Quarterly Report

For period ended 30 September 2022

encounter RESOURCES LIMITED

31 October 2022

Exploring for the next copper, rare earths and lithium discoveries

100% owned projects in Australia's most exciting mineral provinces

Aileron Copper-Gold-REE Project - West Arunta - WA (100% ENR)

- Geochronology completed by the GSWA designated that Aileron has a comparable aged host sequence and hydrothermal event to the IOCG deposits of South Australia
- Airborne magnetic-radiometric survey is important in refining our 2023 drilling plans and to define potential new carbonatite and IOCG targets

Sandover Copper Project - NT (100% ENR)

- Gravity survey completed, co-funded by the Northern Territory Geological Survey ("NTGS")

Lamil Copper-Gold Project - Paterson Province - WA (100% ENR)

- EIS co-funded diamond drilling intersected the target package and a new steep set of structures that may represent a new untested target
- Initial assay results expected in November-December 2022

Junction and Sitch Lithium Projects - NT (100% ENR)

- New lithium targets identified at the Junction and Sitch lithium projects
- Initial on ground assessment to include sampling of mapped outcrops and a trial of surface geochemical methods at the Crawford target at Junction

Major copper exploration drive funded through farm-ins

Elliott Copper Project - NT (BHP $25m farm-in)

BHP

- Commencement of a diamond drill program (~2,000m), operated and funded by BHP (ASX:BHP)
- Drilling designed to advance the understanding of basin architecture and prospective deposition locations for sediment-hosted copper deposits

Jessica and Carrara Copper-Zinc Projects - NT (South32 $15m & $10m farm-ins)

SOUTH32

- Reprocessing of seismic lines defined ground-breaking, new drill targets at Jessica and Carrara
- Eight new targets identified to be refined and prioritised with diamond drilling scheduled to commence in April-May 2023

Yeneena Copper Project - Paterson Province WA (IGO $15m farm-in)

igo

- Exploration activities during the quarter included ~4,000m of diamond drilling and ~1,500m of aircore drilling, operated and funded by IGO Limited (ASX:IGO)

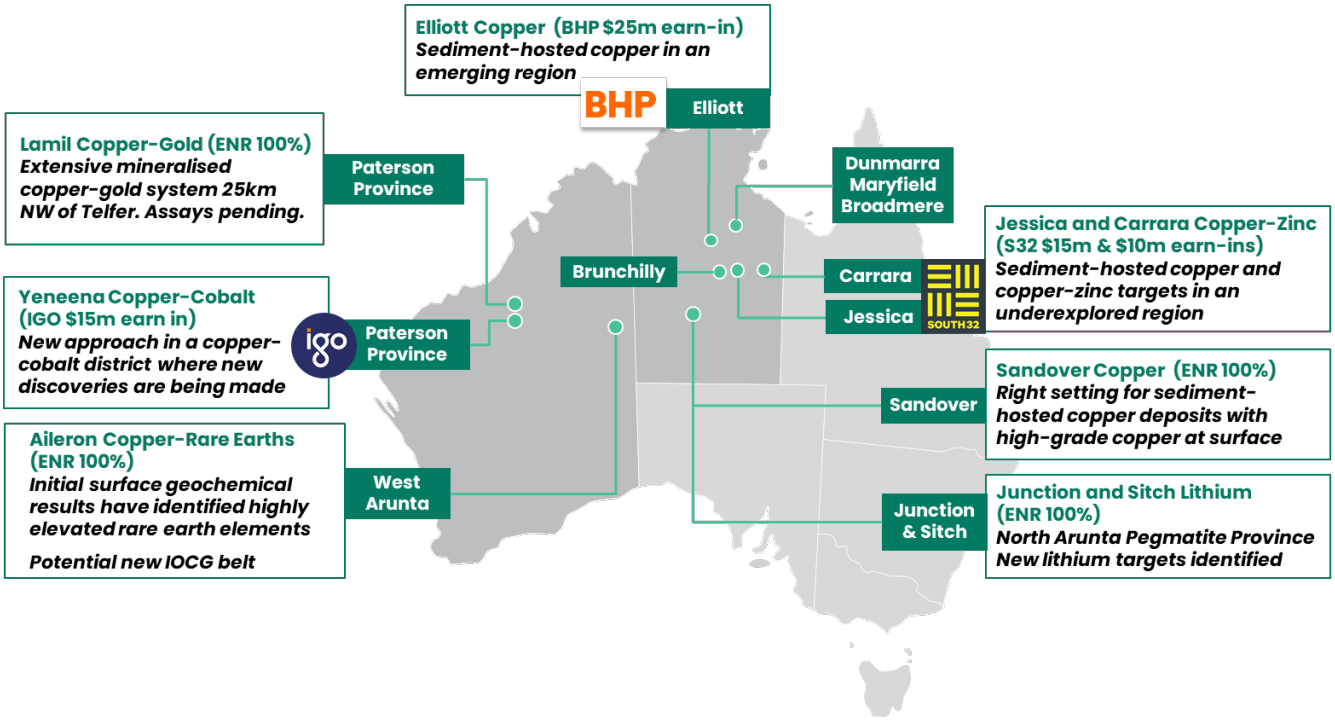
Corporate

- In September 2022 the Company raised a total of $4 million, before costs, by placement of 33,333,334 ordinary fully paid shares to unrelated parties at an issue price of $0.12 per share

ASX Code:	Cash (30/9/2022)	Market Cap. (28/10/2022)	Issued shares (30/9/2022)	Issued options (30/9/2022)
ENR	$5.4m	$49m	351m	20m

Encounter Resources Limited
Suite 2, 1 Alvan St
Subiaco WA 6008

P +61 8 9486 9455
E contact@enrl.com.au
www.enrl.com.au



100% owned projects in Australia's most exciting provinces

Aileron Copper–Rare Earths Project – West Arunta, WA (100% ENR)

Background

Aileron is located in the West Arunta region of WA ~600km west of Alice Springs. The project contains several structural and geophysical targets identified through aerial magnetic and gravity surveys.

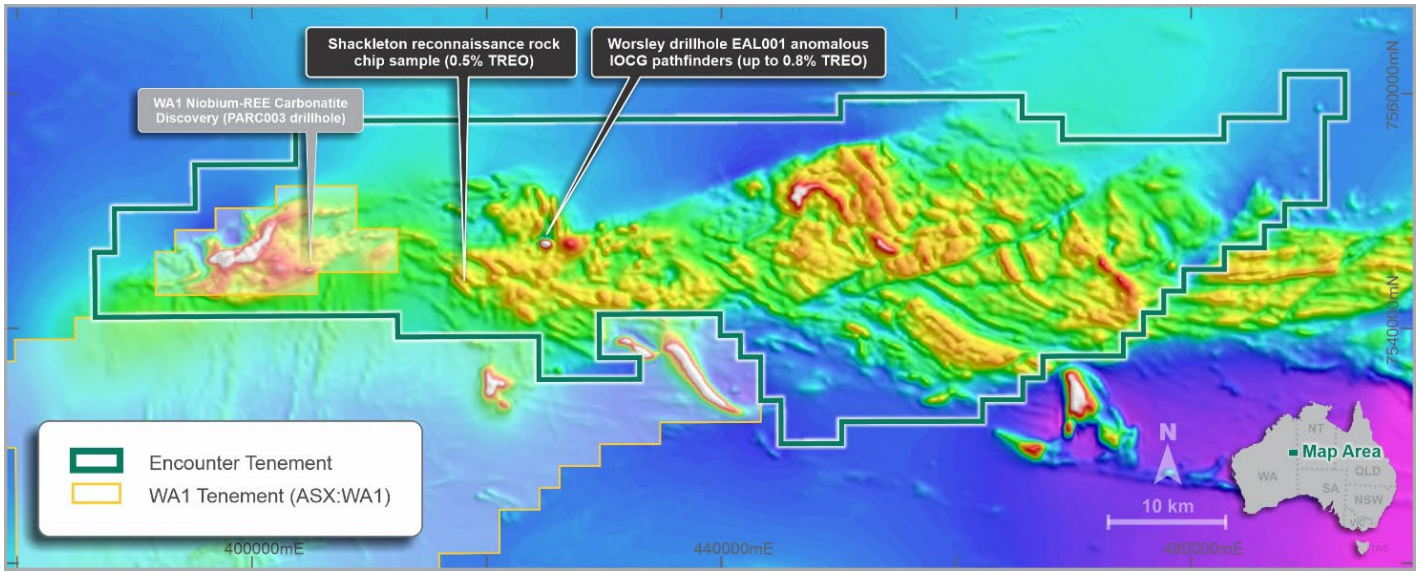


Figure 1 – Aileron Cu-REE project – Magnetics (TMI)
(refer ENR ASX releases 28 January 2021 & 14 February 2022 and WA1 ASX release 26 October 2022)

To date, only one diamond hole, EAL001, has been drilled within the project area and targeting a discrete magnetic anomaly (Worsley prospect). EAL001 was partially completed to a depth of 158m in October 2020 and drilled through 5m of shallow cover followed by a brecciated hydrothermal hematite-chlorite-altered granite with a narrow mafic intrusion. Within these units, zones of increased brecciation and alteration correlate with increased REE anomalism with a distinctive IOCG geochemical signature. The hole ended prior to designed depth due to a mechanical failure.

Assays from EAL001 include zones of anomalism in copper (up to 0.1% Cu), gold (up to 48ppb Au), molybdenum (up to 155ppm Mo), niobium (up to 773ppm Nb) and highly elevated rare earth elements (up to 0.8% TREO) consistent with the IOCG deposit model *(refer ASX release 28 January 2021)*.

Gravity and Surface Geochemical Trial

In November 2021, a helicopter-supported ground gravity survey (Figure 2) and geological reconnaissance activities, including a surface sampling trial were completed at Aileron. A rock chip collected from a ferruginous quartz vein in altered quartzite 7km from EAL001 returned 0.5% TREO (including 0.1% neodymium-praseodymium, Nd_2O_3+Pr_6O_{11}) *(refer ASX release 14 February 2022)*.

The presence of highly anomalous REE at two separate locations at Aileron, and the carbonatite discovery by WA1 Resources 1km from Encounter's tenement boundary, provide encouragement that an alkaline magmatic hydrothermal system has been active in the region. Alkaline magmatic systems are known to play an important role in the formation of both IOCG and carbonatite-hosted REE deposits.

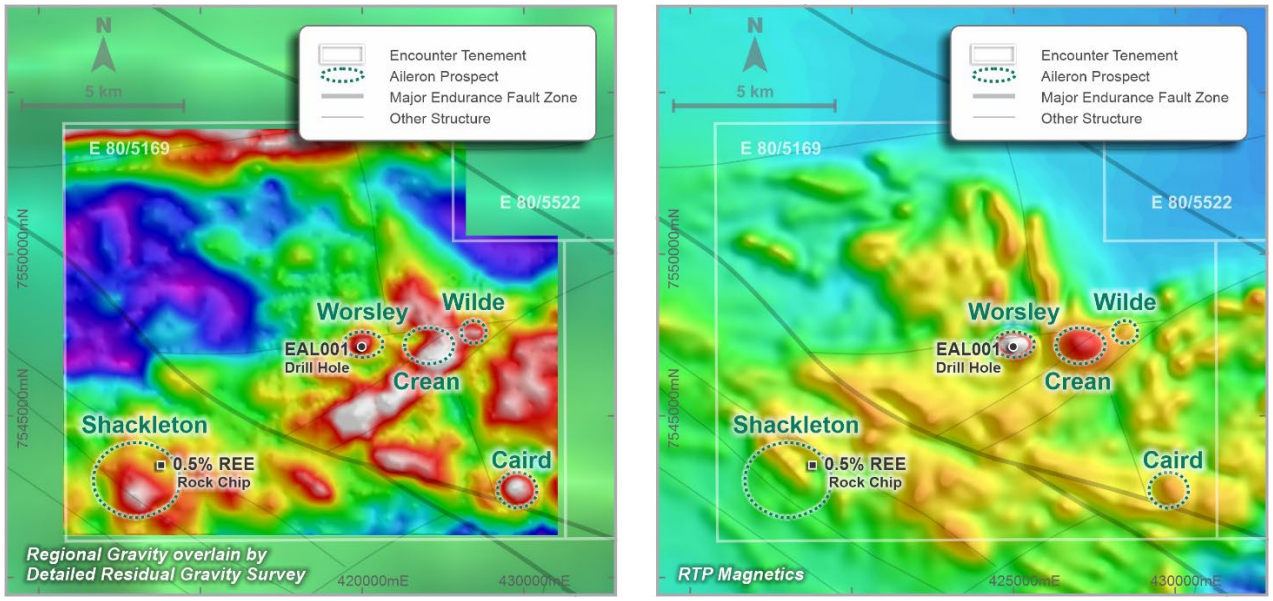


Figure 2 – Aileron IOCG project – Left – Detailed residual gravity image with regional residual gravity image in background with interpreted structures and identified targets. Right – regional TMI magnetics image with interpreted structures and identified targets.

Geochronology

The North West Arunta inlier at Aileron has historically been mapped as Carrington suite granites (1805-1770 Ma). Zircon dating undertaken by the GSWA* during the quarter has shown that, while there are older rocks of the Carrington Suite and Lander Rock Formation in the district, EAL001 has intersected a new suite of intrusions, previously unknown in the region, with an age of c.1608 Ma.

The GSWA has also found a population of zircons which suggest that brecciation and hydrothermal alteration of this younger intrusion occurred shortly after its emplacement at c.1577 Ma*. Importantly, this age is similar to the ages of known IOCG mineralisation events recorded in the Gawler craton at Olympic Dam* and other deposits (Figure 3).

This new information as well as the established REE anomalism, the presence of cross-cutting mafic dykes and anomalous copper and gold values in EAL001 are compelling evidence of the region's IOCG mineral system potential.

In summary, age dating by the GSWA completed on samples collected from drillhole EAL001 at Aileron has confirmed:

- a previously unknown granitic intrusion event at Aileron of similar age to the Hiltaba Suite granites in the Gawler Craton in South Australia; and
- an age of hydrothermal alteration similar to the published mineralising events at Olympic Dam

Confirmation of these important dates, coupled with the presence of REE, copper and gold anomalism associated with hematite and chlorite alteration, support the IOGC target model (refer ASX announcement 25 August 2022).

Importantly, the prospective geology is under shallow cover (5m of cover in EAL001) in contrast to +500m of cover in much of the Gawler Craton. Accordingly, surface geochemical methods can be applied in this region and the trials completed by Encounter demonstrate this.

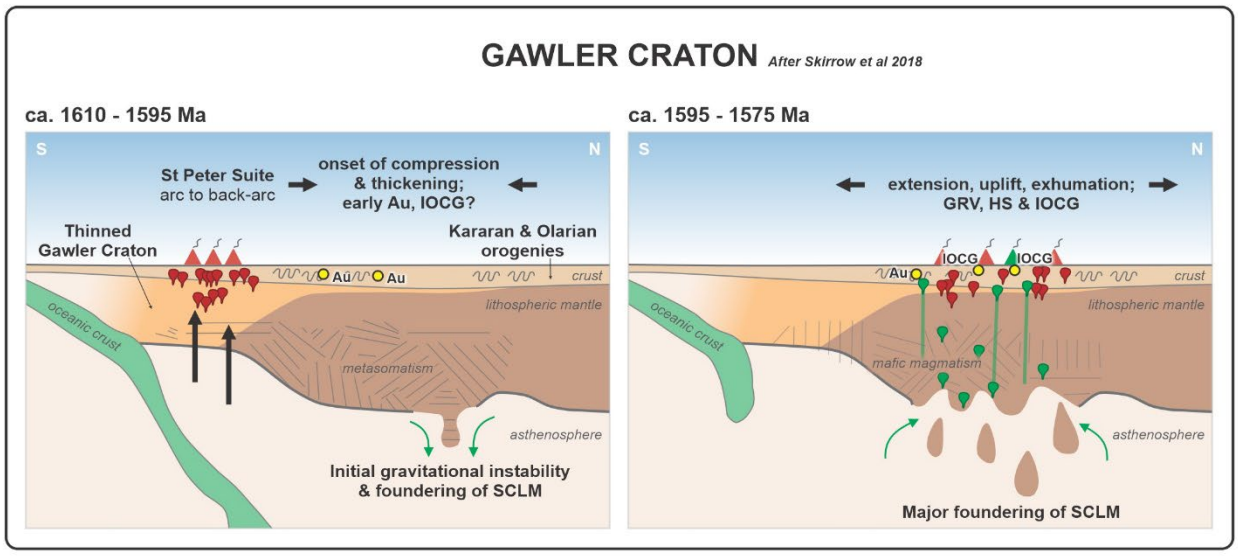


Figure 3 – IOCG Gawler Craton Schematic Model – modified from Skirrow et al 2018

**GSWA Geochronology Record 1897: 203749: altered granitic rock, Aileron prospect (Aileron Province, North Australian Craton)*

** Jagodzinski, 2014. Australian Earth Sciences Convention (AESC), Newcastle).*

Next Steps

An 8,000 line km airborne magnetic-radiometric survey is due to commence at Aileron at the start of November 2022. The 100m spaced survey will cover 50 strike kms of the project to refine 2023 drilling plans and to define potential new carbonatite and IOCG targets. The survey is expected to be completed in November 2022

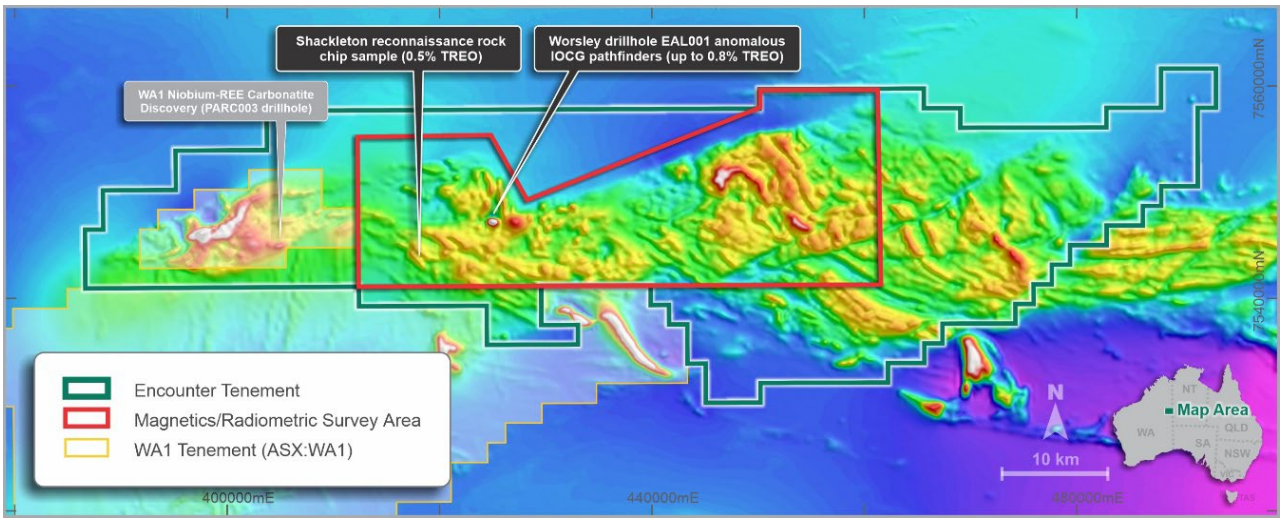


Figure 4 – Aileron Cu-REE project – magnetic-radiometric survey November 2022

Sandover Copper Project – NT (100% ENR)

Background

Sandover is located 170km north of Alice Springs and covers a major structural corridor on the southern margin of the Georgina Basin. Access is excellent with the Stuart Highway and Alice Springs-Darwin railway extending through the western margin of the project.

Sampling in October 2021 was conducted in four field areas located up to 6km apart (Figure 6). Each area confirmed the presence of an outcropping red-bed sandstone sequence with multiple narrow but strike extensive grey shale units containing copper oxide mineralisation (malachite). Sampling of copper mineralisation at surface returned assays up to 20.9% Cu and a suite of highly anomalous pathfinder elements (Zn, Ag, As, Bi, Mo and Pb) *(refer ASX announcement 16 December 2021)*.

Exploration Activity

Additional surface sampling and field reconnaissance was completed in April 2022. This program confirmed additional mapped areas containing surface copper oxide mineralisation (see Figure 6, Area 5). The surface mapping also identified small bornite nodules, interpreted to be zones of increased fluid flow after replacement of anhydrite, within the grey shale unit (Photo 1).

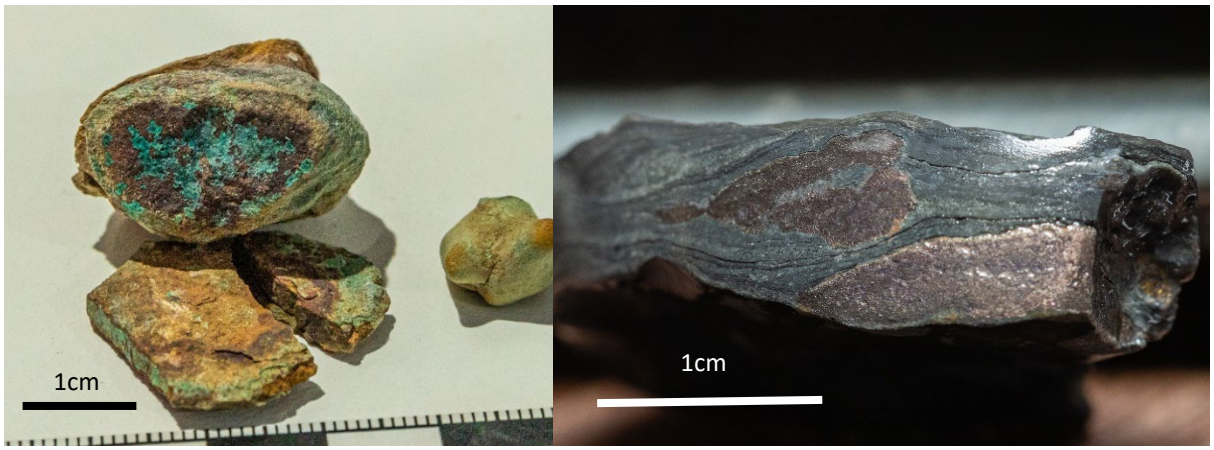


Photo 1 (left) – weathered copper rich nodules collected from surface at Area 1 (refer Figure 1) – containing malachite (interpreted after bornite-chalcopyrite), visual estimate 10% malachite in 2.5cm diameter nodule

Photo 2 (right) – primary copper rich nodule from historical drillhole (Mt Skinner DDH3 203.3m) located adjacent to Area 4 (refer Figure 1) containing bornite-chalcopyrite, visual estimate 30% bornite-chalcopyrite over ~1cm width

Surface samples were also collected from various outcropping stratigraphic horizons for chemical analysis and stratigraphic correlation.

Inspection of historical drill core from Sandover in the Alice Springs core library was completed in April 2022. A number of historical drill holes (drilled in 1968, 1971 and 1994) were reviewed and confirmed key geological units and processes to enable the formation of sediment hosted copper deposits are present. Significantly, narrow zones of copper sulphide minerals, including bornite, were identified in historical drill core (Photo 2).

It is interpreted that the copper rich nodules identified at the surface represent the weathered form of the bornite nodules observed in historical drill core. This provides encouraging evidence that processes capable of forming high grade copper mineralisation are present in the basin.

Furthermore, shale units containing the outcropping copper mineralisation at Sandover are considered moderate reductants yet have precipitated considerable copper. This suggests that a highly copper charged fluid has been active at the project.

Accordingly, exploration activities at Sandover are focused on identifying more reduced units within the basin. There will be a particular emphasis on where these units intersect long-lived basin forming structures which are areas with the potential to host major mineral deposits.

NTGS Funding

All available geophysical datasets have been compiled, integrated and evaluated by Encounter's geophysical consultant Terra Resources. As a result of this exercise, 1x1km spaced gravity data has been identified as a key dataset to be collected. Encounter has been awarded a $100,000 grant to complete this gravity survey at Sandover under the NTGS Geophysics and Drilling Collaborations Program.

Next Steps

The NTGS co-funded gravity survey was completed in October 2022. This fundamental new dataset will be integrated to assist with target definition for drilling in 2023.

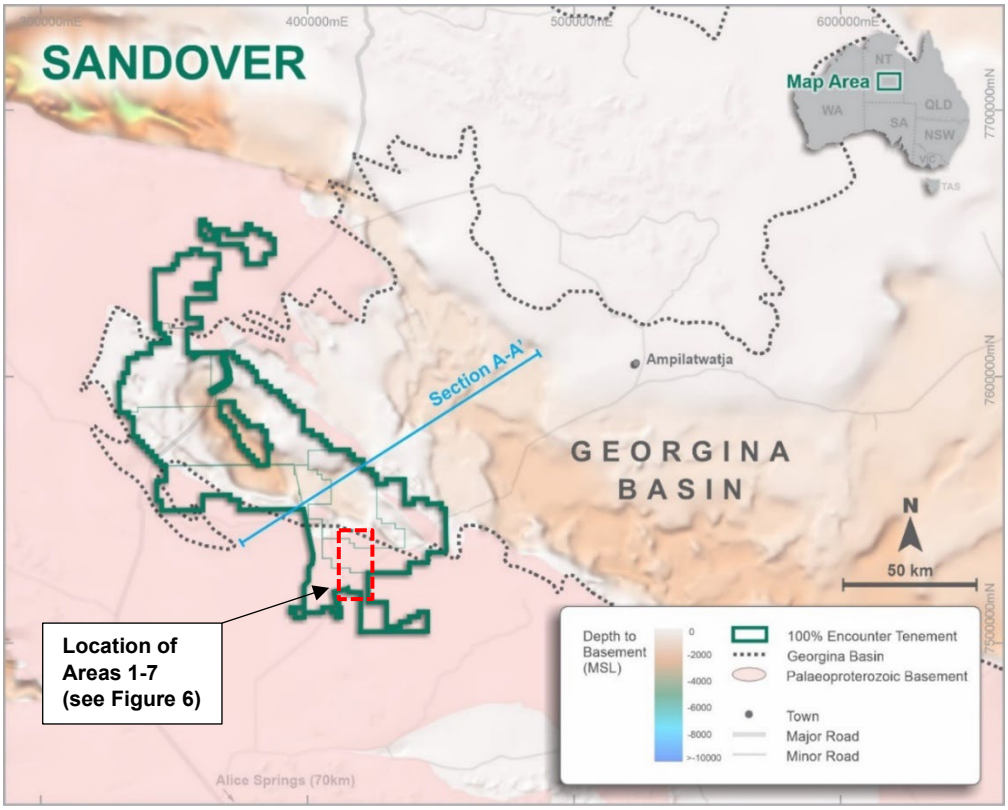


Figure 5 – Location of field mapping and sampling

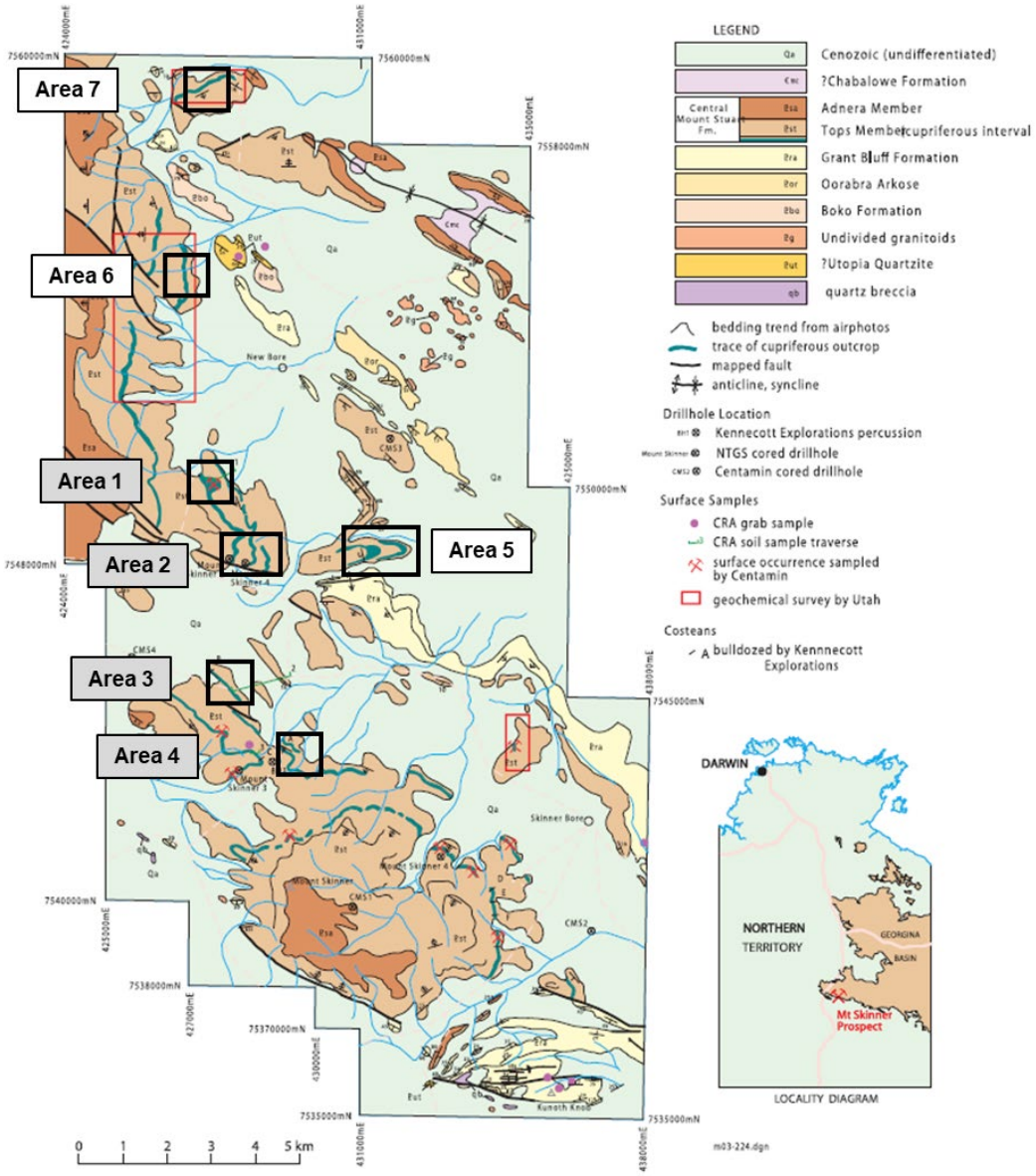


Figure 6 – Geological map showing cupiferous outcrop, drillhole locations and surface sampling (compiled from company reports and Haines 2004) *Source: NTGS Geology and Mineral Resources of the Northern Territory. Special Publication 5. Compiled by Ahmad, M. and Munson, T.J., June 2013.*
Areas 1-4 sampled by Encounter in October 2021, Area 5, 6, 7 sampled in April 2022.

Cautionary statement on visual estimates of mineralisation
References to visual results are from historical diamond drilling from Sandover stored at the Alice Springs Core Library. Photos 1 & 2 provide information supporting the geological context of observations of mineral processes reported in this announcement. Visual estimates of mineral percentages are based on preliminary visual observations of the drill core surface as presented in the core trays and may not be representative of potential mineralisation at Sandover. Visual estimates of mineral abundance are not considered to be a proxy or substitute for laboratory analyses where metal concentrations or grades are the factor of principal economic interest.
The Company does not intend to complete laboratory assays of the samples in Photos 1 and 2. Refer ASX announcement 9 June 2022.

Junction and Sitch Lithium Projects – NT (100% ENR)

Background

The Junction and Sitch Lithium Projects sit within the Northern Arunta Pegmatite Province which was first identified in a report by the NTGS in 2005. The NTGS interpret that the pegmatites in the region are LCT pegmatites similar to the host pegmatites of the lithium deposits at Greenbushes in WA and the Finnis deposit in the Pine Creek pegmatite province in the NT*.

The region's lithium potential was also highlighted by rock chip sampling of the Anningie Tin Field (located 30km west of Junction) completed in 2017 which returned 15 rock chip samples above 1% Li_2O including a maximum lithium grade of 4.63% Li_2O (see ASX:TRT release 17 December 2017).

The presence of LCT pegmatites is further supported at Sitch by two tin-tantalum occurrences in the south-east of the project area.

The region's lithium prospectivity has been recognised by a number of companies including Core Lithium Ltd (ASX:CXO) which holds the Anningie and Barrow Creek Lithium Projects in the North Arunta district (Figure 7).

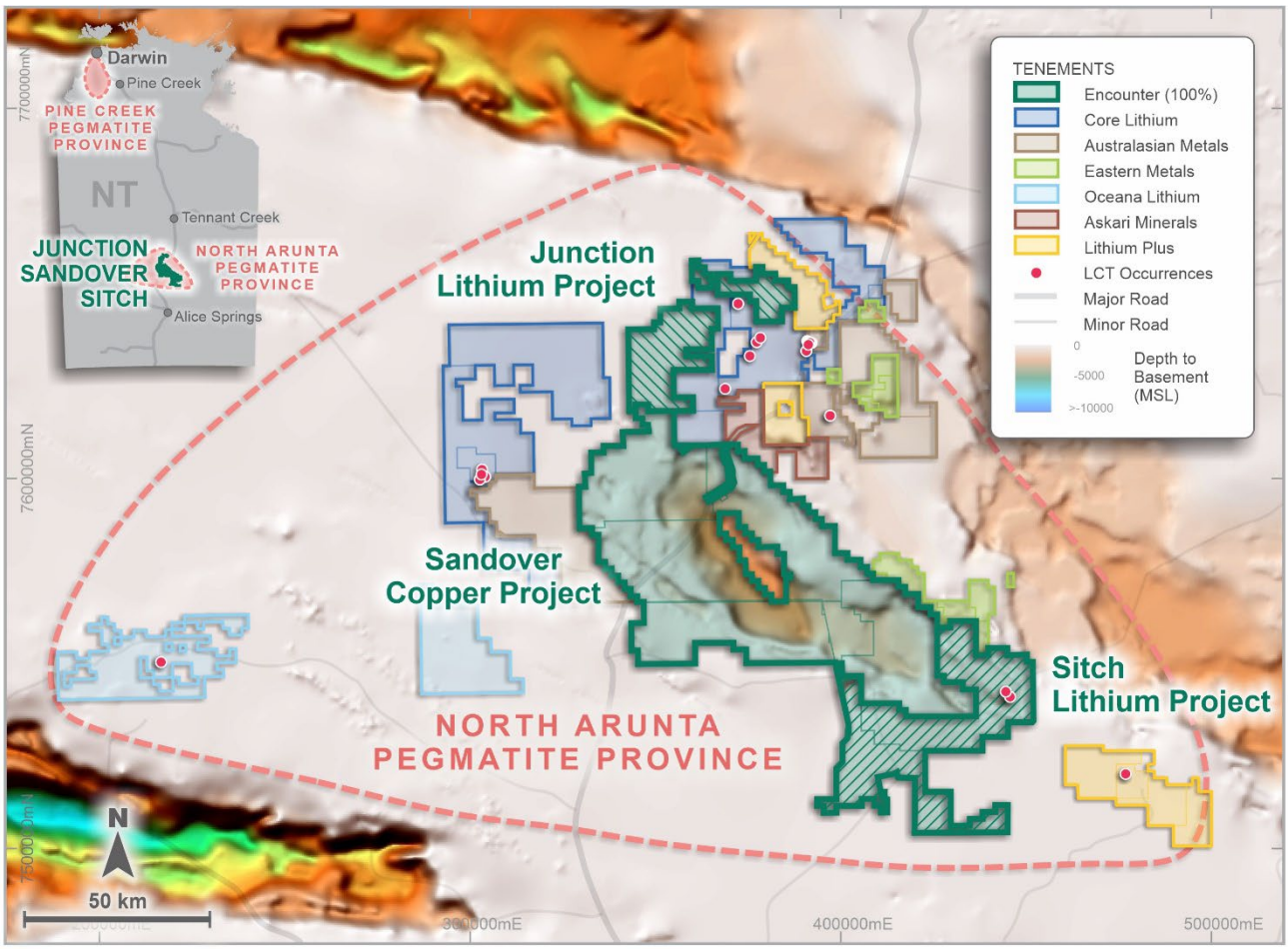


Figure 7 – Northern Arunta Pegmatite Province – Junction and Sitch Lithium Project Location Plan LCT pegmatite occurrences sourced from NTGS Report 16 *Tin-tantalum pegmatite mineralisation of the Northern Territory* (Frater 2005).

* NTGS Report 16: *Tin-tantalum pegmatite mineralisation of the Northern Territory* (Frater, 2005)

Lithium Targets

During the September 2022 quarter Encounter Non-Executive Director, Dr. Jon Hronsky, completed a technical assessment of the lithium potential of tenure held in the Northern Arunta Pegmatite Province (refer ASX announcement 19 October 2022). Integrating available data for the region has resulted in the definition of two large projects, Junction and Sitch, that contain three priority targets for follow up:

1. **Crawford**
   This target, located in the north of Junction, is defined by the intersection of two important, LCT-controlling structures, the Barrow Creek and Neutral Junction Fault Zones. There is minimal outcrop mapped in the target area but what is mapped is indicated to be a mixture of granite and pegmatite. It appears to be a residual area, amenable to surface sampling. The most Li-rich occurrence sampled by NTGS in the Northern Arunta Pegmatite Province (Tabby Cat) is located 5km south of the target area (Figures 8 & 9).

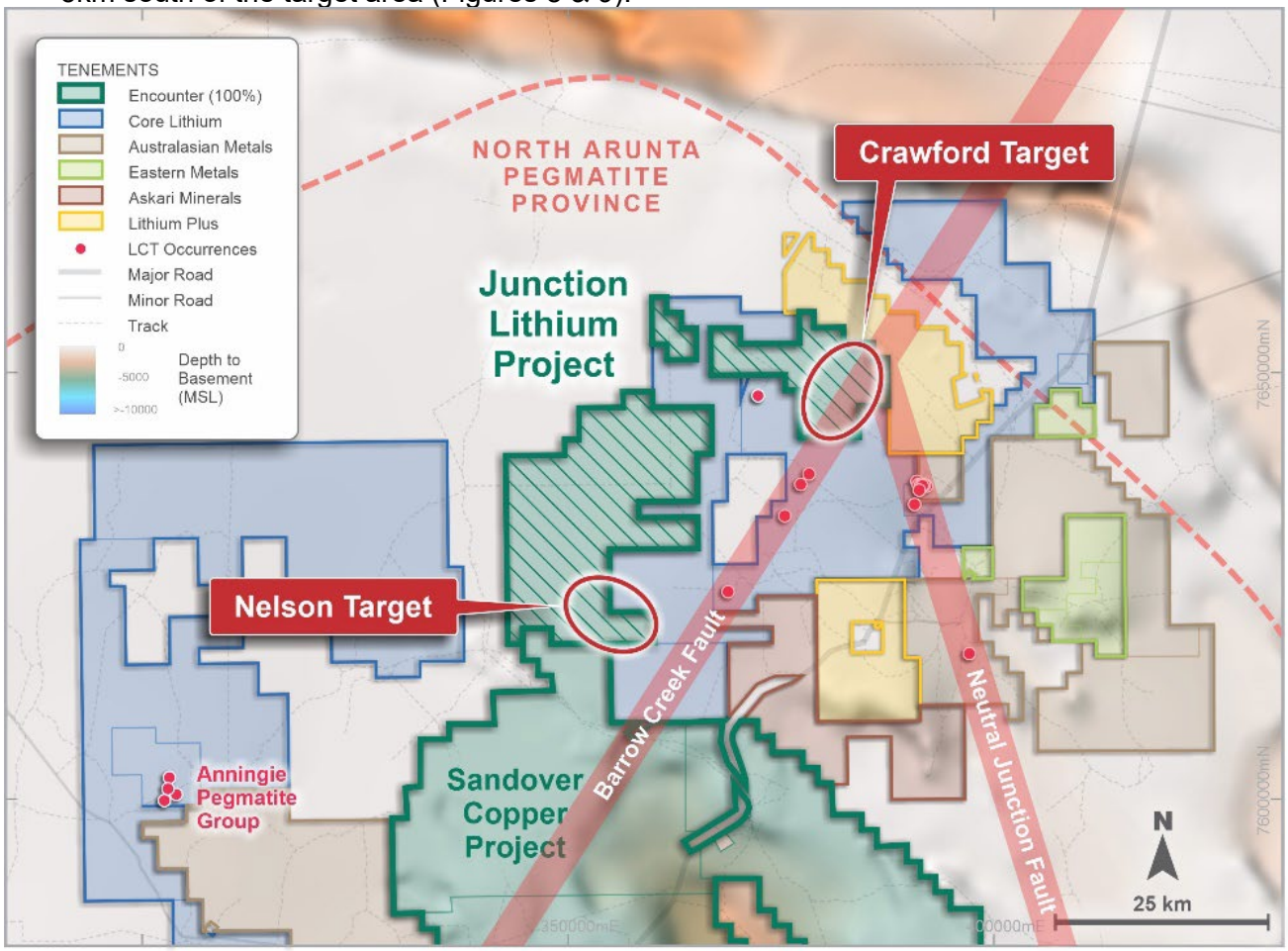


Figure 8 – Northern Arunta Pegmatite Province – Junction Lithium Project Location with LCT pegmatite occurrences sourced from NTGS Report 16 *Tin-tantalum pegmatite mineralisation of the Northern Territory* (Frater 2005).

2. **Nelson**
   This target lies within the southern area of Junction and is defined by the intersection of the major west-north-west structure, which bounds the northern side of a large Neoproterozoic basin depocentre, with two north-east trending structures that control the Western and Eastern Groups of pegmatites within the Barrow Creek District (Figure 9). The area is predominantly covered by Quaternary soil, however radiometric signatures indicate the presence of fractionated granite and the target is likely to be amenable to surface geochemical exploration to identify LCT-pegmatites.

3. **Utopia**
   This target, located in the northern part of Sitch, is defined by the intersection of the major west-north-west structure, which bounds the northern side of a large Neoproterozoic basin depocentre, with the northwest trending Neutral Junction Fault. The area hosts the Utopia cluster of pegmatites which are known to be low in Li, although it is interpreted that may be due to their close proximity to source granites. The primary target area at Utopia is located north-west of the outcropping pegmatites under cover (Figure 9) . The area is also predominantly covered by Quaternary soil and is likely to be amenable to surface geochemical exploration.

All three targets are considered to represent residual terranes that are potentially amenable to surface geochemical sampling. Crawford has been selected as the first target for follow up exploration.

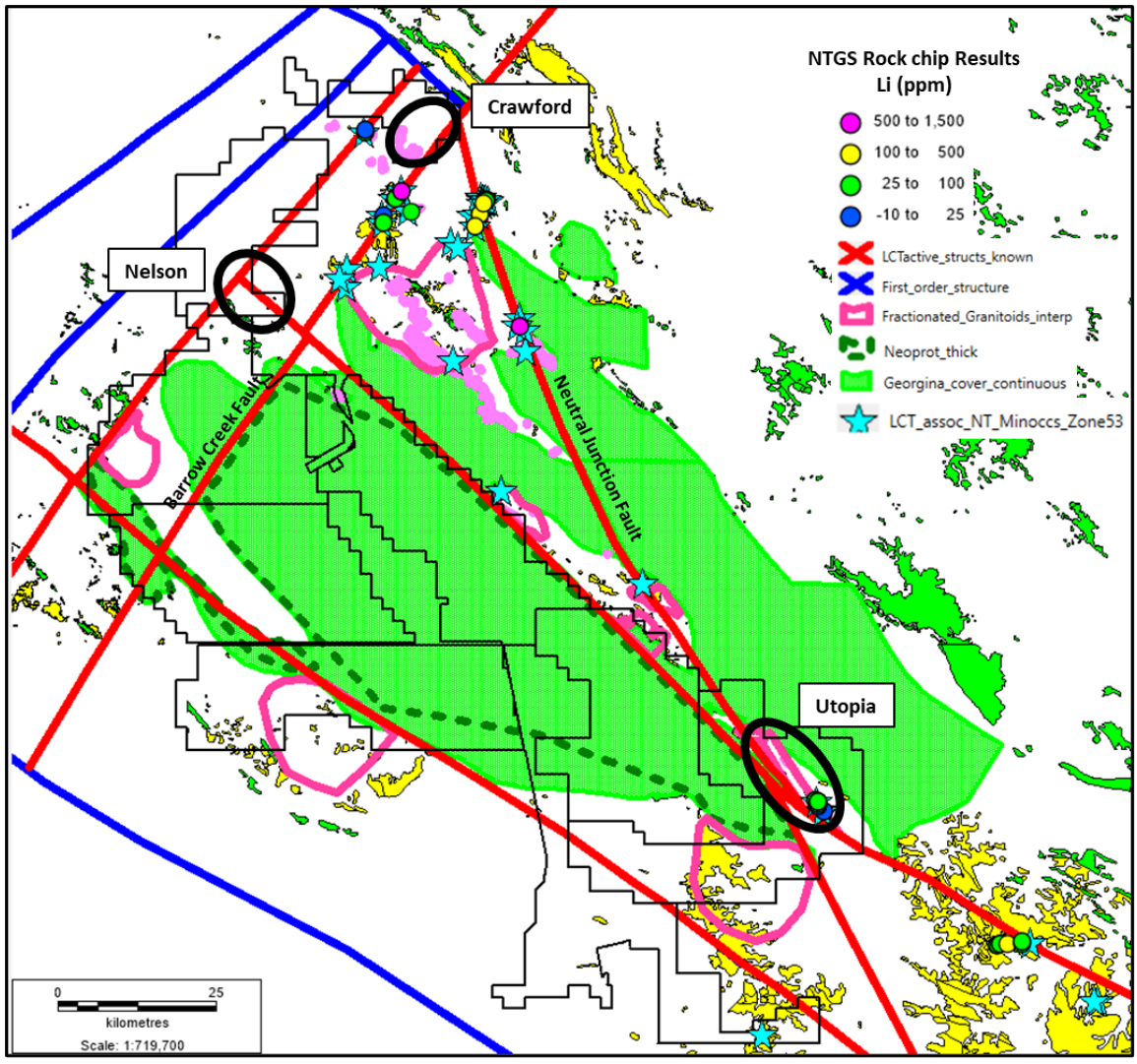


Figure 9 – Sandover Copper-Lithium Project – NTGS surface pegmatite sampling (Frater, 2005) with initial lithium targets

Next Steps

1. An NTGS co-funded 1km spaced gravity survey was completed in October 2022. Integration with existing data will refine the structural architecture including the location of LCT prospective structures.

2. Initial on ground assessment of the Crawford target will commence in October/November 2022 and will include sampling of mapped outcrops and a trial of surface geochemical methods.

3. Systematic 200m x 50m soil geochemical sampling of prospective corridors; analysis for Li, Cs, Ta, Sn, Be, W, Rb.

4. High-resolution aerial photography of prospective corridors looking for evidence of sub-cropping pegmatites in areas mapped as generally non-outcropping; follow up rock-chip sampling of identified occurrences.

5. RC drill testing of defined anomalous areas.

Lamil Copper-Gold Project - Paterson Province – WA (100% ENR)

Background

Lamil covers an area of ~61km^2 and is located 25km northwest of the major copper-gold mine at Telfer, owned by Newcrest Mining Ltd (ASX:NCM). Lamil is adjacent to a major regional gravity lineament which marks the location of an interpreted significant crustal scale structure that would have acted as a pathway for mineralising fluids during the formation of the Proterozoic aged deposits.

The Dune prospect is located in the northwest of the Lamil project and consists of a laterally extensive copper-gold system, outlined by broad spaced RC drilling over 1km of strike (Figure 10).

The mineralisation at Dune is hosted in metasedimentary rocks of the Proterozoic Lamil group which also host the Telfer, Havieron and Winu copper-gold deposits. Dune is situated close to the intersection of the prospective Upper Malu formation and the interpreted fold axis in the north western part of the Lamil Dome.

Diamond Drilling at the Dune Prospect completed September 2022

Prior drilling at Dune intersected multiple, stacked, copper-gold reefs in drill hole ETG0243 within a thick prospective package of interbedded siltstones analogous to Telfer's Upper Malu formation (see ASX release 16 November 2021).

The two holes (ETG0244 & ETG0245) that were completed in September 2022 designed to test for lateral and down plunge extensions of the prospective package intersected in ETG0243. Initial observations confirm the geological model with both holes intersecting the target package.

Drillhole ETG0244 intersected the prospective package of altered interbedded siltstones and sandstones from 355m to 474m downhole. In addition, a new steep set of structures striking sub-parallel to drilling was observed in the hole which may represent a new untested target.

ETG0245 confirmed the dip of the north eastern flank of the Lamil Dome and intersected the prospective package at 159m.

The diamond drill program at Lamil was co-funded, up to $220,000, under the WA Government's Exploration Incentive Scheme ("EIS").

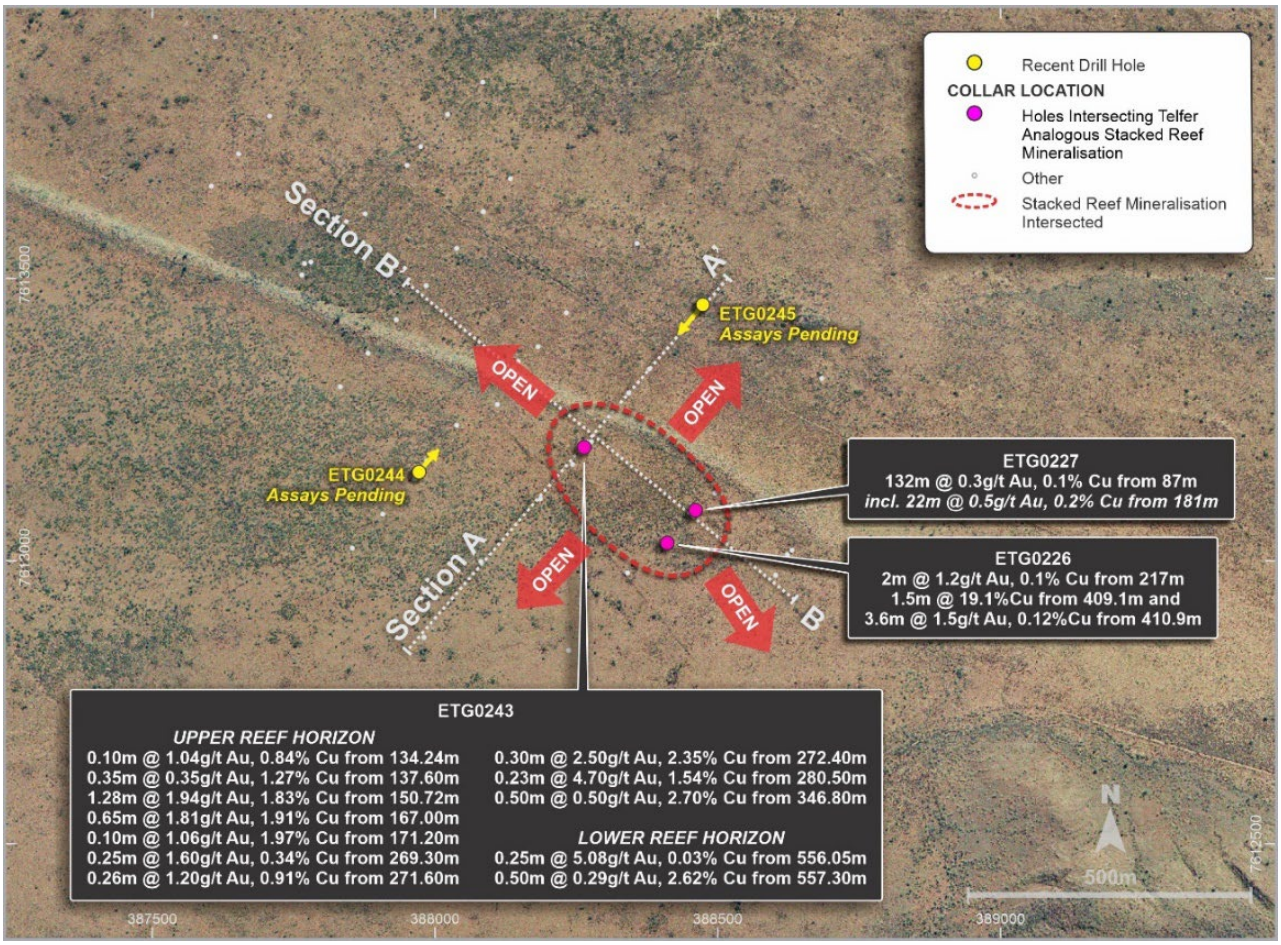


Figure 10 – Dune prospect plan showing the three previous holes that intersected stacked reef mineralisation in the Telfer analogous stratigraphic package. The locations of the two recent diamond drill holes (ETG0244 & ETG0245) down dip (cross section A-A', ETG0244) and down plunge (long section B-B' (ETG0245) [1]

Next Steps

Downhole EM survey of ETG0244 and ETG0245 was completed in October 2022 and the results will be integrated with other geophysics to assess the proximal area for conductive features that could represent sulphide accumulations often associated with copper-gold mineralisation at Dune.

First assay results from the drill program are expected in November/December 2022.

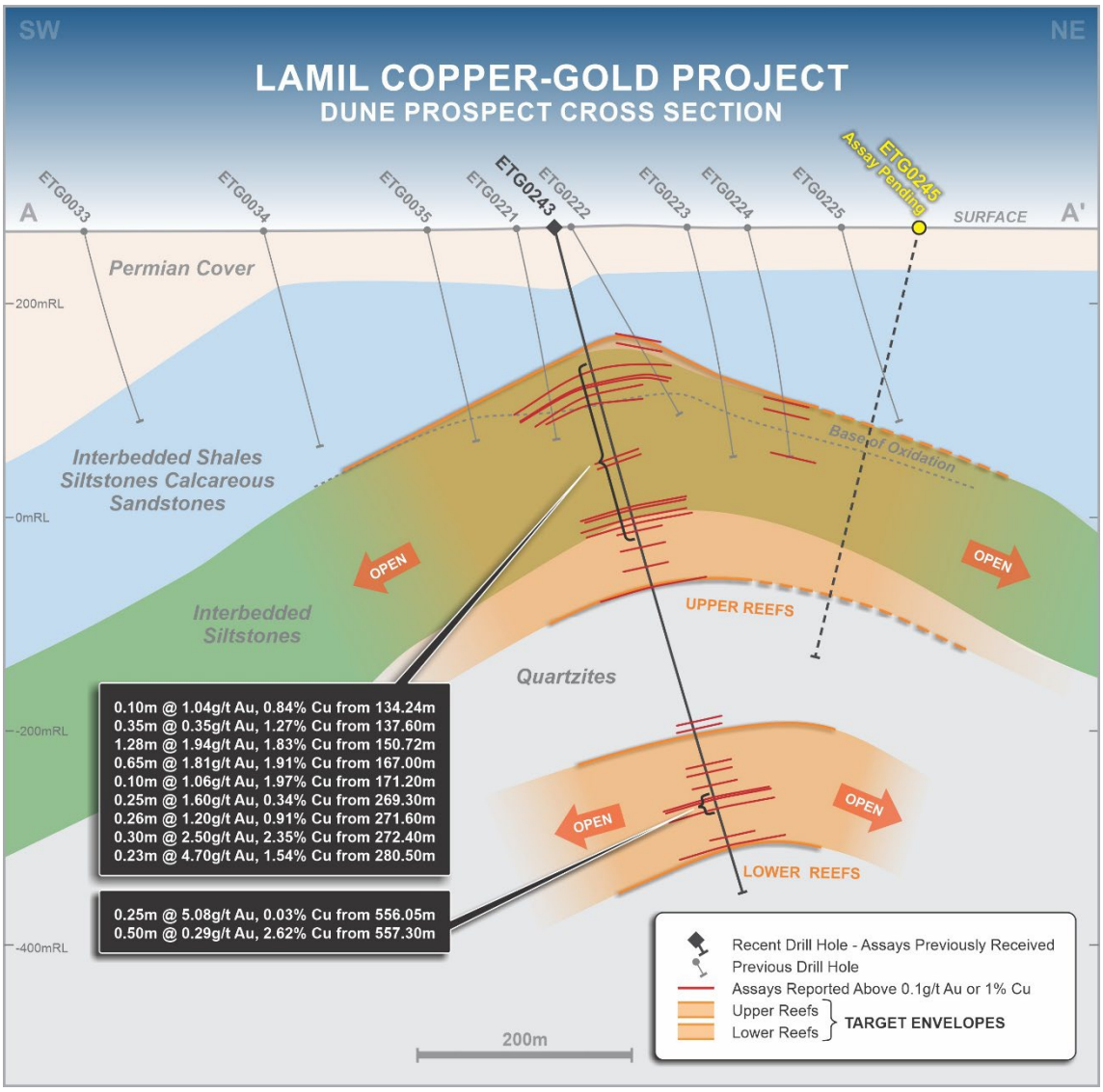


Figure 11 – Schematic Dune cross section with completed drill hole ETG0245. The Telfer analogous stratigraphy including upper and lower reef horizons intersected in ETG0243 contain multiple Cu-Au reefs which are generally sub-parallel to stratigraphy. ETG0245 was completed to test for lateral continuity and increased widths of the upper reefs down dip [1]

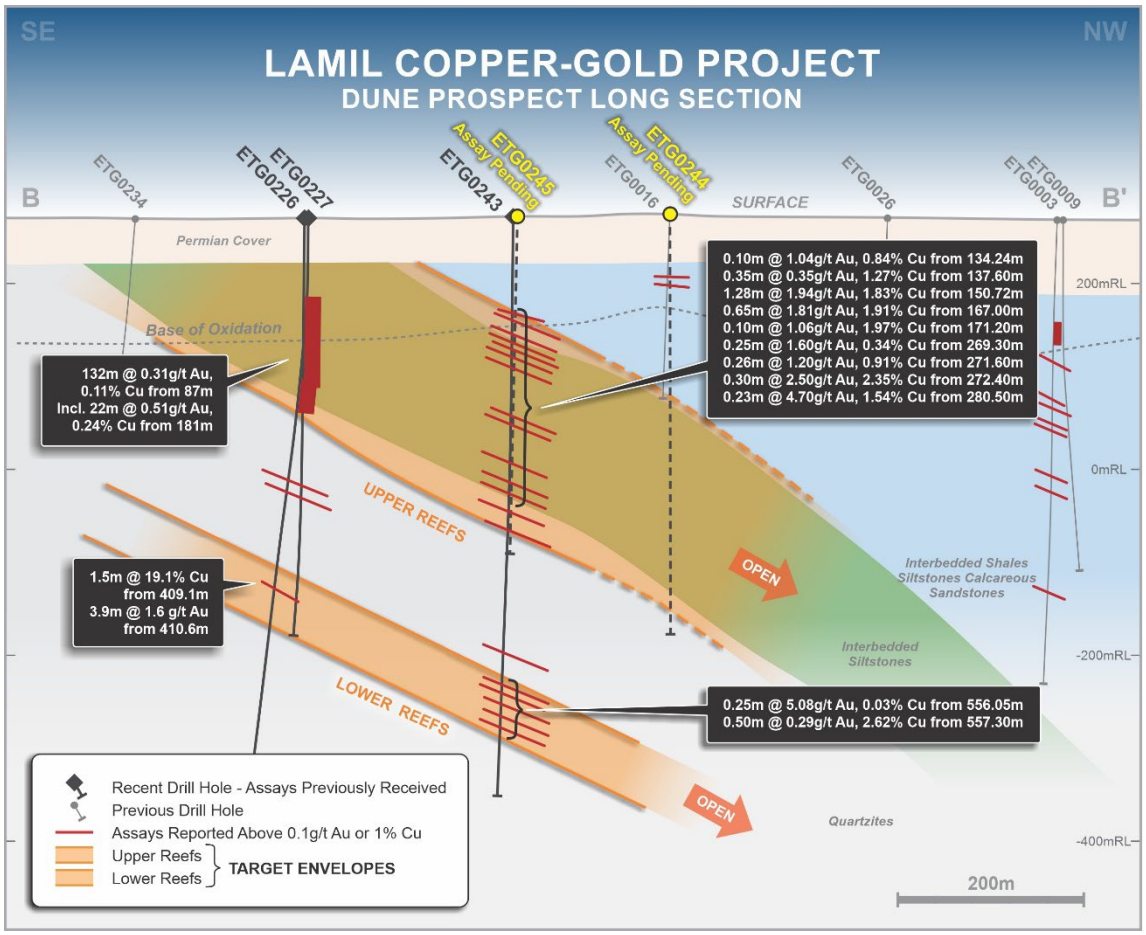


Figure 12 – Schematic long section of Dune showing the interbedded siltstone unit dipping below previous drilling and recently completed drill holes, ETG0244 and ETG0245 [1]

[1] For further details regarding the exploration results at the Lamil Copper-Gold Project, please refer to the following ASX announcements:

ASX release 26 April 2017
ASX release 19 January 2017
ASX release 18 December 2020
ASX release 21 April 2021
ASX release 6 September 2021
ASX release 16 November 2021
ASX release 13 September 2023

East Thomson's Dome Project – WA (100% ENR)

East Thomson's Dome is located 5km from Telfer in the Paterson Province of WA. 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.

Broad spaced RC drilling completed at the 45 Reef at East Thomson's Dome intersected:

- 6m @ 9.0g/t Au from 178m including
  - 2m @ 26.0g/t Au from 178m in ETG0045
- 16m @ 0.6g/t Au from 154m in ETG0044
  (refer ASX release 16 August 2017)

The next drilling program at East Thomson's Dome will target the south west extension of the high-grade reef intersected in ETG0045. Additional drilling is also planned on section and along strike of ETG0045.

Dunmarra, Maryfield and Broadmere Copper Projects – NT (100% ENR)

The Dunmarra, Maryfield and Broadmere projects encompass key targets identified on the margin of the Beetaloo Basin that were generated through fluid flow modelling of previous oil and gas drilling and seismic surveys. The targets were generated utilising oil and gas developed methodology that was refined to target the sediment hosted copper model.

Exploration activity has commenced with compilation of historical exploration and will include additional sampling of oil and gas wells in the basin adjacent to the targets and field reconnaissance.

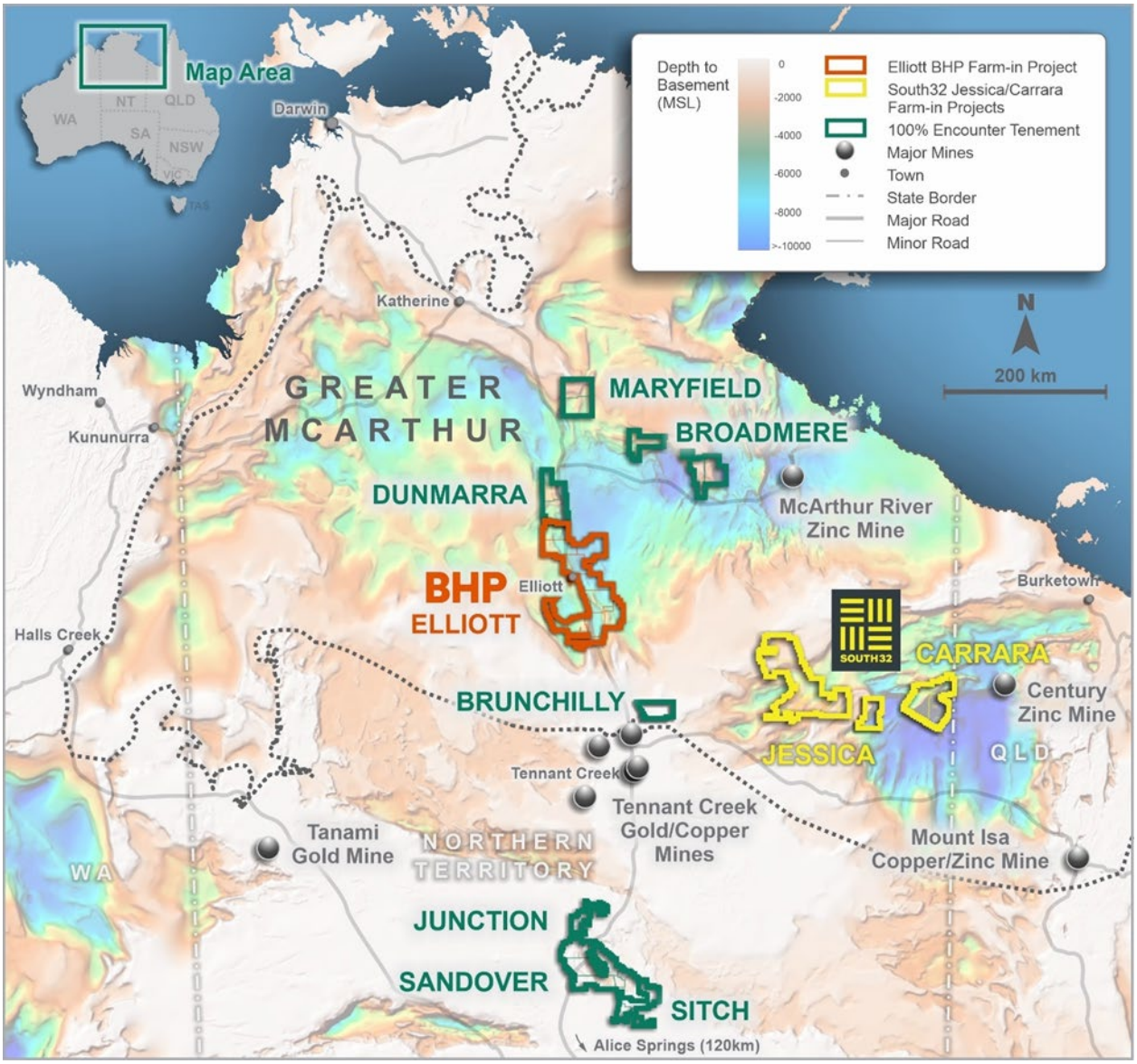


Figure 13 – Encounter copper and lithium projects in the Northern Territory – Project Location Plan

Major copper exploration drive funded through farm-ins

Elliott Copper Project – NT (BHP $25m Farm-in)

Elliott was the first project secured by Encounter in the NT and now comprises more than 7,200km^2. The project is readily accessible being located 200km north of Tennant Creek on the Stuart Highway which runs along the western margin of Elliott.

The project is being explored together with BHP where BHP has the right to earn up to a 75% interest in Elliott by sole funding up to $25 million of expenditure within 10 years.

Elliott is located at a major structural intersection on the southwestern margin of the Beetaloo Basin which is part of the Greater McArthur Superbasin that hosts the giant sediment-hosted base metal deposit at McArthur River.

The Superbasin contains thick, petroleum bearing, reduced sediments which are an ideal trap sequence and the major structures bounding the Superbasin are considered ideal structural fluid pathways for major sediment-hosted copper deposits. The project encompasses key conceptual criteria for the formation of sediment-hosted copper and the target sequence is undercover and untested.

New sampling datasets released in 2019 and 2020 have supported the conceptual and structural targeting model at Elliott. The standout, copper-in-groundwater anomaly (an order of magnitude above background) in the extensive dataset is located at Elliott.

Diamond Drill Program

The approved 2022 diamond drilling program at the Elliott Project is designed to advance the understanding of basin architecture and prospective deposition locations for sediment-hosted copper deposits.

A 2,000m diamond drilling program has commenced and is scheduled to be completed before the end of the dry season in November 2022.

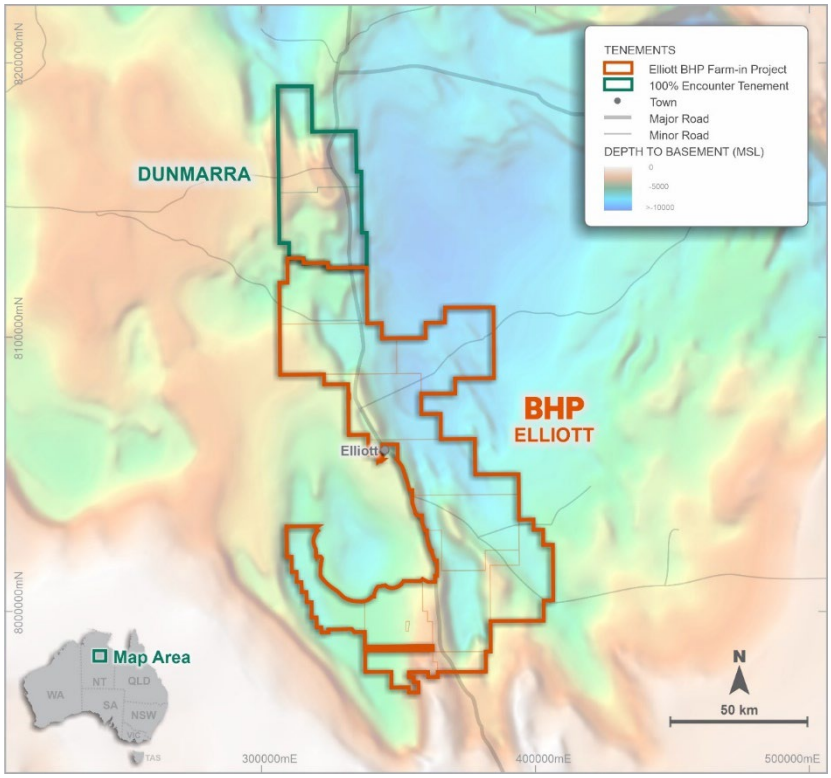


Figure 14 – Elliott Copper Project location plan

Jessica Copper Project – NT (South32 $15m Farm-in)

Jessica covers ~6,300km^2 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 is being explored together with South32 under a Farm-in Agreement where South32 may earn a 60% initial interest in a project by spending $15 million in exploration expenditure over a period of 10 years. South32 may then earn an additional 15% interest in Jessica upon completion of a Scoping Study (refer ASX announcement 23 June 2022).

Jessica captures compelling structural targets along the Brunette Downs Rift Corridor identified by Geoscience Australia in the 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 (Figure 15). 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 (Figure 15, No. 39 water bore) which returned 1.5% copper *(refer ASX announcement 19 August 2020)*.

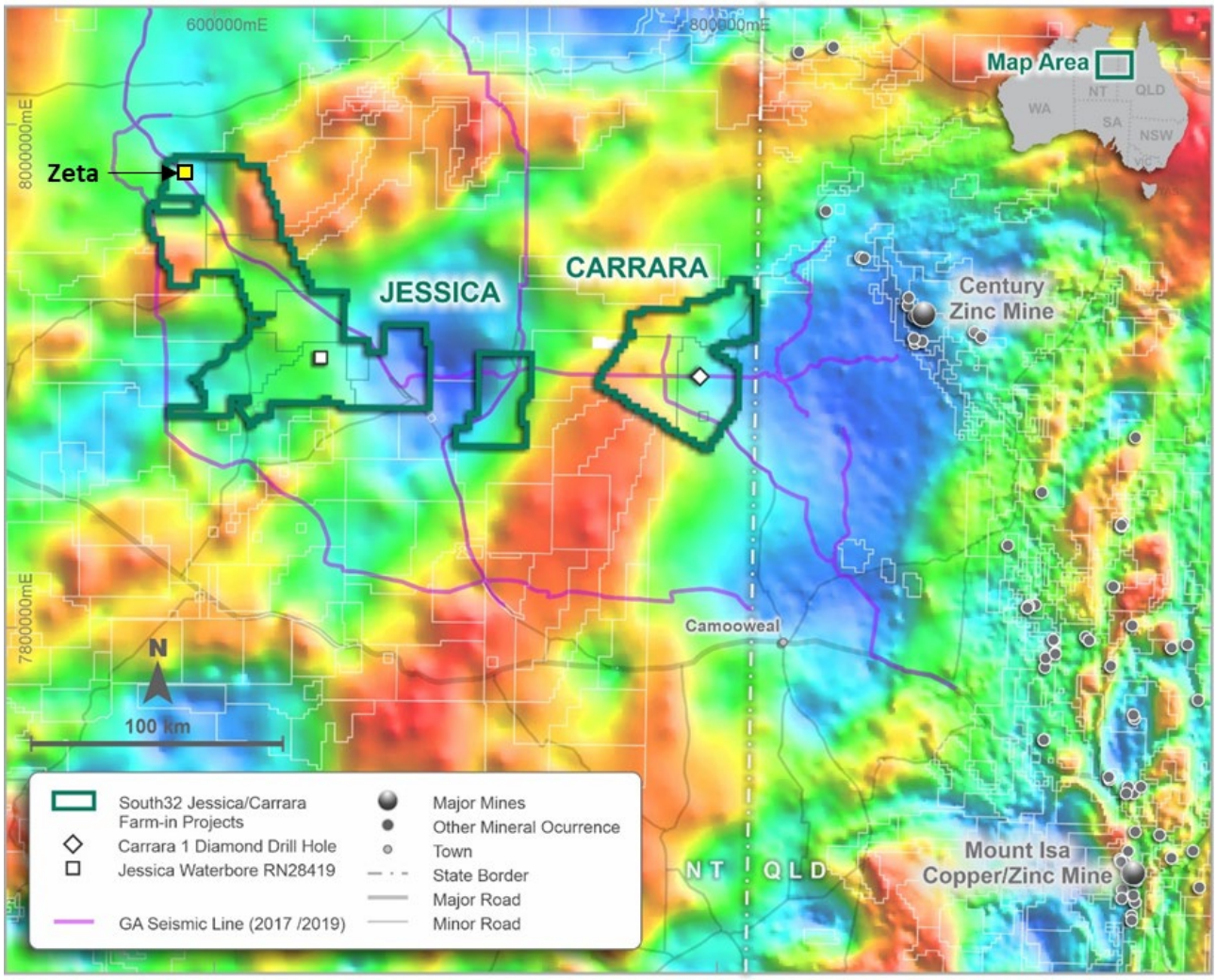
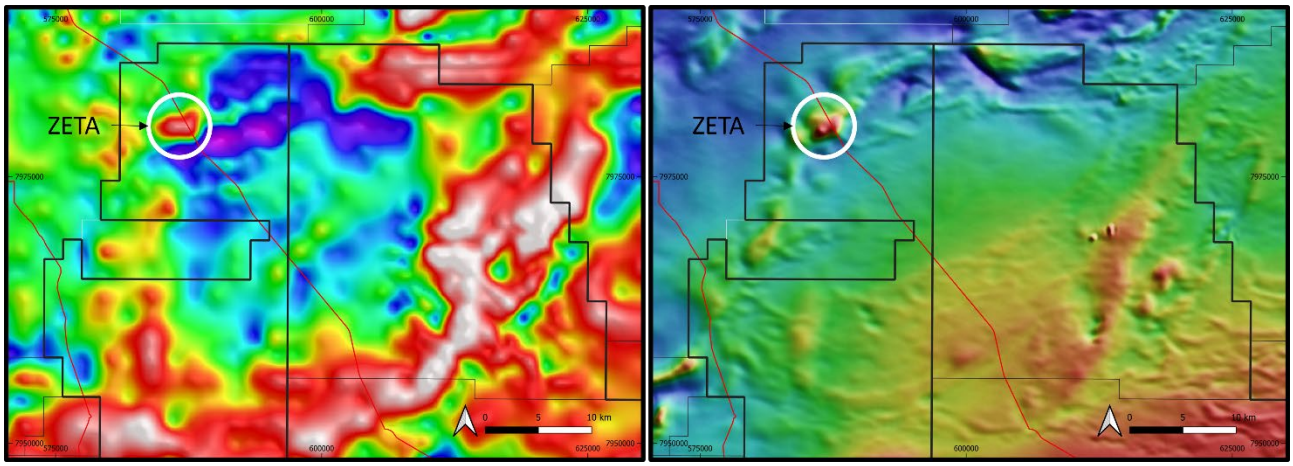


Figure 15 – Jessica and Carrara – Project location plan over bouguer gravity

In partnership with South32, reprocessing of Geoscience Australia seismic data that extends through Jessica (Figure 15) has been completed by HiSeis, in order to provide greater detail of the geology and structure in the upper 1,000m (refer ASX announcement 28 October 2022.

A 2km spaced gravity survey was also completed at the project in 2022 by the NTGS. In addition, 1km spaced gravity infill data was collected to cover a series of high priority magnetic targets. A significant and discrete gravity feature was identified coincident with a prominent magnetic feature on the margin of a large interpreted intrusive body (Figures 16 & 17). This target has been named the Zeta IOCG target ("Zeta").

In addition, seismic reprocessing has highlighted a discrete seismic reflector at depth immediately underlying Zeta. Seismic reprocessing has also highlighted a zone of washed out seismic character at depth beneath Zeta, interpreted to represent a potential deep rooted alteration zone associated with a crustal scale structure (Figures 18 & 19). This confluence of geophysical anomalism (gravity, magnetics and seismic) together with the structural context, located on a fundamental NNW structure, makes Zeta a priority target.



Figures 16 & 17 – Jessica Project – Zeta IOCG target. Gravity (1VD) (left) and Magnetics (RTP) (right), location of GA seismic lines shown in red

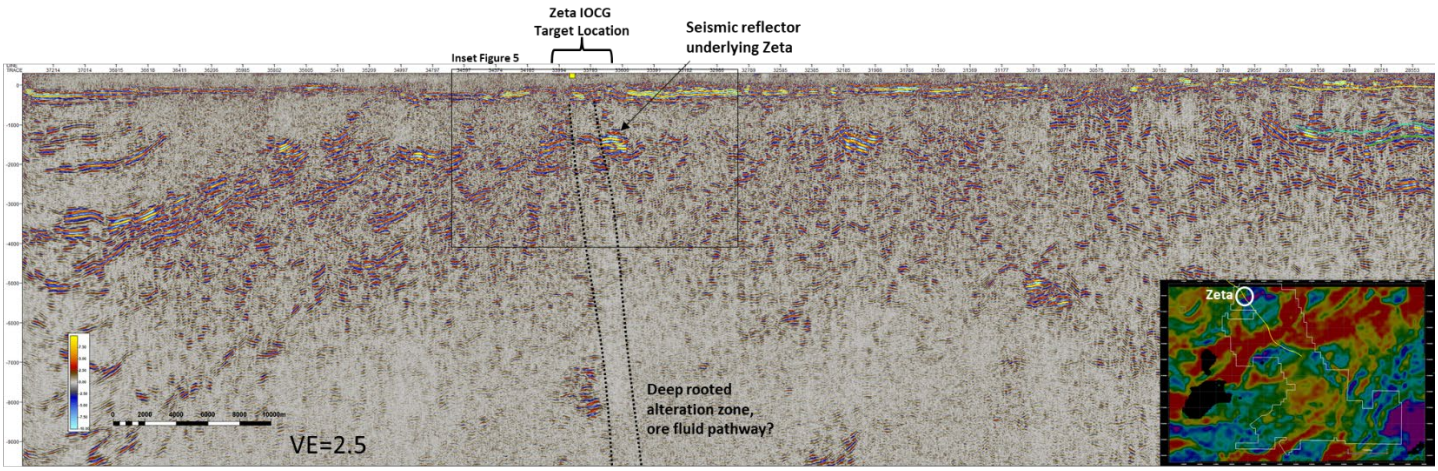


Figure 18. Jessica Project - Zeta IOCG Target - Seismic cross section

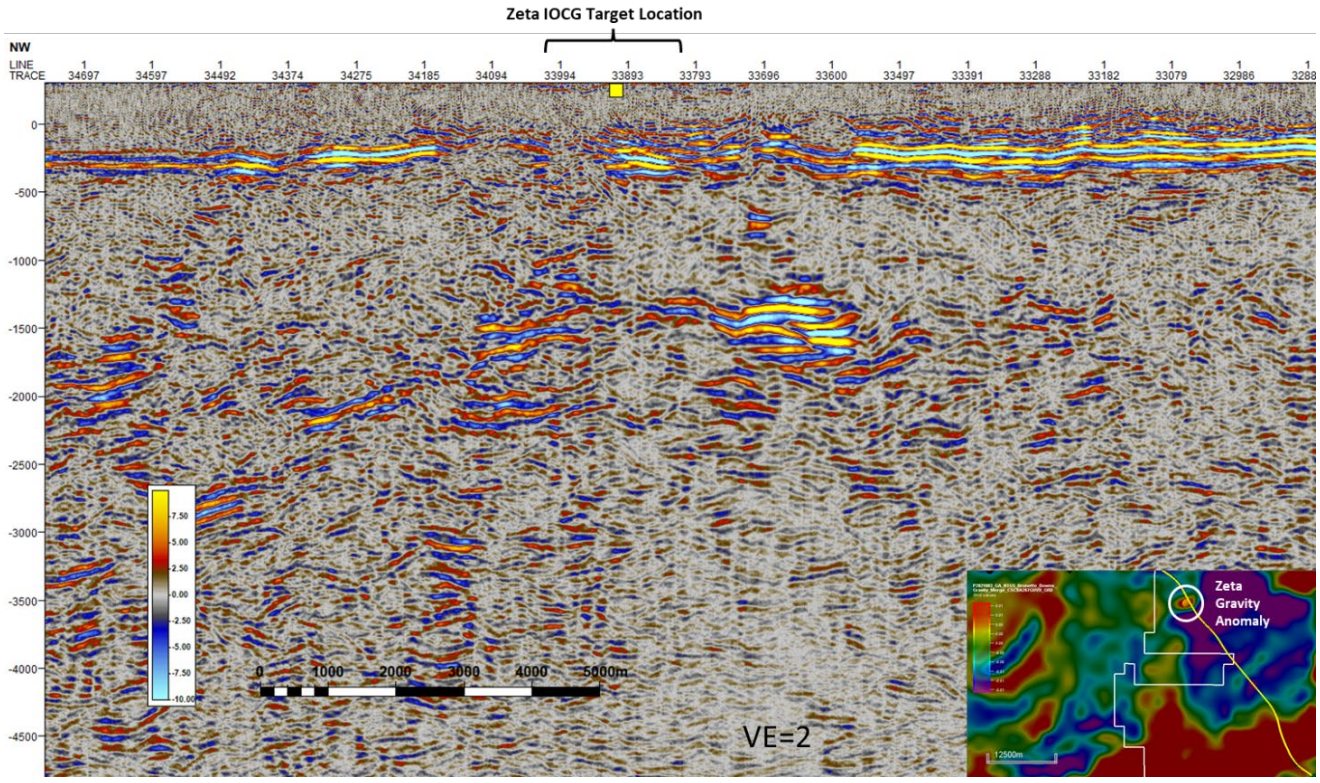


Figure 19. Jessica Project - Zeta IOCG Target - Seismic cross section (inset)

Carrara Copper-Zinc Project

EL32476, EL32477, EL32701 and EL32813

Carrara is being explored together with South32 under a Farm-in Agreement where South32 may earn a 60% initial interest in a project by spending $10 million in exploration expenditure over a period of 10 years. South32 may then earn an additional 15% interest in Jessica upon completion of a Scoping Study (refer ASX announcement 23 June 2022).

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 survey 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 the Geoscience Australia seismic data (Figures 15 and 20).

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 project.

The results of the NDI Carrara-1 stratigraphic drill hole support the interpretation that the geology of the Isa Superbasin extends throughout the Carrara Sub-basin. The presence of copper and zinc sulphide mineralisation (Figure 20) demonstrates that sediment-hosted copper and zinc mineralising processes occur within the prospective host unit (refer ASX announcement 28 April 2021).

A 2km spaced gravity survey over Carrara by the NTGS was completed in 2022. In partnership with South32, reprocessing of seismic lines that extend through Carrara has provided far greater detail of the geology and structure in the upper 1,000m resulting in the definition of multiple targets at key structural locations along the western margin of the sub-basin. Targets will be refined and prioritised for diamond drill testing in 2023.

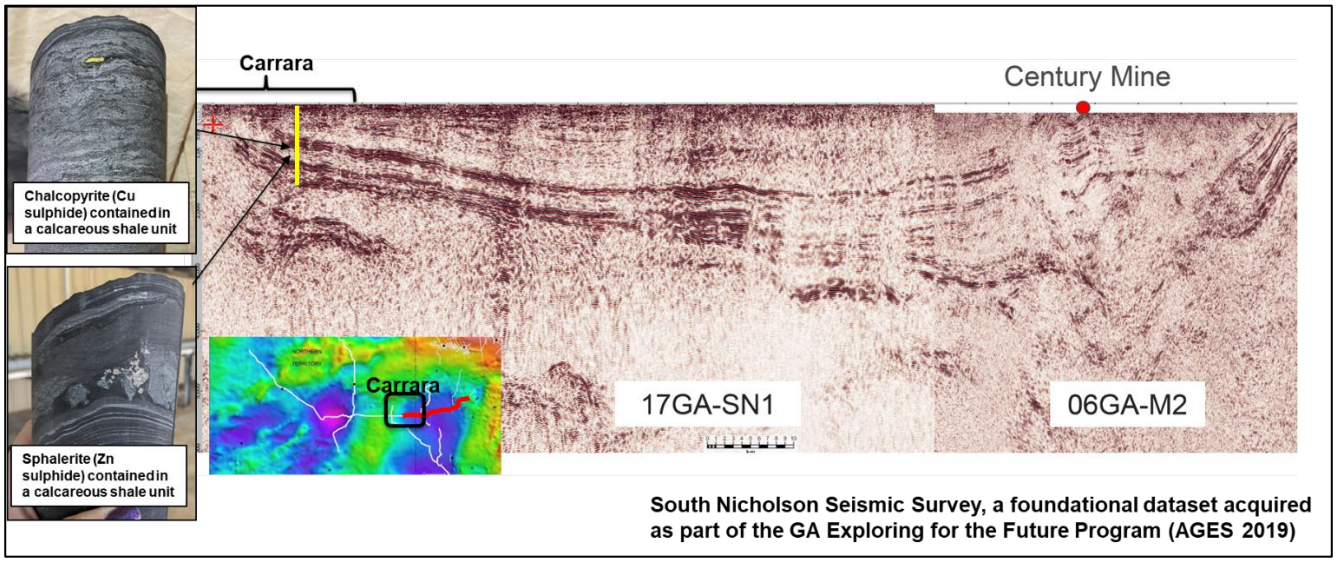


Figure 20 – Carrara Project - South Nicholson Seismic Survey and approx. location of NDI Carrara-1 stratigraphic hole (yellow)

Next Steps

At this time, eight targets have been identified across the two projects. Stakeholder engagement and preparation of approvals for drilling have commenced.

These exciting targets will be refined and prioritised in the coming months with diamond drilling targeted to commence following the northern wet season in April-May 2023.

Yeneena Copper Project – Paterson Province WA (IGO $15m Farm-in)

Yeneena comprises a major land position covering >1,450km^2 in the highly prospective Paterson Province, targeting copper-cobalt mineralisation. IGO can sole fund $15 million in exploration expenditure over a maximum of seven years to earn a 70% interest in Yeneena.

Exploration at Yeneena is focused on discovering high-value sediment-hosted copper deposits. The strategy implemented by IGO involves the collection of belt-scale high-quality primary datasets, with cutting-edge techniques used to acquire geological, geochemical and geophysical data. All data is integrated and interpreted into 3D belt-scale and supporting camp-scale models.

Regional target areas have been identified from the model, defining sub-basins that could contain similar rocks to those found at Nifty copper mine. Exploration activities during the quarter, operated and funded by IGO, included:

- 6 diamond drillholes for a total of 3,989m
- 16 aircore holes for a total of 1,495m
- An 11km seismic survey commenced

Diamond Drilling

Diamond drilling commenced in July 2022 and focused on two high priority regional targets (see Figure 21):

- **EB01a**: Regional 3D modelling has identified an area of high prospectivity to focus copper bearing fluid. High permeability fluid pathways and their intersection with favourable stratigraphy forms the basis of the primary targets in this area. Three diamond drill holes have been completed. Several intervals of quartz-carbonate veining with variable copper sulphide contents were intercepted (refer IGO ASX announcement 31 October 2022).
- **ET01c:** A new regional 3D model, as well as field mapping, have led to a better understanding of the BM1-BM7 prospect and of the paleo-basin architecture. Several opportunities for favourable traps for copper bearing brines have been identified. Three diamond drill holes were completed during the quarter.

Aircore Drilling

ET01: Regional aircore drilling is being utilised to gain end of hole and litho-geochemical data in areas that are higher priority and will be used to facilitate the 3D model in data poor areas (see Figure 21). Collars will be cased with PVC to allow for hydrogeochemical testing.

Next Steps

- During the December 2022 quarter the first assay results from the diamond drilling are expected to be received. These results will be interpreted and integrated to refine the camp scale model.
- Hydrogeochemical sampling of aircore holes completed is scheduled to be completed in November 2022.
- Mapping of the Lookout Rocks region is also planned for the December 2022 quarter.

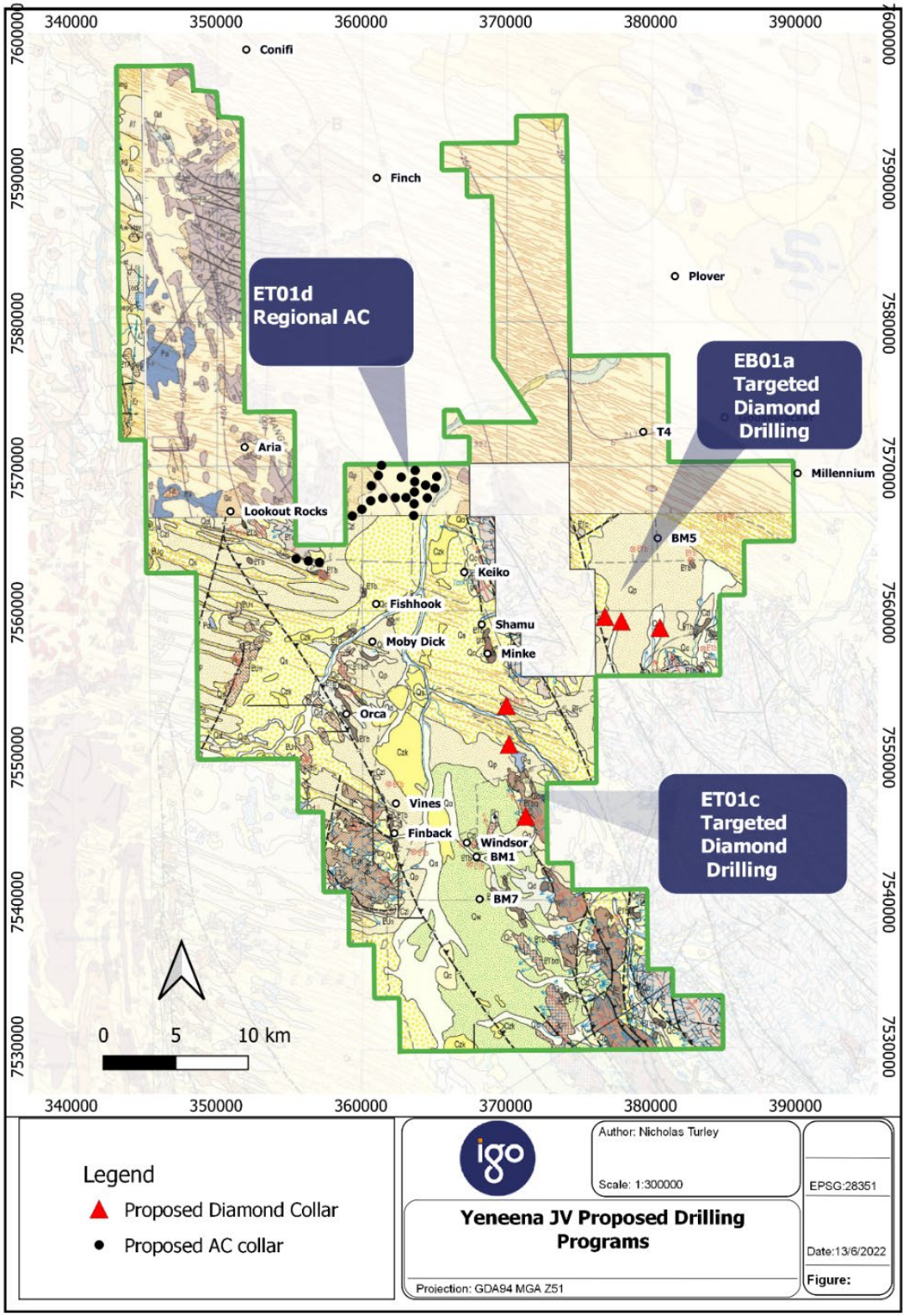


Figure 21 – Yeneena 2022 drilling programs

Corporate

Encounter held cash of ~$5.4 million at 30 September 2022.

During the September 2022 quarter the Company raised a total of $4 million, before costs, by placement of 33,333,334 ordinary fully paid shares to unrelated parties at an issue price of $0.12 per share. Approval will be sought at the Company's 2022 annual general meeting on 29 November 2022 for directors to participate in the placement on the same terms for a further $300,000.

Related party transactions

Payments to related parties of the entity and their associates (refer section 6 of Appendix 5B below):

Included at section 6.1 - Comprises: Remuneration of directors ($30,000)

Included at section 6.2 - Comprises: Remuneration of directors ($72,000)

In accordance with ASX Listing Rule 5.3.1, the Company confirms that there have been no material developments or changes to its exploration activities, and provides the following information:

- Approximately $0.395 million was incurred by the Company in respect of exploration activity for the quarter ended 30 September 2022, primarily on exploration programs at:
    - the Lamil copper-gold project in the Paterson Province of WA;
    - the Aileron copper-rare earths in the West Arunta region of WA; and
    - the Sandover copper-lithium project in the NT.
- A summary of the specific exploration activities undertaken in each project area (which included drilling and geochemical and geophysical programs), is provided in the relevant sections of this activity report.

In accordance with ASX Listing Rule 5.3.2, the Company advises that no Mining Development or Production activities were conducted during the quarter.

Next Quarter Highlights

Activities planned for the December 2022 quarter include:

Lamil Copper-Gold Project - Paterson Province – WA (100% ENR)

- Downhole EM survey of ETG0244 and ETG0245 completed in October 2022
- First assay results from the drill program are expected in November/December 2022.

Elliott Copper Project - NT (BHP $25m farm-in)

- Completion of the 2,000m diamond drill program operated and funded by BHP

Yeneena Copper-Cobalt Project - WA (IGO $15m farm-in)

- Completion of the ~4,000m diamond drill program operated and funded by IGO
- First assay results from the diamond drilling

Sandover Copper Project – NT – (100% ENR)

- Completion and integration of the 1km spaced NTGS co-funded gravity survey

Junction Lithium Project – NT – (100% ENR)

- Initial on ground assessment of the Crawford target will commence in October/November 2022 and will include sampling of mapped outcrops and a trial of surface geochemical methods

Aileron Copper- REE Project - West Arunta - WA (100% ENR)

- Airborne magnetic and radiometric survey to refine potential carbonatite and IOCG targets for drilling in 2023.

Jessica Copper and Carrara Copper-Zinc Projects – NT – (South32 farm-ins)

- Stakeholder engagement and preparation of approvals for the planned diamond drill program to commence following the northern wet season in April-May 2023.

Ongoing potential project partnership discussions to accelerate exploration activities

Tenement Information (granted tenure)

Lease	Location	Project Name	Area km²	Interest at start of quarter (1/7/2022)	Interest at end of quarter (30/9/2022)
E45/2500	266km NE of Newman	Millennium – Hampton JV	107.3	75-100%	75-100%
E45/2501	277km NE of Newman	Millennium – Hampton JV	19.12	75%	75%
E45/2502	261km NE of Newman	Paterson IGO Earn-In	117.8	100%	100%
E45/2561	276km NE of Newman	Millennium – Hampton JV	50.95	75%	75%
E45/2657	246km NE of Newman	Paterson IGO Earn-In	156	100%	100%
E45/2658	245km NE of Newman	Paterson IGO Earn-In	95.4	100%	100%
E45/2805	242km NE of Newman	Paterson IGO Earn-In	85.8	100%	100%
E45/2806	251km NE of Newman	Paterson IGO Earn-In	35	100%	100%
E45/3768	241km NE of Newman	Paterson IGO Earn-In	149.7	100%	100%
E45/4861	260km NE of Newman	Paterson IGO Earn-In	140.4	100%	100%
E45/5333	239km NE of Newman	Paterson IGO Earn-In	127.2	100%	100%
E45/5334	242km NE of Newman	Paterson IGO Earn-In	102.1	100%	100%
E45/4613	300km NE of Newman	Lamil	60.7	100%	100%
E45/3446	315km NE of Newman	East Thomson's Dome	6.0	100%	100%
P45/2750	315km NE of Newman	East Thomson's Dome	198ha	100%	100%
P45/2751	315km NE of Newman	East Thomson's Dome	171ha	100%	100%
P45/2752	315km NE of Newman	East Thomson's Dome	199ha	100%	100%
P45/3032	315km NE of Newman	East Thomson's Dome	114ha	100%	100%
E80/5169	West Arunta	Aileron	187.6	100%	100%
E80/5469	West Arunta	Aileron	534.3	100%	100%
E80/5470	West Arunta	Aileron	613.9	100%	100%

E80/5522	West Arunta	Aileron	429.2	100%	100%
EL32156	Northern Territory	Elliott – BHP farm-in	807.3	100%	100%
EL32157	Northern Territory	Elliott – BHP farm-in	696.3	100%	100%
EL32158	Northern Territory	Elliott – BHP farm-in	793.9	100%	100%
EL32159	Northern Territory	Elliott – BHP farm-in	723.9	100%	100%
EL32226	Northern Territory	Elliott – BHP farm-in	813.56	100%	100%
EL32329	Northern Territory	Elliott – BHP farm-in	137.0	100%	100%
EL32437	Northern Territory	Elliott – BHP farm-in	601.1	100%	100%
EL32581	Northern Territory	Elliott – BHP farm-in	493.6	0%	100%
EL32273	Northern Territory	Jessica – South32 farm-in	750.5	100%	100%
EL32317	Northern Territory	Jessica – South32 farm-in	738.6	100%	100%
EL32338	Northern Territory	Jessica – South32 farm-in	783.5	100%	100%
EL32339	Northern Territory	Jessica – South32 farm-in	791.4	100%	100%
EL32386	Northern Territory	Jessica – South32 farm-in	814.5	100%	100%
EL32387	Northern Territory	Jessica – South32 farm-in	814.9	100%	100%
EL32388	Northern Territory	Jessica – South32 farm-in	813.8	100%	100%
EL32493	Northern Territory	Jessica – South32 farm-in	811.6	100%	100%
EL32374	Northern Territory	Sandover	795.4	100%	100%
EL32694	Northern Territory	Sandover	792.7	100%	100%
EL32695	Northern Territory	Sandover	787.4	100%	100%
EL32696	Northern Territory	Sandover	763.6	100%	100%
EL33060	Northern Territory	Junction	740.1	0%	100%
EL32421	Northern Territory	Sitch	792.7	100%	100%

EL33060	Northern Territory	Sitch	665.3	0%	100%
EL32476	Northern Territory	Carrara – South32 farm-in	805.4	100%	100%
EL32477	Northern Territory	Carrara – South32 farm-in	805.2	100%	100%
EL32701	Northern Territory	Carrara – South32 farm-in	801.7	100%	100%
EL32813	Northern Territory	Carrara – South32 farm-in	22.7	100%	100%
EL32478	Northern Territory	Brunchilly	798.5	100%	100%
EL32721	Northern Territory	Broadmere	816.7	100%	100%
EL32723	Northern Territory	Dunmarra	823.1	100%	100%
EL32727	Northern Territory	Maryfield	795.7	100%	100%
EL32728	Northern Territory	Maryfield	826.9	100%	100%

* Hampton earning into the four eastern block of E45/2500 remaining area of the tenement is in IGO Earn-In.

Will Robinson

Managing Director

The information in this report that relates to Exploration Results is based on information compiled by Mr. Mark Brodie who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Brodie 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 Brodie consents to the inclusion in the report of the matters based on the information compiled by they/them, 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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity	
Encounter Resources Limited	
ABN	**Quarter ended ("current quarter")**
47 109 815 796	30 September 2022

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(35)	(35)
	(e) administration and corporate costs	(106)	(106)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	7	7
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	17	17
1.9	**Net cash from / (used in) operating activities**	**(117)**	**(117)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(395)	(395)
	(e) investments	-	-
	(f) other non-current assets – bonds and security deposits	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – farm-in and joint venture contributions	-	-
	Other – exploration incentive grants	-	-
	Other – subsidiary IPO and demerger expenses incurred	-	-
	Other – repayments of IPO and demerger costs received	-	-
	Other – subsidiary IPO funds received	-	-
	Other – cash derecognised on demerger	-	-
2.6	**Net cash from / (used in) investing activities**	**(395)**	**(395)**
3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,000	4,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(227)	(227)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings – lease payments	(18)	(18)
	- loan payments	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – subsidiary IPO expenses	-	-
3.10	**Net cash from / (used in) financing activities**	**3,755**	**3,755**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,166	2,166
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(117)	(117)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(395)	(395)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,755	3,755
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**5,409**	**5,409**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	4,159	666
5.2	Call deposits	1,250	1,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**5,409**	**2,166**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	30
6.2	Aggregate amount of payments to related parties and their associates included in item 2	72

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-
7.5	**Unused financing facilities available at quarter end**		-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	117
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	395
8.3	Total relevant outgoings (item 8.1 + item 8.2)	512
8.4	Cash and cash equivalents at quarter end (item 4.6)	5,409
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	5,409
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	10.6

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

A significant component of the Company's exploration activities are funded by the Company's joint venture and farm-in partners, for which cash in-flows are reported at 2.5 above.

The exploration project cash flows incurred by the Company on behalf of the funding partners are reported at 2.1(d) and accordingly at 8.2 in the table above.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/a

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/a	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/a	
Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.	

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2022

Authorised by: The Board of Encounter Resources Limited

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.