

BHP exercises its right to enter \$22m Farm-in agreement covering Elliott Copper Project

- Following the successful completion of the jointly designed validation program, BHP (ASX:BHP) has exercised its option to enter into a farm-in and joint venture agreement covering the 4,500km² Elliott Copper Project (“**Elliott**”) in the Northern Territory (“**NT**”)
- BHP may earn up to a 75% interest in Elliott by spending up to \$22 million over 10 years
- The validation program has provided further support for the copper potential of Elliott
- Elliott represents a compelling exploration opportunity in the vastly under-explored Greater McArthur Superbasin that contains the key ingredients for the formation of large sedimentary copper deposits
- An extensive exploration program, including seismic surveys and drilling, is planned to rapidly advance understanding of basin architecture and to define prospective deposition sites for sedimentary copper mineralisation
- In addition, Encounter continues to advance and build its commanding 100% owned copper exploration portfolio in the NT covering a further 17,000km²

Commenting on the BHP election to enter a farm-in agreement, Encounter Managing Director Will Robinson said:

“Copper sourced from sedimentary-hosted deposits is one of the fastest growing sources of high grade copper in the world. Encounter controls an extensive first mover portfolio of copper projects in the Greater McArthur Superbasin in the NT. The potential for this region to host large sedimentary-hosted copper deposits is rapidly emerging and we are delighted to be teaming up with BHP to apply leading edge technologies in the search for Tier 1 copper deposits at Elliott. The outcomes of the jointly designed validation program at Elliott have been illuminating and bolstered the potential for the discovery of large sedimentary-hosted copper deposits under shallow cover in the NT.”

The directors of Encounter Resources Ltd (“**Encounter**” / “**the Company**”) are pleased to announce that BHP advised Encounter of its intention to start negotiating a Farm-in and Joint Venture agreement covering Elliott.

Background

New datasets provided by the Northern Territory Geological Survey (“**NTGS**”) and Geoscience Australia (“**GA**”) as part of the Exploring for the Future Program have provided crucial new data to facilitate exploration in this covered, highly prospective and underexplored region of Australia.

Encounter has secured a large and highly prospective project portfolio in the NT focused primarily on the discovery of large, sedimentary-hosted copper deposits under shallow cover including the Elliott, Jessica, Brunchilly, Carrara, Playford, Sandover, Oval and Edge projects.

Together, these projects span an area of 21,500km² covering targets over the most prospective basin architecture where new proprietary and government datasets have provided key empirical evidence of near surface copper mineralisation.

Elliott Copper Project (EL32156 / EL32157 / EL32158 / EL32159 / EL32226 / EL32329 / EL32437)

Elliott was the first project secured by Encounter in the NT and comprises seven tenements covering more than 4,500km². The project is located 200km north of Tennant Creek on the Stuart Highway which runs along the western margin of the project.

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

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

The jointly designed validation program at Elliott has been completed. This work program involved the compilation, interpretation, modeling and integration of new and existing data packages at Elliott including seismic, airborne EM, magnetics, gravity, geochemistry and hydro-geochemistry. The validation program has provided further support for the potential of Elliott. As a result, BHP has exercised its option to negotiate and enter into an earn-in and joint venture agreement.

Farm-in and Joint Venture Agreement Key Terms

The key terms for the farm-in and joint venture agreement are:

- Staged farm-in where BHP has the right to earn up to a 75% interest in Elliott by sole funding up to A\$22 million of exploration expenditure within 10 years.
- Upon BHP completing the earn-in, a 75:25 joint venture will be formed and the parties must contribute funds based on their percentage interest to maintain their respective interests or dilute according to a standard dilution formula. Should a party's interest dilute to below 10% it shall automatically convert to a net smelter royalty.
- During the farm-in phase, BHP has the right to be the Manager of the project.

With the exercise of the option, the parties will use their best endeavours to finalise and execute a formal earn-in and joint venture agreement within 60 days.

Next steps

The upcoming exploration program at Elliott will be focused on the deployment of leading edge technologies, initially applying the expertise and knowledge developed during oil and gas exploration of similar basins.

The extensive exploration work program planned at Elliott will include seismic surveys and drilling and is designed to rapidly advance the understanding of basin architecture and prospective deposition locations for sediment-hosted copper deposits.

Encounter will continue to progress exploration activities at its 100% owned copper portfolio which includes the Jessica, Carrara, Brunchilly, Playford, Sandover, Oval and Edge projects. Consistent with our project generation business model, Encounter will also consider opportunities to advance the above projects through the next phase alone or in conjunction with an earn-in partner.

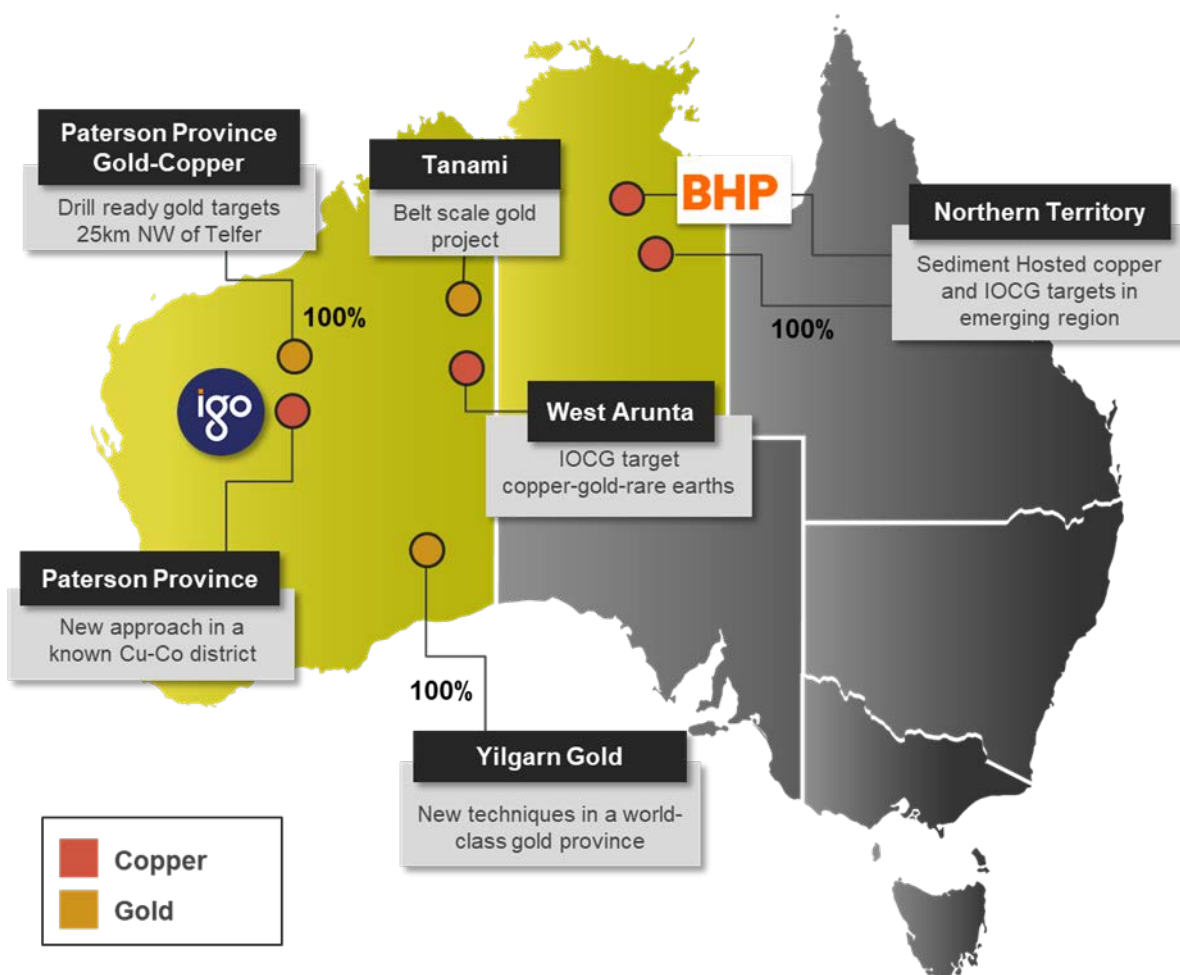


Figure 1 – Project Location Plan

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. 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 authorised for release by the Board of Encounter Resources Limited.



About Encounter

Encounter Resources Limited is one of the most productive project generation and active mineral exploration companies listed on the Australian Securities Exchange. Encounter's primary focus is on discovering major gold and copper deposits in Australia.

Encounter holds a major ground position in the emerging Paterson Province where it is exploring for copper-gold deposits at its 100% owned Lamil Project and for copper-cobalt deposits at the Yeneena project with highly successful mining and exploration company IGO Limited (ASX:IGO).

Encounter controls a major land position the Tanami region covering over 100km of strike along a major structural corridor and the Aileron copper-gold-rare earths IOCG project in the West Arunta in WA.

In addition, Encounter moved early and aggressively to secure a series of camp scale, first mover opportunities in the Northern Territory ("NT") based on their potential to contain large, sedimentary-hosted and IOCG style copper deposits. This includes the Elliott copper project which is being advanced in partnership with BHP via an earn-in and joint venture agreement.

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