

# Leading Edge Project Generation – Committed Exploration

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Investor Update May 2018

ASX: ENR



**encounter**  
RESOURCES LIMITED

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

The information in this report that relates to Exploration Results is based on information compiled by Mr. Peter Bewick who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Bewick is a full time employee of Encounter Resources Ltd and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Bewick consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information in the relevant ASX releases and the form and context of the announcement has not materially changed.

# Encounter at a glance

## Capital Structure

ASX ticker	ENR
Share price (03/05/2018)	A\$0.07
Shares on issue	192M
Options	12.4M
Market capitalisation (03/05/2018)	A\$13M
Cash (31/03/2018)	A\$0.6M
Listed investments (03/05/2018)	A\$1.3M
RCF, Acorn, Thorney, Eye	20%
Board and Management	19%
Antofagasta	5%

## Creating value through discovery

- Targeting shallow gold deposits with scale potential in two of Australia's most prospective districts: Telfer and West Tanami
- Five 50:50 joint ventures with Newcrest in the Tanami and West Arunta regions of WA
- Large prospective landholding in the Paterson Province in a proven copper-cobalt district
- Applying cutting edge science and exploration methods

## Gold and Copper-Cobalt in Western Australia



# Board and Management

## *Highly experienced Board and Management team*

### **Mr Paul Chapman, Non Executive Chairman**

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

Mr Paul Chapman is a chartered accountant with over thirty years experience in the resources sector gained in Australia and the United States. Mr Chapman has experience across a range of commodity businesses including gold, nickel, uranium, manganese, bauxite/alumina and oil/gas.

### **Mr Will Robinson, Managing Director**

*B.Comm*

Mr Robinson is a resources industry commercial and finance specialist with over twenty years' experience in exploration and commercial management, business strategy development and mineral commodities marketing in Australia and Canada.

### **Mr Peter Bewick, Exploration Director**

*B.Eng (Hons), MAusIMM*

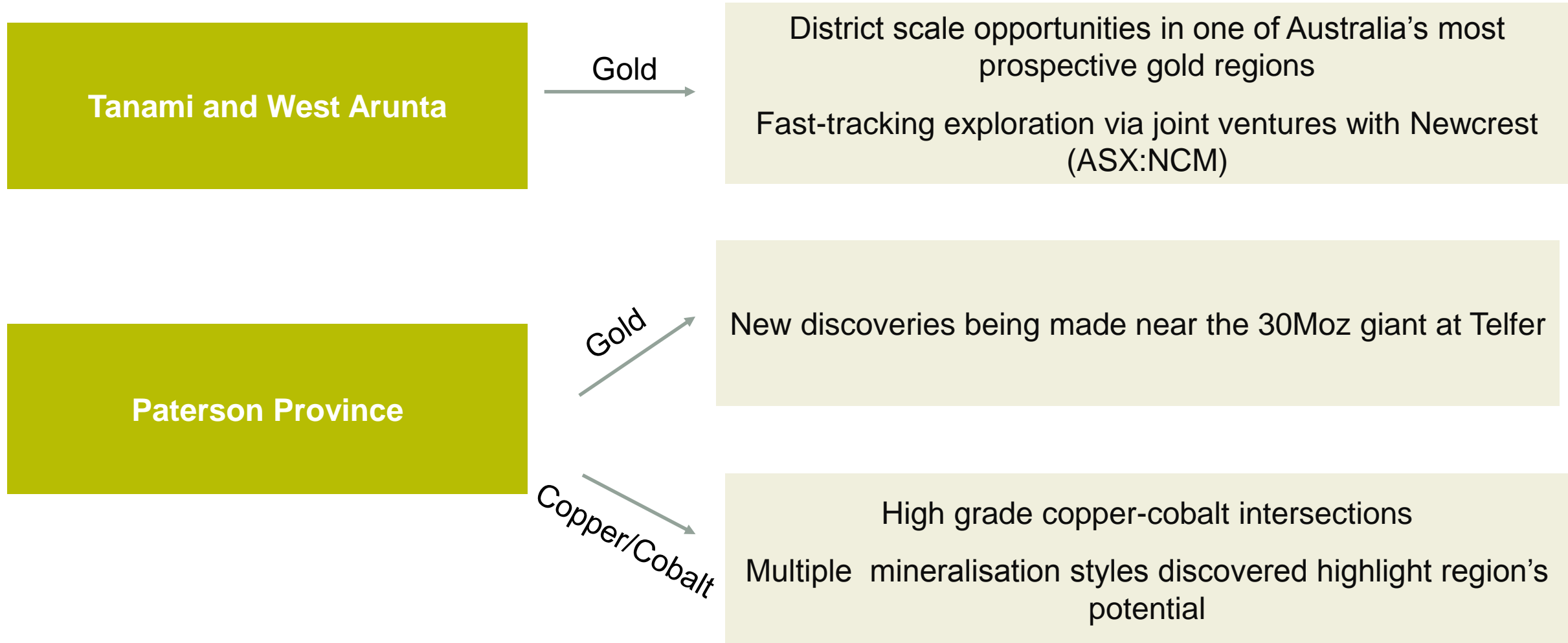
Mr Peter Bewick is a twenty five year experienced geologist and has held a number of senior mine and exploration geological roles during a fourteen year career with WMC. These roles include Exploration Manager and Geology Manager of the Kambalda Nickel Operations, Exploration Manager for St Ives Gold Operation and Exploration Manager for WMC's Nickel Business Unit and Exploration Manager for North America based in Denver, Colorado.

### **Dr Jon Hronsky, Non Executive Director**

*BAppSci, PhD, MAusIMM, FSEG*

Dr. Hronsky has more than thirty years of experience in the mineral exploration industry, primarily focused on project generation, technical innovation and exploration strategy development. Dr. Hronsky has particular expertise in targeting for nickel sulfide deposits, but has worked across a diverse range of commodities. His work led to the discovery of the West Musgrave nickel sulfide province in Western Australia. Dr. Hronsky was Manager-Strategy & Generative Services for BHP Billiton Mineral Exploration. Dr. Hronsky is an Adjunct Professor at the University of Western Australia.

# Scale opportunities in a first world jurisdiction



# Tanami and West Arunta

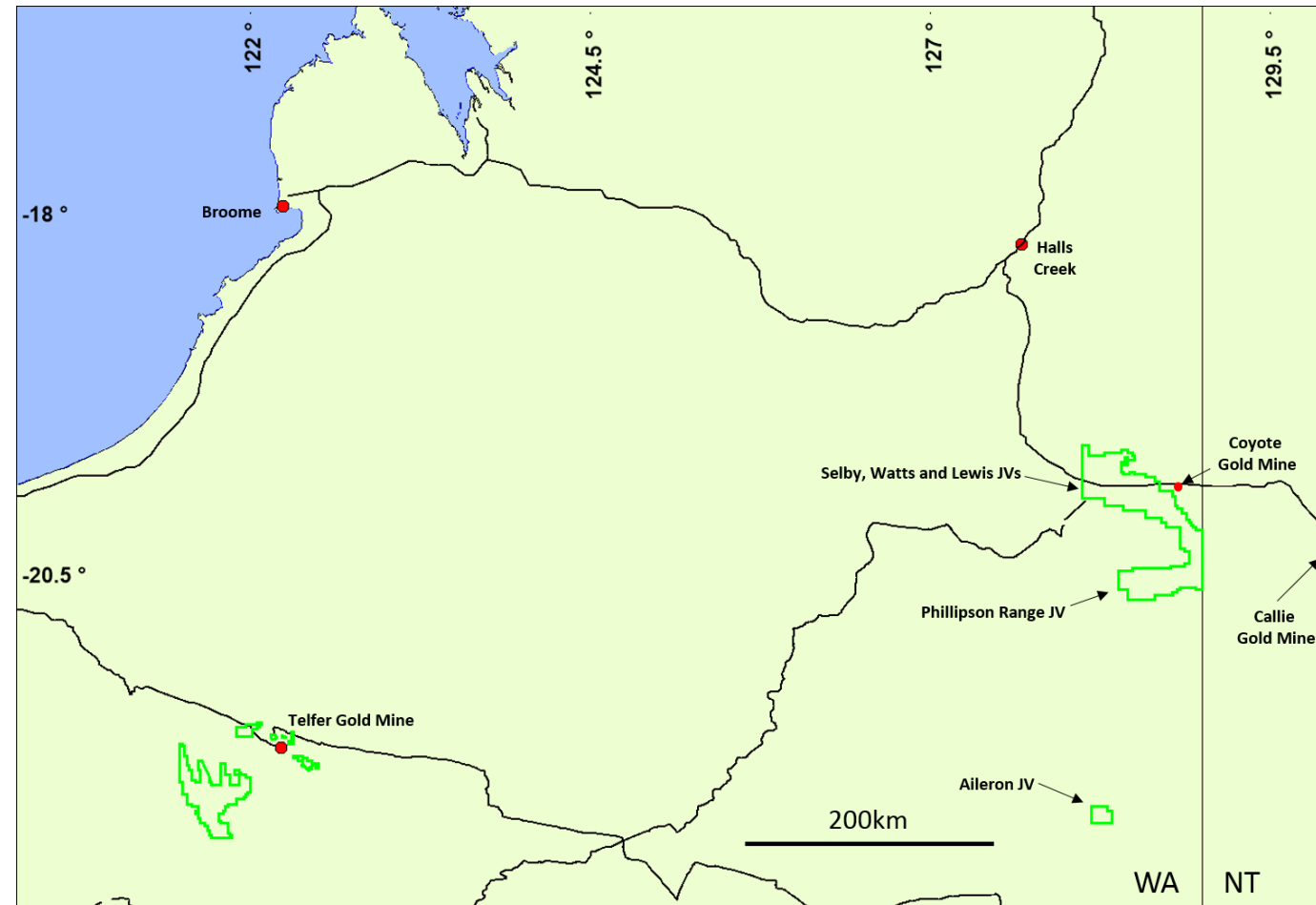
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- ▶ Major new exploration portfolio in one of the world's most prospective gold regions



# Tanami and West Arunta - a major new exploration portfolio

- Five separate unincorporated joint ventures with Newcrest Mining Limited (ASX:NCM)
- 4,400km<sup>2</sup> of the Tanami Gold Province and West Arunta in WA
- Initially, each joint venture will be on a 50:50 basis
- 100km of strike of the major structural corridor that extends through the Tanami
- New regional gravity data outlined a fundamental controlling structure for gold mineralisation
- Material new near mine gold discoveries at Newmont's +13Moz Callie gold mine
- Sporadic historical exploration has produced high grade drill intersections



Location Map – Tanami / West Arunta joint venture areas

# Benefits of the Newcrest Joint Ventures

## Fast track opportunities

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

## Well funded exploration programs

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

## Funding

Encounter will receive up to \$1 million in funding from Newcrest

## Increased capacity

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

## Availability of greater resources

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

# Selby, Watts, Lewis JVs

100km of strike along the Trans-Tanami structure

## Selby Joint Venture (1,534km<sup>2</sup>) including:

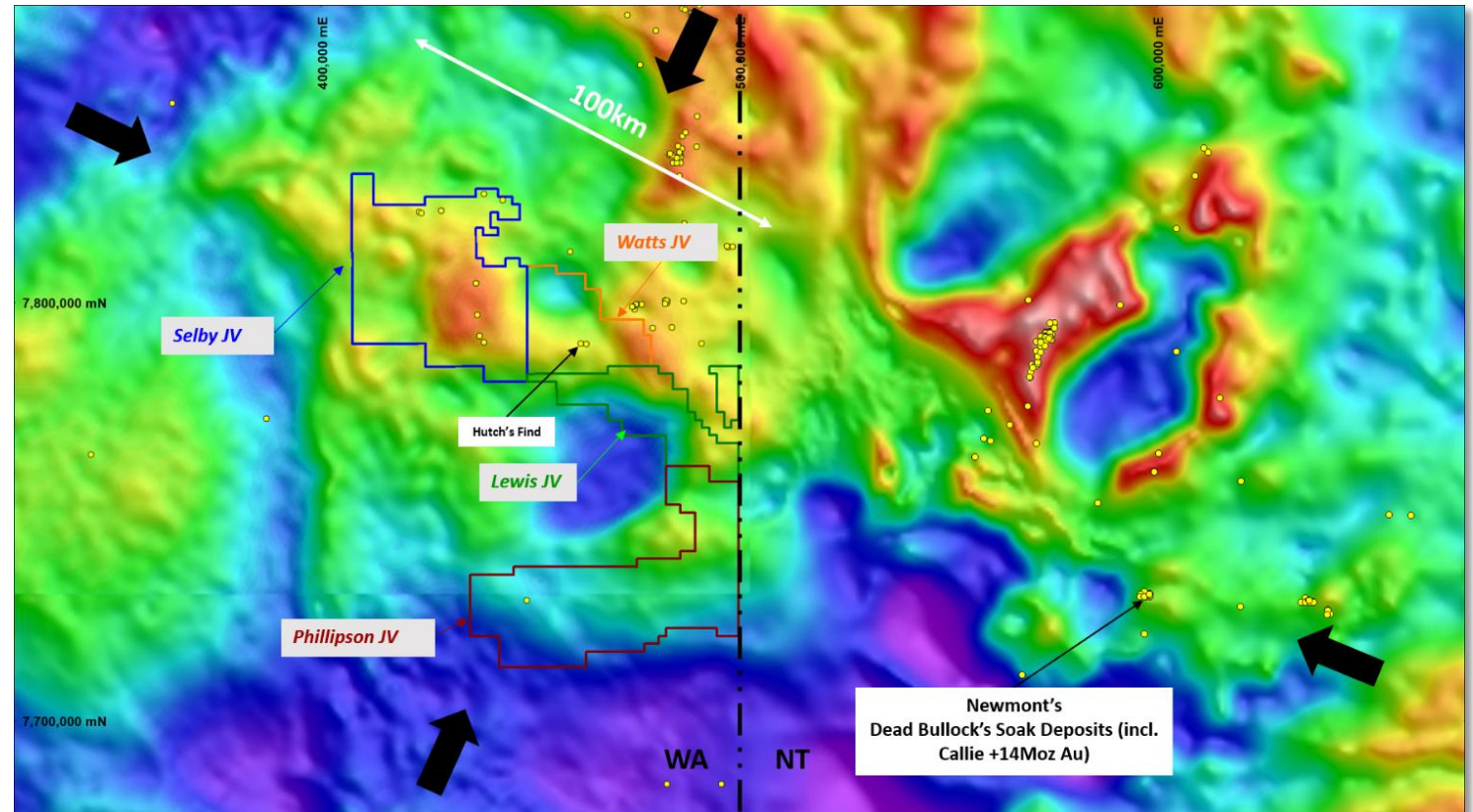
- Bandicoot – discrete 2km long magnetic anomaly with coincident gold/arsenic geochemical anomaly
- Camel – 7.2m @ 3.1g/t Au from 95m in last drill program (2010)

## Watts Joint Venture (552km<sup>2</sup>) including:

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

## Lewis Joint Venture (619km<sup>2</sup>) including:

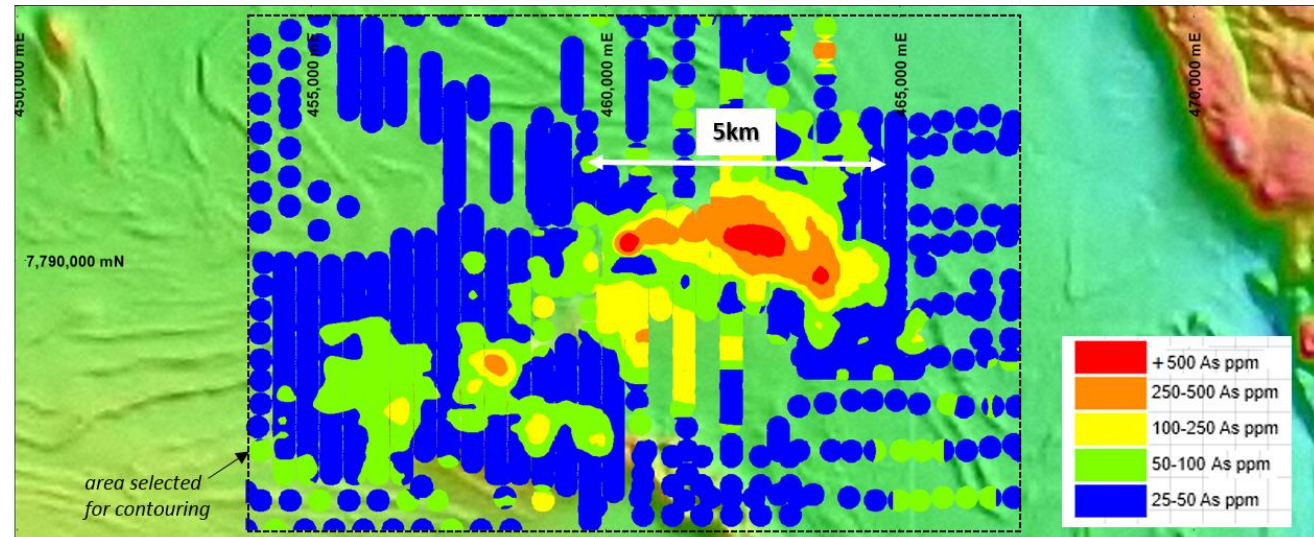
- 20 strike km of untested Trans-Tanami Structure



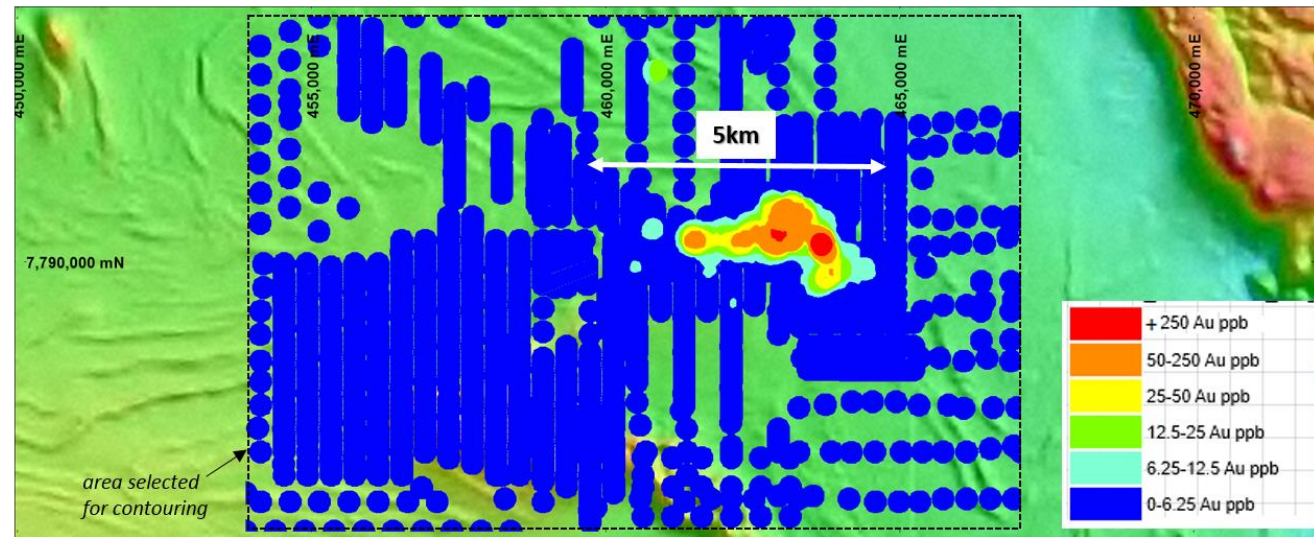
Tanami Joint Venture areas with gold occurrences over regional gravity data

# Watts JV - Hutch's Find prospect

- Significant zone of gold/arsenic anomalism over 5km of strike
  - Max-in-hole geochemical plans cover an area of ~120km<sup>2</sup> and include 3,615 holes of which 95% are RAB, aircore or vacuum geochemical holes with an average depth of 11m
  - The limited RC and diamond drilling that has occurred is well mineralised and contains high grade gold intersections that remain open down plunge and along strike including:
    - HFDD4 – hole depth 184m
      - 19m @ 2.3g/t Au from 98m
      - 10m @ 5.4 g/t Au from 123m
      - 0.5m @ 17.2g/t Au from 164.3m
- (source Tanami Gold NL Quarterly Report September 2010)



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

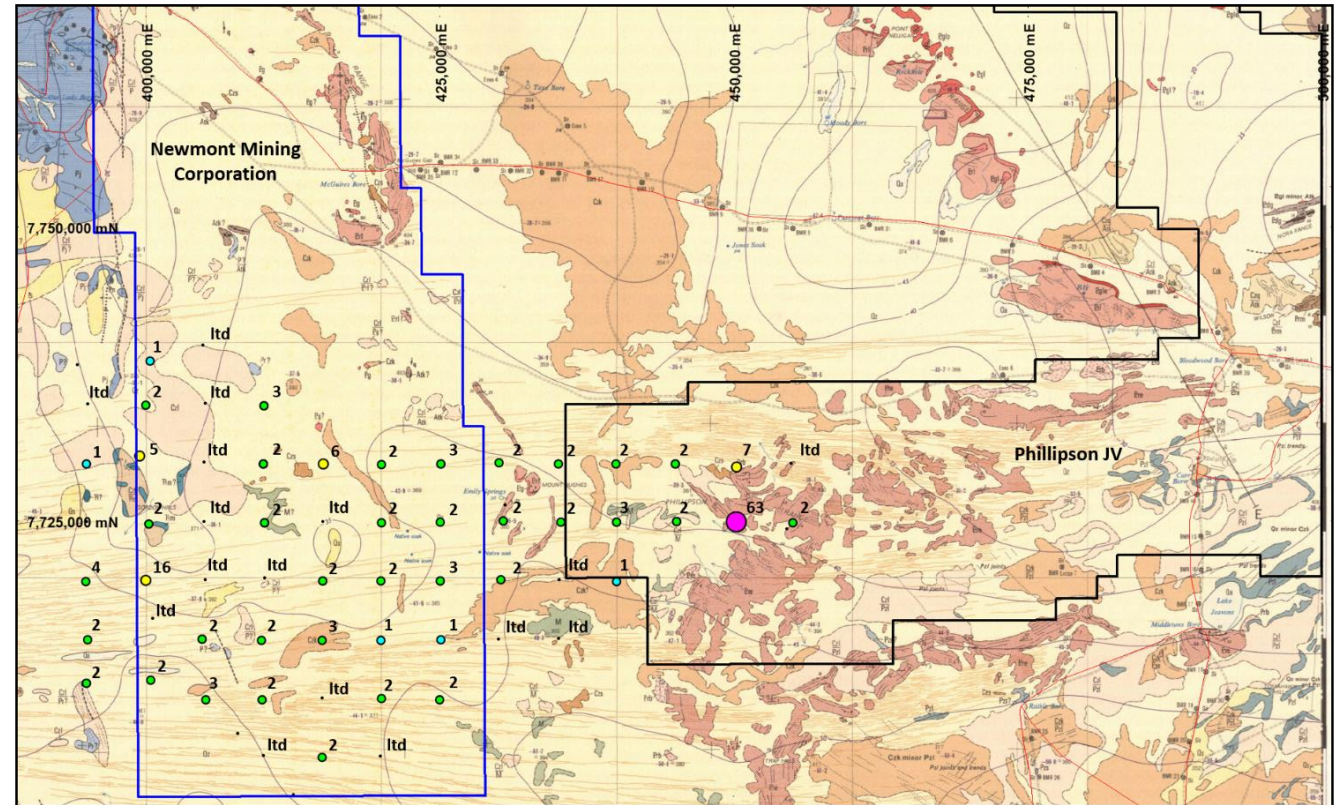


Hutch's Find prospect. Maximum gold (Au) in hole over tmi magnetics

(refer ASX announcement 30 April 2018)

# Phillipson JV

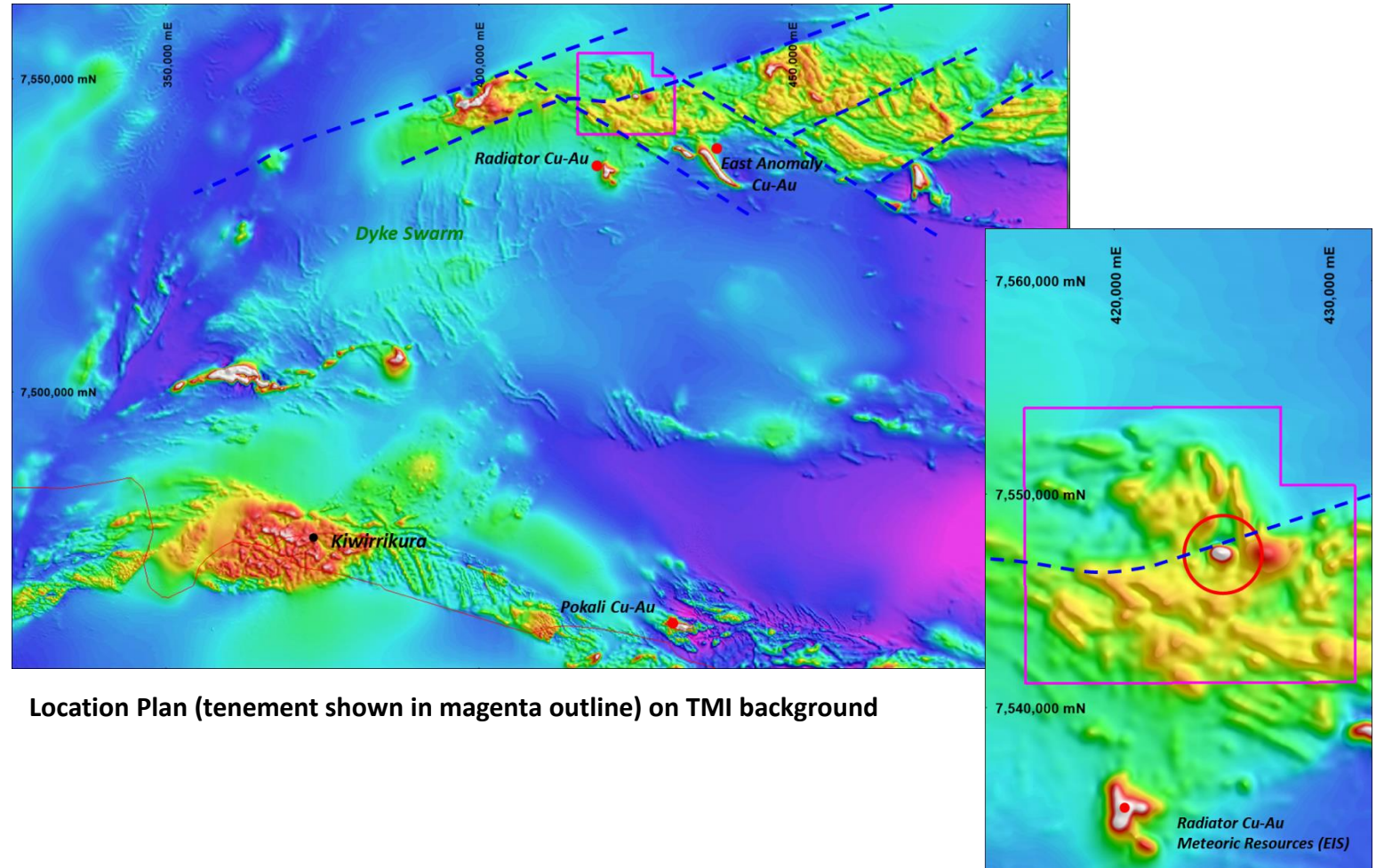
- Genuine first mover opportunity
- Large scale gold target in unexplored Neoproterozoic corridor in the southern Tanami
- Standout gold anomaly in regional GSWA geochemical survey peak gold soil anomaly up to 63ppb Au in a 5km x 5km helicopter-supported auger sampling survey
- Supporting multi-element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



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

# Aileron JV - IOCG style target located in the West Arunta

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



Location Plan (tenement shown in magenta outline) on TMI background

# Paterson Province

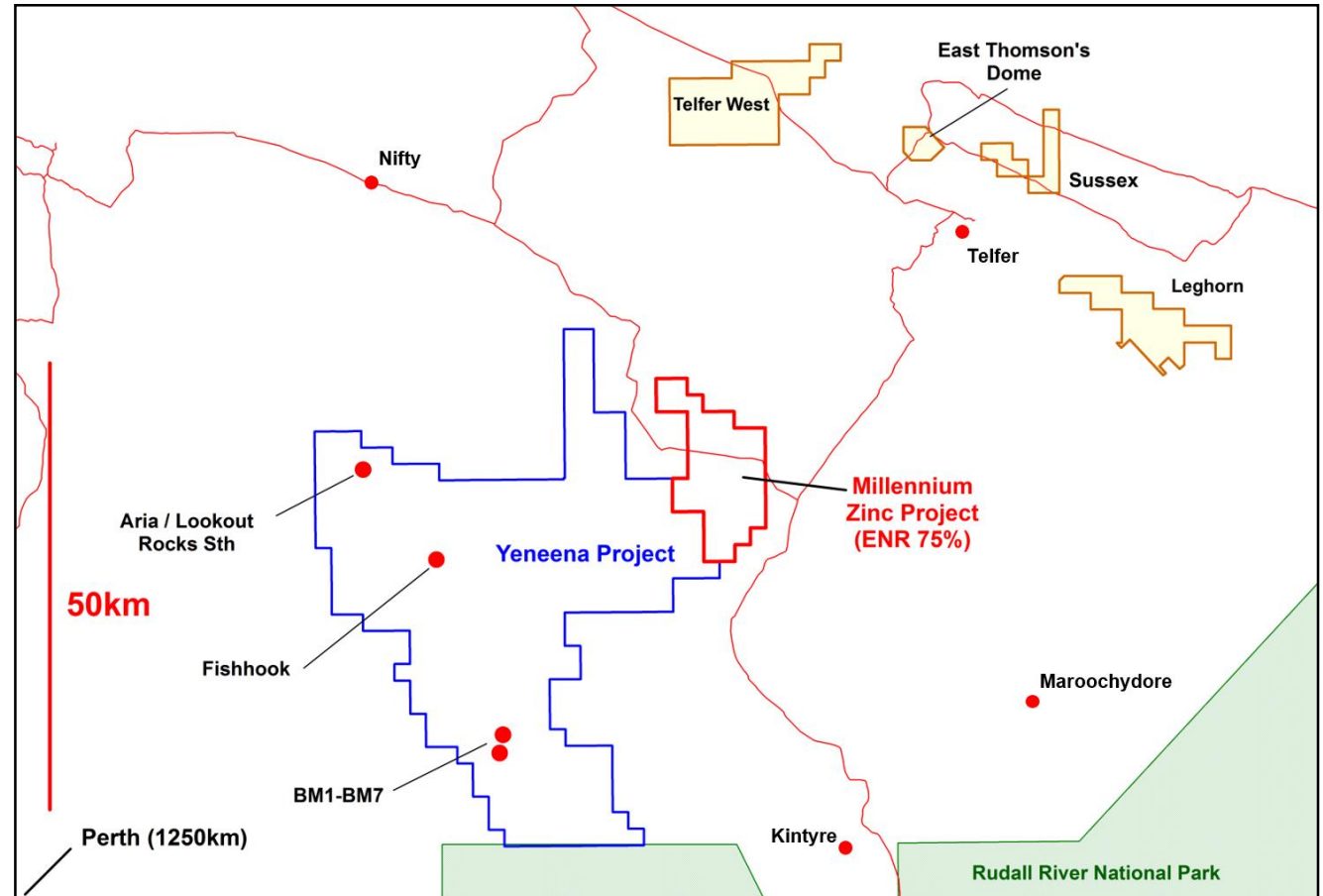
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- ▶ Gold
- ▶ Copper/Cobalt



# Paterson Province in WA

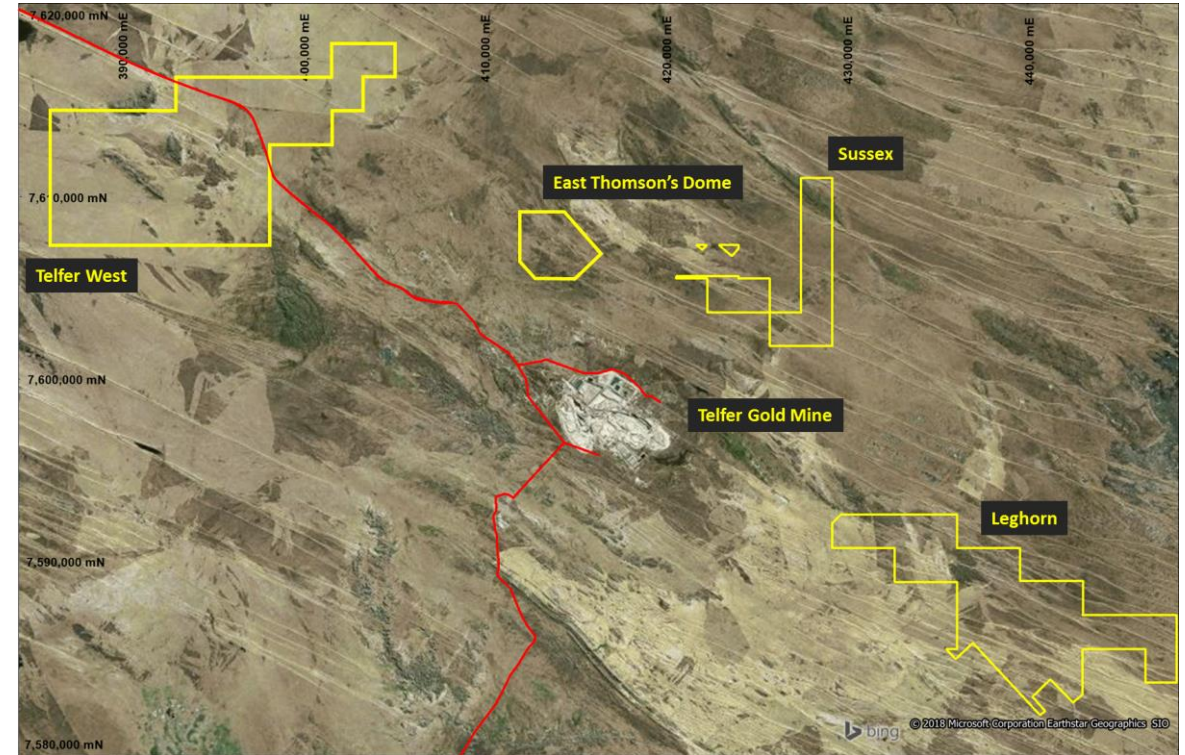
- Encounter holds exploration tenure over 1,600km<sup>2</sup> of the Paterson Province in Western Australia, that hosts the Telfer gold-copper mine and the Nifty copper mine.
  - Telfer West, a recently identified large scale gold system
  - East Thomson's Dome - widespread coarse gold has been identified adjacent to high grade outcropping gold reefs
  - High grade copper-cobalt intersections at Yeneena



Paterson Province leasing plan

# Gold - targeting mineralised domes in the Shadow of a Giant

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



Telfer gold projects – Location plan

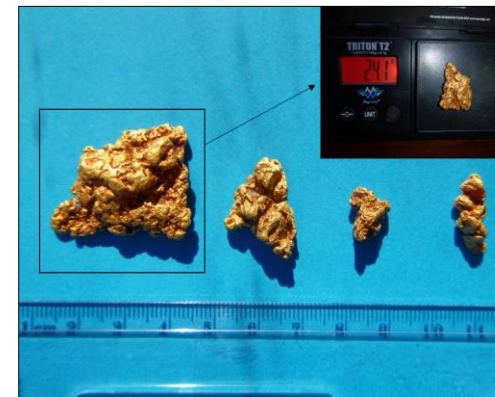
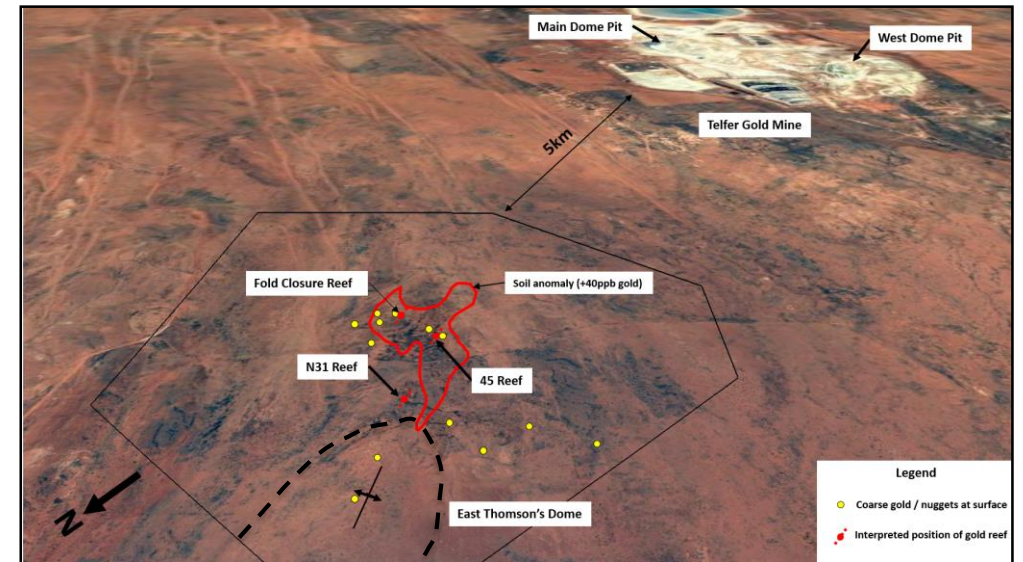


# Gold - shallow high grade reefs at East Thomson's Dome

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



**3oz nugget  
recovered Nov 2017**



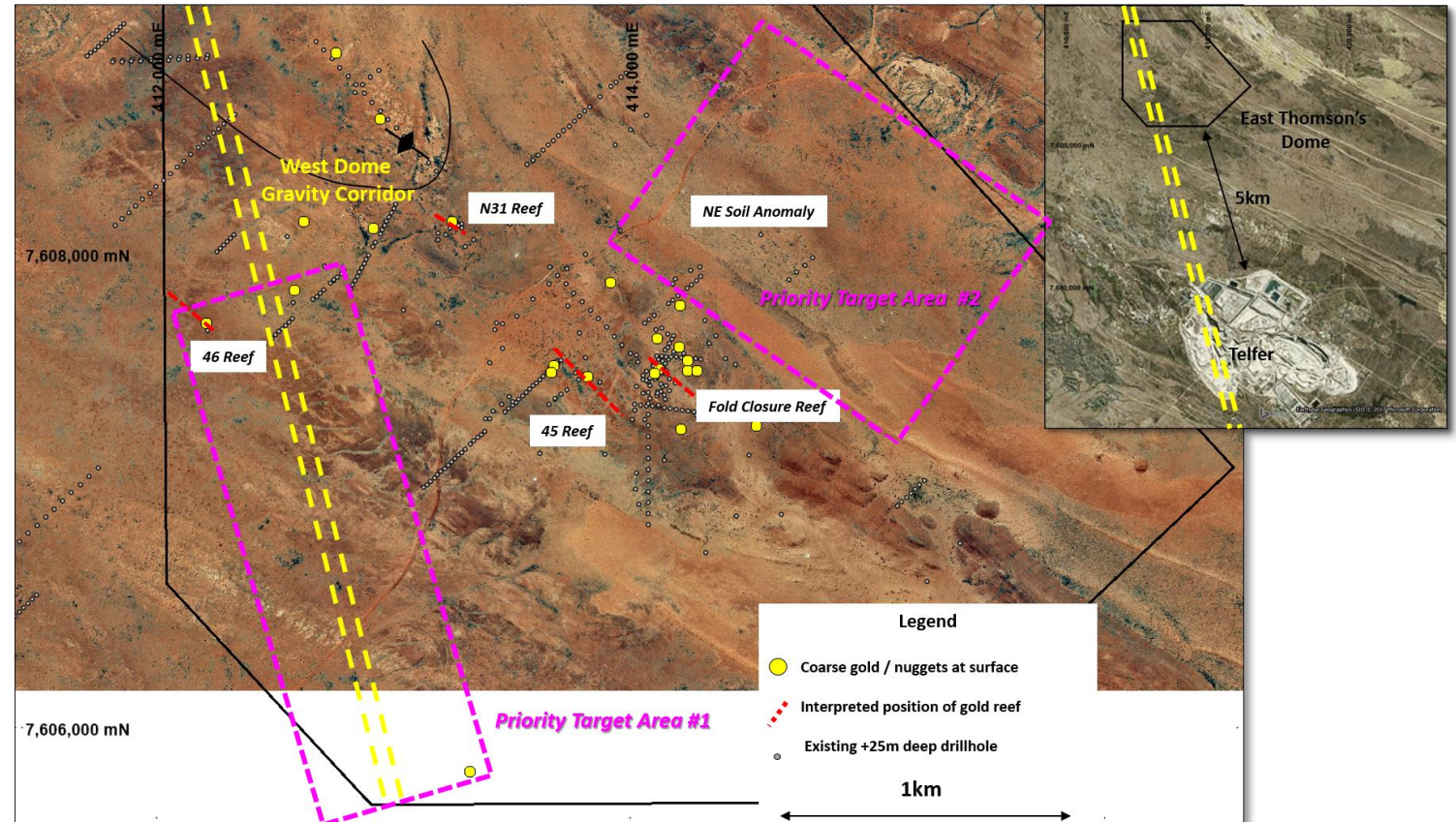
**Gold nuggets from around  
the 45 Reef area are  
generally larger and  
rounded**



**Coarse gold from the Fold  
Closure smaller and generally  
sharp edged, crystalline**

# Gold – new zones of reef-style mineralisation at East Thomson's Dome

- First order structural target with strong similarities to Telfer
- Drilled near surface gold reefs that remain open including:
  - 45 Reef
    - 6m @ 9g/t Au from 178m
  - Fold Closure Reef
    - 2.9m @ 7.7g/t Au from 127m to EOH
    - 26.6m @ 1.0g/t Au from 4.2m
    - 6m @ 2.7g/t Au from 39m
    - 4m @ 4.3g/t Au from 0m
    - 4m @ 3.5g/t Au from 17m
  - NE Soil Anomaly
    - 38m @ 0.3g/t Au from 44m
- Gravity lineament provides important structural context for recent coarse gold identified 46 Reef



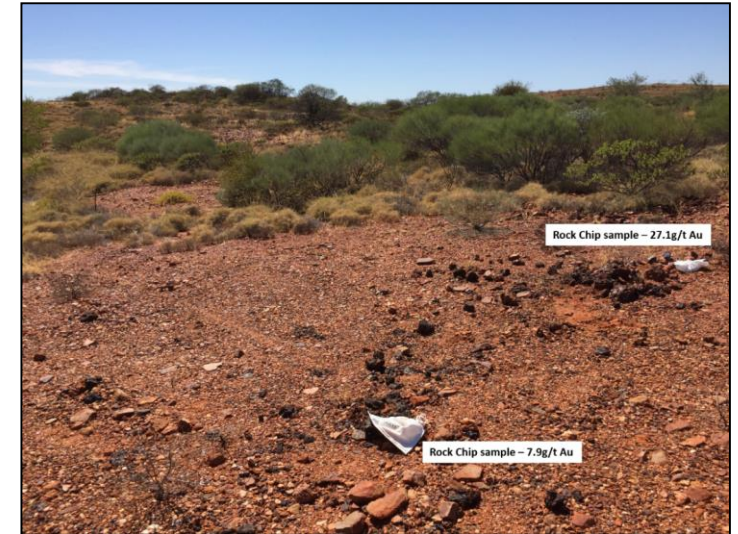
East Thomson's Dome – Priority Target Areas and location of Gold Reefs

# Gold – upcoming activity East Thomson's Dome

- Ultra-detailed airborne mapping survey utilising drone technology working well and identifying:
  - Extensions to known gold bearing reefs
  - New sub-cropping reefs in areas of thin sand cover
- RC/aircore drilling scheduled to recommence May 2018. Priority areas to be drill tested:
  - Untested structural corridor along the 46 Reef area
  - Northern extensions of the Fold Closure Reef incl. the NE Soil Anomaly



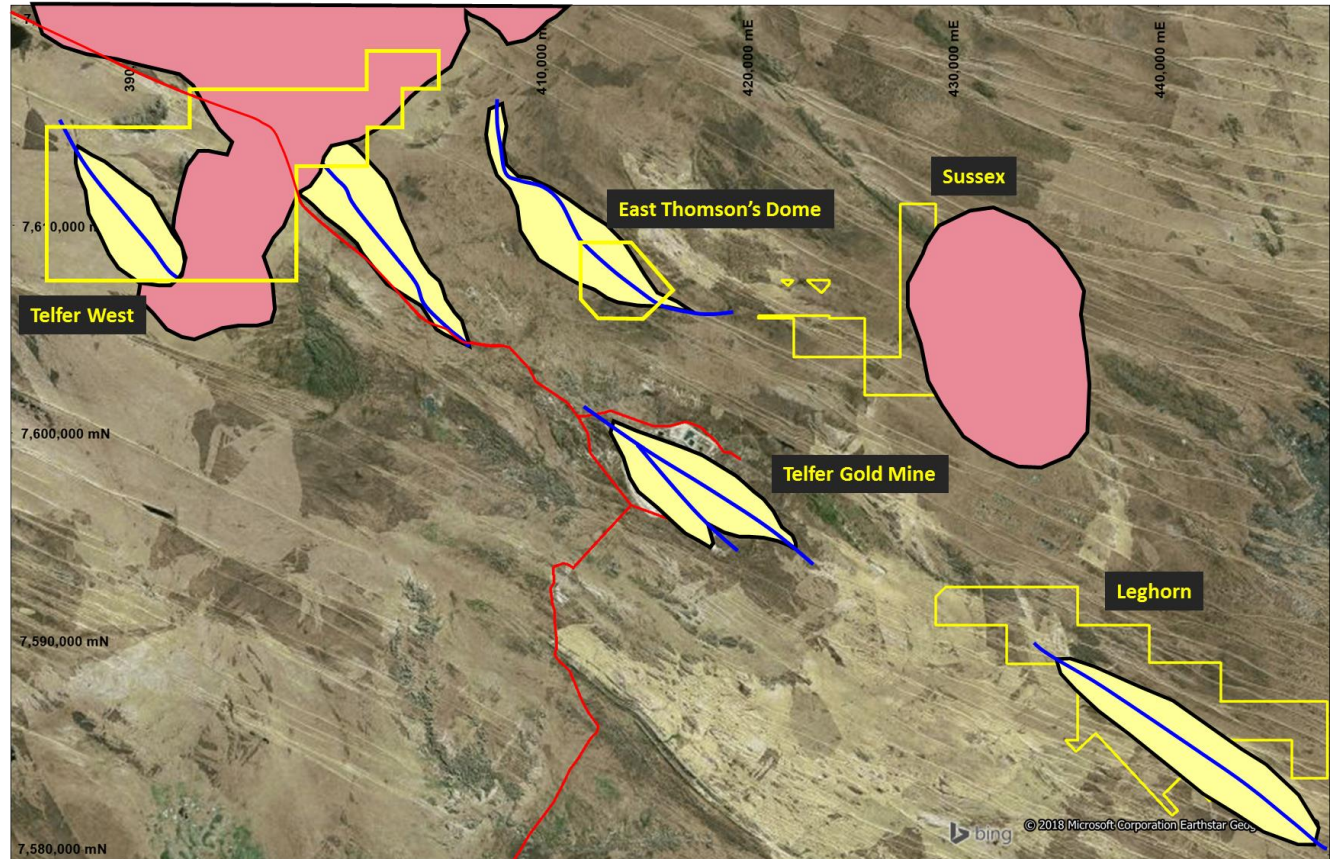
Ultra-detailed aerial mapping program East Thomson's Dome



Surface samples collected on the N31 Reef in Oct 2017

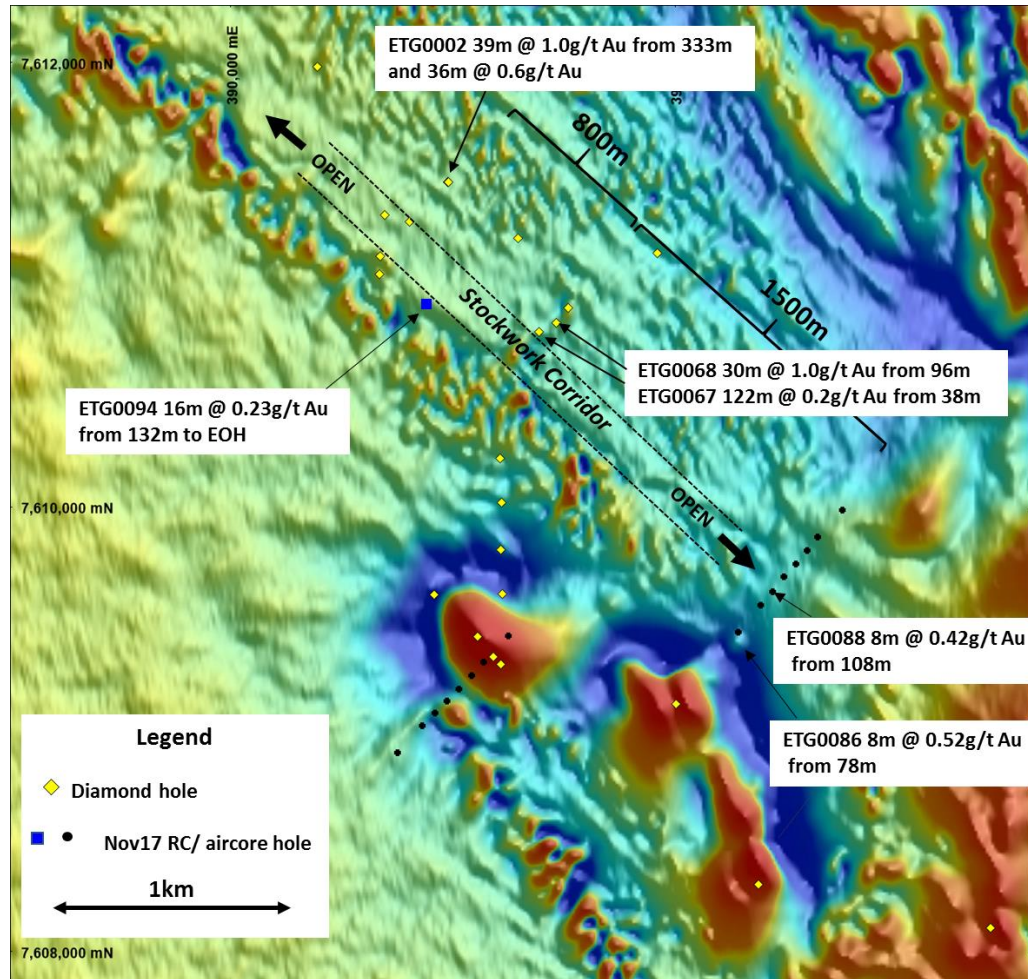
# Gold – large scale gold system at Telfer West

- Acquired in 2014 based on structural setting
- Newmont shallow drilling in the 1980s:
  - 17 diamond holes completed between 1986 and 1991 (average depth ~100m)
  - Dome (5km x 8km) of prospective stratigraphy similar to the host units at Telfer
- No exploration for 25 years



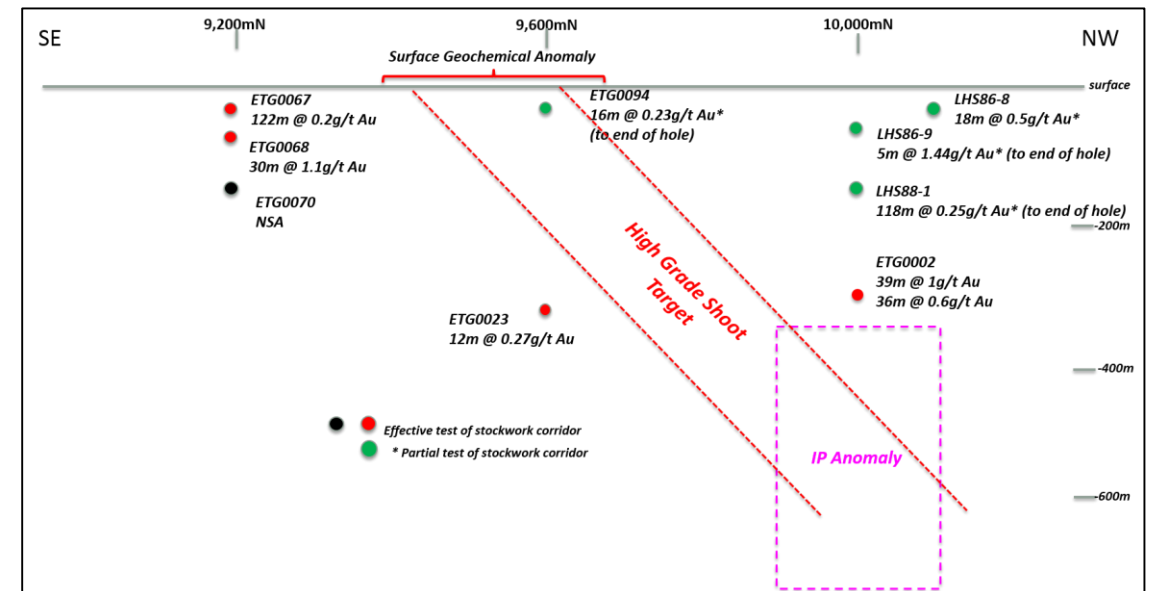
Telfer Gold Projects location plan  
(Sedimentary domes highlighted in yellow and major granitic intrusions in pink)

# Gold – Telfer West – 5km long gold stockwork corridor



Stockwork Corridor plan view over TMI magnetics

- Broad, depth extensive, zone of stockwork style gold mineralisation:
  - 38.6m @ 1.0g/t Au from 333m (incl. 4.2m @ 3.2g/t Au from 333.5m) and
  - 36m @ 0.6g/t Au from 396m (incl. 3.2m @ 3.3g/t Au from 415.2m)
  - 30m at 1.1g/t Au from 96m
- Aircore in late 2017 extended the stockwork gold corridor by 1.5km to the southeast



Egg Prospect Long Section looking to 220°

(refer ASX announcement 21 December 2017)

# Copper-Cobalt - Large Scale Prospects South of Nifty

- Proterozoic aged, sediment hosted deposits in the Central African Copperbelt are one of the world's largest sources of copper and the world's largest source of cobalt
- Similar age and geological setting in the Yeneena Basin in WA

## 14km long copper-cobalt system at BMI-BM7

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



BM1 Diamond core

## Lookout rocks

- First diamond drill hole (EPT2282) intersected copper mineralisation, up to 1% Cu
- Zambian copper-belt analogous
- 80m long in-situ gossan (grading up to 0.22% Cu & 0.19% Co) located 800m SW of EPT2282
- **Drilling scheduled for June 2018**



Lookout Rocks Ironstone outcrop

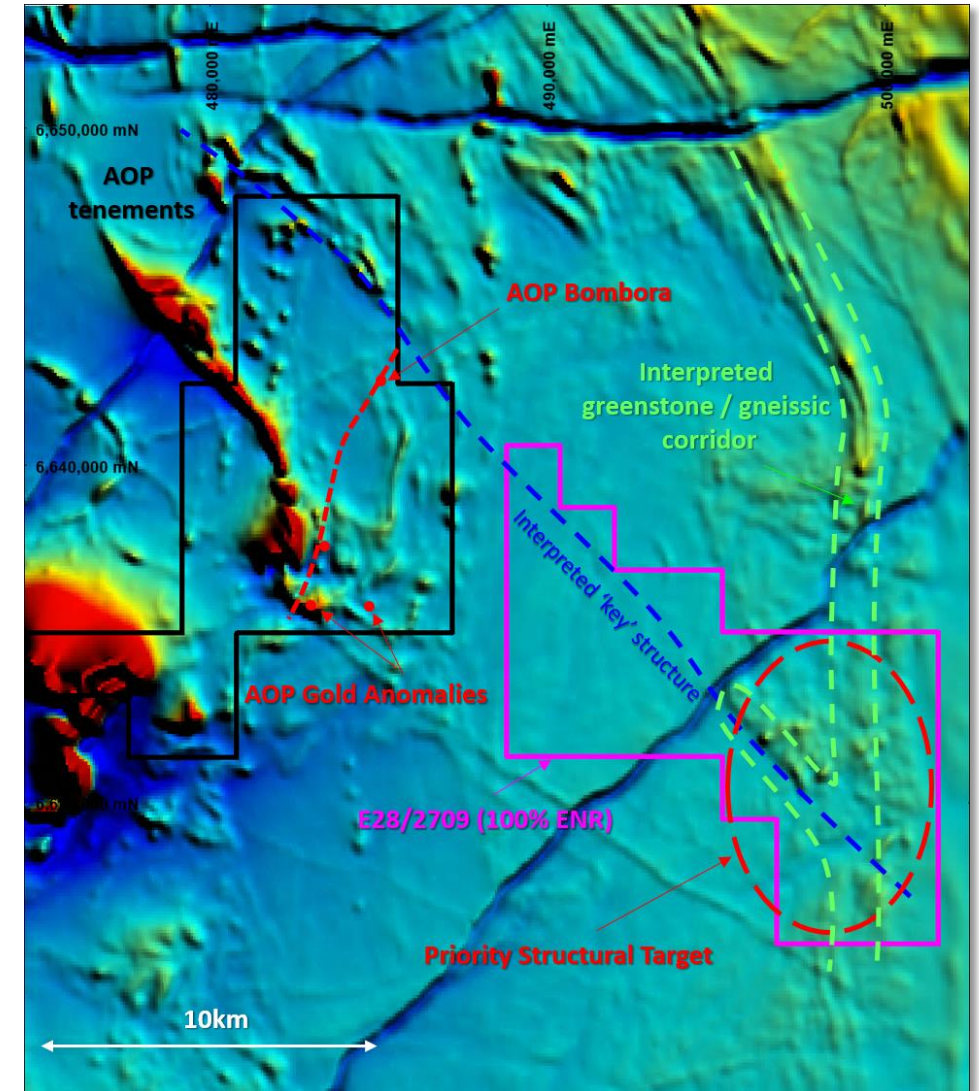
# Project Generation

## Northern WA

Project Generation Alliance with Newcrest -  
Targeting leverage to Tier 1 deposits

## Yilgarn

Nazare Gold Project – Priority structural target  
south east of the exciting Bombora Gold  
Discovery (ASX:AOP)



Nazare Gold Project over TMI magnetics

# Upcoming 2018 Activity

	May	Jun	Jul	Aug	Sep	Oct	Nov
RC/aircore drilling at East Thomson and Telfer West Gold (100% ENR)					Targeting near surface high grade gold near Telfer		
RC drilling at Lookout Rocks (100% ENR)					Testing Cu:Co Gossan 0.2% Cu and 0.2% Co in the Paterson Province		
Phillipson JV gold infill geochem sampling (Newcrest JV)					First mover district scale gold opportunity		
Exploration activities at Tanami Newcrest JVs							
EIS co-funded diamond drilling at East Thomson and Telfer West Gold (100% ENR)							
Nazare Gold Project - aircore drill program (100% ENR)							

# Why Encounter?

Active explorer in two of Australia's most prospective yet underexplored gold districts

- Telfer - Targeting shallow opportunities with scale potential – known district, near infrastructure
- Tanami and West Arunta - Multiple, well funded, exploration programs in one of the most highly sought-after gold exploration districts in Australia

Five major new joint ventures with Newcrest Mining Limited (ASX:NCM), Australia's largest gold mining company

Large prospective Copper-Cobalt landholding providing leverage in a proven minerals district (~1600km<sup>2</sup>)

Drill testing of high grade gold reefs near Telfer and outcropping copper-cobalt gossan to commence in May 2018

# Appendices

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# Newcrest Joint Venture summary terms

- Newcrest and Encounter have entered into five separate joint ventures (Selby, Watts, Lewis, Phillipson and Aileron), initially on a 50:50 basis, that cover a total area of ~4,400km<sup>2</sup>. While these are separate joint ventures, each joint venture is on the same or largely similar terms.
- Newcrest will make a \$100,000 payment to Encounter following execution of the Phillipson Joint Venture Agreement; a payment of \$400,000 following the later of 1 July 2018 and grant of tenement E80/5045 (anticipated in July 2018); and a further payment of \$500,000 if Newcrest elects to continue activity on tenement E80/5045 beyond 12 months from grant.
- Newcrest will be the Manager of each joint venture.
- Encounter has the option to maintain its 50% interest in any or all of the joint ventures by contributing to its share of exploration expenditure. This election will be made after reviewing the first joint venture budget for each project covering the period to 30 June 2019.
- Should Encounter elect not to contribute on a 50:50 basis on any given joint venture, Newcrest may increase its interest to 80% in that relevant joint venture by sole funding exploration activities and delivering a JORC Inferred Resource of greater than 1 million ounces of gold or gold equivalent.
- Upon notification of the JORC Inferred Resource, Encounter can elect to maintain its 20% interest in the joint venture by funding its portion of future expenditure or Newcrest will acquire Encounter's joint venture interest for fair value (being an amount agreed or as determined by independent experts).
- Prior to a decision to mine being made, if Encounter elects not to contribute to expenditure at any time after previously contributing, then standard industry dilution formulas will apply down to a 10% interest. If Encounter's interest dilutes below 10%, the interest will be transferred to Newcrest and Encounter will be entitled to a 2% net smelter royalty.
- If Newcrest elects at any time to withdraw from the joint venture or its interest in the joint venture dilutes to below 10%, Newcrest's interest will be transferred to Encounter.
- After the completion of a feasibility study, Encounter can elect to participate in mine development in proportion to its joint venture interest by voting to approve a decision to mine. Should Encounter vote against a decision to mine, Newcrest can acquire Encounter's joint venture interest for fair value (being an amount agreed or as determined by independent experts).
- Encounter can elect to sell its joint venture interest to a third party subject to Newcrest having a pre-emptive right. Encounter also retains a pre-emptive right in the event Newcrest wishes to sell its joint venture interest to a third party.