expenditure | **(3,840,042)** | (3,577,353) |
| | **(3,880,740)** | (3,618,387) |
| **Assets** | | |
| Revenue losses available to offset against future taxable income | **9,107,450** | 9,107,450 |
| Employee provisions | **86,123** | 86,651 |
| Accrued expenses | **9,813** | 1,089 |
| Deductible equity raising costs | **18,596** | 23,319 |
| | **9,221,981** | 7,786,849 |
| Net deferred tax asset not recognised | **5,341,241** | 4,168,462 |
| **d) Deferred tax – Income Statement** | | |
| **Liabilities** | | |
| Prepaid expenses | **336** | 25,685 |
| Capitalised exploration expenditure | **(262,689)** | (376,834) |
| **Assets** | | |
| Deductible equity raising costs | **(4,725)** | (6,646) |
| Accruals | **8,724** | (20,963) |
| Increase/(decrease) in tax losses carried forward | **1,431,661** | (648,240) |
| Employee provisions | **(528)** | 7,295 |
| Deferred tax benefit/(expense) movement for the period not recognised | **1,172,779** | (1,019,703) |

## NOTE 7 INCOME TAX (CONTINUED)

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 were incurred by Australian entities.

The Company intends to issue Junior Mineral Exploration Incentive (JMEI) credits to eligible shareholders in respect of the 2020 financial year amounting to $185,496 (2019: $309,504), a total of $674,531 (2019: $1,125,469) in tax losses has been cancelled as at 30 June 2020 in the above disclosures in respect of this issue.

## NOTE 8 CURRENT ASSETS – CASH AND CASH EQUIVALENTS

| | Consolidated | |
|---|---|---|
| | 2020 $ | 2019 $ |
| Cash at bank and on hand | **488,373** | 907,780 |
| Deposits at call | **1,377,129** | 1,573,000 |
| | **1,865,502** | 2,480,280 |

### (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 | **1,865,502** | 2,480,280 |

### (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).

For personal use only

For personal use only

## NOTE 9 CURRENT ASSETS – RECEIVABLES

| | Consolidated | |
|---|---|---|
| | 2020 $ | 2019 $ |
| **a) Trade and other receivables** | | |
| Funds due from project generation and farm-in partners | **6,927** | 47,983 |
| Trade and other receivables | **41,271** | 11,207 |
| GST recoverable | **9,690** | 11,502 |
| | **57,888** | 70,692 |
| **b) Other current assets** | | |
| Prepaid tenement costs | **147,994** | 149,216 |

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

## NOTE 10 NON-CURRENT ASSETS – INVESTMENT IN CONTROLLED ENTITIES

### a) Investment in controlled entities

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

| | | |
|---|---|---|
| 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 | |
|---|---|---|---|
| | | 2020 | 2019 |
| 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.

## NOTE 10 NON-CURRENT ASSETS – INVESTMENT IN CONTROLLED ENTITIES (CONTINUED)

### b) Loans to controlled entities

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

| | 2020 $ | 2019 $ |
|---|---|---|
| Encounter Operations Pty Ltd | 22,051,111 | 21,783,786 |
| Hamelin Resources Pty Ltd | 4,944,451 | 4,280,398 |
| Encounter Yeneena Pty Ltd | 881,285 | 803,052 |
| Baudin Resources Pty Ltd | 120,661 | - |

The loans to Encounter Operations Pty Ltd, Hamelin Resources Pty Ltd, Encounter Yeneena Pty Ltd and Baudin Resources 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.

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

| | Consolidated | |
|---|---|---|
| | 2020 $ | 2019 $ |
| Balance at the start of the financial year[1] | **491,983** | 953,216 |
| Gain on investments recognised through profit & loss[2] | **276,740** | (461,234) |
| Balance at the end of the financial year | **768,723** | 491,982 |

[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 18 February 2020, being the last date that the shares traded on ASX. 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).

For personal use only

For personal use only

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

| | Consolidated | |
|---|---|---|
| | 2020 $ | 2019 $ |
| **Field equipment** | | |
| At cost | **805,219** | 844,631 |
| Accumulated depreciation | **(721,645)** | (808,813) |
| | **83,574** | 35,818 |
| **Office equipment** | | |
| At cost | **112,170** | 111,107 |
| Accumulated depreciation | **(110,549)** | (109,916) |
| | **1,621** | 1,191 |
| **Leasehold improvements** | | |
| At cost | **22,137** | 22,137 |
| Accumulated depreciation | **(22,137)** | (22,137) |
| | **-** | - |
| | **85,195** | 37,009 |
| **Reconciliation** | | |
| **Field equipment** | | |
| Net book value at start of the year | **35,818** | 53,731 |
| Cost of additions | **84,133** | - |
| Net book value of disposals | **-** | - |
| Depreciation charged | **(36,377)** | (17,913) |
| Net book value at end of the year | **83,574** | 35,818 |
| **Office equipment** | | |
| Net book value at start of the year | **1,191** | 1,784 |
| Cost of additions | **1,063** | - |
| Depreciation charged | **(633)** | (593) |
| Net book value at end of the year | **1,621** | 1,191 |

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

**In the exploration and evaluation phase**

| | | |
|---|---|---|
| Capitalised exploration costs at the start of the period | **13,008,555** | 11,638,248 |
| Total acquisition and exploration costs for the period (i) | **1,612,805** | 1,899,443 |
| Exploration costs funded by EIS grant | **(120,000)** | (107,090) |
| Research and development tax credits (ii) | **(253,168)** | (126,687) |
| Total exploration and joint venture costs written off and expensed for the period | **(284,403)** | (294,359) |
| Capitalised exploration costs at the end of the period | **13,963,789** | 13,008,555 |

**For the financial year ended 30 June 2020**

## NOTE 13 NON-CURRENT ASSETS – CAPITALISED MINERAL EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

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.
(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.

## 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) Joint Venture and 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 - Yeneena Copper-Cobalt Project ("Yeneena")– IGO Limited NL (IGO)***

The key terms of the earn-in and joint venture 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.

For personal use only

*Joint Venture Agreement – Newcrest Mining Limited (ASX:NCM)*

Newcrest and Encounter currently have four separate joint ventures (Selby, Watts, Lewis and Aileron), initially on a 50:50 basis. While these are separate joint ventures, each joint venture is on the same or largely similar terms.

- Newcrest sole fund expenditure and may increase its interest to 80% in any of the joint venture by delivering a JORC Inferred Resource of greater than 1 million ounces of gold or gold equivalent.
- Upon notification of the JORC Inferred Resource, Encounter can elect to maintain its 20% interest in the joint venture by funding its portion of future expenditure or Newcrest will acquire Encounter's joint venture interest for fair value (being an amount agreed or as determined by independent experts).
- Prior to a decision to mine being made, if Encounter elects not to contribute to expenditure at any time after previously contributing, then standard industry dilution formulas will apply down to a 10% interest. If Encounter's interest dilutes below 10%, the interest will be transferred to Newcrest and Encounter will be entitled to a 2% net smelter royalty.
- If Newcrest elects at any time to withdraw from the joint venture or its interest in the joint venture dilutes to below 10%, Newcrest's interest will be transferred to Encounter.

## NOTE 15 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

| | Consolidated | |
|---|---|---|
| | 2020 $ | 2019 $ |
| Trade payables and accruals | **174,757** | 151,051 |
| Other payables | **66,257** | 48,231 |
| Trade and other receivables | **241,014** | 199,282 |

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

## NOTE 16 CURRENT LIABILITIES - EMPLOYEE BENEFITS

| | | |
|---|---|---|
| Liability for annual leave | **112,815** | 125,575 |
| Liability for long service leave | **200,360** | 189,521 |
| | **313,175** | 315,096 |

For personal use only

For personal use only

## 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 | 2020 No. | 2019 No. | 2020 $ | 2019 $ |
|---|---|---|---|---|---|
| **b) Share capital** | | | | | |
| Issued share capital | | **280,824,968** | 262,375,092 | **43,828,235** | 42,465,654 |
| **c) Share movements during the year** | | | | | |
| Balance at the start of the financial year | | **262,375,092** | 238,375,092 | **42,465,654** | 40,676,386 |
| Share placement | $0.075 | **-** | 24,000,000 | **-** | 1,800,000 |
| Share placement | $0.075 | **18,449,876** | - | **1,383,741** | - |
| Less share issue costs | | **-** | - | **(21,160)** | (10,732) |
| Balance at the end of the financial year | | **280,824,968** | 262,375,092 | **43,828,235** | 42,465,654 |

## 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 5,300,000 options (2019: 4,650,000) over unissued shares.

### b) Options exercised during the year

During the financial year the Company issued no shares (2019: Nil) on the exercise of unlisted employee options.

### c) Options cancelled during the year

During the year no options (2019: 475,000) were cancelled upon termination of employment; and 1,075,000 options (2019: 7,191,429) were cancelled on expiry of exercise period.

For personal use only

## d) Options on issue at the balance date

The number of options outstanding over unissued ordinary shares at 30 June 2019 is 13,950,000 (2019: 9,725,000). The terms of these options are as follows:

| Number of options outstanding | Exercise price | Expiry date |
|---|---|---|
| 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 |
| 5,300,000 | 20 cents | 31 October 2023 |
| **13,950,000** | | |

## e) Subsequent to the balance date

900,000 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)***

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | No. | WAEP (cents) | No. | WAEP (cents) |
| Options outstanding at the start of the year | **9,725,000** | **12.9** | 12,741,429 | 18.5 |
| Options granted during the year | **5,300,000** | **20.0** | 4,650,000 | 10.0 |
| Options exercised during the year | **-** | **-** | - | - |
| Options cancelled and expired unexercised during the year | **(1,075,000)** | **25.9** | (7,666,429) | 20.4 |
| Options outstanding at the end of the year | **13,950,000** | **14.6** | 9,725,000 | 12.9 |

***Weighted average contractual life***

The weighted average contractual life for un-exercised options is 28.4 months (2019: 31.7 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 |
|---|---|---|---|---|---|---|
| **26 Nov 2019** | **5,300,000** | 20 | 31 Oct 2023 | 0.69% | 83.6% | $375,240 |

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

For personal use only

## NOTE 19 RESERVES AND ACCUMULATED LOSSES

| | Consolidated | | | |
|---|---|---|---|---|
| | 2020 | | 2019 | |
| | Accumulated losses $ | Equity remuneration reserve (i) $ | Accumulated losses $ | Equity remuneration reserve (i) $ |
| Balance at the beginning of the year | **(27,011,196)** | **268,898** | (26,075,127) | 310,792 |
| Profit/(Loss) for the period | **(1,126,275)** | **-** | (1,064,491) | - |
| Movement in equity remuneration reserve in respect of options issued | **-** | **375,240** | - | 86,528 |
| Transfer to accumulated losses on cancellation of options | **67,494** | **(67,494)** | 128,422 | (128,422) |
| Balance at the end of the year | **(28,069,977)** | **576,644** | (27,011,196) | 268,898 |

(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.

### Interest rate risk

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

| | Carrying amount ($) | |
|---|---|---|
| | 2020 | 2019 |
| **Fixed rate instruments** | | |
| Financial assets | **-** | - |
| **Variable rate instruments** | | |
| Financial assets | **1,865,502** | 2,480,280 |

### 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.

For personal use only

## NOTE 20 FINANCIAL INSTRUMENTS (CONTINUED)

| | Profit or loss | | Equity | |
|---|---|---|---|---|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| **2020** | | | | |
| **Variable rate instruments** | **18,655** | **(18,655)** | **18,655** | **(18,655)** |
| 2019 | | | | |
| Variable rate instruments | **24,803** | **(24,803)** | 24,803 | (24,803) |

### 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 |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| **2020** | | | | | | | |
| **Trade and other payables** | **174,757** | **174,757** | **174,757** | - | - | - | - |
| | **174,757** | **174,757** | **174,757** | - | - | - | - |
| 2019 | | | | - | - | - | - |
| Trade and other payables | **151,051** | **151,051** | 151,051 | - | - | - | - |
| | **151,051** | **151,051** | 151,051 | - | - | - | - |

### 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 | | | |
|---|---|---|---|---|
| | 2020 | | 2019 | |
| | Carrying amount $ | Fair value $ | Carrying amount $ | Fair value $ |
| Cash and cash equivalents | **1,865,502** | **1,865,502** | 2,480,280 | 2,480,280 |
| Financial assets | **768,723** | **768,723** | 491,982 | 491,982 |
| Trade and other payables | **(174,757)** | **(174,757)** | (151,051) | (151,051) |
| Balance at the end of the year | **2,459,468** | **2,459,468** | 2,821,211 | 2,821,211 |

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

**For the financial year ended 30 June 2020**

## NOTE 21 DIVIDENDS

No dividends were paid or proposed during the financial year ended 30 June 2020 or 30 June 2019. The Company has no franking credits available as at 30 June 2020 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 directors**
Jonathan Hronsky, Director
Philip Crutchfield, 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:

| | 2020 $ | 2019 $ |
|---|---|---|
| Total short-term employment benefits | **636,256** | 623,770 |
| Total share-based payments | **311,520** | 68,601 |
| Total post-employment benefits | **57,880** | 59,260 |
| | **1,005,656** | 751,631 |

## NOTE 23 REMUNERATION OF AUDITORS

| | | |
|---|---|---|
| Total short-term employment benefits | **32,000** | 31,250 |

## 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 2020 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.

For personal use only

## NOTE 24 CONTINGENCIES (CONTINUED)

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.

***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.

***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 2020 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 $2,302,520 (2019: $1,214,770).

The exploration expenditure obligations stated above include amounts (approximately $1.9m) that are funded by third parties pursuant to various farm-in agreements (Note 14). Hence current expenditure commitment on Encounter 100% owned projects is approximately $0.4m.

### (b) Lease Commitments

There are no material operating lease commitments as at 30 June 2020 or 30 June 2019 not otherwise disclosed in the Financial Statements.

For personal use only

For personal use only

## NOTE 25 COMMITMENTS (CONTINUED)

### (c) Contractual Commitment

There are no material contractual commitments as at 30 June 2020 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

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has delayed the commencement of certain exploration programs, is has not materially financially impacted the Group up to 30 June 2020. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.

On 1 July 2020 the Company issued 900,000 options pursuant to its Employee Share Option Plan.

On 24 September 2020 the Company advised that it had entered into an option agreement which provides BHP Group Limited the right to earn up to a 75% interest in the Company's Elliott Copper Project in the Northern Territory by spending up to $22 million over 10 years.

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.

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

| | Consolidated | |
|---|---|---|
| | 2020 $ | 2019 $ |
| Profit/(Loss) from ordinary activities after income tax | **(1,126,275)** | (1,064,491) |
| (Profit)/loss on disposal of assets | **110,885** | - |
| Depreciation | **663** | 593 |
| Exploration cost written off and expensed | **284,403** | 294,359 |
| Share based payments expense | **375,240** | 86,528 |
| Unrealised (gain)/loss on investments | **(276,740)** | 461,234 |
| Contribution to overheads from farm-in and project alliance partners | **(42,001)** | (63,647) |
| EIS grant funding offset against capitalised exploration | **120,000** | 112,674 |
| **Movement in assets and liabilities:** | | |
| (Increase)/decrease in receivables | **(3,959)** | 5,690 |
| Increase/(decrease) in payables | **(29,976)** | (46,154) |
| Net cash outflow from operating activities | **(577,808)** | (213,214) |

For personal use only

## NOTE 29 EARNINGS PER SHARE

| | Consolidated | |
|---|---|---|
| | 2020 | 2019 |
| | Cents | Cents |
| **a) Basic earnings per share** | | |
| Profit/(Loss) attributable to ordinary equity holders of the Company | **(0.4)** | (0.4) |
| **b) Diluted earnings per share** | | |
| Profit/(Loss) attributable to ordinary equity holders of the Company | **(0.4)** | (0.4) |

### c) Loss used in calculation of basic and diluted loss per share

| | $ | $ |
|---|---|---|
| Consolidated profit/(loss) after tax from continuing operations | **(1,126,275)** | (1,064,491) |

### d) Weighted average number of shares used as the denominator

| | No. | No. |
|---|---|---|
| Weighted average number of shares used as the denominator in calculating basic earnings per share | **280,192,048** | 253,498,380 |
| Weighted average number of shares used as the denominator in calculating diluted earnings per share | **280,192,048** | 253,498,380 |

At 30 June 2020, the Company has on issue 13,950,000 options (2019: 9,725,000) over ordinary shares that are not considered to be dilutive.



## NOTE 30 PARENT ENTITY INFORMATION

| | Company | |
|---|---|---|
| | 2020 $ | 2019 $ |
| **Financial position** | | |
| **Assets** | | |
| Current assets | **2,061,193** | 2,680,979 |
| Non-current assets | **14,834,189** | 13,556,755 |
| Total Assets | **16,895,382** | 16,237,734 |
| **Liabilities** | | |
| Current liabilities | **560,480** | 514,378 |
| Non-current liabilities | **-** | - |
| Total Liabilities | **560,480** | 514,378 |
| **NET ASSETS** | **16,334,902** | **15,723,356** |
| **Equity** | | |
| Issued capital | **43,828,235** | 42,465,654 |
| Equity remuneration reserve | **576,644** | 268,898 |
| Accumulated losses | **(28,069,977)** | (27,011,196) |
| **TOTAL EQUITY** | **16,334,902** | **15,723,356** |
| **Financial performance** | | |
| Profit/(Loss) for the year | **(1,126,275)** | (1,064,391) |
| Other comprehensive income | **-** | - |
| **TOTAL COMPREHENSIVE INCOME** | **(1,126,275)** | **(1,064,391)** |

### 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.

For personal use only

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

(a) the financial statements and notes set out on pages 39 to 70 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 2020 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 2020.

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

Signed at Perth this 30th day of September 2020.



**W Robinson**
Managing Director

For personal use only



personal use only

For personal use only

**Crowe Perth**
ABN 96 844 819 235
Level 5 45 St Georges Terrace
Perth WA 6000
PO Box P1213
Perth WA 6844
Australia
Main +61 (8) 9481 1448
Fax +61 (8) 9481 0152
www.crowe.com.au

## 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 2020, 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 2020 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.

*Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Perth, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for acts or omissions of financial services licensees.*
*© 2020 Findex (Aust) Pty Ltd*

For personal use only

| 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.<br><br>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 $13.96m at 30 June 2020.<br><br>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:<br><br>• Evaluating management's documented assessment of the existence or otherwise of impairment indicators from both internal and external sources;<br>• Corroborating representations made by management with available external data and evidence obtained by us during the course of our audit; and<br>• Considering the appropriateness of relevant disclosures in the notes to the financial statements. |

***Information Other than the Financial Report and the Audit's Report Thereon***

The directors are responsible for the other information. The other information comprises the information included in the Group's 2020 Annual Report for the year ended 30 June 2020 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 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 upon the work we have performed, we conclude that there is 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.

For personal use only

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

For personal use only

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 also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be 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 30 to 36 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Encounter Resources Limited for the year ended 30 June 2020, 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**

**Suwarti Asmono**
Partner

Dated at Perth this 30th day of September 2020


Personal Photography



For personal use only

Pursuant to the Listing Requirements of the Australian Securities Exchange, the shareholder information set out below was applicable as at 23 September 2020.

## 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 | 109 | 40,787 |
| 1,001 – 5,000 | 232 | 768,729 |
| 5,001 – 10,000 | 212 | 1,734,919 |
| 10,001 – 100,000 | 549 | 21,419,219 |
| More than 100,000 | 228 | 256,861,314 |
| **TOTALS** | **1,330** | **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:

| | Issued Ordinary Shares | |
|---|---|---|
| **Shareholder Name** | **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% |

For personal use only

## C. TWENTY LARGEST SHAREHOLDERS

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

| | Ordinary Shares - Quoted | |
|---|---|---|
| **Shareholder Name** | **Number of shares** | **% of shares** |
| Zero Nominees Pty Ltd | 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 – GCSO | 13,000,000 | 4.63% |
| HSBC Custody Nominees (Australia) Limited | 11,310,199 | 4.03% |
| Stone Poneys Nominees Pty Ltd <Chapman Super Fund> | 9,400,000 | 3.35% |
| Merrill Lynch Australia Nominees Pty Ltd | 9,343,129 | 3.33% |
| Sundin Pty Ltd | 7,302,198 | 2.60% |
| Wythenshawe Pty Ltd | 6,000,000 | 2.14% |
| Solvista Pty Ltd | 5,000,000 | 1.78% |
| Domain Investment Holdings PL <Peter Los Family A/C> | 5,000,000 | 1.78% |
| Fifty Second Celebration <McBain Family A/C> | 4,843,063 | 1.72% |
| Precision Opportunities Funds <Inv A/C> | 3,500,000 | 1.25% |
| Kiki Super Fund | 3,277,216 | 1.17% |
| Citicorp Nominees Pty Ltd | 3,268,745 | 1.16% |
| Thirty Fifth Celebration Pty Ltd <JC McBain Super Fund> | 2,600,604 | 0.93% |
| P&S Bewick <Bewick Super Fund> | 2,200,000 | 0.78% |
| Paul Meathrel | 2,050,000 | 0.72% |
| **TOTAL** | **175,935,915** | **62.65%** |



## D. UNQUOTED SECURITIES

***Options over Unissued Shares***

| Number of Options | Exercise Price | Expiry Date | Number of Holders |
|---|---|---|---|
| 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 |
| 5,300,000 | 20 cents | 31 October 2023 | 9 |
| 900,000 | 22 cents | 30 June 2024 | 4 |
| **14,850,000** | | | |

## 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.

For personal use only



For personal use only

# ANNUAL REPORT 2020

ABN 47 109 815 796

For personal use only

Level 7, 600 Murray Street
West Perth Western Australia 6005

**T** (08) 9486 9455
**F** (08) 9486 8366
**E** contact@enrl.com.au

www.**enrl**.com.au

encounter
RESOURCES LIMITED