

## Intention to Demerge West Tanami Gold Assets

- Encounter announces its intention, subject to shareholder approval, to demerge and launch an initial public offering (“IPO”) of its wholly owned subsidiary, Hamelin Gold Limited (“Hamelin”).
- Hamelin will hold a 100% interest in the West Tanami Gold Project (“West Tanami”) in WA. This is a belt scale gold project covering 2,275km<sup>2</sup> of a well-endowed, emerging gold province that remains significantly underexplored. Highlights include:
  - 100km of strike along the Trans-Tanami structural corridor that hosts Newmont’s giant +14Moz Callie gold deposit in the Northern Territory<sup>1</sup>; and
  - Open, high-grade gold intersections beneath shallow cover, significant multi-kilometre scale geochemical anomalies and a portfolio of untested geophysical targets in a Tier 1 jurisdiction.
- To implement the modern exploration program required at West Tanami, Encounter considers the best outcome for shareholders is that a new corporate entity drive a gold focused business forward.
- Encounter believes that the demerger of Hamelin, via a pro-rata, in-specie distribution to eligible Encounter shareholders, will attract stronger investor attention and valuation as a standalone gold focused entity. The IPO will also include a priority offer to eligible Encounter shareholders.
- Encounter will remain focused on its expansive copper portfolio in the Paterson Province of WA, the Greater McArthur Superbasin in the NT and the West Arunta region of WA, which includes farm-in agreements with BHP and IGO.
- Ahead of Hamelin’s proposed IPO, a highly respected team has been assembled to run Hamelin including Encounter Exploration Director Peter Bewick as Managing Director and former Gold Road Resources Executive Director, Justin Osborne as a Non-Executive Director.
- Subject to Encounter shareholder approval, among other things, the ASX listing of Hamelin (subject the ASX approval) is expected to occur in the December 2021 quarter, with further information to be released as the process proceeds.

The directors of Encounter Resources Ltd (“Encounter” or “the Company”) are pleased to announce the Company’s intention to seek shareholder approval for the demerger of its wholly owned subsidiary, Hamelin Gold Limited (“Hamelin”), which will hold the West Tanami Gold Project (“West Tanami”). In conjunction with the demerger, Hamelin intends to undertake an IPO and apply for listing on the Australian Securities Exchange (“ASX”).

### **Commenting on the planned demerger, Encounter Managing Director, Will Robinson said:**

*“With the rapid expansion of Encounter’s copper portfolio, including the major ground acquisitions in the NT and the recent farm-in agreement decision by BHP, we believe that the time is right to demerge our highly prospective West Tanami gold assets. Importantly, our shareholders will continue to participate in Hamelin via a pro rata in-specie distribution.”*

*Given the quality of the exploration opportunities within the West Tanami, Hamelin provides an attractive exposure for investors to the systematic modern exploration of this exciting and underexplored belt scale gold project. We also believe Hamelin will attract stronger investor attention and valuation in a standalone entity, while allowing Encounter to maintain its focus on its growing copper portfolio in the Paterson Province in WA, the Greater McArthur Superbasin in the NT and the West Arunta region of WA.”*

## **Rationale**

West Tanami is a rare, belt scale gold project covering 2,275km<sup>2</sup> of a well-endowed, emerging gold province that is significantly underexplored. The project encompasses 100km of strike along the Trans-Tanami structural corridor which hosts Newmont's giant Callie 14Moz gold deposit in the Northern Territory<sup>1</sup>. The project contains open, high-grade gold intersections beneath shallow cover, significant multi-kilometre scale geochemical anomalies and large untested geophysical targets in a Tier 1 jurisdiction.

In order to effectively execute a modern exploration program, Encounter considers it is the best outcome for shareholders that a separately listed entity drives this gold focused business forward. Accordingly, a demerger of Hamelin via an in-specie distribution to eligible Encounter shareholders offers the most efficient and direct delivery of value and allows shareholders to continue to participate in Hamelin.

The in-specie distribution will allow shareholders to participate in an exciting, gold-focused business while Encounter continues to focus on its copper portfolio in the Paterson Province of WA, the Greater McArthur Superbasin in the NT and the West Arunta region of WA.

## **Leadership**

A highly respected team has been assembled to run Hamelin including Encounter Exploration Director Peter Bewick as Managing Director and former Gold Road Resources Executive Director, Justin Osborne as a Non-Executive Director. Further information on the strategy and management of Hamelin will be released in due course.

## **Next Steps**

Encounter will shortly convene a General Meeting of shareholders to seek approval for the demerger. The notice of meeting will summarise the advantages and disadvantages of the demerger, key risk factors and key dates for the proposed demerger.

Subject to Encounter shareholder approval, as well as satisfactory ASX and other regulatory approvals, Encounter will distribute 100% of the Hamelin shares on issue to eligible Encounter shareholders via a capital reduction and in-specie distribution of those shares, pro-rata to their shareholding in Encounter on a record date to be determined by the Encounter board ("In-Specie Distribution").

Following completion of the In-Specie Distribution, Hamelin proposes to complete a capital raising which will include a public offer to new investors and a priority offer to eligible Encounter shareholders which will provide shareholders the right (but not the obligation) to invest further in the advancement of Hamelin's gold exploration and development assets.

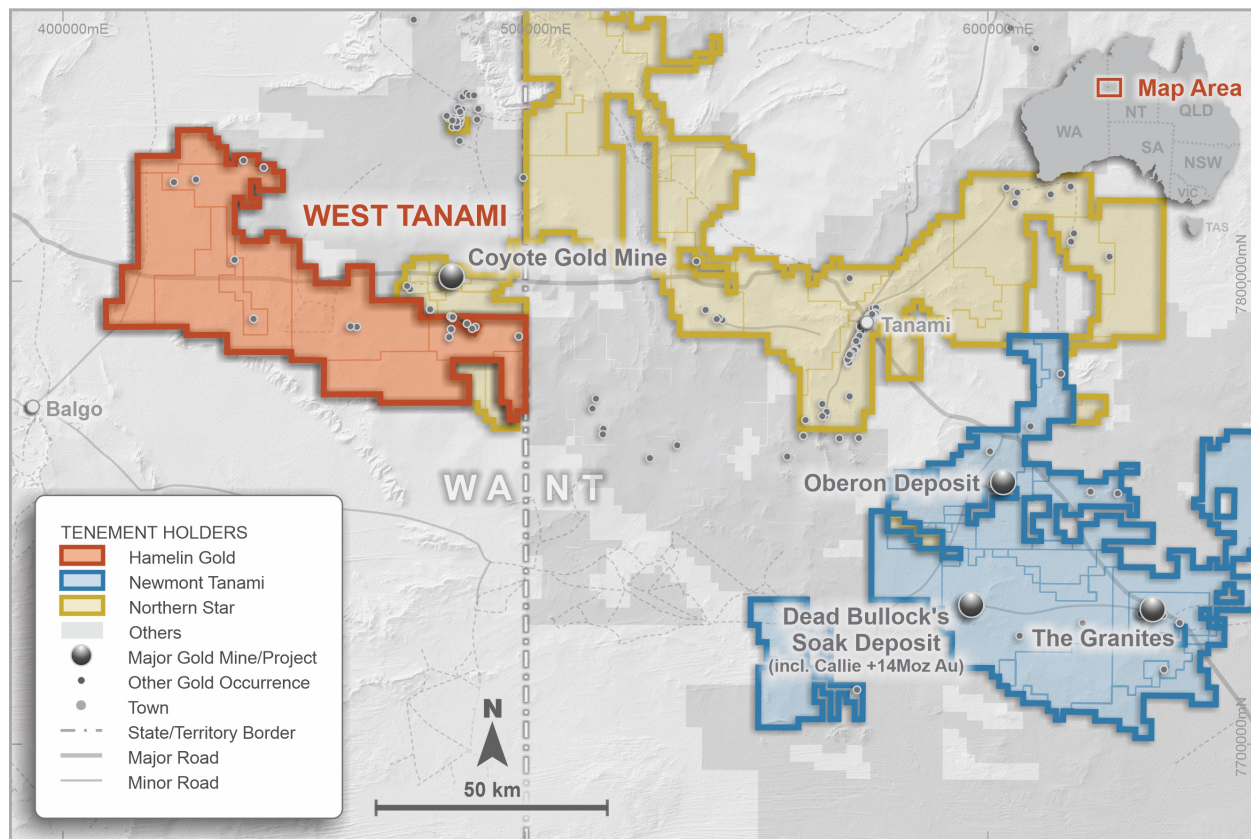
In conjunction with the capital raising, Hamelin will also apply for admission to the official list of the ASX and for quotation of its shares on the ASX. Further details regarding the IPO will be provided in a prospectus to be lodged by Hamelin.

Furthermore, Encounter will seek demerger relief from the Australian Tax Office (ATO) pursuant to Division 125 of the Income Tax Assessment Act 1997 (ITAA 1997) among other matters. The proposed demerger remains subject to Encounter receiving a satisfactory response from the ATO.

Subject to Encounter shareholder approval, as well as satisfactory ASX and other regulatory approvals, the ASX listing of Hamelin is expected to occur in the December 2021 quarter, with further information to be released as the process proceeds. Encounter reserves the right to amend the proposed terms of, or not proceed with, the demerger in its absolute discretion.

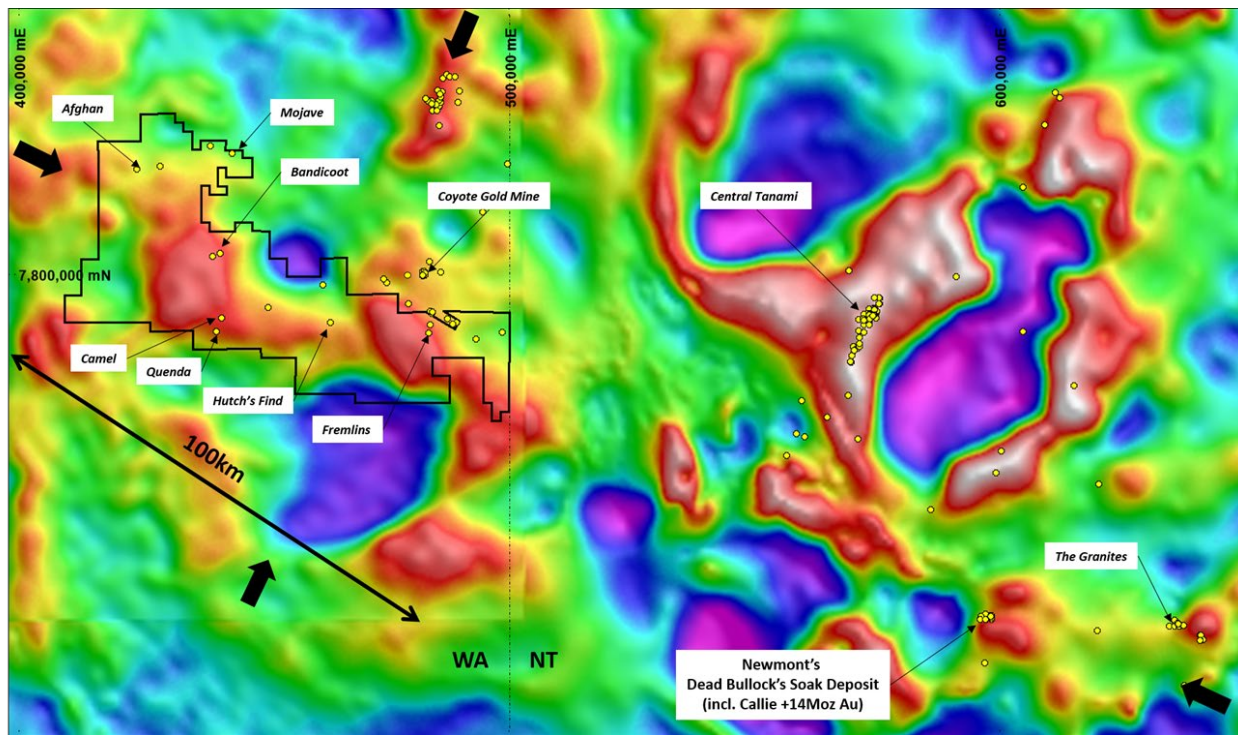
## Background

West Tanami is a belt scale gold project that covers over 100km of strike along the major structural corridor (Trans-Tanami Structure) that extends through the Tanami region of WA. Encounter's ground holdings in the Tanami cover 2,275km<sup>2</sup> of a well mineralised, emerging gold province that is significantly underexplored.



**Figure 1 –Tanami regional tenement summary**





**Figure 2 –Hamelin's West Tanami gold project with gold occurrences over regional gravity data**

West Tanami has been subject to sporadic and fragmented exploration in the past. The attraction of the project area was enhanced by new datasets provided by the Geological Survey of WA and material new near mine gold discoveries at Newmont Corporation's +14Moz Callie gold mine.<sup>1</sup>

West Tanami contains open, high-grade gold intersections under shallow cover, significant kilometre scale unexplored geochemical anomalies and a suite of untested geophysical targets with supporting geochemistry in a Tier 1 jurisdiction.

***High-grade gold intersections under shallow cover:***

- Hutch's Find Prospect:
  - Gold/arsenic anomalism in colluvium over 5km of strike
  - Limited drilling has returned 19m @ 2.3g/t Au from 98m and 10m @ 5.4g/t Au from 123m<sup>2</sup>
- Camel Prospect:
  - Significant zone of gold/arsenic anomalism in shallow drilling over 2km of strike
  - 7.2m @ 3.1g/t Au from 95m<sup>2</sup>

***Large geophysical targets with supporting geochemistry:***

- Bandicoot and Quenda Prospect:
  - Two large untested magnetic anomalies coincident with gold-arsenic geochemical anomalism adjacent to an interpreted major structure
  - EIS co-funded diamond drilling program planned for Q4 2021

***Kilometre scale unexplained geochemical anomalies:***

- Afghan Prospect: a +7.5km long gold anomaly in shallow RAB drilling
- Fremlins Prospect: a 6km long zone of gold and arsenic anomalism located along NNE trending regional structure 10km south of the Coyote gold mine
- Mojave Prospect: a +7km long gold-arsenic anomaly that includes thick mineralised drill intersections strengthening at bottom of hole

<sup>1</sup> Refer to Newmont Tanami Operations AGES Paper 20 March 2018

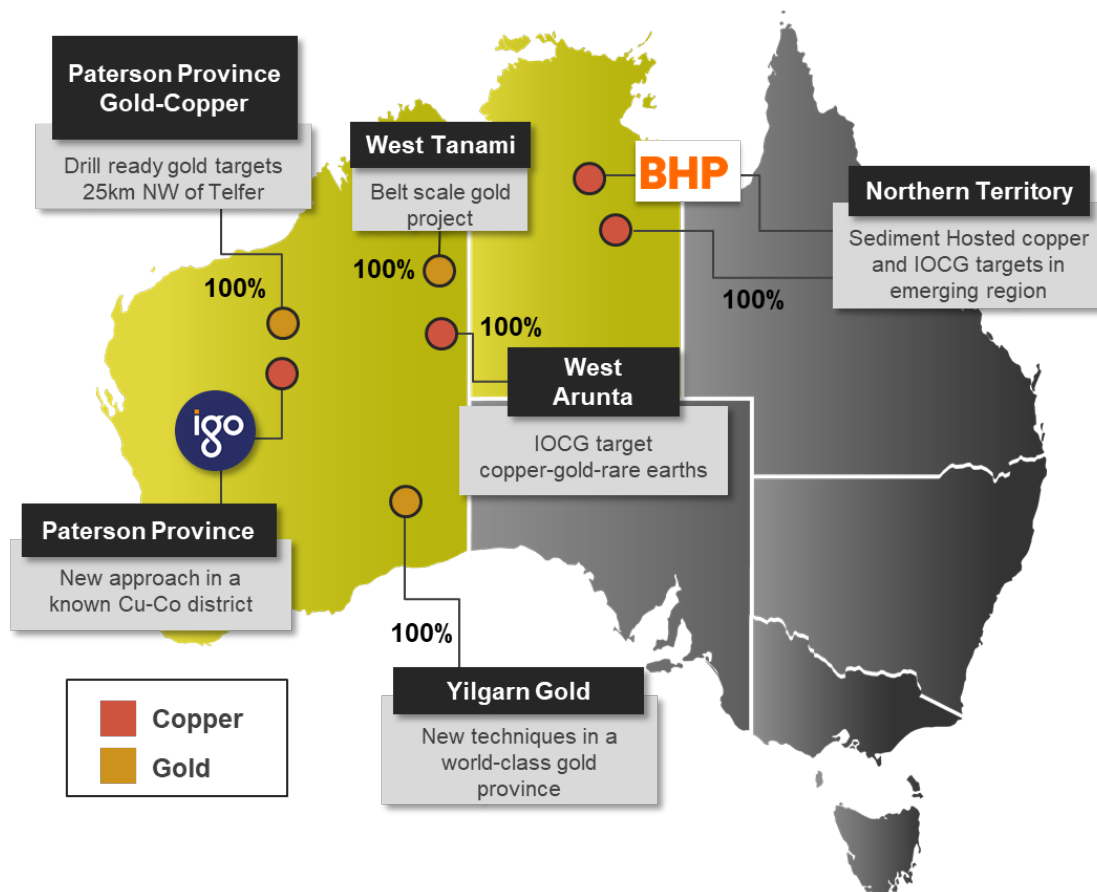
<sup>2</sup> Refer to ASX Release 3 May 2018

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

***Disclaimer***

*Any forward-looking statements included in this document involve subjective judgement and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, and maybe unknown to Encounter. In particular, they speak only as of the date of this document, they assume the success of Encounter's strategies, and they are subject to significant regulatory, business, competitive and economic uncertainties and risks. Actual future events may vary materially from the forward looking statements and the assumptions on which the forward looking statements are based.*



## About Encounter

Encounter is one of Australia's leading mineral exploration companies listed on the Australian Securities Exchange. Encounter's primary focus is on discovering major gold and copper deposits in Australia. 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, first mover copper opportunities in the Northern Territory. This includes the Elliott copper project which is being advanced in partnership with BHP via a \$22m earn-in and joint venture;
- The Aileron IOCG project in the West Arunta in WA; and
- An extensive land position in the West Tanami region covering over 100km of strike along a major prospective structural corridor in WA which Encounter intends to demerge into a new company, "Hamelin Gold Limited" and post demerger, Hamelin will seek to list on ASX.

## For further information, please contact:

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