



**Interim Consolidated Financial Report**

**For the Half-Year Ended  
31 December 2021**

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**Encounter Resources Limited**  
**ABN 47 109 815 796**

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**Directors' Report**

The Directors present their interim consolidated report of Encounter Resources Limited and its controlled entity for the half-year ended 31 December 2021.

**Directors**

The following persons were directors of Encounter Resources Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

Paul Chapman	<i>(Non-Executive Chairman)</i>
Will Robinson	<i>(Managing Director)</i>
Peter Bewick	<i>(Non-Executive Director)<sup>1</sup></i>
Jonathan Hronsky	<i>(Non-Executive Director)</i>
Philip Crutchfield	<i>(Non-Executive Director)</i>

<sup>1</sup> Peter Bewick ceased as an executive director of the Company effective 1 November 2021.

**Company Secretary**

Kevin Hart  
Dan Travers

**Principal Activities**

The principal activity of the Company during the financial year was mineral exploration and project generation in Western Australia in the Northern Territory. There were no significant changes in these activities during the half-year.

**Review of Operations**

The consolidated net profit after income tax for the half-year was \$9,017,004 (31 December 2020: \$738,291 loss). Included in the profit for the period ended 31 December 2021 is gain of \$10,104,846 recognised on the demerger of Hamelin Gold Limited.

At the end of the half-year the Group had \$3,116,883 (30 June 2021: \$5,686,505) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is \$17,369,505 (30 June 2021: \$15,212,300).

Operations during the reporting period were primarily focused on gold and base metals exploration at the Group's projects in Western Australia, and project generation in Western Australia and the Northern Territory.

**Demerger of Hamelin Gold Limited**

During the reporting period the Company completed the demerger of its wholly owned subsidiary Hamelin Gold Limited, which subsequently was admitted to the Official List of the Australian Securities Exchange. The demerger, approved by shareholders on 22 October 2021, was completed with a reduction of capital in the form of an in-specie distribution of 60,000,000 shares in Hamelin Gold Limited to eligible shareholders of the Company on a pro rata basis. The total reduction of capital of \$10,489,813 was allocated to issued capital (\$8,415,115) and accumulated losses (\$2,074,698).

Prior to the demerger the Company undertook an internal restructure within the Group such that Hamelin Resources Pty Ltd, holding solely the West Tanami Gold Project assets, was acquired by Hamelin Gold Limited in preparation for the proposed demerger.

**Matters Subsequent to the End of the Financial Period**

There has not arisen in the interval between the end of the financial period 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 periods.

**Directors' Report**

**Significant Changes in the State of Affairs of the Group**

Other than as stated in this report there has not arisen during or since the end of the financial period any changes in the state of affairs of the Group.

**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 15<sup>th</sup> day of March 2022.



**Will Robinson**  
**Managing Director**

The Board of Directors  
Encounter Resources Limited  
Suite 2, 1 Alvan Street  
SUBIACO WA 6008

Dear Board Members

## Auditor's Independence Declaration

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Encounter Resources Limited for the half-year ended 31 December 2021, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



**Crowe Perth**



**Suwarti Asmono**  
Partner

Signed at Perth, 15<sup>th</sup> March 2022

*Liability limited by a scheme approved under Professional Standards Legislation.*

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

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**Encounter Resources Limited**  
**ABN 47 109 815 796**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the half-year ended 31 December 2021**

	Note	Consolidated	
		31 December 2021 \$	31 December 2020 \$
Other income	3	89,781	206,792
Interest income		7,337	2,739
<b>Total revenue</b>		<b>97,118</b>	209,531
Employee expenses		(676,567)	(723,414)
Employee expenses recharged to exploration		516,812	593,127
Equity based remuneration expense		(302,069)	(372,330)
Gain on demerger	12	10,104,846	-
Gain/(loss) in fair value of financial assets	9	(358,273)	-
Depreciation and amortisation		(34,282)	(968)
Corporate expenses		(61,825)	(45,878)
Administration and other expenses		(238,248)	(222,479)
Exploration costs written off and expensed	3	(30,508)	(175,880)
<b>Profit/(Loss) before income tax</b>		<b>9,017,004</b>	(738,291)
Income tax benefit/(expense)		-	-
<b>Profit/(Loss) for the half-year</b>		<b>9,017,004</b>	(738,291)
Other comprehensive income		-	-
<b>Total comprehensive profit/(loss) for the period</b>		<b>9,017,004</b>	(738,291)
<b>Gain/(Loss) per share</b>			
Basic gain/(loss) per share (cents)	16	2.8	(0.3)
Diluted gain/(loss) per share (cents)	16	2.8	(0.3)

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

**Encounter Resources Limited**  
**ABN 47 109 815 796**

**Consolidated Statement of Financial Position**  
**As At 31 December 2021**

		Consolidated	
		31 December 2021	30 June 2021
		\$	\$
	Note		
<b>Current assets</b>			
Cash and cash equivalents		3,116,883	5,686,505
Trade and other receivables		242,741	330,291
Other current assets		47,658	72,787
Assets held for re-sale		-	135,636
		<b>3,407,282</b>	<b>6,225,219</b>
<b>Total current assets</b>			
<b>Non-current assets</b>			
Security bonds and deposits		75,695	75,652
Financial assets	9	208,288	566,561
Property, plant and equipment		54,803	64,238
Capitalised mineral exploration and evaluation expenditure	11	17,369,505	15,212,300
Right of use assets		141,775	174,493
		<b>17,850,066</b>	<b>16,093,244</b>
<b>Total non-current assets</b>			
		<b>21,257,348</b>	<b>22,318,463</b>
<b>Total assets</b>			
<b>Current liabilities</b>			
Borrowings	13	10,532	-
Trade and other payables	10	205,049	322,703
Employee benefits		213,218	310,971
Lease liabilities		64,010	60,469
		<b>492,809</b>	<b>694,143</b>
<b>Total current liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		84,132	116,954
		<b>84,132</b>	<b>116,954</b>
<b>Total non-current liabilities</b>			
		<b>576,941</b>	<b>811,097</b>
<b>Total liabilities</b>			
		<b>20,680,407</b>	<b>21,507,366</b>
<b>Net assets</b>			
<b>Equity</b>			
Issued capital	7	41,643,338	50,000,566
Accumulated losses		(22,152,065)	(29,535,096)
Equity remuneration reserve		1,189,134	1,041,896
		<b>20,680,407</b>	<b>21,507,366</b>
<b>Total equity</b>			

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

**Encounter Resources Limited**  
**ABN 47 109 815 796**

**Consolidated Statement of Changes in Equity**  
**For the half-year ended 31 December 2021**

	<b>Consolidated</b>			
	Issued capital \$	Accumulated losses \$	Equity remuneration reserve \$	Total \$
<u>6 months ended 31 December 2020</u>				
Balance at the start of the financial period	43,828,235	(28,069,977)	576,644	16,334,902
Comprehensive loss for the financial period	-	(738,291)	-	(738,291)
Shares issued (net of costs)	6,064,560	-	-	6,064,560
Movement in reserves in respect of options vested	-	-	488,604	488,604
Transfer in reserves on exercise and expiry of options	43,011	13,627	(56,638)	-
Balance at the end of the financial period	49,935,806	(28,794,641)	1,008,610	22,149,775
<u>6 months ended 31 December 2021</u>				
Balance at the start of the financial period	50,000,566	(29,535,096)	1,041,896	21,507,366
Comprehensive profit for the financial period	-	9,017,004	-	9,017,004
Shares issued (net of costs)	49,625	-	-	49,625
Movement in reserves in respect of options vested	-	-	302,069	302,069
Adjustment on capital reduction	(8,415,115)	-	-	(8,415,115)
Adjustment for demerger dividend	-	(2,074,698)	-	(2,074,698)
Adjustment to accumulated losses on demerger of subsidiary	-	294,156	-	294,156
Transfer in reserves on exercise and expiry of options	8,262	146,569	(154,831)	-
Balance at the end of the financial period	41,643,338	(22,152,065)	1,189,134	20,680,407

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

**Encounter Resources Limited**  
**ABN 47 109 815 796**

**Consolidated Statement of Cash Flows**  
**For the half-year ended 31 December 2021**

	Note	Consolidated	
		31 December 2020 \$	31 December 2019 \$
<b>Cash flows from operating activities</b>			
Other income		2,620	105
Government cash flow assistance grants received		-	67,500
Interest received		7,294	2,739
Payments to suppliers and employees		(523,252)	(416,130)
<b>Net cash used in operating activities</b>		<b>(513,338)</b>	<b>(345,786)</b>
<b>Cash flows from investing activities</b>			
Funds received for subsidiary initial public offer		7,478,125	-
Cash assets transferred on demerger of subsidiary		(7,478,304)	-
Payments for amounts incurred on behalf of related party		(444,043)	-
Repayment of related party loans		312,858	-
Contributions received from farm-in, joint venture and project generation partners		146,775	2,205,398
Proceeds from State Government funded drilling rebate		120,000	101,772
Payments for exploration and evaluation		(2,236,861)	(2,439,680)
Payments for plant and equipment		(1,415)	(9,768)
<b>Net cash used in investing activities</b>		<b>(2,102,865)</b>	<b>(142,278)</b>
<b>Cash flows from financing activities</b>			
Lease repayments		(35,894)	-
Proceeds from loans received		32,849	-
Proceeds from the issue of shares		52,125	6,462,497
Payments for costs associated with issues of shares		(2,499)	(281,664)
<b>Net cash from financing activities</b>		<b>46,581</b>	<b>6,180,833</b>
<b>Net (decrease)/increase in cash held</b>		<b>(2,569,622)</b>	<b>5,692,769</b>
<b>Cash at the beginning of the period</b>		<b>5,686,505</b>	<b>1,865,502</b>
<b>Cash at the end of the period</b>		<b>3,116,883</b>	<b>7,558,271</b>

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

**Notes to the Interim Financial Statements**  
**For the half-year ended 31 December 2021**

**Note 1 Basis of preparation of half-year report**

**Statement of compliance**

The half-year financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. Compliance with *AASB 134* ensures compliance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

**Basis of preparation**

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Other than as stated below, the accounting policies and methods of computation adopted in the preparation of the half-year financial report, are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 30 June 2021.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

***New or amended Standards and Interpretations adopted***

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Critical accounting estimates**

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**

There is some subjectivity involved in the carrying forward as capitalised or writing off to the Statement of Profit or Loss, exploration and evaluation expenditure, however, 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.

**Notes to the Interim Financial Statements**  
**For the half-year ended 31 December 2021**

**Note 1**            **Basis of preparation of half-year report (continued)**

**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.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

The half year financial report was approved by the Board of Directors on 14<sup>th</sup> March 2022.

**Note 2**   **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

**Encounter Resources Limited**  
**ABN 47 109 815 796**

**Notes to the Interim Financial Statements**  
**For the half-year ended 31 December 2021**

**Note 3 Loss for the period**

Loss before income tax includes the following specific income/(expenses):

	<b>31 December 2021 \$</b>	31 December 2020 \$
Other income		
Government cash flow assistance grant income	-	67,500
Contribution to overheads from joint venture, farm-in and project generation partners	<b>9,982</b>	138,032
Sundry income	<b>79,799</b>	1,260
	<b>89,781</b>	206,792
Exploration costs		
Depreciation of field equipment	<b>9,286</b>	13,929
Exploration costs not capitalised	<b>21,222</b>	161,951
	<b>30,508</b>	175,880

**Note 4 Dividends**

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2021 or 30 June 2021.

**Note 5 Contingencies**

*(i) Contingent liabilities*

There has been no material change in contingent liabilities since the last annual reporting date.

*(ii) Contingent assets*

There has been no material change in contingent assets since the last annual reporting date.

**Note 6 Events occurring after the reporting date**

There has not arisen in the interval between the end of the financial period 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.

**Encounter Resources Limited**  
**ABN 47 109 815 796**

**Notes to the Interim Financial Statements**  
**For the half-year ended 31 December 2021**

**Note 7 Issued capital**

During the 6 month period to 31 December 2021 the Company issued 560,303 shares on the exercise of options.

	Issue price	<b>2021</b> No.	2020 No.	<b>2021</b> \$	2020 \$
<i>Share movements during the period</i>					
Balance at 1 July		<b>316,256,523</b>	280,824,968	<b>50,000,566</b>	43,828,235
Share placement	\$0.190	-	33,157,878	-	6,299,997
Shares issued on the exercise of options	\$0.130	-	1,580,857	-	205,511
Shares issued on the exercise of options	\$0.105	<b>425,000</b>	-	<b>44,625</b>	-
Shares issued on the exercise of options	\$0.10	<b>75,000</b>	-	<b>7,500</b>	-
Shares issued on the exercise of options	\$0.137	<b>60,303</b>	-	<b>8,262</b>	-
Capital reduction (Note 12)	-	-	-	<b>(8,415,115)</b>	-
Less share issue costs		-	-	<b>(2,500)</b>	(397,937)
Balance at 31 December		<b>316,816,826</b>	315,563,703	<b>41,643,338</b>	49,935,806

**Note 8 Options**

During the current period the following movements in options over unissued shares occurred:

	<b>31</b> <b>December</b> <b>2021</b> No.	31 December 2020 No.
Options on issue at the start of the financial period	<b>16,700,000</b>	13,950,000
Options issued <sup>1</sup>	<b>3,830,000</b>	4,850,000
Options exercised <sup>2</sup>	<b>(1,250,000)</b>	(1,850,000)
Options cancelled on expiry of the exercise period	<b>(1,500,000)</b>	-
Options on issue at the end of the financial period	<b>17,780,000</b>	16,950,000

<sup>1</sup>Details of the options issued and Black-Scholes valuation inputs are as follows:

No of Options	Exercise price	Grant and vesting date	Expiry date	Volatility	Risk free rate	Value of Options
3,830,000	\$0.224	29 Nov 2021	28 Nov 2025	84%	1.48%	\$302,069

<sup>2</sup>Included in the options exercised during the period were 750,000 options exercised pursuant to the cash less exercise provisions included in the terms and conditions. A total of 60,303 shares were foregone in consideration for the cash less exercise of options. A further 500,000 options were exercised for cash consideration.

**Encounter Resources Limited**  
**ABN 47 109 815 796**

**Notes to the Interim Financial Statements**  
**For the half-year ended 31 December 2021**

**Note 9 Financial assets**

Movement in investments at fair value through profit or loss

	<b>31 December 2021 \$</b>	31 December 2020 \$
Investment in Hampton Hill Mining NL:		
Fair value of investment at the start of the period	<b>566,561</b>	768,723
Movement in fair value of investment	<b>(358,273)</b>	-
Fair value of investment at the end of the period <sup>1</sup>	<b>208,288</b>	768,723

<sup>1</sup> The investment in Hampton Hill Mining NL (HHM) is measured by reference to the Company's share of net assets.

<sup>2</sup> Investments designated at fair value through profit or loss have been measured at level 3 in the fair value measurement hierarchy. Refer to note 15.

**Note 10 Trade and other payables**

Included in trade and other payables at 31 December 2021 is an amount of \$Nil in respect of unspent funds provided by cash call contributions from farm-in and joint venture partners (30 Jun 2021: \$40,785).

**Note 11 Capitalised mineral exploration and evaluation expenditure**

During the half-year ended 31 December 2021 the Group capitalised a total of \$2,157,205 (2020: \$590,332) net of drilling grants (EIS) invoiced of \$152,295 (2020: \$30,000). Upon the demerger of Hamelin Gold Limited, the Group recognised the disposal of capitalised exploration costs in relation to the West Tanami Gold Project amounting to \$135,636 (Note 12). An amount of \$135,636 was disclosed as an asset held for sale as at 30 June 2021.

**Note 12 Demerger of Hamelin Gold Limited**

During the reporting period the Company completed the demerger of its wholly owned subsidiary Hamelin Gold Limited, which subsequently was admitted to the Official List of the Australian Securities Exchange. The demerger, approved by shareholders on 22 October 2021, was completed with a return of capital in the form of an in-specie distribution of 60,000,000 shares in Hamelin Gold Limited to eligible shareholders of the Company on a pro rata basis.

	\$
Notional value of shares received on demerger of Hamelin Gold Limited <sup>1</sup>	12,000,000
Less:	
Difference to the fair value of in-specie distribution to Company shareholders <sup>2</sup>	(1,510,187)
Net assets of Hamelin Gold Limited at the demerger date	(2)
Adjust pre-demerger profit attributable to Hamelin Resources	(294,154)
Costs attributable to the demerger	(90,811)
<b>Gain recognised on Demerger</b>	<b>10,104,846</b>

<sup>1</sup> Being 60,000,000 ordinary fully paid shares in Hamelin Gold Limited at the Initial Public Offer issue price of \$0.20 per share.

<sup>2</sup> Notional value less capital reduction amount of \$10,489,813<sup>3</sup> per ATO Class Ruling 2021/93 published 8 December 2021.

**Encounter Resources Limited**  
**ABN 47 109 815 796**

**Notes to the Interim Financial Statements**  
**For the half-year ended 31 December 2021**

**Note 12 Demerger of Hamelin Gold Limited (continued)**

<sup>3</sup> The fair value of the in-specie distribution of shares to the Company's shareholders has been allocated to issued capital and accumulated losses as follows:

	\$
Fair value of in-specie distribution attributed to issued capital (Note 7)	8,415,115
Fair value of in-specie distribution attributed to accumulated losses (Note 14)	2,074,698
<b>Fair value of in-specie distribution to Company shareholders</b>	<b>10,489,813</b>

The capital reduction allocation has been determined with reference to the respective market values of the Company and Hamelin Gold Limited at the demerger date. The market value of the Company has been determined using the 5-day closing volume weighted average price preceding the date of demerger, and the market value of Hamelin Gold Limited determined using the 5-day closing volume weighted average price following commencement of trading on ASX.

Prior to the demerger the Company undertook an internal restructure within the Group such that Hamelin Resources Pty Ltd, holding solely the West Tanami Gold Project assets, was acquired by Hamelin Gold Limited in preparation for the proposed demerger.

As part of the restructure an intercompany loan amounting to \$294,171 due from Hamelin Resources Pty Ltd to Encounter Resources Limited was forgiven.

As at the demerger date of 29 October 2021, the assets and liabilities of the Hamelin Gold Limited group were:

	\$
Cash assets	7,478,304
Other receivables	30,889
Prepaid Initial Public Offer (IPO) related costs	716,155
Capitalised exploration costs	135,636
<b>Total Assets</b>	<b>8,360,984</b>
Trade and other payables	(440,248)
Share subscription liability (IPO applications received)	(7,478,125)
Loan due to Encounter Resources Limited	(442,609)
<b>Total Liabilities</b>	<b>(8,360,982)</b>
<b>Net Assets</b>	<b>2</b>

**Encounter Resources Limited**  
**ABN 47 109 815 796**

**Notes to the Interim Financial Statements**  
**For the half-year ended 31 December 2021**

**Note 13 Related party transactions**

During the reporting period the Company completed a demerger of Hamelin Gold Limited.

Mr Will Robinson, Mr Peter Bewick and Mr Philip Crutchfield are directors of both the Company and Hamelin Gold Limited, and as such Hamelin Gold Limited is considered to be a related party for reporting purposes from the date of the demerger.

Amounts due from related parties:

Related party amounts recognised in trade and other receivables for the reporting period include:

Amounts included in trade and other receivables due from Hamelin Gold Limited at 1 July 2021	\$Nil
Amounts invoiced to Hamelin Gold Limited	\$313,859
Amounts paid by Hamelin Gold Limited in respect of invoices received	(\$177,482)
<b>Amounts included in trade and other receivables due from Hamelin Gold Limited at 31 December 2021</b>	<b>\$136,377</b>

Related party amounts recognised in loans and receivables for the reporting period include:

Amounts included in loans and receivables due from Hamelin Gold Limited at 1 July 2021	\$Nil
Amounts recognised on demerger of Hamelin Gold Limited	\$135,636
Amounts incurred by the Company on behalf of Hamelin Gold Limited	\$329,290
Adjustment for the recognition of leave liabilities on the transfer of employees from the Company to Hamelin Gold Limited	(\$129,751)
Hamelin Gold Limited funds deposited in Encounter Resources Limited	(\$32,849)
Amounts paid by Hamelin Gold Limited in respect of costs incurred	(\$312,858)
<b>Amounts included in borrowings due to Hamelin Gold Limited at 31 December 2021</b>	<b>(\$10,532)</b>

Other transactions with related parties:

Refer to Note 12 for further details of the assets and liabilities disposed by the Group on the demerger of Hamelin Gold Limited.

**Note 14 Accumulated losses**

	<b>31 December 2021 \$</b>	31 December 2020 \$
Balance of accumulated losses at 1 July	<b>(29,535,096)</b>	(28,069,977)
Profit/(Loss) for the period	<b>9,375,277</b>	(738,291)
Transfer to accumulated losses on exercise and expiry of options	<b>146,569</b>	13,627
Adjustment on capital reduction (in-specie distribution) (Note 12)	<b>(2,074,698)</b>	-
Adjustment to accumulated losses on demerger of subsidiary (Note 12)	<b>294,156</b>	-
Balance of accumulated losses at 31 December	<b>(21,793,792)</b>	(28,794,641)

**Encounter Resources Limited**  
**ABN 47 109 815 796**

**Notes to the Interim Financial Statements**  
**For the half-year ended 31 December 2021**

**Note 15 Fair Value**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Disclosure of fair value measurements is by level of the following fair value measurement hierarchy:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the fair value measurement hierarchy of the Group's financial assets and liabilities carried at fair value at 31 December 2021 and 31 December 2020.

	<b>Consolidated</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Carrying amount \$</b>	<b>Fair value \$</b>	<b>Carrying amount \$</b>	<b>Fair value \$</b>
Financial assets – Level 3	<b>208,288</b>	<b>208,288</b>	768,723	768,723
	<b>208,288</b>	<b>208,288</b>	768,723	768,723

**Note 16 Gain/(loss) per share**

	<b>31 December 2021</b>	31 December 2020
Profit/(loss) used in calculation of gain/(loss) per share	<b>\$9,017,004</b>	(\$738,291)
Weighted average number of shares used in calculation of:		
Basic gain/(loss) per share	<b>316,816,826</b>	315,563,703
Diluted gain/(loss) per share	<b>321,616,826</b>	315,563,703
Basic gain/(loss) per share (cents)	<b>2.8</b>	(0.3)
Diluted gain/(loss) per share (cents)	<b>2.8</b>	(0.3)

**Directors' Declaration**

The Directors of Encounter Resources Limited ("the Consolidated Entity") declare that:

- (a) the interim financial statements and notes set out on pages 6 to 17 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Australian Accounting Standard AASB 134 – *Interim Financial Reporting*, and the Corporations Regulations 2001; and
  - (ii) give a true and fair view of the financial position as at 31 December 2021 and of the performance for the half-year ended on that date of the Consolidated Entity.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed at Perth this 15<sup>th</sup> day of March 2022.



**Will Robinson**  
**Managing Director**

# Independent Auditor's Review Report to the Members of Encounter Resources Limited and its Controlled Entities

## Report on the Half-Year Financial Report

### Conclusion

We have reviewed the half-year financial report of Encounter Resources Limited and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Encounter Resources Limited and its controlled entities does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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## Responsibility of the Directors for the Financial Report

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

## Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Crowe Perth

**Crowe Perth**



**Suwarti Asmono**  
Partner

Signed at Perth, 15<sup>th</sup> March 2022