Quarterly Activities Report
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

encounter RESOURCES LIMITED

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29 October 2020

Collaborating with high quality partners to make new discoveries

Highlights:

- Six new project areas covering 14,800km^2 pegged in the Northern Territory ("NT") based on their potential to contain large, sedimentary-hosted and IOCG style copper deposits.
- Systematic investigation of rock chips from water bore holes at the Jessica Copper Project in the NT, identified the existence of near surface copper oxide (malachite) mineralisation.
- In September 2020, BHP (ASX:BHP) and Encounter entered into an Option Agreement covering the Elliott Copper Project ("Elliott") in the NT. The Option Agreement provides BHP with the right to enter an earn-in and joint venture agreement to earn up to 75% interest in Elliott by spending up to $22 million over 10 years.
- Newcrest Mining (ASX:NCM) funded diamond drilling commenced at Aileron located in the West Arunta region of Western Australia ("WA") targeting a discrete magnetic anomaly consistent with the scale of an Ernest Henry or Carrapateena style IOCG gold-copper system. Core from the completed 158m drill hole is being transported to Perth with assays expected in November/December 2020.
- RC drilling commenced at the 100% owned Lamil Copper/Gold Project in October 2020:
    - Testing the discrete IP chargeability Elsa anomaly modelled adjacent to the altered breccia intersected in April 2020 for potential Havieron-style gold mineralisation.
    - Extensional drilling of the Gap, including reorientating the drill rig to test whether recent drilling has intersected a zone of supergene anomalism lying parallel to primary mineralisation.
    - Testing for extensions to the high-grade supergene gold mineralisation at Dune and potential vectors to a primary gold source.
    - Assay results expected in November 2020 for Gap and Elsa and in December 2020 for Dune.
- In October 2020, a strongly supported share placement will raise a total of ~$6.3 million (before costs). Directors, subject to shareholder approval, will participate for $300,000. Funds will be used to fast-track 100% owned gold and copper exploration and accelerate project generation activities.
- In November 2020, a diamond drill program (up to 1,900 metres) is scheduled to commence at Yeneena under the earn-in and joint venture agreement with IGO Limited (ASX:IGO) targeting:
    - Tarcunyah: a multi-point copper soil anomaly up to 774ppm Cu with pathfinder geochemical support located at a key structural intersection on the regionally extensive Vines fault.
    - Windsor EM target located west of the BM1 Cu oxide zone (10m @ 6.8% Cu from 32m*, 20m @ 2.0% Cu from 22m* and 16m @ 3.2% Cu from 26m)[1]

ASX Code:	Cash (30/09/2020)	Market Cap. (28/10/2020)	Issued shares (28/10/2020)	Issued options (28/10/2020)
ENR	$3.1m	$62m	281m	14m

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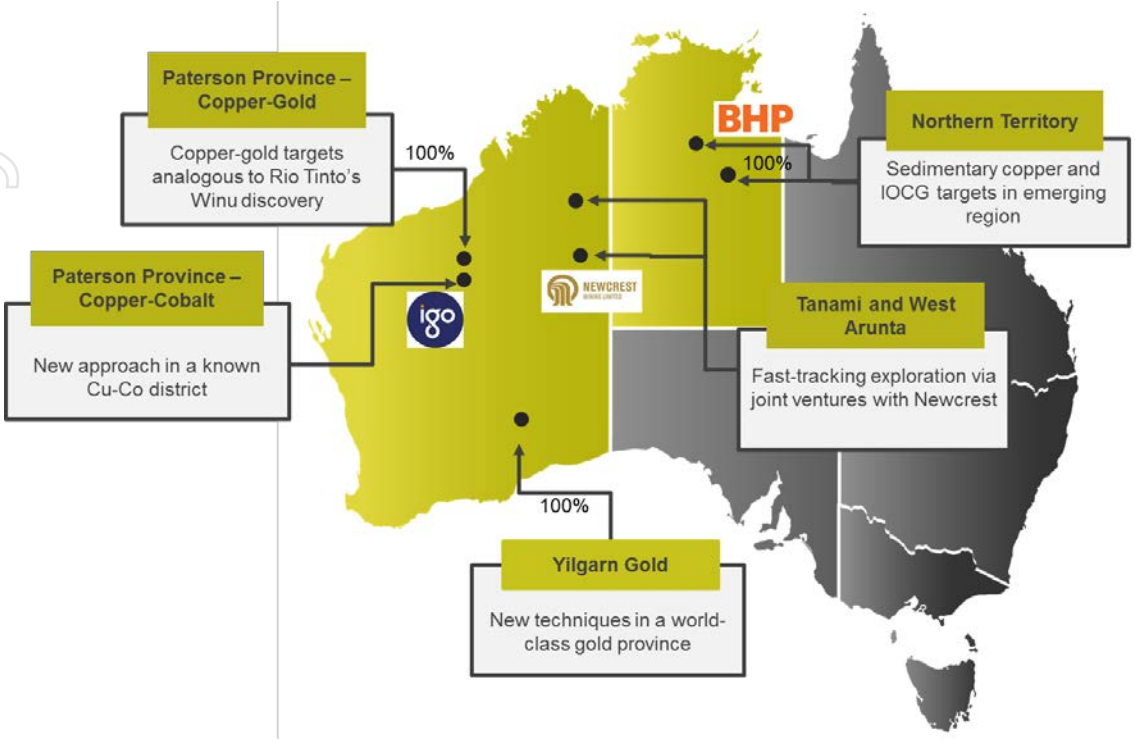


Figure 1 – Encounter Projects – Location Plan

PATERSON PROVINCE COPPER-GOLD

100% Encounter – E45/4613

Lamil Project

Lamil covers an area of ~61km^2 and is located 25km northwest of the major gold-copper mine at Telfer, owned by Newcrest Mining Ltd (ASX:NCM). Lamil is adjacent to a major regional gravity lineament which marks the location of a significant structure and deformation zone that would have acted as a major pathway for ore forming fluids during the formation of the Proterozoic aged deposits. This is a regionally similar structural context to the setting of Rio Tinto Ltd's (ASX:RIO) Winu copper-gold deposit (Figure 2).

Over the past 18 months, new magnetic, airborne electromagnetic and ground IP surveys have been completed at Lamil. In July 2020, full integration and inversion modelling of these recent geophysical surveys was completed.

This process involved a detailed review of the recently acquired IP data and the construction of 3D magnetic susceptibility, chargeability and resistivity models using the Pawsey supercomputer. The 3D IP model and the inversion of the detailed magnetics and airborne electromagnetic data has been integrated with geological observation from our recent diamond drilling program. Encouragingly this has delivered a number of high quality gold drill targets at Lamil.

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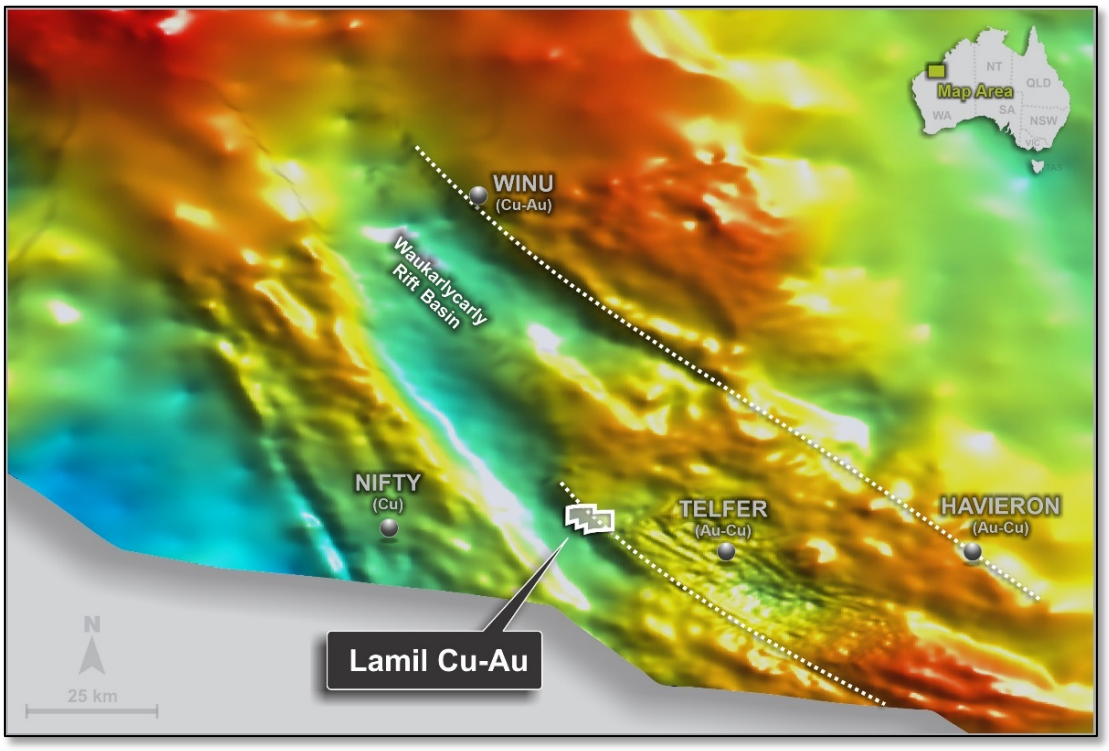


Figure 2 – Regional gravity over Seebase depth to Proterozoic basement image (red = shallow, blue = deep)

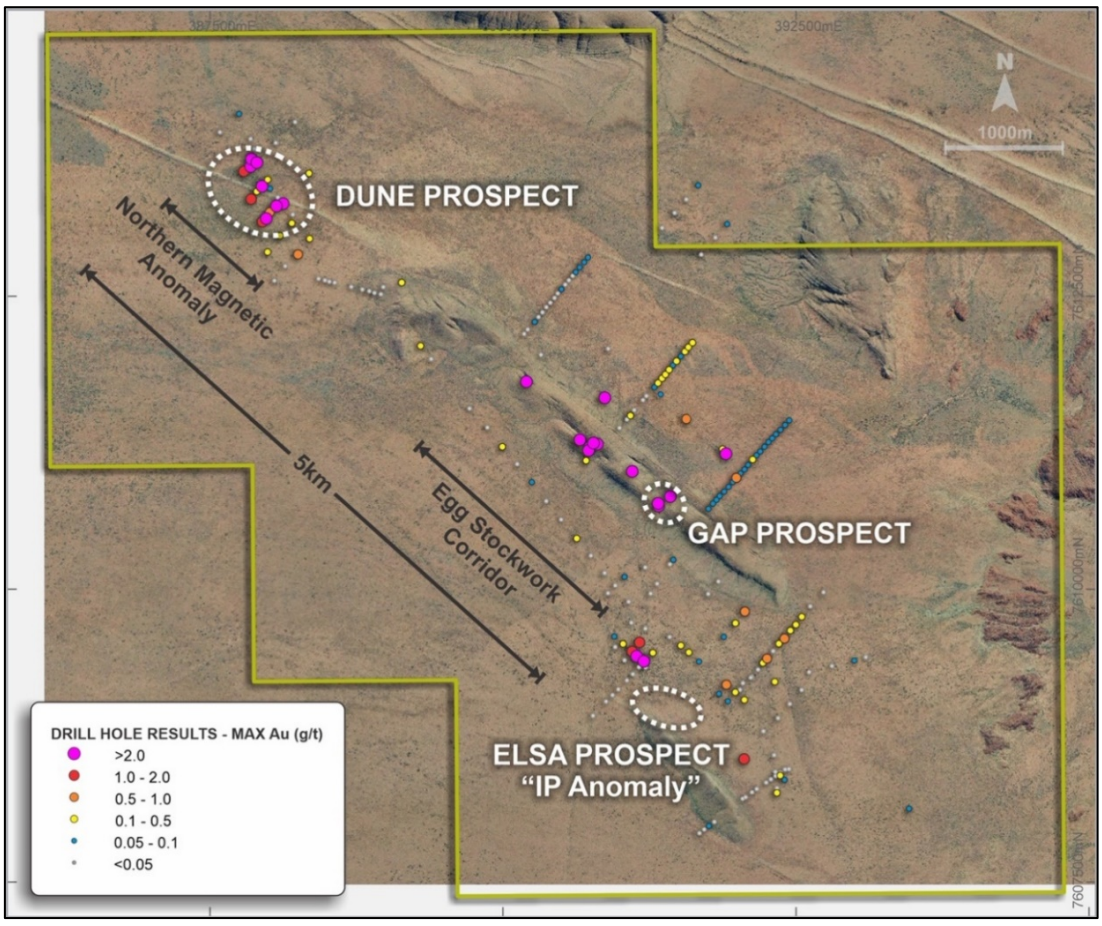


Figure 3 – Airphoto and Max Au

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Elsa Prospect – IP Chargeability Anomaly

In March 2020, two diamond drill holes (ETG0203 and ETG0204) intersected wide zones of brecciated, fractured and veined intercalated metasediments with associated intense alteration that are interpreted to have defined a major structural fluid pathway (see Photos 1 & 2) (refer ASX announcement 11 June 2020).

The breccia intersected in ETG0203 and ETG0204 is interpreted to be a major structure and fluid pathway and is a potential feeder for a system similar in style to the large Havieron gold discovery, located 80km to the east. The geophysical inversion modelling and integration of the IP, magnetics and airborne electromagnetic data has highlighted a distinct, untested chargeability anomaly located 400m north of ETG0203 and at the interpreted intersection of the breccia zone and a second order structure. The top of this anomaly has been modelled at ~200m from surface (Figure 4). An RC drill hole has been completed at Elsa to a depth of 411m. Assay results are expected in November 2020.

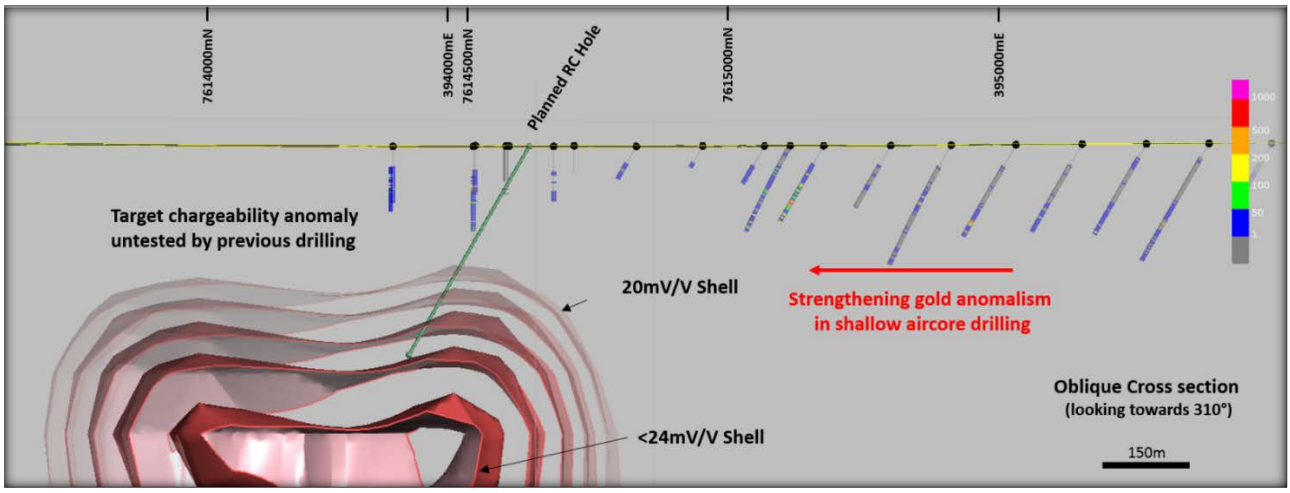


Figure 4 – Elsa Prospect - Section of 3D chargeable isosurfaces and planned RC drill hole location

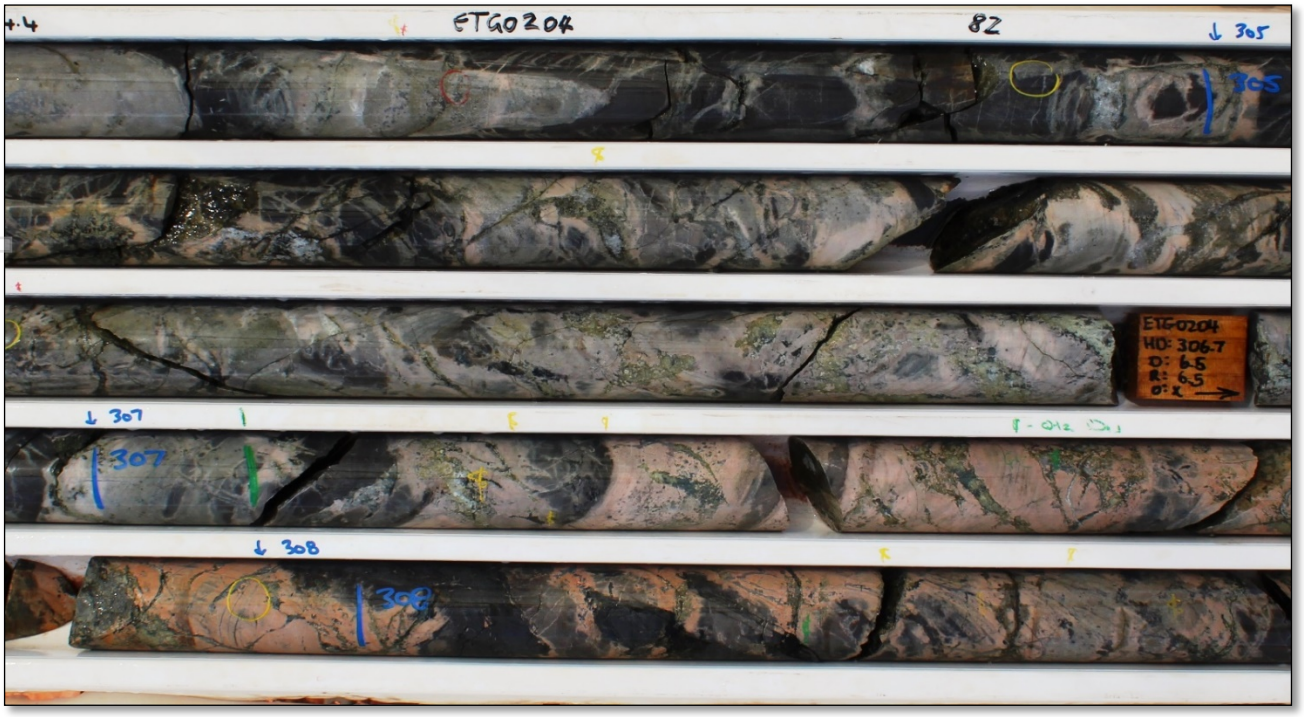


Photo 1 ETG0204. (~305-309m) Brecciated and altered sediments containing disseminated and blebby sulphides.

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Photo 2 ETG0204. (~315m) Coarse sulphides within brecciated and altered sediments – the silver coloured sulphide mineral is arsenopyrite

Gap Prospect – Open broad zone of gold-copper mineralisation

A section of four 80m spaced RC/diamond drill holes has been completed at the Gap. The three holes on the south-western end of the section contain thick zones of near surface supergene gold mineralisation (Figures 3 and 5).

Gold mineralisation on this single section of drilling is over 180m wide (see ASX release 11 June 2020):

- 30m @ 1.1g/t Au from 96m in ETG0068
- 36m @ 0.4g/t Au from 124m in ETG0067
- 36m @ 0.5g/t Au from 28m in ETG0201

Mineralisation is open in all directions with no other bedrock drilling within 400m. Recent interpretation suggests the single line of drilling may be parallel to the strike of the primary mineralisation. Accordingly, two drill holes were completed at the Gap in October 2020, one hole in a south-east orientation and another in a north-west orientation. Assay results are expected in November 2020.

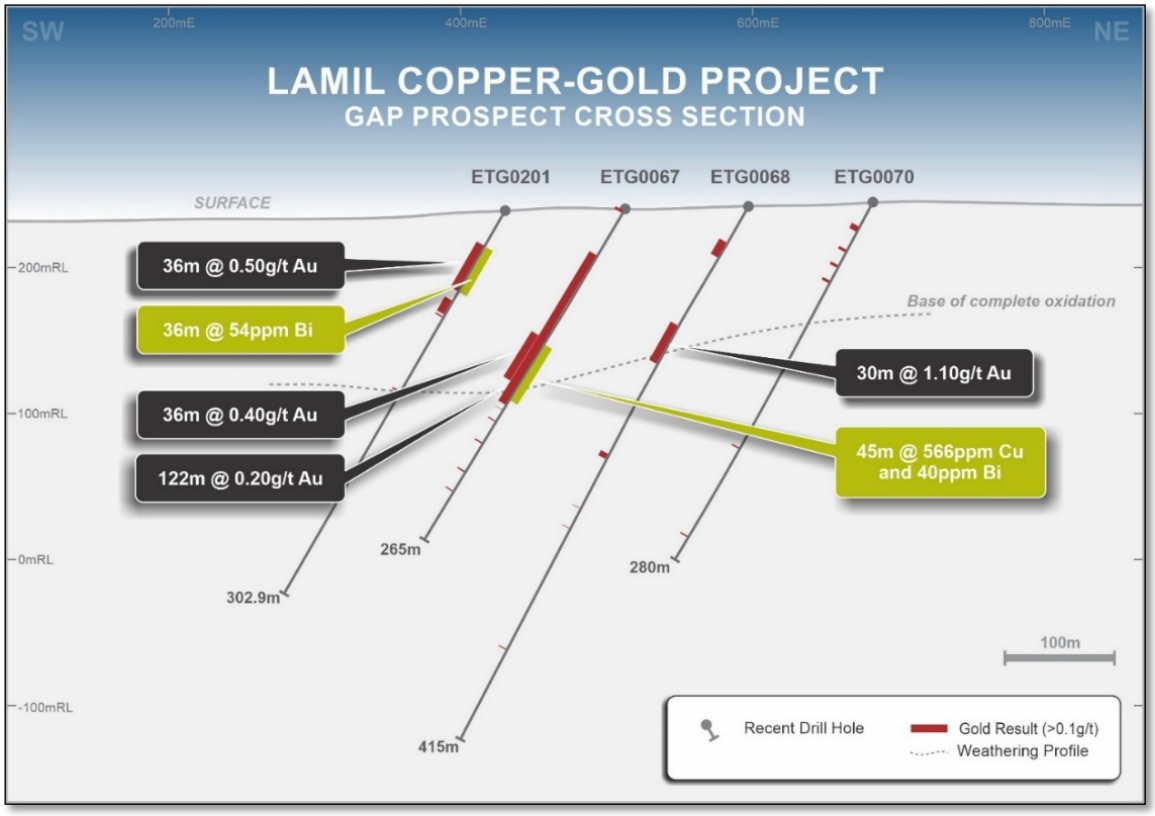


Figure 5 – Gap Prospect Section

Dune Prospect

Diamond drill hole ETG0003 intersected strong supergene gold mineralisation at Dune located on the fold axis in the northern part of the Lamil dome:

- 24.9m @ 0.7g/t Au from 127.1m and 4.0m @ 7.1g/t Au from 216m (see ASX release 19 January 2017)

Follow up RC drill programs primarily focused on the area southeast of ETG0003. These programs successfully intersected high grade, near surface gold mineralisation. Intersections included (see ASX release 26 April 2017):

- 20m @ 1.8g/t Au and 502ppm Cu from 94m including 10m @ 2.8g/t Au and 812ppm Cu from 94m in ETG0015
- 14m @ 1.2g/t Au and 1,179ppm Cu from 66m including 4m @ 3.3g/t Au and 1,400ppm Cu from 74m in ETG0016
- 8m @ 1.0 g/t Au and 426ppm Cu from 197m in ETG0010

Prior exploration at Dune has outlined a laterally extensive +1g/t Au supergene anomaly in broad spaced drilling. The primary areas of focus for the upcoming RC drill program, will be northeast and northwest of the prior drilling to test for lateral extension of the supergene mineralisation and to define vectors to primary mineralisation (Figure 6).

In the northwest, the focus will be extending the high grade gold mineralisation intersected in ETG0003 and ETG0010. In addition, the existing RC drill lines will be extended to the northeast where the supergene gold anomaly remains open. RC drilling at Dune is currently in progress with assay results expected in December 2020.

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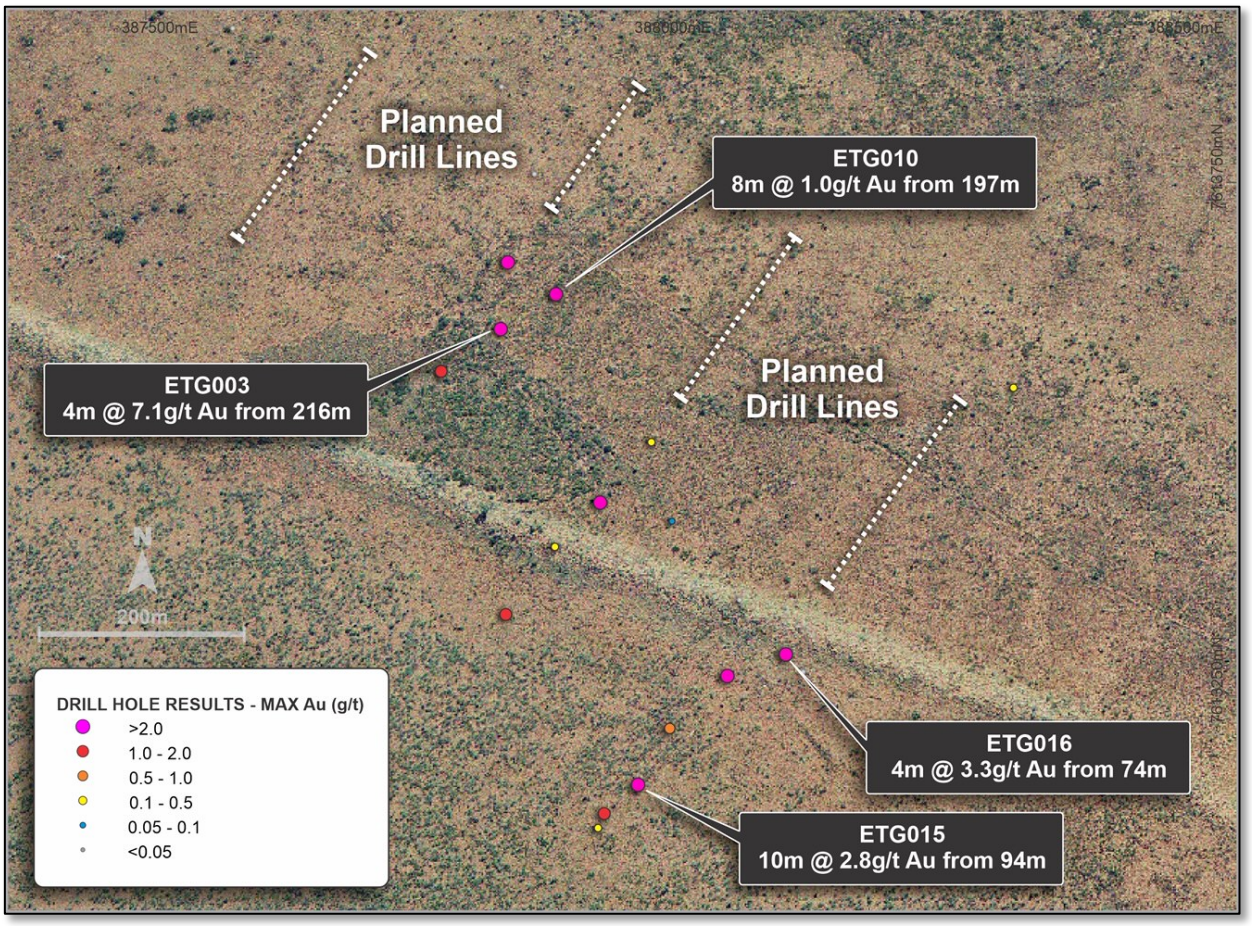


Figure 6 – Dune Prospect (Max in hole Au) planned drilling

The RC drill program commenced in October 2020 to include:

- Testing the discrete IP chargeability Elsa anomaly modelled along strike of the altered breccia intersected in ETG0203 & ETG0204 for potential Havieron-style gold mineralisation
- Extensional drilling of the Gap, including reorientating the drill rig to test whether recent drilling has intersected a zone of supergene anomalism lying parallel to primary mineralisation
- Testing for extensions to the high-grade supergene gold mineralisation at Dune to provide potential vectors to the primary gold source

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TANAMI AND WEST ARUNTA - GOLD

50:50 JV Encounter/Newcrest – E80/5132, E80/5137, E80/5145, E80/5146, E80/5147, E80/5169, E80/5186, E80/5323, ELA80/5469, ELA 80/5470

Newcrest is sole funding exploration activities across four joint ventures in the Tanami and West Arunta Provinces. Three of these joint ventures (Watts, Selby and Lewis) cover over 100km of strike along the major structural corridor (Trans-Tanami Structure) that extends through the Tanami region of WA. In addition, the Aileron joint venture in the West Arunta district of WA contains a number of structural targets identified through aerial magnetic surveying, including a large, discrete magnetic anomaly consistent with the scale of an Ernest Henry or Carrapateena style system.

1. Aileron JV (West Arunta)

The Aileron joint venture is located in the West Arunta region of WA, approximately 600km west of Alice Springs. There has been no previous mineral exploration on the project, although gold/copper anomalism has been identified within the region. The project contains a number of existing structural targets identified through aerial magnetic surveys, including a discrete magnetic anomaly consistent with the scale of an Ernest Henry or Carrapateena style gold-copper system (Figures 7 and 8).

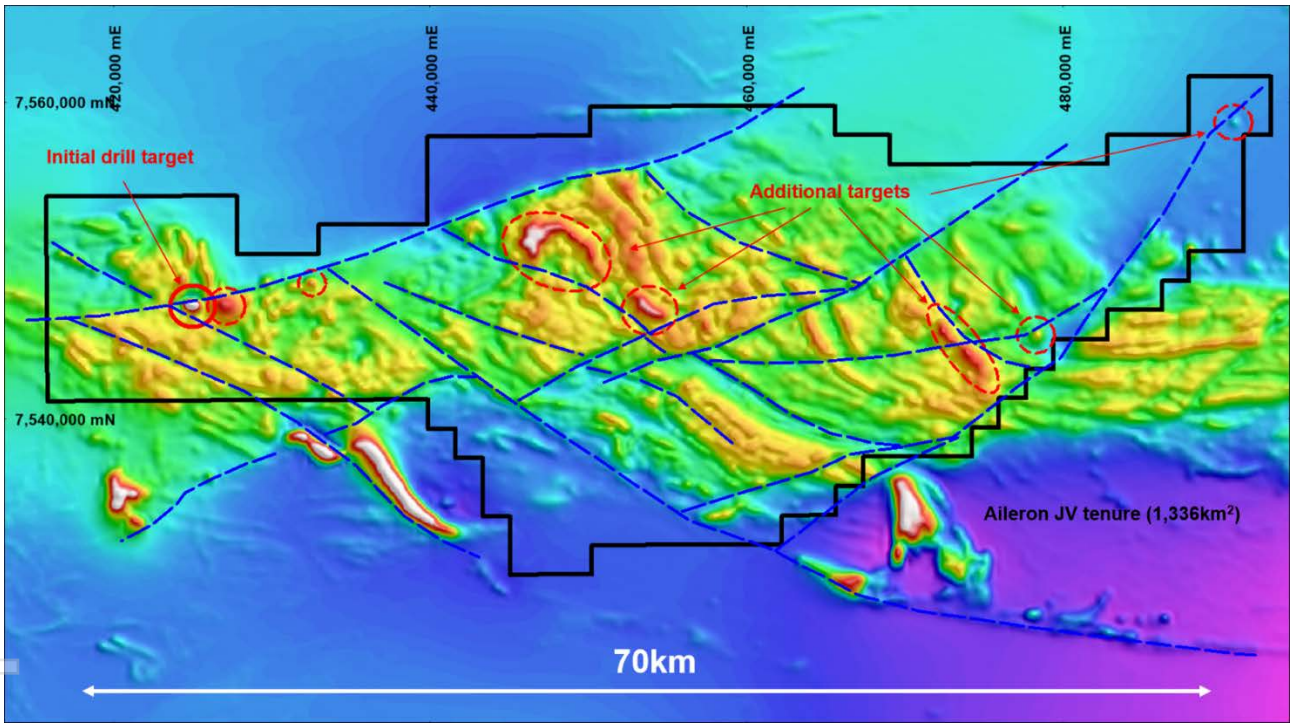


Figure 7– Aileron joint venture tenure, interpreted structures and targets on TMI background

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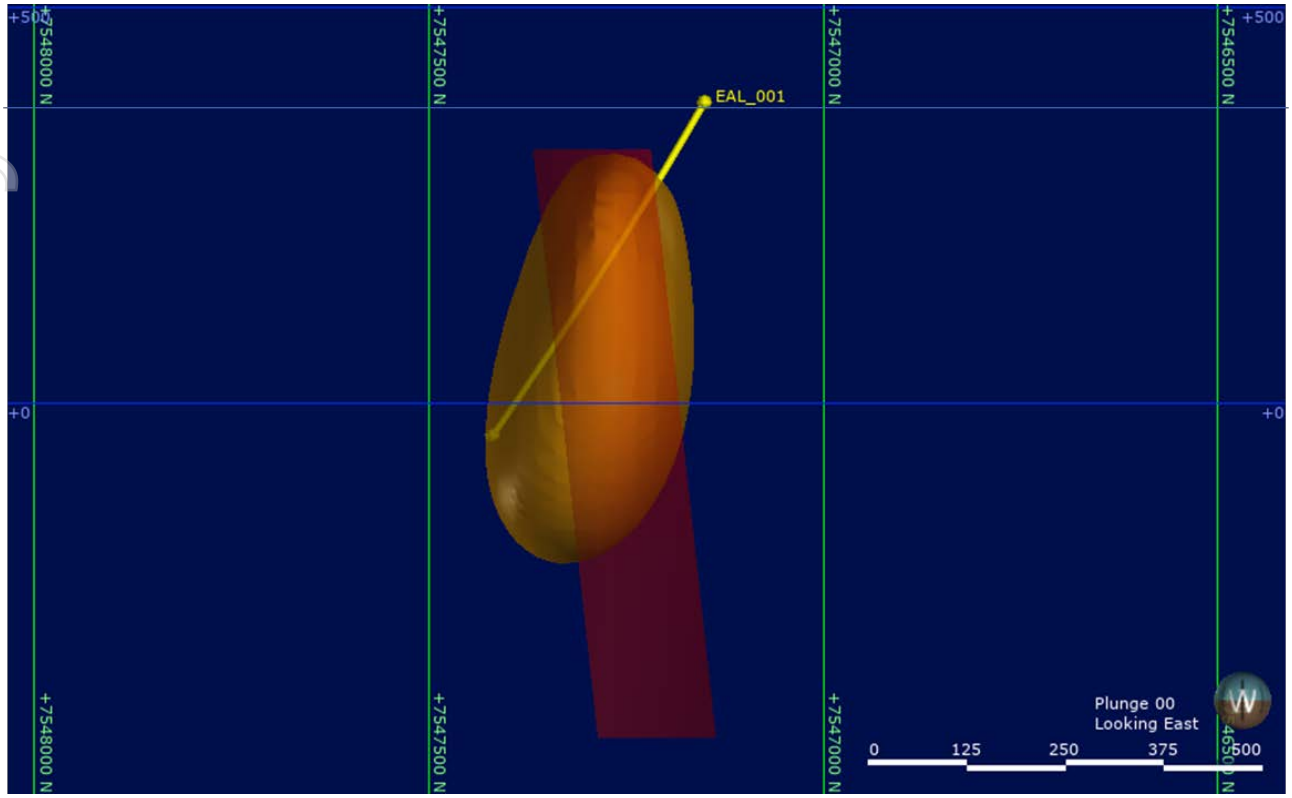


Figure 8 – Modelled magnetic feature at Aileron with planned first drill hole EAL_001.

The initial anomaly to be drill tested has been modelled utilising close spaced aeromagnetic data, as a steeply dipping 500 x 200m magnetic body starting from ~50m below surface. The strongly magnetic body is modelled to a depth of 1km.

A diamond drilling program commenced at Aileron in October 2020, however following mechanical issues with the drill rig, a decision has been made to demobilise the rig and assay the completed section of the hole to 158m. The initial observations from the Newcrest funded drill hole include:

- Shallow cover depth (10m) – opening up potential for application of surface sampling and shallow geochemical drilling.
- Extensive hydrothermal alteration including zones of hematite alteration consistent with the IOCG model (see Photo 3).
- Magnetite bearing banded iron formation (BIF) intersected at ~150m (see Photo 4) containing high magnetic susceptibility readings consistent with the modelled anomaly. The centre of the magnetic anomaly was modelled to be intersected at ~300m downhole, (refer ASX announcement 16 October 2020).

Core from the completed 158m of drill hole EAL_001 is being transported to Perth with assays expected in November/December 2020. Following receipt of assays future work programs for Aileron will be designed.

The Aileron drilling was co-funded through a WA Government drilling grant of up to $150,000 under the Exploration Incentive Scheme.

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Photo 3 – Hematite altered and fractured, coarse grained granitic rock with narrow mafic intrusive (88.5 - 91.7m)

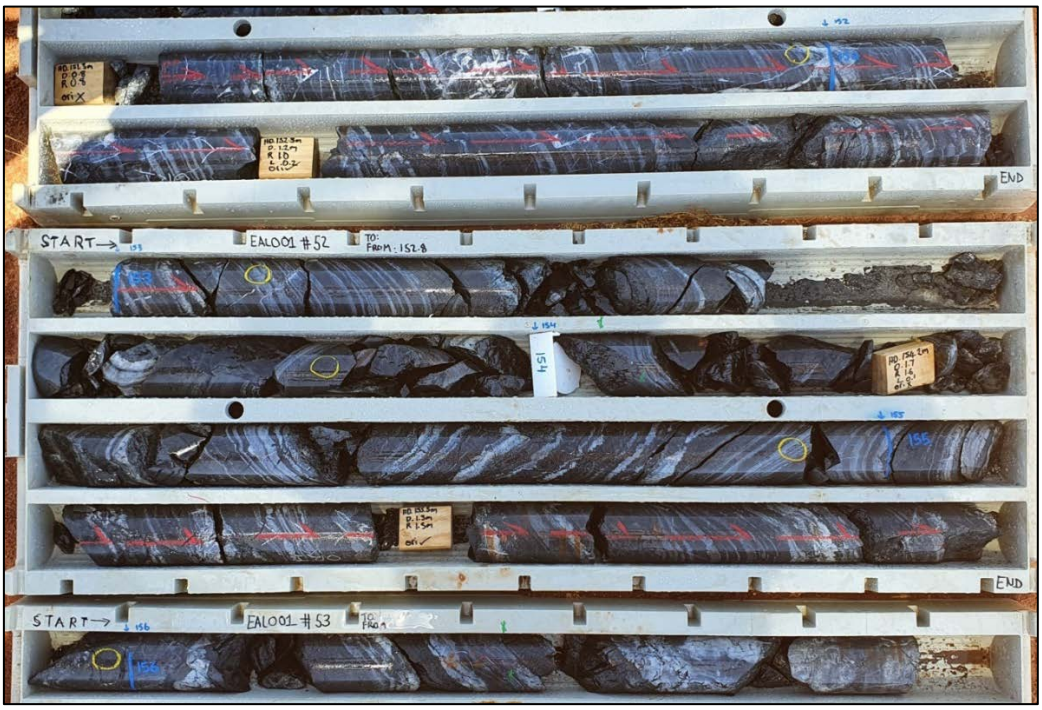


Photo 4 – Magnetite rich, laminated banded iron formation (152.8 – 155.9m)

2. Watts JV (Tanami)

The Watts joint venture covers the central corridor of targets where a regional scale north-northeast trending structure intersects the Trans-Tanami Structure including the Hutch's Find and Sunset Ridge prospects.

3. Selby JV (Tanami)

The Selby joint venture includes a number of regional scale geochemical anomalies defined in shallow drilling, discrete geophysical targets and historical high grade gold intersections in limited deeper drilling. High priority prospects include the Afghan, Mojave and the Bandicoot to Camel corridor prospects.

4. Lewis JV (Tanami)

The Lewis joint venture covers over 20km of strike of untested Trans-Tanami Structure. Vast areas along this highly prospective structure have never seen a soil sample or a drill hole. Lewis represents a first mover opportunity into a newly defined area.

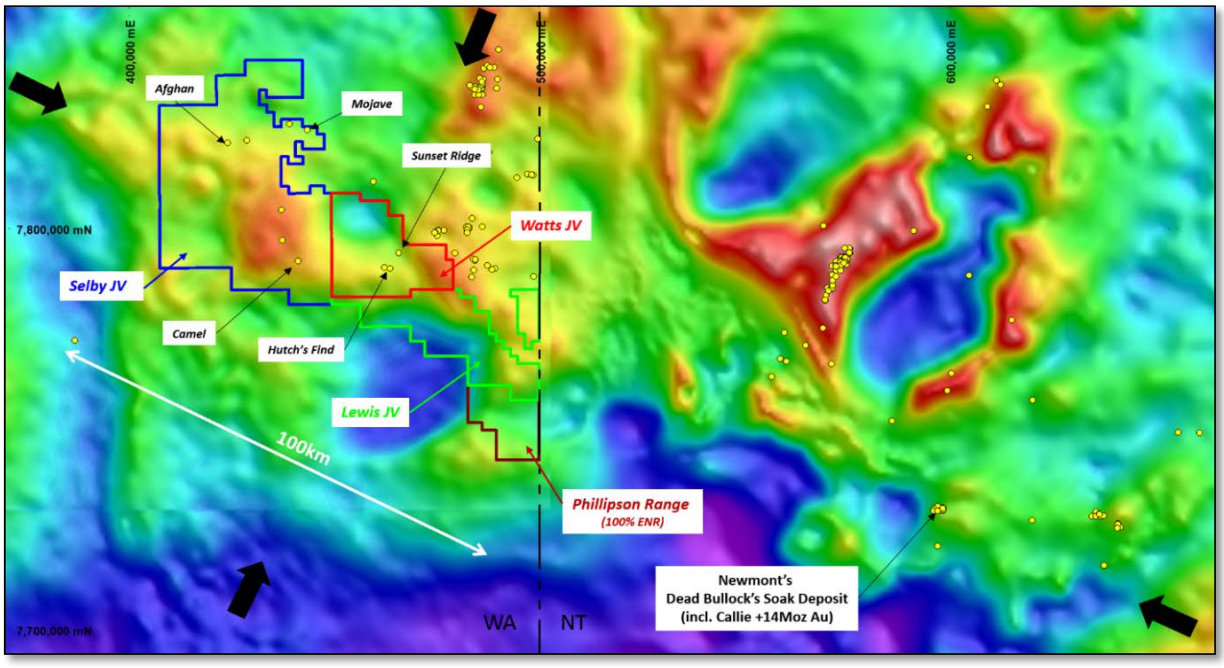


Figure 9 – Tanami Joint Venture areas with gold occurrences over regional gravity data

Phillipson Range (Tanami) (100% ENR)

The Phillipson Range project covers untested Trans-Tanami Structure south-west of the Lewis JV. The future work program at Philipson Range will focus on the eastern end of the project along the Trans-Tanami Structure with field reconnaissance and soil geochemistry.

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PATERSON PROVINCE – COPPER-COBALT

E45/2500, E45/2502, E45/2657, E45/2658, E45/2805, E45/2806, E45/3768, E45/4861, E45/5333, E45/5334 and ELA45/5686 – IGO Limited (ASX:IGO) Earn-in and JV Agreement

Background

Yeneena comprises a major land position covering more than 1,600km^2 in the highly prospective Paterson Province, targeting copper-cobalt mineralisation (Figure 10).

In March 2020, IGO exercised its right to entered into an earn-in and joint venture agreement following an extensive program of advanced geophysics and geochemistry completed in 2019. IGO can sole fund $15 million in exploration expenditure over a maximum seven years to earn a 70% interest in Yeneena.

During 2019, the exploration program conducted at Yeneena effectively deployed several new technologies, including a large-scale magnetotelluric ("MT") survey (~100 line-km) to better define the basin architecture and to further advance 3D targets (refer ASX release 28 November 2019).

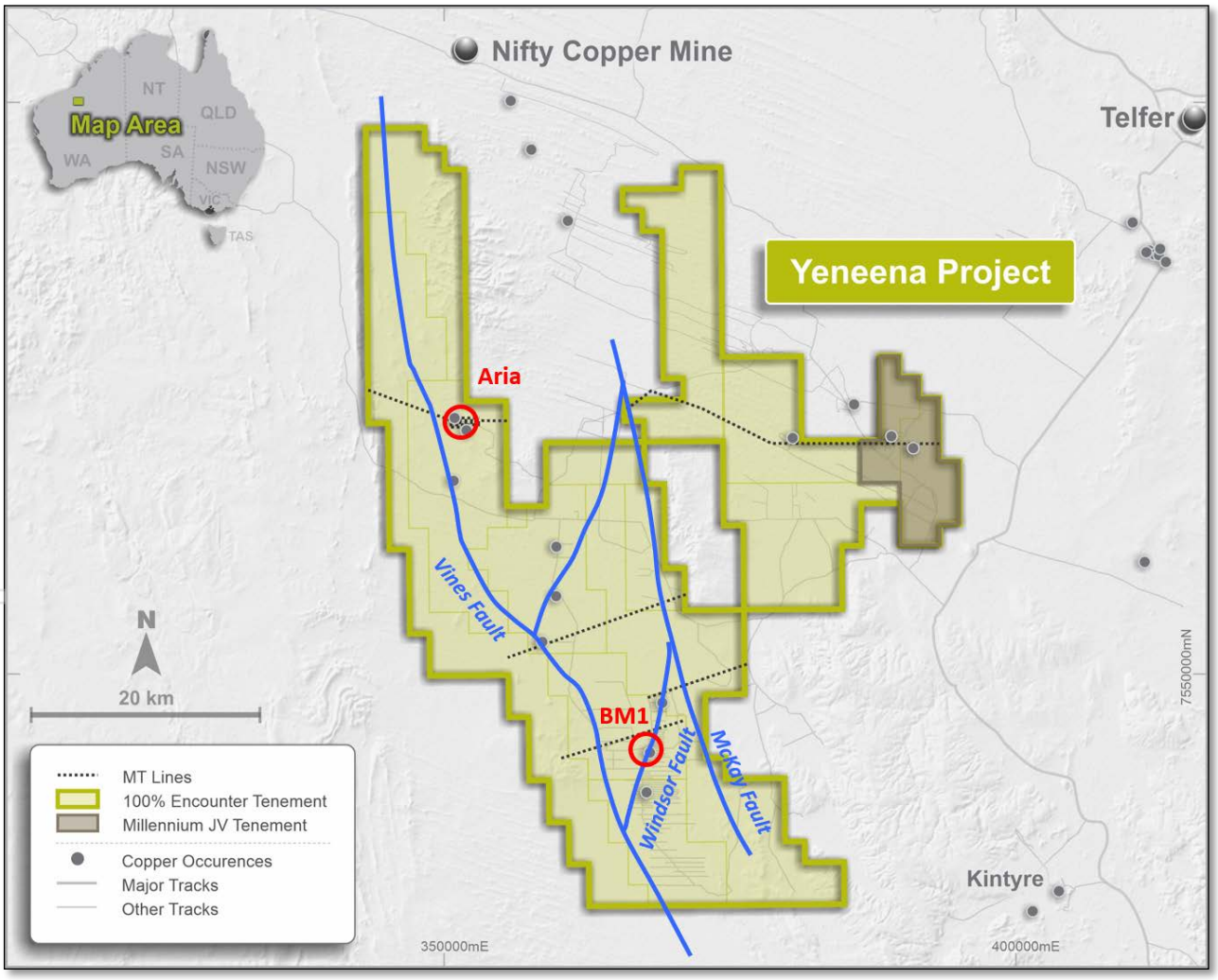


Figure 10. Yeneena - MT lines, key structures and leasing summary

The regional MT survey work was followed by fine fraction soil surveys and a moving loop ground EM geophysical program to define drill targets.

Fine Fraction Soil Surveys

Several broad, orientation surface sampling programs were completed in 2019 at Yeneena in areas where traditional geochemistry was considered ineffective. The innovative combination of sampling methodology, analysis technique and interpretation of this data has provided a potential breakthrough that may be applied to vast areas of prospective geology under shallow cover in the Paterson region.

As a result of the learnings in the 2019 orientation surveys, an extensive fine fraction soil sampling program was completed at Yeneena. This included the collection of more than 3,700 surface fine fraction samples during June-July 2020.

Geochemical assays from the soil samples have been received and interpreted. High sensitivity multi-element data has enabled mapping and identification of base metal anomalies which range from subtle multi-element anomalies in sand, to stronger geochemical signals at first order structural locations.

Of particular interest are the Tarcunyah, Lookout Rocks, Fishhook and BM1 soil anomaly clusters, as well as the Yeneena MN1 and T4 anomalies. All have highly ranked copper-in-soil anomalies together with supporting pathfinder elements. Additional fine fraction soil sampling (~1,500 samples) is currently in progress.

The Tarcunyah prospect ("Tarcunyah") is located on the regionally extensive Vines fault and contains a multi point copper anomaly up to 774ppm Cu with pathfinder geochemical support (see Figure 11). Two diamond drill holes are planned at Tarcunyah commencing in November 2020.

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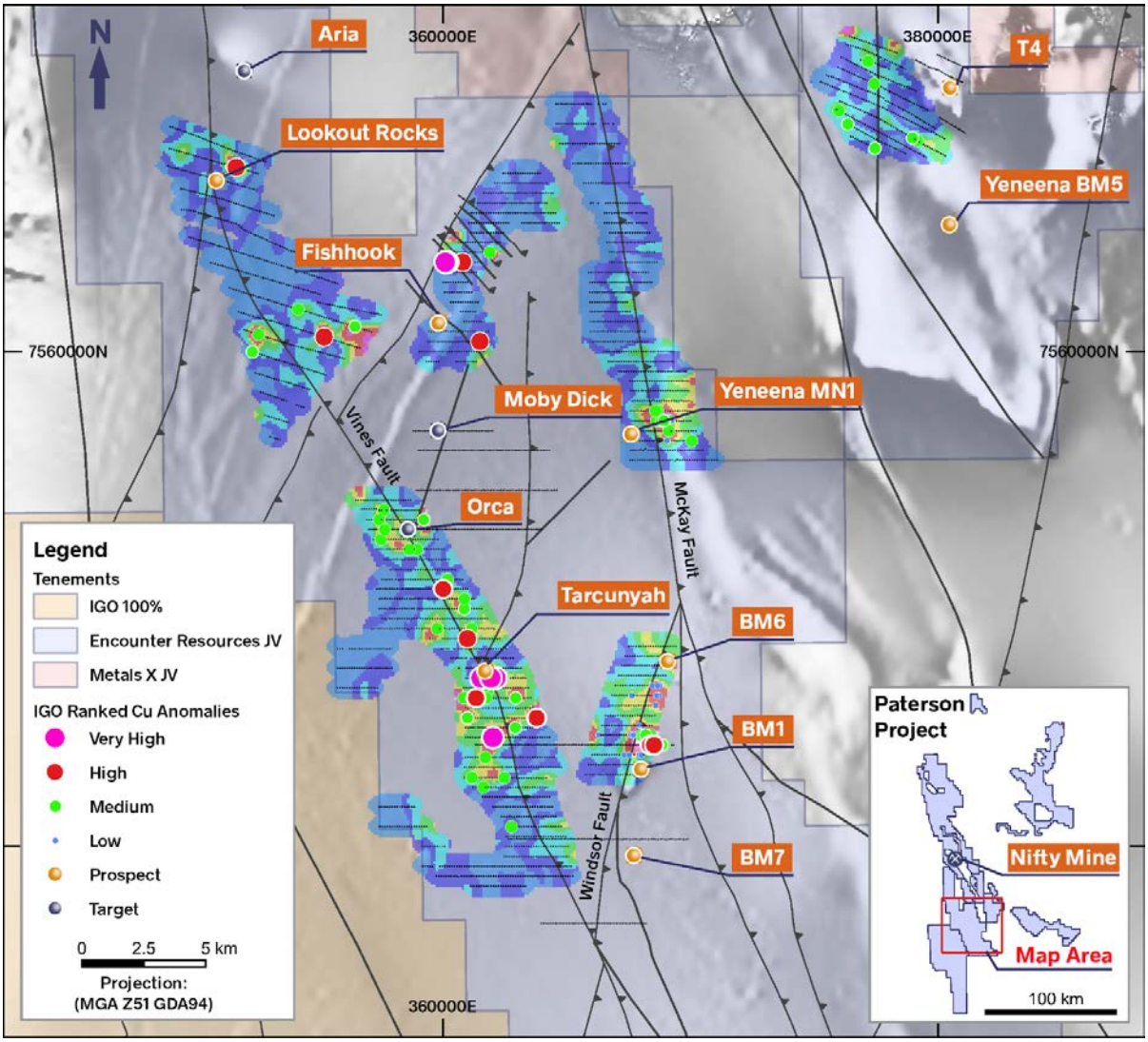


Figure 11 – Yeneena Project – Levelled copper-in-soil heat map with follow up anomalies ranked in a tier ranking system, key structures and both ENR and IGO leasing summary

Moving Loop Ground EM Geophysical Program

A regional MT line was completed in the southwest of the project in 2019, crossing the Vines Fault in the west through to the Windsor Fault to the east, 2km north of the BM1 Prospect. BM1 is a zone of near surface copper oxide and cobalt mineralisation hosted within conductive sediments of the Broadhurst Formation and is interpreted to be the weathered product of an in-situ sulphide system adjacent to the Windsor Fault.

The MT survey mapped conductivity anomalies to the west and east of the Windsor Fault that are interpreted to be within Broadhurst Formation. A high-powered ground moving loop EM survey was deployed to further define the two conceptually compelling targets ("Windsor Targets").

The ground EM data has been received and an initial review has indicated it maps the Broadhurst Formation at depth to the west of the BM1 Cu oxide prospect (10m @ 6.8% Cu from 32m*, 20m @ 2.0% Cu from 22m* and 16m @ 3.2% Cu from 26m)[1] (see Figure 12), correlating to the MT section. Another discrete EM anomaly, inferred as detached portion of Broadhurst Formation, has been identified on the Windsor Fault, but this requires further assessment.

Initial testing of the Windsor EM target located west of BM1 Cu oxide zone is planned in the upcoming diamond drill program.

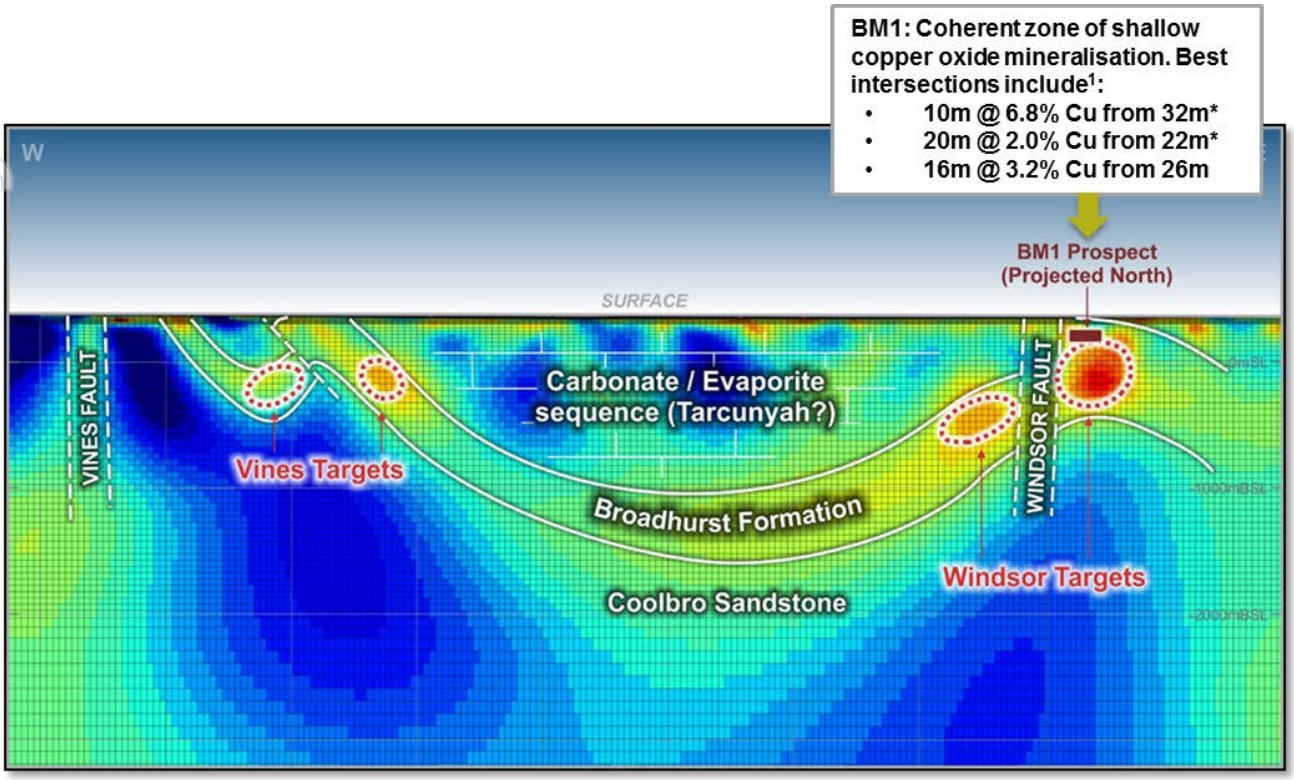


Figure 12 – MT section – Vines Fault to BM1. Showing interpreted geology and the Vines and Windsor Targets

[1]*Refer ASX announcement 15 July 2014.*
**Reported pursuant to the 2004 Edition of the JORC Code.*

In June 2020, the Company was successful in its application for a WA Government Exploration Incentive Scheme ("EIS") co-funded drilling grant of up to $150,000 to test the Windsor and Vines targets at Yeneena.

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NORTHERN TERRITORY - COPPER

Background

New datasets provided by Geoscience Australia ("GA"), as part of the Federal Government's Exploring for the Future Program, resulted in the application for new exploration licences comprising six copper projects in the Northern Territory (Figure 13).

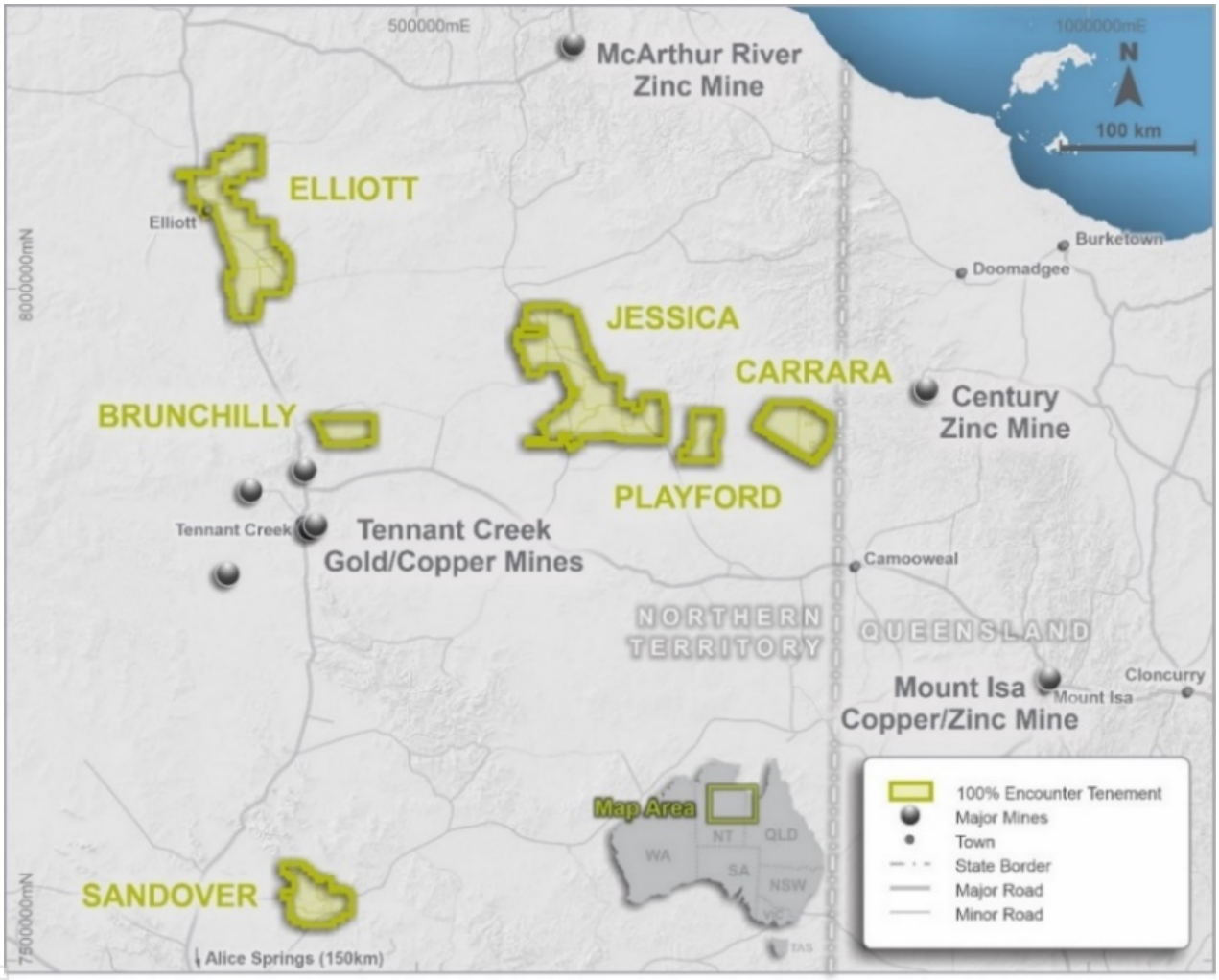


Figure 13 – NT Copper Project Location Plan

Elliott Copper Project ("Elliott") – EL32156, EL32157, EL32158, EL32159, ELA32226, ELA32329 and ELA32437 – BHP Option Agreement

Elliott was the first project secured by Encounter in the Northern Territory. The project comprises seven tenements covering more than 4,500km^2 . Four of the tenements covering over 3,000km^2 were granted in March 2020. The project is located 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 targeting sedimentary hosted copper. The Beetaloo Basin 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 is an ideal trap sequence and structural setting for major sediment hosted base metal deposits.

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Historical exploration within adjacent properties has confirmed the presence of red beds and evaporites within the sedimentary sequence which is an important ingredient in sedimentary copper deposit models.

The project encompasses key conceptual criteria for the formation of sedimentary copper and the target sequence is undercover and untested.

New GA 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 GA sampling program is located at Elliott. This copper in groundwater anomaly is supported by a copper soil anomaly also collected by GA.

Elliott represents a compelling first mover copper opportunity in a high quality jurisdiction. Data compilation and a validation program is progressing and is scheduled to be completed in 2020 to allow for on ground exploration to commence in 2021.

In September 2020, Encounter entered into an Option Agreement in relation to Elliott (refer ASX announcement 24 September 2020). The Option Agreement provides BHP with the right to enter an earn-in and joint venture agreement covering Elliott.

Earn-in and Joint Venture Agreement Principles

Following the completion of a validation program, BHP has the right, but not the obligation, to enter an earn-in and joint venture agreement in relation to Elliott where the key terms would be:

- Staged earn-in where BHP has the right to earn up to 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 earn-in phase, BHP has the right to be the Manager of the project.

Jessica Copper Project ("Jessica") – EL32273, ELA32317, ELA32338, ELA32339, ELA32386, ELA32387 and ELA32388 – 100% Encounter

Jessica was the second project secured by Encounter in the NT. Jessica covers approximately 5,500km^2 along key structural corridors east of Tennant Creek and is prospective for sedimentary-hosted copper and IOCG style deposits. Access to the project is via the sealed Tablelands Highway that traverses the western side of Jessica.

Systematic assessment of drill chips from water bores at Jessica has been conducted by Encounter and previous explorer Natural Resources Australia ("NRE") utilising handheld XRF machines. Areas of copper anomalism were selected by NRE for chemical analysis. Assay results from the interval 0-3m sample in RN28419 (No. 39 water bore) returned 1.5% copper (refer ASX release 19 August 2020). Visual inspection of this interval by Encounter geologists confirmed the presence of abundant copper carbonate in the form of malachite (Photo 5).

The first tenement at Jessica, which covers the RN28419 (No. 39 water bore), was granted in August 2020. Preparations have commenced for an aircore drill program to confirm the copper mineralisation identified in the water bore cuttings and determine the lateral extent of the near surface copper mineralisation.

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Photo 5 – Copper Carbonate (Malachite) mineralisation at Jessica: 0-3m from RN28419 – chemical assay 1.5% Cu



Photo 6 – Barkly Tablelands – Northern Territory (Photo: Geoscience Australia)

Sandover Copper Project ("Sandover") – ELA32374 and ELA32421 – 100% Encounter

Sandover covers an intersection of major structural corridors on the southern margin of the Georgina basin, 200km north of Alice Springs. Historical exploration at Sandover has mapped copper oxides at surface in a stratiform position extending over 20km of strike. Exploration will focus on the down dip continuation of this horizon and identifying where this mineralised horizon extends under cover.

Carrara Copper/Zinc Project ("Carrara") – ELA32476 and ELA32477 – 100% Encounter

Carrara was secured following the release of the South Nicholson Seismic Survey, a foundational dataset acquired as part of the GA Exploring for the Future Program. A key finding of this study is the correlation of prospective stratigraphic units from the Isa Super basin into the Carrara Sub-basin that extended 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 Super basin has been modelled closer to surface.

Brunchilly Copper/Zinc Project ("Brunchilly") – ELA32478 – 100% Encounter

Brunchilly contains a zinc in groundwater anomaly (top 1% of results) in the GA sampling program and is located on a major north-east trending regional structure north of Tennant Creek. This anomalous sample is supported by elevated anomalism in pathfinder elements that are considered prospective for sedimentary-hosted base metals deposits.

Playford Copper Project ("Playford") – ELA32493 – 100% Encounter

Playford is located in a region of copper regolith anomalism identified through handheld XRF analysis of water bore drill chips. The bore is located on the margin of an interpreted felsic intrusion identified in a seismic survey completed by GA in the Exploring for the Future Program.

Next steps

A program of compilation, interpretation and modelling of the data packages at Elliott has been designed with BHP and will be completed by the parties before 31 December 2020. Following completion of this program, BHP may elect to fund additional validation programs during 2021 prior to making a decision on whether to exercise its option and to enter into a earn-in and joint venture agreement.

Encounter will continue to progress access agreements and complete data validation at its 100% owned Jessica, Brunchilly, Carrara, Playford and Sandover projects. Consistent with our project generation business model, Encounter will consider opportunities to advance these projects through the next phase alone or in conjunction with an earn-in partner.

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PATERSON PROVINCE - GOLD

100% Encounter –E45/3446, P45/2750 to P45/2752 and P45/3032

Encounter holds a highly prospective and strategic ground holding in the Paterson Province that hosts Newcrest's major gold-copper operation at Telfer.

East Thomson's Dome Project

East Thomson's Dome is located 5km from Telfer. 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.

Zones of reef-style mineralisation have been identified by Encounter across the 200m by 200m drill area at the Fold Closure prospect. Near surface intersections include (refer ASX release 21 December 2017):

- 6m @ 2.7g/t Au from 39m in ETG0125
- 4m @ 4.3g/t Au from surface in ETG0109
- 4m @ 3.5g/t Au from 17m in ETG0110
- 2m @ 5.4g/t Au from 46m in ETG0106

The reefs at the Fold Closure prospect remain open to the north-west and south-east.

A new surface gold occurrence that may represent a bedding parallel reef position has been identified by prospecting activities in an area of thin sand cover. Two costeans are planned along the defined trend to map this potential reef position and to assess potential drill sites.

YILGARN PROVINCE - GOLD

100% Encounter –E30/517, ELA30/527 and ELA38/3471-73

Encounter holds two exploration projects in the Yilgarn region of WA prospective for gold mineralisation.

Mt Sefton Project

The Mt Sefton gold project covers the southern half of the Cosmo Newbury Greenstone belt that is located between the Laverton and the Yamarna greenstone belts. This 1,150km^2 project area is situated 80km east of Laverton. Previous exploration in this area has been limited to surface rock chip sampling and shallow auger geochemical drilling.

The tenure is currently under application. The Company intends to progress a Land Access Agreement prior to the grant of tenure.

Rani Project

The Rani gold project is located 40km west of Menzies. The 220km^2 project is situated adjacent to Ora Banda Mining's (ASX:OBM) Riverina gold deposits (Figure 14). The tenure covers 30 strike kilometres of folded and highly metamorphosed greenstone stratigraphy on the eastern side of the Ida Fault Zone. The area is predominantly under cover and has been subject to minimal historical exploration.

Encounter is currently assessing the use of fine fraction soil sampling in the region to identify gold anomalism in areas of shallow sand cover. If successful further soil sampling will be conducted in the area as a precursor to regolith drilling of the high priority structural targets defined at Rani.

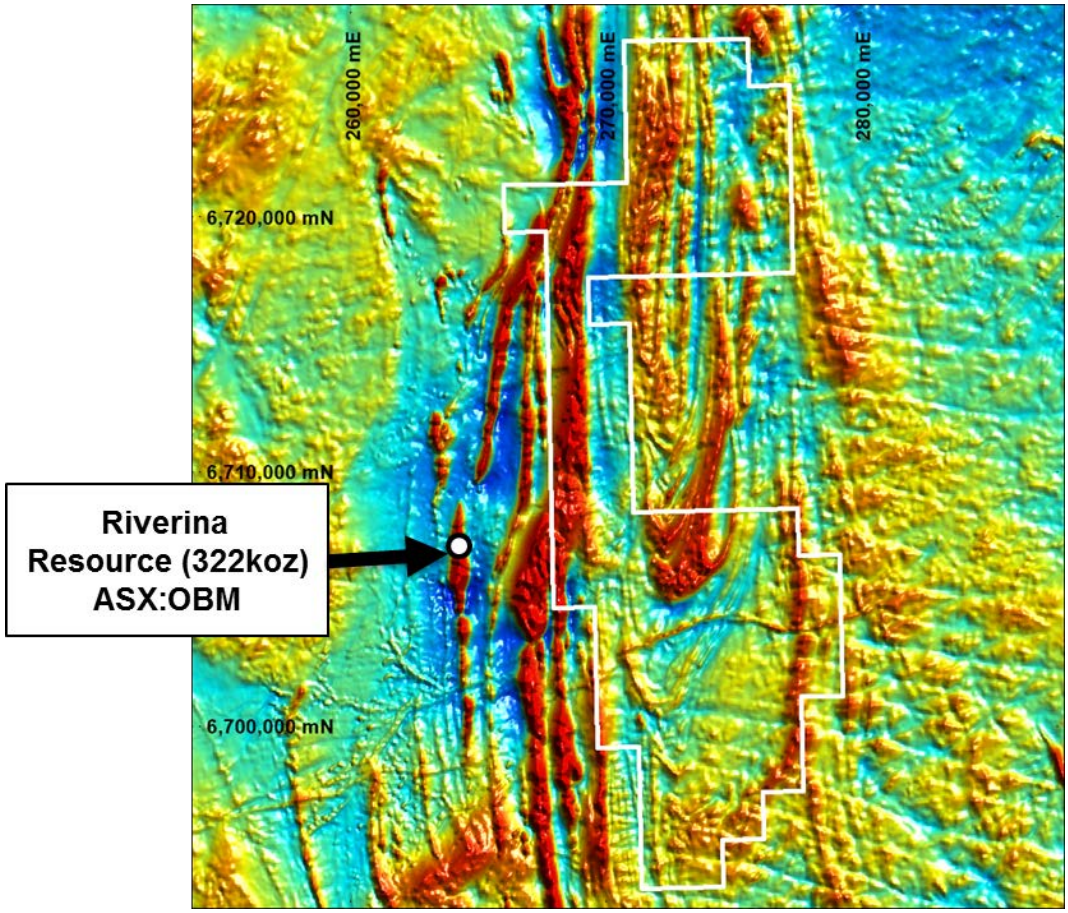


Figure 14 – Rani Gold Project Location Plan (TMI background)[2]

[2] Refer to Ora Banda Mining - Investor Presentation 21 October 2020

PATERSON PROVINCE – MILLENNIUM PROJECT

Encounter 75% / Hampton Hill Mining ("HHM") 25% in E45/2501, E45/2561 and the four eastern sub-blocks of E45/2500

The Millennium Project ("Millennium") is located in the north-east of Yeneena where previous aircore and RC drilling by Encounter defined a +3km long zinc regolith anomaly that remains open to the SE. Diamond drilling at Millennium has intersected a thick zinc ironstone gossan at the contact between a brecciated carbonate and a thick sequence of carbonaceous shales of the Broadhurst Formation.

The primary focus of exploration at Millennium in recent years has been on zinc. The copper exploration potential of the Millennium project is being reviewed taking into account the recent learnings in the Paterson Province.

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Millennium is located on the regionally-extensive Tabletop Fault in an area of no outcrop, with up to 20m of transported overburden. This structure is known to be metallogenically important and is closely associated with the position of the Nifty Copper deposit, 50km along strike to the north-west. Aircore drilling completed during 2010-2011 defined a broad zone of copper anomalism (+0.25% Cu) over a strike extent of 800m.

RC drill hole EPT1140 completed in 2012, collared in the core of the regolith copper anomaly defined in aircore drilling, returned a copper sulphide intersection:

- 26m @ 0.60% copper from 100m incl. 10m @ 0.92% copper from 100m (refer ASX release 19 July 2012)

Additional drilling is planned at Millennium in 2021 to test for potential extensions to open zones of copper and zinc mineralisation intersected in prior drilling.

CORPORATE

Encounter held cash reserves of ~$3.1 million at 30 September 2020 and a listed investment valued at ~$0.75 million. The listed investment is ordinary shares in Hampton Hill Mining NL (ASX:HHM), valued at last traded price. The trading of HHM shares was suspended by the ASX on 18 February 2020.

In October 2020, a strongly supported share placement will raise a total of ~$6.3 million (before costs). Directors, subject to shareholder approval, will participate for $300,000. Funds will be used to fast-track 100% owned gold and copper exploration and accelerate project generation activities.

Encounter was successful in its application for the Federal Government Junior Mineral Exploration Incentive (JMEI) up to $1.56 million of 2020/21 company tax loses that may be distributed to incoming shareholders in respect of new shares issued by the Company between 8 July 2020 and 30 June 2021.

In July 2020, the Company issued 900,000 options, exercisable at $0.22 and expiring 30 June 2024, to employees pursuant to the terms of the Company's Employee Option Plan.

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 ($47,000)

Included at section 6.2

Comprises: Remuneration of directors ($109,000)

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NEXT QUARTER HIGHLIGHTS

Activities planned for the December 2020 quarter include:

Paterson Province Copper-Gold Project (100% ENR)

The RC drill program completed at Lamil Copper/Gold Project:

- Testing the discrete IP chargeability Elsa anomaly modelled along strike of altered breccia intersected in ETG0203 & ETG0204 for potential Havieron-style gold mineralisation.
- Extensional drilling of the Gap, including reorientating the drill rig to test whether recent drilling has intersected a zone of supergene anomalism lying parallel to primary mineralisation.
- Testing for extensions to the high-grade supergene gold mineralisation at Dune to provide potential vectors to the primary gold source.
- Assay results expected in November 2020 for Gap and Elsa and in December 2020 for Dune.

Tanami and West Arunta Projects (50:50 Encounter-Newcrest JV)

- Diamond drill core from the completed 158m drill hole at Aileron is being transported to Perth with assays expected in November/December 2020.
- Following receipt of assays future work programs for Aileron will be designed.

Paterson Province Copper-Cobalt Projects (IGO Earn in and Joint Venture Agreement)

In November 2020, an IGO funded diamond drill program (up to 1,900 metres) is scheduled to commence at Yeneena targeting:

- Tarcunyah: a multi-point copper soil anomaly up to 774ppm Cu with pathfinder geochemical support located at a key structural intersection on the regionally extensive Vines fault.
- Windsor EM target located west of the BM1 Cu oxide zone.

Northern Territory - Copper (100% ENR)

- A program of compilation, interpretation and modelling of the data packages at Elliott has been designed with BHP and will be completed by the parties before 31 December 2020.
- Encounter will continue to progress access agreements and complete data validation at its 100% owned Jessica, Brunchilly, Carrara, Playford and Sandover projects.

Yilgarn Gold (100% ENR)

- Completion of fine fraction soil sampling orientation program at Rani.

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TENEMENT INFORMATION (granted tenure)

Lease	Location	Project Name	Area km²	Interest at start of quarter (01/7/2020)	Interest at end of quarter (30/09/2020)
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	Telfer West	60.7	100%	100%

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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%
E80/5132	Tanami	Selby – Newcrest JV	646	50%	50%
E80/5137	Tanami	Selby – Newcrest JV	613	50%	50%
E80/5145	Tanami	Watts – Newcrest JV	552	50%	50%
E80/5146	Tanami	Lewis – Newcrest JV	548	50%	50%
E80/5147	Tanami	Selby – Newcrest JV	275	50%	50%
E80/5152	Tanami	Phillipson Range	238.3	100%	100%
E80/5169	Tanami	Aileron – Newcrest JV	187.6	50%	50%
E80/5186	Tanami	Lewis – Newcrest JV	71.0	50%	50%
E80/5323	Tanami	Selby – Newcrest JV	30	50%	50%

EL32156	Northern Territory	Elliott – BHP Option	807.3	100%	100%
EL32157	Northern Territory	Elliott – BHP Option	696.3	100%	100%
EL32158	Northern Territory	Elliott – BHP Option	793.9	100%	100%
EL32159	Northern Territory	Elliott – BHP Option	723.9	100%	100%
EL32273	Northern Territory	Jessica	750.5	0%	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. 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.

Certain exploration drilling results for BM1 were 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 report of the matters based on the information compiled by him, in the form and context in which it appears.

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

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+Rule 5.5

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 2020

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 (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(44)	(44)
	(e) administration and corporate costs	(115)	(115)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants (Covid / State EIS)	55	55
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(104)**	**(104)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(6)	(6)
	(d) exploration & evaluation (if capitalised)	(824)	(824)
	(e) investments	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(f) other non-current assets	-	-
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, JV and project generation alliance contributions received	2,135	2,135
2.6	**Net cash from / (used in) investing activities**	**1,305**	**1,305**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,866	1,866
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(104)	(104)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,305	1,305

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**3,067**	**3,067**

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	1,694	489
5.2	Call deposits	1,373	1,377
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)**	**3,067**	**1,866**

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	47
6.2	Aggregate amount of payments to related parties and their associates included in item 2	109

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

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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)	104
8.2	Capitalised exploration & evaluation (Item 2.1(d))	824
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	928
8.4	Cash and cash equivalents at quarter end (Item 4.6)	3,067
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	3,067
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	3.3

A significant component of the Company's exploration activities is funded by joint venture and farm-in partners, for which cash in-flows are reported at 2.5 above. These cash in-flows are not directly taken into account in the Item 8 Table when calculating Item 8.7 Estimated quarters of funding available.

The exploration project cash out-flows incurred by the Company on behalf of the funding partners are reported at 2.1(d) each quarter and also directly in the Item 8 table above.

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

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:
NA

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:
NA

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:
NA

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: 29 October 2020

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.

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