

Encounter to partner with South32 to Accelerate Northern Territory Copper Exploration

- **South32 and Encounter enter into two new Farm-in Agreements covering the Jessica Copper Project and the Carrara Copper-Zinc Project in the Northern Territory**
- **Jessica is situated along key structural corridors east of Tennant Creek and is prospective for large sediment-hosted copper and IOCG style deposits**
- **Carrara is located at an interpreted structural offset of the western margin of the Carrara Sub-basin which hosts the Century Zinc Mine on the eastern margin**
- **South32 to wholly fund initial exploration on each project and Encounter carried to the completion of a Scoping Study**
- **South32 may earn a 60% initial interest in a project by spending:**
 - **\$15 million in exploration expenditure over a period of 10 years at Jessica; and/or**
 - **\$10 million in exploration expenditure over a period of 10 years at Carrara**
- **South32 may earn an additional 15% interest in Jessica and/or Carrara upon completion of a Scoping Study for the relevant project**
- **Exploration has commenced with reprocessing of seismic lines at Carrara, which is part of the first year budget of \$1.3 million exploration expenditure across both projects**

The directors of Encounter Resources Ltd (“Encounter”) are pleased to announce that Encounter and a wholly owned subsidiary of South32 Ltd (“South32”) have entered into Farm-in and Joint Venture Agreements covering the Carrara Copper-Zinc Project (“Carrara”) and the Jessica Copper Project (“Jessica”) in the Northern Territory (“NT”) (the “South32 Agreements”).

Commenting on the South32 Agreements, Encounter Managing Director Will Robinson said:

“The Greater McArthur Superbasin in the NT is fast emerging as one of the most significant global opportunities for the discovery of new, large sediment-hosted copper and zinc deposits under shallow cover.

Encounter is advancing this vast opportunity via a combination of farm-in agreements with some of Australia’s largest mining companies (South32 and BHP) and an extensive portfolio of 100% owned projects.

Identifying opportunities, completing early stage exploration and then accelerating work through partnerships is one of the Company’s stated objectives. To date Encounter has completed farm-in agreements in the NT that can provide up to \$50 million in initial exploration funding from its partners.

The search for Tier-1 copper and zinc deposits in the NT continues to gather pace and we are delighted to be working with high quality partners with accomplished exploration teams to capture this huge opportunity.”

Jessica Copper Project

EL32273, EL32317, EL32338, EL32339, EL32386, EL32387, EL32388 and EL32493

Jessica covers ~6,300km² along key structural corridors east of Tennant Creek and is prospective for sediment-hosted copper and IOCG style deposits. Access to the project is via the sealed Tablelands Highway that traverses the western side of Jessica.

Jessica captures compelling structural targets along the Brunette Downs Rift Corridor that was identified in the Geoscience Australia Exploring for the Future Program. Jessica was targeted along the northern flanks of the East Tennant gravity ridge and the intersection with a major NNW structural corridor. Jessica has potential for both basement IOCG style mineralisation and sediment-hosted copper deposits.

Systematic assessment of drill chips from water bores at Jessica has been conducted by Encounter and a previous explorer utilising handheld XRF machines. Areas of copper anomalism were selected for chemical analysis and for the sample interval 0-3m in RN28419 (No. 39 water bore) which returned 1.5% copper (*refer ASX announcement 19 August 2020*).

Next steps

- Reprocessing of Geoscience Australia seismic lines that extend through Jessica to provide greater detail of the geology and structure in the upper 1,000m along the western margin of the sub-basin.
- Infill gravity surveys are in progress covering a series of high priority magnetic targets in conjunction with an extensive regional gravity survey being undertaken by the Northern Territory Geological Survey.

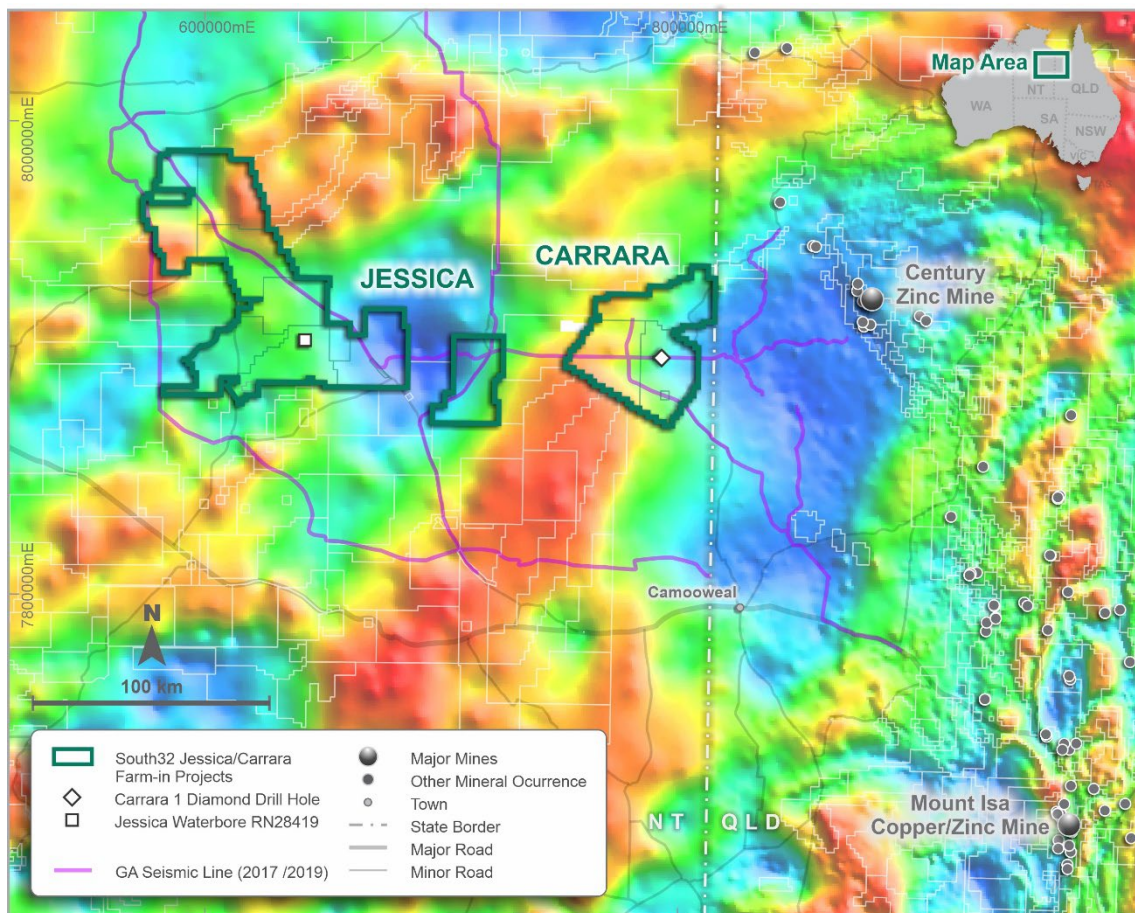


Figure 1 – Jessica and Carrara – Project location plan over gravity

Carrara Copper-Zinc Project

EL32476, EL32477, EL32701 and EL32813

Carrara was secured following the release of the South Nicholson Seismic Survey, a foundational dataset acquired as part of the Geoscience Australia Exploring for the Future Program. A key finding of this study is the correlation of prospective stratigraphic units from the Isa Superbasin into the Carrara Sub-basin that extend 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 Superbasin units are modelled closer to surface.

The giant Century Zinc Mine is located on the eastern margin of the Carrara Sub-basin, and there is a clear correlation of the Century mine stratigraphy across the basin in GA seismic data (Figures 1 and 2).

Late in 2020 a 1,751m deep stratigraphic drill hole (NDI Carrara-1) was completed as part of the National Drilling Initiative funded by the Minex CRC. This hole was designed to validate the interpretation of the South Nicholson Seismic Survey and was located within the Carrara tenement.

The results of the NDI Carrara-1 stratigraphic drill hole supports the interpretation that the geology of the Isa Superbasin extends throughout the Carrara Sub-basin. The presence of copper and zinc sulphide mineralisation (Figure 2) demonstrates that sediment hosted copper and zinc mineralising processes occur within the prospective host unit (refer ASX announcement 28 April 2021).

Next Steps

- Reprocessing of seismic lines that extend through Carrara to provide greater detail of the geology and structure in the upper 1,000m along the western margin of the sub-basin.
- A 2km x 2km gravity survey over Carrara by the Northern Territory Geological Survey is scheduled to be completed in the June 2022 quarter and will enable integration and interpretation in conjunction with other datasets.

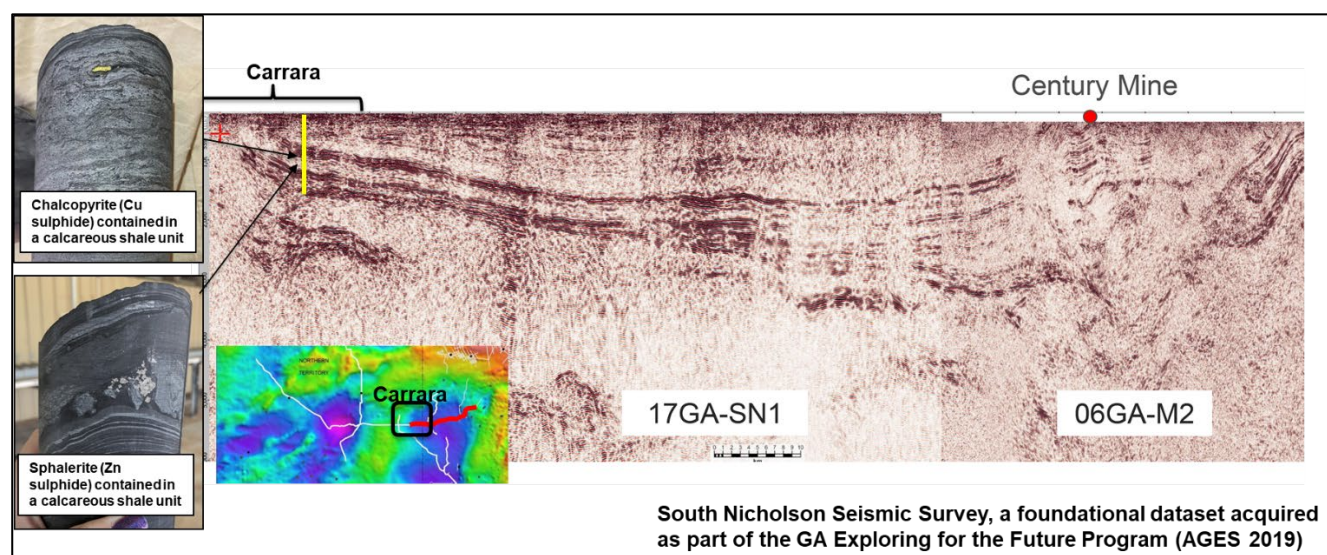


Figure 2 – Carrara Project - South Nicholson Seismic Survey and approx. location of NDI Carrara-1 stratigraphic hole (yellow)

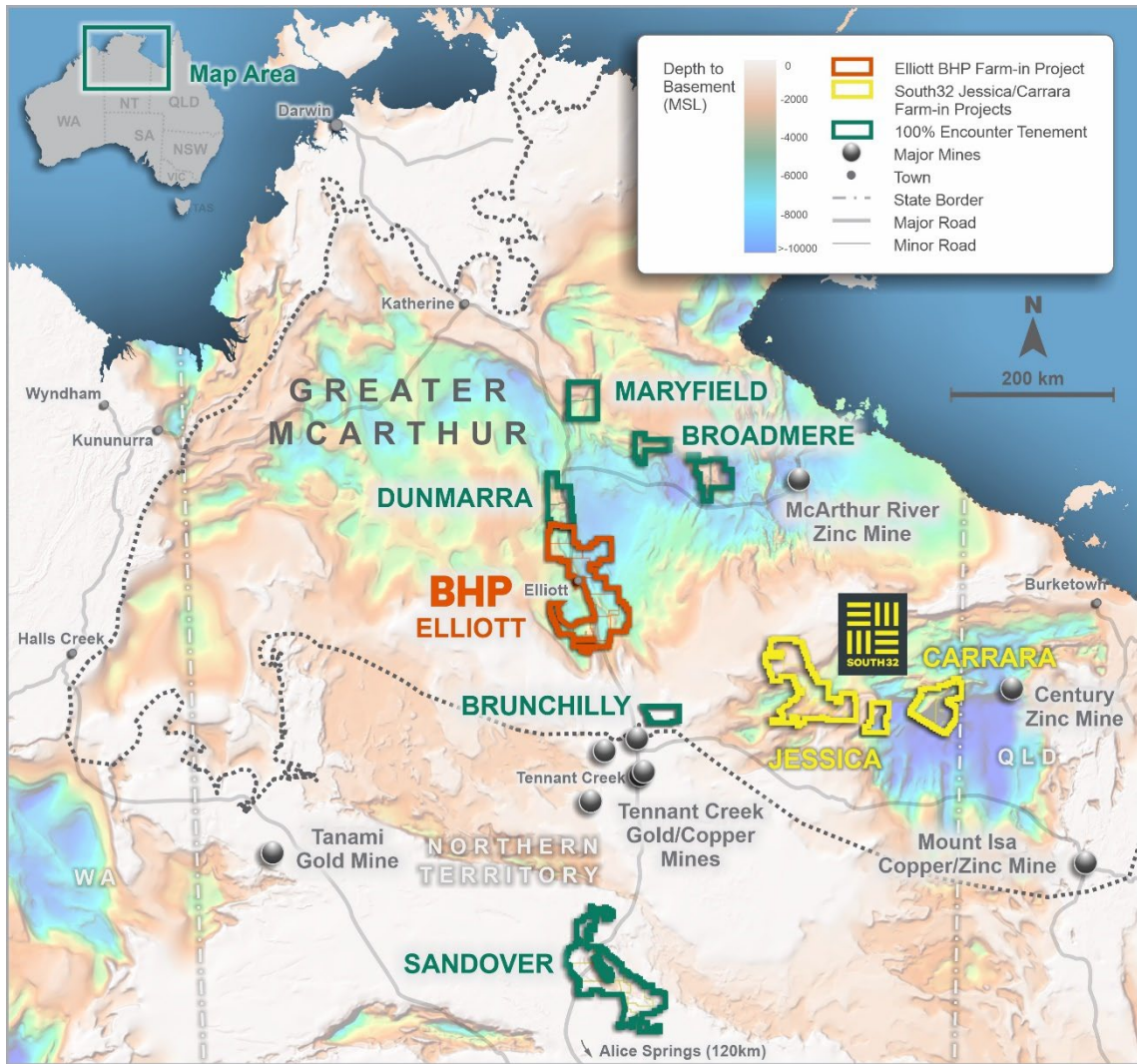


Figure 3 – Encounter projects in the Northern Territory - Project Location Plan

Farm-in and Joint Venture Agreement – Key Terms

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

Jessica

- South32 has the right to earn a 60% interest in Jessica (the “Initial Interest”) by sole funding \$15 million of exploration expenditure within 10 years.
- During the farm-in phase or joint venture period, South32 may earn an additional 15% interest in Jessica (the “Further Interest”) by completing a Scoping Study.
- Upon South32 earning the Initial Interest or Further Interest in Jessica, a 60:40 or 75:25 joint venture will be formed and in the case of South32 earning the Further Interest, the parties must contribute funds based on their pro-rata interest or dilute according to a standard dilution formula. Should a party’s interest dilute to below 10%, that party’s interest shall automatically convert to a net smelter return royalty.
- During the farm-in phase, South32 will be the Manager of the project.

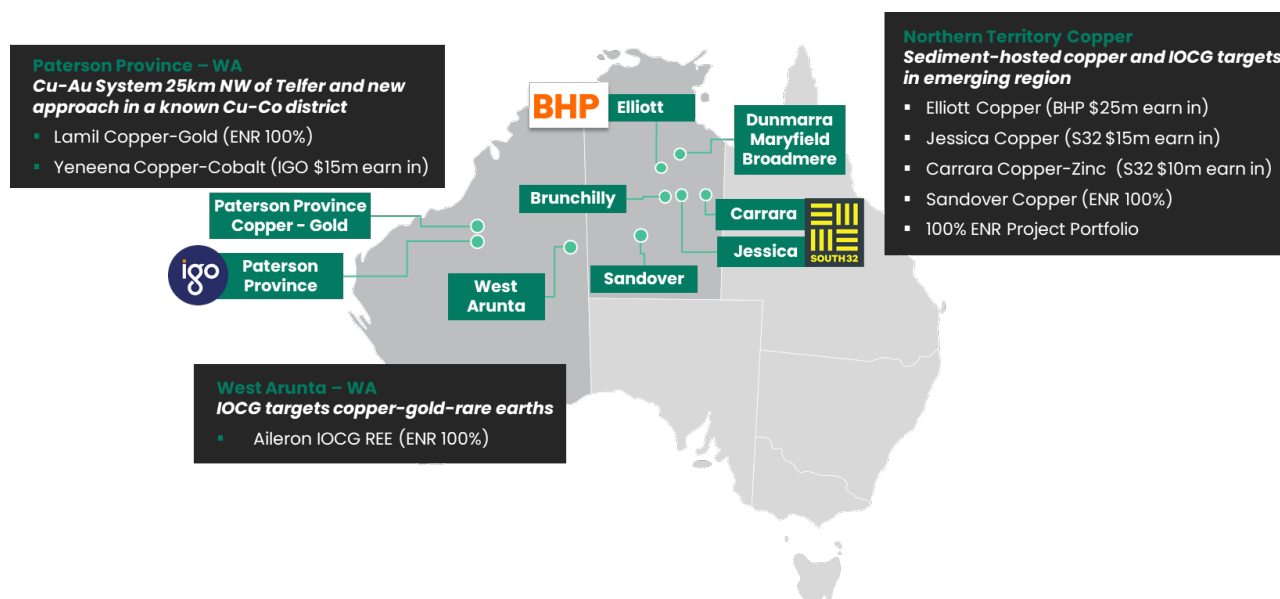
Carrara

- South32 has the right to earn a 60% interest in Carrara by sole funding \$10 million of exploration expenditure within 10 years.
- During the farm-in phase or joint venture period, South32 may earn an additional 15% interest in Carrara by completing a Scoping Study.
- Upon South32 earning the Initial Interest or the Further Interest in Carrara, a 60:40 or 75:25 joint venture will be formed and the parties must contribute funds based on their pro-rata interest or dilute according to a standard dilution formula. Should a party’s interest dilute to below 10%, that party’s interest shall automatically convert to a net smelter return royalty.
- During the farm-in phase, South32 will be the Manager of the project.

During the farm-in phase for both projects, a technical committee comprising representatives from each of Encounter and South32 will review and approve annual exploration programs and budgets. All decisions of the technical committee will be decided by majority vote, with South32 having a casting vote.

Scoping Study means an order of magnitude technical and economic study of the potential viability of JORC Mineral Resources for the relevant project.

About Encounter



Encounter is one of Australia’s leading mineral exploration companies listed on the ASX. Encounter’s primary focus is on discovering major copper dominant deposits in Australia.

Encounter partners with leading mid-tier and major producers to advance its extensive project pipeline with more than \$25m of project funding contributed by partners over the past decade. Currently, Encounter has farm-in agreements in place with world leading clean energy metals companies to provide up to \$65m in initial exploration funding.

Encounter’s assets include:

- A large project portfolio in the Paterson Province of WA where it is exploring for copper-gold deposits at its 100% owned Lamil Project and for copper-cobalt deposits at the Yeneena project with IGO Limited (ASX:IGO);
- A series of camp scale sediment hosted copper opportunities in the Northern Territory. This includes the Elliott copper project which is being advanced via a \$25m earn-in and joint venture in partnership with BHP (ASX:BHP) and farm-in agreements with South32 (ASX:S32) at the Jessica and Carrara projects; and
- The Aileron IOCG / REE project in the West Arunta region of WA.

About South32

South32 is a globally diversified mining and metals company. The company’s purpose is to make a difference by developing natural resources, improving people’s lives now and for generations to come. South32 is trusted by its owners and partners to realise the potential of their resources. South32 produces commodities including bauxite, alumina, aluminium, copper, silver, lead, zinc, nickel, metallurgical coal and manganese from its operations in Australia, Southern Africa and South America. With a focus on growing its base metals exposure, South32 also has two development options in North America and several partnerships with junior explorers around the world.

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The information in this report that relates to Exploration Results is based on information compiled by Mrs. Sarah James who is a Member of the Australasian Institute of Mining and Metallurgy. Mrs. James 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'. Mrs. James consents to the inclusion in the report of the matters based on the information compiled by her, 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.