

Province scale gold potential in WA: Tanami, Paterson Province, Laverton Tectonic Zone

Diggers and Dealers

August 2018

ASX: ENR



encounter
RESOURCES LIMITED

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Certain exploration drilling results for BM1, BM2 and BM7 are first disclosed under JORC code 2004. It has not been updated since to comply with the JORC code 2012 on the basis that the information has not materially changed.

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 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 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Bewick consents to the inclusion in the presentation of the matters based on his information 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.

Encounter at a glance

Creating value through project generation and discovery

- Targeting gold deposits with scale potential in Western Australia: Tanami, Paterson Province, Laverton Tectonic Zone
- Exposure to multiple, well funded, exploration programs via five 50:50 joint ventures with Newcrest Mining in the Tanami and West Arunta province
 - Target prioritisation advancing
 - Newcrest project generation alliance extended to mid-2019
- Shallow gold opportunities in the Paterson Province near Telfer
 - Latest drilling 3m @ 39g/t Au from 9m (July 2018)
- Project area covering interpreted southern extension of the prolific Laverton Tectonic Zone

Capital Structure

ASX ticker	ENR
Share price (02/08/2018)	A\$0.067
Shares on issue	238M
Options	12.7M
Market capitalisation	A\$16.0M
Cash	~A\$2.9M
Listed investments	~A\$0.9M
Enterprise value (net of cash and listed investments)	A\$12.2M
Board and Management	~15%

Scale opportunities in a first world jurisdiction

Tanami and West Arunta

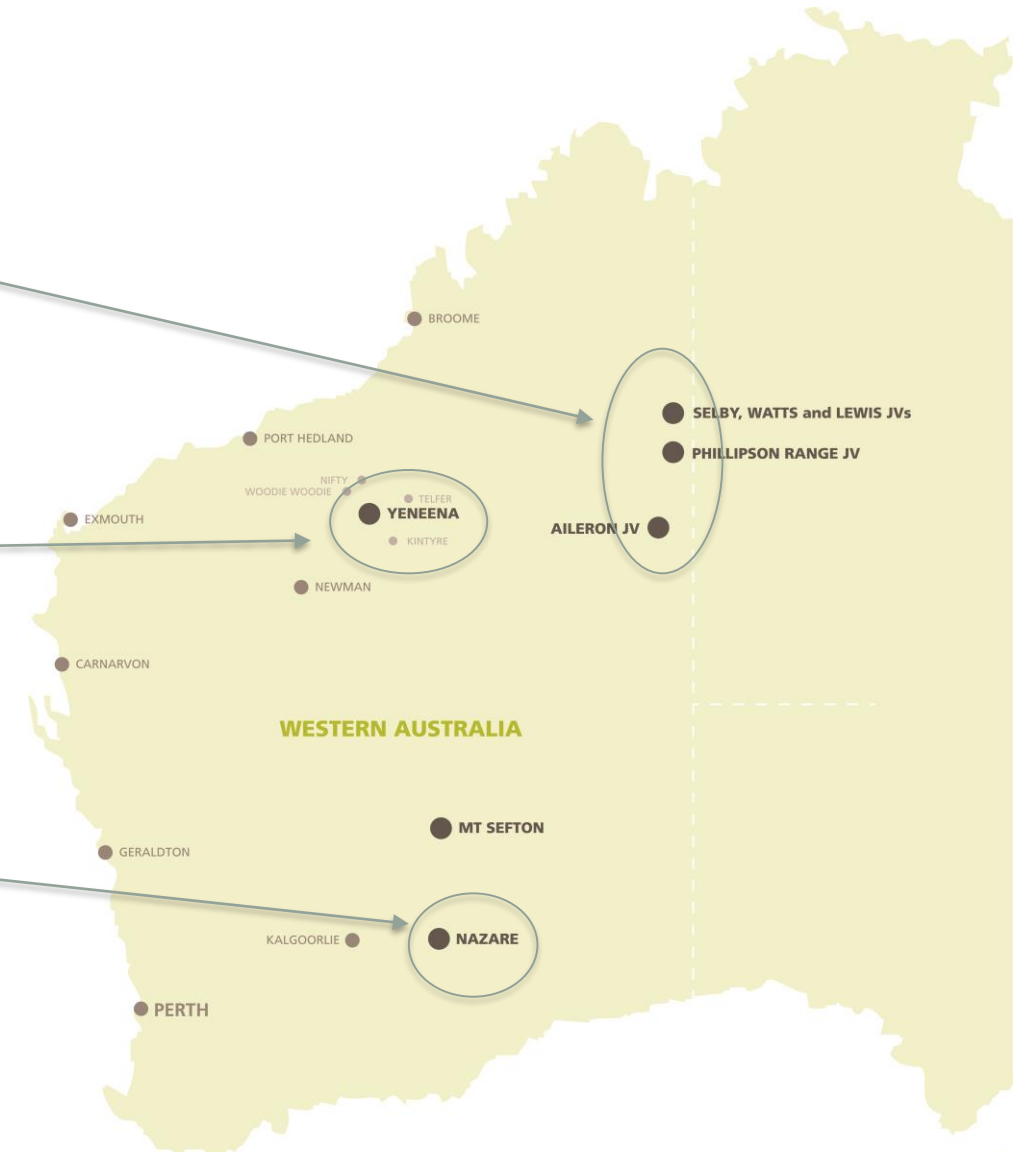
One of Australia's most prospective gold regions
Fast-tracking exploration via 5 joint ventures with Newcrest

Paterson Province

New discoveries being made near the 30Moz giant at Telfer
Recent activity of majors highlights province potential

Laverton Tectonic Zone

Innovative generative program in a world class gold province
Covers 40km extension of major structural corridor



Board and Management

Highly Experienced Board and Management team

Mr Paul Chapman, Non Executive Chairman

B.Comm, ACA, Grad. Dip. Tax, MAICD, MAusIMM

Mr Paul Chapman is a chartered accountant with over thirty 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.

Mr Will Robinson, Managing Director

B.Comm

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 also president of the resources industry advocacy body, the Association of Mining and Exploration Companies (AMEC).

Mr Peter Bewick, Exploration Director

B.Eng (Hons), MAusIMM

Mr Peter Bewick is a twenty five year 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 and Exploration Manager for WMC's Nickel Business Unit and Exploration Manager for North America based in Denver, Colorado.

Dr Jon Hronsky, Non Executive Director

BAppSci, PhD, MAusIMM, FSEG

Dr. Hronsky has more than thirty 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 Manager-Strategy & Generative Services for BHP Billiton Mineral Exploration. Dr. Hronsky is an Adjunct Professor at the University of Western Australia.

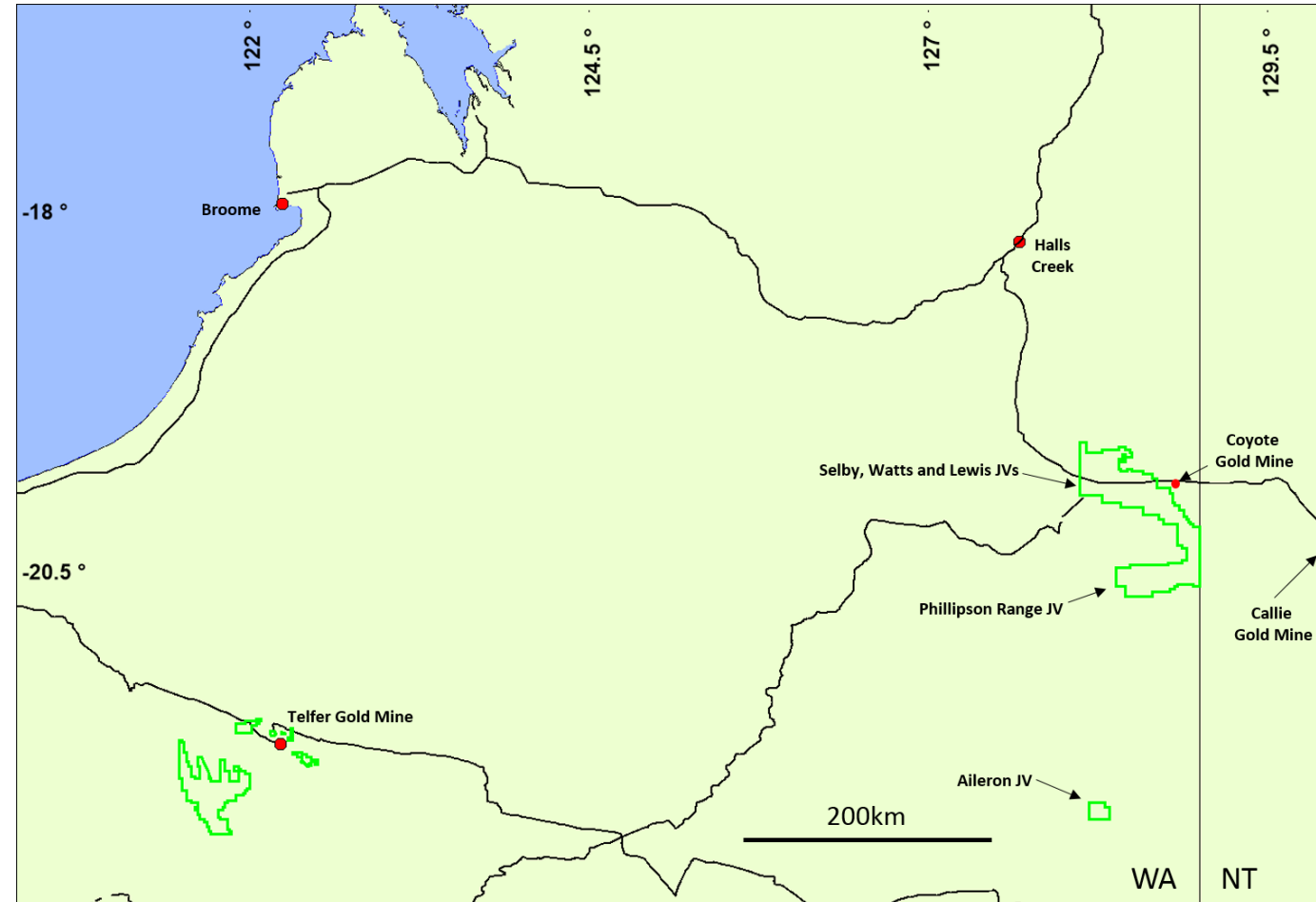
Tanami and West Arunta

- ▶ Major exploration portfolio in one of the world's most prospective gold regions



Tanami and West Arunta - a major new exploration portfolio

- Five separate joint ventures with Newcrest Mining Limited (ASX:NCM) covering 4,400km² of the Tanami Gold Province and West Arunta in WA
- Initially, each joint venture will be on a 50:50 basis
- 100km of strike of the major structural corridor that extends through the Tanami
- New regional gravity data outlined a fundamental controlling structure for gold mineralisation
- Material new near mine gold discoveries at Newmont's +14Moz Callie gold mine
- Sporadic historical exploration has produced high grade drill intersections



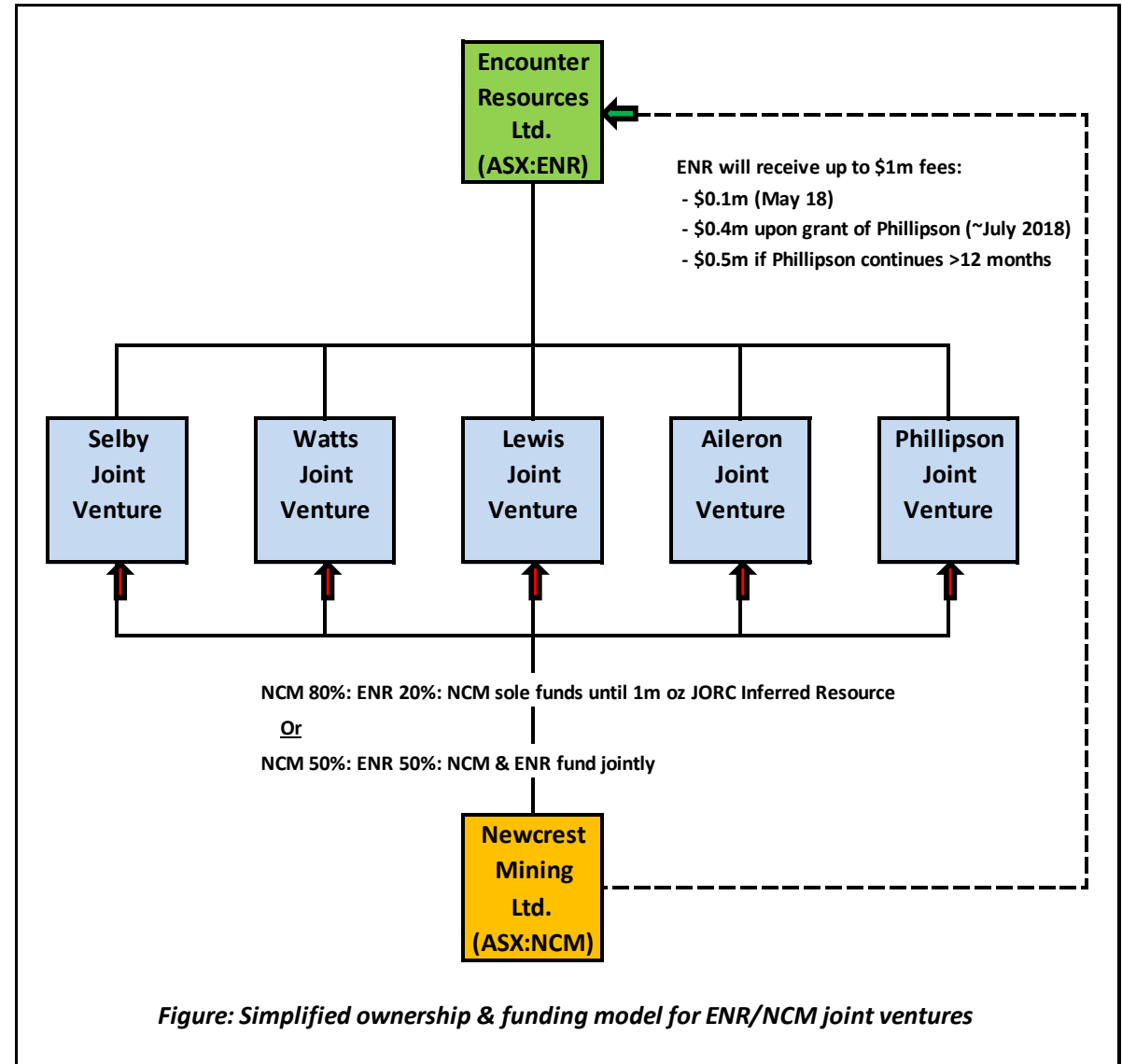
Location Map – Tanami / West Arunta joint venture areas

Newcrest Joint Ventures - Summary

Project generation
payment to ENR
Up to \$1m



Newcrest to fund
multiple JV
exploration programs



Benefits of the Newcrest Joint Ventures

Fast track opportunities

Encounter will be joining forces with Australia's largest gold company to advance five exciting major projects in the Tanami and West Arunta province

Well funded exploration programs

Encounter shareholders gain significant exposure to multiple, well funded, exploration programs in one of the most highly sought-after gold exploration districts in Australia

Funding

Encounter will receive up to \$1 million in project generation payments from Newcrest

Increased capacity

Exploration to be overseen by a technical committee comprising Encounter's highly credentialed team and the globally recognised technical expertise of Newcrest, with Newcrest to initially manage the joint ventures

Availability of greater resources

In the event of a decision to mine, Encounter can elect to enter a production joint venture with an experienced developer and operator in Newcrest

Selby, Watts, Lewis JVs

100km of strike along the Trans-Tanami structure

Selby Joint Venture (1,534km²) including:

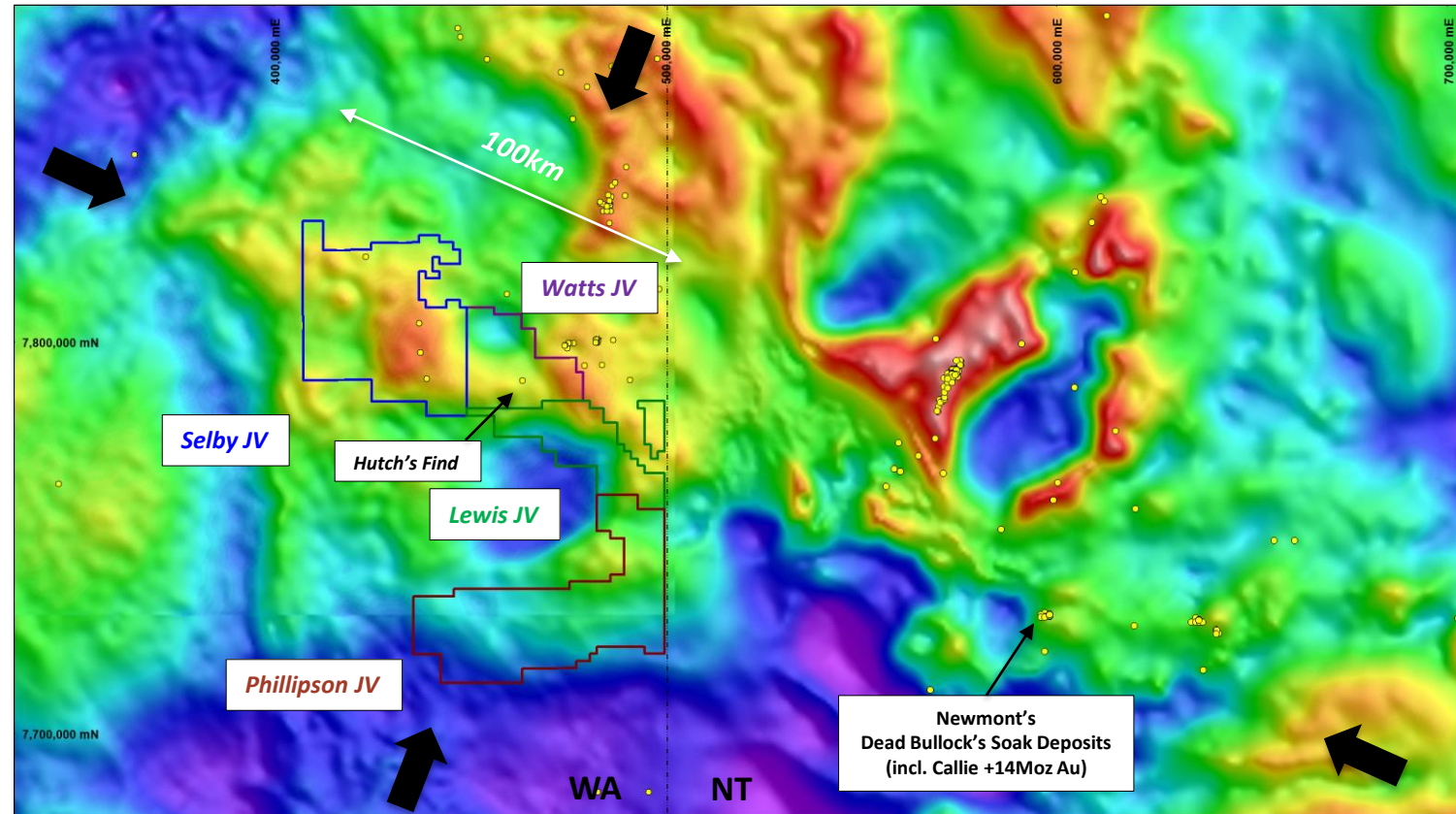
- Bandicoot – discrete 2km long magnetic anomaly with coincident gold/arsenic geochemical anomaly
- Camel – 7.2m @ 3.1g/t Au from 95m in last drill program (source Tanami Gold NL Quarterly Report September 2010)

Watts Joint Venture (552km²) including:

- Hutch's Find – significant zone of gold/arsenic anomalism in colluvium over 6km of strike (19m @ 2.3g/t Au from 98m and 10m @ 5.4 g/t Au from 123m in limited deep drilling) (source Tanami Gold NL Quarterly Report September 2010)
- Sunset Ridge – 8km long arsenic anomaly defined in shallow drilling

Lewis Joint Venture (619km²) including:

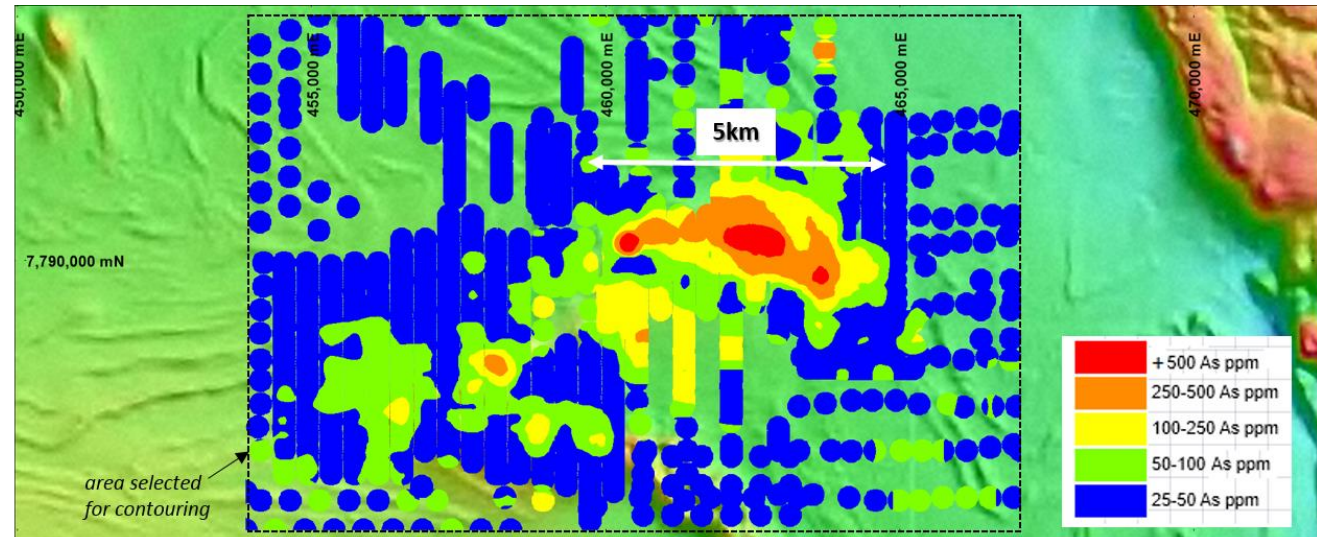
- 20 strike km of untested Trans-Tanami Structure



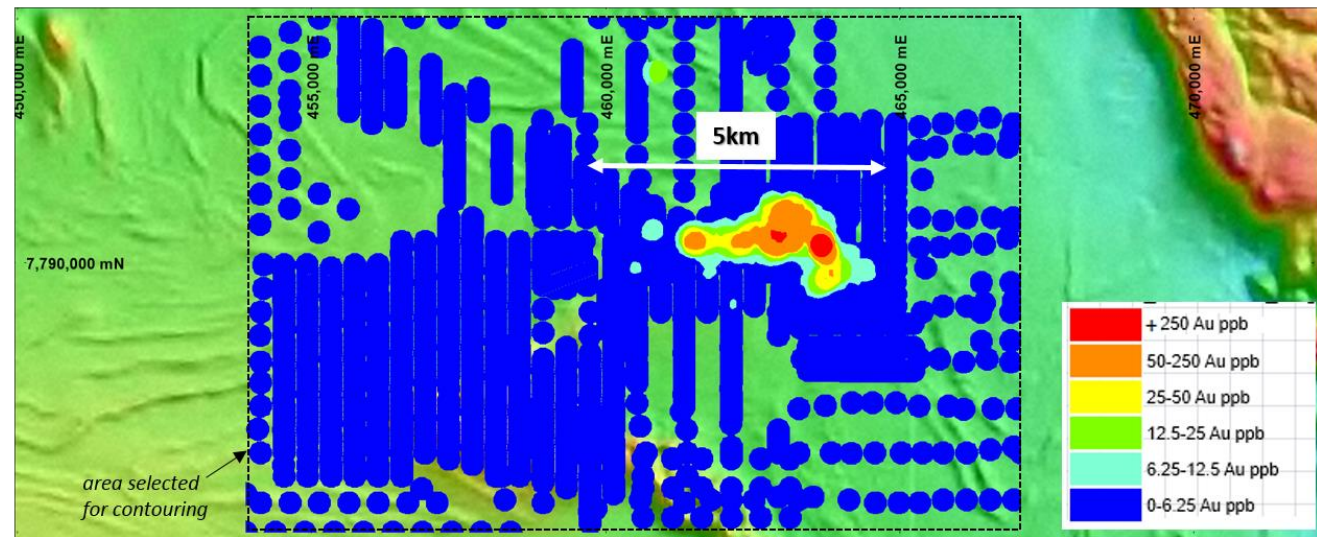
Tanami Joint Venture areas with gold occurrences over regional gravity data

Watts JV - Hutch's Find prospect

- Significant zone of gold/arsenic anomalism over 5km of strike
 - Max-in-hole geochemical plans cover an area of ~120km² and include 3,615 holes of which 95% are RAB, aircore or vacuum geochemical holes with an average depth of 11m
 - The limited RC and diamond drilling that has occurred is well mineralised and contains high grade gold intersections that remain open down plunge and along strike including:
 - HFDD4 – hole depth 184m
 - 19m @ 2.3g/t Au from 98m
 - 10m @ 5.4 g/t Au from 123m
 - 0.5m @ 17.2g/t Au from 164.3m
- (source Tanami Gold NL Quarterly Report September 2010)



Hutch's Find prospect. Maximum arsenic (As) in hole over tmi magnetics

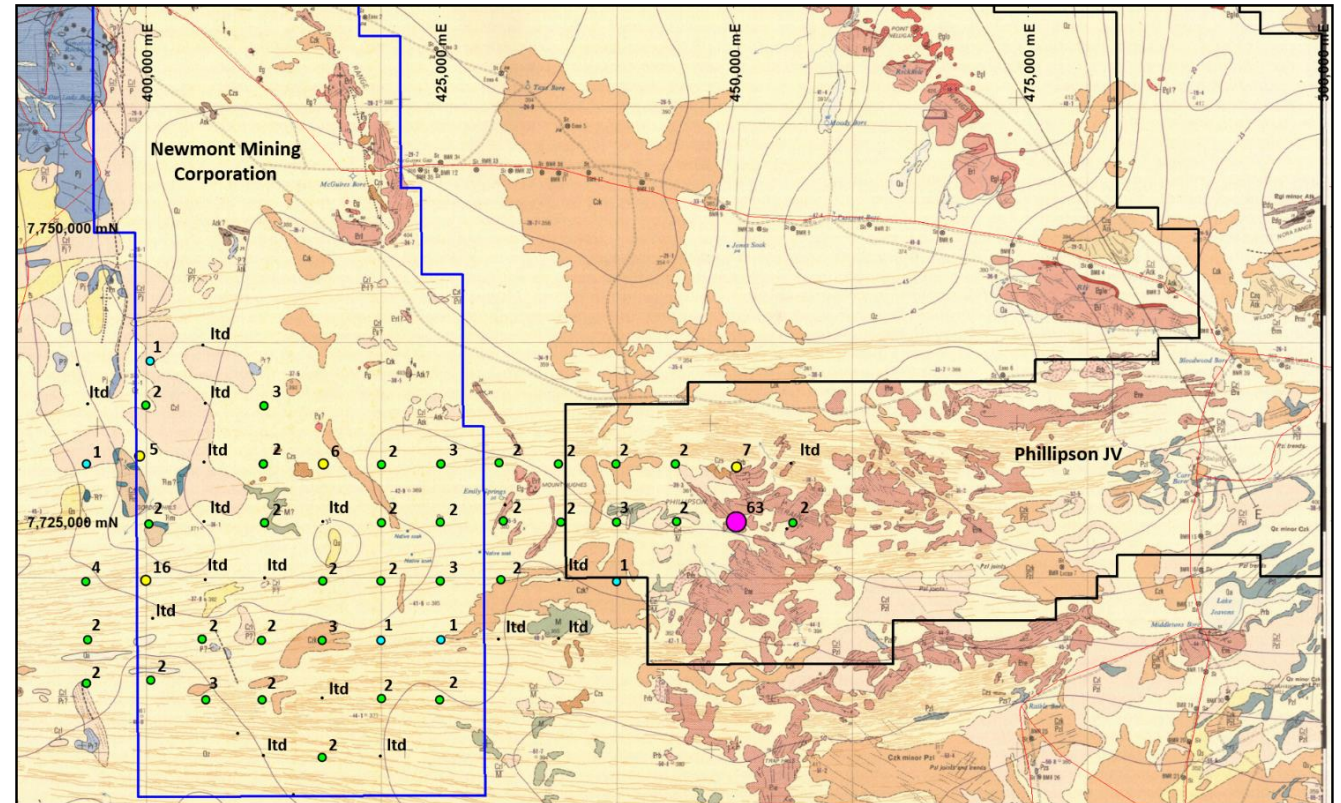


Hutch's Find prospect. Maximum gold (Au) in hole over tmi magnetics

(refer ASX announcement 30 April 2018)

Phillipson JV

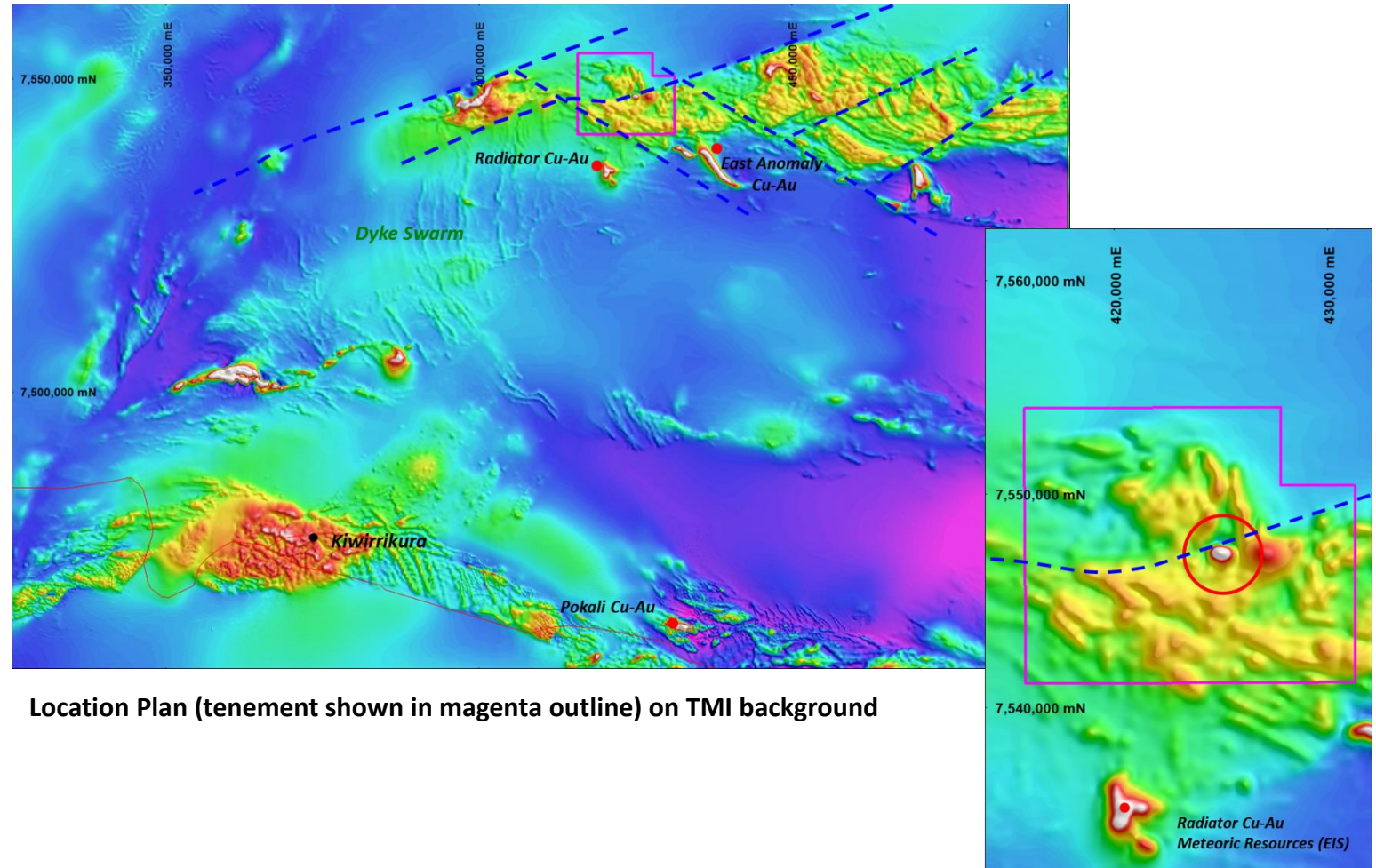
- Genuine first mover opportunity
- Large scale gold target in unexplored Neoproterozoic corridor in the southern Tanami
- Standout gold anomaly in regional GSWA geochemical survey peak gold soil anomaly up to 63ppb Au in a 5km x 5km helicopter-supported auger sampling survey
- Supporting multi-element anomalism in the area with arsenic, bismuth and cobalt (As up to 90ppm, Bi up to 2.9ppm and Co up to 13ppm) indicating a possible magmatic origin to the mineralising fluid
- Absolutely no previous exploration



GSWA 250K geology and regional soil sampling program (Au ppb)

Aileron JV - IOCG style target located in the West Arunta

- Discrete magnetic anomaly consistent with the scale of an Ernest Henry or Carrapateena style system
- High amplitude, 400m diameter sub vertical modelled pipe-like body on a major structural lineament
- No previous exploration



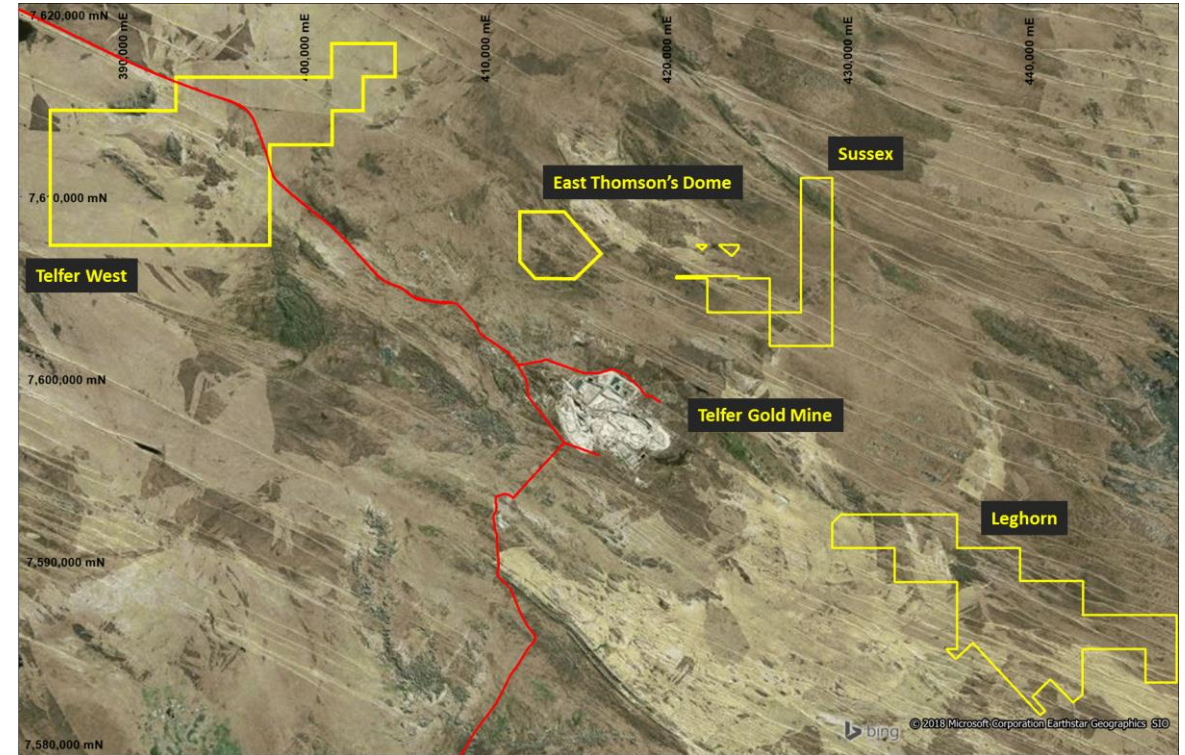
Paterson Province

- ▶ Shallow gold opportunities with scale potential near Telfer



Targeting mineralised domes in the shadow of a giant

- Utilising modern technology in known mineral provinces to generate superior shareholder returns
- Why we have focused on the Paterson Province?
 - Proven fertility to produce major deposits
 - Large outcropping discoveries made in 1970-80's (Nifty & Telfer)
 - Shallow sand cover inhibited previous explorers
 - Applying modern undercover exploration techniques – Biogeochem, CSIRO Ultrafine Fraction Soil, Drone mapping, VTEM
- Well funded majors and explorers aggressively exploring the Paterson Province

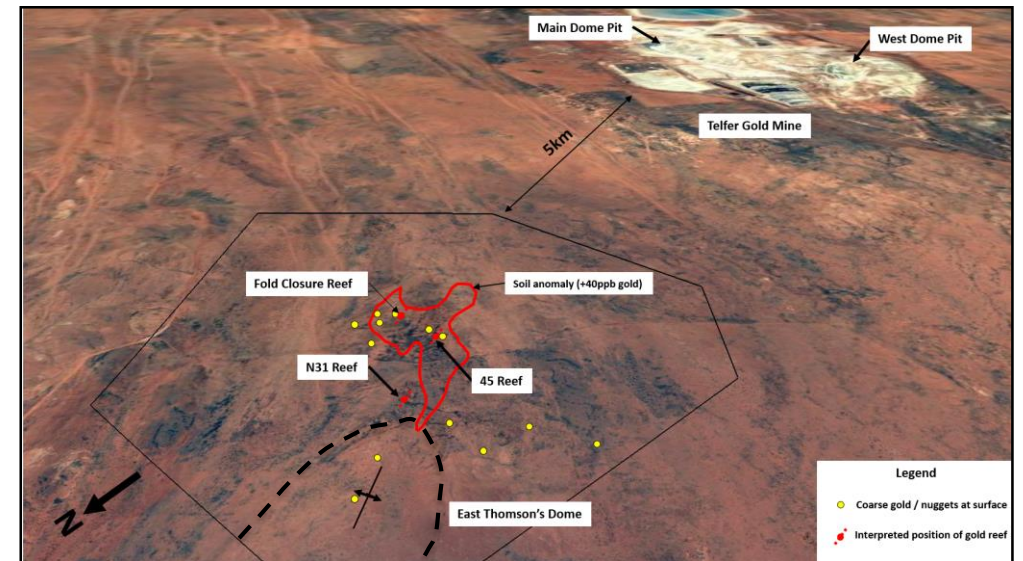


Telfer gold projects – Location plan

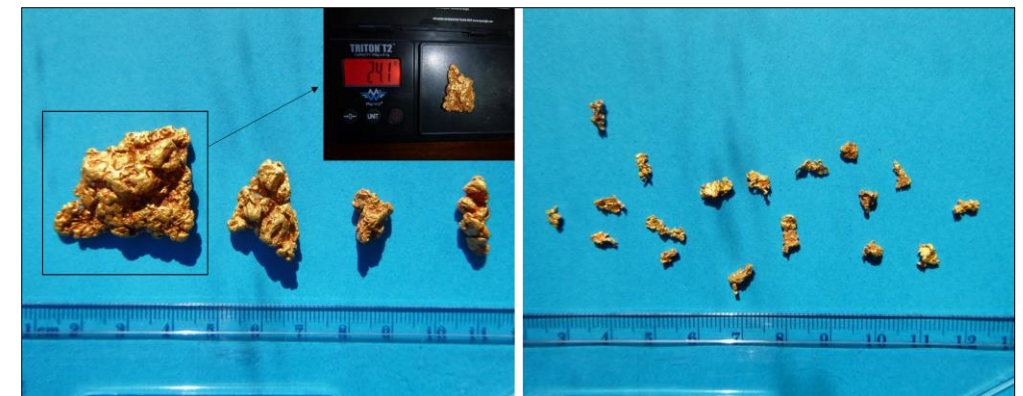


Shallow high grade reefs at East Thomson's Dome

- Shallow gold opportunities with scale potential in a prolific gold district
- Significant and valuable established infrastructure allows efficient exploration and commercialisation options for discoveries of various scale
- Limited historical drilling and modern exploration techniques present a significant opportunity
- Widespread coarse gold identified across East Thomson's Dome associated with multiple known gold bearing reefs

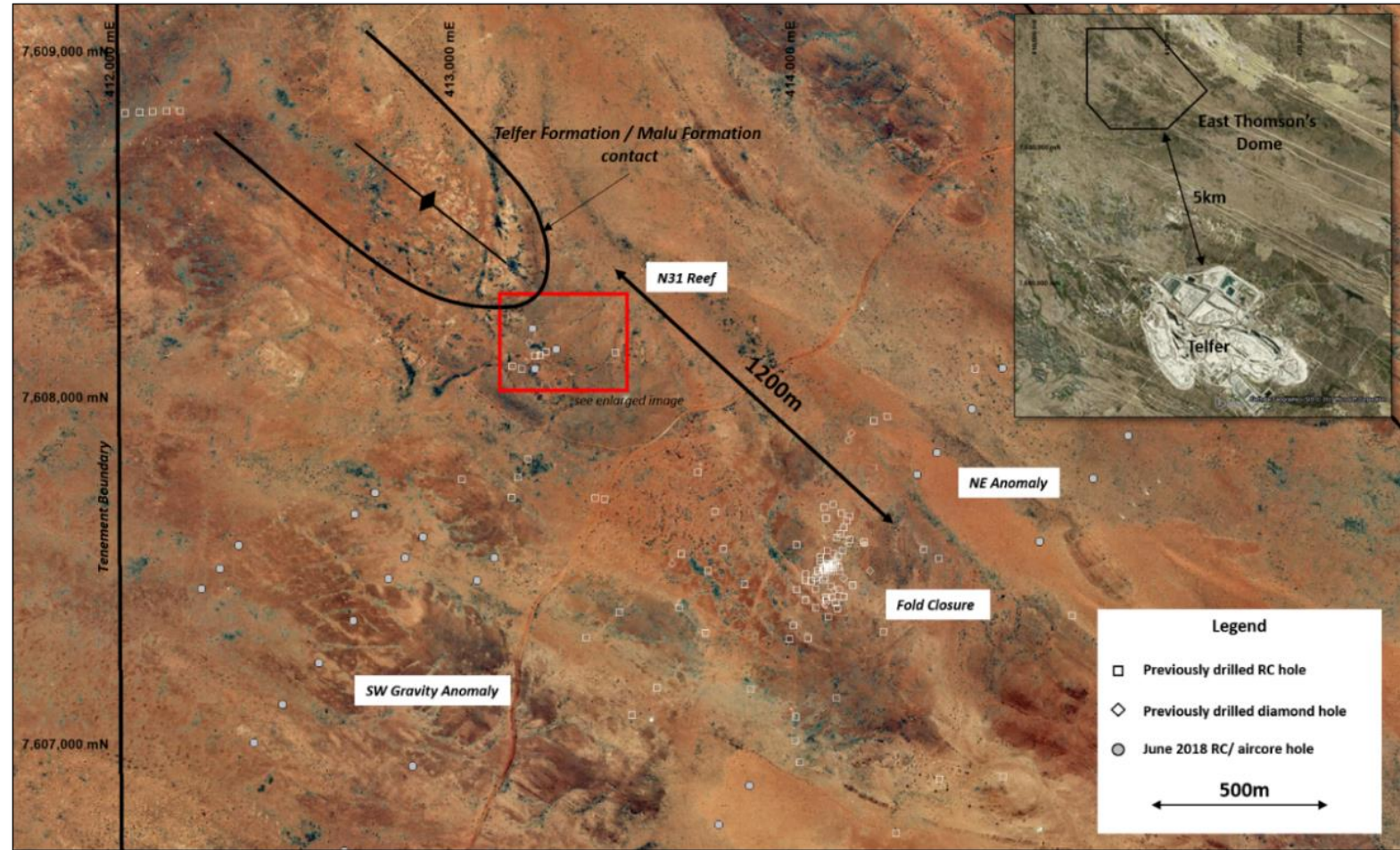


**3oz nugget
recovered Nov 2017**



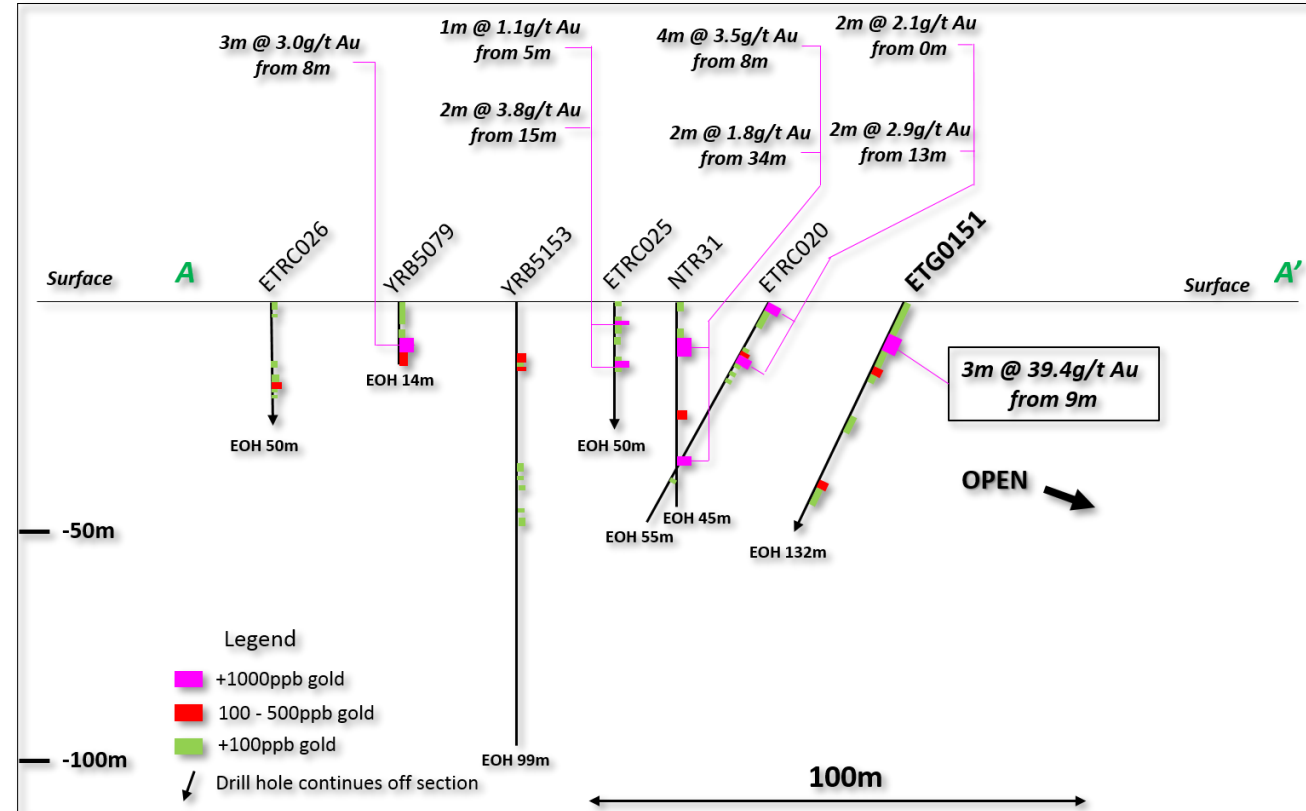
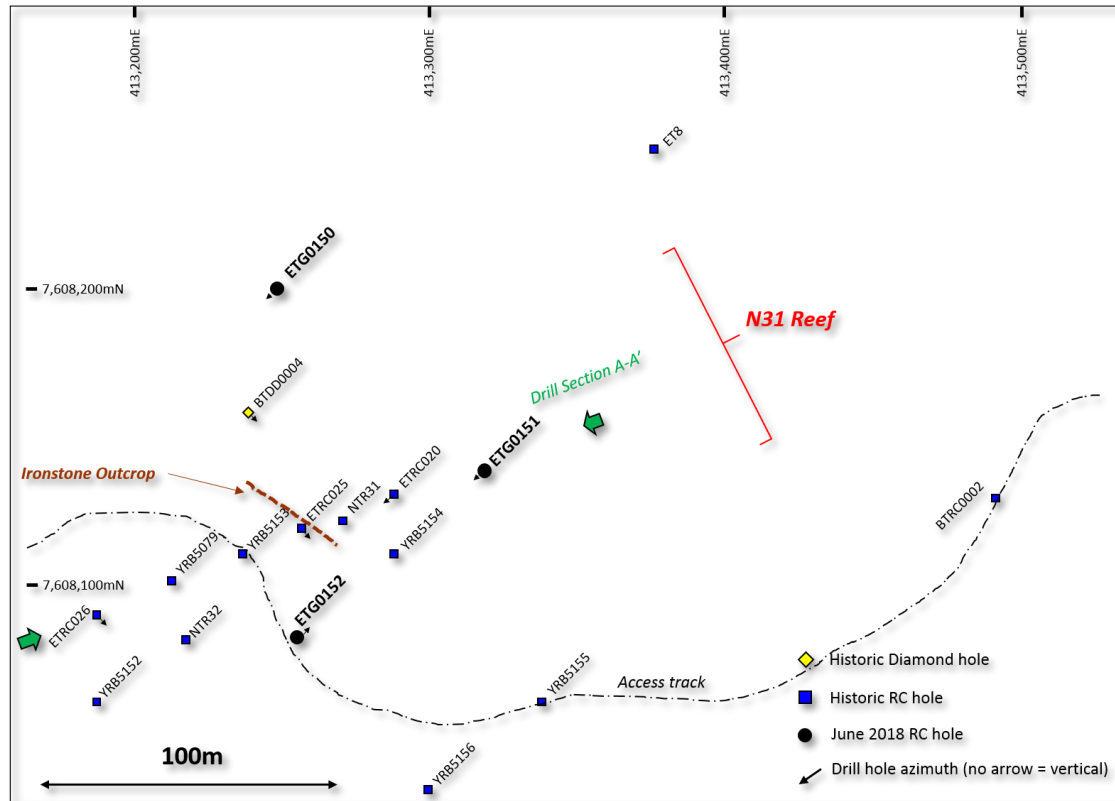
New zones of reef-style mineralisation at East Thomson's Dome

- First drilling completed by Encounter at the N31 Reef intersected high grade, shallow gold mineralisation in hole ETG0151:
 - **3m @ 39g/t Au from 9m**
- N31 Reef is in a similar geological setting to the high grade reefs at the major gold-copper mine at Telfer, located 5km to the south
- Limited historical drilling at the N31 Reef means intersection is poorly constrained along strike and down dip
- RC drilling to re-commence August 2018 to determine continuity

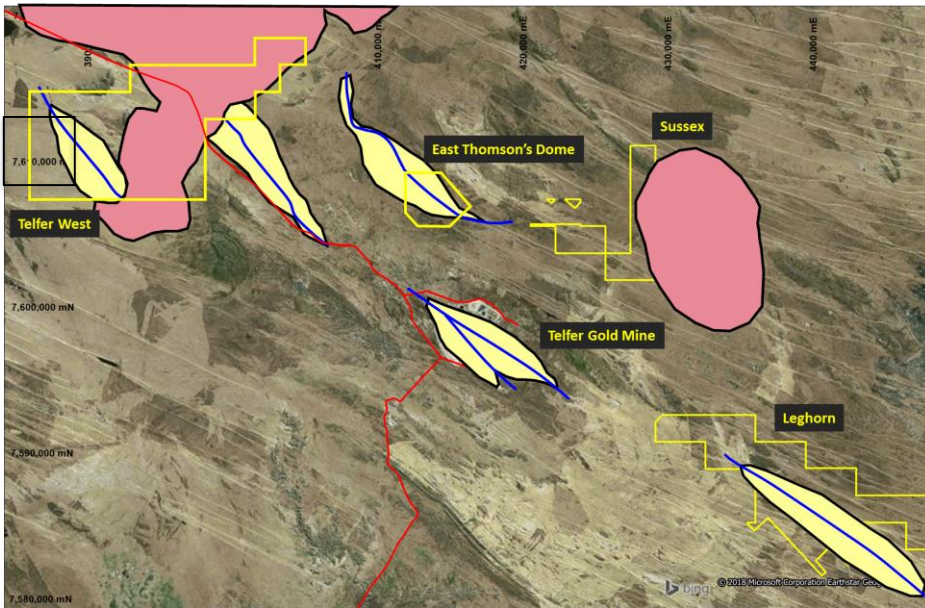


East Thomson's Dome – Location plan

Shallow, high-grade gold reef intersected at N31



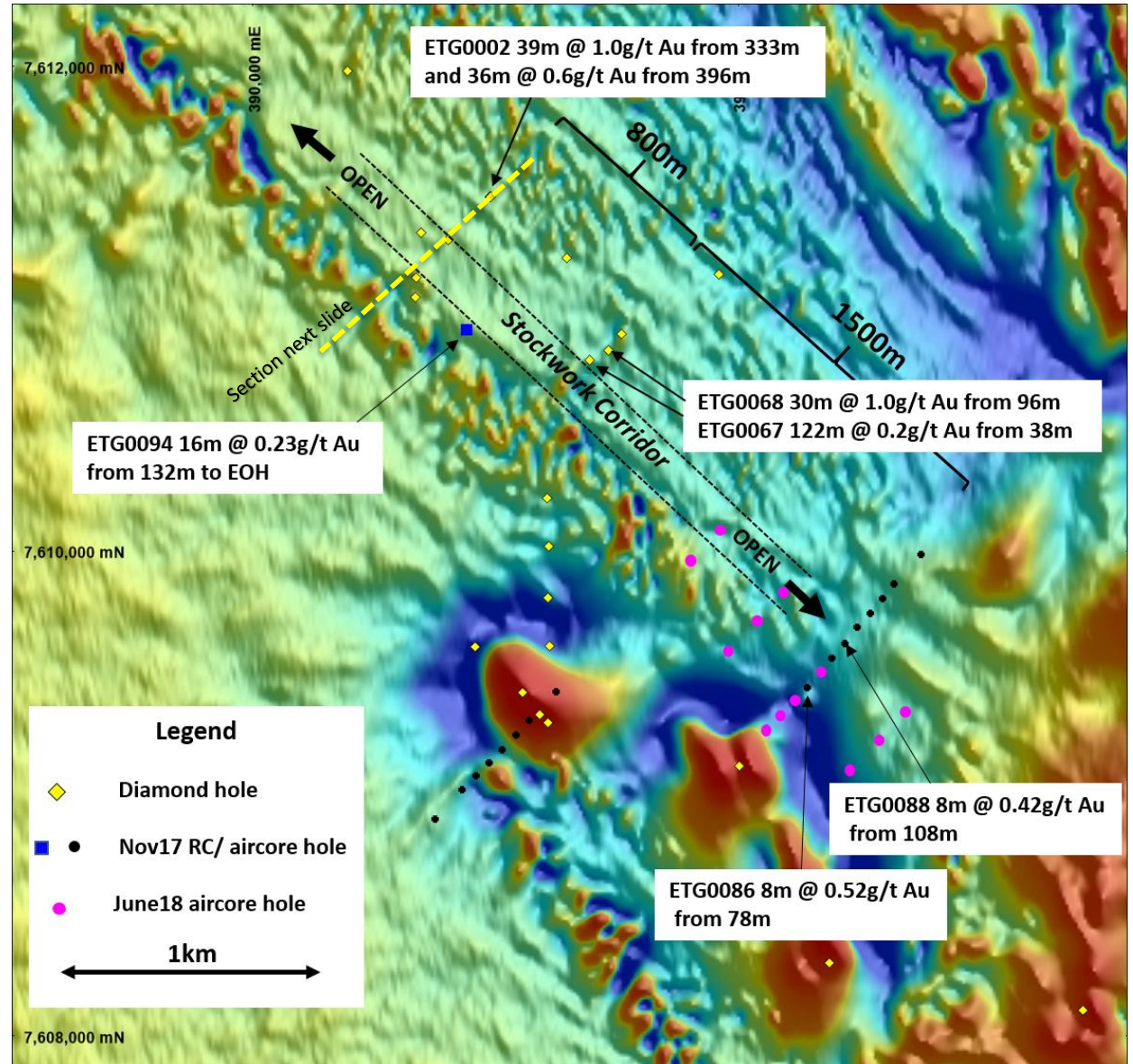
Large scale gold system at Telfer West



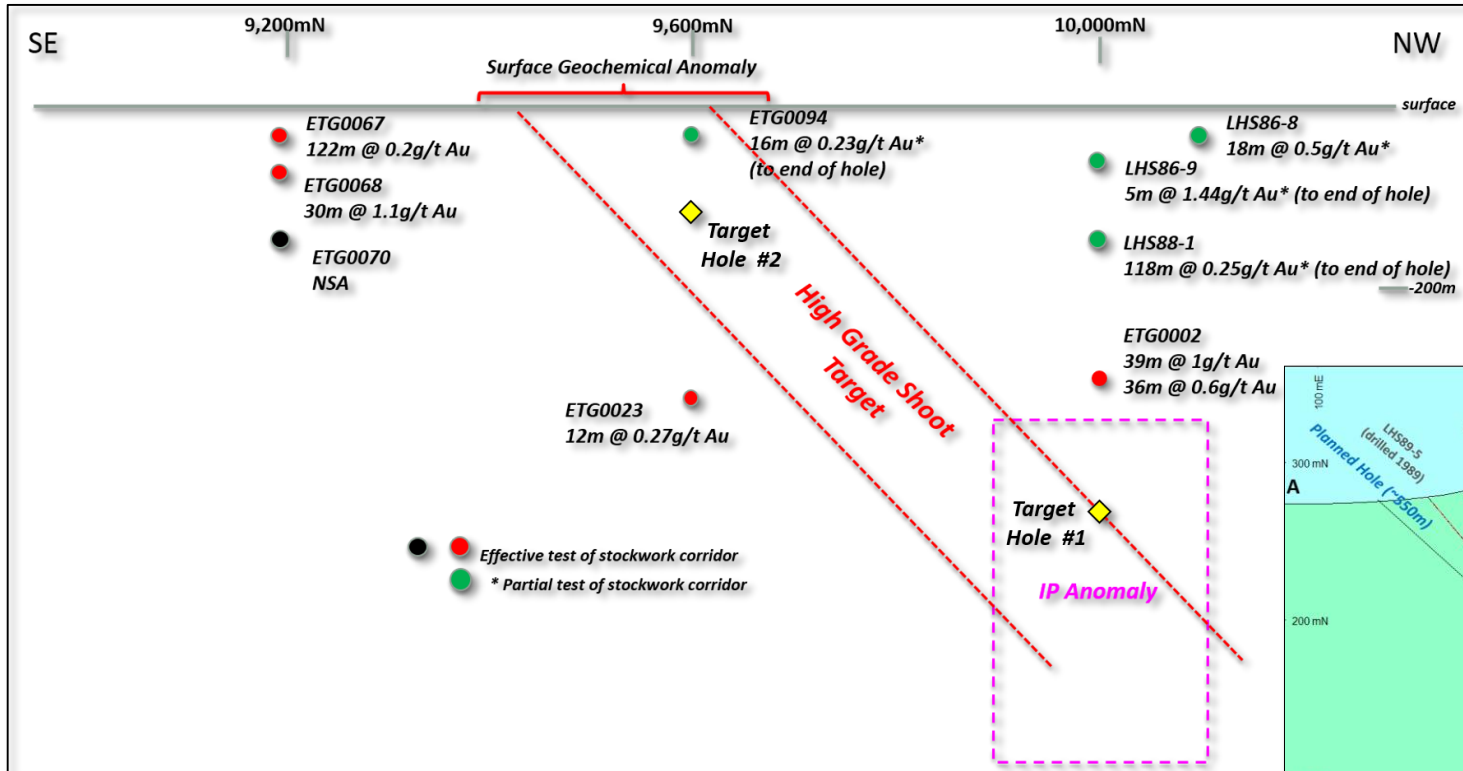
Telfer Gold Projects location plan – sedimentary domes highlighted in yellow and major granitic intrusions in pink

- Encounter intersected broad, depth extensive, zone of stockwork style gold mineralisation
- Drilling Telfer West IP anomaly for a potential high-grade shoot in August/September 2018

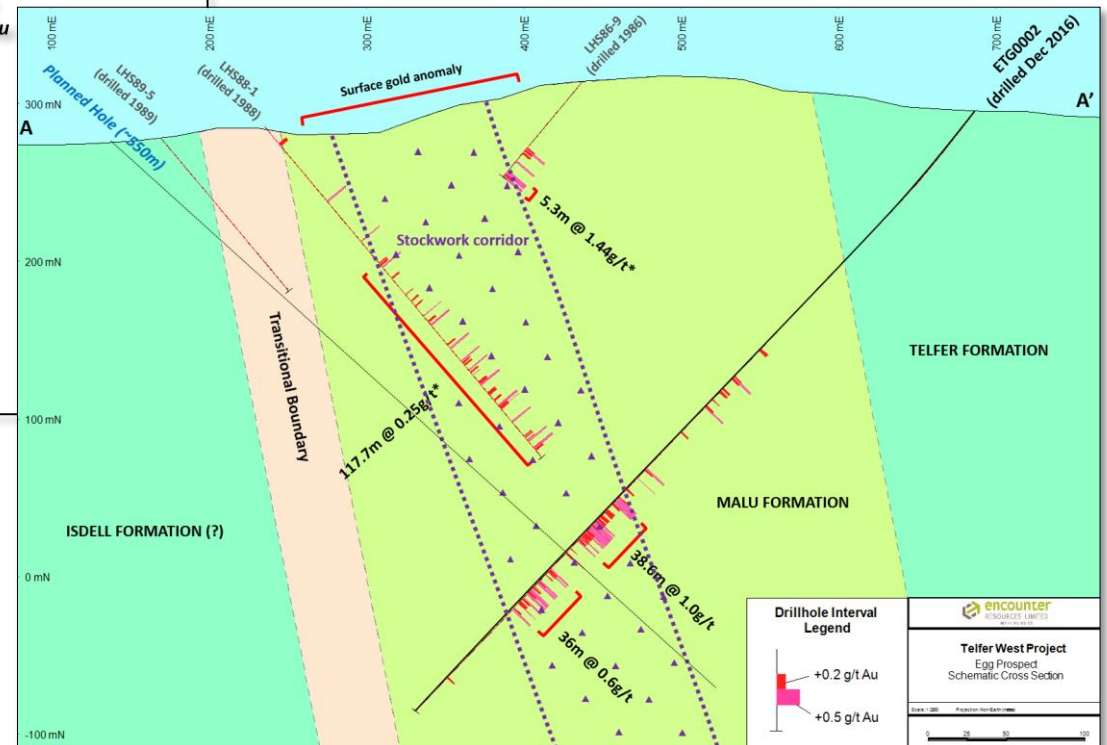
(refer ASX announcements 19 January, 5 September & 21 December 2017)



Telfer West - IP Anomaly Testing



Egg Prospect Long Section looking to 220°



Egg Prospect Cross Section

(refer ASX announcements 19 January, 5 September & 21 December 2017)

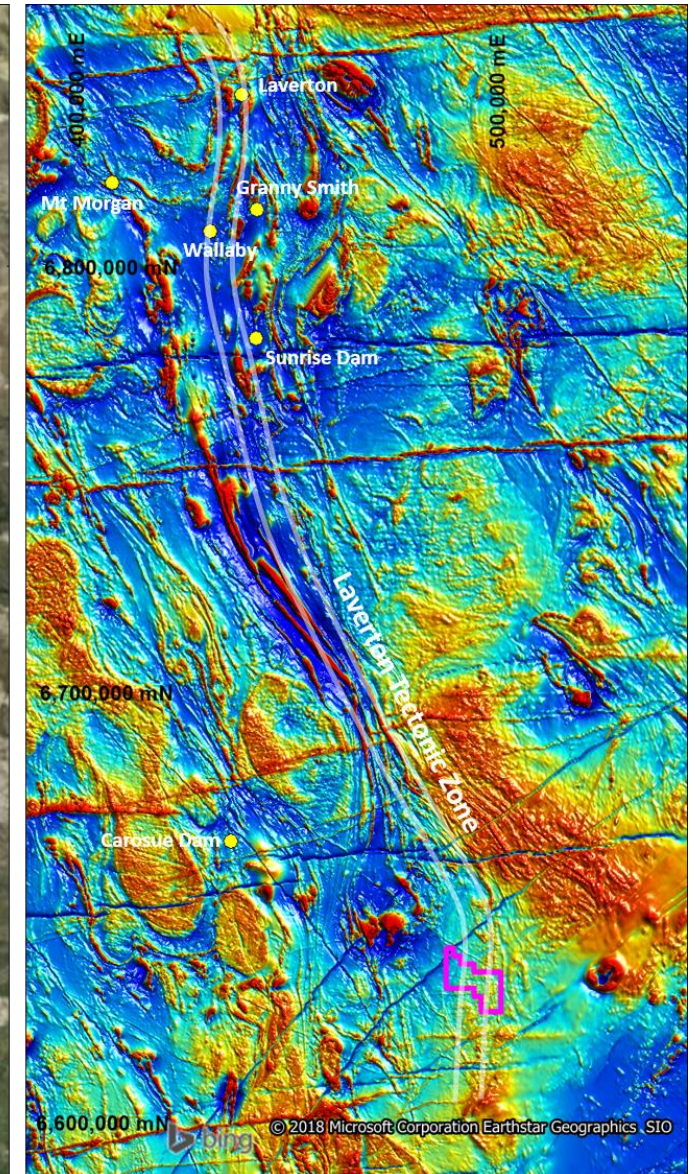
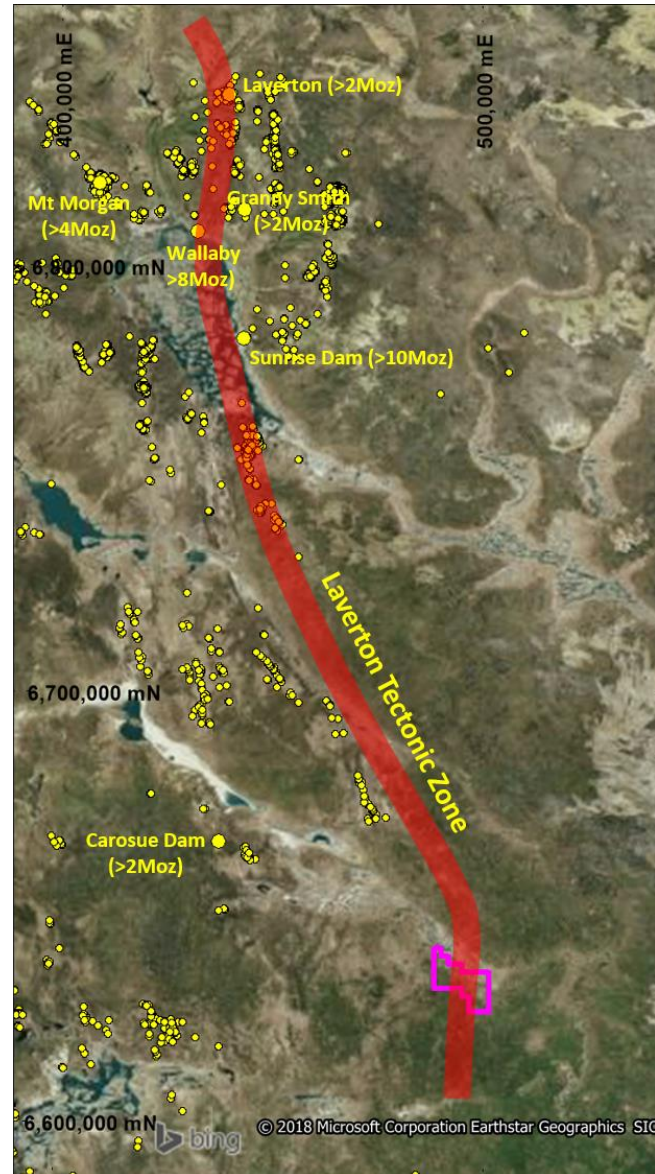
Laverton Tectonic Zone

- ▶ Novel generative targeting in a world class gold district



Project Generation in Laverton Tectonic Zone

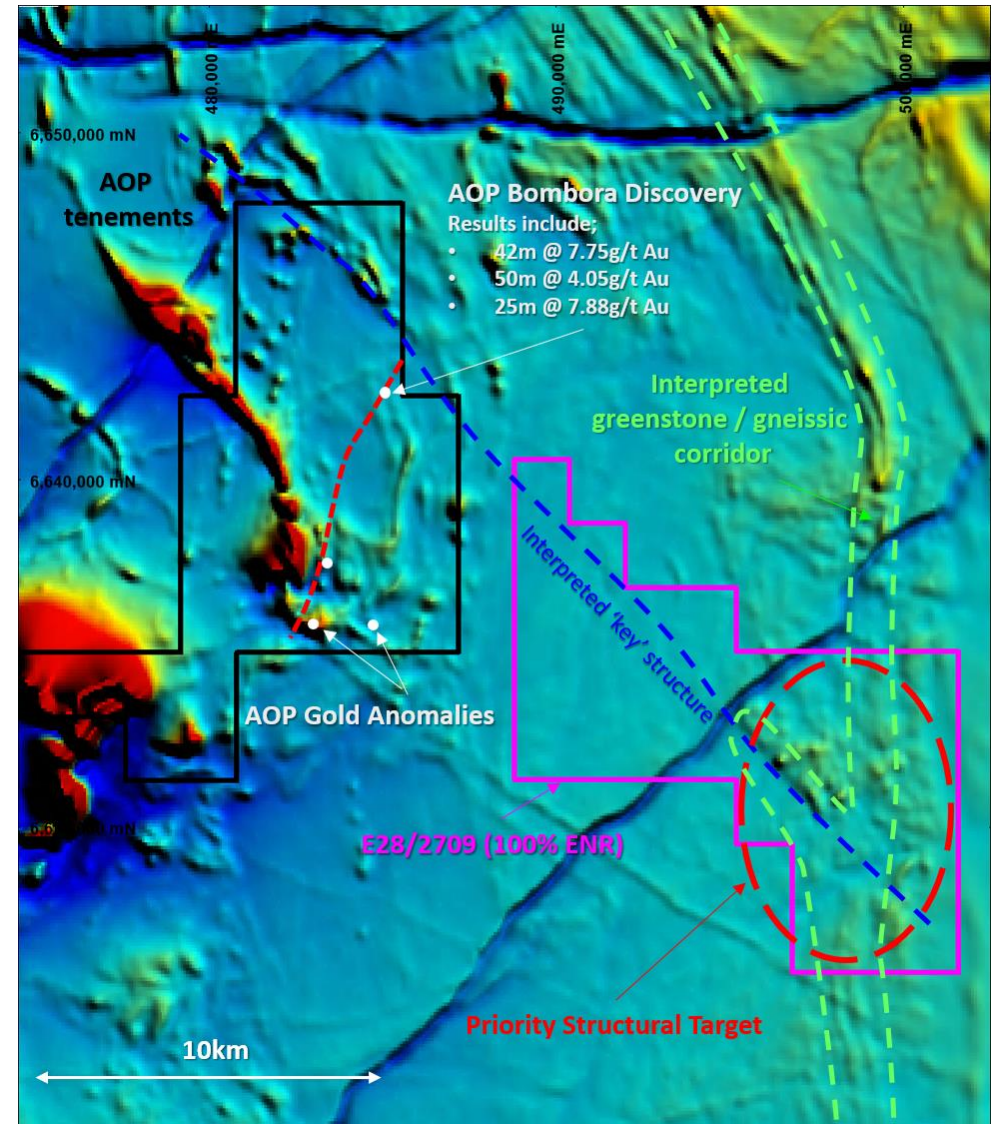
- The project is located approximately 150km east-north-east of Kalgoorlie
- Exploration Licence E28/2709 covering the Nazare Gold Project granted and on ground activities commenced May 2018
- Laverton Tectonic Zone is a prolific gold district that hosts major gold mines at Laverton (>2Moz), Granny Smith (>2Moz), Wallaby (>8Moz) and Sunrise Dam (>10Moz)
- Two additional tenements applications made covering an interpreted additional 30 strike kilometres of the Laverton Tectonic Zone – in total the project area now covers 512km²



Exploration commenced at Nazare

- Nazare is located at the southern extension of the interpreted greenstone/gneissic corridor and south-east of the recent Bombora gold discovery by Apollo Consolidated Limited (ASX:AOP)
- Initial exploration will focus on a priority structural intersection identified in the regional magnetic surveys in an area of shallow cover with no prior gold exploration
- Initial soil sampling program was completed in July 2018 to assess the amenability of geochemistry
- Aircore drilling program expected to begin in October 2018

(refer Refer Apollo Consolidated Limited ASX announcement dated 12 Apr 2018)



Nazare Gold Project over TMI magnetics

Upcoming 2018 Activity

	Aug	Sep	Oct	Nov
Follow-up RC drilling at high grade, shallow N31 Reef at East Thomson Dome (100% ENR)				
EIS co-funded diamond drilling testing Telfer West IP target (100% ENR)				
Tanami and West Arunta - Finalisation of land access and target prioritisation (50:50 JVs with Newcrest)				
EIS co-funded diamond drilling follow up at East Thomson's and Telfer West (100% ENR)				
Nazare Gold Project - aircore drill program (100% ENR)				

Why Encounter?

Tanami and West Arunta - Multiple, well funded, exploration joint ventures with Newcrest (ASX:NCM) in one of the most highly sought-after gold exploration districts in Australia

Paterson Province - Active explorer in one of Australia's most prospective yet underexplored gold districts
Targeting shallow opportunities with scale potential – known district, near infrastructure

Laverton Tectonic Zone - Novel generative targeting in a world class gold district

High leverage to multiple, well funded exploration programs in world-class provinces with potential to host gold deposits of genuine scale

Appendices



Newcrest Joint Venture summary terms

- Newcrest and Encounter have entered into five separate joint ventures (Selby, Watts, Lewis, Phillipson and Aileron), initially on a 50:50 basis, that cover a total area of ~4,400km². While these are separate joint ventures, each joint venture is on the same or largely similar terms.
- Newcrest will make a \$100,000 payment to Encounter following execution of the Phillipson Joint Venture Agreement; a payment of \$400,000 following the later of 1 July 2018 and grant of tenement E80/5045 (anticipated in July 2018); and a further payment of \$500,000 if Newcrest elects to continue activity on tenement E80/5045 beyond 12 months from grant.
- Newcrest will be the Manager of each joint venture.
- Encounter has the option to maintain its 50% interest in any or all of the joint ventures by contributing to its share of exploration expenditure. This election will be made after reviewing the first joint venture budget for each project covering the period to 30 June 2019.
- Should Encounter elect not to contribute on a 50:50 basis on any given joint venture, Newcrest may increase its interest to 80% in that relevant joint venture by sole funding exploration activities and 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.
- After the completion of a feasibility study, Encounter can elect to participate in mine development in proportion to its joint venture interest by voting to approve a decision to mine. Should Encounter vote against a decision to mine, Newcrest can acquire Encounter's joint venture interest for fair value (being an amount agreed or as determined by independent experts).
- Encounter can elect to sell its joint venture interest to a third party subject to Newcrest having a pre-emptive right. Encounter also retains a pre-emptive right in the event Newcrest wishes to sell its joint venture interest to a third party.

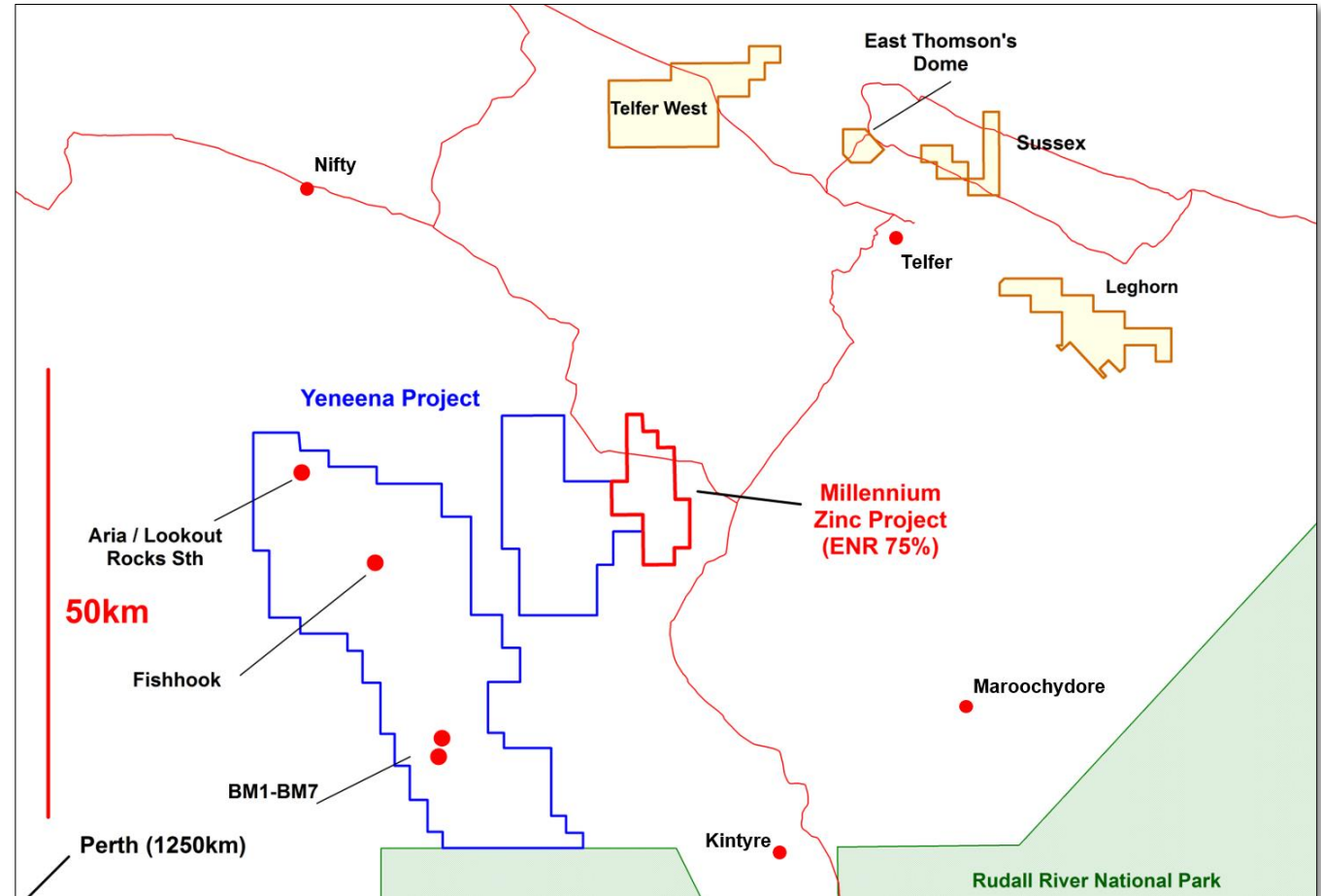
Paterson Province

- ▶ Copper/Cobalt - Proterozoic aged, sediment hosted deposits



Paterson Province in WA

- Encounter holds exploration tenure over 1,600km² of the Paterson Province in Western Australia, that hosts the Telfer gold-copper mine and the Nifty copper mine.
 - Proterozoic aged, sediment hosted deposits in the Central African Copperbelt are one of the world's largest sources of copper and the world's largest source of cobalt
 - Similar age and geological setting in the Yeneena Basin in WA



Paterson Province leasing plan

Copper-Cobalt - Large Scale Prospects South of Nifty

14km long copper-cobalt system at BMI-BM7

- Coherent zone of copper oxide mineralisation:
 - 10m @ 6.8% Cu from 32m*
 - 20m @ 2.0% Cu from 22m*
 - 8m @ 3.6% Cu from 18m*
 - 16m @ 3.2% Cu from 26m
 - 50m @ 1.1% Cu from 12m
- Several **high grade cobalt** intersections:
 - 14m @ 0.5% Co and 0.4% Cu from 14m
 - 5m @ 0.2% Co and 2.2% Cu from 4m
 - 9m @ 1.0% Co and 1.5% Cu from 42m to EOH

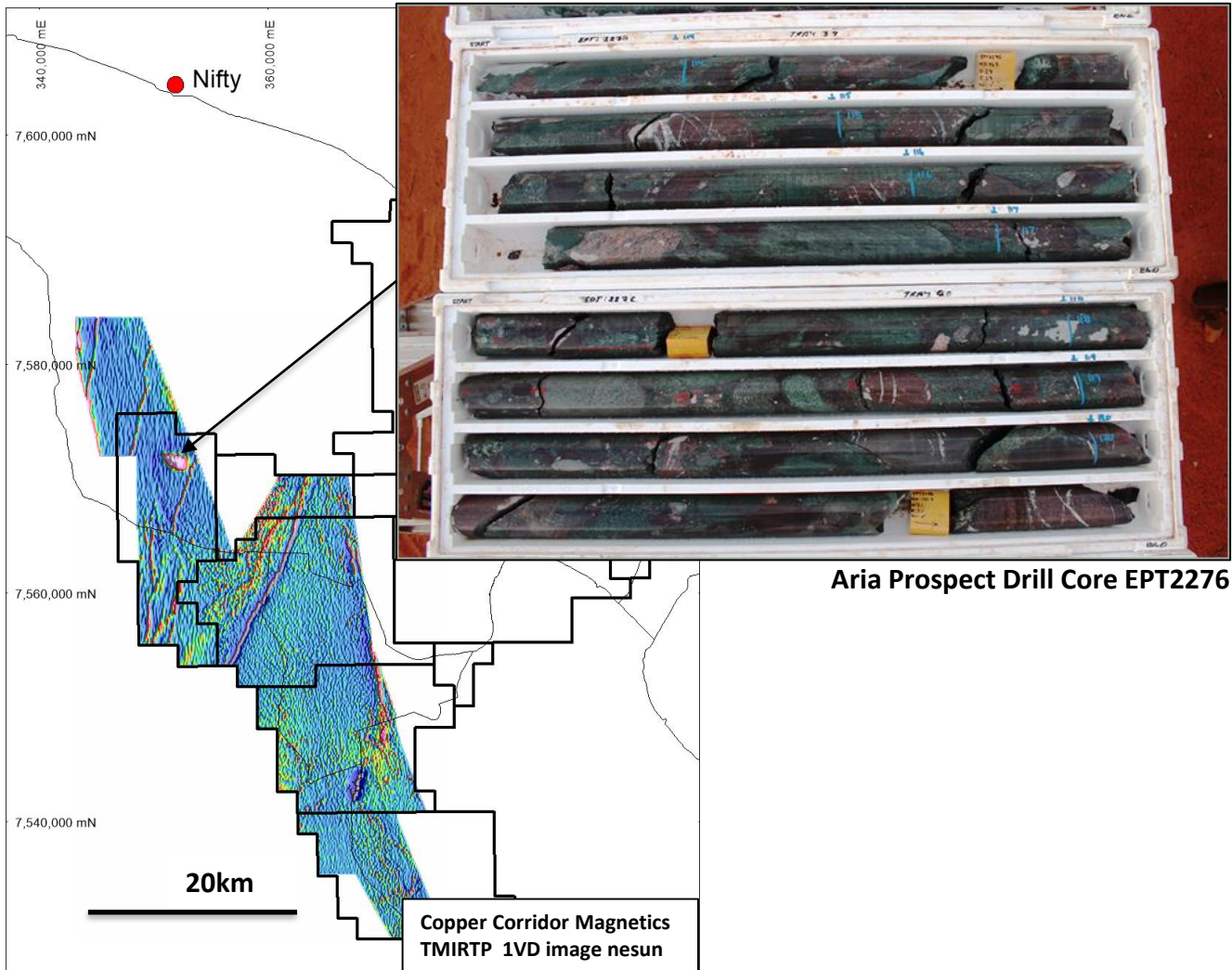
Lookout rocks

- First diamond drill hole (EPT2282) intersected copper mineralisation, up to 1% Cu
- Zambian copper-belt analogous
- Drone mapping and LAG geochemistry planned



BM1 Diamond core

Aria – IOCG Style Prospect in the Paterson Province



- ❖ Regional significant magnetic anomaly located on major crustal scale structure
- ❖ 100% sand covered (~30m deep)
- ❖ Detailed ground gravity survey completed
- ❖ Two diamond holes drilled
- ❖ Copper mineralisation intersected in both holes (~1% Cu) but geophysical anomalies remain unexplained
- ❖ Geology confirmed as hematite-altered, polymictic breccia of volcanic origin containing blebs of copper sulphide
- ❖ Possible setting for large tonnage copper deposit e.g. Carrapetenna,
- ❖ Next steps - MT survey